COUNCIL BUDGET -
MONTH 4 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	Appendices A, B & C

HEADLINE INFORMATION

Purpose of report	The report sets out the Council's overall 2012/13 revenue & capital position, as forecast at the end of Month 4 (July). The in-year revenue position is forecast as an underspend of £1,282k an improvement over that reported at Month 2 of £185k. An underspend of £6,971k is currently forecast on General Fund capital budgets for 2012-15. This primarily relates to £5,482k of unspent contingency and £1,000k of unspent priority growth built into these budgets. There is a forecast pressure of £5,614k on the HRA capital programme over this period due to projected variances on new build projects.
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 management budget position for revenue and capital as at Month 4.**
2. **Note the treasury Month 4 update at Appendix B.**
3. **Approve the retaining of agency staff as detailed in Appendix C.**
4. **Approves the addition of £97k to 2012/13 PEECS revenue budgets for remediation actions at New Years Green Landfill funded by a Contaminated Land Grant given by the Environment Agency.**
5. **Approves the allocation of £140k from the specific contingency held for Social Care Pressures (Children's) to SCHH revenue budgets.**

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2012/13.

2. Recommendation 4 seeks authority to include £97k of grant funding from the Environment Agency in 2012/13 revenue budgets, in order to support on monitoring and remediation costs at the former New Year's Green Lane Landfill site.

3. A specific contingency provision of £165k was included in 2012/13 budgets for Children's Social Care Pressures. Recommendation 5 seeks authority to allocate £140k of this sum to SCHH directorate budgets in order to fund two social worker and one advisor post, to help address caseload pressures in the service.

Alternative options considered

4. There are no other options proposed for consideration.

SUMMARY

A) Revenue

5. The in year revenue monitoring position as at Month 4 (July) shows that forecast net expenditure for the year 2012/13 is £1,282k less than the budget. This variance consists of an overspend of £1,218k 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 to support the Primary School Capital Programme will be required in this financial year, although it will all be required ultimately once the programme is completed.

6. 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.

7. 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 £26,721k as a result of this contribution and the in year underspend reported above.

B) Capital

8. Forecast outturn on the 2012/13 General Fund Capital Programme is £76,519, a variance of £25,016k on a revised budget of £101,535k. The majority of this relates to the re-phasing of Primary Schools Expansions (£16,591k) the remaining balance relates to unallocated contingency and the re-phasing of works on the Civic Centre Combined Heat and Power (CHP) scheme.

9. Over the three-year period 2012 to 2015, an underspend of £6,971k is now reported on the General Fund Capital Programme. Table 7 provides further detail of this projected underspend.

10. General Fund capital receipts for 2012/13 are projected to be £6,884k at Month 4. This represents a variance of £16,764k on the revised budget of £23,648k and relates to the re-phasing of disposals which are now forecast to complete during 2013/14. A favourable variance of £8,157k is forecast over the period 2012 to 2015.

11. A net pressure of £5,614k is reported on the HRA capital programme over the period of 2012 to 2015, which relates to variances on New Build projects.

A) REVENUE

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

Table 1

2012/13 Original Budget £'000	Budget Changes £'000		2012/13 (As at Month 4) Current Budget £'000	Forecast £'000	% Var of budget	Variances (+ adv/- fav) Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Change from Month 2 £'000
229,902	0	Directorates Budgets on normal activities	229,902	231,119	1%	+1,218	+1,403	-185
-41,360	0	Corporate Budgets on normal activities	-41,360	-43,860	6%	-2,500	-2,500	0
188,542	**0**	**Sub-total Normal Activities**	**188,542**	**187,260**	**-1%**	**-1,282**	**-1,097**	**-185**
		Exceptional items:				0		0
0	**0**	**Sub-Total**	**0**	**0**		**0**	**0**	**0**
188,542	**0**	**Total net expenditure**	**188,542**	**187,260**	**-1%**	**-1,282**	**-1,097**	**-185**
-190,668	**0**	**Budget Requirement**	**-190,668**	**-190,668**		**0**	**0**	**0**
-2,126	**0**	**Net total**	**-2,126**	**-3,408**		**-1,282**	**-1,097**	**-185**
-23,313		**Balances b/f 1/4/012**	**-23,313**	**-23,313**		**0**	**0**	**0**
-25,439	**0**	**Balances c/f 31/3/13**	**-25,439**	**-26,721**		**-1,282**	**-1,097**	**-185**

Directorates' Forecast Expenditure Month 4

13. 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 4 £'000	Directorate		2012/13 Forecast (as at Month 4) £'000	% Var	Variances (+ adv/- fav) Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Change from Month 2 £'000
315,308	-3,144	312,164	SCHH	*Exp*	315,150	1%	+2,986	+3,066	-80
-205,801	2,931	-202,870		*Inc*	-204,760	1%	-1,889	-1,889	-0
109,507	**-213**	**109,294**		**Total**	**110,391**	**1%**	**+1,097**	**+1,177**	**-80**
386,494	-12,071	374,422	PEECS	*Exp*	374,079	0%	-344	-240	-104
-298,379	12,488	-285,891		*Inc*	-285,547	0%	+344	+370	-26
88,115	**417**	**88,531**		**Total**	**88,531**	**0%**	**+0**	**+130**	**-130**
22,090	-893	21,197	CS	*Exp*	21,308	1%	+111	-24	+135
-9,004	689	-8,315		*Inc*	-8,459	2%	-144	+22	-166
13,085	**-204**	**12,882**		**Total**	**12,849**	**0%**	**-33**	**-2**	**-31**
16,691	0	16,691	Contingency		16,844	1%	+153	+98	+55
2,504	0	2,504	Priority Growth		2,504	0%	0	0	0
229,902	**0**	**229,902**	**Sub-Total Normal Activities**		**231,119**	**1%**	**+1,218**	**+1,403**	**-185**

14. **Social Care, Health & Housing (SCH&H)** are projecting **an overspend of £1,097k (£80k improvement)** as at Month 4. The underlying pressure is primarily related to the previously reported slippage in moving from Independent Fostering Agencies to our own Foster Parents and delivery of the Supported Housing Programme. The improvement from Month 2 consists of a number of movements, including increased pressures in Learning Disability (£182k) and Older People's Services (£158k) offset by a reduced pressure within Children's and Families, an increased underspend on Housing Benefit (£70k) and further savings on housing related support contracts (£40k). Detail on the causes of these movements are set out in Appendix A.

15. **Planning, Environment, Education & Community Services (PEECS)** are forecasting **a nil variance (£130k improvement)** as at Month 4. Overspends are reported on Facilities Management expenditure and over recovery of ring-fenced building control income, with compensating favourable variances arising from staffing vacancies within the directorate.

16. **Central Services (CS)** is forecasting **a £33k favourable variance (£31k improvement)** as at Month 4. Minor pressures within Finance and Procurement are being offset by underspends across other services.

Progress on 2012/13 Savings

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

Table 3

Rag Status of Savings	Central Services	PEECS	SCHH	Total (Month)	%
Blue - Banked	-1,633	-3,903	-2,975	-8,511	48.10
Green - On track for delivery	-148	-3,345	-2,653	-6,146	34.73
Amber - Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	-355	-1,062	-1,417	8.01
Red - Serious problems in the delivery of the saving.	0	-50	-1,572	-1,622	9.17
Total	**-1,781**	**-7,653**	**-8,262**	**-17,696**	100.00

18. As at Month 4 83% of the savings are classified as either banked or on track for delivery, (78% as at month 2) evidencing the significant BID activity currently in progress. Of these almost 50% are now classified as banked. Only 8% of the savings are now classed as amber (17% as at month 2), highlighting potential delivery problems or more complex projects at an early stage. However, savings classified as red have increased to 9.2% from 5.3%, with a value of £1.6m, with £50k relating to PEECS savings and the remainder being within SCH&H. The largest proportion of these savings relate to the slippage in Supported Housing. These red savings are still considered to be largely deliverable in the medium term and alternative savings are being developed to ensure that any shortfalls in the current year or in 2013/14 are covered. An increased level of scrutiny on the delivery of these savings has now been introduced with the BID Transformation Programme Manager reporting fortnightly on progress to the Leader, Chief Executive and Chief Finance Officer.

Development & Risk Contingency: **£153k overspend (£55k adverse movement)**

19. £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

Group	Development and Risk Contingency	2012/13 Budget	Forecast as Needed (Month 4)	Variance (+adv / -fav)		
				Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
	2012/12 allocations:	£'000	£'000	£'000	£'000	£'000
	Commitments:					
All	General Contingency	1,000	1,000	0	0	0
SCHH	Social Care Pressures (Adults')	6,171	6,171	0	0	0
SCHH	Social Care Pressures (Children's)	165	165	0	0	0
SCHH	Increase in Transitional Children due to Demographic Changes	2,742	2,742	0	0	0
SCHH	Potential shortfall in reablement, LD & PD savings targets	500	500	0	0	0
SCHH	Asylum Funding Shortfall	1,449	1,449	0	0	0
SCHH	Impact of HB Changes on Temporary Accomodation	737	737	0	0	0
PEECS	Waste Disposal Levy	550	550	0	0	0
PEECS	Additional costs for two year olds	357	357	0	0	0
PEECS	Development Control Income	500	502	+2	+28	-26
PEECS	Carbon Reduction Commitment Energy Efficiency Scheme	450	400	-50	-50	0
PEECS	Local Development Framework Legal & Consultancy Fees	90	90	0	0	0
PEECS	SEN Transport	100	250	+150	+150	0
PEECS	HS2 Challenge Contingency	200	200	0	0	0
PEECS	Contingency against Leisure outsourced income streams	480	439	-41	-115	+74
CS	Uninsured Claims	400	400	0	0	0
CS	Schools withdrawal from the HR payrol and OH service	300	300	0	0	0
All	Pump Priming for BID Savings	500	500	0	0	0
PEECS	Fuel		60	+60	+85	-25
PEECS	Traveller Incursions		8	+8	0	+8
PEECS	Planning Appeals		24	+24	0	+24
	Total net contingency	**16,691**	**+16,844**	**+153**	**+98**	**+55**

20. Social Care Health & Housing are forecasting no change in required contingency funding in 2012/13, with the full £11,764k included within MTFF and reported at Month 2 relating to service pressures, demographic changes and potential delays around the reablement programme. This contingency requirement is in addition to the £1,097k pressure reported on operating budgets noted in paragraph 15 above.

21. As previously reported, the financial models supporting the above Social Care forecasts have been subject to review by LG Futures to provide assurance on their robustness given the fast pace of change in the models of service delivery. Initial indications were that these models seem robust with regard to in-year monitoring; however the level of sophistication may not be sufficient for financial planning purposes. Officers are currently evaluating the detailed recommendations within the LG Futures detailed report to enable development of an improved set of financial models.

22. As at Month 4 there has been no change to forecast costs of the 'pay as you throw' waste disposal levy from the West London Waste Authority (WLWA) of £550k which 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 financial implications of which will be determined following completion of an independent review.

23. Reductions in previously forecast calls on contingency for Development Control Income and Fuel costs have been off-set by an increased shortfall in income from in-sourced Golf course operations of £74k and the new pressures on planning appeals and traveller incursions

24. As at Month 4 forecasts still assume that the £1,000k set-aside as General Contingency will be required in full over and above identified pressures detailed in table 4.

25. There may be a potential call on general contingency in the last two months of the year from auto-enrolment into the Local Government Pension Scheme. The Council's staging date has now been set at 1 February 2013 at which point all employees not in the pension scheme will be auto-enrolled into the scheme. Many are expected to subsequently opt out but it is estimated that 60% will remain in the scheme and this is being factored into next year's budget, however there could be a higher impact in February and March 2013 while employees who do not wish to remain in the scheme consider whether opt out. Officers will continue to monitor this potential impact.

Priority Growth: Nil variance

26. 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 Unallocated Priority Growth at start of the year**	**2012/13 Budget** **£'000**	**Agreed draw downs** **£'000**	**Unallocated** **£'000**
HIP Initiatives Budget:	800		
Communications Projects		7	
Heritage/Civic Pride Projects		164	
ICT Projects		321	
HIP Initiatives unallocated balance	**800**	**492**	**308**
Unallocated non specific growth	1,704		
Balance of unallocated growth	**1,704**	**0**	**1,704**
Total	**2,504**	**492**	**2,012**

27. HIP Steering Group had approved £492k of allocations at Month 4, leaving £308k 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 4 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**

28. Table 6 shows budget, forecast and variance reported on corporate budgets as at Month 4.

Table 6

2012/13 Original Budget £'000	Budget Changes £'000	2012/13 Current Budget as at Month 4 £'000	Corporate Budgets	2012/13 Forecast Outturn (as at Month 4) £'000	Variances (+ adv/- fav) Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Change from Month 2 £'000
12,340	0	12,340	Financing Costs	9,840	-2,500	-2,500	0
950	0	950	IAS 19 Pension Adjustment	950	0	0	0
-35,583	0	-35,583	Asset Management A/c	-35,583	0	0	0
10,165	0	10,165	Levies & other corp budgets	10,165	0	0	0
-29,232	0	-29,232	Corporate Govt Grants	-29,232	0	0	0
-41,360	**0**	**-41,360**	**Corporate Budgets**	**-43,860**	**-2,500**	**-2,500**	**-0**

29. Forecasts for Corporate Budgets remain unchanged from Month 2 with the underspend of £2,500k reported on financing costs. As previously reported this relates to revenue provision for borrowing on the Primary Schools Capital Programme, which is not required in full during 2012/13.

B) CAPITAL

Programme Monitoring

30. 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.

31. 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; by additional grant from the Outer London Fund (OLF) for the town centre projects; and by an increase in schools contributions of £0.3m. This takes the current revised budget for 2012/13 to £101.5m.

Table 7:

	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total Month (4) £'000	Total Month (2) £'000
Original Budget	89,286	71,110	37,012	**197,408**	**197,408**
Revised Budget	101,535	72,675	37,259	**211,469**	**211,195**
Forecast Outturn	76,519	89,696	38,283	**204,498**	**204,343**
Council Resourced Variance – see table 8	-24,616	17,021	1,024	**-6,571**	**-6,852**
External Grants Variance	-400	0	0	**-400**	**0**
Other Resources Variance	0	0	0	**0**	**0**
Programme Variance	**-25,016**	**17,021**	**1,024**	**-6,971**	**-6,852**

32. The actual General Fund capital expenditure as at the end of July had reached £6.9m representing 9% of current forecast outturn.

33. The main programme shows a net favourable variance of £102k, comprising pressures of £482k, and underspends of £584k, 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 remain unallocated.

Table 8:

Council Resourced Variance	2012-13 £'000	2013-14 £'000	2014-15 £'000	Total (Mth 4) £'000	Total (Mth 2) £'000
Pressures:					
Botwell Green Leisure Centre	63	0	0	63	63
Hayes End Library Development	56	0	0	56	56
Hillingdon Sports & Leisure Centre	43	0	0	43	43
South Ruislip Development - Plot A	40	0	0	40	40
Highgrove Pool Phase II	280	0	0	280	0
Total Council Resourced Pressures:	**482**	**0**	**0**	**482**	**202**
Underspends:					
Primary School Expansions - Rosedale Temporary	-274	0	0	-274	-273
New Young People's Centres	-140	0	0	-140	-140
Manor Farm Stables Development	-80	0	0	-80	0
Primary School Expansions - Minor Works	-60	0	0	-60	-60
Ruislip High School Expansion	-30	0	0	-30	-30
Winston Churchill Hall Refurbishment	0	0	0	0	-1
Total Council Underspends:	**-584**	**0**	**0**	**-584**	**-504**
Projected Rephasing	**-21,032**	**18,521**	**2,524**	**13**	**0**
Main Programme Variance	**-21,134**	**18,521**	**2,524**	**-89**	**-302**
General Contingency	**-2,482**	**-1,500**	**-1,500**	**-5,482**	**-5,482**
Unallocated Priority Growth	**-1,000**	**0**	**0**	**-1,000**	**-1,000**
Council Resourced Variance	**-24,616**	**17,021**	**1,024**	**-6,571**	**-6,784**

34. 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 for in 2011/12. The balance of £63k relates to the expected closing out costs.

35. Hayes End Library Development is currently projecting a pressure of £56k due to works being delayed as a result of changes in design and delivery. The situation is being closely monitored by the project manager and contractor, and the estimated date for completion is October 2012.

36. South Ruislip Development – Plot A is currently projecting a pressure of £40k due to a change in the cabling specification for the Libraries IT network. The contractor completed the initial works during May 2012, and the Library fit-out has now commenced with an expected completion date of September 2012.

37. Highgrove Pool Phase II is currently projecting a pressure of £280k, the overspend due to further asbestos discovery in various locations and the requirement to remove it.

38. The Transport for London (TfL) 2011/12 programme was finalised at the end of August in line with TfL grant deadlines. The programme is forecast to spend £4.3m against the original programme of £4.7m.

39. The Schools Expansion project is reporting an underspend for phase 1a and minor works of £334k (equivalent to 0.2% of the full programme). The remaining schools expansion programme is forecast to be in line with budget at this time, however there will be additional

costs related to temporary classrooms delivered for September 2012 which will be clarified for the next monitoring report. A separate report on this agenda addresses these costs.

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. Ruislip High School works are now complete and the account finalisation process is underway. An underspend of £30k is currently being forecast.

41. The Manor Farm Stables Development Project is now complete and confirmation of the final project spend is subject to finalisation of the accounts, with the latest forecast underspend at £80k.

42. The Queenswalk redevelopment project - there is no variance to report at present, as this scheme is being revised. A separate Cabinet report is currently being prepared to highlight the change in design and scope of the project, which will be subject to approval before a revised budget can be confirmed.

43. As a result of the recent work on forecasting the General Fund Supported Housing programme spend in 2012/13, it is necessary to re-phase £750k of budget into 2013/14. This is due to anticipated delays in planning permission.

Capital Financing

Table 9:

Capital Receipts	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	Total Month (4) £'000	Total Month (2) £'000
Budget Approved February 2012	13,344	12,675	0	**26,019**	**26,019**
Revised Budget	23,648	12,675	0	**36,323**	**36,323**
Forecast Disposals	6,884	15,072	22,524	**44,480**	**36,542**
Variance	**16,764**	**-2,397**	**-22,524**	**-8,157**	**-219**

44. Forecast capital receipts for 2012/13 are currently estimated at £6,884k. This is a reduction of £10,833k in the previously reported receipts level at month 2. The adverse movement of £10,833k relates to 4 sites that have been re-phased into next year, 2 sites which are no longer likely to come to fruition and 4 sites which have a change in projected value.

45. The net increase of £8,157k over the 3 year programme largely relates to new sites which are expected to mature in 2014/15.

46. 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 budgets. Each £1,000k movement in capital receipts would result in a £40k movement in MRP in 2013/14. The shortfall of £16,764k against budgeted disposals for the year 2012/13 reflects the latest forecast and largely reflects slippage in timings of disposals, into 2013/14 and 2014/15. The programme is still anticipated to generate an overall surplus of £8,157k and deliver significant revenue savings to the Council through reduced borrowing costs. Table 10 below shows the forecast borrowing for the period 2012/13 to 2014/15.

Table 10:

Prudential Borrowing Forecast	2012-13 £'000	2013-14 £'000	2014-15 £'000	Total Month (4) £'000	Total Month (2) £'000
Revised Budget	33,142	34,517	16,259	**83,918**	**85,154**
Council Resourced Variance	**-24,616**	**17,021**	**1,024**	**-6,571**	**-6,784**
Capital Receipts Variance	**16,764**	**-2,397**	**-22,524**	**-8,157**	**-219**
Forecast Borrowing	**25,290**	**49,141**	**-5,241**	**69,190**	**78,151**

Housing Revenue Account Capital Programme

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

Table 11:

Housing Revenue Account Capital Programme	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	Total Month (4) £'000	Total Month (2) £'000
Original Budget	17,923	13,708	7,052	**38,683**	**38,683**
Revised Budget	20,049	13,708	7,052	**40,809**	**40,809**
Forecast Outturn	8,316	22,321	15,786	**46,423**	**41,802**
HRA Resourced Variance – see table 12	-11,483	8,363	8,734	**5,614**	**993**
External Grants Variance	-250	250	0	**0**	**0**
Other Resources Variance	0	0	0	**0**	**0**
Programme Variance	**-11,733**	**8,613**	**8,734**	**5,614**	**993**

48. Expenditure to the end of July 2012 on the HRA capital programme was £139k representing 2% of the forecast outturn. There is a forecast overspend of £766k for 2012/13; with further overspends of £144k in 2013/14 and £4,704k in 2014/15.

49. However, £12,499k of the New Build Supported Housing Programme and Pipeline Phase 2 previously programmed for 2012/13 is now likely to be rephased into future years.

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

Table 12: £'000

HRA Resourced Variance	2012-13 £'000	2013-14 £'000	2014-15 £'000	Total Month (4) £'000	Total Month (2) £'000
Pressures:					
New Build - Extra Care Sites Phase 1	495	0	0	**495**	**495**
New Build - HRA Pipeline Sites Phase 1	144	0	0	**144**	**144**
New Build - Learning Disability Sites Phase 1	127	0	0	**127**	**127**
New Build - HRA Pipeline Sites Phase 2	0	144	83	**227**	**227**
New Build - Supported Housing Programme	0	0	4,621	**4,621**	**0**
Total HRA Resourced Pressures:	**766**	**144**	**4,704**	**5,614**	**993**
Projected Rephasing	**-12,499**	**8,469**	**4,030**	**0**	
HRA Programme Variance	**-11,733**	**8,613**	**8,734**	**5,614**	**993**

51. 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.

52. 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.

53. 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.

54. 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.

55. New Build Supported Housing Programme is forecasting an overspend on category 1 sites of **£4,621k** follows a review of the design brief. However, it should be noted that the forecast will need updating once tenders and specifications have been reassessed and consultants have been appointed. A review of the overall programme is being undertaken given the risk of a further overspend for the remaining sites.

56. Works to Stock Programme is forecast to spend its revised budget in full, however there is a risk of slippage if planning permission is not granted for the extensions element (£150k) in this financial year. It is anticipated that most expenditure will occur towards the end of the financial year.

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. NIL

Appendix A – Detailed Group Forecasts

Social Care, Health and Housing Services

Revenue: £1,097k adverse (£80k favourable)

1. The month 4 revenue monitoring report for 2012/13 has been compiled following analysis of relevant activity trends and implementation of the MTFF £8,262k savings programme. In summary there is a favourable movement of £80k from the M2 reported position.

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. This has been partially offset to date by strong management controls across the service which will remain in place.

Services		2012/13 (As at Month 04)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 04) £'000	Variance (As at Month 02) £000	Change from Month 02 £000
Children & Families Services	*Exp*	+30,376	+30,588	1%	+212	+616	-404
	Inc	-3,376	-3,122	-8%	+255	+33	+222
	Total	**+27,000**	**+27,467**	**2%**	**+467**	**+649**	**-182**
Asylum Services	*Exp*	+7,964	+7,965	0%	+0	+0	-0
	Inc	-6,715	-6,716	0%	-0	-0	-0
	Total	**+1,249**	**+1,249**	**0%**	**-0**	**+0**	**-0**
Older Peoples Services	*Exp*	+32,326	+34,203	6%	+1,877	+1,530	+347
	Inc	-7,162	-8,642	21%	-1,480	-1,291	-188
	Total	**+25,164**	**+25,561**	**2%**	**+397**	**+239**	**+158**
Physical & Sensory Disability Services	*Exp*	+8,379	+8,843	6%	+464	+405	+60
	Inc	-587	-805	37%	-218	-165	-53
	Total	**+7,792**	**+8,038**	**3%**	**+247**	**+240**	**+7**
Learning Disability Services	*Exp*	+27,303	+28,141	3%	+838	+797	+41
	Inc	-4,036	-4,243	5%	-207	-209	+1
	Total	**+23,267**	**+23,898**	**3%**	**+631**	**+589**	**+42**
Mental Health Services	*Exp*	+5,683	+5,773	2%	+90	+90	+0
	Inc	-309	-369	20%	-60	-60	-0
	Total	**+5,374**	**+5,404**	**1%**	**+30**	**+30**	**-0**
Housing Benefits	*Exp*	+171,530	+171,438	0%	-92	-4	-88
	Inc	-167,942	-168,210	0%	-269	-287	+18
	Total	**+3,589**	**+3,228**	**-10%**	**-361**	**-291**	**-70**
Housing Needs Services	*Exp*	+12,485	+12,537	0%	+52	+44	+9
	Inc	-9,229	-9,194	0%	+35	+35	-1
	Total	**+3,256**	**+3,343**	**3%**	**+87**	**+79**	**+8**
SCH&H Other Services	*Exp*	+16,119	+15,662	-3%	-457	-413	-44
	Inc	-3,515	-3,459	-2%	+56	+55	+1
	Total	**+12,604**	**+12,203**	**-3%**	**-401**	**-358**	**-43**
Total Expenditure		+312,164	+315,150	1%	+2,986	+3,066	-80
Total Income		-202,870	-204,760	1%	-1,889	-1,889	-0
SCH&H Total		**+109,294**	**+110,391**	**1%**	**+1,097**	**+1,177**	**-80**

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

Division of Service	Gross Pressure Month 04	Contingency	Net Pressure
Asylum Funding Shortfall	+1,449	+1,449	0
Social Care Pressures (Children's)	+165	+165	0
Social Care Pressures (Adults)	+6,171	+6,171	0
Increase in Transitional Children due to Demographic Changes	+2,742	+2,742	0
Potential shortfall in reablement, LD & PD savings targets	+500	+500	0
Impact of HB changes on Temporary Accommodation	+737	+737	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 £2,975k (36%). At the present time slippage of £2,634k has been identified which includes the BID children's services business support review (£255k), Looked After Children placements review (£426k), HRA review (£375k) and Supported Housing (referred to below); these are included in the forecasts set out below. With these exceptions the remainder of the programme is on target to deliver the balance representing major changes in service delivery for the group.

5. The capital programme has for a number of reasons slipped from its original timetable; 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 M4 monitoring purposes will be around £1.5m. The MTFF did allow for £0.5m contingency relating to this project and this has been allocated to Learning Disability where the pressure is greatest.

Children Services: £467k adverse (£182k favourable)

6. The movement from the month 2 forecast reflects the continuing success of keeping children from high cost care placements and the recruitment of in-house Foster parents. Since April 2011 almost 90% of new placements have been made to In-House Foster Parents made possible by the success in recruiting new foster parents. The number of in-house placements at the end of Q1 is 54% compared with 43% at the same time last year.

7. However, 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%). This has also led to additional demands for Fostering although as the service is able to utilise the increasing in-house resource it is able to reduce reliance on both independent fostering sector and in particular the need for residential placements. It is the forecast reduction in the latter from 18 to 14 that has enabled the M4 forecast to be reduced.

8. 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 has been profiled over the year and at the present time the forecast indicates a slippage of £426k from this profile although there is confidence that this will be delivered by year end.

9. The primary cause of slippage relates to the implementation of the business support review. Although the slippage of £255k cannot be recovered in this year management are reviewing other options to redress the balance.

10. 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.

Asylum

11. The service is in ongoing discussion with UKBA both on individual and specific LBH matters and has recently met with three other most affected councils regarding a joint approach to UKBA with regard to the funding shortfalls.

Older People Services: £397k adverse (£158k adverse)

12. The movement from the month 2 forecast primarily relates to increasing pressure for support to enable people to live in the community, most noticeably Homecare. The net increase for Homecare of £98k reflects an increase in expenditure of £71k as well as a slight reduction in the income forecast (£27k); the respective budgets are £6,403k and £2,180k respectively. For Direct Payments the forecast is showing an increased pressure of £86k on a budget of £1,404k.

13. The gross budget for this service (£33,587k) includes an MTFF saving of £1,985k and at the present time has achieved £1,285k banked, £731k 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.

14. The MTFF strategy is to continue to develop the personalisation agenda and support people to live at home through reablement and the TeleCareLine service (423 new installations to end of July against a target of 1,229). Although the M4 forecast indicates that the number of placement weeks for residential care is above target the current number of placements remain 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.

15. The pressure on placements is partially offset by an 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 September is the cause of the adverse forecast. The gross budget for placements and community support services is £27,630k.

Physical Disabilities: £247k adverse (£7k adverse)

16. There has been no material movement from the month 2 forecast. The gross budget for this service (£8,667k) includes an MTFF saving for this service of £277k and at the present time £202k has been banked and there is £75k slippage. The adverse forecast is due to delays in the supported accommodation build programme as set out above.

17. The gross budget for placements and community support services is £7,227k. The forecast for the remainder of this service is currently on budget.

Learning Disability: £631k adverse (£42k adverse)

18. There has been no material movement from the M2 forecast. The gross budget for this service (£31,472k) includes an MTFF saving for this service of £962k and at the present time £132k is on track to deliver and £830k potential slippage. The adverse forecast is due to delays in the supported accommodation build programme as set out above and delays whilst the Judicial Review challenge is addressed. This forecast also assumes that £500k can be drawn down from the Contingency held for this purpose reducing the pressure from £1,131k to £6319k as reported in this forecast.

19. 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 (no change)

20. There has been no material movement from the M2 forecast. The gross budget for this service (£6,183k) includes an MTFF saving for this service of £500k which has been banked. The adverse forecast is due to delays in the supported accommodation build programme as set out above. The gross budget for placements and community support services is £3,518k.

21. The forecast for the remainder of this service is currently on budget.

Housing Benefit: £361k favourable (£70k favourable)

22. There has been no material movement from the M2 forecast on a gross budget for this service of £171.5m. This movement results from analysis of the Q1 subsidy information recently received which indicates a more favourable position for LBH than previously forecast.

23. The budget assumes that there will be approx 25,709 HB caseload with 33.2% coming from private sector tenants. The M4 forecast is a caseload of 25,900 with 34.77% being the private tenants proportion. A significant increase in workload would put a pressure on the staffing budget but this has been mitigated by the recent introduction of electronic applications through e-benefits. 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 it is too early in the year to establish the patterns for both the overall benefit expenditure and performance in the incentive areas, therefore the budget is being reported as on target.

24. The reported favourable movement is primarily due to the final subsidy claim for 2012 being higher by this amount than the final accounts subsidy amount, which is estimated in order to meet the closing deadline.

Housing Needs: £87k adverse (£8k adverse)

25. There has been no material overall movement from the M2 forecast. A higher than anticipated loss in PSL properties has had a broadly neutral impact with loss of income from rents of around £400k being offset by a reduction in property leasing and management costs. The gross budget for this service (£12.3m) includes an MTFF 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 £824k to £87k as reported in this forecast.

26. The adverse variance of £87k relates is based on the assumption that 25,257 PSL weeks are purchased with a 3.0% void rate. Trends to date indicate that 20,127 PSL weeks will be required and void performance is 3.06% resulting in a forecast pressure of £43k. In addition, the Bed and Breakfast budget assumes a requirement of 2,080 weeks; the M4 forecast is a projected 2,285 weeks resulting in a pressure of £47k.

SCH&H Other Services: £401k favourable (£43k favourable)

27. There has been no material movement from the M2 forecast. The gross budget for this service (£17.1m) includes an MTFF saving for this service of £1,705k, of which £970k has been banked to date.

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

Housing HRA £1,353k favourable (£10k adverse)

29. The HRA has a gross expenditure budget of £62m and a gross income budget of nearly £64m with a forecast of £1.353k 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 Current Budget £000	2012/13 Forecast £'000	% Var of budget	Variance (As at Month 04) £'000	Variance (As at Month 02) £000	Change from Month 02 £000
Housing Maintenance	Exp	+25,456	+25,350	-1%	-106	-123	+17
Housing Management	Exp	+36,569	+36,124	-1%	-445	-545	+100
Rent & Other Income	Inc	-63,731	-64,533	1%	-802	-695	-107
In Year (Surplus) / Deficit	**Total**	**-1,706**	**-3,059**		**-1,353**	**-1,363**	**+10**

Housing Maintenance £106k favourable (£17k adverse)

30. The gross budget for this service is £27,808k and at Month 4 the budget is broadly on target with a marginal favourable variance of £106k (0.42%) being forecast.

Housing Management £445k favourable (£100k adverse)

31. The gross budget for this service (£36,569k) includes an HRA MTFF savings target for this service of £229k, which has been banked.

32. This budget is showing an underspend of £445k primarily due to a reduced call on the bad debt provision, with the primary reason for the £100k adverse movement from Month 2 is due to increases in grounds maintenance costs.

Rent & Other Income £802k favourable (£107k favourable)

33. The HRA expects to receive rental income of £54.3m and other income of £5.7m. The Month 4 forecast indicates a favourable variance of £802k.

34. The favourable variance is primarily due to management continuing to maintain voids at 1.1% below the budgeted target (£600k). The remainder of the favourable variance is due to other factors including a number of smaller variances such as interest on a higher level of balances (£75k) and recharges for works over prescribed limits (£66k).

Planning Environment Education and Community Services

Revenue: nil variance (£130k improvement)

1. The Group has a projected outturn position of a nil variance, excluding pressure areas that have identified contingency provisions.

Services		2012/13 (As at Month 4)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Change from Month 2 £'000
Corporate Property & Construction	*Exp*	3,418	3,348	-2%	-70	-70	0
	Rech	-495	-495	0%	0	0	0
	Inc	-2,243	-2,243	0%	0	0	0
	Total	**681**	**611**	**-10%**	-70	-70	0
Education	*Exp*	278,330	278,086	0%	-244	-140	-104
	Rech	-382	-382	0%	0	0	0
	Inc	-242,493	-242,519	0%	-26	0	-26
	Total	**35,455**	**35,185**	**-1%**	**-270**	**-140**	**-130**
ICT Highways & Business Services	*Exp*	45,426	45,596	0%	+170	+170	0
	Rech	-14,423	-14,423	0%	0	0	0
	Inc	-11,872	-11,822	0%	+50	+50	0
	Total	**19,131**	**19,351**	**1%**	**+220**	**+220**	**0**
Planning Sport & Green Spaces	*Exp*	15,120	15,070	0%	-50	-50	0
	Rech	-2,851	-2,851	0%	0	0	0
	Inc	-5,928	-5,758	-3%	+170	+170	0
	Total	**6,341**	**6,461**	**2%**	**+120**	**+120**	**0**
Public Safety & Environment	*Exp*	49,867	49,767	0%	-100	-100	0
	Rech	-2,964	-2,964	0%	0	0	0
	Inc	-19,433	-19,283	-1%	+150	+150	0
	Total	**27,470**	**27,520**	**0%**	**+50**	**+50**	**0**
Transportation Planning Policy & Community Engagement	*Exp*	3,377	3,327	-1%	-50	-50	0
	Rech	0	0	0%	0	0	0
	Inc	-3,924	-3,924	0%	0	0	0
	Total	**-547**	**-597**	**9%**	**-50**	**-50**	**0**
Total Expenditure		**395,538**	**395,194**	**0%**	**-344**	**-240**	**-104**
Total Recharges		**-21,115**	**-21,115**	**0%**	**0**	**0**	**0**
Total Income		**-285,891**	**-285,547**	**0%**	**+344**	**+370**	**-26**
PEECS Total		**88,531**	**88,531**	**0%**	**0**	**+130**	**-130**

Contingency Items: Gross Pressure £2,880k (£47k adverse)

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 4 (£000s)	Gross Pressure Month 2 (£000s)	Change from Month 2 (£000s)	Contingency Allocation (£000s)	Net Pressure (£000s)
Waste Disposal Levy	550	550	0	550	0
Development Control Income	502	528	-26	500	+2
Contingency Against Leisure Outsourced Income Streams	439	365	+74	480	-41
Carbon Reduction Commitment	400	400	0	450	-50
Additional Costs for 2 Year Olds	357	357	0	357	0
HS2 Challenge Contingency	200	200	0	200	0
SEN Transport	250	250	0	100	+150
Local Development Framework	90	90	0	90	0
Fuel	60	85	-25	0	+60
Traveller Incursions	8	0	8	0	+8
Planning Appeals	24	0	+24	0	+24
PEECS – Total	**2,880**	**2,825**	**55**	**2,727**	**153**

3. The contingency against the additional forecast costs of the 'pay as you throw' (PAYT) 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, a recovery plan is now in place. However there is an increased risk around the levy arrangements more generally, given that the level of reserves held by WLWA has significantly reduced as a result. There also continue to be issues regarding the reconciliation of PAYT records with WLWA.

4. The forecast position for Development Control Income is a pressure of £502k, which is £2k greater than the sum held in contingency, an improvement of £26k compared to Month 2. 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. The improvement compared to Month 2 includes the impact of the Government's announced intention to increase planning fees later in the year, and an underlying improvement in minor and other applications. 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 to July playing conditions have not been ideal, and pay and play and associated income is £212k below target, an adverse movement of £120k compared to Month 2 due to record rainfall in June and continued poor weather in July. This is offset by the staffing costs so far being £92k under budget as the recently approved structure contains a number of vacant posts, an improvement of £46k compared to Month 2. 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 that income will

recover, but that the staffing structure will also be recruited to quickly, so that the current adverse variance of £79k 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 £59k deficit on the in-house operation described above, means that the overall call on the leisure contingency of £480k is forecast to be £439k, an adverse movement of £74k compared to Month 2.

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 allowances 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 more than twice as fast as the school population as a whole.

12. Current analysis shows that the fuel budget has a forecast pressure of £60k at the current bulk purchase price of £1.10 per litre, an improvement of £25k compared to Month 2.

13. Across the group £8k has been spent so far on actions to prevent traveller incursions.

14. Planning appeals costs of £24k are forecast to be incurred on the appeal hearings for the Gutteridge Farm application.

Corporate Property & Construction: £70k underspend (no change)

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

16. The service is also managing the financial risk over the recovery of costs associated with the disposal of assets that are projected to generate capital receipts this financial year.

Education: £270k underspend (£130k improvement)

Schools: variance not applicable

17. 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 (£200.1 million), with the remainder (£22.4 million) 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.

18. 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 Month 4 (£000s)**	**Forecast Variance Month 2 (£000s)**	**Change from Month 2 (£000s)**
Opening Balance 1 April 2012	-	-226	-226	0
DSG Income	-222,459	0	0	0
Delegated to Schools	200,057	0	0	0
Centrally Retained	22,402	+634	+212	+422
In-Year Movement	0	+634	+212	+422
Forecast Closing Balance 31 March 2013	**-**	**+408**	**-14**	**+422**

19. The overspend of £634k is due to a pressure on Special Educational Needs (SEN) spend at independent special schools of £848k, where there is a further increase in the number of children being placed in September 2012. This is partly offset by projected underspends on SEN support and increased recoupment income.

General Fund: £270k underspend (£130k improvement)

20. 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.

21. In addition, there are underspends arising from vacant posts in part of the service, specificially the educational psychology service (£144k), the youth service (£20k), where recruitment continues to the new structure, and the early years team (£30k). This represents an overall improvement on staffing budgets of £54k compared to Month 2. Posts are being held vacant in some areas given the need to identify further savings for the 2013/14 budget from the education service, and where services are being considered as part of cross-cutting BID projects such as the children's pathway project.

22. A review of discretionary expenditure budgets across the service has identified underspends of £50k, and there is additional anticipated buy-back of services from schools of £26k.

ICT Highways & Business Services: £220k overspend (no change)

23. 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.

24. 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.

25. 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.

26. 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 in this

interim period there are pressures on contract hire due to short-term arrangements being put in place while replacement vehicles are procured. The service is also closely monitoring insurance claims, where there is a greater risk around accidental damage under self-insurance arrangements.

Planning Sport & Green Spaces: £120k overspend (no change)

27. Pre-application advice income from developers shows a pressure of £40k, no change compared to Month 2, reflecting continuing uncertainty in the housing market.

28. 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.

29. 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 (no change)

30. There is a projected shortfall of £150k on off-street parking, no change compared to Month 2, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.

31. 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.

32. 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 the West London Waste Authority for the Victoria Road site. The risk associated with landfill tax scope changes on disposal costs has now largely receded, although this an area which is now being more closely monitored by HM Revenue & Customs. The Trade Waste service is forecast to return an underspend which will assist in offsetting these pressures and risks.

Transportation Planning Policy and Community Engagement: £50k underspend (no change)

35. The service is reporting a £50k favourable position due to the impact of vacant posts across the service, no change compared to Month 2. This includes the part-year effect of the restructure of the town centres and community engagement teams into a single team.

Central Services (CS)

Revenue: £33k favourable (£31k improvement)

Services		2012/13 (As at Month 4) Current Budget £'000	2012/13 (As at Month 4) Forecast £'000	% Var of budget	Variances (+ adv/- fav) Variance (As at Month 4) £'000	Variances (+ adv/- fav) Variance (As at Month 2) £'000	Variances (+ adv/- fav) Change from Month 2 £'000
Chief Executive/Deputy Chief Executive	*Exp*	649	637	**-2%**	-13	-11	-2
	Inc	0	0	**0%**	0	0	0
	Rechgs	-22	-22	**0%**	0	0	0
	Total	**627**	**615**		**-13**	**-11**	**-2**
Audit & Enforcement	*Exp*	1,238	1,239	**0%**	2	11	-9
	Inc	£0	-10	**0%**	-10	-10	0
	Rechgs	-1,211	-1,211	**0%**	0	0	0
	Total	**26**	**18**		**-8**	**1**	**-9**
Corporate Communications	*Exp*	849	835	**-2%**	-14	-83	69
	Inc	-103	-96	**-7%**	7	33	-25
	Rechgs	-774	-774	**0%**	0	0	0
	Total	**-27**	**-34**		**-7**	**-50**	**43**
Democratic Services	*Exp*	3,287	3,321	**1%**	34	9	25
	Inc	-816	-871	**7%**	-54	-24	-30
	Rechgs	622	622	**0%**	0	0	0
	Total	**3,093**	**3,073**		**-20**	**-15**	**-5**
Finance & Procurement Services	*Exp*	12,477	12,646	**1%**	169	115	54
	Inc	-5,290	-5,376	**2%**	-86	18	-104
	Rechgs	-1,666	-1,666	**0%**	0	0	0
	Total	**5,521**	**5,604**		**83**	**133**	**-50**
Human Resources	*Exp*	3,501	3,450	**-1%**	-50	-50	0
	Inc	-1,130	-1,136	**1%**	-6	0	-6
	Rechgs	-2,669	-2,669	**0%**	0	0	0
	Total	**-299**	**-356**		**-56**	**-50**	**-6**
Legal Services	*Exp*	1,930	1,943	**1%**	13	14	-1
	Inc	-557	-540	**-3%**	17	17	0
	Rechgs	-1,332	-1,332	**0%**	0	0	0
	Total	**42**	**72**		**30**	**31**	**-1**
Policy & Performance	*Exp*	4,187	4,157	**-1%**	-30	-30	0
	Inc	-419	-432	**3%**	-12	-13	1
	Rechgs	132	132	**0%**	0	0	0
	Total	**3,926**	**3,531**	**0**	**-42**	**-43**	**1**
Total Expenditure		**28,118**	**28,229**	**0%**	111	-24	135
Total Income		**-8,315**	**-8,459**	**2%**	-144	22	-166
Total Recharges		**-6,920**	**-6,920**	**0%**	0	0	0
CS Total		**12,882**	**12,850**	**0**	**-33**	**-2**	**-31**

Corporate Communications: **£7k favourable (£43k Adverse movement)**

1. The majority of the underspend is attributed to part year vacancies including the Head of Communications post. The budgets for some of this and other vacancies are being used to fund agency staff to cover the workload while these posts were being recruited to and to cover maternity leave. The adverse movement this month relates to the extension of a post to cover Internal Communications support to the BID programme.

Finance and Procurement: £83k pressure (£50k Improvement)

2. The main reason for the current projected overspend is that the managed vacancy factor (MVF) for the service is unlikely to be delivered in full. The underspend on the non-salaries budgets is as a result of accrued redundancy costs not being required as the employees were redeployed and also the expected early benefit of the 2013/14 Audit fees saving within the MTFF.

Democratic Services: £20k favourable (£5k Improvement)

3. There is an overspend on salaries due to MVF not being delivered in full that has been netted down by vacancies as a result of the restructure of the Registrars Team. The favourable movement this month relates to revised income projections for Registrars.

Policy, Performance and Partnerships: £42k favourable (£1k Adverse movement)

4. 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. The underspend has been maintained after a review of non-salaries expenditure leading to a number of forecast being revised down. The income relates to ESF grants that were brought forward from 11/12 that are unlikely to be spent in 12/13.

Human Resources: £56k favourable (£6k Improvement)

5. 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: £30k pressure (£1k Improvement)

6. There is 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. The improvement in the salaries forecast relates to a vacancy not being filled as quickly as anticipated. There is a pressure on income which relates to the recharges to capital schemes, which are unlikely to meet the budgeted income target.

APPENDIX B – Treasury Management Report as at 31st July 2012

Outstanding Deposits - Average Rate of Return on Deposits: 0.72%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	85.1	70.45	60.00
1-2 Months	19.4	16.06	15.00
2-3 Months	4.4	3.64	20.00
3-6 Months	0.0	0.00	0.00
6-9 Months	0.0	0.00	0.00
9-12 Months	5.0	4.14	5.00
12-18 Months	0.0	0.00	0.00
Subtotal	**113.9**	**94.29**	**100.00**
Unpaid Maturities	6.9	5.71	0.00
Total	**120.8**	**100.00**	**100.00**

1. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions, which hold at a minimum, a Fitch or lowest equivalent of A- long-term credit rating.

2. Deposits are currently held with the following institutions; BlackRock MMF, Deutsche MMF, Fidelity MMF, Goldman Sachs MMF, HSBC MMF, Ignis MMF, PSDF MMF, Royal Bank of Scotland, HSBC Bank plc, Lloyds TSB Banking Group, Barclays, Nationwide, Greater London Authority and Newcastle City Council.

3. During July fixed-term deposits continued to mature in line with cash flow requirements. Any surplus funds were either placed in instant access accounts or fixed term deposits of up to three months in order to meet near term cash flow requirements.

Outstanding Debt - Average Interest Rate on Debt: 2.95%

	Actual £m	Actual %
General Fund		
PWLB	81.07	23.00
Long-Term Market	15.00	4.25
HRA		
PWLB	223.57	63.40
Long-Term Market	33.00	9.35
Total	**352.64**	**100.00**

4. There were no early debt repayments or rescheduling activities during July and there were no breaches of the prudential indicators during July.

Ongoing Strategy

5. 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 long term deposits will be placed to help increase the average rate of return achieved.

6. During July 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

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 3 to 14 have been submitted to Cabinet previously but require further extensions due to recruitment difficulties, project implementation, or vacancy held pending restructuring. Posts 1 and 2 relate to agency staff leading on key IAS developments.

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	IAS, Development of case allocation system	01-Nov-11	30-Sep-12	0	6	44	50
2	IAS, Pre paid card Implementation Manager	08-May-12	09-Dec-12	0	0	64	64
3	TeleCareLine Project Manager	15-Mar-11	28-Dec-12	0	63	45	108
4	IAS, SDS & Reablement Infrastructure Lead	05-Jul-10	31-Dec-12	48	65	48	161
5	Disability and Mental Health Services Consultant	07-Mar-11	31-Dec-12	7	63	47	117
6	Disability Services, Service Manager	16-Apr-11	31-Dec-12	0	121	86	207
7	Mental Health, AMHP	09-Aug-10	30-Nov-12	34	56	38	128
8	Access and Assessment, AMHP	02-Aug-10	01-Jan-13	0	58	45	103
9	Access and Assessment, Team Manager	02-Jan-12	31-Dec-12	0	15	64	79
10	Technical Support Officer	01-Apr-10	31-Jan-13	23	23	22	68
11	Technical Support Archivist	01-Apr-10	31-Jan-13	20	20	20	60
12	LAC Service Admin Officer	01-Apr-10	31-Jan-13	22	22	17	61
13	IAS, Project Manager	17-Jun-10	31-Jan-13	78	75	65	218
14	Direct Payments Admin Officer	01-Apr-10	11-Nov-12	19	19	13	51

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

1. The Principal Quantity Surveyor (Schools) is the second agency appointment to the post. The initial contract started on 13 March 2011 and the post holder left on 14 February 2012. The replacement post holder began on 11 April 2012, and the assignment was extended by Cabinet in April 2012 up to the end of September 2012.

2. The Delivery Manager Projects (Schools) is retained to lead on the Primary Schools Capital Programme. The contract started on 6 March 2011 and was last extended by Cabinet in April 2012 up to the end of September 2012.

3. It is now recommended that both assignments be extended for a further 26 weeks meaning the assignment will continue until March 2013.

4. The Architect assignment is funded from the Primary Schools Capital Programme. It is important that design work continues on the new primary schools that are required for start of the school year in September 2014 in the Uxbridge and Hayes areas. There are two permanent Architects posts in the Corporate Property and Construction structure, but these posts are both at full capacity with work to support the disposals programme for 2012/13. A temporary Architect therefore continues to be required to work within the design team to focus exclusively on new schools. The only alternative would be to source the design work from a firm of external Architects, but this would be considerably more expensive. It is now requested to extend the assignment until March 2013; for which the additional request has been confirmed at £27k.

5. The Quantity Surveyor assignment is providing co-ordinated cost management reports across all Corporate Construction projects including the Primary Schools Capital Programme. The contract started on 4 April 2011 and was last extended by Cabinet in April 2012 up to the end of September 2012. It is now recommended that this assignment be extended for a further 26 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)
Principal Quantity Surveyor (Schools)	13 March 2011	29 March 2013	60	28	33	121
Delivery Manager Projects (Schools)	6 March 2011	29 March 2013	91	51	46	188
Architect (outside establishment)	23 May 2011	29 March 2013	29	43	27	99
Quantity Surveyor (outside establishment)	4 April 2011	29 March 2013	53	26	31	110

Retaining of agency staff for Central Services

6. The post 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 MTFF 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 projects are BID related, the post works closely with the BID Transformation Manager.

Post Title	Start Date	Proposed end date	2011/12 Spend (£'000)	2012/13 Spend (£'000)	Current Request (£'000)	Total Spend (£'000)
Programme Support Officer	February 2011	31 March 2013	89	45	45	179