

COUNCIL BUDGET - MONTH 7 2012/13 REVENUE AND CAPITAL MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>The report sets out the Council's overall 2012/13 revenue and capital position, as forecast at the end of Month 7 (October). The in-year revenue position is forecast as an underspend of £2,066k an improvement of £326k at Month 6.</p> <p>An underspend of £5,134k is currently forecast on General Fund capital budgets for 2012-15. There is a forecast pressure of £5,701k 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 7.
2. Note the treasury Month 7 update at Appendix B.
3. Approve the retaining of agency staff as detailed in Appendix C.
4. Approves the allocation of £230k from the specific contingency held for schools withdrawal from payroll services to Administration & Finance revenue budgets.
5. Approves the allocation of £500k from the specific contingency held for the shortfall in Development Control income to Residents Services revenue budgets.
6. Approves the allocation of £380k from the specific contingency held for outsourced leisure income streams to Administration & Finance revenue budgets.
7. Approves the allocation of £321k from general contingency to fund ICT licensing costs within Residents Services revenue budgets.
8. Approves the addition of £108,634 to 2012/13 Residents Services revenue budgets for measures to prevent winter deaths and illness funded from the Department of Health Warm Homes Health People grant.

9. Approve the rephasing of capital budgets based on the latest outturn projections.
10. To ratify an emergency contract decision made by the Chief Executive and Leader of the Council on 4 December 2012 to agree capital funding and release of £1,080,000 for the Highgrove Pool Refurbishment Project to fund the removal of asbestos and associated costs for other works, including an instruction to officers to authorise the works.
11. To ratify an emergency contract decision made by the Chief Executive and Leader of the Council on 5 December 2012 in relation to building works at Hayes End Library and Flats to terminate the existing Building Contract with Breyer Group PLC, award the Works Completion Contract to T & B Contractors Ltd, agree the necessary consultancy arrangements and agree capital funding and release of £290,000.
12. Delegates authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Cabinet Member for Finance, Property & Business Services, to submit a grant bid to the Mayor of London in support of investment in Trees & Parks.
13. Delegates responsibility to approve a Council bid to the Mayor's Care and Support Specialised Housing Fund to the Leader of the Council and the Cabinet Member for Finance, Property and Business Services in conjunction with the Deputy Chief Executive and Corporate Director for Residents Services.

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. Experience during the current financial year has indicated that specific contingencies held for schools withdrawal from payroll, pressures on development control income and income targets associated with the previously outsourced golf operation will be required on an on-going basis. In order to reflect this underlying cost to directorate budgets, Recommendations 4, 5 and 6 seek authority to release specific contingency budgets.
3. Recommendation 7 seeks authority to release £321k to Residents Services directorate budgets from General Contingency to fund the cost of Microsoft Licences associated with the migration to Google-based services in 2012/13. This sum was previously funded from HIP Initiatives budget as an interim measure.
4. Following a successfully bid for Department of Health funding to minimise the level of potential winter deaths and illness among vulnerable people living in cold housing. Recommendation 8 seeks authority to include this grant in 2012/13 revenue budgets, which will fund community partners (Age UK Hillingdon, DASH and Hillingdon MIND) to deliver a targeted number of home assessments for their client groups. A total of 870 home assessments have been planned.
5. The funding will help to provide an emergency heating response service for high risk vulnerable residents identified by our community partners through home visits and events; assistance will also be provided for pre-payment meter top-ups, food parcels and home checks during periods of severe cold weather.
6. Recommendation 9 seeks authority to rephrase a number of capital budgets, reflecting latest intelligence and providing a basis for the 2013/14 capital programme. This exercise will also allow for accelerated investment in renewal of the Council's fleet by bringing £1,300k budgets forward from 2013/14.

7. Recommendations 10 and 11 ratify emergency contract decisions taken during the past month and seek authority to release additional funding from capital contingency to meet associated additional costs.
8. Recommendation 12 seek authority to submit grant bids to the Mayor of London's Street Tree Initiative, LEAF Community Grant Scheme and Pocket Parks programme, to be match funded from existing Residents Services budgets.
9. Appendix D to this reports sets out the reasons for and implications arising from recommendation 13

Alternative options considered

10. There are no other options proposed for consideration.

SUMMARY

A) Revenue

11. The in year revenue monitoring position as at Month 7 (October) shows that forecast net expenditure for the year 2012/13 is £2,066k less than the budget following recognition of a £620k exceptional levy payment required by the West London Waste Authority.
12. There is currently a £2,686k underspend on normal activities, including an £314k pressure on directorate operating budgets, primarily due to slippage on SC&H savings, and a £3,000k underspend on capital financing costs, linked to borrowing on the Primary School Capital Programme being deferred.
13. The improvement of £326k reported on operating budgets reflects work being undertaken across the Council to deliver outturn within budget this year, which will allow the capital financing underspend to be treated as a windfall.
14. The reported position takes into account the delivery of the £17,696k savings which were included in the 2012/13 budget. To date 86% are either banked or on track for delivery.
15. 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 £27,505k as a result of this budgeted contribution and the in year underspend noted above.

B) Capital

16. Forecast outturn on the 2012/13 General Fund Capital Programme is £56,964k, a variance of £46,229k on a revised budget of £103,193k. The majority of this relates to the re-phasing of Primary Schools Expansions (£27,209k), with the remaining balance relating to unallocated contingency and other projects.
17. Over the three-year period 2012 to 2015, an underspend of £5,134k is now reported on the General Fund Capital Programme. Table 7 provides further detail of this projected underspend.
18. General Fund capital receipts for 2012/13 are projected to be £6,551k at Month 7. 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 £7,968k is forecast over the period 2012 to 2015.
19. 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

20. 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 7)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000		£'000	£'000		£'000	£'000	£'000
229,902	922	Directorates Budgets on normal activities	230,824	231,138	0%	+314	+640	-326
-41,360	-922	Corporate Budgets on normal activities	-42,282	-45,282	7%	-3,000	-3,000	0
188,542	0	Sub-total Normal Activities	188,542	185,856	-1%	-2,686	-2,360	-326
		Exceptional items: WLWA Supplementary Levy		620		+620	+620	0
0	0	Sub-Total	0	620		+620	+620	0
188,542	0	Total net expenditure	188,542	186,476	-1%	-2,066	-1,740	-326
-		Budget Requirement	-	-190,668		0	0	0
-2,126	0	Net total	-2,126	-4,192		-2,066	-1,740	-326
-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	-27,505		-2,066	-1,740	-326

Directorates' Forecast Expenditure Month 7

21. 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.

22. Following the reorganisation of the Council's management structure as approved by Council on 8 November 2012 comparative variances from Month 6 monitoring have been restated throughout this report.

Table 2

2012/13 Original Budget	Budget changes	2012/13 Current Budget as at Month 7	Directorate		2012/13 Forecast (as at Month 7)	% Var	Variances (+ adv/- fav)		
							As at Month 7	As at Month 6	Change from Month 6
£'000	£'000	£'000			£'000		£'000	£'000	£'000
22,090	171,013	193,102	Administration & Finance	<i>Exp</i>	193,017	0%	-85	-28	-57
-9,004	-167,605	-176,609		<i>Inc</i>	-177,142	0%	-533	-522	-11
13,085	3,408	16,493		Total	15,875	-4%	-618	-550	-68
386,494	8,581	395,074	Residents Services	<i>Exp</i>	392,956	-1%	-2,119	-1,856	-263
-298,379	1,589	-296,790		<i>Inc</i>	-294,472	-1%	+2,318	+2,319	-1
88,115	10,170	98,285		Total	98,484	0%	+199	+463	-264
315,308	-194,150	121,158	Social Care & Health	<i>Exp</i>	123,727	2%	+2,569	+2,639	-70
-205,801	181,684	-24,117		<i>Inc</i>	-26,110	8%	-1,993	-1,986	-7
109,507	-12,466	97,041		Total	97,617	1%	+576	+653	-77
16,691	-140	16,551	Contingency Priority Growth		16,708	1%	+157	+74	+83
2,504	-50	2,454			2,454	0%	0	0	0
229,902	922	230,824	Sub-Total Normal Activities		231,138	0%	+314	+640	-326

23. Administration & Finance are projecting **an underspend of £618k (£68k improvement)** at Month 7. Movement from Month 6 primarily relates to the retirement of the former Chief Executive and vacant posts being held open, with a significant element of the reported underspend held within transferred Housing Benefit budgets which are currently subject to review.

24. Residents Services are forecasting **an overspend of £199k (£264k improvement)**, with an underlying pressure within General Fund Housing services partially off-set by an improved forecast on Education Services and other early delivery of 2013/14 savings. This improvement relates to vacant posts being held open in advance of cross-cutting BID reviews and temporary underspends as Council-operated Children's Centres reach full operational capacity.

25. Social Care & Health are projecting **an overspend of £576k (£77k improvement)** which is primarily due to slippage in delivery of the Supported Housing Programme, partially off-set by underspends on Commissioning contracts. Movement from Month 6 relates to further supported living contract savings and use of in house fostering.

Progress on 2012/13 Savings

26. Table 3 below sets out progress against the savings programme for 2012/13 as set out in the budget approved in February 2012. As this table has been restated to take account of changes to the Council's structure, a supplementary table 4 is included to provide comparators as at Month 6.

Table 3

Rag Status of Savings (At Month 7)	Administration & Finance	Residents Services	Social Care & Health	Total (Month 7)	%
Blue – Banked	-1,781	-5,468	-4,793	-12,042	68.05
Green - On track for delivery	-55	-2,010	-1,112	-3,177	17.95
Amber - Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	-335	-220	-555	3.14
Red - Serious problems in the delivery of the saving.	-300	-350	-1,272	-1,922	10.86
Total	-2,136	-8,163	-7,397	-17,696	100.00

27. As at Month 7 86% of savings are classified as either banked or on track, with the banked element rising to 68% from 64% at Month 6. Progress continues to be made in banking these savings, however there remains 14% of savings reporting either potential or serious problems with delivery. Although progress is being made towards containing this shortfall in the current year, a number of alternative savings are being developed where original proposals appear unworkable. This is reflected in the fact that the forecast Group position shows an overspend of £314k rather than the £1.9m for projects currently flagged as red.

28. Following the transfer of Housing Services to Residents Services, £300k of savings related to relocation of HRA staff from outstations has been downgraded from amber to red reflecting further work required to deliver this saving.

Table 4

Rag Status of Savings (At Month 6)	Administration & Finance	Residents Services	Social Care & Health	Total (Month 6)	%
Blue - Banked	-1,751	-5,264	-4,261	-11,276	63.72
Green - On track for delivery	-85	-2,239	-1,644	-3,968	22.42
Amber - Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	-610	-220	-830	4.69
Red - Serious problems in the delivery of the saving.	-300	-50	-1,272	-1,622	9.17
Total	-2,136	-8,163	-7,397	-17,696	100.00

29. As a result of structure changes £355k of savings (£300k badged as red, £55k on track) were transferred from the former Social Care Health & Housing directorate to Administration & Finance, while £510k of savings were transferred to Residents Services (£375k Amber, £125k on track, £10k banked, at month 6, and now classed in month 7 as £300k red, £100k amber, £100k green and £10k banked).

Development & Risk Contingency: £157k overspend (£83k adverse movement)

30. £16,691k of potential calls on the Development & Risk Contingency were incorporated into the 2012/13 budget. Table 5 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 5

Group	Development and Risk Contingency	2012/13 Budget	Forecast as Needed (Month 7)	Variance (+adv / -fav)		
				Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
<i>2012/13 allocations:</i>		£'000	£'000	£'000	£'000	£'000
	Current Commitments:					
All	General Contingency	1,000	679	-321	0	-321
All	Pump Priming for BID Savings	500	500	0	0	0
A&F	Uninsured Claims	400	400	0	0	0
A&F	Schools withdrawal from the HR payroll and OH service	300	300	0	0	0
RS	Impact of HB Changes on Temporary Accommodation	737	737	0	0	0
RS	Waste Disposal Levy	550	550	0	0	0
RS	Additional costs for two year olds	357	246	-111	-111	0
RS	Development Control Income	500	337	-163	-87	-76
RS	Carbon Reduction Commitment Energy Efficiency Scheme	450	350	-100	-100	0
RS	Local Development Framework Legal & Consultancy Fees	90	90	0	0	0
RS	SEN Transport	100	300	+200	+200	0
RS	HS2 Challenge Contingency	200	200	0	0	0
RS	Contingency against Leisure outsourced income streams	480	545	+65	+29	+36
SC&H	Social Care Pressures (Adults')	6,171	6,171	0	0	0
SC&H	Social Care Pressures (Children's)	165	165	0	0	0
SC&H	Increase in Transitional Children due to Demographic Changes	2,742	2,742	0	0	0
SC&H	Potential shortfall in reablement, LD & PD savings targets	500	500	0	0	0
SC&H	Asylum Funding Shortfall	1,449	1,516	+67	+67	0
RS	Fuel		40	+40	+40	0
RS	ICT Licenses - Microsoft Migration		321	+321	0	+321
RS	Legal Costs (SAS Fire Security)		123	+123	0	+123
RS	Traveller Incursions		8	+8	+8	0
RS	Planning Appeals		28	+28	+28	0
	Original Contingency Allocation	16,691	+16,848	+157	+74	+83
	Approved Allocations:					
SC&H	Social Care Pressures (Children's)	-140	-140	0	0	0
	Remaining Contingency	16,551	+16,708	+157	+74	+83

31. Further improvement is reported on Development Control income bringing the forecast pressure to £337k at Month 7. However, a substantial amount of income in the current year has been internally generated and is not expected to be sustainable in the longer term. In order to reflect the on-going nature of this income pressure a recommendation is included in this report to release these funds to Residents Services budgets on a permanent basis.
32. An adverse movement of £36k is reported on contingency for outsourced leisure income due pressures reported on staffing costs and further deterioration in income at in-sourced golf courses.
33. It is proposed to fund £321k ICT licence costs incurred in the migration to Google-based systems from General Contingency. These costs were previously met from the HIP Initiatives budget as an interim measure.

34. The Council has recently successfully taken a long-running trading standards case to court, for which legal costs for Counsel's fees and disbursements total £123k. In the medium-term there may be scope for the Council to recover proceeds of crime associated with this case.
35. Current forecasts continue to assume that the remainder of funds set aside within General Contingency will be required in full over and above pressures detailed in table 5 above.

Priority Growth: Nil variance

36. 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 6 summarises the position with regards to each element of priority growth.

Table 6

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	
Heritage/Civic Pride Projects		277	
Business Improvement Delivery		212	
HIP Initiatives unallocated balance	800	496	304
Unallocated non specific growth	1,704		
Green Spaces (approved October 2012)		50	
Balance of unallocated growth	1,704	50	1,654
Total	2,504	546	1,958

37. As at Month 7 HIP Steering Group have approved £496k allocations from the HIP Initiatives budget, leaving £304k as yet unallocated. To date Cabinet have approved one release from unallocated growth, leaving £1,654k available to fund further initiatives in the current financial year.
38. The forecast at Month 7 assumes the remaining unallocated budgets for both HIP Initiatives and unallocated growth will be committed in full by 31 March 2013, with any underspend at outturn contributing to balances.

Corporate Budgets Forecasts: £3,000k underspend (no movement)

39. Table 7 shows budget, forecast and variance reported on corporate budgets as at Month 7.

Table 7

2012/13 Original Budget	Budget Changes	2012/13 Current Budget as at Month 7	Corporate Budgets	2012/13 Forecast Outturn (as at Month 7)	Variances (+ adv/- fav)		
					Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000	£'000		£'000	£'000	£'000	
12,340	-922	11,418	Financing Costs	8,418	-3,000	-3,000	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	-922	-42,282	Corporate Budgets	-45,282	-3,000	-3,000	0

40. No movement from Month 6 is reported on Corporate Budgets, with the £3,000k underspend on financing costs arising from deferral of expenditure and associated borrowing on the Primary School Capital Programme. Given the level of investment in schools set out in the draft General Fund and HRA Budget Report 2013/14 report included on this agenda, it is expected that this provision will be required in full in the medium term.

B) CAPITAL

Programme Monitoring

41. Table 8 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.

42. The original budget of £89,286k as agreed by Cabinet on 23 February 2012 has been increased by £13,907k and therefore the current revised budget for 2012/13 is £103,193k. As at Month 7 forecast outturn for 2012/13 is £56,964k (£58,463k at Month 6), with the movement of £1,449k due to reprofiling of expenditure on a number of projects.

Table 8

	2012/13	2013/14	2014/15	Total Month 7	Total Month 6
	£'000	£'000	£'000	£'000	£'000
Original Budget	89,286	71,110	37,012	197,408	197,408
Revised Budget	103,193	72,675	37,259	213,127	212,757
Forecast Outturn	56,964	100,305	50,724	207,993	206,131
Council Resourced Variance – see table 9	-32,172	13,573	13,465	-5,134	-6,303
External Grants Variance	-13,596	13,596	0	0	-323
Other Resourced Variance	-461	461	0	0	0
Programme Variance	-46,229	27,630	13,465	-5,134	-6,626

43. The actual General Fund capital expenditure as at the end of October had reached £18,325k representing 31% of current forecast outturn.

44. The main programme shows a net favourable variance of £255k, comprising pressures of £1,490k, underspends of £1,745k as set out in Table 9 below. As in previous years, these

underspends include significant sums in relation to programmes of work budgets including the Civic Centre Works Programme.

Table 9

Council Resourced Variance	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total (Mth 7) £'000	Total (Mth 6) £'000
Pressures:					
Highgrove Pool Phase II	1027	0	0	1027	285
Botwell Green Leisure Centre	63	0	0	63	63
Hayes End Library Development	56	0	0	56	56
Hillingdon Sports & Leisure Centre	0	50	0	50	43
Primary School Expansions - Phase 2A Temporary	218	76	0	294	0
Total Council Resourced Pressures:	1,364	126	0	1,490	447
Underspends:					
Civic Centre Works Programme	-717	0	0	-717	-280
Primary School Expansions - Phase 1A Temporary	-300	0	0	-300	0
Primary School Expansions - Rosedale Temporary	-243	0	0	-243	-274
New Young People's Centres	-155	0	0	-155	-155
Road Safety	-100	0	0	-100	-100
Manor Farm Stables Development	-65	0	0	-65	-80
South Ruislip Development - Plot A	-75	0	0	-75	-75
Primary School Expansions - Minor Works	-60	0	0	-60	-60
Sport & Cultural Projects	0	0	0	0	-53
Ruislip High School Expansion	-30	0	0	-30	-30
Total Council Underspends:	-1,745	0	0	-1,745	-1,107
Projected Rephasing	-29,073	14,108	14,965	0	0
Main Programme Variance	-29,454	14,234	14,965	-255	-660
General Contingency	-1,718	-661	-1,500	-3,879	-4,643
Unallocated Priority Growth	-1,000	0	0	-1,000	-1,000
Council Resourced Variance	-32,172	13,573	13,465	-5,134	-6,303

45. There is one additional project reporting an overspend and one additional project reporting an underspend since Month 6. The Primary School Expansions Phase 2A is forecasting an overspend of £294k and Primary School Expansion Phase 1A is forecasting an underspend of £300k. A sum of £4,879k contingency and priority growth remains unallocated.

46. The Queenswalk redevelopment project has a full revised budget of £2,803k as approved by Cabinet reflect the scope of the works for both the resource centre and the Wren centre at the same location. An initial capital release is being requested to progress the project in 2012/13

47. Highgrove Pool Phase II is now projecting a pressure of £1,027k which represents an increase of £742k from month 6. This figure breaks down into 2 elements, the first £300k of the overspend is due to further asbestos discovery in the building in particular around heating casings. The rectification of this has added a further 9 week delay to the project, with an associated increased cost of retaining the contractors on site. This is in addition to the original 7 weeks delay taking the project completion to the end of the current financial year. The refurbishment and partial replacement of diving boards for the pool that were not originally included in the project, will now be funded from the Sport and Cultural projects fund. The

balance of £442k is due to additional external cladding that has been agreed to be added to the original project.

48. Hayes End Library Development the contract was terminated in October 2012 due to a contractual difference. Tenders have been submitted for a new contractor to complete the remaining works and a new appointment is expected in December. Officers are still expecting that the project will complete by the end of March 2013.
49. Hillingdon Sports & Leisure Centre is currently projecting a pressure of £50k, there is an on-going review of defects with the main contractor. Botwell Green is currently forecasting an in-year overspend of £63k relating to closing out costs, in addition to the £2,390k pressures reported in prior years.
50. Schools Expansion Programme – Rosedale Temporary is reporting an underspend of £243k, accounts are still being finalised for the remaining temporaries for phase 1a, but an underspend of between £300k to £500k is now expected due to savings against budget on the main contract and fees. This project was completed in September 2011. The budget carried forward contains the retention which will be released this year when defects are rectified. Accounts are now being finalised. The Minor works are currently forecasting an underspend of £60k from a revised budget of £437k.
51. On the Primary School Expansions Phase 2A Temporary project works on all the temporary schools were completed in time for the September term time (namely Rosedale, Wood End, Rabbsfarm, Ryefield, Hillingdon, and Charville). The contract was terminated and new contractors employed at an estimated additional cost up to £500k however the overspend on this phase is currently estimated to be £294k, although accounts with the original contractor still need to be finalised.
52. The Civic Centre Works Programme is currently forecasting an underspend of £717k, against a budget of £2,104k, due to a number of projects being delayed.
53. South Ruislip Development Plot A - The project is forecasting a £75k underspend on the library fit-out. The marketing plan has been devised and the flats and are planned to be available for sale early in the new-year.
54. The Road Safety programme is currently forecasting to underspend by £100k from the full budget of £250k. This is partly due to the use of TFL grant monies being prioritised for the resident-identified schemes rather than council funding. Further work is underway to review and agree in principle a range of additional suitable measures that will not require formal public consultation. These actions may therefore reduce the current forecast closer to budget.
55. Sport & Cultural Projects - The Compass Theatre seating, stage and roofing improvements has had a capital release of £108k, and work has commenced with current spend at £49k. As mentioned above the partial replacement and refurbishment of the diving boards for Highgrove pool will now be funded from this budget at a cost of £53k.

Capital Financing

Table 10

Capital Receipts	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	Total Month 7 £'000	Total Month 6 £'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	44,309
Variance	17,097	3,313	-28,396	-7,986	-7,986

56. Forecast capital receipts for 2012/13 are currently estimated at £6,551k, no change since Month 6. To date actual capital receipts total £1,330k.

57. 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 11 below shows the forecast borrowing for the period 2012/13 to 2014/15.

Table 11

Prudential Borrowing Forecast	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total Month 7 £'000	Total Month 6 £'000
Revised Budget	32,013	34,517	16,259	82,789	83,918
Council Resourced Variance	-32,172	13,573	13,465	-5,134	-6,303
Capital Receipts Variance	17,097	3,313	-28,396	-7,986	-7,986
Forecast Borrowing Requirement	16,938	51,403	1,328	69,669	69,629

58. Substantial rephrasing of capital expenditure into 2013/14 is sufficient to off-set the impact of reduced and delayed disposals on the Council's borrowing requirement. Latest MTFP projections included in 2013/14 budgets being presented to this meeting contain sufficient revenue resources to support the above borrowing in addition to planned future programme development.

Housing Revenue Account Capital Programme

59. Table 12 sets out the latest forecast outturn for the HRA capital programme.

Table 12

Housing Revenue Account Capital Programme	2012/13 Budget £'000	2013/14 Budget £'000	2014/15 Budget £'000	Total Month 7 £'000	Total Month 6 £'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	4,666	30,960	10,884	46,510	46,510
HRA Resourced Variance – see table 13	-14,076	16,590	3,187	5,701	5,701
External Grants Variance	-1,220	575	645	0	0
Other Resources Variance	-87	87	0	0	0
Programme Variance	-15,383	17,252	3,832	5,701	5,701

60. The HRA capital expenditure to the end of October 2012 was £536k which represents 11% of the forecast outturn. The significant re-phasing on the Supported Housing Programme accounts for project re-phasing of £14,842k into 2013/14, 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 13 below.

Table 13

HRA Resourced Variance	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total Month 7 £'000	Total Month 6 £'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	258	56	314	314
New Build - Supported Housing Programme	0	0	4,621	4,621	4,621
Total HRA Resourced Pressures:	766	258	4,677	5,701	5,701
Projected Rephasing	-14,842	16,332	-1,490	0	0
HRA Programme Variance	-14,076	16,590	3,187	5,701	5,701

61. 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. Further to this position it has been necessary to incur remedial works at an additional cost of £108k. This has had to be undertaken by the Council and is to be claimed against the original contractor. There is however, a litigation risk that this additional cost may not be fully mitigated against the contractor's claim.

62. 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.

63. 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.

64. The New Build HRA Pipeline Sites Phase 2 scheme is forecasting an overspend of £314k, of which £90k relates to the Gilbert Road site. The balance of £224k relates to the forecast on the remaining seven sites. These seven sites have been put on hold whilst the business case is updated and reviewed. Officers are awaiting assurance that the HCA grant authority will allow for the long stop date to be extended to the end of 2013/14.

65. 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 under review.

66. The Works to Stock programme revised its forecast to an in year underspend of £87k, previously £307k. This is due to an increase in the amount of work now intended to be carried out on window replacements in the current financial year. This increase in spend is subject to capital release.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

68. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

70. Monitoring report submissions from Groups.

Appendix A – Detailed Group Forecasts

Administration & Finance £618k underspend (£68k improvement)

1. The Group budgets have been realigned to reflect the new Council structure, which has included transferring the Commissioning team and the Housing Benefit team into the Finance Directorate. Overall, the position for month 7 is an underspend of £618k, which represents an improvement of £68k from month 6. The movement this month is as a result of the retirement of the Chief Executive now being included in the forecast figures, the remainder being as a result of vacant posts being held open for longer than anticipated and the realignments of non-salary budget forecasts.

Services	2012/13 (As at Month 7)		% Var of budget	Variances (+ adv/- fav)		
	Current Budget £'000	Forecast £'000		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Change from Month 6 £'000
Administration	7,465	7,022	-6%	-443	-348	-95
Finance	9,028	8,853	-2%	-175	-202	27
Total	16,493	15,875	-4%	-618	-550	-68

Administration - £443k underspend (£95k improvement)

Services		2012/13 (As at Month 7)			Variances (+ adv/- fav)		
		Current Budget	Forecast	% Var of budget	Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
		£'000	£'000		£'000	£'000	£'000
Administration Directorate	<i>Exp</i>	649	592	-9%	-58	-12	-45
	<i>Inc</i>	0	0	0%	0	0	0
	<i>Rechgs</i>	-22	-22	0%	0	0	0
	Total	627	570		-58	-12	-45
Corporate Communications	<i>Exp</i>	875	815	-7%	-60	-58	-2
	<i>Inc</i>	-103	-95	-7%	8	8	0
	<i>Rechgs</i>	-774	-774	0%	0	0	0
	Total	-1	-53		-53	-50	-2
Democratic Services	<i>Exp</i>	3,284	3,297	0%	13	34	-21
	<i>Inc</i>	-819	-879	7%	-60	-54	-6
	<i>Rechgs</i>	624	624	0%	0	0	0
	Total	3,090	3,042		-48	-21	-27
Human Resources	<i>Exp</i>	3,446	3,366	-2%	-80	-85	6
	<i>Inc</i>	-1,035	-1,058	2%	-23	-23	0
	<i>Rechgs</i>	-2,669	-2,669	0%	0	0	0
	Total	-259	-362		-103	-109	6
Legal Services	<i>Exp</i>	1,930	1,959	2%	29	33	-3
	<i>Inc</i>	-557	-577	4%	-20	-25	5
	<i>Rechgs</i>	-1,332	-1,332	0%	0	0	0
	Total	42	51		9	7	2
Policy & Performance	<i>Exp</i>	4,401	4,233	-4%	-167	-139	-28
	<i>Inc</i>	-567	-591	4%	-24	-24	0
	<i>Rechgs</i>	132	132	0%	0	0	0
	Total	3,965	3,774	0	-191	-163	-28
Total Expenditure		14,585	14,263	-2%	-323	-228	-95
Total Income		-3,080	-3,200	4%	-120	-120	0
Total Recharges		-4,041	-4,041	0%	0	0	0
Administration Total		7,465	7,022	0	-443	-348	-95

Administration Directorate £58k underspend (£45k improvement)

1. This underspend relates to the retirement of the Chief Executive in November and a PA which is planned for December. Both make up part of savings which are included in the MTFE for 2013/14.

Corporate Communications: £53k underspend (£2k improvement)

2. The majority of the underspend this month is attributed to part year vacancies including the Head of Service post. The budgets for these vacancies are being used to fund agency staff brought in to cover the workload while recruitment is in progress for the permanent posts and also to cover maternity leave. Revisions to estimates of vacant posts and to agency staff have led to the improved position this month.

Democratic Services: £48k underspend (£27k improvement)

3. There is an overspend on salaries due to not achieving the managed vacancy factor in full netted down by vacancies as a result of the restructure of the Registrars Team. Revisions to estimates on non salary budgets and also the realignment of income targets to reflect past performance based on analysis of historical data have led to the improvement this month.

Human Resources: £103k underspend (£6k adverse movement)

4. 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. The costs of funding the additional Hillingdon Academy cohort have been absorbed by underspends in existing non salaries budgets.

Legal Services: £9k overspend (£2k adverse movement)

5. There is an adverse movement on salaries due to a member of staff returning from maternity leave earlier than forecast. Income forecasts continue to be monitored and revised accordingly.

Policy, Performance and Partnerships: £191k underspend (£28k improvement)

6. 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. Recruitment to these posts will take place later than was anticipated, which, along with further reviews of non salary forecasts, has resulted in the improvement this month.

Finance - £175k underspend (£27 adverse movement)

Services		2012/13 (As at Month 7)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
		£'000	£'000		£'000	£'000	£'000
Audit & Corporate Fraud	<i>Exp</i>	1,238	1,258	2%	21	31	-10
	<i>Inc</i>	£0	-10	0%	-10	-14	4
	<i>Rechgs</i>	-1,209	-1,209	0%	0	0	0
	Total	28	39		11	17	-6
Finance	<i>Exp</i>	11,778	12,118	3%	340	354	-15
	<i>Inc</i>	-5,245	-5,361	2%	-117	-105	-12
	<i>Rechgs</i>	-897	-897	0%	0	0	0
	Total	5,636	5,859		223	250	-27
Procurement	<i>Exp</i>	771	833	8%	62	25	37
	<i>Inc</i>	-45	-47	3%	-2	0	-2
	<i>Rechgs</i>	-769	-769	0%	0	0	0
	Total	-42	18		60	25	35
Commissioning	<i>Exp</i>	1,415	1,322	-7%	-93	-118	25
	<i>Inc</i>	-299	-314	5%	-15	-15	0
	<i>Rechgs</i>	-998	-998	0%	0	0	0
	Total	118	9		-108	-133	25
Housing Benefit	<i>Exp</i>	171,230	171,137	0%	-93	-93	0
	<i>Inc</i>	-167,942	-168,210	0%	-268	-268	0
	<i>Rechgs</i>	0	0	0%	0	0	0
	Total	3,288	2,927		-361	-361	0
Total Expenditure		186,432	186,669	0%	236	200	37
Total Income		-173,531	-173,942	0%	-412	-402	-10
Total Recharges		-3,874	-3,874	0%	0	0	0
Finance Total		9,028	8,853	0	-175	-202	27

Audit and Corporate Fraud: £11k overspend (£6k improvement)

7. The salaries forecasts have been revised to include the costs of the Proceeds of Crime Act Officer, which has led to a pressure this month. This has been net down by underspends in non-salaries and an over achievement in the income forecast.

Finance: £223k overspend (£27k improvement)

8. Overall there is an overspend on salaries of £125k due to not achieving the managed vacancy factor of £225k in full netted down by vacant posts in Revenues and Accountancy. The overspend also includes the cost of additional staffing resources required in the Revenues team for the implementation of the localisation of Council Tax Support. Forecasts also include the costs of employing consultants to complete revised financial modelling of Social Care demographics to improve MTFE forecasts. These overspends have been partly mitigated by the revised income estimates in Revenues after detailed analysis of income trends and historical data, which has led to an increased income forecast. The movement in non salaries budgets is as a result of the projected costs of the Liberata contract, redundancy costs as a result of the Capital team restructure and also the forecast increase in the usage costs of printing using the MFDs.

Procurement: £60k overspend (£2k adverse movement)

9. The adverse movement this month is due to the extension of an existing agency post which was brought in to support specific projects within Procurement. In addition, two procurement interims have been brought in on 3 month contracts to improve the commercial challenge within the Procurement team.

Commissioning: £108k underspend (£25k adverse movement)

10. The position this month relates primarily to an underspend of £47k on consultancy budgets in the Commissioning team. In addition there are vacant posts across the team and a variety of other non salaries forecasts are projecting to underspend.

Housing Benefit: £361k underspend (nil movement)

11. The Housing Benefit Service has been transferred in to the Finance Directorate this month and all budgets are being reviewed in detail.

Residents Services

Revenue: **£199k overspend** (£264k improvement)

1. The Group has a projected an overspend of £199k, excluding pressure areas that have identified contingency provisions.

Services		2012/13 (As at Month 7)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
		£'000	£'000		£'000	£'000	£'000
Corporate Property & Construction	<i>Exp</i>	3,491	3,451	-1%	-40	-55	+15
	<i>Rech</i>	-495	-495	0%	0	0	0
	<i>Inc</i>	-2,263	-2,263	0%	0	0	0
	Total	733	693	-5%	-40	-55	+15
Education	<i>Exp</i>	278,323	277,799	0%	-524	-289	-235
	<i>Rech</i>	-382	-382	0%	0	0	0
	<i>Inc</i>	-242,480	-242,506	0%	-26	-26	0
	Total	35,462	34,912	-2%	-550	-315	-235
Housing (General Fund)	<i>Exp</i>	20,621	19,016	-8%	-1,605	-1,552	-53
	<i>Rech</i>	-492	-492	0%	0	0	0
	<i>Inc</i>	-11,142	-9,048	-19%	+2,094	+2,070	+24
	Total	8,987	9,476	5%	+489	+518	-29
ICT Highways & Business Services	<i>Exp</i>	45,631	45,751	0%	+120	+120	0
	<i>Rech</i>	-14,423	-14,423	0%	0	0	0
	<i>Inc</i>	-11,688	-11,588	-1%	+100	+100	0
	Total	19,520	19,740	1%	+220	+220	0
Planning Sport & Green Spaces	<i>Exp</i>	14,890	14,960	0%	+70	+40	+30
	<i>Rech</i>	-2,737	-2,737	0%	0	0	0
	<i>Inc</i>	-5,928	-5,908	0%	+20	+45	-25
	Total	6,225	6,315	1%	+90	+85	+5
Public Safety & Environment	<i>Exp</i>	50,362	50,272	0%	-90	-70	-20
	<i>Rech</i>	-3,078	-3,078	0%	0	0	0
	<i>Inc</i>	-19,419	-19,289	-1%	+130	+130	0
	Total	27,865	27,905	0%	+40	+60	-20
Transportation Planning Policy & Community Engagement	<i>Exp</i>	3,364	3,314	-1%	-50	-50	0
	<i>Rech</i>	0	0	0%	0	0	0
	<i>Inc</i>	-3,871	-3,871	0%	0	0	0
	Total	-507	-557	10%	-50	-50	0
Total Expenditure		416,682	414,563	-1%	-2,119	-1,856	-263
Total Recharges		-21,607	-21,607	0%	0	0	0
Total Income		-296,790	-294,472	-1%	+2,318	+2,319	-1
Residents Services Total		98,285	98,484	0%	+199	+463	-264

Contingency Items: **Gross Pressure £3,875k** (£404k adverse movement)

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 7	Gross Pressure Month 6	Change from Month 6	Contingency Allocation	Net Pressure
	(£000s)	(£000s)	(£000s)	(£000s)	(£000s)
Impact of Housing Benefit Changes on Temporary Accommodation	737	737	0	737	0
Waste Disposal Levy	550	550	0	550	0
Development Control Income	337	413	-76	500	-163
Contingency Against Leisure Outsourced Income Streams	545	509	+36	480	+65
Carbon Reduction Commitment	350	350	0	450	-100
Additional Costs for 2 Year Olds	246	246	0	357	-111
HS2 Challenge Contingency	200	200	0	200	0
SEN Transport	300	300	0	100	+200
Local Development Framework	90	90	0	90	0
Fuel	40	40	0	0	+40
Traveller Incursions	8	8	0	0	+8
Planning Appeals	28	28	0	0	+28
Microsoft Licences	321	0	+321	0	+321
Legal Costs (SAS Fire Security)	123	0	+123	0	+123
Residents Services – Total	3,875	3,471	404	3,464	411

- The contingency to cover the impact of changes in Housing Benefit on temporary accommodation is forecast to be required in full.
- 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 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. WLWA have served a supplementary levy on the constituent Boroughs for which Hillingdon's share is £620k, which has been treated as an exceptional item (detailed in table 1). 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.
- The forecast position for Development Control income is a pressure of £337k, which is £163k less than the sum held in contingency, an improvement of £76k compared to Month 6. 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 7 reflects additional major applications that are likely to come forward this financial year. Furthermore, the forecast for this year is dependent upon one-off Council-led applications for school expansions through the Primary Schools Capital Programme, and is reliant on several other key developments coming forward this financial year. Although not reported against this contingency, pre-application income from developers shows a pressure of £40k, reflecting continuing uncertainty in the housing market.

6. 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.
 7. 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 were not ideal, and pay and play and associated income is £278k below target, an adverse movement of £16k compared to Month 6. In addition, there is a shortfall against membership income of £35k. This is offset by the staffing costs so far being £87k under budget as the approved structure contains a number of vacant posts, an adverse movement of £20k compared to Month 6. 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 the current adverse variance of £185k is carried forward to the year end.
 8. 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 £165k deficit on the in-house operation described above, means that the overall call on the leisure contingency of £480k is forecast to be £545k, an adverse movement of £36k compared to Month 6.
 9. 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 includes the reduction in actual allowances purchased for 2011/12 reported to Cabinet in September 2012. It also includes the £250k budget for allowances for schools that has been provided for in the schools budget.
 10. The forecast call on 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 £246k, no change compared to Month 6.
 11. 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.
 12. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The pressure of £300k reflects the increase in pupil numbers and 12 new 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.
 13. Current analysis shows that the fuel budget has a forecast pressure of £40k at the current bulk purchase price of £1.14 per litre, no change compared to Month 6.
 14. Across the group £8k has been spent so far on actions to prevent traveller incursions.
 15. 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.
 16. In June 2012 HIP Steering Group approved expenditure of £321k from the HIP Initiatives Budget for Microsoft licences as part of the Council's commitment to transforming to google-based systems. It is now proposed that this is funded from the general contingency, and a recommendation to this effect is included in the body of the report.
 17. The Council has recently taken a long-running trading standards case to court, for which legal costs in terms of Counsel's fees and disbursements are £123k.
-

Corporate Property & Construction: £40k underspend (£15k adverse)

18. A zero based budgeting exercise has been performed on business rates budgets across the group, resulting in a £40k underspend, an adverse movement of £15k compared to Month 6, due to the impact on business rates of the completed South Ruislip development.

19. 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: £550k underspend (£235k improvement)

Schools: variance not applicable

20. 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.

21. 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 7 (£000s)	Forecast Variance Month 6 (£000s)	Change from Month 6 (£000s)
Opening Balance 1 April 2012	-	-226	-226	0
DSG Income	-222,459	+495	+495	0
Delegated to Schools	200,057	0	0	0
Centrally Retained	22,402	+97	+130	-33
In-Year Movement	0	+592	+625	-33
Forecast Closing Balance 31 March 2013	-	+366	+399	-33

22. The overspend of £592k is due to a pressure on Special Educational Needs (SEN) spend at independent special schools of £950k, where there are increased numbers of children being placed from September 2012, and a shortfall of DSG income of £495k, where the actual funded pupil numbers differ from the projected pupil numbers used to set the budget primarily due to the exclusion of the primary and nursery pupil numbers at Rosedale College from the final DSG calculation issued in June 2012. This is partly offset by projected underspends on SEN support, education out of school and increased recoupment income.

General Fund: £550k underspend (£235k improvement)

23. 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.

24. In addition, there are underspends arising from vacant posts in part of the service, specifically the educational psychology service (£124k), the youth service (£100k), an improvement of £85k compared to Month 6, the early years team (£30k), and the school improvement service (£20k). 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.
25. A review of discretionary expenditure budgets across the service has identified underspends of £100k, no change compared to Month 6, the full year effects of which are being counted towards savings targets for 2013/14. There is also additional anticipated buy-back of services from schools of £26k, no change compared to Month 6.
26. There is also a forecast underspend of £150k on Council-run Children's Centres due to the service being yet to reach full operational capacity, resulting in reduced staffing and running costs.
27. Within the education service position there are risks currently being contained of pressures on the Adult Education service, due to greater than budgeted provision of subsidised courses.

Housing: £489k overspend (£29k improvement)

Housing (General Fund): £489k overspend (£29k improvement)

28. The gross budget for this service of £20.6 million includes an MTFF saving of £50k which has been fully banked. The forecast assumes that £737k can be drawn down from the corporate contingency held for the impacts of housing benefit changes on demand for temporary accommodation, reducing the pressure from £1,226k to £489k as forecast. Although there has been little underlying movement in the forecast in Month 7, the headline position reflects the recent changes to the Council structure. The Housing Needs element was previously expected to breakeven after taking account of a virement of £100k to the Housing Needs budget from Housing Benefit, this has not been assumed in the Month 7 forecast. In addition, this budget also includes an MTFF savings item from bringing the outlying HRA offices into the Civic Centre. For 2012/13 there is a target saving of £500k. This is projected to be around £400k short and was being covered previously within the overall former SCH&H Other Services budget, which in Month 7 is showing a corresponding improvement.
29. As reported in Month 6, the increase in the number of homelessness approaches to the Council as a result of welfare reform and the economic climate is now being seen. There has been an increase of 42% in the numbers of people being seen at homelessness reception in the first 6 months of this year (269 compared with 190). The DCLG have recently noted an increase in successful applications stating that for Quarter 1 they vary considerably from 4% in Yorkshire & Humber to 27% in London. This additional workload is being contained within existing resources and being closely monitored.

Housing Revenue Account: £2,721k underspend (£126k improvement)

30. The Housing Revenue Account (HRA) has a gross expenditure budget of £62 million and a gross income budget of £63.8 million with a forecast of a £2,721k underspend as shown in the table below, an improvement of £126k compared to Month 6. 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 BID programme enabling the service to deliver to the same level of quality as before.

Services		Current Budget (£000s)	Forecast (£000s)	% Var of budget	Variance (As at Month 7) (£000s)	Variance (As at Month 6) (£000s)	Change from Month 6 (£000s)
Housing Maintenance	Exp	+27,797	+27,173	-2%	-624	-281	-343
Housing Management	Exp	+34,228	+33,266	-3%	-962	-845	-117
Rent & Other Income	Inc	-63,791	-64,926	2%	-1,135	-1,469	+334
In Year (Surplus) / Deficit	Total	-1,766	-4,487		-2,721	-2,595	-126

31. There is a favourable movement of £343k from the Month 6 forecast within the maintenance budget. The majority of this due to a projected underspend of £224k on fire doors due to access problems to leaseholder properties, and a reduced forecast for spend on adaptations of £90k. As reported last month, the forecast could move favourably by a further £500k from the lift replacement programme if the proposals to utilise this to bring forward electrical upgrades is not approved.

32. For housing management, the favourable movement of £117k from the Month 6 forecast is mainly due to a saving of £67k on communication recharges, and £20k savings on utility costs in new build properties. The remainder of the underspend is made up smaller items including grounds maintenance costs (£10k) and staffing savings (£8k).

33. The gross budget for this service (£34,228k) includes an HRA MTF savings target for this service of £229k from BID projects as well as other (zero based) savings of £865k. These total savings of £1.19 million have all been banked.

34. The income budget is projecting an overall favourable variance of £1,135k. The £334k adverse movement from the Month 6 forecast is mainly due to an increase in void loss projection of £114k, a reduced projection for income from works over prescribed limits (£89k), and a reduction of £35k in income from shops. The remaining adverse movement is accounted for various other smaller movements. The Month 6 forecast favourable variance of £1,135k within the context of an overall income budget of £63.8 million amounts to around 1.75%.

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

35. 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.

36. 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.

37. 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.

38. 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, no change compared to Month 6, as the remaining opportunities are unlikely to deliver additional income this financial year.

39. 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: £90k overspend (£5k adverse)

40. Pre-application advice income from developers shows a pressure of £40k, an adverse movement of £5k compared to Month 6, reflecting continuing weak demand for major applications other than for very large sites where the trend is towards funding this advice through planning performance agreements (gift funding). £120k of gift funding has been received so far this year, an increase of £30k compared to Month 6, which is fully committed to the additional temporary staff engaged by the service to deliver these agreements.
41. 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 ringfenced to the service.
42. 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: £40k overspend (£20k improvement)

43. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 6, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
44. There is a staffing underspend of £90k in Technical Administration and Business Support, an improvement of £20k compared to Month 6, 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.
45. Waste Services is currently reporting a £20k net underspend, no change compared to Month 6, 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)

46. The service is reporting a £50k favourable position due to the impact of vacant posts across the service, no change compared to Month 6. This includes the part-year effect of the restructure of the town centres and community engagement teams into a single team.

Social Care and Health Services

Revenue: **£576k overspend** (£77k improvement)

1. The month 7 revenue monitoring report for 2012/13 is the first report reflecting the new Departmental structures following agreement at Council on 8th November.
2. The Social Care and Health forecast has been compiled following analysis of relevant activity trends and application of the MTF £7,397k savings programme. In summary there is a favourable movement of £77k from the month 6 position.
3. 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 significantly offset to date by strong management controls across the service which will remain in place.

Services		2012/13 (As at Month 07)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 07) £'000	Variance (As at Month 06) £000	Change from Month 06 £000
Children & Families Services	Exp	+30,312	+30,261	0%	-51	+42	-93
	Inc	-3,376	-3,046	-10%	+330	+274	+56
	Total	+26,935	+27,214	1%	+279	+317	-38
Asylum Services	Exp	+7,955	+7,955	0%	-0	+0	-0
	Inc	-6,715	-6,716	0%	-0	-0	-0
	Total	+1,239	+1,239	0%	-0	+0	-0
Older Peoples Services	Exp	+32,500	+34,427	6%	+1,926	+1,885	+42
	Inc	-7,677	-9,103	19%	-1,426	-1,466	+40
	Total	+24,823	+25,323	2%	+500	+419	+81
Physical & Sensory Disability Services	Exp	+8,379	+8,840	6%	+461	+447	+13
	Inc	-587	-812	38%	-225	-218	-7
	Total	+7,792	+8,028	3%	+236	+230	+7
Learning Disability Services	Exp	+27,129	+27,878	3%	+749	+831	-82
	Inc	-4,036	-4,204	4%	-168	-218	+50
	Total	+23,093	+23,674	3%	+580	+612	-32
Mental Health Services	Exp	+5,768	+5,608	-3%	-160	-160	+0
	Inc	-394	-454	15%	-60	-60	+0
	Total	+5,374	+5,155	-4%	-220	-220	+0
SCH&H Other Services	Exp	+9,116	+8,760	-4%	-356	-407	+52
	Inc	-1,332	-1,776	33%	-443	-298	-145
	Total	+7,784	+6,985	-10%	-799	-705	-94
Total Expenditure		+121,158	+123,727	7%	+2,569	+2,639	-69
Total Income		-24,117	-26,110	100%	-1,993	-1,986	-7
SCH&H Total		+97,041	+97,617	-6%	+576	+653	-77

4. 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 07	Contingency	Net Pressure
Current Commitments:			
Asylum Funding Shortfall	+1,516	+1,449	+67
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
Original Contingency Allocation	+10,954	+10,887	+67
Approved Allocations:			
Social Care Pressures (Children's)	-140	-140	0
Remaining Contingency Allocation	10,954	10,887	

MTFF Savings

- The group is delivering a savings programme totalling £7,397k and to date has banked £4,793k (65%). At the present time £220k is at risk, being the BID operating model (£170k) and BID Major Transformation projects (£50k). There is a shortfall of £1,272k from the BID children's services business support review (£255k), review of LD Day Services (£311k), 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.
- 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 month 5 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: **£279k overspend (£38k improvement)**

- The favourable movement since the month 6 forecast is as a result of achieving lower unit costs for more recent placements compared with the average to date. There continues to be the focus on a greater use of In House Fostering placements rather than the private sector and is in line with the MTFF strategy and is on track to deliver its savings target for this year. The number of in-house placements at the end of quarter 2 is 116 (51%) compared with 97 (44%) at the same time last year.
- The gross budget for this service (£30,136k) includes an MTFF saving target of £1,968k, the target saving of £1,673k on the placements budget being the most significant. The primary cause of slippage relates to the implementation of the business support review and although this slippage (£255k) cannot be recovered in this year management continue to review other options to redress the balance.

Asylum: Nil Variance (no change)

9. The additional pressure (reported last month) relates to the value and number of applicants found to be ineligible by UKBA exceeding the 2011/12 trend. Assuming that this trend shown in quarters 1 and 2 are repeated then the reduction in the overall UKBA grant income will be £67k greater than that provided for.
10. The department is in ongoing discussion with UKBA on specific LBH matters with regard to the funding shortfall. As a result representations have been made to the UKBA regarding the ongoing financial support LBH receive from the 'Gateway' grant.

Older People Services: £500k overspend (£81k adverse movement)

11. The pressure in this service relates to residential placements remaining higher than originally forecast along with pressure on Direct Payments and Homecare. The primary reason for this marginal adverse movement relates to an increased forecast of 200 placement weeks. The pressure on placements is partially offset by an underspend forecast for community based support as demand to date is lower than anticipated.
12. 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. 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 £1,616k banked, £369k on track to deliver. The gross budget for placements and community support services is £26,414k.

Physical Disabilities: £236k overspend (£7k adverse movement)

14. There has been no material movement from the month 6 forecast on a gross budget for this service of £8.4m. This includes an MTFF saving for this service of £517k and at the present time £382k has been banked; £60k is on track to deliver; and there is £75k slippage.
15. 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 £7,128k. The forecast for the remainder of this service is currently on budget.

Learning Disability: £580k overspend (£32k improvement)

16. This favourable movement from the M6 forecast is as a result of a reduced client transport forecast. The gross budget for this service (£27,303k) includes an MTFF saving of £962k and at the present time £20k is on track to deliver with £942k potential slippage. The gross budget for placements and community support services is £24,696k. The forecast for the remainder of this service is currently on budget.
17. 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 £1,080k to £580k as reported in this forecast.

Mental Health: £220k underspend (no change)

18. There has been no change to this forecast on a gross budget for this service of £5.8m which includes an MTFF saving for this service of £500k which has been banked. The gross budget for placements and community support services is £3,038k. The forecast for the remainder of this service is currently on budget.

SC&H Other Services: £799k underspend (£94k improvement)

19. The movement from the month 6 forecast is due to the continuing and successful renegotiation of contracts relating to the delivery of supported living and reflects the early delivery of this strategy as reflected in the MTFF report elsewhere on this agenda.

20. The gross budget for this service (£9,116k) includes an MTFF saving of £1,410k, of which £1,173k has been banked to date with £215k at risk. The risk relates to the BID operating model (£170k) and BID Major Transformation projects (£45k).

APPENDIX B – Treasury Management Report as at 30 September 2012

Outstanding Deposits - Average Rate of Return on Deposits: 0.68%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	87.3	64.14	65.00
1-2 Months	9.2	6.76	5.00
2-3 Months	17.0	12.49	15.00
3-6 Months	6.0	4.41	5.00
6-9 Months	10.0	7.35	10.00
9-12 Months	0.0	0.00	0.00
12-18 Months	0.0	0.00	0.00
Subtotal	129.5	95.15	100.00
Unpaid Maturities	6.6	4.85	0.00
Total	136.1	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, Ignis MMF, PSDF MMF, HSBC MMF, Royal Bank of Scotland, HSBC, Lloyds TSB, Bank of Scotland, Barclays, Nationwide and Newcastle City Council.
3. During October 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: 2.96%

	Actual £m	Actual %
General Fund		
PWLB	79.93	22.85
Long-Term Market	15.00	4.29
HRA		
PWLB	221.82	63.42
Long-Term Market	33.00	9.44
Total	349.75	100.00

4. There were no early debt repayments or rescheduling activities during October.

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 October outstanding PWLB loans carried large premiums and therefore made rescheduling of debt 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

The following agency staff are required to be retained within Social Care and Health to maintain essential services whilst recruitment is in process. Posts 1 to 3 have been submitted to Cabinet previously but require further extensions due to recruitment difficulties, project implementation, or vacancy held pending restructuring. Post 4 is required to enable permanent recruitment to be completed. Posts 5 to 8 have been submitted for approval to support implementation of new ways of working within Children's Social Care until the end of this financial year.

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	C&F Safeguarding Disabled Children's Strategy	01-Apr-10	31-Mar-13	46	32	24	12	114
2	ASC Mental Health AMHP	02-Aug-10	31-Mar-13	0	58	45	16	119
3	ASC Access and Assessment Team Manager	02-Jan-12	31-Mar-13	0	15	64	22	101
4	ASC Access and Assessment Team Manager	23-Jul-12	31-Mar-13	0	0	44	14	58
5-8	3x Social Work and 1x DTM	01-Jan-12	31-Mar-12	0	0	0	77.5	77.5

Retaining of agency staff for Residents Services (Corporate Property & Construction)

The Delivery Officer is required to provide professional services for the South Ruislip Plot B project, where the employer's agent and contract administrator roles are being done in-house. This is an extension of an existing agency assignment originally approved for 26 weeks by the Cabinet Member for Finance, Property and Business Services in June 2012. The extension for a further 13 weeks is necessary because the South Ruislip Plot B project is a high profile project that will be starting on the ground early in 2013. This assignment was originally secured to provide cover for two posts in the Corporate Construction structure where the postholders were on long-term sickness absence. These two postholders have now returned to work but with significantly reduced hours, meaning that the Council-employed staff do not have sufficient capacity to deliver this project.

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	Delivery Officer	9 July 2012	29 March 2013	0	0	39	19	58

Appendix D

Mayor's Care and Support Specialised Housing Fund

In July 2012 the Government announced a national capital grant of £300m to support development and stimulate the specialised housing market over the next five years. £60m of this has been ring-fenced for London as the Mayor's Care and Support Specialised Housing Fund with allocations to be agreed by the Greater London Authority.

The fund is aimed at specialist housing for older people and for adults with disabilities or mental health needs with bids expected to include accommodation which offers "homes for life", providing a long-term solution rather than a temporary stay. Bids related to the development of new accommodation as well as re-modelled accommodation will be considered.

The GLA have two distinct phases to the bidding process with the January 2013 deadline for Phase 1 bids related to affordable supported housing and a separate April 2013 deadline for Phase 2 focused on private market housing. The GLA will however actively consider proposals within Phase 1 for mixed tenure developments with affordable rent and for sale options.

Phase 1 bidding is open to all organisations who are qualified as GLA Investment Partners including housing associations and local authorities. Hillingdon Council is already a qualified partner.

A draft proposal from Hillingdon Council is currently in development with a focus on (a) sites that are in a good state of preparation for development (b) people with disabilities due to the value for money this offers to support the Council's MTFF strategy and (c) older people due to the reduced priority this may be given within the Council's supported housing programme and the consequent value of finding alternative ways of delivering this via the Mayor's capital grant.

In order to ensure that the bid has member approval and bearing in mind the deadline for submission is Friday 18th January 2013, Cabinet is asked to delegate authority to the Leader of the Council and the Cabinet Member for Finance, Property and Business Services in conjunction with the Deputy Chief Executive and Corporate Director for Residents Services to approve a bid. The announcement of allocations will be made in May 2013.