

COUNCIL BUDGET - MONTH 11 2012/13 REVENUE AND CAPITAL MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Report Author	Paul Whaymand, Finance Directorate
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 11. The in-year revenue position is forecast as an underspend of £3,039k, an improvement of £170k from Month 10.</p> <p>An underspend of £4,658k is currently forecast on General Fund capital budgets for 2012-15. There is a forecast pressure of £1,368k 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 11.
2. Note the treasury Month 11 update at Appendix B.
3. Approve the addition of £183k Department for Communities and Local Government grant funding to 2013/14 revenue budgets in order to support continuing cross-cutting work tackling 'Beds in Sheds'.
4. Approve the carry forward of any unspent contingency (currently £489k) at the year end and its addition to the 2013/14 contingency budget.
5. Accept Transport for London's Local Implementation Plan settlement of £4,377k for 2013/14, noting that further funding may be forthcoming for Bridge Assessment and Strengthening works. Furthermore, that Cabinet delegate authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and Cabinet Member for Planning, Transportation and Recycling, to agree the programmed expenditure and report this back to Cabinet.

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2012/13.
2. The Council has successfully applied to the Department of Communities and Local Government for a share of £790k made available nationally to tackle 'Beds in Sheds'. Recommendation 3 seeks authority to add the £183k funding awarded to 2013/14 Residents Services budgets, which will support the Council's existing cross-cutting team in tackling the issue of 'Beds in Sheds'.
3. Cabinet is asked to accept the Transport for London Local Implementation Plan capital and revenue grant totalling £4,377k for 2013/14, delegating authority to the relevant Officer and Cabinet Members to agree expenditure and report back to Cabinet on the detailed programme of works. The settlement for bridge works is still to be confirmed and will be reported to Members in due course.

Alternative options considered

4. There are no other options proposed for consideration.

SUMMARY

A) Revenue

5. As at Month 11 the in year revenue outturn is forecast to be £3,039k less than budget, with movement of £170k from Month 10 consisting of £266k improvement on directorate operating budgets and £96k adverse movement on contingency.
6. The reported underspend of £3,039k at Month 11 consists of a net underspend on directorate budgets of £409k, primarily due to the early delivery of 2013/14 savings, an underspend of £3,250k on corporate operating budgets due to deferral of borrowing costs and the previously reported exceptional West London Waste Authority levy payment of £620k.
7. Balances brought forward at 31st March 2012 were £23,313k, to which a further £2,126k was budgeted to be added during 2012/13. Forecast balances at 31 March 2013 are expected to reach £28,478k as a result of this budgeted contribution and the in-year underspend noted above.
8. The reported position takes into account the delivery of the £17,696k savings which were included in the 2012/13 budget. The final position shows £15,717k, or 89% are banked, with compensatory initiatives off-setting the remaining savings.

B) Capital

9. Forecast outturn on the 2012/13 General Fund Capital Programme is £47,297k, a variance of £13,698k on a revised budget of £60,995k.
10. Over the three-year period 2012 to 2015, an underspend of £4,658k is now reported on the General Fund Capital Programme. Table 7 provides further detail of this projected underspend.

11. General Fund capital receipts for 2012/13 are expected to be £5,831k at outturn, from an original budget of £13,344k with receipts totalling approximately £3,600k achieved in March 2013.
12. An overall favourable variance of capital receipts of £10,218k is reported over the period 2012/13 to 2014/15, with no movement reported from month 10.
13. A net pressure of £1,368k is reported on the HRA capital programme over the period of 2012 to 2015, which relates to variances on New Build projects.

A) Revenue

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

Table 1

2012/13 Original Budget	Budget Changes		2012/13 (As at Month 11)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
£'000	£'000		£'000	£'000		£'000	£'000	£'000
229,902	-1,212	Directorates Budgets on normal activities	228,690	228,281	0%	-409	-239	-170
-41,360	1,212	Corporate Budgets on normal activities	-40,148	-43,398	8%	-3,250	-3,250	-0
188,542	0	Sub-total Normal Activities	188,542	184,883	-2%	-3,659	-3,489	-170
		Exceptional items: Supplementary WLWA Levy		620		+620	+620	0
0	0	Sub-Total	0	620		+620	+620	0
188,542	0	Total net expenditure	188,542	185,503	-2%	-3,039	-2,869	-170
-190,668	0	Budget Requirement	-190,668	-190,668		0	0	0
-2,126	0	Net total	-2,126	-5,165		-3,039	-2,869	-170
-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	-28,478		-3,039	-2,869	-170

Directorates' Forecast Expenditure Month 11

15. Table 2 provides analysis of the budget, forecast and variance at directorate level. Further detail on each directorate is set out in Appendix A. The group forecasts exclude sums provided for in contingency which are set out in table 4.

Table 2

2012/13 Original Budget	Budget changes	2012/13 Current Budget (as at Month 11)	Directorate		2012/13 Forecast (as at Month 11)	% Var	Variances (+ adv/- fav)		
							As at Month 11	As at Month 10	Change from Month 10
£'000	£'000	£'000			£'000		£'000	£'000	£'000
22,090	166,431	188,521	Administration & Finance	<i>Exp</i>	188,316	0%	-205	-172	-33
-9,004	-165,163	-174,167		<i>Inc</i>	-174,806	0%	-639	-632	-7
13,085	1,269	14,354		Total	13,510	-6%	-844	-804	-40
386,494	10,708	397,202	Residents Services	<i>Exp</i>	394,165	-1%	-3,037	-2,972	-65
-298,379	1,564	-296,815		<i>Inc</i>	-294,728	-1%	+2,087	+2,181	-94
88,115	12,272	100,387		Total	99,437	-1%	-950	-791	-159
315,308	-194,610	120,698	Social Care & Health	<i>Exp</i>	124,450	3%	+3,752	+3,793	-41
-205,801	181,680	-24,121		<i>Inc</i>	-27,748	15%	-3,627	-3,601	-26
109,507	-12,930	96,577		Total	96,702	0%	+125	+192	-67
16,691	-1,761	14,930	Contingency Priority Growth		16,190	8%	+1,260	+1,164	+96
2,504	-62	2,442			2,442	0%	0	0	0
229,902	-1,212	228,690	Sub-Total Normal Activities		228,281	0%	-409	-239	-170

16. **An underspend of £844k (£40k improvement)** is projected on Administration & Finance budgets, with the favourable position primarily due to early delivery of savings initiatives included in the 2013/14 revenue budget.

17. Within Residents Services **an underspend of £950k (£159k improvement)** is reported due to significant early delivery of 2013/14 savings within the Education Service. The improvement from Month 10 relates to further early delivery of savings and the revenue impact of higher than anticipated capital receipts being achieved in the current financial year.

18. Social Care & Health are reporting **a net overspend of £125k (£67k improvement)** due to pressures in excess of £1,500k linked to delayed implementation of 2012/13 savings proposals being partially off-set in the short-term by early achievement of 2013/14 savings.

Progress on 2012/13 Savings

19. Table 3 below sets out the year end position in the delivery of the savings programme for 2012/13. All savings are now classed as red (delivered) or blue (not achievable in this year).

Table 3

Rag Status of Savings (At Month 11)	Administration & Finance	Residents Services	Social Care & Health	Total (Month 11)	%
Banked	-1,836	-7,756	-6,125	-15,717	88.8
On track for delivery	0	0	0	0	0
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	0	0	0
Serious problems in the delivery of the saving.	-300	-407	-1,272	-1,979	11.2
Total	-2,136	-8,163	-7,397	-17,696	100.00

20. The end of year position is showing 88.8% as banked, leaving 11.2% of the original savings proposals undelivered. Compensatory measures and early delivery of 2013/14 savings have been sufficient to enable directorate operating budgets to forecast a net underspend in the current financial year. Given the on-off nature of such mitigating actions, it will be necessary to ensure these savings are delivered in full during 2013/14, or permanent compensatory savings identified, to avoid budget pressures.

Development & Risk Contingency: £771k overspend (£393k improvement)

21. £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 4

Group	Development and Risk Contingency	2012/13 Budget	Forecast as Needed (Month 11)	Variance (+adv / -fav)		
				Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
	<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	757	+207	+142	+65
RS	Additional costs for two year olds	357	194	-163	-163	0
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	818	+718	+692	+26
RS	HS2 Challenge Contingency	200	200	0	0	0
RS	Contingency against Leisure outsourced income streams	480	747	+267	+257	+10
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		75	+75	+80	-5
RS	Legal Costs (SAS Fire Security)		123	+123	+123	0
RS	Legal Costs (M25 Spur Road CPO)		30	+30	+30	0
RS	Traveller Incursions		8	+8	+8	0
RS	Planning Appeals		28	+28	+28	0
	Original Contingency Allocation	16,691	+17,951	+1,260	+1,164	+96
	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	+16,190	+1,260	+1,164	+96

22. An adverse movement of £65k is reported on levy payments to the West London Waste Authority due to the omission of transportation costs from the waste authority's previous levy calculation. There remains scope for further changes to this forecast in the event of fluctuations in waste tonnages in the final months of 2012/13.

23. Minor movements are reported on SEN Transport, Leisure and Fuel contingency items as forecasts continue to be refreshed in the run-up to the financial year end. In addition the current forecast assumes that the £1,000k General Contingency will be required in full during 2012/13 although only £511k has been allocated to date.

Priority Growth: £1,642k underspend (nil movement)

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

Table 5

Priority Growth	2012/13 Budget	Agreed draw downs	Unallocated
2012/13 Unallocated Priority Growth at start of the year	£'000	£'000	£'000
HIP Initiatives Budget:	800		
Communications Projects		7	
Heritage/Civic Pride/Environmental Projects		371	
Business Improvement Delivery		414	
HIP Initiatives unallocated balance	800	792	8
Unallocated non specific growth	1,704		
Green Spaces (approved October 2012)		50	
Transportation Planning Policy Officer (approved February 2013)		12	
Balance of unallocated growth	1,704	62	1,642
Total	2,504	797	1,650

25. As at Month 11 HIP Steering Group have approved £792k allocations from the HIP Initiatives budget, leaving £8k as yet unallocated. To date, Cabinet have approved two releases from unallocated growth, leaving £1,642k available to fund further initiatives in the current financial year.

26. The forecast at Month 11 assumes the remaining unallocated budgets for HIP Initiatives and Priority Growth will be committed in full.

Corporate Budgets Forecasts: £3,250k underspend (no movement)

27. Table 6 shows budget, forecast and variance reported on corporate budgets as at Month 11.

Table 6

2012/13 Original Budget	Budget Changes	2012/13 Current Budget (as at Month 11)	Corporate Budgets	2012/13 Forecast Outturn (as at Month 11)	Variances (+ adv/- fav)		
					Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
£'000	£'000	£'000		£'000	£'000	£'000	£'000
12,340	-922	11,418	Financing Costs	8,168	-3,250	-3,250	0
950	1,546	2,496	IAS 19 Pension Adjustment	2,496	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	1,212	-40,148	Corporate Budgets	-43,398	-3,250	-3,250	0

28. Although there remains an underspend of £3,250k on financing costs due to the deferral of borrowing on the Primary School Expansion Programme and healthy cash flows during 2012/13, this sum is expected to be required in full in the medium term as the Council continues to provide additional school places within the Borough.

B) Capital

Programme Monitoring

29. 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.

30. Year to date General Fund Capital Expenditure has reached £32,841k (Month 10 £29,680k), representing 69% of forecast outturn. Prior years experience would indicate that the forecast outturn of £47,297k in the current year is achievable; however there remain a number of areas where currently reported outturns could reduce.

Table 7

	2012/13	2013/14	2014/15	Total Month 11	Total Month 10
	£'000	£'000	£'000	£'000	£'000
Original Budget	89,286	71,110	37,012	197,408	197,408
Revised Budget	60,995	100,840	52,224	214,059	214,038
Forecast Outturn	47,297	111,380	50,724	209,401	209,410
Council Resourced Variance – see table 8	-10,043	6,885	-1,500	-4,658	-4,628
External Grants Variance	-3,063	3,063	0	0	0
Other Resourced Variance	-592	592	0	0	0
Programme Variance	-13,698	10,540	-1,500	-4,658	-4,628

31. The main programme shows a net favourable variance of £2,475k comprising pressures of £407k, underspends of £2,882k as set out in Table 8 below.

Table 8

Council Resourced Variance	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total (Mth 11) £'000	Total (Mth 10) £'000
Pressures:					
Botwell Green Leisure Centre	63	0	0	63	63
Hillingdon Sports & Leisure Centre	0	50	0	50	50
Merrifields Fire Safety Works	0	0	0	0	0
Primary School Expansions – Phase 2A Temporary	0	294	0	294	294
Total Council Resourced Pressures:	63	344	0	407	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	-275	0	0	-275	-275
New Young People's Centres	-158	0	0	-158	-158
Road Safety	-75	0	0	-75	-75
Manor Farm Stables Development	-82	0	0	-82	-72
South Ruislip Development – Plot A	0	-75	0	-75	-75
Primary School Expansions – Minor Works	-60	0	0	-60	-60
Ruislip High School Expansion	0	-70	0	-70	-70
Disabled Facilities Grant (DFG)	-700	0	0	-700	-700
Private Sector Renewal Grant (PSRG)	-150	0	0	-150	-150
New Years Green Lane Civic Amenity Site – Phase 1-3	-90	0	0	-90	-90
New Years Green Lane Civic Amenity Site – Phase 4	-80	0	0	-80	-80
Street Lighting	-50	0	0	-50	-30
Total Council Underspends:	-2,737	-145	0	-2,882	-2,852
Projected Rephasing	-7,347	7,347	0	0	0
Main Programme Variance	-10,021	7,546	0	-2,475	-2,445
General Contingency	-22	-661	-1,500	-2,183	-2,183
Unallocated Priority Growth	0	0	0	0	0
Council Resourced Variance	-10,043	6,885	-1,500	-4,658	-4,628

32. Schools Expansion Programme – Rosedale Temporary is reporting an underspend of £275k, due to lower construction costs and savings in furniture and equipment. The accounts are still being finalised for the remaining temporaries for phase 1A and the estimated underspend is between £300k and £500k 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 when defects are rectified. The Minor works are currently forecasting an underspend of £60k from a revised budget of £437k.

33. On the Primary School Expansions Phase 2A Temporary project, works on all the temporary schools (namely Rosedale, Wood End, Rabbsfarm, Ryefield, Hillingdon, and Charville) were completed in time for the start of the September term. New contractors were employed at an estimated additional cost up to £500k, with the overspend on this phase estimated to be £294k, although accounts with the original contractor still need to be finalised.

34. 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.

35. South Ruislip Development Plot A - The project is forecasting a £75k underspend on the library fit-out. The flats have been marketed and potential buyers identified with sales expected to be completed early in the new financial year.
36. The Road Safety programme is 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.
37. The Disabled Facilities Grant (DFG) is forecasting an underspend of £700k, against a budget of £2,500k and the Private Sector Renewal Grant (PSRG) is forecasting an underspend of £150k, against a budget of £450k. A number of projects will now be delivered in the next financial year.
38. New Years Green Lane Civic Amenity Site – Underspend £170k. Phase 1-3 has 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.
39. Street Lighting – This project is forecasting an underspend of £50k, which is due to a delay in works to defective steel column replacement. These works will now be completed in 2013/14.
40. Manor Farm underspend – This project is forecasting an underspend of £82k, this is £10k higher than the figure reported in Month 10, due to a reduction in the anticipated cost for damp proofing.

Capital Financing

Table 9

Capital Receipts	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16- 2016/17 £'000	Total Month 11 £'000	Total Month 10 £'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	5,831	9,017	17,057	14,636	46,541	46,541
Variance	720	345	3,353	-14,636	-10,218	-10,218

41. Forecast capital receipts for 2012/13 are £5,831, this is an increase of £2,919k from Month 10 (£2,912) based on total actual receipts received in 2012/13.
42. The programme is still anticipated to generate an overall surplus of £10,218k. This surplus will 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 11 £'000	Total Month 10 £'000
Revised Budget	22,040	49,961	10,859	0	82,860	82,860
Council Resourced Variance	-10,043	6,885	-1,500	0	-4,658	-4,628
Capital Receipts Variance	720	345	3,353	-14,636	-10,218	10,218
Forecast Borrowing	12,717	57,191	12,712	-14,636	67,984	68,014

Housing Revenue Account Capital Programme

43. 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 11 £'000	Total Month 10 £'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	2,352	32,717	7,108	42,177	42,177
HRA Resourced Variance – see table 12	-21	1,333	56	1,368	1,368
External Grants Variance	-286	286	0	0	0
Other Resources Variance	-1,241	1,241	0	0	0
Programme Variance	-1,548	2,860	56	1,368	1,368

44. The HRA capital expenditure to the end of February 2013 was £1,388k which represents 59% of the forecast outturn. Further overspends forecast for 2013/14 and 2014/15 bring the total pressure on HRA projects to £1,368k as set out in table 12 below.

Table 12

HRA Resourced Variance	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total Month 11 £'000	Total Month 10 £'000
Pressures:					
New Build – Extra Care Sites Phase 1	0	724	0	724	724
New Build – HRA Pipeline Sites Phase 1	203	0	0	203	203
New Build – Learning Disability Sites Phase 1	46	81	0	127	127
New Build – HRA Pipeline Sites Phase 2	0	258	56	314	314
New Build – Supported Housing Programme	0	0	0	0	0
Total HRA Resourced Pressures:	249	1,063	56	1,368	1,368
Projected Re-phasing	-270	270	0	0	0
HRA Programme Variance	-21	1,333	56	1,368	1,368

45. New Build HRA Extra Care Sites Phase 1: Triscott House – the current monitoring shows overspend of £724k. This forecast represents a median case scenario, with the range of potential outturn estimated to be between £419 and £892k, this is approximately 10% of the

total budget. The final outcome is dependent on negotiations with the contractor on the cost of remedial works and its final claim on works done.

46. The final account for the New Build Pipeline Phase 1 project is forecasting an overspend of £203k. This has arisen from variations to highways, fixtures and fittings and building related works.

47. 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.

48. The New Build HRA Pipeline Sites Phase 2 scheme is forecasting an overspend of £314k, of which £87k relates to the Gilbert Road site. The balance of £227k 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.

49. The supported housing programme remains on hold at this stage and therefore a nil variance is shown against the currently approved budget.

50. The HRA Works to Stock programme is forecasting an underspend of £1,241k, against the revised budget of £2,604k this is largely due to the Double Glazing programme of £1,049k, with the balance of other Works to Stock Programmes amounting to £192k not being completed in 2012/13.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

52. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

54. Previous Budget monitoring reports to Cabinet

Appendix A – Detailed Group Forecasts

Administration & Finance £844k underspend (£40k improvement)

1. Overall for Administration and Finance, the position for month 11 is an underspend of £844k, which represents an improvement of £40k from month 10. 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 11)		% Var of budget	Variances (+ adv/- fav)		
	Current Budget	Forecast		Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
	£'000	£'000		£'000	£'000	£'000
Administration	7,394	6,768	-8%	-625	-600	-25
Finance	6,960	6,740	-3%	-219	-204	-15
Total	14,354	13,510	-6%	-844	-804	-40

Administration - £625k underspend (£25k improvement)

Services		2012/13 (As at Month 11)			Variances (+ adv/- fav)		
		Current Budget	Forecast	% Var of budget	Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
		£'000	£'000		£'000	£'000	£'000
Administration Directorate	<i>Exp</i>	656	606	-8%	-51	-51	0
	<i>Inc</i>	-56	-56	0%	0	0	0
	<i>Rechgs</i>	35	35	0%	0	0	0
	Total	635	584		-51	-51	0
Corporate Communications	<i>Exp</i>	875	809	-8%	-67	-58	-9
	<i>Inc</i>	-103	-104	1%	-1	4	-6
	<i>Rechgs</i>	-804	-804	0%	0	0	0
	Total	-31	-99		-68	-54	-14
Democratic Services	<i>Exp</i>	3,285	3,255	-1%	-29	-32	3
	<i>Inc</i>	-819	-898	10%	-80	-77	-2
	<i>Rechgs</i>	617	617	0%	0	0	0
	Total	3,084	2,975		-109	-109	1
Human Resources	<i>Exp</i>	3,425	3,329	-3%	-96	-107	11
	<i>Inc</i>	-785	-793	1%	-9	3	-12
	<i>Rechgs</i>	-2,779	-2,779	0%	0	0	0
	Total	-138	-243		-105	-103	-1
Legal Services	<i>Exp</i>	1,930	1,926	0%	-5	-1	-3
	<i>Inc</i>	-557	-567	2%	-10	-9	-1
	<i>Rechgs</i>	-1,414	-1,414	0%	0	0	0
	Total	-40	-55		-15	-10	-5
Policy & Performance	<i>Exp</i>	4,350	4,094	-6%	-256	-251	-5
	<i>Inc</i>	-567	-589	4%	-22	-22	0
	<i>Rechgs</i>	101	101	0%	0	0	0
	Total	3,884	3,606	0	-278	-273	-5
Total Expenditure		14,522	14,018	-3%	-504	-500	-4
Total Income		-2,886	-3,007	4%	-122	-100	-21
Total Recharges		-4,242	-4,242	0%	0	0	0
Administration Total		7,394	6,768	0	-625	-600	-25

Administration Directorate £51k favourable (nil movement)

1. The variance in the service relates exclusively to salaries underspends as a result of changes to the top tier structure of the Council and also the retirement of a PA.

Corporate Communications: £68k favourable (£14k improvement)

2. Underspends in salaries cover the cost of one agency member of staff working on the BID programme and non salaries underspends make up the favourable position on the department. Forecasts have improved this month due to further non salaries realignments and additional unanticipated income from Hillingdon People advertising been realised.

Democratic Services: £109k favourable (£1k adverse movement)

3. Further revisions to salaries and non salaries forecasts have resulted in a slight adverse movement this month. Income continues to be closely monitored to ensure accurate forecasting.

Human Resources: £105k favourable (£1k improvement)

4. The underspend 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. Further realignment of salaries and reductions in forecasts for expenditure against the income from the schools SLA has led to the slight improvement this month.

Legal Services: £15k favourable (£5k improvement)

5. Underspends within salaries budgets as a result of vacant posts and not recruiting to maternity leave have allowed the MVF to be met entirely. Income continues to be monitored closely and shows a slight improvement this month, and is expected to achieve slightly more than budgeted.

Policy, Performance and Partnerships: £278k favourable (£5k 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.

Finance - £219k underspend (£15k improvement)

Services		2012/13 (As at Month 11)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
		£'000	£'000		£'000	£'000	£'000
Audit & Corporate Fraud	<i>Exp</i>	1,238	1,314	6%	76	80	-4
	<i>Inc</i>	0	-13	0%	-13	-13	0
	<i>Rechgs</i>	-1,259	-1,259	0%	0	0	0
	Total	-22	41		63	67	-4
Finance	<i>Exp</i>	10,243	10,524	3%	281	295	-14
	<i>Inc</i>	-2,995	-3,198	7%	-203	-217	14
	<i>Rechgs</i>	-3,469	-3,469	0%	0	0	0
	Total	3,778	3,857		79	79	0
Procurement	<i>Exp</i>	771	855	11%	83	91	-8
	<i>Inc</i>	-45	-47	3%	-2	-2	0
	<i>Rechgs</i>	-781	-781	0%	0	0	0
	Total	-55	27		82	90	-8
Commissioning	<i>Exp</i>	1,415	1,348	-5%	-67	-64	-2
	<i>Inc</i>	-299	-314	5%	-15	-15	0
	<i>Rechgs</i>	-1,047	-1,047	0%	0	0	0
	Total	69	-13		-82	-80	-2
Housing Benefit	<i>Exp</i>	169,835	169,759	0%	-76	-75	-1
	<i>Inc</i>	-167,942	-168,227	0%	-285	-285	0
	<i>Rechgs</i>	1,295	1,295	0%	0	0	0
	Total	3,189	2,828		-361	-361	-1
Total Expenditure		183,502	183,800	0%	297	326	-29
Total Income		-171,281	-171,799	0%	-518	-532	14
Total Recharges		-5,261	-5,261	0%	0	0	0
Finance Total		6,960	6,740	0	-219	-204	-15

Audit and Corporate Fraud: £63k pressure (£4k improvement)

7. The improvement in position this month relates to a member of the Corporate Fraud team going on maternity leave, therefore reducing the staffing costs.

Finance: £79k pressure (nil movement)

8. This overspend covers additional staffing resources required in the Revenues team for the implementation of Council Tax localisation, additional costs of the Liberata contract and redundancy costs as a result of the Finance and Revenues restructures. This has been mitigated by revisions to non salary forecasts and increased recharges to the HRA for debt management charges.

Procurement: £82k pressure (£8k adverse movement)

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

Commissioning: £82k favourable (£2k adverse movement)

10. The underspend is made up of vacant posts being held open within the service, underspends on consultancy budgets and unbudgeted income from the London Strategic Health Authority. The position this month relates primarily to a number of minor realignments to non-salaries forecasts in the service area.

Housing Benefit: £361k favourable (nil movement)

11. The bulk of the underspend relates to the in year release of provision relating to the Housing Benefit subsidy grant, however, this is being reduced by costs of redundancies within Housing Benefit and costs of the Housing Benefit Reception refurbishment are included in the forecasted position.

Residents Services

Revenue: £950k underspend (£159k improvement)

1. The Group has a projected outturn position of a £950k underspend, excluding pressure areas that have identified contingency provisions.

Services		2012/13 (As at Month 11)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
		£'000	£'000		£'000	£'000	£'000
Corporate Property & Construction	<i>Exp</i>	3,492	3,663	5%	+171	+171	0
	<i>Rech</i>	-495	-495	0%	0	0	0
	<i>Inc</i>	-2,313	-2,298	-1%	+15	+65	-50
	Total	684	870	27%	+186	+236	-50
Education	<i>Exp</i>	279,191	277,957	0%	-1,234	-1,184	-50
	<i>Rech</i>	-382	-382	0%	0	0	0
	<i>Inc</i>	-242,754	-242,780	0%	-26	-26	0
	Total	36,055	34,795	-3%	-1,260	-1,210	-50
Housing (General Fund)	<i>Exp</i>	20,645	18,698	-9%	-1,947	-1,991	+44
	<i>Rech</i>	-492	-492	0%	0	0	0
	<i>Inc</i>	-11,142	-8,903	-20%	+2,239	+2,283	-44
	Total	9,011	9,303	3%	+292	+292	0
ICT Highways & Business Services	<i>Exp</i>	48,859	48,891	0%	+32	+91	-59
	<i>Rech</i>	-17,015	-17,015	0%	0	0	0
	<i>Inc</i>	-12,104	-12,139	0%	-35	-35	0
	Total	19,740	19,737	0%	-3	+56	-59
Planning Sport & Green Spaces	<i>Exp</i>	12,363	12,494	1%	+131	+131	0
	<i>Rech</i>	-114	-114	0%	0	0	0
	<i>Inc</i>	-4,651	-4,887	5%	-236	-236	0
	Total	7,598	7,493	-1%	-105	-105	0
Public Safety & Environment	<i>Exp</i>	50,447	50,307	0%	-140	-140	0
	<i>Rech</i>	-3,109	-3,109	0%	0	0	0
	<i>Inc</i>	-19,407	-19,277	-1%	+130	+130	0
	Total	27,932	27,922	0%	-10	-10	0
Transportation Planning Policy & Community Engagement	<i>Exp</i>	3,812	3,762	-1%	-50	-50	0
	<i>Rech</i>	0	0	0%	0	0	0
	<i>Inc</i>	-4,444	-4,444	0%	0	0	0
	Total	-632	-682	8%	-50	-50	0
Total Expenditure		418,809	415,772	-1%	-3,037	-2,972	-65
Total Recharges		-21,607	-21,607	0%	0	0	0
Total Income		-296,815	-294,728	-1%	+2,087	+2,181	-94
Residents Services Total		100,387	99,437	-1%	-950	-791	-159

Contingency Items: Gross Pressure £3,777k (£96k 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 11	Gross Pressure Month 10	Change from Month 10	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	757	692	65	550	207
Development Control Income	500	500	0	500	0
Carbon Reduction Commitment	350	350	0	450	-100
Additional Costs for 2 Year Olds	194	194	0	357	-163
HS2 Challenge Contingency	200	200	0	200	0
Contingency Against Leisure Outsourced Income Streams	747	737	10	480	267
SEN Transport	818	792	26	100	718
Local Development Framework	90	90	0	90	0
Fuel	75	80	-5	0	75
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	190	0
Legal Costs (M25 Spur Road CPO)	30	30	0	0	30
Original Contingency Allocation	5,168	5,072	96	3,975	1,193
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	-190	0
Current Remaining Contingency	3,777	3,681	96	2,584	1,193

- The contingency to cover the impact of changes in Housing Benefit on temporary accommodation is forecast to be required in full. This contingency relates to the impact of the migration of temporary accommodation leases to rates linked to the Local Housing Allowance, and is not directly linked to the increase in demands on the Housing Needs service that is also leading to pressures in the current year.
- 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 pressure on the PAYT tonnages which has now become clearer with actual tonnage data available up to February 2013. 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 £207k, an adverse movement of £65k compared to Month 10 due to transportation costs omitted by WLWA, and there is still a risk this could increase depending on the level of tonnages delivered in March.

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, no change compared to Month 10.
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 £322k below target, an adverse movement of £2k compared to Month 10. In addition, there is a shortfall against membership income of £35k. There is also a pressure on course management and maintenance budgets of £174k, reflecting short-term hire costs of mowing equipment and course renovation works, an adverse movement of £14k compared to Month 10. This is offset by the staffing costs so far being £103k under budget as the approved structure contains a number of vacant posts, an improvement of £6k compared to Month 10. 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 £387k is carried forward to the year end.
10. The £367k deficit on the in-house operation described above is the only call on the remaining unallocated leisure contingency of £100k, an adverse movement of £10k compared to Month 10.
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 £818k, an adverse movement of £26k compared to Month 10, due to additional requirements for escort staff. The overall pressure 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 a net increase in contracted routes operated of 23 routes (10.7% increase) compared to April 2012. However, the cost of delivering the current route requirements increased by around 16% since the beginning 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 more complex needs, that could not appropriately be provided on existing routes.
12. Current analysis shows that the fuel budget has a forecast pressure of £75k at the current bulk purchase price of £1.16 per litre, an improvement of £5k compared to Month 10.

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 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.

Corporate Property & Construction: £186k overspend (£50k improvement)

17. A zero based budgeting exercise has been performed on business rates budgets across the group, resulting in a £49k underspend, no change compared to Month 10.
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. However, 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, no change compared to Month 10.
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. This is offset by the early delivery of a £60k saving from the review of discretionary budgets included in the 2013/14 budget.
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 reflects the level of forecast capital receipts in the capital programme monitoring section of the report, and the most likely outcome is that there will be a shortfall on costs of £155k, an improvement of £50k compared to Month 10.

Education: £1,260k underspend (£50k 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 11 (£000s)	Forecast Variance Month 10 (£000s)	Change from Month 10 (£000s)
Opening Balance 1 April 2012	-	-226	-226	0
DSG Income	-222,459	+495	+495	0
Delegated to Schools	200,057	-1,180	-1,180	0
Centrally Retained	22,402	+538	+538	0
In-Year Movement	0	-147	-147	0
Forecast Closing Balance 31 March 2013	-	-373	-373	0

23. There is a forecast overall underspend of £147k against the DSG central reserve, no change compared to Month 10. Within this there is an overspend of £538k against the centrally retained budget due to a pressure on Special Educational Needs (SEN) spend at independent special schools of £1,046k, where there are increased numbers of children being placed from September 2012 and the release of contingency for Hedgewood special school of £282k. This is partly offset by projected underspends on SEN support (£186k), education out of school (£532k), increased recoupment income (£78k), less other overspends of £6k across a range of headings.

24. There is a projected 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. It has been confirmed that recoupment will not take place against the primary pupil numbers at Rosedale College, and this is now reflected within an underspend of £1,180k against schools delegated budgets, which also includes the impact of the closure of Guru Nanak primary school as a maintained school.

General Fund: £1,260k underspend (£50k improvement)

25. 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 £250k towards the further savings required for 2013/14, no change compared to Month 10.

26. 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 (£175k), the early years team (£30k), the school improvement service (£90k), and school organisation (£15k), no change compared to Month 10. In addition to the impact of staff turnover, 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.

27. A review of discretionary expenditure budgets across the service has identified underspends of £210k, an improvement of £50k compared to Month 10, the full year effects of which have been counted towards savings targets for 2013/14. In addition, there is a forecast underspend on schools redundancy costs of £108k. There is also additional buy-back of services from schools of £26k, no change compared to Month 10.

28. 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, no change compared to Month 10. This excludes schools-based Children's Centres where there is currently no forecast variance based on the most recent cost assessments.

29. 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 10.

Housing: £292k overspend (no change)

Housing (General Fund): £292k overspend (no change)

30. There is a forecast overspend of £292k on Housing (General Fund) budgets, no change compared to Month 10. 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 which is projected to be around £240k short, no change compared to Month 10. Managers are continuing to review areas where additional support is being provided to the HRA to reduce the shortfall. The overall shortfall was previously being covered within the Supporting People budget within Social Care & Housing.

31. As previously reported, an increase in the number of homelessness approaches to the Council as a result of welfare reform and the economic climate is now being seen. This additional workload is having an impact on bed and breakfast costs, where there is a pressure of £70k. This is partly offset by one-off energy credits for private sector leasing schemes of £18k, reducing the pressure on the Housing Needs budget overall to £52k. The increase in demand is likely to continue in 2013/14 especially due to the expected impact of welfare reforms. Mitigating the potential pressure, especially in bed and breakfast, will at least in part depend on the ability to procure temporary accommodation properties. A procurement review is currently taking place in order to develop an appropriate procurement plan.

Housing Revenue Account: £6,725k underspend (£41k improvement)

32. The Housing Revenue Account (HRA) is forecasting an underspend of £6,725k as shown in the table below, an improvement of £41k compared to Month 10. 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 11) (£000s)	Variance (As at Month 10) (£000s)	Change from Month 10 (£000s)
Housing Maintenance	Exp	+27,733	+23,743	-14%	-3,990	-3,990	0
Housing Management	Exp	+34,326	+32,687	-5%	-1,639	-1,639	0
Rent & Other Income	Inc	-63,791	-64,887	2%	-1,096	-1,055	-41
In Year (Surplus) / Deficit	Total	-1,732	-8,457		-6,725	-6,684	-41

33. There is a forecast underspend on the housing maintenance budget of £3,990k, no change compared to Month 10. The underspend relates to slippage on several of the works to stock programmes, including the window replacement programme (£1 million), adaptations on Council properties (£850k), lift programme (£500k), energy related works (£370k), health and safety works (£350k), fire doors (£200k), neighbourhood improvements (£150k), electrical upgrades (£130k) and day to day repairs (£70k). These have arisen mainly as a result of a

major procurement review within this area to ensure that contracts provide maximum value to the Council.

34. There is no movement in Month 11 on the management budget. The overall underspend reflect savings from closure of outlying HRA offices, reduced insurance costs, and reduced forecasts for various corporate charges following the updating of central support recharges, reflecting the HRA share of wider efficiencies and the continuing review of charges between the General Fund and the HRA.
35. The income budget is projecting an overall favourable variance of £1,096k, an improvement of £41k compared to Month 10. Within the context of an overall income budget of £63.8 million this overall variance amounts to around 1.7%.

ICT Highways & Business Services: £3k underspend (£59k 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.
37. A restructure of the Facilities Management service is delivering a £50k saving this financial year, which has a full year effect feeding into the budgeted savings 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 10, 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 net overspend of £106k is now reported, an improvement of £5k compared to Month 10, as the service is actively managing down maintenance costs as older vehicles are replaced, producing an underspend of £159k. However in this interim period there are pressures on contract hire of £265k 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.
40. There is an underspend on salaries budgets across the division of £80k, no change compared to Month 10, 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.
41. There is also an underspend of £40k on Ordnance Survey mapping charges which have been covered this financial year directly by the Government.
42. In the highways and street scene services, income from the London Common Permit Scheme is forecast to exceed the target set by £135k, no change compared to Month 9. This is based on current actual income and hence there is the potential for the income level to improve further. Due to the absence of sustained adverse winter weather and good stocks of salt there is also a forecast underspend on winter maintenance of £54k.

Planning Sport & Green Spaces: £105k underspend (no change)

43. The forecast position for Development Control income is an excess over the income target of £195k, no change compared to Month 10. 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.

44. Pre-application advice income from developers shows a pressure of £35k, no change compared to Month 10, 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). £176k of gift funding has been received so far this year, which is fully committed to the additional temporary staff engaged by the service to deliver these agreements.
45. 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.
46. There is an underspend of £45k on centrally held leisure budgets for consultancy and clothing that relates to the previous in-house operation of leisure centres and are not required. These are included in the budgeted savings for 2013/14 arising from the review of discretionary budgets.

Public Safety & Environment: £10k underspend (no change)

47. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 10, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
48. The Parking Revenue Account is forecast to have an in-year overspend of £145k, due to pressures on income from Penalty Charges Notices, an improvement of £17k compared to Month 10, which can be contained within the existing reserve in the current year, however going forward this will be increasingly difficult to sustain.
49. There is a staffing underspend of £90k in Technical Administration and Business Support, no change compared to Month 10, 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.
50. Waste Services is currently reporting a £70k net underspend, no change compared to Month 10, 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)

51. The service is reporting a £50k favourable position due to the impact of vacant posts across the service, no change compared to Month 10. 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: £125k adverse (£67k favourable)

1. 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 £67k from the month 10 position.
2. The pressure in Disability services 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 whole service.

Services		2012/13 (As at Month 11)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget £'000	Forecast £'000		Variance (As at Month 11) £'000	Variance (As at Month 10) £000	Change from Month 10 £000
Children & Families Services	<i>Exp</i>	+30,251	+29,900	-1%	-351	-410	+59
	<i>Inc</i>	-3,381	-3,106	-8%	+275	+316	-41
	Total	+26,870	+26,794	0%	-76	-94	+18
Asylum Services	<i>Exp</i>	+7,947	+7,947	0%	+0	+0	-0
	<i>Inc</i>	-6,715	-6,715	0%	+0	+0	-0
	Total	+1,232	+1,232	0%	+0	+0	-0
Older Peoples Services	<i>Exp</i>	+32,369	+33,982	5%	+1,613	+1,626	-13
	<i>Inc</i>	-7,677	-9,102	19%	-1,426	-1,356	-69
	Total	+24,692	+24,880	1%	+188	+270	-82
Physical & Sensory Disability Services	<i>Exp</i>	+8,325	+9,004	8%	+679	+682	-4
	<i>Inc</i>	-587	-812	38%	-225	-266	+41
	Total	+7,738	+8,192	6%	+454	+417	+37
Learning Disability Services	<i>Exp</i>	+27,077	+27,919	3%	+842	+828	+14
	<i>Inc</i>	-4,036	-4,134	2%	-98	-84	-14
	Total	+23,042	+23,785	3%	+743	+744	-0
Mental Health Services	<i>Exp</i>	+5,773	+5,469	-5%	-303	-228	-75
	<i>Inc</i>	-394	-418	6%	-25	-56	+32
	Total	+5,379	+5,051	-6%	-328	-284	-44
SCH&H Other Services	<i>Exp</i>	+8,957	+10,229	14%	+1,273	+1,294	-22
	<i>Inc</i>	-1,332	-3,461	160%	-2,129	-2,155	+26
	Total	+7,624	+6,768	-11%	-856	-861	+4
Total Expenditure		+120,698	+124,450	24%	+3,752	+3,793	-41
Total Income		-24,121	-27,748	217%	-3,627	-3,600	-26
SCH&H Total		+96,577	+96,702	-8%	+125	+193	-67

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 11	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 £6,125k (83%). There is a shortfall of £1,272k from the BID children's services business support review (£255k), review of Learning Disability 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 has been delivered 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 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: £76k favourable (£18k adverse)

- There has been no material movement from the M10 forecast on a gross budget for this service of £30.1m.
- The service includes an MTFF saving target of £1,968k which is now fully banked; the £1,673k placements saving being the most significant. The primary cause of slippage relates to the implementation of the business support review (£255k). Robust in year management has 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 Q3 claim has been submitted to UKBA.
- 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. To date there has been no response to the departments letter.

Older People Services: £188k adverse (£82k favourable)

10. The movement from the month 10 forecast is primarily due to a reduction in the forecast for community support services supporting people to live in their own homes.
11. There continues to be robust management scrutiny of residential and nursing placement requests and full application of the benefits of the TeleCareLine service and Reablement. These actions have been instrumental in enabling the total number of placements being provided to fall to 499 at the end of February compared with 682 just 2 years ago.
12. The gross budget for this service (£32,766k) includes an MTFE saving of £1,985k which has been banked. The gross budget for placements and community support services is £26,414k.

Physical Disabilities: £454k adverse (£37k adverse)

13. This adverse movement from the month 10 forecast is as a result of the increasing pressure on more intensive community based services to support people to live at home.
14. The gross budget for this service is £8.4m and includes an MTFE saving for this service of £517k; at the present time £442k has been banked with slippage of £75k.
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: £744k adverse (no change)

16. There has been no movement from the M10 forecast on a gross budget for this service of £27.3m. The MTFE saving of £962k has incurred £942k slippage for the reasons outlined under MTFE Savings above. 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 have now been addressed. This forecast also assumes that £500k can be drawn down from the Contingency held for this purpose mitigating the pressure from £1,244k to £744k as reported in this forecast.

Mental Health: £328k favourable (£44k favourable)

18. The favourable movement from the M10 forecast reflects a further reduction in the placements forecast within a gross budget for the service of £5.8m. The favourable forecast is a result of the successful partnership work with the Central & North West London Trust (CNWL) through the joint placements efficiency project which is on track to deliver its objectives.
19. The gross budget for this service is £5.8m which includes an MTFE 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: £856k favourable (£4k adverse)

20. There has been no material movement from the M10 forecast on a gross budget for this service of £9,116k. This includes an MTFE saving of £1,465k which has been banked to date with £50k at risk. The risk relates to a BID Major Transformation project.

APPENDIX B – Treasury Management Report as at 28 February 2013

Outstanding Deposits - Average Rate of Return on Deposits: 0.67%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	86.1	77.50	60.00
1-2 Months	0.0	0.00	15.00
2-3 Months	6.0	5.40	10.00
3-6 Months	10.0	9.00	10.00
6-9 Months	0.0	0.00	5.00
9-12 Months	3.0	2.70	0.00
12-18 Months	0.0	0.00	0.00
Subtotal	105.1	94.60	100.00
Unpaid Maturities	6.0	5.40	0.00
Total	111.1	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, Royal Bank of Scotland, HSBC, Lloyds TSB, Bank of Scotland, Barclays, Nationwide, Newcastle City Council and Kingston-upon-Hull City Council, and a Certificate of Deposit with Standard Chartered.
3. During February 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. A year-long £3m deposit was placed with Kingston-upon-Hull City Council at the beginning of the month to maintain a steady rate of interest (higher than our MMFs) in a falling interest rate environment.

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 were no early debt repayment opportunities or rescheduling activities during the month.

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 February 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, it is unlikely the market will move to an extent that will make rescheduling viable.