

# COUNCIL BUDGET - MONTH 8 2009/10

## REVENUE AND CAPITAL MONITORING

|                           |                                      |
|---------------------------|--------------------------------------|
| <b>Cabinet Member</b>     | Councillor Jonathan Bianco           |
| <b>Cabinet Portfolio</b>  | Finance and Business Services        |
| <b>Report Author</b>      | Paul Whaymand, Finance and Resources |
| <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 8 (November).</p> <p>The in year revenue position on normal activities is forecast as being £14k less net expenditure than budgeted, an adverse movement of £499k on the Month 7 position. However, exceptional items remain unchanged with a favourable variance of £1,245k. The net consequence to date is the overall revenue position forecast is £1,259k less net expenditure than the revised budget, an adverse movement of £499k on Month 7.</p> <p>Total forecast capital expenditure for the year is estimated to be £81,319k (£80,759k), which is £23,876k less than the latest budget and £560k more than that forecast in Month 7.</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 8.
2. Notes the treasury management update in Appendix B.
3. Agrees to fund £5k for the accessibility event from unallocated non specific growth

### 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 £14k less net expenditure than budgeted, an adverse movement of £499k on the Month 7 position. This is primarily due to a continued adverse trend in the demand for Mental Health and Older People services and an adverse movement in projected development control and building control income.
4. However, exceptional items still have a favourable variance due to the results of the review of creditor provisions in the balance sheet which 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 £1,259k less net expenditure than the revised budget, an adverse movement of £499k on Month 7.
5. The most significant pressures for which contingency provides are in relation to Asylum spend, Transitional Children, Homelessness and Mental Health pressures. At Month 8 these pressures are forecast to be £1,614k more than the contingency budget provides, no change from month 7. As previously reported 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 8 show an adverse variance of £227k, an adverse movement of £124k on Month 7.
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. The additional £694k of balances in excess of the £12,000k target level of balances brought forward into 2009/10 was earmarked for potential business efficiency investment. £200k of this sum was allocated to assist the Business Improvement Delivery (BID) project in month 7. 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 £1,259k are £13,259k.

## B) Capital

10. Total forecast capital expenditure for the year is estimated to be £81,319k (£80,759k Month 7), £23,876k less than the latest budget. This month's increase is primarily due to the release of projects from the contingency. 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 the slippage on the programme is a £ 3,113k decrease in the forecast use of unsupported borrowing, from £30,351k to £27,238k. In addition, the supported borrowing forecast has decreased by £5,916k from £9,176k to £3,260k.

## 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<br>Original<br>Budget | Budget<br>Changes |  | 2009/10<br>(As at Month 8) |                | Variances (+ adv/- fav)        |                                |                           |
|-------------------------------|-------------------|--|----------------------------|----------------|--------------------------------|--------------------------------|---------------------------|
|                               |                   |  | Current<br>Budget          | Forecast       | Variance<br>(As at<br>Month 8) | Variance<br>(As at<br>Month 7) | Change<br>from<br>Month 7 |
| £'000                         | £'000             |  | £'000                      | £'000          | £'000                          | £'000                          | £'000                     |
| 217,419                       | -5,649            | Directorates Budgets<br>on normal activities | 211,770                    | 211,876        | +106                           | -393                           | +499                      |
| -25,844                       | 4,649             | Corporate Budgets on<br>normal activities    | -21,195                    | -21,315        | -120                           | -120                           | 0                         |
| <b>191,575</b>                | <b>-1,000</b>     | <b>Sub-total Normal<br/>Activities</b>       | <b>190,575</b>             | <b>190,561</b> | <b>-14</b>                     | <b>-513</b>                    | <b>+499</b>               |
| 1,210                         | 0                 | Exceptional Items -<br>Asylum                | 1,210                      | 3,040          | +1,830                         | +1,830                         | 0                         |
|                               | 1,000             | In-year recovery<br>savings                  | 1,000                      | 0              | -1,000                         | -1,000                         | 0                         |
|                               | 0                 | Creditors review                             |                            | -2,075         | -2,075                         | -2,075                         | 0                         |
| <b>1,210</b>                  | <b>1,000</b>      | <b>Sub-total<br/>Exceptional Items</b>       | <b>2,210</b>               | <b>965</b>     | <b>-1,245</b>                  | <b>-1,245</b>                  | <b>0</b>                  |
| <b>192,785</b>                | <b>0</b>          | <b>Total net expenditure</b>                 | <b>192,785</b>             | <b>191,526</b> | <b>-1,259</b>                  | <b>-1,758</b>                  | <b>+499</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>2,281</b>   | <b>-1,259</b>                  | <b>-1,758</b>                  | <b>+499</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<br/>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>-13,259</b> | <b>-1,259</b>                  | <b>-1,758</b>                  | <b>+499</b>               |

## Directorates' Forecast Expenditure Month 8

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<br>Original<br>Budget | Budget<br>changes | 2009/10<br>Current<br>Budget<br>(as at<br>Month<br>8) | Directorate                             | 2009/10<br>Forecast<br>(as at<br>Month 8) | Variances (+ adv/- fav)        |                                |                              |
|-------------------------------|-------------------|---|---|---|--------------------------------|--------------------------------|------------------------------|
|                               |                   |   |   |   | Variance<br>(As at<br>Month 8) | Variance<br>(As at<br>Month 7) | Change<br>from<br>Month<br>7 |
| £'000                         | £'000             | £'000   |   | £'000                                     | £'000                          | £'000                          | £'000                        |
| 84,879                        | -1,549            | 83,330  | Adult Social Care, Health & Housing     | 83,717                                    | +387                           | +12                            | +375                         |
| 37,274                        | -1,294            | 35,980  | Environment & Consumer Protection       | 35,980                                    | 0                              | 0                              | 0                            |
| 57,577                        | -2,722            | 54,855  | Education & Children's Services         | 54,855                                    | 0                              | 0                              | 0                            |
| 13,810                        | -652              | 13,158  | Planning & Community Services           | 13,283                                    | +125                           | +125                           | 0                            |
| 15,179                        | 1,165             | 16,344  | Central Services                        | 16,344                                    | 0                              | 0                              | 0                            |
| 6,900                         | -40               | 6,860   | Developments Contingency                | 6,644                                     | -216                           | -340                           | +124                         |
| 0                             | 0                 | 0   | Pay Award                               | -190                                      | -190                           | -190                           | 0                            |
| 1,800                         | -557              | 1,243   | Growth to be allocated                  | 1,243                                     | 0                              | 0                              | 0                            |
| <b>217,419</b>                | <b>-5,649</b>     | <b>211,770</b>  | <b>Sub-Total</b>                        | <b>211,876</b>                            | <b>+106</b>                    | <b>-393</b>                    | <b>+499</b>                  |
|                               |                   |   | <b>Exceptional items:</b>               |   |                                |                                |                              |
| 1210                          | 0                 | 1,210   | Exceptional pressure:<br>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                         | -2,075                         | 0                            |
| <b>1,210</b>                  | <b>1,000</b>      | <b>2,210</b>  | <b>Sub-Total</b>                        | <b>965</b>                                | <b>-1,245</b>                  | <b>-1,245</b>                  | <b>0</b>                     |
| <b>218,629</b>                | <b>-4,649</b>     | <b>213,980</b>  | <b>Total</b>                            | <b>212,841</b>                            | <b>-1,139</b>                  | <b>-1,638</b>                  | <b>+499</b>                  |

15. **Adult Social Care, Health & Housing** are projecting **a pressure of £387k** as at Month 8, an adverse movement of £375k. This is due to a continuation in the trend for an increasing demand pressure on Mental Health and Older Peoples Services which are now forecasting pressures of £504k and £344k respectively. 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 8 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. There is also now a pressure being forecast in the Street scene locality team due to the enhanced scheme activity. Savings are forecast in Waste Disposal (£200k), Trade waste (£40k) and Off-Street Car parking (£33k) which offset these pressures. 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 8 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 (£2,483k) and Exhausted All Appeal cases (£557k) which are being treated as contingency items. The Month 8 forecast for asylum represents a pressure of £1,830k on the contingency budget assumptions, no change from month 7.
18. **Planning & Community Services** are projecting a **pressure of £125k** as at Month 8 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 (£475k), Building Control (£175k) and Land Charges (£750k) income and Golf (£262k) for which contingency provides. In total there is currently a forecast pressure of £227k on these contingency funded items, an adverse movement of £124k on month 7.
19. **Central Services** are forecasting a **nil variance** as at Month 8. There are gross pressures totalling £199k 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 £45k on income from the hire of the Middlesex Suite and a pressure of £18k due to maintaining and keeping secure surplus properties prior to their disposal.
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 7. However, overall exceptional items are still being forecast as a favourable variance overall of £1,245k following the 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 budgeted to be met from balances. Table 3 shows the amounts that have been allocated or committed as at Month 8.

**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                   |               | 2,483                     | +1,823                         |
| Asylum Exhausted All Appeals                                  | 550                   |               | 557                       | +7                             |
| 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                   |               | 475                       | +125                           |
| Building Control Income                                       | 108                   |               | 175                       | +67                            |
| 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>+9,724</b>             | <b>+1,614</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 £1,614k on the contingency budget. If the asylum pressure were excluded there would be an underspend of £216k 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), a £47k adverse variance. The pressure on the non EAA element of Asylum (£1,823k) 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 (£557k) represents a favourable variance of £47k.

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 8 they are projected as being £227k more than provided within contingency. Development control income is forecast as a gross pressure of £475k, £125k 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 £175k, £67k above that provided for within contingency based on a reduction in income of 14% 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 8 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, £262k for Golf income and £120k for legal costs.

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

29. £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.
30. 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>                          | <b>700</b>            |                          |                    | <b>700</b>         |
| Christmas parking concessions                                   |                       | 45                       |                    | <b>-45</b>         |
| Accessibility event   |                       | 5                        |                    | <b>-5</b>          |
| <b>Balance of unallocated growth</b>                            | <b>700</b>            | <b>50</b>                | <b>0</b>           | <b>650</b>         |
| <b>Total</b>  | <b>1,500</b>          | <b>312</b>               | <b>278</b>         | <b>910</b>         |

31. 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.
32. Cabinet agreed to fund £45k of costs associated with Christmas parking concessions for Hillingdon First card holders from the £700k unallocated non specific growth. The sum will be allocated once the final cost of the scheme is known.
33. There is also a recommendation to fund £5k for the accessibility event to be held in February.
34. As at Month 8 there is an estimated £260k remaining from the HIP initiatives budget, and £650k of unallocated non-specific priority growth budget. The Month 8 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 8.

**Table 5**

| 2009/10<br>Original<br>Budget | Budget<br>Changes | 2009/10<br>Current<br>Budget<br>(as at<br>Month<br>8) | Corporate Budgets            | 2009/10<br>Forecast<br>Outturn<br>(as at<br>Month 8) | Variances (+ adv/- fav)        |                                |                           |
|-------------------------------|-------------------|---|------------------------------|--|--------------------------------|--------------------------------|---------------------------|
|                               |                   |   |                              |  | Variance<br>(As at<br>Month 8) | Variance<br>(As at<br>Month 7) | Change<br>from<br>Month 7 |
| £'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<br>Adjustment | 3,709  | 0                              | 0                              | 0                         |
| -24,703                       | 0                 | -24,703   | Asset Management<br>A/c      | -24,703  | 0                              | 0                              | 0                         |
| -11,965                       | -13               | -11,978   | Corporate Govt<br>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 November 2009 is now £105,195k (£104,812k Month 7). The increase in this month's budget is due to a number of additions, these comprise a £350k grant for Minet Cycle Club house, £15k contributions from Minet Cycle Club and £18k of residents contributions towards alleygating schemes in the Chrysalis programme.

### Current Year Expenditure

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

**Table 6**

| Groups                              | Original Budget<br>£'000 | Revised Budget<br>£'000 | Capital Spend Month 8<br>£'000 | Actual Spend % of Revised Budget % | Forecast outturn<br>£'000 | Variance<br>£'000 |
|-------------------------------------|--------------------------|-------------------------|--------------------------------|------------------------------------|---------------------------|-------------------|
| Adult Social Care, Health & Housing | 3,715                    | 6,903                   | 3,357                          | 49%                                | 5,288                     | -1,615            |
| Environment & Consumer Protection   | 8,193                    | 9,482                   | 4,772                          | 50%                                | 8,953                     | -529              |
| Education & Children's Services     | 23,613                   | 29,101                  | 5,619                          | 19%                                | 17,468                    | -11,633           |
| Planning & Community Services       | 2,351                    | 2,781                   | 1,146                          | 41%                                | 2,331                     | -450              |
| Finance & Resources                 | 2,576                    | 2,898                   | 1,027                          | 35%                                | 2,980                     | +82               |
| Deputy Chief Executive              | 2,125                    | 1,913                   | 384                            | 20%                                | 1,914                     | +1                |
| Major Construction Projects         | 29,181                   | 35,948                  | 18,730                         | 52%                                | 30,917                    | -5,031            |
| <b>Group Total</b>                  | <b>71,754</b>            | <b>89,026</b>           | <b>35,035</b>                  | <b>39%</b>                         | <b>69,851</b>             | <b>-19,175</b>    |
| Recovery from Contingency           |                          |                         |                                |                                    | -1,391                    | -1,391            |
| Programme Contingency               | 3,196                    | 2,725                   | 0                              | 0%                                 | 1,000                     | -1,725            |
| Contingency                         | 1,500                    | 1,137                   | 0                              | 0%                                 | 391                       | -746              |
| <b>Contingency Total</b>            | <b>4,696</b>             | <b>3,862</b>            | <b>0</b>                       | <b>0%</b>                          | <b>0</b>                  | <b>-3,862</b>     |
| HRA                                 | 11,745                   | 12,307                  | 5,562                          | 45%                                | 11,468                    | -839              |
| <b>Total</b>                        | <b>88,195</b>            | <b>105,195</b>          | <b>40,597</b>                  | <b>39%</b>                         | <b>81,319</b>             | <b>-23,876</b>    |

40. A summary of the programme for the Major Construction Projects is shown below in more detail:

| MCP Group                              | Original Budget<br>£'000 | Revised Budget<br>£'000 | Capital Spend Month 8<br>£'000 | Actual Spend % of Revised Budget % | Forecast outturn 2009/10<br>£'000 | Variance 2009/10<br>£'000 | Forecast Variance 2010/11<br>£'000 | Variance Total<br>£'000 |
|--|--------------------------|-------------------------|--------------------------------|------------------------------------|-----------------------------------|---------------------------|------------------------------------|-------------------------|
| Planning & Community Services Projects | 17,682                   | 19,873                  | 13,015                         | 65%                                | 19,821                            | -52                       | +1,091                             | +1,039                  |
| Education & Children's Projects        | 9,884                    | 14,330                  | 5,588                          | 39%                                | 10,556                            | -3,774                    | +5,051                             | +30                     |
| Finance and Resources Projects         | 15                       | 15                      | 0                              | 0%                                 | 10                                | -5                        | 0                                  | -5                      |
| Environment Projects                   | 1,600                    | 1,630                   | 127                            | 8%                                 | 430                               | -1,200                    | +3,800                             | +2,600                  |
| Project QS Support                     |                          | 100                     | 0                              | 0%                                 | 100                               | 0                         | 0                                  | 0                       |
| <b>MCP Group Total</b>                 | <b>29,181</b>            | <b>35,948</b>           | <b>18,730</b>                  | <b>52%</b>                         | <b>30,917</b>                     | <b>-5,031</b>             | <b>+9,942</b>                      | <b>+3,664</b>           |

41. The overall Capital Programme budget is projecting an underspend of £23,876k as at Month 8. This is detailed in table 6.
42. Actual spend to date is £40,597k, which equates to 39% of the programme. This is an increase of 5% from Month 7, 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 £1,913k, a reduction of £99k from the £2,012k forecast in month 7. This reduction relates to a number of these pressures being anticipated to occur in 2010/11 and funding for pressures being identified.
44. A proportion of these overspends are schemes that are not fully funded through Council resources e.g. 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 £1,444k. 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     | 40,333 | 10,406        | 6,129                               | 105,195                 |
| Outturn 2009/10        | 27,238      | 4,500            | 3,260     | 32,198 | 10,166        | 3,957                               | 81,319                  |

46. The level of unsupported borrowing forecast as at Month 8 is £27,238 (£26,865k Month 7), a decrease of £3,113k on the original budget. The supported borrowing forecast has decreased by £5,916k from £9,176k to £3,260k. 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: **£387k adverse (£375k adverse)**

1. The ASCH&H budgets are predominantly demand led and affected by demographic trends and the pattern of demand experienced to date confirms the 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 which to date have been mitigated by management action. However the additional pressure in Mental Health and emerging pressure in Older Peoples Services reported in recent months has continued to increase. Officers have reviewed the causes of these pressures to identify possible further management actions available and have concluded that this also represents a sustained increase in demand for these services.
2. In addition to Mental Health services pressures already reported the group continues to experience very 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 such that the department achieves a broadly break even position by year end. However at the moment those measures whilst mitigating demand have yet to reduce the pressure. 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 8 report is showing an adverse variance of £387k reflecting an adverse movement of £375k from the Month 8 position. The overall position for ASCH&H is set out in the table below.

| <b>Division of Service</b>             | <b>Forecast Variance Month 8<br/>£'000</b> | <b>Forecast Variance Month 7<br/>£000</b> | <b>Change from Month 7<br/>£000</b> |
|--|--|---|-------------------------------------|
| Older Peoples Services                 | +344                                       | +123                                      | +221                                |
| Physical & Sensory Disability Services | -0   | -0  | -0                                  |
| Learning Disability Services           | -387                                       | -387                                      | -0                                  |
| Mental Health Services                 | +504                                       | +349                                      | +154                                |
| Housing Benefits                       | -150                                       | -150                                      | 0                                   |
| Housing Need Services                  | 0  | 0   | 0                                   |
| ASCH&H Other Services                  | +77  | +77                                       | +0                                  |
| <b>ASCH&amp;H - Total</b>              | <b>+387</b>                                | <b>+12</b>                                | <b>+375</b>                         |

**Older People Services: £344k adverse (£221k 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 the demand for nursing and homecare provision continues above that previously forecast with the demand for nursing care having risen by 19% since April. Officers have established that the increased demand isn't necessarily related to new placements but that the number of people no longer requiring residential or nursing care has not fallen as expected.
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 8 forecast reflects. The forecast assumes that the £1.7m corporate contingency held for transitional children is received reducing the gross pressure.

### **Mental Health: £504k adverse (£154k adverse)**

10. The forecast shows an adverse movement of £154k from the Month 7 position primarily due to 2 new residential placements becoming necessary during November; this represents a 50% increase on the same period as last year. Officers continue to take 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 proving to be a more complex and difficult process than previously envisaged and it is now unlikely that the previously forecast reduction will take place prior to next April.
11. The forecast also assumes that the £450k corporate contingency held for Mental Health Services is received reducing the gross pressure from £954k to £504k 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 (No change)**

12. The service is managing a gross budget of over £138m and at this stage is forecasting an underspend of £150k. The favourable movement now being reported is due to a positive external audit of the 2008/09 Housing Benefit claim, and this should in turn result in the finalisation of the claim by the DWP. Officers are confident that as a result a favourable movement can now be brought into the forecast.
13. The Housing Benefit budget, as reported previously, 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.

### **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 under £150k within the context of a gross budget of £39m. This mitigating action is being 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. These efforts to contain the pressure is putting at risk the council's ability to achieve the government's 2010 temporary accommodation target as reported previously.

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 8 shows an overall favourable variance of £536k, which represents a marginal improvement of £28k from the M7 forecast as set out in the table below:

| Division of Service                  | Forecast Variance Month 8 £'000 | Forecast Variance Month 7 £000 | Change from Month 7 £000 |
|--------------------------------------|---------------------------------|--------------------------------|--------------------------|
| HH Ltd: General and Special Services | 112                             | 125                            | -13                      |
| HH Ltd: Repairs Services             | 0                               | 0                              | 0                        |
| LBH: General and Special Services    | -100                            | -44                            | -56                      |
| LBH: Repairs Services                | 52                              | 52                             | 0                        |
| Other Expenditure                    | -280                            | -325                           | 45                       |
| Income                               | -320                            | -316                           | -4                       |
| <b>In Year (Surplus) / Deficit</b>   | <b>-536</b>                     | <b>-508</b>                    | <b>-28</b>               |

**Hillingdon Homes: £125k adverse (£13k improvement)**

19. The Hillingdon Homes forecast is largely unchanged. The adverse variance of £112k has resulted from costs associated with the overcrowding project and as pressures from higher utility costs and increased insurance costs. 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: £100k favourable (£56k improvement)**

20. The LBH General and Special Services forecast has improved by £56k due to lower heating costs as a result of lower than expected gas price increases and staffing underspends in the hostels area.

**Other Expenditure: £280k favourable (£45k adverse)**

21. A small adverse change is being reported at month 8 as a result of a reduction in the 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: £320k favourable (£4k improvement)**

22. The income forecast has marginally improved and the overall favourable variance has resulted from likely reduction in bad debt provision due to continuing good performance in rent collection performance.



## Environment and Consumer Protection (E&CP)

### Revenue: Nil Variance (No change)

1. At Month 8, 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 8 | Forecast Variance Month 7 | Change from Month 7 |
|----------------------------|---------------------------|---------------------------|---------------------|
| Division of Service        | £'000                     | £'000                     | £'000               |
| Street Cleansing           | +95                       | +95                       | 0                   |
| Harlington Road Depot      | +169                      | +169                      | 0                   |
| Waste Disposal             | -200                      | -100                      | -100                |
| Trade & Clinical Waste net | -40                       | -40                       | 0                   |
| Off Street Parking Income  | -33                       | -80                       | +47                 |
| Street Scene Locality Team | +52                       | 0                         | +52                 |
| Recovery Plan Savings      | -43                       | -44                       | +1                  |
| <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 steadied after the sharp increase in October, but remains volatile and a contingency call of £60k continues to be assumed.

|                         | Gross Pressure Month 8 | Gross Pressure Month 7 | Change from Month 7 | 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: £240k underspend (£100k favourable)**

5. **Recycling Costs:** The overall pressure on Recycling is currently forecast at £510k (last month £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 was 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 continue to show a significant fall during 2009/10. The single largest fall in tonnages occurred during October, which reversed a previous seasonal trend, and provisional tonnage figures for November continue this trend. The forecast underspend has therefore been increased by a further £100k to £200k this month. The tonnages will be closely monitored over the remaining months of the year, particularly the Christmas period, but if the decline continues 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 and therefore its constituent Boroughs 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 HPCT 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. Based on the discussions that have taken place to date with the HPCT, the estimated impact for the half-year in 2009/10 remains at £30k. Whilst discussions are ongoing with the HPCT, 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 should be implemented in January and discussions are continuing with interested parties on the short-term letting of surplus space. The reported position makes an assumption that these changes 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: £33K favourable (£47k adverse)**

12. The adverse movement recognises an emerging pressure from a continued reduction in the level of car park income, and is thought to be partly attributable to the economic climate. The usual levels of additional activity expected in the build up to Christmas have yet to be evidenced.

**Streetscene Locality Team: £52K adverse (£52k adverse)**

13. There has been increased activity incurred through the delivery of the enhanced Streets Ahead Week of Action scheme which has led to additional one-off costs principally on publicity, printing and promotional activities.

**Recovery Plan Savings: £43k underspend (£1k adverse)**

14. 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)**

15. The bulk diesel purchase price has stabilised during November and now stands at 92 pence per litre. The Freight Transport Association data continues to indicate a steady increase across the remainder of the financial year and into 2010/11.

16. At this stage the forecast call on the contingency will be held at the £60k previously reported. 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 continues to be monitored.

## **Education and Children Services (E&CS)**

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

1. The Group is projecting a nil variance as at Month 8 for the 2009/10 financial year. 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.
2. The projected variances at Month 8 are summarised in the following table:

| <b>Division of Service</b>              | <b>Forecast<br/>Variance<br/>Month 8<br/>£'000</b> | <b>Forecast<br/>Variance<br/>Month 7<br/>£'000</b> | <b>Change<br/>from<br/>Month<br/>7<br/>£'000</b> |
|---|--|--|--|
| Schools                                 | 0  | 0  | 0  |
| Director & Youth Services               | 0  | 0  | 0  |
| Resources, Policy & Performance         | -31  | 0  | -31  |
| Learning & School Effectiveness Service | 0  | 0  | 0  |
| E&CS Central Budget                     | -132   | 0  | -132   |
| Children & Families Service             | +163   | 0  | +163   |
| <b>E&amp;CS - Total</b>                 | <b>0</b>   | <b>0</b>   | <b>0</b>   |

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

3. 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.
4. 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)**

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

### **Resources, Policy & Performance: £31k Underspend (£31k improvement)**

6. The service is projecting an underspend of £31k, an improvement of £31k from Month 7 due to delay on letting a new contract for school CAD plans because of legal reasons.

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

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

### **E&CS Central Budget: £132k underspend (£132k improvement)**

8. The group has identified savings to meet the pressure arising from active levels within Children & Families areas, through various action plans. This was achieved through reviewing all ECS grant allocations to apply funding where possible. Also recruitment to new and vacant posts continues to be closely monitored and challenged by senior management.

**Children and Families: £163k pressure (£163k Adverse)**

9. The service is projecting an adverse movement of £163k from Month 7. The pressure consist of two elements. One of which is due to Private and Voluntary placements (£77K) and the remainder is due to increased fostering activity and agency staff spend.
10. 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.

**Exceptional Items: Asylum Service £3,040k (£1,830k greater than that provided for in contingency) – No change**

11. 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.
12. There is a slight change from what was reported at Month 7 for Exhausted All Appeal to £557k which was netted off with a slight changes within the over 18 services.
13. 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.
14. The Corporate Director (Education & Children's Services) with Senior Council Officers, along with senior representatives from LB Croydon and Kent County Council has 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. From the last meeting it is expected that the UKBA is aiming to finalise and agree the proposed bespoke contract with gateway authorities by end of March 2010.

## Planning and Community Services (P&CS) Month 8

### Revenue: **£125k Pressure (No change)**

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

| Division of Service       | Forecast Variance Month 8<br>£'000 | Forecast Variance Month 7<br>£'000 | Change from Month 7<br>£'000 |
|---------------------------|------------------------------------|------------------------------------|------------------------------|
| Community Safety          | -111                               | -111                               | 0                            |
| Arts Service              | +51                                | +51                                | 0                            |
| Libraries                 | 0                                  | 0                                  | 0                            |
| Adult Education           | 0                                  | 0                                  | 0                            |
| Leisure                   | +125                               | +125                               | 0                            |
| Planning & Transportation | +60                                | +60                                | 0                            |
| Group Directorate         | 0                                  | 0                                  | 0                            |
| <b>P&amp;CS - Total</b>   | <b>+125</b>                        | <b>+125</b>                        | <b>0</b>                     |

### Contingent Items: **£1,662k Gross Pressure (£124k adverse)**

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.

| Contingent Item         | Gross Pressure Month 8<br>£'000 | Month 7       | Change from Month 7 | Contingency<br>£'000 | Net Pressure<br>£'000 |
|-------------------------|---------------------------------|---------------|---------------------|----------------------|-----------------------|
| Development Control     | +475                            | +381          | +94                 | +350                 | +125                  |
| Building Control        | +175                            | +145          | +30                 | +108                 | +67                   |
| Land Charges            | +750                            | +750          | 0                   | +715                 | +35                   |
| Golf                    | +262                            | +262          | 0                   | +262                 | 0                     |
| <b>P&amp;CS - Total</b> | <b>+1,662</b>                   | <b>+1,538</b> | <b>+124</b>         | <b>+1,435</b>        | <b>+227</b>           |

### Development Control Income: **£475k Gross Pressure (£94k adverse)**

3. The forecast for Development Control income is a gross pressure of £475k which has increased from month 7 by £94k, the net position after the contingency is £125k. The significant movement has been in Major applications where a large scale reserved matters scheme has been delayed and will not happen in this financial year, the fees relating to this scheme equated to 13% of income forecast for this area.
4. Major applications are now currently forecast to fall by as much as 55% compared to 2008/09. This is a volatile area given the significant scale of fees, and the limited volume of applications, and this area 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 but have improved marginally from last month, although they are still down by 26% and 20% respectively from the 3 year average levels.

**Building Control Income: £175k Gross Pressure (£30k adverse)**

5. The forecast for Building Control income is a gross pressure of £175k. This has deteriorated by £30k and the net position after the contingency is now forecast to be £67k. Income for April to November is down by 14% from the same period in 2008/09.

**Land charges: £750k Gross Pressure (No change)**

6. 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.
7. Not reflected in the forecast yet is the potential impact of the guidance issued by 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. This remains an ongoing issue on which the LGA is leading.

**Golf: £262k Gross Pressure (No change)**

8. 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 (No change)**

9. 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 (No change)**

10. 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)**

11. The Library service is currently forecasting a nil variance

**Adult Education: Nil variance (No change)**

12. The grant allocation for 2009/10 has now been finalised with the LSC and the forecast has been updated to reflect this. There are currently no budget pressures.
13. The national position regarding Adult Education is under review by government and it is likely that the outcome of this will have an implications on the way the service is funded.

**Leisure: £125k Pressure (No change)**

14. The forecast remains as a pressure of £125k due to the revenue impacts from the delay in the practical completion of Botwell. The first indications from GLL are that they are prepared to annualise the cost of the delay in the opening of Botwell which is consistent with the treatment that has previously been adopted for the management fee. This will reduce the impact in the

current financial year and has been cautiously estimated to be sufficient to balance out the expectation that the Hayes subsidy saving is now entirely lost for the current financial year. However key to this position will be the date of the satisfactory handover of Botwell and its subsequent opening to the public.

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

15. 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 55% in 2009/10 compared to 2008/09.

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

16. 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 £199k, an adverse movement of £45k on last month's projections, for which savings plans are being developed to mitigate them.

| <b>Division of Service</b>      | <b>Forecast Variance Month 8 £000</b> | <b>Forecast Variance Month 7 £000</b> | <b>Change From Month 7 £000</b> |
|---------------------------------|---------------------------------------|---------------------------------------|---------------------------------|
| Deputy Chief Executive's Office | 0                                     | 0                                     | 0                               |
| Finance and Resources           | +199                                  | +154                                  | +45                             |
| Recovery Plan Savings           | -199                                  | -154                                  | -45                             |
| <b>Central Services - Total</b> | <b>0</b>                              | <b>0</b>                              | <b>0</b>                        |

### **Finance & Resources: £199k pressure (£45k adverse movement)**

2. The Finance & Resources Directorate budgets are projecting a pressure of £199k at Month 8, an adverse movement of £45k on last month's projections. Finance and ICT are operating within budget but there are pressures on Corporate Property Services totalling £278k, 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 £45k on income from the Hire of the Middlesex Suite, due to an organisation not renewing its annual hire agreement, and a general slow down in the demand for hiring large sites, especially over the Christmas period.
- 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.

3. 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: £199k target (£45k adverse movement)**

4. 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: £23,876k underspend (£177k Adverse)**

1. The overall Capital Programme budget is projecting an underspend of £23,876k as at Month 8 (£24,053k Month 7), a decrease of £177k on Month 7 reported projections.
2. Expenditure to Month 8 across the whole capital programme is £40,597k (£35,444k Month 7) which equates to 39% of the programme. Further detail is provided below for each individual department.

**HRA: £839k underspend (£50k Adverse)**

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

| Capital Schemes 2009/10    | Original Budget | Revised Budget | Budget Released | Capital Spend Month 8 | Actual % of Revised Budget | Forecast Outturn | Variance    |
|----------------------------|-----------------|----------------|-----------------|-----------------------|----------------------------|------------------|-------------|
|                            | £' 000          | £' 000         | Y/N             | £' 000                | %                          | £' 000           | £' 000      |
| Capital Works              | 10,000          | 9,762          | Y               | 4,846                 | 50%                        | 9,762            | 0           |
| Estates Improvements       | 1,125           | 1,125          | Y               | 0                     | 0%                         | 495              | -630        |
| Cash Incentive Scheme      | 100             | 100            | Y               | 100                   | 100%                       | 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               | 582                   | 88%                        | 660              | 0           |
| <b>HRA – Total</b>         | <b>11,745</b>   | <b>12,307</b>  |                 | <b>5,562</b>          | <b>45%</b>                 | <b>11,468</b>    | <b>-839</b> |

4. Expenditure to date is £5,562k out of a revised budget of £12,307k, which accounts for 45% of the total programme budget.
5. The underspend reported in month 7 of £680k has been revised down by £50k to £630k on HRA Estates Improvement project, the underspend in 2009/10 are as a result of a planning requirement not originally forecast. The project has been pushed back 13 weeks to 2010/2011.

## Adult Social Care, Health and Housing: £1,615k underspend (£387k Improvement)

6. 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 8 | 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            | 654                   | 35%                        | 1,150            | -717          |
| Mental Health – Mead House                               | 114             | 363            | Y               | 92                    | 25%                        | 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>746</b>            | <b>33%</b>                 | <b>1,516</b>     | <b>-717</b>   |
| <b>Non-Grant Funded</b>                                  |                 |                |                 |                       |                            |                  | 0             |
| Disabled Facilities Grants                               | 2,040           | 2,017          | Y               | 1,817                 | 90%                        | 2,017            | 0             |
| Private Sector Renewal Grants                            | 390             | 390            | Y               | 166                   | 43%                        | 360              | -30           |
| LDA Energy Efficiency Grant                              | 0               | 125            | Y               | 0                     | 0%                         | 125              | 0             |
| Colne Park Caravan Sites                                 | 302             | 374            | Part            | 4                     | 1%                         | 78               | -296          |
| Purchase of Benefits customer self-service facilities    | 225             | 225            | Part            | 0                     | 0%                         | 121              | -104          |
| Purchase of Supporting People software                   | 83              | 83             | N               | 0                     | 0%                         | 0                | -83           |
| Improving Information Management and ESCR                | 218             | 735            | Part            | 457                   | 62%                        | 735              | 0             |
| Enabling Electronic Social Care Record                   | 100             | 276            | Y               | 167                   | 61%                        | 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>2,611</b>          | <b>56%</b>                 | <b>3,772</b>     | <b>-898</b>   |
| <b>ASC,H&amp;H – Total</b>                               | <b>3,715</b>    | <b>6,903</b>   |                 | <b>3,357</b>          | <b>49%</b>                 | <b>5,288</b>     | <b>-1,615</b> |

7. Expenditure to date is £3,357k out of a revised budget of £6,903k, which accounts for 49% of the total programme budget.
8. The projected underspend on West London Empty Property Improvement grants has increased by £357k in month 8 to £717k. The West London Empty Property Improvement grants are fully externally resourced grants from the London Mayor's targeted funding stream and the West London Partnership. The projection for the project has now reduced from being £1,507K outturn to £1,150K outturn so is now showing a slippage of £717k, an increase of £357K. This is due to having limited time resources available to complete and approve all grant claims by the end of the financial year, as all approved grant claims have to be verified for appropriate improvement works having been carried out. The underspends from other boroughs cannot be carried forward into 2010/2011.
9. Private Sector Renewal Grant projection has reduced to now show a slippage of £30K. This is also due to having limited time resources available to complete and approve all grant claims by the end of the financial year. The underspend has been caused as there has not been the contribution raised from individuals receiving grants. The grants have only been awarded to private residents that have not been able to provide themselves with basic living standards.

Again there is pressure to contain this spend as renewal grants are beginning to attain a waiting list.

10. Colne Park Caravan Site (£296k underspend) is anticipated to slip into 2010/11. The main works are now due to start in March 2010. This should be from the results of the pilot scheme which it is due to be undertaking in December 2009. Any further delays could push the full programme into 2010/11 with only the pilot scheme expenditure for 2009/10 taking place.

### Environment and Consumer Protection: £529k Underspend (£409 Improvement)

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 8 | Actual % of Revised Budget | Forecast Outturn | Variance    |
|--|-----------------|----------------|-----------------|-----------------------|----------------------------|------------------|-------------|
|  | £' 000          | £' 000         | Y/N             | £' 000                | %                          | £' 000           | £' 000      |
| Highways Improvements  | 1,358           | 1,358          | Part            | 173                   | 13%                        | 1,358            | 0           |
| <b>Cabinet Member Initiatives – Highways</b>   |                 |                |                 |                       |                            |                  |             |
| Road Safety  | 250             | 250            | Part            | 4                     | 2%                         | 180              | -70         |
| Traffic Congestion Mitigation  | 200             | 200            | N               | 0                     | 0%                         | 10               | -190        |
| Street Lighting  | 300             | 300            | Part            | 45                    | 15%                        | 300              | 0           |
| <b>Cabinet Member Initiatives - Parks &amp; Streetscene</b>                          |                 |                |                 |                       |                            |                  |             |
| Green Spaces Strategy  | 250             | 250            | Part            | 177                   | 71%                        | 187              | -63         |
| Street Scene   | 250             | 250            | N               | -35                   | -14%                       | 250              | 0           |
| <b>Cabinet Member Initiatives – Improvement, Partnerships &amp; Community Safety</b> |                 |                |                 |                       |                            |                  |             |
| Breakspears Crematorium  | 1,700           | 1,876          | Y               | 2,043                 | 109%                       | 2,196            | 320         |
| 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               | 151                   | 79%                        | 192              | 0           |
| Purchase of Vehicles   | 0               | 471            | Y               | 0                     | 0%                         | 0                | -471        |
| Other Schemes - Public Conveniences  | 0               | 185            | Y               | 181                   | 98%                        | 215              | 30          |
| <b>E&amp;CP – Sub Total</b>  | <b>4,508</b>    | <b>5,550</b>   |                 | <b>2,757</b>          | <b>50%</b>                 | <b>5,106</b>     | <b>-444</b> |
| BSP funded by Transport for London   | 3,685           | 3,932          | Y               | 2,015                 | 51%                        | 3,847            | -85         |
| <b>TFL (100% Grant Funded) – Sub Total</b>   | <b>3,685</b>    | <b>3,932</b>   |                 | <b>2,015</b>          | <b>51%</b>                 | <b>3,847</b>     | <b>-85</b>  |
| <b>E&amp;CP – Total</b>  | <b>8,193</b>    | <b>9,482</b>   |                 | <b>4,772</b>          | <b>50%</b>                 | <b>8,953</b>     | <b>-529</b> |

12. Expenditure to date is £4,772k out of a budget of £9,482k, which accounts for 50% 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.

13. The majority of the expenditure to date has been incurred on Breakspears Crematorium (£2,043k), where the project is expected to be completed by the end of the calendar year. A pressure of £320k has been identified, an increase of £280k from the Month 6 projection. £150k has been provisionally agreed by Harrow and the balance will be managed through the prudential borrowing provisions which are finalised at the year end.

14. A programme for Highways Improvements for £827k has been drafted and the schemes are ready to be commissioned using 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

15. The Road Safety Programme is reporting a £70k underspend and Green Spaces Strategy is reporting an underspend of £63k in month 8. These schemes have received partial release.

**Education and Children's Services: £11,633k underspend (£108k adverse)**

16. 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               | 1,407          | Part            | 310                   | 22%                        | 1,020            | -387           |
| Extended Schools                                      | 606             | 773            | Y               | 159                   | 21%                        | 419              | -354           |
| Extension of Nursery Care / Education                 | 1,854           | 24             | Part            | 38                    | 158%                       | 24               | 0              |
| 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            | 22                    | 13%                        | 167              | 0              |
| <b>Total 100% Grant/Externally Funded</b>             | <b>16,630</b>   | <b>19,646</b>  |                 | <b>4,760</b>          | <b>24%</b>                 | <b>14,263</b>    | <b>-5,383</b>  |
| <b>Non Grant Funded</b>                               |                 |                |                 |                       |                            |                  | 0              |
| Douay Martyrs - Drama, 6th form common rooms          | 0               | 65             | Y               | 0                     | 0%                         | 65               | 0              |
| Expansion Haydon                                      | 726             | 930            | Y               | 379                   | 41%                        | 930              | 0              |
| School Improvement Programme                          | 2,000           | 4,203          | Part            | 420                   | 10%                        | 1,875            | -2,328         |
| School Places Provision (Basic Needs)                 | 3,757           | 3,757          | Part            | 5                     | 0%                         | 100              | -3,657         |
| Schools Access Programme                              | 500             | 500            | Part            | 55                    | 11%                        | 235              | -265           |
| <b>Total 100% Non Grant Funded</b>                    | <b>6,983</b>    | <b>9,455</b>   |                 | <b>859</b>            | <b>9%</b>                  | <b>3,205</b>     | <b>-6,250</b>  |
| <b>E&amp;CS – Total</b>                               | <b>23,613</b>   | <b>29,101</b>  |                 | <b>5,619</b>          | <b>19%</b>                 | <b>17,468</b>    | <b>-11,633</b> |

17. Expenditure to date is £5,619k out of a budget of £29,136k which accounts for 19% of the total programme budget. The budget has been adjusted to account for the £100k vired from

Extension of Nursery Care (Surestart funding) to Children's Centres Phase 3 (Surestart) and £65k for Douay Martyrs drama/6th form common rooms has been added to the E&CS budget from contingency. The Douay Martyrs drama/6th form common rooms project is being managed by PC&S. (Due to the school reporting arrangements and closing reconciliations at year end, this is included in EC&S.)

18. 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.

19. The estimated spend on School Places Provision has been reduced to £100k in month 8.

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

20. 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 8 | Actual % of Revised Budget | Forecast Outturn | Variance    |
|---|-----------------|----------------|-----------------|-----------------------|----------------------------|------------------|-------------|
|   | £' 000          | £' 000         | Y/N             | £' 000                | %                          | £' 000           | £' 000      |
| <b>100% Grant/Externally Funded</b>       |                 |                |                 |                       |                            |                  | <b>0</b>    |
| SSCF                                      | 0               | 100            | Y               | 30                    | 30%                        | 100              | 0           |
| S106/S278 Schemes                         | 411             | 411            | Y               | 230                   | 56%                        | 307              | -104        |
| Botwell Multi Use Games Area              |                 | 250            | Part            | 6                     | 2%                         | 150              | -100        |
| NLDC                                      | 0               | 10             | Y               | 9                     | 90%                        | 10               | 0           |
| <b>Total 100% Grant/Externally Funded</b> | <b>411</b>      | <b>771</b>     |                 | <b>275</b>            | <b>36%</b>                 | <b>567</b>       | <b>-204</b> |
| <b>Non Grant Funded</b>                   |                 |                |                 |                       |                            |                  | <b>0</b>    |
| Assisted Funding                          | 150             | 50             | N               | 19                    | 38%                        | 32               | -18         |
| Libraries Refurbishment                   | 1,500           | 1,500          | Y               | 830                   | 55%                        | 1,500            | 0           |
| Voltage Optimisation Equipment            | 40              | 40             | N               | 0                     | 0%                         | 40               | 0           |
| Harmondsworth Dog Free Mini Football Area |                 | 70             | 0               | 0                     | 0%                         | 70               | 0           |
| Ruislip Lido Public Conveniences          |                 | 100            | 0               | 0                     | 0%                         | 100              | 0           |
| CCTV Programme                            | 250             | 250            | Part            | 22                    | 9%                         | 22               | -228        |
| <b>Total Non Grant Funded</b>             | <b>1940</b>     | <b>2010</b>    |                 | <b>871</b>            | <b>43%</b>                 | <b>1764</b>      | <b>-246</b> |
| <b>P&amp;CS – Total</b>                   | <b>2,351</b>    | <b>2,781</b>   |                 | <b>1,146</b>          | <b>41%</b>                 | <b>2,331</b>     | <b>-450</b> |

21. Expenditure to date is £1,146k out of a budget of £2,781k, which accounts for 41% of the total programme budget. The budget has been adjusted due the addition of Harmondsworth Dog Free Mini Football Area and the Ruislip Lido Public Conveniences from contingency and the virement of assisted funding budget to Minet Cycle Club budget in P&CS.

22. The projected underspend of £150k on the Botwell Multi Use Games Area relates to slippage and the £100k will be spent in 2010.

23. The Assisted Funding budget has been reduced by £100k to reflect the virement to Minet Cycle Club. An underspend of £18k is reported in month 8.

24. The projected underspend on Section 106 has been reduced to reflect recent releases.

### Major Construction Projects: **£5,031k underspend (£314k improvement)**

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

| Capital Schemes 2009/10   | Revised Budget | Budget Released | Capital Spend Month 8 | Actual % of Revised Budget | Forecast Outturn 2009/10 | Forecast Outturn 2010/11 | Forecast Variance 2009/10 | Forecast Variance Total Project |
|---|----------------|-----------------|-----------------------|----------------------------|--------------------------|--------------------------|---------------------------|---------------------------------|
|   | £' 000         | Y/N             | £' 000                | %                          | £' 000                   | £' 000                   | £' 000                    | £' 000                          |
| <b>Planning and Community Services</b>                                  |                |                 |                       |                            |                          |                          |                           |                                 |
| Brookfield – Second Floor   | 264            | Y               | 219                   | 83%                        | 256                      | 6                        | -8                        | -2                              |
| Hillingdon Sports and Leisure Centre                                    | 8,468          | Y               | 5,428                 | 64%                        | 8,372                    | 346                      | -96                       | +250                            |
| Botwell Green (including Gymnastics Centre )                            | 10,346         | Y               | 7,323                 | 71%                        | 10,621                   | 475                      | +275                      | +750                            |
| Boxing Club   | 0              | N/A             | 36                    | No Budget                  | 41                       | 0                        | +41                       | +41                             |
| Minet Cycle Club  | 715            | Part            | 9                     | 1%                         | 501                      | 214                      | -214                      | 0                               |
| Queensmead Fitness Centre Refurbishment                                 | 80             | Y               | 0                     | 0%                         | 30                       | 50                       | -50                       | 0                               |
| <b>Education and Children's Services – 100% Grant/Externally Funded</b> |                |                 |                       |                            |                          |                          |                           |                                 |
| Children's Centres – Phase 2  | 1,645          | Y               | 2,697                 | 164%                       | 1,864                    | 215                      | +219                      | +434                            |
| Children's Centres – Phase 3  | 2,573          | N               | 125                   | 5%                         | 1,200                    | 2,186                    | -1,373                    | -434                            |
| Longmead  | 3,103          | Y               | 334                   | 11%                        | 1,250                    | 1,350                    | -1,853                    | -503                            |
| Pinkwell New Classrooms   | 400            | Y               | 333                   | 83%                        | 391                      | 9                        | -9                        | 0                               |
| <b>Education and Children's Services – Non Grant Funded</b>             |                |                 |                       |                            |                          |                          |                           |                                 |
| Harefield School Nursery  | 1,247          | Y               | 0                     | 0%                         | 1,247                    | 0                        | 0                         |                                 |
| Glebe Primary School  | 229            | Y               | 186                   | 81%                        | 229                      | 6                        | 0                         | +6                              |
| Heathrow Primary  | 181            | Y               | 114                   | 63%                        | 172                      | 9                        | -9                        | 0                               |
| Ruislip High School   | 308            | Y               | 22                    | 7%                         | 308                      | 0                        | 0                         | 0                               |
| Targeted Capital - Oak Farm   | 398            | Y               | 0                     | 0%                         | 398                      | 0                        | 0                         | 0                               |
| Targeted Capital - Uxbridge High  | 1,247          | Y               | 1,220                 | 98%                        | 1,497                    | 107                      | +250                      | +357                            |
| New Young People's Centre   | 2,999          | Part            | 557                   | 19%                        | 2,000                    | 1,169                    | -999                      | +170                            |
| <b>Finance &amp; Resources</b>  |                |                 |                       |                            |                          |                          | 0                         |                                 |
| Farm Barns  | 15             | N               | 0                     | 0%                         | 10                       | 0                        | -5                        | -5                              |
| <b>Environment and Consumer Protection</b>                              |                |                 |                       |                            |                          |                          | 0                         |                                 |
| New Years Green Lane Civic Amenity Site                                 | 1,600          | Part            | 127                   | 8%                         | 400                      | 3,800                    | -1,200                    | +2,600                          |
| Arundel Road Development HIP  | 30             | Y               | 0                     | 0%                         | 30                       | 0                        | 0                         | 0                               |
| <b>Council Wide</b>   |                |                 |                       |                            |                          |                          |                           |                                 |
| Project QS support  | 100            | 0               | 0                     | 0%                         | 100                      | 0                        | 0                         | 0                               |
| <b>Major Construction Projects – Total</b>                              | <b>35,948</b>  |                 | <b>18,730</b>         | <b>52%</b>                 | <b>30,917</b>            | <b>9,942</b>             | <b>-5,031</b>             | <b>+3,664</b>                   |

26. Expenditure to date is £18,730k out of a budget of £35,948k (£35,283k month 7), which accounts for 52% of the total programme budget. The budget has increased from £35,283k in Month 6, this is due to £350k of grant for Minet Cycle Club, £15k contribution from the club and £100k being vired from P&CS Assisted funding which was projecting an underspend.

27. 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 £750k, £275k of which is projected to occur in 2009/10. Further Section 106 funding has been identified for this scheme.

(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) **Minet Cycle Club** – From the increased budget of £715k, £214k is projected to be spent in 2010/11.

**Central Services: £83k overspend (£122k 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 6 | Actual % of Revised Budget | Forecast Outturn | Forecast Variance |
|--|-----------------|----------------|-----------------|-----------------------|----------------------------|------------------|-------------------|
|  | £' 000          | £' 000         | Y/N             | £' 000                | %                          | £' 000           | £' 000            |
| Leader's Initiative                        | 200             | 200            | N               | 0                     | 0%                         | 125              | -75               |
| Chrysalis                                  | 1,000           | 1,018          | Y               | 384                   | 38%                        | 1,094            | +76               |
| Town Centre Initiative                     | 325             | 325            | N               | 0                     | 0%                         | 325              | 0                 |
| HIP Projects                               | 600             | 370            | Part            | 0                     | 0%                         | 370              | 0                 |
| <b>DCE - Total</b>                         | <b>2,125</b>    | <b>1,913</b>   |                 | <b>384</b>            | <b>20%</b>                 | <b>1,914</b>     | <b>+1</b>         |
| ICT Asset Management Strategy              | 500             | 500            | Part            | 10                    | 2%                         | 454              | -46               |
| ICT Works at the Crematorium               | 0               | 97             | Y               | 19                    | 20%                        | 106              | +9                |
| Victoria Hall                              | 0               | 63             | Y               | 51                    | 81%                        | 53               | -10               |
| Manor Farm                                 | 0               | 0              | Y               | 55                    | No Budget                  | 350              | +350              |
| Hillingdon First Card                      | 182             | 200            | Y               | 200                   | 100%                       | 200              | 0                 |
| Property Enhancement Programme             | 500             | 321            | Part            | 31                    | 10%                        | 321              | 0                 |
| Property Enhancement Programme Contingency | 0               | 179            | N               | 0                     | 0%                         | 179              | 0                 |
| YOT Consolidation Link 1A/Cashiers         | 372             | 413            | Y               | 201                   | 49%                        | 360              | -53               |
| Civic Centre Electrical Works              | 2               | 55             | Y               | 370                   | 673%                       | 395              | +340              |
| Civic Centre Security Improvements         | 236             | 236            | Part            | 46                    | 19%                        | 127              | -109              |
| Civic Centre - Photovoltaic Cells          | 34              | 34             | Y               | 34                    | 100%                       | 34               | 0                 |
| Civic Centre Enhancements                  | 750             | 750            | Part            | 6                     | 1%                         | 348              | -402              |
| Civic Centre Boilers                       | 0               | 50             | Y               | 4                     | 8%                         | 53               | +3                |
| <b>F&amp;R - Total</b>                     | <b>2,576</b>    | <b>2,898</b>   |                 | <b>1,027</b>          | <b>35%</b>                 | <b>2,980</b>     | <b>82</b>         |
| <b>Central Services - Total</b>            | <b>4,701</b>    | <b>4,811</b>   |                 | <b>1,411</b>          | <b>29%</b>                 | <b>4,894</b>     | <b>83</b>         |

28. Expenditure to date is £1,411k out of a revised budget of £4,811k, which accounts for 27% of the total programme budget. The budget has been increased from £4,793k in month 8 by £18k to reflect the residents’ contributions to the alleygating scheme in the Chrysalis programme.

29. The forecast for the Deputy Chief Executive’s Office capital programme in month 8 is a £1k pressure in the current financial year. It is anticipated that the Leader’s Initiative budget will be committed in 2009/10 and some maybe required in 2010/11.

30. There is a £76k pressure being identified in the Chrysalis Programme, this relates to specific large works from 2008/9 which have continued in 2009/10. The outturn reported reflects the current commitments. If the projected expenditure is realised in the current financial year then the slippage from 2008/9 will need to be applied for from contingency. Officers are monitoring



this budget closely and £18k has been added to the budget to reflect the residents' contributions to the alleygating scheme in the Chrysalis programme.

31. It is anticipated that the Town Centre Initiative will be charged at the end of the year by the Environment & Consumer Protection Department and that this budget will be fully spent.
32. The forecast for Finance & Resources capital programme has a number of variances identified, which relate to the following schemes:
- The outturn for the Victoria Hall project has reduced by £10k due to updated estimates from officers.
  - The projected outturn for the Property Enhancement Programme has been reduced to £321k due to identified works being funded from a different programme budget.
  - 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.
  - 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.

**Capital Contingency: £2,471k underspend (£826k adverse)**

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

| Capital Schemes 2009/10    | Original Budget<br>£' 000 | Revised Budget<br>£' 000 | Capital Spend Month 8<br>£' 000 | Actual Spend % of Revised Budget % | Forecast Outturn<br>£' 000 | Variance<br>£' 000 |
|----------------------------|---------------------------|--------------------------|---------------------------------|------------------------------------|----------------------------|--------------------|
| Programme Contingency      | 3,196                     | 2,725                    | 0                               | 0%                                 | +1,000                     | -2,196             |
| Contingency                | 1,500                     | 1,137                    | 0                               | 0%                                 | +391                       | -746               |
| <b>Contingency - Total</b> | <b>4,696</b>              | <b>3,862</b>             | <b>0</b>                        | <b>0%</b>                          | <b>1,391</b>               | <b>-2,471</b>      |

34. The forecast outturn of £1,391k (£1,371k, Month 7) 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<br>£'000 | Actual Spend (incl accruals)<br>£'000 | Forecast Outturn (Month 8)<br>£'000 | Variance 2009-10<br>£'000 | Variance 2010-11<br>£'000 | Variance<br>£'000 |
|--|---------|-------------------------|---------------------------------------|-------------------------------------|---------------------------|---------------------------|-------------------|
| <b>Programme contingency</b>                 |         |                         |                                       |                                     |                           |                           |                   |
| Hillingdon Sports and Leisure Development    | Council | 8,468                   | 5,428                                 | 8,372                               | -96                       | +346                      | +250              |
| Leisure Development - Botwell Green, Hayes   | Council | 10,346                  | 7,323                                 | 10,621                              | +275                      | +475                      | +750              |
| <b>Sub Total</b>                             |         | <b>18,814</b>           | <b>12,751</b>                         | <b>18,993</b>                       | <b>+179</b>               | <b>+821</b>               | <b>+1,000</b>     |
| <b>General contingency</b>                   |         |                         |                                       |                                     |                           |                           |                   |
| Boxing Club                                  | Council | 0                       | 36                                    | 41                                  | +41                       | 0                         | +41               |
| Manor Farm                                   | Council | 0                       | 55                                    | 350                                 | +350                      | 0                         | +350              |
| <b>Sub Total</b>                             |         | <b>0</b>                | <b>91</b>                             | <b>391</b>                          | <b>+391</b>               | <b>0</b>                  | <b>+391</b>       |
| <b>Total</b>                                 |         | <b>18,814</b>           | <b>12,842</b>                         | <b>19,384</b>                       | <b>+570</b>               | <b>+821</b>               | <b>+1,391</b>     |

The Table below details the previous releases from contingency.

| <b>Previous releases from contingency</b>    | <b>£' 000</b> | <b>£' 000</b> |
|--|---------------|---------------|
| <b>General Contingency</b>                   |               |               |
| Harmondsworth Dog Free Mini Football Area    |               | 70            |
| Ruislip Lido Toilets                         |               | 100           |
| Project QS support                           |               | 100           |
| Douay Martyrs - Drama, 6th form common rooms |               | 65            |
| Brookfield                                   |               | 28            |
| <b>Balance Available</b>                     |               | <b>1,137</b>  |
| <b>Original budget</b>                       | <b>1,500</b>  | <b>1,500</b>  |
|  |               |               |
| <b>Programme contingency</b>                 |               |               |
| Purchase of Vehicles                         |               | 471           |
| <b>Balance Available</b>                     |               | <b>2,725</b>  |
| <b>Original budget</b>                       | <b>3,196</b>  | <b>3,196</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 November. As at 30 November 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: 1.79%

|                      | Actual<br>£m | Actual<br>%  | Bench-<br>mark % |
|----------------------|--------------|--------------|------------------|
| Up to 1 Month        | 19.5         | 29.37        | 50.00            |
| 1-2 Months           | 6.0          | 9.04         | 10.00            |
| 2-3 Months           | 18.3         | 27.56        | 10.00            |
| 3-6 Months           | 3.0          | 4.52         | 25.00            |
| 6-9 Months           | 2.0          | 3.01         | 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>48.8</b>  | <b>73.50</b> | <b>100</b>       |
| Unpaid<br>Maturities | 17.6         | 26.50        | 0.00             |
| <b>Total</b>         | <b>66.4</b>  | <b>100</b>   | <b>100</b>       |

2. 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.
3. Deposits are currently held with the following institutions; Abbey, Royal Bank of Scotland, Barclays Bank, Lloyds TSB Banking Group, Clydesdale & Nationwide & Goldman Sachs MMF, Henderson MMF, Invesco Aim MMF.
4. During November 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: 4.01%

|                  | Actual<br>£m | Actual<br>% |
|------------------|--------------|-------------|
| PWLB             | 109.6        | 63.5        |
| Long-Term Market | 48.0         | 27.8        |
| Temporary        | 15.0         | 8.7         |
| <b>Total</b>     | <b>172.6</b> | <b>100</b>  |

5. No loans matured during November. However £5m of debt was repaid prematurely. This action was completed at a premium of £49k, but will reduce financing costs going forward. £8.5m temporary borrowing was taken to cover salaries but was repaid in November. A further £15m of temporary borrowing was taken in November to ensure funds were available to cover cash flow commitments for the end of November and throughout December.

### Ongoing Strategy

6. 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. Over the coming months opportunities for repayment and restructuring debt will continue to be monitored.