COUNCIL BUDGET – 2008/9 REVENUE AND CAPITAL OUTTURN

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance and Business Services
Report Author	Paul Whaymand, Finance and Resources
Papers with report	None

HEADLINE INFORMATION

Purpose of report	The report sets out the council's overall revenue & capital outturn for 2008/9.
Contribution to our plans and strategies	Achieving value for money is an important element of the Council Plan for 2008/9.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships.
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. **Notes the revenue and capital outturn position for 2008/9.**
2. **Notes the annual treasury report at Appendix B**
3. **Notes the external funding report at Appendix C**

INFORMATION

Reasons for Recommendations

1 The reason for the recommendations is to ensure the Council achieves its budgetary objectives. The report informs Cabinet of the outturn revenue and capital position for 2008/9.

Alternative options considered

2 There are no other options proposed for consideration.

A) Revenue Outturn

3 The outturn position for 2008/09 shows that net expenditure for the year is £1,014k less than the budget, a £406k improvement on the month 11 forecast. This includes the remaining unallocated growth of £375k which has been added to balances to be spent during the course of 2009/10.

4 There were large pressures in a number of groups during the year which at outturn were £1,729k within the asylum service, £803k for Exhausted All Appeal's and £700k for the PCT pooled budget, no change from the month 11 forecast. In addition there were a number of exceptional costs associated with the economic downturn. At outturn these were £1,854k, an improvement of £146k from month 11. However, the LABGI allocation of £828k and the First Time Buyers underspend of £301k (£266k in month 11) both have had the effect of netting down these exceptional items to £725k. With the economic downturn, 2008/09 has been a particular difficult year for Groups. They have had to put in measures to mitigate these pressures and in some areas this included a freeze on all non essential expenditure.

5 The balances carried forward at 31 March 2009 are £16,234k. This includes £3,540k set aside from balances for priority growth (£2,750k) and potential calls on Contingency (£790k) which is to be carried forward to 2009/10. After this the unallocated balances amount to £12,694k. This is a considerable achievement given the economic downturn and the costs associated with Asylum funding, exhausted all appeals, PCT and restructuring costs incurred in 2008/09.

6 Table 1 indicates the overall impact of the expenditure forecasts now reported on the approved budget and the resulting balances position.

Table 1

2008/09 Original Budget	Budget Changes		2008/09 (As at Month 12)		Variances (+ adv/- fav)		
			Current Budget	Outturn	Variance (At Outturn)	Variance (As at Month 11)	Change from Month 11
£'000	£'000		£'000	£'000	£'000	£'000	£'000
220,853	-4,792	Directorates Budgets on normal activities	216,061	214,226	-1,835	-1,696	-139
-33,506	5,242	Corporate Budgets on normal activities	-28,264	-28,168	+96	+182	-86
187,347	**450**	**Sub-total Normal Activities**	**187,797**	**186,058**	**-1,739**	**-1,514**	**-225**
0	0	Exceptional Items	0	725	+725	+906	-181
187,347	**450**	**Total net expenditure**	**187,797**	**186,783**	**-1,014**	**-608**	**-406**
187,347	**450**	**Budget Requirement**	**187,797**	**187,797**	**0**	**0**	**0**
0	**0**	**Surplus**	**0**	**-1,014**	**-1,014**	**-608**	**-406**
0	**-200**	**Earmarked Balances for Priority Growth**	**0**	**750**	**+750**	**+750**	**0**
-12,272	**250**	**Balances b/f 1/4/08**	**-12,022**	**-15,969**	**-3,947**	**-3,947**	**0**
-12,272	**500**	**Balances c/f 31/3/09**	**-12,022**	**-16,234**	**-4,211**	**-3,805**	**-406**

7 Table 2 shows budget and variance at Directorate level reported at outturn and the total position on the Directorates' budgets. Further detail on each directorate is shown in Appendix A.

Table 2

2008/09 Original Budget	Budget changes	2008/09 Current Budget (as at Month 12)	Directorate	2008/09 Outturn	Variances (+ adv/- fav)		
					Variance (At Outturn)	Variance (As at Month 11)	Change from Month 11
£'000	£'000	£'000		£'000	£'000	£'000	£'000
60,079	-4,345	55,734	Education & Children's Services	55,395	-339	-45	-294
86,961	-1,835	85,126	Adult Social Care, Health & Housing	84,299	-827	-801	-26
37,450	-304	37,146	Environment & Consumer Protection	37,195	+49	+55	-6
13,975	1,165	15,140	Planning & Community Services	15,594	+454	+389	+65
14,860	6,266	21,126	Central Services	21,687	+561	+526	+35
6,799	-5,385	1,414	Developments Contingency	57	-1,358	-1,445	+87
729	-354	375	Growth to be allocated	0	-375	-375	0
220,853	**-4,792**	**216,061**	**Sub-Total**	**214,226**	**-1,835**	**-1,696**	**-139**
			Exceptional items:				
0	0	0	Fuel & energy related cost pressures	594	+594	+611	-17
0	0	0	Property market pressures	1,260	+1,260	+1,389	-129
0	0	0	LABGI	-828	-828	-828	0
0	0	0	First Time Buyers Initiative	-301	-301	-266	-35
0	**0**	**0**	**Sub-Total**	**725**	**+725**	**+906**	**-181**
220,853	**-4,792**	**216,061**	**Total**	**214,951**	**-1,110**	**-790**	**-320**

8 **Education & Children's Services** outturn was an **underspend of £339k** an improvement of £294k on the month 11 forecast. This excludes the pressure on asylum (£1,729k) and Exhausted All Appeal cases (£803k) which are provided for in contingency. This improvement is mainly in the Children's and Families Service due to some care packages that were included in the previous forecast but did not commence in 2008/09. In addition the final unit costs of some packages were less than predicted within the P & V and fostering services.

9 **Adult Social Care, Health & Housing** outturn was an **underspend of £827k** an improvement of £26k on the Month 11 forecast. This forecast excludes sums provided for in contingency for Mental Health Services (£200k), Learning Disability (£700k) and Homelessness (£500k). This improved position is mainly within the older people services (£163k) due to the reduced residential demand during the last quarter, together with client income exceeding budget. In addition there is an underspend within Physical Disabilities (£191k) due to the demand for services over the last 3 months continuing to fall, compared with previous forecasts, coupled with one off expenditure measures recently introduced and a favourable movement within Support Services as a result of slippage in IT

development. This has been offset by an adverse movement (£207k) within Learning Disabilities. Housing are showing an overspend of £270k at outturn which is mainly within the Homelessness budget.

10 **Environment and Consumer Protection** outturn was an **overspend of £49k** a favourable movement of £6k on the month 11 forecast. This position excludes the exceptional pressures relating to oil prices and direct fuel (£163k at outturn). There was an outturn pressure of £61k in Street Cleansing, due to the increase in activity required to maintain service standards and an adverse movement in Off-Street parking (£83k) as a result of a fall in the level of off-street parking income in the final quarter and a shortfall in advertising income. In addition there was an adverse outturn of £65k in the Harlington road Depot, as the site has experienced a reduction in usage. There was also an adverse movement (£60k) in CCTV due to the one-off costs relating to the installation of new cameras and a reduction in the expected recharge income levels. This is offset by a favourable outturn position of £123k in Public Conveniences as a result of revenue savings being made with the introduction of the new public conveniences and within Consumer Protection (£124k), due to annual income from licensing and gambling fees exceeding budget.

11 **Planning and Community Services** outturn was an **overspend of £454k** an adverse movement of £65k on the Month 11 forecast. There was an overspend (£342k) within Leisure Facilities mainly relating to golf, an overspend (£335k) within Planning and Transportation and an overspend (£121k) within the Arts Service as a result of under achievement of income targets. This is offset by underspends in other areas mainly within Community Safety, due to slippage in the recruitment of the new Community Safety Team (£181k) and within Libraries (£134k) primarily as a result of a restriction on spend.

12 **Central Services** outturn was an **overspend of £561k** an adverse movement of £35k on the month 11 forecast. To achieve greater future annual savings, there was an overspend (£238k) within the Corporate Property services relating to the Facilities Management service outsourcing and the cost of appointing an interim energy manager, a pressure in the HR service (£284k) due to the costs of implementing the service review as well as required improvements to payroll processes, and an overspend in the Accounting Service (£70k). There was an underspend in Learning & Development (£31k) by generating income by offering training to external organisations.

13 **Exceptional Items** outturn showed an improvement on the month 11 forecasts for the direct and indirect implications on the cost of services due to the increases in fuel and energy related costs. At outturn these are **£594k** an improvement of £17k on the Month 11 position. Outturn also showed an improvement on the exceptional pressures associated with the downturn in the property market caused by the credit crunch. At outturn these pressures total **£1,260k** an improvement of £129k from Month 11. The LABGI allocation of **£828k** and the First Time Buyers underspend of **£301k** have both had the effect of netting down these exceptional pressures to **£725k**.

14 **Development and Risk Contingency** outturn was an **underspend of £1,358k** an adverse movement of £87k from month 11. This movement relates to late calls on contingency including the £30k allocated to the Pond Street Parking Management Scheme.

15 **Priority Growth outturn** was an underspend of £375k no change on the month 11 position.

Corporate Budgets' Outturn

16 Table 3 shows the corporate budget outturn.

Table 3

2008/09 Original Budget	Budget Changes	2008/09 Current Budget (as at Month 12)	Corporate Budgets	2008/09 Outturn	Variances (+ adv/- fav)		
					Variance (At Outturn)	Variance (As at Month 11)	Change from Month 11
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-2,154	2,154	0	Unallocated savings	0	0	0	0
7,788	-2,857	4,931	Financing Costs	4,793	-138	-40	-98
-4,341	4,128	-213	FRS 17 Pension Adjustment	-212	+1	0	+1
-24,326	2,098	-22,228	Asset Management A/c	-22,232	-4	0	-4
-10,473	-281	-10,754	Corporate grants & levies	-10,517	+237	+222	+15
-33,506	**5,242**	**-28,264**	**Corporate Budgets**	**-28,168**	**+96**	**+182**	**-86**

17 The outturn on corporate budgets is an **overspend of £96k** an £86k improvement on month 11.

18 The change of £98k on financing costs is largely due to additional interest being saved from the repayment of £20m of outstanding debt prematurely.

19 There is an overspend of £237k on Corporate Levies and Subscriptions due to an overspend of £112k on the London Pension Fund Authority levy, an underachievement of £90k on the income received from the London Housing Consortium, due to a reduction in the volume of work placed through the consortium and £35k in relation to smaller pressures on other levies.

B) Capital

20 Total capital expenditure for the year was £70,134k, from a revised budget of £80,530k, £10,396k less than budget and £695k less than forecast at month 11 representing 87.1% of the revised budget.

21 Capital receipts that could be applied to financing the programme from disposals in 2008/9 were £2,778k. In total £19,796k capital receipts were applied during financing, £2,623k of unsupported borrowing was used, and a total of £47,715k grant, HRA, MRA, section 106 and other contributions were applied.

22 Through expeditious financing only £2,623k of unsupported borrowing was required to finance capital in 2008/09. This takes total unsupported borrowing since the introduction of the prudential code in 2004 to £13,894k.

Table 4 shows the outturn for 2008/09.

Table 4

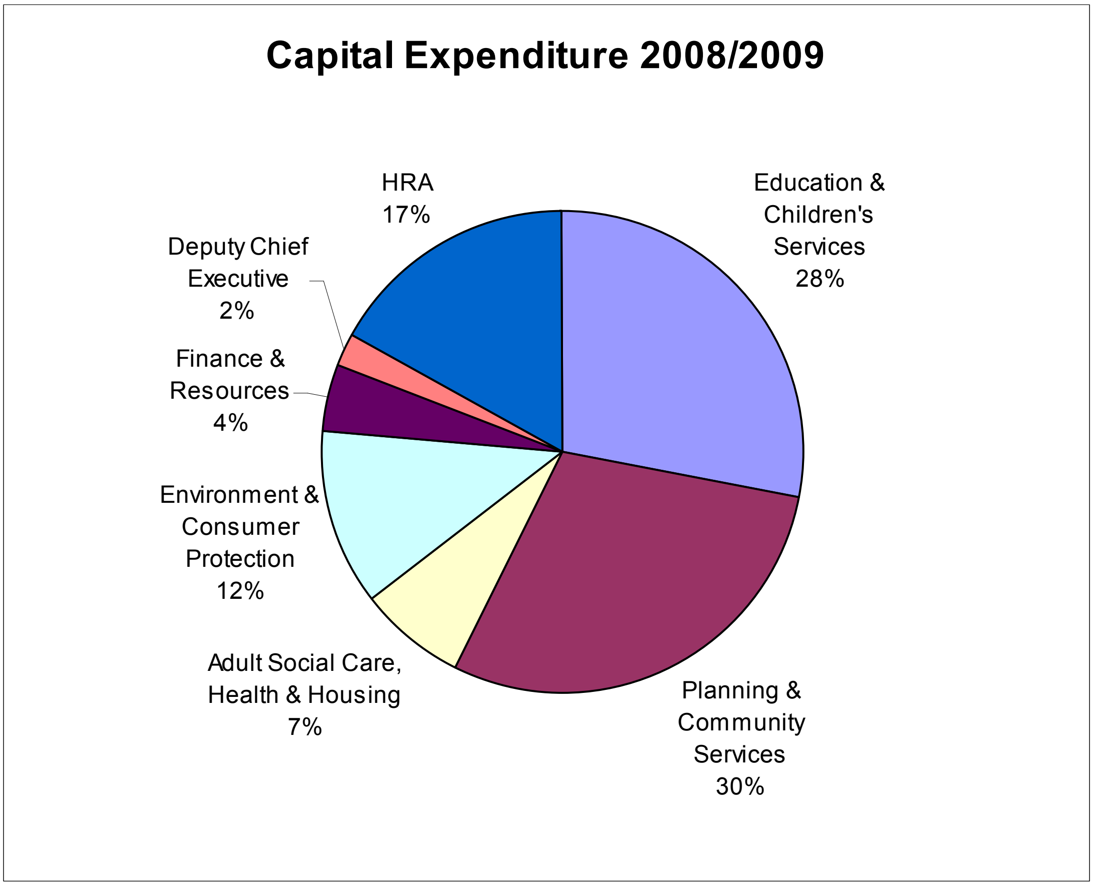
Group	Budget agreed Feb Cabinet £'000	Revised budget Feb 2008 £'000	Actual Spend 2008/09 £'000	*as % of Revised Budget*	Estimated outturn (Month 11) £'000	*as % of Revised budget*	Variance to Revised Budget £'000	Variance to Month 11 Outturn £'000
Education & Children's Services	20,004	24,178	19,701	*81%*	20,201	*84%*	-4,477	-500
Planning & Community Services	22,643	21,856	20,463	*94%*	20,244	*93%*	-1,393	219
Adult Social Care, Health & Housing	9,440	5,815	5,071	*87%*	4,891	*84%*	-744	180
Environment & Consumer Protection	10,872	10,195	8,390	*82%*	9,511	*93%*	-1,805	-1,121
Finance & Resources	2,327	3,479	3,102	*89%*	3,139	*90%*	-377	-37
Deputy Chief Executive	1,752	1,573	1,468	*93%*	1,468	*93%*	-105	0
Programme Contingency	4,815	896	0	*0%*	80	*9%*	-896	-80
Contingency	500	765	0	*0%*	200	*26%*	-765	-200
Total	**72,353**	**68,757**	**58,195**	***85%***	**59,733**	*87%*	**-10,562**	**-1,538**
HRA	10,878	11,773	11,939	*101%*	11,095	*94%*	166	844
Total	**83,231**	**80,530**	**70,134**	***87.1%***	**70,828**	**88.0%**	**-10,396**	**-695**

23 Additional budget was added to E&CS since month 11 to reflect the schools contributions to projects, which were applied in 2008/9 financing.

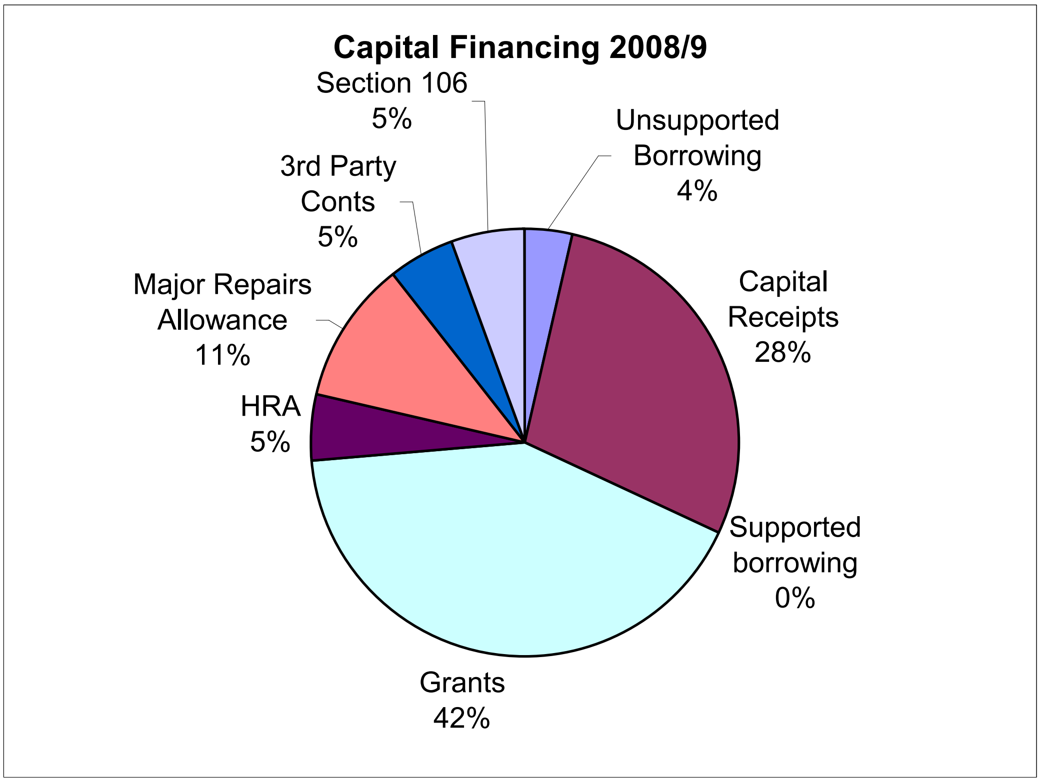
24 There was additional budget added in the Housing area, which represents additional West London Empty Property Grant and additional HRA contribution on the Decent Home Works Programme.

25 The distribution of spend over the service areas is shown in chart 1

Chart 1



The financing of the 2008/09 programme is shown in chart 2



26 A reduction in capital receipts from an original budget of £12,000k to £2,778k received in 2008/9 were partially offset by rephasing of some schemes into future years. Previous years receipts were also applied and are now exhausted.

27 Full analysis of the borrowing and investment outturn is included, for information, within the Annual Treasury Report attached at Appendix B. It is a requirement to report this to cabinet twice a year.

Budget amendments to 2009/10 to reflect the 2008/9 final position

28 Previous policy has been that 'programme of works' budgets for the following year are not amended to reflect the actual outturns. The budget could be 'applied' for if required in the new financial year. It is recommended that this policy is continued. There were no such applications in 2008/09. If required, there is also a general contingency of £1,500k in the 2009/10 budget.

29 Table 5 details the budget adjustments for 2009/10 to reflect the actual outturns for capital construction projects in 2008/9.

Table 5

Group	Original 2009/10 Budget £'000	2008/9 Carry Forward Budget £'000	Revised 2009/10 Budget £'000
Education & Children's Services	33,497	3,783	37,280
Planning & Community Services	19,783	1,435	21,218
Adult Social Care, Health & Housing	3,715	1,008	4,723
Environment & Consumer Protection	10,043	194	10,237
Finance & Resources	2,591	191	2,782
Deputy Chief Executive	2,125	0	2,125
Total	**71,754**	**6,611**	**78,365**
HRA	11,745	0	11,745
Total	**83,499**	**6,611**	**90,110**

30 Table 6 shows the funding of these budget adjustments.

Table 6

Funding of Budget Changes	£000's
Council Resources	1,975
Supported Borrowing	1,161
Grant/Section 106	3,475
HRA	0
Total	**6,611**

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

31 The financial implications are contained in the body of the report.

CORPORATE IMPLICATIONS

Corporate Finance

32 This is a Corporate Finance report.

Legal

33 There are no legal implications arising from this report.

BACKGROUND PAPERS

34 Monitoring report submissions from Groups.

Appendix A

DETAILED DIRECTORATE 08/09 OUTTURN – REVENUE AND CAPITAL

Adult Social Care, Health and Housing (ASCH&H)

Revenue

35 The final outturn position for Adult Social Care, Health, and Housing is an underspend of £1,129k, a marginal movement of £62k from the M11 position. However this does not include the following sums being held in contingency for Mental Health services (£200k); Learning Disability (£700k); or for Homelessness (£500k). These pressures are excluded from this table as they are presented against contingency where provision was set aside at budget setting. Additionally the impact of the downturn in the economy has impacted on the first time buyers scheme and this is now reported as an exceptional item.

36 There has been a range of expenditure pressures evident in the forecasting from the credit crunch which have been offset by action taken to control the cost of care packages, restrict expenditure including holding some vacancies and to accelerate savings proposal where possible. The budget pressures include an increased uptake of housing benefit towards the end of the year. Although this only had a small impact on the budget position this may worsen in 2009/10. There has also been an increase in contacts in the housing needs area. This did not have an immediate financial impact during 2008/09 but could also impact much more in 2009/10.

Division of Service	Outturn Variance £000	Forecast Variance Month 11 £000	Change from Month 11 £000
Adult Social Care	-1,097	-780	-317
Housing	+270	-21	+291
Adult Social Care Health + Housing	**-827**	**-801**	**-26**
First Time Buyers Initiative	-302	-266	-36
Adult Social Care Health + Housing Total	**-1,129**	**-1,067**	**-62**

Adult Social Care: £1,097k underspend (£317k favourable)

37 The Adult Social Care service final position is an underspend of £1,097k, which represents a favourable movement of £317k from the M11 position, the table below summarises this forecast. The Adult Social Care budget (£100m gross, £78m net) contains a large number of demand led volatile budgets which since January, has recorded a significant reduction in demand for residential services, particularly for older people.

Division of Service	Outturn Variance £000	Forecast Variance Month 11 £000	Change from Month 11 £000
Older Peoples Services	-930	-767	-163
Physical & Sensory Disability Services	-719	-528	-191
Learning Disability Services	+115	-92	+207
Mental Health Services	+494	+540	-46
Support Services	-38	+67	-105
Corporate and Capital Recharges	-18	0	-18
Adult Social Care Total	**-1,097**	**-780**	**-317**

Older People Services: £930k underspend (£163k favourable)

38 Although the overall reduction in forecast since M9 is £550k this is primarily due to a reduced residential demand during Q4. It would not have been possible to have forecast this reduction with any certainty earlier in the year as previous forecasts were based on an average winter period which would normally show an increase in demand for these services. The balance of the underspend is primarily due to client income exceeding the budget set.

Physical Disabilities: £719k underspend (£191k favourable)

39 The demand for services over the Q4 period continued to fall when compared with previous forecasts which, when coupled with one-off expenditure measures introduced last autumn, has resulted in this underspend.

Learning Disability: £115k overspend (£207k adverse)

40 The conclusion of the s75 agreement with the PCT has brought some certainty to the council's budget position in one respect but has resulted in clients now moving between us when their health status changes. This is considered to be a broadly balanced outturn position in the context of this service managing a gross spend of £28.4m.

Mental Health: £494k pressure (£46k favourable)

41 The initial cause of this pressure has been reported during the year and related to a sudden increase in clients who were no longer eligible to receive health funding in March / April 2008. The outturn position now reported shows no significant change from that reported in the early part of this financial year.

Support Services: £38k underspend (£105k favourable)

42 This is a balanced outturn position and the subsequent late movement is primarily as a result of slippage in IT development whilst these plans were re-evaluated; this service is managing a gross spend of £13m.

Housing General Fund: £270k overspend (£291k adverse)

43 The movement in the overall position resulted from a range of pressures including a continuing pressures in the homelessness area as outlined in the paragraphs below.

Division of Service	Outturn Variance £000	Forecast Variance Month 11 £000	Change from Month 11 £000
Benefits	-6	-51	+45
Homelessness	+224	+56	+168
Caravan Sites	+26	-4	+30
Housing Advice	0	0	0
Housing Private Sector	-4	0	-4
Housing Careline	+33	+13	+20
Other Housing Services	-3	-35	+32
TOTAL	**+270**	**-21**	**+291**

Housing and Council Tax Benefit: £6k underspend (£45k adverse)

44 The small movement in this budget resulted from an increased take up of benefits towards the latter part of the year. This budget may face increasing pressures during 2009/10 if the increase in take up is sustained.

Homelessness: £224k pressure (£168k adverse)

45 The homelessness budget was under pressure throughout the year. As the current benefit regime for PSL remained advantageous, the adverse budget impact was mainly due to reducing numbers, which partly resulted from the success of the prevention effort. This along with difficulties in sustaining void rates at a low level contributed to the movement in variance at period 13.

Other Housing Areas

46 There were also other various other smaller movements at period 13 within the other housing areas. This includes additional (legal) costs relating to an Anti Social Behaviour Order for the Caravan Sites budget, while the variance for Careline was due to increased staffing support. The change in Other Housing Services resulted from a number of smaller budget areas spending to budget.

Exceptional item - Housing Development: £302k underspend (£36k favourable)

47 This movement is due to the current economic downturn which has impacted on the first time buyers scheme and is being reported as an exceptional item.

Housing HRA - £252k underspend (£63k favourable)

48 The final outturn position for the HRA shows an underspend of £252k, representing a small favourable movement of £63k from the M11 position.

Division of Service	Outturn Variance £000	Forecast Variance Month 11 £000	Change from Month 11 £000
HH Ltd: General and Special Services	+102	-153	+255
HH Ltd: Repairs Services	-47	+153	-200
LBH: General and Special Services	-78	+113	-191
LBH: Repairs Services	+162	+163	-1
Other Expenditure	-470	-785	+315
Income	+79	+320	-241
In Year (Surplus) / Deficit	**-252**	**-189**	**-63**

49 Hillingdon Homes had a small overall overspend of £55k with the General and Special Services overspend of £255k, due to increased costs for insurance premiums and energy costs, being largely offset by an underspend of £200k within the Repairs Service that was mainly due to insurance income received for some of the repairs.

50 The favourable movement of £191k within the LBH General and Special Services area resulted from a number of small improvements in annual recharges including lower Central Support, Debt Management and water commissions. The Other Expenditure line shows a lower favourable variance due to increased expenditure on the Capital Funded from Revenue line that was anticipated to fall in 2009/10. The improvement in the Income budget is largely due to a revision of the provision of bad debts.

Capital

51 The final position for the department's capital budget is an outturn of £5,071k compared with a budget of £5,815k (87.2% of budget) for the General Fund; and a draft outturn of £11,938k compared with a budget of £11,773k (101.4% of budget) for the HRA.

ASCH+H CAPITAL SCHEMES 2008/09	Original Budget	Revised Budget	Actual Spend @ Month 12	Actual % Spend of Revised Budget	Draft Outturn Variance
	£' 000	£' 000	£' 000	%	£' 000
Capital Works	10,500	11,090	11,405	102.8%	315
Cash Incentive Scheme	150	150	130	86.7%	(20)
New Build - Long Lane	28	295	307	104.1%	12
Other Projects	200	238	97	40.8%	(141)
HRA	**10,878**	**11,773**	**11,939**	**101.4%**	**166**
DFG & PSRG	2,821	4,543	4,566	100.5%	23
Colne Park Caravan Sites	413	100	37	37.0%	(63)
IMG & ESCR	341	655	387	59.1%	(268)
MH and LD Modernisation	5,865	517	81	15.7%	(436)
ASCH+H Total	**9,440**	**5,815**	**5,071**	**87.2%**	**(744)**

52 A major contributory factor to the HRA overspend was an increase in the demand for replacement boilers as boilers were breaking down and becoming un-repairable at a faster rate than predicted. It would not have been acceptable to leave any tenant without heating during the winter months.

53 The 2008/09 ASCH+H programme was slipped significantly from its original budget in recognition of a Social Housing Grant (SHG) Bid being progressed, this is a similar approach to that adopted for the Mental Health Programme. It was therefore advantageous to delay the programme pending the outcome of this bid which is expected to be known in 209/10, the £60k spend reflects this strategy. The amount of spend in 2009/10 will depend on finalising sites, which in turn will then enable the SHG bid to the HCA to be finalised. Other parts of the programme have also contributed to this major slippage including difficulties in identifying suitable replacement sites for some services.

54 The slippage of £268k on Improving Information Management and Electronic Social Care Records (ESCR) is due to

a delay in the Children's scanning element becoming operational as both Social Care & Children's will benefit from a joint implementation and;

b other changes in the overall timetable of the implementation of the new client / financial system for Social Care & Children's services.

55 There is a large capital financing of this programme made up of Grants for which there are no restrictions and it is primarily these balances that have been carried forward into 2009/10.

Environment and Consumer Protection (E&CP)

Revenue

1. The outturn for the Group is an overspend of £49k for the year, which represents a favourable movement of £6k from the position reported at month 11. This position excludes the exceptional pressures relating to oil prices and direct fuel costs, of £163k (£180k at month 11), and discussed in detail at paragraphs 16 & 17.

Division of Service	Outturn Variance £'000	Forecast Variance Month 11 £'000	Change from Month 11 £'000
Street Cleansing	+61	+75	-14
Waste Services	-42	+20	-62
Public Conveniences	-123	-55	-68
Highways & Winter Maintenance	-19	+65	-84
NRSWA income shortfall	+41	+50	-9
Consumer Protection – income/charging	-124	-100	-24
Harlington Road Depot	+66	0	+66
CCTV	+60	0	+60
Off-Street Parking	+83	0	+83
Other – minor variations	+46	0	+46
E&CP - Total	**+49**	**+55**	**-6**

Street Cleansing: £61k Pressure (£14k favourable)

2. **Street Cleansing works:** Current levels of activity required to maintain service standards have led to a net outturn pressure of £61k.

Public Conveniences: £123k Favourable (£68k favourable)

3. Revenue savings in connection with the introduction of new public conveniences have been achieved due to delays in location decisions and the final commissioning stages. However the Barra Hall Park convenience is now installed and commissioned, with the other three schemes expected to complete during 2009/10.

Waste Services: £42k Favourable (£62k favourable)

4. **Recycling costs:** Current tonnage levels of Kerbside recycling continue to increase reflecting the improvement in the Borough's recycling rate, which reached 35.6% by the end of 2008/09. However this has impacted on associated gate fees and recycling bag costs giving a net outturn position for the kerbside recycling service of £299k overspent.

5. **Domestic Waste:** A pressure of £86k has arisen largely from vehicle hire costs. This has been partially offset by additional income on special collections of £9k.

6. **Trade Waste:** As reported during 2007/08 a reduction in activity levels has been forecast due to the annual increase in fees, which are linked to the increase in the Landfill Tax. However the activity levels have not reduced as much as expected, and

this factor combined with the increased fee levels, has given favourable outturn variance of £93k.

7. **Civic Amenity Sites:** Income has remained buoyant at the CA sites – particularly New Years Green Lane – to give a favourable outturn variance of £121k.

8. **Waste Disposal & Management:** As tonnages reduced significantly in the second half of the year the budget on waste disposal and management showed a significant favourable movement to outturn at a net underspend of £205k. This reflects delays in the tonnage information being received from West London Waste, due largely to their current reliance on a number of paper-based weighbridge recording systems, and payments being made on a flat monthly basis with no seasonal variation or profiling. West London Waste are currently reviewing these systems.

Highways & Winter Maintenance: £19k favourable (£84k favourable)

9. The outturn position across the Highways/Streetscene and Winter Maintenance services shows an overall variation of £19k underspent. It has been possible to offset the pressures in these areas through reduced winter maintenance during March, careful management of the resurfacing patching programme, windfall grant monies for survey work and underspends across Street Lighting and Structures.

New Road & Street Works Act income: £41k Pressure (£9k favourable)

10. A significant improvement in the performance of public utilities on Streetworks has led to a reduction in the number of penalties that can be levied under the New Roads & Street Works Act (NRSWA) for overstays.

Consumer Protection – income/charging: £124k favourable (£24k favourable)

11. Income from licensing and gambling fees - though slowing recently in line with the economic downturn - has been relatively buoyant, particularly in the first half of the year.

Harlington Road Depot: £65k adverse (£65k adverse)

12. The site has experienced a significant reduction in the intensity of usage. It has recently lost the external income from Hillingdon Homes, and no longer provides the Council's Archive service, which has been outsourced. The Group are actively trying to mitigate the pressures in this area through space rationalisation. However savings are only able to offset a proportion of the pressure given the residual costs of the depot and the loss of economies of scale.

CCTV: £60k adverse (£60k adverse)

13. The adverse variance relates to and some one-off costs relating to the installation of new cameras in Eastcote and Pield Heath, and a reduction in the expected recharge income levels.

Off-Street Parking: £83k adverse (£83k adverse)

14. The final quarter of 2008/09 has seen a fall in the level of off-street parking income. This is combined with a shortfall on advertising income to give a net underachievement

of £83k. This is considered to be a direct impact of the current economic downturn, and this trend will be closely monitored in 2009/10.

Parking Revenue Account

15. As a result of the recent introduction of part 6 of the Traffic Management Act 2004, the council can no longer rely on the Guaranteed Achievement Level that was previously part of the parking enforcement contract. This fact, coupled with a downturn in performance related to the enforcement contract renewal process, has impacted upon the level of penalty charge notice income. The new contractor, Mouchel Traffic Support Ltd, commenced on 4th August 2008 and has taken action to address the performance issues. As a result of management actions and an initial increase in the performance resulting from the change in contractor, it has been possible to accommodate the income shortfall within the overall Parking Revenue Account position for 2008/09. The Group is budgeting for a modest surplus in 2009/10 on the basis that performance will continue to improve and targets are stretched.

Exceptional Pressures

16. The purchase price for diesel in March averaged around 80p per litre consistent with the price paid during February. However the current price still represents an increase on the prices paid at the time of setting the budget, when the price per litre averaged around 75p. The position remains volatile and is continuing to be closely monitored, in terms of both price and usage. In addition to increases implemented in the budget, prices have started to show an upward trend during April and May 2009, which confirms that this will remain a pressure area for 2009/10.

17. The outturn pressure for exceptional items is £163k (£180k at month 11). This largely relates to the increased direct fuel costs (£59k Street Cleansing, £59k recycling, £10k Streetscene Maintenance). The secondary impacts have been evidenced in the prices of materials for Streetscene maintenance works and utilities at Off Street Car Parks.

Capital

18. The outturn position for the ECP capital programme is summarised below. The Group spent 82% of the revised budget allocation:

Scheme Name	Original Budget £'000	Revised Budget £'000	Capital Spend Month 12 £'000	Actual Spend % of Revised Budget £'000	Variance (Current month) £'000
Street Scene/ Furniture	250	338	292	86%	-46
Road Safety	250	250	159	64%	-91
Traffic Congestion Mitigation	200	110	65	59%	-45
Green Spaces Projects	250	440	243	55%	-197
Ruislip Lido Projects	Cont	215	197	92%	-18
Recycling Projects	Cont	126	127	101%	1
Recycling Projects - NYGL	587	57	55	96%	-2
Breakspear Crematorium	2,000	1,500	1324	88%	-176
Purchase of Vehicles	1,135	339	339	100%	0
Highways Programme	1,608	1,535	1207	79%	-328
Street Lighting	410	410	340	83%	-70
Car Park Improvements	150	0	0	0%	0
Green Flag	40	0	0	0%	0
Residents Card	Cont	400	390	98%	-10
Other Schemes	0	85	85	100%	0
Sub-Total ECP	6,880	5,805	4,823	83%	-982
TfL Schemes	3,992	4,390	3429	78%	-961
Sub-Total TfL	3,992	4,390	3429	78%	-961
Total ECP	**10,872**	**10,195**	**8,390**	**82%**	**-1,805**

19. **Green Spaces Projects:** The slippage was on the Court Park improvements project and the Hayes End Community Park pathworks. Both of these projects are expected to complete in early 2009/10.

20. **Breakspear Crematorium:** There was slippage of £176k against the revised budget. However, this project is still on schedule to complete during 2009/10.

21. **Highways Programme:** The outturn forecast reflects that the second phase of resurfacing schemes were not released from moratorium, and the expected outturns and costs of schemes within the programme subject to the agreement of a number of final accounts. Two schemes will slip into 2009/10.

22. **TfL:** The most significant slippage occurred across the 20mph programme and Bus Priority Programme, with a significant proportion relating to the Church Road scheme in Hayes. TfL have agreed to roll forward these 2008/09 allocations into 2009/10.

Education and Children Services (E&CS)

1. On the basis of the final figures, the Group's outturn is an underspend of £339k at the year-end, which is a £294k improvement on the Month 11 position. This includes the overall pressure on asylum funding and the cost of exhausted all appeals cases. The projected variances at the year end are summarised in the following table:

Division of Service	Outturn Variance £000	Forecast Variance Month 11 £000	Change from Month 11 £000
Schools	+2,381	n/a	n/a
Central DSG	-377	-171	n/a
Director & Youth Services	-246	-157	-89
Resources, Policy & Performance	+281	+242	+39
Learning & School Effectiveness Service	+187	+144	+43
Children & Families Service	-561	-274	-287
E&CS – Total	**-339**	**-45**	**-294**

Schools & Central DSG:

2. The schools overspend will be funded from schools balances. The underspend of £377k within the centrally managed DSG will be carried forward to be used in 09/10 with the agreement of Schools forum as it is ring fenced and fully funded from the DSG. These do not affect the general fund.

Director & Youth Services: £246k underspend (£89k Improvement)

3. The underspend is largely due to staffing vacancies in the Directorate and within Youth Services, where recruitment to posts was delayed. There was a further improvement as a result of the reversal of all early retirement pension fund contributions made during the year. These were replaced by an additional 1% employer's contribution to the pension fund, allowing the early retirement costs to be met centrally. The early retirement costs in this area exceeded the 1% charge, hence the net underspend.

Resources, Policy & Performance: £281k Pressure (£39k Adverse)

4. The majority of the overspend was a result of additional payments due in respect of the Barnhill PFI, specifically due to a shortfall in grant and additional payments being required to the sinking fund. There was a further adverse movement due to the additional 1% employer's contribution to the pension fund to meet future early retirement costs.

Learning & School Effectiveness: £187k Pressure (£43k Adverse)

5. The overspend in this area arises from the Music Service, as a result of budget adjustments and expenditure on cover for staff sickness. Net underspends in other services reduced the overall pressure reported in this area.

Children and Families: £561k Underspend (£287k Improvement)

6. There has been an improvement of £561k in respect of final outturn figures for looked after children, primarily in relation to fostering and P&V. The improvement is mainly due to some care packages that were included in the previous forecast but did not commence in 2008/09. Additionally, the final unit costs of some packages were less than predicted within the P & V and fostering services.

Capital

7. A summary of the programme is shown overleaf:

Scheme Name	Original Budget £'000	Revised Budget £'000	Forecast Outturn Month 11 £'000	Forecast Spend % of Revised Budget £'000	Capital Spend Month 12 £'000	Actual Spend % of Revised Budget £'000	Variance Against P11 £'000
Integrated Childrens IT System	116	137	137	100%	107	78%	-30
Children's Centres		2,840	2,040	72%	1,987	70%	-53
Expansion Haydon	812	967	785	81%	763	79%	-22
Extended Schools - New grant		339	162	48%	172	51%	10
Early Years Foundation Stage - Surestart		482	200	41%	200	41%	0
Extension of Nursery Care / Education - Surestart		662	662	100%	167	25%	-495
Formula Capital Devolved to Schools	3,426	4,330	3,815	88%	4,108	95%	293
Glebe Primary		10	10	100%	15	150%	5
Guru Nanak		643	643	100%	643	100%	0
Guru Nanak - Expansion 2010			0	0%	114	0%	114
Harefield Nursery - joint project with Surestart Childrens centre		635	370	58%	0	0%	-370
ISPP Project (Info Sys Parents & Providers)		24	0	0%	0	0%	0
Longmead		180	140	78%	138	77%	-2
Mobile Technology		45	45	0%	49	0%	4
Pinkwell 2 Classrooms	110	95	11	12%	3	3%	-8
Pinkwell Expansion		40	40	100%	37	93%	-3
Ruislip High School		408	81	20%	86	21%	5
School Improvement Programme (Modernisation)	6,948	4,266	3,916	92%	3,679	86%	-237
School Places - Sacred Heart		-21	-21	100%	-21	100%	0
School Places Provision	5,895	130	10	8%	0	0%	-10
School travel Plans		67	39	58%	53	79%	14
Schools Access Programme	927	250	190	76%	206	82%	16
Specialist Schools		200	200	100%	6	3%	-194
Targeted Capital -Oak Farm		2,068	2,068	100%	1,715	83%	-353
Targeted Capital -Uxbridge High	600	4,479	3,742	84%	4,412	99%	670
Investment in Young People's Facilities		107	107	100%	169	158%	62
Youth Bus	50	175	175	100%	180	103%	5
Information Systems - Every Child Matters	550	500	500	100%	582	116%	82
New Young People's Centres	500	120	133	111%	131	109%	-2
Barra Hall & Expansion Frithwood	70	0	0	0%	0	0%	0
Total Programme	**20,004**	**24,178**	**20,201**	**84%**	**19,701**	**81%**	**-500**

8. The total expenditure for E&CS as at the end of 2008/09 totalled £19,700k. The budget has been revised to £24,178k to include the reconciled figures of allocated funds and budgets. The difference in the budget change is the additional funding from Schools contribution to match additional capital spends during the year 2008/09.

9. **Early Years Foundation Stage** projects are funded from the three year Sure Start Grant allocation for 2008/11. The £495k not spent in 2008/09 will be added to the 2009/10 budget.

10. The over spend of £293k under **Devolved Formula Capital (DFC),** and under spend of £237k in **Schools Improvement Programme** and **School Travel Plans** are based on quarter 4 schools return. DFC & School Travel Plans are grant-funded and schools have up to three years to spend annual allocations. Although there is overspend in

current year, in reality there is enough funding carried over from Schools from previous years, this budget has not been reflected here.

11. **Guru Nanak** 2010 Expansion fully grant funded project managed by school and LBH acts as bankers.

12. On the joint **Modernisation** and **Sure start grant - Harefield Nursery**, £370k of modernisation funding will not be called upon till 09/10 due to changes in project timings. However all the Sure start Grant (reported in children's centres) is spent.

13. **Specialist Schools** project funding is 100% grant funded. The £194k not spent in 2008/09 will be added to the 2009/10 budget.

14. **Targeted Capital – Oak Farm** variances are due to the contractor's outstanding bill for the work that has been completed. Despite many efforts made by the team to the contractor, the MCP team have based the accrued expenditure on the valuation of the project at year end. The slippage of £353k in 2008/09 will be added to the 2009/10 budget.

15. **Targeted Capital – Uxbridge High** variances £660k is due to late design changes and variations made by the Architect and the school. The School have been told by Education that any additional expenditure over and above the existing budget allocation will have to be funded by the school.

Planning and Community Services

Revenue

1. The Net Group position is £454k adverse. In addition there were market led adverse variations on Land Charge and Building Control income, which are being treated as exceptional items, leaving a Group position of £1,245k as seen in the table below this is an overall improvement of £60k from Month 11.

Division of Service	Outturn Variance £'000	Forecast Variance Month 11 £'000	Change from Month 11 £'000
Community Safety	-181	0	-181
Arts Service	+121	0	+121
Libraries	-134	0	-134
Adult Education	0	0	0
Leisure Facilities	+342	+250	+92
Leisure Strategies	-72	0	-72
Planning & Transportation	+335	+139	+196
Group Directorate	+43	0	+43
P&CS - Total	**+454**	**+389**	**+65**

Exceptional item	Outturn Variance £'000	Forecast Variance Month 11 £'000	Change from Month 11 £'000
Land Charges	+594	+605	-11
Building Control Income	+120	+170	-50
Development Control	+77	+141	-64
Exceptional Item - Total	**+791**	**+916**	**-125**

P&CS Group Total (including exceptional items)	**+1,245**	**+1,305**	**-60**

Community Safety: £181k underspend (£181k improvement)

2. There was an underspend of £112k due to slippage in the recruitment of the new community safety team from earlier in the year. In addition to this, funding has been levered in from the LAA Pump Priming grant, £47k which was earmarked against the enhanced Police Tasking Team and £22k has been used to fund the Anti Graffiti Officer.

Arts Service: £121k overspend (£121k adverse)

3. Pressures have occurred in the Arts budgets as a result of under achievement of income targets. The Manor Farm site has struggled in this area, due in part to delays in the site becoming fully operational during 2008/09. More generally the impact of the downturn in the economy will also have affected take up of Arts services.

4. The areas in Arts which are under recovering on income targets are listed below.
   - Winston Churchill Hall, the pressure of £26k for halls and room hire, with a £10k pressure on the rents and wayleaves.
   - The Great Barn £9k pressure on room hire due to the delays in the opening of the site.
   - Manor Farm is reporting a £52k pressure on income.
   - Street Arts budget is reporting a pressure of 6k due to Bigfest.

Libraries: £134k underspend (£134k improvement)

5. There is a favourable position of £134k which is due to a range of factors but primarily a consequence of restrictions on spend in an effort to support the Groups overall position.

Adult Education: Nil variance

6. Adult Education are reporting in line with the exception that they are unable to meet their MTFF savings target of £77k for 2 posts. The issue being that if they reduce their staffing expenditure, LSC will reduce it's grant payment therefore generating no net saving.

7. Cabinet has agreed to fund the shortfall of LSC grant on 20 courses as reported and recommended at Month 2, offsetting a potential pressure of £90k in 2008/09, and the budget was transferred to the group and has been shown in reports from Month 6.

Leisure Facilities: £342k overspend (£92k adverse)

8. The golf budgets have improved by £5k from the month 11 forecast, the outturn pressure is £245k after agreeing adjustments from contingency. The assumed £70k compensation from Transco for business disruption for the gas pipeline has been accrued, this is a prudent estimate at this stage and effort will be made to exceed this sum if possible.

9. Legal costs have been incurred of £60k, £26k for Swallows Gym, £29k for golf, and £5k lease for land adjacent to Minet Cycle Club. The costs around Swallows were unexpected and is a pressure on the Leisure Facilities budgets.

10. Minet Site – The operators have now signed the lease and underleases. Income that has been accrued is £103k, this is made up of £42k for 2007/08 and £61k for 2008/09.

Leisure Strategies: £72k underspend (£72k improvement)

11. The favourable position on the Youth Sports Development budget which is underspent by £51k on staffing continued to be held, in support of the overall PCS budget.

12. Cwm Pennant contract agreement with the new operator, Outdoor UK has been signed off. There is a net underspend on the budget of £24k at outturn which is included in the position.

13. Feasibility costs of £17k have been incurred due to preparatory work for an indoor Tennis Centre at Hillingdon and Diving Pool at Botwell.

Planning and Transportation: £335k overspend (£196k adverse)

14. The draft forecast for Planning for month 11 was £1,160, the outturn has improved by £34k and is £1,126k. However the vast majority of this sum (over 70% of the total) relates to the position on exceptional market led pressures on Building Control, Land Charges and Planning Income. These 3 items have as a group improved by £125k the breakdown of which is shown in the summary table above.

15. **Land charges**: The outturn of £594k pressure has improved marginally from the Month 11 by £11k , Land Charge income has now fallen by 52% compared to the last financial year.

16. **Building Control:** The outturn for Building Control income was a pressure of £120k against its Income targets. This is a significant improvement on the Month 11 forecast which showed a potential pressure of £170k. There has been a late surge in Building control fee income, this has been partly explained by the building control manager to be due to a rush to take advantage of the 2008/09 building control fees before they were increased 1st April.

17. There was an unexpected increase in the Building control expenditure for unforecast training costs of £10k and accreditation charges £2.5k which appeared in month 12.

18. **Development Control Income:** The outturn shows a reduction on the forecast at month 11 of £141k to £77k, this was due to 4 major application fees received in March.

19. **Development Control:** The outturn was a pressure of £66k, the adverse position is due to usage of Consultants for minor and other planning applications. The forecast for this is now £313k against the budget of £265k the remaining variance is due to advertising public notices. Following the restructuring of planning, recently concluded the service has been successful in appointing to permanent posts and this has allowed a budget saving in the current financial year.

20. **Major Applications**:The outturn was £75k pressure a marginal improvement on the forecast position, the pressure was predominantly in the underachievement on the pre-application income, plus advertising for public notices of £10k as previously reported.

21. **Egovt Ocella**: The outturn shows a £30k pressure due to additional Ocella development costs by Terraquest charged in March.

22. **Enforcement:** The outturn was £31k this is an increase of £10k from forecast due to agency costs. The remaining pressures are in non pay. The £19k advertising for enforcement staff, a range of minor pressures, £2k car allowances, £2k stationary and £3k supplies & other services.

Group Directorate: £43k overspend (£43k adverse)

23. The pressure here is a combination of small adverse variances including one-off office relocation costs for the newly formed business support team, and some short-term agency usage.

Capital

24. A summary of the programme is shown below:

Scheme	Original Budget £'000	Revised Budget £'000	Capital Spend Actual Outturn £'000	Actual Spend % of Revised Budget £'000	Forecast Outturn £'000	Forecast Spend % of Revised Budget £'000	Variance £'000
Planning							
SSCF	0	100	100	100%	100	100%	0
Assisted Funding Programme	150	54	36	67%	54	100%	-18
S106/S278 Schemes	0	407	196	48%	407	100%	-211
NLDC	0	0	36	0	35	100%	36
Libraries							
Victoria Hall and Ruislip Manor Library Development	210	192	129	67%	192	100%	-63
Manor Farm & New Builds Fit-outs (Libraries)	59	645	641	99%	645	100%	-4
Community Facilities							
Brookfield Adult Education Centre	0	27	64	237%	45	167%	37
Manor Farm	0	380	442	116%	441	116%	62
Leisure							
Hillingdon Sport & Leisure	13,484	10,945	11,184	102	10,945	100%	239
Leisure Development - Botwell Green, Hayes	8,250	8,761	7,262	83%	7,000	80%	-1,499
Boxing Club	490	345	372	108%	380	110%	27
Planning & Community Total	**22,643**	**21,856**	**20,462**	**94%**	**20,244**	**93%**	**-1,394**

25. Planning Community Services (CPS) 2008/09 approved capital budget was £22,643k. This was increased by the 2007/08 slippage to £23,493k. During the year the spending profile was revised, this necessitated a revision of the budget to £21,856k.

26. Out of the £21,856k budget, £20,462 has been spent. During the year there was a capital moratorium. However, because of the nature of PCS projects, this had little impact on the programme.

27. In 2009/10 the budget for leisure projects will be adjusted for any under/over spent in 2008/09. Manor Farm final account is still unresolved. This might lead to a potential budget pressure of £342k. Below is a detail analysis of the activities in 2008/09.

Libraries

Victoria Hall and Ruislip Manor Library Development (under spend £63k)

28. There is an increase of £17k spend on month 11 which takes the expenditure to £129k. This was for Property Services fees recharges.

Libraries Refurbishment Programme

29. The ''roll out'' of the libraries refurbishment programme commenced in the summer of 2008/09 with West Drayton and Harefield libraries being completely refurbished during this period. They were officially opened on 3rd and 13th March 2009 respectively. The extension to accommodate a manager's office and staffing facilities at Harefields has also now been completed. Tenders were invited for the phase II refurbishment programme comprising of the following four libraries (Oaklands Gate (Northwood), Kingshill (Charville), Yiewsley and Ickenham). These were returned on the 24th April. Cabinet on 28th May 2009 agreed to works commencing on this next phase of libraries. The spend for the year is £641k**,** 99% of the budget (£645k).

Brookfield Adult education Centre (overspend £37k)

30. The over spend is due to the retention amount, (£18k), and late grant contribution towards the project. The carried retention amount from 2006/07 to 2007/08 was under stated by £10k. In effect the over spend would be met from the overall capital programme.

31. An additional grant of £252k (plus £28k from PEP) has been received from LSC to refurbish the top floor. Tenders have been received, Cabinet Member report is due for submission to recommend a contractor. The completion date is anticipated to be end of August 2009.

NLDC (overspend £36k)

32. The over spend of £35k will be funded from grant from NLDC. This project has recently been transferred from Children & Families.

Output: The £35k was spent on Learning Resources, and computers.

Manor Farm (overspend £62k)

33. The project was completed in July 2008. In 2008/09 the project over spent by £48k after adjusting for £14k late receipt of additional grant, against grant funding of £394k.

34. Officers are concerned that the over spend might be more than the £48k mentioned above. Property Service are meeting the contractors to ascertain the final costs of the project.

35. The draft final account shows a budget pressure ranging from £142k to £342k. This is based on the sum (£1,858k) paid to date against Projected Costs of £2,000k, and £2,200k respectively. Therefore, the maximum budget pressure for 2009/10 would be £342k.

Output: The Manor Farm House was fully refurbished to a 'living' museum.

Leisure (under spend £1,260k)

Hillingdon Sport & Leisure (over spend £239k)

36. The completion is still targeted for 9th December 2009, although current progress is three and a half working weeks behind the original contract completion programme. This is due in part to the poor weather conditions in January, and February. The contractor will use their best endeavours to bring the contract back on track, and is confident of achieving this.

37. The spend to date is 102% (£11,184k) of the budget (£10,945k), inclusive of £672k invoice due to be paid in April. The above budget has been adjusted to reflect the expected forecast of £10,945k. The 2009/10 budget will be adjusted by the over spent sum of £239k.

38. The current forecast for the total contract sum is £21,665k. The anticipated completion date is December 2009. The estimated overspend is 3.2% (£665k) of the approved contract sum of £21,000k. There is £40k decrease on the last estimated overspend.

39. Any overspend will be met from the contingency for the contract which has been set at £1,063k. (The contractor's forecast final account excluding risks is £21,985k). Officers continue to meet with the contractors on constant basis and are monitoring the figures closely.

40. Progress Status. The project is currently 3.5 weeks behind the revised Construction programme. This is due to poor weather conditions in January, and February.

41. However, the contractor is doing their utmost to meet the December 2009 completion date.

Start Date	Completion Date	Contract sum (£'000)	Spend to date (includes accruals) (£'000)	% of completion (Based on contract)	Forecast (£'000)	Variance (£'000)
November 2007	December 2009	21,000	14,422	69%	21,665	665

Leisure development - Botwell Green, Hayes (underspend £1,499k)

42. The 2008/09 is 83% (£7,262k) of the budget, (£8,761k), inclusive of £580k invoice due to be paid in April.

43. The current forecast for the total contract sum is £16,589k, which is £536k higher than the approved contract sum, £16,053k. Work is one week behind programme. Officers continue to meet with the contractors on a constant basis, and are monitoring the figures.

44.

Start Date	Completion Date	Contract sum (£'000)	Spend to Date	% of completion (Based on contract)	Forecast (£'000)	Variance (£'000)
May 2008	January 2010	16,053	6,530	41%	16,589	536

Boxing Club (over spend £27k)

45. The overspend is due to unforeseen work which not anticipated, including:

- diversions to the sewer, and the main water system.
- fencing of the site.
- Soft landscaping scheme as specified by planning.

Grants

46. Hillingdon Sport centre is partly funded from grants from LDA, Sport England, HLF, Football Foundation, and Fusion to the total sum of £5,236k out of a total project cost of £31,000k. The amounts claimed and received for quarters 1 to 4 are shown in the table below.

Grantor	**Claim (£'000)**	**Receive (£'000)**
London Development Agency	1,500	1,500
Sport England	625	500
Football Foundation	500	471
Heritage Lottery Fund	375	0
Total	**3,000**	**2,471**

47. It is expected that all claims will be paid in full. There has been some delay in payment due to additional information being required for the Sport England claim, delay due to retention by the Football Foundation and administrative delay by Heritage Lottery Fund.

Central Services

Revenue

1. The final outturn position for the central services revenue budget is an overspend of £561k, an adverse movement of £35k on the month 11 projections. This overspend comprises of an underspend of £31k for the Deputy Chief Executive's Office and an overspend of £592k in the Finance & Resources Directorate as a result of significant unplanned work to achieve further future savings and benefits to the council overall.

Division of Service	Final Outturn 2008/09 £000	Forecast Variance Month 11 £000	Change from Month 11 £000
Deputy Chief Executive's Office	-31	0	-31
Finance and Resources	+592	+526	+66
Central Services - Total	**+561**	**+526**	**+35**

Deputy Chief Executive's Office: £31k underspend (£31k improvement)

2. The Final Outturn 2008/09 for the Deputy Chief Executive's Office budgets is an underspend of £31k, an improvement of £31k on the month 11 projections. This is primarily due to the Learning and Development team generating additional income, by offering training courses to external organisations.

Finance & Resources: £592k overspend (£66k adverse)

3. The Final Outturn 2008/09 for the Finance & Resources Directorate budgets is an overspend of £592k, an adverse movement of £66k on the month 11 projections. This is due to:

   - An overspend of £284k in the HR Service (an adverse movement of £29k), due to the costs of implementing to required timescales the HIP HR Service Review, which includes the cost of interim appointments, as well as required process and control improvements in Payroll.
   - An overspend within Corporate Property Services of £238k (an adverse movement of £62k) due to the costs associated with the outsourcing of FM Services to Dalkia including the one off mobilisation, legal and pension fund advice costs that had to be incurred to ensure a smooth transfer of services, and the agreed delay in savings to ensure further appropriate checks on the outsourcing contract which resulted in an overspend of £198k, with the remaining balance of £40k relating to the cost of appointing an interim Energy Manager to assist the Council with identifying opportunities for better management of energy, which will deliver greater ongoing savings on energy costs in the future.
   - An overspend of £70k in the Accounting Service due to the need for agency staff to cover 3 key vacant posts at the beginning of the year.
   - The ICT Contact Centre budget at the end of the year managed to absorb the £25k pressure previously reported, relating to the increased cost of the one stop shop building lease rental, following a recent rent review (an improvement of £25k).

Impact of Credit Crunch

4. Three overspends totalling £672k, no change on last month's projections, which are due primarily to the financial impact from the lack of opportunities to sell assets in this financial year,

existed within the Finance & Resources Directorate, which are directly linked to the slow down in the economy. These are as follows:

a. As predicted the cost of gas and electricity in the Civic Centre overspent by £203k. This is reported as part of the fuel cost exceptional item.
b. The asset sales programme was significantly affected by the economic downturn, which had a direct impact on the sales fee income, resulting in a shortfall in income of £325k.
c. The income streams from commercial properties were significantly affected resulting in a shortfall in income of £144k, due to a number of issues with tenants in the Warnford Industrial Estate, the loss of income from 192 High Street, where the premises have remained vacant for a number of months and the loss of income from Uxbridge Market, where a number of stalls have been empty.

Capital

5. A summary of the programme is shown below:

Scheme Name	Revised Budget £'000	Final Outturn 2008/09 £'000	Final Variance 2008/09 £'000	Actual Spend % of Revised Budget %	Month 11 Forecast Outturn £'000	Change From Month 11 £'000
Deputy Chief Executive's Office	1,573	1,468	-105	93.3%	1,468	0
Finance & Resources Directorate	3,479	3,102	-377	89.2%	3,139	-37
Total Programme	**5,052**	**4,570**	**-482**	**90.5%**	**4,607**	**-37**

Central Services: £482k Underspend (£37k change)

6. The final outturn position for the central services capital budget is an underspend of £482k when compared to the revised capital programme budget of £5,052k, an improvement of £37k on the month 11 projections. The main reasons for the underspend is due to a slippage in the Property Enhancements and DDA Programmes (£185k) and delays in the Civic Centre Electrical Works project (£53k), the Implementation of communications links and construction of a purpose-built ICT room inclusive of power and cooling infrastructure and racking for backup and disaster recovery purposes in the Breakspear Crematorium (£97k), the YOT Consolidation Link 1a/Cashiers (£41k) and delays in the Chrysalis Programme (£87k).

Appendix B

Annual Treasury Report 2008/09

Background

1. Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the "management of the Council's cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks". This Council has adopted the Code and complies with its requirements.

2. Council approves the treasury strategy and it receives a strategy report at the beginning of each financial year identifying how it is proposed to finance capital expenditure, borrow and invest in the light of capital spending requirements, interest rate forecasts and economic conditions. Cabinet then receive both a mid-year and an outturn report at the end of the financial year which details performance over the previous year. The Audit Committee monitors the implementation of the treasury strategy and updates to the Treasury Management Practices.

3. The Prudential Capital Finance System came into force on 1st April 2004. The Council determines at a local level its capital expenditure and can borrow or use alternative financing methods to finance capital spending provided that capital plans are demonstrably affordable, prudent and sustainable, and options appraisal supports asset management planning. The Prudential Code for Capital Finance in Local Authorities requires indicators to be set, some of which are limits, for a minimum of three forthcoming financial years.

4. The DCLG's (then ODPM) Guidance on Local Government Investments in England came into effect on 1st April 2004. The emphasis of the guidance is on security and liquidity of invested monies. The Council is required to establish an annual investment strategy and to determine 'specified' and 'non specified' investments for use during the year.

Scope

5. This report provides information on the following:

   - The economic outlook earlier for 2008-09
   - The economy and events in 2008-09
   - Treasury position as at 31st March 2009
   - Borrowing and restructuring
   - Investment
   - Credit criteria, counterparty risk and selection
   - Compliance with Treasury limits and Prudential Indicators
   - Minimum Revenue Provision
   - Balanced Budget
   - Change in external service providers
   - Other items

Economic Outlook earlier for 2008/09

6. At the time of determining the Treasury Strategy Statement for 2008/09 in February 2008, the outlook for the economy and interest rates was as follows:

7. Inflation and the outlook for inflation gave cause for concern with the price of oil having reached $100 a barrel. Elevated food prices, fuel and transportation costs were expected to put upward pressure on Consumer Price Inflation. The effects of the credit crunch and the ensuing market turmoil experienced in the second half of 2007 were, however, expected to weaken UK business activity and growth. Tighter credit terms and availability was expected to weigh negatively on the UK housing market and on consumer spending.

8. The Bank of England had cut rates to 5.25% in January 2008. Further cuts were expected, taking the Bank Rate to 4.75% in 2008, as stresses in financial markets and a deteriorating economic outlook increased the risks to growth.

9. The elevated short-dated LIBOR and LIBID rates witnessed in Q4, 2007 were expected to revert to more normal levels and reflect the outlook for the direction of interest rates. Gilt yields were expected to fall as the economy slowed. The risk to lower yields was that an increased gilt supply would be required to address the government's funding shortfall.

The economy and events in 2008/09

10. Inflation rose higher than anticipated early on; CPI for May 2008 breached the Monetary Policy Committee's 3% outer boundary; CPI for August 2008 reached a high of 4.7%. The price of oil reached nearly $145 a barrel and food and commodity prices remained elevated. Higher levels of inflation did not however result in higher wage settlements as the specter of slowing growth and deflation trumped concerns over inflation.

11. Economic conditions in the UK, EU and US economies deteriorated rapidly into the worst post-war recession. In the UK, the HBOS measure of house prices slumped by 17.5% in 2008/09. The dearth of availability of secured and unsecured finance posed a significant risk to consumer and corporate spending. Unemployment rose to 6.7%. The tightening in credit conditions and the economic malaise became entrenched; this rapidly impacted on growth, which fell nearly 3.8% over the 12-month period. The UK was headed for a long and deep recession.

12. 2008 saw the worst upheaval in credit and financial markets for some decades. The stresses in the financial markets threatened to quickly turn the liquidity crisis into a solvency crisis. In August and September several banking and financial stocks fell victim to intense negative investor sentiment and even the prices of high-grade credit took on the characteristics of distressed debt.

13. The financial crisis reached boiling point following the collapse of Lehman Brothers in September. It ultimately prompted governments and central banks to act unilaterally to shore up their financial systems. These included bank bailouts and direct capital injections into banks and financial institutions. Lloyds TSB agreed to acquire HBOS; Cheshire and Derbyshire building societies individually approached Nationwide BS to be acquired by the latter. The government injected significant capital into Royal Bank of Scotland Group (it now owns over 70%) and the Lloyds Banking Group. Financial bailouts and support for banks were replicated in much of Europe and in the US, with increasing pressure from the regulatory authorities for banks to raise their capital ratios to survive the worst of the economic downturn.

14. Policy rates in the UK and US were rapidly cut to near zero. In the UK the Bank of England cut rates from 5% in April 2008 to 0.5% by March 2009. As interest rates had reached terminal levels but were not having much effect in re-inflating the economy, the Bank of England initiated its Quantitative Easing (QE) programme in March 2009 under which the Bank would buy back an initial £75bn of gilts over a 3-month period with the purpose of lowering gilt yields and ultimately borrowing costs for the UK corporate sector.

15. The government's projections for growth in the November Pre Budget Report were overly optimistic; it was soon apparent the shortfall in public finances would have to be made good through hefty gilt issuance, estimated in January to rise in excess of £120billion in 2009/10.

16. It was not surprising that money market rates and gilts yields exhibited extreme volatility during the financial year. Money market rates spiked as the banking crisis intensified and confidence crumbled. 3-month LIBOR, a proxy for the direction of policy rates, climbed to a high of 6.4% in October, even though the markets were forecasting the Bank Rate was set to fall below 3%. Due to the distressed state of the markets, short-term money market rates remained elevated despite the large cuts in the Bank Rate.

17. Short-dated gilt yields benefited most from negative sentiment. The 5-year gilt yield dropped by nearly 3.2% from its June 2008 high of 5.3% to a low of 2.1% % in March 2009. 10-year yields fell from 4.85% in October to a low of 2.95% in March 2009. Longer dated yields (30-50 year maturities) exhibited relatively less volatility; ranging between 3.60% and 4.70%.

Treasury position as at 31st March 2009

	Balance at 01/4/2008 £m	Average Rate	Balance at 31/03/09 £m	Average Rate
Debt				
Fixed Rate PWLB	174.50		149.60	
Fixed Rate Market	43.39		34.37	
Variable Rate PWLB	0.00		0.00	
Variable Rate Market	5.00		14.00	
Temporary	0.00		0.00	
Total Borrowing	**222.89**	**4.25%**	**197.97**	**4.24%**
Investments				
Instant Access	**23.70**		**29.90**	
Short Term Fixed	**68.00**		**43.10**	
Long Term Fixed	**4.00**		**2.00**	
Investment default	**0.00**		**20.00**	
Total Investments	**95.80**	**5.80%**	**95.00**	**5.04%**

Borrowing and Restructuring

18. The total loan portfolio reduced by £24.92m during the year. The weighted average rate of the portfolio was 4.24% and £9.36m was paid in interest costs.

19. The Council's strategy had been to allow debt to naturally mature and not to take any new borrowing during 2008/09. However due to changes in the capital programme it became apparent monies borrowed in the past under the prudential code would not be required and so in addition to those on naturally maturing premature debt repayments were also made. In addition to debt repayment, the Council also took advantage of a restructuring opportunity which presented itself close to year end. A summary of the activity relating to the debt portfolio is shown below:

- £4.92m of naturally maturing debt was repaid
- £20m of debt was prematurely repaid
- £10m of debt was restructured

20. The timing of the premature repayment was important to avoid excessive premiums and this exercise was completed with costs of only £600. The premature redemption will result in an annual reduction in interest costs of £865k and also reduce the council's treasury risk on deposits.

21. The debt restructure achieved a reduction in the overall debt cost whilst smoothing the maturity profile. However as premature payments and debt restructuring activity took place at the end of the financial year, the overall effect for 2008/09 is minimal with the average rate on the Council's debt changing from 4.25% at 1st April 2008 to 4.24% at 31st March 2009. The full effect of this work will become apparent during 2009/10 and currently shows a fall to 4.15%

22. Borrowing decisions were taken following advice from the Council's Treasury Management Advisor, Arlingclose Ltd, and in accordance with the Prudential Code, which permits the Council the flexibility to bring forward or defer borrowing in relation to its Capital Financing Requirement. The Council did not borrow to meet the cost of capital expenditure during the financial year but utilised its cash balances instead thereby reducing treasury risk. The need to borrow in accordance with the Council's requirement will be kept under review in 2009/10.

Investment

23. The ODPM's Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

24. The Council's existing investments are a combination of long-dated investments (i.e.with maturities in excess of one year) and short-term investments and reflect previous treasury management strategies and decisions. The mix of long and short-term investments enables the Council to maintain an appropriate level of liquidity.

25. The Council held average cash balances of £132.7m during the year. This figure represents working cash balances, capital receipts, borrowing and the Council's reserves. The interest earned for the year was £5.86m, however, it should be noted that £183k of this figures is at risk as a result of unpaid Icelandic investments. (This figure does not include the opportunity cost of unearned interest from the default maturity date to the end of the financial year.)

26. The investment benchmark for the year for the Council's investments is the average 7 day LIBID: the average rate earned on investments was 5.04% outperforming against the benchmark of 3.53% (source Bloomberg) by 1.51%.

27. All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits.

Credit criteria, counterparty risk and selection

28. Throughout the first part of the year, a number of institutions were removed from the counterparty list following a downgrading of their credit rating. By July 2008 the number of remaining counterparty institutions actively taking deposits had reduced to such an extent that placing funds was becoming problematic. Therefore it was timely to conduct a review of the counterparty list.

29. As a result of this review a number of new institutions were added to the counterparty list to provide a greater spread of options, including a number of money market funds as they are highly rated and provide reduced risk due to the diversification of underlying instruments.

Additionally the value limit of each counterparty was increased to £15m, which represented approximately 12% of total investments. To reduce risk, as a result of the prevailing market conditions, reductions were made in the deposit time limits from 6 months to 3 months of those counterparties, which were at the minimum credit rating level.

30. On the 1st October 2008 the Council's investment activities were limited to a one month maximum duration within a restricted counterparty list. Following the failure of Iceland's major banks a further restriction was implemented to the strategy by only allowing funds to be placed in call accounts. At the start of November the lack of capacity within call accounts was of a concern as investments were becoming concentrated. This necessitated a further review and limits were extended back to one month but with major UK banks only.

31. In February 2009 a meeting was held with the Council's new treasury advisers to discuss the most appropriate strategy. Thereafter the strategy allowed lending to UK institutions, which could avail of the Government's 2008 Credit Guarantee Scheme (CGS)* and with long-term ratings with a minimum 'AA-' category. The institutions meeting this criteria were: Abbey National, Barclays Bank, Clydesdale Bank, HSBC Bank, Lloyds TSB Bank and Bank of Scotland (both part of the Lloyds Banking Group), Nationwide Building Society and Royal Bank of Scotland for a maximum duration of one year. In addition the use of Money Market Funds was reinstated however rather than using one fund, four funds were introduced but with reduced deposit limits to spread risk. Access to the Debt Management Account Deposit Facility remained and the ability to invest in UK Government, Multilateral Development Bank and UK Government Guaranteed Bonds was introduced.

32. The revised strategy demonstrated the council's adherence to the overriding principles of security and liquidity, which are cornerstones of its investment policy and objective. The Council accepted the diminution in investment return from investing with highly rated counterparties as an acceptable risk-reward trade-off.

* The CGS was announced in October 2008 to stabilise the UK banking system and provide solvency support for the "systemically critical" banking institutions in the UK. The government's CGS is not an explicit guarantee for deposits but is the main platform to maintain the solvency of institutions critical to the UK's financial stability.

Icelandic institutions

33. In early October 2008 all three of Iceland's major banks (Glitnir, Kaupthing and Landsbanki) collapsed following their difficulties in re-financing their short-term debt coupled with a run on deposits. In the UK, the Financial Services Authority (FSA) put Kaupthing, Singer & Friedlander (the UK subsidiary of Kaupthing) and Heritable Bank (the UK subsidiary of Landsbanki) into Administration. The Administrators will be seeking to find purchasers for, and will continue to manage, the banks' businesses and loan books to maximise recovery for creditors.

34. This Council had deposits of £15m with Heritable Bank and £5m with Landsbanki. The process of administration will determine the extent of any recoverable amount and also the timescale over which any such payments will be made. The Council will however be required under the SORP to account for the impairment of these financial assets in the 2008/09 Income and Expenditure Account. The department for Communities and Local Government (CLG) published draft Regulations in December 2008 aimed at deferring the impact of impairment until 2010/11. The Council will then have the opportunity to apply to the CLG for a capitalisation direction for that year, although no guarantee can be given that a direction will be granted. The granting of a capitalisation direction allows the impairment cost to be spread over a number of years.

35. In addition to the CLG draft regulations, a bulletin was issued by CIPFA in May 2009 to ensure local authorities adopted a common approach and also to assist in establishing impairment values and making the necessary accounting entries. A summary of the information included within the bulletin relating to Heritable and Landsbanki is shown below.

36. **Heritable:** The administrators issued a progress report to creditors on 17 April 2009. This report indicated that an interim payment of 15% of creditors' claims would be paid in July or August 2009, and that based on present information the total payment could be either 70% or 80%, depending on the strategy followed. Claims are based on the principal and interest accrued to 6 October 2008. The circular indicated that a total repayment of 70% could result if the administration were wound up in 2010, and that a total repayment of 80% could result if the administration were wound up in 2012. Public sector bodies constitute a majority of the creditors and local authority representatives on the creditors committee have indicated that they will ask the administrator to proceed on the basis that the administration will be wound up in 2012. It was therefore decided to recognise impairment based on an 80% recovery.

37. **Landsbanki:** The latest public presentation of Landsbanki's affairs indicates that the banks assets are sufficient to repay approximately 90% of the deposits from customers and it is assumed that interest up to 14 November 2008 will rank as a priority claim. The deposits made by Hillingdon were made prior to this date and therefore all interest due will be will eligible. The IMF's program documents have indicated from the start, the fair treatment of depositors and creditors is a subject that is featuring in review discussions with Iceland's government. In the light of this it is considered that arrangements sufficient for full repayment of depositors remain possible. This gives a likely range for the recoverable amount of 90%-100%. In the absence of any information to indicate that one point in the range is more likely than another, authorities have been instructed to take the mid-point of the range and assume that the recoverable amount will be 95%. The recoverable amount is based on the Council being treated as a priority creditor, and should this status change the amount payable could be considerably different.

Minimum Revenue Provision (MRP)

38. There is now a statutory requirement to make a "prudent provision" for MRP (SI 2008 No.414). Statutory Guidance issued by the CLG in March 2008 makes recommendations to local authorities on the interpretation of the term "prudent provision". Local authorities are to have regard to this Guidance which provides four options:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

39. The major proportion of the MRP for several years from 2008/09 onwards will relate to historic debt liability and will continue to be charged at the rate of 4%, using the CFR as the basis of calculation. Certain expenditure reflected within the debt liability at 31st March 2008 will, under delegated powers, be subject to MRP under option 3, which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure.

Compliance with treasury limits and treasury related Prudential indicators

40. The Council implemented its treasury strategy within the limits and parameters set in its treasury policy statement and Prudential Indicators. During the financial year the Council operated within

and was compliant with the treasury limits and Prudential Indicators set out in the Council's Annual Treasury Strategy Statement. There were no amendments to Prudential Indicator limits during the year.

41. **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set at £281m for 2008/09.

42. **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and is based on the Authorised Limit excluding the headroom for unusual cash movements. For 2008/09 the limit was set at £256 m.

43. The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £227m.

44. **Upper Limits for Interest Rate Exposure:** These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

As at 31/03/2009	Approved	Actual
Upper Limit for Fixed Rate Exposure	£252m	£196m
Upper Limit for Variable rate exposure	£64m	(£93m)

45. **Maturity Structure of Fixed Rate borrowing:** This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper limit %	Lower limit %	Borrowing as at 31/3/2009 £m	Percentage of total as at 31/3/2009
under 12 months	10	0	0.02	0.00%
12 months and within 24 months	15	0	3.02	1.53%
24 months and within 5 years	50	0	6.07	3.07%
5 years and within 10 years	50	5	17.14	8.66%
10 years and above	100	30	171.72	86.74%

46. **Total principal sums invested for periods longer than 364 days:** This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days. For 2008/09 this limit was set at £23m. At their peak, these investments totalled £6m.

Balanced Budget

47. The Council complied with the Balanced Budget requirement.

Change in external service providers

48. The extended five-year contract for the provision for Treasury Management services with Sector Treasury Services expired in February 2009. A tendering exercise was carried out and the four primary providers were asked to submit applications. All four providers replied and following interviews with all four respondents, Arlingclose Limited were appointed. The contract is for 3 years with an option to extend for a further 2 years.

Other items

49. At the end of March 2009, CIPFA’s Treasury Management Panel issued an interim bulletin “Treasury Management in Local Authorities – Post Icelandic Collapse”. CIPFA intends to revise both the Treasury Management Code and Guidance Notes in the light of some local authorities’ exposures to the failed Icelandic banks. Formal guidance will follow after consultation on and publication of the revised Treasury Management Code.

Appendix C

Competitive External Funding Performance 2008/2009

Summary

In 2008/09, Hillingdon submitted 35 competitive external funding applications, of which 28 were successful, securing additional funding of **£13,450,164**. This is a significant increase compared with last year when just under £7, 500k was secured from competitive external funding sources.

In recent months, significant progress in this area has been made within some Groups with a higher proportion of applications being for large projects and over 30% of the successful bids receiving funding in excess of £250k. Overall 80% of applications were successful, securing 51% of the total funding requested.

The Council maintains a Corporate Register of all competitive funding applications and the related business cases, which details how each bid aligns with Council priorities. Going forward this register will be used to identify gaps and highlight particular areas for improvement.

Each group has a nominated External Funding Champion who is responsible for promoting the external funding agenda, within their group and ensuring that all competitive external bids are included in the Corporate Register. The Champion's meet on a quarterly basis. Also in attendance at these meetings is the Director of Hillingdon Association of Voluntary Services who provides a strategic link to the 3rd sector and hells to promote partnership opportunities.

Key achievements in 2008/09

Deputy Chief Executive's Office - The Partnership Team has been successful in securing European Funding for 3 different initiatives:

- LDA European Regional Development Fund - £295k to assist small businesses to access the Heathrow Area Supply Chains.
- LDA European Structural Fund - £900k to recruit unemployed residents onto employability training programmes, which focus on skills required by airport related companies and hotels, with the aim of them securing permanent employment.
- London Councils ESF - £80k to target the long-term unemployed residents in specific areas in the North of the borough to provide employability skills and to match with available jobs.

Education & Children's Services - the new Commissioning, Partnership & Planning team now lead on the external funding agenda within ECS. Key successes include:

- £390k secured from DCSF to set up an independent social work practice to take responsibility for a cohort of Looked After Children.
- Playbuilder funding of £1,100k to develop play areas and playscapes – this is being co-delivered by the Green Spaces team.
- Capital funding of £1,800k obtained to provide school kitchens where none currently exist.

Additionally ECS assisted Guru Nanak School with a bid to expand the school securing £19,600k from DCSF and the Learning Skills Council.

Environment & Consumer Protection - ECP have submitted three fairly small applications during the year winning funding for all of them.

- £26.4k for enhanced food surveillance at Heathrow from the Food Standards Agency
- £4.2k from the Forestry Commission for tree works at Little Britain Lake
- £48k from the Department for Transport to carry out detailed condition surveys of highways enabling the team to target future maintenance works.

Planning & Community Services – key successes are:

- £30k from Hillingdon Community Trust to deliver Streetgames for youths, and £75k from Sport England to increase participation rates for adults
- £20k from the Metropolitan Police to survey the extent of gang related activity
- The Transport Team's annual Local Implementation Plan submission to Department of Transport secured £3,800k to be spent in 2009/10.

Finance & Resources – the group has not submitted any competitive bids during the year.

Adult Social Care Health & Housing, including Hillingdon Homes - compared with 2007/08 this group have more than doubled the number of external bids made. Key highlights include:

- £1,360k form a West London Decent Homes bid to GLA with a particular focus on Better Homes Plus and Warmzone
- £1,350k for Hillingdon Homes from Regional Housing to improve estate environments and to deliver an education programme 'Act on Co2'

Table 1 below provides a corporate External Funding summary for 2008/09 and a breakdown by department with comparative total funding secured in 2007/08.

Table 1

Group	Number of bids	Total Amount of Bid £000	Number secured	Amount secured £000	2007/08 Amount secured £000
Deputy CEO	8	£1,758	7	£1,352	£847
Education & Children's Services	5	£4,174	4	£3,454	£1,200
Environment & Consumer Protection	3	£79	3	£79	£34
Planning & Community Services	8	£8,595	6	£3,765	£4,906
Finance & Resources	0		0	0	0
Adult Social Care, Health & Housing (includes Hillingdon Homes)	11	£11,700	8	£4,800	£481
2008/09 Corporate total	**35**	**£26,306**	**28**	**£13,450**	**£7,468**

Copy of the full register is available on request ispencer@hillingdon.gov.uk.