

COUNCIL BUDGET - MONTH 4 2010/11 REVENUE AND CAPITAL MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>The report sets out the council's overall 2010/11 revenue & capital position, as forecast at the end of Month 4 (July). The in year revenue position is forecast as being £380k more net expenditure than budgeted on normal activities and a £1,425k pressure on exceptional items, an overall adverse movement of £365k on Month 2.</p> <p>Total forecast capital expenditure for the year is estimated to be £95,132k (Month 2, £92,985k), £11,629k less than the latest budget.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council Plan for 2010/11.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

- 1. Note the forecast budget position for revenue and capital as at Month 4.**
- 2. Note the treasury update at Appendix B.**
- 3. Approves the virement of £874k released funds for the Primary Capital Programme from E&CS to the Major Construction Team in PECS.**
- 4. Approves the £252k increase in Section 106 capital budget in PECS to include recently allocated schemes.**
- 5. Approve the virement of £160k from HRA Pipeline Sites Phase 1 to HRA Extra Care Sites Phase 1 (Triscott House)**
- 6. Rescinds its decision dated 26 June 2010 to award a 3-year contract to Network Design & Support Limited at a total cost of £629k for the supply of the Novell licences for ICT Directory Services, File Hosting and Email also for the support and maintenance of this infrastructure for 3 years.**
- 7. Endorses the action being taken to prepare the corporate grants programme for 2011/12 as set out in the report.**

8. **Agree to the appointment of interim staff at a cost of £318k as set out in Appendix C which are all funded from ringfenced DoH grant.**

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. The reason for rescinding the award of a 3-year contract to Network Design & Support Limited for ICT Directory Services, File Hosting and Email services is due to the increased need for savings the council's ICT Department has decided to evaluate other options available in order to pursue possible savings which may be available by choosing a different software platform.
3. Recommendations 3 to 5 are required to formally approve changes to capital budgets as a result of changes in external funding or to approve virements in capital budgets between Groups.

Alternative options considered

4. There are no other options proposed for consideration.

SUMMARY

A) Revenue

5. The in year revenue monitoring position as at Month 4 (July) shows that forecast net expenditure for the year 2010/11 is £1,805k more than the budget (£380k on normal activities and £1,425k on exceptional items), an adverse movement of £365k on month 2. This is primarily due to the in-year government grant cuts of £3.6m announced earlier in the year which have been treated as an exceptional item. The forecast outturn on normal activities is an overspend of £380k. There are a number of significant pressures forecast in services but 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.
6. 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.
7. 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.
8. 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 4 show a net pressure of £206k a £48k adverse movement on month 2. There are positive signs in relation to Development Control (-£190k) but pressures remain on Land Charges (+£59k) and on Building Control (+£90k).

9. 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.
10. 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 £14,631k as a result of the budgeted drawdown from balances (-£1,500k), the forecast in-year overspend (-£1,805k) and the transfer from earmarked reserves (+£191k).
11. In addition to the £14,631k of general balances the Council has £746k of balances earmarked for Building Schools for the 21st 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 £200k 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

12. Total forecast capital expenditure for the year is estimated to be £95,132k (Month 2, £92,985k), £11,629k less than the latest budget. However, 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.
13. The current projection for General Fund capital receipts based on sites agreed for disposal is £5,935k. This is £2,660k less than that assumed in the 2010/11 budget (£8,595k). There are in addition £1,900k of receipts forecast for the HRA.
14. In Education and Children's Services there have been two capital grants subject to clawback - the Investment in Young People's facilities by 50% (£83.5k) and Extended Schools by 54% (£136.4k).
15. The council's share of the non ring fenced LAA reward grant which can be applied across the council capital programme has reduced a further £12k in month 3.
16. An additional £84.5k of LAA reward grant specifically allocated to Hillingdon Association of Voluntary Services (HAVS) was confirmed in month 4.
17. A number of grants including Surestart (Children's Centres and Early Years) and Playbuilder are being reviewed by central government. The review is looking at cutting expenditure where there are not commitments already in place. They have requested that no further commitments are entered into at this stage.
18. An increase in the Section 106 capital budget of £252k in PECS reflects Section 106 monies received by the council which have been recently allocated to schemes.

C) Voluntary Sector Funding

19. The end of year outturn for the corporate grants programme 2010/11 is forecast to be £1,700,598 against a budget of £1,755,200, resulting in a saving of £54,602. In accordance with usual procedure, applications have been invited from local voluntary and community sector (VCS) organisations for corporate grants for 2011/12 and the recommendations for funding next year will be reported to Cabinet in December.

20. Although cuts in public spending typically result in cuts to funding to the VCS, the potential expansion of the role of that sector in the provision of services, particularly prevention services, could result in the total funding provided by the Council increasing overall. That said, it is necessary to review the existing expenditure in light of the priorities arising from significantly reduced public spending and this will be incorporated in the process for recommending the grants programme for 2011/12.
21. Consultation has commenced with the VCS to reduce the notice period within Hillingdon's Compact for changing funding arrangements from 6 months to 3 months bringing it into line with the new National Compact. A recommendation will be made to Cabinet on this matter in November.
22. The majority of the funding provided to VCS organisations is subject to Service Level Agreement that require, separately from the Compact, 6 months notice to be given of any alteration of funding. These agreements will be amended so that the notice period required reflects that within the Compact at that time of the notification of alteration being given

A) Revenue

23. 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 4)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000		£'000	£'000		£'000	£'000	£'000
223,425	9,341	Directorates Budgets on normal activities	232,767	234,147	1%	+1,380	+1,015	+365
-27,731	-9,342	Corporate Budgets on normal activities	-37,073	-38,073	3%	-1,000	-1,000	0
195,694	0	Sub-total Normal Activities	195,694	196,074	0%	+380	+15	+365
		Exceptional items:						
		Central govt grant cuts		3,600		+3,600	+3,600	0
		In-year recovery savings		-2,000		-2,000	-2,000	0
		Team bonus underspend		-175		-175	-175	0
0	0	Sub-Total	0	1,425		+1,425	+1,425	0
195,694	0	Total net expenditure	195,694	197,499	1%	1,805	1,440	365
-194,194	0	Budget Requirement	-194,194	-194,194		0	0	0
1,500	0	Net total	1,500	3,305		1,805	1,440	365
-17,745		Balances b/f 1/4/010	-17,745	-17,745		0	0	0
0		Transfer from earmarked reserves		-191		-191	-191	0
-16,245	0	Balances c/f 31/3/11	-16,245	-14,631		+1,614	+1,249	+365

Directorates' Forecast Expenditure Month 4

24. 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

2010/11 Original Budget	Budget changes	2010/11 Current Budget (as at Month 4)	Directorate		2010/11 Forecast (as at Month 4)	% Var of budget	Variances (+ adv/- fav)		
							Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000	£'000			£'000		£'000	£'000	£'000
279,115	-2,259	276,856	Adult Social Care, Health & Housing	Exp	280,227	1%	+3,371	+3,082	+289
-185,595	-70	-185,664		Inc	-186,849	1%	-1,185	-1,101	-84
93,521	-2,329	91,192		Total	93,378	2%	+2,186	+1,981	+205
98,326	1,518	99,844	Planning, Environment & Community Services	Exp	99,957	0%	+113	+133	-20
-49,523	-2,243	-51,765		Inc	-51,366	0%	+399	+355	+44
48,804	-725	48,079		Total	48,591	0%	+512	+488	+24
313,819	18,735	332,554	Education & Children's Services	Exp	332,554	0%	0	0	0
-261,246	-5,817	-267,063		Inc	-267,063	0%	0	0	0
52,573	12,918	65,491		Total	65,491	0%	0	0	0
28,759	-332	28,427	Central Services	Exp	28,258	-1%	-169	-47	-122
-12,792	-190	-12,982		Inc	-12,813	-1%	+169	+47	+122
15,967	-522	15,445		Total	15,445	0%	0	0	0
10,760	0	10,760	Developments Contingency Growth to be allocated		9,742	-6%	-1,018	-1,154	+136
1,800	0	1,800			1,500	-17%	-300	-300	+0
223,425	9,341	232,767	Sub-Total Normal Activities		234,147	1%	+1,380	+1,015	+365

25. **Adult Social Care, Health & Housing** are projecting a **pressure of £2,186k (£205k adverse)** as at Month 4. The department is reporting an adverse position of £2,186k on a £277m gross budget. This is consistent with the activity seen in the last quarter of 2009/10 around Older People (£1,808k 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 (£450k), Homelessness (£800k) and for Older Peoples Services (£800k) held in earmarked reserves.

26. **Planning, Environment & Community Services** are projecting a **pressure of £512k (£24k adverse)** as at Month 4. This is mainly due to ongoing 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. The property pressures also include a cost pressure (£28k) due to maintaining and keeping secure surplus properties prior to their disposal. There are also pressures forecast in Harlington Road Depot (£90k), offset by forecast overachievement of income within Trade Waste (£65k) and Civic Amenity sites (£35k). There are pressures in the Arts and Libraries services offset by salary cost savings in Community Safety. Leisure services are predicting a £60k adverse variance primarily due to the impact of the late opening of Botwell. Other pressures are on Development Control

(£75k), Golf (£262k), Waste Disposal Levy (£1,758k), Recycling services (£150k), Highways Maintenance (£500k) and Vehicle Fuel costs (£80k) which are all provided for within contingency.

27. **Education & Children's Services** are forecasting a **nil variance (no change)** as at Month 4. This excludes the pressure on asylum and Exhausted All Appeal cases which are being treated as contingency items. As at Month 4 a pressure of £1,233k on asylum is forecast which is £23k greater than contingency provides for (£1,210k). Although the group is forecasting a break even position there are pressures that need containing. There is an estimated pressure of up to £500k due to potential redundancies which are currently in the consultation process at Northwood, Mellow Lane and Hedgewood schools. There are also a reported pressure within SEN transport which is expected to be absorbed through the forthcoming review and re-negotiation of contracts.
28. **Central Services** are forecasting a **nil variance (no change)** as at Month 4. Finance & Business Services are projecting an overspend of £246k, an adverse movement of £105k on the month 2 projection. This is primarily down to a projected shortfall on the income side due to a projected under recovery of £322k on Passenger Services and Fleet Management Income. The Deputy Chief Exec's office is now forecasting a £78k underspend (£105k improvement). There are underspends on staffing (£168k) and printing (£40k) partially offset by shortfalls on income streams, the most significant being legal services (£104k) and the buy back of payroll services by schools (£42k). The pressures will be addressed by delivering recovery plan savings of £168k. There are also pressures on Building Control (£225k), Land Charges (£774k) income and the Self Insurance fund (£420k) which are all provided for within contingency. The Building Control fees for the first 3 months of 2010/11 are down by 5% on the same period in 2009/10, and 14% below the 3 year average.

Development & Risk Contingency: £1,018k underspend (£51k adverse)

29. £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 4.

Table 3

Development and Risk Contingency	2010/11 Budget	Agreed	Forecast as needed	Variance (+adv / - fav)
<i>2010/11 allocations:</i>	£'000	£'000	£'000	£'000
Total net contingency at start of the year	10,760			
Commitments:				
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		267	-583
Asylum Exhausted All Appeals	360		966	+606
Uninsured claims	420		420	0
Local Development Framework (LDF) legal & consultancy fees	100		100	0
Local Land Charges Income (volume pressures)	715		774	+59
Development Control Income	310		120	-190
Building Control Income	135		225	+90
Golf Courses Income	262		262	0
Total net contingency	10,760		+9,742	-1,018

30. 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 £1,018k on the contingency budget.

31. The forecast asylum spend is £1,233k (£3k adverse) in excess of base budget provision within Children's Services. This is £23k in excess of the net sum provided for within contingency (£1,210k). The underspend on the non EAA element of Asylum contingency (£267k) is due to assuming the favourable agreement reached with the UKBA in 2009/10 for indirect costs will continue going forward. The current forecast in Exhausted all Appeals cases (£966k) is due to the costs of ineligible (£892k) and naturalised clients (£74k).

32. 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.

33. Pressures related to the economic downturn continue to be budgeted for within contingency. Development control income is forecast as a gross pressure of £120k, £190k 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 an adverse variance of £59k on a gross pressure of £689k. The forecast for building control income is a gross pressure of £225k, £90k above that provided for within contingency based on a reduction in income of 5% from the same period in 2009/10.
34. 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.
35. In addition there is a forecast pressure of £420k for uninsured claims, £150k for the Recycling service, £500k for Highways winter maintenance, £100k for the Local Development Framework costs £100k and £262k on Golf income, all of which are expected to be required in full at this stage.

Priority Growth: £300k Underspend

36. £1m was included in the 2010/11 budget for priority growth and £800k for HIP Initiatives (including £300k for waste & recycling projects).
37. 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 (£191k) is being transferred back to general reserves.
38. Table 4 summarises the position with regards to each element of priority growth.

Table 4

Priority Growth	2010/11 Budget	Agreed draw downs	Commitments	Unallocated
<i>2010/11 Unallocated Priority Growth at start of the year</i>	£'000	£'000	£'000	£'000
HIP Initiatives New budget:	800			
Agreed:				
Recycling initiatives			0	-300
Heritage		133		
Environmental projects		144		
HIP Initiatives unallocated balance	800	277	0	223
Unallocated non specific growth	1,000			
Balance of unallocated growth	1,000	0	0	1,000
Total	1,800	277	0	1,223

39. HIP Steering group have approved £277k of allocations so far this year from the HIP revenue contingency. Some approved projects are now being deemed as capital in nature, Ruislip Lido rain shelters (£33.5k), Little Britain Lakes toilet facilities (£55.3k), Little Britain Lakes CCTV & lighting (£44.1k), Eastcote House Dovecote (£150k) and are being funded from the Environmental Assets capital budget.

40. The expected further commitments of £300k on Waste and Energy will now not require HIP funding as they can be contained within base budgets so the monitoring position assumes that this will not be spent.
41. There is an estimated £233k remaining from the HIP initiatives budget and £1m of unallocated non-specific priority growth budget. The Month 4 forecast assumes that remaining £233k HIP initiatives budget and the £1m priority growth budgets will be spent in full.

Corporate Budgets' Forecasts: £1,000k underspend (no change)

42. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 4.

Table 5

2010/11 Original Budget	Budget Changes	2010/11 Current Budget (as at Month 4)	Corporate Budgets	2010/11 Forecast Outturn (as at Month 4)	Variances (+ adv/- fav)		
					Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-2,564	2,164	-400	Unallocated savings	-400	0	0	0
10,109	-42	10,067	Financing Costs	9,067	-1,000	-1,000	0
			FRS 17 Pension				
9,161	0	9,161	Adjustment	9,161	0	0	0
-23,535	-11,181	-34,716	Asset Management A/c	-34,716	0	0	0
-20,901	-283	-21,184	Corporate Govt Grants	-21,184	0	0	0
-27,731	-9,342	-37,073	Corporate Budgets	-38,073	-1,000	-1,000	0

43. Financing costs show a forecast underspend of £1,000k at Month 4. 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.
44. Debt financing and investment income are at this 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

45. 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. Further reconciliations of grant amounts have been completed and the revised budget for month 3 was £106,676k, this increased it to £106,761k for Month 4 following the increase in LAA Reward Grant to be devolved to partners.

46. The Month 4 budgets have been realigned to reflect the new Planning, Environment and Community Services group. This includes the Environment and Consumer Protection, Planning and Community Services capital projects and specific capital programmes from Finance and Resources and Deputy Chief Executives Group (Chrysalis and Town Centre Initiatives).

Group	Original	Month 2	Budget	Month 3	Change	Month
	2010/11					
	Budget	£'000	£'000	£'000	allocation	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Education & Children's Services	27,241	28,895	-741	28,154	0	28,154
Planning, Environment and Community Services			26,678	26,678	0	26,678
Planning & Community Services	13,869	16,867	-16,867	0	0	0
Major Construction Projects	15,215	18,562	1,525	20,087	0	20,087
Adult Social Care, Health & Housing	4,960	4,853	0	4,853	0	4,853
Environment & Consumer Protection	7,908	7,761	-7,761	0	0	0
Finance & Resources	3,468	1,652	-80	1,572	0	1,572
Deputy Chief Executive	1,825	1,825	-1,525	300	0	300
Partners	670	670	0	670	85	755
Contingency	2,000	2,000	0	2,000	0	2,000
Total	77,156	83,085	1,229	84,314	85	84,399
HRA	22,568	22,362	0	22,362	0	22,362
Total	99,724	105,447	1,229	106,676	85	106,761

47. The revised budget for Month 4 is now £106,761k. The increase is due to £193k additional capital in the TfL grant funding being identified and added to the capital programme. There has also been £715k grant reinstated to the budget in MCP and £314k in E&CS following grant reconciliations and additional Section 106 capital budget of £252k in PECS. Two grant amounts have been reduced due to grant clawback, the Investment in Young People's facilities by 50% (£83.5k) and Extended Schools by 54% (£136.4k). In addition an increase in LAA Reward Grant (£84.5k) was confirmed and will be passed onto the Hillingdon Association of Voluntary Services (HAVS).

	£'000
Extended Schools	-136
Young Peoples Facilities	-83
TfL	193
ECS Grant Reconciliation	288
MCP Grant Reconciliation	715
S106	252
LAA Reward Grant	85
Total	1,314

Current Year Expenditure

48. 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 4	Actual Spend % of Revised Budget	Forecast outturn	Variance (Forecast)
	£'000	£'000	£'000	%	£'000	£'000
Adult Social Care, Health & Housing	4,960	4,853	561	12%	4,823	-30
Education & Children's Services	27,241	28,154	3,952	14%	25,222	-2,932
Planning, Environment and Community Services	25,392	26,678	1,886	7%	20,641	-6,037
Finance & Resources	1,378	1,572	299	19%	1,572	0
Deputy Chief Executive	300	300	28	9%	300	0
Major Construction Projects	15,215	20,087	4,499	22%	19,693	-394
Partners - LAA Reward Grant	670	755	0	0%	749	-6
Group Total	75,156	82,399	11,225	14%	73,000	-9,399
Recovery from Contingency					0	0
Programme Contingency	1,500	1,500	0	0%	0	-1,500
Contingency	500	500	0	0%	0	-500
Contingency Total	2,000	2,000	0	0%	0	-2,000
HRA	22,568	22,362	1,655	7%	22,132	-230
Total	99,724	106,761	12,880	12%	95,132	-11,629

49. The Capital Programme budget is projecting an underspend of £11,629k as at month 4 (Month 2, £12,462k), 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.

50. Actual spend of £12,880k shown above includes the school returns for the first quarter.

51. The components of the areas with pressures of £3,120k in 2010/11, £3,342k over the total projects, are shown in table 7.

Table 7

Scheme	Funding	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn (Month 4)	Variance 2010/11	Total Project Variance
		£'000	£'000	£'000	£'000	£'000
Manor Farm	Council	0	1	257	+257	+257
Hillingdon Sport & Leisure Centre	Council	1,266	301	1,537	+271	+271
Botwell Green Leisure Development	Council	627	1,316	2,897	+2,270	+2,567
New Young People's Centre	Council	1,726	2,552	1,743	+17	+17
Farm Barns	Council	250	0	280	+30	-125
Childrens Centres Phase 2	Grant	626	266	816	+190	+190
Property Enhancements Programme Contingency	Council	0	5	5	+5	+5
HRA - New Build - Extra Care Sites Phase 1 (Triscott House)	Grant/HRA	3,430	288	3,510	+80	+160
Total		7,925	4,729	11,045	+3,120	+3,342

52. Botwell Green Leisure Development. The current forecast for 2010/11 is an overspend of £2,270k in 2010/11 (£1,361k reported in month 2) and £297k retention in 2011/12. The total forecast overspend on the whole contract is between £2,104k and £2,914k. 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.
53. There is a £30k 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.
54. The pressure on the civic centre electrical works of £8k reported in month 2 has been contained in the 2010/11 Civic Centre Enhancements budget.
55. 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. The virement of these funds has been requested in this report.
56. The £100k overspend reported in month 2 relating to Transport for London corridor schemes has been resolved by the anticipated increase in grant funding being confirmed.

Current Year Financing

57. 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	29,802	8,595	452	4,036	47,573	13,954	2,349	106,761
Outturn 2010/11	24,952	5,935	452	3,122	43,559	14,369	2,743	95,132

58. The level of unsupported borrowing forecast as at Month 3 is £24,952k (Month 2 £21,477k), a decrease of £4,850k on the revised budget. This change from month 2 (£3,475k) is due to the anticipated level of capital receipts reducing by £2,660k and the increase in council resourced expenditure being forecast.
59. The £8,595k budgeted level of capital receipts for 2010/11 is currently anticipated to not be fully achieved. The revised estimated level of receipts is £5,935k for General Fund and £1,900k receipts for the HRA.
60. The supported borrowing forecast has decreased by £914k from £4,036k to £3,122k. This is primarily due to delays in schemes progressing.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

62. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

64. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

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

Revenue: **£2,186k Pressure (£205k adverse)**

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 £2,186k on a £277m gross budget, this is an adverse movement of £205k from the month 2 position due to continued pressure in Older People services and Housing Needs. The forecast is consistent with the activity seen in the last quarter of 2009/10 around Older People and Mental Health services and 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 4 £000	Forecast Variance Month 2 £000	Change from Month 2 £000
	Expenditure	+2,962	+2,724	+238
	Income	-1,154	-1,101	-53
Older Peoples Services	Total	+1,808	+1,623	+185
	Expenditure	-69	0	-69
	Income	-11	0	-11
Physical & Sensory Disability Services	Total	-80	0	-80
	Expenditure	+358	+358	0
	Income	0	0	0
Mental Health Services	Total	+358	+358	0
	Expenditure	+100	0	+100
	Income	0	0	0
Housing Needs Services	Total	+100	0	+100
	Expenditure	+3,371	+3,082	+290
	Income	-1,185	-1,101	-85
ASCH&H	Total	+2,186	+1,981	+205

Older People Services: **£1,808k adverse (£185k adverse)**

4. This service is currently forecasting a £1,808k 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 £1,808k 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. Discussions with other London Boroughs indicate that this is not a trend unique to LBH. At this stage it is too early to gauge how successful these actions will be and pressure continues to

build in this service; it is therefore considered 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: £80k favourable (£80k improvement)

7. This service is currently forecasting a small underspend which is primarily due a smaller net increase in residential care weeks for quarter 1 than expected.
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 (no change)

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 (no change)

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. Although there has been no material change in activity since last month it is considered unlikely that this service will deliver a balanced outturn position. The month 2 report referred to a challenge regarding ordinary residence relating to 12 clients currently charged to other authorities and a probable referral to the Secretary of State for a decision. This is on-going and future reports will report progress, in the meantime the current forecast excludes this risk.
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 (no change)

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 which is indicating a pressure for 2010/11 although at this stage management are forecasting a break even position due to mitigating actions being undertaken.

Housing Need Services: £100k adverse (£100k adverse)

16. This service is currently forecasting an adverse position due to difficulties in procuring appropriate housing units for homeless families as planned. This has resulted in additional pressures in temporary accommodation and Bed & Breakfast budgets. The forecast assumes that the £0.8m corporate contingency held for this Service is received thereby reducing the pressure from £0.8m to £100k as reported in this forecast.

17. There is also an emerging pressure of £250k as a result of possible slippage in delivery of an MTFE savings item although officers are undertaking mitigating actions to counter this slippage.

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 (no change)

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 a favourable outturn of £127k, a marginal improvement from the Month 2 position, see table below:

Division of Service	Forecast Variance Month 4 £000	Forecast Variance Month 2 £000	Change from Month 2 £000
HH Ltd: General and Special Services	0	0	0
HH Ltd: Repairs Services	0	0	0
LBH: General and Special Services	-10	0	-10
LBH: Repairs Services	0	0	0
Other Expenditure	-117	0	-117
Income	0	-120	+120
HRA Balance	-127	-120	-7

22. The favourable variance is mainly due to a reduction in the consolidated rate of interest thereby reducing the cost of HRA debt. For month 2 this had been shown in the 'Income' line but has now been reallocated to the more appropriate 'Other Expenditure' line.

Planning Environment and Community Services (PECS) Month 4

Revenue: **£512k Pressure (£24k adverse)**

1. At Month 4, the Group is forecasting an adverse variance of £512k. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

Division of Service		Forecast Variance Month 4 £'000	Forecast Variance Month 2 £'000	Change £'000
	<i>Expenditure</i>	90	100	-10
	<i>Income</i>	0	0	0
Street Cleansing	Total	90	100	-10
	<i>Expenditure</i>	0	0	0
	<i>Income</i>	-65	-65	0
Trade Waste	Total	-65	-65	0
	<i>Expenditure</i>	0	0	0
	<i>Income</i>	-35	-35	0
Civic Amenity Sites	Total	-35	-35	0
	<i>Expenditure</i>	8	58	-50
	<i>Income</i>	157	113	+44
Harlington Rd Depot & Stores	Total	165	171	-6
	<i>Expenditure</i>	-35	-35	0
	<i>Income</i>	0	0	0
Community Safety	Total	-35	-35	0
	<i>Expenditure</i>	-10	-10	0
	<i>Income</i>	10	10	0
Arts Service	Total	0	0	0
	<i>Expenditure</i>	60	20	40
	<i>Income</i>	0	0	0
Leisure	Total	60	20	40
	<i>Expenditure</i>	0	0	0
	<i>Income</i>	332	332	0
Corporate Landlord	Total	332	332	0
	<i>Expenditure</i>	113	133	-20
	<i>Income</i>	399	355	+44
Group	Total	512	488	24

Contingent Items: **Gross Pressure £2,140k (£45k adverse)**

2. The Council's 2010/11 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. 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.
3. The Planning income streams were identified as exceptional items last year. This was due to the downturn in the economy which had severely impacted the housing market 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.

Division of Service	Gross Pressure	Gross Pressure	Change from Month 2	Contingency	Net Pressure
	Month 4	Month 2			
Waste Disposal Levy	1,528	1,528	0	1,528	0
Recycling Services	150	150	0	150	0
Vehicle Fuel	80	80	0	80	0
Development Control	120	75	45	310	-190
Golf	262	262	0	262	0
P&CS - Total	2,140	2,095	45	2,330	-190

4. The forecast for Development Control income is a gross pressure of £120k, the net position after the application of the contingency is a favourable variance of £190k.
5. The forecast position for Development Control Income has fallen marginally from Month 2, principally due to the announcement cancelling the Building Schools for Future programme, which has impacted on some anticipated fees. Minor and Other applications have both shown positive trends over the last quarter of 2009/10 and this has initially continued in the first 3 months of 2010/11 but has fallen back in month 4. Minor applications are at 93% (month 2 100%) of the 4 years average, and Other applications are at 88% (month 2 92%) of the 4 year average.

Waste Services: £10k favourable (£10k favourable)

6. **Street Cleansing:** An adverse expenditure variance of £90k 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. Some minor changes to the fleet have been implemented which account for the slightly improved position
7. **Recycling Costs:** At month 4 the forecast remains full utilisation of the available £150k contingency. There continues to be a positive trend in recycling rates which generates pressures 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. The current levels of green garden waste are similar to those collected in 2009/10.
8. **Waste Disposal:** The gross pressure of £1,528k reflects that the increase in the 2009/10 and 2010/11 waste levy that has now been confirmed by West London Waste Authority (WLWA) and is currently held in contingency. The Section 52(9) budget was reset for the new financial year as part of the Levy process and reflects the reduced tonnages experienced during 2009/10. The indications from the 1st quarter tonnages are that they are in line with 2009/10 levels, and therefore the current waste disposal budget. However, it is difficult to accurately predict tonnages, and therefore trends will continue to be closely monitored as the year progresses.
9. **Trade Waste:** A favourable income variance of £65k continues to be forecast, with business remaining consistent. The levels of aged debt continue to be closely monitored with write-offs only undertaken as a measure of last resort, and anticipated as being covered within the existing bad debt provision.

10. **Civic Amenity Sites:** A favourable income variance of £35k is still forecast, with prices for recovery of metal-based materials remaining buoyant. This income stream will be closely monitored as the year progresses, given that metal prices are highly volatile.

Harlington Road Depot: £165k adverse (£6k favourable)

11. 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. Some initial options have been identified in terms of revisions to current occupancy arrangements and income generation possibilities are also being examined, in order to mitigate this adverse position. The minor favourable movement recognises the commencement of this review.

Vehicle Fuel Pressure – contingency item: Nil variance (full usage – No change)

12. The bulk diesel purchase price continues to be relatively stable having averaged around 98p per litre for the first three 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.

13. 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. If the price increased at the same rate as in 2009/10 over the remainder of the year, the potential pressure on the contingency would be around £75k. Therefore this position will be closely monitored and updated throughout the year as price data and trends become clearer.

Corporate Landlord Income: £332k pressure (no change)

14. 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 – including anticipated debt write-offs), 192 High Street, where premises have remained vacant (£16k) and a vacant unit in the Uxbridge Market (£14k). There is a proposal to let one of the vacant units at Warnford currently being considered, but if approved this will not provide any financial benefit until 2011/12.
- There is a projected 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 (no change)

15. The underspend represents savings on staffing due to maternity and sabbatical leave (£8k), and a saving on the Police ASB team, due to a favourable variance on pay costs (£27k).

Arts Service: Nil Variance (no change)

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

Leisure: £60k Pressure (£40k adverse)

17. The service is reporting a £71k pressure due to the impact of the late opening of Botwell on the GLL management fee together with the associated delay in closing Hayes Pool, and a £9k pressure resulting from the need to pay security costs to undertake enforcement at car parks. This is being mitigated to a limited extent by savings in other budgets to achieve a net £60k pressure.
18. 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, to ensure a balanced position.

Education and Children Services (E&CS)

Revenue: Nil variance (no change)

1. The Group is projecting a nil variance as at Month 4 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 4 are summarised in the following table:

Division of Service		Forecast Variance Month 4 £'000	Forecast Variance Month 2 £'000	Change from Month 2 £'000
	<i>Expenditure</i>	+9,121	+9,404	-283
	<i>Income</i>	-7,888	-8,174	+286
Asylum Seekers Services	Total	+1,233	+1,230	+3
Group – Total		0	0	0

Schools: Nil variance (no change)

3. The Schools Budget is ring fenced and funded from the DSG. Schools' payroll and non-payroll expenditure is monitored quarterly with any forecast year-end deficits being the subject of detailed discussions with the schools concerned. Schools forecasting deficits are required to supply recovery plans identifying how they intend to eliminate their deficit, but these do not affect the general fund.
4. Any underspend or overspend of the Schools Budget in 2010-11 would be carried forward into 2011-12 and would have no effect on the General Fund.

Learning & School Effectiveness: Nil variance (no change)

5. An emerging issue is an estimated pressure in excess of £500k due to a whole round of redundancies which are currently in the consultation process at Northwood, Mellow Lane and Hedgewood schools.

Children and Families: Nil variance (no change)

6. The Children & Families is projecting a break even position as at Month 4.
7. There is no change in the reported pressure within SEN transport 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.
8. 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 **£1,233k (£3k adverse)**

9. The Asylum service is reporting a budget pressure of £1,233k 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.
10. The pressure within Exhausted All Appeals and ineligible clients is £892k an adverse movement of £298k and Naturalised clients is £74k, an improvement of £65k.

11. The service has been working on reducing indirect costs due to the limits on the amount of expenditure that can be recovered by grant. The impact of this exercise has resulted in a reduction in the pressure being forecast (£267k) an improvement of £230k on the position reported at Month 2.

Central Services

Revenue: Nil Variance (no change)

1. The forecast position for the central services revenue budget as at month 4 is breakeven, no change from the month 2 projections. However this includes a number of variances within each service, where action plans are being developed to address them. This now also includes the transfer of Business Services as part of the agreed new structure of the Council, which has resulted in the month 2 forecast figures being restated to ensure that comparisons between months are valid.

Division of Service		Forecast Variance Month 4 £'000	Forecast Variance Month 2 £'000	Change from Month 2 £'000
	<i>Expenditure</i>	-208	-52	-156
	<i>Income</i>	+130	+79	+51
Deputy Chief Executive's Office	Total	-78	+27	-105
	<i>Expenditure</i>	-21	+173	-194
	<i>Income</i>	+267	-32	+299
Finance & Business Services	Total	+246	+141	+105
	<i>Expenditure</i>	-229	+121	-244
	<i>Income</i>	+397	+47	-187
Recovery Plan Savings		-168	-168	0
Central Services	Total	0	0	0

Finance & Business Services: £246k overspend (£105k adverse)

2. The Finance & Business Services Directorate budgets are projecting an overspend of £246k, an adverse movement of £105k on the month 2 projection.
3. The projected pressure is primarily down to a shortfall on the income side due to a projected under recovery of £322k on Passenger Services and Fleet Management Income.

Deputy Chief Executive's Office: (£78k underspend, £105k improvement)

4. The Deputy Chief Executive's Office budgets are projecting an underspend of £78k in month 4, an improvement of £105k on the month 2 projections, of which there is a projected underspend of £208k on expenditure budgets (an improvement of £156k on the month 2 projections, due to the number of posts that are being held vacant, pending the outcomes of the BID Workstreams), netted down by a projected shortfall in income of £130k (an adverse movement of £51k on last month's projections, due to a reduction in the volume of Hillingdon Homes Legal work).
5. The underspend of £208k on expenditure budgets relates to a number of variances as follows:
 - An underspend of £168k on staffing costs across the service, primarily due to a number of vacant posts that exist, as each post is being reviewed and held vacant pending the outcomes of the BID Workstreams.
 - An underspend of £40k on the cost of printing in the Communications team.
6. The shortfall of £130k on income streams relates to a number of budgets as follows:

- A projected shortfall of £104k in Legal services relating to services provided to Hillingdon Homes. An action plan is being put in place to mitigate this, although due to the timing of some of the proposed action, it is unlikely that this will fully cover the shortfall in this year.
- A shortfall of £42k on the buy back of Payroll services by schools, where three schools have decided not to renew their contract this year.
- Under-recovery of income from the Hillingdon Business forum and Uxbridge Town Centre of £12k
- An over recovery of £28k from schools purchasing the Occupational Health Service.

Recovery Plan Savings: £168k target

7. Both Senior Management teams have put in place a process to consider a range of options to address the relevant variances within their department. These options are expected to deliver the £168k target by the year end and will be fed into the monitoring report during the year.

Contingency Items

8. The Corporate Contingency holds a number of budgets relating to exceptional items linked to the downturn in the economy which had severely impacted the housing market and has continued to depress a number of income streams. The net position after the application of the contingency is shown in the table below.

Contingent Item	Gross Pressure Month 4 £'000	Gross Pressure Month 2 £'000	Movement Month 2 to 4	Contingency £'000	Net Pressure £'000
Building Control	225	243	-18	135	+90
Land Charges (volume pressures)	689	689	0	715	-26
Land Charges (personal charges)	85	0	+85	0	+85
Self Insurance Fund	420	420	0	420	0
Total	1,419	1,352	+67	1,270	+149

Building Control Income: £225k Gross Pressure (£18k favourable)

9. The forecast for Building Control income is a gross pressure of £225k. The fees for the first 4 months of 2010/11 are down by 5% on the same period in 2009/10, and 14% below the 3 year average.

Land charges: £774k Gross Pressure (£107k adverse)

10. Land charge income has moved to a cost recovery basis due to statutory changes in regulations enacted in December 2008. The net variance currently forecast after the contingent allocation would be a favourable £26k.
11. The figures now include the forecast relating to the impact of the recent Ministry of Justice (MOJ) decision to revoke the charging of a fee for personal searches, which relates to guidance previously issued from the Information Commission Office (ICO). The guidance proposed that the majority of property search data is Environmental Information and that Local Authorities are therefore obliged to allow inspection of this information at no charge. The instruction from the MOJ came into force on 17th August, and will be backdated to when the Environment Information Regulations came into force in January 2005. The part year effect of not being able to charge for

personal searches in 2010/11 is a pressure of £85k (the full year effect equating to £145k). A detailed assessment of the financial impact of the requirement to apply the legislation back to January 2005, is currently being undertaken.

Self Insurance Fund: £420k Gross Pressure (no change)

12. The Corporate Risk Contingency holds a budget of £420k to cover the costs of insurance claims, where the Council is liable for the excess, which currently stands at £100k. Based on current projections this contingency sum will be fully required to cover the costs of the excess payments made in 2010/11.

Capital Programme: £11,629k Underspend (£833k adverse)

1. The Capital Programme is reporting an underspend of £11,629k (£12,462k Month 2).
2. Expenditure for the whole capital programme is £12,880k which equates to 12% of the revised programme. Further detail is provided below for each individual department.

Groups	Original Budget	Revised Budget	Capital Spend Month 4	Actual Spend % of Revised Budget	Forecast outturn	Variance (Forecast)
	£'000	£'000	£'000	%	£'000	£'000
Adult Social Care, Health & Housing	4,960	4,853	561	12%	4,823	-30
Education & Children's Services	27,241	28,154	3,952	14%	25,222	-2,932
Planning, Environment and Community Services	25,392	26,678	1,886	7%	20,641	-6,037
Finance & Resources	1,378	1,572	299	19%	1,572	0
Deputy Chief Executive	300	300	28	9%	300	0
Major Construction Projects	15,215	20,087	4,499	22%	19,693	-394
Partners - LAA Reward Grant	670	755	0	0%	749	-6
Group Total	75,156	82,399	11,225	14%	73,000	-9,399
Recovery from Contingency					0	0
Programme Contingency	1,500	1,500	0	0%	0	-1,500
Contingency	500	500	0	0%	0	-500
Contingency Total	2,000	2,000	0	0%	0	-2,000
HRA	22,568	22,362	1,655	7%	22,132	-230
Total	99,724	106,761	12,880	12%	95,132	-11,629

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

HRA: £230k Underspend, Nil variance

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

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Capital Works	10,000	9,746	Y	740	8%	9,746	0
HRA - New Build - HRA Pipeline Sites Phase 1	7,508	7,508	Y	627	8%	7,348	-160
HRA - New Build - Extra Care Sites Phase 1 (Triscott House)	3,430	3,430	Y	288	8%	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
HRA – Total	22,568	22,362		1,655	7%	22,132	-230

4. The outturn of HRA is £22,132k out of a revised budget of £22,362k.
5. 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, with a reduction in 2010/11 for Pipeline but an £80k addition for Triscott House in both 2010/11 and 2011/12. 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.

Scheme	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn (Month 4)	Variance 2010/11	Total Project Variance
	£'000	£'000	£'000	£'000	£'000
	HRA - New Build - HRA Pipeline Sites Phase 1	7,508	627	7,348	-160
HRA - New Build - Extra Care Sites Phase 1 (Triscott House)	3,430	288	3,510	+80	+160

6. The virement of £160k requested in this report will realign the budgets to the expenditure profile.

Adult Social Care, Health and Housing: £30k Underspend (Nil variance)

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

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
100% Grant Funded							
PSRSG for WL Empty Property Grant	1,100	1,100	Part	139	13%	1,100	0
Mental Health – Mead House	114	250	Y	73	29%	250	0
ASC,H&H (Non HRA – 100% Grant Funded) – Total	1,214	1,350		212	16%	1,350	0
Non-Grant Funded							
Disabled Facilities Grants	3,000	2,823	Y	283	10%	2,823	0
Private Sector Renewal Grants	450	450	Y	43	10%	420	-30
Colne Park Caravan Sites	296	230	Y	23	10%	230	0
ASC,H&H (Non HRA – Non Grant Funded) – Total	3,746	3,503		349	10%	3,473	-30
ASC,H&H – Total	4,960	4,853		561	12%	4,823	-30

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 forecast against a revised budget of £4,853K (99.4% of Budget). The under spend relates to the potential non achievement of Private Sector renewal grant client contributions. These will be dependant upon the chargeability of the works on private residents dwellings.

Education and Children's Services: £2,932k Underspend (Nil variance)

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
100% Grant/Externally Funded							
Early Years Foundation Stage – Surestart	1,169	1,379	0	21	2%	1,379	0
Extended Schools	251	485	Part	307	63%	485	0
Formula Capital Devolved to Schools	3,876	3,207	N/A	659	21%	2,245	-962
Guru Nanak - Expansion 2010	5,710	6,843	Y	1,439	21%	6,843	0
Pathfinder (Playgrounds)	598	598	Part	338	57%	598	0
Pinkwell	0	189	Y	0	0%	189	0
Primary School Expansions Phase I	1,942	1,132	Part	0	0%	1,132	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	16	13%	86	-41
Schools Kitchens	4,928	4,346	Part	1,048	24%	4,346	0
Specialist Schools	0	12	Y	2	17%	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	84	Part	0	0%	84	0
Island U - Virtual School Project	0	60	N	0	0%	60	0
Total 100% Grant/Externally Funded	24,156	23,733	0	3,834	224%	22,730	-1,003
Non Grant Funded							
Expansion Haydon	0	14	Y	0	0%	14	0
Urgent Building Condition Projects (Modernisation)	1,985	2,837	Part	46	2%	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	72	15%	400	-78
Total 100% Non Grant Funded	3,085	4,421		118	3%	2,492	-1,929
E&CS – Total	27,241	28,154		3,952	14%	25,222	-2,932

10. The outturn position of E&CS is £25,222k (Month 2 £25,963k) out of a budget of £28,154k (Month 2 £28,895k).

11. 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.

12. In Education & Children's Services there have been 2 grant amounts reduced due to grant clawback, the Investment in Young People's facilities by 50% (£83.5k) and Extended Schools by 54% (£136.4k). A number of grants including Surestart (Children's Centres and Early Years) and Playbuilder are being reviewed by central government. The review is looking at cutting expenditure where there are not commitments already in place. They have requested that no further commitments are entered into at this stage. This may impact on Deansfield and Whitehall Children Centres as construction has not yet commenced on these projects.

Planning, Environment and Community Services: £6,037k Underspend (£7k favourable)

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
100% Grant/Externally Funded							
S106/S278 Schemes	0	361	Part	99	27%	361	0
Safer Stronger Communities Fund	50	50	N	35	70%	50	0
Botwell Multi Use Games Area	100	242	Part	227	94%	242	0
BSP funded by Transport for London	4,000	3,575	Part	0	0%	3,575	0
Total 100% Grant/Externally Funded	4,150	4,228		361	9%	4,228	0
Non Grant Funded							0
South Ruislip Development	4,661	4,661	Part	0	0%	3,733	-928
Highgrove Pool Phase II	4,100	4,100	Part	0	0%	550	-3,550
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 Security Improvements	0	107	Y	40	37%	107	0
Civic Centre Enhancements	1,590	1,590	Part	31	2%	1,574	-16
Libraries Refurbishment	622	1,037	Y	299	29%	1,037	0
Harmondsworth Dog Free Mini Football Area	0	5	Y	-2	-40%	5	0
Ruislip Lido Toilets	0	100	Y	10	10%	100	0
CCTV Programme	230	230	N	0	0%	230	0
Chrysalis Programme	1,000	1,000	Y	13	1%	1,000	0
Town Centre Initiative	525	525	N	82	16%	525	0
Highways Improvements	1,100	1,100	Part	1,013	92%	1,100	0
Highways Localities Programme	258	258	N	0	0%	258	0
Road Safety	250	250	Part	0	0%	250	0
Street Lighting	300	300	Part	20	7%	300	0
Environmental Assets	2,000	2,000	N	0	0%	2,000	0
Purchase of Vehicles	0	471	Y	0	0%	471	0
Total Non Grant Funded	21,242	22,450		1,525	7%	16,413	-6,037
PE&CS – Total	25,392	26,678		1,886	7%	20,641	-6,037

13. The Month 4 budgets have been realigned to reflect the new Planning, Environment and Community Services group. This includes the Environment and Consumer Protection, Planning and Community Services capital projects and specific capital programmes from Finance and Resources and Deputy Chief Executives Group (Chrysalis and Town Centre Initiatives).

14. The forecast outturn position of PECS is £20,641k out of a budget of £26,678k

15. The South Ruislip Development is projecting to underspend by £928k in the current year due to rephasing into 2011/12. 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. The tender relating to this project is to be agreed at September Cabinet and as a result the above forecast does not take this into account.

16. Highgrove Pool phase 2 is reporting an outturn of £550k from its £4,100k budget. The remainder to be spent in 2011/12.
17. The £100k overspend reported in month 2 relating to Transport for London corridor schemes has been resolved by the anticipated increase in grant funding being confirmed.
18. 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.

Major Construction Projects: £394k underspend (2010/11) (£840k adverse)

Capital Schemes 2009/10	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 4 £' 000	Actual % of Revised Budget %	Forecast Outturn 2010/11 £' 000	Forecast Outturn 2011/12 £' 000	Forecast Variance 2010/11 £' 000	Forecast Variance Total Project £' 000
Planning, Environment and Community Services								
Arundel Road Development HIP	3,018	Part	0	0%	18	0	-3,000	-3,000
Botwell Green (including Gymnastics Centre)	627	Y	1,316	210%	2,897	297	+2,270	+2,567
Boxing Club	0	N/A	0	No Budget	0	0	0	0
Brookfield – Second Floor	15	Y	1	7%	15	0	0	0
Farm Barns	250	N	0	0%	280	0	+30	-125
Hillingdon Cemetery & Chapel - Insurance work	0	Insurance	0	No Budget	0	0	0	0
Hillingdon Sports and Leisure Centre	1,266	Y	301	24%	1,537	0	+271	+271
Minet Cycle Club	349	Part	237	68%	339	10	-10	0
New Years Green Lane Civic Amenity Site	3,973	Part	57	1%	3,816	0	-157	-157
Queensmead Fitness Centre Refurbishment	28	Y	21	75%	28	0	0	0
Education and Children's Services – 100% Grant/Externally Funded								
Children's Centres – Phase 2	626	Y	266	42%	816	0	+190	+190
Children's Centres – Phase 3	3,243	Y	528	16%	3,243	0	0	0
Longmead - Laurel Lane	1,612	Y	892	55%	1,612	0	0	0
Merrifields fit out for short breaks	375	Y	97	No Budget	370	5	-5	0
Pinkwell New Classrooms	20	0	0	0%	20	0	0	0
Pinkwell School Hall	478	Y	357	75%	478	0	0	0
Education and Children's Services – Non Grant Funded								
Glebe Primary School	31	Y	0	0%	31	0	0	0
Heathrow Primary	18	Y	0	No Budget	18	0	0	0
New Young People's Centre	1,726	Y	412	24%	1,743	0	+17	+17
Primary Capital Programme (6 Schools)	810	Y	0	0%	810	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%	32	0	0	0
Council Wide								
Project QS support	79	N	14	18%	79	0	0	0
Major Construction Project Fees	850	0	0	0%	850	0	0	0
Major Construction Projects – Total	20,087	0	4,499	22%	19,693	312	-394	-237

19. The forecast outturn position of MCP is £19,693k out of a budget of £20,087k.

20. Botwell Green Leisure Development. The current forecast for 2010/11 is an overspend of £2,270k in 2010/11 (£1,361k reported in month 2) and £297k retention in 2011/12. The total forecast overspend on the whole contract is between £2,104k and £2,914k. 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.

21. On 12 August 2010 Cabinet agreed the tender for Hillingdon Cemetery and Chapel Insurance work for £223k, the total project cost is £318k of which £54k has been spent since 2008/09. The 2010/11 budget will be updated in month 5 to reflect this.

Central Services: £Nil Variance (Nil Variance)

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 4 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Forecast Variance £' 000
Leader's Initiative	300	300	Part	28	9%	300	0
DCE - Total	300	300		28	9%	300	0
ICT Asset Management Strategy	1,378	1,572	Part	299	19%	1,572	0
F&R - Total	1,378	1,572		299	19%	1,572	0
Central Services - Total	1,678	1,872		327	17%	1,872	0

22. The final outturn position of Central Services is £1,872k out of a revised budget of £1,872k. The Town Centre Initiative and Chrysalis programmes have been moved to PECS.

23. The ICT Asset Management Strategy budget is expected to be fully spent due the BID work being undertaken and the anticipated ICT requirements.

Partners: £Nil Variance (Nil Variance)

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 4 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Forecast Variance £' 000
LAA Reward Grant Share to Primary Care Trust	335	335	0	0	0%	333	-2
LAA Reward Grant Share to Community Safety Partnership	140	140	0	0	0%	140	0
LAA Reward Grant Share to BAA & Uxbridge College	130	130	0	0	0%	128	-2
LAA Reward Grant Share to Ground Work Trust	65	65	0	0	0%	63	-2
LAA Reward Grant Share to HAVS	0	85	0	0	0%	85	0
Partners - Total	670	755		0	0%	749	-6

24. An additional £84.5k of LAA reward grant specifically allocated to Hillingdon Association of Voluntary Services (HAVS) was confirmed in month 4.

Capital Contingency: £2,000k underspend (Nil Variance)

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 4 £' 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
Contingency - Total	2,000	2,000	0	100%	0	-2,000

25. 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 an update on the activities on the Treasury function for the month of July 2010. As at 31st July 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: 0.88%

	Actual £m	Actual %	Bench- mark %
Up to 1 Month	24.2	42.60	65.00
1-2 Months	0.0	0.00	0.00
2-3 Months	9.0	15.85	15.00
3-6 Months	7.7	13.56	15.00
6-9 Months	2.0	3.52	5.00
9-12 Months	0.0	0.00	0.00
Subtotal	42.9	75.54	100
Unpaid Maturities	13.9	24.47	0.00
Total	56.8	100	100

2. 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. Deposits are currently held with the following institutions; Henderson MMF, Royal Bank of Scotland, Standard Life MMF, Barclays Bank, Clydesdale, Lloyds TSB Banking Group and Nationwide BS.
3. During July fixed-term deposits have continued to mature in line with cash flow requirements. £6m has been placed in medium term deposits to enhance investment income. Any other surplus funds were spread between instant access accounts and short-term fixed deposits in order to meet near term cash flow requirements and remain within our counterparty limits. A further dividend from Heritable of £900k was received in relation to our unpaid Icelandic investments. Dividends received now represent 40% (£6.1m) of the total Heritable claim.

Outstanding Debt - Average Interest Rate on Debt: 3.57%

	Actual £m	Actual %
PWLB	120.9	71.7
Long-Term Market	48.0	28.3
Temporary	0.0	0.0
Total	168.9	100

4. There were no early debt repayments or rescheduling activities during July.

Prudential Indicators

5. There were no breaches of the prudential indicators during July.

Ongoing Strategy

6. The current strategy is to place all surplus cash in instant access accounts and if required short-term fixed deposits to ensure funds are available to meet August's payment obligations. It has been identified that temporary short-term borrowing may be required during August. During July the PWLB rates remained low and premiums stayed high. Therefore, it is not currently feasible to carry out any rescheduling of debt.

APPENDIX C

Retaining of agency for Adult Social Care, Health, and Housing Services.

3 contract workers have been employed to undertake a range of duties to support the implementation of the Governments Transformation agenda, known as Support Choice and Independence. These posts are Head of Service (Transformation); Business Process Improvement lead; and IT Infrastructure Lead. Although the cost of each of these posts will exceed £50k in 2010/11 they are fully funded by the ringfenced and specific DoH Social Care Reform Grant. These contract workers will go when the grant ends at the end of March 2011.

The table below summarises the maximum gross cost for covering the 5 posts outlined although they are all grant funded.

Roles	Cost £ 000's
Post 1	115
Post 2	91
Post 3	112
Total	318