

COUNCIL BUDGET - MONTH 10 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 10 (January). The in-year revenue position is forecast as an underspend of £6,467k. Total capital expenditure for 2011-15 is forecast to be £4,037k lower than the revised budget, including £4,000k of unallocated contingency, with a forecast underspend in 2011/12 of £6,773k, arising from 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 10;
2. Note the treasury Month 10 update at Appendix B;
3. Approve the retaining of agency staff as detailed in Appendix C
4. Approve capital release of £100k from Property Works Programme to complete reinstatement works at Colne Valley Caravan Site
5. Approve allocation of £40k from Capital General Contingency to fund remedial fire safety works at Merrifields Children's Respite Home
6. Approve allocation of £288k from Capital General Contingency to fund rectification works at Hayes Civic Hall Car Park
7. Notes the variation of £155,984.21 on the main contract with Breyer Group Plc for the construction of Triscott House
8. Agree to the appointment of a consultant to undertake a review of Property and Major Construction Projects.

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 authority to proceed with reinstatement works at Colne Valley Caravan Site. The policy excess on the incident that led to the requirement for these works is £100k. The estimated cost of these works is likely to be between £95k and £100k and as a result will need to be funded from the Council's capital resources. Resources exist within the Property Works Programme budget to support this project.
3. Recommendation 5 seeks Cabinet approval to allocate £40k from capital contingency to fund remedial fire safety works at Merrifields Children's Respite Home. This will enable this site to be brought back into use by service users and avoiding additional costs within Social Care revenue budgets. Further detail is contained in paragraphs 51 and 52 of this report.
4. Recommendation 6 seeks Cabinet approval to allocate £288k from capital contingency to fund rectification works at Hayes Civic Hall Car Park, which are required for the Council to fulfil its responsibilities under its long-term lease of this car park.
5. Recommendation 7 follows the submission of a valid payment notice to the Council, which was paid on the 16th March 2012. Non payment by the Council would have caused a delay to the delivery of the Triscott House project and it being brought into operational use. The current forecast pressure on this project of £595k is inclusive of this variation and further variations, the details of which will be reported to Cabinet for approval once negotiations with the contractor are finalised.
6. Recommendation 8 seeks Cabinet approval for the appointment of a consultant in Property & Major Construction Projects. Even though the value of the proposed contract (£10k) constitutes a Cabinet Member approval, due to the need to get this consultant in place swiftly, Cabinet are being asked to approve. Further details of the proposal are contained in paragraphs 17 to 19.

Alternative options considered

7. There are no other options proposed for consideration.

SUMMARY

A) Revenue

8. The in year revenue monitoring position as at Month 10 (January) shows that forecast net expenditure for the year 2011/12 is £6,467k less than the budget, an improvement of £436k on month 9. There is a £4,201k forecast underspend on directorate budgets comprising an underspend of £1,358k (£614k favourable movement) in SCH&H, a £1,921k underspend (£158k favourable movement) in PEECS, and a £463k underspend (£12k favourable movement) in Central Services. In contingency there was an adverse movement of £14k due to an increase in the contingency required for the shortfall in development control income.
9. At the start of the current financial year Cabinet agreed to approve a new fund to enhance learning and achievement in Hillingdon and delegated authority to the Deputy Director of Education, in consultation with the Leader of the Council and Cabinet Member for Education and Children's Services, to authorise any projects that may benefit from this fund and any

necessary expenditure. The estimated outturn of the Education Initiatives Fund of £334k has now been incorporated into the projected balances position and has been treated as an exceptional item. The funding for this initiative was possible because during 2010/11 £528k was transferred into balances from the Building Schools for the 21st century project after the government aborted the scheme.

10. 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.
11. 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 £21,696k (a favourable movement of £436k on Month 9), as a result of the budgeted drawdown from balances (-£1,793k) and the forecast in-year underspend (£6,467k).
12. 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 10 only £249k has been spent from the HIP contingency and £365k 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 £23,882k.

B) Capital

13. Forecast outturn on the 2011/12 General Fund Capital Programme is £44,830k, a variance of £6,773k on a revised budget of £51,603k. The majority of this variance relates to the further rephasing of expenditure into 2012/13 and beyond following the realignment of budgets approved at Cabinet on 15 December 2011. In-month movement reported in month 10 are attributable to a number of underspends totalling in excess of £1,000k now declared on programmes of works and further rephasing into 2012/13.
14. Over the period 2011-15, an underspend of £37k is now reported on the General Fund Capital Programme (£1,476k pressure at Month 9) as a result of in-year outturn changes detailed in table 7 below.
15. General Fund Capital receipts for 2011/12 of £11,308k were forecast at Month 9 however this has been reduced to £6,669k to reflect the possibility that the sale of a number of the high value sites approved for disposal may not be completed by the end of March.
16. A net pressure of £250k is reported on the HRA capital programme (£452k underspend at Month 9), which includes a reported pressures of £595k on Triscott House and £107k on Learning Disability projects.

C) Appointment of consultant in Property and Major Construction Projects

17. The outcome of this proposed consultancy which will build on work already started on end to end processes in this service will be to:
 - Obtain a clear understanding of changes that need to be made to existing processes and procedures as well as information requirements for capital projects, development and disposals
 - An implementation plan for the delivery of changes, including timeframes and required resources
 - Identification of quick wins
 - A proposal for an agile and flexible structure for the successful delivery of development, disposals and major construction projects

18. As a consequence of the significant pressures on delivery and staffing and the importance of addressing the staffing issues and ensuring there are clear and robust processes and procedures in place as soon as possible, it is not considered reasonably practicable or prudent in meeting the Council's objective to obtain competitive tenders, for this initial scoping work. While written quotes have not been obtained, the agreed rate of £675 is the same rate as Red Quadrant's standard rate, for transformation programme support in a variety of areas.

19. The total cost for 15 days consultancy is £10,125 (£675 a day) and the cost will be met from the BID pump priming contingency.

A) REVENUE

20. 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 10)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at month 10)	Variance (As at month 9)	Change from month 9
£'000	£'000		£'000	£'000		£'000	£'000	£'000
239,453	-1,808	Directorates Budgets on normal activities	237,645	233,444	-2%	-4,201	-3,431	-770
-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	190,087	-3%	-6,451	-5,681	-770
		Exceptional items:						
		Transfer from earmarked balance	0	-350		-350	-350	0
		Education initiatives	0	334		+334	0	+334
0	0	Sub-Total	0	-16		-16	-350	+334
196,539	0	Total net expenditure	196,538	190,071	-3%	-6,467	-6,031	-436
-194,746	0	Budget Requirement	-194,746	-194,746		0	0	0
1,793	0	Net total	1,793	-4,674		-6,467	-6,031	-436
-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	-21,696		-6,467	-6,031	-436

Directorates' Forecast Expenditure Month 10

21. 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 10)	Directorate		2011/12 Forecast (as at month 10)	% Var of budget	Variances (+ adv/- fav)		
							Variance (As at month 10)	Variance (As at month 9)	Change from month 9
£'000	£'000	£'000			£'000		£'000	£'000	£'000
326,915	-10,221	316,694	SCHH	<i>Exp</i>	322,514	2%	+5,820	+5,971	-151
-199,190	2,229	-196,961		<i>Inc</i>	-204,139	4%	-7,178	-6,715	-463
127,724	-7,991	119,733		Total	118,375	-1%	-1,358	-744	-614
396,479	-10,877	385,603	PEECS	<i>Exp</i>	383,614	-1%	-1,989	-1,948	-41
-301,269	7,850	-293,419		<i>Inc</i>	-293,351	0%	+68	+185	-117
95,210	-3,027	92,183		Total	90,262	-2%	-1,921	-1,763	-158
9,511	10,996	20,507	CS	<i>Exp</i>	20,134	-2%	-373	-385	+12
-6,578	-1,786	-8,364		<i>Inc</i>	-8,454	1%	-90	-66	-24
2,933	9,210	12,143		Total	11,680	-4%	-463	-451	-12
11,786	0	11,786	Contingency		11,327	-4%	-459	-473	+14
1,800	0	1,800	Priority Growth		1,800	0%	0	0	0
239,453	-1,808	237,645	Sub-Total Normal Activities		233,444	-2%	-4,201	-3,431	-770

22. **Social Care, Health & Housing (SCH&H)** are projecting a favourable variance of £1,358k (£614k improvement). The improvement in the SCH&H position is primarily as a result of to an improvement in Older People's Services due to a reduction in numbers of people in long term placements, an improvement of £425k. Additionally there are improvements in Children's Services of £11k arising from an improved forecast on the P&V residential and fostering budget; partially offset by the estimate of the revenue impact of the closure of beds at Merrifield's of £60k. There is an improvement of £63k in Learning Disabilities due to a net decrease in the number of placements being funded for residential or nursing care; and in Housing Benefit where a downward trend in the rate of increase in private sector claimants has resulted in an improved forecast.

23. **Planning, Environment, Education & Community Services (PEECS)** are forecasting a favourable variance of £1,921k (£158k improvement) as at Month 10. The £158k favourable movement is predominately the result of a £181k improvement in Education, with Youth & Connections showing an improvement of £111k through staff vacancies from the early implementation of the BID review and a £70k improvement in Access & Inclusion where the costs of hospital tuition are now being met from the retained schools budget. This is partially offset by a pressure in Corporate Property and construction arising from one-off pressures relating to utility cost liabilities. In contingency, the pressure in development control income is continuing to increase as a result of a worsening forecast in major planning applications.

24. **Central Services (CS)** is forecasting a £463k favourable variance (£12k improvement) as at Month 10, 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

25. 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 £1,572k of original savings proposals that currently have serious delivery problems, this sum has been fully 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 Feb	Total Jan
Blue (banked)	2,613	10,143	10,540	954	24,250	23,845
Green (on-track)	0	542	0	300	842	1,110
Amber (some Slippage or risky Project at an Early stage)	26	348	252	0	626	762
Red (serious Delivery problems)	0	933	639	0	1,572	1,572
Redundancy costs		-712	-338		-1,050	-1,050
Total	2,639	11,252	11,093	1,254	26,238	26,238

26. The projected shortfall on those savings classed as red has remained the same at £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

27. An additional £405k of savings has now been classified as banked during February, giving a banked total of 92.4% of the total savings. Within SCH&H there is an increase in banked savings of £200k and in PEECS the increase in banked savings is £205k.

Development & Risk Contingency: £459k underspend (£14k adverse movement)

28. £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 10. The £14k adverse movement in contingency is due to the increase in the contingency required for the shortfall in development control income due to a reduction in the forecast number of minor applications and an adverse movement in the major application forecast compared to last month.

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	440	+90	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	11,327	-459	

29. 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 £459k. Details of these variances are discussed below.

30. There has been no movement in the Asylum funding pressure since Month 9. 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.

31. The forecast position for Development Control Income is a pressure of £440k, which is £90k greater than the sum held in contingency, a £14k adverse movement on Month 9. This is as a result of the shortfall in development control income through a reduction in the forecast number of minor applications and an adverse movement in the major application forecast compared to last month.

32. The £150k pressure on recycling has now been fully absorbed within the improved Waste budget monitoring position thus eliminating the potential call on contingency.

33. 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.

34. The fuel budget was increased by £108k for 2011/12 as part of the MTFF process. However prices have continued to rise in 2011/12 and current analysis shows that fuel budget is under pressure at the current bulk purchase price of £1.14 per litre. A range of projections have been modelled, the worse case scenario showing a pressure of £167k and best case scenario of £89k over the increased budget. A pressure of £100k is therefore considered to be the most likely pressure at this point. However this position will be kept under review as commentators are predicting that the recent sanctions on Iranian oil imports could adversely impact on fuel prices, which is now reflected in increased prices of crude oil on open markets.

35. Cabinet has also previously approved the draw down of £50k from contingency to support the interim in-house operation of three of the Council's golf courses and £10k to fund the cost of actions connected with the threat of riots in August and on preventing traveller incursions.

Priority Growth: Nil variance (no change)

36. £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		41		
Heritage projects		163		
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		
Eastcote House		15		
Balance of unallocated growth	1,000	365	0	635
Total	1,800	614	0	1,186

37. 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 to allocate £330k of priority growth to fund a new Ward budget scheme, £20k of priority growth to fund Gold Bursaries and £15k for Eastcote House. This leaves £635k of priority growth budget unallocated. The month 10 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)

38. Table 5 shows budget, forecast and variance reported on corporate budgets as at Month 10.

Table 5

2011/12 Original Budget	Budget Changes	2011/12 Current Budget (as at month 10)	Corporate Budgets	2011/12 Forecast Outturn (as at month 10)	Variances (+ adv/- fav)		
					Variance (As at month 10)	Variance (As at month 9)	Change from month 9
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-400	400	0	Unallocated savings	0	0	0	0
10,697	-584	10,113	Financing Costs	7,863	-2,250	-2,250	0
-3,322	0	-3,322	FRS 17 Pension Adjustment	-3,322	0	0	0
-35,169	2,462	-32,708	Asset Management A/c	-32,708	0	0	0
10,836	-384	10,453	Levy's & other corp budgets	10,453	0	0	0
-25,556	-87	-25,643	Corporate Govt Grants	-25,643	0	0	0
-42,915	1,808	-41,107	Corporate Budgets	-43,357	-2,250	-2,250	0

39. Financing costs show a forecast underspend of £2,250k at Month 10. 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 £2,250k 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

40. 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 are measured against 2011/12 budgets and do not take into account further programme development for 2012/13 onwards approved by Council on 23 February 2012. These will be incorporated in the new financial year.

Table 6:

General Fund Capital Programme	2011/12	2012/13	2013/14	2014/15	Total (Month 10)	Total (Month 9)
Original Budget	78,907	34,364	29,420	28,305	170,996	170,996
Revised Budget	51,603	73,416	29,649	24,744	179,412	178,336
Forecast Outturn	44,830	77,759	29,042	23,744	175,375	175,828
Council Resourced Variance – see table 7	(5,683)	3,253	(607)	(1,000)	(4,037)	(2,524)
External Grants Variance	(552)	552	-	-	-	-
Other Resources Variance	(538)	538	-	-	-	16
Programme Variance	(6,773)	4,343	(607)	(1,000)	(4,037)	(2,508)

41. In-year General Fund capital expenditure as at the end of January had reached £27,649k (Month 9 £24,642k), representing just 61.7% of current forecast outturn.

42. Forecast expenditure for the remainder of 2011/12 include major works continuing on-site at five Phase 1 Primary Schools, New Years Green Lane Civic Amenity Site, South Ruislip Development and Hayes End Library. In addition, final contract settlements on Ruislip High School and the two completed Leisure Centres are currently expected to result in substantial additional expenditure in the current financial year.

43. Primarily as a result of a number of underspends reported on current year programmes of works, the forecast variance against Council Resourced budgets is £37k lower than revised budget, an improvement on the previously reported pressure of £1,476k. Specific movements are detailed in Table 7 below.

Table 7:

Council Resourced Variance	2011/12	2012/13	2013/14	2014/15	Total (Mth 10)	Total (Mth 9)
Pressures:						
Primary School Expansions - Phase 1	-	1,035	243	-	1,278	1,278
Primary School Expansions - Rosedale Temporary	-	7	-	-	7	7
Botwell Green Leisure Centre	800	-	-	-	800	800
Farm Barns	18	-	-	-	18	18
Hayes End Library	-	110	-	-	110	110
Highgrove Pool Phase II	-	-	-	-	-	500
Hillingdon Sports & Leisure Centre	43	-	-	-	43	43
Libraries Refurbishment	48	-	-	-	48	48
South Ruislip Development	-	40	-	-	40	40
Total Council Resourced Pressures:	909	1,192	243	-	2,344	2,844
Underspends:						
Primary School Expansions - Minor Works	(60)	-	-	-	(60)	-
Primary School Expansions - Phase 1A Temporary	(273)	-	-	-	(273)	(273)
Primary School Expansions - Phase 2	(267)	-	-	-	(267)	(300)
Civic Centre Works Programme	(600)	-	-	-	(600)	-
ICT Single Development Plan	(378)	-	-	-	(378)	(378)
Laurel Lane (Longmead) Primary School Expansion	(247)	-	-	-	(247)	(247)
Manor Farm Stables Development	(30)	-	-	-	(30)	(30)
Property Works Programme	(250)	-	-	-	(250)	-
Road Safety Programme	(176)	-	-	-	(176)	(140)
Yiewsley Pool Self-financing Scheme	(100)	-	-	-	(100)	-
Total Council Resourced Underspends:	(2,381)	-	-	-	(2,381)	(1,368)
Projected Rephasing:	(3,211)	3,061	150	-	-	-
Council Resourced Projects:	(4,683)	4,253	393	-	(37)	1,476
General Contingency:	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)	(4,000)
Council Resourced Variance:	(5,683)	3,253	(607)	(1,000)	(4,037)	(2,524)

44. There have been two minor movements in Primary School Capital Programme forecasts, an underspend of £60k on the relocation of Hermitage Nursery is reported following appointment

of a contractor to undertake the works and a £33k increase in forecast outturn on Phase 2 feasibility following a review of commitments. This now results in a net pressure of £685k on live PSCP projects (£712k at Month 9).

45. There has been no movement in forecast pressures on Botwell and Hillingdon Sports & Leisure Centres since Month 9 and current forecasts are based on the assumption that final contract sums will be agreed by 31 March.
46. Following approval at February Cabinet to increase the budget available for works at Highgrove Pool, this project is now forecasting to spend to budget at a cost of £5,050k.
47. A combined variance of £850k underspend has been reported at Month 10 on Civic Centre and Property Works Programmes, representing 47% of the £1,800k budget approved by Council in February 2011. Further reductions in these outturn positions are likely with £45k energy efficiency projects released in September 2011 unlikely to proceed and the majority of £369k Compliance Works also released in September 2011 likely to be delayed into 2012/13.
48. Forecast outturn on the Yiewsley Pool Self-financing project has been reduced to £100k to only include costs associated with the demolition of the existing building.
49. Project rephasing of Council Resourced expenditure from 2011/12 has increased to £3,211k, £1,108k of which relates to prioritisation of DfE grant funding ahead of Council Resources which will defer the revenue impact of this expenditure into 2013/14 at the earliest.
50. To date there have been no allocations from contingency, with £1,000k remaining. However, two recommendations to allocate funds from contingency are included in this report.
51. An allocation of £40k from Capital General Contingency is requested in this report to fund remedial fire safety measures at Merrifields Respite Care Home required to comply with Building Regulations. These measures are likely to consist of structural adaptations, lift works and all associated professional fees as recommended by an independent fire engineer. It is expected that remedial works will take 4 weeks once on site and the facility will be available for service users from 1 June 2012.
52. The closure of the 4 beds at Merrifield's (effective from 5th March) will have a negative impact on the revenue spend in SCH&H. In order to carry on providing respite provision for Children with Disabilities beds in the Private & Voluntary Sector will need to be purchased. The weekly cost of replacing the 4 beds is likely to be in the region of £12.5k to £15k per week. The department is actively trying to keep costs to a minimum during the period that the 4 beds at Merrifield will not be available.
53. A second allocation of £288k is also requested to fund rectification works at Hayes Civic Hall Car Park. Adverse winter weather in recent years has accelerated the decline in the quality of surface at the Civic Hall Car Park, which the Council is required to maintain under the legal obligations in the lease of this site. If the Council does not undertake the works then the affected parties may commission the works themselves, which is likely to cost more than a Council commissioned scheme. The Council's in-house Engineering Structures team have advised that the estimated cost of carrying out the deferred concrete repairs and resurfacing the car park would be £288k. An allocation from contingency is requested so that the works may be tendered, commissioned and completed in Summer 2012/13.

Capital Financing

Table 8:

Capital Receipts	2011/12	2012/13	2013/14	2014/15 – 15/16	Total (Month 10)	Total (Month 9)
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	6,669	18,158	12,675	6,504	44,006	44,006
Variance	3,635	(1,227)	3,014	(775)	4,647	4,647

54. Capital receipts of £11,308k were forecast for 2011/12 at Month 9. This has been reduced to £6,669k with the balance to be achieved in 2012/13 reflecting the possibility of sites being delayed until after 31 March 2012. This will reduce the level of capital receipts available for financing 2011/12 capital expenditure and lead to an equivalent increase in borrowing, resulting in a higher Minimum Revenue Provision (MRP) being chargeable to General Fund revenue in 2012/13. A £1,000k movement in capital receipts would result in a £40k movement in MRP in 2012/13.

55. As previously reported, the shortfall of £4,647k against budgeted disposals for the period 2011-16 is due to sites previously earmarked for disposal being earmarked for the delivery of the supported housing programme which is designed to deliver significant revenue savings to the Council.

56. Table 9 below sets out a summary of variances against approved expenditure budgets and this shortfall in receipts, providing an indication of future revenue implications arising from the current capital programme. Overall levels of Prudential Borrowing are broadly consistent with approved budgets, although significant rephasing of expenditure from 2011/12 will defer revenue borrowing costs accordingly.

Table 9:

Prudential Borrowing Forecast	2011/12	2012/13	2013/14	2014/15	Total (Month 10)	Total (Month 9)
Revised Budget	13,567	20,841	(7,131)	1,484	28,761	27,811
Council Resourced Variance	(5,683)	3,253	(607)	(1,000)	(4,037)	(2,524)
Capital Receipts Variance	3,635	(1,227)	3,014	(775)	4,647	4,647
Forecast Borrowing	11,519	22,867	(4,724)	(291)	29,371	33,146
Variance	(2,048)	2,026	2,407	(1,775)	610	2,409
Future Revenue Impact	(143)	142	168	(124)	43	169

Housing Revenue Account Capital Programme

57. Table 10 sets out the latest forecast outturn for the HRA capital programme, including new pressures reported on new-build Triscott House and Learning Disability projects which contribute towards a reported net pressure of £250k on current projects (£452k underspend at Month 9). Pressures on individual projects amount to £1,030k, although this is partially off-set by the suspended Pipeline Phase 2 project at Denbigh Drive.

Table 10:

Housing Revenue Account Capital Programme	2011/12	2012/13	2013/14	2014/15	Total (Month 10)	Total (Month 9)
Original Budget	14,850	2,326	2,150	2,235	21,561	21,561
Revised Budget	13,609	3,733	2,150	2,235	21,727	21,607
Forecast Outturn	10,366	7,226	2,150	2,235	21,977	21,155
HRA Resourced Variance	(2,501)	2,751	-	-	250	(452)
External Grants Variance	(622)	622	-	-	-	-
Other Resources Variance	(120)	120	-	-	-	-
Programme Variance	(3,243)	3,493	-	-	250	(452)

58. Expenditure to January 2012 on the HRA capital programme was £7,724k (Month 9 £7,132k), representing 74.5% of forecast outturn. Remaining expenditure will relate to the completion of Triscott House and the on-going works to stock programme.

59. Table 11 sets out 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 10)	Total (Month 9)
Pressures:						
HRA Pipeline Sites Phase 1	-	100	-	-	100	100
Extra Care Sites Phase 1 - Triscott House	-	595	-	-	595	-
HRA Pipeline Sites Learning Disability Sites	-	107	-	-	107	-
Pipeline Sites Phase 2 - Other Sites	-	228	-	-	228	228
Total HRA Resourced Pressures:	-	1,030	-	-	1,030	328
Suspended Projects:						
Pipeline Sites Phase 2 - Denbigh Drive	(780)	-	-	-	(780)	(780)
Total HRA Resourced Underspends:	(780)	-	-	-	(780)	(780)
Projected Rephasing:	(1,721)	1,721	-	-	-	-
HRA Resourced Variance:	(2,501)	2,751	-	-	250	(452)

60. A pressure of £595k has been declared on the Triscott House project to reflect additional costs claimed by the main contractor in respect of variations to the works specification at this site. Officers are continuing to review this claim and dispute items where appropriate. The variation on budget to date is £155k.

61. A pressure of £107k has been reported on Pipeline Learning Disability Sites where additional costs have been identified on the Horton Road and Ascott Court sites for which no budgetary provision was made. Although works at Horton Road are underway, Ascott Court is not yet on site and there may be scope for members to reappraise this project.

62. Works are underway on Pipeline Phase 2 at the Gilbert Road site, however it will be necessary to re-tender the main construction contract for the remaining seven sites within Pipeline Phase 2 and officers report that the new contract could add as much as £1,000k to the forecast cost of these works. The outcome of this tender will be reported to Cabinet in early 2012/13, allowing members to reappraise the business case for these works.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

64. This is a Corporate Finance report.

Legal

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

66. In recommendation 8 Cabinet have before them a recommendation to appoint a consultant to undertake a review of the Property and Major Constructions Team. The estimated contract value is £10,125. In accordance with Standing Order 6, paragraph 6.4, of the Council's Procurement and Contract Standing Orders, formal approval for the appointment of consultants at a cost of between £5,000 and £50,000 is by the Cabinet Member. However, due to the urgency of the appointment Cabinet are being asked to make the decision.

67. Pursuant to Standing Order 4, paragraph 4.1 of the Council's Procurement and Contract Standing Orders, and the requirement for obtaining best value and adequate competition, competitive tenders or quotations shall not be required if the Approved Officer is satisfied, and has obtained written agreement from the Head of Procurement and the Cabinet Member for Co-ordination and Central Services, or the Leader of the Council that it is not reasonably practicable or prudent in meeting the Council's objectives to obtain competitive tenders or quotations.

BACKGROUND PAPERS

68. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

Social Care, Health and Housing Services

Revenue: £1,358k favourable (£614k favourable)

1. The month 10 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 £614k from the month 9 position resulting in a £1,358k favourable forecast as shown in the table below. The improved position from last month is primarily due to an improvement in Older People Services due to a reduction in number of people in long term placements.

Services		2011/12 (As at Month 10)			Variances (+ adv/- fav)		
		Current Budget	Forecast	% Var of budget	Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
		£'000	£'000		£'000	£'000	£'000
Children & Families Services	<i>Exp</i>	+31,676	+31,150	-2%	-526	-534	+8
	<i>Inc</i>	-3,709	-3,538	-5%	+171	+190	-19
	Total	+27,967	+27,612	-1%	-355	-344	-11
Asylum Services	<i>Exp</i>	+7,774	+7,707	-1%	-66	-66	0
	<i>Inc</i>	-6,715	-6,649	-1%	+66	+66	0
	Total	+1,058	+1,058	0%	0	0	0
Older People's Services	<i>Exp</i>	+37,377	+39,495	6%	+2,118	+2,389	-271
	<i>Inc</i>	-8,463	-9,925	17%	-1,462	-1,308	-154
	Total	+28,914	+29,569	2%	+656	+1,081	-425
Physical & Sensory Disability Services	<i>Exp</i>	+8,983	+9,108	1%	+125	+133	-8
	<i>Inc</i>	-673	-863	28%	-190	-198	+8
	Total	+8,311	+8,245	-1%	-65	-65	0
Learning Disability Services	<i>Exp</i>	+31,695	+32,121	1%	+426	+473	-47
	<i>Inc</i>	-5,494	-5,606	2%	-112	-96	-15
	Total	+26,201	+26,515	1%	+314	+377	-63
Mental Health Services	<i>Exp</i>	+7,362	+7,245	-2%	-117	-113	-4
	<i>Inc</i>	-336	-392	17%	-56	-60	+4
	Total	+7,025	+6,852	-2%	-173	-173	0
Housing Benefits	<i>Exp</i>	+161,640	+162,768	1%	+1,128	+508	+620
	<i>Inc</i>	-158,115	-160,974	2%	-2,859	-2,140	-720
	Total	+3,525	+1,794	-49%	-1,731	-1,631	-100
Housing Needs Services	<i>Exp</i>	+12,741	+15,729	23%	+2,988	+2,570	+418
	<i>Inc</i>	-10,021	-13,008	30%	-2,988	-2,570	-417
	Total	+2,720	+2,720	0%	0	0	0
SCH&H Other Services	<i>Exp</i>	+17,447	+17,192	-1%	-255	-239	-16
	<i>Inc</i>	-3,435	-3,184	-7%	+251	+250	+1
	Total	+14,012	+14,008	0%	-4	+11	-15
Total Expenditure		+316,694	+322,514	2%	+5,820	+5,121	+699
Total Income		-196,961	-204,139	4%	-7,178	-5,865	-1,313
SCH&H Total		+119,733	+118,375	-1%	-1,358	-744	-614

2. The forecast assumes the full use of contingency available to the department and that the pressure on Asylum services continues to be funded from the Council's general contingency.

MTFF Savings

3. The group is delivering a savings programme totalling £11.4m and to date has banked £10,540k (92%). At the present time slippage of £891k 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: £355k favourable (£11k favourable)

4. This reduction is primarily due to a reduced forecast of £52k on the £5.1m P&V residential and fostering budget and the receipt of an inter agency fee (£18k) relating to the Adoption service. However, this has been offset by the financial impact from the closure (w.e.f 5th March) of 4 beds at Merrifield's due to the need to undertake structural adaptations and lift works. The cost of replacement beds and additional transport costs to school is estimated to be in the region of £12.5k to £15k per week. The unit is expected to reopen on 1st June 2012.

Asylum: £919k adverse (no change)

5. There has been no change to this forecast since last month.
6. At a meeting with officers on 21st February UKBA have undertaken to send confirmation of the funding status of all UASC as at 29th February during the first week of March. Of more significance is that UKBA have also undertaken to ensure that the same data set for 31st March 2012 is sent during the week commencing 9th April. This will enable a more certain grant income estimate to be included in the final accounts.

Older People Services: £656k adverse (£425k favourable)

7. The £425k favourable movement primarily relates to a net decrease of 24 placements being funded for residential/nursing care since Month 8 which now enables a more favourable forecast going forward. In addition difficulties in the recruitment of permanent staff has also contributed to a reduced forecast spend.
8. Support to people at home has been strengthened through the investment in the new TeleCareLine service which to date has exceeded its target of 750 new installations; and Reablement which to date has supported 47% of people back to independent living without the need for ongoing social care support. This has enabled the number of long term residential/nursing placements supported by the department to have reduced by 97 since April and is expected to fall by a further 21 by the end of March. These new services have also had a positive impact on the Homecare service which has recorded a 8% reduction in spend from last year.
9. The success of TeleCareLine and Reablement in reducing the number of long term placements and reducing reliance on social care for people to live at home gives confidence that the MTFF for 2012/13 is deliverable.

Physical Disabilities: £65k favourable (no change)

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

Learning Disability: £314k adverse (£63k favourable)

11. The £63k favourable movement primarily relates to a net decrease in the number of placements being funded for residential/nursing care since Month 9.

Mental Health: £173k favourable (no change)

There has been no change to this forecast since last month.

Housing Benefit: £1,731k favourable (£100k favourable)

12. The £100k favourable movement primarily relates to a recent reduction in the forecast rate of increase in claimants from the private sector. It is likely that if this trend continues then the favourable position currently reported will improve again.

13. The percentage year on year increase in claims from private tenants exceeded 10% in 4 of the first 6 months of the year, averaging 10.24% per month. There is now evidence that this rate of increase is slowing with the October to January average reducing to 9.3%; the January increase of 8.96% was its lowest for in excess of 2 years in respect of the overall number of claimants this is showing a similar trend, being 2.73% and 2.27% average for first 6 months and 4 months respectively. However, the increase for January rose back up to 2.56%, which is equal to the average monthly increase.

Housing Needs: potential pressure

14. 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.

15. 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.

Housing HRA

16. The HRA has a gross budget of £59.8m and is forecasting a £2,565k favourable position at month 10, an improvement of £425k from the month 9 position.

Services		2011/12 Budget (as at Month 10) £000	2011/12 Forecast (as at Month 10) £000	% Var of budget	Variance (As at Month 10) £'000	Variance (As at Month 9) £000	Change from Month 9 £000
General and Special Services	Exp	+16,317	+15,497	-5%	-820	-431	-389
Repairs Services	Exp	+22,415	+21,790	-3%	-625	-674	+49
Subsidy Payment to Government	Exp	+15,492	+15,472	0%	-20	-20	0
Capital Funded from Revenue (RCCO)	Exp	+2,384	+2,022	-15%	-362	-120	-242
Capital re-phased to 2012/13	Exp	0	+250		+250	0	+250
Other Expenditure	Exp	+3,178	+3,177	0%	-1	+25	-26
Income	Inc	-57,303	-58,290	2%	-987	-920	-67
In Year (Surplus) / Deficit	Total	+2,483	-82	-103%	-2,565	-2,140	-425

17. The main reasons for this favourable variance of £425k relate to the General and Special Services within an overall budget of £16.3m. The major element within this is a £200k favourable movement relating to contingency money set aside for ICT systems improvements which can now be released, and £85k relating to the Right To Buy scheme due to sales no longer proceeding. The 2012/13 HRA rent setting report approved the re-phasing of £250k in respect of Glebe estate project.

Planning Environment Education and Community Services

Revenue: £1,921k underspend (£158k improvement)

18. The Group has a projected outturn position of £1,921k underspend, excluding pressure areas that have identified contingency provisions.

Services		2011/12 (As at Month 10)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Change from Month 9 £'000
Corporate Property & Construction	<i>Exp</i>	3,239	3,462	7%	+223	+183	+40
	<i>Inc</i>	-2,956	-2,956	0%	0	0	0
	Total	283	506	79%	+223	+183	+40
Education	<i>Exp</i>	290,138	288,662	-1%	-1,476	-1,295	-181
	<i>Inc</i>	-251,987	-252,779	0%	-792	-792	0
	Total	38,151	35,883	-6%	-2,268	-2,087	-181
ICT Highways & Business Services	<i>Exp</i>	33,316	33,479	0%	+163	+163	0
	<i>Inc</i>	-16,436	-16,063	-2%	+373	+373	0
	Total	16,881	17,417	3%	+536	+536	0
Planning, Consumer Protection, Sport & Green Spaces	<i>Exp</i>	10,440	10,389	0%	-51	-151	+100
	<i>Inc</i>	-4,113	-3,968	-4%	+145	+262	-117
	Total	6,327	6,421	1%	+94	+111	-17
Public Safety & Environment	<i>Exp</i>	44,313	43,565	-2%	-748	-748	0
	<i>Inc</i>	-14,967	-14,625	-2%	+342	+342	0
	Total	29,346	28,940	-1%	-406	-406	0
Transportation Planning Policy & Community Engagement	<i>Exp</i>	4,156	4,056	-2%	-100	-100	0
	<i>Inc</i>	-2,961	-2,961	0%	0	0	0
	Total	1,196	1,096	-8%	-100	-100	0
Total Expenditure		385,602	383,613	-1%	-1,989	-1,948	-41
Total Income		-293,419	-293,351	0%	+68	+185	-117
PEECS Total		92,183	90,262	-2%	-1,921	-1,763	-158

Corporate Property & Construction: £223k overspend (£40k adverse)

1. 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, and a pressure of £40k on utilities costs, that are not recoverable from certain tenants within the commercial property portfolio.
2. There is a £98k pressure which relates to the underachievement on the 2011/12 MTFE savings target relating to the corporate landlord staffing review.
3. The service is also managing the financial risk over recovery of costs associated with the disposal of assets that are projected to generate capital receipts this financial year, where the disposal timetable is tight for the end of the financial year. This could still have a material effect on the outturn position for the service.

Education: £2,268k underspend (£181k improvement)

Schools: variance not applicable

4. 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.
5. 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.
6. 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: £99k overspend (£111k improvement)

7. 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 £588k, an improvement of £111k compared to Month 9, 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. The improvement in Month 10 reflects the extended period over which vacancies have been held open following completion of the restructure.

Childcare, Early Years and Children's Centres: £1,028k underspend (no change)

8. 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.
9. 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; a 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.
10. 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)

11. 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)

12. 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.

13. 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.

14. 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: £558k underspend (£70k improvement)

15. The service is forecasting an underspend of £558k, 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. In addition, there is now a further improvement of £70k where costs for hospital tuition will now legitimately be met from the retained schools budget. Both the Educational Psychology position and the hospital tuition position reflect the bringing forward of savings targeted for 2012/13.

Organisation & Resources: £169k underspend (no change)

16. 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)

17. 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. Current indications of the projected outturn for these new income streams are that they will exceed their targets by over £200k. 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 £250k based on current projections.

SEN Transport: £151k pressure (no change)

18. 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)

19. 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.

20. 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: £94k overspend (£17k improvement)

Sport & Green Spaces : £174k overspend (no change)

21. 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 staffing costs and income from this for the remainder of the year are currently assessed at £100k each, with other supply costs contained within the applied contingency funding, therefore it is unlikely that any surplus will be delivered. Hence the total current pressure this financial year is estimated at £350k.

22. 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: £80k underspend (£17k improvement)

23. There is an in-year surplus of £154k against the income target for Section 106 administration fees mainly due to the conclusion of two large agreements. This has improved by £24k compared to Month 9.

24. Pre-application advice income from developers shows a pressure of £49k, an adverse movement of £7k compared to Month 9, reflecting continuing uncertainty in the housing market.

25. Planning appeals costs are showing a pressure of £25k due to an increase in the number of costs appeals following changes to the appeals process made by the Planning Inspectorate. Appeals costs have been met from the general contingency in previous years.

Public Safety & Environment: £406k underspend (no change)

Waste Services: £525k underspend (no change)

26. Waste Disposal is forecasting a £380k underspend based on confirmation of the third quarter charges attributable to the variable tonnage element of the levy.
27. Overall the rest of the waste services are reporting a £145k underspend, after pressures in kerbside recycling of £50k have been adsorbed that were previously assumed to be met from the corporate contingency of £150k. The Trade Waste service has increased its fees and has an associated MTFE 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 overspend (no change)

28. 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)

29. 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.
30. 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 (no change)

31. 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. There is also 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)

32. 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)

33. 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)

34. The BID reviews of business support and technical administration have been undertaken on a group-wide basis and been 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)

35. 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: £463k favourable (£12k Improvement)

Services		2011/12 (As at Month 10)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
		£'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	0
	<i>Rechgs</i>	-8	-8	0%	0	0	0
	Total	638	637		-1	-1	0
Audit & Enforcement	<i>Exp</i>	1,441	1,374	-5%	-67	-52	-15
	<i>Inc</i>	0	-9	0%	-9	-9	0
	<i>Rechgs</i>	-898	-898	0%	0	0	0
	Total	543	482		-76	-61	-15
Corporate Communications	<i>Exp</i>	919	805	-12%	-114	-102	-12
	<i>Inc</i>	-27	-26	-4%	1	1	0
	<i>Rechgs</i>	-862	-829	-4%	33	33	0
	Total	30	-38		-80	-68	-12
Democratic Services	<i>Exp</i>	3,258	3,315	2%	57	65	-8
	<i>Inc</i>	-453	-489	8%	-36	-36	0
	<i>Rechgs</i>	412	412	0%	0	0	0
	Total	3,217	3,246		21	29	-8
Finance & Procurement Services	<i>Exp</i>	10,753	10,893	1%	140	65	75
	<i>Inc</i>	-522	-558	7%	-36	-36	0
	<i>Rechgs</i>	-6,107	-6,107	0%	0	0	0
	Total	4,124	4,153		104	29	75
Human Resources	<i>Exp</i>	4,802	4,771	-1%	-31	-28	-3
	<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		-44	-41	-3
Legal Services	<i>Exp</i>	1,934	1,968	2%	34	34	0
	<i>Inc</i>	-152	-153	1%	-1	23	-24
	<i>Rechgs</i>	-1,819	-1,819	0%	0	0	0
	Total	-37	20		33	57	-24
Policy & Performance	<i>Exp</i>	4,921	4,530	-8%	-391	-366	-25
	<i>Inc</i>	-533	-562	5%	-29	-29	0
	<i>Rechgs</i>	-734	-734	0%	0	0	0
	Total	3,926	3,531	0	-420	-395	-25
Total Expenditure		28,674	28,301	-1%	-373	-385	12
Total Income		-2,813	-2,936	4%	-123	-99	-24
Total Recharges		-13,718	-13,685	0%	33	33	0
CS Total		12,143	11,680	0	-463	-451	-12

Audit and Enforcement: £76k favourable (Improvement £15k)

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, a review of non salary spend in line with service requirements has been undertaken and forecasts have been revised accordingly.

Finance and Procurement: £104k pressure (Adverse movement £75k)

2. The pressure in finance relates to one-off redundancy costs arising from the BID restructure of the service. The additional restructure within the Corporate Finance team has led to further projected redundancy costs being incurred within this financial year.

Corporate Communications: £80k favourable (Improvement £12k)

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

Democratic Services: £21k pressure (Improvement £8k)

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.

Policy, Performance and Partnerships: £420k favourable (Improvement £25k)

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 2012/13 savings proposals. Additionally, work has been undertaken to review all non salaries expenditure within the service has resulted in a further improvement in the monitoring position.

Human Resources: £44k favourable (Improvement £3k)

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

Legal Services: £33k pressure (Improvement £24k)

7. Salary overspends due to MVF and cover required for maternity leave make up this overspend on Legal Services budgets. A review of income has been undertaken this month, which has resulted in estimates being revised accordingly and has improved the position reported in month 10. 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 efficiencies going forward.

APPENDIX B – Treasury Management Report as at 31 January 2012

1. As at 31st January 2012 the Council's portfolio of deposits and debt were as follows (deposit balances can move substantially from day to day in line with cash flow requirements).

Outstanding Deposits - Average Rate of Return on Deposits: 0.88%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	79.8	71.25	80.00
1-2 Months	15.2	13.57	20.00
2-3 Months	5.0	4.46	0.00
3-6 Months	2.0	1.79	0.00
6-9 Months	0.0	0.0	0.00
9-12 Months	0.0	0.0	0.00
12-18 Months	0.0	0.0	0.00
Subtotal	102.0	91.30	100.00
Unpaid Maturities	10.0	8.93	0.00
Total	112.0	100.00	100.00

2. During the month, maturities with Barclays Bank, Lloyds TSB and Nationwide brought investments falling below the Council's minimum credit criteria down from £28.7 to £13.3m. Unpaid Icelandic investments now make up £10m of investments (£10.5m in Month 9). The remaining £88.7m is held with UK institutions, which hold a minimum A+ (Fitch or equivalent) long-term credit rating.
3. Deposits are currently held with the following institutions; BlackRock MMF, Deutsche MMF, Fidelity MMF, Goldman Sachs MMF, HSBC MMF, Ignis MMF, PSDF MMF, Barclays Bank, HSBC Bank plc, Lloyds TSB Banking Group, Lancashire County Council, Birmingham City Council, West Yorkshire Police Authority, Blaenau Gwent Count Borough Council, Mayors Office for Policing & Crime and the DMADF.
4. During January fixed-term deposits continued to mature in line with cash flow requirements. Surplus funds were either placed in instant access accounts or short fixed term deposits of up to three months in order to meet near term cash flow requirements.
5. The tenth interim dividend of £502k was received from the administrators of Heritable. Dividends received from Heritable now total £10,250k and are just over 68% of the original £15m deposit value. The first distribution from the £5m Landsbanki deposit, expected to be in the region of £1.5m, will be incorporated into the Month 11 Treasury report.

Outstanding Debt - Average Interest Rate on Debt: 3.61%

	Actual £m	Actual %
PWLB	117.96	71.08
Long-Term Market	48.00	28.92
Temporary	0.00	0.00
Total	165.96	100.00

6. There were no early debt repayments or rescheduling activities during January.

Prudential Indicators

7. There were no breaches of the prudential indicators during January.

Ongoing Strategy

8. In order to maintain liquidity for day-to day business operations, short-term balances will be placed in money market funds when capacity allows, as these are yielding a higher rate of interest than those offered on fixed term deposits of up to three months. Thereafter short-term fixed deposits will be placed to ensure counterparty limits are not breached.
9. During January outstanding Public Works Loans Board 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, Health and Housing to maintain essential services whilst recruitment is in process or to deliver key improvement projects. Posts 1 to 4 relate are new requests and relate to vacancies in key Children & Families positions. Posts 5 to 16 have previously been submitted to Cabinet but require further extensions due to recruitment difficulties, project implementation, or vacancy held pending restructuring.

Ref	Post Title	Start Date	Proposed End Date	2010/11 Spend £000	2011/12 Est spend £000	2012/13 Est spend £000	Est Total Spend £000
1	Fostering and Adoption Team Manager	01-Sep-11	30-Jun-12	0	41	19	60
2	Referral & Assessment Team Deputy Team Manager	01-Jul-11	30-Jun-12	0	49	16	65
3	C&F Safeguarding Project Manager	01-Aug-11	29-Jun-12	0	40	45	85
4	ICS Technical Support Officer	01-Apr-10	30-Jun-12	23	23	5	51
5	Referral & Assessment Team Senior Social Worker	01-Apr-10	30-Jun-12	52	50	13	115
6	Disability and Mental Health Services Service Manager	16-Apr-11	30-Sep-12	0	113	69	182
7	Children In Need Team Senior Social Worker	01-Apr-10	30-Jun-12	45	48	12	105
8	Disability and Mental Health Services Consultant	07-Mar-11	30-Sep-12	7	63	31	101
9	Access and Assessment AMP – Woodlands	02-Aug-10	30-Jun-12	21	60	16	97
10	Referral & Assessment Team Senior Social Worker	01-Apr-11	30-Jun-12	0	58	13	71
11	Access and Assessment Care Manager	19-Apr-10	30-Jun-12	43	48	14	105
12	IAS Protocol	05-Jul-10	30-Sep-12	48	65	46	159
13	IAS Protocol	17-Jun-10	30-Sep-12	78	75	40	193
14	Mental Health AMHP	09-Aug-10	02-Jul-12	34	56	14	104
15	Children In Need Team Social Worker	01-Apr-10	30-Jun-12	38	52	12	102
16	C&F Safeguarding Disabled Children's Strategy	01-Apr-10	30-Jun-12	36	34	11	81

Retaining of agency staff for Central Services

Post 1 is required to be retained to provide continued support to a number of key projects within Central Services. Many of these projects are key to the delivery of MTF savings in the Group. The projects include the ongoing review of Legal Services, a number of key projects in HR in relation to system replacement/improvement and other projects in Finance. Where any of the projects are BID related, the post works within the governance framework agreed by the Council and works closely with the BID transformation Manager. The requirement for the post will be reviewed again in September 2012.

Ref	Post Title	Start Date	Proposed end date	2010/11 Spend (£'000)	2011/12 Spend (£'000)	Current Request (£'000)	Total Spend (£'000)
1	Programme Support Officer	Feb 11	30/9/12	15	89	45	149

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.

The BID Transformation manager post is required for a further year to lead the BID transformation programme on behalf of the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services. This programme is key to the delivery of significant savings in the Council's 2012/13 budget.

Ref	Post Title	Start Date	Proposed end date	2010/11 Spend (£'000)	2011/12 Spend (£'000)	Current Request (£'000)	Total Spend (£'000)
1	Delivery Officer	17/03/11	27/04/12	2	62	18	82
2	Quantity Surveyor	04/04/11	27/04/12	0	45	14	59
3	Architect	23/05/11	15/08/12	0	36	27	63
4	Architect	15/06/11	17/08/12	0	36	30	66
5	Development Surveyor	19/07/11	24/08/12	0	29	31	60
6	BID Transformation Programme Manager	August 2010	March 2013	74	166	163	403