

COUNCIL BUDGET - MONTH 5

2009/10 REVENUE AND CAPITAL MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>The report sets out the council's overall 2009/10 revenue & capital position, as forecast at the end of Month 5 (August). The in year revenue position on normal activities is forecast as being £713k less net expenditure than budgeted, a favourable movement of £278k on the month 4 position. This favourable movement is primarily due to favourable client trends in the Learning Disabilities service. There is an exceptional pressure of £1,830k related to asylum funding which has increased by £210k from the month 4 position. To help mitigate these pressures the £1m in-year savings programme was put in place. The net consequence to date is the overall revenue position forecast is £117k more net expenditure than the revised budget, a favourable movement of £68k on month 4.</p> <p>Total forecast capital expenditure for the year is estimated to be £88,647k, which is £15,115k less than the latest budget and £2,459k less than that forecast in month 4.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council Plan for 2009/10.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 5.
2. Note the treasury management update in Appendix B.

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2009/10.

Alternative options considered

2. There are no other options proposed for consideration.

SUMMARY

A) Revenue

3. The in year revenue position on normal activities is forecast as being £713k less net expenditure than budgeted, a favourable movement of £278k on the month 4 position. The main reason for the favourable movement is due to an increased favourable trend in the Learning disabilities services (£230k). However, there is an increased exceptional pressure of £1,830k related to asylum funding which has increased by £210k from the month 4 position.
4. In light of the forecast pressure in relation to asylum, all Groups have been working up an in-year savings strategy in Month 4 to achieve a further £1m in savings on top of those already agreed at Council Tax setting. The cash limits for Groups were reduced by £1m and they are reporting against these lower cash limits.
5. The overall revenue position taking account of the exceptional asylum pressure and the £1m in-year savings programme is £117k more net expenditure than budgeted, a favourable movement of £68k on month 4.
6. The most significant pressures for which contingency provides are in relation to Asylum spend, Transitional Children, Homelessness and Mental Health pressures. All of these have corporate contingencies set aside in budget setting in recognition of these pressures. However, at Month 5 the pressures are forecast to be £1,417k more than the contingency budget provides. This is primarily due to the forecast asylum spend being £1,830k more than the contingency provides. This has arisen from the proposed moderation of the under 18's claim, and a newly announced change to the indirect cost model for grant claims, creating a significant budget pressure rather than an overall improvement in the funding regime assumed at budget setting.
7. There continue to be pressures from the downturn particularly in relation to the property market and the effect this has on planning income. These are treated as contingency items and at Month 5 show an adverse variance of £110k, a favourable movement of £35k on month 4. Projected development control and building control income have improved by £35k since month 4.
8. Capital financing costs are still forecast to underspend by £120k as a result of debt refinancing work undertaken since the start of the year.
9. The balances brought forward at 31st March 2009 were £16,234k. £3,540k of this sum was applied in support of the 2009/10 budget as part of the budget strategy agreed at Council Tax setting. An additional £694k, in excess of the £12,000k target level of balances is earmarked for potential business efficiency investment.

10. The forecast balances as at 31st March 2010 based on the current forecast overspend of £117k are £11,833k.

B) Capital

11. Total forecast capital expenditure for the year is estimated to be £88,647 (£92,085k month 4), £15,115k less than the latest budget. This month's reduction is primarily due to the rephasing of Education two year Schools Kitchen Programme by £1,743k into 2010/11 and the change in outturn on the New Years Green Lane project £1,200k in MCP. The projections also assume that the remainder of contingency will not be drawn down.
12. The £8,800k budgeted level of capital receipts for 2009/10 looks increasingly difficult to deliver. There are a range of outcomes still possible but receipts could fall as low as £3,500k.
13. The net effect of the reduction in forecast capital receipts and slippage on the programme is a decrease in the forecast use of unsupported borrowing of £920k, from £30,351k to £29,431k.

A) Revenue

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

Table 1

2009/10 Original Budget	Budget Changes		2009/10 (As at Month 5)		Variances (+ adv/- fav)		
			Current Budget	Forecast	Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000		£'000	£'000	£'000	£'000	£'000
217,419	-1,103	Directorates Budgets on normal activities	216,316	215,723	-593	-315	-278
-25,844	103	Corporate Budgets on normal activities	-25,741	-25,861	-120	-120	0
191,575	-1,000	Sub-total Normal Activities	190,575	189,862	-713	-435	-278
1,210		Exceptional Items - Asylum	1,210	3,040	+1,830	+1,620	+210
	1,000	In-year recovery savings	1,000		-1,000	-1,000	0
191,575	0	Total net expenditure	192,785	192,902	+117	+185	-68
189,245	0	Budget Requirement	189,245	189,245	0	0	0
3,540		Net total	3,540	3,657	+117	+185	-68
-16,234		Balances b/f 1/4/09	-16,234	-16,234	0	0	0
0		Transfer to earmarked reserves	694	694	0	0	0
-12,694	0	Balances c/f 31/3/10	-12,000	-11,883	+117	+185	-68

Directorates' Forecast Expenditure Month 5

15. Table 2 shows further details on the budget, forecast and variance at Directorate level now reported. Further detail on each directorate is shown in Appendix A.

Table 2

2009/10 Original Budget	Budget changes	2009/10 Current Budget (as at Month 5)	Directorate	2009/10 Forecast (as at Month 5)	Variances (+ adv/- fav)		
					Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000	£'000		£'000	£'000	£'000	£'000
84,879	-815	84,064	Adult Social Care, Health & Housing	84,074	+10	+262	-252
37,274	-384	36,890	Environment & Consumer Protection	36,890	0	0	0
57,577	-830	56,747	Education & Children's Services	56,747	0	0	0
13,810	-290	13,520	Planning & Community Services	13,520	0	0	0
15,179	1,361	16,540	Central Services	16,540	0	0	0
6,900	-40	6,860	Developments Contingency	6,447	-413	-387	-26
0	0	0	Pay Award	-190	-190	-190	0
1,800	-105	1,695	Growth to be allocated	1,695	0	0	0
217,419	-1,103	216,316	Sub-Total	215,723	-593	-315	-278
			Exceptional items:				
1210	0	1,210	Exceptional pressure: Asylum funding	3,040	+1,830	+1,620	+210
0	1000	1,000	In-year savings	0	-1,000	-1,000	0
1,210	1,000	2,210	Sub-Total	3,040	+830	+620	+210
218,629	-103	218,526	Total	218,763	+237	+305	-68

16. **Adult Social Care, Health & Housing** are projecting a **pressure of £10k** as at Month 5.

This is primarily due to pressures on Mental Health Services (£291k) and equipment costs related to the changeover to a digital exchange for Careline (£90k). However there is an increased favourable variance in the Learning disability service of £387k reflecting care packages for new and transitional clients starting later. This forecast excludes sums for which contingency provides for Transitional Children (£1,675k), Mental Health Services (£450k) and Homelessness (£1,300k).

17. **Environment & Consumer Protection** are forecasting a **nil variance** as at Month 5 after identifying recovery savings to contain pressures. There is a pressure of £95k in the Street Cleansing service and residual costs and loss of economies of scale on Harlington Road Depot (£169k) net of actions being taken to reduce costs. Savings have now been identified in Waste Disposal (£50k), Trade waste (£40k) and Off-Street Car parking to reduce the amount of recovery plan savings needed. This forecast excludes the additional amount for the Waste Disposal Levy (£720k), Waste and Recycling services (£200k) and Vehicle Fuel costs (£85k) which are contingency items, where the forecasts are in line with the original budgeted amounts. There is also a further pressure on the Waste service on recycling costs

which could be contained utilising the £300k provided for within the HIP initiatives for recycling projects.

18. **Education & Children's Services** are forecasting a **nil variance** as at Month 5 on normal activities. There is now a favourable variance of £290k in Children and Family services which is contributing to reducing the recovery plan savings target. These pressures exclude the pressure on asylum (£2,465k) and Exhausted All Appeal cases (£575k) which are being treated as contingency items. The Month 5 forecast for asylum represents a pressure of £1,830k on the contingency budget assumptions.
19. **Planning & Community Services** are projecting a **nil variance** as at Month 5 on normal activities and pressures are expected to be managed within services. However this excludes pressures on Development Control (£377k), Building Control (£149k) and Land Charges (£757k) income and Golf (£262k) for which contingency provides. In total there is currently a forecast pressure of £110k on these contingency funded items.
20. **Central Services** are forecasting a **nil variance** as at Month 5. There are pressures totalling £397k including Democratic Services (£82k), Human Resources (£118k), an ongoing pressure of £142k on income streams from commercial properties, a shortfall of £20k on income from schools buy back of Facilities Management services and a pressure of £15k due to maintaining and keeping secure surplus properties prior to their disposal. A recovery plan has been put in place to identify savings across the 2 Groups designed to achieve a balanced budget by the year end.
21. **Pay award:** The 2009/10 budget was based on an assumed pay award of 1.5%. Of that, 0.3% was utilised to fund the late additional award for 2008/09, leaving a balance of 1.2%. Employers originally offered 0.5%, which equated to a 0.7% saving, resulting in an underspend of around £660k. However, this has been increased to 1% which will reduce the underspend to around £190k.

Development & Risk Contingency: £1,417k pressure (£186k adverse)

22. £8,110k of potential calls on the Development & Risk Contingency were identified as part of the budget setting process for 2009/10, £7,320k is held in the base budget and £790k is to be met from balances. Table 3 shows the amounts that have been allocated or committed as at Month 5.

Table 3

Development and Risk Contingency	2009/10 Budget	Agreed	Forecast as needed	Variance (+adv / -sav)
<i>2009/10 allocations:</i>	£'000	£'000	£'000	£'000
Allocations approved				
Christmas Lights Fund for Town Centres		30	30	30
Commitments:				
General Contingency	500			-500
Increase in Transitional Children due to Demographic Changes	1,675		1,675	0
Increase in Mental Health Packages due to Demographic Changes	450		450	0
Homelessness Budget - Reduction in DWP Funding	1,050		1,300	250
Asylum non-EAA monitoring pressure	660		2,465	1,805
Asylum Exhausted All Appeals	550		575	25
Waste Disposal Levy	720		732	12
Cost Pressures on Recycling Service	200		200	0
Vehicle Fuel Monitoring Pressure	85		60	-25
Local Land Charges Income	715		757	42
Development Control Income	350		377	27
Building Control Income	108		149	41
Golf Courses Income	262		262	0
Uninsured claims	450		450	0
Legal Challenges	120		40	-80
Civic Centre Energy Monitoring Pressure	100			-100
Provision for Planning Inquiries	75			-75
Joint Appointment of Director of Public Health	40		5	-35
Total budgeted allocations	7,610	30	9,527	
Balance remaining to mitigate other pressures	500		0	
Total net contingency	8,110		9,527	+1,417

23. A large proportion of the total contingency is expected to be required in full and the pressure on asylum in particular has resulted in an overall pressure of £1,417k on the contingency budget. If the asylum pressure were excluded there would be an underspend of £422k on contingency.

24. The forecast asylum spend is £3,040k in excess of base budget provision within Children's Services. This is £1,830k in excess of the net sum for which contingency provides (£1,210k). The pressure on the non EAA element of Asylum (£2,465k) comprises a pressure on over 18's due to the ongoing demand for service and the continued under-funding by the Government and a pressure on under 18's due to the moderation of the special circumstances claim. The adverse movement of £210k is due to changes in the Indirect Cost Model which will reduce the amount we can claim on these costs. The current forecast in Exhausted all Appeals cases (£575k) represents an adverse variance of £25k.

25. Within ASCH&H the contingency items in relation to Transitional Children and Mental Health are forecast to be needed in full at this early stage of the year. The pressure on the

Homelessness contingency budget due to a reduction in DWP funding (£1,050k) is now expected to exceed this by £250k due to inflation on Private Sector Landlord rents and capped housing benefit.

26. Pressures related to the economic downturn which were highlighted in 2008/09 as exceptional items are in 2009/10 budgeted within contingency. However, as at Month 5 they are projected as being £110k more than provided within contingency. Development control income is forecast as a gross pressure of £377k, £27k in excess of that provided for within contingency. The main area of pressure is due to the limited number of major applications, however this is a volatile area and given the scale of the fees the position could change during the year. Land charge income has moved to a cost recovery basis due to a change in regulations enacted in December 2008 and current projections show a pressure on contingency of £42k. The forecast for building control income is a gross pressure of £149k, £41k above that provided for within contingency based on a reduction in income of 10% from the same period in 2008/09.
27. A sum of £85k has also been included in the contingency to cover fuel pressures. At month 5 it is forecast that £60k will be needed.
28. In addition it is forecast that £450k will be required from contingency for uninsured claims, £200k for the Recycling service and £262k for Golf income.

Priority Growth: Nil variance (No change)

29. £1,800k was included in the 2009/10 budget for priority growth of which, £1,100k was for HIP Initiatives. The HIP Initiatives Budget includes £300k of ongoing base funding as well as £800k of new growth. This provides for the continuation of schemes developed in 2008/09 including Hillingdon First and recycling pilots developed through the Waste and Energy project. In addition there is £700k of unallocated non specific growth.
30. Table 4 summarises the position with regards to each element of priority growth.

Table 4

Priority Growth	2009/10 Budget	Agreed draw downs	Commitments	Unallocated
<i>2009/10 Unallocated Priority Growth at start of the year</i>	£'000	£'000	£'000	£'000
HIP Initiatives New budget:	500			489
Agreed:				
Civic Pride/Angling		11		
Organisation People & Performance - PADA Audit work		6		
Corporate finance		65		
Communications		75		
Waste and energy	300	22	278	0
HIP Initiatives Ongoing budget:				
Customer Experience - Hillingdon First	300	77	223	0
HIP Initiatives unallocated balance	1,100	256	501	343
Unallocated non specific growth	700			700
Balance of unallocated growth	700	0	0	700
Total	1,800	256	501	1,043

31. HIP Steering group have approved £256k of allocations so far this year the detail of which is set out in table 4. In addition there are expected further commitments of £223k on Hillingdon First and £278k on Waste and Energy that will require HIP revenue funding. There is a pressure on the recycling base budgets within E&CP associated with the ongoing cost of HIP approved recycling projects, this monitoring report assumes that this sum will be funded from the £300k provided for this within HIP budgets.
32. September HIP Steering Group also agreed to release £75k for Communications on various workstreams.
33. There is also a commitment of up to £100k not included in the table above, for the two town centre pilot wireless schemes, to be approved once the final costings have been agreed.
34. As at Month 5 there is an estimated £343k remaining from the HIP initiatives budget, and £700k of unallocated non-specific priority growth budget. The Month 5 forecast assumes that the balance of unallocated growth will be spent.

Corporate Budgets' Forecasts: £120k favourable (No change)

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

Table 5

2009/10 Original Budget	Budget Changes	2009/10 Current Budget (as at Month 5)	Corporate Budgets	2009/10 Forecast Outturn (as at Month 5)	Variances (+ adv/- fav)		
					Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-1,892	115	-1,777	Unallocated savings	-1,777	0	0	0
9,026	18	9,044	Financing Costs	8,924	-120	-120	0
			FRS 17 Pension				
3,690	0	3,690	Adjustment	3,690	0	0	0
			Asset Management				
-24,703	0	-24,703	A/c	-24,703	0	0	0
-11,965	-13	-11,978	Corporate Govt Grants	-11,978	0	0	0
-25,844	120	-25,724	Corporate Budgets	-25,844	-120	-120	-120

36. Debt financing costs are now forecast to be underspent by around £120k due to debt refinancing work undertaken since the start of the year. A summary of treasury management activity is attached at Appendix B.

B) Capital

Background

37. A budget of £88,195k was set by council in February 2009 which was revised to £94,806k following the amendments to budgets, as a result of the final outturn in 2008/9.

38. The revised budget for August 2009 is now £103,762k (£104,741k month 4). The decrease in this month's budget is due to the rephrasing of the Schools Kitchen Programme grant monies that the Council will receive which is a two year grant.

Current Year Expenditure

39. Table 6 shows the actual spend to date and the projected outturn for 2009/10.

Table 6

Group	Original Budget £'000	Revised Budget £'000	Capital Spend Month 5 £'000	Actual Spend % of Revised Budget %	Forecast outturn (Month 5) £'000	Variance (Current Month) £'000
Adult Social Care, Health & Housing	3,715	6,590	2,087	32%	5,933	-657
Environment & Consumer Protection	8,193	8,519	2,483	29%	9,002	+483
Education & Children's Services	23,613	30,527	1,527	5%	21,568	-8,959
Planning & Community Services	2,351	2,061	241	12%	2,071	+10
Finance & Resources	2,576	2,898	623	21%	2,739	-159
Deputy Chief Executive	2,125	1,925	258	13%	1,925	0
Major Construction Projects	29,181	34,267	10,670	31%	33,491	-776
Group Total	71,754	86,787	17,889	21%	76,729	-10,058
Recovery from Contingency					-788	-788
Programme Contingency	3,196	3,196	0	0%	686	-2,510
Contingency	1,500	1,472	0	0%	102	-1,370
Contingency Total	4,696	4,668	0	0%	0	-4,668
HRA	11,745	12,307	2,853	23%	11,918	-389
Total	88,195	103,762	20,742	20%	88,647	-15,115

A summary of the programme for the Major Construction Projects is shown below as this has a direct bearing on the budgets above:

MCP Group	Original Budget £'000	Revised Budget £'000	Capital Spend Month 5 £'000	Actual Spend % of Revised Budget %	Forecast outturn (Month 5) £'000	Variance (Current Month) £'000
Planning & Community Services Projects Subtotal	17,682	19,607	7,106	36%	20,291	+684
Education & Children's Projects Subtotal	9,884	13,045	3,564	27%	12,790	-255
Finance and Resources Projects Subtotal	15	15	0	0%	10	-5
Environment Projects Subtotal	1,600	1,600	0	0%	400	-1,200
MCP Group Total	29,181	34,267	10,670	31%	33,491	-776

40. The overall Capital Programme budget is projecting an underspend of £15,115k as at Month 5 (£12,656k month 4), an increase of £2,459k on Month 4 reported projections. This is detailed in table 6.
41. Actual spend to date is £20,742k, which equates to 20% of the programme. This is an increase of 4% from month 4, however this spend trend is slightly distorted as the schools report quarterly. We anticipate a significant increase when the quarter 2 returns are submitted to reflect the works that have taken place over the school holiday period.
42. There are a number of schemes currently forecasting a potential overspend. These potential overspends total £2,700k, a large proportion of these schemes are schemes that are not fully funded through Council resources e.g. TFL, Schools, S106 etc. In addition where possible Council funded scheme overspends will be funded by virement from other parts of the capital programme within the Group concerned. After taking these factors into account the remaining potential pressure on contingency is around £788k. Further work will be undertaken to refine the pressure and identify options to fund.

Current Year Financing

43. Table 7 shows the financing of both the budget and the expected outturn.

Table 7

2009/10	Unsupported £'000	Capital Receipts £'000	Supported £'000	Grants £'000	HRA (inc MRA) £'000	Section 106 and other contributions £'000	Total Capital Programme £'000
Revised budget 2009/10	30,351	8,800	9,176	39,381	10,406	5,648	103,762
Outturn 2009/10	29,431	3,500	4,699	36,400	10,166	4,451	88,647

44. The level of unsupported borrowing forecast as at month 5 is £29,431k, a decrease of £920k on the original budget. This is primarily due to the reduction in the forecast outturn on New Years Green Lane by £1,200k in month 5.
45. The £8,800k budgeted level of General Fund capital receipts for 2009/10 continues looking increasingly more difficult to deliver. There are a range of outcomes still possible but receipts could fall as low as £3,500k. General Fund receipts to date are in the region of £50k but a number of other General Fund sites are now programmed for sale later in the financial year.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

47. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

49. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

Adult Social Care, Health and Housing (ASCH&H)

Revenue: **£10k Pressure (£252k favourable)**

1. The ASCH&H budgets are predominantly demand led and affected by demographic trends requiring robust and positive management. The pattern of demand for the current year is indicating pressures first identified in the latter part of last year across a range of service areas, most notably Mental Health. However due to a favourable movement in Learning Disability services the Month 5 report is showing a marginally adverse variance of £10k reflecting a favourable movement of £252k from the Month 4 position. The overall position for ASCH&H is set out in the table below.

Division of Service	Forecast Variance Month 5 £'000	Forecast Variance Month 4 £000	Change from Month 4 £000
Older Peoples Services	0	0	0
Physical & Sensory Disability Services	0	0	0
Learning Disability Services	-387	-157	-230
Mental Health Services	+291	+318	-27
Housing Benefits	0	0	0
Housing Need Services	0	0	0
ASC,H&H Other Services	+105	+101	+4
ASCH&H - Total	+10	+262	-252

Older People Services: Nil variance (No change)

2. This service is managing a gross budget of £41.7m, received £170k of unavoidable growth, £38k of growth; and a savings target of £1.1m as part of the 2009/10 budget setting process.
3. The service continues to manage underlying pressures from an increased demand for Nursing care and additional costs incurred in arranging alternative residential and nursing placements which have resulted from concerns about the quality of care delivered by one provider.

Physical Disabilities: Nil variance (No change)

4. This service is managing a gross budget of £10.1m, and has a savings target of £100k as part of the 2009/10 budget setting process.
5. This service is currently forecasting outturn to be on budget.

Learning Disability: £387k favourable (£230k improvement)

6. This service is managing a gross budget of £31.5m, received £935k of unavoidable growth; and a savings target of £100k as part of the 2009/10 budget setting process.
7. The favourable movement first reported in Month 4 has shown a continuing favourable trend which the Month 5 forecast reflects. In the context of a gross spend of £31.5m and residential care packages that average £60k per annum and can be double this figure in extreme cases, this movement is accepted as being within tolerance.
8. The reasons for this favourable movement include new and transitional clients starting later than previously expected; revised arrangements with the PCT following national changes in funding

regimes; and management action. The forecast also assumes that the £1.7m corporate contingency held for transitional children is received.

Mental Health: £291k adverse (£27k improvement)

9. This service is managing a gross budget of £5.3m, received £208k of unavoidable growth; and a savings target of £25k as part of the 2009/10 budget setting process.
10. The forecast shows a marginal and favourable movement of £27k from the Month 4 position. The forecast also assumes that the £450k corporate contingency held for Mental Health Services is received reducing the gross pressure from £741k to £291k reported in this forecast.

Housing Benefits: Nil variance (No change)

11. The service is managing a gross budget of over £138m and at this stage is forecasting to be on budget. However, as reported previously this budget is under pressure as a result of increased benefit uptake. Benefit applications within the privately rented accommodation area is showing increases of around 20%. This has reduced from the 35% indicated in the last report. However, unless this reduces further a pressure of around £243k could be likely. At this stage a nil variance is being reported as additional one-off admin grant funding and other compensating actions available to the service, which are being actively pursued, should mitigate the pressure.

Housing Need Services: Nil variance (No change)

12. This service is managing a gross budget of £39m and received £550k of unavoidable growth as part of the 2009/10 budget setting process; this budget line includes Homelessness.
13. As reported last month a number of measures identified to contain the pressures are to date being successful in reducing the pressure to just over £170k. This mitigating action needs to be maintained in order to further reduce pressures on this budget and as at Month 5 this underlying pressure remains around the level reported last month. Officers are continuing to focus staffing efforts to contain this adverse pressure, and although further reductions are likely to prove more difficult a nil variance is being forecast. As reported previously, efforts to contain this pressure is putting at risk the council's ability to achieve the government's 2010 temporary accommodation target.
14. The forecast assumes that the £1.3m corporate contingency held for Homelessness is received.

Other ASCH&H Services: £105k adverse (£4k adverse)

15. Careline: £90k adverse variance. It is necessary to carry out works costing £90k to change the existing equipment from an analogue to a digital signal. The Council has no discretion in the matter and expenditure is now being incurred for the switchover. Although forecast as an overspend Officers continue to work at containing this spend within existing budgets if possible.
16. There is also an adverse variance of £14k for the Colne Park caravan site, which has resulted from legal costs associated with an Anti Social Behaviour Order (ASBO).

Housing HRA

17. The HRA has a gross budget of £48.8m. The forecast for Month 5 shows an overall favourable variance of £538k , an improvement of £257k, as set out in the table below:

Division of Service	Forecast Variance Month 5 £000	Forecast Variance Month 4 £000	Change from Month 4 £000
HH Ltd: General and Special Services	0	0	0
HH Ltd: Repairs Services	0	0	0
LBH: General and Special Services	-5	+43	-48
LBH: Repairs Services	0	0	0
Other Expenditure	-312	-189	-123
Income	-221	-111	-110
In Year (Surplus) / Deficit	-538	-257	-281

Hillingdon Homes: Nil variance (No change)

18. Hillingdon Homes are experiencing a pressure of £178k due to higher utility costs (£100k), and increased insurance costs. However, Hillingdon Homes officers are examining the overall General and Special Services budget with a view to containing these pressures. As a result a nil variance is being shown although it may be necessary to review the budget in the near future.

LBH General and Special Services: £5k favourable (£48k improvement)

19. The LBH General and Special Services forecast has improved as a result of reduced staffing costs in the homelessness areas and a number of other smaller variations.

Other Expenditure £312k favourable (£123k improvement)

20. The forecast improvement has resulted primarily from reduced projections for capital spending from revenue. This includes work at the Coaxden Day Centre, and continuing delays in the hostels programme.

Income: £221k favourable (£110 improvement)

21. The favourable improvement in the income forecast results from an improved void performance, which is well below the 2% target.

Environment and Consumer Protection (E&CP)

Revenue: Nil Variance (No change)

1. At month 5, the Group is continuing to forecast a nil variance. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

	Forecast Variance Month 5	Forecast Variance Month 4	Change from Month 4
Division of Service	£'000	£'000	£'000
Street Cleansing	+95	+95	0
Harlington Road Depot	+169	+179	-10
Waste Disposal	-50	0	-50
Trade & Clinical Waste net	-40	0	-40
Off Street Parking Income	-80	0	-80
Recovery Plan Savings	-94	-274	+180
E&CP - Total	0	0	0

Contingent Items

2. The Council's 2009/10 contingent budget contains sums relating to the Waste Disposal Levy, and cost pressures on Recycling Services and Vehicle Fuel which impact on the ECP Group position. West London Waste have set the 2009/10 levy and this utilises the full amount of the contingency with a minor adverse variance of £12k. The Borough's recycling activity continues to exceed base budgeted levels, and the position this month suggests full use of the contingency. The situation on vehicle fuel continues to be extremely volatile and highly dependent on market trends and economic recovery during 2009/10. However given the actual usage and price trends to date, combined with the current forecast trend in prices, a modest reduction in the potential contingency usage of £25k is being assumed at this time.

	Gross Pressure Month 5	Gross Pressure Month 4	Change from Month 4	Contingency	Net Pressure
Division of Service	£'000	£'000	£'000	£'000	£'000
Waste Disposal Levy	732	732	0	720	+12
Recycling Services	200	166	+34	200	0
Vehicle Fuel	60	85	-25	85	-25
E&CP - Total	992	983	+9	1,005	-13

Street Cleansing: £95k adverse (no change)

3. The net forecast pressure across Street Cleansing services relates to activity required to maintain service standards. The group are currently examining options to reduce this pressure.

Public Conveniences: Nil variance (no change)

4. A balanced position is currently forecast. Management action is being undertaken to minimise the one-off demolition and installation costs for the units, and as far as possible to offset these from the running costs savings from delays in commissioning the units.

Waste Services: £90k underspend (£90k favourable)

5. **Recycling Costs:** The gross pressure on Recycling is forecast at £500k, reflecting a minor deterioration from the month 4 position of £490k. The major elements of the variance relate to Gate Fees and recycling bags, reflecting a continuing improvement in recycling performance. This position also allows for the continuation of new initiatives that were implemented during 2008/09, for Estates Based recycling, the Blue Sky scheme, Specialist collections and Battery Banks. The future funding of these schemes is being considered via the HIP Steering Group. The actual overspend for the first five months is £173k, but the forecast position makes some allowance for seasonal variations in the income and expenditure profiles. There is £200k available in the contingency for Waste & recycling cost pressures that can partially offset this position, along with a balance of £300k in the HIP initiatives budget to provide for the continuation of the recycling schemes.
6. **Waste Disposal:** The gross pressure of £732k reflects the increase in the 2009/10 waste levy that has now been confirmed by West London Waste Authority (WLWA) and is currently held in contingency. If this is released the current forecast for this area is a variance of £12k. The Section 52(9) budget has been reset as part of the 2009/10 levy setting. The latest tonnage figures from WLWA continue to show the drop in tonnages shown in the first quarter across the constituent Boroughs compared to budgeted levels. The trends in tonnages are susceptible to many variables and highly seasonal, and this position will be closely monitored as the year progresses. It is currently anticipated that an underspend of at least £50k is likely. The current tonnages also indicate that WLWA is able to stay within the Landfill Allowance Trading Scheme (LATS) allowances for 2009/10, and therefore avoid any potential penalties that would ultimately be borne by the constituent Boroughs.
7. **Trade Waste:** An overachievement of income of £70k is forecast, representing an improvement of £20k on the month 4 position. There are some indications that the level of business coming to the Council is reducing due to the combined effect of cumulative increases in fees (in line with the Landfill Tax accelerator), and the economic downturn. The aged debt position on this service is also being closely monitored given the economic conditions. The overachievement on this service has been reduced by the forecast pressure on Clinical Waste.
8. **Civic Amenity Sites:** A nil variance is forecast across this service area. The position on this service area will continue to be closely monitored in line with variations in activity.
9. **Clinical Waste:** The collection and disposal of Clinical waste from residents' homes has to date been undertaken by Hillingdon Primary the Care Trust (HPCT). All associated costs of the service have also been covered by HPCT. However recently the Council have been approached by the Trust and asked to take responsibility for delivering this service. This can be required as the Environmental Protection Act 1990 clearly places the responsibility for such collection on the local authority. The other West London boroughs are already providing this service.
10. The details of the service provision are still under discussion with the PCT, however based on the client data provided to date the potential pressure from taking responsibility for this service will be £30k for 2009/10, based on half year provision. If client numbers change the costs will vary accordingly.

Harlington Road Depot: £169k adverse (£10k favourable)

11. The site has experienced a significant reduction in the intensity of usage, with the movement of Council services to the Civic Centre, together with the loss of Hillingdon Homes contributions as they move services to alternative providers. The Group are actively trying to mitigate the pressures in this area through a number of workstreams concerning the rationalisation and usage of the space to achieve net savings, including potentially letting space to external

contractors currently working with the Council. The initial work is indicating that savings of approximately £40k can be made subject to the timing of implementing such changes.

Off-Street Parking: £80K favourable (£80k favourable)

12. The favourable movement represents a forecast improvement in the position on Season Ticket income, based on a revision to the capital financing arrangements for the Car Parks Improvements capital project.

Recovery Plan Savings: £92k target (£180k favourable)

13. Management action will continue to be undertaken across the group to address the residual pressures and seek reductions that can bring the overall position for the group in balance.

Vehicle Fuel Pressure – contingency item: £25k underspend (£25k favourable)

14. The bulk diesel purchase price has averaged around 85 pence per litre for the first five months of 2009/10. The prices remain higher than at the end of 2008/09 when they dropped back to 79 pence per litre, with an underlying upward trend. In the first two weeks of September prices have risen to just under 88 pence per litre, reflecting the fuel price duty increase put in place as part of the budget set by government in April. Commentators continue to be divided on where the oil price – and therefore diesel prices – will ultimately finish at the end of 2009/10. Most are continuing to predict a steady increase, though this is considered to be dependent on factors such as the speed and extent of any economic recovery and any constraints imposed on supplies.

15. As part of the 2009/10 MTF work a sum of £85k was included in the contingency to cover fuel pressures. At this stage a cautious reduction of £25k is being forecast against this sum. This reflects the actual usage and price trends in the first five months of the year, and an expectation of a lower rate of increase over the rest of the year than has been forecast to date. Given the volatility of this area, a close focus on trends in the market will continue to be undertaken. The impact on prices of oil based/dependent materials also continues to be closely monitored.

Education and Children Services (E&CS)

Revenue: Nil variance (No change)

1. The Group is projecting a nil variance as at Month 5 for the 2009/10 financial year.
2. This excludes the overall pressure on asylum funding and the cost of exhausted all appeals cases which are reported under exceptional items elsewhere in this report.
3. The projected variances at Month 5 are summarised in the following table:

Division of Service	Forecast Variance Month 5 £'000	Forecast Variance Month 4 £'000	Change from Month 4 £'000
Schools	0	0	0
Director & Youth Services	-31	-31	0
Resources, Policy & Performance	-19	-15	-4
Learning & School Effectiveness Service	0	+58	-58
E&CS Central Budget	+913	+913	0
Children & Families Service	-290	0	-290
Recovery Plan Savings	-573	-925	+352
E&CS - Total	0	0	0

Schools: Nil variance (No change)

4. The Schools Budget is ring fenced and funded from the DSG. Schools' payroll and non-payroll expenditure is monitored quarterly with any forecast year-end deficits being the subject of detailed discussions with the schools concerned. Schools forecasting deficits are required to supply recovery plans identifying how they intend to eliminate their deficit, but these do not affect the general fund.
5. Any underspend or overspend of the Schools Budget in 2009-10 would be carried forward into 2010-11 and would have no effect on the General Fund.

Director & Youth Services: £31k underspend (No change)

6. There has been no change to the improvement reported within the Youth & Connexions Services.

Resources, Policy & Performance: £19k underspend (£4k improvement)

7. The improvement of £4K follows receipt of tenders for feasibility study on school places.

Learning & School Effectiveness: Nil variance (£58k improvement)

8. School Improvement Services has identified a one off saving from delayed recruitment. Music Services remain a high risk area based on the current expenditure pattern. The service might overspend further than the £58k already reported without implementation of mitigating action. The manager is exploring options to minimise the pressure.

E&CS Central Budget: £913k Pressure (No change)

9. As reported previously £653k of the previous year's MTF savings agreed by members have not yet been allocated to individual areas. The remaining £260k is the additional savings allocated to the Group in Month 2.
10. An action plan is currently being implemented by the group and to date £340k savings has been identified to offset the pressures identified above.

Children and Families: £290k underspend (£290k improvement)

11. The Children & Families projecting an underspend of £290k, an improvement of £290k from Month 4. The improvement is due to over 18's client group moving to Adult services and changes in unit costs within the P & V areas.

Recovery Plan Savings: £573k target (£352k improvement)

12. The group has implemented an action plan to address the budget pressure through reviewing all ECS grant allocations to apply funding where possible. Also recruitment to new and vacant posts continue to be closely monitored and challenged by senior management.

Exceptional Items: Asylum Service £3,040k (£1,830k greater than that provided for in contingency – £210k adverse movement from Month 4)

13. The Asylum Service is reporting a budget pressure of £2,465k, an adverse movement of £210k. The pressure is due to the ongoing demand for the service and the continued under-funding by the Government and in respect of the moderation of the Special Circumstances grant for under 18's.
14. The £210k adverse movement is due to recent guidance issued by the UKBA on Indirect Cost Model on new daily rates for under 18's. The new condition states from 1 October 2009 to 31 March 2010 that LA's will only be allowed to claim £35 per child/young person per day for UASC aged under 16 and £30 per day for those aged 16 and 17.
15. There is no change in the reported pressure of £575k for Exhausted All Appeal.
16. Action has already been undertaken to reduce the shortfall on Asylum funding whilst maintaining service levels. However, the age profile of the clients has led to a decrease in grant income as more asylum seekers turn 18. This has led to the net position being worse than in previous years even though numbers are falling. However, continuing to provide services to asylum seekers as over 18's costs the authority less than provision for general non-asylum Leaving Care clients, so this in effect reduces the overall Council pressure.

Planning and Community Services (P&CS)

Revenue: Nil variance

- The Group has a draft outturn position of nil variance, this excludes all pressure areas that have identified contingent provisions.

Division of Service	Forecast Variance Month 5 £'000	Forecast Variance Month 4 £'000	Change from Month 4 £'000
Community Safety	0	0	0
Arts Service	0	0	0
Libraries	0	0	0
Adult Education	0	0	0
Leisure	0	0	0
Planning & Transportation	0	0	0
Group Directorate	0	0	0
P&CS - Total	0	0	0

Contingent Items

- The Planning income streams were identified as exceptional items last year. This was due to the downturn in the economy which had impacted the housing market severely and has continued to depress these income streams. The Authority's 2009/10 contingent budget contains provision for these affected income streams. The net position after the application of the contingency is shown in the table below

Contingent Item	Gross Pressure Month 5 £'000	Month 4	Change from Month 4	Contingency £'000	Net Pressure £'000
Development Control	+377	+386	-9	+350	+27
Building Control	+149	+175	-26	+108	+41
Land Charges	+757	+757	0	+715	+42
Golf	+262	+262	0	+262	0
P&CS - Total	+1,545	+1,580	-35	+1,435	+110

Development Control Income: £377k Gross Pressure (£9k favourable)

- The forecast for Development Control income is a gross pressure of £377k the net position after the contingency would be £27k. The main areas of pressures are the fees for Major applications that are currently forecast to fall by 30% compared to 2008/09. This is a volatile area given the significant scale of fees, and the limited volume of applications. Major applications normally accounts for 2/3rds of the Development Control Income. The other areas of income that are for Minor and Other applications continue to be depressed and are now down by 34% and 24% respectively from the 3 year average levels, which is a deterioration from the 28% and 23% fall reported previously.

Building Control Income: £149k Gross Pressure (£26k favourable)

- The forecast for Building Control income is a gross pressure of £149k the net position is now forecast to be £41k. Income for April to August is 10% down from the same period in 2008/09.

Land charges: £42k Gross Pressure (No change)

5. Land charge income has moved to a cost recovery basis due to a change in regulations enacted in December 2008.
6. Not reflected in the forecast yet is the potential impact of from the recent guidance issued from the Information Commission Office (ICO). The guidance suggests that the majority of property search data is Environmental Information and that Local Authorities are therefore obliged to allow inspection of this information at no charge. The LGA on behalf of local authorities are set to challenge the guidance so it is not clear at this stage if this will be upheld.

Golf: £262k Gross Pressure (No change)

7. This position assumes the allocation of £262k from contingency for Golf. The Golf budgets have been set to match the expected income from Mack trading. The fixed contract element is £280k (£210k courses and £70k driving range) and a further £100k for the variable element for the driving range, £380k in total.

Community Safety: Nil variance (No Change)

8. The underspend is due to lower staffing expenditure.

9. Arts Service: Nil variance (No Change)

As previously reported the service is reporting a pressure on its income streams, this is due to range of factors related to the general difficulties arising from the current economic conditions, e.g. cancellation of bookings. However action is being taken to mitigate these pressures from within the Arts budgets.

Libraries: Nil variance (No change)

10. The Library service is currently forecasting a nil variance

Adult Education: Nil variance (No change)

11. The grant allocation for 2009/10 is still subject to negotiation, however the service is not expecting there to be any budget pressures, and is reporting a balanced position.

Leisure: Nil variance (No Change)

12. For Leisure facilities there are significant savings targets to be achieved, which are linked with the contracting out of Leisure services for the new build leisure centre at Botwell and other existing in-house sites. The outcome of this was reported to Cabinet in July. The effect on the 2009/10 budget will be reported when the contract is finalised which is expected to be completed in September, but the current assumption is that the savings targets will be achieved.

Planning and Transportation: Nil variance (No change)

13. With the exception of planning income streams that are outlined above as part of the contingency section, the rest of the service is reporting a nil variance.

2009/10 In-year Efficiency Target

14. The Group is looking to meet its in-year savings target of £90k by slowing down some of the recruitment to its vacant posts.

Central Services

Revenue: Nil variance (No change)

1. The forecast position for the central services revenue budget is a breakeven position. However, the 2 departments have pressures totalling £295k, an improvement of £102k on last months projections, for which they have developed mitigating savings plans.

Division of Service	Forecast Variance Month 5 £000	Forecast Variance Month 4 £000	Change From Month 4 £000
Deputy Chief Executive's Office	+118	+235	-117
Finance and Resources	+177	+162	+15
Recovery Plan Savings	-295	-397	+102
Central Services - Total	0	0	0

Deputy Chief Executive's Office: £118k pressure (£117k improvement)

2. The Deputy Chief Executive's Office budgets are projecting a pressure of £118k at month 5, an improvement of £117k from month 4. This is due to an ongoing projected pressure of £118k (which has improved by £35k) in Human Resources, which relates to the need for agency staff in both the new HR team and the new Payroll team, whilst the permanent structure is being recruited to, this includes the costs of the Head of the service up to the point of handover to the now permanent Head. This pressure has reduced due to a review of the agency spend and the cost and delivery of the Occupational Health Service.
3. The pressure of £82k reported in Democratic Services, has been managed down to a breakeven position, following a review of non-staffing costs (including printing), and introducing a new process to enable the Registrars to create capacity to generate more income from nationality checking and citizenship.

Finance & Resources: £177k pressure (£15k adverse)

4. The Finance & Resources Directorate budgets are projecting a pressure of £177k at month 5, an adverse movement of £15k on last month's projections. This is due to ongoing pressures within Corporate Property Services, as set out below:
 - There is an ongoing pressure on income streams from commercial properties of £142k, due to a number of vacant tenancies in the Warnford Industrial Estate (£98k), 192 High Street, where the premises have remained vacant for a number of months (£29k) and a recent vacant unit that exists in Uxbridge Market (£15k).
 - There is an anticipated shortfall of £20k on income from schools buy back of FM services, due to schools opting to procure services directly rather than through the FM Team.
 - There is a pressure of £15k on the cost of maintaining and keeping secure surplus properties prior to their disposal.

Recovery Plan Savings: £295k target (£102k favourable)

5. Identified recovery savings are now being factored into the relevant services where applicable. The remaining saving targets relates to one off reductions in costs that will occur in this year and other planned activity, yet to be implemented.

Capital Programme: £15,115k underspend (£2,459k improvement)

1. The overall Capital Programme budget is projecting an underspend of £15,115k as at Month 5 (£12,656k month 4), an improvement of £2,459k on the Month 4 reported projections.
2. Expenditure to month 5 across the whole capital programme budget is £20,742k which equates to 20% of the programme. Further detail is provided below for each individual department.

HRA: £389k underspend (£390k improvement)

3. A summary of the programme for HRA is shown below :

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 5	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Capital Works	10,000	9,762	Y	2,624	27%	9,762	0
Estates Improvements	1,125	1,125	Y	0	0%	945	-180
Cash Incentive Scheme	100	100	Y	25	25%	100	0
New Build – Redevelopment	290	330	N	0	0%	120	-210
New Build – Long Lane	30	30	Y	0	0%	31	1
Other Projects	200	300	Y	24	8%	300	0
Townfield Community Centre		660	Y	180	27%	660	0
HRA – Total	11,745	11,647		2,673	23%	11,258	-389

4. Expenditure to date is £2,673k out of a revised budget of £11,647k, which accounts for 23% of the total programme budget.
5. The projected underspend of £210k on the New Build – Redevelopment is due to the refurbishment project at Coaxden Day centre, which has now been subject to a full review and a revised design is being considered. This change will affect the project timetable, and hence has been forecasted not to spend fully in this financial year.
6. The underspend reported of £180k on Estate Improvements relates to Triscott House. This scheme is now under review. This is a possible use of the Social Housing Grant. Confirmation of switching the above funding is being sought. Until this is received, the original project will be on hold.

Adult Social Care, Health and Housing: £657k underspend (£324k improvement)

7. A summary of the programme for Adult Social Care, Health and Housing is shown below :

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 5 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance (Current Month) £' 000
100% Grant Funded							
PSRSG for WL Empty Property Grant	0	1,867	Part	340	18%	1,867	0
Mental Health – Mead House	114	345	Y	0	0%	345	0
Improving Care Homes Environment for OP	0	3	Y	0	0%	0	-3
ASC,H&H (Non HRA – 100% Grant Funded) – Total	114	2,215		340	15%	2,212	-3
Non-Grant Funded							
Disabled Facilities Grants	2,040	2,017	Y	1,265	63%	2,017	0
Private Sector Renewal Grants	390	390	Y	82	21%	390	0
Colne Park Caravan Sites	302	374	Part	9	2%	75	-299
Improving Information Management and ESCR	218	565	Part	128	23%	565	0
Enabling Electronic Social Care Record	100	276	Y	263	95%	276	0
Learning Disability Modernisation Programme	243	375	N	0	0%	277	-98
Mental Health Phase 2 – Hayes Park House	0	40	N	0	0%	0	-40
Mental Health Phase 3 – Group Homes	0	30	N	0	0%	0	-30
Purchase of Benefits customer self-service facilities	225	225	N	0	0%	121	-104
Purchase of Supporting People software	83	83	N	0	0%	0	-83
ASC,H&H (Non HRA – Non Grant Funded) – Total	3,601	4,375		1,746	40%	3,721	-654
ASC,H&H – Total	3,715	6,590		2,087	32%	5,933	-657

8. Expenditure to date is £2,087k out of a revised budget of £6,590k, which accounts for 32% of the total programme budget. The original budget has been increased by grant relating to empty properties.

9. The projected underspend of £657k relates primarily to a delay in the refurbishment of Colne Park Caravan Site (£299k), which is anticipated to slip into 2010/11. The underspend of £70k across the Mental Health (Phases 2 and 3) and the £83k Purchase of Supporting People software is due to costs being met from the HRA or from the revenue account.

10. The Purchase of Benefits customer self service facilities is reporting a reduced outturn of £121k on the £225k budget. A capital release report is in the process of being drafted. This project is expected to slip into 2010/11 due to software compatibility issues. To resolve the delay it is hoped that a single tender process action can be adopted. If however this is unsuccessful then this will delay the entire project until April 2010. Hence a prudent forecast has been submitted on the grounds of a successful single tender implementation.

Environment and Consumer Protection: 483k Overspend (£483k adverse)

11. A summary of the programme for Environment and Consumer Protection is shown below.

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 5	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Highways Improvements	1,358	1,358	N	-15	-1%	1,358	0
Cabinet Member Initiatives – Highways							
Road Safety	250	250	N	0	0%	250	0
Traffic Congestion Mitigation	200	200	N	0	0%	200	0
Street Lighting	300	300	N	63	21%	300	0
Cabinet Member Initiatives - Parks & Streetscene							
Green Spaces Strategy	250	250	N	136	54%	250	0
Street Scene	250	250	N	-34	-14%	250	0
Cabinet Member Initiatives – Improvement, Partnerships & Community Safety							
Breakspear Crematorium	1,700	1,876	Y	1,314	70%	1,876	0
Car Park Schemes	200	200	N	0	0%	200	0
Ruislip Lido	0	18	Y	18	100%	18	0
Hillingdon First – Parking Meters	0	192	Y	0	0%	192	0
Other Schemes - Public Conveniences	0	185	Y	181	98%	215	30
E&CP – Sub Total	4,508	5,079		1,663	33%	5,109	30
BSP funded by Transport for London	3,685	3,440	Y	820	24%	3,893	453
TFL (100% Grant Funded) – Sub Total	3,685	3,440		820	24%	3,893	453
E&CP – Total	8,193	8,519		2,483	29%	9,002	483

12. Expenditure to date is £2,483k out of a budget of £8,519k, which accounts for 29% of the total programme budget. Seven schemes have yet to be released. Expenditure incurred on these schemes in 2009/10 relates to programmes of works that started in 2008/09.

13. The majority of the expenditure to date has been incurred on Breakspear Crematorium (£1,314k), where the project is expected to be completed by the end of the calendar year.

14. The overspend of £30k on the Public Conveniences (where public toilets sited in Northwood Hills, Eastcote and West Drayton have been purchased and are in the process of being sited and installed) relates to an additional cost of the connection of water/drainage.

15. The overspend of £459k on the BSP funded by Transport for London projects, relates to all costs incurred in the implementation of the 2008-09 programme. The deadline to recharge TfL for these costs was 31 August 2009, and it is expected that all of the costs incurred will be fully funded by TfL and £6k from Section 106.

16. A programme for Highways Improvements for £827k has been drafted and the schemes are ready to be commissioned to Enterprise-Mouchel, the Highways commissioning contractor. The programme is currently subject to the moratorium; therefore the ability to spend this on this programme will be dependent on the timing of the approval process.

Education and Children's Services: £8,959k underspend (£128 k improvement)

17. A summary of the programme for Education and Children's Services is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released Y/N	Capital Spend Month 5	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000		£' 000	%	£' 000	£' 000
100% Grant/Externally Funded							
Early Years Foundation Stage – Surestart	0	282	Y	277	98%	282	0
Extended Schools	606	773	Part	129	17%	445	-328
Extension of Nursery Care / Education	1,854	1,249	Part	24	2%	1,249	0
Formula Capital Devolved to Schools	6,388	8,193	N/A	412	5%	5,023	-3,170
Guru Nanak - Expansion 2010	3,000	2,886	Y	306	11%	2,886	0
Home Access for Targeted Groups	0	95	Y	62	65%	95	0
Information Systems – Every Child Matters	0	41	N	41	100%	41	0
ISPP Project (Parents & Providers)	0	24	Y	0	0%	24	0
Pathfinder (Playgrounds)	0	530	N	0	0%	530	0
Pinkwell	0	709	Y	0	0%	0	-709
Primary Capital Programme – indicative	3,893	3,893	N	0	0%	3,893	0
Rosedale College S106 – only	26	26	Y	0	0%	26	0
Ruislip High School	0	327	N	0	0%	60	-267
School travel Plans	112	126	Y	5	4%	126	0
Schools Kitchens	594	1,466	N	0	0%	1,466	0
Specialist Schools	0	193	Y	7	4%	193	0
Surestart - AHDC short breaks	157	157	N	0	0%	157	0
Investment in Young People's Facilities	0	167	N	25	15%	167	0
Total 100% Grant/Externally Funded	16,630	21,137		1,288	6%	16,663	-4,474
Non Grant Funded							
Expansion Haydon	726	930	Y	43	5%	930	0
School Improvement Programme	2,000	4,203	Part	171	4%	2,475	-1,728
School Places Provision (Basic Needs)	3,757	3,757	N	5	0%	1,000	-2,757
Schools Access Programme	500	500	N	20	4%	500	0
Total 100% Non Grant Funded	6,983	9,390		239	3%	4,905	-4,485
E&CS – Total	23,613	30,527		1,527	5%	21,568	-8,959

18. Expenditure to date is £1,527k out of a budget of £30,527k, which accounts for 5% of the total programme budget. The original budget of £23,613k has been increased to £30,527k, due to the receipt of a number of grants.

19. To date only 13 schemes out of a total of 21 schemes have been released or partially released from the capital moratorium. The other schemes have not yet been released, which could affect the outturn.

20. The £267k underspend on Ruislip High school is earmarked for the project currently in MCP to cover the projected overspend, however this budget amount remains in E&CS until it has been released.

21. The budget for the Schools Kitchens has been re phased over two years to reflect the fact this is a two year grant. The scheme is pending members approval. When authorisation is obtained the confirmation letter to the DCSF can be submitted to release the grant payments. Delay in starting the scheme may affect the outturn and the ability to fully utilise the grant.

Planning and Community Services: £10k overspend (£165 improvement)

22. A summary of the programme for Planning and Community Services is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 5	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
100% Grant/Externally Funded							
SSCF	0	100	Y	5	5%	100	0
S106/S278 Schemes	411	411	Y	36	9%	246	-165
NLDC	0	10	Y	9	90%	10	0
Total 100% Grant/Externally Funded	411	521		50	10%	356	-165
Non Grant Funded							
Assisted Funding	150	150	N	10	7%	150	0
Libraries Refurbishment	1,500	1,100	N	181	16%	1,275	175
Voltage Optimisation Equipment	40	40	N	0	0%	40	0
CCTV Programme	250	250	N	0	0%	250	0
Total Non Grant Funded	1,940	1,540		191	12%	1,715	175
P&CS – Total	2,351	2,061		241	12%	2,071	10

23. Expenditure to date is £241k out of a budget of £2,061k, which accounts for 12% of the total programme budget. The original budget of £2,351k has decreased by £290k to £2,061k, due to the transfer of balances relating to the slippage of 2008/09 schemes and a transfer of resources from the Library Refurbishment programme for the fit out of the Botwell Library.

24. To date 3 schemes out of a total of 7 schemes, have been released from the capital moratorium. The other 4 schemes have not yet been released.

25. The projected overspend of £10k reported relates to the anticipated total cost of the Library Refurbishment programme and the reported underspend on Section 106.

Major Construction Projects: £776k underspend (£730k improvement)

A summary of the programme for the newly created Major Construction Projects is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 5	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Planning and Community Services							
Brookfield – Second Floor	0	264	Y	94	36%	262	-2
Hillingdon Sports and Leisure Centre	8,707	8,468	Y	2,974	35%	8,468	0
Botwell Green (including Gymnastics Centre and Library fit out)	8,645	10,545	Y	4,003	38%	11,190	645
Boxing Club	0	0	Y	35	No Budget	41	41
Minet Cycle Club	250	250	N	0	0%	250	0
Queensmead Fitness Centre Refurbishment	80	80	N	0	0%	80	0
Education and Children's Services – 100% Grant/Externally Funded							
Children's Centres – Phase 2	2,075	1,645	Y	1,909	116%	2,079	434
Children's Centres – Phase 3	0	2,473	N	119	5%	2,473	0
Longmead	2,323	2,185	Part	98	4%	1,491	-694
Pinkwell New Classrooms	1,199	400	Y	142	36%	400	0
Education and Children's Services – Non Grant Funded							
Harefield School Nursery	52	1,247	Y	0	0%	1,247	0
Glebe Primary School	0	229	Y	96	42%	229	0
Heathrow Primary	0	181	Y	6	3%	172	-9
Ruislip High School	0	41	Y	7	17%	308	267
Targeted Capital - Oak Farm	45	398	Y	0	0%	398	0
Targeted Capital - Uxbridge High	1,180	1,247	Y	1,105	89%	1,604	357
New Young People's Centre	3,010	2,999	Part	82	3%	2,389	-610
Finance & Resources							
Farm Barns	15	15	N	0	0%	10	-5
Environment and Consumer Protection							0
New Years Green Lane Civic Amenity Site	1,600	1,600	N	0	0%	400	-1,200
Major Construction Projects – Total	29,181	34,267		10,670	31%	33,491	-776

26. Expenditure to date is £10,670k out of a budget of £34,267k, which accounts for 31% of the total programme budget. The original budget of £29,181k has increased by £5,086k to £34,267k, due to new schemes being added into the work programme of the team. To date 5 schemes have not yet been released out of a total of eighteen.

27. There are a number of variances reported, which relate to the following schemes:

- a. The Botwell Green Leisure Development is now reporting an overspend of £645k an increase of £245k on last month's projections due primarily to Groundwork's, the incorporation of the Gymnastics Centre, the addition of a fitness suite and delays in design information. Officers are currently looking at ways to manage this down including the application of S106.
- b. Children's Centres – Phase 2 are projecting an overspend of £434k, an increase of £84k reported in month 4. A due diligence review has been carried out by MCP, which has highlighted additional costs that were not previously taken into account. A review of all funding sources and projected expenditure continues.

- c. The Ruislip High School project is projecting an overspend of £267k. A review of all funding sources is currently being undertaken to identify whether any further grant monies or S106 monies can be applied.

Central Services: £159k overspend (£67k improvement)

28. A summary of the programme for Central Services is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 5	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Leader's Initiative	200	200	N	0	0%	200	0
Chrysalis	1,000	1,000	Y	258	26%	1,000	0
Town Centre Initiative	325	325	N	0	0%	325	0
HIP Projects	600	400	N	0	0%	400	0
DCE - Total	2,125	1,925		258	13%	1,925	0
ICT Asset Management Strategy	500	500	N	4	1%	500	0
ICT Works at the Crematorium	0	97	Y	19	20%	106	9
Property Enhancement Programme	500	500	N	23	5%	360	-140
Victoria Hall	0	63	Y	51	81%	63	0
Manor Farm	0	0	Y	46	No Budget	102	102
YOT Consolidation Link 1A/Cashiers	372	413	Y	34	8%	380	-33
Civic Centre Electrical Works	2	55	Y	212	385%	238	183
Hillingdon First Card	182	200	Y	200	100%	200	0
Civic Centre Security Improvements	236	236	N	0	0%	136	-100
Civic Centre - Photovoltaic Cells	34	34	Y	34	100%	34	0
Civic Centre Enhancements	750	750	N	0	0%	567	-183
Civic Centre Boilers	0	50	Y	0	0%	53	3
F&R - Total	2,576	2,898		623	21%	2,739	-159
Central Services - Total	4,701	4,823		881	18%	4,664	-159

29. Expenditure to date is £881k out of a revised budget of £4,824k, which accounts for 18% of the total programme budget.

30. There are a number of variances reported, which relate to the following schemes:

- A review of the overspend of £350k reported in month 4 on the Manor Farm project has resulted in a reduced projection to reflect the committed items and retention amount. This project was completed in 2008/09. There are still disputed amounts being investigated so there is a risk this amount may increase, however this may not be realised in the current financial year.
- The £183k variance on the Civic Centre Electrical Works is due to a number of complications that were identified as part of the installation process that needed to be addressed before any further works could be completed. Officers are exploring options to ensure that these are contained within the directorate's overall capital programme budget. The first call on the Civic Centre Enhancements could be utilised to fund the pressure identified on the Civic Centre Electrical Work.
- There are early indications that not all of the funds will be needed in respect of Civic Centre Security Improvements, which could result in an underspend of £100k.
- The underspend of £140k on the Property Enhancement Programme, reflects the difference between the budget and the schemes proposed for implementation in this financial year.

Capital Contingency: £3,880k underspend (£32k change)

31. A summary of the programme contingency is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Capital Spend Month 5	Actual Spend % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000	£' 000	%	£' 000	£' 000
Programme Contingency	3,196	3,196	0	0%	686	-2,510
Contingency	1,500	1,472	0	0%	102	-1,370
Contingency – Total	4,696	4,668	0	0%	788	-3,880

32. The forecast outturn of £788k (£820k, month 4) assumes that all of the pressures identified below will need to be funded from the contingency.

Scheme	Funding	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn (Month 5)	Variance (Current Month)
		£'000	£'000	£'000	£'000
Programme contingency					
Boxing Club	Council	0	35	41	+41
Leisure Development - Botwell Green, Hayes	Council	10,145	4,003	10,790	+645
Sub Total		10,145	4,038	10,831	+686
General contingency					
Manor Farm	Council	0	46	102	+102
Sub Total		0	46	102	+102
Total		10,145	4,084	10,933	+788

APPENDIX B

Treasury Management Update

1. The following information is provided to update you on the activities on the Treasury function for the month of August.
2. As at 31 August 2009 the Council's portfolio of deposits and debt was as follows, deposit balances can move substantially from day to day in line with cash flow requirements.

Outstanding Deposits

	Actual £m	Actual %	Bench- mark %
Up to 1 Month	13.3	18.89	35.00
1-2 Months	5.6	7.95	25.00
2-3 Months	6.0	8.52	10.00
3-6 Months	22.9	32.53	10.00
6-9 Months	3.0	4.26	15.00
9-12 Months	2.0	2.84	5.00
12-18 Months	0	0.00	0.00
18-24 Months	0	0.00	0.00
Subtotal	52.8	75.00	100
Unpaid Maturities	17.6	25.00	0.00
Total	70.4	100	100

Average Rate of Return on Deposits: 1.80%

3. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions and Money Market Funds, which hold AA- or AAA long-term credit ratings.
4. Deposits are currently held with the following institutions; Abbey, Royal Bank of Scotland, Barclays Bank, Lloyds TSB Banking Group, Clydesdale & Nationwide.
5. During August fixed-term investments have continued to mature in line with our cash flow requirements, any surplus funds have been placed in instant access accounts, in order to meet future cash flow requirements.
6. In order to cover the NNDR3 return the short-term balance was built up during June and July. A large proportion of this balance was utilised during August when the outstanding £22.6m for the NNDR3 return was paid.

Outstanding Debt

	Actual £m	Actual %
PWLB	124.6	72
Long-Term Market	48.0	28
Temporary	0	0
Total	172.6	100

Average Interest Rate on Debt: 4.05%

7. No loans matured during August and the opportunity to reschedule debt did not arise.
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Ongoing Strategy

8. Longer-term investments are already in place so the current strategy will be to build up short-term balances to provide liquid funds for future cash flow commitments.
9. Over the coming months opportunities for restructuring debt will continue to be monitored.