

COUNCIL BUDGET - MONTH 9 2011/12 REVENUE AND CAPITAL MONITORING

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

HEADLINE INFORMATION

Purpose of report	The report sets out the Council's overall 2011/12 revenue & capital position, as forecast at the end of Month 9 (December). The in-year revenue position is forecast as an underspend of £6,031k. Total capital expenditure for 2011-15 is forecast to be £2,508k lower than the revised budget, with a forecast underspend in 2011/12 of £3,236k, consisting of unallocated contingency and further rephasing into 2012/13.
Contribution to our plans and strategies	Achieving value for money is an important element of the Council's medium term financial plan.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 9;
2. Note the treasury Month 9 update at Appendix B;
3. Approve the retaining of agency staff as detailed in Appendix C;
4. Approve the use of Schools Urgent Building Condition Works capital budget to fund critical boiler works at Ruislip High School;
5. Approve the award of shop front grants from Town Centre Initiatives capital budgets

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2011/12.

2. Recommendation 4 seeks approval to undertake urgent works at Ruislip High School as reported to Cabinet on 19 January 2012 through the Primary School Capital Programme – Update.
3. Recommendation 5 seeks authority to award grants to shop keepers from the Town Centre Initiatives budget, which requires Cabinet authority. This will enable application of Council Resources and Outer London Fund grant to initiate a shop front grant scheme, contributing towards town centre regeneration as reported to Cabinet in June 2011.

Alternative options considered

4. There are no other options proposed for consideration.

SUMMARY

A) Revenue

5. The in year revenue monitoring position as at Month 9 (December) shows that forecast net expenditure for the year 2011/12 is £6,031k less than the budget, an improvement of £3,987k. There is a £3,431k forecast underspend on directorate budgets comprising an underspend of £744k (£1,963k favourable movement) in SCH&H, a £1,763k underspend (£1,379k favourable movement) in PEECS, a £451k underspend (£146k favourable movement) in Central Services and a £473k underspend (£129k favourable movement) on contingency. There is also a transfer of £350k from the Learning Disabilities Modernisation Fund earmarked balance as this Fund is being mainstreamed within SCH&H budgets. The remaining favourable variance is due to the projected underspend in capital financing costs of £2,250k (no change) due to budgets set aside in advance for schools capital financing and other priority projects, which are not forecast to be needed in this financial year.
6. The balances brought forward at 31st March 2011 were £17,022k. £1,793k of this sum was applied in support of the 2011/12 budget as part of the budget strategy, as agreed at Council Tax setting. The forecast balances as at 31st March 2012 are £21,260k (a favourable movement of £3,987k on Month 8), as a result of the budgeted drawdown from balances (-£1,793k) and the forecast in-year underspend (£6,031k).
7. Monitoring to date has assumed that the £800k HIP contingency, the £1m priority growth and the £1m unallocated contingency will be fully spent by the year end. As at month 9 only £249k has been spent from the HIP contingency and £350k of priority growth. However' if there are no further calls on the HIP or unallocated contingencies or any further spend against priority growth, then projected balances could be as high as £23,461k.

B) Capital

8. General Fund outturn for 2011/12 is forecast at £48,421k from a revised budget of £51,477k, a reduction of £1,798k on the Month 8 position. This is due to reduced forecast pressures on completed leisure centre projects (£618k), a forecast underspend on Road Safety due to works now being funded from TfL grant (£140k) and slippage into 2012/13.
9. The Council Resourced programme for 2011-15, as identified in the February 2011 budget, is currently projected to result in a net pressure of £1,476k (£2,234k at Month 8) with movements arising due to changes in current year outturn detailed above.
10. Forecast General Fund capital receipts for 2011/12 have been increased from £6,547k to £11,308k as a result of higher than anticipated offers on a number of sites and the expectation that disposals authorised by Cabinet and Cabinet Members in the last month will complete by

31 March 2012. Should this improved outturn be achieved, there will be a positive impact on 2012/13 revenue budgets through reduced MRP charges.

11. Latest forecasts on the HRA capital programme indicate a 2011/12 outturn of £10,818k (£10,938k at Month 8) from a revised budget of £13,489k.

A) REVENUE

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

Table 1

2011/12 Original Budget	Budget Changes		2011/12 (As at month 9)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at month 9)	Variance (As at month 8)	Change from month 8
£'000	£'000		£'000	£'000		£'000	£'000	£'000
239,453	-1,808	Directorates Budgets on normal activities	237,645	234,214	-1%	-3,431	+186	-3,617
-42,915	1,808	Corporate Budgets on normal activities	-41,107	-43,357	5%	-2,250	-2,250	0
196,539	0	Sub-total Normal Activities	196,538	190,857	-2%	-5,681	-2,064	-3,617
		Exceptional items:						
		Transfer from earmarked Balances	0	-350		-350	0	-350
0	0	Sub-Total	0	-350		-350	0	-350
196,539	0	Total net expenditure	196,538	190,507	-2%	-6,031	-2,064	-3,967
-194,746	0	Budget Requirement	-194,746	-194,746		0	0	0
1,793	0	Net total	1,793	-4,239		-6,031	-2,064	-3,967
-17,022		Balances b/f 1/4/011	-17,022	-17,022		0	0	0
		Transfer from earmarked reserves				0	0	0
-15,229	0	Balances c/f 31/3/12	-15,229	-21,260		-6,031	-2,064	-3,987

Directorates' Forecast Expenditure Month 9

13. Table 2 shows further details on the budget, forecast and variance at directorate level. Further detail on each directorate is shown in Appendix A. The group forecasts exclude sums provided for in contingency which are set out in table 3.

Table 2

2011/12 Original Budget	Budget changes	2011/12 Current Budget (as at month 9)	Directorate		2011/12 Forecast (as at month 9)	% Var of budget	Variances (+ adv/- fav)		
							Variance (As at month 9)	Variance (As at month 8)	Change from month 8
£'000	£'000	£'000			£'000		£'000	£'000	£'000
326,915	-10,688	316,226	SCHH	<i>Exp</i>	322,197	2%	+5,971	+5,011	+960
-199,190	2,450	-196,741		<i>Inc</i>	-202,606	3%	-6,715	-3,792	-2,923
127,724	-8,239	119,486		Total	119,592	0%	-744	+1,219	-1,963
396,479	-10,716	385,763	PEECS	<i>Exp</i>	383,815	-1%	-1,948	-972	-976
-301,269	7,664	-293,605		<i>Inc</i>	-293,420	0%	+185	+588	-403
95,210	-3,052	92,158		Total	90,395	-2%	-1,763	-384	-1,379
9,511	11,488	20,999	CS	<i>Exp</i>	20,614	-2%	-385	-275	-110
-6,578	-2,006	-8,584		<i>Inc</i>	-8,650	1%	-66	-30	-36
2,933	9,483	12,415		Total	11,964	-4%	-451	-305	-146
11,786	0	11,786	Contingency		11,313	-4%	-473	-344	-129
1,800	0	1,800	Priority Growth		1,800	0%	0	0	0
239,453	-1,808	237,645	Sub-Total Normal Activities		234,214	-1%	-3,431	+186	-3,617

14. **Social Care, Health & Housing (SCH&H)** are projecting **an underspend of £744k (£1,963k improvement)**. The improvement in the month 9 position in SCH&H is mainly due to the final sign off by DWP of both the 2009/10 and 2010/11 Housing Benefits grant claims with no clawback. This has enabled the release of the provision held on the balance sheet for these 2 claims and improved the overall position by £1,756k. In addition, in Mental Health services, there was an improvement following successful negotiations with CNWL on the determination of financial responsibility for a number of clients, some of whom were CHCs. Other smaller movements of £94k adverse in the Learning Disability service were offset by a similar favourable movement of £93k in older people's services.

15. **Planning, Environment, Education & Community Services (PEECS)** are forecasting a **favourable variance of £1,763k (£1,379k improvement)** as at Month 9. This favourable movement is predominately the result of a £966k improvement in Education and a £370k improvement in waste services. In Education the improvement arises mainly from the work being undertaken to review all education spend and to apply grant funding to base budget expenditure in the first instance, rather than the previous practice of retaining grants for future use. The improvement in waste services arises from a lower than forecast charge for the 3rd quarter of the West Waste levy. The quality of monitoring information being issued by West Waste has been an issue for some time and makes in-year monitoring and MTFP planning challenging. In addition, the shortfall in income from the golf courses may be lower than expected as a result of the services coming back in house, although it is still very early days and so difficult to predict with any certainty.

16. **Central Services (CS)** is forecasting a **£451k favourable variance (£146k improvement)** as at Month 9, largely arising from a staffing underspend as the restructure of services are implemented as part of the BID programme.

Progress on the delivery of 2011/12 Savings

17. Analysis of progress on the implementation of savings proposals included in the 2011/12 budget continues to indicate that the Council is largely on track to deliver the majority of the savings. Although there are £1,533k of original savings proposals that currently have serious delivery problems, this sum has been covered by alternative savings proposals as reflected in the overall underspend position being reported. The following table summarises the status for the MTFF projects.

RAG Status	Central Services	PEECS	SCH&H	Cross Cutting	Total Jan	Total Dec
Blue (banked)	2,613	9,938	10,340	954	23,845	22,982
Green (on-track)	0	610	200	300	1,110	1,930
Amber (some Slippage or risky Project at an Early stage)	26	484	252	0	762	844
Red (serious Delivery problems)	0	933	639	0	1,572	1,533
Redundancy costs		-712	-338		-1,050	-1,050
Total	2,639	11,252	11,093	1,254	26,238	26,238

18. The projected shortfall on those savings classed as red has increased to £1,572k (6% of total savings). A breakdown of the red projects is shown in the following table:

Group	Proposal	£000s
PEECS	Corporate Landlord	98
	Youth & Connexions review	687
	Decommission Extended Services Function	148
SCH&H	Learning Disability Housing & Support	300
	In House Services – Learning Disability	239
	In house Services – Older people's Services	100
Total		1,572

19. An additional £863k of savings has now been classified as banked during January, giving a banked total of 91% of the total savings. Within SCH&H there is an increase in banked savings of £597k, in PEECS the increase in banked savings is £196k and in Central Services the increase was £70k.

Development & Risk Contingency: £473k underspend (£129k improvement)

20. £11,786k of potential calls on the Development & Risk Contingency was incorporated into the 2011/12 budget. Table 3 shows the amounts that have been allocated or earmarked as at Month 9. The £129k improvement in contingency is mainly as a result of the £150k pressure on recycling being absorbed within the improved Waste monitoring position thus eliminating the potential call on contingency. This is partially offset by a £21k increase in the contingency required for the shortfall in development control income through a reduction in the forecast number of minor applications.

Table 3

Development and Risk Contingency	2011/12 Budget	Forecast as needed	Variance (+adv / - fav)	Group
<i>2011/12 allocations:</i>	£'000	£'000	£'000	
Commitments:				
General Contingency	1,000	1,000	0	All
Golf Courses In-sourcing		50	+50	PEECS
Riots & Traveller Incursions		10	+10	PEECS
Employers' Pension Contributions	850	850	0	All
Pump priming for BID savings	400	400	0	ALL
Uninsured claims	420	420	0	CS
Carbon Reduction Commitment Energy Efficiency Scheme	460	210	-250	PEECS
Development Control Income	350	426	+76	PEECS
Cost Pressures on Recycling Service	150	0	-150	PEECS
Local Development Framework legal & consultancy fees	100	75	-25	PEECS
HS2 Challenge contingency	100	100	0	PEECS
Assisted searches	75	25	-50	PEECS
Potential new responsibilities in relation to Flood defence	50	5	-45	PEECS
Building Control Income	50	0	-50	PEECS
Social Care Pressures (Adults)	4,089	4,089	0	SCHH
Increase in Transitional Children due to Demographic Changes	1,254	1,254	0	SCHH
Asylum Funding Shortfall	880	1,799	+919	SCHH
Social Care Pressures (Children's)	500	500	0	SCHH
Contingency against delivery of grants savings	1,058	0	-1,058	ALL
Fuel	0	100	+100	PEECS
Total net contingency	11,786	11,313	-473	

21. At this stage, a large proportion of the total contingency is expected to be required in full. However, a net underspend on a few items and the assumption that the £1,058k contingency against delivery of grants savings is now not likely to be drawn down, have resulted in an overall underspend of £473k. Details of these variances are discussed below.

22. There has been no movement in the Asylum funding pressure since Month 8. There has been a significant downward movement in the number of UASC for whom LBH can claim funding from UKBA due to an individuals change in status. This relates to children who have Exhausted All Appeals (EAA) or have been Naturalised. Grant funding is no longer claimable for this group but the Authority still has a duty support them.

23. Detailed information has now been received from UKBA regarding both the Q1 and Q2 claim which has been reviewed and as a result the forecast has been significantly increased. These 2 quarters have shown that for EAA clients there is no material difference between 2010/11 and the first 6 months of 2011/12. However for Naturalisation there have been 22 in the first 6 months of 2011/12 with a further 11 pending compared with just 8 in 2010/11.

24. The forecast position for Development Control Income is a pressure of £426k, which is £76k greater than the sum held in contingency, a £21k adverse movement on Month 8. This is as a result of the shortfall in development control income through a reduction in the forecast number of minor applications.
25. The £150k pressure on recycling has now been fully absorbed within the improved Waste budget monitoring position thus eliminating the potential call on contingency.
26. The Flood and Water Management Act has conferred new responsibilities upon local authorities and the funding that the Council has received as part of the grant settlement for 2011/12 is £127k. The Council has completed the Preliminary Flood Risk Appraisal and this has been signed off by the Environment Agency. Recruitment will shortly begin for a flood management officer to fulfil the Council's ongoing responsibilities. However, the recruitment timetable means that the £55k full year cost can be reduced to £5k for the current year.
27. The fuel budget across the group has been increased by £108k for 2011/12 as part of the MTF process. However, prices have continued to rise in 2011 and current analysis shows that fuel budget is under pressure at the current bulk purchase price of £1.15 per litre. A range of projections have been modelled, the worse case scenario showing a pressure of £176k and best case scenario of £97k over the increased budget. A pressure of £100k is therefore considered to be the most likely pressure at this point.
28. Cabinet on 24 December 2011 approved the draw down of £50k from contingency to support the interim in-house operation of three of the Council's golf courses.
29. Across PEECS, £10k has been spent on actions connected with the threat of riots in August and on preventing traveller incursions.

Priority Growth: Nil variance (no change)

30. £1,000k was included in the 2011/12 budget for priority growth and £800k for HIP Initiatives. Table 4 summarises the position with regards to each element of priority growth.

Table 4

Priority Growth	2011/12 Budget	Agreed draw downs	Commitments	Unallocated
<i>2011/12 Unallocated Priority Growth at start of the year</i>	£'000	£'000	£'000	£'000
HIP Initiatives New budget:	800			
Agreed:				
Environmental projects		40		
Heritage projects		164		
Customer experience		10		
Website cost		35		
HIP Initiatives unallocated balance	800	249	0	551
Unallocated non specific growth	1,000			
Ward budget scheme		330		
Gold bursaries		20		
Balance of unallocated growth	1,000	350	0	650
Total	1,800	599	0	1,201

31. HIP Steering Group has approved £249k of allocations so far this year leaving £551k as yet unallocated within the HIP initiatives budget. Cabinet have also agreed the recommendation to allocate £330k of priority growth to fund a new Ward budget scheme and £20k of priority growth to fund Gold Bursaries. This leaves £650k of priority growth budget unallocated. However, the Month 9 forecast assumes that the remaining unallocated budgets for both HIP contingency and priority growth will be spent in full, however at this stage in the financial year it is unlikely that full spend will be achieved.

Corporate Budgets' Forecasts: £2,250k underspend (no change)

32. Table 5 shows budget, forecast and variance reported on corporate budgets as at Month 9.

Table 5

2011/12 Original Budget	Budget Changes	2011/12 Current Budget (as at Month 9)	Corporate Budgets	2011/12 Forecast Outturn (as at Month 9)	Variances (+ adv/- fav)		
					Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000	£'000		£'000	£'000	£'000	
-400	400	0	Unallocated savings	0	0	0	
10,697	-584	10,113	Financing Costs	7,863	-2,250	-2,250	
			FRS 17 Pension				
-3,322	0	-3,322	Adjustment	-3,322	0	0	
-35,169	2,875	-32,294	Asset Management A/c	-32,294	0	0	
			Levy's & other corp				
10,836	-384	10,453	budgets	10,453	0	0	
-25,556	-87	-25,643	Corporate Govt Grants	-25,643	0	0	
-42,915	2,221	-40,693	Corporate Budgets	-42,943	-2,250	-2,250	

33. Financing costs show a forecast underspend of £2,250k at Month 9. This is primarily due to £2,000k being set aside for capital financing for schools or other priority projects which is not likely to be needed in 2011/12. Debt financing costs are forecast to be £250k underspent due to the rephasing of planned capital spend. Investment income remains forecast to be in line with the budget.

B) CAPITAL

General Fund Capital Programme

Programme Monitoring

34. Table 6 sets out the latest forecast outturn on current General Fund capital projects. Forecasts for future years include live capital projects and programmes of works as included in the draft programmes for 2012/13 to 2014/15 reported to Cabinet and Council in February 2011. Financial implications included within this report do not take into account further programme development yet to be approved by members, which is addressed through the Revenue and Capital budget setting report being presented to this Cabinet.

Table 6:

General Fund Capital Programme	2011/12	2012/13	2013/14	2014/15	Total (Month 9)	Total (Month 8)
Original Budget	78,907	34,364	29,420	28,305	170,996	170,996
Revised Budget	51,477	72,696	29,419	24,744	178,336	183,996
Forecast Outturn	48,241	75,181	28,662	23,744	175,828	182,246
Council Resourced Variance – see table 7	(2,760)	1,993	(757)	(1,000)	(2,524)	(1,766)
External Grants Variance	(93)	93	-	-	-	-
Other Resources Variance	(383)	399	-	-	16	16
Programme Variance	(3,236)	2,485	(757)	(1,000)	(2,508)	(1,750)

35. Year to date General Fund Capital Expenditure has reached £24,642k (Month 8 £20,052k), representing 51.1% of forecast outturn. Prior years experience would indicate that the forecast outturn of £48,241k in the current year is substantially achievable; however, there remain a number of areas where reported outturns appear optimistic.

36. Approximately £10,000k of forecast quarter 4 expenditure relates to major construction projects, including the Primary School Capital Programme and works to bring Hayes End and South Ruislip Libraries to completion in quarter 1 of 2012/13.

37. Headline variances within the Council Resourced programme have reduced from £2,234k to £1,476k as detailed in Table 7 below:

Table 7:

Council Resourced Variance	2011/12	2012/13	2013/14	2014/15	Total (Mth 9)	Total (Mth 7)
Pressures:						
Primary School Expansions - Phase 1	-	1,035	243	-	1,278	1,278
Primary School Expansions - Rosedale Temporary	-	7	-	-	7	7
Botwell Green Lesiure Centre	800	-	-	-	800	1,187
Farm Barns	18	-	-	-	18	18
Hayes End Library	-	110	-	-	110	110
Highgrove Pool Phase II	-	500	-	-	500	500
Hillingdon Sports & Leisure Centre	43	-	-	-	43	274
Libraries Refurbishment	48	-	-	-	48	48
South Ruislip Development	-	40	-	-	40	40
Total Council Resourced Pressures:	909	1,692	243	-	2,844	3,462
Underspends:						
Primary School Expansions - Phase 1A Temporary	(273)	-	-	-	(273)	(273)
Primary School Expansions - Phase 2	(300)	-	-	-	(300)	(300)
ICT Single Development Plan	(378)	-	-	-	(378)	(378)
Laurel Lane (Longmead) Primary School Expansion	(247)	-	-	-	(247)	(247)
Manor Farm Stables Development	(30)	-	-	-	(30)	(30)
Road Safety Programme	(140)	-	-	-	(140)	-
Total Council Resourced Underspends:	(1,368)	-	-	-	(1,368)	(1,228)
Projected Rephasing:	(1,301)	1,301	-	-	-	-
Main Programme Variance:	(1,760)	2,993	243	-	1,476	2,234
General Contingency:	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)	(4,000)
Council Resourced Variance:	(2,760)	1,993	(757)	(1,000)	(2,524)	(1,766)

38. The forecast pressure on the completed Botwell Green Leisure Centre has been reduced from £1,187k to £800k reflecting the results of continuing negotiations with the main contractor. Agreement on a final sum is expected to be reached before 31 March 2012 with payments being settled in April 2012.
39. Final outturn on the Hillingdon Sports & Leisure Centre project is now expected to be £32,137k, reducing the previously forecast pressure of £274k to £43k. This revised outturn is based on a Memorandum of Understanding with the contractor and settlement is expected following completion of snagging works on site and includes an additional £20k of related consultancy costs.
40. An underspend of £140k is reported on the 2011/12 Road Safety Programme as a result of re-prioritisation of such works within the TfL funded programme.
41. There remains sufficient uncommitted 2011/12 General Contingency to support in year pressures of £909k reported at month 9. Pressures forecast for 2012/13 and 2013/14 have been factored into the MTFF process and reflected in future programmes presented elsewhere on this Cabinet agenda.

Capital Financing

Table 8:

Capital Receipts	2011/12	2012/13	2013/14	2014/15 – 15/16	Total (Month 9)	Total (Month 8)
Budget approved February 2011	21,319	21,646	10,851	388	54,204	54,204
Revised Budget	10,304	16,931	15,689	5,729	48,653	54,204
Forecast Disposals	11,308	13,519	12,675	6,504	44,006	47,962
Variance	(1,004)	3,412	3,014	(775)	4,647	6,242

42. Forecast capital receipts for 2011/12 have been increased to £11,308k (Month 8 £6,547k) following receipt of offers on a number of sites. The forecast capital receipts have been increased and brought forward to reflect offers received during December and January.
43. This improved position is partially off-set by the assumption that residential units attached to 'self-financing' projects will be sold at a discount, reducing future capital receipts by approximately £1.1m.
44. Overall, there remains a shortfall in forecast capital receipts over this four year period due to sites previously scheduled for disposal being utilised for other purposes, including delivery of supported housing projects.
45. Table 9 summarises forecast prudential borrowing requirement and the future revenue impact of the current General Fund capital and disposals programmes.

Table 9:

Prudential Borrowing Forecast	2011/12	2012/13	2013/14	2014/15	Total (Month 9)	Total (Month 8)
Revised Budget	13,507	20,181	(7,361)	1,484	27,811	30,737
Council Resourced Variance	(2,760)	1,993	(757)	(1,000)	(2,524)	(3,833)
Capital Receipts Variance	(1,004)	3,412	3,014	(775)	4,647	6,242
Forecast Borrowing	9,743	25,586	(5,104)	(291)	29,934	33,146
Variance	(3,764)	5,405	2,257	(1,775)	2,123	2,409
Future Revenue Impact	(263)	378	158	(124)	149	169

Housing Revenue Account Capital Programme

46. Table 10 details the latest forecast outturn for the HRA capital programme, indicating an underspend of £554k (Month 8 £857k underspend), while forecast outturn for 2011/12 is expected to drop from £10,938k to £10,818k.

Table 10:

Housing Revenue Account Capital Programme	2011/12	2012/13	2013/14	2014/15	Total (Month 9)	Total (Month 8)
Original Budget	14,850	2,326	2,150	2,235	21,561	21,561
Revised Budget	13,489	3,733	2,150	2,235	21,607	21,607
Forecast Outturn	10,818	5,952	2,150	2,235	21,155	21,053
HRA Resourced Variance	(2,451)	1,999	-	-	(452)	(554)
External Grants Variance	(220)	220	-	-	-	-
Other Resources Variance	-	-	-	-	-	-
Programme Variance	(2,671)	2,219	-	-	(452)	(554)

47. Expenditure to date at Month 9 was £7,132k or 65.9% of forecast outturn (Month 8 £6,998k). Remaining expenditure relates to Triscott House and the on-going works to stock programme. However it is likely that an element of these works will slip into 2012/13.

48. Table 11 sets out the latest variances reported within the HRA Capital Programme, with information on movements set out below.

Table 11:

HRA Resources	2011/12	2012/13	2013/14	2014/15	Total (Month 9)	Total (Month 8)
Pressures:						
HRA Pipeline Sites Phase 1		100			100	100
Pipeline Sites Phase 2 – Sites in Progress		228			228	228
Total HRA Resourced Pressures:	-	328	-	-	328	328
Underspends:						
Extra Care Sites Phase 1 - Triscott House					-	(102)
Suspended Projects:						
Pipeline Sites Phase 2 - Denbigh Drive	(780)				(780)	(780)
Total HRA Resourced Underspends:	(882)	-	-	-	(882)	(882)
Projected Rephasing:	(1,569)	1,569	-	-	-	-
HRA Programme Variance:	(2,451)	1,897	-	-	(554)	(554)

49. The previously reported underspend on Triscott House has been removed in light of significant variations to the main contract, in particular around increased specification of works. Initial claims from the contractor suggest a potential pressure of £600k. However, this is subject to further review by project officers and is thought to represent the upper limit of any pressure.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

7. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

9. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

Social Care, Health and Housing Services

Revenue: £744k underspend (£1,963k favourable)

1. The month 9 revenue monitoring report for 2011/12 has been compiled following analysis of relevant activity trends and implementation of the MTF £11.4m savings programme. In summary there is a favourable movement of £1,963k from the month 8 position resulting in a forecast of £744k favourable as shown in the table below.
2. The improved position from last month is primarily due to finalisation of the 2009/10 and 2010/11 Housing Benefit claims of £150.6m and £155.4m respectively following completion of the external audits undertaken on behalf of the DWP. This releases the provision from the balance sheet and in addition because the financial accuracy of the claim was assessed by external audit to be in excess of 99½%, LBH is entitled to receive an additional £370k, resulting in a favourable movement of the HB forecast of £1,756k.

Services		2011/12 (As at Month 9)		% Var of budg et	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
		£'000	£'000		£'000	£'000	£'000
Children & Families Services	<i>Exp</i>	+31,676	+31,142	-2%	-534	-188	-347
	<i>Inc</i>	-3,709	-3,519	-5%	+190	-140	+330
	Total	+27,967	+27,623	-1%	-344	-328	-16
Asylum Services	<i>Exp</i>	+7,774	+7,707	-1%	-66	-4,324	+4,258
	<i>Inc</i>	-6,715	-6,649	-1%	+66	+4,325	-4,258
	Total	+1,058	+1,058	0%	+0	+0	-0
Older Peoples Services	<i>Exp</i>	+37,377	+39,766	6%	+2,389	+2,077	+312
	<i>Inc</i>	-8,463	-9,771	15%	-1,308	-903	-405
	Total	+28,914	+29,995	4%	+1,081	+1,174	-93
Physical & Sensory Disability Services	<i>Exp</i>	+8,983	+9,116	1%	+133	+90	+43
	<i>Inc</i>	-673	-871	29%	-198	-200	+2
	Total	+8,311	+8,245	-1%	-65	-110	+45
Learning Disability Services	<i>Exp</i>	+31,695	+32,168	1%	+473	+460	+14
	<i>Inc</i>	-5,494	-5,590	2%	-96	-177	+80
	Total	+26,201	+26,578	1%	+377	+283	+94
Mental Health Services	<i>Exp</i>	+7,362	+7,249	-2%	-113	+60	-173
	<i>Inc</i>	-336	-396	18%	-60	-60	0
	Total	+7,025	+6,852	-2%	-173	+0	-173
Housing Benefits	<i>Exp</i>	+161,640	+162,998	1%	+1,358	+4,007	-2,649
	<i>Inc</i>	-158,115	-161,104	1%	-2,989	-3,881	+892
	Total	+3,525	+1,894	-36%	-1,631	+125	-1,756
Housing Needs Services	<i>Exp</i>	+12,741	+15,311	20%	+2,570	+2,775	-204
	<i>Inc</i>	-10,021	-12,591	26%	-2,570	-2,775	+205
	Total	+2,720	+2,720	0%	0	0	0
SCH&H Other Services	<i>Exp</i>	+16,976	+16,737	-1%	-239	+56	-295
	<i>Inc</i>	+12,016	+12,266	2%	+250	+18	+232
	Total	+28,992	+29,004	0%	+11	+74	-63
Total Expenditure		+316,223	+322,194	2%	+5,971	+5,011	+960
Total Income		-181,509	-188,224	3%	-6,715	-3,792	-2,073
SCH&H Total		+134,714	+134,820	0%	-744	+1,219	-1,963

3. The forecast assumes the full use of contingency available to the department as shown in the table immediately below and that the pressure on Asylum services continues to be funded from the council's general contingency.

Division of Service	Gross Pressure Month 9	Contingency	Net Pressure
Social Care Pressures (Adults)	+4,089	+4,089	0
Social Care Pressures (Children's)	+500	+500	0
Increase in Transitional Children due to Demographic Changes	+1,254	+1,254	0
Asylum Funding Shortfall	+1,799	+880	+919
SCH&H	+7,642	+6,723	+919

MTFF Savings

4. The group is delivering a savings programme totalling £11.4m and to date has banked £10,340k (91%). At the present time slippage of £252k has been identified in Adult Social Care (excluding Mental Health) and is included in the forecasts set out below. The remainder of the programme is on target to deliver the balance representing major changes in service delivery for the group.

Children Services: £344 favourable (£16k favourable)

5. There have been a number of small movements across this £28m budget since M8 forecast.

Asylum: £919k adverse (no change)

6. There have been no change to this forecast since last month.

Older People Services: £1,081k adverse (£93k favourable)

7. The £93k favourable movement primarily relates to a net decrease in the number of placements being funded for residential/nursing care since M8.

Physical Disabilities: £65k favourable (£45k adverse)

8. There have been a number of small adverse movements across this £9m budget since the M8 forecast.

Learning Disability: £377k adverse (£94k adverse)

9. The £94k adverse movement primarily relates to delays in the opening of Cottesmore House and resolution relating to Court of Protection resulting in savings being achieved later in the year than previously forecast.

Mental Health: £173k favourable (£173k favourable)

10. This favourable movement is as a result of the conclusion of the phase 2 negotiations with CNWL in respect of determining financial responsibility for a number of clients. These confirmed outcomes result in a reduction of £173k in this forecast.

Housing Benefit: £1,631k favourable (£1,756k favourable)

11. This favourable movement is as a direct result of the DWP concluding the HB claims for 2009/10 and 2010/11. The outcome of these claims which total £306m is that the DWP have confirmed that they are satisfied with the claim and will not be initiating any clawback which in a previous year has totalled £1.6m.
12. This excellent outcome was advised to LBH in late December but required detailed analysis before the value of this favourable position could be confirmed. This analysis has now been completed and results in a favourable movement of £1,756k.

Housing Needs: potential pressure

13. There is a potential pressure relating to the economic downturn which has affected the rental market. Private rentals have risen higher as a result of more people renting rather than buying and with 85% of our Temporary Accommodation provision using private sector leased properties (PSL) this is causing a pressure. The pressure results from the Landlords of the majority of those leases that have/are due to expire who will only renew at the higher LHA (local Housing Allowance) levels.
14. This pressure was first identified in the summer and management action was undertaken in the expectation of being able to mitigate the impact. The management action, which has minimised voids, achieved a lower prevention unit cost and with various one-off savings, has achieved £473k to date but it is not certain that the full pressure can be absorbed. Further work is currently being undertaken to assess the likely year end position.

SCH&H Other Services: £63k adverse (£11k adverse)

15. There has been no material movement in the forecast since last month.

Housing HRA

16. The HRA has a gross budget of £59.3m and is forecasting a £2,140k favourable position at month 9, an improvement of £871k from the month 8 position.

Services		2011/12 Budget (as at Month 9) £000	2011/12 Forecast (as at Month 9) £000	% Var of budget	Variance (As at Month 9) £'000	Variance (As at Month 8) £000	Change from Month 8 £000
General and Special Services	Exp	+16,317	+15,886	-3%	-431	-294	-137
Repairs Services	Exp	+22,415	+21,741	-3%	-674	-282	-392
Subsidy Payment to Government	Exp	+15,492	+15,472	0%	-20	-20	0
Capital Funded from Revenue (RCCO)	Exp	+2,384	+2,264	-5%	-120	0	-120
Other Expenditure	Exp	+3,178	+3,203	1%	+25	+25	0
Income	Inc	-57,303	-58,223	2%	-920	-698	-222
In Year (Surplus) / Deficit	Total	+2,483	+343	-86%	-2,140	-1,269	-871

17. The reasons for this is favourable variance of £871k relate to the Repairs Service (£392k) due to various small underspends within the context of an overall budget of £22.4m; an improvement in income forecast (£222k) largely due to a detailed review of charges for leaseholders for works to stock; General and Special Services (£137k) is primarily staffing savings; and for Capital Funded from Revenue (£120k) this is due to a favourable variance from slippage within the Capital programme.

Planning Environment Education and Community Services

Revenue: £1,838k underspend (£1,454k improvement)

- The Group has a projected outturn position of £1,838k underspend, excluding all pressure areas that have identified contingency provisions.

Services		2011/12 (As at Month 9)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000
Corporate Property & Construction	<i>Exp</i>	3,335	3,518	5%	+183	+183	0
	<i>Inc</i>	-3,052	-3,052	0%	0	0	0
	Total	283	466	65%	+183	+183	0
Education	<i>Exp</i>	290,316	289,021	0%	-1,295	-590	-705
	<i>Inc</i>	-252,164	-252,956	0%	-792	-531	-261
	Total	38,151	36,064	-5%	-2,087	-1,121	-966
ICT Highways & Business Services	<i>Exp</i>	33,202	33,365	0%	+163	+163	0
	<i>Inc</i>	-16,419	-16,046	-2%	+373	+373	0
	Total	16,783	17,319	3%	+536	+536	0
Planning, Consumer Protection, Sport & Green Spaces	<i>Exp</i>	10,415	10,239	-2%	-176	-116	-60
	<i>Inc</i>	-4,111	-3,849	-6%	+262	+264	-2
	Total	6,304	6,390	1%	+86	+148	-62
Public Safety & Environment	<i>Exp</i>	44,339	43,591	-2%	-748	-512	-236
	<i>Inc</i>	-14,898	-14,556	-2%	+342	+482	-140
	Total	29,441	29,035	-2%	-406	-30	-376
Transportation Planning Policy & Community Engagement	<i>Exp</i>	4,156	4,081	-2%	-75	-100	25
	<i>Inc</i>	-2,961	-2,961	0%	0	0	0
	Total	1,196	1,120	-8%	-75	-100	25
Total Expenditure		385,763	383,815	-1%	-1,948	-972	-976
Total Income		-293,605	-293,420	0%	+185	+588	-403
PEECS Total		92,158	90,395	-2%	-1,763	-384	-1,379

Corporate Property & Construction: £183k overspend (no change)

- Property Disposal and empty buildings are forecasting a pressure of £35k which relates to the cost of maintaining vacant assets within the Estate. In addition, there is a pressure of £50k arising from unbudgeted consultancy costs being incurred to investigate a compensation claim for contaminated land at New Year's Green Lane.
- There is a £98k pressure which relates to the underachievement on the 2011/12 MTF savings target relating to the corporate landlord staffing review.

Education: £2,087k underspend (£966k improvement)

Schools: variance not applicable

- The Schools Budget is ring fenced and funded from the DSG. Schools' 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 work with

the Schools Finance Team and supply recovery plans identifying how they intend to eliminate their deficit. It should be noted that the DSG budgets are completely separate to the General Fund and no interaction between these two funds is allowable.

4. Any underspend or overspend of the Schools Budget in 2011/12 would be carried forward as the schools own balances into 2012/13 and would have no effect on the General Fund.
5. The retained DSG element follows the similar procedure but is carried forward as a whole for the Schools Forum then to decide how to allocate it in 2012/13.

Youth & Connexions: £210k overspend (no change)

6. The Connexions service has a pressure of £687k against the MTFE savings target. A reduced contract price has been agreed that has produced a saving for the current year, and continues to deliver the Connexions service. The youth service is reporting an underspend of £477k, due to the service having a significant number of staff vacancies, as the service is undergoing a major BID review. These are being held vacant where it does not affect service delivery, and will assist with delivering the 2012/13 full year saving target, as well as providing a one-off in year saving.

Childcare, Early Years and Children's Centres: £1,028k underspend (£815k improvement)

7. Part of this service area was previously funded by the ringfenced Sure Start Grant - these budgets have now been incorporated into the base budget. Children's Centres budgets have been reviewed and a saving of £213k is included in the position and is part of the 2012/13 MTFE savings proposals.
8. Following a further review of the forecast expenditure within this service area, underspends have been identified consisting of £225k in the Children's Centre budget, which was earmarked for the completion of the Phase III Centres, which is no longer required as it can be met from one-off surplus funds that have been recouped; an one-off underspend of £267k in the Phase III Children's Centres that are still not fully operational, but were allocated a full year budget; and underspends of £140k on training providers, £120k on SEN / Inclusion and Disabled Access, and on central administration of £63k. All of these budgets will be subject to a zero based budget review and have targeted reductions included in the 2012/13 MTFE proposals.
9. The other part of this service area continues to be DSG funded and includes Hillingdon's three Early Years Centres and 3 & 4 Year Old Nursery grants. The Hillingdon's Early Years Centres are either confirmed Children's Centres or building up to Children's Centre status.

School Improvement Service: £500k underspend (no change)

10. A review of the service's budget and expenditure including a review of grant income has identified an underspend of £500k, which relates to the application of grant income to eligible expenditure up to August 2011 - this has released base budget to achieve a one-off saving for the current year.

Education Central Budget: £112k underspend (no change)

11. This area consists of the Education Central Support Cost budget, certain centrally managed items and corporate charges such as debt interest which will be charged at the year-end in line with the budget.

12. There is an underspend on the Barnhill PFI project revenue budget - the original General Fund allocation was to cover a range of associated costs amongst which included the FM contract and legal costs. The revised calculation of PFI credits produces a saving of £310k.

13. The remainder of the forecast for these items includes £148k representing the MTFF saving on extended schools support that can not be achieved, plus a £50k shortfall on the MTFF saving for the education business support review that is offset by brought forward savings on the group-wide review of support functions reported within Public Safety and Environment below.

Access & Inclusion: £488k underspend (no change)

14. The service is forecasting an underspend of £488k, comprising of a £308k underspend in the Educational Psychology service, an underspend of £102k in the Pupil Support Service and an underspend of £78k in the Parent Support Service, where there are a number of vacant posts. The Educational Psychology position reflects the bringing forward of savings targeted for 2012/13 in order to cover the shortfall on Connexions savings identified above.

Organisation & Resources: £169k underspend (£151k improvement)

15. This service is reporting an underspend of £18k on staffing budgets due to the impact of staff on maternity leave. In addition, there is an underspend on ICT support costs of £115k, and a surplus on rental income from Hillingdon Manor independent school of £36k.

ICT Highways & Business Services: £536k overspend (no change)

Imported Food: £50k overspend (no change)

16. This is a service area where significant income targets were set as part of the MTFF savings programme, reflecting the new levies for catch certificates and perishable food certificates and inspections. Although there is limited historic data to base an analysis on, current indications of the projected outturn for these new income streams are that they will exceed their targets by up to £150k, allowing for expected seasonal variations. However, the targets for the existing business of the service continue to be under pressure as a result of the depressed economic conditions, which is estimated to be at least £200k based on current projections.

SEN Transport: £151k pressure (no change)

17. This is an area that has seen significant pressure in the last financial year and as a result growth monies were allocated to support the service for 2011/12. The service is currently reporting a pressure of £151k - there has been an increase of 13 routes compared to 2010/11, with the prospect of further routes being required due to the high level of in-year admissions and placements being made at this time. The service is endeavouring to minimise the cost impact by consolidating routes wherever possible.

Facilities Management: £335k overspend (no change)

18. There is a forecast pressure of £270k across facilities management, maintenance and Borough Wide Maintenance budgets. The larger proportion of this is due to a pressure against the income target to sell services to the schools and other externally funded services, where schools have opted out and have purchased FM services directly. There are also pressures on maintenance budgets for day to day repairs.

19. The Middlesex Suite is forecasting a pressure of £65k. The pressure has been due to a general slow down in demand set against a challenging income target. The marketing of this

service has been reviewed and updated, however the impact of this is yet to be reflected in additional hires.

Planning, Consumer Protection, Sport & Green Spaces: £86k overspend (£62k improvement)

Sport & Green Spaces : £174k overspend (£60k improvement)

20. In December 2011 the Council took over the operation of three golf courses, where these have been re-possessed from the previous golf operator that had incurred significant rent arrears. £50k has been released from contingency to establish effective management of the courses, however there are pressures resulting from rent foregone due to the re-possession, consisting of two quarters rent income (£140k), plus the Council's share of turnover income for 2010/11 that is unlikely to be recovered (£110k). In addition, the turnover income target for 2011/12 of £100k has effectively transferred to the in-house operation. The costs and income from this for the remainder of the year are currently being assessed, however, at this stage after the application of contingency funding it is unlikely that any surplus will be delivered. Hence an indicative estimate of the total current pressure this financial year is £350k.

21. There are compensating savings elsewhere in the division arising from bringing litter collection in parks in-house (£30k), from one-off reduced maintenance commitments this financial year (£120k), and a retrospective business rate refund on Hayes Pool (£26k).

Planning: £88k underspend (£2k improvement)

22. There is an in-year surplus of £130k against the income target for Section 106 administration fees due to the conclusion of two large agreements.

23. Pre-application advice income from developers shows a pressure of £42k, an improvement of £2k compared to Month 8, despite continuing uncertainty in the housing market.

Public Safety & Environment: £456k underspend (£426k improvement)

Waste Services: £575k underspend (£370k improvement)

24. Waste Disposal is forecasting a £380k underspend based on confirmation of the third quarter charges attributable to the variable tonnage element of the levy, an improvement of £230k compared to the previous quarter.

25. Overall the rest of the waste services are reporting a £195k underspend, after pressures in kerbside recycling are assumed to be met from the contingency drawing of £50k. The Trade Waste service has increased its fees and has an associated MTFF savings target. The service has maintained its customer base and the target will be over-achieved, and this has been reflected in the 2012/13 budget proposals. It is also likely that there will be an underspend on graffiti removal and street cleansing based on current trends in expenditure for these services.

Harlington Road Depot: £163k pressure (no change)

26. The forecast outturn for Harlington Road Depot is a pressure of £163k. The pressure chiefly relates to a reduction in the intensity of usage. This is due to the movement of some Council services to the Civic Centre, together with the loss of Hillingdon Homes contributions for space occupation at the depot and use of the Stores facility.

Parking: £150k overspend (no change)

27. There is a projected shortfall of around £150k on off-street parking, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, partly reflecting pressures reported last financial year, and a further reduction in consumer confidence among shoppers in view of the worsening economic outlook.

28. There is also a pressure of £50k for on-street parking income reflecting a similar trend in PCN income to last year. There are compensating savings of £50k on the expenditure side, and as a result it is anticipated that the PRA will break even.

Community Safety: £168k underspend (£56k improvement)

29. There is an underspend of £112k due to a realignment of the funding for police officers from the Housing Revenue Account to reflect activity levels, which has been reflected in the draft budget proposals for 2012/13. In addition, there is an underspend of £56k across the staffing budget for the service, due to staff on maternity leave and other posts being held vacant.

Libraries: £64k overspend (no change)

30. There is an underlying pressure across the income streams, currently forecast at £64k which can not be contained within the overall Library budget. This relates to reduced fine income due to the implementation of on-line renewals, as well as the ongoing trend reduction in demand for audio-visual material.

Consumer Protection: £40k underspend (no change)

31. There is an underspend of £40k on salaries budgets across the service due to posts being held vacant in anticipation of BID savings for 2012/13 onwards.

Directorate Support: £50k underspend (no change)

32. The BID reviews of business support and technical administration have been undertaken on a group-wide basis, and have now been implemented producing an additional saving of £50k this financial year, representing the bringing forward of part of the saving already identified for the 2012/13 financial year.

Transportation Planning Policy and Community Engagement: £100k underspend (no change)

33. The service is reporting a £60k favourable position due to the savings resulting from a restructure in the Road Safety service, which is included in the MTFE savings for 2012/13 reported to December Cabinet. In addition, there is a one-off underspend of £40k as a result of vacant posts across the rest of the service.

Central Services

Revenue: **£451k favourable (£146k Improvement)**

Services		2011/12 (As at Month 9)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
		£'000	£'000		£'000	£'000	£'000
Chief Executive/Deputy Chief Executive	<i>Exp</i>	646	645	0%	-1	-1	0
	<i>Inc</i>	0	0		0	0	0
	<i>Rechgs</i>	-8	-8	0%	0	0	0
	Total	638	637		-1	-1	0
Audit & Enforcement	<i>Exp</i>	1,441	1,389	-4%	-52	-36	-16
	<i>Inc</i>	0	-9		-9	-4	-5
	<i>Rechgs</i>	-898	-898	0%	0	0	0
	Total	543	482		-61	-40	-21
Corporate Communications	<i>Exp</i>	919	817	-11%	-102	-102	0
	<i>Inc</i>	-27	-26	-4%	1	1	0
	<i>Rechgs</i>	-862	-829	-4%	33	33	0
	Total	30	-38		-68	-68	0
Democratic Services	<i>Exp</i>	3,258	3,323	2%	65	34	31
	<i>Inc</i>	-453	-489	8%	-36	-36	0
	<i>Rechgs</i>	412	412	0%	0	0	0
	Total	3,217	3,246		29	-2	31
Finance & Procurement Services	<i>Exp</i>	10,753	10,818	1%	65	95	-30
	<i>Inc</i>	-522	-558	7%	-36	-6	-30
	<i>Rechgs</i>	-6,107	-6,107	0%	0	0	0
	Total	4,124	4,153		29	89	-60
Human Resources	<i>Exp</i>	4,802	4,774	-1%	-28	-38	10
	<i>Inc</i>	-1,126	-1,139	1%	-13	-13	0
	<i>Rechgs</i>	-3,702	-3,702	0%	0	0	0
	Total	-26	-67		-51	-51	10
Legal Services	<i>Exp</i>	1,934	1,968	2%	34	31	3
	<i>Inc</i>	-152	-129	-15%	23	23	0
	<i>Rechgs</i>	-1,819	-1,819	0%	0	0	0
	Total	-37	20		57	54	3
Policy & Performance	<i>Exp</i>	5,193	4,827	-7%	-366	-258	-108
	<i>Inc</i>	-533	-562	5%	-29	-28	-1
	<i>Rechgs</i>	-734	-734	0%	0	0	0
	Total	3,926	3,531	0	-19	-286	-109
Total Expenditure		28,946	28,561	1%	-385	-275	-110
Total Income		-2,813	-2,912	4%	-99	-63	-36
Total Recharges		-13,718	-13,685	0%	33	33	0
CS Total		12,415	11,964	-2%	-451	-305	-146

Audit and Enforcement: £61k favourable (Improvement £21k)

1. This underspend relates primarily to vacant posts within the teams, the recruitment to which is intended for later in the year and will bring the team to full establishment to ensure that

controls are maintained during this period of restructuring. Also, additional income has been received this month for Proceeds of Crime monies.

Finance and Procurement: £29k pressure (Improvement £60k)

2. The pressure in finance relates to one-off redundancy costs arising from the BID restructure of the service. Posts being held vacant and a review of non salaries spend has brought down the expected pressure on the service.

Corporate Communications: £68k favourable (No change)

3. The underspend arise from staff vacancies continuing to be held open following the restructure and a review of the funding strategy of Hillingdon People.

Democratic Services: £29k favourable (Adverse movement £31k)

4. Overspends within salaries due to the inability to achieve the MVF as a result of a full establishment, have been reduced by an increase in the expected over-recovery of income and various non salary underspends. An additional transfer has been made this year to the Elections earmarked reserve in order to ensure that sufficient funding is in place to cover the costs of the next election which has caused an adverse movement this month.

Policy, Performance and Partnerships: £395k favourable (Improvement £109k)

5. The restructure of the Policy and Performance Team is now complete and set to deliver significant savings. There are also substantial staffing savings within the Partnerships team. These savings will be taken as part of the MTF 2012/13, but provide an in-year underspend in 2011/12, which has increased this month through further implementation of the 12/13 savings proposals. Additionally, work has been undertaken to review all non salaries expenditure within the service has resulted in a significant improvement in the monitoring position.

Human Resources: £41k favourable (Adverse movement £10k)

6. There are some pressures remaining within salaries due to the MVF, which are mitigated wherever possible by holding open vacant posts. The adverse movement this month relates to revising estimates to account for expected redundancy costs in the service.

Legal Services: £57k pressure (Adverse movement £3k)

7. Salary overspends due to MVF and cover required for maternity leave along with a shortfall in the income target for charges to capital schemes make up this overspend which has reduced marginally this month. Reviews of business processes are continuing within Legal, focusing on court cost recovery and business processes within the support team with the aim of delivering savings going forward.

APPENDIX B – Treasury Management Report as at 31 December 2011

Outstanding Deposits - Average Rate of Return on Deposits: 0.90%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	77.3	64.04	60.00
1-2 Months	26.9	22.29	0.00
2-3 Months	4.0	3.31	40.00
3-6 Months	0.0	0.0	0.00
6-9 Months	2.0	1.66	0.00
Subtotal	110.2	91.30	100.00
Unpaid Maturities	10.5	8.70	0.00
Total	120.7	100.00	100.00

1. As a result of this month's downgrade of Barclays Bank by Fitch from AA- to A, the total deposits which fall below the Council's minimum credit criteria is £28.7m. Of the remainder, £81.5m is held with UK institutions, which hold a minimum A+ (Fitch or equivalent) long-term credit rating. The remaining £10.5m are unpaid Icelandic investments.
2. Current deposits are held with: BlackRock MMF, Deutsche MMF, Fidelity MMF, Goldman Sachs MMF, HSBC MMF, Ignis MMF, PSDF MMF, Barclays Bank, HSBC Bank plc, Lloyds TSB Banking Group, Nationwide BS, Lancashire County Council, Birmingham City Council, Telford & Wrekin Council and the DMADF.
3. During December fixed-term deposits continued to mature in line with cash flow requirements and surplus funds were either placed in instant access accounts or short fixed term deposits of up to two months in order to meet near term cash flow requirements and remain within counterparty limits.

Outstanding Debt - Average Interest Rate on Debt: 3.60%

	Actual £m	Actual %
PWLB	117.96	71.08
Long-Term Market	48.00	28.92
Total	165.96	100.00

4. The fourth instalment of £750k was repaid on a PWLB Fixed EIP Loan There were no early debt repayments or rescheduling activities during December.
5. **Prudential Indicators** - There were no breaches of the prudential indicators during December.
6. To maintain liquidity for day-to day business operations, short-term balances will be placed in money market funds as these are yielding a higher rate of interest than those offered on fixed term deposits of up to three months. However, if necessary short-term fixed deposits will be placed to ensure counterparty limits are not breached. Due to the stress within financial markets new deposits with HSBC will continue to have maximum maturity period of 3 months.
7. During December outstanding PWLB loans carried premiums and therefore made rescheduling of debit unfeasible. Early redemption opportunities will continue to be monitored; however it is unlikely the market will move to an extent which will make it viable.

APPENDIX C

Retaining of agency staff for Social Care, Health, and Housing Services

The following agency staff are required to be retained within Social Care and Housing to maintain essential services whilst recruitment is in process or to deliver key improvement projects. Posts 1 to 3 have been submitted to Cabinet previously but require further extensions due to recruitment difficulties (post 1), project implementation (post 2), and vacancy held pending restructuring (post 3).

Ref	Post Title	Start Date	Proposed End Date	2010/11 Spend £000	2011/12 Est spend £000	2012/13 Est spend £000	Total Cumulative Spend £000
1	Electrical and Mechanical Electrical Services Officer	04-Oct-10	04-May-12	22	40	10	72
2	TeleCareLine Project Manager	15-Mar-11	01-Jun-12	0	65	27	92
3	Asylum Support Worker	01-Apr-10	23-Jun-12	62	27	12	101
4	Youth Offending Service Operational Manager	14-Nov-11	01-Oct-12	0	29	38	67

Retaining of agency staff for Planning, Environment, Education and Community Services

The Delivery Officer is required to be retained within the Corporate Construction Team to provide co-ordinated project management across the corporate construction programme of works including leading on the supported housing programme. The contract started on the 17 March 2011, and then extended to 4 February 2012. It is now being extended by twelve weeks to 27 April 2012.

The Quantity Surveyor is providing co-ordinated cost management reports across all the projects including Primary Schools Programme. The contract started on 4 April 2011, and then extended to 4 February 2012. It is now being extended by twelve weeks to 27 April 2012.

The first Architect is working solely on the Primary Schools Programme. The assignment commenced at the end of May 2011 and has already been extend for two further 13 week periods. It is now being extended for a further 26 weeks meaning the assignment will continue until at least the middle of August 2012.

The second Architect is assisting the Asset Sales team to ensure sites identified for disposal are brought to the market in a timely manner. The assignment commenced on 15 June 2011 and has already been extended for two further 13 week periods. It is now being extended for a further 26 weeks meaning the assignment will continue until at least the middle of August 2012.

The Development Surveyor is enabling the Asset Sales team to ensure sites identified for disposal are brought to the market in a timely manner. The assignment commenced on 19 July 2011 and has already been extended for a further 13 week period. It is now being extended for a further 26 weeks meaning the assignment will continue until at least the middle of August.

Post Title	Start Date	Proposed end date	2010/11 Spend (£'000)	2011/12 Spend (£'000)	Current Request (£'000)	Total Spend (£'000)	Comment
Delivery Officer	17/03/11	27/04/12	2	62	18	82	Previously costing £74k
Quantity Surveyor	04/04/11	27/04/12	0	45	14	59	Previously costing £45k
Architect	23/05/11	15/08/12	0	36	27	63	
Architect	15/06/11	17/08/12	0	36	30	66	
Development Surveyor	19/07/11	24/08/12	0	29	31	60	

Retaining of agency staff for Central Services

The following Legal agency worker is required to be retained within Central Services. This post is supporting essential property related legal work.

Ref	Post Title	Start Date	Proposed End Date	2010/11 Spend £000	2011/12 Est spend £000	2012/13 Est spend £000	Total Cumulative Spend £000
1	Senior Lawyer HRA	Sept-09	Mar-13	50	47	53	150