

COUNCIL BUDGET - MONTH 9 2009/10

REVENUE AND CAPITAL MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>The report sets out the council's overall 2009/10 revenue & capital position, as forecast at the end of Month 9 (December).</p> <p>The in year revenue position on normal activities is forecast as being £253k more net expenditure than budgeted, an adverse movement of £267k on the Month 8 position.</p> <p>However, exceptional items have an increased favourable variance of £1,706k. The net consequence to date is the overall revenue position forecast is £1,453k less net expenditure than the revised budget, a favourable movement of £194k on Month 8.</p> <p>Total forecast capital expenditure for the year is estimated to be £83,461k (£81,319k month 8), which is £4,707k less than the latest budget. The rephasing of the budgets was undertaken in December to align the budgets to the November outturn reducing the current budget by £21,424k to £88,168k.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council Plan for 2009/10.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Notes the forecast budget position for revenue and capital as at Month 9.
2. Notes the treasury management update in Appendix B.
3. Agrees unallocated priority growth to fund £400k for urgent Highways revenue maintenance work following the recent severe weather

4. Notes the rephasing of the capital budgets.
5. Approves the release of recently allocated S.106 amount of £45k to the Leisure development at Botwell Green
6. Approves the release of recently allocated S.106 amount of £113k to the Yiewsley & West Drayton Town Centres initiatives project
7. Approves the virement of capital budget from ECS to P&CS for the Merrifields 3rd Floor fit out, £245k in 2009/10 and £370k in 2010/11

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 £253k less net expenditure than budgeted, an adverse movement of £267k on the Month 8 position. This is primarily due to a continued adverse trend in the demand for Older People services and an adverse movement in projected development control and building control income.
4. However, exceptional items have a favourable movement of £200k due to the continued review of creditor provisions in the balance sheet which have now resulted in a total one-off transfer to the revenue account of £2,275k (£2,075k in month 8). The exceptional pressure on asylum funding has reduced by £261k from £1,830k to £1,569k due to the government reimbursing the 2008/09 special circumstances claim in full thus enabling the provision held against this claim to be released. However, this still leaves an ongoing government underfunding of asylum of around £3m per annum. The other previously reported exceptional item of £1m relating to the in-year savings programme is unchanged. The net consequence to date is the overall revenue position forecast is £1,453k less net expenditure than the revised budget, a favourable movement of £194k on Month 8.
5. The most significant pressures for which contingency provides are in relation to Asylum spend, Transitional Children, Homelessness and Mental Health pressures. At Month 9 these pressures are forecast to be £1,733k more than the contingency budget provides, an adverse movement of £119k from Month 8. This adverse movement is due to new pressures of £50k for winter gritting and £60k for the ice rink. The remainder of the pressure (£1,569k) is still due to the forecast asylum spend being more than the contingency provides. As mentioned above this has reduced by £261k due to government agreeing to reimburse the 2008/9 Special Circumstances claim in full.
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 9 show an adverse variance of £236k, an adverse movement of £9k on Month 8.
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 8. 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 £1,453k are £13,453k.

B) Capital

10. Total forecast capital expenditure for the year is estimated to be £83,461k (£81,319k Month 8), £4,707k less than the latest budget. The projections assume that the remainder of contingency will not be drawn down. This month's increase is primarily due to revised forecasts and phasing on the fully grant funded Guru Nanak project.
11. The £8,800k budgeted level of capital receipts for 2009/10 will not now be delivered in full. Receipts are now likely to be in the region of £1,200k due to the rephasing of sales into the next financial year when market conditions are expected to improve.
12. The net effect of the reduction in forecast capital receipts and the rephasing on the programme is a £2,680k increase in the forecast use of unsupported borrowing, from £27,238k to £29,918k. In addition, the supported borrowing forecast has decreased by £194k from £3,260k to £3,066k.
13. The rephasing of the budgets was undertaken in December to align the budgets to the November outturn. This has resulted in the underspend previously reported on projects of £21,424k being removed. On specific projects this will be rephased into 2010/11 but programme of works budgets will only be rephased at the year end to deal with specific accruals.

A) Revenue

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

Table 1

2009/10 Original Budget	Budget Changes		2009/10 (As at Month 9)		Variances (+ adv/- fav)		
			Current Budget £'000	Forecast £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000
£'000	£'000		£'000	£'000	£'000	£'000	£'000
217,419	-5,576	Directorates Budgets on normal activities	211,843	212,216	+373	+106	+267
-25,844	4,576	Corporate Budgets on normal activities	-21,268	-21,388	-120	-120	0
191,575	-1,000	Sub-total Normal Activities	190,575	190,828	+253	-14	+267
1,210	0	Exceptional Items - Asylum	1,210	2,779	+1,569	+1,830	-261
	1,000	In-year recovery savings	1,000	0	-1,000	-1,000	0
	0	Creditors review		-2,275	-2,275	-2,075	-200
1,210	1,000	Sub-total Exceptional Items	2,210	504	-1,706	-1,245	-461
192,785	0	Total net expenditure	192,785	191,332	-1,453	-1,259	-194
189,245	0	Budget Requirement	189,245	189,245	0	0	0
3,540		Net total	3,540	2,087	-1,453	-1,259	-194
-16,234		Balances b/f 1/4/09	-16,234	-16,234	0	0	0
0		Transfer to earmarked reserves	694	694	0	0	0
-12,694	0	Balances c/f 31/3/10	-12,000	-13,453	-1,453	-1,259	-194

Directores' Forecast Expenditure Month 9

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

Table 2

2009/10 Original Budget	Budget changes	2009/10 Current Budget (as at Month 9)	Directorate	2009/10 Forecast (as at Month 9)	Variances (+ adv/- fav)		
					Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000	£'000		£'000	£'000	£'000	£'000
84,879	-1,502	83,377	Adult Social Care, Health & Housing	84,019	+642	+387	+255
37,274	-1,291	35,983	Environment & Consumer Protection	35,976	-7	0	-7
57,577	-2,713	54,864	Education & Children's Services	54,864	0	0	0
13,810	-652	13,158	Planning & Community Services	13,183	+25	+125	-100
15,179	1,184	16,363	Central Services	16,363	0	0	0
6,900	-40	6,860	Developments Contingency	6,763	-97	-216	+119
0	0	0	Pay Award	-190	-190	-190	0
1,800	-562	1,238	Growth to be allocated	1,238	0	0	0
217,419	-5,576	211,843	Sub-Total	212,216	+373	+106	+267
			Exceptional items:				
1210	0	1,210	Exceptional pressure: Asylum funding	2,779	+1,569	+1,830	-261
0	1000	1,000	In-year savings	0	-1,000	-1,000	0
0	0	0	Creditors review	-2,275	-2,275	-2,075	-200
1,210	1,000	2,210	Sub-Total	504	-1,706	-1,245	-461
218,629	-4,576	214,053	Total	212,720	-1,333	-1,139	-194

16. **Adult Social Care, Health & Housing** are projecting a **pressure of £642k** as at Month 9, an adverse movement of £255k. This is due to a continuation in the trend for an increasing demand pressure on Mental Heath and Older Peoples Services which are now forecasting pressures of £504k and £599k 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).

17. **Environment & Consumer Protection** are forecasting a **favourable variance of £7k** as at Month 9 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 (£250k), 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. There is now an additional contingency item of £50k required to cover the increased costs of the winter gritting.

18. **Education & Children's Services** are forecasting a **nil variance** as at Month 9 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 (£2,460k) and Exhausted All Appeal cases (£580k) which are being treated as contingency items. The Month 9 forecast for asylum represents a pressure of £1,830k on the contingency budget assumptions, no change from Month 8.
19. **Planning & Community Services** are projecting **a pressure of £25k** as at Month 9 an improvement of £100k on month 8. This improvement arises as a result of the decision to not commit any further expenditure from the Community Safety Fund in this financial year. All other pressures remain unchanged from month 8. The Group position excludes pressures on Development Control (£472k), Building Control (£184k) and Land Charges (£753k) income and Golf (£262k) for which contingency provides. In total there is currently a forecast pressure of £236k on these contingency funded items, an adverse movement of £9k on Month 8. There is also an additional call on contingency of £60k for the ice rink.
20. **Central Services** are forecasting a **nil variance** as at Month 9. There are gross pressures totalling £302k within Finance & Resources including an ongoing pressure of £172k on income streams from commercial properties, a shortfall of £44k on income from schools buy back of Facilities Management services and £56k on income from the hire of the Middlesex Suite and a pressure of £30k due to maintaining and keeping secure surplus properties prior to their disposal.
21. **Pay award:** The 2009/10 budget was based on an assumed pay award of 1.5%. Of that, 0.3% was utilised to fund the late additional award for 2008/09, leaving a balance of 1.2%. Employers settled on 1% which results in an underspend of around £190k.
22. **Exceptional items:** The forecast pressure on asylum funding has reduced to £1,569k as a result of the release of £261k from the 2008/09 provision against the Special Circumstances grant for that year which has now been paid in full. The in-year recovery plan of £1m is unchanged from Month 8. The review of creditor provisions in the balance sheet has increased by £200k to £2,275k. Overall exceptional items are now being forecast as a favourable variance overall of £1,706k.

Development & Risk Contingency: £1,472k pressure (£142k favourable)

23. £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 9.

Table 3

Development and Risk Contingency	2009/10 Budget	Agreed	Forecast as needed	Variance (+adv / - fav)
2009/10 allocations:	£'000	£'000	£'000	£'000
Total net contingency at start of the year	8,110			
Allocations approved				
Christmas Lights Fund for Town Centres	0	30	30	+30
Commitments:				
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		2,199	+1,539
Asylum Exhausted All Appeals	550		580	+30
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		753	+38
Development Control Income	350		472	+122
Building Control Income	108		184	+76
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
Winter Gritting	0		50	+50
Ice Rink	0		60	+60
Total net contingency	8,110		+9,582	+1,472

24. 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 £1,472k on the contingency budget. If the asylum pressure were excluded there would be an underspend of £97k on contingency.

25. The forecast asylum spend has reduced to £2,779k in excess of base budget provision within Children's Services. This is £1,569k in excess of the net sum for which contingency provides (£1,210k). The pressure on the non EAA element of Asylum (£1,800k) 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. However, the UKBA has recently agreed to reimburse all the Special Circumstances claims by the Council for 2008/09. This means that £261k from the provision made in 08/09 can now be applied to the current year pressure and nets the non-EAA variance down to £1,539k. The current forecast in Exhausted all Appeals cases is £580k.

26. 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.
27. 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 9 they are projected as being £236k more than provided within contingency. Development control income is forecast as a gross pressure of £472k, £122k 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 £38k. The forecast for building control income is a gross pressure of £184k, £76k above that provided for within contingency based on a reduction in income of 18% from the same period in 2008/09.
28. A sum of £85k has also been included in the contingency to cover fuel pressures. At Month 9 it is forecast that £60k will be needed.
29. 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.
30. However at month 9 there are also 2 new calls on contingency, £50k for the additional winter gritting costs and £60k for the ice rink.

Priority Growth: Nil variance (No change)

31. £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.
32. Table 4 summarises the position with regards to each element of priority growth.

Table 4

Priority Growth	2009/10 Budget	Agreed draw downs	Commitments	Unallocated
2009/10 Unallocated Priority Growth at start of the year	£'000	£'000	£'000	£'000
HIP Initiatives New budget:	500			
Agreed:				
Angling amenities		10		
Civic pride		26		
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		
Alfresco dining facility		18		
Waste and energy	300	22	278	0
HIP Initiatives unallocated balance	800	289	278	233
Unallocated non specific growth	700			700
Christmas parking concessions		45		-45
Accessibility event		5		-5
Highways Maintenance		400		-400
Balance of unallocated growth	700	450	0	250
Total	1,500	739	278	483

33. HIP Steering group have approved £289k of revenue allocations so far this year the detail of which is set out in table 4. This now includes £18k for the alfresco eating area, £4k for citizenship ceremony pins and £5k for Civic awards and volunteer pins approved at January Steering Group. 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.

34. 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.

35. There is a recommendation in this report to make one further allocation from priority growth. £400k is to be allocated to enable a £1.1m programme of priority highways maintenance work to be undertaken by the end of March. A survey of road conditions has been undertaken following the recent severe weather and the roads in the most urgent need of repair have been put into a programme of works which will be undertaken by the end of March. As works progress it may be that some of the revenue patching work is more cost effectively dealt with as capital resurfacing works. If this is the case then the financing of that work will be adjusted from revenue to capital at the year end.

36. As at Month 9 there is an estimated £233k remaining from the HIP initiatives budget, and £250k of unallocated non-specific priority growth budget. The Month 9 forecast assumes that the balance of unallocated growth will be spent.

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

37. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 9.

Table 5

2009/10 Original Budget	Budget Changes	2009/10 Current Budget (as at Month 9)	Corporate Budgets	2009/10 Forecast Outturn (as at Month 9)	Variances (+ adv/- fav)		
					Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000	£'000		£'000	£'000	£'000	£'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	4,572	8,262	FRS 17 Pension				
			Adjustment	8,262	0	0	0
-24,703	0	-24,703	Asset Management				
			A/c	-24,703	0	0	0
-11,965	-93	-12,058	Corporate Govt				
			Grants	-12,058	0	0	0
-25,844	4,576	-21,268	Corporate Budgets	-21,388	-120	-120	0

38. 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

39. 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.

40. The revised budget for December 2009 is now £88,168k (£105,195k month 8). The variance in this month's budget is due to the rephasing of £21,424k to reflect the month 8 outturn projections. There are a number of additions, these include increases of £113k for Town centre initiatives, £45k for Botwell Green, £4,189k for Guru Nanak and £50k for TfL.

Current Year Expenditure

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

Table 6

Groups	Original Budget £'000	Revised Budget £'000	Capital Spend Month 9 £'000	Actual Spend % of Revised Budget %	Forecast outturn £'000	Variance £'000
Adult Social Care, Health & Housing	3,715	5,288	3,658	69%	5,256	-32
Environment & Consumer Protection	8,193	8,768	5,415	62%	8,899	+131
Education & Children's Services	23,613	21,746	10,442	48%	20,651	-1,095
Planning & Community Services	2,351	2,331	1,320	57%	2,281	-50
Finance & Resources	2,576	2,578	1,213	47%	2,972	+394
Deputy Chief Executive	2,125	1,951	429	22%	1,975	+24
Major Construction Projects	29,181	30,177	20,797	69%	29,951	-226
Group Total	71,754	72,839	43,274	59%	71,985	-854
Recovery from Contingency					-1,604	-1,604
Programme Contingency	3,196	2,725	0	0%	1,000	-1,725
Contingency	1,500	1,137	0	0%	604	-533
Contingency Total	4,696	3,862	0	0%	0	-3,862
HRA	11,745	11,467	5,966	52%	11,476	+9
Total	88,195	88,168	49,240	56%	83,461	-4,707

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

MCP Group	Original Budget £'000	Revised Budget £'000	Capital Spend Month 9 £'000	Actual Spend % of Revised Budget %	Forecast outturn 2009/10 £'000	Variance 2009/10 £'000	Forecast Variance 2010/11 £'000	Variance Total £'000
Planning & Community Services Projects	17,682	19,550	14,661	75%	19,678	+128	+1,278	+1,038
Education & Children's Projects	9,884	10,087	5,967	59%	9,785	-302	+5,711	-81
Finance and Resources Projects	15	10	0	0%	10	0	0	-5
Environment Projects	1,600	430	169	39%	418	-12	+3,812	+2,600
Project QS Support		100	0	0%	60	-40	0	-40
MCP Group Total	29,181	30,177	20,797	69%	29,951	-226	+10,801	+3,512

43. The overall Capital Programme budget is projecting an underspend of £4,707k as at Month 9. This is detailed in table 6.

44. Actual spend to date is £49,240k, which equates to 56% of the total 2009/10 programme budget. This change is reflected by the rephasing and is also slightly distorted as the school spend being reported quarterly.

45. There are a number of schemes currently forecasting a potential overspend. These potential overspends total £1,754k, a reduction of £159k from the £1,913k forecast in Month 8. This

reduction relates to a number of these pressures being anticipated to occur in 2010/11 and funding for pressures being identified, as show in the table below.

Scheme	Funding	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn (Month 9)	Variance
		£'000	£'000	£'000	£'000
HRA - Long Lane- Mental Health Units	HRA	30	0	31	+1
HRA – Pipeline project	HRA	0	0	8	+8
HRA -Decent Homes Works	HRA	9,762	5,211	9,812	+50
Boxing Club	Council	0	36	41	+41
Manor Farm	Council	0	0	350	+350
Civic Centre Electrical Works	Council	55	377	395	+340
Chrysalis	Council	1,018	428	1,067	+49
Hillingdon Sport & Leisure Centre	Council	8,372	6,656	8,372	0
Botwell Green Leisure Development	Council	10,391	7,725	10,621	+230
Photovoltaic Cells - Civic Centre Roof	Council /grant	34	35	35	+1
Uxbridge High	Grant/Council/School Contribution	1,247	1,220	1,578	+331
Breakspear Crematorium	Mixed	1,876	2,196	2,196	+320
Civic Centre Boilers	Council	50	4	53	+3
Public Conveniences (ECP other schemes)	Council	185	193	215	+30
Total		33,020	24,081	34,774	+1,754

46. A proportion of these overspends are schemes that are not fully funded through Council resources e.g. Schools, S.106 etc. In addition where possible Council funded scheme overspends will be 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 £1,256k. Further work continues to be undertaken to refine the pressure and identify funding options.

Current Year Financing

47. 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	25,802	8,800	3,379	36,358	10,196	3,633	88,168
Outturn 2009/10	29,918	1,200	3,066	35,035	10,166	4,076	83,461

48. The level of unsupported borrowing forecast as at Month 9 is £29,918k (£27,238k Month 8), an increase of £2,680k on the previous month due primarily to the rephasing of a projected capital receipt to 2010/11. The supported borrowing forecast has decreased by £194k from £3,260k to £3,066k on the previous month. This is primarily due to the rephasing of funding to reflect current outturns in 2010/11.

49. 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 £1,200k are now projected.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

51. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

53. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

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

Revenue: £642k adverse (£255k adverse)

1. The increased pressure on OPS services reported this month is due to the unprecedented demand being experienced by Hillingdon Hospital due to the recent adverse weather and the immediate knock on effect on ASC as a significant number of services are required at short notice to allow safe discharge. It is seen as a considerable achievement that this substantial increase has been managed without incurring any 'delayed discharge' fines and this has been due to the exceptional efforts of ASC staff in responding to this crisis.
2. 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 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 resulting in an exceptional pressure.
3. Officers are pursuing a number of measures to avoid the overspend projected at this time with a view to achieving a 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.
4. The Month 9 report is showing an adverse variance of £642k reflecting an adverse movement of £255k from the Month 8 position. The overall position for ASCH&H is set out in the table below.

Division of Service	Forecast Variance Month 9 £'000	Forecast Variance Month 8 £'000	Change from Month 8 £'000
Older Peoples Services	+599	+344	+255
Physical & Sensory Disability Services	0	0	0
Learning Disability Services	-387	-387	0
Mental Health Services	+504	+504	0
Housing Benefits	-150	-150	0
Housing Need Services	0	0	0
ASCH&H Other Services	+77	+77	0
ASCH&H - Total	+642	+387	+255

Older People Services: £599k adverse (£255k adverse)

5. The primary reason for this adverse movement is as set out in para 1 above. The ASC staff have to date dealt with 100 additional assessments above the norm resulting in 30 residential and 40 intensive homecare packages and utilised part of an existing ward within Mount Vernon to relieve pressure on Hillingdon hospital. These additional costs are estimated to be in the region of £250k albeit this may change if the forecast length of stay for those in short term residential placements should differ from actual.

6. Notwithstanding this current unprecedented demand 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.
7. 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)

8. 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. This service is currently forecasting outturn to be on budget.

Learning Disability: £387k favourable (No change)

9. 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.
10. The favourable movement first reported in Month 4 has shown a continuing favourable trend which the Month 9 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 (No change)

11. The forecast is unchanged from last month as Officers continue to take mitigating actions to alleviate this pressure which is primarily related to residential placements.
12. 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)

13. 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.
14. 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)

15. 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.

16. 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. 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 : £859k favourable (£323k favourable)

18. The HRA has a gross budget of £48.8m. The forecast for Month 9 shows an overall favourable variance of £536k, which represents a marginal improvement of £28k from the month 8 forecast as set out in the table below:

Division of Service	Forecast Variance Month 9 £'000	Forecast Variance Month 8 £'000	Change from Month 8 £'000
HH Ltd: General and Special Services	0	+112	-112
HH Ltd: Repairs Services	0	0	0
LBH: General and Special Services	-130	-100	-30
LBH: Repairs Services	+52	+52	0
Other Expenditure	-387	-280	-107
Income	-394	-320	-74
In Year (Surplus) / Deficit	-859	-536	-323

Hillingdon Homes: Nil Variance (£112k improvement)

19. Hillingdon Homes are reporting a nil variance, an improvement of £112k. In part this is due to increases in budgets that have been offset by corresponding increases in income. In addition budgets for utilities and insurance have been increased as these are corporately negotiated.

LBH General and Special Services: £130k favourable (£30k improvement)

20. The LBH General and Special Services forecast has improved by £30k due to lower staffing costs in the homelessness area.

Other Expenditure: £387k favourable (£107k improvement)

21. An improvement of £107k is being reported at month 9 as a result of a reduction in the provision for bad debts resulting from good performance in rent collection.

Income: £394k favourable (£74k improvement)

22. The income forecast has improved by £74k and the overall favourable variance has resulted from improved rent collection and reduced voids.

Environment and Consumer Protection (E&CP)

Revenue: £7k favourable (£7k favourable)

- At Month 9, the Group is forecasting a favourable variance of £7k, which compares to a nil variance as reported at Month 8. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

Division of Service	Forecast Variance Month 9	Forecast Variance Month 8	Change from Month 8
	£'000	£'000	£'000
Street Cleansing	+95	+95	0
Harlington Road Depot	+169	+169	0
Waste Disposal	-250	-200	-50
Trade & Clinical Waste net	-40	-40	0
Off Street Parking Income	-33	-33	0
Street Scene Locality Team	+52	+52	0
Recovery Plan Savings	0	-43	+43
E&CP - Total	-7	0	-7

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

- 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 set a 2009/10 levy that 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 started to rise again as forecast, and a contingency call of £60k continues to be assumed.

Division of Service	Gross Pressure Month 9	Gross Pressure Month 8	Change from Month 8	Contingency	Net Pressure
	£'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
E&CP - Total	992	992	0	1,005	-13

Street Cleansing: £95k adverse (No change)

- The adverse position represents the net forecast across Street Cleansing, Graffiti and Litter Abatement services. The pressure relates to the Street Cleansing service and to activity required to maintain service standards. Actions continue to be taken to minimise this pressure without impacting on service levels.

Waste Services: £290k underspend (£50k favourable)

4. **Recycling Costs:** The overall pressure on Recycling is currently forecast at £525k (last month £510k). 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 is beginning to incorporate the expected seasonal variations in the income and expenditure profiles. Income and rebates continue to be favourable, whilst as expected green/organic tonnages have dropped, levels of dry recycling have been maintained. There is £200k available in the contingency for Waste & recycling cost pressures that can partially offset this position.
5. **Waste Disposal:** The gross contingency pressure of £732k reflects the actual increase in the 2009/10 Waste Levy confirmed by West London Waste Authority (WLWA) at the authority meeting in January 2009. The Section 52(9) budget was reset as part of the 2009/10 levy setting, however tonnages have continued to show a significant fall during 2009/10. The decrease has also reversed previous seasonal trends with the single largest fall in tonnages during October. Whilst the third quarter tonnage figures are still subject to confirmation the expectation is that the underspend could increase further and therefore the forecast position has improved to £250k underspent this month. The decreased tonnages are largely reflected across West London Waste Authority's constituent Boroughs and as a result it is continuing to predict that there will be no implications from the Landfill Allowance Trading Scheme (LATS) in 2009/10.
6. **Trade Waste:** The position remains a £70k favourable variance due to overachievement of income. As previously reported levels of business have reduced during 2009/10 and this is considered to be a combination of the cumulative impact price increases linked to the annual increases in Landfill Tax and the economic downturn. 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.
7. **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.
8. **Clinical Waste:** The Council has now taken on the responsibility for the collection and disposal of Clinical waste from residents homes previously undertaken by Hillingdon Primary Care Trust (HPCT), and as required by the Environmental Protection Act 1990. The service transferred during September and the costs incurred to date indicate that the impact will be contained within the estimated impact for 2009/10 of £30k. However this service is subject to client number variations which can affect costs accordingly.

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

9. 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 have been implemented in January, and the reported position makes an assumption that these changes will have a favourable part-year impact in 2009/10.

Off-Street Parking: £33K favourable (No change)

10. In terms of Car Park income the expected favourable seasonal variation, in the third quarter of the financial year, was evidenced significantly later than previous financial years. The economic

climate is considered to be a major factor and will have been exacerbated by the severe weather conditions experienced in December and early January.

Parking Revenue Account

11. The recent severe weather conditions have also affected Parking Enforcement, with operations having to be suspended at the height of the snow. This is forecast to further reduce the level of penalty charge notice (PCN) income, which has already seen a fall during 2009/10 when compared to previous years. This underlying decrease is consistent with a London-wide trend, attributed partly to economic downturn and a more general increase in compliance levels. It is currently forecast that through a combination of management action and some anticipated improved performance in the last two months of the year, that this pressure can be accommodated within the ring-fenced Parking Revenue Account. However the reduced income will impact adversely on the unallocated surpluses available for future years.

Winter Maintenance

12. A further consequence of the weather has been additional activity within the Winter Maintenance service. The winter gritting teams have been working almost solidly from mid-December onwards. By early January the volume of grit used exceeded that used throughout the whole of the 2008/09 financial year by 300 tonnes. As a result the service is expected to incur additional material and manning costs, which are initially forecast to be around £50k over budgeted levels. A contingency allocation is being requested to meet these additional costs.

Streetscene Locality Team: £52k adverse (No change)

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: Nil variance (£43k favourable)

14. Actions have now been identified that are anticipated to be sufficient to deal with the residual pressures faced by the Group.

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

15. After stabilising during November the bulk diesel purchase price has started to rise again, and has now reached 95p per litre, which compares to the 92p reported in November. The Freight Transport Association trend data continues to indicate a steady increase across the remainder of the financial year and into 2010/11.

16. A forecast call of £60k on the contingency sum is retained this month given that this makes some allowance for the predicted upward trend in prices in the final quarter. The continued rise in prices will be monitored over the final quarter of 2009/10 in conjunction with any variations in usage and therefore volumes. At this time there are no significant issues to report on the prices of oil based/dependent materials.

Education and Children Services (E&CS)

Revenue: Nil variance (No change)

1. The Group is projecting a nil variance as at Month 9 for the 2009/10 financial year.
2. This excludes the overall pressure on asylum funding and the cost of exhausted all appeals cases which are reported under exceptional items elsewhere in this report.
3. The projected variances at Month 9 are summarised in the following table:

Division of Service	Forecast Variance Month 9 £'000	Forecast Variance Month 8 £'000	Change from Month 8 £'000
Schools	0	0	0
Director & Youth Services	0	0	0
Resources, Policy & Performance	-21	-31	+10
Learning & School Effectiveness Service	-4	0	-4
E&CS Central Budget	-138	-132	-6
Children & Families Service	+163	+163	0
E&CS - Total	0	0	0

Schools: Nil variance (No change)

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

Director & Youth Services: Nil variance (No change)

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

Resources, Policy & Performance: £21k Underspend (£10k adverse movement)

7. The service is projecting a slight adverse movement of £10k due to additional internal charge for response to asbestos issue and for primary feasibility studies.

Learning & School Effectiveness: £4k underspend (£4k improvement)

8. There has been a slight change to the position reported within the Learning & School Effectiveness service areas.

E&CS Central Budget: £138k underspend (£6k improvement)

9. There has been a slight improvement to the position reported at the end of Month 8.
10. 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 (No change)

11. There has been no major change to the position reported within the service areas.
12. However, the future Looked After Children projection is dependent on new clients entering and existing clients leaving including unit cost changes and this could mean increase in costs for the remainder of the financial year. Also the SEN transport service is forecasting a pressure in respect of new routes and fuel costs. To date, this pressure has been offset by one off savings in other areas within the service.

Exceptional Items: Asylum Service £2,779k pressure (£261k improvement)

13. The UKBA has agreed to reimburse all the Special Circumstances claims by the Council for 2008/09. This means that the provision made in 2008/09 can be applied to the current year overall pressure, which will reduce it down to £2,779k.
14. There is no change in the previously reported overall underlying budget pressure of £3,040k for the service for 2009/10. This is due to the ongoing demand for the service and the continued under-funding by the Government and in respect of the moderation of the Special Circumstances grant for under 18's.
15. There is a slight change from what was reported at Month 8 for Exhausted All Appeal to £580k which was netted off with a slight changes within the over 18 services.
16. Action has already been undertaken to reduce the shortfall on Asylum funding whilst maintaining service levels. However, the age profile of the clients has led to a decrease in grant income as more asylum seekers turn 18. This has led to the net position being worse than in previous years even though numbers are falling. However, continuing to provide services to asylum seekers over 18 costs the authority less than the provision for general non-asylum Leaving Care clients, so this in effect reduces the overall Council pressure.
17. The 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 9

Revenue: £25k Pressure (£100k favourable)

1. The Group has a draft outturn position of £25k, this excludes all pressure areas that have identified contingent provisions.

Division of Service	Forecast Variance Month 9 £'000	Forecast Variance Month 8 £'000	Change from Month 8 £'000
Community Safety	-211	-111	-100
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
P&CS - Total	+25	+125	-100

Contingent Items: £1,671k Gross Pressure (£9k 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 9 £'000	Month 8	Change from Month 8	Contingency £'000	Net Pressure £'000
Development Control	+472	+475	-3	+350	+122
Building Control	+184	+175	+9	+108	+76
Land Charges	+753	+750	+3	+715	+38
Golf	+262	+262	0	+262	0
P&CS - Total	+1,671	+1,662	+9	+1,435	+236

Development Control Income: £472k Gross Pressure (£3k favourable)

3. The forecast for Development Control income is a gross pressure of £472k which has decreased from month 8 by £3k, the net position after the contingency is £122k.
4. Major applications are now currently forecast to fall by as much as 25% 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 and are down by 28% and 20% respectively from the 3 year average levels.

Building Control Income: £184k Gross Pressure (£9k adverse)

5. The forecast for Building Control income is a gross pressure of £184k. This has deteriorated by £9k and the net position after the contingency is now forecast to be £76k. Income for April to November is down by 18% from the same period in 2008/09.

Land charges: £753k Gross Pressure (£3k adverse)

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 £38k.
7. Not reflected in the forecast yet is the potential impact of the guidance issued from the Information Commission Office (ICO). The guidance suggests that the majority of property search data is Environmental Information and that Local Authorities are therefore obliged to allow inspection of this information at no charge. 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 of £262k held in contingency is still required and will need to be allocated to the service.

Community Safety: £211k underspend (£100k favourable)

9. The position has moved favourably by £100k as a result of the decision to not commit any further expenditure from the community safety fund, this was already forecast to be underspent by £50k so the total underspend against this budget will be £150k. There are also underspends on staffing £41k and £20k on the 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 a 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 implication 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. GLL has confirmed 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 is still projecting to breakeven position. However, the Finance & Resources Directorate has a pressure totalling £183k, a slight improvement of £16k on last month's projections, for which savings plans are being developed to mitigate them.

Division of Service	Forecast Variance Month 9 £000	Forecast Variance Month 8 £000	Change From Month 8 £000
Deputy Chief Executive's Office	0	0	0
Finance and Resources	+183	+199	-16
Recovery Plan Savings	-183	-199	+16
Central Services - Total	0	0	0

Finance & Resources: £183k pressure (£16k improvement)

2. The Finance & Resources Directorate budgets are projecting a pressure of £183k at Month 9, a slight improvement of £16k on last month's projections.
3. This is due to ongoing gross pressures within Corporate Property Services, totalling £302k, as set out below:
 - There is an ongoing pressure on income streams from commercial properties of £172k, due to a number of vacant tenancies in the Warnford Industrial Estate (£104k), 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 £56k 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 £44k 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 £30k on the cost of maintaining and keeping secure surplus properties prior to their disposal.
4. These pressures are netted down by savings totalling £119k, which relate to the following:
 - Additional income of £47k from leases within the General Corporation Estate
 - A saving of £72k due to a negotiated reduction in the cost and the receipt of one off refunds of a number of Civic Centre Service Contract.

Recovery Plan Savings: £183k target (£16k improvement)

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

Capital Programme: £4,707k underspend (£21,424k rephased)

1. The overall Capital Programme budget is projecting an underspend £4,707k of as at Month 9 (£23,876k Month 8). £21,424k of underspends were rephased to align to the month 8 outturn figures.
2. Expenditure to Month 9 across the whole capital programme is £49,240k (£40,597k Month 8) which equates to 56% of the revised programme. Further detail is provided below for each individual department.

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

HRA: £9k overspend (£840k rephased)

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

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 9	Actual % of Revised Budget %	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000		£' 000	£' 000
Capital Works	10,000	9,762	Y	5,211	53%	9,812	50
Estates Improvements	1,125	495	Y	0	0%	495	0
Cash Incentive Scheme	100	100	Y	100	100%	100	0
New Build – Redevelopment	290	120	N	0	0%	120	0
New Build – Long Lane	0	30	Y	0	0%	31	1
HRA - Pipeline project	0	0	N	0	0%	8	8
Other Projects	230	300	Y	40	13%	250	-50
Townfield Community Centre	0	660	Y	615	93%	660	0
HRA – Total	11,745	11,467		5,966	52%	11,476	9

4. Expenditure to date is £5,966k out of a revised budget of £11,467k, which accounts for 52% of the total programme budget.
5. There has been identified required spend on the HRA Pipeline Project which was previously anticipated to start in 2010/11, which should occur in 2009/10 in order to allow the project to progress. This will be a grant funded project and will require the funds to be drawn forwards. This is allowable under the grant conditions.
6. There is a projected overspend of £50k on the HRA Capital works. This relates to urgent boiler works, which were brought forward from next years programme, due to the inclement weather. This will be offset by a £50k underspend on the other projects, which are now anticipated to be incurred in 2010/11.

Adult Social Care, Health and Housing: £32k underspend (£1,615k rephased)

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

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 9 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
100% Grant Funded							0
PSRSG for WL Empty Property Grant	0	1,150	Part	742	65%	1,150	0
Mental Health – Mead House	114	363	Y	171	47%	363	0
Improving Care Homes Environment for OP	0	3	Y	0	0%	3	0
ASC,H&H (Non HRA – 100% Grant Funded) – Total	114	1,516		913	60%	1,516	0
Non-Grant Funded							0
Disabled Facilities Grants	2,040	2,017	Y	1,881	93%	2,017	0
Private Sector Renewal Grants	390	360	Y	195	54%	360	0
LDA Energy Efficiency Grant	0	125	Y	0	0%	93	-32
Colne Park Caravan Sites	302	78	Part	4	5%	78	0
Purchase of Benefits customer self-service facilities	225	121	Part	0	0%	121	0
Purchase of Supporting People software	83	0	N	0	0%	0	0
Improving Information Management and ESCR	218	735	Part	485	66%	735	0
Enabling Electronic Social Care Record	100	276	Y	180	65%	276	0
Learning Disability Modernisation Programme	243	60	N	0	0%	60	0
Mental Health Phase 2 – Hayes Park House	0	0	N	0	0%	0	0
Mental Health Phase 3 – Group Homes	0	0	N	0	0%	0	0
ASC,H&H (Non HRA – Non Grant Funded) – Total	3,601	3,772		2,745	73%	3,740	-32
ASC,H&H – Total	3,715	5,288		3,658	69%	5,256	-32

- Expenditure to date is £3,658k out of a revised budget of £5,288k, which accounts for 69% of the revised programme budget.
- The projected underspend on the LDA Energy Efficiency Grant reflects that £32k is anticipated to occur in 2010/11.

Environment and Consumer Protection: £131k Overspend (£764 rephased)

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

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 9 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
Highways Improvements	1,358	1,358	Part	342	25%	1,358	0
Cabinet Member Initiatives – Highways							
Road Safety	250	210	Part	13	6%	210	0
Traffic Congestion Mitigation	200	10	N	0	0%	10	0
Street Lighting	300	300	Part	56	19%	300	0
Cabinet Member Initiatives - Parks & Streetscene							
Green Spaces Strategy	250	187	Part	177	95%	187	0
Street Scene	250	250	Part	-35	-14%	93	-157
Cabinet Member Initiatives – Improvement, Partnerships & Community Safety							
Breakspear Crematorium	1,700	1,876	Y	2,196	117%	2,196	320
Car Park Schemes	200	200	Y	13	7%	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	0	Y	0	0%	0	0
Other Schemes - Public Conveniences	0	185	Y	193	104%	215	30
E&CP – Sub Total	4,508	4,786		3,124	65%	4,979	193
BSP funded by Transport for London	3,685	3,982	Y	2,291	58%	3,920	-62
TFL (100% Grant Funded) – Sub Total	3,685	3,982		2,291	58%	3,920	-62
E&CP – Total	8,193	8,768		5,415	62%	8,899	131

11. Expenditure to date is £5,415k out of a budget of £8,768k, which accounts for 62% of the revised programme budget. One scheme has yet to be released and five have received partial release.

12. The majority of the expenditure to date has been incurred on Breakspear Crematorium (£2,196k), where the project is completed. A pressure of £320k has been identified, £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.

13. A programme for Highways Improvements for £1,358k has been drafted and the schemes are ready to be commissioned using Enterprise-Mouchel, the Highways commissioning contractor. £827k has been released. A further capital release of £531k has yet to be approved.

14. Street Scene project is now projecting an underspend of £157k.

Education and Children's Services: £1,095k Underspend (£11,544k rephased)

15. 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
100% Grant/Externally Funded							0
Early Years Foundation Stage – Surestart	0	1,020	Part	359	35%	1,020	0
Extended Schools	606	419	Y	207	49%	419	0
Extension of Nursery Care / Education	1,854	24	Part	26	108%	24	0
Formula Capital Devolved to Schools	6,388	4,523	N/A	3,760	83%	4,523	0
Guru Nanak - Expansion 2010	3,000	7,075	Y	3,843	54%	7,075	0
Home Access for Targeted Groups	0	90	Y	62	69%	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	504	Part	0	0%	504	0
Pinkwell	0	30	Y	0	0%	30	0
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	77	Y	34	44%	77	0
Schools Kitchens	594	994	Part	58	6%	736	-258
Specialist Schools	0	293	Y	279	95%	293	0
Surestart - AHDC short breaks	157	105	Y	0	0%	105	0
Vehicle Workshops - West Drayton Young Peoples Centre	0	94	N/A	0	0%	94	0
Investment in Young People's Facilities	0	167	Part	31	19%	167	0
Total 100% Grant/Externally Funded	16,630	18,541		8,724	47%	18,283	-258
Non Grant Funded							0
Douay Martyrs - Drama, 6th form common rooms	0	65	Y	65	100%	65	0
Expansion Haydon	726	930	Y	718	77%	930	0
School Improvement Programme	2,000	1,875	Part	850	45%	1,250	-625
School Places Provision (Basic Needs)	3,757	100	Part	8	8%	20	-80
Schools Access Programme	500	235	Part	77	33%	103	-132
Total 100% Non Grant Funded	6,983	3,205		1,718	54%	2,368	-837
E&CS – Total	23,613	21,746		10,442	48%	20,651	-1,095

16. Expenditure to date is £10,442k out of a budget of £21,746k which accounts for 48% of the revised programme budget.

17. The grant funded Guru Nanak project has progressed and this funding has been rephased to reflect the outturn

18. A number of projects are now reporting underspend, School Improvement Programme £625k, School Places Provision £80k, Schools Access Programme £132k and Schools Kitchens £258k this reflects the quarter 3 school returns forecasts.

Planning and Community Services: £50k underspend (£450k rephased)

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

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 9 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
100% Grant/Externally Funded							0
SSCF	0	100	Y	30	30%	100	0
S106/S278 Schemes	411	307	Y	255	83%	307	0
Botwell Multi Use Games Area		150	Part	6	4%	100	-50
NLDC	0	10	Y	9	90%	10	0
Total 100% Grant/Externally Funded	411	567		300	53%	517	-50
Non Grant Funded							0
Assisted Funding	150	32	N	19	59%	32	0
Libraries Refurbishment	1,500	1,500	Y	979	65%	1,500	0
Voltage Optimisation Equipment	40	40	N	0	0%	40	0
Harmondsworth Dog Free Mini Football Area		70	Y	0	0%	70	0
Ruislip Lido Public Conveniences		100	0	0	0%	100	0
CCTV Programme	250	22	Part	22	100%	22	0
Total Non Grant Funded	1940	1764		1020	58%	1764	0
P&CS – Total	2,351	2,331		1,320	57%	2,281	-50

20. Expenditure to date is £1,320k out of a budget of £2,331k, which accounts for 57% of the total programme budget.

21. The projected underspend of £50k on the Botwell Multi Use Games Area relates to slippage and will be spent in 2010.

Major Construction Projects: £226k underspend (£5,816k rephased)

22. 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
Planning and Community Services								
Brookfield – Second Floor	256	Y	221	86%	256	6	0	-2
Hillingdon Sports and Leisure Centre	8,372	Y	6,656	79%	8,372	346	-0	+250
Botwell Green (including Gymnastics Centre)	10,391	Y	7,725	74%	10,621	520	+230	+750
Boxing Club	0	N/A	36	No Budget	41	0	+41	+41
Minet Cycle Club	501	Part	22	4%	358	356	-143	-1
Queensmead Fitness Centre Refurbishment	30	Y	1	3%	30	50	0	0
Education and Children's Services – 100% Grant/Externally Funded								
Children's Centres – Phase 2	1,645	Y	1,645	100%	1,864	215	+219	+434
Children's Centres – Phase 3	1,200	Y	187	16%	650	2,736	-550	-434
Longmead	1,250	Y	506	40%	1,150	1,263	-100	-690
Pinkwell New Classrooms	391	Y	381	97%	391	9	0	0
Education and Children's Services – Non Grant Funded								
Harefield School Nursery	1,247	Y	1,080	87%	1,247	0	0	0
Glebe Primary School	229	Y	200	87%	229	6	0	+6
Heathrow Primary	172	Y	145	84%	170	2	-2	-9
Ruislip High School	308	Y	26	8%	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%	1,578	111	+331	+442
New Young People's Centre	2,000	Y	577	29%	1,800	1,369	-200	+170
Finance & Resources							0	
Farm Barns	10	N	0	0%	10	0	0	-5
Environment and Consumer Protection							0	
New Years Green Lane Civic Amenity Site	400	Part	162	41%	400	3,800	0	+2,600
Arundel Road Development HIP	30	Y	7	23%	18	12	-12	0
Council Wide								
Project QS support	100	0	0	0%	60	0	-40	-40
Major Construction Projects – Total	30,177		20,797	69%	29,951	10,801	-226	+3,512

23. Expenditure to date is £20,797k out of a budget of £30,177k, which accounts for 69% of the revised programme budget. The budget has increased by £45k which is additional section 106 for the Botwell Green Leisure Development

24. Minet Cycle Club – This project is estimating to spend £356k in 2010/11 this a variance of £143k on month 8.

25. **Children's Centres Phase 3** – This project has reduced the projected spend in 2009/10 and is estimating to spend a further £550k in 2010/11

26. **Longmead School expansion** – This project has reduced the projected spend in 2009/10 and is estimating to spend a further £100k in 2010/11. It is now reporting an overall underspend £690k.

27. **Uxbridge High expansion** – This project has increased the projected overspend by £85k the revised total overspend is now £442k which is expected to be financed by the school.

28. **Young Peoples Centres** – This project has reduced the projected spend in 2009/10 and is estimating to spend a further £200k in 2010/11.

29. **Arundel Road development scheme** – This project has reduced the projected spend in 2009/10 and is estimating to spend £12k in 2010/11.

30. **Project QS Support** – This project is estimating to spend £40k in 2010/11.

Central Services: £418k overspend (£395k rephased)

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

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 6 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Forecast Variance £' 000
Leader's Initiative	200	125	Y	0	0%	125	0
Chrysalis	1,000	1,018	Y	428	42%	1,067	+49
Town Centre Initiative	325	438	N	0	0%	413	-25
HIP Projects	600	370	Part	1	0%	370	0
DCE - Total	2,125	1,951		429	22%	1,975	24
ICT Asset Management Strategy	500	454	Part	31	7%	454	0
ICT Works at the Crematorium	0	97	Y	19	20%	97	0
Victoria Hall	0	53	Y	51	96%	53	0
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	108	34%	321	0
Property Enhancement Programme Contingency	0	179	N	19	11%	179	0
YOT Consolidation Link 1A/Cashiers	372	360	Y	278	77%	360	0
Civic Centre Electrical Works	2	55	Y	377	685%	395	+340
Civic Centre Security Improvements	236	127	Part	30	24%	127	0
Civic Centre - Photovoltaic Cells	34	34	Y	35	103%	35	+1
Civic Centre Enhancements	750	648	Part	6	1%	348	-300
Civic Centre Boilers	0	50	Y	4	8%	53	+3
F&R - Total	2,576	2,578		1,213	47%	2,972	394
Central Services - Total	4,701	4,529		1,642	36%	4,947	418

31. Expenditure to date is £1,642k out of a revised budget of £4,529k, which accounts for 36% of the revised programme budget.

32. The pressure identified in the Chrysalis Programme has reduced to £49k.

33. The Town Centre Initiative is now reporting a underspend of £25k, following the additional section 106 funding allocated to the project

Capital Contingency: £2,258k underspend (£213k adverse)

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

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 8 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
Programme Contingency	3,196	2,725	0	0%	+1,000	-2,196
Contingency	1,500	1,137	0	0%	+604	-533
Contingency – Total	4,696	3,862	0	0%	1,604	-2,258

35. The forecast outturn of £1,604k (£1,391k, Month 8) assumes that all of the pressures identified below will need to be funded from the contingency.

36. However 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 £1,256k. Further work continues to be undertaken to refine the pressure and identify options to fund.

Calls on Contingency from existing programme	Funding	Revised Budget £'000	Actual Spend (incl accruals) £'000	Forecast Outturn (Month 9) £'000	Variance 2009-10 £'000	Variance 2010-11 £'000	Variance £'000
Programme contingency							
Hillingdon Sports and Leisure Development	Council	8,372	6,656	8,372	-0	+250	+250
Leisure Development - Botwell Green, Hayes	Council	10,391	7,725	10,621	+230	+520	+750
Sub Total		18,763	14,381	18,993	+230	+770	+1,000
General contingency							
Boxing Club	Council	0	36	41	+41	0	+41
Manor Farm	Council	0	55	350	+350	0	+350
Breakspear Crematorium	Council / Harrow	1,876	2,196	2,196	+213	0	+213
Sub Total		0	91	391	+604	0	+604
Total		18,763	14,472	19,384	+834	+770	+1,604

The Table below details the previous releases from contingency.

Previous releases from contingency	£' 000	£' 000
General Contingency		
Original budget	1500	1500
Approved projects to date		
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	
total released to date		363
Balance remaining		1,137
Programme contingency		
Original budget	3,196	3196
Approved projects to date		
Purchase of Vehicles		471
Balance remaining		2,725

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 December.
2. As at 31 December 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: 1.75%

	Actual £m	Actual %	Bench- mark %
Up to 1 Month	44.9	53.52	50.00
1-2 Months	18.3	21.81	15.00
2-3 Months	0.0	0.00	25.00
3-6 Months	5.0	5.96	5.00
6-9 Months	0.0	0.00	0.00
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
Subtotal	68.2	81.29	100
Unpaid Maturities	15.7	18.71	0.00
Total	83.90	100	100

3. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions and Money Market Funds, which hold AA- or AAA long-term credit ratings.
4. Deposits are currently held with the following institutions; Abbey, Royal Bank of Scotland, Barclays Bank, Lloyds TSB Banking Group, Clydesdale, Nationwide, Goldman Sachs MMF, Henderson MMF, Invesco Aim MMF, Standard Life MMF & Debt Management Office (DMO).
5. During December fixed-term deposits have continued to mature in line with our cash flow requirements, any surplus funds have been placed in instant access accounts or short term fixed deposits with the DMO, in order to meet future cash flow requirements.

Outstanding Debt - Average Interest Rate on Debt: 3.86%

	Actual £m	Actual %
PWLB	109.6	63.5
Long-Term Market	48.0	27.8
Temporary	15.0	8.7
Total	172.6	100

6. No loans matured during December. However £15m of debt was rescheduled replacing two £7.5m PWLB maturity loans at a rate of 4.50% with one £15m Equal Instalments of Principal PWLB loan at a rate of 2.89%. This action was completed at a premium of £32k for 2009/10, but will save £748k over the life of the rescheduled debt.

Prudential Indicators

7. There were no breaches of the prudential indicators during December.

Ongoing Strategy

8. 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.
9. The latest advice on repayment and restructuring of debt is to wait until the PWLB reports on its consultation exercise. It is hoped that a new pricing method will reduce new borrowing and repayment spreads.