

COUNCIL BUDGET - MONTH 2 2012/13 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	<p>The report sets out the Council's overall 2012/13 revenue & capital position, as forecast at the end of Month 2 (May). The in-year revenue position is forecast as an underspend of £1,098k.</p> <p>An underspend of £6,852k is currently forecast on General Fund capital budgets for 2012-15. This primarily relates to £5,550k of contingency and £1,000k of priority growth built into these budgets. There is a forecast pressure of £993k on the HRA capital programme over this period due to variances on new build projects.</p>
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 2.
2. In relation to growth bids received to request additional grant funding be added to budgets –
 - a) Approves the addition to £150k Preventing Homelessness Grant funding to the Council's 2012/13 budget and delegates authority to the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, to authorise any expenditure from this funding;
 - b) Approves the addition of £33k Food Standards Agency Grant to funding to carry out sampling and surveillance of imported food and feed at the Heathrow Health Control Unit;

- c) Approves the addition of £100k High street Innovation Grant funding to the Council's 2012/13 budget and delegate authority to the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services, in consultation with the Leader of the Council and Cabinet Member for Improvement, Partnerships & Community Safety, to authorise any expenditure from this funding;
3. Note the treasury Month 2 update at Appendix B.
4. Approve the retaining of agency staff as detailed in Appendix C.
5. Approves allocation of £68k from General Capital Contingency to fund remedial fire safety works at Merrifields Children's Respite Home.
6. Delegate authority to the Deputy Chief Executive and Corporate Director of Planning, Environment, Education and Community Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, to accept the Most Economically Advantageous Tender submission for the provision of Fixed Term Fixed Price (FTFP) energy supply.

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 2012/13.
2. The Council was awarded £150k of preventing Homelessness grant funding and £33k Food Standards Agency Grant after the base budget for 2012/13 was approved at Council Tax setting in February. The Council has also received £100k High Street Innovation Grant. The above recommendations are required to formally add these one-off grants and associated spend into the approved budget.
3. The contract for the Merrifields House Respite Care upgrade has been awarded and the cost is £68k higher than the original contingency allocation of £40k. This is due to changes in the specification of the project to include fire sprinklers installation and compartmentalisation. It is therefore recommended that there be a further allocation from capital contingency be approved to fund this work.
4. In March 2012 the Cabinet approved the Energy Procurement Strategy. In accordance with the recommendations of that report and following further approvals from the Cabinet Member for Coordination and Central Services and the Leader of the Council, Officers have engaged with the Laser Buying Consortium to tender those requirements. Given the highly volatile nature of energy markets and the value of the tender, suppliers retain the right to withdraw their prices at any time. In order to ensure that this risk is minimised, a very tight timetable is applied to the exercise with relevant delegations needing to be in place in advance of tender return to accept the preferred bid. The industry norm would be for acceptance of tenders with contract execution within 4 hours of submission.

Alternative options considered

5. There are no other options proposed for consideration.

SUMMARY

A) Revenue

6. The in year revenue monitoring position as at Month 2 (May) shows that forecast net expenditure for the year 2012/13 is £1,098k less than the budget. This variance consists of an overspend of £1,402k on directorate operating budgets, primarily within SCHH, offset by an underspend of £2,500k on financing costs. The financing cost underspend is due to the fact that only £500k of the £3,000k set aside will be required in this financial year, although it will all be required ultimately once the programme is completed.
7. Although there is currently a forecast overspend on directorate operating budgets, all Groups are working up plans to ensure that they deliver an outturn within budget this year and do not rely on the capital financing underspend, which will be treated as a windfall and contribute to balances.
8. Balances brought forward at 31st March 2012 were £23,313k, to which a further £2,126k was budgeted to be added during 2012/13. Forecast balances at 31 March 2013 are expected to reach £26,537k as a result of this contribution and the in year underspend reported above.

B) Capital

9. Forecast outturn on the 2012/13 General Fund Capital Programme is £95,167k, a variance of £6,094k on a revised budget of £101,261k. The majority of this relates to unallocated contingency and the rephasing of works on the Civic Centre Combined Heat and Power (CHP) scheme.
10. Over the three-year period 2012-15, an underspend of £6,852k is now reported on the General Fund Capital Programme. Table 7 gives further detail of this.
11. The General Fund Capital receipts forecast disposals for 2012/13 of £17,717k at Month 2 as shown in Table 9, which represents a variance of £5,931k on the revised budget of £23,648k. This relates to rephasing of disposals which are now expected to complete during 2013/14. A favourable variance of £219k is forecast over the period 2012-15.
12. A net pressure of £993k is reported on the HRA capital programme over the period of 2012-15, which relates to variances on New Build projects.

A) REVENUE

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

Table 1

2012/13 Original Budget	Budget Changes		2012/13 (As at Month 2)		% Var	Variations (+ adv / - fav)
			Current Budget	Forecast		(As at Month 2)
£'000	£'000		£'000	£'000		£'000
229,902	0	Directorates Budgets on normal activities	229,902	231,305	1%	+1,402
-41,360	0	Corporate Budgets on normal activities	-41,360	-43,860	6%	-2,500
188,542	0	Sub-total Normal Activities	188,542	187,445	-1%	-1,098

		Exceptional items:					0
0	0	Sub-Total	0	0			0
188,542	0	Total net expenditure	188,542	187,445	-1%		-1,098
-190,668	0	Budget Requirement	-190,668	-190,668			0
-2,126	0	Net total	-2,126	-3,224			-1,098
-23,313		Balances b/f 1/4/012	-23,313	-23,313			0
-25,439	0	Balances c/f 31/3/13	-25,439	-26,537			-1,098

Directorates' Forecast Expenditure Month 2

14. Table 2 provides analysis of the budget, forecast and variance at directorate level. Further detail on each directorate is set out in Appendix A. The group forecasts exclude sums provided for in contingency which are set out in table 3.

Table 2

2012/13 Original Budget £'000	Budget changes £'000	2012/13 Current Budget as at Month 2 £'000	Directorate		2012/13 Forecast (as at Month 2) £'000	% Var	Variations (+ adv / - fav) (As at Month 2) £'000
315,308	-3,787	311,521	SCHH	<i>Exp</i>	314,587	1%	+3,066
-205,801	3,785	-202,016		<i>Inc</i>	-203,905	1%	-1,889
109,507	-2	109,505		Total	110,682	1%	+1,177
386,494	-12,133	374,360	PEECS	<i>Exp</i>	374,121	0%	-240
-298,379	12,200	-286,179		<i>Inc</i>	-285,809	0%	+370
88,115	67	88,182		Total	88,312	0%	+130
22,090	-727	21,362	CS	<i>Exp</i>	21,338	0%	-24
-9,004	662	-8,342		<i>Inc</i>	-8,320	0%	+22
13,085	-65	13,020		Total	13,018	0%	-2
16,691	0	16,691	Contingency		16,789	1%	+98
2,504	0	2,504	Priority Growth		2,504	0%	0
229,902	0	229,902	Sub-Total Normal Activities		231,305	1%	+1,402

15. **Social Care, Health & Housing (SCH&H)** are projecting an overspend of **£1,177k** as at Month 2. This overspend consists of a pressure of £649k in Children & Families Services arising largely from projected slippage in the move from Independent Fostering Agencies to our own Foster Parents; a pressure of £239k in Older People's Services in relation to slippage in the delivery of transport savings; pressures in Physical Disabilities (£240k) and Learning Disabilities (£589k) as a result of the slippage in the Supported Housing programme. The overspend is partially offset by a favourable movements in Housing Benefits of £291k and £358k from the renegotiation of housing related support contracts. The Group is continuing to work up plans to ensure that the outturn for the Group is within budget.

16. **Planning, Environment, Education & Community Services (PEECS)** are forecasting an overspend of **£130k** as at Month 2. This overspend primarily consists of pressures arising on Facilities Management expenditure and over recovery of ring-fenced building control income, with compensating favourable variances arising from staffing vacancies within the directorate.

17. **Central Services (CS)** is forecasting a **£2k** favourable variance as at Month 2. A small overspend in Finance and Procurement is offset by underspend in other services.

Progress on 2012/13 Savings

18. Table 3 below sets out progress against the savings programme for 2012/13 as set out in the budget approved in February 2012/13.

Table 3

Category of Savings	Central Services	PEECS	SCHH	Total (Month 2)	%
Blue - Banked	-1,603	-3,331	-2,610	-7,544	42.63
Green - On track for delivery	-60	-3,599	-2,540	-6,199	35.03
Amber - Potential significant savings shortfall or a significant or risky project which is at an early stage;	-118	-673	-2,228	-3,019	17.06
Red - Serious problems in the delivery of the saving.	0	-50	-884	-934	5.28
Total Central Services	-1,781	-7,653	-8,262	-17,696	100.00

19. At this early stage of the year, almost 78% of the savings are classified as either banked or on track for delivery, evidencing the significant BID activity currently in progress. As at month 2, 17% of the savings are classed as amber, highlighting potential delivery problems or more complex projects at an early stage. Savings classified as red within SCH&H relate to the slippage in Supported Housing. These red savings are still considered to be deliverable in the medium term. Alternative savings are being developed to ensure that any shortfall in the current year or in 2013/14 are covered.

Development & Risk Contingency: £98k overspend

20. £16,691k of potential calls on the Development & Risk Contingency were incorporated into the 2012/13 budget. Table 4 shows the latest forecast call on this contingency budget. Forecast contingency requirements remain broadly consistent with MTFF assumptions in totality, however there has been some movement on specific allocations.

Table 4

Development and Risk Contingency	2012/13 Budget Group	Forecast as Needed	Variance (+adv / - fav)	Directorate
<i>2012/13 allocations:</i>	£'000	£'000	£'000	
General Contingency	1,000	1,000	0	All
Social Care Pressures (Adults')	6,171	6,171	0	SCHH
Social Care Pressures (Children's)	165	165	0	SCHH
Increase in Transitional Children due to Demographic Changes	2,742	2,742	0	SCHH
Potential shortfall in reablement, LD & PD savings targets	500	500	0	SCHH
Asylum Funding Shortfall	1,449	1,449	0	SCHH
Impact of HB Changes on Temporary Accommodation	737	737	0	SCHH
Waste Disposal Levy	550	550	0	PEECS
Additional costs for two year olds	357	357	0	PEECS
Development Control Income	500	528	+28	PEECS
Carbon Reduction Commitment Energy Efficiency Scheme	450	400	-50	PEECS
Local Development Framework Legal & Consultancy Fees	90	90	0	PEECS
SEN Transport	100	250	+150	PEECS
HS2 Challenge Contingency	200	200	0	PEECS
Contingency against Leisure outsourced income streams	480	365	-115	PEECS
Uninsured Claims	400	400	0	CS
Schools withdrawal from the HR payroll and OH service	300	300	0	CS
Pump Priming for BID Savings	500	500	0	All
Fuel		85	+85	PEECS
Total net contingency	16,691	16,789	+98	

21. Social Care Health & Housing are forecasting that the full £11,764k included within MTFF related to service pressures, demographic changes and potential delays around the reablement programme will be required in 2012/13. As noted in paragraph 9 above, the impact of slippages within the Supported Housing Programme exceeds the £500k forecast to be drawn down from contingency and is also resulting in a forecast overspend on directorate budgets.

22. The above forecasts for Social Care rely upon financial models to predict future demand for services. A review of these models is being carried out by LG Futures to provide assurance on the robustness of these models given the fast pace of change in the models of service delivery. A report on their initial conclusions is due in August 2012. Any recommended

improvements in the modelling will then be incorporated into both the in-year forecasting and the MTFF.

23. The contingency against the additional forecast costs of the 'pay as you throw' waste disposal levy from the West London Waste Authority (WLWA) of £550k is assumed to be required in full. After a significant adverse movement in the WLWA 2011/12 outturn position and reduction in proposed 2012/13 savings, the finance function has been moved to the London Borough of Harrow, pending an independent review.
24. The forecast position for Development Control Income is a pressure of £528k, which is £28k greater than the sum held in contingency. The adverse position on the income forecast continues to be driven by the historically low level of major applications.
25. The Carbon Reduction Commitment contingency is for the estimated costs for the requirement to purchase allowances for each tonne of carbon produced by the Council, the overall required of £400k is based on the same level of requirement as approved for 2011/12 by Cabinet in June 2012. It includes the £250k budget for allowances for schools that has been provided for in the schools budget.
26. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The pressure of £250k now reported reflects last year's outturn position and assumed growth in pupil numbers and routes from September 2012.
27. The Council's three golf courses are continuing to be managed in house, having been re-possessed from the previous operator in December 2011, with a forecast shortfall of £365k against the budgeted income target resulting in a forecast call on leisure contingency.
28. As at Month 2 there are an additional pressures noted of £85k in relation to fuel budgets.

Priority Growth: Nil variance

29. The 2012/13 General Fund budget approved by Council on 23 February 2012 increased the unallocated Priority Growth budget from £1,000k to £1,704k, while maintaining a budget of £800k for HIP Initiatives. Table 5 summarises the position with regards to each element of priority growth.

Table 5

Priority Growth	2012/13 Budget	Agreed draw downs	Unallocated
<i>2012/13 Unallocated Priority Growth at start of the year</i>	£'000	£'000	£'000
HIP Initiatives Budget:	800		
Communications Projects		7	
Heritage/Civic Pride Projects		123	
ICT Projects		321	
HIP Initiatives unallocated balance	800	451	349
Unallocated non specific growth	1,704		
Balance of unallocated growth	1,704	0	1,704
Total	2,504	451	2,053

30. HIP Steering Group has approved £451k of allocations so far this year leaving £349k as yet unallocated within the HIP initiatives budget. There have been no allocations from priority growth so far this year. However, the forecast at Month 2 assumes the remaining unallocated budgets for both HIP Initiatives and unallocated growth will be spent in full by 31 March 2013.

Corporate Budgets' Forecasts: £2,500k Underspend

31. Table 6 shows budget, forecast and variance reported on corporate budgets as at Month 2.

Table 6

2012/13 Original Budget	Budget Changes	2012/13 Current Budget as at Month 2	Corporate Budgets	2012/13 Forecast Outturn (as at Month 2)	Variance s (+ adv/- fav)
					Variance (As at Month 2)
£'000	£'000	£'000		£'000	£'000
12,340	0	12,340	Financing Costs	9,840	-2,500
950	0	950	IAS 19 Pension Adjustment	950	0
-35,583	0	-35,583	Asset Management A/c	-35,583	0
10,165	0	10,165	Levies & other corp budgets	10,165	0
-29,232	0	-29,232	Corporate Govt Grants	-29,232	0
-41,360	0	-41,360	Corporate Budgets	-43,860	-2,500

32. An underspend of £2,500k is reported on financing costs at Month 2 as the full £3,000k set aside to support borrowing on the Primary School Capital Programme is not forecast to be required during 2012/13.

B) CAPITAL

Programme Monitoring

33. Table 7 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, which were reported to Cabinet and Council in February 2012.

34. The original budget of £89.3m as agreed by Cabinet on 23 February 2012 has been increased by £12m due to re-phasing of budgets from 2011/12 as recommended in the outturn report and by additional grant from the Outer London Fund (OLF) for the town centre projects. This takes the current revised budget for 2012-13 to £101.3m. Expenditure at the end of month 2 is £0.9m.

Table 7:

	2012/13	2013/14	2014/15	Total
Original Budget	89,286	71,110	37,012	197,408
Revised Budget	101,261	72,675	37,259	211,195
Forecast Outturn	95,167	73,417	35,759	204,343
Council Resourced Variance – see table 8	-5,940	588	-1,500	-6,852
External Grants Variance	-154	154	0	0
Other Resources Variance	0	0	0	0
Programme Variance	-6,094	742	-1,500	-6,852

35. In-year General Fund capital expenditure as at the end of May had reached £885k representing 0.9% of current forecast outturn.
36. The main programme shows a net favourable variance of £302k, comprising of pressures of £202k, and underspends of £504k as set out in table 8. The balance and majority of the Council Resourced Variance relates to the general contingency and priority growth budgets, which at this early point in the financial year are unallocated.

Table 8:

Council Resourced Variance	2012/13	2013/14	2014/15	Total
Pressures:				
Botwell Green Leisure Centre	63	0	0	63
Hayes End Library Development	56	0	0	56
Hillingdon Sports & Leisure Centre	43	0	0	43
South Ruislip Development - Plot A	40	0	0	40
Total Council Resourced Pressures:	202	0	0	202
Underspends:				
Winston Churchill Hall Refurbishment	-1	0	0	-1
Primary Schools Expansion Minor Works	-60	0	0	-60
Primary School Expansions- Phase 1A Temporary	-273	0	0	-273
Ruislip High School Expansion	-30	0	0	-30
New Young People's Centres	-140	0	0	-140
Total Council Underspends:	-504	0	0	-504
Projected Rephasing	-2,088	2,088	0	0
Main Programme Variance	-2,390	2,088	0	-302
Unallocated Contingency	-2,550	-1,500	-1,500	-5,550
Unallocated Priority Growth	-1,000	0	0	-1,000
Council Resourced Variance	-5,940	588	-1,500	-6,852

37. The forecast pressure on Hillingdon Sports & Leisure Centre is due to the on-going review of defects with the main contractor. For Botwell Green, a close out report was presented to Cabinet in May 2012. The current estimated total final account is £21,801k. Of this sum £694k is still outstanding, of which £631k has been accrued in 2011/12. The balance of £63k relates to the expected closing out costs.
38. Hayes End Library Development is currently projecting an overspend of £56k. Works have been delayed partly due to changes in design but also by the contractor in delivering the project. The situation is being closely monitored by the project manager and contractor, and the estimated date for completion is August 2012.
39. The Schools Expansion project has previously reported an underpend for phase 1a and minor works and this is currently forecast to be £333k (equivalent to 0.2% of the full programme). The remaining schools expansion programme is forecast to be in line with budget at this time.
40. There are two further projects reporting an underspend - the New Young People's Centres and Ruislip High School Expansion. All the defects for the Centres are complete and the final accounts have been agreed. A closure report is now being prepared. The target completion date is August 2012. There are still some minor works outstanding for Ruislip High School but the account finalisation is being prepared and an underspend of £30k is forecast.

Capital Financing

Table 9:

	2012/13	2013/14	2014/15	Total
Original Budget	13,344	12,675	0	26,019
Revised Budget	23,648	12,675	0	36,323
Forecast Disposals	17,717	18,825	0	36,542
Capital Receipts Variance	5,931	-6,150	0	-219

41. Forecast capital receipts for 2012/13 have been estimated at £17,717k. As previously noted, any slippage in capital receipts leads to an equivalent increase in borrowing, resulting in a higher Minimum Revenue Provision (MRP) being chargeable to General Fund revenue in 2012/13. Each £1,000k movement in capital receipts would result in a £40k movement in MRP in 2012/13.
42. The shortfall of £5,931k against budgeted disposals for the year 2012/13 reflects the latest forecast, with a number of disposals now forecast to slip into 2013/14. The programme is still anticipated to generate an overall surplus of £219k and deliver significant revenue savings to the Council through reduced borrowing costs.
43. Table 10 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, with the reduced requirements of the Council Resourced projects offsetting the forecast shortfall in receipts. Based on current forecasts across the three-year period 2012-15, there is a favourable revenue impact of £495k.

Table 10:

	2012/13	2013/14	2014/15	Total
Revised Budget	33,142	35,753	16,259	85,154
Council Resourced Variance	-5,940	588	-1,500	-6,852
Capital Receipts Variance	5,931	-6,150	0	-219
Forecast Prudential Borrowing	33,133	30,191	14,759	78,083
Variance	-9	-5,562	-1,500	-7,071
Future Revenue Impact	-1	-389	-105	-495

Housing Revenue Account Capital Programme

44. Table 11 sets out the latest forecast outturn for the HRA capital programme.

Table 11:

	2012/13	2013/14	2014/15	Total
Original Budget	17,923	13,708	7,052	38,683
Revised Budget	20,049	13,708	7,052	56,287
Forecast Outturn	15,901	18,849	7,052	57,280
HRA Resourced Variance – see table 12	-4,148	5,141	0	993
External Grants Variance	0	0	0	0
Other Resources Variance	0	0	0	0
Programme Variance	-4,148	5,141	0	993

45. Expenditure to the end of May 2012 on the HRA capital programme was £67k representing 0.3% of the forecast outturn. An overspend of £852k against the revised budget of £20,049k is predicted for 2012/13, and a further overspend of £141k for 2013/14. These overspends are all related to the New Build projects.

46. Table 12 sets out latest variances reported within the HRA Capital Programme, with information on movements set out below.

Table 12:

HRA Resourced Variance	2012-13	2013-14	2014-15	Total
Pressures:				
Extra Care Sites Phase 1	495	0	0	495
HRA Pipeline Sites Phase 1	144	0	0	144
Learning Disability Sites Phase 1	127	0	0	127
HRA Pipeline Sites Phase 2	86	141	0	227
Total HRA Resourced Pressures:	852	141	0	993
Projected Rephasing	-5,000	5,000	0	0
HRA Programme Variance	-4,148	5,141	0	993

47. New Build HRA Extra Care Sites Phase 1: The Triscott House contractor's claim of an extra £758k of additional works has caused a £495k overspend on the overall project in 2012/13.

48. The final account for the New Build Pipeline Phase 1 project is not yet settled, however, the forecast overspend is not expected to exceed £144k. This has arisen from variations to highways, fixtures and fittings and building related works.

49. The New Build HRA Learning Disability Sites scheme is currently on hold subject to the approval of a contract variation order and capital release. The variation order was brought about by the need to agree additional works required to bring the sites up to standard. These works are expected to increase the overspend by £127k, and relate to further drainage, utility and external landscaping works that were not included in the original contract.

50. On the New Build HRA Pipeline Sites Phase 2 scheme an overspend of £227k is now forecast. Of this sum £86k is expected to be incurred in 2012/13 and £141k in 2013/14. The additional costs largely relate to, design changes, additional pre-construction planning requirements and associated S106 agreements. There are still seven sites due to go out to tender, with consequential risks of additional costs and possible slippage on completion dates.

51. The £5,000k projected rephasing as shown above relates to delays in the supported Housing programme, the implications of which are referred to in Appendix A, under Social Care, Health and Housing. This figure will be refined over the coming months as the project plans for each site are firmed up.

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.

Social Care, Health and Housing Services

Revenue: **£1,177k adverse**

1. The month 2 revenue monitoring report for 2012/13 has been compiled following analysis of relevant activity trends and implementation of the MTF £8,262k savings programme. In summary there is an adverse movement of £1,177k against budget as shown in the table below.
2. The adverse movement from budget is primarily due to slippage in the Supported Housing build programme (£1,500k) which has resulted in clients not being able to move from Residential placements to supported living placements to the timetable assumed in the MTF.

Services		2012/13 (As at Month 2)		% Var of budg et	Variance £'000
		Current Budget	Forecast		
		£'000	£'000		
Children & Families Services	<i>Exp</i>	+30,371	+30,987	2%	+616
	<i>Inc</i>	-3,276	-3,243	-1%	+33
	Total	+27,095	+27,744	2%	+649
Asylum Services	<i>Exp</i>	+7,964	+7,965	0%	+0
	<i>Inc</i>	-6,715	-6,716	0%	-0
	Total	+1,249	+1,249	0%	+0
Older Peoples Services	<i>Exp</i>	+31,791	+33,322	5%	+1,530
	<i>Inc</i>	-6,542	-7,833	20%	-1,291
	Total	+25,250	+25,488	1%	+239
Physical & Sensory Disability Services	<i>Exp</i>	+8,425	+8,830	5%	+405
	<i>Inc</i>	-587	-752	28%	-165
	Total	+7,838	+8,078	3%	+240
Learning Disability Services	<i>Exp</i>	+27,540	+28,337	3%	+797
	<i>Inc</i>	-4,062	-4,270	5%	-209
	Total	+23,478	+24,067	3%	+589
Mental Health Services	<i>Exp</i>	+5,683	+5,773	2%	+90
	<i>Inc</i>	-309	-369	19%	-60
	Total	+5,374	+5,404	1%	+30
Housing Benefits	<i>Exp</i>	+171,530	+171,526	0%	-4
	<i>Inc</i>	-167,942	-168,229	0%	-287
	Total	+3,589	+3,297	-8%	-291
Housing Needs Services	<i>Exp</i>	+12,260	+12,303	0%	+44
	<i>Inc</i>	-9,068	-9,033	0%	+35
	Total	+3,192	+3,270	2%	+79
SCH&H Other Services	<i>Exp</i>	+15,957	+15,544	-3%	-413
	<i>Inc</i>	-3,515	-3,460	-2%	+55
	Total	+12,442	+12,084	-3%	-358
Total Expenditure		+311,521	+314,587	1%	+3,066
Total Income		-202,016	-203,905	1%	-1,889
SCH&H Total		+109,505	+110,682	1%	+1,177

3. The forecast assumes the full use of contingency available to the group as shown in the table immediately below and that the pressure on Asylum services continues to be funded from the Council's general contingency. A review of the modelling used to forecast future demand and the consequential impact on budgets (using external consultants) is currently in progress and

their initial finding are due in August 2012. Any recommendations for improving the modelling will be implemented and fed into future monitoring reports.

Division of Service	Gross Pressure Month 2	Contingency	Net Pressure
Social Care Pressures (Children's)	165	165	0
Social Care Pressures (Adults)	6,171	6,171	0
Potential shortfall in reablement, LD & PD savings	500	500	0
Increase in Transitional Children due to Demographic Changes	2,742	2,742	0
Impact of HB changes on Temporary Accommodation	737	737	0
Asylum Funding Shortfall	1,449	1,449	0
SCH&H	11,764	11,764	0

MTFF Savings

4. The group is delivering a savings programme totalling £8,262k and to date has banked £2,610k (32%) and is fully on track for a further £2,540k (31%).
5. The main area of concern at present is the slippage on the Supported Housing programme. The capital programme has for a number of reasons slipped from its original timetable and as a result significantly impacted on the planned 2012/13 MTFF revenue savings for Social Care, Health & Housing. The Corporate Property & Construction has confirmed revised handover dates for each of the sites following a thorough review of the project plan for each site. For 2012/13 the impact is an increase in the number of weeks that now need to be purchased compared with the MTFF assumptions as follows:
 - Physical Disability, an additional 963 residential care weeks are now estimated to be required at a cost of £0.9m. However after allowing for a corresponding reduction in the number of community based support weeks as these are not required until people move, this reduces to a net cost for 2012/13 of £240k.
 - Learning Disability, an additional 1,970 residential care weeks are now estimated to be required at a cost of £2.8m. However after allowing for a corresponding reduction in the number of community based support weeks as these are not required until people move, this reduces to a net cost for 2012/13 of £1,089k.
 - Mental Health, an additional 96 residential care weeks are now estimated to be required at a cost of £0.1m; however after allowing for a corresponding reduction in the number of community based support weeks as these are not required until people move, this reduces to a net cost for 2012/13 of £30k.
6. In summary, the slippage in 2012/13 is estimated to be around £1.4m although it should be noted that the actual cost of community based support is still to be confirmed. A small contingency provision of £0.1m has been allowed for potential variance on this so the total slippage for M2 monitoring purposes will be around £1.5m. The MTFF did allow for £0.5m contingency relating to potential slippage on this project. The Group are working up alternative savings to deliver an outturn within budget this year.

Children Services: £649k adverse

7. The gross budget for this service (£30,371k) includes an MTFF saving target of £1,968k, the target saving of £1,673k on the placements budget being the most significant. This is to be achieved by recruiting our own foster parents and reducing the reliance on Independent Fostering Agencies (IFA). For 2012/13 the MTFF assumes that a total of 4,180 In-House and 6,114 IFA weeks will be purchased at a total cost of £5,532k. These weeks have been profiled over the year and at the present time the forecast indicates a slippage of £426k from this profile. However, it is early in the financial year and management are reviewing the reasons which once addressed may enable this slippage to be recovered in year.
8. The balance relates to slippage of £255k in the implementation of the business support review. Although the slippage cannot be recovered within this initiative in year, management are reviewing other options to redress the balance. This review was a comprehensive, far-reaching, examination that identified significant opportunities to improve core processes, introduce technological solutions, remove procedural waste, and enhance the service for residents. The review commenced in early 2011/12, and subsequent transformation initiatives had not been implemented when the report was finalised. Although there has been delay in achieving cost savings, this is in context of increasing service user demand and a number of dependencies (e.g. mobile working, enhancements to ICS Protocol, transfer of non-core activities to other teams) not being fully delivered to date.
9. The temporary closure of the top floor of Merrifields for urgent essential works is forecast to incur replacement costs of approx £75k for the period that it is closed.
10. Since the turn of the calendar year the service has experienced a significant increase in pressure when compared with the same 6 month period in 2011 illustrating a significant impact on staff resources. The number of child protection (CP) case conferences has increased from 412 to 717 (74%); Core group meetings from 2,050 to 2,720 (33%) and CP statutory visits from 3,329 to 4,160 (25%).

Asylum

11. The group is in ongoing discussion with UKBA both on individual and specific LBH matters and in consultation with other most affected councils regarding a joint approach to UKBA in respect of funding shortfalls.

Older People Services: £239k adverse

12. The gross budget for this service (£33,587k) includes an MTFF saving for this service of £1,985k and at the present time has achieved £1,085k banked, £931k on track to deliver and a £9k potential slippage. The slippage is in respect of transport savings and management are working with the provider to mitigate this.
13. The MTFF strategy is to continue to develop the personalisation agenda and support people to live at home through reablement and the TeleCareLine service. Although the M2 forecast indicates that the number of placement weeks for residential care is above target, the current number of placements are at their lowest for in excess of 6 years. There continues to be robust management scrutiny of residential and nursing placement requests and full application of the benefits of TeleCareLine service and reablement.
14. There is a partially offsetting underspend forecast for community based support as demand to date is lower than anticipated. This pressure coupled with delays to the opening of a new Extra Care facility until the Autumn is the cause of the adverse forecast. The gross budget for placements and community support services is £27,630k.

Physical Disabilities: £240k adverse

15. The gross budget for this service (£8,667k) includes an MTFE saving for this service of £277k and at the present time £37k is on track to deliver and £240k potential slippage. The adverse forecast is due to delays in the supported accommodation build programme as set out in the paragraph above. The gross budget for placements and community support services is £7,227k.
16. The forecast for the remainder of this service is currently on budget.

Learning Disability: £589k adverse

17. The gross budget for this service (£31,472k) includes an MTFE saving for this service of £962k and at the present time £125k on track to deliver and £837k potential slippage. The adverse forecast is due to delays in the supported accommodation build programme as set out in the paragraph 5 above. This forecast also assumes that £500k can be drawn down from the contingency held for this purpose reducing the pressure from £1,089k to £589k as reported in this forecast.
18. The gross budget for placements and community support services is £29,245k. The forecast for the remainder of this service is currently on budget.

Mental Health: £30k adverse

19. The gross budget for this service (£6,183k) includes an MTFE saving for this service of £500k and at the present time has achieved the £500k saving. The adverse forecast is due to delays in the supported accommodation build programme as set out in the paragraph (5c) above. The gross budget for placements and community support services is £3,518k.
20. The forecast for the remainder of this service is currently on budget.

Housing Benefit: £291k favourable

21. The gross budget for this service is £171.5m.
22. The budget assumes that there will be approx 25,709 Housing Benefit caseload with 33.2% coming from private sector tenants. To date and assuming current trends continue the forecast caseload is 25,900 with 34.77% being the private tenants proportion. A significant increase in workload would put a pressure on the staffing budget. The recent introduction of electronic applications through e-benefits is expected to mitigate the pressure. In addition, an increased caseload could also put a pressure on the housing benefits budget but this will also depend on the performance in the incentive areas relating to errors. At this stage the patterns for both the overall benefit expenditure and performance in the incentive areas is yet to be established and the underlying budget is being reported as on target.
23. The reported favourable movement of £288k at Month 2 is due to the final subsidy claim for 2012 being higher by this amount than the final accounts subsidy amount, which was estimated to meet the closing deadline. The difference between the closing entry and the final claim is not considered material for final account purposes, especially as the final housing benefit claim for 2011/12 is subject to external audit which scheduled for completion by the end of November.

Housing Needs: £79k adverse

24. The gross budget for this service (£12.3m) includes an MTFE saving for this service of £50k, which has been fully banked. This forecast also assumes that £737k can be drawn down from

the contingency held for this purpose reducing the pressure from £816k to £79k as reported in this forecast.

25. The MTFF assumes that 25,257 PSL weeks are purchased with a 3.0% void rate. Trends to date indicate that 20,127 Private Sector Landlords weeks will be required and void performance is 3.06% resulting in a forecast pressure of £32k. In addition, the Bed and Breakfast budget assumes a requirement of 2,080 weeks (whereas the M2 forecast is projected at 2,285 weeks) resulting in a pressure of £47k.

SCH&H Other Services: £358k favourable

26. The gross budget for this service (£17.1m) includes an MTFF saving for this service of £1,705k, of which £660k has been banked to date.

27. The favourable variance is due to the successful and continuing renegotiation of contracts relating to the delivery of housing related support.

Housing HRA £1.36m favourable

28. The HRA has a gross expenditure budget of £62m and a gross income budget of nearly £64m with a forecast of £1.36m favourable variance as shown in the table below. The service is delivering an MTFF saving of £229k which has been banked. These reflect major changes in the delivery of the service consistent with the council's BID programme enabling the service to deliver to the same level of quality as before.

Services		2012/13 Budget (as at Month 2) £000	2012/13 Forecast (as at Month 2) £000	% Var of budget	Variance (As at Month 2) £'000
Housing Maintenance	Exp	25,408	25,285	-0.5%	-123
Housing Management	Exp	36,617	36,072	-1.5%	-545
Rent & Other Income	Inc	-63,731	-64,427	-1.1%	-695
In Year (Surplus) / Deficit	Total	-1,706	-3,069		-1,363

Housing Maintenance £123k favourable

29. The gross budget for this service is £25,408k and at Month 2 the budget is broadly on target with a favourable variance of £123k (0.48%) being forecast.

Housing Management £545k favourable

30. The gross budget for this service (£36,617k) includes an HRA MTFF savings target for this service of £229k, which has been fully banked.

31. This budget is showing a favourable variance of £545k primarily due to the call on the bad debt provision being forecast to be lower than that provided.

Rent & Other Income £695k favourable

32. The HRA expects to receive rental income of £54.3m and other income of £5.7m. The M2 forecast indicates a favourable variance of £695k.

33. This budget is showing a favourable variance of £695k primarily due to management continuing to maintain voids at 1% below the budgeted target (£538k). The remainder of the

favourable variance is due to other factors including number of smaller variances including interest on a higher level of balances (£75k) and recharges for works over prescribed limits (£66k).

Planning Environment Education and Community Services

Revenue: **£130k overspend**

1. The Group has a projected outturn position of £130k overspend, excluding pressure areas that have identified contingency provisions.

Services		2012/13 (As at Month 2)		% Var of budget	Variations (+ adv/- fav)
		Current Budget £'000	Forecast £'000		Variance (As at Month 2) £'000
Corporate Property & Construction	<i>Exp</i>	3,190	3,120	-2%	-70
	<i>Rech</i>	-495	-495	0%	0
	<i>Inc</i>	-2,088	-2,088	0%	0
	Total	607	537	-12%	-70
Education	<i>Exp</i>	278,386	278,246	0%	-140
	<i>Rech</i>	-382	-382	0%	0
	<i>Inc</i>	-242,730	-242,730	0%	0
	Total	35,274	35,134	0%	-140
ICT Highways & Business Services	<i>Exp</i>	45,134	45,304	0%	+170
	<i>Rech</i>	-14,423	-14,423	0%	0
	<i>Inc</i>	-11,816	-11,766	0%	+50
	Total	18,895	19,115	1%	+220
Planning Sport & Green Spaces	<i>Exp</i>	14,870	14,820	0%	-50
	<i>Rech</i>	-2,851	-2,851	0%	0
	<i>Inc</i>	-5,928	-5,758	-3%	+170
	Total	6,092	6,212	2%	+120
Public Safety & Environment	<i>Exp</i>	50,295	50,195	0%	-100
	<i>Rech</i>	-2,964	-2,964	0%	0
	<i>Inc</i>	-19,619	-19,469	-1%	+150
	Total	27,712	27,762	0%	+50
Transportation Planning Policy & Community Engagement	<i>Exp</i>	3,601	3,551	-1%	-50
	<i>Rech</i>	0	0	0%	0
	<i>Inc</i>	-3,998	-3,998	0%	0
	Total	-398	-448	13%	-50
Total Expenditure		395,476	395,236	0%	-240
Total Recharges		-21,115	-21,115	0%	0
Total Income		-286,179	-285,809	0%	+370
PEECS Total		88,182	88,312	0%	+130

Contingency Items: **Gross Pressure £2,875k**

2. The Council's 2012/13 contingency budget contains provision for areas of expenditure or income for which there is a greater degree of uncertainty. The net position after the application of the contingency is shown in the table below.

Contingency Item	Gross Pressure Month 2 (£000s)	Contingency Allocation (£000s)	Net Pressure (£000s)
Waste Disposal Levy	550	550	0
Development Control Income	528	500	+28
Contingency Against Leisure Outsourced Income Streams	365	480	-115
Carbon Reduction Commitment	400	450	-50
Additional Costs for 2 Year Olds	357	357	0
HS2 Challenge Contingency	200	200	0
SEN Transport	250	100	+150
Local Development Framework	90	90	0
Fuel	85	0	+85
PEECS – Total	2,875	2,727	98

3. The contingency against the additional forecast costs of the 'pay as you throw' waste disposal levy from the West London Waste Authority (WLWA) of £550k is assumed to be required in full. After a significant adverse movement in the WLWA 2011/12 outturn position and reduction in proposed 2012/13 savings, the finance function has been moved to the London Borough of Harrow, pending an independent review.
4. The forecast position for Development Control Income is a pressure of £528k, which is £28k greater than the sum held in contingency. The adverse position on the income forecast continues to be driven by the historically low level of major applications. Although several larger sites are in the development process, the absence of applications coming through for the development of 'small major' sites is having a depressed impact on fee income. Although not reported against this contingency, pre-application income from developers shows a pressure of £40k, reflecting continuing uncertainty in the housing market.
5. 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. An interim operational budget has been established for the service that assumes that a small surplus of £20k before overheads and capital charges is delivered, representing a saving against the contingency held for leisure.
6. The current position against this operational budget is that there is a significant shortfall against the interim income targets. Due to the exceptionally wet weather during April and May playing conditions have not been ideal and pay and play and associated income is £92k below target. This is offset by the staffing costs so far being £46k under budget as the recently approved structure contains a number of vacant posts. In addition, Mack Trading successfully appealed against the business rates valuations for the courses producing an ongoing saving on the business rates liability of £41k. It is assumed that as the weather improves income will recover but that the staffing structure will also be recruited to quickly, so that the current adverse variance of £5k is carried forward to the year end.
7. The income target of £380k relating to Mack Trading's operation of the golf courses remains in the base budget at this stage, and coupled with the £15k surplus on the in-house operation described above, means that the overall call on the leisure contingency of £480k is forecast to be £365k.

8. The Carbon Reduction Commitment contingency is for the estimated costs for the requirement to purchase allowances for each tonne of carbon produced by the Council, the overall required of £400k is based on the same level of requirement as approved for 2011/12 by Cabinet in June 2012. It includes the £250k budget for allowances for schools that has been provided for in the schools budget.
9. The contingency to cover increased provision of childcare to disadvantaged two year olds under the free entitlement, which is funded from the increased allocation within the Early Intervention Grant, is forecast to be required in full.
10. The HS2 contingency is part of a joint fighting fund with 18 other authorities, and it is expected that this contingency will be fully utilised.
11. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The pressure of £250k now reported reflects last year's outturn position and assumed growth in pupil numbers and routes from September 2012. Successive school censuses have shown that the population of pupils with SEN statements in schools is growing three times as fast as the school population as a whole.
12. Current analysis shows that the fuel budget has a forecast pressure of £85k at the current bulk purchase price of £1.13 per litre.

Corporate Property & Construction: £70k underspend

13. A zero based budgeting exercise has been performed on business rates budgets across the group, resulting in a £70k underspend across the group.

Education: £140k underspend

Schools: *variance not applicable*

14. The Schools Budget is ringfenced and funded from the Dedicated Schools Grant (DSG), and covers a range of services directly linked to schools. The majority of the DSG is delegated to schools (£200.1m), with the remainder (£22.4m) being retained by the Council. The rules applying to the DSG allow for any surplus and deficit balances to be carried forward into the next financial year, for both schools delegated budgets and the centrally retained DSG element (decisions on how this is used lie with the Schools Forum). It should be noted that the Schools Budget is completely separate to the General Fund and no interaction between these two funds is allowable.

15. The forecast movement on the DSG central reserve carried forward for 2012/13 is summarised in the following table:

Schools Retained Budget Movements	Current Budget (£000s)	Forecast Variance (£000s)
Opening Balance 1 April 2012	-	-226
DSG Income	-222,459	0
Delegated to Schools	200,057	0
Centrally Retained	22,402	+212
In-Year Movement	0	+212
Forecast Closing Balance 31 March 2013	-	-14

16. The overspend of £212k is due to a pressure on Special Educational Needs (SEN) spend at independent special schools of £540k, where there are due to be more starters than leavers in September 2012. This is partly offset by projected underspends on SEN support, behaviour support and the pupil referral unit, where all of these services have staff vacancies that have not been filled.

General Fund: £140k underspend

17. The education service has identified measures to fully deliver the 2012/13 £800k saving target set on the basis that reduced responsibilities remain with the Council following the transfer of schools to Academy status. This includes savings relating to the reorganisation of the School Resources and Organisation Team, the reorganisation of the School Improvement Service and the realignment of the Speech and Therapy service.

18. In addition, there are underspends arising from vacant posts in part of the service, specifically the educational psychology service (£100k) and the early years team (£40k). Posts are being held vacant in some areas given the need to identify further savings for the 2013/14 budget from the education service, where services are being considered as part of cross-cutting BID projects such as the children's pathway project.

ICT Highways & Business Services: £220k overspend

19. There is a forecast pressure of £150k on maintenance budgets for day to day repairs for both the Civic Centre and outstations around the borough, reflecting a continuation of last year's outturn position.

20. In addition there is a forecast pressure of £20k relating to increased postage prices of 13% for first class clean mail and 9% for second class clean mail coming into effect from April 2012.

21. The significant risks around the outdoor advertising income target have meant that it has been flagged as 'red' in the savings tracker, with a forecast pressure of £50k in the current year against the overall target of £100k. The Group are reviewing existing advertising contracts, together with the new opportunities in order to try and mitigate this pressure.

22. The fleet management service is managing several risk areas, and is in a transitional position as the vehicle replacement programme takes effect. A nil variance is reported, as the service is actively managing down maintenance costs as older vehicles are replaced, however there are pressures on contract hire due to interim arrangements being put in place while replacement vehicles are procured. The service also faces risks around insurance claims, where there continues to be a greater risk around accidental damage under self-insurance arrangements.

Planning Sport & Green Spaces: £120k overspend

23. Pre-application advice income from developers shows a pressure of £40k, reflecting continuing uncertainty in the housing market.

24. The forecast pressure on building control is £130k, driven by the over-recovery of fee income compared to the costs of processing building control applications under the cost recovery model, which is ringenced to the service.

25. There is an underspend on the customer contact centre of £50k, due to posts being held vacant pending the further restructure of service as part of the ongoing work to identify BID savings from streamlined processes at the interface with residents.

Public Safety & Environment: £50k overspend

26. There is a projected shortfall of £150k on off-street parking, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
27. There are staffing underspends of £60k in Community Safety and Anti-Social Behaviour and £40k in Business Support, due to maternity leave and vacancies. These service areas are subject to further BID review work, and it is anticipated that as a result, these underspends could contribute towards savings targets for 2013/14.
28. Waste Services is currently reporting a nil variance but is actively trying to manage a number of risks. There is an expectation of reduced income from the New Years Green Lane Civic Amenity site whilst the refurbishment work takes place and the Council is challenging the basis for a 30% management fee increase from West London Waste Authority for the Victoria Road site. There remains uncertainty about possible landfill tax scope changes, which would affect both the Council's own disposal contracts and aspects of the levy arrangement. It is expected that there should be more clarity on this issue by next month.

Transportation Planning Policy and Community Engagement: £50k underspend

29. The service is reporting a £50k favourable position due to the impact of vacant posts across the service. This includes the part-year effect of the restructure of the town centres and community engagement teams into a single team.

Central Services

Revenue: £2k favourable

Services		2012/13 (As at Month 2)		% Var of budget	Variations (+ adv/- fav)
		Current Budget	Forecast		Variance (As at Month 2)
		£'000	£'000		£'000
Chief Executive/Deputy Chief Executive	<i>Exp</i>	649	639	-2%	-11
	<i>Inc</i>	0	0		0
	<i>Rechgs</i>	-22	-22	0%	0
	Total	627	617		-11
Audit & Enforcement	<i>Exp</i>	1,376	1,388	1%	11
	<i>Inc</i>	0	-10		-10
	<i>Rechgs</i>	-1,179	-1,179	0%	0
	Total	198	199		1
Corporate Communications	<i>Exp</i>	915	832	-9%	-83
	<i>Inc</i>	-128	-95	-26%	33
	<i>Rechgs</i>	-774	-774	0%	0
	Total	13	-37		-50
Democratic Services	<i>Exp</i>	3,287	3,296	0%	9
	<i>Inc</i>	-819	-842	3%	-24
	<i>Rechgs</i>	624	624	0%	0
	Total	3,093	3,078		-15
Finance & Procurement Services	<i>Exp</i>	12,335	12,450	1%	115
	<i>Inc</i>	-5,290	-5,272	0%	18
	<i>Rechgs</i>	-1,726	-1,726	0%	0
	Total	5,319	5,451		133
Human Resources	<i>Exp</i>	3,517	3,467	-1%	-50
	<i>Inc</i>	-1,129	-1,129	0%	0
	<i>Rechgs</i>	-2,605	-2,605	0%	0
	Total	-217	-267		-50
Legal Services	<i>Exp</i>	1,930	1,945	1%	14
	<i>Inc</i>	-557	-540	-3%	17
	<i>Rechgs</i>	-1,332	-1,332	0%	0
	Total	42	73		32
Policy & Performance	<i>Exp</i>	4,234	4,204	-1%	-30
	<i>Inc</i>	-419	-432	3%	-13
	<i>Rechgs</i>	132	132	0%	0
	Total	3,926	3,531	0	-42
Total Expenditure		28,243	28,219	0%	-24
Total Income		-8,342	-8,320	0%	22
Total Recharges		-6,881	-6,881	0%	0
CS Total		13,020	13,018	0	-2

Corporate Communications: £50k favourable

7. The majority of the underspend is attributed to a number of vacancies including the Head of Communications post. The budgets for some of the vacancies are being used to fund agency staff to cover the workload while these posts are being recruited to. The pressure on Income relates to advertising income for Hillingdon People, which will be resolved during the course of the year.

Finance and Procurement: £133k pressure

8. The main reason for the current projected overspend is that the MVF for the service is unlikely to be delivered in full. There is a low number of vacant posts at present and what posts there are require interim cover at present given the volume of work in the first quarter of the year on closing the 2011/12 accounts, undertaking the monitoring for 2012/13 and refreshing the MTF for 2013/14 onwards.

Democratic Services: £15k favourable

9. There is an overspend on salaries due to the MVF not being forecast to be delivered in full. In addition there is an anticipated over-recovery on registrations and citizenship ceremonies income and a slight pressure on nationality checking income due to a seasonal fall in demand. This will be monitored closely throughout the remainder of the year.

Policy, Performance and Partnerships: £42k favourable

10. There is an underspend on salaries due to the in-year effect of the Business Support Unit restructure that has resulted in 2 vacant posts and the part year effect of various vacant posts for which recruitment is in progress. There is also forecast unspent income relating to ESF grants that were brought forward from 2011/12 that are unlikely to be spent in 2012/13.

Human Resources: £50k favourable

11. The underspend on salaries is as a result of the realignment of the senior tier of the HR structure and other vacant posts within the service. There are also various underspends projected on non-salaries on some smaller budgets.

Legal Services: £32k pressure

12. There is a pressure on income related to recharges to capital schemes, which are unlikely to meet the budgeted income target. This is offset to some extent by a small underspend on salaries due to a vacant Paralegal post and the retirement of a Principal Lawyer, the replacement for which will be recruited to at a lower grade.

APPENDIX B – Treasury Management Report

1. As at 31st May 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).

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	70.9	65.30	60.00
1-2 Months	17.0	15.65	20.00
2-3 Months	8.4	7.73	15.00
3-6 Months	0.0	0.00	0.00
6-9 Months	0.0	0.00	0.00
9-12 Months	5.0	4.60	5.00
12-18 Months	0.0	0.00	0.00
Subtotal	101.3	93.28	100.00
Unpaid Maturities	7.3	6.72	0.00
Total	108.6	100.00	100.00

2. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions, which hold at a minimum, a Fitch A long-term credit rating.
3. Deposits are currently held with the following institutions; BlackRock MMF, Deutsche MMF, Fidelity MMF, Goldman Sachs MMF, Ignis MMF, PSDF MMF, Royal Bank of Scotland, HSBC Bank plc, Lloyds TSB Banking Group, Barclays, Nationwide, Birmingham City Council, GLA and Newcastle City Council.
4. During May fixed-term deposits continued to mature in line with cash flow requirements; the majority of surplus funds were either placed in instant access accounts or fixed term deposits of up to three months; and one long term deposit was placed with Newcastle City Council.
5. The second interim dividend of £617k was received from the administrators of Landsbanki, which equated to just over 12.23% of the claim value.

Outstanding Debt - Average Interest Rate on Debt: 2.95%

	Actual £m	Actual %
General Fund		
PWLB	81.82	23.15
Long-Term Market	15.00	4.24
HRA		
PWLB	223.57	63.27
Long-Term Market	33.00	9.34
Total	353.39	100.00

6. There were no early debt repayments or rescheduling activities during May.
7. There were no breaches of the prudential indicators during May.

Ongoing Strategy

8. In order to maintain liquidity for day-to day business operations short-term balances will be placed in instant access accounts, as these are yielding a higher rate of interest than those offered on fixed term deposits of up to two months. When cash flow allows medium term deposits will be placed to help increase the average rate of return achieved.

9. During May 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 7 have been submitted to Cabinet previously but require further extensions due to recruitment difficulties, project implementation, or vacancy held pending restructuring. Posts 8 to 16 relate to vacancies in key SCH&H positions reported to Cabinet for the first time in this report.

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	Hillingdon Housing Service Electrical Services Officer	04-Oct-10	21-Dec-12	22	43.5	36	101.5
2	Care Management IAS IAS Protocol	17-Jun-10	30-Sep-12	78	75	43	196
3	Asylum Support Worker	01-Apr-10	31-Dec-12	42	48	33	123
4	Access and Assessment Team Manager	02-Jan-12	30-Sep-12	0	15	42	57
5	C&F Safeguarding Disabled Children's Strategy	01-Apr-10	31-Dec-12	46	32	24	102
6	Technical Support Technical Support Officer	01-Apr-10	31-Oct-12	23	23	15	61
7	Mead House (Mental Health) AMHP	01-May-10	30-Nov-12	22	22	15	59
8	Asylum Social Worker	09-Jan-12	31-Dec-12	0	28	36	64
9	Asylum Social Worker	12-Sep-11	30-Nov-12	0	26	33	59
10	Asylum Social Worker	07-Nov-11	31-Dec-12	0	30	36	66
11	Asylum Deputy Team Manager	17-Oct-11	31-Dec-12	0	12	54	66
12	Transformation IAS IAS Protocol	06-Feb-12	09-Dec-12	0	8	56	64
13	Transformation IAS IAS Protocol	13-Feb-12	31-Oct-12	0	6	45	51
14	Access and Assessment Care Manager	09-Nov-11	31-Mar-13	0	20	52	72
15	Access and Assessment Care Manager	05-Mar-12	31-Mar-13	0	4	49	53
16	ASC Directorate Deputy Director	24-Apr-12	02-Dec-12	0	0	112	112
17	Technical Support Archiver	01-Apr-10	31-Oct-12	20	20	14	54
18	LAC Service Admin Officer	01-Apr-10	31-Oct-12	22	22	11	55

Retaining of agency staff for Planning Environment Education and Community Services

The Development Surveyors are enabling the Asset Sales team to ensure sites identified for disposal are brought to the market in a timely manner. The first assignment commenced on 19 July 2011 an extension for 26 weeks was approved by Cabinet in February 2012. The second assignment received Cabinet Member approval in February 2012 for an initial period of 26 weeks. It is now recommended that both assignments be extended for 26 weeks and 30 weeks respectively meaning they will continue until March 2013.

The Architect is working across a range of key capital projects. The assignment commenced at the end of July 2011 and was extended with Cabinet Member approval in February 2012. It is now recommended to be extended for a further 35 weeks meaning the assignment will continue until March 2013.

Post Title	Start Date	Proposed end date	2011/12 Spend (£'000)	2012/13 Spend (£'000)	Current Request (£'000)	Total Spend (£'000)	Comment
Development Surveyor	19 July 2011	29 March 2013	29	31	35	95	Previously costing £60k
Development Surveyor	23 February 2012	29 March 2013	7	27	39	73	Previously costing £34k
Architect	30 Sept 2011	29 March 2013	26	8	36	70	Previously costing £34k

Retaining of agency staff for Central Services

This agency assignment is in place to cover the extended leave of a member of staff who is caring for a seriously ill relative and is expected to come back on a part time basis within the next month. The post provides key support to the monitoring of the capital programme including specific projects such as the Primary School Capital Programme and other major projects being delivered by the Corporate Construction Team. This extension will ensure that service delivery is maintained while the member of staff completes a phased return to work.

Post Title	Start Date	Proposed end date	2010/11 Spend (£'000)	2011/12 Spend (£'000)	2012/13 Spend (£'000)	Total Spend (£'000)	Comment
Senior Accountant		31/10/12	0	19	48	67	£49k already approved via Cabinet Member report