

# COUNCIL BUDGET - MONTH 10 2010/11 REVENUE AND CAPITAL MONITORING

<b>Cabinet Member</b>	Councillor Jonathan Bianco
<b>Cabinet Portfolio</b>	Finance and Business Services
<b>Report Author</b>	Paul Whaymand, Central Services
<b>Papers with report</b>	None

## HEADLINE INFORMATION

<b>Purpose of report</b>	<p>The report sets out the council's overall 2010/11 revenue &amp; capital position, as forecast at the end of Month 10 (January). The in year revenue position is currently forecast as being £1,462k less net expenditure than budgeted on normal activities and a £1,712k pressure on exceptional items, an overall improvement of £170k on Month 9.</p> <p>Total forecast capital expenditure for the year is estimated to be £67,079k (Month 9, £74,996k), £9,148k below the revised 2010/11 budget</p>
<b>Contribution to our plans and strategies</b>	Achieving value for money is an important element of the Council Plan for 2010/11.
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That Cabinet:

1. Note the current forecast budget position for revenue and capital as at Month 10.
2. Note the treasury update at Appendix B.
3. Approves the retaining of agency staff as detailed in Appendix C.
4. Approves the following capital virements:
  - £40k Chrysalis funding to support the TfL Pinkwell lane crossing project
  - £75k from Early Year Foundation Stage to Children's Centres Phase II
  - £14k from Aiming Higher for Disabled Children to the Merrifields fit out project

## **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 included to match capital resources to planned expenditure in cases where agreed and planned expenditure fall within different budget lines.

### **Alternative options considered**

3. There are no other options proposed for consideration.

## **SUMMARY**

### **A) Revenue**

4. The in year revenue monitoring position as at Month 10 (January) shows that current forecast net expenditure for the year 2010/11 is £250k more than the budget (an underspend of £1,462k on normal activities and a £1,712k overspend on exceptional items), an overall improvement of £170k on Month 9. The underspend on normal activities has now effectively mitigated the majority of the in-year overspend caused by the government grant cuts. The moratorium on new discretionary expenditure will continue to the end of the year and further action is continuing to be taken by all Directors to seek to reduce the exceptional pressures further.
5. The demographic pressure on Older Peoples Services (£1,616k) is still the most significant pressure contributing to the net overspend although there was a £109k improvement from Month 9 in this service, as a result of a further net reduction in residential care placements in this service.
6. The main reason for the £1,712k 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 (£30k). The amount for Development Control is in addition to the amount being provided for in contingency (£310k).
8. An in-year recovery plan has been developed to recover the £3.6m through permanently reducing expenditure in areas previously funded by the grants being reduced or through accelerating BID efficiency proposals. £2m has been identified through reviewing ABG funded activities and a further £1,462k has been achieved through the projected underspend on normal activities. Work is continuing with the aim of recovering the position further by the year end.
9. The budget position on contingency shows an adverse movement of £203k in the last month due to an adverse movement on Asylum (£241k), offset by an improvement on building control income (£38k).

10. Capital financing costs are projected to underspend by £2,079k no change from Month 9. The overall underspend is 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. The favourable variance due to reappportioning capital financing costs between the HRA and the General Fund is £569k no change on Month 9.
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 £16,714k as a result of the budgeted drawdown from balances (-£1,500k), the current forecast in-year overspend (-£250k) and after the transfer from earmarked reserves (+£719k).
12. The projected balances of £16,714k do not include the £2,500k Icelandic impairment and also assume that £1m priority growth and £500k HIP contingency are both fully spent. Currently £935k of the £1m priority growth and £152k of the £500k HIP Contingency remain uncommitted. If no further commitments are made to priority growth or HIP contingency then balances would be around £15,301k.
13. However, there are still a number of outstanding issues to be resolved with central government that may mitigate the £2,500k impairment.
- The government are still considering the Councils application in respect of capitalising redundancy costs. The government have already agreed other authorities redundancy capitalisation bids at 38% of the sum requested. If they do the same for Hillingdon then this would enable up to £950k of redundancy costs to be capitalised in the current year and improve balances by an equivalent sum.
  - A request to central government has been submitted to pay the LAA reward grant as 100% revenue grant rather than 50% revenue/50% capital or failing that as higher % as possible in revenue grant. If agreed, this would increase revenue balances by £1.8m.
14. If the government rejects these applications then balances at the year end would be around £15,301k after absorbing the impact of the impairment. However, if our redundancy capitalisation bid is treated the same way as other authorities then balances would increase to around £16,251k. If the revised revenue/capital split for the LAA reward were also agreed then balances would increase to around £18,051k.

## **B) Capital**

15. Total forecast capital expenditure for the year is estimated to be £67,079k (Month 9, £74,996k), £9,148k below the revised 2010/11 budget. Forecast outturn has been reduced by £7,917k, with expenditure on a number of major projects being rephased into 2011/12. While this rephasing will impact revenue financing costs in 2011/12, any savings will be for one year only and deferred revenue financing costs will be expected from 2012/13.

## A) Revenue

16. 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 10)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
£'000	£'000		£'000	£'000		£'000	£'000	£'000
223,425	9,795	Directorates Budgets on normal activities	233,220	233,837	0%	+617	+786	-169
-27,731	-9,795	Corporate Budgets on normal activities	-37,526	-39,605	6%	-2,079	-2,079	0
<b>195,694</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>195,694</b>	<b>194,232</b>	<b>-1%</b>	<b>-1,462</b>	<b>-1,293</b>	<b>-169</b>
		<b>Exceptional items:</b>						
		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		30		+30	+31	-1
		Commercial property rental		166		+166	+166	0
		Golf Stockley Park		91		+91	+91	0
<b>0</b>	<b>0</b>	<b>Sub-Total</b>	<b>0</b>	<b>1,712</b>		<b>+1,712</b>	<b>+1,713</b>	<b>-1</b>
<b>195,694</b>	<b>0</b>	<b>Total net expenditure</b>	<b>195,694</b>	<b>195,944</b>	<b>0%</b>	<b>250</b>	<b>420</b>	<b>-170</b>
<b>-194,194</b>	<b>0</b>	<b>Budget Requirement</b>	<b>-194,194</b>	<b>-194,194</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>1,500</b>	<b>0</b>	<b>Net total</b>	<b>1,500</b>	<b>1,750</b>		<b>250</b>	<b>420</b>	<b>-170</b>
<b>-17,745</b>		<b>Balances b/f 1/4/010</b>	<b>-17,745</b>	<b>-17,745</b>		<b>0</b>	<b>0</b>	<b>0</b>
		<b>Transfer from earmarked reserves</b>		<b>-719</b>		<b>-719</b>	<b>-719</b>	<b>0</b>
<b>-16,245</b>	<b>0</b>	<b>Balances c/f 31/3/11</b>	<b>-16,245</b>	<b>-16,714</b>		<b>-469</b>	<b>-299</b>	<b>-170</b>

## Directorates' Forecast Expenditure Month 10

17. 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 10)	Directorate		2010/11 Forecast (as at Month 10)	% Var of budget	Variances (+ adv/- fav)		
							Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
£'000	£'000	£'000			£'000		£'000	£'000	£'000
279,115	14,322	293,437	Adult Social Care, Health & Housing	Exp	298,111	2%	+4,674	+4,854	-180
-185,595	-17,250	-202,845		Inc	-205,276	1%	-2,431	-2,502	+71
<b>93,521</b>	<b>-2,928</b>	<b>90,593</b>		<b>Total</b>	<b>92,836</b>	<b>2%</b>	<b>+2,243</b>	<b>+2,352</b>	<b>-109</b>
98,326	-4,556	93,771	Planning, Environment & Community Services	Exp	93,531	0%	-240	-240	0
-49,523	5,119	-44,403		Inc	-43,953	-1%	+450	+450	0
<b>48,804</b>	<b>563</b>	<b>49,367</b>		<b>Total</b>	<b>49,577</b>	<b>0%</b>	<b>+210</b>	<b>+210</b>	<b>0</b>
313,819	15,712	329,531	Education & Children's Services	Exp	328,978	0%	-553	-282	-271
-261,246	-7,413	-268,659		Inc	-268,394	0%	+265	+282	-17
<b>52,573</b>	<b>8,299</b>	<b>60,872</b>		<b>Total</b>	<b>60,584</b>	<b>0%</b>	<b>-288</b>	<b>0</b>	<b>-288</b>
28,759	10,797	39,556	Central Services	Exp	39,042	-1%	-514	-556	+42
-12,792	-6,936	-19,728		Inc	-19,943	1%	-215	-163	-52
<b>15,967</b>	<b>3,861</b>	<b>19,828</b>		<b>Total</b>	<b>19,099</b>	<b>-4%</b>	<b>-729</b>	<b>-719</b>	<b>-10</b>
10,760	0	10,760	Developments Contingency Growth to be allocated		9,941	-8%	-819	-1,057	+238
1,800	0	1,800			1,800	0%	0	0	0
<b>223,425</b>	<b>9,795</b>	<b>233,220</b>	<b>Sub-Total Normal Activities</b>		<b>233,837</b>	<b>0%</b>	<b>+617</b>	<b>+786</b>	<b>-169</b>

18. **Adult Social Care, Health & Housing** are projecting a **pressure of £2,243k (£109k improvement)** as at Month 10. The improvement from Month 9 is primarily as a result of a continued net reduction in residential care placements in Older Peoples Services which has again improved projections in this service by £109k. There has been no change in the projections for Learning disabilities (£748k), for Physical disabilities (£543k) or Mental Health services (£668k). The management team are continuing to apply the measures in their recovery plan to mitigate these pressures. These forecasts exclude sums provided for in contingency for Transitional Children (£2,300k), Mental Health Services (£450k), Homelessness (£800k) and Older Peoples Services (£800k).

19. **Planning, Environment & Community Services** are projecting a **pressure of £210k (no change)** as at Month 10. The most significant ongoing pressures of £595k relate to the corporate landlord service, no change from Month 9. Within the service the main pressures are on Fleet Management (£195k), Corporate Facilities and property (£340k) and Leisure

(£60k). Public Safety & environment are showing a favourable variance of £385k. There is also a pressure due to the economic downturn at Stockley Park Golf Course (£91k) which is highlighted as an exceptional item as is the additional pressure (£30k) 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 (£150k) are all provided for within contingency.

20. **Education & Children's Services** are forecasting a **£288k underspend (£288k improvement)** as at Month 10. This excludes the pressure on Asylum and Exhausted All Appeal cases, which are being treated as contingency items. The improvement is mainly within Access and Inclusion as a result of the Group Management Team, reviewing, identifying and applying Surestart grant to activities previously funded through base budget and within and Youth and Connexions services, as a result of the later take up of appointments than anticipated and non staffing savings. There has been an improvement within Resources, Policy and Performance due to efficiency savings from non staffing budgets, delays in recruiting to a vacant post and commissioning surveys put on hold until next financial year. As at Month 10 the pressure on Asylum is £1,451k an adverse movement of £241k from Month 9. This increase in net pressure is as a result of UKBA's reduced settlement of the 2009/10 claim for over 18's. There is also a compensatory adverse movement of £163k arising from the likely reduced settlement of the 2009/10 claim for under 18's.
21. **Central Services** are forecasting a **£729k underspend (£10k improvement)** as at Month 10 due mainly to a further improvement in the projected income that will be received across business services. The Deputy Chief Exec's office is forecasting a £426k underspend an adverse movement of £3k on Month 9 due mainly to projected underspends of £434k on expenditure budgets (an adverse movement of £8k on the month 9 projections) and a shortfall of £8k on income which is an improvement of £5k on the month 9 position. Finance & Business Services are projecting an underspend of £303k an improvement of £13k on Month 9 due mainly to the further improvement of income projections within Business Services. There are also pressures on Building Control (£32k), Land Charges (£715k) income and the Self Insurance fund (£420k) which are all provided for within contingency.

**Development & Risk Contingency: £819k underspend (£203k adverse)**

22. £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 10.

**Table 3**

<b>Development and Risk Contingency</b>	<b>2010/11 Budget</b>	<b>Agreed</b>	<b>Forecast as needed</b>	<b>Variance (+adv / - fav)</b>
<i>2010/11 allocations:</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total net contingency at start of the year</b>	<b>10,760</b>			
<b>Commitments:</b>				
General Contingency	1,000		73	-927
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		150	+70
Asylum non-EAA monitoring pressure	850		521	-329
Asylum Exhausted All Appeals	360		930	+570
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		32	-103
Golf Courses Income	262		262	0
<b>Total net contingency</b>	<b>10,760</b>		<b>+9,941</b>	<b>-819</b>

23. A large proportion of the total contingency is expected to be required in full, however the assumption that £927k of the £1m general contingency will not be drawn down has resulted in an overall underspend of £819k on the contingency budget.

24. The budget position on contingency shows an adverse movement of £203k in the last month due to an adverse movement on Asylum (£241k), offset by an improvement on building control income (£38k).

25. The forecast asylum spend is £1,451k an adverse movement of £241k on Month 9. The previously reported pressure of £130k due to UKBA rejecting clients has reduced to £82k. However as a result of the UKBA's reduced settlement of the 2009/10 claim for over 18's the net pressure has increased to £241k. There is also a compensatory adverse movement of £163k arising from the likely reduced settlement of the 2009/10 claim for under 18's.

26. 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.

27. Development control income is forecast as a gross pressure of £340k (£1k improvement on Month 9). 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 (£30k). This shows a minor improvement but is broadly in line with the Month 9 projection. 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 £32k, £103k less than provided for within contingency.

28. At Month 10 the fuel pressure is £150k, no change on the Month 9 forecast.

29. 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: Nil variance (no change)**

30. £1m was included in the 2010/11 budget for priority growth and £800k for HIP Initiatives (including £300k for waste & recycling projects).

31. 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.

32. 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
<b>HIP Initiatives New budget:</b>	800			
<b>Agreed:</b>				
Recycling initiatives		300		
Heritage		195		
Environmental projects		153		
<b>HIP Initiatives unallocated balance</b>	<b>800</b>	<b>648</b>	<b>0</b>	<b>152</b>
<b>Unallocated non specific growth</b>	<b>1,000</b>			
Library refurbishment		65		
<b>Balance of unallocated growth</b>	<b>1,000</b>	<b>65</b>	<b>0</b>	<b>935</b>
<b>Total</b>	<b>1,800</b>	<b>713</b>	<b>0</b>	<b>1,087</b>

33. HIP Steering group have approved £348k 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 (£56.3k), Little Britain Lakes CCTV & lighting (£44.1k), Eastcote House Dovecote (£150k) and Ruislip Lido toilet block (£222k) are



being funded from the Environmental Assets capital budget. A further review of HIP spend is being undertaken to see if there is any further spend that could be capitalised. Any decision to capitalise will be taken at the year end and will be influenced by the capital and revenue outturn positions.

34. The sum of £300k allocated to Waste and recycling will now be drawn down in 2010/11. The budget will remain going forward into 2011/12 and will be broadened to become an environmental initiatives budget.
35. January cabinet agreed the £65k to be allocated from priority growth to fund the cost of extended opening hours for refurbished libraries. This has reduced the priority growth budget from £1m to £935k.
36. There is an estimated £152k remaining from the HIP initiatives budget and £935k of unallocated non-specific priority growth budget. The Month 10 forecast assumes that remaining £1,087k unallocated budgets will be spent in full.

**Corporate Budgets' Forecasts: £2,079k underspend (no change)**

37. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 10.

**Table 5**

2010/11 Original Budget	Budget Changes	2010/11 Current Budget (as at Month 10)	Corporate Budgets	2010/11 Forecast Outturn (as at Month 10)	Variances (+ adv/- fav)		
					Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
£'000	£'000	£'000		£'000	£'000	£'000	
-2,564	2,164	-400	Unallocated savings	-400	0	0	0
10,109	-42	10,067	Financing Costs	7,988	-2,079	-2,079	0
			FRS 17 Pension				
9,161	0	9,161	Adjustment	9,161	0	0	0
-23,535	-11,634	-35,169	Asset Management A/c	-35,169	0	0	0
-20,901	-283	-21,184	Corporate Govt Grants	-21,184	0	0	0
<b>-27,731</b>	<b>-9,795</b>	<b>-37,526</b>	<b>Corporate Budgets</b>	<b>-39,605</b>	<b>-2,079</b>	<b>-2,079</b>	<b>0</b>

38. Financing costs show a forecast underspend of £2,079k at Month 10, no change on the Month 9 projection. There is a favourable variance on the element of capital financing costs that will be picked up by the HRA (£529k). In addition there is a favourable variance of £550k arising from debt restructuring and an updated projection for Minimum Revenue Provision (MRP) required to be set aside this year and also 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.

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

## B) Capital

### Current Year Expenditure

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

**Table 6**

Groups	Original Budget	Revised Budget	Capital Spend Month 10	Actual Spend % of Revised Budget	Forecast outturn	Variance (Forecast)
	£'000	£'000	£'000	%	£'000	£'000
Adult Social Care, Health & Housing	4,960	4,377	2,646	60%	4,404	+27
Education & Children's Services*	27,241	15,394	11,969	78%	14,480	-914
Planning, Environment and Community Services	14,031	12,867	4,211	33%	11,346	-1,521
Finance & Business Services	1,378	1,317	633	48%	1,151	-166
Deputy Chief Executive	300	300	139	46%	300	0
Major Construction Projects	26,576	21,636	10,343	48%	17,758	-3,878
Partners – LAA Reward Grant	670	749	0	0%	749	0
<b>Group Total</b>	<b>75,156</b>	<b>56,640</b>	<b>29,941</b>	<b>53%</b>	<b>50,188</b>	<b>-6,452</b>
Recovery from Contingency					0	0
Programme Contingency	1,500	1,500	0	0%	0	-1,500
Contingency	500	445	0	0%	0	-445
<b>Contingency Total</b>	<b>2,000</b>	<b>1,945</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>-1,945</b>
HRA	22,568	17,642	10,555	60%	16,891	-751
<b>Total</b>	<b>99,724</b>	<b>76,227</b>	<b>40,496</b>	<b>53%</b>	<b>67,079</b>	<b>-9,148</b>

\* Actual spend of £11,969k shown above includes schools' returns for the first three quarters.

41. The latest forecast outturn shows a variance of £9,148k against revised budgets as at Month 10 (Month 9, £1,469k) as detailed in Table 6 above. Movement in outturn since month 9 is primarily due to the rephasing of expenditure on MCP projects into 2011/12.
42. The forecast outturn contains £2,530k pressures (Month 9, £2,961k) detailed in Table 7, along with the current funding strategy.

**Table 7**

Scheme	Funding Strategy	Revised Budget	Actual Spend (incl Accruals)	Forecast Outturn (Month 10)	Variance 2010/11	Total Project Variance
		£'000	£'000	£'000	£'000	£'000
Botwell Green Leisure Development	Council Resources	627	1,897	2,934	+2,307	+2,593
Breakspear Crematorium	Council Resources	0	0	29	+29	+29
Children's Centres Phase 2	Council Resources	701	494	706	+5	+5
Disabled Facilities Grants	Council Resources	2,567	1,555	2,650	+83	+83
Farm Barns	Council Resources	320	9	350	+30	0
Property Enhancements Programme Contingency	Council Resources	0	5	5	+5	+5
Purchase of Vehicles	Invest-to-save efficiencies	471	482	482	+11	+11
Schools Access Programme	Supported Borrowing	150	154	210	+60	+60
<b>Total 2010/11 Pressures</b>		<b>4,836</b>	<b>4,596</b>	<b>7,366</b>	<b>+2,530</b>	<b>+2,786</b>
Hillingdon Cemetery & Chapel	Council Resources	264	30	192	-72	+20
Hillingdon Sport & Leisure Centre	Council Resources	1,266	476	886	-380	+271
<b>Total Project Pressures</b>		<b>9,874</b>	<b>7,307</b>	<b>12,141</b>	<b>+2,267</b>	<b>+3,236</b>

43. The use of Council Resources to fund pressures arising within the 2010/11 capital programme will result in additional financing costs in the region of £230k per annum being borne by the General Fund from 2011/12.

44. The forecast overspend on Disabled Facilities Grants has resulted from additional referrals to the service from Adult Social Services, which will represent an additional call on Council Resources above the level allowed previously reported.

45. Rephasing of expenditure on Hillingdon Cemetery & Chapel and Hillingdon Sports & Leisure Centre will result in revenue costs arising from these overspends being deferred until 2012/13.

### Current Year Financing

46. Table 8 shows the proposed financing of the 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	18,272	1,500	0	2,578	39,698	10,043	4,136	76,227
Outturn 2010/11	15,111	1,500	1,352	2,516	34,460	9,046	3,094	67,079
<b>Variance</b>	<b>-3,161</b>	<b>0</b>	<b>1,352</b>	<b>-62</b>	<b>-5,238</b>	<b>-997</b>	<b>-1,042</b>	<b>-9,148</b>

47. Forecast levels of unsupported borrowing required for 2010/11 have been reduced to £15,111k (Month 9 - £20,577k). This will result in total unsupported borrowing at 31 March 2011 reaching £49,798k.
48. As this is due to the rephasing of a number of major projects into 2011/12, the full impact of resulting revenue financing costs will be deferred until 2012/13.
49. The variance against revised budget shown above for HRA Capital Receipts is due to these receipts being utilised ahead of HRA balances. Should insufficient HRA Capital Receipts be available to finance the Pipeline projects included in the agreed 2011/12 Capital Programme, it may be necessary to draw on additional HRA borrowing or balances.

## **CORPORATE CONSULTATIONS CARRIED OUT**

### **Financial Implications**

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

## **CORPORATE IMPLICATIONS**

### **Corporate Finance**

51. This is a Corporate Finance report.

### **Legal**

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

## **BACKGROUND PAPERS**

53. Monitoring report submissions from Groups.

## APPENDIX A – Detailed Group Forecasts

### Adult Social Care, Health & Housing

Revenue: **£2,243k Pressure** (£109k improvement)

1. The improvement from last month is in Older Peoples services and results from a continued net reduction in residential care placements. The introduction of the enhanced out of hours Careline service which includes a homecare out of hours response service has assisted in maintaining this improvement. Other action taken to date has included bringing forward achievable savings from the new WLA Homecare framework agreement and, recruitment and use of agency staff continues to be reviewed along with other decisions to further reduce expenditure.
2. In summary the department is reporting an adverse position of £2,243k on a £280m gross budget.

Services		2010/11 (As at Month 10)		% Var of budget	Variances (+ adv / - fav)		
		Current Budget	Forecast		Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
		£'000	£'000		£'000	£'000	£'000
Older Peoples Services	<i>Exp</i>	+39,408	+43,030	9%	+3,622	+3,801	-179
	<i>Inc</i>	-8,185	-10,191	25%	-2,006	-2,076	+70
	<b>Total</b>	<b>+31,223</b>	<b>+32,839</b>	<b>5%</b>	<b>+1,616</b>	<b>+1,725</b>	<b>-109</b>
Physical & Sensory Disability Services	<i>Exp</i>	+9,248	+10,116	9%	+867	+868	0
	<i>Inc</i>	-881	-1,204	37%	-323	-324	0
	<b>Total</b>	<b>+8,368</b>	<b>+8,912</b>	<b>7%</b>	<b>+544</b>	<b>+544</b>	<b>0</b>
Learning Disability Services	<i>Exp</i>	+31,340	+31,685	1%	+345	+345	0
	<i>Inc</i>	-12,242	-11,838	-3%	+403	+403	0
	<b>Total</b>	<b>+19,098</b>	<b>+19,846</b>	<b>4%</b>	<b>+748</b>	<b>+748</b>	<b>0</b>
Mental Health Services	<i>Exp</i>	+5,665	+6,279	11%	+615	+614	0
	<i>Inc</i>	-402	-348	-13%	+54	+54	0
	<b>Total</b>	<b>+5,262</b>	<b>+5,931</b>	<b>13%</b>	<b>+668</b>	<b>+668</b>	<b>0</b>
Housing Benefits	<i>Exp</i>	+148,963	+149,393	0%	+430	+430	0
	<i>Inc</i>	-145,961	-147,150	1%	-1,189	-1,189	0
	<b>Total</b>	<b>+3,002</b>	<b>+2,243</b>	<b>-25%</b>	<b>-760</b>	<b>-760</b>	<b>0</b>
Housing Needs Services	<i>Exp</i>	+19,651	+18,908	-4%	-742	-742	0
	<i>Inc</i>	-17,261	-16,608	-4%	+653	+653	0
	<b>Total</b>	<b>+2,390</b>	<b>+2,300</b>	<b>-4%</b>	<b>-89</b>	<b>-89</b>	<b>0</b>
ASCH&H Other Service	<i>Exp</i>	+25,537	+25,076	-2%	-462	-461	0
	<i>Inc</i>	-3,976	-4,000	1%	-24	-24	0
	<b>Total</b>	<b>+21,561</b>	<b>+21,076</b>	<b>-2%</b>	<b>-485</b>	<b>-485</b>	<b>0</b>
<b>Total Expenditure</b>		+279,812	+284,487	2%	+4,674	+4,854	-178
<b>Total Income</b>		-188,908	-191,340	1%	-2,432	-2,502	+71
<b>ASCH&amp;H Total</b>		<b>+90,904</b>	<b>+93,147</b>	<b>2%</b>	<b>+2,243</b>	<b>+2,352</b>	<b>-109</b>

Older People Services: **£1,616k adverse** (£109k improvement)

3. This service has improved its forecast by £109k which builds on a £250k improvement reported last month as a result of a net reduction in residential care placements over each of the last 4 months. The underlying cause of the £1,616k adverse position is as previously reported and primarily due to the effect of residential and nursing placements. There may be further added

pressures to this area of the budget due to the impact of the significant winter period, however it is too early to fully evaluate this at the present time.

4. This forecast also assumes that the £760k can be drawn down from the Earmarked Reserve held for Older People Services reducing the pressure from £2,485k to £1,725k as reported in this forecast.

**Physical Disabilities: £543k adverse (no change)**

5. 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.

**Learning Disability: £748k adverse (no change)**

6. This service is currently forecasting a £748k adverse position 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.
7. The forecast assumes that the £2,300k corporate contingency held for transitional children are received thereby reducing the pressure from £3,048k to the £748k reported.

**Mental Health: £668k adverse (no change)**

8. Previous reports have referred to the likelihood of 18 clients becoming the financial responsibility of LBH due to legal status or 'ordinary residence' claims. Senior Officers from both organisations have recently met with a positive outcome on a way forward to resolve this matter. However until they are resolved the worst case full year liability remains at £2m; it is though difficult at this stage to establish what any liability relating to the current financial year could be.
9. The forecast therefore does not include any allowance for this but does assume that the £1,250k corporate contingency held for Mental Health Services is received thereby reducing the pressure from £1,918k to the £668k reported.

**Housing Benefits: £760k favourable (no change)**

10. This service is currently forecasting a £760k favourable outturn on a gross budget of £138m which is primarily based on the favourable outcome of the external audit of the £150.6m claim relating to 2009/10.

**Housing Need Services: £89k favourable (no change)**

11. Previous reports have referred to management action being taken to mitigate early year pressures which have proved to be successful and as a result are continuing in view of the overall pressure on the departments budget.

**Other ASCH&H Services: £485k favourable (no change)**

12. The primary reason for this favourable variance relates to the in-year action plan on recruitment and a reduced use of agency staff which in itself continues to be critically reviewed on an on-going basis to further reduce expenditure.

**Contingent Items: Gross Pressure £4,350k (no change)**

13. 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	Gross Pressure	Change from	Contingency	Net Pressure
	Month 10	Month 9	Month 9		
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
<b>ASCH+H – Total</b>	<b>4,350</b>	<b>4,350</b>	<b>0</b>	<b>4,350</b>	<b>0</b>

**Housing Revenue Account (HRA)**

14. This service is currently forecasting a favourable outturn of £2,598k; a minor adverse change of £21k from the Month 10 position as set out in the table below.

2010/11 Current Budget (as at Month 10) £000	Division of Service	Variance (as at Month 10) £000	Variance (as at Month 9) £000	Change from Month 9 £000
+15,487	General and Special Services	-1,490	-1,397	-93
+10,853	Repairs Services	0	0	0
+11,040	Subsidy Payment to Government	+273	+273	0
+9,746	Capital Funded from Revenue (RCCO)	-700	-700	0
+4,314	Other Expenditure	-700	-814	+114
-53,330	Income	+19	+19	0
<b>-1,890</b>	<b>In Year (Surplus) / Deficit</b>	<b>-2,598</b>	<b>-2,619</b>	<b>+21</b>

15. For General and Special Services there has been a favourable movement of £93k mainly favourable variations on water commissions as well as a number of other minor variations. This has been offset by an adverse £114k movement in Other Expenditure mainly due to increased costs for carpets for the HRA pipeline sites and a small increase in legal costs.

## Planning Environment and Community Services (PECS)

### Revenue: **£210k Pressure (no change)**

1. At Month 10, the Group is forecasting an adverse variance of £210k no change from month 9. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

Services		2010/11 as at Month 10		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Current Forecast		Variance (As at Month 10)	Variance (As at Month 9)	Change from Month 9
		£'000	£'000		£'000	£'000	£'000
Corporate Landlord	<i>Exp</i>	37,632	37,687	0%	+55	+55	0
	<i>Inc</i>	-22,275	-21,735	-2%	+540	+540	0
	<b>Total</b>	<b>15,357</b>	<b>15,952</b>	4%	<b>+595</b>	<b>+595</b>	<b>0</b>
Public Safety & Environment	<i>Exp</i>	47,556	47,261	-1%	-295	-295	0
	<i>Inc</i>	-18,042	-18,132	0%	-90	-90	0
	<b>Total</b>	<b>29,514</b>	<b>29,129</b>	-1%	<b>-385</b>	<b>-385</b>	<b>0</b>
Planning, Trading Standards & Environmental Protection	<i>Exp</i>	5,047	5,047	0%	0	0	0
	<i>Inc</i>	-2,005	-2,005	0%	0	0	0
	<b>Total</b>	<b>3,042</b>	<b>3,042</b>	0%	<b>0</b>	<b>0</b>	<b>0</b>
Transportation & Planning Policy	<i>Exp</i>	4,389	4,389	0%	0	0	0
	<i>Inc</i>	-2,143	-2,143	0%	0	0	0
	<b>Total</b>	<b>2,245</b>	<b>2,245</b>	0%	<b>0</b>	<b>0</b>	<b>0</b>
Total Expenditure		<b>94,624</b>	<b>94,384</b>	0%	<b>-240</b>	<b>-240</b>	<b>0</b>
Total Income		<b>-44,465</b>	<b>-44,015</b>	-1%	<b>+450</b>	<b>+450</b>	<b>0</b>
		<b>50,158</b>	<b>50,368</b>	0%	<b>+210</b>	<b>+210</b>	<b>0</b>

### Exceptional Items: **Gross Pressure £597k (£1k favourable)**

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 10	Gross Pressure Month 9	Movement Month 9 to 10	Contingency	Net Pressure
Development Control	340	341	-1	310	30
Commercial Property Rental	166	166	0	0	166
Golf Stockley Park	91	91	0	0	91
<b>P&amp;CS – Total</b>	<b>597</b>	<b>598</b>	<b>-1</b>	<b>310</b>	<b>287</b>



3. The forecast for Development Control income is a gross pressure of £340k, the net position after the application of the contingency is a adverse variance of £30k.
4. The forecast position for Development Control Income shows a minor improvement broadly in line with Month 9. 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 the last 7 months. Minor applications are at 91% (month 2 100%) of the 4 years average, and Other applications are at 93% which is very close to the same level as month 2, 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 UK Golf going into administration earlier in the year. The current year impact is a pressure of £22k that relates to a part year reduced income level for the remaining 6 months of 2010/11. There was also a write off agreed via the Month 7 Budget Monitoring report to Cabinet for the outstanding rent of £69k relating to UK Golf. These 2 figures combine to give the full exceptional cost of £91k.

**Contingent Items: Gross Pressure £2,090k (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 10	Gross Pressure Month 9	Movement Month 9 to 10	Contingency	Net Pressure
Waste Disposal Levy	1,528	1,528	0	1,528	0
Recycling Services	150	150	0	150	0
Vehicle Fuel	150	150	0	80	70
Golf	262	262	0	262	0
<b>P&amp;CS – Total</b>	<b>2,090</b>	<b>2,090</b>	<b>0</b>	<b>2,020</b>	<b>70</b>

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 PECS 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 forecast position for Vehicle Fuel Pressure is a pressure of £70k on the level set in the contingency and is a result of the recent price increases. The bulk diesel purchase price has shown an increase since the beginning of October, after having been relatively stable for the first six months of the year. In December there was a 4p per litre increase on the previous month which represents a 9p increase over the past 3 months. A further duty increase of 0.75p per litre was implemented in January.

10. Although it is difficult to be precise about the extent of any further increase, the evidence of the recent price increases, plus the current industry commentaries suggest a worsening position. The latest projections of fuel spend are consistent with a £70k pressure over and above the contingency provision of £80k.

**Corporate Landlord: £595k pressure (no change)**

11. Fleet Management continues to report a pressure of £195k. The pressure areas continue to maintenance and lease costs, relating to the increasing age of the fleet. A service wide review of “transport needs” i.e. being undertaken, with the current focus on vehicle procurement requirements and options.

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. The marketing of this service has been reviewed and updated, in anticipation that this could have a positive impact on the income levels.
- 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. A number of space rationalisation measures have been implemented, such as Block A being decommissioned during November, resulting in some minor savings on rates and utilities. Further rationalisation and income generation possibilities are also being examined, in order to mitigate the position.

**Off-Street Parking: Nil variance (no change)**

13. The reduced levels of Car Park income experienced during 2009/10 continued into the first half of 2010/11, with the economic climate considered to be a significant factor. The 3<sup>rd</sup> quarter has suggested a more positive trend, however the adverse weather over the Christmas period is considered to have reduced the usual seasonal boost. 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. This position also factors in the funding of the free parking costs estimated at £38k for the Christmas period, which was agreed at February Cabinet, and assumes that there will be some recovery in income levels in the final quarter of 2010/11.

**Leisure: £60k Pressure (no change)**

14. 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.

15. 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. The Operator has recently requested a rent reduction, this request was rejected and the position therefore reflects full achievement of income.
16. 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. This request has been rejected, and the position therefore reflects full achievement of this income.

**Public Safety & Environment: £385k favourable (no change)**

**Waste Services: £340k favourable (no change)**

17. Street Cleansing: The Month 10 forecast is a £60k adverse expenditure variance which represents no change on the month 9 position.
18. Recycling Costs: At Month 10 the forecast overspend is £153k, which can be offset by release of the £150k contingency. There continues to be a positive trend in recycling rates which pressures the variable elements of the budget, particularly Gate Fees and recycling bags. The income trends for recyclable materials and the green waste rebates are similar to the previous financial year, with the COWSLOPS (organic waste) rebate currently slightly ahead of budget.
19. 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 therefore reflects the reduced tonnages experienced during 2009/10. The trend in residual waste tonnages since September suggests some recovery in tonnage levels, though with some seasonal variation. A continuation of this trend into the final quarter is suggested from the January tonnages, and this gives a potential pressure. A forecast pressure of £50k is included this month, though there is potential for this to increase further.
20. Trade Waste: Income streams continue to be relatively robust for Trade Waste. A favourable income variance of £130k is now forecast. The latest position on aged debt continues to suggest that the existing levels of bad debt provision will be sufficient to meet most of the anticipated write-offs. However the need for any further bad debt provision will be one of the key influences on the outturn position for this service, and whether the favourable position can be further improved. The potential for improvement on this position is expected to cover the risk of a deterioration in the waste disposal position.
21. Civic Amenity Sites: The income levels at New Years Green Lane decreased during December and the income variance is now forecast at of £20k. Metal prices have remained buoyant but the decrease reflects activity which could be partly attributable to the adverse weather in December. This position allows for a pressure resulting from a backdated NNDR revaluation.
22. There is a £300k underspend being reported against waste and recycling initiatives which is currently offsetting variances elsewhere in the Directorate.

**Community Safety: £45k Underspend (no change)**

23. The underspend represents a 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).

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

24. Across the service the income pressures are now forecast to be up to £40k, and it is anticipated will be compensated for from Arts expenditure budgets.

## Education and Children Services (E&CS)

### Revenue: £288k underspend (£288k improvement)

1. The Group is projecting an underspend of £288k as at Month 10, from a breakeven position at Month 9. This is mainly within Access & Inclusion and Youth & Connexions services. 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 10 are summarised in the following table:

		2010/11 (As at Month10)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Current Forecast		Variance (As at Month10)	Variance (As at Month 9)	Change from Month 9
		£'000	£'000		£'000	£'000	£'000
Schools & Central DSG	<i>Exp</i>	228,508	228,508	0%	0	0	0
	<i>Inc</i>	-227,198	-227,198	0%	0	0	0
	<b>Total</b>	<b>1,310</b>	<b>1,310</b>		<b>0</b>	<b>0</b>	<b>0</b>
Resource, Policy & Performance	<i>Exp</i>	4,128	4,090	1%	-38	-26	-12
	<i>Inc</i>	-2,174	-2,263	2%	-89	-52	-37
	<b>Total</b>	<b>1,954</b>	<b>1,827</b>		<b>-127</b>	<b>-78</b>	<b>-49</b>
ECS Central Budget	<i>Exp</i>	19,355	19,225	0%	-130	-130	0
	<i>Inc</i>	-3,546	-3,546	0%	0	0	0
	<b>Total</b>	<b>15,809</b>	<b>15,679</b>		<b>-130</b>	<b>-130</b>	<b>0</b>
Learning & School Effectiveness	<i>Exp</i>	19,986	20,679	3%	+693	+697	-4
	<i>Inc</i>	-14,907	-15,062	0%	-155	-155	0
	<b>Total</b>	<b>5,079</b>	<b>5,617</b>		<b>+538</b>	<b>+542</b>	<b>-4</b>
Director's, Youth & Connexions	<i>Exp</i>	8,974	8,804	1%	-170	-70	-100
	<i>Inc</i>	-1,010	-990	0%	+20	0	+20
	<b>Total</b>	<b>7,964</b>	<b>7,814</b>		<b>-150</b>	<b>-70</b>	<b>-80</b>
Access & Inclusion – Children	<i>Exp</i>	5,559	5,111	4%	-448	-246	-202
	<i>Inc</i>	-2,211	-2,182	1%	+29	+29	0
	<b>Total</b>	<b>3,348</b>	<b>2,929</b>		<b>-419</b>	<b>-217</b>	<b>-202</b>
Children & Families Services	<i>Exp</i>	28,546	28,086	2%	-460	-460	0
	<i>Inc</i>	-3,678	-3,218	13%	+460	+460	0
	<b>Total</b>	<b>24,868</b>	<b>24,868</b>		<b>0</b>	<b>0</b>	<b>0</b>
Recovery Plan Savings			0		0	-47	+47
<b>Total Exp</b>		<b>315,056</b>	<b>314,503</b>	<b>0%</b>	<b>-553</b>	<b>-282</b>	<b>-271</b>
<b>Total Inc</b>		<b>-254,724</b>	<b>-254,459</b>	<b>0%</b>	<b>+265</b>	<b>+282</b>	<b>-17</b>
<b>Total</b>		<b>60,332</b>	<b>60,044</b>		<b>-288</b>	<b>0</b>	<b>-288</b>

### Schools: Nil variance (no change)

3. The Schools Budget is ring fenced and funded from the DSG. Schools' payroll and non-payroll expenditure is monitored quarterly with any forecast year-end deficits being the subject of detailed discussions with the schools concerned. Schools forecasting deficits are required to supply recovery plans identifying how they intend to eliminate their deficit, but these do not affect the General Fund.

4. Any underspend or overspend of the Schools Budget in 2010-11 would be carried forward into 2011-12 and would have no effect on the General Fund.

**Resources, Policy & Performance: £127k Underspend (£49k improvement)**

5. The service is projecting an underspend of £127k, an improvement of £49k due to £10k efficiency savings from non staffing budgets within the commissioning manager's team, where a post has been deleted as part of BID savings. Additionally, £39k saving within Organisation & Resources due to delays in recruiting to a vacant post and commissioning surveys put on hold until next financial year.

**ECS Central Budget: £130k Underspend (no change)**

6. There has been no major change to the position reported within the ECS central budget.

**Learning & School Effectiveness: £538k Pressure (£4k improvement)**

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

**Director's, Youth & Connexions: £150k Underspend (£80k improvement)**

8. The Youth & Connexions service is projecting an underspend of £150k, an improvement of £80k from period 9. The improvement is mainly due to later take up of appointments than anticipated and non-staffing savings by withholding spending on material and equipment in line with current Council guidelines.

**Access & Inclusion – Children: £419k Underspend (£202k improvement)**

9. The improvement is due to the Group Management Team, reviewing, identifying and applying Surestart grant to activities previously funded through base budget.

**Children and Families: Nil variance (no change)**

10. The Children & Families is projecting a break even position as at Month 10.
11. The planned in-year savings linked to BID projects, Placements Review and the Recruitment & Retention Strategy implemented by the management group has successfully achieved savings to offset the previously reported pressure of £320k arising from activities due to the Southwark Judgement
12. There has been a great deal of work undertaken by the Children and Families Service to reduce the placement costs. This is achieved by ensuring that high cost care packages such as Residential and Secure Accommodation are reviewed regularly and alternatives identified for these children and young people i.e. more cost effective in-house, residential and foster care services. This month has seen two young people from high cost placements transfer to alternative care packages which has resulted in a reduction in the placement costs. The main factor which is uncertain is DSG education income which ceases when the child reaches statutory school education.
13. The savings were also achieved through earlier than anticipated permanent recruitment to Social Work posts within the Assessment and Care Management team. In addition, the Family Support Service, the Child Protection Service, In-House Fostering Services and the Other Care Services are reporting improved positions.

**Contingent Items: Asylum Service: Gross pressure £1,451k (£241k adverse)**

14. The Asylum service is reporting a gross pressure of £1,210k, an adverse movement of £241k from Month 9.
15. The earlier reported in-year pressure of over & above allocated contingency of £130k has reduced to £82k. However, as a result of UKBA's reduced settlement of our 2009/10 claim for over 18's, the net pressure has increased to £241k.
16. There is also a compensatory adverse movement of £163k arising from the likely reduced settlement of our 2009/10 claim for under 18's. The Council have appealed against the reduced settlement and to date there is no response from UKBA. Therefore due to the non response from UKBA there is now an assumption that our appeal may not be successful. This pressure is more than likely affect the overall pressure over & above the contingency.

Division of Service	Gross Pressure Month10	Gross Pressure Month9	Change from Month9	Contingency	Net Pressure
Asylum Services	1,451	1,210	+241	1,210	+241
<b>E &amp; CS – Total</b>	<b>1,451</b>	<b>1,210</b>	<b>+241</b>	<b>1,210</b>	<b>+241</b>

17. The current reported pressure for Exhausted All Appeals and ineligible clients' amounts to £873k and for Naturalised clients is £57k.

## Central Services

### Revenue: £729k underspend (£10k improvement)

1. The forecast position for the central services revenue budget as at Month 10 is an underspend of £729k, an improvement of £10k on the Month 9 projections. The following table summarises the overall position for Central Services.

Service		2010/11 (As at Month 10)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Change from Month 9 £'000
		£'000	£'000		£'000	£'000	£'000
Total	<i>Exp</i>	11,322	10,888	-3.8%	-434	-442	+8
Total	<i>Inc</i>	-3,517	-3,509	+0.2%	+8	+13	-5
<b>Deputy Chief Executive's Office</b>	<b>Total</b>	<b>7,805</b>	<b>7,379</b>	<b>-5.5%</b>	<b>-426</b>	<b>-429</b>	<b>+3</b>
Total	<i>Exp</i>	24,476	24,396	+0.3%	-80	-114	+34
Total	<i>Inc</i>	-18,075	-18,298	-1.2%	-223	-176	-47
<b>Finance &amp; Business Services</b>	<b>Total</b>	<b>6,401</b>	<b>6,098</b>	<b>-4.7%</b>	<b>-303</b>	<b>-290</b>	<b>-13</b>
<b>Central Services</b>	<i>Exp</i>	<b>35,798</b>	<b>35,284</b>	<b>-1.4%</b>	<b>-514</b>	<b>-556</b>	<b>+42</b>
	<i>Inc</i>	<b>-21,592</b>	<b>-21,807</b>	<b>-1.0%</b>	<b>-215</b>	<b>-163</b>	<b>-52</b>
<b>Central Services Total</b>	<b>Total</b>	<b>14,206</b>	<b>13,477</b>	<b>-5.1%</b>	<b>-729</b>	<b>-719</b>	<b>-10</b>

### Deputy Chief Executive's Office: £426k underspend (£3k adverse)

2. The Deputy Chief Executive's Office are projecting an underspend of £426k in Month 10, an adverse movement of £3k on the Month 9 projections. This comprises of a projected underspend of £434k on expenditure budgets (an adverse movement of £8k on the Month 9 projections), and a shortfall of £8k on income (an improvement of £5k on the Month 9 projections).
3. The underspend of £442k on expenditure budgets relates to a number of variances as follows:
- An underspend of £266k 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 £127k on non staffing costs across the group due to having a freeze on all non essential expenditure
  - 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 £43k on the cost of printing in the Communications team.
  - An underspend of £40k on training costs following a review of training courses.
  - A surplus of £29k relating to the Childcare Tax Credit Scheme.
  - An underspend of £22k on the Voluntary Sector Grants budget, where the grants budget is £47k in excess of the grants that have been awarded, netted down by an additional cost of £25k on Christmas Lights in Town Centres.



4. These are netted down by an anticipated cost on redundancy payments of £83k and an additional cost of £59k relating to the investment in key HR systems to support the delivery of future savings.
5. The shortfall of £8k on income streams relates to a number of shortfalls totalling £125k, netted down by over recovery of income totalling £117k, which are as follows:
  - A projected shortfall of £68k in Legal services relating to services provided to Hillingdon Homes.
  - Under-recovery of income from the Hillingdon Business forum and Uxbridge Town Centre of £28k
  - 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
  - A shortfall of £9k on the buy back of Payroll services by schools, where three schools have decided not to renew their contract this year.
  - An over recovery of £57k on Nationality Checking, Citizenship and Registration of Births, Deaths and Marriages.
  - An over recovery of £29k from schools purchasing the Occupational Health Service.
  - A surplus of £19k on training income.
  - Additional Income from schools and Housing Associations of £12k

**Finance & Business Services: £303k underspend (£13k improvement)**

6. Finance & Business Services are now projecting an underspend of £303k, an improvement of £13k on the Month 9 projection. This comprises of a projected underspend of £80k on expenditure budgets (an adverse movement of £34k on the Month 9 projections, due to an increase in the cost of SEN Transport) and a surplus of £223k on income (an improvement of £47k on the Month 9 projections).
7. The underspend of £80k on expenditure budgets relates to a number of underspends, totalling £781k, netted down by overspends totalling £701k, which are as follows:

**Underspends**

- A net underspend of £461k on salary budgets across the Department (£268k in Passenger and SEN Transport Services, £128k in Building Control, £107k in ICT and £28k in Procurement, netted down by a pressure of £30k in the Imported Food Unit, £24k in Emergency Planning and £16k in Accounting Services), where posts are being held vacant as part of the BID Workstreams.
- An underspend of £110k on non staffing costs across Bereavement Services.
- An underspend of £91k on ICT non staffing costs.
- 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.

**Overspends**

- An overspend of £458k on SEN Transport, due to an historical increase in the number of SEN children requiring transport.
- An overspend of £134k based on known and estimated redundancy costs.
- An overspend of £88k on ICT Licence and software payments.
- An overspend of £21k on Postage costs across Accounting Services.

8. The surplus of £223k in income streams relates to a surplus on income from the Imported Food Unit of £234k, Bereavement services of £148k, and one off income from external sources totalling £169k (including the write on of Credit Balances in the Revenues service). This is netted down by an under recovery of £184k on Passenger and SEN Transport Services Income, an under recovery of £134k on Building Control Income and an under recovery of £10k on Land Charges income, due partly to a change in regulations.

### Contingency Items

9. The Corporate Contingency holds a number of budgets relating to exceptional items linked to the downturn in the economy which has 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 10 £'000	Gross Pressure Month 9 £'000	Movement Month 10 to 9	Contingency £'000	Net Pressure £'000
Building Control	32	70	-38	135	-103
Land Charges (volume pressures)	715	715	0	715	0
Self Insurance Fund	420	420	0	420	0
<b>Total</b>	<b>1,167</b>	<b>1,205</b>	<b>-38</b>	<b>1,270</b>	<b>-103</b>

### Building Control Income: £32k Pressure (£38k improvement)

10. The forecast for Building Control income is a gross pressure of £166k, however, a large proportion of this can be offset by an underspend on the salary and non-salary budgets of £134k, which would require only £32k being drawn down from the contingency.

### 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 £740k. However, due to the underspend across Finance & Business Services, the draw down from the contingency will be £715k, the remaining balance of £25k will be absorbed within the main revenue budget. This also includes the further impact of the Ministry of Justice (MOJ) decision to revoke the charging of a fee for personal searches, where the instruction from the MOJ came into force on 17<sup>th</sup> August 2010, and will be backdated to when the Environment Information Regulations came into force in January 2005.

### 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 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: £751k Variance (Month 8 - £800k variance)**

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

Capital Schemes 2010/11	Original Budget	Revised Budget	Budget Released	Capital Spend Month 10	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
Capital Works to Stock	10,000	9,149	Y	4,891	53%	9,149	0
HRA - New Build - HRA Pipeline Sites Phase 1	7,508	5,100	Y	3,757	74%	4,650	-450
HRA - New Build - Extra Care Sites Phase 1 (Triscott House)	3,430	2,100	Y	1,345	64%	2,000	-100
HRA - New Build - LD Sites Phase 1	0	100	Y	0	0%	50	-50
HRA - New Build - HRA Pipeline Sites Phase 2	0	191	Y	0	0%	40	-151
Cash Incentive Scheme	150	0	Y	0	0%	0	0
HRA - Estates Improvements	1,280	1,002	Y	562	56%	1,002	0
Other Projects	200	0	N	0	0%	0	0
Townfield Community Centre	0	0	Y	0	0%	0	0
<b>HRA – Total</b>	<b>22,568</b>	<b>17,642</b>		<b>10,555</b>	<b>60%</b>	<b>16,891</b>	<b>-751</b>

- Current year forecast on Pipeline Phase 1 projects has been increased to reflect works being undertaken at three sites being brought forward to February 2011.
- Further rephasing of the Pipeline Learning Disability and Phase 2 projects has resulted in a reduction in current year outturn. As these projects are part-grant funded, officers have confirmed that this will not affect the availability of funding in 2010/11.

#### **Adult Social Care, Health and Housing: £27k Pressure (Month 8 - £501k variance)**

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

Capital Schemes 2010/11	Original Budget	Revised Budget	Budget Released	Capital Spend Month 10	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
PSRSG for WL Empty Property Grant	1,100	900	Part	418	46%	844	-56
Mental Health – Mead House	114	250	Y	118	47%	250	0
Disabled Facilities Grants	3,000	2,567	Y	1,555	61%	2,650	83
Private Sector Renewal Grants	450	430	Y	329	77%	430	0
Colne Park Caravan Sites	296	230	Y	226	98%	230	0
<b>ASC,H&amp;H – Total</b>	<b>4,960</b>	<b>4,377</b>		<b>2,646</b>	<b>329%</b>	<b>4,404</b>	<b>27</b>

- Forecast outturn on the Disabled Facilities Grant budget has been increased by £99k to reflect increased numbers of referrals from Adult Social Care. This will increase the requirement for

Council Resources above the level allowed for in the revised budget, however remains within original budget.

### Education and Children's Services: £915k Variance (Month 9 - £573k variance)

Capital Schemes 2010/11	Original Budget	Revised Budget	Budget Released	Capital Spend Month 10	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
<b>100% Grant/Externally Funded</b>							
Early Years Foundation Stage – Surestart	1,169	70	0	19	27%	70	0
Extended Schools	251	485	Y	307	63%	322	-163
Formula Capital Devolved to Schools	3,876	4,894	N/A	3,287	67%	4,894	0
Guru Nanak - Expansion 2010	5,710	4,295	Y	4,311	100%	4,295	0
Pathfinder (Playgrounds)	598	338	Part	338	100%	338	0
Pinkwell	0	189	Y	0	0%	94	-95
Primary School Expansions – Minor Works	1,942	44	Y	0	0%	25	-19
Primary School Expansions – Unallocated	5,150	0	Y	0	#DIV/0!	0	0
Rosedale College S106 – only	0	26	N	0	0%	0	-26
School travel Plans	0	101	Y	78	77%	101	0
Schools Kitchens	4,928	2,285	Part	1,661	73%	1,785	-500
Specialist Schools	0	62	Y	60	97%	62	0
Surestart - AHDC short breaks	365	41	Y	4	10%	41	0
Vehicle Workshops - West Drayton Young Peoples Centre	0	40	N/A	0	0%	0	-40
Investment in Young People's Facilities	167	84	Part	-2	-2%	0	-84
Island U - Virtual School Project	0	60	N	0	0%	13	-47
<b>Total 100% Grant/Externally Funded</b>	<b>24,156</b>	<b>13,014</b>	<b>0</b>	<b>10,063</b>	<b>77%</b>	<b>12,040</b>	<b>-974</b>
<b>Non Grant Funded</b>							
Expansion Haydon	0	14	Y	0	0%	14	0
Urgent Building Condition Projects (Modernisation)	1,985	2,124	Part	1,695	80%	2,124	0
School Places Provision (Basic Needs)	0	92	Part	57	62%	92	0
Building Schools for the 21st Century	1,000	0	0	0	0%	0	0
Schools Access Programme	100	150	Part	154	103%	210	60
<b>Total 100% Non Grant Funded</b>	<b>3,085</b>	<b>2,380</b>		<b>1,906</b>	<b>80%</b>	<b>2,440</b>	<b>60</b>
<b>E&amp;CS – Total</b>	<b>27,241</b>	<b>15,394</b>		<b>11,969</b>	<b>78%</b>	<b>14,480</b>	<b>-914</b>

6. Outturn position for Education & Children's Services has decreased by £342k, with reviewed expenditure profiles on Extended Schools, Primary School Expansions – Minor Works, Schools Kitchens, Investment in Young People's Facilities and IslandU – Virtual School Project.
7. Recommendations for virements to transfer Surestart funding from Early Years Foundation Stage and Aiming Higher for Disabled Children to Children's Centre Phase II and Merrifields have been included in this report.

**Planning, Environment and Community Services: £1,521k Variance (Month 9 - £736k variance)**

Capital Schemes 2010/11	Original Budget	Revised Budget	Budget Released	Capital Spend Month 10	Actual % of Revised Budget	Forecast Outturn	Variance
	£' 000	£' 000	Y/N	£' 000	%	£' 000	£' 000
<b>Grant/Externally Funded</b>							
S106/S278 Schemes	0	535	Part	458	86%	530	-5
Safer Stronger Communities Fund	50	50	Y	51	102%	50	0
Botwell Multi Use Games Area	100	242	Part	228	94%	242	0
BSP funded by Transport for London	4,000	3,824	Part	330	9%	3,428	-396
<b>Total Grant/Externally Funded</b>	<b>4,150</b>	<b>4,651</b>		<b>1,067</b>	<b>23%</b>	<b>4,250</b>	<b>-401</b>
<b>Other</b>							<b>0</b>
Winston Churchill Hall Refurbishment	430	430	Y	1	0%	50	-380
Manor Farm Stables Development	371	451	Y	1	0%	50	-401
Willow Tree Centre	300	0	N	0		0	0
William Byrd Pool	250	0	N	0		0	0
North Hillingdon Adult Education Centre Roof Replacement	155	78	Y	90	115%	78	0
Manor Farm	0	55	Y	1		55	0
Property Enhancements Programme	500	500	Part	29	6%	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	50	47%	107	0
Civic Centre Enhancements	1,590	1,290	Part	359	28%	1,290	0
Libraries Refurbishment	622	1,037	Y	401	39%	887	-150
Harmondsworth Dog Free Mini Football Area	0	5	Y	0	0%	5	0
Ruislip Lido Toilets	0	302	Y	284	94%	302	0
CCTV Programme	230	0	N	0	0%!	0	0
Chrysalis Programme	1,000	915	Y	303	33%	915	0
Highways Improvements	1,100	1,100	Y	885	80%	1,100	0
Highways Localities Programme	258	258	Y	0	0%	258	0
Road Safety	250	114	Y	22	19%	114	0
Street Lighting	300	300	Y	39	13%	150	-150
Town Centre Initiative	525	525	N	108	21%	525	0
Purchase of Vehicles	0	471	Y	482	102%	482	11
Environmental Assets	2,000	100	Part	0	0%	50	-50
Fassnidge Park adiZone	0	148	Y	75	51%	148	0
<b>Total Other</b>	<b>9,881</b>	<b>8,216</b>		<b>3,144</b>	<b>38%</b>	<b>7,096</b>	<b>-1,120</b>
<b>PE&amp;CS – Total</b>	<b>14,031</b>	<b>12,867</b>		<b>4,211</b>	<b>33%</b>	<b>11,346</b>	<b>-1,521</b>

8. An element of the Transport for London funded works at Yiewsley and West Drayton are expected to be slipped into 2011/12. In addition a number of projects budgeted for the current year are currently awaiting the results of public consultation and approvals from TfL, should these projects go ahead they will form part of the 2011/12 programme.

9. Refurbishment works at Eastcote and Northwood Hills Libraries are now due to complete in April 2011, with £150k of expenditure now expected to fall in the new financial year.

## Major Construction Projects: £3,878k Variance in 2010/11 (Month 9 - £2,796k Pressure)

Capital Schemes 2010/11	Revised Budget	Budget Released	Capital Spend Month 10	Actual % of Revised Budget	Forecast Outturn 2010/11	Forecast Outturn 2011/12 onwards	Forecast Variance 2010/11	Forecast Variance Total Project
	£' 000	Y/N	£' 000	%	£' 000	£' 000	£' 000	£' 000
<b>Planning, Environment and Community Services</b>								
Arundel Road Development HIP	18	Part	3	17%	18	2,000	0	0
Botwell Green (including Gymnastics Centre )	627	Y	1,897	303%	2,934	286	+2,307	+2,593
Brookfield – Second Floor	15	Y	10	67%	15	0	0	0
Farm Barns	320	Y	9	3%	350	125	+30	0
South Ruislip Development	1,400	Part	333	24%	600	7,019	-800	0
Highgrove Pool Phase II	300	Y	22	7%	300	3,800	0	0
Hayes End Library Development	600	Part	94	16%	600	2,000	0	0
Hillingdon Sports and Leisure Centre	1,266	Y	476	38%	886	651	-380	+271
Minet Cycle Club	339	Y	336	99%	339	10	0	0
New Years Green Lane Civic Amenity Site	1,900	Part	95	5%	200	3,273	-1,700	0
Queensmead Fitness Centre Refurbishment	28	Y	25	89%	28	0	0	0
<b>Education and Children's Services</b>								
Children's Centres – Phase 2	701	Y	494	70%	706	0	+5	+5
Children's Centres – Phase 3	4,109	Y	1,874	46%	4,109	0	0	0
Glebe Primary School	31	Y	2	6%	31	0	0	0
Heathrow Primary	18	Y	2	11%	18	0	0	0
Longmead - Laurel Lane	1,612	Y	1,004	62%	1,542	0	-70	-70
Merrifields fit out for short breaks	389	Y	351	90%	389	0	0	0
New Young People's Centre	1,726	Y	1,165	67%	1,615	111	-111	0
Pinkwell New Classrooms	304	Y	682	224%	304	0	0	0
Pinkwell School Hall	478	Y	0	0%	478	0	0	0
Primary School Expansions	4,658	Y	1,104	24%	1,571	3,087	-3,087	0
Ruislip High School - Construction	273	Y	268	98%	273	0	0	0
Ruislip High School - Expansion	150	Y	4	3%	150	1,350	0	0
Targeted Capital - Oak Farm	44	Y	0	0%	44	0	0	0
Targeted Capital - Uxbridge High	32	Y	29	91%	32	0	0	0
<b>Finance &amp; Resources</b>								
Hillingdon Cemetery & Chapel - Insurance work	264	Insurance	30	11%	192	92	-72	+20
<b>Council Wide</b>								
Project QS support	34	N/A	34	100%	34	0	0	0
Major Construction Project Fees	0	N/A	0	0%	0	0	0	0
<b>Major Construction Projects – Total</b>	<b>21,636</b>		<b>10,343</b>	<b>48%</b>	<b>17,758</b>	<b>23,804</b>	<b>-3,878</b>	<b>2,819</b>

10. Year to date expenditure on Major Construction Projects includes £379k of fess, contributing towards the cost of architecture, design and project management costs. It is anticipated that this figure will be £838k for the full year with £339k being funded from Council Resources.

11. The forecast overspend on Botwell Green Leisure Centre has been reduced by £82k as a result of the on-going discussions with contractors regarding settlement of the final account.
12. The overspend reported on Hillingdon Sports & Leisure Centre remains at £271k, however it is now expected that £651k of these cost will arise in 2011/12.
13. Latest outturn forecasts for New Years Green Lane Civic Amenity Site have been revised as the majority of costs are expected to fall in 2011/12. This rephasing of expenditure will result in a reduced call on Council Resources in 2010/11 of £1,700k from the position reported at Month 9.
14. The forecast pressure on Phase 2 Children's Centres has been reduced to £5k to reflect the virement of additional grant funding from the Early Years Foundation Stage within ECS and a reduction in amounts payable to the contractor on the disputed account.
15. Phase 3 Children's Centres remain on track to enable the full Surestart grant allocation to be utilised by the Council.
16. An underspend of £70k is being reported against the completed Longmead School project, this amount was to be funded from Section 106 contributions which are now expected to be available to fund other projects.
17. It is now expected that the refurbishment of Merrifields will be completed in 2010/11, with the Surestart Aiming Higher for Disabled Children grant being drawn down by 31 March 2011 to fund to full project.
18. Following the opening of the new South Ruislip Young People's Centre in February, it is expected that residual expenditure and settling final accounts with contractors will take place in 2011/12.
19. The Primary School Expansions programme remains on track to deliver 15 additional forms of entry by September 2011, however it is expected that £3,087k of DfE-funded expenditure previously profiled for 2010/11 will be deferred into 2011/12.
20. Restoration works at Hillingdon Cemetery & Chapel are on-going, with latest forecasts indicating that this project will be completed in 2011/12.

**Central Services: £166k variance (Month 9 - £97k variance)**

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 9 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Forecast Variance £' 000
Leader's Initiative	300	300	Part	139	46%	300	0
<b>DCE - Total</b>	<b>300</b>	<b>300</b>		<b>139</b>	<b>46%</b>	<b>300</b>	<b>0</b>
Breakspear Crematorium	0	0	N/A	0		29	29
ICT Asset Management Strategy	1,378	1,317	Part	633	48%	1,122	-195
<b>F&amp;R - Total</b>	<b>1,378</b>	<b>1,317</b>		<b>633</b>	<b>48%</b>	<b>1,151</b>	<b>-166</b>
<b>Central Services - Total</b>	<b>1,678</b>	<b>1,617</b>		<b>772</b>	<b>48%</b>	<b>1,451</b>	<b>-166</b>

21. The forecast outturn on ICT has been reduced by £69k to £1,122k to reflect reduced expenditure on the IP Network project.

**Partners: Nil variance (Month 9 - Nil variance)**

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 10 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Forecast Variance £' 000
LAA Reward Grant Share to Primary Care Trust	335	333	N/A	0	0%	333	0
LAA Reward Grant Share to Community Safety Partnership	140	140	N/A	0	0%	140	0
LAA Reward Grant Share to BAA & Uxbridge College	130	128	N/A	0	0%	128	0
LAA Reward Grant Share to Ground Work Trust	65	63	N/A	0	0%	63	0
LAA Reward Grant Share to HAVS	0	85	N/A	0	0%	85	0
<b>Partners - Total</b>	<b>670</b>	<b>749</b>		<b>0</b>	<b>0%</b>	<b>749</b>	<b>0</b>

22. There has been no change to the final outturn position for grants to partners, with payments due to be made in March 2011 following the receipt of the LAA Reward Grant by the Council.

**Capital Contingency: £1,945k underspend (Month 9 - £2,000k underspend)**

Capital Schemes 2010/11	Original Budget £' 000	Revised Budget £' 000	Capital Spend Month 9 £' 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	445	0	100%	0	-445
<b>Contingency - Total</b>	<b>2,000</b>	<b>1,945</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>-1,945</b>

23. Following the allocation and release of £55k towards the Manor Farm project agreed by Cabinet on 17 February, there remains £445k of General Contingency to support Council Resourced overspends elsewhere within the Capital Programme.



## APPENDIX B – Treasury Management Report

- The following information is provided to update you on the activities on the Treasury function for the month of January 2011.
- As at 31<sup>st</sup> January 2011 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: 0.82%

	Actual £m	Actual %	Bench- mark %
Up to 1 Month	41.8	61.75	60.00
1-2 Months	2.5	3.69	15.00
2-3 Months	5.3	7.83	10.00
3-6 Months	2.0	2.95	5.00
6-9 Months	0.0	0.00	5.00
9-12 Months	3.5	5.17	5.00
<b>Subtotal</b>	<b>55.1</b>	<b>81.39</b>	<b>100</b>
Unpaid Maturities	12.6	18.61	0.00
<b>Total</b>	<b>67.7</b>	<b>100</b>	<b>100</b>

- 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 and Money Market Funds (MMF) which are AAA rated.
- Deposits are currently held with the following institutions; Goldman Sachs MMF, Henderson MMF, Ignis MMF, Invesco Aim MMF, Standard Life MMF, Royal Bank of Scotland, Barclays Bank, Lloyds TSB Banking Group and Nationwide Building Society.
- During January, fixed term deposits matured in line with cash flow requirements. Any 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. A sixth interim dividend of £712k was received from the administrators of Heritable. Dividends received from Heritable now total £7,561k and are just over 50% of the deposit value.

### Outstanding Debt - Average Interest Rate on Debt: 3.58%

	Actual £m	Actual %
PWLB	114.4	70.44
Long-Term Market	48.0	29.56
Temporary	0.0	0.0
<b>Total</b>	<b>162.4</b>	<b>100</b>

- There were no naturally maturing loans during the month and no new borrowing was taken. Loans earmarked for premature repayment did move into discount but no action was taken as the short terms savings on early redemption did not outweigh longer term costs and refinancing risks.

## **Prudential Indicators**

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

## **Ongoing Strategy**

8. Income receipts are forecast to fall during February and March as the collection of scheduled Council Tax and Business Rate direct debits come to an end for the financial year. To ensure funds are available to meet cash flow obligations and maintain liquidity, balances will be placed in instant access accounts and in short term deposits.
9. Long term borrowing will still be deferred to avoid the cost of carry associated with current market conditions. Early redemption opportunities will continue to be monitored; however it is unlikely the market will move to an extent which will make it viable.

## APPENDIX C

### Retaining of agency staff for Planning, Environment & Consumer Protection

#### HRA Planner Agency Extension

It is proposed that the Planning team extend the temporary assignment for a town planner to undertake and complete the assessment of planning applications for the development of Home Revenue Account (HRA) sites. The position is needed to progress upcoming planning submissions along with those schemes already under consideration but not yet approved.

Total costs incurred and anticipated up to the end of March 2011 for this agency assignment will have been £61k, based on the start date of 7/3/2010. These costs and have been funded by the HRA. The proposed extension for 26 weeks will cost a further £27k given a total of £88k. The extension of £27k will be chargeable to the HRA.

PECS agency staff	Projected 2010/2011	Projected 2011/2012
	Cost £'000	Cost £'000
Post 1	61	27
Total	61	27

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

The department engaged 4 contract workers in 2010/11 to assist in preparing for and implementing the 2011/12 MTF strategy one of whom exceeded authorisation by 3 days for which retrospective agreement is sought for £1k (post 4). The department also engaged 3 contract workers to assist with the continuous improvement of the departments Adult Social Care system (IAS) which is critical to the management of client information, payment to suppliers, billing to clients and management of the budget.

Agreement is sought to extend 6 contracts into 2011/12 for the periods shown below at a total additional cost for 2011/12 of £162k. The costs of these posts will be funded either by vacancies held within the teams or by due allowance having been made within the MTF proposals

ASCH&H Agency staff	Projected 2010/2011 Cost £'000	Projected 2011/2012 Cost £'000
Post 1 – Homecare Reablement project manager	97	10
Post 2 – Specialist Care Management Team	51	12
Post 3 – Joint Commissioning Team	77	20
Post 4 - Direct Payment project	51	0
Post 5 – Care Management IAS	78	38
Post 6 – Care Management IAS	55	40
Post 7 – Implementation Liquid Logic IAS	48	42
Total	457	162

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

An interim has been engaged in the Legal Property Team to support the Housing Supply Team, mainly due to HCA related matters. The Housing Supply Team have agreed to extend the current contract by 26 weeks (Current expiry date is 31/03/11) due to an increase in the current workload. The cost of the post is fully recharged to the Housing Revenue Account.

<b>DCEO's agency staff</b>	<b>Projected 2010/2011 Cost £'000</b>	<b>Projected 2011/2012 Cost £'000</b>
<b>Post 1</b>	<b>50</b>	<b>27</b>
<b>Total</b>	<b>50</b>	<b>27</b>