

COUNCIL BUDGET - MONTH 5 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 5 (August). The in-year revenue position is forecast as an underspend of £1,999k an improvement of £717k over that reported at Month 4.</p> <p>An underspend of £6,971k is currently forecast on General Fund capital budgets for 2012-15. There is a forecast pressure of £5,614k on the HRA capital programme over this period due to projected 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 management budget position for revenue and capital as at Month 5.
2. Note the treasury Month 5 update at Appendix B.
3. Approve the retaining of agency staff as detailed in Appendix C.
4. Agree the additional Voluntary Sector grants as detailed in Appendix D.
5. Approve the virement of £50k from Unallocated Priority Growth to PEECS revenue budgets.
6. Approves the allocation of £839k from Capital General Contingency to the Queenswalk Redevelopment Project.

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 reasons for recommendation 4 are set out in Appendix D.
3. Recommendation 5 seeks authority to vire £50k funds from unallocated priority growth to fund an additional post within Green Spaces on an on-going basis.
4. Recommendation 6 seeks authority to allocate £839k to the Queenswalk Redevelopment Project from Capital General Contingency in order to fund the improved specification approved by Cabinet on 27 September 2012.

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 5 (August) shows that forecast net expenditure for the year 2012/13 is £1,999k less than the budget. This includes a £1,001k pressure on directorate operating budgets, primarily due to slippage on SCHH savings, and a £3,000k underspend on capital financing costs, linked to borrowing on the Primary School Capital Programme being deferred.
7. An improvement of £217k from Month 4 has been reported on directorate operating budgets as Groups work towards delivering outturn within budget this year. This will allow the underspend on capital financing to be treated as a windfall contributing to balances. The remaining £500k movement arises from the capital financing underspend being increased to £3,000k as it is now likely that no borrowing will be required to support Primary School Expansions in the current financial year.
8. The reported position takes into account the delivery of the £17,696k savings which were included in the 2012/13 budget. To date 84% are either banked or on track for delivery.
9. 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 £27,438k as a result of this budgeted contribution and the in year underspend noted above.

B) Capital

10. Forecast outturn on the 2012/13 General Fund Capital Programme is £65,313k, a variance of £35,788k on a revised budget of £101,535k. The majority of this relates to the re-phasing of Primary Schools Expansions (£26,450k), with the remaining balance relating to unallocated contingency and other projects.
11. Over the three-year period 2012 to 2015, an underspend of £6,922k is now reported on the General Fund Capital Programme. Table 7 provides further detail of this projected underspend.

12. General Fund capital receipts for 2012/13 are projected to be £6,551k at Month 5. This represents a variance of £17,097k 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 £7,986k is forecast over the period 2012 to 2015.
13. A net pressure of £5,701k is reported on the HRA capital programme over the period of 2012 to 2015, which relates to variances on New Build projects.

A) REVENUE

14. 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 5)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000		£'000	£'000		£'000	£'000	£'000
229,902	922	Directorates Budgets on normal activities	230,824	231,824	0%	+1,001	+1,218	-217
-41,360	-922	Corporate Budgets on normal activities	-42,282	-45,282	7%	-3,000	-2,500	-500
188,542	0	Sub-total Normal Activities	188,542	186,543	-1%	-1,999	-1,282	-717
		Exceptional items:				0	0	0
0	0	Sub-Total	0	0		0	0	0
188,542	0	Total net expenditure	188,542	186,543	-1%	-1,999	-1,282	-717
-	0	Budget Requirement	-	-190,668		0	0	0
-2,126	0	Net total	-2,126	-4,125		-1,999	-1,282	-717
-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	-27,438		-1,999	-1,282	-717

Directorates' Forecast Expenditure Month 5

15. 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 4.

Table 2

2012/13 Original Budget	Budget changes	2012/13 Current Budget as at Month 5	Directorate		2012/13 Forecast (as at Month 5)	% Var	Variances (+ adv/- fav)		
							Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000	£'000			£'000		£'000	£'000	£'000
315,308	-2,375	312,934	SCHH	<i>Exp</i>	315,761	1%	+2,827	+2,986	-159
-205,801	2,302	-203,500		<i>Inc</i>	-205,339	1%	-1,840	-1,889	+50
109,507	-73	109,434		Total	110,422	1%	+988	+1,097	-109
386,494	-11,706	374,787	PEECS	<i>Exp</i>	374,439	0%	-349	-344	-5
-298,379	12,860	-285,519		<i>Inc</i>	-285,170	0%	+349	+344	+5
88,115	1,154	89,268		Total	89,269	0%	+0	+0	0
22,090	-560	21,530	CS	<i>Exp</i>	21,661	1%	+131	+111	+20
-9,004	541	-8,463		<i>Inc</i>	-8,633	2%	-169	-144	-25
13,085	-19	13,067		Total	13,028	0%	-38	-33	-5
16,691	-140	16,551	Contingency		16,602	0%	+51	+153	-102
2,504	0	2,504	Priority Growth		2,504	0%	0	0	0
229,902	922	230,824	Sub-Total Normal Activities		231,824	0%	+1,001	+1,218	-216

16. **Social Care, Health & Housing (SCH&H)** are projecting **an overspend of £988k (£109k improvement)** as at Month 5. There remains an underlying pressure due to slippages in delivery of the Supported Housing Programme, which is partially off-set by underspends on Housing Benefit and housing support contracts. Movement from Month 4 relates to greater use of in house fostering placements within Children's Services, although there remains a pressure in this area due to increased demand for fostering placements.

17. **Planning, Environment, Education & Community Services (PEECS)** are forecasting **a nil variance (no movement)** as at Month 5. Overspends are reported on Facilities Management expenditure, parking income and outdoor advertising and with compensating favourable variances arising from staffing vacancies linked to early delivery of 2013/14 savings within the directorate.

18. **Central Services (CS)** is forecasting **a £38k favourable variance (£5k improvement)** as at Month 5. There has been no significant movement from Month 4, with the reported underspend arising from vacant posts within the directorate.

Progress on 2012/13 Savings

19. 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	-1,751	-4,776	-3,776	-10,303	58.22
Green - On track for delivery	-30	-2,472	-2,069	-4,571	25.83
Amber - Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	-355	-845	-1,200	6.78
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

20. As at Month 5, 84% of savings are classified as either banked or on track for delivery, (84% at month 4) reflecting on-going BID activity across the Council, of these 58% are now classified as banked (48% at Month 4).

21. A further 7% of savings are classed as amber (from 8% at Month 4), with 9% (£1,622k) reporting serious problems with delivery (no change from Month 4). As previously report the majority of red savings relate to slippages within the Supported Housing programme and are still expected to be deliverable in the medium term, while alternative proposals are being developed in cover any shortfalls in the current financial year.

Development & Risk Contingency: £51k overspend (£102k improvement)

22. £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 MTFE 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 5)	Variance (+adv / -fav)		
				Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
	<i>2012/13 allocations:</i>	£'000	£'000	£'000	£'000	£'000
	Current 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 Accommodation	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	435	-65	+2	-67
PEECS	Carbon Reduction Commitment Energy Efficiency Scheme	450	350	-100	-50	-50
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	470	-10	-41	+31
CS	Uninsured Claims	400	400	0	0	0
CS	Schools withdrawal from the HR payroll and OH service	300	300	0	0	0
All	Pump Priming for BID Savings	500	500	0	0	0
PEECS	Fuel		40	+40	+60	-20
PEECS	Traveller Incursions		8	+8	+8	0
PEECS	Planning Appeals		28	+28	+24	+4
	Original Contingency Allocation	16,691	+16,742	+51	+153	-102
	Approved Allocations:					
SCHH	Social Care Pressures (Children's)	-140	-140	0	0	0
	Remaining Contingency	16,551	+16,602	+51	+153	-102

23. Following the release of £140k in Month 4 to fund additional posts within Social Care, the remaining £11,624k of contingency linked to Social Care Health & Housing is forecast to be required in full during 2012/13. The review of the financial models supporting these forecasts is currently underway and it is expected that this position can be refined in the coming months once new models are in place.

24. Continued improvement has been seen in the Development Control Income pressure which has reduced by a further £67k as several large sites are now in the development process. However it is still expected that £435k contingency will be required to fund the remaining shortfall in income.

25. A £50k improvement is reported on contingency required to fund purchase of emission allowances under the Carbon Reduction Commitment Scheme in line with the actual purchase of 2011/12 allowances reported to Cabinet in September 2012. It is expected that this reduced call on contingency will be a one-off, with the Government's CRC simplification agenda expected to result in approximately £440k being required in 2013/14.

26. An adverse movement of £31k is reported on outsourced leisure income streams as a result of a further deterioration in golf income due to poor weather conditions, bringing the full year shortfall to £90k for the current financial year.
27. The previously reported pressure of vehicle fuel costs has been reduced by £20k to reflect latest intelligence, however, this remains a volatile area of expenditure which officers will continue to monitor closely.
28. As at Month 5 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.

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
2012/13 Unallocated Priority Growth at start of the year	£'000	£'000	£'000
HIP Initiatives Budget:	800		
Communications Projects		7	
BID		100	
Heritage/Civic Pride Projects		165	
ICT Projects		321	
HIP Initiatives unallocated balance	800	593	207
Unallocated non specific growth	1,704		
Balance of unallocated growth	1,704	0	1,704
Total	2,504	593	1,911

30. HIP Steering Group had approved £493k of allocations at Month 5, leaving £207k as yet unallocated within the HIP initiatives budget. There have been no allocations from priority growth so far this year, however, this report includes a recommendation to release £50k from the £1,704k balance of unallocated non specific growth for an additional staff resource within Green Spaces.
31. The forecast at Month 5 assumes the remaining unallocated budgets for both HIP Initiatives and unallocated growth will be committed in full by 31 March 2013.

Corporate Budgets Forecasts: £3,000k underspend (£500k improvement)

32. Table 6 shows budget, forecast and variance reported on corporate budgets as at Month 5.

Table 6

2012/13 Original Budget	Budget Changes	2012/13 Current Budget as at Month 4	Corporate Budgets	2012/13 Forecast Outturn (as at Month 4)	Variances (+ adv/- fav)		
					Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000	£'000		£'000	£'000	£'000	£'000
12,340	-922	11,418	Financing Costs	8,418	-3,000	-2,500	-500
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	-922	-42,282	Corporate Budgets	-45,282	-3,000	-2,500	-500

33. Forecast outturn on corporate budgets has improved at Month 5 with initial borrowing required to support the Primary Schools Capital Programme expected to not be required in this financial year, increasing the in-year underspend in 2012/13 to £3,000k. It is still expected that this £3,000k will be required in full in future years as grant funding for this programme is exhausted.

B) CAPITAL

Programme Monitoring

34. 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.

35. The original budget of £89,286k as agreed by Cabinet on 23 February 2012 has been increased by £12,249k and therefore the current revised budget for 2012/13 is £101,535k. As at month 5 forecast outturn for 2012/13 is £65,313k (£76,519k at month 4), with the movement of £11,206k primarily due to reprofiling of expenditure on a number of projects.

Table 7

	2012/13	2013/14	2014/15	Total Month 5	Total Month 4
	£'000	£'000	£'000	£'000	£'000
Original Budget	89,286	71,110	37,012	197,408	197,408
Revised Budget	101,535	72,675	37,259	211,469	211,469
Forecast Outturn	65,313	88,614	50,621	204,548	204,498
Council Resourced Variance – see table 8	-24,655	4,695	13,361	-6,599	-6,571
External Grants Variance	-11,350	11,027	0	-323	-400
Other Resources Variance	217	-217	0	0	0
Programme Variance	-35,788	15,505	13,361	-6,922	-6,971

36. The actual General Fund capital expenditure as at the end of August had reached £9,937k representing 15% of current forecast outturn.

37. The main programme shows a net favourable variance of £117k, comprising pressures of £482k, and underspends of £599k, as set out in table 8. There have been no significant movements from project variances reported at Month 4, with £6,482k contingency and priority growth remaining unallocated.

Table 8

Council Resourced Variance	2012-13 £'000	2013-14 £'000	2014-15 £'000	Total (Mth 5) £'000	Total (Mth 4) £'000
Pressures:					
Highgrove Pool Phase II	280	0	0	280	280
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
Total Council Resourced Pressures:	482	0	0	482	482
Underspends:					
Primary School Expansions - Rosedale Temporary	-274	0	0	-274	-274
New Young People's Centres	-155	0	0	-155	-140
Manor Farm Stables Development	-80	0	0	-80	-80
Primary School Expansions - Minor Works	-60	0	0	-60	-60
Ruislip High School Expansion	-30	0	0	-30	-30
Total Council Underspends:	-599	0	0	-599	-584
Projected Rephasing	-21,056	6,195	14,861	0	13
Main Programme Variance	-21,173	6,195	14,861	-117	-89
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	-24,655	4,695	13,361	-6,599	-6,571

38. On 27 September Cabinet approved a revised scope of works for the Queenswalk Redevelopment. This report includes a recommendation to allocate funds from General Contingency to fund this increased specification, if approved this will reduce the unallocated General Contingency available in 2012/13 to £1,643k.

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

40. Hillingdon Sports & Leisure Centre is forecasting an overspend of £43k an on-going review of defects with the main contractor continue. Botwell Green is currently forecasting an in-year overspend of £63k relating to closing out costs, in addition to £2,390k pressures reported in prior years.

41. 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.

42. 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 in May 2012 the Library fit-out has now been completed with minor remedial defect works remaining.

43. 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 gives further details.

44. There are three other projects currently reporting an underspend; The New Young People's Centres (£155k); Ruislip High School Expansion (£30k); Farm Stables Development Project (£80k), all projects and defects are now complete and at the final account stage.
45. 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 5 £'000	Total Month 4 £'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	6,551	9,362	28,396	44,309	44,480
Variance	17,097	3,313	-28,396	-7,986	-8,157

46. Forecast capital receipts for 2012/13 are currently estimated at £6,551k, a decrease from the figure of £6,884k reported at Month 4, with one disposal is expected to slip into 2013/14. To date actual capital receipts total £1,330k.

47. The shortfall of £17,097k 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 £7,986k 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 5 £'000	Total Month 4 £'000
Revised Budget	33,142	34,517	16,259	83,918	83,918
Council Resourced Variance	-24,655	4,695	13,361	-6,599	-6,571
Capital Receipts Variance	17,097	3,313	-28,396	-7,986	-8,157
Forecast Borrowing	25,584	42,525	1,224	69,333	69,190

Housing Revenue Account Capital Programme

48. 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 5 £'000	Total Month 4 £'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	7,357	21,697	17,456	46,510	46,423
HRA Resourced Variance – see table 12	-11,722	7,019	10,404	5,701	5,614
External Grants Variance	-970	970	0	0	0
Other Resources Variance	0	0	0	0	0
Programme Variance	-12,692	7,989	10,404	5,701	5,614

49. Expenditure to the end of August 2012 on the HRA capital programme was £281k representing 4% of the forecast outturn. Significant rephasing on the Supported Housing Programme accounts for project rephasing of £13,458k into 2012/13, with completed new build projects expected to overspend by £766k in the current year. Further overspends forecast for 2013/14 and 2014/15 bring the total pressure on HRA projects to £5,701k as set out in table 12 below.

Table 12

HRA Resourced Variance	2012-13 £'000	2013-14 £'000	2014-15 £'000	Total Month 5 £'000	Total Month 4 £'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	231	83	314	227
New Build - Supported Housing Programme	0	0	4,621	4,621	4,621
Total HRA Resourced Pressures:	766	231	4,704	5,701	5,614
Projected Rephasing	-13,458	7,758	5,700	0	0
HRA Programme Variance	-12,692	7,989	10,404	5,701	5,614

50. 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.

51. 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. There is a further financial risk that has arisen due to a potential dispute on an item of fixture and fittings of £30k that would add to the existing overspend.

52. The New Build HRA Learning Disability Sites scheme is currently expected to overspend by £127k. These works are related to further drainage, utility and external landscaping works that were not included in the original contract. The contract variation order was approved in July 2012.

53. The New Build HRA Pipeline Sites Phase 2 scheme is forecasting an overspend of £314k, which relates to the Gilbert Road site. There are still seven sites due to go out to tender, with consequential risks of additional costs and possible slippage on completion dates.

54. The New Build Supported Housing Programme is forecasting an overspend on category 1 sites of £4.62m as a result of a review of the design brief. In view of the increased costs the business case for the programme is being reviewed at both an individual site level and in overall terms.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

56. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

58. Monitoring report submissions from Groups.

Appendix A – Detailed Group Forecasts

Social Care, Health and Housing Services

Revenue: £988k overspend (£109k improvement)

1. The month 5 revenue monitoring report for 2012/13 has been compiled following analysis of relevant activity trends and application of the MTFE £8,262k savings programme. In summary there is a favourable movement of £109k from the Month 4 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 5)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 5) £'000	Variance (As at Month 4) £000	Change from Month 4 £000
Children & Families Services	<i>Exp</i>	+30,276	+30,359	0%	+83	+212	-129
	<i>Inc</i>	-3,376	-3,102	-8%	+275	+255	+20
	Total	+26,899	+27,257	1%	+358	+467	-109
Asylum Services	<i>Exp</i>	+7,955	+7,955	0%	+0	+0	-0
	<i>Inc</i>	-6,715	-6,716	0%	-0	-0	+0
	Total	+1,239	+1,239	0%	-0	-0	+0
Older People's Services	<i>Exp</i>	+32,766	+34,643	6%	+1,877	+1,877	+0
	<i>Inc</i>	-7,677	-9,156	19%	-1,480	-1,480	+0
	Total	+25,089	+25,487	2%	+397	+397	+0
Physical & Sensory Disability Services	<i>Exp</i>	+8,379	+8,843	6%	+464	+464	-0
	<i>Inc</i>	-587	-805	37%	-218	-218	+0
	Total	+7,792	+8,038	3%	+247	+247	+0
Learning Disability Services	<i>Exp</i>	+27,303	+28,141	3%	+839	+839	+0
	<i>Inc</i>	-4,036	-4,243	5%	-207	-208	+0
	Total	+23,267	+23,898	3%	+631	+631	+0
Mental Health Services	<i>Exp</i>	+5,768	+5,858	2%	+90	+90	+0
	<i>Inc</i>	-394	-454	15%	-60	-60	+0
	Total	+5,374	+5,404	1%	+30	+30	+0
Housing Benefits	<i>Exp</i>	+171,530	+171,438	0%	-92	-92	-0
	<i>Inc</i>	-167,942	-168,210	0%	-269	-269	-0
	Total	+3,589	+3,228	-10%	-361	-361	-0
Housing Needs Services	<i>Exp</i>	+12,485	+12,575	1%	+90	+52	+38
	<i>Inc</i>	-9,229	-9,270	0%	-41	+35	-76
	Total	+3,256	+3,305	1%	+49	+87	-38
SCH&H Other Services	<i>Exp</i>	+16,473	+15,948	-3%	-525	-457	-69
	<i>Inc</i>	-3,545	-3,383	-5%	+162	+56	+106
	Total	+12,929	+12,565	-3%	-364	-401	+37
Total Expenditure		+312,934	+315,761	1%	+2,827	+2,986	-159
Total Income		-203,500	-205,339	1%	-1,839	-1,889	+50
SCH&H Total		+109,434	+110,422	1%	+988	+1,097	-109

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.

2012/13 Allocations	2012/13 Budget £'000	Forecast as needed Month 5 £'000	Variance £'000
Current Commitments:			
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
Original Contingency Allocations	+11,764	+11,764	0
Approved Allocations:			
Social Care Pressures (Children's)	-140	-140	0
	11,624	11,624	0

MTFF Savings

4. The Group is delivering a savings programme totalling £8,262k and to date has banked £3,776k (46%). At the present time £845k is at risk, BID operating model to housing services (£170k), Looked After Children placements review (£250k), HRA review (£375k) and BID Major Transformation projects (£50k). There is a shortfall of £1,572k, children's services business support review (£255k), Review of LD Day Services (£311k), BID Major Transformation projects (£300k) 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: **£358k overspend (£109k improvement)**

6. The favourable movement since month 4 is in respect of greater use of In House Fostering placements in line with the MTFF strategy.
7. A significant aspect of the MTFF strategy is to shift the focus of foster placements from the private sector to In-House provision. Good progress is being made and since its launch in April 2011 some 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.

8. However, since the turn of the calendar year the service has experienced a significant increase in demand when compared with the same 6 month period in 2011 which is having a significant impact on staff resources. Although the rate of increase has slowed there is nonetheless a step change in this activity. The additional demands for fostering have been offset by utilising the increasing in-house resource thereby reducing reliance on both the independent fostering sector and in particular, the need for residential placements.
9. The gross budget for this service (£30,276k) includes an MTFF saving target of £1,968k, the 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 some slippage (£250k) from this profile although there is confidence that this will be delivered by year end.
10. 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.

Asylum: Nil variance (no movement)

11. The department is in ongoing discussion with UKBA both on individual and specific LBH matters and has recently met with other most affected councils regarding a joint approach to UKBA with regard to the funding shortfalls. As a result representations have been made to the UKBA regarding the ongoing financial support LBH receive from the 'Gateway' grant. Further discussions are being held at Member level regarding joint representation for councils most affected.

Older People's Services: £397k overspend (no movement)

12. The pressure in this service relates to demand for residential placements remaining higher than originally forecast along with pressure on Homecare and Direct Payments. There continues to be robust management scrutiny of residential and nursing placement requests and full application of the benefits of TeleCareLine service and reablement.
13. The gross budget for this service (£32,766k) includes an MTFF saving of £1,985k and at the present time has achieved £1,434k banked, £551k on track to deliver.
14. The MTFF strategy is to continue to develop the personalisation agenda and support people to live at home through the Reablement and the TeleCareLine service (537 new installations to the end of September, target is 1,172).
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 ongoing delays to the opening of a new Extra Care facility is the cause of the adverse forecast. The gross budget for placements and community support services is £26,414k.

Physical Disabilities: £247k overspend (no movement)

16. The gross budget for this service (£8,379k) 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 £7,128k. The forecast for the remainder of this service is currently on budget.

Learning Disability: £631k overspend (no movement)

18. The gross budget for this service (£27,303k) includes an MTFF saving for this service of £962k and at the present time £20k is on track to deliver with £942k potential slippage. The

adverse forecast is due to delays in the supported accommodation build programme as set out above and delays due to the Judicial Review challenge which are now being addressed. This forecast also assumes that £500k can be drawn down from the Contingency held for this purpose mitigating the pressure from £1,131k to £631k as reported in this forecast.

19. The gross budget for placements and community support services is £24,696k. The forecast for the remainder of this service is currently on budget.

Mental Health: £30k overspend (no movement)

20. The gross budget for this service (£5,768k) 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 £3,038k.

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

Housing Benefit: £361k favourable (no movement)

22. This favourable position for LBH is based on analysis of the Q1 subsidy information which has been recently updated to the week 24 position which has confirmed the Q1 analysis assessment.

23. The budget assumes that there will be approx 25,709 HB caseload with 33.2% coming from private sector tenants. The M5 forecast is a caseload of 25,785 with 34.9% 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 still 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.

Housing Needs: £49k overspend (£38k improvement)

24. The movement from month 4 is due to a number of small actions to contain expenditure within budget. The gross budget for this service (£12,485k) 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 specific contingency held for the impact of Housing Benefit reforms to fund part of the pressure, leaving a residual pressure of £49k within the service budget.

SCH&H Other Services: £364k underspend (£37k adverse movement)

25. The movement from the month 4 forecast is due to increase forecast in respect of minor community equipment purchases to support people to live at home. The gross budget for this service (£16,473k) includes an MTFF saving for this service of £1,705k, of which £995k has been banked to date.

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

Housing HRA £1,818k underspend (£465k improvement)

27. The HRA has a gross expenditure budget of £62m and a gross income budget of nearly £64m with a forecast of £1,818k 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 5) £'000	Variance (As at Month 4) £000	Change from Month 4 £000
Housing Maintenance	Exp	+25,456	+25,302	-1%	-154	-106	-48
Housing Management	Exp	+36,569	+35,908	-2%	-661	-445	-216
Rent & Other Income	Inc	-63,791	-64,794	2%	-1,003	-802	-201
In Year (Surplus) / Deficit	Total	-1,766	-3,584		-1,818	-1,353	-465

Housing Maintenance £154k underspend (£48k improvement)

28. The gross budget for this service is £27,808k and at month 5 the budget is broadly on target with a marginal favourable variance of £154k (0.6%) being forecast.

Housing Management £661k underspend (£216k improvement)

29. The favourable movement of £216k from month 4 is due to a reduced forecast due to the continuous and robust management scrutiny of vacancies, with the remaining variance primarily due to a reduced call on the bad debt provision.

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

Rent & Other Income £1,003k underspend (£201k improvement)

31. The favourable movement of £201k from month 4 is due to an improved projection on income for works over prescribed limit and management continuing to maintain voids at around 1% below the budgeted target (£600k). The remainder of the favourable variance is due to various other factors including a number of smaller variances such as interest on a higher level of balances.

32. The HRA expects to receive rental income of £56.1m and other income of £5.9m with recharges accounting for £3.1m of the gross income budget. The month 5 forecast indicates a favourable variance of £1,003k.

Planning Environment Education and Community Services

Revenue: nil variance (no movement)

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 5)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
		£'000	£'000		£'000	£'000	£'000
Corporate Property & Construction	<i>Exp</i>	3,491	3,436	-2%	-55	-70	+15
	<i>Rech</i>	-495	-495	0%	0	0	0
	<i>Inc</i>	-2,263	-2,263	0%	0	0	0
	Total	733	678	-8%	-55	-70	+15
Education	<i>Exp</i>	278,357	278,113	0%	-244	-244	0
	<i>Rech</i>	-382	-382	0%	0	0	0
	<i>Inc</i>	-242,480	-242,506	0%	-26	-26	0
	Total	35,495	35,225	-1%	-270	-270	0
ICT Highways & Business Services	<i>Exp</i>	45,609	45,729	0%	+120	+170	-50
	<i>Rech</i>	-14,423	-14,423	0%	0	0	0
	<i>Inc</i>	-11,688	-11,588	-1%	+100	+50	+50
	Total	19,498	19,718	1%	+220	+220	0
Planning Sport & Green Spaces	<i>Exp</i>	14,981	14,931	0%	-50	-50	0
	<i>Rech</i>	-2,851	-2,851	0%	0	0	0
	<i>Inc</i>	-5,928	-5,783	-2%	+145	+170	-25
	Total	6,203	6,298	2%	+95	+120	-25
Public Safety & Environment	<i>Exp</i>	50,088	50,018	0%	-70	-100	+30
	<i>Rech</i>	-2,964	-2,964	0%	0	0	0
	<i>Inc</i>	-19,229	-19,099	-1%	+130	+150	-20
	Total	27,895	27,955	0%	+60	+50	+10
Transportation Planning Policy & Community Engagement	<i>Exp</i>	3,377	3,327	-1%	-50	-50	0
	<i>Rech</i>	0	0	0%	0	0	0
	<i>Inc</i>	-3,933	-3,933	0%	0	0	0
	Total	-556	-606	9%	-50	-50	0
Total Expenditure		395,903	395,554	0%	-349	-344	-5
Total Recharges		-21,115	-21,115	0%	0	0	0
Total Income		-285,519	-285,170	0%	+349	+344	+5
PEECS Total		89,268	89,268	0%	0	0	0

Contingency Items: Gross Pressure £2,778k (£102k improvement)

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 5	Gross Pressure Month 4	Change from Month 4	Contingency Allocation	Net Pressure
	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)
Waste Disposal Levy	550	550	0	550	0
Development Control Income	435	502	-67	500	-65
Contingency Against Leisure Outsourced Income Streams	470	439	+31	480	-10
Carbon Reduction Commitment	350	400	-50	450	-100
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	40	60	-20	0	+40
Traveller Incursions	8	8	0	0	+8
Planning Appeals	28	24	+4	0	+28
PEECS – Total	2,778	2,880	-102	2,727	51

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. However there is considered to be a serious risk that the budgeted contingency sum will be insufficient. After a significant adverse movement in the WLWA 2011/12 outturn position and reduction in proposed 2012/13 savings, a recovery plan was approved in July. However since the plan was approved there has been a further deterioration in both the 2011/12 outturn position following external audit, and the recovery plan expectations. It is now considered a possibility that a supplementary levy could be served on the constituent Boroughs. There is a further potential pressure on the PAYT tonnages, as an increasing proportion of tonnage is being sent to landfill than assumed when the levy was set, as WLWA diversion schemes have either been cancelled or not met expectations.
4. The forecast position for Development Control income is a pressure of £435k, which is £65k less than the sum held in contingency, an improvement of £67k compared to Month 4. 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. However, the improvement in Month 5 reflects additional major applications that are likely to come forward this financial year. Although not reported against this contingency, pre-application income from developers shows a pressure of £45k, 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 £242k below target, an adverse movement of £30k compared to Month 4. This is offset by the staffing costs so far being £91k under budget as the recently approved structure contains a number of vacant posts, an adverse movement of £1k compared to Month 4. 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 £110k 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 £90k deficit on the in-house operation described above, means that the overall call on the leisure contingency of £480k is forecast to be £470k, an adverse movement of £31k compared to Month 4.
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 £350k now includes the reduction in actual allowances purchased for 2011/12 reported to Cabinet in September 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 £40k at the current bulk purchase price of £1.15 per litre, an improvement of £20k compared to Month 4.
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, plus £4k of legal costs relating to other appeals.

Corporate Property & Construction: £55k underspend (£15k adverse movement)

15. A zero based budgeting exercise has been performed on business rates budgets across the group, resulting in a £55k underspend, an adverse movement of £15k due to the impact of rates for properties that have been removed from the disposals programme.
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 (no change)

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 5 (£000s)	Forecast Variance Month 4 (£000s)	Change from Month 4 (£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	+634	0
In-Year Movement	0	+634	+634	0
Forecast Closing Balance 31 March 2013	-	+408	+408	0

19. The overspend of £634k is due to a pressure on Special Educational Needs (SEN) spend at independent special schools of £848k, where there are increased numbers 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 (no change)

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, specifically the educational psychology service (£114k), the youth service (£15k), where recruitment continues to the new structure, and the early years team (£35k), an adverse movement of £30k compared to Month 4. 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 £80k, an improvement of £30k compared to Month 4, and there is additional anticipated buy-back of services from schools of £26k, no change compared to Month 4.

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. A restructure of the Facilities Management service is likely to deliver a £50k saving this financial year, which will have a full year effect feeding into the Medium Term Financial Forecast for 2013/14.

26. 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 against the overall target of £100k, and adverse movement of £50k compared to Month 4, as the remaining opportunities are unlikely to deliver additional income this financial year.
27. 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: £95k overspend (£25k improvement)

28. Pre-application advice income from developers shows a pressure of £45k, an adverse movement of £5k compared to Month 4, reflecting continuing uncertainty in the housing market.
29. The forecast pressure on building control is £100k, 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. This is an improvement of £30k compared to Month 4, following a review of overhead costs charged to the service.
30. 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: £60k overspend (£10k adverse movement)

31. There is a projected shortfall of £150k on off-street parking, no change compared to Month 4, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
32. There is a staffing underspend of £70k in Business Support, due to the impact of vacant posts being held open. This service area is subject to further BID review work, and it is anticipated that as a result, the underspend could contribute towards savings targets for 2013/14. There is an adverse movement of £30k as the previously reported underspend on Community Safety has been removed due to the impact of staff turnover.
33. Waste Services is currently reporting a £20k net underspend, however there are a number of risks that are actively being managed. 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 Trade Waste and Graffiti services are forecast to return underspends which will assist in offsetting these pressures and risks, and produce the net underspend of £20k.

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

34. The service is reporting a £50k favourable position due to the impact of vacant posts across the service, no change compared to Month 4. 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: £38k underspend (£5k improvement)

Services		2012/13 (As at Month 5)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
		£'000	£'000		£'000	£'000	£'000
Chief Executive/Deputy Chief Executive	<i>Exp</i>	649	637	-2%	-12	-13	1
	<i>Inc</i>	0	0	0%	0	0	0
	<i>Rechgs</i>	-22	-22	0%	0	0	0
	Total	627	615		-12	-13	1
Audit & Enforcement	<i>Exp</i>	1,238	1,230	-1%	-8	2	-10
	<i>Inc</i>	£0	-10	0%	-10	-10	0
	<i>Rechgs</i>	-1,209	-1,209	0%	0	0	0
	Total	28	11		-18	-8	-10
Corporate Communications	<i>Exp</i>	875	842	-4%	-33	-14	-19
	<i>Inc</i>	-103	-95	-7%	8	7	1
	<i>Rechgs</i>	-774	-774	0%	0	0	0
	Total	-1	-26		-25	-7	-18
Democratic Services	<i>Exp</i>	3,284	3,319	1%	34	34	0
	<i>Inc</i>	-816	-871	7%	-54	-54	0
	<i>Rechgs</i>	624	624	0%	0	0	0
	Total	3,092	3,072		-20	-20	0
Finance & Procurement Services	<i>Exp</i>	12,551	12,872	3%	321	169	152
	<i>Inc</i>	-5,290	-5,399	2%	-109	-86	-23
	<i>Rechgs</i>	-1,666	-1,666	0%	0	0	0
	Total	5,595	5,807		212	83	129
Human Resources	<i>Exp</i>	3,541	3,448	-3%	-93	-50	-43
	<i>Inc</i>	-1,130	-1,137	1%	-7	-6	-1
	<i>Rechgs</i>	-2,669	-2,669	0%	0	0	0
	Total	-259	-358		-100	-56	-44
Legal Services	<i>Exp</i>	1,930	1,947	1%	17	13	4
	<i>Inc</i>	-557	-542	-3%	15	17	-2
	<i>Rechgs</i>	-1,332	-1,332	0%	0	0	0
	Total	42	74		32	30	2
Policy & Performance	<i>Exp</i>	4,377	4,282	-2%	-95	-30	-65
	<i>Inc</i>	-567	-579	2%	-12	-12	0
	<i>Rechgs</i>	132	132	0%	0	0	0
	Total	3,942	3,531	0	-107	-42	-65
Total Expenditure		28,446	28,576	0%	131	111	20
Total Income		-8,463	-8,633	2%	-169	-144	-25
Total Recharges		-6,916	-6,916	0%	0	0	0
CS Total		13,067	13,027	0	-38	-33	-5

Audit and Corporate Fraud: £18k underspend (£10k improvement)

- Salary underspends from vacant posts and the projected recovery of income from Proceeds of Crime have led to this underspend, which includes covering a managed vacancy factor (MVF) of £41k.

Corporate Communications: £26k underspend (£18k improvement)

2. The majority of the underspend is attributed to part year vacancies which included the Head of Service post. The budgets for some of this and other vacancies are being used to fund agency staff to cover the workload while these posts are being recruited to and to cover maternity leave. The movement this month relates to vacant posts being held open for longer than was anticipated.

Finance and Procurement: £212k overspend (£129k adverse movement)

3. Overall there is an overspend on salaries due to an MVF of £251k, which has been net down by vacant posts in Procurement, Revenues and Accountancy. The adverse movement this month relates to funding 2 agency staff being brought in as commercial managers to provide additional challenge and expertise to maximise value from Council spend. The department is also funding the use of LG Futures to review the financial modelling within SCH&H and have now been employed to develop this work.

Democratic Services: £20k underspend (no movement)

4. There is an overspend on salaries due to MVF that has been net down by vacancies as a result of the restructure of the Registrars Team and also the realignment of income targets to reflect past performance based on analysis of historical data.

Policy, Performance and Partnerships: £107 underspend (£65k improvement)

5. There is an underspend on salaries due to the in-year effect of the Business Support Unit restructure that has resulted in two vacant posts and the part year effect of various vacant posts for which recruitment is in progress. Recruitment to these posts will take place later than was first anticipated, which, along with reviews of non salary forecasts, has resulted in the improvement this month. The income relates to ESF grants that were brought forward from 11/12 that are unlikely to be spent in 12/13.

Human Resources: £100k underspend (£44k improvement)

6. 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 being held open for longer than was previously anticipated. Forecasts on non salaries spend have been revised this month, resulting in various underspends on budgets.

Legal Services: £32k overspend (£2k adverse movement)

7. 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, which is partially covering the MVF. 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 31 August 2012

Outstanding Deposits - Average Rate of Return on Deposits: 0.71%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	88.3	68.34	70.00
1-2 Months	14.2	10.99	15.00
2-3 Months	9.8	7.59	10.00
3-6 Months	0.0	0.00	0.00
6-9 Months	0.0	0.00	0.00
9-12 Months	10.0	7.74	5.00
12-18 Months	0.0	0.00	0.00
Subtotal	122.3	94.66	100.00
Unpaid Maturities	6.9	5.34	0.00
Total	129.2	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 August fixed-term deposits continued to mature in line with cash flow requirements. Surplus funds were placed in instant access accounts or fixed term deposits of up to three months in order to meet near term cash flow requirements. One 12 month deposit was made with HSBC at the beginning of the month.

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 and there were no breaches of the prudential indicators during August.

Ongoing Strategy

5. 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 August 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. Posts 1 and 2 are within the Social Work Teams and the demands for this service have increased significantly in the first six calendar months of this year when compared to the previous year. Posts 3 to 5 are needed to comply with OFSTED recommendations within an In House residential unit.

Ref	Post Title	Start Date	Proposed End Date	2010/11 Spend £000	2011/12 Spend £000	2012/13 Spend £000	Current Request £'000	Total Spend £000
1	RAT Team Social Worker	01-Aug-11	31-Mar-13	0	33	29	16	78
2	CIN Team Deputy Team Manager	01-Jan-12	31-Mar-13	0	0	48	17	65
3	Merrifield Registered Manager	01-Sep-10	31-Dec-12	14	36	24	12	86
4	Merrifield Residential Care Worker	01-Apr-10	31-Dec-12	15	25	14	7	61
5	Merrifield Residential Care Worker	01-Apr-10	31-Dec-12	11	25	14	7	57

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

The Architect is assisting the Asset Sales team to ensure sites identified for disposal are brought to the market in a timely manner. The assignment commenced on 15 April 2011 and was last extended by Cabinet in February 2012 up to the middle of August 2012. Breaks in the assignment mean that a further extension of only now required for a further 18 weeks meaning the assignment will continue until March 2013.

The Commercial Manager assignment is covering a post that is likely to be created in the restructuring of the Corporate Construction team. The assignment manages and reports on all commercial matters relating to projects carried out by the Corporate Construction team including the Primary Schools Capital Programme. The assignment was originally approved for 26 weeks by the Cabinet Member for Finance, Property and Business Services in May 2012, and it is now recommended that this assignment is extended for a further 20 weeks meaning the assignment will continue until March 2013.

The Procurement Manager (Construction) assignment reports into the Central Services structure, but is being funded from the Corporate Property & Construction budget. The assignment provides the Corporate Construction team with accurate and speedy procurement advice when arranging for the procurement and monitoring of substantial building contracts. The assignment was originally approved for 26 weeks by the Cabinet Member for Finance, Property and Business Services in December 2011; however, due to the timing of recruitment to the assignment, further approval for an extension of 6 weeks has been approved in October 2012. It is now recommended that this assignment is extended for a further 20 weeks meaning the assignment will continue until March 2013.

Ref	Post Title	Start Date	Proposed End Date	2010/11 Spend £000	2011/12 Est spend £000	2012/13 Est spend £000	Current Request £'000	Est Total Spend £000
1	Architect (outside establishment)	15-Apr-11	29-Mar-13	0	35	31	18	84
2	Commercial Manager (outside establishment)	15-Jun-12	29-Mar-13	0	0	47	47	94
3	Procurement Manager (Construction) (outside establishment)	18-Jun-12	29-Mar-13	0	0	48	52	100

Retaining of agency staff for Central Services

The following agency member of staff is to be retained in Central Services to maintain the provision of service in the accountancy function, while recruitment is in progress for vacant principal accountant posts within the Capital Finance team.

Ref	Post Title	Start Date	Proposed End Date	2010/11 Spend £000	2011/12 Est spend £000	2012/13 Est spend £000	Current Request £'000	Est Total Spend £000
1	Principal Accountant (Capital Reporting)	11-Jun-12	31-Jan-13	0	0	24	42	66

Appendix D

2012/13 Voluntary Sector Grants budget – recommended additional allocations

Recommendation

That the Cabinet agrees the following recommendations from the remaining 2012/13 Corporate grants budget

Organisation	£'s
Groundwork Thames Valley	Up to a maximum of 126,000
Bell Farm Christian Centre	12,608
West Drayton Community Cancer centre	15,000
Uxbridge Forward	10,000
Total	163,608
Balance remaining	12,897

Background

At its meeting on 15th December 2011 the Cabinet agreed to increase the Voluntary Sector Grants budget by £400,000 to a budget of £1,815,808 for the 2012/13 financial year.

A total of £176,505 remains unallocated and the Council has received applications from the following voluntary and community concerns.

Groundwork Thames Valley

Groundwork TV is one on the Council's key voluntary sector partners and the Council has financially supported at a modest level the core costs of the organisation. An additional one off grant is recommended in respect of costs Groundwork incurred in delivering the Government's work programme contract. Whilst, it was initially expected that these costs could be reclaimed from central Government a change to financial arrangements means that this is not now possible. In recognition of this support Groundwork have agreed to take on the responsibility for managing a "Healing Gardens" project on an ongoing basis.

Bell Farm Christian Centre

Another long term Council partner Bell Farm has requested additional support towards meeting their core costs particularly in relation to debt and money advice. Bell Farm currently receives a core grant of £12,608 and it is proposed to increase this grant by a similar amount in order to assist the organisation meeting the increased demands on its services.

West Drayton Community Cancer Centre

The centre has been in operation for some 15 years providing support to local residents and their families. The current Lottery grant which supported the service has finished and the Centre has been running down reserves in order to sustain services. Whilst the centre actively fundraises and for long periods has been independently viable without an injection of core funding the centre is now under significant threat of closure. A grant to secure the future of this resource is recommended.

Uxbridge Forward

Uxbridge Forward was formed following the demise of the Uxbridge Initiative. It brings together a range of partners who have a vested interest in sustaining and supporting the development of Uxbridge. Uxbridge Forward has secured the support and financial commitment of the town's Mall and Chimes retail centres and Brunel University. The Council has been asked to match the commitment of these partners and give the organisation the time to grow and secure further partners and funding.