

## COUNCIL BUDGET - MONTH 2 2010/11 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/Christopher Neale, 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 2010/11 revenue &amp; capital position, as forecast at the end of Month 2 (May). The in year revenue position is forecast as being £1,440k more net expenditure than budgeted.</p> <p>Total forecast capital expenditure for the year is estimated to be £92,985k, £12,462k less than the latest budget.</p>
<b>Contribution to our plans and strategies</b>	Achieving value for money is an important element of the Council Plan for 2010/11.
<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. Note the forecast budget position for revenue and capital as at Month 2.
2. Note the treasury update at Appendix B.
3. Approves the virement of £80k capital budget from ICT Single Development Plan contingency to the Libraries Refurbishment project.
4. Approves the virement of £810k from E&CS to the Major Construction Projects team in PE&CS to fund the first phase of the Primary capital programme to provide sufficient places for September 2010.
5. Notes the addition of £60k grant funding in the E&CS capital programme to fund ICT to support Looked After Children.
6. Agree to the appointment of interim staff at a cost of £400k as set out in Appendix C which it is anticipated can be funded from within existing budgets.
7. Agree in principle to the appointment of 6 consultants for the South Ruislip Scheme at a cost of £226,887 as set out in Appendix D, and delegates the authority to accept tenders for such consultants to the Cabinet Member for Finance and Business Services, in consultation with the Director of Environment, Planning and Community Services.

## **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 2010/11.
2. New controls introduced on interim staff require individual interim staff with a projected cost of over £50k to be approved by Cabinet. Agency spend for the year to date shows a 19% reduction from that incurred to the same point last year (which also showed a reduction on the previous year). This has been achieved as a result of continued efforts to review the use of interim staffing given the financial pressures on the authority.

### **Alternative options considered**

3. There are no other options proposed for consideration.

## **SUMMARY**

### **A) Revenue**

4. The in year revenue monitoring position as at Month 2 (May) shows that forecast net expenditure for the year 2010/11 is £1,440k more than the budget. This is primarily due to the in-year government grant cuts of £3.6m recently announced which have been treated as an exceptional item and are explained in more detail below. The forecast outturn on normal activities is an overspend of £15k. There are a number of significant pressures forecast in services. These primarily relate to pressures that were forecast when the budget was set and are provided for in contingency. However, the demographic pressure on Older Peoples Services is significantly higher at this stage of the year than was provided for in contingency.
5. The monitoring position incorporates the financial impact of the Coalition Government's announcement on local government in-year grant reductions for 2010/11. The cuts notified are in Area Based Grant (£1.8m), Housing and Planning Delivery Grant (£0.1m), LAA Reward Grant (£1.8m) and LABGI (£0.4m). The net impact of the reductions in grant on the Council's current year budget is £3.6m and this has been treated as an exceptional pressure.
6. An in-year recovery plan is being developed that is seeking to recover at least £2m of the £3.6m through permanently reducing expenditure in areas previously funded by the grants being reduced or through accelerating BID efficiency proposals. The remaining £1.6m will be targeted through one-off measures.
7. There continues to be pressures from the economic downturn particularly in relation to the property market and the effect this has on Council income. These are being treated as contingency items and at month 2 show a net pressure of £158k. There are positive signs in relation to Development Control (-£235k) and Land Charges (-£47k) but there are still pressures on Corporate Landlord rental income streams (+£332k) primarily related to un-let properties and on Building Control (+£108k).
8. Capital financing costs are projected to underspend by £1m due to budgets set aside in advance for schools capital financing and other priority projects which will not be needed in this financial year.
9. The balances brought forward at 31st March 2010 were £17,745k. £1,500k of this sum was applied in support of the 2010/11 budget as part of the budget strategy agreed at Council

Tax setting. The forecast balances as at 31st March 2011 are £14,996k as a result of the budgeted drawdown from balances (-£1,500k), the forecast in-year overspend (-£1,440k) and the transfer from earmarked reserves (+£191k).

10. In addition to the £14,996k of general balances the Council has £746k of balances earmarked for Building Schools for the 21<sup>st</sup> Century brought forward from last year. The Government has announced that the funding for Building Schools Programmes across the whole country is being withdrawn. The Council was already in the process of winding down costs associated with this programme. Around £150k has been spent so far this year. The balance of funds not spent will be transferred to general reserves and will be used to support financing costs for the Primary Capital Programme.

## **B) Capital**

11. Total forecast capital expenditure for the year is estimated to be £92,985k, £12,462k less than the latest budget. At this stage of the year most budget managers assume that their budget will be spent in full. This assumption will be refined as the months go by and a clearer picture of what is likely to be spent in this year becomes apparent.

12. The £8,595k budgeted level of capital receipts for 2010/11 is currently anticipated to be fully achieved.

13. A virement of £80k from ICT Single Development Plan contingency to the Libraries Refurbishment project has been requested. This relates to works relating to the refurbishment of two libraries.

## 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**

2010/11 Original Budget	Budget Changes		2010/11 (As at Month 2)		Variances (+ adv/- fav)
			Current Budget	Forecast	Variance (As at Month 2)
£'000	£'000		£'000	£'000	£'000
223,425	11,506	Directorates Budgets on normal activities	234,931	235,946	+1,015
-27,731	-11,506	Corporate Budgets on normal activities	-39,237	-40,237	-1,000
<b>195,694</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>195,694</b>	<b>195,709</b>	<b>+15</b>
		<b>Exceptional items:</b>			
0	0	Central govt grant cuts	0	3,600	+3,600
0	0	In-year recovery savings	0	-2,000	-2,000
0	0	Team bonus underspend	0	-175	-175
<b>0</b>	<b>0</b>	<b>Sub-Total</b>	<b>0</b>	<b>+1,425</b>	<b>+1,425</b>
<b>195,694</b>	<b>0</b>	<b>Total net expenditure</b>	<b>195,694</b>	<b>197,134</b>	<b>1,440</b>
-					
<b>194,194</b>	<b>0</b>	<b>Budget Requirement</b>	<b>-194,194</b>	<b>-194,194</b>	<b>0</b>
<b>1,500</b>	<b>0</b>	<b>Net total</b>	<b>1,500</b>	<b>2,940</b>	<b>1,440</b>
-17,745	0	Balances b/f 1/4/10	-17,745	-17,745	0
0	0	Transfer from earmarked reserves	0	-191	-191
<b>-16,245</b>	<b>0</b>	<b>Balances c/f 31/3/11</b>	<b>-16,245</b>	<b>-14,996</b>	<b>+1,249</b>

## Directorates' Forecast Expenditure Month 2

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. A restructure of the Council is currently in progress. The month 3 position will reflect the new Group structure.

**Table 2**

2010/11 Original Budget	Budget changes	2010/11 Current Budget (as at Month 2)	Directorate		2010/11 Forecast (as at Month 2)	Variances (+ adv/ - fav)
						Variance (As at Month 2)
£'000	£'000	£'000			£'000	£'000
279,115	-2,408	276,708	Adult Social Care, Health & Housing	<i>Expenditure</i>	279,790	+3,082
-		-		<i>Income</i>	-186,495	-1,101
185,595	201	185,394		<b>Total</b>	<b>93,295</b>	<b>+1,981</b>
<b>93,521</b>	<b>-2,207</b>	<b>91,314</b>				
			Planning & Community Services	<i>Expenditure</i>	25,866	-45
25,815	96	25,911		<i>Income</i>	-13,813	+30
-13,843	0	-13,843		<b>Total</b>	<b>12,053</b>	<b>-15</b>
<b>11,973</b>	<b>96</b>	<b>12,069</b>				
			Environment & Consumer Protection	<i>Expenditure</i>	74,660	+158
72,511	1,991	74,502		<i>Income</i>	-37,658	+13
-35,680	-1,991	-37,671		<b>Total</b>	<b>37,002</b>	<b>+171</b>
<b>36,831</b>	<b>0</b>	<b>36,831</b>				
			Education & Children's Services	<i>Expenditure</i>	333,876	0
313,819	20,056	333,876		<i>Income</i>	-267,696	0
-		-		<b>Total</b>	<b>66,180</b>	<b>0</b>
261,246	-6,450	267,696				
<b>52,573</b>	<b>13,606</b>	<b>66,180</b>				
			Central Services	<i>Expenditure</i>	28,611	-47
28,759	-101	28,658		<i>Income</i>	-12,633	47
-12,792	111	-12,680		<b>Total</b>	<b>15,978</b>	<b>0</b>
<b>15,967</b>	<b>11</b>	<b>15,978</b>				
			Developments Contingency		9,938	-822
10,760	0	10,760				
			Growth to be allocated		1,500	-300
1,800	0	1,800				
			<b>Sub-Total Normal Activities</b>		<b>235,946</b>	<b>+1,015</b>
<b>223,425</b>	<b>11,506</b>	<b>234,931</b>				

16. **Adult Social Care, Health & Housing** are projecting a **pressure of £1,981k** as at Month 2. The department is reporting an adverse position of £1,981k on a £277m gross budget. This is consistent with the activity seen in the last quarter of 2009/10 around Older People (£1,623k pressure) and Mental Health services (£358k pressure). Action is being taken to try and mitigate these pressures. This forecast excludes sums provided for in contingency for Transitional Children (£2,300k), Mental Health Services (£1,250k), Homelessness (£800k) and for Older Peoples Services (£760k) held in earmarked reserves.

17. **Environment & Consumer Protection** are forecasting a **pressure of £171k** as at Month 2 mainly due to ongoing cost pressures on Harlington Road Depot (£171k). There is also a pressure forecast in Street Cleansing (£100k), offset by forecast overachievement of income within Trade Waste (£65k) and Civic Amenity sites (£35k). This forecast excludes the additional amounts for the Waste Disposal Levy (£1,758k), Recycling services (£150k), Highways Maintenance (£500k) and Vehicle Fuel costs (£80k) which are contingency items, where the forecasts are in line with the original budgeted amounts.
18. **Education & Children's Services** are forecasting a **nil variance** as at Month 2. This excludes the pressure on asylum and Exhausted All Appeal cases which are being treated as contingency items. As at month 2 a pressure of £1,230k on asylum is forecast which is £20k greater than contingency provides for (£1,210k).
19. **Planning & Community Services** are projecting a small **underspend of £15k** as at Month 2. There are pressures in the Arts and Libraries services offset by salary cost savings in Community Safety. The significant pressures in the Group all relate to the economic downturn and the impact this has on income streams in the Corporate Landlord and Planning services. There are pressures of £332k in the corporate landlord service due to pressure on income streams from commercial properties (£151k), a shortfall of £72k on income from the hire of the Middlesex Suite and a shortfall of £81k from schools buy back of Facilities Management services. There is also a cost pressure (£28k) due to maintaining and keeping secure surplus properties prior to their disposal. Other pressures are on Development Control (£75k), Building Control (£243k) and Land Charges (£668k) income and Golf (£262k) which are all provided for within contingency. The Building Control fees for the first 2 months of 2010/11 are down by 7% on the same period in 2009/10, and 17% below the 3 year average.
20. **Central Services** are forecasting a **nil variance** as at month 2. There is a forecast pressure in Finance & Resources of £141K relating to ICT contract cost pressures. However, this is offset by increased income from schools buy back of accounting services and other staff savings in the Group. There is a small forecast overspend in the Deputy Chief Exec's office (£27k). The pressures are a projected £79k shortfall in income offset by salaries cost savings (£52k) primarily due to posts being held vacant.

**Development & Risk Contingency: £822k underspend**

21. £10,760k of potential calls on the Development & Risk Contingency were identified as part of the budget setting process for 2010/11 held in the base budget. Table 3 shows the amounts that have been allocated or earmarked as at Month 2.

**Table 3**

<b>Development and Risk Contingency</b>	<b>2010/11 Budget</b>	<b>Agreed</b>	<b>Earmarked</b>	<b>Variance (+adv / - fav)</b>
<i>2010/11 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>10,760</b>			
<b>Commitments:</b>				
General Contingency	1,000		0	-1,000
Increase in Transitional Children due to Demographic Changes	2,300		2,300	0
Social Care Pressures (Adults & Childrens)	800		800	0
Homelessness Budget - Reduction in DWP Funding	800		800	0
Increase in Mental Health Packages due to Demographic Changes	450		450	0
Waste Disposal Levy	1,528		1,528	0
Highways Maintenance (Recovery from Snow and Ice)	500		500	0
Cost Pressures on Recycling Service	150		150	0
Vehicle Fuel Monitoring Pressure	80		80	0
Asylum non-EAA monitoring pressure	850		497	-353
Asylum Exhausted All Appeals	360		733	+373
Uninsured claims	420		420	0
Local Development Framework (LDF) legal & consultancy fees	100		100	0
Corporate landlord income	0		332	+332
Local Land Charges Income	715		668	-47
Development Control Income	310		75	-235
Building Control Income	135		243	+108
Golf Courses Income	262		262	0
<b>Total net contingency</b>	<b>10,760</b>		<b>+9,938</b>	<b>-822</b>

22. A large proportion of the total contingency is expected to be required in full however a net underspend on some items and the assumption that the £1m general contingency will not be drawn down have resulted in an overall underspend of £822k on the contingency budget.

23. The forecast asylum spend is £1,230k in excess of base budget provision within Children's Services. This is £20k in excess of the net sum provided for within contingency (£1,210k). The underspend on the non EAA element of Asylum contingency (£353k) is due to assuming the favourable agreement reached with the UKBA in 2009/10 for indirect costs will continue. The current forecast in Exhausted all Appeals cases (£733k) represent an adverse variance of £373k due to the costs of ineligible (£594k) and naturalised clients (£139k).

24. Within ASCH&H the contingency items in relation to Transitional Children, Mental Health and homelessness are forecast to be needed in full at this early stage of the year.
25. Pressures related to the economic downturn continue to be budgeted for within contingency. As at month 2 they are projected as being £158k more than that provided for within contingency. There are ongoing Corporate Landlord pressures in income streams (£332k) mainly arising from un-let properties. Development control income is forecast as a gross pressure of £75k, £235k less than provided for within contingency, due to an upward trend in 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 also a favourable variance (£47k) on a gross pressure of £668k. The forecast for building control income is a gross pressure of £243k, £108k above that provided for within contingency based on a reduction in income of 7% from the same period in 2009/10.
26. A sum of £80k has also been included in the contingency to cover fuel pressures. At this stage given the level of volatility in the market, it is considered prudent to forecast that the totality of this sum will be required.
27. In addition there is a forecast pressure of £420k for uninsured claims, £150k for the Recycling service, £500k for Highways maintenance, £100k for the Local Development Framework costs £100k and £262k on Golf income, all of which are expected to be required in full.

**Priority Growth: £300k Underspend**

28. £1m was included in the 2010/11 budget for priority growth and £800k for HIP Initiatives (including £300k for waste & recycling projects).
29. In addition to the new budgeted amounts there was £205k of unspent priority growth from 2009/10 carried forward in earmarked balances to potentially fund one-off priority growth in 2010/11. £14k of this sum is likely to be spent on a playground at Hillingdon hospital. The remaining balance is being transferred back to general reserves.
30. Table 4 summarises the position with regards to each element of priority growth.

**Table 4**

<b>Priority Growth</b>	<b>2010/11 Budget</b>	<b>Agreed draw downs</b>	<b>Commitments</b>	<b>Unallocated</b>
<i>2010/11 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>	800			
<b>Agreed:</b>				
Waste & recycling initiatives			0	<b>-300</b>
Heritage projects		63		
Environmental projects		5		
<b>HIP Initiatives unallocated balance</b>	<b>800</b>	<b>68</b>	<b>0</b>	<b>432</b>
<b>Unallocated non specific growth</b>	<b>1,000</b>			
<b>Balance of unallocated growth</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>
<b>Total</b>	<b>1,800</b>	<b>68</b>	<b>0</b>	<b>1,432</b>



31. HIP Steering group have approved £68k of allocations so far this year, the Heritage allocations are for the Crest Mosaic £12.8k and Signage £50k, and the environmental project is for soil and tree surveys at the Ruislip Lido overflow car park. At this stage this expenditure has all been drawn down from the HIP revenue contingency. Some of this expenditure might be transferred to capital once it is analysed in more detail.
32. The expected further commitments of £300k on Waste and Energy are now not likely to require HIP funding as they can be contained within base budgets so the monitoring position assumes that this will not be spent.
33. There is an estimated £432k remaining from the HIP initiatives budget and £1m of unallocated non-specific priority growth budget. The month 2 forecast assumes that remaining £432k HIP initiatives budget and the £1m priority growth budgets will be spent in full.

### **Corporate Budgets' Forecasts: £1,000k underspend**

34. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 2.

**Table 5**

2010/11 Original Budget	Budget Changes	2010/11 Current Budget (as at Month 2)	Corporate Budgets	2010/11 Forecast Outturn (as at Month 2)	Variations (+ adv/- fav)
					Variance (As at Month 2)
£'000	£'000	£'000		£'000	£'000
-2,564	0	-2,564	Unallocated savings	-2,564	0
10,109	-42	10,067	Financing Costs FRS 17 Pension	9,067	-1,000
9,160	0	9,160	Adjustment	9,160	0
-23,535	-11,181	-34,716	Asset Management A/c	-34,716	0
-20,901	-283	-21,184	Corporate Govt Grants	-21,184	0
<b>-27,731</b>	<b>-11,506</b>	<b>-39,237</b>	<b>Corporate Budgets</b>	<b>-40,237</b>	<b>-1,000</b>

35. Financing costs show a forecast underspend of £1,000k at Month 2. This is due to £1,000k being set aside for capital financing for schools or other priority projects which is not likely to be needed in 2010/11.
36. Debt financing and investment income are at this early stage of the year forecast to be in line with the budget. A summary of treasury management activity is attached at Appendix B.

## B) Capital

### Background

37. A budget of £99,724k was set by council in February 2010 which was revised to £105,387k following the amendments to budgets, as a result of the final outturn in 2009/10.

Group	Original 2010/11 Budget	2009/10 Budget Amendment	Revised 2010/11 Budget
	£'000	£'000	£'000
Education & Children's Services	27,241	1,594	28,835
Planning & Community Services	13,869	841	14,710
Major Construction Projects	15,215	3,347	18,562
Adult Social Care, Health & Housing	4,960	-107	4,853
Environment & Consumer Protection	7,908	-147	7,761
Finance & Resources	3,468	341	3,809
Deputy Chief Executive	1,825	0	1,825
Partners	670	0	670
Contingency	2,000	0	2,000
<b>Total</b>	<b>77,156</b>	<b>5,869</b>	<b>83,025</b>
HRA	22,568	-206	22,362
<b>Total</b>	<b>99,724</b>	<b>5,663</b>	<b>105,387</b>

38. Following the restructure of Corporate Landlord functions, facilities management and property related capital programmes (£2,157k) have moved from Finance and Resources to Planning and Community Services. ICT has also been centralised, however this was reflected in the original budget.

39. The revised budget for May 2010 is now £105,447k. The increase is due to £60k in E&CS additional grant funding being identified and added to the capital programme.

## Current Year Expenditure

40. Table 6 shows the actual spend to date and the projected outturn for 2010/11.

**Table 6**

Groups	Original Budget	Revised Budget	Capital Spend Month 2	Actual Spend % of Revised Budget	Forecast outturn	Variance (Forecast)
	£'000	£'000	£'000	%	£'000	£'000
Adult Social Care, Health & Housing	4,960	4,853	0	0%	4,823	-30
Environment & Consumer Protection	7,908	7,761	502	6%	7,861	+100
Education & Children's Services	27,241	28,895	226	1%	25,963	-2,932
Planning & Community Services	15,959	16,867	282	2%	10,737	-6,130
Finance & Resources	1,378	1,652	38	2%	1,652	0
Deputy Chief Executive	1,825	1,825	2	0%	1,825	0
Major Construction Projects	15,215	18,562	1,702	9%	17,328	-1,234
Partners - LAA Reward Grant	670	670	0	0%	664	-6
<b>Group Total</b>	<b>75,156</b>	<b>81,085</b>	<b>2,752</b>	<b>3%</b>	<b>70,853</b>	<b>-10,232</b>
Recovery from Contingency					0	0
Programme Contingency	1,500	1,500	0	0%	0	-1,500
Contingency	500	500	0	0%	0	-500
<b>Contingency Total</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>-2,000</b>
HRA	22,568	22,362	0	0%	22,132	-230
<b>Total</b>	<b>99,724</b>	<b>105,447</b>	<b>2,752</b>	<b>3%</b>	<b>92,985</b>	<b>-12,462</b>

41. The Capital Programme budget is projecting an underspend of £12,462k as at month 2, There are a number of projects forecasting an overspend, however it is anticipated that overall, these pressures can be managed within the capital programme budget within each directorate.

42. Actual spend of £2,752k shown above includes £2,499k accruals (E&CP £1,801k, E&CS £555k, and the remaining departments total £143k).

43. The components of the areas with pressures (£2,403k) are shown in table 7.

**Table 7**

Scheme	Funding	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn (Month 2)	Variance (Current Month)
	£'000	£'000	£'000	£'000	£'000
Manor Farm	Council	0	1	257	+257
Hillingdon Sport & Leisure Centre	Council	1,266	102	1,537	+271
Botwell Green Leisure Development	Council	627	824	1,988	+1,361
Farm Barns	Council	250	0	302	+52
Childrens Centres Phase 2	Grant	626	51	816	+190
Uxbridge High	Grant/Council /School contribution	32	0	111	+79
Property Enhancements Programme Contingency	Council	0	5	5	+5
Civic Centre Electrical Works	Council	0	8	8	+8
HRA - New Build - Extra Care Sites Phase 1 (Triscott House)	Grant/HRA	3,430	0	3,510	+80
TfL - Corridors	Grant	1,412	0	1,512	+100
<b>Total</b>		<b>7,643</b>	<b>991</b>	<b>10,046</b>	<b>+2,403</b>

44. The pressure of £257k on Manor Farm relates to earlier works. This pressure was identified in 2009.

45. Hillingdon Sport & Leisure Centre is carried forward from 2009/10. It was completed in March 2010. Currently LBH is in negotiation on the final value of the contract. The settlement is likely to be in the range of £21,749k to £22,664k. This would result in a forecast overspend between £271k and £644k. The lower sum is currently being assumed in the forecast.

46. Botwell Green Leisure Development. The current forecast for 2010/11 is an overspend of £1,361k and excludes £296k retention due in 2011/12. The total forecast overspend on the whole contract is between £1,657k and £2,814k. This is subject to further discussions with the contractor. The overspend is due to changes made in the design of the project, leading to additional costs which were not included at the tender stage.

47. There is a £52k pressure reported on the Farm Barns. There is a budget in 2011/12 of £155k. This scheme is being reviewed by officers and it is anticipated to be contained within the total budget.

48. The pressure on the civic centre electrical works is currently being investigated by officers and relates to work in the previous year. It is anticipated that this overspend can be contained in the 2010/11 Civic Centre Enhancements budget.

49. The pressure on Phase 2 of the Children's Centres is being investigated by officers and it is currently anticipated this may be contained within the overall grant funding.

50. Uxbridge High is forecasting an overspend, however any additional costs will be met by the school as a contribution to the project.

51. The £80k overspend reported on Triscott House relates to a swap of project funding and spend between HRA Pipeline schemes and the Triscott House project. Overall these 2 schemes will balance out.

52. The £100k overspend reported relates to Transport for London corridor schemes where it is anticipated an increase in grant funding will enable the budget to be increased in month 3.

### **Current Year Financing**

53. Table 8 shows the financing of both the budget and the expected outturn.

**Table 8**

2010/11	Unsupported £'000	Capital Receipts £'000	HRA Capital Receipts £'000	Supported £'000	Grants £'000	HRA (inc MRA) £'000	Section 106 and other contributions £'000	Total Capital Programme £'000
Revised budget								
2010/11	29,994	8,595	452	4,036	46,319	13,954	2,097	105,447
Outturn 2010/11	21,477	8,595	452	3,123	42,417	14,369	2,552	92,985

54. The level of unsupported borrowing forecast as at Month 2 is £21,477k (£29,994k Revised Budget), a decrease of £8,517k on the original budget. The supported borrowing forecast has decreased by £913k from £4,036k to £3,123k. This is primarily due to delays in schemes progressing.

## **CORPORATE CONSULTATIONS CARRIED OUT**

### **Financial Implications**

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

## **CORPORATE IMPLICATIONS**

### **Corporate Finance**

56. This is a Corporate Finance report.

### **Legal**

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

## **BACKGROUND PAPERS**

58. Monitoring report submissions from Groups.

## APPENDIX A – Detailed Group Forecasts

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

#### Revenue: **£1,981k Pressure**

1. The ASCH&H budgets are predominantly demand led and significantly affected by external pressures such as demographic trends which require robust and positive management. The pattern of demand for the current year continues to be closely scrutinised as during the latter part of 2009/10 there was an unusual adverse pattern across a range of service areas.
2. In summary the department is reporting an adverse position of £1,981k on a £277m gross budget. This is consistent with the activity seen in the last quarter of 2009/10 around Older People and Mental Health services. The forecast assumes that all corporate contingency held on the departments behalf is received.
3. The department manages a range of expenditure pressures evident in the forecasting which result from the national economic situation. Officers are taking action to offset these pressures such as reviewing the cost of care packages, restricting expenditure including holding some vacancies and accelerating savings proposals where possible. Officers will continue to formulate actions to mitigate and reverse this pressure although it is too early to predict whether this will be successful and result in a balanced departmental position at year end.

Division of Service		Forecast Variance Month 2 £'000
	<i>Expenditure</i>	+2,724
	<i>Income</i>	-1,101
Older People	<b>Total</b>	<b>+1,623</b>
	<i>Expenditure</i>	+358
	<i>Income</i>	0
Mental Health	<b>Total</b>	<b>+358</b>
<b>ASCH&amp;H Total</b>	<b><i>Expenditure</i></b>	<b>+3,082</b>
	<b><i>Income</i></b>	<b>-1,101</b>
<b>ASCH&amp;H</b>	<b>Total</b>	<b>+1,981</b>

#### Older People Services: **£1,623k adverse**

4. This service is currently forecasting a £1,623k adverse position due to the ongoing effect of residential and nursing placements made in the last quarter of 2009/10 as reported at the time. This forecast also assumes that the £760k can be drawn down from the Earmarked Reserve held for Older People Services reducing the pressure from £2,383k to £1,623k as reported in this forecast.
5. Officers are actively attempting to manage down this unprecedented increase which is further complicated by a slowing down in the number of clients no longer requiring a service. At this stage it is too early to gauge how successful these actions will be and it is unlikely that this service will deliver a balanced outturn position at year end.
6. This service is managing a gross budget of £40m, received £249.4k of unavoidable growth and has a savings target of £17.6k as part of the 2010/11 budget setting process.

#### Physical Disabilities: **Nil variance**

7. This service is currently forecasting a balanced outturn position.

8. This service is managing a gross budget of £9m, received no growth and has a savings target of £396.5k as part of the 2010/11 budget setting process.

**Learning Disability: Nil variance**

9. This service is currently forecasting a balanced outturn which assumes that the £2,295k corporate contingency held for transitional children is received thereby reducing the pressure from £2,295k to nil as reported in this forecast. This forecast also assumes that the rate of transfer from Children to Adult services is in line with current expectations.
10. This service is managing a gross budget of £32m, received £75.3k of unavoidable growth and has a savings target of £201.8k as part of the 2010/11 budget setting process.

**Mental Health: £358k adverse**

11. This service is currently forecasting a £358k adverse position due to due to the ongoing effect of residential and nursing placements made during 2009/10 as reported last year. This forecast also assumes that the £1,250k corporate contingency held for Mental Health Services is received reducing the pressure from £1,608k to £358k as reported in this forecast.
12. In May the department received a challenge regarding ordinary residence relating to 12 clients currently charged to other authorities. An initial review would suggest that it is likely that this will be referred to the Secretary of State for a decision and legal opinion is being sought about the risk. The current forecast which excludes this risk may need to be increased once the position has been further assessed.
13. This service is managing a gross budget of £6m, received no growth and has a savings target of £15.4k as part of the 2010/11 budget setting process.

**Housing Benefits: Nil variance**

14. This service is currently forecasting a balanced outturn on a gross budget of £138m.
15. The Housing Benefit budget, as reported last year experienced increased benefit uptake. For 2010/11 this could translate into a pressure on the budget and this will be reviewed next month as at this stage a pattern has not yet emerged.

**Housing Need Services: Nil variance**

16. This service is currently forecasting outturn to be on budget and assumes that the £0.8m corporate contingency held for this Service is received thereby reducing the pressure from £0.8m to nil as reported in this forecast.
17. There is an emerging pressure of £350k as a result of possible slippage in delivery an MTFF savings item (£250k) and the budget for Bed and Breakfast (£100k), which is the result of increased unit nightly prices.
18. This service is managing a gross budget of £28m, received £5.15m of unavoidable growth; and has a savings target of £1,240k as part of the 2010/11 budget setting process.

**Other ASCH&H Services: Nil variance**

19. This service is currently forecasting outturn to be on budget.
20. This service is managing a gross budget of £24m, received £150k of unavoidable growth; and has a savings target of £100k as part of the 2010/11 budget setting process.

## Housing HRA

21. This service is currently forecasting outturn to be favourable by £120k as shown in the table below:

<b>Division of Service</b>	<b>Forecast Variance Month 2 £'000</b>
HH Ltd: General and Special Services	0
HH Ltd: Repairs Services	0
LBH: General and Special Services	0
LBH: Repairs Services	0
Other Expenditure	-120
Income	0
<b>HRA Balance</b>	<b>-120</b>

22. This is due to a favourable impact of reduction in the consolidated rate of interest reducing the cost of HRA debt.



## Environment and Consumer Protection (E&CP)

### Revenue: **£171k Pressure**

1. At Month 2, the Group is forecasting an adverse variance of £171k. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

Division of Service		Forecast Variance Month 2 £'000
	<i>Expenditure</i>	+100
	<i>Income</i>	0
Street Cleansing	<b>Total</b>	<b>+100</b>
	<i>Expenditure</i>	0
	<i>Income</i>	-65
Trade Waste	<b>Total</b>	<b>-65</b>
	<i>Expenditure</i>	0
	<i>Income</i>	-35
Civic Amenity Sites	<b>Total</b>	<b>-35</b>
	<i>Expenditure</i>	+58
	<i>Income</i>	+113
Harlington Rd Depot & Stores	<b>Total</b>	<b>+171</b>
	<i>Expenditure</i>	<b>+158</b>
	<i>Income</i>	<b>+13</b>
<b>Group</b>	<b>Total</b>	<b>+171</b>

### Contingent Items: **Gross Pressure £1,758k**

2. The Council's 2010/11 contingent budget contains sums relating to the Waste Disposal Levy, Cost pressures on Recycling Services and Vehicle Fuel which impact on the ECP Group position. The Waste Disposal Levy was formally set by West London Waste Authority at the end of January 2010. The contingency contains the last two years increases in the levy, and the gross pressure reflects the actual requirement based on the levy notification received in February 2010.

Division of Service	Gross Pressure £'000	Contingency £'000	Net Pressure £'000
Waste Disposal Levy	1,528	1,528	0
Recycling Services	150	150	0
Vehicle Fuel	80	80	0
<b>E&amp;CP - Total</b>	<b>1,758</b>	<b>1,758</b>	<b>0</b>

### Waste Services: **Nil variance**

3. **Street Cleansing:** An adverse expenditure variance of £95k is currently forecast. The pressure relates to the activity required to maintain service standards. Management of the service continues to be focused on examining options to reduce the pressure without impacting on service levels.
4. **Recycling Costs:** At month 2 the indications are that Recycling service will fully utilise the available £150k contingency. As recycling rates continue to rise pressures are anticipated on the variable elements of the budget, particularly Gate Fees and recycling bags. Income trends for

recyclable materials will also be closely monitored, recognising the seasonal variations in the service, for example on green waste levels.

5. **Trade Waste:** A favourable income variance of £65k is forecast. The service is continuing to monitor activity in this area for the anticipated reductions in levels of business. These are expected as a result of the cumulative impact of price increases linked to the annual Landfill Tax accelerator, and the economic downturn. Close monitoring and enforcement is being maintained to ensure that the levels of aged debt are controlled.
6. **Civic Amenity Sites:** A favourable income variance of £35k is forecast, based on the currently buoyant prices for recovery of metal-based materials. This income stream will be closely monitored as the year progresses, given that metal prices are highly volatile.

**Harlington Road Depot: £171k adverse**

7. The pressure on the depot chiefly relates to a reduction in the intensity of usage. This is due to 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 are currently being examined to offset these variances, through further changes to accommodation usage and income generation possibilities.

**Vehicle Fuel Pressure – contingency item: Nil variance (full usage)**

8. The bulk diesel purchase price has been relatively steady at around 98p per litre for the first two months of the year. The industry commentators still point to an underlying upward trend. The price peaked at just over £1 per litre at the end of 2009/10, having started the financial year at around 78p per litre.
9. At this early stage in the year, full usage of the contingency is anticipated. However this position does not allow for any sustained price rise from the current levels. Therefore this position will be closely monitored and updated throughout the year as price data and trends become clearer.

## Planning and Community Services (P&CS) Month 2

### Revenue: £15k Underspend

1. The Group has an outturn position of £15k underspend excluding areas that are treated as a call on contingency.

Division of Service		Forecast Variance Month 2 £'000
	<i>Expenditure</i>	-35
	<i>Income</i>	0
Community Safety	<b>Total</b>	<b>-35</b>
	<i>Expenditure</i>	-10
	<i>Income</i>	+10
Arts Service	<b>Total</b>	<b>0</b>
	<i>Expenditure</i>	+20
	<i>Income</i>	0
Leisure	<b>Total</b>	<b>+20</b>
	<i>Expenditure</i>	-45
	<i>Income</i>	+30
<b>Group</b>	<b>Total</b>	<b>-15</b>

### Contingent Items: £1,580k Gross Pressure

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 2 £'000	Contingency £'000	Net Pressure £'000
Development Control	75	310	-235
Building Control	243	135	108
Land Charges	668	715	-47
Golf	262	262	0
Corporate Landlord Income	332	0	332
<b>P&amp;CS - Total</b>	<b>1,580</b>	<b>1,422</b>	<b>158</b>

### Development Control Income: £75k Gross Pressure

3. The forecast for Development Control income is a gross pressure of £75k, the net position after the application of the contingency is -£235k.
4. The position on Development Control Income has mainly improved due to the increased forecast for Major applications. Income received to date has been boosted by a significant fee of £250k for an Airport site. Minor and Other applications have both shown positive trends over the last quarter of 2009/10 and this has continued in the first 2 months of 2010/11, Minor applications are now at the level of the last 4 years average and Other applications is now at 92% of the 4 year average.

### **Building Control Income: £243k Gross Pressure**

5. The forecast for Building Control income is a gross pressure of £243k. The fees for the first 2 months of 2010/11 are down by 7% on the same period in 2009/10, and 17% below the 3 year average.

### **Land charges: £668k Gross Pressure**

6. Land charge income has moved to a cost recovery basis due to statutory changes in regulations enacted in December 2008. The net pressure currently forecast after the contingent allocation would be a favourable £47k.
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.

### **Corporate Landlord: £332k pressure**

8. The service is reporting a series of ongoing pressures that total £332k. These are listed below.
  - There is an ongoing pressure on income streams from commercial properties of £151k, due to a number of vacant tenancies in the Warnford Industrial Estate (£121k), 192 High Street, where premises have remained vacant (£16k) and a vacant unit in the Uxbridge Market (£14k).
  - There is an anticipated shortfall of £72k on income from the hire of the Middlesex Suite, due a general slow down in demand set against a challenging income target.
  - There is an anticipated shortfall of £81k on income from schools buy back of Facilities Management (FM) services, due to schools opting to procure services directly rather than through the FM Team.
  - There is a pressure of £28k on the cost of maintaining and keeping secure surplus properties prior to their disposal.

### **Community Safety: £35k Underspend**

9. The underspend is due to savings on staffing due maternity and sabbatical leave not being backfilled (£8k) and a saving on the Police ASB team (£27k).

### **Arts Service: Nil Variance**

10. There is a pressure on income of £10k, which will be compensated for from Arts expenditure budgets.

### **Leisure: £20k Pressure**

11. The service is reporting a £11k pressure due to the impact of the late opening of Botwell on the GLL management fee and a £9k pressure resulting from the need to pay security costs to undertake enforcement at car parks.
12. The Golf budgets were set to match the contracted income levels from Mack Trading, the contingency of £262k was set on the basis of the difference between the original budgeted income from Golf prior to the current arrangements. This budget is still required and will need to be allocated to the service.

## Education and Children Services (E&CS)

### Revenue: Nil variance

1. The Group is projecting a nil variance as at Month 2 for the 2010/11 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 2 are summarised in the following table:

Division of Service		Forecast Variance Month 2 £'000
	<i>Expenditure</i>	+9,404
	<i>Income</i>	-8,174
<b>Asylum Seekers Services</b>	<b>Total</b>	<b>+1,230</b>
<b>Group - Total</b>		<b>+1,230</b>

### Schools: Nil variance

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 2010-11 would be carried forward into 2011-12 and would have no effect on the General Fund.

### Children and Families: Nil variance

5. The Children & Families is projecting a break even position as at Month 2.
6. However the SEN transport service is forecasting a pressure in respect of new routes and fuel costs of £316k. In the previous financial years, this pressure has been offset by one off savings in other areas within the service.
7. The management team envisages that through a forthcoming review and re-negotiation of SEN transport contract and routes, the service will be able to absorb the above pressure.

### Asylum Service **£1,230k (£20k greater than that provided for in contingency)**

8. The Asylum service is reporting a budget pressure of £1,230k in the 2010/11 financial year. The pressure is due to the ongoing demand for the service and the continued under-funding by the Government and in respect of the following areas:
9. The pressure within Exhausted All Appeals and ineligibles clients is £594k and Naturalised clients is £139k.
10. Shortfall between actual cost to the service for and maximum recovery as per ceiling set by UKBA for indirect cost is £497k.

## Central Services

### Revenue: Nil Variance

1. The forecast position for the central services revenue budget as at month 2 is breakeven.

Division of Service		Forecast Variance Month 2 £'000
	<i>Expenditure</i>	-52
	<i>Income</i>	+79
<b>Deputy Chief Executive's Office</b>	<b>Total</b>	<b>+27</b>
	<i>Expenditure</i>	+173
	<i>Income</i>	-32
<b>Finance &amp; Resources</b>	<b>Total</b>	<b>+141</b>
	<i>Expenditure</i>	+121
	<i>Income</i>	+47
<b>Recovery Plan savings</b>		-168
<b>Central Services</b>	<b>Total</b>	<b>0</b>

### Finance & Resources: (£141k overspend)

- The Finance & Resources Directorate budgets are projecting an overspend of £141k in month 2, of which there is a projected overspend of £173k on expenditure budgets, netted down by a projected surplus of £32k from income streams.
- The overspend of £173k on expenditure relates to a number of pressures in the ICT Service, linked primarily to the increased cost of contracts including the Northgate contract, where there are variation orders relating to the continued development of the HR system, the cost of the contract for the Novell Licences, which recently went through a procurement exercise following a decision to take a payment holiday in 2009/10, and the Fordway support and maintenance contract.
- The surplus of £32k in income streams relates primarily to an increase in the volume of services that schools are buying back from Accounting Services.

### Deputy Chief Executive's Office: (£27k overspend)

- The Deputy Chief Executive's Office budgets are projecting an overspend of £27k in month 2, of which there is a projected shortfall in income of £79k, netted down by a projected underspend of £52k on expenditure budgets.
- The shortfall of £79k on income streams relates to a number of budgets as follows:
  - A projected shortfall of £18k on income from Births, Deaths and Marriages, where there is an anticipated drop in the number of marriages taking place in the year.
  - A shortfall of £15k on income from fees and charges in Hillingdon People, where there has been a noticeable drop in the number of enquiries for advertising space.
  - A shortfall of £14k on the buy back of Payroll services by schools, where three schools did not renew their contract this year.
  - A shortfall of £9k in Occupational Health.
  - The non achievement of budgeted income in both Strategic HR (£5k) and Shared Services (£3k).

- A pressure of £15k on the Uxbridge Town Centre Management project, based on a projected shortfall in income received from our partners.
7. The underspend of £52k on expenditure relates to staffing costs across the service, primarily due to a number of vacant posts that exist.

**Recovery Plan Savings: £168k target**

8. Both Senior Management teams have put in place a process to consider a range of options to address the relevant variances within their department. As they develop, they will be fed directly into the budget monitoring report.

## Capital Programme: £12,462k Underspend

1. The Capital Programme is reporting an underspend of £12,462k of as at Month 2.
2. Expenditure for the whole capital programme is £2,752 which equates to 3% of the revised programme. Further detail is provided below for each individual department.

Groups	Original Budget	Revised Budget	Capital Spend Month 2	Actual Spend % of Revised Budget	Forecast outturn	Variance (Forecast)
	£'000	£'000	£'000	%	£'000	£'000
Adult Social Care, Health & Housing	4,960	4,853	0	0%	4,823	-30
Environment & Consumer Protection	7,908	7,761	502	6%	7,861	+100
Education & Children's Services	27,241	28,895	226	1%	25,963	-2,932
Planning & Community Services	15,959	16,867	282	2%	10,737	-6,130
Finance & Resources	1,378	1,652	38	2%	1,652	0
Deputy Chief Executive	1,825	1,825	2	0%	1,825	0
Major Construction Projects	15,215	18,562	1,702	9%	17,328	-1,234
Partners - LAA Reward Grant	670	670	0	0%	664	-6
<b>Group Total</b>	<b>75,156</b>	<b>81,085</b>	<b>2,752</b>	<b>3%</b>	<b>70,853</b>	<b>-10,232</b>
Recovery from Contingency					0	0
Programme Contingency	1,500	1,500	0	0%	0	-1,500
Contingency	500	500	0	0%	0	-500
<b>Contingency Total</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>-2,000</b>
HRA	22,568	22,362	0	0%	22,132	-230
<b>Total</b>	<b>99,724</b>	<b>105,447</b>	<b>2,752</b>	<b>3%</b>	<b>92,985</b>	<b>-12,462</b>

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

### HRA: £230k Underspend

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

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 2	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Capital Works	10,000	9,746	Y	0	0%	9,746	0
HRA - New Build - HRA Pipeline Sites Phase 1	7,508	7,508	Y	0	0%	7,348	-160
HRA - New Build - Extra Care Sites Phase 1 (Triscott House)	3,430	3,430	Y	0	0%	3,510	80
Cash Incentive Scheme	150	150	Y	0	0%	0	-150
HRA - Estates Improvements	1,280	1,502	Y	0	0%	1,502	0
Other Projects	200	0	N	0		0	0
Townfield Community Centre	0	26	Y	0	0%	26	0
<b>HRA – Total</b>	<b>22,568</b>	<b>22,362</b>		<b>0</b>	<b>0%</b>	<b>22,132</b>	<b>-230</b>

4. The outturn of HRA is £22,132k out of a revised budget of £22,362k.
5. The Cash Incentive scheme has been deemed to be of a revenue nature and has been transferred to the revenue budget.



6. The underspend on the HRA New Build of £160k relates to a swap of project funding and asset spend between HRA Pipeline and Triscott House project of £160k reduction in 10/11 for Pipeline but for Triscott £80K addition in both 10/11 and 11/12. This is to reflect that 3 units were dropped at Hoskins Close on the HRA Pipeline project and replaced by 1 dwelling unit at 27 Horton Road and 2 dwelling units at Triscott House.

### Adult Social Care, Health and Housing: £30k Underspend

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 2 £' 000	Actual % of Revised Budget %	Forecast Outturn Month 2 £' 000	Variance revised budget £' 000
<b>100% Grant Funded</b>							
PSRSG for WL Empty Property Grant	1,100	1,100	Part	0	0%	1,100	0
Mental Health – Mead House	114	250	Y	0	0%	250	0
<b>ASC,H&amp;H (Non HRA – 100% Grant Funded) – Total</b>	<b>1,214</b>	<b>1,350</b>		<b>0</b>	<b>0%</b>	<b>1,350</b>	<b>0</b>
<b>Non-Grant Funded</b>							
Disabled Facilities Grants	3,000	2,823	Y	0	0%	2,823	0
Private Sector Renewal Grants	450	450	Y	0	0%	420	-30
Colne Park Caravan Sites	296	230	Y	0	0%	230	0
<b>ASC,H&amp;H (Non HRA – Non Grant Funded) – Total</b>	<b>3,746</b>	<b>3,503</b>		<b>0</b>	<b>0%</b>	<b>3,473</b>	<b>-30</b>
<b>ASC,H&amp;H – Total</b>	<b>4,960</b>	<b>4,853</b>		<b>0</b>	<b>0%</b>	<b>4,823</b>	<b>-30</b>

8. The outturn position of ASCH&H is £4,823k out of a revised budget of £4,853k.
9. A small under spend of £30K has been forecasted against a revised budget of £4,853K (99.4% of Budget). The under spend has been caused from a potential non achievement of Private Sector renewal grant client contributions. These have always been difficult to estimate and will be dependant upon the chargeability of the works on private residents dwellings.
10. The ICT projects Improving Information Management and Enabling Electronic Social Care Records and Purchase of Supporting People software underspent the revised budget in 2009/10. These projects have been carried forward into 2010/11 however all ICT projects have been centralised to Finance and Resources under the ICT Single Development Plan.

## Environment and Consumer Protection: £100k Overspend

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 2	Actual % of Revised Budget	Forecast Outturn Month 2	Variance to revised budget
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Highways Improvements	1,100	1,100	Part	510	46%	1,100	0
Highways Localities Programme	258	258	N	0	0%	258	0
<b>Cabinet Member Initiatives – Highways</b>							
Road Safety	250	250	Part	0	0%	250	0
Street Lighting	300	300	Part	-8	-3%	300	0
<b>Cabinet Member Initiatives - Parks &amp; Streetscene</b>							0
Environmental Assets	2,000	2,000	0	0	0%	2,000	0
<b>Cabinet Member Initiatives – Improvement, Partnerships &amp; Community Safety</b>							
Purchase of Vehicles	0	471	Y	0	0%	471	0
<b>E&amp;CP – Sub Total</b>	<b>3,908</b>	<b>4,379</b>		<b>502</b>	<b>11%</b>	<b>4,379</b>	<b>0</b>
BSP funded by Transport for London	4,000	3,382	N	0	0%	3,482	100
<b>TFL (100% Grant Funded) – Sub Total</b>	<b>4,000</b>	<b>3,382</b>		<b>0</b>	<b>0%</b>	<b>3,482</b>	<b>100</b>
<b>E&amp;CP – Total</b>	<b>7,908</b>	<b>7,761</b>		<b>502</b>	<b>6%</b>	<b>7,861</b>	<b>100</b>

11. The outturn position of E&CP is £7,861k out of a budget of £7,761k.

12. The £100k overspend reported relates to Transport for London corridor schemes where it is anticipated an increase in grant funding will enable the budget to be increased in month 3.

13. The majority of the Highways Improvements budget has already been allocated to schemes relating to the potholes around the borough. This work is a combination of revenue and capital dependant on the work required.

## Education and Children's Services: £2,932k Underspend

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 2	Actual % of Revised Budget	Forecast Outturn	Variance to revised budget
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
<b>100% Grant/Externally Funded</b>							
Early Years Foundation Stage – Surestart	1,169	1,379	0	-48	-3%	1,379	0
Extended Schools	251	621	Part	137	22%	621	0
Formula Capital Devolved to Schools	3,876	3,207	N/A	0	0%	2,245	-962
Guru Nanak - Expansion 2010	5,710	6,843	Y	0	0%	6,843	0
Pathfinder (Playgrounds)	598	310	Part	9	3%	310	0
Pinkwell	0	189	Y	0	0%	189	0
Primary School Expansions Phase I	1,942	1,942	Part	0	0%	1,942	0
Primary School Expansions Phase II	5,150	5,150	N	0	0%	5,150	0
Rosedale College S106 – only	0	26	N	0	0%	26	0
School travel Plans	0	127	Y	0	0%	86	-41
Schools Kitchens	4,928	4,346	Part	124	3%	4,346	0
Specialist Schools	0	12	Y	0	0%	12	0
Surestart - AHDC short breaks	365	55	Y	4	7%	55	0
Vehicle Workshops - West Drayton Young Peoples Centre	0	40	N/A	0	0%	40	0
Investment in Young People's Facilities	167	167	Part	0	0%	167	0
Island U - Virtual School Project	0	60	0	0	0%	60	0
<b>Total 100% Grant/Externally Funded</b>	<b>24,156</b>	<b>24,474</b>	<b>0</b>	<b>226</b>	<b>32%</b>	<b>23,471</b>	<b>-1,003</b>
<b>Non Grant Funded</b>							
Expansion Haydon	0	14	Y	0	0%	14	0
Urgent Building Condition Projects (Modernisation)	1,985	2,837	Part	0	0%	1,986	-851
School Places Provision (Basic Needs)	0	92	Part	0	0%	92	0
Building Schools for the 21st Century	1,000	1,000	0	0	0%	0	-1,000
Schools Access Programme	100	478	Part	0	0%	400	-78
<b>Total 100% Non Grant Funded</b>	<b>3,085</b>	<b>4,421</b>		<b>0</b>	<b>0%</b>	<b>2,492</b>	<b>-1,929</b>
<b>E&amp;CS – Total</b>	<b>27,241</b>	<b>28,895</b>		<b>226</b>	<b>1%</b>	<b>25,963</b>	<b>-2,932</b>

14. The outturn position of E&CS is £25,963k out of a budget of £28,895k.

15. The Government has announced that the funding for Building Schools Programmes across the whole country is being withdrawn. Spend for the current year will therefore be nil.

16. Formula Capital Devolved to Schools and Urgent Building Condition Projects (Modernisation) have reported an underspend. This forecast is based on historic trends with schools expenditure, due to the timescales in developing programmes and the difficulties in scheduling work in school holidays. The schools report on a quarterly basis and accurate expenditure and forecasts are expected at the end of quarter 1.

17. In July 2009 the council received a capital grant of £60,000 to implement IslandU, a virtual community for young people in Hillingdon. In the first instance the project will be developed as a dedicated virtual community for Looked After Children to complement the Virtual School. The intention is to purchase an 'island' in Teen Second Life which a team of Looked After Children would then help to develop into a virtual community to complement the Virtual School. Teen Second Life is the virtual world operated by Linden Lab for young people aged between 13 and 17. The project will be designed to encourage active engagement, learning and support across a number of areas via custom-built social and specialist (e.g. health) social spaces.

## Planning and Community Services: £6,130k Underspend

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 2	Actual % of Revised Budget	Forecast Outturn	Variance to revised budget
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
<b>100% Grant/Externally Funded</b>							
S106/S278 Schemes	0	109	Part	27	25%	109	0
Safer Stronger Communities Fund	50	50	N	13	26%	50	0
Botwell Multi Use Games Area	100	242	Part	129	53%	242	0
<b>Total 100% Grant/Externally Funded</b>	<b>150</b>	<b>401</b>		<b>169</b>	<b>42%</b>	<b>401</b>	<b>0</b>
<b>Non Grant Funded</b>							<b>0</b>
South Ruislip Development	4,661	4,661	N	0	0%	3,733	-928
Highgrove Pool Phase II	4,100	4,100	N	0	0%	500	-3,600
Hayes End Library Development	2,600	2,600	N	0	0%	800	-1,800
Winston Churchill Hall Refurbishment	430	430	N	0	0%	430	0
Manor Farm Stables Development	371	451	N	0	0%	451	0
Willow Tree Centre	300	300	N	0	0%	300	0
William Byrd Pool	250	250	N	0	0%	250	0
North Hillingdon Adult Education Centre Roof Replacement	155	155	N	0	0%	155	0
Manor Farm	0	0	Y	1		257	257
Property Enhancements Programme	500	500	N	10	2%	495	-5
Property Enhancements Programme Contingency	0	0	N	5		5	5
Youth Offending Team consolidation into Link 1A / cashiers	0	30	Y	3	10%	30	0
Civic Centre Electrical Works	0	0	Y	8		8	8
Civic Centre Security Improvements	0	107	Y	4	4%	107	0
Civic Centre Enhancements	1,590	1,590	Part	16	1%	1,523	-67
Libraries Refurbishment	622	957	Part	67	7%	957	0
Harmondsworth Dog Free Mini Football Area	0	5	Y	-4	-80%	5	0
Ruislip Lido Toilets	0	100	Y	0	0%	100	0
CCTV Programme	230	230	N	3	1%	230	0
<b>Total Non Grant Funded</b>	<b>15,809</b>	<b>16,466</b>		<b>113</b>	<b>1%</b>	<b>10,336</b>	<b>-6,130</b>
<b>P&amp;CS – Total</b>	<b>15,959</b>	<b>16,867</b>		<b>282</b>	<b>2%</b>	<b>10,737</b>	<b>-6,130</b>

18. The outturn position of P&CS is £10,737k out of a budget of £16,867k

19. The South Ruislip Development is projecting to underspend by £928k in the current year, however is not reporting a variance on total budget. The planning application will be submitted in June 2010. The tendering process will start in November 2010. The total budget for the South Ruislip Development is £7,619k over 3 years; this incorporates the new library, adult education centre and new dwellings.

20. Highgrove Pool phase 2 is reporting an outturn of £500k from its £4,100k budget. The remainder to be spent in 2011/12.

21. Hayes End Library Development is reporting £800k to be spent in 2010/11, with £1,800k in 2011/12. The planning application will be submitted end of July 2010. The tendering process will start in October.

59. The pressure of £257k on Manor Farm relates to earlier works. This pressure was identified in 2009.

60. The pressure on the civic centre electrical works is currently being investigated by officers and relates to work in the previous year. It is anticipated that this overspend can be contained in the 2010/11 Civic Centre Enhancements budget.

### Major Construction Projects: £1,234k underspend

Capital Schemes 2009/10	Revised Budget	Budget Released	Capital Spend Month 2	Actual % of Revised Budget	Forecast Outturn 2010/11	Forecast Outturn 2011/12	Forecast Variance 2010/11	Forecast Variance Total Project
	£' 000	Y/N	£' 000	%	£' 000	£' 000	£' 000	£' 000
<b>Planning and Community Services</b>								
Brookfield – Second Floor	15	Y	0	0%	6	0	-9	-9
Hillingdon Sports and Leisure Centre	1,266	Y	102	8%	1,537	0	+271	+271
Botwell Green (including Gymnastics Centre )	627	Y	824	131%	1,988	0	+1,361	+1,361
Boxing Club	0	N/A	0	No Budget	0	0	0	0
Minet Cycle Club	349	Part	149	43%	339	10	-10	0
Queensmead Fitness Centre Refurbishment	28	Y	16	57%	28	0	0	0
<b>Education and Children's Services – 100% Grant/Externally Funded</b>								
Children's Centres – Phase 2	626	Y	51	8%	816	0	+190	+190
Children's Centres – Phase 3	2,528	Y	194	8%	2,528	0	0	0
Longmead	1,612	Y	0	0%	1,612	0	0	0
Merrifields fit out for short breaks	375	Y	0	No Budget	370	5	-5	0
Pinkwell New Classrooms	20	0	0	0%	20	0	0	0
Pinkwell School Hall	478	Y	178	37%	478	0	0	0
<b>Education and Children's Services – Non Grant Funded</b>								
Glebe Primary School	31	Y	0	0%	31	0	0	0
Heathrow Primary	18	Y	0	No Budget	18	0	0	0
Ruislip High School	273	Y	0	0%	273	0	0	0
Targeted Capital - Oak Farm	388	Y	0	0%	388	0	0	0
Targeted Capital - Uxbridge High	32	Y	0	0%	111	0	+79	+79
New Young People's Centre	1,726	Y	178	10%	1,726	0	0	0
<b>Finance &amp; Resources</b>							0	
Farm Barns	250	N	0	0%	302	0	+52	-103
<b>Environment and Consumer Protection</b>							0	
New Years Green Lane Civic Amenity Site	3,973	Part	7	0%	3,816	0	-157	-157
Arundel Road Development HIP	3,018	Part	0	0%	12	0	-3,006	-3,006
Hillingdon Cemetery & Chapel - Insurance work	0		0	Insurance claim	0	0	0	0
<b>Council Wide</b>								
Project QS support	79	N	3	4%	79	0	0	0
Major Construction Project Fees	850	0	0	0%	850	0	0	0
<b>Major Construction Projects – Total</b>	<b>18,562</b>	<b>0</b>	<b>1,702</b>	<b>9%</b>	<b>17,328</b>	<b>15</b>	<b>-1,234</b>	<b>-1,374</b>

61. The outturn position of MCP is £17,328k out of a budget of £18,562k

62. Hillingdon Sport & Leisure Centre is carried forward from 2009/10. It was completed in March 2010. Currently LBH is in negotiation on the final value of the contract. The settlement is likely to be in the range of £21,749k to £22,664k. This would result in a forecast over spend between £271k and £644k.
63. Botwell Green Leisure Development. The current forecast for 2010/11 is an over spend of £1,361k, excludes £296k retention due in 2011/12. The total forecast overspend on the whole contract is between £1,657k and £2,814k. This is subject to further discussions with the contractor. The over spend is due to changes made in the design of the project, leading to additional costs which were not included for the tender stage.
64. The pressure on Phase 2 of the Children's Centres is being investigated by officers and it is currently anticipated this may be contained within the overall grant funding.
65. There is a £52k pressure reported on the Farm Barns. There is a budget in 2011/12 of £155k. This scheme is being reviewed by officers and it is anticipated to be contained within total budget.
66. Uxbridge High is forecasting an overspend, however any additional costs will be met by the school as a contribution to the project.
67. Arundel Road Development is currently on hold so a zero outturn has been reported.

#### Central Services: **£Nil Variance**

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 2 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Forecast Variance £' 000
Leader's Initiative	300	300	N	2	1%	300	0
Chrysalis	1,000	1,000	Y	0	0%	1,000	0
Town Centre Initiative	525	525	N	0	0%	525	0
<b>DCE - Total</b>	<b>1,825</b>	<b>1,825</b>		<b>2</b>	<b>0%</b>	<b>1,825</b>	<b>0</b>
ICT Asset Management Strategy	1,378	1,652	Part	38	2%	1,652	0
<b>F&amp;R - Total</b>	<b>1,378</b>	<b>1,652</b>		<b>38</b>	<b>2%</b>	<b>1,652</b>	<b>0</b>
<b>Central Services - Total</b>	<b>3,203</b>	<b>3,477</b>		<b>40</b>	<b>1%</b>	<b>3,477</b>	<b>0</b>

68. The final outturn position of Central Services is £3,477k out of a revised budget of £3,477k
69. The ICT Asset Management Strategy includes a £500k contingency budget of which £80k is requested to be vired to the Libraries Refurbishment programme. The remaining ICT budget is expecting to be fully spent due the BID work being undertaken and the anticipated ICT requirements.

#### Capital Contingency: **£2,000k underspend**

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 2 £' 000	Actual Spend % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
Purchase of Vehicles	1,500	1,500	0	0%	0	-1,500
General Contingency	500	500	0	100%	0	-500
<b>Contingency - Total</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>-2,000</b>

70. The contingency is not currently forecasting any outturn due to the underspend in the main capital programme enabling overspends to be contained in the directorates or total programme.



## APPENDIX B – Treasury Management Report

1. The following information is provided as an update on the activities on the Treasury function for the month of May 2010.
2. As at 31<sup>st</sup> May 2010 the Council's portfolio of deposits and debt were 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: 1.19%

	Actual £m	Actual %	Bench- mark %
Up to 1 Month	28.7	53.55	70.00
1-2 Months	0.0	0.00	0.00
2-3 Months	0.0	0.00	5.00
3-6 Months	8.1	15.11	15.00
6-9 Months	0.0	0.00	5.00
9-12 Months	2.0	3.73	5.00
<b>Subtotal</b>	<b>38.8</b>	<b>72.39</b>	<b>100</b>
Unpaid Maturities	14.8	27.61	0.00
<b>Total</b>	<b>53.6</b>	<b>100</b>	<b>100</b>

3. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions, which hold at a minimum, a Fitch AA- long-term credit rating.
4. Deposits are currently held with the following institutions; Fidelity MMF, Goldman Sachs MMF, Henderson MMF, Invesco Aim MMF, Royal Bank of Scotland, Standard Life MMF, Barclays Bank, Lloyds TSB Banking Group and Nationwide BS.
5. During May fixed-term deposits have continued to mature in line with cash flow requirements. £8.1m has been placed in medium term deposits to enhance investment income. Any other surplus funds were spread between instant access accounts, short-term fixed deposits in order to meet near term cash flow requirements and remain within our counterparty limits.

### Outstanding Debt - Average Interest Rate on Debt: 3.57%

	Actual £m	Actual %
PWLB	121.6	71.7
Long-Term Market	48.0	28.3
Temporary	0.0	0.0
<b>Total</b>	<b>169.6</b>	<b>100</b>

6. There were no natural loan maturities, early debt repayments or rescheduling activities during May.

### Prudential Indicators

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

### Ongoing Strategy

8. The current strategy is to place medium-term deposits, when cashflow allows. These deposits will enhance investment income for 10/11. Short-term balances are to be placed in instant

access accounts and short-term fixed deposits to ensure funds are available to meet June's payment obligations.

9. During May the PWLB rates fell further forcing the premiums to repay debt higher. Therefore, it is not currently feasible to carry out any rescheduling of debt. The fall in rates has not been sufficient enough to consider new borrowing, so other long term fixed borrowing will be deferred as long as possible to obviate the cost of carry.

## Appendix C

### Retaining of agency for Planning, Environment and Community Services.

Contract workers have been employed to undertake a range of duties in the following areas: Corporate Landlord (Post 1), Deputy Director/Head of Culture (Post 2) and Change Management Consultancy (Post 3).

- Post 1 - to undertake a range of duties including Corporate Landlord over the period of June 2010 to March 2011 or earlier if the contract is terminated.
- Post 2 - to undertake a range of duties including Deputy Director, Head of Arts, Culture and operational Head of Libraries over the period of June 2010 to March 2011 or earlier if the contract is terminated.
- Post 3 - specialist advice on strategic planning matters as required for Major Initiatives, including the work undertaken on the Third Runway, High Speed 2 and other national policies that impact on Hillingdon. The agency person will be required until the end of September and the cost quoted reflects this.

At the present time, the Corporate Director of Planning, Environment and Community Services is in the process of developing a new management structure and once approved the permanent positions will be advertised. The cost for these contracts total a maximum of £261k for 2010/11 and covers the period June 2010 to March 2011. These costs will be lower if any of the permanent posts are filled earlier. The funding for posts 1 and 2 are covered by existing established posts that are currently planned for in the 2010/11 Group budget. Post 3 in relation to the Third Runway and High Speed 2 will need to be funded from contingency as there is no service budget to cover the post.

### Retaining of agency staff for Deputy Chief Executive's Office.

A contract worker has been employed to programme manage the BID programme (post 4). This is the Council's key transformation programme aimed at delivering £30m of saving over the next 3 years. Existing authorisation was in place for this post which expires at the end of June. The estimated cost from July 2010 to March 2011 will be in the region of £79k. The BID programme is likely to be a time limited programme. By then end of this financial year it should be more clear what the long term requirements are in terms of supporting ongoing transformation are and this will be built into the DCEO structure. The post is funded from within existing budgets so no further funding is required.

### Retaining of agency staff for Finance & Resources

An interim Accountant is required for a period of 6 months to assist for Director of Planning, Environment and Community Services in assimilating services into the new Group and challenging and improving on existing business processes. The cost of this post can be absorbed within existing budgets.

The table below summarises the maximum cost for covering the 5 posts outlined.

<b>Roles</b>	<b>Cost £ 000's</b>
Post 1	92
Post 2	100
Post 3	69
Post 4	79
Post 5	60
<b>Total</b>	<b>400</b>

## Appendix D

Appointment of Specialist Consultants to provide various design and consultancy services in relation to the development of the South Ruislip Library site to obtain construction tenders

The proposal outlined below is for the professional fees of a consultancy team from submission of detailed planning consent to obtaining construction tenders and on to completion of the project. These are in addition to a previous Cabinet Members Report for the release of consultancy fees up to planning submission, in the sum of £104,567.

1 Structural Design	£37,520
2 Mechanical and Electrical Design	£41,172
3 Quantity Surveyor/Contract Administrator	£49,580
4 Employers Agent	£83,415
5 Drainage/Site Investigation	£7,700
6 Health and Safety Advice	£7,500
Total	£226,887

The recommended approval to appoint the professional consultants is necessary as the resources to carry out these works, in accordance with the project programme, are not available within the Council. The consultant appointments now need to be approved to progress the detailed design of the proposed redevelopment to enable competitive tenders for the building contract to be procured and analysed following the submission of detailed planning application(s).

The total estimated costs of the consultants as outlined above are within the budget for professional fees that are included within the overall scheme costs for the South Ruislip development. The scheme was approved by Cabinet and Council in February 2010, as part of the capital programme for 2010/11 and beyond, with an overall budget of £7.6 million, of which £4.7 million was programmed for the 2010/11 financial year. £1.378 million of capital has been released to date.