

## COUNCIL BUDGET – MONTH 2 2009/10 REVENUE AND CAPITAL MONITORING

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<b>Cabinet Portfolio</b>	Finance and Business Services
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<b>Papers with report</b>	None

### HEADLINE INFORMATION

<b>Purpose of report</b>	<p>The report sets out the council's overall 2009/10 revenue &amp; capital position, as forecast at the end of Month 2 (May). The in year revenue position is forecast as being £133k more net expenditure than budgeted.</p> <p>Total forecast capital expenditure for the year is estimated to be £95,493k, £4,298k less than the latest budget.</p>
<b>Contribution to our plans and strategies</b>	Achieving value for money is an important element of the Council Plan for 2009/10.
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

### RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 2.
2. Note the treasury update at Appendix B.
3. That the proposed increase in non-statutory ceremony fees for Marriages & Civil Partnerships & the service provided for Nationality Checking, as detailed in Appendix C, be approved.

### INFORMATION

#### Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2009/10.

2. A review of all statutory fees (fees set nationally by The Registrar General) for Marriages & Civil Partnerships & the service provided for Nationality Checking is currently taking place by The General Register Office. These fees have not been increased for about 8 years, therefore it is highly likely that there will be increases in all statutory fees, possibly with effect from October 2009.
3. The opportunity has been taken to review the level of non statutory fees (set locally) where there has been no increase in fees for the last 2 years and where income has been steadily decreasing.
4. It is proposed to increase these fees as shown in appendix C. The increase overall is reasonable when compared to fee levels set by other authorities and is designed to more closely reflect the cost of providing the services.
5. The increase would only affect new bookings. Ceremonies already booked & paid for would not be charged the increased rates.

#### **Alternative options considered**

6. An alternative would be to retain the fees for Marriages & Civil Partnerships & the service provided for Nationality Checking at their current levels. However, as the increase is considered to be reasonable and is aimed at reducing the deficit in the service it is recommended that the fees be increased.

## **SUMMARY**

### **A) Revenue**

7. The in year revenue monitoring position as at Month 2 (May) shows that forecast net expenditure for the year 2009/10 is £133k more than the budget. There are large pressures forecast but these primarily relate to pressures that were forecast when the budget was set and are provided for in contingency.
8. The most significant pressures provided for in contingency are in relation to Asylum spend, Transitional Children, Homelessness and Mental Health pressures. All of these have corporate contingencies set aside in budget setting in recognition of these pressures. However, at month 2 the pressures are forecast to be £760k more than provided for in the contingency budget. This is primarily due to the forecast asylum spend being £1,110k more than that provided for within contingency. This has arisen from the proposed moderation of the under 18's claim creating a pressure of £643k rather than an overall improvement in the funding position assumed at budget setting (£540k).
9. There continues to be pressures from the downturn particularly in relation to the property market and the effect this has on planning income. These are now being treated as contingency items and at month 2 show an adverse variance of £130k primarily due to the shortfall in Development Control Income currently forecast.
10. Capital financing costs are projected to break-even at this early stage of the year.
11. The balances brought forward at 31st March 2009 were £16,234k. £3,540k of this sum was applied in support of the 2009/10 budget as part of the budget strategy agreed at Council Tax setting. The forecast balances as at 31st March 2010 are £12,561k as a result of the budgeted drawdown from balances and the forecast in-year overspend.

### **B) Capital**

12. Total forecast capital expenditure for the year is estimated to be £95,493k, £4,298k less than the latest budget. This is due to most budget managers at this early stage of the year projecting their budget will be spent in full and there being a limited number of small pressures on specific budgets. The underspend is due to forecasting that the remainder of contingency will not be drawn down on.
13. The £8,800k budgeted level of capital receipts for 2009/10 looks increasingly difficult to deliver. There are a range of outcomes still possible but receipts could fall as low as £3,500k. This would place a significant additional pressure on the financing the capital programme and would require additional prudential borrowing of up to £5,600k. This would have an additional revenue impact in 2010/11 of £211k.

## A) Revenue

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

**Table 1**

2009/10 Original Budget	Budget Changes		2000/10 (As at Month 2)		Variances (+ adv/- fav)
			Current Budget	Forecast	Variance (As at Month 2)
£'000	£'000		£'000	£'000	£'000
218,629	-102	Directorates Budgets on normal activities	218,527	218,420	133
-25,844	102	Corporate Budgets on normal activities	-25,742	-25,742	0
<b>192,785</b>	<b>0</b>	<b>Total net expenditure</b>	<b>192,785</b>	<b>192,678</b>	<b>133</b>
<b>189,245</b>	<b>0</b>	<b>Budget Requirement</b>	<b>189,245</b>	<b>189,245</b>	<b>0</b>
<b>3,540</b>	<b>0</b>	<b>Surplus</b>	<b>3,540</b>	<b>3,673</b>	<b>133</b>
<b>-16,234</b>		<b>Balances b/f 1/4/09</b>	<b>-16,234</b>	<b>-16,234</b>	<b>0</b>
<b>-12,694</b>	<b>0</b>	<b>Balances c/f 31/3/10</b>	<b>-12,694</b>	<b>-12,561</b>	<b>133</b>

## Directorates' Forecast Expenditure Month 2

15. Table 2 shows further details on the budget, forecast and variance at Directorate level now reported. Further detail on each directorate is shown in Appendix A.

**Table 2**

2009/10 Original Budget	Budget changes	2009/10 Current Budget (as at Month 2)	Directorate	2009/10 Forecast (as at Month 2)	Variances (+ adv/- fav)
					Variance (As at Month 2)
£'000	£'000	£'000		£'000	£'000
84,879	-324	84,555	Adult Social Care, Health & Housing	84,648	+93
37,274	-209	37,065	Environment & Consumer Protection	37,065	0
57,577	-795	56,782	Education & Children's Services	56,782	0
13,810	-228	13,582	Planning & Community Services	13,582	0
15,179	1,454	16,633	Central Services	16,633	0
8,110	0	8,110	Developments Contingency	8,810	+700
0	0	0	Pay Award	-660	-660
1,800	0	1,800	Growth to be allocated	1,800	0
<b>218,629</b>	<b>-102</b>	<b>218,527</b>	<b>Total</b>	<b>218,660</b>	<b>+133</b>

16. **Adult Social Care, Health & Housing** are projecting a **pressure of £93k** as at Month 2. This is primarily due to equipment costs related to the changeover to a digital exchange for Careline. This forecast excludes sums provided for in contingency for Transitional Children (£1,675k) Mental Health Services (£450k) and Homelessness (£1,300k). The forecast pressure on Homelessness is £250k in excess of that provided for within contingency.
17. **Environment & Consumer Protection** are forecasting a **nil variance** as at Month 2 after identifying recovery savings to contain pressures. There is a pressure of £95k on vehicle costs across Street Cleaning services and residual costs and loss of economies of scale on Harlington Road Depot (£209k) net of actions being taken to reduce costs. This forecast excludes the additional amount for the Waste Disposal Levy (£720k), Waste and Recycling services (£200k) and Vehicle Fuel costs (£85k) which are contingency items, where the forecasts are in line with the original budgeted amounts. There is also a further pressure on the Waste service on recycling costs which can be contained utilising the £300k provided for within the HIP initiatives for recycling projects.
18. **Education & Children's Services** are forecasting a **nil variance** as at Month 2 on normal activities. There is a £58k pressure on the Music Service, £312k in Children & Families social care staffing costs as a result of increased activity arising from the baby P case. There is also a pressure of £653k due to savings targets being previously met from one-off grant windfalls that will not arise this financial year. A recovery plan to address these savings is being developed. The £999k pressures exclude the pressure on asylum (£1,849k) and Exhausted All Appeal cases (£471k) which are being treated as contingency items. The month 2 forecast for asylum represents a pressure of £1.11m on the contingency budget assumptions.
19. **Planning & Community Services** are projecting a **nil variance** as at Month 2 on normal activities and pressures are expected to be managed within services. However this excludes pressures on Development Control (£435k), Building Control (£141k) and Land Charges (£727k) income and Golf (£262k) which are provided for within contingency. In total there is currently a forecast pressure of £130k on these contingency funded items with the main concern being in relation to Development Control income (£85k).
20. **Central Services** are forecasting a **nil variance** as at month 2. However, the departments do have pressures totalling £167k for which they are looking to manage by identifying savings. The pressures are £30k projected shortfall in income within the Registration of Births, Deaths and Marriages, ongoing pressure of £97k due to tenant vacancies in Warnford Industrial Estate and shortfall of £40k on income from schools buy back of Facilities Management services.
21. **Pay award**: The 2009/10 budget was based on an assumed pay award of 1.5%. Of that, 0.3% was utilised to fund the late additional award for 2008/09, leaving a balance of 1.2%. As employers have offered 0.5%, which is unlikely to increase, this will equate to a 0.7% saving, resulting in an underspend of around £660k. This amount includes the effect on Members allowances.

**Development & Risk Contingency: £760k adverse variance**

22. £8,110k of potential calls on the Development & Risk Contingency were identified as part of the budget setting process for 2009/10, £7,320k is held in the base budget and £790k is to be met from balances. Table 3 shows the amounts that have been allocated or committed as at Month 2.

**Table 3**

<b>Development and Risk Contingency</b>	<b>2009/10 Budget</b>	<b>Agreed</b>	<b>Forecast as needed</b>
<i>2009/10 allocations:</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total Net Contingency at start of the year</b>	<b>8,110</b>		
<b>Total agreed allocations or commitments to date</b>		<b>0</b>	
<b>Allocations seeking approval in Month 2</b>		<b>0</b>	
<b>Commitments:</b>			
Increase in Transitional Children due to Demographic Changes	1,675		1,675
Asylum non-EAA monitoring pressure	660		1,849
Homelessness Budget - Reduction in DWP Funding	1,050		1,300
General Contingency	500		
Waste Disposal Levy	720		720
Local Land Charges Income	715		727
Development Control Income	350		435
Asylum Exhausted All Appeals	550		471
Uninsured claims	450		450
Cost Pressures on Recycling Service	200		200
Increase in Mental Health Packages due to Demographic Changes	450		450
Building Control Income	108		141
Golf Courses Income	262		262
Legal Challenges	120		40
Civic Centre Energy Monitoring Pressure	100		
Vehicle Fuel Monitoring Pressure	85		85
Provision for Planning Inquiries	75		
Joint Appointment of Director of Public Health	40		5
<b>Total budgeted allocations</b>	<b>8,110</b>	<b>0</b>	<b>8,810</b>
<b>Balance remaining to mitigate other pressures</b>	<b>0</b>		<b>+700</b>

23. A large proportion of the total contingency is expected to be required in full and pressures on some items have resulted in an overall pressure of £700k on the contingency budget.

24. The forecast asylum spend is £2,320k in excess of base budget provision within Children's Services. This is £1,110k in excess of the net sum provided for within contingency (£1,210k). The pressure on the non EAA element of Asylum (£1,849k) comprises a pressure on over 18's of £1,206k due to the ongoing demand for service and the continued under-funding by the Government and a pressure of £643k on under 18's due to the moderation of the special circumstances claim. The current forecast in Exhausted all Appeals cases (£471k) represent a favourable variance of £79k.

25. Within ASCH&H the contingency items in relation to Transitional Children and Mental Health are forecast to be needed in full at this early stage of the year. The pressure on the Homelessness contingency budget due to a reduction in DWP funding (£1,050k) is now expected to exceed this by £250k due to inflation on Private Sector Landlord rents and capped housing benefit.

26. Pressures related to the economic downturn which were highlighted in 2008/09 as exceptional items are in 2009/10 budgeted for within contingency. However, as at month 2 they are projected as being £130k more than that provided for within contingency. Development control income is forecast as a gross pressure of £435k, £85k in excess of that provided for within contingency. The main area of pressure is due to the limited number of major applications, however this is a volatile area and given the scale of the fees the position could change during the year. Land charge income has moved to a cost recovery basis due to a change in regulations enacted in Dec 2008 and current projections show a pressure on contingency of £12k. The forecast for building control income is a gross pressure of £141k, £33k above that provided for within contingency based on a reduction in income of 20% from the same period in 2008/09.
27. A sum of £85k has also been included in the contingency to cover fuel pressures. At this stage given the level of volatility in the market, it is considered prudent to forecast that the totality of this sum will be required.
28. In addition there is a forecast pressure of £450k for uninsured claims, £200k for the Recycling service and £262k on Golf income, all of which will be required in full.

**Priority Growth: Nil variance**

29. £1,800k was included in the 2009/10 budget for priority growth, £1,100k for HIP Initiatives. The HIP initiatives Budget includes £300k of ongoing base funding as well as £800k of new growth. This provides for the continuation of schemes developed in 2008/09 including Hillingdon First and recycling pilots developed through the Waste and Energy project. In addition there is £700k of unallocated non specific growth.
30. Table 4 summarises the position with regards to each element of priority growth.

**Table 4**

<b>Priority Growth</b>	<b>2009/10 Budget</b>	<b>Agreed draw downs</b>	<b>Unallocated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><i>2009/10 Unallocated Priority Growth at start of the year</i></b>			
<b>HIP Initiatives budget:</b>	1,100		
<b>Agreed:</b>			
Civic Pride		11	
Customer Experience - Hillingdon First		72	
Waste and energy		22	
<b>Expected Commitments:</b>			
Customer Experience - Hillingdon First		77	
Waste and energy		278	
<b>HIP Initiatives unallocated balance</b>	<b>1,100</b>	<b>460</b>	<b>640</b>
<b>Unallocated non specific growth</b>	700		
<b>Balance of unallocated growth</b>	<b>700</b>	<b>0</b>	<b>700</b>
<b>Total</b>	<b>1,800</b>	<b>460</b>	<b>1,340</b>

31. HIP Steering group have approved £105k of allocations so far this year the detail of which is set out in table 4. In addition there are expected further commitments of £77k on Hillingdon

First and £278k on Waste and Energy that are likely to require HIP revenue funding. There is a pressure on the recycling base budgets within E&CP associated with the ongoing cost of HIP approved recycling projects, this monitoring report assumes that this sum will be funded from the £300k provided for within HIP budgets.

32. As at month 2 there is an estimated £640k remaining from the HIP initiatives budget, and £700k of unallocated non-specific priority growth budget. The month 2 forecast assumes that the balance of unallocated growth will be spent.

**Corporate Budgets' Forecasts: Nil variance**

33. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 2.

**Table 5**

<b>2009/10 Original Budget</b>	<b>Budget Changes</b>	<b>2009/10 Current Budget (as at Month 2)</b>	<b>Corporate Budgets</b>	<b>2009/10 Forecast Outturn (as at Month 2)</b>	<b>Variances (+ adv/- fav) Variance (As at Month 2)</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
-1,892	115	-1,777	Unallocated savings	-1,777	0
9,026	0	9,026	Financing Costs	9,026	0
3,690	0	3,690	FRS 17 Pension Adjustment	3,690	0
-24,703	0	-24,703	Asset Management A/c	-24,703	0
-11,965	-13	-11,978	Corporate Govt Grants	-11,978	0
<b>-25,844</b>	<b>102</b>	<b>-25,742</b>	<b>Corporate Budgets</b>	<b>-25,742</b>	<b>0</b>

34. All areas show a forecast balanced budget at Month 2.

35. Debt financing and investment income are at this early stage of the year forecast to be in line with the budget. A summary of treasury management activity is attached at Appendix B.

## B) Capital

### Background

36. A budget of £88,195k was set by council in February 2009 which was revised to £94,806k following the amendments to budgets, as a result of the final outturn in 2008/9.

37. The revised budget for May 2009 is now £99,791k. The increase is due to £3,911k in government schools capital grant funding having been brought forward from 2010/11 to help provide a boost to the wider economy.

### Current Year Expenditure

38. Table 6 shows the actual spend to date and the projected outturn for 2009/10.

**Table 6**

Group	Original Budget £'000	Revised Budget £'000	Capital Spend Month 2 £'000	Actual Spend % of Revised Budget %	Forecast outturn (Month 2) £'000	Variance (Current Month) £'000
Adult Social Care, Health & Housing	3,715	4,841	423	9%	4,866	+25
Environment & Consumer Protection	10,043	10,102	699	7%	10,102	0
Education & Children's Services	33,497	41,997	1,062	3%	41,997	0
Planning & Community Services	19,783	21,481	2,744	13%	21,761	+280
Finance & Resources	2,591	2,832	335	12%	2,896	+64
Deputy Chief Executive	2,125	2,125	0	0%	2,125	0
Programme Contingency	3,196	3,196	0	0%	0	-3,196
Contingency	1,500	1,472	0	0%	0	-1,472
<b>Group Total</b>	<b>76,450</b>	<b>88,046</b>	<b>5,263</b>	<b>6%</b>	<b>83,747</b>	<b>-4,299</b>
HRA	11,745	11,745	0	0%	11,746	+1
<b>Total</b>	<b>88,195</b>	<b>99,791</b>	<b>5,263</b>	<b>5%</b>	<b>95,493</b>	<b>-4,298</b>

39. The Capital Programme budget is projecting an underspend of £4,298k as at month 2, which reflects the net position on the unallocated contingency after taking into account a number of projects, totalling £370k, where an overspend is already evident, which are in Adult Social Care, Health and Housing (£26k), Central Services (£64k) and Major Construction Projects (£280k). It is anticipated that overall, these pressures can be managed within the capital programme budget within each directorate, or alternatively through the capital contingency, which if applied would result in the underspend reported above.

40. Actual spend of £5,263k shown above includes £2,913k accruals (EC&P £1,746k, P&CS £1,087k, and the remaining departments total £80k).

41. £28k was released from general contingency for the Brookfield project.

42. The components of the areas with pressures (£370k) are shown in table 7.

**Table 7**

Scheme	Funding £'000	Revised Budget £'000	Actual Spend (incl accruals) £'000	Forecast Outturn (Month 2) £'000	Variance (Current Month) £'000
Boxing Club	Council	0	1	28	+28
Manor Farm	Council	0	0	252	+252
HRA - Long Lane- Mental Health Units	HRA	30	0	31	+1
Colne Park Caravan Site - Refurbishment Works	Council	0	0	25	+25
ICT works at Crematorium	Council	97	0	106	+9
C/C Electrical Works	Council	55	110	110	+55
<b>Total</b>		<b>182</b>	<b>111</b>	<b>552</b>	<b>+370</b>

43. The pressure on the civic centre electrical works is currently being investigated by officers. An updated projected outturn figure will be provided in month 3 monitoring. The Colne Park overspend relates to additional drainage work on phase 1 of the project.

### **Current Year Financing**

44. Table 8 shows the financing of both the budget and the expected outturn.

**Table 8**

2009/10	Unsupported £'000	Capital Receipts £'000	Supported £'000	Grants £'000	HRA (inc MRA) £'000	Section 106 and other contributions £'000	Total Capital Programme £'000
Revised budget 2009/10	31,352	8,800	8,317	35,284	10,620	5,418	99,791
Outturn 2009/10	32,264	3,500	8,317	35,344	10,590	5,478	95,493

45. The £8,800k budgeted level of capital receipts for 2009/10 looks increasingly more difficult to deliver. There are a range of outcomes still possible but receipts could fall as low as £3,500k. This would place a significant additional pressure on the financing the capital programme and would require additional prudential borrowing of up to £5,600k. This would have an additional revenue impact in 2010/11 of £211k.

## **CORPORATE CONSULTATIONS CARRIED OUT**

### **Financial Implications**

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

## **CORPORATE IMPLICATIONS**

### **Corporate Finance**

47. This is a Corporate Finance report.

### **Legal**

48. There are no legal implications arising from this report.

## **BACKGROUND PAPERS**

49. Monitoring report submissions from Groups.

## APPENDIX A – Detailed Group Forecasts

### Adult Social Care, Health and Housing (ASC,H&H)

#### Revenue: **£93k Pressure**

1. The ASC,H&H budgets are predominantly demand led and affected by demographic trends requiring robust and positive management. The pattern of demand for the current year is being examined as here were indications during the latter part of last year of a change in the usual pattern across a range of service areas. The Month 2 report is, therefore, showing a small adverse variance of £93k and this is almost entirely due a need to fund the digital changeover for Careline equipment accounting for £90k of the overspend. The overall position for ASCH&H is set out in the table below.

<b>Division of Service</b>	<b>Forecast Variance Month 2 £'000</b>
Older Peoples Services	0
Physical & Sensory Disability Services	0
Learning Disability Services	0
Mental Health Services	0
Housing Benefits	0
Housing Need Services	0
ASC,H&H Other Services	+93
<b>ASC,H&amp;H - Total</b>	<b>+93</b>

#### **Older People Services: Nil variance**

2. This service is managing a gross budget of £40.5m, received £170k of unavoidable growth, £38k of growth; and a savings target of £1.1m as part of the 2009/10 budget setting process.
3. This service is currently forecasting outturn to be on budget. Action from the Service Review may have a beneficial impact on this budget but at Month 2 it is too early to forecast any changes with confidence.

#### **Physical Disabilities: Nil variance**

4. This service is managing a gross budget of £9.9m, and has a savings target of £100k as part of the 2009/10 budget setting process.
5. This service is currently forecasting outturn to be on budget.

#### **Learning Disability: Nil variance**

6. This service is managing a gross budget of £31.8, received £935k of unavoidable growth; and a savings target of £100k as part of the 2009/10 budget setting process.
7. The forecast assumes that the £1.7m corporate contingency held for transitional children is received reducing the gross pressure from £1.7m to zero reported in this forecast. This budget will shortly be examined in detail using a zero based budgeting approach and the results of this will be reported in a future monitoring report.

### **Mental Health: Nil variance**

8. This service is managing a gross budget of £5.7m, received £208k of unavoidable growth; and a savings target of £25k as part of the 2009/10 budget setting process.
9. The forecast assumes that the £450k corporate contingency held for Mental Health Services is received reducing the gross pressure from £450k to zero reported in this forecast. There continues to be an increase in demand for this service which will be closely monitored.

### **Housing Benefits: Nil variance**

10. The service is managing a gross budget of over £150m and at this stage is forecasting to be on budget. It may, however, be under pressure if benefit take up continues to increase and this will be monitored.

### **Housing Need Services: Nil variance**

11. This budget covers the homelessness area. At this stage the budget is projected to be in line with the budget. There is an emerging pressure of £0.5m as a result of procuring fewer properties for temporary accommodation. Mitigating action will be discussed with the Portfolio holder as it will impact on achieving government targets for temporary accommodation. The forecast also assumes that £1.3m of expenditure will be met from corporate contingency.

### **Other ASC,H&H Services: £93k adverse**

12. Careline: £90k adverse variance. It is necessary to carry out works costing £90k to change the existing equipment in order to deal with the digital signals. The Council has no discretion in this matter. There is no budget provision for this. Officers are therefore showing this as a projected overspend at present but will work to contain this spend within existing budgets if possible.
13. Other budgets in this area are showing a small underspend of £11k to help offset an adverse variance of £14k for the Colne Park caravan site, which has resulted from legal costs associated with an Anti Social Behaviour Order (ASBO). There is a risk that these ASBO costs may increase.

### **Housing HRA**

14. The HRA is broadly on target as shown in the table below:

<b>Division of Service</b>	<b>Forecast Variance Month 2 £'000</b>
HH Ltd: General and Special Services	0
HH Ltd: Repairs Services	0
LBH: General and Special Services	+35
LBH: Repairs Services	0
Other Expenditure	0
Income	-37
<b>HRA Balance</b>	<b>-2</b>

15. A slightly higher income projection of £37k due to favourable projected variances for supporting people and leasehold income for repairs is offset by slightly higher agency staffing costs £35k pending recruitment.

## Environment and Consumer Protection (E&CP)

### Revenue: Nil variance

1. At month 2, the Group is forecasting an overspend of £304k for the year. The forecast variances are expressed net of any contingency provisions which are detailed within the report.

Division of Service	Forecast Variance Month 2 £'000
Street Cleansing	+95
Waste & Recycling Services	0
NRSWA income	0
Harlington Road Depot	+209
Recovery Plan Savings	-304
<b>E&amp;CP - Total</b>	<b>0</b>

### Contingent Items

2. The Council's 2009/10 contingent budget contains sums relating to the Waste Disposal Levy, Cost pressures on Recycling Services and Vehicle Fuel which impact on the ECP Group position.

Division of Service	Gross Pressure £'000	Contingency £'000	Net Pressure £'000
Waste Disposal Levy	+720	+720	0
Waste & Recycling Services	+200	+200	0
Vehicle Fuel	+85	+85	0
<b>E&amp;CP - Total</b>	<b>+1,005</b>	<b>+1,005</b>	<b>0</b>

### Street Cleansing: £95k adverse

3. The net forecast pressure across Street Cleansing services relates to activity required to maintain and improve service standards, which has necessitated the introduction of additional neighbourhood solo sweepers.

### Public Conveniences: Nil variance

4. A balanced position is currently forecast on the basis that the anticipated one-off demolition and installation costs will offset any revenue savings from the delay in commissioning the remaining three units.

### Waste Services: Nil variance

5. **Recycling Costs:** The gross pressure on Recycling is forecast at £493k. The major elements of the variance relate to Gate Fees and recycling bags. This position also allows for the continuation of new initiatives that were implemented during 2008/09, for Estates Based recycling, the Blue Sky scheme, Specialist collections and Battery Banks. The future funding of these schemes is being considered via the HIP Steering Group. The actual overspend for the

first two months is £130k, but the forecast position allows for anticipated income from recycling materials and expenditure profiles. There is £200k available in the contingency for recycling cost pressures that can partially offset this position and this has been allowed for in the headline variance. After applying the contingency, there is then a net pressure of £293k which can be mitigated by the £300k available in the HIP initiatives budget to provide for the continuation of the recycling schemes, if other ways of reducing the pressure were not found.

6. **Waste Disposal:** The gross pressure of £720k reflects that the increase in the 2009/10 waste levy that has now been confirmed by West London Waste Authority (WLWA) and is currently held in contingency. If this is released the current forecast for this area is a nil variance. Although there was a significant underspend in 2008/09 relating to the Section 52(9) charges from WLWA, the budget was reset as part of the 2009/10 levy setting. Any variance that may result from a continuing decrease in tonnages will therefore be considerably lower. Whilst WLWA are implementing improvements to their information systems it is not expected that the trend on tonnages will be clear until midway through the year, when the first two quarters tonnage figures are available.
7. **Trade Waste:** An overachievement of income of £30k is forecast. This allows for a forecast reduction in the level of business coming to the Council due to the market share impact of increases in fees (in line with the Landfill Tax accelerator), together with some impact from the economic downturn.
8. **Civic Amenity Sites:** A nil variance is forecast across this service area. The position on this service area will continue to be closely monitored in line with variations in activity.
9. **Clinical Waste:** The collection and disposal of Clinical waste from residents' homes has to date been undertaken by Hillingdon Primary the Care Trust (HPCT). All associated costs of the service have also been covered by HPCT. However recently the Council have been approached by the Trust and asked to take responsibility for delivering this service. This can be required as the Environmental Protection Act 1990 clearly places the responsibility for such collection on the local authority. The other West London boroughs are already providing this service.
10. The potential pressure from taking responsibility for this service is not currently reported in the Group's figures as work is still being undertaken to finalise the operational issues and therefore the costings.

#### **Harlington Road Depot: £209k adverse**

11. The site has experienced a significant reduction in the intensity of usage, with the movement of Council services to the Civic Centre, together with the loss of Hillingdon Homes contributions as they move services to alternative providers. The Group are actively trying to mitigate the pressures in this area through rationalisation of the space (using the Council's rating consultants) and has sought advice from procurement on options for continuing to provide a Stores facility at the depot. These exercises are underway but any savings are likely to only offset a small proportion of the pressure given the residual costs of the depot and loss of economies of scale. The initial findings of the rating consultants indicate that savings on rates present a challenge due to the recent changes to legislation, e.g. restriction on relief for vacant properties.

#### **New Road & Street Works Act income: Nil variance**

12. A nil variation is currently being forecast on this area as inspection and enforcement of utility companies continues to be targeted on maximising penalty income from Utility companies.

However there is a risk that income could start to drop off as the utility companies increase compliance levels.

**Off-Street Parking: Nil variance**

13. The final quarter of 2008/09 saw a material decrease in the levels of income. However income for April and May has shown an improvement. At this stage it is forecast that the service will achieve a balanced position, assuming that the Cedars & Grainges Car Washing income generation initiative is implemented in the first half of 2009/10.

**Recovery Plan Savings: £304k underspend**

14. Management action is being undertaken across the group to address the current pressures and seek reductions that can bring the overall position for the group in balance.

**Vehicle Fuel Pressure – contingency item: Nil variance**

15. As at the middle of June the Council was purchasing diesel at 89.5 pence per litre. The price has shown a steady increase during the first two months of 2009/10, and from the price that was being paid towards the end of 2008/2009 when it had dropped back to 79 pence per litre. The forecast spend also needs to reflect that the fuel price duty will be increasing by 2p per litre from September 2009 as part of the recent budget set by government. Oil price forecasts are currently increasing, Goldman Sachs recently revised its end of 2009 oil price forecast to \$85 a barrel from \$65 and a new end of 2010 forecast of \$95. However there is not general agreement about the extent and sustainability of such increases.

16. As part of the 2009/10 MTFF work a sum of £85k was included in the contingency to cover fuel pressures. At this stage given the level of volatility in the market, it is considered prudent to forecast that the totality of this sum will be required, and to indicate a risk of this sum being exceeded given the longer-term oil price indications. The impact on prices of oil based/dependent materials will also continue to be closely monitored.

## Education and Children Services (E&CS)

### Revenue: Nil variance

1. The Group is projecting a nil variance as at Month 2 for the 2009/10 financial year.
2. There are plans to address these pressures through the Children & Families Trust Plan, E&CS service review and the LSCB Baby P project plan.
3. The projected variances at Month 2 are summarised in the following table.

Division of Service	Forecast Variance Month 2 £'000
Schools	0
Director & Youth Services	-24
Resources, Policy & Performance	0
Learning & School Effectiveness Service	+58
E&CS Central Budget	+653
Children & Families Service	+312
Recovery Plan Savings	-999
<b>E&amp;CS - Total</b>	<b>0</b>

### Schools: £0k

4. The Schools Budget is ring fenced and funded from the DSG. Schools' payroll and non-payroll expenditure is monitored quarterly with any forecast year-end deficits being the subject of detailed discussions with the schools concerned. Schools forecasting deficits are required to supply recovery plans identifying how they intend to eliminate their deficit, but these do not affect the general fund.
5. Any underspend or overspend of the Schools Budget in 2009-10 would be carried forward into 2010-11 and would have no effect on the General Fund.

### Director & Youth Services: £24k underspend

6. The underspend is due to late recruitment & the Local Project Coordinator post remaining vacant within the Connexions area.

### Learning & School Effectiveness: £58k adverse

7. The Music service is reporting a £58k pressure arising from the appointment of teaching cover for long-term sickness and the cost of sessional teachers based on last year's actual position. Other factors include limits on fee increases and the fact that more families are entitled to pay at reduced charges.

### E&CS Central Budget: £653k Adverse

8. £653k of the previous years' MTF savings agreed by members have not yet been allocated to individual areas. The proposal to move to community based short breaks provision instead of residential provision has not been implemented resulting in a £500k pressure. The balance

relates to proposals for additional DSG contributions to base budget that were rejected by the Schools Forum. The pressures were covered last year largely by one-off windfalls. These relate to delayed recruitment, for example, the Deputy Director post and team manager positions within E&CS. The group also received late grant allocations for projects that did not commence until this financial year, so existing costs were covered by the grant, with the resultant underspend contributing to the pressures above. The grants are fully deployed this financial year as the projects have commenced. The small balance was met by underspends across the group, but at this stage these are not expected to reoccur due to the reduced budget allocation in 2009/10.

**Children and Families: £312k adverse**

9. The £312K overspend relates to staffing costs on Children's Social Care arising from Recruitment and Retention difficulties and increased in activity arising from baby P. Last year these costs were met by overall under spends in the Children and Families budget. We have been working with Human Resources on the recruitment and retention issues. Following the recent restructure of Human Resources we are seeking to refresh the exercise to work together to try to reduce this pressure. It should be noted that the situation in Hillingdon is not as bad as in other authorities. The full year forecast for this service assumes that the 2009/10 savings will be delivered in full. These are, however, dependent upon the success of the preventative measures and the development of the Family Support Service proposed during the service review. These savings have not yet been achieved, as pump priming has only recently been secured to develop the Family Support Service. The group does believe that the required savings will be achieved as long as the pump-priming continues to support the service transformation.

**Recovery Plan Savings: £999k underspend**

10. The group are seeking to address the current pressures to balance the budget. Some of the pressure may be addressed through the LSCB Baby P project plan and the Children and Families Trust Plan. However, this recovery plan will be particularly challenging given the level of savings the group is also required to meet through the Service Review. Officers will continue to work to reduce the forecast overspends and to seek reductions in other areas to bring the budget to a balanced position.

**Exceptional Items: Asylum Service £2,320k (£1,110k greater than that provided for in contingency)**

11. The Asylum Service is reporting a budget pressure of £1,206k for over 18's due to the ongoing demand for the service and the continued under-funding by the Government.
12. There is also a budget pressure totalling £471k for Exhausted All Appeal clients.
13. The total pressure within Asylum Services also includes a £643k provision for moderation of the special circumstances claim for under 18's. This provision is required as the Home Office has placed a cap on indirect costs that the authority can reclaim. Work is ongoing to convince the Home Office that many of the costs they deem to be indirect are in fact direct costs for an authority such as Hillingdon, due to the number of clients. The position is improving as a result of our ongoing challenge, which has resulted in around £200k of costs being so far accepted as claimable.

## Planning and Community Services (P&CS)

### Revenue: Nil variance

1. The Group has a draft outturn position of nil variance, this excludes all pressure areas that have identified contingent provisions.

Division of Service	Forecast Variance Month 2 £'000
Community Safety	0
Arts Service	0
Libraries	0
Adult Education	0
Leisure	0
Planning & Transportation	0
Group Directorate	0
<b>P&amp;CS - Total</b>	<b>0</b>

### Contingent Items

2. The Planning income streams were identified as exceptional items last year. This was due to the downturn in the economy which had impacted the housing market severely and has continued to do so. The Authority's 2009/10 contingent budget contains provision for these affected income streams. The net position after the application of the contingency is shown in the table below

Contingent Item	Gross Pressure £'000	Contingency £'000	Net Pressure £'000
Development Control	+435	+350	+85
Building Control	+141	+108	+33
Land Charges	+727	+715	+12
Golf	+262	+262	0
<b>P&amp;CS - Total</b>	<b>+1,565</b>	<b>+1,435</b>	<b>+130</b>

### Development Control Income

3. The forecast for Development Control income is a gross pressure of £435k, the net position after the contingency would be £85k. The main areas of pressures are the fees for Major applications that are currently forecast to fall by 35% compared to 2008/09. This is a volatile area given the scale of fees, which can be significant, and the limited volume of applications. Major applications normally accounts for 2/3rds of the Development Control Income. The other areas of income that are for Minor and Other applications continue to be depressed and are down 20% over the levels recorded in 2007/08, but in line with levels achieved in 2008/09.

### Building Control Income

4. The forecast for Building Control income is a gross pressure of £141k, net position £33k. Income for April and May is 20% down from the same period in 2008/09.

## **Land charges**

5. Land charge income has moved to a cost recovery basis due to a change in regulations enacted in December 2008. The net pressure currently forecast after the contingent allocation would be £12k.

## **Golf**

6. This position assumes the allocation of £262k from contingency for Golf. The Golf budgets have been set to match the expected income from Mack trading. The fixed contract element is £280k (£210k courses and £70k driving range) and a further £100k for the variable element for the driving range, £380k in total. However the budget held in contingency of £262k is still required and needs to be allocated to the service.

## **Community Safety: Nil variance**

7. The new tasking teams have now been recruited and the significant slippage shown in last year's budgets due to the recruitment profile has now gone.

## **Arts Service: Nil variance**

8. The service is reporting pressure on its income streams. This can be seen to be related to the general difficulties with the economic conditions which began to affect the service last year. Action is being taken to try to mitigate these effects

## **Libraries: Nil variance**

9. The Library service is currently forecasting a nil variance

## **Adult Education: Nil variance**

10. The grant allocation for 2009/10 is still subject to negotiation, the service is not expecting there to be any budget pressures and is reporting a balanced position.

## **Leisure: Nil variance**

11. There are savings targets to be achieved in leisure, which are linked with the contracting out of Leisure services for the new build leisure centre at Botwell and other existing in-house sites. This tender process is currently in progress, the outcome of which will be reported to Cabinet in July. The effect on the 2009/10 budget will be reported next month, but the current assumption is that savings will be achieved.

## **Planning and Transportation: Nil variance**

12. With the exception of planning income streams that are outlined above as part of the contingency section, the rest of the service is reporting a nil variance.

## Central Services

### Revenue: Nil variance

1. The forecast position for the central services revenue budget is a net breakeven position. However, in total, the departments have a number of pressures totalling £167k, which both departments are looking at ways of managing by identifying savings, totalling £167k, to ensure that the budget comes in on target. This forecast overspend comprises a pressure of £30k for the Deputy Chief Executive's Office and a pressure of £137k in the Finance & Resources Directorate.

Division of Service	Forecast Variance Month 2 £'000
Deputy Chief Executive's Office	+30
Finance & Resources	+137
Recovery Plan Savings	-167
<b>Central Services - Total</b>	<b>0</b>

### Deputy Chief Executive's Office: £30k pressure

2. The Deputy Chief Executive's Office budgets are projecting a pressure of £30k at month 2, which is due to a projected shortfall in income within the Registration of Births, Deaths and Marriages.

### Finance & Resources: £137k pressure

3. The Finance & Resources Directorate budgets are projecting a pressure of £137k at month 2, due to ongoing pressures within Corporate Property Services, as set out below:
  - There is an ongoing pressure on income streams from commercial properties of £97k, due to a number of vacant tenancies in the Warnford Industrial Estate and 192 High Street, where the premises have remained vacant for a number of months.
  - There is an anticipated shortfall of £40k on income from schools buy back of FM services, due to schools opting to procure services directly rather than through the FM Team.

### Recovery Plan Savings: £167k saving

4. An action plan is currently being developed by both departments to ensure that, where possible, savings will be identified to offset the pressures identified above.

## **Capital Programme: £4,298k Underspend**

1. The Capital Programme budget is projecting an underspend of £4,298k as at month 2, which reflects the net position on the unallocated contingency after taking into account a number of projects where an overspend, totalling £370k, is evident, which are in Adult Social Care, Health and Housing (£26k), Central Services (£64k) and Major Construction Projects – Planning and Community Services (£280k). It is anticipated that overall, these pressures can be managed within the capital programme budget within each directorate, or alternatively could be funded through the capital programme contingency, which if applied would result in the underspend reported above.
2. Expenditure to month 2 across the whole capital programme budget is £5,263k (5.3%). More detail is provided below for each individual department.

## **Adult Social Care, Health and Housing: Nil variance**

3. A summary of the programme for Adult Social Care, Health and Housing is shown below, which is split between the HRA and Non HRA expenditure:

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 2 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance (Current Month) £' 000
Capital Works	10,000	10,000	0	0%	10,000	0
Estates Improvements	1,125	1,125	0	0%	1,125	0
Cash Incentive Scheme	100	100	0	0%	100	0
New Build – Redevelopment	290	290	0	0%	290	0
New Build - Long Lane	30	30	0	0%	31	+1
Other Projects	200	200	0	0%	200	0
<b>HRA – Total</b>	<b>11,745</b>	<b>11,745</b>	<b>0</b>	<b>0%</b>	<b>11,746</b>	<b>+1</b>
Disabled Facilities and Private Sector Renewal Grants	2,430	2,525	352	14%	2,525	0
Colne Park Caravan Sites	302	374	0	0%	399	+25
Improving Information Management and ESCR	318	841	71	8%	841	0
MH and LD Modernisation	357	793	0	0%	793	0
Purchase of Benefits customer self-service facilities	225	225	0	0%	225	0
Purchase of Supporting People software	83	83	0	0%	83	0
<b>ASC,H&amp;H (Non HRA) – Total</b>	<b>3,715</b>	<b>4,841</b>	<b>423</b>	<b>9%</b>	<b>4,866</b>	<b>+25</b>
<b>Recovery Plan Savings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>-26</b>	<b>-26</b>
<b>ASC,H&amp;H – Total</b>	<b>15,460</b>	<b>16,586</b>	<b>423</b>	<b>3%</b>	<b>16,586</b>	<b>0</b>

4. Expenditure to date is £423k out of a revised budget of £16,586k, which accounts for 2.6% of the total programme budget. The original budget of £15,460k has been increased by £1,126k to £16,586k, due to the transfer of balances relating to the slippage of 2008/09 schemes.
5. There are two projects that account for the current expenditure, namely Disabled Facilities and Private Sector Grant, which has spent £352k and the Improving Information Management and Electronic Social Care Records (ESCR), which has spent £71k.
6. The projected overspend of £26k relates to New Build Long Lane (£1k over) and Colne Park Caravan Site (£25k over), which is due to extra costs mainly for drainage and electrical works for phase 1. Officers are currently exploring options for containing this overspend within phase 2 of the programme.

## Environment and Consumer Protection: Nil variance

7. A summary of the programme for Environment and Consumer Protection is shown below.

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 2 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance (Current Month) £' 000
Highways Improvements	1,358	1,358	44	3%	1,358	0
<b>Cabinet Member Initiatives - Highways</b>						
Road Safety	250	250	0	0%	250	0
Traffic Congestion Mitigation	200	200	0	0%	200	0
Street Lighting	300	300	0	0%	300	0
<b>Cabinet Member Initiatives - Parks &amp; Streetscene</b>						
Green Spaces Strategy	250	250	63	25%	250	0
Street Scene	250	250	0	0%	250	0
<b>Cabinet Member Initiatives – Improvement, Partnerships &amp; Community Safety</b>						
CCTV Programme	250	250	0	0%	250	0
New Years Green Lane CA Site	1,600	1,600	0	0%	1,600	0
Breakspear Crematorium	1,700	1,876	460	25%	1,876	0
Car Park Schemes	200	200	0	0%	200	0
Ruislip Lido	0	18	0	0%	18	0
Other Schemes - Public Conveniences	0	185	110	59%	185	0
<b>E&amp;CP – Sub Total</b>	<b>6,358</b>	<b>6,737</b>	<b>677</b>	<b>10%</b>	<b>6,737</b>	<b>0</b>
BSP funded by Transport for London	3,685	3,365	22	1%	3,365	0
<b>TFL – Sub Total</b>	<b>3,685</b>	<b>3,365</b>	<b>22</b>	<b>1%</b>	<b>3,365</b>	<b>0</b>
<b>E&amp;CP – Total</b>	<b>10,043</b>	<b>10,102</b>	<b>699</b>	<b>7%</b>	<b>10,102</b>	<b>0</b>

8. Expenditure to date is £699k out of a budget of £10,102k, which accounts for 6.9% of the total programme budget. The original budget of £10,043k has been increased by £59k to £10,102k, due to the transfer of balances relating to the slippage of 2008/09 schemes. These include Highways Improvements (the position of Enterprise Mouchel accruals and invoicing continues to be closely monitored. Accruals of £298k were raised for 2008/09, and at the end of May only £35k had been settled against this sum. However an invoice was paid in early June offsetting a further £135k, leaving outstanding accruals of £126k. The Group are continuing to press for early settlement of final accounts), Breakspear Crematorium, Green Spaces (relating to the Court Park improvements project and the Hayes End Community Park pathworks. Both of these projects are expected to complete in early 2009/10), Street lighting and Road Safety.

9. The majority of the expenditure to date has been incurred on Breakspear Crematorium (£460k) and Public Conveniences (£110k).

10. It is currently anticipated that all schemes will come in on budget.

## Education and Children's Services: Nil variance

11. A summary of the programme for Education and Children's Services is shown below:

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 2 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance (Current Month) £' 000
Children's Centres	2,075	2,928	515	18%	2,928	0
Early Years Foundation Stage - Surestart		282	101	36%	282	0
Extended Schools - New grant from 08/09	606	773	66	9%	773	0
Expansion Haydon	726	930	0	0%	930	0
Extension of Nursery Care / Education	1,854	2,349	1	0%	2,349	0
Formula Capital Devolved to Schools	6,388	8,193	0	0%	8,193	0
Glebe		229	0	0%	229	0
Guru Nanak - Expansion 2010	3,000	2,886	0	0%	2,886	0
Harefield School Nursery	52	687	0	0%	687	0
ISPP Project (Parents & Providers)		24	0	0%	24	0
Longmead	2,323	2,185	43	2%	2,185	0
Primary Capital Programme - indicative	3,893	3,893	0	0%	3,893	0
Pinkwell	1,199	1,199	0	0%	1,199	0
Home Access for Targeted Groups - new 2009/10		95	0	0%	95	0
Rosedale College S106 - only	26	26	0	0%	26	0
Ruislip High School		322	0	0%	322	0
School Improvement Programme	2,000	4,328	10	0%	4,328	0
School Places Provision (Basic Needs)	3,757	3,757	5	0%	3,757	0
School travel Plans	112	126	0	0%	126	0
Schools Access Programme	500	500	0	0%	500	0
Schools Kitchens	594	594	0	0%	594	0
Specialist Schools		193	0	0%	193	0
Surestart - AHDC short breaks - new 09/10	157	157	0	0%	157	0
Targeted Capital -Oak Farm	45	398	0	0%	398	0
Targeted Capital -Uxbridge High	1,180	1,247	303	24%	1,247	0
Investment in Young People's Facilities		167	0	0%	167	0
New Young People's Centre	3,010	3,000	19	1%	3,000	0
Play Builders' Grant		530	0	0%	530	0
<b>E&amp;CS – Total</b>	<b>33,497</b>	<b>41,998</b>	<b>1,062</b>	<b>3%</b>	<b>41,998</b>	<b>0</b>

12. Expenditure to date is £1,062k out of a budget of £41,997k, which accounts for 2.5% of the total programme budget. The original budget of £33,497k has been increased by £8,500k to £41,997k, as it now includes £3,700k grant funding brought forward from 2008/09, modernisation funding of £2,300k which has been brought forward from 2010/11 to 2009/10 and DFC funding of £1,800k (40% of the 2010/11 funding), which has been brought forward from 2010/11 to 2009/10, with the balance being made up of slippage relating to 2008/09 schemes.

13. The majority of the expenditure has been incurred on Children's Centres (£515k), Uxbridge High (£303k) and Early Years Foundation Stage – Surestart (£101k).

14. It is currently anticipated that all schemes will come in on budget.

## Planning and Community Services: Nil variance

15. A summary of the programme for Planning and Community Services is shown below:

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 2 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance (Current Month) £' 000
SSCF	0	100	0	0%	100	0
Assisted Funding	150	150	10	7%	150	0
S106/S278 Schemes	411	411	-2	0%	411	0
NLDC	0	10	0	0%	10	0
<b>P&amp;CS – Sub Total</b>	<b>561</b>	<b>671</b>	<b>8</b>	<b>1%</b>	<b>671</b>	<b>0</b>
Brookfield Adult Education Centre	0	264	0	0%	264	0
Victoria Hall and Ruislip Manor Library Development	0	63	51	81%	63	0
Queensmead	80	80	0	0%	80	0
Minet Cycle Club	250	250	0	0%	250	0
Voltage Optimisation Equipment (libraries)	40	40	0	0%	40	0
Libraries Refurbishment	1,500	1,500	62	4%	1,500	0
Hillingdon Sport & Leisure	8,707	8,468	1,828	22%	8,468	0
Botwell Green	8,645	10,145	794	8%	10,145	0
Boxing Club	0	0	1	0%	28	+28
Manor Farm	0	0	0	0%	252	+252
<b>MCP – Sub Total</b>	<b>19,222</b>	<b>20,810</b>	<b>2,736</b>	<b>13%</b>	<b>21,090</b>	<b>+280</b>
<b>Recovery Plan Savings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>-280</b>	<b>-280</b>
<b>P&amp;CS – Total</b>	<b>19,783</b>	<b>21,481</b>	<b>2,744</b>	<b>13%</b>	<b>21,481</b>	<b>0</b>

16. Expenditure to date is £2,744k out of a budget of £21,481k, which accounts for 12.8% of the total programme budget. The original budget of £19,783k has increased by £1,698k to £21,481k, due to the transfer of balances relating to the slippage of 2008/09 schemes and additional grant funding.

17. The majority of the expenditure has been incurred on the Hillingdon Sports and Leisure facility (£1,828k) and the Botwell Green facility (£794k). The refurbishment of the libraries is well under way, with Harefield and West Drayton now complete. The work plan for 2009/10 is Oaklands, Kingshill, Ickenham, and Yiewsley. This work is due to commence in July starting with Oaklands. There is also a new build within the Botwell Green Leisure complex, starting in November/December 2009.

18. The £280k variance reported relates to the following schemes:

- a. £28k overspend on the Boxing Club, where there are a number of outstanding invoices due to unforeseen works that were not anticipated in the original project plan. This will take the over spend on this project to £55k, of which £27k was reported in 2008/09.
- b. £252k potential overspend on Manor Farm. This project was completed in 2008/09. A review of the draft final account indicates that there is a budget pressure of at least £252k. This is based on the sum (£1,858k) paid to date against Projected Costs of £2,110k.

19. Officers are looking at options to ensure that these costs are contained within the overall capital programme budget, however, as these schemes relate to 2008/09 and are now completed, there may be an option to draw down funding from the programme contingency.

20. There is also another potential pressure that has been identified that needs further investigation, relating to the Hillingdon Sport & Leisure project. The contractor is reporting a 10 weeks delay from the Master Contract Completion Programme. The main area of concern is the central area of the new building. This is due to the originally planned sequencing of the works, and the level of resources allocated to this section. The works have now been re-sequenced pushing the completion date back to December 2009, which could potentially increase the cost of the project. Officers continue to meet with the contractors on a monthly basis and are monitoring the figures closely, given that this exceeds the employer's agent forecasts.

**Central Services: Nil variance**

21. A summary of the programme for Central Services is shown below:

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 2 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance (Current Month) £' 000
Leader's Initiative	200	200	0	0%	200	0
Chrysalis	1,000	1,000	0	0%	1,000	0
Town Centre Initiative	325	325	0	0%	325	0
HIP Projects	600	600	0	0%	600	0
<b>DCE - Total</b>	<b>2,125</b>	<b>2,125</b>	<b>0</b>	<b>0%</b>	<b>2,125</b>	<b>0</b>
ICT Asset Management Strategy	500	500	159	32%	500	0
ICT Works at the Crematorium	0	97	0	0%	106	+9
Property Enhancement Programme	500	500	12	2%	500	0
YOT Consolidation Link 1A/Cashiers	372	413	20	5%	413	0
Civic Centre Electrical Works	2	55	110	200%	110	+55
Hillingdon First Card	182	182	0	0%	182	0
Civic Centre Security Improvements	236	236	0	0%	236	0
Farm Barns	15	15	0	0%	15	0
Civic Centre - Photovoltaic Cells	34	34	34	100%	34	0
Civic Centre Enhancements	750	750	0	0%	750	0
Civic Centre Boilers	0	50	0	0%	50	0
<b>F&amp;R - Total</b>	<b>2,591</b>	<b>2,832</b>	<b>335</b>	<b>12%</b>	<b>2,896</b>	<b>+64</b>
Recovery Plan Savings	0	0	0	0%	-64	-64
<b>Central Services - Total</b>	<b>4,716</b>	<b>4,957</b>	<b>335</b>	<b>7%</b>	<b>4,957</b>	<b>0</b>

22. Expenditure to date is £335k out of a revised budget of £4,957k, which accounts for 6.8% of the total programme budget. The original budget of £4,716k has been increased by £241k to £4,957k, due to the transfer of balances relating to the slippage of 2008/09 schemes.

23. The majority of the expenditure has been incurred on the Improvements to the Storage Area Network (£159k) the Civic Centre Electrical Works (£110k) and the installation of the Photovoltaic Cells at the Civic Centre (£34k).

24. The £64k variance reported relates to the Civic Centre Electrical Works (£55k), which officers are currently investigating and the ICT Works at the Crematorium (£9k), which is coming in slightly higher than was originally estimated. Officers are exploring options to ensure that these are contained within the directorates overall capital programme budget.

**Capital Programme Contingency: £4,298k Underspend**

25. A summary of the programme contingency is shown below:

<b>Capital Schemes 2009/10</b>	<b>Original Budget £' 000</b>	<b>Revised Budget £' 000</b>	<b>Capital Spend Month 2 £' 000</b>	<b>Actual Spend % of Revised Budget %</b>	<b>Forecast Outturn £' 000</b>	<b>Variance (Current Month) £' 000</b>
Programme Contingency	3,196	3,196	0	0%	370	-2,826
Contingency	1,500	1,472	0	0%	0	-1,472
<b>Contingency - Total</b>	<b>4,696</b>	<b>4,668</b>	<b>0</b>	<b>0%</b>	<b>370</b>	<b>-4,298</b>

26. The forecast outturn of £370k assumes that all of the pressures identified above will be funded from the contingency.

## APPENDIX B

### Treasury Management Update

1. The following information is provided to update you on the activities on the Treasury Management function for the month of May 2009.
2. As at 31 May 2009 the Council's portfolio of investments and debt was as follows, investment balances can move substantially from day to day in line with cash flow requirements.

#### Outstanding Investments

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	60.4	52	35
1-2 Months	2.0	2	25
2-3 Months	7.0	6	10
3-6 Months	3.6	3	10
6-9 Months	18.3	16	15
9-12 Months	5.0	4	5
12-18 Months	0	0	0
18-24 Months	0	0	0
<b>Subtotal</b>	<b>96.3</b>	<b>83</b>	<b>100</b>
Unpaid Maturities	20.0	17	0
<b>Total</b>	<b>116.3</b>	<b>100</b>	<b>100</b>

3. Average Rate of Return on Investments: 1.83%
4. With the exception of the unpaid Icelandic investments, our investments are held with UK institutions and Money Market Funds, which hold AA- or AAA long term credit ratings.
5. The current investments counterparty list is as follows:
  - DMO;
  - Money Market Funds - Fidelity Institutional Cash Fund; Henderson Money Market Fund; Invesco Aim Institutional Fund; Standard Life Investment Fund;
  - Banks - Abbey National; Barclays Bank; Clydesdale Bank; HSBC; Lloyds Group; and Royal Bank of Scotland.
  - Building Societies - Nationwide Building Society.

### Strategy Update

6. During May fixed-term investments have continued to mature in line with our cash flow requirements. New long-term investments have been made in order to meet future cash flow requirements. There are currently significant balances held in instant access accounts for the short-term cash flow management, these accounts continue to offer significantly better rates of return than fixed-term investments for less than one month.
7. Cash flow permitting, further fixed-term deals maturing in 3-6 months will be made in order to increase the maturity profile of our investments.

## Outstanding Debt

	<b>Actual £m</b>	<b>Actual %</b>
Mortgages	0.4	0
PWLB	139.6	74
Long-Term Market	48.0	26
Temporary	0	0
<b>Total</b>	<b>188.0</b>	<b>100</b>

8. Average Interest Rate on Debt: 4.15%
9. During May there have been no repayment or restructuring of outstanding debt.

## Strategy

10. Over the coming months, opportunities for restructuring of debt will continue to be monitored. A review of the debt requirement, in light of the changing demands for capital finance will also be undertaken to determine the possibilities for repayment.

## APPENDIX C

### Proposed Fees

#### Marriages & Civil Partnerships

<b>Venue &amp; Time</b>	<b>Current Fees</b>	<b>Proposed Fees</b>
Four Seasons Room - Mon-Fri 1-tier	£50.00	£55.00
Four Seasons Room – Sat 1- tier	£60.00	£65.00
Four Seasons Room – Mon – Fri 2-tier	£90.00	£95.00
Four Seasons room – Sat –2 Tier	£95.00	£100.00
Four Seasons room – Mon-Fri 3-Tier	£145.00	£150.00
Four Seasons room – Sat – 3Tier	£160.00	£165.00
Approved Venues -Mon-Fri	£295.00	£300.00
Approved Venues -Sat	£390.00	£400.00
Approved Venues - Sun	£435.00	£445.00
Nationality Checking Fees	£40.00	£45.00