

# COUNCIL BUDGET - MONTH 7 2009/10

## REVENUE AND CAPITAL MONITORING

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<b>Cabinet Portfolio</b>	Finance and Business Services
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<b>Papers with report</b>	None

### HEADLINE INFORMATION

<b>Purpose of report</b>	<p>The report sets out the council's overall 2009/10 revenue &amp; capital position, as forecast at the end of Month 7 (October). The in year revenue position on normal activities is forecast as being £513k less net expenditure than budgeted, an adverse movement of £282k on the Month 6 position. However, exceptional items have improved significantly due to the results of a thorough review of creditor provisions in the balance sheet which has resulted in a one-off transfer to the revenue account of £2,075k. The net consequence to date is the overall revenue position forecast is £1,758k less net expenditure than the revised budget, a favourable movement of £1,793k on Month 6.</p> <p>Total forecast capital expenditure for the year is estimated to be £80,759k, which is £24,053k less than the latest budget and £2,673k less than that forecast in Month 6.</p>
<b>Contribution to our plans and strategies</b>	Achieving value for money is an important element of the Council Plan for 2009/10.
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

### RECOMMENDATIONS

That Cabinet:

1. Notes the forecast budget position for revenue and capital as at Month 7.
2. Notes the treasury management update in Appendix B.
3. Approves the allocation of £200k from balances earmarked for business improvement investment for the HIP Business Improvement Delivery Project and authorises the Appropriate Delegated Officer to accept tenders or contracts for the services of consultants in respect of this project in consultation with the Leader and within the budget available.

4. Approves the allocation of £100k from general capital contingency to buy in claims consultancy support to challenge additional costs being claimed by contractors on various capital projects and authorises the Appropriate Delegated Officer to accept tenders or contracts for the services of such consultants in respect of this project in consultation with the Leader and Cabinet Member for Finance and Business Services and within the budget available.
5. As a result of S106 funding being released Cabinet approves the increases in the following budgets:
  - £201k for the Botwell Green Leisure development
  - £94k for the Vehicle Workshops - West Drayton Young Peoples Centre
  - £104k for Fassnidge Park
6. Approves the virement to E&CP of £471k from the specific capital programme contingency for vehicle purchases to fund the Purchase of Vehicles.
7. Notes the HIP capital allocation of £30k for Arundel Road Development and approves release and virement of the budget from DCEO to MCP team in P&CS.
8. Notes the HIP capital allocation of £43k for Little Britain lake improvements and approves release.
9. Notes the capital contingency item of £65k for Douay Martyrs drama and 6th form common rooms and approves the virement of this from general contingency to P&CS.
10. Approves the following capital virements from the £1m specific Leisure Projects contingency to P&CS:
  - £70k for Harmondsworth Dog Free Mini Football Area.
  - £100k for Ruislip Lido Toilets.
11. Notes the increase in capital budgets resulting from the following grant allocations and revenue contributions: £125k grant for LDA Energy Efficiency Grant, £170k for Improving Information Management (£30k grant, £140k revenue contribution), £18k revenue contribution to Mental Health (Mead House) and £77k grant for School travel Plans.

## **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 £513k less net expenditure than budgeted, an adverse movement of £282k on the Month 6 position. This is primarily due to an adverse trend in the demand for Mental Health and Older People services. There is also a pressure in Leisure services due to the delay in the opening of Botwell Green Sports and Leisure Centre.
4. However, exceptional items have improved significantly due to the results of a thorough review of creditor provisions in the balance sheet which has resulted in a one-off transfer to

the revenue account of £2,075k. The other previously reported exceptional items of £1,830k for asylum funding and £1m for in-year savings are unchanged. The net consequence to date is the overall revenue position forecast is £1,758k less net expenditure than the revised budget, a favourable movement of £1,793k on Month 6.

5. 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 7 the pressures are forecast to be £1,490k 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 an 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.
6. There continue to be pressures from the downturn particularly in relation to the property market and the effect this has on planning, building control and land charges income. These are treated as contingency items and at Month 7 show an adverse variance of £103k, a small favourable movement of £5k on Month 6.
7. Capital financing costs are still forecast to underspend by £120k as a result of debt refinancing work undertaken at the start of the year.
8. 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 was earmarked for potential business efficiency investment. At month 7 it is now forecast that £200k of this will be needed to buy in business analyst support to assist the Business Improvement Delivery (BID) project. The remaining £494k remains for potential drawdown to support BID but remains unallocated at this point in time.
9. The forecast balances as at 31st March 2010 based on the current forecast underspend of £1,758k are £13,758k.

## **B) Capital**

10. Total forecast capital expenditure for the year is estimated to be £80,759k (£83,432k Month 6), £24,053k less than the latest budget. This month's reduction is primarily due to the rephasing of projects into 2010/11. The projections also assume that the remainder of contingency will not be drawn down.
11. The £8,800k budgeted level of capital receipts for 2009/10 will not now be delivered in full. There are a range of outcomes still possible but receipts are now forecast to be at least £4,500k.
12. 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 £3,486k, from £30,351k to £26,865k. The supported borrowing forecast has decreased by £5,816k from £9,176k to £3,360k.

## A) Revenue

13. 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 7)		Variances (+ adv/- fav)		
			Current Budget	Forecast	Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000		£'000	£'000	£'000	£'000	£'000
217,419	-1,103	Directorates Budgets on normal activities	216,316	215,923	-393	-675	+282
-25,844	103	Corporate Budgets on normal activities	-25,741	-25,861	-120	-120	0
<b>191,575</b>	<b>-1,000</b>	<b>Sub-total Normal Activities</b>	<b>190,575</b>	<b>190,062</b>	<b>-513</b>	<b>-795</b>	<b>+282</b>
<b>1,210</b>	<b>1,000</b>	<b>Sub-total Exceptional Items</b>	<b>2,210</b>	<b>965</b>	<b>-1,245</b>	<b>+830</b>	<b>-2,075</b>
<b>192,785</b>	<b>0</b>	<b>Total net expenditure</b>	<b>192,785</b>	<b>191,027</b>	<b>-1,758</b>	<b>+35</b>	<b>-1,793</b>
<b>189,245</b>	<b>0</b>	<b>Budget Requirement</b>	<b>189,245</b>	<b>189,245</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3,540</b>		<b>Net total</b>	<b>3,540</b>	<b>1,782</b>	<b>-1,758</b>	<b>+35</b>	<b>-1,793</b>
<b>-16,234</b>		<b>Balances b/f 1/4/09</b>	<b>-16,234</b>	<b>-16,234</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>		<b>Transfer to earmarked reserves</b>	<b>694</b>	<b>694</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>-12,694</b>	<b>0</b>	<b>Balances c/f 31/3/10</b>	<b>-12,000</b>	<b>-13,758</b>	<b>-1,758</b>	<b>+35</b>	<b>-1,793</b>

## Directorates' Forecast Expenditure Month 7

14. 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 7)	Directorate	2009/10 Forecast (as at Month 7)	Variances (+ adv/- fav)		
					Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000	£'000		£'000	£'000	£'000	£'000
84,879	-815	84,064	Adult Social Care, Health & Housing	84,076	+12	-70	+82
37,274	-376	36,898	Environment & Consumer Protection	36,898	0	0	0
57,577	-850	56,727	Education & Children's Services	56,727	0	0	0
13,810	-270	13,540	Planning & Community Services	13,665	+125	0	+125
15,179	1,805	16,984	Central Services	16,984	0	0	0
6,900	-40	6,860	Developments	6,520	-340	-415	+75
0	0	0	Contingency	-190	-190	-190	0
1,800	-557	1,243	Pay Award	1,243	0	0	0
<b>217,419</b>	<b>-1,103</b>	<b>216,316</b>	<b>Sub-Total</b>	<b>215,923</b>	<b>-393</b>	<b>-675</b>	<b>+282</b>
			<b>Exceptional items:</b>				
1210	0	1,210	Exceptional pressure: Asylum funding	3,040	+1,830	+1,830	0
0	1000	1,000	In-year savings	0	-1,000	-1,000	0
0	0	0	Creditors Review	-2,075	-2,075	0	-2,075
<b>1,210</b>	<b>1,000</b>	<b>2,210</b>	<b>Sub-Total</b>	<b>965</b>	<b>-1,245</b>	<b>+830</b>	<b>-2,075</b>
<b>218,629</b>	<b>-103</b>	<b>218,526</b>	<b>Total</b>	<b>216,888</b>	<b>-1,638</b>	<b>+155</b>	<b>-1,793</b>

15. **Adult Social Care, Health & Housing** are projecting **a pressure of £12k** as at Month 7.

There is an increase in pressure on Mental Health Services by £109k and now a demand pressure of £123k in Older People Services. However there is still a 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).

16. **Environment & Consumer Protection** are forecasting a **nil variance** as at Month 7 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 are still identified in Waste Disposal (£100k), Trade waste (£40k) and Off-Street Car parking (£80k) to offset 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.

17. **Education & Children's Services** are forecasting a **nil variance** as at Month 7 on normal activities. The remainder of the unallocated recovery savings have now been applied to the individual service areas. The E&CS position excludes the pressure on asylum (£2,436k) and Exhausted All Appeal cases (£604k) which are being treated as contingency items. The Month 7 forecast for asylum represents a pressure of £1,830k on the contingency budget assumptions.
18. **Planning & Community Services** are projecting a **pressure of £125k** as at Month 7 due to the delay in the opening of Botwell Green Sports and Leisure centre by 6 weeks. All other pressures on normal activities are expected to be managed within services. However this excludes pressures on Development Control (£381k), Building Control (£145k) and Land Charges (£750k) income and Golf (£262k) for which contingency provides. In total there is currently a forecast pressure of £103k on these contingency funded items.
19. **Central Services** are forecasting a **nil variance** as at Month 7. There are gross pressures totalling £233k within Finance & Resources including an ongoing pressure of £176k on income streams from commercial properties, a shortfall of £39k on income from schools buy back of Facilities Management services and a pressure of £18k due to maintaining and keeping secure surplus properties prior to their disposal. There is the need for an additional £27k of recovery savings since Month 6.
20. **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 settled on 1% which results in an underspend of around £190k.
21. **Exceptional items:** The forecast pressure on asylum funding of £1,830k and the in-year recovery plan of £1m are both unchanged from month 6. However, overall exceptional items have improved by £2,075k following a thorough review of creditor provisions in the balance sheet. Every creditor balance and provision in the balance sheet has been subject to a fundamental review as to whether it is really required and if so whether properly defined as a creditor. This review has resulted in a one-off transfer of £2,075k from the balance sheet into the revenue account. The main element of this sum was a large part of the accumulated surplus on the Heathrow Imported Food Unit account (£1,266k) being defined as a reserve rather than a creditor balance as the Council does not owe anyone this money. The balance was made up of other provisions no longer required.

**Development & Risk Contingency: £1,490k pressure (£75k 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 7.

**Table 3**

<b>Development and Risk Contingency</b>	<b>2009/10 Budget</b>	<b>Agreed</b>	<b>Forecast as needed</b>	<b>Variance (+adv / - fav)</b>
<i>2009/10 allocations:</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total net contingency at start of the year</b>	<b>8,110</b>			
<b>Allocations approved</b>				
Christmas Lights Fund for Town Centres	0	30	30	+30
<b>Commitments:</b>				
General Contingency	500		0	-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		2,436	+1,776
Asylum Exhausted All Appeals	550		604	+54
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		750	+35
Development Control Income	350		381	+31
Building Control Income	108		145	+37
Golf Courses Income	262		262	0
Uninsured claims	450		450	0
Legal Challenges	120		120	0
Civic Centre Energy Monitoring Pressure	100		0	-100
Provision for Planning Inquiries	75		0	-75
Joint Appointment of Director of Public Health	40		5	-35
<b>Total net contingency</b>	<b>8,110</b>		<b>+9,600</b>	<b>+1,490</b>

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 £1,490k on the contingency budget. If the asylum pressure were excluded there would be an underspend of £340k on contingency.

24. The forecast asylum spend is still £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 (£2,436k) 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 current forecast in Exhausted all Appeals cases (£604k) 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 7 they are projected as being £103k more than provided within contingency. Development control income is forecast as a gross pressure of £381k, £31k 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 £35k. The forecast for building control income is a gross pressure of £145k, £37k 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 7 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.
29. There is an increased pressure of £80k of potential legal costs due to a legal court case (£50k) and the third runway costs (£30k).

**Priority Growth: Nil variance (No change)**

30. £1,500k was included in the 2009/10 budget for priority growth of which £800k was for HIP Initiatives new growth and 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.
31. Table 4 summarises the position with regards to each element of priority growth.



**Table 4**

<b>Priority Growth</b>	<b>2009/10 Budget</b>	<b>Agreed draw downs</b>	<b>Commitments</b>	<b>Unallocated</b>
<i>2009/10 Unallocated Priority Growth at start of the year</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>HIP Initiatives New budget:</b>	500			
<b>Agreed:</b>				
Angling amenities		10		
Civic pride		17		
Organisation People & Performance - PADA Audit work		6		
Corporate finance		65		
Communications		54		
Heritage - Works of art & Stained glass window		11		
Customer Experience - Hillingdon First		77		
Waste and energy	300	22	278	<b>0</b>
<b>HIP Initiatives unallocated balance</b>	<b>800</b>	<b>262</b>	<b>278</b>	<b>260</b>
<b>Unallocated non specific growth</b>	700			<b>700</b>
<b>Balance of unallocated growth</b>	<b>700</b>	<b>0</b>	<b>0</b>	<b>700</b>
<b>Total</b>	<b>1,500</b>	<b>262</b>	<b>278</b>	<b>960</b>

32. HIP Steering group have approved £262k of revenue allocations so far this year the detail of which is set out in table 4. In addition there are pressures of £278k forecast in Waste associated with recycling initiatives. If it transpires that E&CP cannot absorb these costs within existing budgets there could be a potential request for funding from HIP contingency.

33. There is also a recommendation to fund £45k of costs associated with Christmas parking concessions for Hillingdon First card holders from the £700k unallocated non specific growth.

34. As at Month 7 there is an estimated £260k remaining from the HIP initiatives budget, and £700k of unallocated non-specific priority growth budget. The Month 7 forecast assumes that the balance of unallocated growth will be spent.

**Corporate Budgets' Forecasts: £2,195k favourable (£2,075k favourable)**

35. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 7.

**Table 5**

2009/10 Original Budget	Budget Changes	2009/10 Current Budget (as at Month 7)	Corporate Budgets	2009/10 Forecast Outturn (as at Month 7)	Variances (+ adv/- fav)		
					Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-1,892	115	-1,777	Unallocated savings	-1,777	0	0	0
9,026	-18	9,008	Financing Costs	8,888	-120	-120	0
3,690	19	3,709	FRS 17 Pension Adjustment	3,709	0	0	0
-24,703	0	-24,703	Asset Management A/c	-24,703	0	0	0
-11,965	-13	-11,978	Corporate Govt Grants	-11,978	0	0	0
<b>-25,844</b>	<b>103</b>	<b>-25,741</b>	<b>Corporate Budgets</b>	<b>-25,861</b>	<b>-120</b>	<b>-120</b>	<b>0</b>

36. Debt financing costs are still forecast to be underspent by around £120k due to debt refinancing work undertaken since the start of the year. A report on 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 October 2009 is now £104,812k (£103,822k Month 6). The increase in this month's budget is due to additional grant £125k for LDA Energy Efficiency Grant, £170k for Improving Information Management (£30k grant, £140k revenue contribution), £18k revenue contribution to Mental Health - Mead House, £455k TfL grant for additional 2008/09 works completed in current financial year, £77k grant for School travel Plans and the reduction of £150k expenditure on the Breakspear Car Park, as further investigation into the project identified this expenditure should be a revenue item.

### Current Year Expenditure

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

**Table 6**

Groups	Original Budget	Revised Budget	Capital Spend Month 7	Actual Spend % of Revised Budget	Forecast outturn	Variance
	£'000	£'000	£'000	%	£'000	£'000
Adult Social Care, Health & Housing	3,715	6,903	2,973	43%	5,675	-1,228
Environment & Consumer Protection	8,193	9,011	3,991	44%	8,891	-120
Education & Children's Services	23,613	29,136	5,501	19%	17,395	-11,741
Planning & Community Services	2,351	2,711	765	28%	2,060	-651
Finance & Resources	2,576	2,898	917	32%	2,898	0
Deputy Chief Executive	2,125	1,895	378	20%	1,856	-39
Major Construction Projects	29,181	35,283	16,121	46%	30,566	-4,717
<b>Group Total</b>	<b>71,754</b>	<b>87,837</b>	<b>30,646</b>	<b>35%</b>	<b>69,341</b>	<b>-18,496</b>
Recovery from Contingency					-1,366	-1,366
Programme Contingency	3,196	3,196	0	0%	956	-2,240
Contingency	1,500	1,472	0	0%	410	-1,062
<b>Contingency Total</b>	<b>4,696</b>	<b>4,668</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>-4,668</b>
HRA	11,745	12,307	4,798	39%	11,418	-889
<b>Total</b>	<b>88,195</b>	<b>104,812</b>	<b>35,444</b>	<b>34%</b>	<b>80,759</b>	<b>-24,053</b>

40. 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	Revised Budget	Capital Spend Month 7	Actual Spend % of Revised Budget	Forecast outturn 2009/10	Variance 2009/10	Forecast Variance 2010/11	Variance Total
	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Planning & Community Services Projects	17,682	19,408	11,570	60%	19,570	+162	+792	+954
Education & Children's Projects	9,884	14,230	4,498	32%	10,556	-3,674	+4,781	-140
Finance and Resources Projects	15	15	0	0%	10	-5	0	-5
Environment Projects	1,600	1,630	53	3%	430	-1,200	+3,800	+2,600
<b>MCP Group Total</b>	<b>29,181</b>	<b>35,283</b>	<b>16,121</b>	<b>46%</b>	<b>30,566</b>	<b>-4,717</b>	<b>+9,373</b>	<b>+3,409</b>

41. The overall Capital Programme budget is projecting an underspend of £24,053k as at Month 7, an increase of £3,663k on Month 6 reported projections. This is detailed in table 6.

42. Actual spend to date is £35,444k, which equates to 34% of the programme. This is an increase of 6% from Month 6, however this spend trend is slightly distorted as the schools report quarterly.

43. There are a number of schemes currently forecasting a potential overspend. These potential overspends total £2,012k a reduction from £2,200k month 6. This reduction relates to a number of these pressures being anticipated to occur in 2010/11.

44. A proportion of these overspends 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 £1,366k. Further work continues to be undertaken to refine the pressure and identify options to fund.

### Current Year Financing

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

**Table 7**

2009/10	Unsupported	Capital Receipts	Supported	Grants	HRA (inc MRA)	Section 106 and other contributions	Total Capital Programme
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revised budget 2009/10	30,351	8,800	9,176	39,983	10,406	6,096	104,812
Outturn 2009/10	26,865	4,500	3,360	32,112	10,166	3,756	80,759

46. The level of unsupported borrowing forecast as at Month 7 is £26,865k (£27,431k Month 6), a decrease of £3,468k on the original budget. The supported borrowing forecast has

decreased by £5,816k from £9,176k to £3,360k. This is primarily due to delays in schemes progressing and forecasts of expenditure occurring in 2010/11.

47. The £8,800k budgeted level of General Fund capital receipts for 2009/10 will not now be delivered in full due to market conditions. However, receipts of £4,500k are now projected.

## **CORPORATE CONSULTATIONS CARRIED OUT**

### **Financial Implications**

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

## **CORPORATE IMPLICATIONS**

### **Corporate Finance**

49. This is a Corporate Finance report.

### **Legal**

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

## **BACKGROUND PAPERS**

51. Monitoring report submissions from Groups.

## APPENDIX A – Detailed Group Forecasts

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

Revenue: **£12k adverse (£82k adverse)**

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 Housing Benefit, Housing Needs and Mental Health and to date these risks have been managed to mitigate any further pressures. However there is now additional pressure in Mental Health and emerging pressure in OPS. Officers are working on actions to review the causes of these pressures to identify possible actions and determine whether this represents a sustained increase in demand.
2. In addition to Mental Health services pressures already reported the group is also now experiencing high demand for Older People services, particularly for Nursing and Homecare. When these are coupled with the existing pressures on Housing Benefit and Homelessness due to the extraordinary financial pressures being experienced nationally, the department is managing an exceptional pressure. This is being managed by Officers by a series of measures to ensure a broadly break even position by year end. This work is doubly important to ensure that the department starts next year with a balanced position. In the context of a demand led volatile service spending approx £290 million this becomes a finely balanced approach with inherent risks.
3. The Month 7 report is showing a marginally adverse variance of £12k reflecting an adverse movement of £82k from the Month 6 position. The overall position for ASCH&H is set out in the table below.

<b>Division of Service</b>	<b>Forecast Variance Month 7 £'000</b>	<b>Forecast Variance Month 6 £000</b>	<b>Change from Month 6 £000</b>
Older Peoples Services	+123	-0	+123
Physical & Sensory Disability Services	-0	+0	-0
Learning Disability Services	-387	-387	+0
Mental Health Services	+349	+240	+109
Housing Benefits	-150	0	-150
Housing Need Services	0	0	0
ASCH&H Other Services	+77	+77	+0
<b>ASCH&amp;H - Total</b>	<b>+12</b>	<b>-70</b>	<b>+82</b>

**Older People Services: £123k adverse (£123k adverse)**

4. The service has to date managed to contain underlying pressures for increased demand for Nursing care and additional costs incurred in arranging alternative residential and nursing placements due to concerns about the quality of care delivered by one provider. However in addition to this there is now evidence of demand for nursing and homecare provision above that previously forecast. For nursing care the demand has risen by 16% since April and work is proceeding to analyse this in more detail.
5. 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.

**Physical Disabilities: Nil variance (No change)**

6. 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.
7. This service is currently forecasting outturn to be on budget.

**Learning Disability: £387k favourable (No change)**

8. 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.
9. The favourable movement first reported in Month 4 has shown a continuing favourable trend which the Month 7 forecast reflects.

**Mental Health: £349k adverse (£109k adverse)**

10. The forecast shows an adverse movement of £109k from the Month 6 position primarily due to 4 new placements becoming necessary during October and the forecast impact of a further 2 placements currently under discussion. Officers are progressing mitigating actions to alleviate this pressure which is primarily focussed on moving clients from residential placements to more appropriate community based support. However this is a complex process difficult to achieve with a long lead in and preparation time required although Officers are progressing on this basis.
11. The forecast also assumes that the £450k corporate contingency held for Mental Health Services is received reducing the gross pressure from £799k to £349 reported in this forecast. 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.

**Housing Benefits: £150k favourable (£150k favourable)**

12. The service is managing a gross budget of over £138m and at this stage is forecasting an underspend of £150k. However, as reported previously this budget is experiencing pressure as a result of increased benefit uptake. Benefit applications within the privately rented accommodation area is showing increases of 23% which is now establishing a pattern which will result in a pressure of over £300k. This pressure has been mitigated by additional one-off admin grant funding from DWP and other compensating actions available to the service, which are being actively pursued, should mitigate the pressure.
13. The favourable movement now being reported is as a result of the 2006/07 Housing Benefit claim being at a point of finalisation with the DWP and Officers are confident that as a result this amount can now be brought into the forecast.

**Housing Need Services: Nil variance (No change)**

14. 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.
15. The budget continues to experience considerable pressure. However, the measures identified to mitigate the pressures in recent months have been successful, leaving a small residual pressure of £150k within the context of a gross budget of £39m. This mitigating action needs to be maintained in order to stave off the ongoing pressures associated with the nature of this service. The underlying pressure remains around the level reported in recent months and officers are continuing to focus staffing efforts to contain expenditure within budget. A nil forecast is being reported as a result, however, 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.

16. The forecast assumes that the £1.3m corporate contingency held for Homelessness is received.

**Other ASCH&H Services: £77k adverse (no change)**

17. The adverse pressure is primarily due to essential works on Careline costing £90k to enable the switchover of existing equipment from an analogue to a digital signal for which the Council has no discretion. Although forecast as an overspend Officers continue to work at containing this spend within existing budgets if possible. 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**

18. The HRA has a gross budget of £48.8m. The forecast for Month 7 shows an overall favourable variance of £508k, which represents a marginal improvement of £3k from the M6 forecast as set out in the table below:

Division of Service	Forecast Variance Month 7 £'000	Forecast Variance Month 6 £000	Change from Month 6 £000
HH Ltd: General and Special Services	125	125	0
HH Ltd: Repairs Services	0	0	0
LBH: General and Special Services	-44	-54	10
LBH: Repairs Services	52	52	0
Other Expenditure	-325	-312	-13
Income	-316	-316	0
<b>In Year (Surplus) / Deficit</b>	<b>-508</b>	<b>-505</b>	<b>-3</b>

**Hillingdon Homes: £125k adverse (No Change)**

19. There is no change in the Hillingdon Homes forecast. An adverse variance of £125k has resulted from costs associated with encouraging tenants that were under occupying larger properties to move into smaller properties to allow other tenants suffering overcrowding to move into the vacated larger properties. In addition as reported last month, Hillingdon Homes are also experiencing further pressures from higher utility costs and increased insurance costs and officers are examining possible actions for containing these pressures. However, it may be necessary to review the budget in the near future.

**LBH General and Special Services: £44k favourable (£10k adverse)**

20. The LBH General and Special Services forecast has marginally worsened as a result of a number relatively small movements.

**Other Expenditure: £325k favourable (£13k improvement)**

21. A small improvement has arisen as a result of a reduction in Ealing Family loan costs and, as reported last month, the overall variance has primarily resulted from reduced projections for capital spending from revenue. This includes work at the Coaxden Day Centre, and continuing delays in the hostels programme.



**Income: £316k favourable (No change)**

22. There is a relatively small favourable improvement of £80k in the income forecast as a result of a likely reduction in bad debt provision which is due to continuing good performance in rent collection performance.

## Environment and Consumer Protection (E&CP)

### Revenue: Nil Variance (No change)

1. At Month 7, 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 7	Forecast Variance Month 6	Change from Month 6
Division of Service	£'000	£'000	£'000
Street Cleansing	+95	+95	0
Harlington Road Depot	+169	+169	0
Waste Disposal	-100	-50	-50
Trade & Clinical Waste net	-40	-40	0
Off Street Parking Income	-80	-80	0
Recovery Plan Savings	-44	-94	+50
<b>E&amp;CP - Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Contingent Items: Gross Pressure £992k (No change)

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 forecasts full use of the contingency. The bulk diesel purchase price has shown a marked upward trend during October, but at this stage it is not being assumed this rate of increase will continue and a contingency call of £60k continues to be assumed.

	Gross Pressure Month 7	Gross Pressure Month 6	Change from Month 6	Contingency	Net Pressure
Division of Service	£'000	£'000	£'000	£'000	£'000
Waste Disposal Levy	732	732	0	720	+12
Recycling Services	200	200	0	200	0
Vehicle Fuel	60	60	0	85	-25
<b>E&amp;CP - Total</b>	<b>992</b>	<b>992</b>	<b>0</b>	<b>1,005</b>	<b>-13</b>

### 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 continuing to examine options and undertake actions to reduce this pressure without impacting on service levels.

### 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. There will also be some running costs savings from delays in commissioning the units that can offset these costs.

## **Waste Services: £140k underspend (£50k favourable)**

5. **Recycling Costs:** The overall pressure on Recycling is currently forecast at £517k. The major elements of the variance relate to Gate Fees and recycling bags, reflecting a continuing improvement in recycling performance across both Household and composting recycling. This position 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 Bank. The forecast position makes some allowance for expected seasonal variations in the income and expenditure profiles. Income and rebates continue to be favourable, but prices for some recycling streams are extremely volatile and will be closely monitored over the remainder of the year, given their possible impact on the overall position. There is £200k available in the contingency for Waste & recycling cost pressures that can partially offset this position.
6. **Waste Disposal:** The gross pressure of £732k reflects that 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. The Section 52(9) budget was reset as part of the 2009/10 levy setting, however tonnages have continued to fall during 2009/10. The provisional tonnage figures for October showed a significant reduction (18%) on the previous month and this reverses the trend of the previous year, when October 2008 showed a small increase from the September 2008 tonnages. The forecast underspend has therefore been increased to £100k from the £50k reported at month 6. The tonnages will be closely monitored over the remaining months of the year, but if the reduction in tonnages experienced in this month continues then there is potential for the underspend to increase further. The continuing reduction in landfill tonnages means that as previously reported, the Landfill Allowance Trading Scheme (LATS) is unlikely to be an issue for WLWA in 2009/10.
7. **Trade Waste:** The position remains a £70k favourable variance due to overachievement of income. As price increases are linked to the Landfill Tax accelerator the level of business coming to the Council is beginning to show signs of reducing, however the economic downturn may also have impacted. Close monitoring and enforcement is currently ensuring that the levels of aged debt are under control. The overachievement on this service has been reduced by the forecast pressure on Clinical Waste explained below, giving a net position of £40k favourable.
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 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. Further discussions have taken place with the PCT on the service and the best cost estimate for the half-year in 2009/10 remains at £30k. Whilst discussions are ongoing with the PCT, there is a possibility that the client numbers could change and the costs vary accordingly.

## **Harlington Road Depot: £169k adverse (No change)**

11. The pressure on the depot chiefly relates to a reduction in the intensity of usage, with the movement of some Council services to the Civic Centre, together with the loss of Hillingdon Homes contributions for space occupation at the depot and use of the Stores facility. Options to mitigate the pressures continue to be explored. Some space rationalisation measures are expected to be implemented early in the new year and discussions are continuing with interested parties on the potential short-term letting of surplus space. The reported position makes an

assumption that this work will make some savings in 2009/10, however this will be subject to the timing of implementing such changes and any one-off costs that may be incurred.

**Off-Street Parking: £80K favourable (No change)**

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, which has now been released from moratorium.

**Recovery Plan Savings: £44k underspend (£50k adverse)**

13. Management action continues to be undertaken across the group to address the residual pressure. The improved position on the Waste Disposal budget has allowed the target to be reduced by £50k.

**Vehicle Fuel Pressure – contingency item: £25k underspend (No change)**

14. The bulk diesel purchase price has risen to 92 pence per litre over the month of October, a rise of 5 pence in the month, after averaging 84.75 pence for the first half of 2009/10. The Freight Transport Association data continues to indicate a steady increase across the remainder of the financial year and beyond. The extent of the increase for October raises the current price above the upward trend that is being forecast from historical price movements.

15. At this stage the forecast call on the contingency will be held at the £60k reported in month 6. The particularly high increase in October underlines the volatility in the market and the need to closely monitor trends and changes in usage. The impact on prices of oil based/dependent materials will continue 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 7 for the 2009/10 financial year.
2. As reported at Month 6 the remainder of unallocated savings of £225k has been applied to the individual areas where the savings were identified through further management action.
3. 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.
4. The projected variances at Month 7 are summarised in the following table:

<b>Division of Service</b>	<b>Forecast Variance Month 7 £'000</b>	<b>Forecast Variance Month 6 £'000</b>	<b>Change from Month 6 £'000</b>
Schools	0	0	0
Director & Youth Services	0	0	0
Resources, Policy & Performance	0	0	0
Learning & School Effectiveness Service	0	0	0
E&CS Central Budget	0	+225	-225
Children & Families Service	0	0	0
Recovery Plan Savings	0	-225	+225
<b>E&amp;CS - Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Schools: Nil variance (No change)**

5. 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.
6. 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: Nil variance (No change)**

7. There has been no major change to the position reported within the service areas.

### **Resources, Policy & Performance: Nil variance (No change)**

8. There has been no major change to the position reported at Month 6 within the Resources, Policy & Performance areas.

### **Learning & School Effectiveness: Nil variance (No change)**

9. There has been no major change to the position reported within the Learning & School Effectiveness service areas.

### **E&CS Central Budget: Break even (£225k Improvement)**

10. Previously reported £225k of the unallocated savings has been applied to individual service areas where the savings has been identified through recovery plans.

**Children and Families: Nil variance (No change)**

11. The Children & Families projected underspend and the improvement achieved during Month 7 has been netted off against the unallocated savings for the Group leaving a break even position for the service.

12. However, the future Looked After Children projection is dependent on new clients entering and existing clients leaving including unit cost changes and this could mean increase in costs for the remainder of the financial year. Also the SEN transport service is forecasting a pressure in respect of new routes and fuel costs. To date, this pressure has been offset by one off savings in other areas within the service.

**Recovery Plan Savings: Break even (£225k improvement)**

13. As planned, the Group Management Team, through various actions such as closely monitoring and challenging recruitments to new and vacant posts and by reviewing all grant allocation and applying funding where possible have managed to identify adequate funding to meet the unallocated savings for the group.

**Exceptional Items: Asylum Service £3,040k (£1,830k greater than that provided for in contingency)**

14. There is no change in the reported budget pressure of Asylum services as a whole. 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.

15. There is a slight increase from what was reported at Month 6 for Exhausted All Appeal to £604k which was netted off with a slight improvement within the over 18 services.

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 to over 18's costs the authority less than the provision for general non-asylum Leaving Care clients, so this in effect reduces the overall Council pressure.

17. The UKBA has recently announced that the Council will receive all the special circs money for under 18's grant claim for 2008/09 amounting to £2.2m pre audit. This means the indirect cost moderation impact of £284k which was provided in the 2008/09 year end provision will not be required and can be used to offset part of the current pressure

18. The Corporate Director (Education & Children's Services) with Senior Council Officers, along with senior representatives from LB Croydon and Kent County Council have met with senior UKBA officials with regard to our ongoing pressures. Various proposals were discussed with the UKBA regarding funding for Gateway authorities and further meetings are planned to progress these proposals.

## **Planning and Community Services (P&CS)**

### **Revenue: £125k Pressure (£125k adverse)**

1. The Group has a draft outturn position of £125k, this excludes all pressure areas that have identified contingent provisions.

<b>Division of Service</b>	<b>Forecast Variance Month 7 £'000</b>	<b>Forecast Variance Month 6 £'000</b>	<b>Change from Month 6 £'000</b>
Community Safety	-111	-60	-51
Arts Service	+51	0	+51
Libraries	0	0	0
Adult Education	0	0	0
Leisure	+125	0	+125
Planning & Transportation	+60	+60	0
Group Directorate	0	0	0
<b>P&amp;CS - Total</b>	<b>+125</b>	<b>0</b>	<b>+125</b>

### **Contingent Items: £1,548k Gross Pressure (£5k favourable)**

2. 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.

<b>Contingent Item</b>	<b>Gross Pressure Month 7 £'000</b>	<b>Month 6</b>	<b>Change from Month 6</b>	<b>Contingency £'000</b>	<b>Net Pressure £'000</b>
Development Control	+381	+382	-1	+350	+31
Building Control	+145	+148	-3	+108	+37
Land Charges	+750	+751	-1	+715	+35
Golf	+262	+262	0	+262	0
<b>P&amp;CS - Total</b>	<b>+1,538</b>	<b>+1,543</b>	<b>-5</b>	<b>+1,435</b>	<b>+103</b>

### **Development Control Income: £381k Gross Pressure (£1k favourable)**

3. The forecast for Development Control income is a gross pressure of £381k which has decreased from month 6 by £1k, and the net position after the contingency would be £31k. 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.

### **Building Control Income: £145k Gross Pressure (£3k favourable)**

4. The forecast for Building Control income is a gross pressure of £145k an improvement of £3k, and the net position is now forecast to be £37k. Income for April to October is 10% down from the same period in 2008/09.

**Land charges: £750k Gross Pressure (£1k favourable)**

5. Land charge income has moved to a cost recovery basis due to a change in regulations enacted in December 2008. The net pressure currently forecast after the contingent allocation would be £35k which is a marginal improvement from the position reported at month 6.
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) with a further £100k for the variable element relating to the driving range, giving £380k in total. However the budget held in contingency of £262k is still required and will need to be allocated to the service.

**Community Safety: £111k underspend (£51k favourable)**

8. There is an underspend due to lower staffing costs which is a combination of a vacancy and unpaid leave £41k and an increased saving on the community fund of £50k and £20k for MPA grant.

**Arts Service: £51k Pressure (£51k adverse)**

9. 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: £125k Pressure (£125k adverse)**

12. The change in forecast is due to the delay in the opening of Botwell Green Sports and Leisure Centre by 6 weeks. The impact is twofold; firstly the subsidy saving for the closure of the 2 Hayes sites would be reduced, on the basis that the 2 centres would remain open until the end of February. This would create a pressure of £30k. Secondly there is a probable impact on the management fee from GLL for the Leisure contract. The contractor is currently assessing the forecast income and expenditure, and its potential impact on the management fee that they would pay. It would seem prudent at this point to assume that the management fee would reduce from £245k to £150k netting out the anticipated saving of £95k. There is however a risk that the management fee for 2009/10 could reduce further, exact figures are still to be advised by GLL and agreed, and this is work in progress.



**Planning and Transportation: £60k overspend (No change)**

13. The overspend is due to pressure on pre applications income which is linked to the general downturn in the housing market and the subdued activity of developers, see above major applications are down by 30% in 2009/10 compared to 2008/09.

**2009/10 In-year Efficiency Target**

14. The Group is currently on target 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. The Deputy Chief Executive's Office has now stabilised its budget position, and is on track to deliver a breakeven position. However, the Finance & Resources Directorate has a pressure totalling £154k, an adverse movement of £27k on last month's projections, for which savings plans are being developed to mitigate them.

Division of Service	Forecast Variance Month 7 £000	Forecast Variance Month 6 £000	Change From Month 6 £000
Deputy Chief Executive's Office	0	0	0
Finance and Resources	+154	+127	+27
Recovery Plan Savings	-154	-127	-27
<b>Central Services - Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Finance & Resources: £154k pressure (£27k adverse movement)

2. The Finance & Resources Directorate budgets are projecting a pressure of £154k at Month 7, an adverse movement of £27k on last month's projections.
3. This is due to ongoing gross pressures within Corporate Property Services, totalling £233k, as set out below:
  - There is an ongoing pressure on income streams from commercial properties of £176k, due to a number of vacant tenancies in the Warnford Industrial Estate (£108k), 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 (£39k).
  - There is an anticipated shortfall of £39k 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 £18k on the cost of maintaining and keeping secure surplus properties prior to their disposal.
4. These pressures are netted down by savings totalling £79k, which relate to the following:
  - Additional income of £51k from leases within the General Corporation Estate
  - A saving of £28k due to a negotiated reduction in the cost of a number of Civic Centre Service Contracts.

### Recovery Plan Savings: £154k target (£27k adverse)

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: £24,053k underspend (£3,663k improvement)**

1. The overall Capital Programme budget is projecting an underspend of £24,053k as at Month 7 (£20,390k Month 6), an increase of £3,663k on Month 6 reported projections.
2. Expenditure to Month 7 across the whole capital programme is £35,444k (£29,502k Month 6) which equates to 34% of the programme. Further detail is provided below for each individual department.

## **HRA: £889k underspend (£500k Improvement)**

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

<b>Capital Schemes 2009/10</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Budget Released</b>	<b>Capital Spend Month 7</b>	<b>Actual % of Revised Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£' 000</b>	<b>£' 000</b>	<b>Y/N</b>	<b>£' 000</b>	<b>%</b>	<b>£' 000</b>	<b>£' 000</b>
Capital Works	10,000	9,762	Y	4,234	43%	9,762	0
Estates Improvements	1,125	1,125	Y	0	0%	445	-680
Cash Incentive Scheme	100	100	Y	75	75%	100	0
New Build – Redevelopment	290	330	N	0	0%	120	-210
New Build – Long Lane	0	30	Y	0	0%	31	1
Other Projects	230	300	Y	34	11%	300	0
Townfield Community Centre	0	660	Y	455	69%	660	0
<b>HRA – Total</b>	<b>11,745</b>	<b>12,307</b>		<b>4,798</b>	<b>39%</b>	<b>11,418</b>	<b>-889</b>

4. Expenditure to date is £4,798k out of a revised budget of £12,307k, which accounts for 39% 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 £680k comprises of £180k on Estate Improvements on Triscott House and a further £500k has been reported in month 7. This relates to £500k underspend from period 6 forecast as a result of slippage on the HRA Estates Improvement project as a result of a planning requirement not originally forecasted has pushed back the project 13 weeks to 2010/2011.

## Adult Social Care, Health and Housing: £1,128k underspend (£347k improvement)

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

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 7	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
<b>100% Grant Funded</b>							0
PSRSG for WL Empty Property Grant	0	1,867	Part	573	31%	1,507	-360
Mental Health – Mead House	114	363	Y	10	3%	363	0
Improving Care Homes Environment for OP	0	3	Y	0	0%	3	0
<b>ASC,H&amp;H (Non HRA – 100% Grant Funded) – Total</b>	<b>114</b>	<b>2,233</b>		<b>583</b>	<b>26%</b>	<b>1,873</b>	<b>-360</b>
<b>Non-Grant Funded</b>							0
Disabled Facilities Grants	2,040	2,017	Y	1,819	90%	2,017	0
Private Sector Renewal Grants	390	390	Y	111	28%	390	0
LDA Energy Efficiency Grant	0	125	N	0	0%	125	0
Colne Park Caravan Sites	302	374	Part	4	1%	78	-296
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
Improving Information Management and ESCR	218	735	Part	301	41%	735	0
Enabling Electronic Social Care Record	100	276	Y	155	56%	276	0
Learning Disability Modernisation Programme	243	375	N	0	0%	60	-315
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
<b>ASC,H&amp;H (Non HRA – Non Grant Funded) – Total</b>	<b>3,601</b>	<b>4,670</b>		<b>2,390</b>	<b>51%</b>	<b>3,802</b>	<b>-868</b>
<b>ASC,H&amp;H – Total</b>	<b>3,715</b>	<b>6,903</b>		<b>2,973</b>	<b>43%</b>	<b>5,675</b>	<b>-1,228</b>

8. Expenditure to date is £2,973k out of a revised budget of £6,903k, (£6,590k in month 6), which accounts for 43% of the total programme budget. The budget has been increased to include the £125k for LDA Energy Efficiency Grant, £170k for Improving Information Management (£30k grant, £140 revenue contribution) and £18k revenue contribution to Mental Health - Mead House.
9. The projected underspend of £360k relates to the West London Empty Property Improvement grants. These are fully externally resourced grants from the London Mayor's targeted funding stream and the West London Partnership. The project is expected to spend in full. Further funding streams from West London get activated by other boroughs' underspends, £860k of this has been secured. £573k has been spent to the end of October, 38% of the Empty & Better homes forecast. A £360k underspend to budget is being projected as the funding amount of £860k was the maximum expected available amount to the authority from other boroughs underspend, but it is very unlikely that LBH would be able to find, approve and verify all the additional £1.3m to use up other boroughs underspend. Hence the £360k drop in forecast. The underspends from other boroughs can not be carried forward into 2010/2011.
10. The projected underspend of £868k relates primarily to a delay in the refurbishment of Colne Park Caravan Site (£296k), which is anticipated to slip into 2010/11 and the Learning Disability

Modernisation Programme (£315k), the Colne Park Caravan Site has reported a minor outturn change in month 7 of £22k.

11. The Purchase of Benefits customer self service facilities is reporting a reduced outturn of £121k in 2009/10 and £54k in 2010/11 on the £225k budget. A single tender process due to software compatibility issues has resulted in an underspend on total budget of £50k being projected.

### Environment and Consumer Protection: **£120k Underspend (£455 Improvement)**

12. 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 7	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Highways Improvements	1,358	1,358	Part	105	8%	1,358	0
<b>Cabinet Member Initiatives – Highways</b>							
Road Safety	250	250	Part	1	0%	250	0
Traffic Congestion Mitigation	200	200	N	0	0%	10	-190
Street Lighting	300	300	Part	35	12%	300	0
<b>Cabinet Member Initiatives - Parks &amp; Streetscene</b>							
Green Spaces Strategy	250	250	Part	145	58%	250	0
Street Scene	250	250	N	-34	-14%	250	0
<b>Cabinet Member Initiatives – Improvement, Partnerships &amp; Community Safety</b>							
Breakspear Crematorium	1,700	1,876	Y	1,714	91%	1,916	40
Car Park Schemes	200	200	Y	0	0%	200	0
Ruislip Lido	0	18	Y	18	100%	18	0
Hillingdon First – Parking Meters	0	192	Y	150	78%	192	0
Other Schemes - Public Conveniences	0	185	Y	181	98%	215	30
<b>E&amp;CP – Sub Total</b>	<b>4,508</b>	<b>5,079</b>		<b>2,315</b>	<b>46%</b>	<b>4,959</b>	<b>-120</b>
BSP funded by Transport for London	3,685	3,932	Y	1,676	43%	3,932	0
<b>TFL (100% Grant Funded) – Sub Total</b>	<b>3,685</b>	<b>3,932</b>		<b>1,676</b>	<b>43%</b>	<b>3,932</b>	<b>0</b>
<b>E&amp;CP – Total</b>	<b>8,193</b>	<b>9,011</b>		<b>3,991</b>	<b>44%</b>	<b>8,891</b>	<b>-120</b>

13. Expenditure to date is £3,991k out of a budget of £9,011k, which accounts for 44% of the total programme budget. Two schemes have yet to be released and four have received partial release. Expenditure incurred on these schemes in 2009/10 relates to programmes of works that started in 2008/09.

14. The Council budget has been increased by £455k on the Local Improvement Plan funded by Transport for London projects relates to the conclusion of all third party applications relating to works funded and undertaken during the 2008-2009 programme. These costs have been recovered from TfL.

15. The majority of the expenditure to date has been incurred on Breakspear Crematorium (£1,584k), where the project is expected to be completed by the end of the calendar year. A pressure of £40k was identified in Month 6 which will be funded out of under spends on other schemes in ECP declared.

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. £415k was released in October 2009

### Education and Children's Services: £11,741k underspend (£941k 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	Capital Spend Month 7	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
<b>100% Grant/Externally Funded</b>							0
Early Years Foundation Stage – Surestart	0	282	Part	290	103%	282	0
Extended Schools	606	773	Y	151	20%	335	-438
Extension of Nursery Care / Education	1,854	1,249	Part	24	2%	738	-511
Formula Capital Devolved to Schools	6,388	8,193	N/A	2,007	24%	4,523	-3,670
Guru Nanak - Expansion 2010	3,000	2,886	Y	1,873	65%	2,886	0
Home Access for Targeted Groups	0	90	Y	71	79%	90	0
Information Systems – Every Child Matters	0	41	Y	41	100%	41	0
ISPP Project (Parents & Providers)	0	24	Y	24	100%	24	0
Pathfinder (Playgrounds)	0	530	Part	0	0%	415	-115
Pinkwell	0	709	Y	0	0%	30	-679
Primary Capital Programme	3,893	2,975	N	0	0%	2,975	0
Rosedale College S106 – only	26	26	Y	0	0%	26	0
Ruislip High School	0	60	Y	0	0%	60	0
School travel Plans	112	203	Y	11	5%	77	-126
Schools Kitchens	594	994	Part	0	0%	994	0
Specialist Schools	0	293	Y	204	70%	293	0
Surestart - AHDC short breaks	157	157	Y	0	0%	105	-52
Vehicle Workshops - West Drayton Young Peoples Centre	0	94	N/A	0	0%	94	0
Investment in Young People's Facilities	0	167	Part	7	4%	167	0
<b>Total 100% Grant/Externally Funded</b>	<b>16,630</b>	<b>19,746</b>		<b>4,703</b>	<b>24%</b>	<b>14,155</b>	<b>-5,591</b>
<b>Non Grant Funded</b>							0
Expansion Haydon	726	930	Y	379	41%	930	0
School Improvement Programme	2,000	4,203	Part	359	9%	1,875	-2,328
School Places Provision (Basic Needs)	3,757	3,757	Part	5	0%	200	-3,557
Schools Access Programme	500	500	Part	55	11%	235	-265
<b>Total 100% Non Grant Funded</b>	<b>6,983</b>	<b>9,390</b>		<b>798</b>	<b>8%</b>	<b>3,240</b>	<b>-6,150</b>
<b>E&amp;CS – Total</b>	<b>23,613</b>	<b>29,136</b>		<b>5,501</b>	<b>19%</b>	<b>17,395</b>	<b>-11,741</b>

18. Expenditure to date is £5,501k out of a budget of £29,136k (£29,232k month 6), which accounts for 19% of the total programme budget. The budget has been amended to reflect the virement of £267k from E&CS to MCP - DCEO for Ruislip High School, the additional £77k grant for School

Travel Plans and the £94k for the Section 106 allocated to Vehicle Workshops - West Drayton Young Peoples Centre.

19. The budget for the Schools Travel Plans has been increased by £77k which is the current year's allocation. The outturn has decreased to reflect information on the quarterly return from schools for the current year.
20. The outturn for the School Improvement Programme has decreased to reflect information on the quarterly return from schools for the current year.
21. There is a delay in release of funding for the Primary Capital Programme. This is a ring fenced grant which may be subject to clawback if unspent by Standards Fund deadlines (i.e. August 2010 for the first tranche). It is expected that the majority of spend on the Longmead project will fall into 2009/10 and 2010/11, as relevant Section 106 funding will be utilised first. This means an expected slippage around £2.8m will be added to 2010/11.

**Planning and Community Services: £651k underspend (£268k improvement)**

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

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
<b>100% Grant/Externally Funded</b>							<b>0</b>
SSCF	0	100	Y	9	9%	100	0
S106/S278 Schemes	411	411	Y	174	42%	246	-165
Botwell Multi Use Games Area		250	Part	6	2%	100	-150
NLDC	0	10	Y	9	90%	10	0
<b>Total 100% Grant/Externally Funded</b>	<b>411</b>	<b>771</b>		<b>198</b>	<b>26%</b>	<b>456</b>	<b>-315</b>
<b>Non Grant Funded</b>							<b>0</b>
Assisted Funding	150	150	N	16	11%	32	-118
Libraries Refurbishment	1,500	1,500	Y	551	37%	1,500	0
Voltage Optimisation Equipment	40	40	N	0	0%	40	0
CCTV Programme	250	250	Part	0	0%	32	-218
<b>Total Non Grant Funded</b>	<b>1940</b>	<b>1940</b>		<b>567</b>	<b>29%</b>	<b>1604</b>	<b>-336</b>
<b>P&amp;CS – Total</b>	<b>2,351</b>	<b>2,711</b>		<b>765</b>	<b>28%</b>	<b>2,060</b>	<b>-651</b>

23. Expenditure to date is £765k out of a budget of £2,711k, which accounts for 28% of the total programme budget.
24. The projected underspend of £150k on the Botwell Multi Use Games Area relates to slippage and the £150k will be spent in 2010.
25. The Assisted Funding outturn has been reduced to reflect current estimates and releases. An under spend of £118k is reported in month 7.
26. The projected underspend of £218k on the CCTV Programme is due to programme delays and expected to be spent in 2010

**Major Construction Projects: £3,409k underspend (£97k improvement)**

27. A summary of the programme for Major Construction Projects is shown below:

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget Y/N	Capital Spend Month 7 £' 000	Actual % of Revised Budget %	Forecast Outturn 2009/10 £' 000	Forecast Outturn 2010/11 £' 000	Forecast Variance 2009/10 £' 000	Forecast Variance Total Project £' 000
<b>Planning and Community Services</b>								
Brookfield – Second Floor	0	264	175	66%	256	6	-8	-2
Hillingdon Sports and Leisure Centre	8,707	8,468	4,611	54%	8,372	346	-96	+250
Botwell Green (including Gymnastics Centre )	8,645	10,346	6,749	65%	10,621	390	+275	+665
Boxing Club	0	0	35	No Budget	41	0	+41	+41
Minet Cycle Club	250	250	0	0%	250	0	0	0
Queensmead Fitness Centre Refurbishment	80	80	0	0%	30	50	-50	0
<b>Education and Children's Services – 100% Grant/Externally Funded</b>								
Children's Centres – Phase 2	2,075	1,645	2,411	147%	1,864	215	+219	+434
Children's Centres – Phase 3	0	2,473	135	5%	1,200	2,086	-1,273	-434
Longmead	2,323	3,103	149	5%	1,250	1,350	-1,853	-503
Pinkwell New Classrooms	1,199	400	280	70%	391	9	-9	0
<b>Education and Children's Services – Non Grant Funded</b>								
Harefield School Nursery	52	1,247	0	0%	1,247	0	0	0
Glebe Primary School	0	229	186	81%	229	6	0	+6
Heathrow Primary	0	181	6	3%	172	9	-9	0
Ruislip High School	0	308	22	7%	308	0	0	0
Targeted Capital - Oak Farm	45	398	0	0%	398	0	0	0
Targeted Capital - Uxbridge High	1,180	1,247	1,111	89%	1,497	107	+250	+357
New Young People's Centre	3,010	2,999	198	7%	2,000	999	-999	0
<b>Finance &amp; Resources</b>								
Farm Barns	15	15	0	0%	10	0	-5	-5
<b>Environment and Consumer Protection</b>								
New Years Green Lane Civic Amenity Site	1,600	1,600	53	3%	400	3,800	-1,200	+2,600
Arundel Road Development HIP	0	30	0	0%	30	0	0	0
<b>Major Construction Projects – Total</b>	<b>29,181</b>	<b>35,283</b>	<b>16,121</b>	<b>46%</b>	<b>30,566</b>	<b>9,373</b>	<b>-4,717</b>	<b>+3,409</b>

28. Expenditure to date is £16,121k out of a budget of £35,283k, which accounts for 46% of the total programme budget. The budget has increased from £34,785k in Month 6, this is due to £267k of Section 106 being vired from ECS to Ruislip High School – MCP .

29. There are a number of variances currently being reported, which are explained in more detail below:

(a) **Hillingdon Sports and Leisure** – This project is projecting an overspend of £250k, however the outturn for 2009/10 has been reduced by £96k due to £346k now being projected as being required in 2010/11 (Scheme will still open in the current year though).



(b) **Botwell Green** – This project is projecting an overspend of £665k, £275k of which is projected to occur in 2009/10. A new allocation £201k Section 106 funding has been allocated to this scheme and is included in the budget above.

(c) **Children's Centres Phase 2** – Of the projected overspend of £434k, it has been identified that £219k will occur in 2009/10 and £215k in 2010/11. It has been established that the overspend will be contained in the overall Children's Centre Scheme (Phase 3).

(d) **Ruislip High** – Section 106 funding £267k has been vired to this project to cover the overspend.

**Central Services: £39k underspend (£253k adverse)**

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

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 7	Actual % of Revised Budget	Forecast Outturn	Forecast Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Leader's Initiative	200	200	N	0	0%	161	-39
Chrysalis	1,000	1,000	Y	378	38%	1,000	0
Town Centre Initiative	325	325	N	0	0%	325	0
HIP Projects	600	370	N	0	0%	370	0
<b>DCE - Total</b>	<b>2,125</b>	<b>1,895</b>		<b>378</b>	<b>20%</b>	<b>1,856</b>	<b>-39</b>
ICT Asset Management Strategy	500	500	Part	6	1%	454	-46
ICT Works at the Crematorium	0	97	Y	19	20%	106	+9
Victoria Hall	0	63	Y	51	81%	63	0
Manor Farm	0	0	Y	46	No Budget	350	+350
Hillingdon First Card	182	200	Y	200	100%	200	0
Property Enhancement Programme	500	321	Part	26	8%	321	0
Property Enhancement Programme Contingency	0	179	N	0	0%	179	0
YOT Consolidation Link 1A/Cashiers	372	413	Y	121	29%	360	-53
Civic Centre Electrical Works	2	55	Y	362	658%	395	+340
Civic Centre Security Improvements	236	236	Part	22	9%	35	-201
Civic Centre - Photovoltaic Cells	34	34	Y	34	100%	34	0
Civic Centre Enhancements	750	750	Part	30	4%	348	-402
Civic Centre Boilers	0	50	Y	0	0%	53	+3
<b>F&amp;R - Total</b>	<b>2,576</b>	<b>2,898</b>		<b>917</b>	<b>32%</b>	<b>2,898</b>	<b>0</b>
<b>Central Services - Total</b>	<b>4,701</b>	<b>4,793</b>		<b>1,295</b>	<b>27%</b>	<b>4,754</b>	<b>-39</b>

30. Expenditure to date is £1,295k out of a revised budget of £4,793k, which accounts for 27% of the total programme budget.

31. The forecast for the Deputy Chief Executive's Office capital programme in month 7 is a £39k underspend in the current financial year. It is anticipated that this budget may be committed in 2009/10 and required in 2010/11.

32. £30k has been release from HIP for Arundel Road Development, this budget has been moved to MCP. This virement is included in the month 7 monitoring and is therefore shown above with £30k reduction to the DCEO budget.

33. The forecast for Finance & Resources capital programme has a number of variances identified, which relate to the following schemes:

- a. ICT Asset Management Strategy has identified schemes totalling £454k, therefore the outturn has been reduced accordingly. Three schemes are still subject to release.
- b. The £340k overspend on the Civic Centre Electrical Works (£300k in month 6) 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. This overspend is currently being contained within the Civic Centre Enhancements budget, which has received release of part of its budget in October 2009, which included £300k.
- c. The outturn for the Property Enhancement Programme has been released and the projected outturn is £346k. The Property Enhancement Programme contingency has been identified separately this month in the above table.
- d. It has been identified that a new 1500kwh generator would be required to support the civic centre in case of electrical supply failure. A report has been drafted for contingency allocation, to ensure critically services could continue to be provided.

**Capital Contingency: £3,297k underspend (£65k adverse)**

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

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 7 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
Programme Contingency	3,196	3,196	0	0%	+956	-2,240
Contingency	1,500	1,472	0	0%	+415	-1,057
<b>Contingency - Total</b>	<b>4,696</b>	<b>4,668</b>	<b>0</b>	<b>0%</b>	<b>1,371</b>	<b>-3,297</b>

35. The forecast outturn of £1,371k (£1306k, Month 6) assumes that all of the pressures identified below will need to be funded from the contingency.

Calls on Contingency from existing programme	Funding	Revised Budget £'000	Actual Spend (incl accruals) £'000	Forecast Outturn (Month 7) £'000	Variance 2009-10 £'000	Variance 2010-11 £'000	Variance £'000
<b>Programme contingency</b>							
Boxing Club	Council	0	35	41	+41	0	+41
Hillingdon Sports and Leisure Development	Council	8,468	4,611	8,372	-96	+346	+250
Leisure Development - Botwell Green, Hayes	Council	10,346	6,749	10,621	+275	+390	+665
<b>Sub Total</b>		<b>18,814</b>	<b>11,395</b>	<b>19,034</b>	<b>+220</b>	<b>+736</b>	<b>+956</b>
<b>General contingency</b>							
Manor Farm	Council	0	46	350	+350	0	+350
Douay Martyrs - Drama, 6th form common rooms	Council			65	+65	0	+65
<b>Sub Total</b>		<b>0</b>	<b>46</b>	<b>410</b>	<b>+415</b>	<b>0</b>	<b>+415</b>
<b>Total</b>		<b>18,814</b>	<b>11,441</b>	<b>19,444</b>	<b>+635</b>	<b>+736</b>	<b>+1,371</b>

36. The projected overspend for Manor Farm is due to outstanding claims by the contractor not having been finalised. Officers believe that this figure will be reduced as negotiations near resolution.

37. The Table below details the forecast call on the contingency budgets including those requested in this report.

Potential calls on Capital Contingency	Budget	Actual Spend	Forecast funding	Month 7 Requested	Projected Total
	£'000	£'000	£'000	£'000	£'000
<b>Programme contingency</b>					
<b>Highways/Footpaths/Lighting</b>	600			0	0
<b>Priority Projects</b>	400			0	0
<b>Purchase of Vehicles</b>	1196			471	471
<b>Sports Projects</b>	1000				0
Boxing Club	0	35	41	0	41
Hillingdon Sports and Leisure Development	0	0	250	0	250
Leisure Development - Botwell Green, Hayes	0	0	750	0	750
<b>Sub Total</b>	<b>3,196</b>	<b>35</b>	<b>1,041</b>	<b>471</b>	<b>1,512</b>
<b>General contingency</b>	1500				
Harmondsworth Dog Free Mini Football Area				70	70
Ruislip Lido Toilets				100	100
Douay Martyrs - Drama, 6th form common rooms		0	65	65	65
Manor Farm	0	46	350	0	350
<b>Sub Total</b>	<b>1,500</b>	<b>46</b>	<b>415</b>	<b>235</b>	<b>640</b>
<b>Total</b>	<b>4,696</b>	<b>81</b>	<b>1,456</b>	<b>701</b>	<b>2,152</b>

## **APPENDIX B – Treasury Management Report**

1. The following information is provided to update you on the activities on the Treasury function for the month of October.
2. As at 31 October 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 - Average Rate of Return on Deposits: 1.80%**

	<b>Actual £m</b>	<b>Actual %</b>	<b>Bench- mark %</b>
Up to 1 Month	16.8	26.37	50.00
1-2 Months	0.0	0.00	10.00
2-3 Months	6.0	9.42	10.00
3-6 Months	18.3	28.73	25.00
6-9 Months	5.0	7.85	5.00
9-12 Months	0.0	0.00	0.00
12-18 Months	0.0	0.00	0.00
18-24 Months	0.0	0.00	0.00
<b>Subtotal</b>	<b>46.1</b>	<b>72.37</b>	<b>100</b>
Unpaid Maturities	17.6	27.63	0.00
<b>Total</b>	<b>63.7</b>	<b>100</b>	<b>100</b>

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 October fixed-term deposits 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.

### **Outstanding Debt - Average Interest Rate on Debt: 4.05%**

	<b>Actual £m</b>	<b>Actual %</b>
PWLB	114.6	70
Long-Term Market	48.0	30
Temporary	0	0
<b>Total</b>	<b>162.6</b>	<b>100</b>

6. No loans matured during October. However £10m of debt was repaid prematurely. These actions were completed at a premium of £191k, but will reduce financing costs for 2009/10.

### **Ongoing Strategy**

7. Longer-term investments are already in place so the current strategy will be to ensure short-term balances remain high to provide liquid funds for future cash flow commitments. Due to the early repayment of debt temporary short term borrowing will be required in November.
8. Over the coming months opportunities for repayment and restructuring debt will continue to be monitored.