

COUNCIL BUDGET - MONTH 7 2010/11

REVENUE AND CAPITAL MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Report Author	Paul Whaymand / Christopher Neale, Finance and Business Services
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 7 (October). The in year revenue position is currently forecast as being £577k less net expenditure than budgeted on normal activities and a £1,747k pressure on exceptional items, an improvement £59k on Month 6. Forecast balances at the year end have increased by £539k as a result of this improvement and the release of £480k of balances previously earmarked for Building Schools for the 21st Century.</p> <p>Total forecast capital expenditure for the year is estimated to be £83,126k (Month 6, £89,624k), £23,368k below 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 current forecast budget position for revenue and capital as at Month 7.
2. Note the treasury update at Appendix B.
3. Approve the allocation of £65k from priority growth to PECS to fund extended opening hours for Libraries following their refurbishment
4. Approves the virement of £284k from the Primary School Expansions capital budget to the Pinkwell New Classrooms capital project.
5. Approves the write-off of £68,664.11 due to the previous operator of Stockley Park Golf Course (UKGolf) going into administration.

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. Recommendation 4 is required to formally approve virements in capital budgets between Groups.
3. Recommendation 5 is required for Cabinet to approve the write-off of a bad debt over the value of £50k.

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 7 (October) shows that current forecast net expenditure for the year 2010/11 is £1,170k more than the budget (an underspend of £577k on normal activities and a £1,747k overspend on exceptional items), an improvement of £59k on Month 6. Further action is being taken by all Directors to seek to reduce this pressure further.
6. The demographic pressure on Older Peoples Services (£1,773k) is the most significant pressure contributing to the net overspend. The main reason for the £1,425k pressure on exceptional items is the impact of the 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 (£1.3m) and LABGI (£0.4m). The net impact of the reductions in grant on the Council's current year budget is £3.6m.
7. In addition pressures due to the economic downturn are now being highlighted as exceptional items, Commercial property rental (£166k), Stockley Park Golf Course (£91k) and Development Control (£65k). The amount for Development Control is in addition to the amount being provided for in contingency (£310k)
8. An in-year recovery plan is being developed that is seeking to recover the £3.6m through permanently reducing expenditure in areas previously funded by the grants being reduced or through accelerating BID efficiency proposals. To date around £2m has been identified but work is continuing with the aim of recovering the position further by the year end. The aim is to ensure an overall breakeven budget position by the year end and at least £17m in balances.
9. The budget position on contingency has worsened by £22k in the last month due to an adverse movement on Building Control.
10. Capital financing costs are projected to underspend by £1.75m due to budgets set aside in advance for schools capital financing and other priority projects which will not be needed in this financial year (£1m) and through a revised projection for the Minimum Revenue Provision (MRP) required to be set aside this year and the impact of recent debt restructuring which will produce a saving of £550k in the current year. There is an additional favourable movement of £200k due to reapportioning capital financing costs between the HRA and the General Fund.

11. 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 £15,794k as a result of the budgeted drawdown from balances (-£1,500k), the current forecast in-year overspend (-£1,170k) and after the transfer from earmarked reserves (+£719k).
12. At month 7 it has been agreed to transfer the balance of funds previously set aside to fund Building Schools for the 21st Century (£528k) to general reserves. This is included in the forecast balances figure above.

B) Capital

13. Total forecast capital expenditure for the year is estimated to be £83,126k (Month 6, £89,624k), £23,368k below the latest budget. This represents a £6,498k reduction in the forecast outturn position, including the following significant movements.
 - a. The changes in funding arrangements resulting from Guru Nanak Secondary School becoming an Academy have resulted in £2,548k of grant funding previously included in the Council's capital programme being paid directly to the school.
 - b. There has been a reduction in the forecast outturn for the Early Years Foundation Stage projects of £710k reflecting those projects currently on hold subject to the on-going DfE review of the Surestart grant.
 - c. The forecast outturn on a number of Council resourced General Fund projects has been reduced by £1,750k due to delays in initiating these projects, it is anticipated that this expenditure will take place in 2011/12.
 - d. A further reduction in outturn of £1,319k on Housing Revenue Account projects is due to delays on projects, it is anticipated that these works will take place in 2011/12.
14. As at Month 7 nil General Fund capital receipts had been realised. While it is still anticipated that £5,935k of receipts will be generated in the current year, the potential impact of any shortfall on the Minimum Revenue Provision and interest costs should be noted.

A) Revenue

15. 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 7)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000		£'000	£'000		£'000	£'000	£'000
223,425	9,342	Directorates Budgets on normal activities	232,767	233,940	1%	+1,173	+1,161	+12
-27,731	-9,342	Corporate Budgets on normal activities	-37,073	-38,823	5%	-1,750	-1,550	-200
195,694	0	Sub-total Normal Activities	195,694	195,117	0%	-577	-389	-188
		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
		Development Control		65		+65	+5	+60
		Commercial property rental		166		+166	+166	0
		Golf Stockley Park		91		+91	+22	+69
0	0	Sub-Total	0	1,747		+1,747	+1,618	+129
195,694	0	Total net expenditure	195,694	196,864	1%	1,170	1,228	-59
-194,194	0	Budget Requirement	-194,194	-194,194		0	0	0
1,500	0	Net total	1,500	2,670		1,170	1,228	-59
-17,745		Balances b/f 1/4/010	-17,745	-17,745		0	0	0
		Transfer from earmarked reserves		-719		-719	-191	-528
-16,245	0	Balances c/f 31/3/11	-16,245	-15,794		+451	+1,037	-587

Directorates' Forecast Expenditure Month 7

16. 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 7)	Directorate		2010/11 Forecast (as at Month 7)	% Var of budget	Variances (+ adv/- fav)		
							Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000	£'000			£'000		£'000	£'000	£'000
279,115	765	279,880	Adult Social Care, Health & Housing	<i>Exp</i>	284,288	2%	+4,408	+3,778	+630
-185,595	-3,250	-188,844		<i>Inc</i>	-190,659	1%	-1,815	-1,185	-630
93,521	-2,485	91,036		Total	93,629	3%	+2,593	+2,593	0
98,326	-4,364	93,963	Planning, Environment & Community Services	<i>Exp</i>	94,016	0%	+53	+63	-10
-49,523	4,876	-44,647		<i>Inc</i>	-44,190	-1%	+457	+457	0
48,804	512	49,316		Total	49,826	1%	+510	+520	-10
313,819	17,209	331,028	Education & Children's Services	<i>Exp</i>	330,967	0%	-61	-103	+42
-261,246	-4,134	-265,380		<i>Inc</i>	-265,319	0%	+61	+103	-42
52,573	13,075	65,648		Total	65,648	0%	0	0	0
28,759	7,039	35,798	Central Services	<i>Exp</i>	35,152	-2%	-646	-646	0
-12,792	-8,800	-21,592		<i>Inc</i>	-21,402	-1%	+190	+190	0
15,967	-1,761	14,206		Total	13,750	-3%	-456	-456	0
10,760	0	10,760	Developments Contingency		9,586	-11%	-1,174	-1,196	+22
1,800	0	1,800		Growth to be allocated	1,500	-17%	-300	-300	0
223,425	9,341	232,767	Sub-Total Normal Activities		233,940	1%	+1,173	+1,161	+12

17. **Adult Social Care, Health & Housing** are projecting a **pressure of £2,593k (No change)** as at Month 7. The demographic trends are now indicating additional pressures in Learning (£481k) and Physical disability (£543k) services on top of existing pressures in Older People (£1,773k) and Mental Health services (£688k). As a result the management team have put in place an in year recovery plan to mitigate these pressures, without which the forecast would have adversely moved by £1.2m. 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 contingency.

18. **Planning, Environment & Community Services** are projecting a **pressure of £510k (£10k favourable)** as at Month 7. The most significant ongoing pressures of £535k relate to the corporate landlord service. Within the service there are also pressures on income streams from commercial properties (£166k), which is now being highlighted as an exceptional item. There is also 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 (£159k), 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 £81k adverse variance primarily due to the impact of the late opening of Botwell. There is also a pressure due to the

economic downturn at Stockley Park Golf Course (£91k) which is also now highlighted as an exceptional item as is the additional pressure (£60k) on Development Control over and above the contingency provision. Other pressures are on Development Control (£310k), Golf (£262k), Waste Disposal Levy (£1,528k), Recycling services (£150k), Highways Maintenance (£500k) and Vehicle Fuel costs (£80k), which are all provided for within contingency.

19. **Education & Children's Services** are forecasting a **nil variance (no change)** as at Month 7. This excludes the pressure on asylum and Exhausted All Appeal cases, which are being treated as contingency items. As at Month 7 the pressure of £1,200k on asylum is £10k less than the contingency provision. Although the group is forecasting a break even position there are pressures that need containing. There is pressure of up to £588k due to redundancies, which have now been agreed for Northwood, Mellow Lane and Hedgewood schools. This is partially offset by an improvement in the E&CS central budget (£130k) and a net underspend in Access & Inclusion (£155k), recovery plan savings of £303k have been put in place to cover the remaining pressure.
20. **Central Services** are forecasting a **£456k underspend (no change)** as at Month 7. Finance & Business Services are projecting an underspend of £199k, no change on the Month 6 projection. However, this figure now includes a pressure of £380k relating to Special Education Needs (SEN) transport where the service transferred across from E&CS. An action plan has been put in place to contain this pressure. The Deputy Chief Exec's office is still forecasting a £257k underspend. There is a projected underspend on expenditure budgets (£278k) primarily on staffing costs as a result of the BID reviews. This is offset by a £21k net shortfall on income streams. There are also pressures on Building Control (£71k), Land Charges (£715k) income and the Self Insurance fund (£420k) which are all provided for within contingency.

Development & Risk Contingency: £1,174k underspend (£22k adverse)

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 7.

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		340	-510
Asylum Exhausted All Appeals	360		860	+500
Self insurance fund	420		420	0
Local Development Framework (LDF) legal & consultancy fees	100		0	-100
Local Land Charges Income (volume pressures)	715		715	0
Development Control Income	310		310	0
Building Control Income	135		71	-64
Golf Courses Income	262		262	0
Total net contingency	10,760		+9,586	-1,174

22. A large proportion of the total contingency is expected to be required in full however the assumption that the £1m general contingency will not be drawn down has resulted in an overall underspend of £1,174k on the contingency budget.

23. The budget position on contingency shows an adverse movement of £22k in the last month due to an adverse movement on Building control.

24. The forecast asylum spend is £1,200k which is £10k less than the net sum provided for within contingency (£1,210k). The underspend on the non EAA element of Asylum contingency (£510k) 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 (£860k) is due to the cost of ineligible clients (£803k) and naturalised clients (£57k).

25. Within ASCH&H the contingency items in relation to Transitional Children, Mental Health and homelessness are forecast to be needed in full at this stage of the year.

26. Development control income is forecast as a gross pressure of £375k (£60k adverse). The element over and above the contingency provision of £310k relates to the economic downturn continue and is now being highlighted as an exceptional item (£65k). This is due to a further downward 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 is still in line with the contingency provision with a gross pressure of £715k. The forecast for building control income is a gross pressure of £71k, £64k less than provided for within contingency.
27. 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.
28. In addition there is a forecast pressure of £420k for the self insurance fund, £150k for the Recycling service, £500k for Highways winter maintenance, and £262k on Golf income, all of which are expected to be required in full at this stage.

Priority Growth: £300k Underspend (no change)

29. £1m was included in the 2010/11 budget for priority growth and £800k for HIP Initiatives (including £300k for waste & recycling projects).
30. 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.
31. 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		141		
Environmental projects		132		
HIP Initiatives unallocated balance	800	273	0	227
Unallocated non specific growth	1,000			
Balance of unallocated growth	1,000	0	0	1,000
Total	1,800	273	0	1,227

32. HIP Steering group have approved £273k 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 Ruislip Lido toilet block (£20k) are being funded from the Environmental Assets capital budget.
33. The expected further commitments of £300k on Waste and recycling are unlikely to be required in the current financial year so the current monitoring position assumes that this sum

will not be drawn down. However, the budget will remain going forward into 2011/12 and will be broadened to become an environmental initiatives budget.

34. There is a recommendation in the report for £65k to be allocated from priority growth to fund the cost of extended opening hours for refurbished libraries. This will reduce the priority growth budget from £1m to £935k.

35. There is an estimated £227k remaining from the HIP initiatives budget and £935k of unallocated non-specific priority growth budget. The Month 7 forecast assumes that remaining £1,162k unallocated budgets will be spent in full.

Corporate Budgets' Forecasts: £1,750k underspend (£200k favourable)

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

Table 5

2010/11 Original Budget	Budget Changes	2010/11 Current Budget (as at Month 7)	Corporate Budgets	2010/11 Forecast Outturn (as at Month 7)	Variances (+ adv/- fav)		
					Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000	£'000		£'000	£'000	£'000	
-2,564	2,164	-400	Unallocated savings	-400	0	0	0
10,109	-42	10,067	Financing Costs	8,317	-1,750	-1,550	-200
			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	-38,823	-1,750	-1,550	-200

37. Financing costs show a forecast underspend of £1,750k at Month 7, an improvement of £200k relating to reappportionment of Capital financing costs between the HRA and the general fund. In addition to the £1,000k being set aside for capital financing for schools or other priority projects which is not likely to be needed in 2010/11 there is also a favourable variance of £550k due to a recent debt restructuring exercise and an updated projection for Minimum Revenue Provision (MRP) required to be set aside this year.

38. A summary of treasury management activity is attached at Appendix B.

B) Capital

Current Year Expenditure

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

Table 6

Groups	Original Budget	Revised Budget	Capital Spend Month 7	Actual Spend % of Revised Budget	Forecast outturn	Variance (Forecast)
	£'000	£'000	£'000	%	£'000	£'000
Adult Social Care, Health & Housing	4,960	4,853	1,529	32%	4,255	-598
Education & Children's Services	27,241	23,950	7,882	33%	20,058	-3,892
Planning, Environment and Community Services	25,392	27,318	2,928	11%	17,122	-10,196
Finance & Business Services	1,378	1,699	504	30%	1,317	-382
Deputy Chief Executive	300	300	122	41%	300	0
Major Construction Projects	15,215	22,480	7,283	32%	20,261	-2,219
Partners - LAA Reward Grant	670	755	0	0%	749	-6
Group Total	75,156	81,355	20,248	25%	64,062	-17,293
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	23,139	5,777	25%	19,064	-4,075
Total	99,724	106,494	26,025	24%	83,126	-23,368

40. The Capital Programme budget is projecting a variance of £23,368k as at Month 7 (Month 6, £19,270k), which is primarily the result of projects being rephased into 2011/12. There are a number of projects forecasting an overspend, however funding strategies are in place to manage these.

41. Actual spend of £26,025k shown above includes schools' returns for the first two quarters.

42. Table 7 below details those schemes reporting pressures against the 2010/11 capital programme

Table 7

Scheme	Funding	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn	Variance 2010/11	Total Project Variance
		£'000	£'000	£'000	£'000	£'000
Manor Farm	Council	0	1	100	+100	+100
Hillingdon Sport & Leisure Centre	Council	1,266	370	1,537	+271	+271
Botwell Green Leisure Development	Council	627	1,804	3,005	+2,378	+2,675
Farm Barns	Council	250	0	280	+30	-125
Children's Centres Phase 2	Grant	626	297	816	+190	+190
Property Enhancements Programme Contingency	Council	0	5	5	+5	+5
Total		2,769	2,477	5,743	+2,974	+3,116

43. The pressure reported against the Manor Farm project has been reduced from £371k to reflect on-going negotiations with the contractor.

44. An additional pressure of £108k has been reported on the Botwell Green Leisure Development as equipment costs were not fully reflected in the original estimates.

45. Current year pressures represent an additional call on Council Resources above the level included in the agreed budget for 2010/11, leading to an increase in the MRP of approximately £110k and additional borrowing costs of approximately £140k from 2011/12.

Current Year Financing

46. Table 8 shows the financing of both budget and 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	999	4,036	45,560	13,821	3,681	106,494
Outturn 2010/11	18,013	5,935	680	2,800	41,594	11,236	2,868	83,126
Variance	-11,789	-2,660	-319	-1,236	-3,966	-2,585	-813	-23,368

47. The level of unsupported borrowing forecast as at Month 7 is £18,013k (Month 6 £20,522k), taking the total unsupported borrowing to £54,458k. The decrease in the forecast since Month 6 of £2,509k primarily resulted from the rephasing of a number of Major Construction Projects into 2011/12.

48. An increase in the cost of borrowing through the PWLB to 1% above the cost of government gilts was announced in the Comprehensive Spending Review

49. Programmes of Works schemes account for £3,792k of unsupported borrowing and £4,908k of capital receipts outturns noted above. These schemes will result in on-going annual MRP and interest costs of approximately £350k and £435k respectively as a result of the opportunity cost of additional unsupported borrowing.

50. The £8,595k budgeted level of capital receipts for 2010/11 is not expected to be achieved. At the end of Month 7 nil General Fund receipts have been realised and although there are assets available for sale, the timetable for all pre-sale processes and legal completion in order to realise receipts in the current financial year is becoming increasingly challenging. If receipts are not forthcoming by then there will be a revenue implication for 2011/12 in the form of higher MRP charges.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

52. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

54. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

Adult Social Care, Health & Housing

Revenue: **£2,593k Pressure** (no change)

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 is now indicating additional pressures in Learning and Physical disability services. As a result the management team put in place an in year recovery plan last month; the individual actions have now been allocated to the Service budgets.
2. Officers have to date taken action to mitigate pressures but the underlying pressure for Adult Social Care services has not abated and therefore the management team put in place last month plans to achieve £1.2m of in-year savings. These include accelerating the implementation of reablement which will reduce reliance on residential care, and increase achievable savings from the new WLA Homecare framework agreement. In addition recruitment and the use of agency staff has been reviewed and decisions taken to further reduce this expenditure.
3. In summary the department is reporting an adverse position of £2,593k on a £279m gross budget.

Services		2010/11 (As at Month 7)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
		£'000	£'000		£'000	£'000	£'000
Older Peoples Services	<i>Exp</i>	39,368	42,985	9%	+3,617	+4,336	-719
	<i>Inc</i>	-8,153	-9,998	23%	-1,845	-1,910	+65
	Total	31,215	32,988	6%	+1,773	+2,426	-653
Physical & Sensory Disability Services	<i>Exp</i>	9,272	10,098	9%	+826	+777	+49
	<i>Inc</i>	-881	-1,164	32%	-283	-258	-25
	Total	8,391	8,934	6%	+543	+519	+24
Learning Disability Services	<i>Exp</i>	31,445	32,291	3%	+846	+1,102	-256
	<i>Inc</i>	-12,242	-12,608	3%	-366	-528	+162
	Total	19,203	19,684	3%	+481	+574	-93
Mental Health Services	<i>Exp</i>	5,703	6,320	11%	+617	+635	-18
	<i>Inc</i>	-402	-331	-18%	+71	+71	0
	Total	5,301	5,989	13%	+688	+706	-18
Housing Benefits	<i>Exp</i>	148,964	148,464	0%	-500	-500	0
	<i>Inc</i>	-145,961	-145,961	0%	0	0	0
	Total	3,003	2,503	-17%	-500	-500	0
Housing Needs Services	<i>Exp</i>	19,651	19,140	-3%	-511	+100	-610
	<i>Inc</i>	-17,261	-16,651	-4%	+610	-0	+610
	Total	2,390	2,489	4%	+99	+100	0
ASCH&H Other Service	<i>Exp</i>	25,478	24,990	-2%	-488	-17	-471
	<i>Inc</i>	-3,945	-3,948	0%	-3	-13	+11
	Total	21,533	21,042	-2%	-491	-30	-460
Recovery plan savings	Total	0	-1,200		0	-1,200	+1,200
Total Expenditure		279,881	284,289	2%	+4,408	+6,432	-2,025
Total Income		-188,845	-190,660	1%	-1,815	-3,839	+824
ASCH&H Total		91,036	93,629	3%	+2,593	+2,593	0

Older People Services: £1,773k adverse (£653k improvement)

4. This service is currently forecasting a £1,773k 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. The improvement from the month 6 position is due to the implementation of the in-year action plan referred to last month.
5. This forecast also assumes that the £760k can be drawn down from the Earmarked Reserve held for Older People Services reducing the pressure from £2,533k to £1,773k as reported in this forecast.

Physical Disabilities: £543k adverse (£25k adverse)

6. This service is currently forecasting a £543k adverse position due to increasing pressures to support people to live independently and increases in the cost of individual residential care packages following care reviews. The small adverse movement relates to a number of small movements across this service area.

Learning Disability: £481k adverse (£93k improvement)

7. This service is currently forecasting an adverse outturn of £481k due to increasing pressures to support people to live independently; increases in the cost of individual residential care packages following care reviews; and the cost of children transferring from E&CS. The improvement from the month 6 position is due to the implementation of the in-year action plan referred to last month.
8. The forecast assumes that the £2,300k corporate contingency held for transitional children are received thereby reducing the pressure from £2,781 to the £481k reported.

Mental Health: £688k adverse (£18k improvement)

9. The Month 6 report referred to the likelihood of 12 clients that had been subject to an 'ordinary residence' claim becoming the financial responsibility of the council. During negotiations with the other party about this matter in which Officers are rigorously defending against this attempt to transfer these clients, the other party advised of a further 12 clients in a similar position. At the present time no further detail has been received and therefore any potential further liability is unknown, the total liability relating to these cases could in total be in the region of £1m.
10. The small improvement from last month relates to a number of small movements across this service area. This forecast also assumes that the £1,250k corporate contingency held for Mental Health Services is received reducing the pressure from £1,938k to the £688k reported.

Housing Benefits: £500k favourable (no change)

11. This service is currently forecasting a £500k favourable outturn on a gross budget of £138m. This favourable movement is as a result of positive feedback in respect of the external audit of the 2009/10 Housing Benefit claim which totalled £150.6m. As a result of this feedback the £0.5m provision being held against an adverse outcome can be released to the benefit of the revenue forecast.
12. The Housing Benefit budget, as reported last year continues to experience increased benefit uptake which although indicating a pressure for 2010/11, the mitigating actions taken by management give confidence to a break even position being achieved.

Housing Need Services: £100k adverse (no change)

13. This adverse position is due to difficulties in procuring appropriate housing units for homeless families as planned which has resulted in additional pressures in temporary accommodation and Bed & Breakfast (B&B) budgets. The forecast assumes that the £0.8m corporate contingency held for this Service is received thereby reducing the pressure from £0.9m to £100k as reported in this forecast.

14. Previous forecasts have referred to a pressure of £250k and redundancy costs (now confirmed at £126k) which were being addressed by mitigating action. The success of these actions has enabled the forecast to remain at £100k and further work is being undertaken to close this gap.

Other ASCH&H Services: Nil variance (no change)

15. This service is currently forecasting outturn to be on budget on the basis that in-year savings will be realised.

Contingent Items: Gross Pressure £2,020k (no change)

16. The Authority's 2010/11 contingent budget contains provision for areas of expenditure or income for which there is a greater degree of uncertainty. The net position after the application of the contingency is shown in the table below.

Division of Service	Gross Pressure Month 7	Gross Pressure Month 6	Change from Month 6	Contingency	Net Pressure
Increase in Transitional Children	2,300	2,300	0	2,300	0
Social Care Pressures	800	800	0	800	0
Homelessness Budget - Reduction in DWP Funding	800	800	0	800	0
Increase in Mental Health Packages	450	450	0	450	0
P&CS – Total	4,350	4,350	0	4,350	0

Housing HRA

17. This service is currently forecasting a favourable outturn of £1,304k, a £700k improvement from the Month 6 position. The table below now reflects the return of Hillingdon Homes Ltd and its incorporation as Hillingdon Housing Services.

2010/11 Current Budget (as at Month 7) £000	Division of Service	Variance (as at Month 7) £000	Variance (as at Month 6) £000	Change from Month 6 £000
+15,487	General and Special Services	-717	-17	-700
+10,853	Repairs Services	0	0	0
+11,040	Subsidy Payment to Government	+273	+273	0
+9,746	Capital Funded from Revenue (RCCO)	-500	-500	0
+4,314	Other Expenditure	-360	-360	0
-53,330	Income	0	0	0
-1,890	In Year (Surplus) / Deficit	-1,304	-604	-700

18. The overall favourable improvement in the variance from Month 6 is due to the inclusion of the Hillingdon Homes closing of accounts balance of £700k that has now been transferred over to the LBH HRA.

Planning Environment and Community Services (PECS)

Revenue: **£510k Pressure (£10k favourable)**

1. At Month 7, the Group is forecasting an adverse variance of £510k representing a £10k improvement from month 6. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

Services		2010/11 (As at Month 7)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
		£'000	£'000		£'000	£'000	£'000
Corporate Landlord	<i>Exp</i>	21,300	21,523	1%	+223	+223	0
	<i>Inc</i>	-10,375	-10,063	-3%	+312	+312	0
	Total	10,926	11,461	5%	+535	+535	0
Public Safety & Environment	<i>Exp</i>	36,353	36,368	0%	+15	+25	-10
	<i>Inc</i>	-14,743	-14,843	1%	-100	-100	0
	Total	21,610	21,525	0%	-85	-75	-10
Sports, Culture & Leisure	<i>Exp</i>	18,472	18,462	0%	-10	-10	0
	<i>Inc</i>	-5,315	-5,245	-1%	+70	+70	0
	Total	13,157	13,217	0%	+60	+60	0
Planning, Trading Standards & Environmental Protection	<i>Exp</i>	4,831	4,831	0%	0	0	0
	<i>Inc</i>	-2,005	-2,005	0%	0	0	0
	Total	2,826	2,826	0%	0	0	0
Transportation & Planning Policy	<i>Exp</i>	13,008	12,833	-1%	-175	-175	0
	<i>Inc</i>	-12,210	-12,035	-1%	+175	+175	0
	Total	798	798	0%	0	0	0
Total Expenditure		80,054	79,954	0%	+53	+63	-10
Total Income		-36,132	-35,511	-2%	+457	+457	0
Total PE&CS		43,922	44,443	1%	+510	+520	-10

Exceptional Items: **Gross Pressure £632k (£129k adverse)**

2. The table below shows those items that have been considered as exceptional due to the downturn in the economy.

Division of Service	Gross Pressure Month 7	Gross Pressure Month 6	Change from Month 6	Contingency	Net Pressure
Development Control	375	315	60	310	65
Commercial Property Rental	166	166	0	0	166
Golf Stockley Park	91	22	69	0	91
P&CS – Total	632	503	129	310	322

3. The forecast for Development Control income is a gross pressure of £375k, the net position after the application of the contingency is a adverse variance of £65k.

4. The forecast position for Development Control Income has deteriorated from Month 6. This is due to 4 Major Applications sites that have had their probability of receipt in 2010/11 reduced to 50% this may result in them slipping to 2011/12 as a consequence. Minor and Other applications have both shown positive trends over the last quarter of 2009/10 and this initially continued in the first 3 months of 2010/11 but has fallen back in the last 4 months. Minor applications are at 89% (month 2 100%) of the 4 year average, and Other applications are at 91% which is very close to the month 2 level, compared to the 4 year average.
5. There is an ongoing pressure on income streams from commercial properties of £166k, due to a number of vacant tenancies in the Warnford Industrial Estate (£136k including bad debt provisions), 192 High Street, where premises have remained vacant (£16k) and a vacant unit in the Uxbridge Market (£14k). There has been little movement on these service areas during the year, with the pressures considered to be influenced by the uncertain economic situation.
6. The lease for Stockley Park Golf course has been reassigned to a new operator as of the beginning of October 2010. This was a result of the previous operator UKGolf going into administration earlier in the year. The immediate impact is a pressure of £22k that relates to a part year reduced income level for the remaining 6 months of 2010/11. The outstanding rent due from UKGolf is £204k which dates back to July 2009. There is a balance of £135k held on deposit which can be matched against this sum and the subsequent outstanding balance of £69k will be subject to a write off process requiring approval by Cabinet. Once this is complete the pressure would increase to £91k for 2010/11.

Contingent Items: Gross Pressure £2,020k (no change)

7. The Authority's 2010/11 contingent budget contains provision for areas of expenditure or income for which there is a greater degree of uncertainty. The net position after the application of the contingency is shown in the table below.

Division of Service	Gross Pressure Month 7	Gross Pressure Month 6	Change from Month 6	Contingency	Net Pressure
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
Golf	262	262	0	262	0
P&CS – Total	2,020	2,020	0	2,020	0

8. 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.
9. The bulk diesel purchase price continues to be relatively stable having averaged around 98p per litre for the first six months of the year, but from the beginning of October has increased to £1.03, 1p of which is due to an increase in fuel duty. There has been little change in the past month, but a further duty increase of 0.75p per litre is planned in January. The industry commentators are pointing to a potentially upward trend in oil prices which could feed through to the bulk diesel price. However the economic situation remains volatile, and it is difficult to be precise about the extent of any further increase.

10. The modelling of the planned increase in duty, together with the potential for further increases, suggests a risk of an approximately £40k pressure on the fuel contingency. However given the difficulty in predicting price movements, the forecast position for the Vehicle Fuel Pressure remains the same, and is for full usage of the £80k contingency.

Corporate Landlord: £535k pressure (no change)

11. The Corporate Landlord position now incorporates the Fleet Management service area which had been reporting a net pressure of £195k. Further pressures have been highlighted on this service area at month 6 and 7, primarily through increasing maintenance and lease costs. These issues are linked to the increasing age of the fleet. However the reported position remains unchanged this month given the recent transfer of this service and that a review of the service has only just commenced.

12. Corporate Facilities and Property are reporting a series of ongoing pressures that total £340k. These are listed below.

- There is a projected shortfall of £72k on income from the hire of the Middlesex Suite, due to a general slow down in demand set against a challenging income target. A review of the marketing approach to this service is being undertaken in order to identify opportunities to improve this position going forward.
- 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. In order to try and address this position efforts continue to be made to raise awareness of the service offer, including activities such as visits to schools.
- There is a pressure of £28k on the cost of maintaining and keeping secure surplus properties prior to their disposal.
- There is a pressure on the Harlington Road depot of £159k. This 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. Block A is being decommissioned during November, and the anticipated savings are reflected in the position. Further rationalisation and income generation possibilities are also being examined, in order to mitigate the position.

Public Safety & Environment: £85k favourable (£10k favourable)

Waste Services: £40k favourable (£10k favourable)

13. Street Cleansing: The month 7 forecast is a £60k adverse expenditure variance (£70k in month 6). The continued minor improvement represents measures taken across the service on agency and vehicle usage to mitigate the underlying pressure.

14. Recycling Costs: At month 7 the forecast remains for 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. The household recycling rate has shown an increase over the first half of the year, and has been averaging above 40%. Income trends for recyclable materials are similar to last year, and the current levels of green garden waste in line with tonnages collected in 2009/10.

15. 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 trend for the first 5 months of 2010/11 was a marginal decrease on the 2009/10 levels. However provisional tonnages were higher in September and October, which highlights the potential variability of tonnages and forecasts. Given the uncertainty on tonnage levels a nil variance continues to be forecast on the Section 52(9) budget.
16. Trade Waste: A favourable income variance of £65k continues to be forecast, with business levels remaining consistent. The levels of aged debt continue to be closely monitored with write-offs only undertaken as a measure of last resort. It is currently forecast that the existing levels of bad debt provision will be sufficient to meet any required write-offs.
17. Civic Amenity Sites: A favourable income variance of £35k continues to be forecast on the basis of the favourable prices for recovery of metal-based materials. Metal prices have remained buoyant during 2010/11, but have the potential to change rapidly. There is a pressure from a backdated NNDR revaluation, however it is forecast that this can be contained if metal prices remain at their current levels.

Community Safety: £45k Underspend no change

18. The underspend represents an increased saving on staffing due to maternity and sabbatical leave (£18k), and a saving on the Police ASB team, due to a favourable variance on pay costs (£27k).

Sports Culture and Leisure: £60k Pressure no change

Arts Service: **Nil Variance (no change)**

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

Leisure: **£60k Pressure**

20. 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.
21. 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.
22. The operator for the Gym at Minet has formally requested a reduction in its annual rent from £200K to £100k backdated to September 2009. The operator has been struggling to achieve its original projections for membership growth against the economic backdrop and increased competition from Botwell. The request if agreed would create an in year pressure of £115k against income targets for the site.

Transportation & Planning Policy: nil variance

Off-Street Parking: Nil variance

23. The reduced levels of Car Park income experienced during 2009/10 have continued into the first 2010/11, with the economic climate considered to be a significant factor. The income variance reflects a forecast based on trends to date. The last months have shown a more positive trend, however the extent of the usual seasonal impact of the Christmas period will be critical. In order to achieve a nil variance it is being assumed that management action can be undertaken to reduce expenditure that will be sufficient to offset the anticipated income reduction.

Education and Children Services (E&CS)

Revenue: Nil variance (no change)

1. The Group is projecting a nil variance as at Month 7 for the 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. This excludes the overall pressure on asylum funding and the cost of exhausted all appeals cases which are reported under exceptional items elsewhere in this report.
3. The projected variances at Month 7 are summarised in the following table:

Services		2010/11 (As at Month 7)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
		£'000	£'000		£'000	£'000	£'000
Resource, Policy & Performance	<i>Exp</i>	4,128	4,143	0%	+15	0	+15
	<i>Inc</i>	-2,174	-2,189	1%	-15	0	-15
	Total	1,954	1,954	0%	0	0	0
ECS Central Budget	<i>Exp</i>	18,870	18,740	-1%	-130	0	-130
	<i>Inc</i>	-3,545	-3,545	0%	0	0	0
	Total	15,325	15,195	-1%	-130	0	-130
Learning & School Effectiveness Service	<i>Exp</i>	19,038	19,626	3%	+588	-42	+630
	<i>Inc</i>	-13,945	-13,945	0%	0	+42	-42
	Total	5,093	5,681	12%	+588	0	+588
Director's, Youth & Connexions	<i>Exp</i>	9,074	9,074	0%	0	0	0
	<i>Inc</i>	-917	-917	0%	0	0	0
	Total	8,157	8,157	0%	0	0	0
Access & Inclusion - Children	<i>Exp</i>	5,513	5,329	-3%	-184	-29	-155
	<i>Inc</i>	-2,211	-2,182	-1%	+29	+29	0
	Total	3,302	3,147	-5%	-155	0	-155
Children & Families Services	<i>Exp</i>	28,565	28,518	0%	-47	-32	-15
	<i>Inc</i>	-3,677	-3,630	-1%	+47	+32	+15
	Total	24,888	24,888	0%	0	0	0
Recovery Plan Savings	Total	0	-303	0%	-303	0	-303
Total Exp		85,188	85,127	0%	-61	-103	+42
Total Inc		-26,469	-26,408	0%	+61	+103	-42
Total E&CS		58,719	58,719	0%	0	0	0

Schools: Nil variance (no change)

4. The Schools Budget is ring fenced and funded from the DSG. Schools' payroll and non-payroll expenditure is monitored quarterly with any forecast year-end deficits being the subject of detailed discussions with the schools concerned. Schools forecasting deficits are required to

supply recovery plans identifying how they intend to eliminate their deficit, but these do not affect the general fund.

- 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.

ECS Central Budget: £130k Underspend (£130k improvement)

- The latest position on the Council's obligations under the Barnhill PFI contract indicate that there will be an underspend of £130k.

Learning & School Effectiveness: £588k Pressure (£588k adverse)

- As reported previously due to a whole round of redundancies in three schools a pressure of £588k has been agreed by governors and head teachers at Northwood, Mellow Lane and Hedgewood schools. It is hoped that the service will be able to identify one off savings elsewhere within the group to absorb the above pressure.

Access & Inclusion – Children: £155k Underspend (£155k improvement)

- The previously reported inherent pressure within SEN transport is not reported as this service has been centralised.
- There is £119k pressure within Pupil Referral unit due to Not School not achieving their income target. However, the service has now identified one off savings within Pupil & Family Support of £123k, Education Psychology of £100k, Parent support services of £43k & Early years CWANS of £8k.

Children and Families: Nil variance (no change)

- The Children & Families is projecting a break even position as at Month 7.
- Currently the Children's Private and Voluntary spend is projecting an overspend of £488k, due to a Southwark Judgement for 16 year olds, an improvement of £7k from last month. These projections are based on period 7 activity levels. It should be noted however that activities can vary in both directions dependent upon children leaving or being added to the system. This could be a potential call on contingency.

Recovery Plan Savings: £303k target

- An action plan is currently being implemented by the management group to identify and achieve additional savings to meet the budget pressure.

Contingent Items: Asylum Service Gross Pressure £1,200k (no change)

- The Asylum service is reporting a budget pressure of £1,200k 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.

Division of Service	Gross Pressure Month 7	Gross Pressure Month 6	Change from Month 6	Contingency	Net Pressure
Asylum Services	1,200	1,200	0	1,210	-10
E & CS – Total	1,200	1,200	0	1,210	-10

14. The current reported pressure for Exhausted All Appeals and ineligible clients' amounts to £786k and for Naturalised clients is £54k.
15. 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 an improvement of £230k on the position reported at Month 2.

Central Services

Revenue: **£456k underspend (no change)**

- The forecast position for the central services revenue budget as at month 7 is an underspend of £456k, no change from the month 6 projections. This now includes a pressure of £380k relating to Special Educational Needs (SEN) Transport, estimated redundancy costs totalling £327k and the net pressure on Land Charges of £104k, which was previously included as a pressure on the contingency, covered by additional income from the Imported Food Unit, Bereavement Services and the Revenues Service.

Service		2010/11 (As at Month 7)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
		£'000	£'000		£'000	£'000	£'000
Deputy Chief Executive's Office	<i>Exp</i>	11,322	11,044	-2.5%	-278	-326	+48
	<i>Inc</i>	-3,517	-3,496	+0.6%	+21	+69	-48
	Total	7,805	7,548	-3.3%	-257	-257	0
Finance & Business Services	<i>Exp</i>	24,476	24,655	+0.7%	+179	-320	+499
	<i>Inc</i>	-18,075	-18,453	-2.1%	-378	+121	-499
	Total	6,401	6,202	-3.1%	-199	-199	0
Recovery plan savings	<i>Exp</i>	0	0	0.0%	0	0	0
	Total	0	0	0.0%	0	0	0
Total Exp	<i>Exp</i>	35,798	35,699	-0.3%	-99	-646	+547
Total Inc	<i>Inc</i>	-21,592	-21,949	-1.7%	-357	+190	-547
Group total	Total	14,206	13,750	-3.2%	-456	-456	0

Finance & Business Services: **£199k underspend (no change)**

- The Finance & Business Services Directorate budgets continue to project an underspend of £199k, no change from the month 6 projections. However it should be noted that the month 7 figures now include a pressure of £380k relating to the costs of Special Educational Needs Transport, where the service transferred across in November. This pressure has been previously noted but has not been incorporated within the monthly projections. The action plan that the Finance & Business Services Directorate has put in place, relates to the potential to utilise income streams that are generated within Business Services and the Revenues service to offset this cost. This comprises a projected overspend of £179k on expenditure budgets (an adverse movement of £499k on the month 6 projections), due to the inclusion of SEN Transport costs and an increase in the projected agency costs within Passenger Services, and a surplus of £378k on income (an improvement of £499k on the month 6 projections), due to a further improvement in the Imported Food Income, following the introduction of a new regulation, an improvement in the Bereavement Services income, and an improvement in the Revenues Service income.

3. The overspend of £179k on expenditure budgets relates to a number of overspends, totalling £789k, netted down by underspends totalling £610k, which are as follows:

Overspends

- An overspend of £380k on SEN Transport, due to an historical increase in the number of SEN children requiring transport
- An overspend of £250k based on known and estimated redundancy costs.
- An overspend of £159k on ICT Licence and software payments.

Underspends

- A net underspend of £491k on salary budgets across the Department (£213k in Passenger Services, £126k in Building Control, £124k in ICT and £45k in Procurement, netted down by a pressure of £17k in Emergency Planning), where posts are being held vacant as part of the BID Workstreams.
 - An overachievement of the in year savings target by £79k, which was identified as part of the Expenditure Review.
 - An underspend of £40k on the cost of Audit fees, due to the cessation of the CAA Audit.
4. The surplus of £378k in income streams relates to a surplus on income from the Imported Food Unit of £320k, Bereavement services of £100k, and one off income from external sources totalling £398k (including the write on of Credit Balances in the Revenues service). This is netted down by an under recovery of £204k on Passenger Services Income, an under recovery of £132k on Building Control Income and an under recovery of £104k on Land Charges income, due partly to a change in regulations.

Deputy Chief Executive's Office: £257k underspend (no change)

5. The Deputy Chief Executive's Office budgets are projecting an underspend of £257k in month 7, no change on the month 6 projections, of which there is a projected underspend of £278k on expenditure budgets (an adverse movement of £48k on the month 6 projections), due primarily to the planned investment in an Automated Expenses Claiming system and a shortfall of £21k on income (an improvement of £48k on the month 6 projections), due primarily to an improvement in the Democratic Services income projections.
6. The underspend of £278k on expenditure budgets relates to a number of variances as follows:
- An underspend of £240k 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 Reviews.
 - An underspend of £57k on Members' Allowances where the budget provision is £57k in excess of the projected cost for the current administration.
 - An underspend of £48k on the cost of printing in the Communications team.
 - A surplus of £30k relating to the Childcare Tax Credit Scheme
 - An underspend of £27k on the Voluntary Sector Grants budget, where the grants budget is £53k in excess of the grants that have been awarded, netted down by an additional cost of £26k on Christmas Lights in Town Centres.

These are netted down by an anticipated cost on redundancy payments of £77k, and an additional cost of £47k relating to the investment in key HR systems to support the delivery of future savings.

7. The shortfall of £21k on income streams relates to a number of shortfalls totalling £113k, netted down by over recovery of income totalling £44k, which are as follows:

Shortfall

- A projected shortfall of £86k 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 in the Hillingdon People income of £20k due to a downturn in the number of requests for advertising space, both internally and externally
- Under-recovery of income from the Hillingdon Business forum and Uxbridge Town Centre of £20k
- A shortfall of £17k on the buy back of Payroll services by schools, where three schools have decided not to renew their contract this year.

Over Recovery

- An over recovery of £57k on Learning and Development income.
- An over recovery of £36k on Nationality Checking, Citizenship and Registration of Births, Deaths and Marriages
- An over recovery of £29k from schools purchasing the Occupational Health Service

Recovery Plan Savings:

8. Both Senior Management teams have put in place a range of options to address the relevant variances within their department, all of these have now been implemented and built into the base budget.

Contingency Items

9. 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 7	Gross Pressure Month 6	Change from Month 6	Contingency	Net Pressure
Building Control	71	49	+22	135	-64
Land Charges	715	715	0	715	0
Self Insurance Fund	420	420	0	420	0
Total	1,206	1,184	+22	1,270	-64

Building Control Income: £71k Pressure (£22k adverse)

10. The forecast for Building Control income is a gross pressure of £203k, however, a large proportion of this can be offset by an underspend on the salary and non-salary budgets of £132k, which would require only £71k being drawn down from the contingency, an adverse movement of £22k on last month's projections.

Land Charges: £715k Gross Pressure (no change)

11. Land charge income has moved to a cost recovery basis due to statutory changes in regulations enacted in December 2008. Based on this the projected shortfall on income is estimated to be £775k. However, due to the underspend across Finance & Business Services, the draw down from the contingency will be £715k, and the remaining balance of £60k will be absorbed within the main revenue budget.
12. A further impact on the income is also included in the forecast, which relates to the impact of the Ministry of Justice (MOJ) decision to revoke the charging of a fee for personal searches. 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 (a detailed assessment of the financial impact of the requirement to apply the legislation back to January 2005, is currently being undertaken). 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). However, the regulations do allow for authorities to charge for assisted searches, which it is estimated will generate income of £41k in 2010/11 (the full year effect equating to £70k). For 2010/11 this results in a further pressure of £44k, where it has been decided that this can be absorbed within the Finance & Business Services revenue budget.

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

13. 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 varies depending on the type of insurance, but in the main 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

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

HRA: £4,075k Variance (£1,319k improvement)

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

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
Capital Works to Stock	10,000	9,849	Y	2,618	27%	9,349	-500
HRA - New Build - HRA Pipeline Sites Phase 1	7,508	7,096	Y	2,071	29%	5,596	-1,500
HRA - New Build - Extra Care Sites Phase 1 (Triscott House)	3,430	3,590	Y	839	23%	2,510	-1,080
HRA - New Build - LD Sites Phase 1	0	288	Part	0	0%	288	0
HRA - New Build - HRA Pipeline Sites Phase 2	0	638	N	0	0%	319	-319
Cash Incentive Scheme	150	150	Y	0	0%	0	-150
HRA - Estates Improvements	1,280	1,502	Y	249	17%	1,002	-500
Other Projects	200	0	N	0		0	0
Townfield Community Centre	0	26	Y	0	0%	0	-26
HRA – Total	22,568	23,139		5,777	25%	19,064	-4,075

2. The outturn of HRA is £19,064k for 2010/11 out of a revised budget of £23,139k.

3. Pipeline Sites – Phase 1 – Delays at two sites resulting from site access, foundation and technical issues has led to the forecast for the current year being reduced by £1,000k to reflect works being rephased into 2011/12. The delays will result in the programme being completed by July 2011 and will not affect the funding arrangements for this project.

4. Pipeline Sites – Phase 2 – Works are intended to commence in January 2011, with a rephasing of £319k expenditure into 2011/12 it is anticipated that works will be completed by July 2011.

Adult Social Care, Health and Housing: £598k Variance (£182k favourable)

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

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
PSRSG for WL Empty Property Grant	1,100	1,100	Part	307	28%	900	-200
Mental Health – Mead House	114	250	Y	93	37%	250	0
Disabled Facilities Grants	3,000	2,823	Y	732	26%	2,454	-369
Private Sector Renewal Grants	450	450	Y	172	38%	420	-30
Colne Park Caravan Sites	296	230	Y	225	98%	231	1
ASC,H&H – Total	4,960	4,853		1,529	32%	4,255	-598

6. The outturn position of ASCH&H is £4,255k out of a revised budget of £4,853k.

7. The underspend forecast on Disabled Facilities Grants has increased by £182k to £369k as a result of fewer referrals from Adult Social Care. As the Council is no longer required to match fund the externally financed element of these grants, this represents a reduction in Council Resources applied and a reduction in future financing costs of approximately £30k per annum.

Education and Children's Services: £3,892k Variance (£710k improvement)

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
100% Grant/Externally Funded							
Early Years Foundation Stage – Surestart	1,169	855	0	21	2%	145	-710
Extended Schools	251	485	Part	307	63%	485	0
Formula Capital Devolved to Schools	3,876	3,433	N/A	1,708	50%	2,471	-962
Guru Nanak - Expansion 2010	5,710	4,295	Y	2,866	67%	4,295	0
Pathfinder (Playgrounds)	598	338	Y	338	100%	338	0
Pinkwell	0	189	Y	0	0%	189	0
Primary School Expansions Phase I	1,942	0	Y	0	0%	0	0
Primary School Expansions Phase II	5,150	5,124	Part	0	0%	5,124	0
Rosedale College S106 – only	0	26	N	0	0%	26	0
School travel Plans	0	127	Y	33	26%	86	-41
Schools Kitchens	4,928	4,366	Part	1,362	31%	4,366	0
Specialist Schools	0	52	Y	43	83%	52	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	19,529	0	6,682	34%	17,816	-1,713
Non Grant Funded							
Expansion Haydon	0	14	Y	0	0%	14	0
Urgent Building Condition Projects (Modernisation)	1,985	2,837	Part	1,101	39%	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	99	21%	150	-328
Total 100% Non Grant Funded	3,085	4,421		1,200	27%	2,242	-2,179
E&CS – Total	27,241	23,950		7,882	33%	20,058	-3,892

8. The outturn position of E&CS is £20,058k (Month 6 £23,574k) out of a budget of £23,950k (Month 6 £26,756k). The outturn variance has improved by £710k to £3,892k below budget.
9. There has been a reduction in the forecast outturn for the Early Years Foundation Stage projects of £710k reflecting those projects currently on hold subject to the on-going DfE review of the Surestart grant.
10. The changes in funding arrangements resulting from Guru Nanak Secondary School becoming an Academy on 1 November 2010 have resulted in £2,548k of grant funding previously included in the Council's capital programme being paid directly to the school.

11. A virement of £284k from the Primary School Expansions budgets to the Pinkwell New Classrooms project under MCP management to fund the provision of new classrooms has been recommended in this report.
12. The Pathfinder budget has been reduced by £260k to reflect the utilisation of this unringfenced grant in support of existing projects elsewhere in the capital programme.

Planning, Environment and Community Services: £10,196k Variance (£1,817k improvement)

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance £' 000
100% Grant/Externally Funded							
S106/S278 Schemes	0	558	Part	156	28%	558	0
Safer Stronger Communities Fund	50	50	Y	43	86%	50	0
Botwell Multi Use Games Area	100	242	Part	228	94%	242	0
BSP funded by Transport for London	4,000	3,915	Part	147	4%	3,760	-155
Total 100% Grant/Externally Funded	4,150	4,765		574	12%	4,610	-155
Non Grant Funded							0
South Ruislip Development	4,661	4,661	Part	39	1%	1,400	-3,261
Highgrove Pool Phase II	4,100	4,100	Part	0	0%	300	-3,800
Hayes End Library Development	2,600	2,600	N	0	0%	600	-2,000
Winston Churchill Hall Refurbishment	430	430	Y	0	0%	430	0
Manor Farm Stables Development	371	451	Y	0	0%	451	0
Willow Tree Centre	300	300	N	0	0%	0	-300
William Byrd Pool	250	250	N	0	0%	0	-250
North Hillingdon Adult Education Centre Roof Replacement	155	155	Part	0	0%	155	0
Manor Farm	0	0	Y	1		100	100
Property Enhancements Programme	500	500	Part	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	9	30%	30	0
Civic Centre Security Improvements	0	107	Y	46	43%	107	0
Civic Centre Enhancements	1,590	1,590	Part	70	4%	1,290	-300
Libraries Refurbishment	622	1,037	Y	360	35%	1,037	0
Harmondsworth Dog Free Mini Football Area	0	5	Y	0	0%	5	0
Ruislip Lido Toilets	0	302	Y	204	68%	302	0
CCTV Programme	230	230	N	0	0%	0	-230
Chrysalis Programme	1,000	955	Y	167	17%	955	0
Highways Improvements	1,100	1,100	Part	824	75%	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	30	10%	300	0
Town Centre Initiative	525	525	N	107	20%	525	0
Purchase of Vehicles	0	471	Y	482	102%	471	0
Environmental Assets	2,000	1,798	Part	0	0%	1,798	0
Fassnidge Park adiZone	0	148	Y	0	0%	148	0
Total Non Grant Funded	21,242	22,553		2,354	10%	12,512	-10,041
PE&CS – Total	25,392	27,318		2,928	11%	17,122	-10,196

13. The forecast outturn position of PECS is £17,122k (Month 6 £18,772k) out of a budget of £27,318k (Month 6 £27,151k). The variance has increased by £1,817k to £10,196k below budget for 2010/11.

14. The externally funded Transport for London budget has been increased by £167k to reflect changes in funding streams from TfL, in addition the forecast outturn has increased by a further £90k as a result of projects progressing earlier than anticipated.
15. Delays in clearing pre-commencement planning conditions on the South Ruislip Development has resulted in £700k of expenditure being rephased into 2011/12 and the completion date now being estimated as August 2011.
16. The expenditure profile for the Hayes End Library project has been revised and an additional £200k of expenditure is to be rephased into 2011/12, with works being completed by December 2011.
17. The Willow Tree Centre and William Byrd Pool projects are not expected to begin until 2011/12.
18. The forecast pressure on the Manor Farm project has been reduced to £100k from £257k reported in Month 6 as a result of on-going negotiations relating to the final accounts.
19. Works to the Air Handling and Chiller Units (£200k) and Members Car Park Security Office (£100k) within the Civic Centre Enhancements budget have been deferred and will not be taking place in 2010/11.

Major Construction Projects: £2,219k Variance in 2010/11 (£112k improvement)

Capital Schemes 2010/11	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 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	1,804	288%	3,005	297	+2,378	+2,675
Brookfield – Second Floor	15	Y	0	0%	15	0	0	0
Farm Barns	250	Y	0	0%	280	0	+30	-125
Hillingdon Sports and Leisure Centre	1,266	Y	370	29%	1,537	0	+271	+271
Minet Cycle Club	349	Part	322	92%	339	10	-10	0
New Years Green Lane Civic Amenity Site	3,973	Part	85	2%	1,900	2,073	-2,073	0
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	297	47%	816	0	+190	+190
Children's Centres – Phase 3	4,109	Y	1,328	32%	4,109	0	0	0
Longmead - Laurel Lane	1,612	Y	929	58%	1,612	0	0	0
Merrifields fit out for short breaks	375	Y	330	88%	370	5	-5	0
Pinkwell New Classrooms	304	Y	8	3%	304	0	0	0
Pinkwell School Hall	478	Y	407	85%	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	1	6%	18	0	0	0
New Young People's Centre	1,726	Y	650	38%	1,726	0	0	0
Primary Capital Programme (6 Schools)	1,684	Y	441	26%	1,684	0	0	0
Ruislip High School - Construction	273	Y	253	93%	273	0	0	0
Ruislip High School - Expansion	150	Y	0	0%	150	1,350	0	0
Targeted Capital - Oak Farm	388	Y	0	0%	388	0	0	0
Targeted Capital - Uxbridge High	32	Y	3	9%	32	0	0	0
Finance & Resources								
Hillingdon Cemetery & Chapel - Insurance work	264	Insurance	0	0%	264	0	0	0
Council Wide								
Project QS support	34	N/A	34	100%	34	0	0	0
Major Construction Project Fees	850	N/A	0	0%	850	0	0	0
Major Construction Projects – Total	22,480		7,283	32%	20,261	3,735	-2,219	11

20. The outturn position of MCP is £20,261k (Month 6 £19,910k) out of a budget of £22,480k (Month 6 £22,241k).

21. An additional pressure of £108k on Botwell Green, increasing the total pressure to £2,378k in the current year and £297k in 2011/12, has been recognised to reflect equipment costs not fully reflected in the original estimates.

Central Services: £382k underspend (£182k improvement)

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Forecast Variance £' 000
Leader's Initiative	300	300	Part	122	41%	300	0
DCE - Total	300	300		122	41%	300	0
ICT Asset Management Strategy	1,378	1,699	Part	504	30%	1,317	-382
F&BS - Total	1,378	1,699		504	30%	1,317	-382
Central Services - Total	1,678	1,999		626	31%	1,617	-382

22. The forecast outturn for Central Services at Month 6 is £1,617k compared to a revised budget of £1,999k resulting in an underspend of £382k (Month 6 £200k).

23. On-going work to review ICT commitments has identified £182k of expenditure scheduled for 2010/11 which is to be deferred.

Partners: £6k favourable (Nil Variance)

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 7 £' 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. There has been no change to the final outturn position for grants to partners, remaining at £749k out of a revised budget of £755k. Payments are due to be made to partner organisations in March 2011, upon receipt of the LAA Reward Grant by the Council.

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

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 7 £' 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. As at Month 7 there has been no call on the capital contingency, with the pressures noted above continuing to be managed within the main programme.

APPENDIX B – Treasury Management Report

1. The following information is provided to update you on the activities on the Treasury function for the month of October 2010.
2. As at 31st October 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: 0.84%

	Actual £m	Actual %	Bench- mark %
Up to 1 Month	52.2	69.23	70.00
1-2 Months	7.9	10.48	10.00
2-3 Months	0.0	0.00	10.00
3-6 Months	2.0	2.65	5.00
6-9 Months	0.0	0.00	5.00
9-12 Months	0.0	0.00	0.00
Subtotal	62.1	70.50	100
Unpaid Maturities	13.3	17.64	0.00
Total	75.4	100	100

3. With the exception of the unpaid Icelandic investments, 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; Goldman Sachs MMF, Henderson MMF, HSBC MMF, Ignis MMF, Invesco MMF, Royal Bank of Scotland, Standard Life MMF, Barclays Bank, Clydesdale Bank, Lloyds TSB Banking Group and Nationwide BS.
5. During October, fixed-term deposits matured in line with cash flow requirements. £9.2m was placed in medium term deposits to enhance investment income. 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 counterparty limits. The significant increase in total deposits in October was a result of £21.8m being received for NNDR refund. A further dividend from Heritable of £600k was received in relation to our unpaid Icelandic investments. Dividends received now represent 45.39% of the total Heritable claim.

Outstanding Debt - Average Interest Rate on Debt: 3.57%

	Actual £m	Actual %
PWLB	115.1	70.57
Long-Term Market	48.0	29.43
Temporary	0.0	0.0
Total	163.1	100

6. There were no early debt repayments or rescheduling opportunities during the month.

Prudential Indicators

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

Ongoing Strategy

8. The current strategy is to place medium and long-term deposits, when cash flow 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 November's payment obligations.
9. During October the PWLB premiums remained too high to make rescheduling of debt financially viable.