

COUNCIL BUDGET - MONTH 9 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 9. The in-year revenue position is forecast as an underspend of £2,726k an improvement of £201k from Month 8.</p> <p>An underspend of £4,573k 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 9.
2. Note the treasury Month 9 update at Appendix B.
3. Approves the allocation of £12k from unallocated priority Growth to fund the part year cost of an additional officer to support the increased demands on Transportation Planning Policy and related customer engagement.
4. Approves the addition of £1,193k of the Department for Communities & Local Government Troubled Families Grant to Social Care & Health Budgets from 2012/13 to 2015/16 to support early intervention work by the Hillingdon Family Service.
5. Approves the virement of £164.2k from the Housing Revenue Account to Street Scene Maintenance to fund and undertake repairs to areas of the un-adopted housing network.
6. Approves the allocation of £78k to Residents Services revenue budgets to reflect a grant received from the CLG through the West London Housing Partnership to address rough sleeping.
7. Approves the retaining of agency staff as detailed in Appendix C.

8. **Approve the release of £57k from capital contingency for Health & Safety works at Harlington Road Depot.**
9. **Delegate authority to the Leader of the Council and Cabinet Member for Finance, Property and Business Services, in consultation with the Deputy Chief Executive and Corporate Director of Residents Services, to make all necessary contractual decisions in relation to South Ruislip Plot A and Plot B and to enter into the necessary supporting consultancy contracts.**

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2012/13.
2. Recommendation 4 seeks authority to invest £1,193k by 2015/16 in targeted early intervention with 555 families within the Borough, improving school attendance, supporting adults back into work and reducing anti-social behaviour. Performance linked grant funding is available up to the sum of £1,852k if a sufficient number of families benefit from this work. Officers will report back to members on the level of funding secured and potential options for further investment.
3. Recommendation 5 seeks authority for a virement of £164.2k from the Housing Revenue Account to Street Scene Maintenance to fund and undertake repairs to areas of the un-adopted housing network. Housing Services do not at present undertake any scheduled inspections or repairs to the housing network of un-adopted roads and footways. Following the service being brought back in-house, it has been passed to Street Scene Maintenance to carry out both inspections and repairs to the network of roads and footways that make up the Borough's housing assets from April 2013. The cost of the resources required by highways to undertake the extra work load imposed as a result has been estimated to be £164.2k. This sum is made up from the cost of 4 extra operatives, two lorries and road repair equipment to make up 2 further road repair teams and the supervision costs to oversee these 2 extra teams. The employees will be sought on an agency basis and the major equipment hired to reduce the possibility of over committing in the first year. The rest of the equipment will be purchased as the cost is minimal. Following the first full year of inspections and repairs the allocated resources will be reviewed and assessed in terms of the following year's commitment.
4. Recommendation 6 seeks approval to allocate a £78k grant from CLG to Residents Services revenue budgets. This funding was not bid for but is being distributed from the CLG across seven Boroughs through the West London Housing Partnership. The allocation for Hillingdon is £77,571k, and there is no match funding requirement. It is proposed to utilise this funding to support homelessness work in Hillingdon and reduce the pressure on the homelessness budget, through a local housing partner.
5. Recommendation 8 seeks release of funds from capital contingency to fund Health & Safety works at Harlington Road Depot following a pre-planned Health & Safety Executive inspection completed in December 2012.
6. Recommendation 9 allows the Council to progress with Plot B at South Ruislip, which will consist of 19 one bedroom and 12 two bedroom flats for Hillingdon residents. The potential contract decisions to be made, including on consultancy contracts, require Cabinet approval and therefore Cabinet authority to delegate this key decision will ensure that the project can progress within agreed time scales and in accordance with Procurement Standing Orders. The original contract with Rydon was approved by Cabinet in September 2010 to build a new library, adult education facility and 10 flats on Plot A.

Alternative options considered

7. There are no other options proposed for consideration.

SUMMARY

A) Revenue

8. The in year revenue monitoring position as at Month 9 (December) shows that forecast net expenditure for the year 2012/13 is £2,726k less than the budget following recognition of a £620k exceptional levy payment required by the West London Waste Authority.
9. Directorate budgets are reporting a net underspend of £96k however, this includes significant pressures related to slippage on Social Care Savings of approximately £1,500k and on contingency items totalling £1,088k. Early delivery on a number of 2013/14 savings initiatives is successfully containing these pressures in year, with work underway to manage these issues in the medium term.
10. Additional capital financing provision for the Primary School Capital Programme was included in 2012/13 budget but due to the deferral of borrowing on the Programme, the sum of £3,250k is not required in this year which represents a windfall available to sustain a healthy level of balances to manage risks around the implementation of Council Tax Support and the share of Business Rate income to the Council from April 2013.
11. 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 £28,164k as a result of this budgeted contribution and the in-year underspend noted above.
12. The reported position takes into account the delivery of the £17,696k savings which were included in the 2012/13 budget. To date £15,541k, or 88% are either banked or on track for delivery (86% at Month 8).

B) Capital

13. Forecast outturn on the 2012/13 General Fund Capital Programme is £55,520k, a variance of £5,264k on a revised budget of £60,784k.
14. Over the three-year period 2012 to 2015, an underspend of £4,573k is now reported on the General Fund Capital Programme. Table 7 provides further detail of this projected underspend.
15. General Fund capital receipts for 2012/13 are projected to be £2,912k at Month 9 (Month 8 £6,551k) to date £2,117k has already been received.
16. An overall favourable variance of £10,218k (Month 8 £7,986k) is forecast for the period 2012 to 2016, this is due to the expected timings of when the receipts will be realised, therefore some of these receipts have now been forecast to occur in 2015-2017.
17. 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

18. 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 9)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000		£'000	£'000		£'000	£'000	£'000
229,902	334	Directorates Budgets on normal activities	230,236	230,140	0%	-96	+105	-201
-41,360	-334	Corporate Budgets on normal activities	-41,694	-44,944	8%	-3,250	-3,250	+0
188,542	0	Sub-total Normal Activities	188,542	185,196	-2%	-3,346	-3,145	-201
		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	185,816	-1%	-2,726	-2,525	-201
-	0	Budget Requirement	-	-190,668		0	0	0
-2,126	0	Net total	-2,126	-4,852		-2,726	-2,525	-201
-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	-28,164		-2,726	-2,525	-201

Directorates' Forecast Expenditure Month 9

19. 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 9)	Directorate		2012/13 Forecast (as at Month 9)	% Var	Variances (+ adv/- fav)		
							As at Month 9	As at Month 8	Change from Month 8
£'000	£'000	£'000			£'000		£'000	£'000	£'000
22,090	166,961	189,051	Administration & Finance	Exp	188,841	0%	-210	-181	-29
-9,004	-165,106	-174,110		Inc	-174,699	0%	-589	-543	-46
13,085	1,856	14,941		Total	14,142	-5%	-799	-724	-75
386,494	10,661	397,155	Residents Services	Exp	394,244	-1%	-2,911	-2,134	-572
-298,379	2,194	-296,185		Inc	-293,889	-1%	+2,296	+2,017	+74
88,115	12,855	100,970		Total	100,355	-1%	-615	-117	-498
315,308	-194,246	121,062	Social Care & Health	Exp	124,486	3%	+3,424	+2,437	+987
-205,801	181,680	-24,121		Inc	-27,315	13%	-3,194	-2,020	-1,174

109,507	-12,566	96,941		Total	97,171	0%	+230	+417	-187
16,691	-1,761	14,930	Contingency		16,018	7%	+1,088	+530	+558
2,504	-50	2,454	Priority Growth		2,454	0%	0	0	0
229,902	334	230,236	Sub-Total Normal Activities		230,140	0%	-96	+105	-201

20. Administration & Finance are projecting **an underspend of £799k (£75k improvement)** at Month 9, with movement from Month 8 due to recruitment to a number of areas being postponed. £596k of the reported variance relates to Administration, with underspends reported in Democratic Services, HR, and Corporate Communications and Policy, Performance & Improvement due to early implementation of BID Savings.

21. Residents Services are forecasting **an underspend of £615k (£498k improvement)**, with movement from Month 8 including improvements within Housing, ICT, Highways & Business Services and Education budgets.

22. Social Care & Health are projecting **an overspend of £230k (£187k improvement)** which is primarily due to slippage on savings from the Supported Housing Programme, off-set by underspends on Commissioning contracts, reductions in Mental Health expenditure and slippage in recruitment of new starters within Children's Services and having to re-advertise hard to fill posts.

Progress on 2012/13 Savings

23. 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 (At Month 9)	Administration & Finance	Residents Services	Social Care & Health	Total (Month 9)	%
Banked	-1,781	-5,953	-5,812	-13,546	76.55
On track for delivery	-55	-1,707	-263	-1,995	11.44
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	-203	-50	-293	1.43
Serious problems in the delivery of the saving.	-300	-300	-1,272	-1,862	10.58
Total	-2,136	-8,163	-7,397	-17,696	100.00

24. Progress continues to be made towards delivering the £17,696k savings set out in the 2012/13 budget, with £15,571k, or 88% either banked or on track for delivery at Month 9 (86% at Month 8). There has been a reduction of £50k in red savings reported within Residents Services, while the remaining shortfall is off-set through early delivery of 2013/14 savings and other alternative measures.

Development & Risk Contingency: £1,088k overspend (£558k adverse movement)

25. £16,691k of potential calls on the Development & Risk Contingency were incorporated into the 2012/13 budget. Following decisions by Cabinet to make a number of allocations from contingency reflecting the fact that risks were no longer contingent, the remaining contingency budget is now £14,930k. Table 5 shows the latest forecast call on this contingency budget.

Table 4

Group	Development and Risk Contingency	2012/13 Budget	Forecast as Needed (Month 9)	Variance (+adv / -fav)		
				Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
<i>2012/13 allocations:</i>		£'000	£'000	£'000	£'000	£'000
Current Commitments:						
All	General Contingency	1,000	1,000	0	0	0
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	692	+142	0	+142
RS	Additional costs for two year olds	357	194	-163	-111	-52
RS	Development Control Income	500	500	0	0	0
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	770	+670	+230	+440
RS	HS2 Challenge Contingency	200	200	0	0	0
RS	Contingency against Leisure outsourced income streams	480	683	+203	+155	+48
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		80	+80	+80	0
RS	Legal Costs (SAS Fire Security)		123	+123	+123	0
RS	Legal Costs (M25 Spur Road CPO)		30	+30	+50	-20
RS	Traveller Incursions		8	+8	+8	0
RS	Planning Appeals		28	+28	+28	0
Original Contingency Allocation		16,691	+17,779	+1,088	+530	+558
Approved Permanent Allocations:						
SC&H	Social Care Pressures (Children's)	-140	-140	0	0	0
A&F	Schools withdrawal from the HR payroll and OH service	-230	-230	0	0	0
RS	Development Control Income	-500	-500	0	0	0
RS	Contingency against Leisure outsourced income streams	-380	-380	0	0	0
Approved One-Off Allocations:						
RS	ICT Licenses - Microsoft Migration (General Contingency)	-321	-321	0	0	0
RS	Childrens' Homes Urgent Works	-190	-190	0	0	0
Forecast Remaining Contingency		14,930	+16,018	+1,088	+530	+558

26. In addition to the one-off exceptional levy payment recognised in Table 1, a pressure of £142k on the pay as you throw charge is being declared to reflect the increasing proportion of waste being diverted to landfill. This forecast is based on December tonnage information from the WLWA and may be subject to further revision in the coming months, given the potential for volatility in overall tonnages.

27. The forecast call on the contingency held for two year old nursery provision has been reduced by £52k to take account of the level of demand in the current financial year. In the medium term it is expected that expenditure on this will grow as sufficient providers become established.
28. An assessment of the full impact of significant increases in both the number of SEN pupils and the complexity of routes required to serve an increasing number of out of borough placements has led to the forecast call on contingency being increased to £770k. The majority of this pressure can be traced to underlying demographic growth and this level of demand is expected to continue into 2013/14 and beyond.
29. Continuing adverse weather conditions and on-going maintenance works at insourced golf courses have led to further adverse movement on the leisure contingency of £48k, bringing the gross pressure to £203k.
30. The estimated legal costs relating to the M25 Spur Road Compulsory Purchase Order have been reduced to £30k.
31. 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 4 above. Further detail on contingency items can be found within the relevant directorate summary in appendix A to this report.

Priority Growth: Nil variance

32. 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 5

Priority Growth	2012/13 Budget £'000	Agreed draw downs £'000	Unallo- cated £'000
2012/13 Unallocated Priority Growth at start of the year			
HIP Initiatives Budget:	800		
Communications Projects		7	
Heritage/Civic Pride/Environmental Projects		288	
Business Improvement Delivery		242	
HIP Initiatives unallocated balance	800	537	263
Unallocated non specific growth	1,704		
Green Spaces (approved October 2012)		50	
Balance of unallocated growth	1,704	50	1,654
Total	2,504	587	1,917

33. As at Month 9 HIP Steering Group have approved £537k allocations from the HIP Initiatives budget, leaving £263k 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. This report includes a recommendation to allocate £12k from unallocated priority growth to fund an additional officer post to support the increased demands on Transportation Planning Policy and related customer engagement.

34. The forecast at Month 9 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: £3,250k underspend (no movement)

35. Table 7 shows budget, forecast and variance reported on corporate budgets as at Month 9.

Table 6

2012/13 Original Budget	Budget Changes	2012/13 Current Budget (as at Month 9)	Corporate Budgets	2012/13 Forecast Outturn (as at Month 9)	Variances (+ adv/- fav)		
					Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000	£'000		£'000	£'000	£'000	
12,340	-922	11,418	Financing Costs	8,168	-3,250	-3,250	0
950	0	950	IAS 19 Pension Adjustment	950	0	0	0
-35,583	-1,094	-36,677	Asset Management A/c	-36,677	0	0	0
10,165	1,682	11,847	Levies & other corp budgets	11,847	0	0	0
-29,232	0	-29,232	Corporate Govt Grants	-29,232	0	0	0
-41,360	-334	-41,694	Corporate Budgets	-44,944	-3,250	-3,250	0

36. As previously reported, deferral of borrowing in support of the Primary School Expansion Programme and healthy cash flows within 2012/13, an underspend of £3,250k is reported on financing costs. In the medium term, it is expected that this sum will be required in full.

B) CAPITAL

Programme Monitoring

37. 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 2013/14 to 2015/16 reported to Cabinet and Council in February 2012.

38. Year to date General Fund Capital Expenditure has reached £27,660k (Month 8 £21,138k), representing 50% of forecast outturn. Prior years experience would indicate that the forecast outturn of £55,520k in the current year is achievable; however there remain a number of areas where reported outturns appear optimistic.

Table 7

	2012/13	2013/14	2014/15	Total Month 9	Total Month 8
	£'000	£'000	£'000	£'000	£'000
Original Budget	89,286	71,110	37,012	197,408	197,408
Revised Budget	60,784	100,840	52,224	213,848	213,127
Forecast Outturn	55,520	103,031	50,724	209,275	208,252
Council Resourced Variance – see table 9	-5,264	2,191	-1,500	-4,573	-4,875
External Grants Variance	0	0	0	0	0
Other Resourced Variance	0	0	0	0	0
Programme Variance	-5,264	2,191	-1,500	-4,573	-4,875

39. The main programme shows a net favourable variance of £2,311k, comprising pressures of £427k and underspends of £2,738k as set out in Table 8 below.

Table 8

Council Resourced Variance	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total (Mth 9) £'000	Total (Mth 8) £'000
Pressures:					
Botwell Green Leisure Centre	63	0	0	63	63
Hillingdon Sports & Leisure Centre	0	50	0	50	50
Merrifields Fire Safety Works	20	0	0	20	0
Primary School Expansions - Phase 2A Temporary	218	76	0	294	294
Total Council Resourced Pressures:	301	126	0	427	407
Underspends:					
Civic Centre Works Programme	-717	0	0	-717	-717
Primary School Expansions - Phase 1A Temporary	-300	0	0	-300	-300
Primary School Expansions - Rosedale Temporary	-243	0	0	-243	-243
New Young People's Centres	-158	0	0	-158	-155
Road Safety	-75	0	0	-75	-75
Manor Farm Stables Development	-60	0	0	-60	-65
South Ruislip Development - Plot A	-75	0	0	-75	-75
Primary School Expansions - Minor Works	-60	0	0	-60	-60
Ruislip High School Expansion	-30	0	0	-30	-30
Disabled Facilities Grant (DFG)	-700	0	0	-700	0
Private Sector Renewal Grant (PSRG)	-150	0	0	-150	0
New Years Green Lane Civic Amenity Site - Phase 1-3	-90	0	0	-90	0
New Years Green Lane Civic Amenity Site - Phase 4	-80	0	0	-80	0
Total Council Underspends:	-2,738	0	0	-2,738	-1,720
Projected Rephasing	-2,726	2,726	0	0	0
Main Programme Variance	-5,163	2,852	0	-2,311	-1,313
General Contingency	-101	-661	-1,500	-2,262	-2,562
Unallocated Priority Growth	0	0	0	0	-1,000
Council Resourced Variance	-5,264	2,191	-1,500	-4,573	-4,875

40. Merrifield Fire Safety Works - the project is close to completion. The relocation of the sprinkler is outstanding. The project will complete by February 2013 and will overspend by £20k due to backup generator costs for the lift not included in the original scheme.

41. 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 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. The Minor works are currently forecasting an underspend of £60k from a revised budget of £437k.

42. 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.

43. 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.
44. 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 are planned to be available for sale early in the new-year.
45. The Road Safety programme is currently forecasting to underspend by £75k 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 could potentially reduce the forecast underspend.
46. The Disabled Facilities Grant (DFG) is currently forecasting an underspend of £700K, against a budget of £2,500K and the Private Sector Renewal Grant (PSRG) is currently forecasting an underspend of £150K, against a budget of £450K. A number of projects will now be delivered next year.
47. HCA Empty Homes Programme is forecasting an underspend of £65K, against a budget of £80K. The funds are not available due to unresolved grant contract issues. The project will start next year with the budget for period 2012-15 remaining unaffected.
48. New Years Green Lane Civic Amenity Site – Underspend £170k. Phases 1-3 have now completed and retention fees in the region of £45k have been earmarked to be paid in 2013/14. Phase 4 is nearing completion and retention fees of £40k have also been set aside to be paid in 2013/14. The underspend on these projects is largely due to contingencies not being required.

Capital Financing

Table 9

Capital Receipts	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16- 2016/17 £'000	Total Month (9) £'000	Total Month (8) £'000
Budget Approved February 2012	13,344	12,675	0	0	26,019	26,019
Revised Budget	6,551	9,362	20,410	0	36,323	36,323
Forecast Disposals	2,912	11,936	17,057	14,636	46,541	44,309
Variance	3,639	-2,574	3,353	-14,636	-10,218	-7,986

49. Forecast capital receipts for 2012/13 have decreased to £2,912k (Month 8 £6,551) based on latest estimates, a movement of £3,639k which relates to receipts now forecast to be received in 2013/14.
50. The programme is still anticipated to generate an overall surplus of £10,218k (Month 8 £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 2016/17.

Table 10

Prudential Borrowing Forecast	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16- 2016/17 £'000	Total Month (9) £'000	Total Month (8) £'000
Revised Budget	22,040	49,971	10,859	0	82,870	82,789
Council Resourced Variance	-5,341	2,268	-1,500	0	-4,573	-4,875
Capital Receipts Variance	3,639	-2,574	3,353	-14,636	-10,218	-7,986
Forecast Borrowing	20,338	49,665	12,712	-14,636	68,079	69,928

Housing Revenue Account Capital Programme

51. 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 9 £'000	Total Month 8 £'000
Original Budget	17,923	13,708	7,052	38,683	38,683
Revised Budget	3,900	29,857	7,052	40,809	40,809
Forecast Outturn	3,052	31,729	11,729	46,510	46,510
HRA Resourced Variance – see table 12	271	753	4,677	5,701	5,701
External Grants Variance	0	0	0	0	0
Other Resources Variance	-1,119	1,119	0	0	0
Programme Variance	-848	1,872	4,677	5,701	5,701

52. The HRA capital expenditure to the end of December 2012 was £846k which represents 28% of the forecast outturn. 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 9 £'000	Total Month 8 £'000
Pressures:					
New Build - Extra Care Sites Phase 1	0	495	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:	271	753	4,677	5,701	5,701
Projected Re-phasing	0	0	0	0	0
HRA Programme Variance	271	753	4,677	5,701	5,701

53. 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 2013/14. In addition, remedial works have been undertaken, at an additional cost of £108k, which will 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.

54. 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 due to a potential dispute on an item of fixture and fittings of £30k that would add to the existing overspend.
55. 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.
56. 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.
57. The HRA Works to Stock programme is forecasting an underspend of £1,119k, against the revised budget of £2,604k primarily due to the Double Glazing programme of £1,000k not being completed in 2012/13.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

59. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

61. Previous Budget monitoring reports to Cabinet

Appendix A – Detailed Group Forecasts

Administration & Finance £800k underspend (£75k improvement)

1. Overall for Administration and Finance, the position for month 9 is an underspend of £800k, which represents an improvement of £75k from month 8. The movement this month is as a result of the realignment of forecasts to reflect delays within the current recruitment schedule across the Groups and continued revisions to non salaries and income forecasts.

Services	2012/13 (As at Month 9)		% Var of budget	Variances (+ adv/- fav)		
	Current Budget	Forecast		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
	£'000	£'000		£'000	£'000	£'000
Administration	7,643	7,047	-8%	-596	-467	-129
Finance	7,298	7,094	-3%	-204	-258	54
Total	14,941	14,142	-5%	-800	-725	-75

Administration - £596k underspend (£129k improvement)

Services		2012/13 (As at Month 9)			Variances (+ adv/- fav)		
		Current Budget	Forecast	% Var of budget	Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
		£'000	£'000		£'000	£'000	£'000
Administration Directorate	<i>Exp</i>	647	597	-8%	-51	-42	-9
	<i>Inc</i>	0	0	0%	0	0	0
	<i>Rechgs</i>	-22	-22	0%	0	0	0
	Total	625	575		-51	-42	-9
Corporate Communications	<i>Exp</i>	875	817	-7%	-59	-52	-6
	<i>Inc</i>	-103	-94	-8%	9	8	1
	<i>Rechgs</i>	-774	-774	0%	0	0	0
	Total	-1	-50		-50	-45	-5
Democratic Services	<i>Exp</i>	3,285	3,252	-1%	-33	-15	-18
	<i>Inc</i>	-819	-896	9%	-77	-70	-7
	<i>Rechgs</i>	624	624	0%	0	0	0
	Total	3,090	2,980		-110	-85	-25
Human Resources	<i>Exp</i>	3,425	3,346	-2%	-79	-54	-25
	<i>Inc</i>	-785	-795	1%	-11	-27	16
	<i>Rechgs</i>	-2,669	-2,669	0%	0	0	0
	Total	-29	-119		-90	-81	-9
Legal Services	<i>Exp</i>	1,930	1,918	-1%	-12	32	-44
	<i>Inc</i>	-557	-568	2%	-11	-14	3
	<i>Rechgs</i>	-1,332	-1,332	0%	0	0	0
	Total	42	19		-23	18	-41
Policy & Performance	<i>Exp</i>	4,350	4,102	-6%	-248	-208	-40
	<i>Inc</i>	-567	-591	4%	-24	-24	0
	<i>Rechgs</i>	132	132	0%	0	0	0
	Total	3,915	3,643	0	-272	-232	-40
Total Expenditure		14,513	14,032	-3%	-481	-338	-142
Total Income		-2,829	-2,944	4%	-115	-128	13
Total Recharges		-4,041	-4,041	0%	0	0	0
Administration Total		7,643	7,047	0	-596	-467	-129

Administration Directorate £51k favourable (£9k improvement)

1. The movement this month relates to the revised structure of the directorate following the departure of the previous Chief Executive.

Corporate Communications: £50k favourable (£5k improvement)

2. A revision to the estimate of non-salaries forecasts has led to the improvement this month. In addition, small underspends in salaries cover the cost of one agency member of staff working on the BID programme. Income budgets have been realigned across the service with non salary budgets, to counteract the pressure on Hillingdon People income.

Democratic Services: £110k favourable (£25k improvement)

3. A detailed review of non salaries forecasts has been undertaken and as such, year end estimates have been reduced this month. Income continues to be closely monitored and forecasts have improved by £10k this month.

Human Resources: £90k favourable (£9k improvement)

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. Reductions in expected income have been offset by revisions to non salary budgets and have resulted in a slight improvement on the position this month.

Legal Services: £23k favourable (£41k improvement)

5. Delays to the recruitment of various posts within Legal Services have led to a downward revision in salaries forecasts of £30k. Income continues to be monitored closely and shows a slight adverse movement this month, but this is being covered by revisions to the non salary forecasts.

Policy, Performance and Partnerships: £272k favourable (£40k improvement)

6. There is an underspend on salaries due to the in-year effect of the BSU restructure that has resulted in 2 vacant posts and the part year effect of various vacant posts in the Performance and Intelligence team for which recruitment is in progress, however, delays in this recruitment have lead to the improvement this month.

Finance - £204k underspend (£54k improvement)

Services		2012/13 (As at Month 9)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
		£'000	£'000		£'000	£'000	£'000
Audit & Corporate Fraud	<i>Exp</i>	1,238	1,280	3%	42	24	18
	<i>Inc</i>	0	-13	0%	-13	-10	-3
	<i>Rechgs</i>	-1,209	-1,209	0%	0	0	0
	Total	28	58		29	14	15
Finance	<i>Exp</i>	10,219	10,521	3%	302	235	67
	<i>Inc</i>	-2,995	-3,181	6%	-186	-119	-67
	<i>Rechgs</i>	-3,274	-3,274	0%	0	0	0
	Total	3,950	4,066		116	116	0
Procurement	<i>Exp</i>	771	856	11%	84	83	2
	<i>Inc</i>	-45	-47	3%	-2	-2	0
	<i>Rechgs</i>	-757	-757	0%	0	0	0
	Total	-31	52		83	81	2
Commissioning	<i>Exp</i>	1,415	1,345	-5%	-69	-93	24
	<i>Inc</i>	-299	-314	5%	-15	-15	0
	<i>Rechgs</i>	-998	-998	0%	0	0	0
	Total	118	33		-85	-108	24
Housing Benefit	<i>Exp</i>	169,875	169,786	0%	-89	-101	13
	<i>Inc</i>	-167,942	-168,200	0%	-258	-260	1
	<i>Rechgs</i>	1,301	1,301	0%	0	0	0
	Total	3,234	2,886		-347	-361	14
Total Expenditure		183,517	183,788	0%	270	148	123
Total Income		-171,281	-171,755	0%	-474	-406	-69
Total Recharges		-4,938	-4,938	0%	0	0	0
Finance Total		7,298	7,094	0	-204	-258	54

Audit and Corporate Fraud: £29k pressure (£15k adverse movement)

7. A review of non salary expenditure and the inclusion of redundancy costs in the forecast this month have increased the pressure on the service. This has been partially mitigated due to an increase in the income forecast for Administrative Penalties.

Finance: £116k pressure (nil movement)

8. Overall there is an overspend on salaries of £101k due to the managed vacancy factor of £225k not being achieved in full. This forecast position includes additional staffing resources required in the Revenues team for the implementation of Council Tax localisation, potential additional costs of the Liberata contract and redundancy costs as a result of the Finance restructure. Income estimates in Revenues Services continue to be closely monitored and have been revised this month in line with analysis of income trends and historical data.

Procurement: £83k pressure (£2k adverse movement)

9. The pressure within Procurement relates to the additional costs of the Interim Commercial managers who are supporting the service in the move towards category management.

Commissioning: £85k favourable (£24k adverse movement)

10. As part of the transfer from Social Care & Health, a thorough review of the service budgets has led to realignments of expenditure forecasts to reflect the likely pressures on the service within the current year.

Housing Benefit: £347k favourable (£14k adverse movement)

11. A complete review of the service was undertaken as part of month 9 monitoring, which resulted in a slight reduction in the reported underspend. However, this position does include - agency staff costs being factored into forecasts to cover a number of vacant posts; costs of potential redundancies within Housing Benefit and the Contact Centre; and the projected costs of the Housing Benefit Reception refurbishment.

Residents Services

Revenue: £615k underspend (£498k improvement)

1. The Group has a projected outturn position of a £615k underspend, excluding pressure areas that have identified contingency provisions.

Services		2012/13 (As at Month 9)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
		£'000	£'000		£'000	£'000	£'000
Corporate Property & Construction	<i>Exp</i>	3,548	3,788	7%	+240	+180	+60
	<i>Rech</i>	-495	-495	0%	0	0	0
	<i>Inc</i>	-2,313	-2,248	-3%	+65	-140	+205
	Total	741	1,046	41%	+305	+40	+265
Education	<i>Exp</i>	279,248	278,144	0%	-1,104	-734	-370
	<i>Rech</i>	-382	-382	0%	0	0	0
	<i>Inc</i>	-242,697	-242,723	0%	-26	-26	0
	Total	36,169	35,039	-3%	-1,130	-760	-370
Housing (General Fund)	<i>Exp</i>	20,679	18,645	-10%	-2,034	-1,621	-413
	<i>Rech</i>	-492	-492	0%	0	0	0
	<i>Inc</i>	-11,142	-8,834	-21%	+2,308	+2,122	+186
	Total	9,045	9,319	3%	+274	+501	-227
ICT Highways & Business Services	<i>Exp</i>	49,055	49,131	0%	+76	+106	-30
	<i>Rech</i>	-17,015	-17,015	0%	0	0	0
	<i>Inc</i>	-12,104	-12,079	0%	+25	+100	-75
	Total	19,936	20,037	1%	+101	+206	-105
Planning Sport & Green Spaces	<i>Exp</i>	12,374	12,475	1%	+101	+75	+26
	<i>Rech</i>	-114	-114	0%	0	0	0
	<i>Inc</i>	-4,651	-4,857	4%	-206	-169	-37
	Total	7,608	7,503	-1%	-105	-94	-11
Public Safety & Environment	<i>Exp</i>	50,619	50,479	0%	-140	-90	-50
	<i>Rech</i>	-3,109	-3,109	0%	0	0	0
	<i>Inc</i>	-19,407	-19,277	-1%	+130	+130	0
	Total	28,103	28,093	0%	-10	+40	-50
Transportation Planning Policy & Community Engagement	<i>Exp</i>	3,239	3,189	-2%	-50	-50	0
	<i>Rech</i>	0	0	0%	0	0	0
	<i>Inc</i>	-3,871	-3,871	0%	0	0	0
	Total	-632	-682	8%	-50	-50	0
Total Expenditure		418,762	415,851	-1%	-2,911	-2,134	-777
Total Recharges		-21,607	-21,607	0%	0	0	0
Total Income		-296,185	-293,889	-1%	+2,296	+2,017	+279
Residents Services Total		100,970	100,355	-1%	-615	-117	-498

Contingency Items: Gross Pressure £3,605k (£558k adverse)

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

Contingency Item	Gross Pressure Month 9	Gross Pressure Month 8	Change from Month 8	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	692	550	142	550	142
Development Control Income	500	500	0	500	0
Carbon Reduction Commitment	350	350	0	450	-100
Additional Costs for 2 Year Olds	194	246	-52	357	-163
HS2 Challenge Contingency	200	200	0	200	0
Contingency Against Leisure Outsourced Income Streams	683	635	48	480	203
SEN Transport	770	330	440	100	670
Local Development Framework	90	90	0	90	0
Fuel	80	80	0	0	80
Traveller Incursions	8	8	0	0	8
Planning Appeals	28	28	0	0	28
Legal Costs (SAS Fire Security)	123	123	0	0	123
ICT Licenses - Microsoft Migration (General Contingency)	321	321	0	321	0
Children's Homes Urgent Works	190	190	0	0	190
Legal Costs (M25 Spur Road CPO)	30	50	-20	0	30
Original Contingency Allocation	4,996	4,438	558	3,785	1,211
Approved Permanent Allocations:			0		0
Development Control Income	-500	-500	0	-500	0
Contingency against Leisure outsourced income streams	-380	-380	0	-380	0
Approved One-Off Allocations:			0		0
ICT Licenses - Microsoft Migration (General Contingency)	-321	-321	0	-321	0
Children's Homes Urgent Works (General Contingency)	-190	-190	0	0	-190
Current Remaining Contingency	3,605	3,047	558	2,584	1,021

- The contingency to cover the impact of changes in Housing Benefit on temporary accommodation is forecast to be required in full.
- The latest tonnage data on the 'pay as you throw' (PAYT) waste disposal levy from the West London Waste Authority (WLWA) suggests that the £550k budgeted contingency provision will not be sufficient. After a significant adverse movement in the WLWA financial position emerged earlier this year, WLWA eventually served a supplementary levy on the constituent Boroughs for which Hillingdon's share is £620k. This has been treated as an exceptional item, however there is a further potential pressure on the PAYT tonnages which has now become clearer with three quarters of actual tonnage data available. For Hillingdon this relates to an increasing proportion of tonnage being sent to landfill than assumed when the levy was set, as WLWA diversion schemes have either been cancelled or not met expectations. Hillingdon is currently sending 80% of the waste disposed through the PAYT levy to landfill. This has been exacerbated by an underlying increase in tonnages, and erroneous seasonal profiling of the monthly PAYT payments by WLWA. The current variance on the contingency is forecast to be £142k, but there is considered to be a risk this could increase given the usual volatility of tonnages between January and February.

5. 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.
6. 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 £194k, an improvement of £52k compared to Month 8, following a further review of demand in the current year.
7. 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.
8. 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.
9. 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 £300k below target, an adverse movement of £11k compared to Month 8. In addition, there is a shortfall against membership income of £35k. There is also a pressure on course management and maintenance budgets of £114k, reflecting short-term hire costs of mowing equipment and course renovation works, an adverse movement of £36k compared to Month 8. This is offset by the staffing costs so far being £85k under budget as the approved structure contains a number of vacant posts, an adverse movement of £1k compared to Month 8. 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 £323k is carried forward to the year end.
10. The £303k deficit on the in-house operation described above is the only call on the remaining leisure contingency of £100k, an adverse movement of £48k compared to Month 8.
11. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The pressure on this budget is now £770k, an adverse movement of £440k compared to Month 8, following a full analysis of contracted route costs over the autumn term. The increase mainly reflects the increased costs of delivering home to school transport for out-of-borough placements and children with more complex needs. There has been an increase in contracted routes operated of 14 routes (6.5% increase) compared to April 2012. However, the cost of delivering the current route requirements has increased by over 10% over the course of the autumn term. This reflects the increased need to provide transport to out-of-borough placements requiring greater distances travelled, as well as an increased number of children requiring individual transport due to e.g. challenging behaviour, that could not appropriately be provided on existing routes.
12. Current analysis shows that the fuel budget has a forecast pressure of £80k at the current bulk purchase price of £1.11 per litre, no change compared to Month 8.
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.

15. 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.
16. The Head of Legal Services has been granted approval to incur costs of up to £30k to pursue claims relating to the compulsory purchase of land used for the M25 spur road to Heathrow Terminal 5, the improvement relates to these costs being shared with another local authority.

Corporate Property & Construction: £305k overspend (£265k adverse)

17. A zero based budgeting exercise has been performed on business rates budgets across the group, resulting in a £40k underspend, no change compared to Month 8.
18. There is a projected shortfall in the capitalisation of Corporate Construction staff of £80k due to the impact of three staff who have been on long-term sickness for a substantial part of the year, and therefore were unable to work on chargeable projects in the capital programme. The overall staffing costs chargeable to capital projects are forecast to be £220k greater than budgeted, reflecting additional project management resources engaged to deliver Phase 2 of the Primary Schools Capital Programme. However, the overall additional recharges to capital projects are forecast at £140k as the income from these additional resources is reduced by the non-chargeable costs due to sickness described above.
19. The costs of meeting an interim wants of repair schedule served by the head landlord of Warnford Industrial Estate are forecast to give a pressure of £60k this financial year, after having successfully challenged part of the landlord's original assessment.
20. 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. This risk is increased as a result of the reduction in forecast capital receipts in the capital programme monitoring section of the report, and the most likely outcome at this stage is that there will be a shortfall on costs of £205k. However, this can not be forecast precisely until the end of the financial year as asset disposals may complete at any time up to the end of March.

Education: £1,130k underspend (£370k improvement)

Schools: variance not applicable

21. 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.
22. 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 9 (£000s)	Forecast Variance Month 8 (£000s)	Change from Month 8 (£000s)
Opening Balance 1 April 2012	-	-226	-226	0
DSG Income	-222,459	+245	+495	-250
Delegated to Schools	200,057	0	0	0
Centrally Retained	22,402	+211	+265	-54
In-Year Movement	0	+456	+760	-304
Forecast Closing Balance 31 March 2013	-	+230	+534	-304

23. The overspend of £456k is due to a pressure on Special Educational Needs (SEN) spend at independent special schools of £1,077k, an adverse movement of £53k compared to Month 8 where there are increased numbers of children being placed from September 2012, and a shortfall of DSG income of £245k, an improvement of £250k compared to Month 8, 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. The improvement reflects confirmation that recoupmnt will not take place against the primary pupil numbers. This is partly offset by projected underspends on SEN support (£185k), an improvement of £67k compared to Month 8 education out of school (£537k), increased recoupmnt income (£94k), and other underspends of £50k across a range of headings.

General Fund: £1,130k underspend (£370k improvement)

24. 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, plus £225k towards the further savings required for 2013/14.

25. In addition, there are underspends arising from vacant posts in parts of the service, specifically the educational psychology and parent support services (£169k), the youth service (£150k), the early years team (£30k), the school improvement service (£90k) and school organisation (£15k), an improvement of £110k compared to Month 8. 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.

26. A review of discretionary expenditure budgets across the service has identified underspends of £130k, an improvement of £15k compared to Month 8, the full year effects of which are being counted towards savings targets for 2013/14. In addition, there is a forecast underspend on schools redundancy costs of £108k. There is also additional anticipated buy-back of services from schools of £26k, no change compared to Month 8.

27. There is a forecast underspend of £260k on Council-run Children's Centres due to the service being yet to reach full operational capacity, resulting in reduced staffing and running costs, an improvement of £20k compared to Month 8.

28. There is a pressure on the Adult Education service, due to greater than budgeted provision of subsidised courses, leading to a forecast overspend on sessional tutors of £73k, no change compared to Month 8.

Housing: £274k overspend (£227k improvement)

Housing (General Fund): £274k overspend (£227k improvement)

29. There is a forecast overspend of £274k on Housing (General Fund) budgets, an improvement of £227k compared to Month 8. The Housing Needs services is forecast to overspend by £40k reflecting the increased caseload managed by the service, an improvement of £60k compared to Month 8. In addition, the housing budget 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 £240k short, an improvement of £160k following a review of additional HRA support being provided across Residents Services. The overall shortfall was previously being covered within the Supporting People budget within Social Care & Housing.

30. As previously reported, 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 the 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: £6,257k underspend (£2,480k improvement)

31. The Housing Revenue Account (HRA) is forecasting an underspend of £6,257k as shown in the table below, an improvement of £2,480k compared to Month 8. The service is delivering an MTFF saving of £229k, which has been banked. These savings 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 9) (£000s)	Variance (As at Month 8) (£000s)	Change from Month 8 (£000s)
Housing Maintenance	Exp	+28,001	+24,095	-14%	-3,906	-1,639	-2,267
Housing Management	Exp	+34,228	+32,894	-4%	-1,334	-1,007	-327
Rent & Other Income	Inc	-63,791	-64,808	2%	-1,017	-1,131	+114
In Year (Surplus) / Deficit	Total	-1,562	-8,819		-6,257	-3,777	-2,480

32. There is a favourable movement of £2,267k from the Month 8 forecast within the maintenance budget. The favourable movement has mainly resulted from a slippage in the major works to stock programme for 2012/13. This has arisen mainly as a result of a major procurement review within this area to ensure that contracts provide value to the Council. A relatively smaller level of the slippage is also due to difficulties in recruiting operational staff from the various trades. Further efforts are currently being made to fill these vacancies.

33. A further report on proposals to spend some of the uncommitted money from slippages in this financial year was intended before the year end as noted in the Month 8 report. However, officers are now proposing that the slippages from this year are included in a refreshed works to stock programme for 2013/14. The proposals are included in the 2013/14 budget report that is elsewhere on the Cabinet agenda. This will allow Members to review the programme as a whole and decide on proposals for the slippages in the context of the wider works to stock priorities.

34. There is a favourable movement of £327k on the management budget. The vast majority of this, £300k, is due to a slippage in works nominated by residents. This budget was set up as part of an agreement with tenants during the process of bringing the ALMO back into the Council. The slippage is mainly due to similar reasons to those set out for the major works programme in the previous paragraph. The remainder of the underspend has arisen from a number of smaller variances.
35. The income budget is projecting an overall favourable variance of £1,017k, an adverse movement of £114k compared to Month 8. The small adverse movement is related to income from repairs and mainly offsets the underspend on the maintenance budget. Within the context of an overall income budget of £63.8 million this overall variance amounts to around 1.6%.

ICT Highways & Business Services: £101k overspend (£105k improvement)

36. 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. This partly offset by an underspend on health and safety compliance budgets of £45k.
37. 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.
38. A restructure of the Facilities Management service is likely to deliver a £50k saving this financial year, which has a full year effect feeding into the Medium Term Financial Forecast for 2013/14.
39. 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 8, as the remaining opportunities are unlikely to deliver additional income this financial year.
40. The fleet management service is managing several risk areas, and is in a transitional position as the vehicle replacement programme takes effect. A net overspend of £121k is now reported, no change compared to Month 8, as the service is actively managing down maintenance costs as older vehicles are replaced, producing an underspend of £132k. However in this interim period there are pressures on contract hire of £253k 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.
41. There is an underspend on salaries budgets across the division of £80k, an improvement of £30k compared to Month 8, due to posts being held vacant pending further restructures, as part of the ongoing work to identify BID savings from streamlined processes at the interface with residents.
42. There is also an underspend of £40k on Ordnance Survey mapping charges which have been covered this financial year directly by the Government.
43. Income from the London Common Permit Scheme is forecast to exceed the target set by £75k.

Planning Sport & Green Spaces: £105k underspend (£11k improvement)

44. The forecast position for Development Control income is an excess over the income target of £195k, an improvement of £11k compared to Month 8. 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.
45. Pre-application advice income from developers shows a pressure of £35k, no change compared to Month 8, 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). £146k of gift funding has been received so far this year, an increase of £26k compared to Month 8, which is fully committed to the additional temporary staff engaged by the service to deliver these agreements.
46. 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.
47. There is an underspend of £45k on centrally held leisure budgets for consultancy and clothing that relate to the previous in-house operation of leisure centres that are not needed and are included in the savings arising from the review of discretionary budgets included in the MTF.

Public Safety & Environment: £10k underspend (£50k improvement)

48. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 8, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge Town Centre, reflecting the continuation of pressures reported last financial year.
49. The Parking Revenue Account is forecast to have an in-year overspend of £162k, an improvement of £2k compared to Month 8 and is due to pressures on income from Penalty Charges Notices, which can be contained within the existing reserve in the current year. However, going forward this will be increasingly difficult to sustain.
50. There is a staffing underspend of £90k in Technical Administration and Business Support, no change compared to Month 8, due to the impact of vacant posts being held open. This service area has been the subject of BID review work and, as a result, the underspend is contributing towards savings targets for 2013/14.
51. Waste Services is currently reporting a £70k net underspend, an improvement of £50k compared to Month 8, however there are a number of risks that are actively being managed. There is reduced income from the New Years Green Lane Civic Amenity site whilst the refurbishment work takes place, and the Council has still not settled the management fee with 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 £70k.

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

52. The service is reporting a £50k favourable position due to the impact of vacant posts across the service, no change compared to Month 8. 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: £231k adverse (£186k favourable)

1. The Social Care and Health forecast has been compiled following analysis of relevant activity trends and application of the MTFE £7,397k savings programme. In summary, there is a favourable movement of £186k from the month 8 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 significantly offset to date by strong management controls across the service which will remain in place.

Services		2012/13 (As at Month 9)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 9) £'000	Variance (As at Month 8) £000	Change from Month 8 £000
Children & Families Services	<i>Exp</i>	+30,316	+30,045	-1%	-271	-180	-91
	<i>Inc</i>	-3,381	-3,072	-9%	+309	+313	-4
	Total	+26,936	+26,973	0%	+38	+132	-95
Asylum Services	<i>Exp</i>	+7,955	+7,955	0%	-0	+0	-0
	<i>Inc</i>	-6,715	-6,715	0%	+0	+0	+0
	Total	+1,240	+1,240	0%	+0	+0	-0
Older Peoples Services	<i>Exp</i>	+32,495	+34,282	5%	+1,787	+1,885	-98
	<i>Inc</i>	-7,677	-9,206	20%	-1,529	-1,465	-65
	Total	+24,818	+25,076	1%	+258	+420	-162
Physical & Sensory Disability Services	<i>Exp</i>	+8,379	+8,976	7%	+597	+495	+102
	<i>Inc</i>	-587	-855	46%	-268	-249	-20
	Total	+7,792	+8,120	4%	+329	+246	+83
Learning Disability Services	<i>Exp</i>	+27,134	+27,997	3%	+863	+777	+86
	<i>Inc</i>	-4,036	-4,120	2%	-85	-119	+34
	Total	+23,099	+23,877	3%	+778	+658	+120
Mental Health Services	<i>Exp</i>	+5,774	+5,542	-4%	-232	-160	-72
	<i>Inc</i>	-394	-457	16%	-63	-60	-3
	Total	+5,380	+5,085	-5%	-295	-220	-76
SCH&H Other Services	<i>Exp</i>	+9,009	+9,690	8%	+682	-379	+1,060
	<i>Inc</i>	-1,332	-2,889	117%	-1,557	-441	-1,116
	Total	+7,676	+6,801	-11%	-876	-820	-55
Total Expenditure		+121,062	+124,486	18%	+3,425	+2,437	+988
Total Income		-24,121	-27,315	192%	-3,193	-2,020	-1,173
SCH&H Total		+96,940	+97,172	-8%	+231	+417	-186

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

Division of Service	Gross Pressure Month 09	Contingency	Net Pressure
Current Commitments:			
Asylum Funding Shortfall	+1,516	+1,449	+67
Social Care Pressures (Children's)	+25	+25	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	
Remaining Contingency Allocation	+10,954	+10,887	

MTFF Savings

- The group is delivering a savings programme totalling £7,397k and to date has banked £5,812k (79%). At the present time £50k is at risk, being the 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 M5 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 & Families Services: £38k adverse (£95 favourable)

- The favourable movement since the month 8 forecast is primarily as a result of slippage in recruitment start dates (£90k) and having to re-advertise hard to fill posts.
- 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 (£255k). Robust in year management has all but successfully offset this by holding vacancies and maximising the use of in-house Fostering for new referrals.

Asylum: Nil Variance (no change)

- The additional pressure (reported previously) relates to the value and number of applicants found to be ineligible by UKBA exceeding the 2011/12 trend. Assuming that the trend recorded in quarters 1 and 2 are repeated then the reduction in the overall UKBA grant income will be £67k greater than that provided for.
- The department is in ongoing discussion with UKBA on specific Hillingdon matters with regard to the funding shortfall. As a result, representations have been made to the UKBA regarding

the ongoing financial support the Council receives from the 'Gateway' grant. To date there has been no response to the letter.

Older People's Services: £258k adverse (£162k favourable)

10. The movement from the month 8 forecast is primarily due to a continuing fall in the number of residential placements although this is expected to slow in the last 2 months of this year. The pressure on placements is partially offset by an underspend forecast for community based support as demand to date has been lower than anticipated.
11. 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. The success of this service can be demonstrated by the significant reduction in the number of new residential and nursing placements which during 2009/10 was 652 and 350 respectively; the current forecast is 168 and 141 respectively.
12. There continues to be robust management scrutiny of residential and nursing placement requests and full application of the benefits of TeleCareLine service and reablement. Since April the total number of placements being provided has fallen to 524 at the end of December compared with 682 just 2 years ago.
13. The gross budget for this service (£32,766k) includes an MTFF saving of £1,985k and at the present time has achieved £1,935k banked and £50k on track to deliver. The gross budget for placements and community support services is £26,414k.

Physical Disabilities: £329k adverse (£83k adverse)

14. This adverse movement from the month 8 forecast is as a result of an increase in the number of residential placement weeks now forecast. The gross budget for this service (£8,379k) includes an MTFF saving for this service of £517k and at the present time £402k has been banked, £40k 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: £778k adverse (£120k adverse)

16. This adverse movement from the month 8 forecast is as a result of an increase in the number of residential placement weeks now forecast.
17. The gross budget for this service (£27,303k) includes an MTFF saving of £962k and at the present time £20k has been delivered 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.
18. 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 £1,158k to £658k as reported in this forecast.

Mental Health: £295k favourable (£76k favourable)

19. The favourable movement since the month 8 forecast is primarily as a result of 2 clients moving from residential to supported living arrangements and another becoming ordinary resident in another borough.
20. The gross budget for this service is £5,774k 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: £876k favourable (£55k favourable)

21. The favourable movement from the month 8 forecast is due to the finalisation of a number of redundancy estimates.
22. The gross budget for this service (£9,116k) includes an MTFF saving of £1,410k, of which £1,260k has been banked to date with £150k at risk. The risk relates to the BID operating model (£100k) and BID Major Transformation projects (£50k).

APPENDIX B – Treasury Management Report as at 31 December 2012

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

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	92.0	63.89	55.00
1-2 Months	19.4	13.47	15.00
2-3 Months	10.0	6.94	10.00
3-6 Months	11.0	7.64	10.00
6-9 Months	5.0	3.47	10.00
9-12 Months	0.0	0.00	0.00
12-18 Months	0.0	0.00	0.00
Subtotal	129.0	95.41	100.00
Unpaid Maturities	6.6	4.59	0.00
Total	135.6	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. A further £410k of Icelandic deposits were returned in January 2013.
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. Our portfolio also includes 2 Certificates of Deposit with Standard Chartered.
3. During December fixed-term deposits continued to mature in line with cashflow 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: 3.00%

	Actual £m	Actual %
General Fund		
PWLB	79.18	22.69
Long-Term Market	15.00	4.29
HRA		
PWLB	221.82	63.57
Long-Term Market	33.00	9.45
Total	349.00	100.00

4. There was a scheduled repayment of £750k on a PWLB GF loan in December, however there were no early debt repayment opportunities or rescheduling activities.

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 three months. When cash flow allows, long term deposits will be placed to help increase the average rate of return achieved.
6. During December outstanding PWLB loans still carried large premiums and therefore made rescheduling of debt unfeasible. Early redemption opportunities will continue to be monitored;

however, whilst global economic conditions remain and the UK maintains its AAA rating, it is unlikely the market will move to an extent that will make rescheduling viable.

APPENDIX C

Retaining of agency staff for Residents Services

ICT Highways & Business Services

The creation of the converged maintenance function is crucial to a key part of the Council's BID programme. The creation of this function will deliver service improvements and efficiency gains whilst reducing costs. The Council needs external support to effect the change management necessary to move to the new structures, provide further strategic direction and ensure the continued delivery of day-to-day services.

Post Title	Start Date	Proposed end date	2011/12 Spend (£'000)	2012/13 Spend (£'000)	Current Request (£'000)	Total Spend (£'000)
Property & FM Service Manager	To be recruited	40 weeks from start date	0	0	120	120