

COUNCIL BUDGET - MONTH 4 2013/14 REVENUE AND CAPITAL MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Report Author	Paul Whaymand, Corporate Director of Finance
Papers with report	None

HEADLINE INFORMATION

Purpose of report	<p>This report provides an update on the Council's latest financial position and performance against the 2013/14 revenue budget and current capital programme, as forecast at the end of July 2013 (Month 4).</p> <p>A net in-year underspend of £198k is forecast against 2013/14 General Fund revenue budgets, an improvement of £174k on the position reported at Month 2. There is a further improvement of £1,350k relating to a prior year adjustment resulting from a significantly improved outlook in relation to the release Icelandic impairments.</p> <p>The latest positions on other funds and the capital programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council's medium term financial plan.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That the Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 4.
2. Note the treasury management update for Month 4 at Appendix E.
3. Approves the amendments to the Council's Local Welfare Reform Scheme as detailed in Appendix F and delegate authority to the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, in consultation with the Corporate Director of Finance, to make further amendments to the scheme to reduce the impact of welfare reforms on Council services.

4. Continue the delegated authority up until the 24 October 2013 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 25 July and 26 September 2013 Cabinet meetings, detailed at Appendix G.
5. Approve the release of £70k from Priority Growth to Administration operating budgets to fund the refurbishment of the Registrars' suite.
6. Approve the allocation of £26k of Environment Agency Contaminated Land Grant to Residents Services revenue budget in 2013/14 to undertake additional water monitoring work at New Years Green Landfill.
7. Approves an increase of £33,321k in grant funding in respect of Targeted Basic Needs Programme (TBNP) towards Primary Schools Expansions & New Builds.
8. Approves the addition of a primary school in Yiewsley/West Drayton to the Primary School New Builds capital programme at an estimated cost of £10,000k over three years, inclusive of £6,440k from the above TBNP funding.
9. Approves funding of £39k from the corporate capital contingency budget (£1,027k remaining for 2013/14) to meet a cost pressure on Uxbridge Central Library refurbishment.
10. Approves acceptance of £59k grant funding in respect of Borough Cycling Programme for 2013/14.
11. Approves the acceptance of £100k Department of Health Dementia Friendly Environment grant funding to support improvements at the Harefield Nursing Home.
12. Approves release of £500k from the earmarked reserve for capital investment to support further enhancement of Environmental Assets within the Borough
13. Ratify a Cabinet Member Decision taken by the Leader of the Council and the Cabinet Member for Planning, Transportation & Recycling on 5 August 2013 under interim powers delegated by, but usual reserved to the Cabinet in relation to a contract for highways micro-surfacing, incorporating slurry surfacing works;
14. Ratify a Cabinet Member Decision taken by the Leader of the Council and the Cabinet Member for Finance, Property and Business Services on 21 August 2013 under interim powers delegated by, but usual reserved to the Cabinet in relation to the award of building contracts and capital release for the new Lake Farm & St. Andrew's Park (formally RAF Uxbridge) primary schools;
15. Ratify a Cabinet Member Decision taken by the Leader of the Council and the Cabinet Member for Finance, Property and Business Services on 22 August 2013 under interim powers delegated by, but usual reserved to the Cabinet in relation to the development of a Direct Labour Organisation;
16. Agree the Leader of the Council's proposal to establish a new capital programme to support Adopters and Foster Carers with building works and extensions and the virement of £200k from the Council funded element of the 2013/14 Disabled Facilities Grant (DFG) Capital budget to fund this programme during 2013/14 financial year, with a view to continuing this programme in future years as part of the MTF process.
17. Ratify an Emergency Contract Decision taken by the Chief Executive and Leader of the Council on 20 August 2013 to appoint Coral Products Ltd for the purchase of food waste bins and caddies using the ESPO framework at a cost of £126k; and the extension of the contract to JPK for the supply of recycling bags to include compostable recycling sacks at a cost of £58k.

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance to date against budgets approved by Council on 28 February 2013 and management actions to deliver outturn within that approved budget.
2. Appendix E provides an update to Cabinet on Treasury Management performance during the previous month.
3. Recommendation 3 – Hillingdon's Local Welfare Scheme has now been in operation five months and only 1.5% of the grant funding has been paid out in awards. As a result several amendments to the scheme are proposed to extend the eligibility criteria and the circumstances under which awards may be granted and to make more effective use of the funding to reduce the impact of Welfare Reform on other Council Services.
4. Recommendation 5 – It is proposed that £70k be allocated from Priority Growth to fund the refurbishment of the Registrars suite, located in Phase 2 of the Civic Centre. The service undertakes almost 9,000 appointments each year and these works will improve and modernise the reception area, the Four Seasons Wedding Room and the offices where Registrars conduct the registration of births, deaths, marriages, civil partnerships and nationality checking services, bringing them all up to the standard expected from public facing services across the Council.
5. Recommendation 6 – On 31 July 2013 the Environment Agency confirmed that the Council had been awarded funding to continue water monitoring work at the New Years Green Landfill site, acceptance of this funding will enable to Council to continue to meet regulatory requirements in managing this contaminated site.
6. Recommendation 7 – The Council has been successful in obtaining £39,321k Targeted Basic Needs funding for various schools within the Primary Schools Expansion Programme. Previously £6,000k had been assumed in the MTFF capital programme budget so this represents an increase of £33,321k. The increased grant funding will reduce the Council's requirement to use borrowing.
7. Recommendation 8 – The Council has obtained £6,440k Targeted Basic Needs funding for a new primary school at Yiewsley/West Drayton. This is part of the £34,121k funding noted above. The estimated total cost of the scheme is £10,000k and the remaining funding consists of £2,560k borrowing and £1,000k Section 106 monies.
8. Recommendation 9 – The Council's Access Officer has recommended that Uxbridge Central Library requires refuge areas for disabled people in the event of a fire and the provision of an additional toilet on the ground floor. The cost of these items is £39k and this was not included in the contractor's original price.
9. Recommendation 10 – Transport for London have awarded a total of £59k to the Council resulting from a successful bid for Borough Cycling Programme "quick win" funding for 2013/14.

10. Recommendation 11 – On 27 August, the Council was notified that it had been successful in attracting £100k of Department of Health funding to support BUPA in delivering a dementia friendly environment at the Harefield Care Home.
11. Recommendation 12 – The 2013/14 capital budget, approved in February, included the £1,976k Environmental Initiatives Fund to support improvements to environmental assets the borough, particularly at Ruislip Lido. £500k is being transferred from the £1,000k held in earmarked reserves as at 31 March 2013 for capital investment to expand the scope of improvement works.
12. Recommendations 13 – 15 – Cabinet on 25th July 2013 delegated interim authority to the Leader of the Council (between the July & September Cabinet meetings) to agree, in conjunction with the relevant Cabinet Member, contractual, financial and policy decisions that would otherwise be reserved to the Cabinet. It was agreed that such decisions will be reported to the subsequent Cabinet meeting for ratification
13. Recommendation 16 – This establishes a new capital programme to support Adopters and Foster Carers and makes the necessary budget virement to achieve this. The support of adopters and long term foster carers by adapting their property allows the placement and exit from care of sibling groups of looked after children. The effect is permanence for children in stable loving homes and a reduction of the cost to the Council of having them in care.
14. Recommendation 17 – This ratifies an Emergency Contract Decision recently made, as per the requirement in the Council's Constitution.

Alternative options considered

15. There are no other options proposed for consideration.

SUMMARY

REVENUE

16. As at Month 4, the budget monitoring position on in year activities shows a net underspend of £198k, representing an improvement of £174k on the position reported at Month 2. This position includes a net pressure of £2,359k on directorate budgets, offset by an underspend of £2,500k on financing costs and £57k favourable movement on the contingency position.
17. While there remains a significant overspend on directorate operating budgets, all groups are working up plans to ensure delivery of outturn within budget which will enable the variance on capital financing costs to be treated as a windfall. Reported pressures within this position primarily relate to Homelessness, Looked After Children and SEN Transport.
18. Within the forecast position, there remains provision of £875k within Development & Risk Contingency and £1,502k uncommitted growth and HIP budgets, providing scope to deal with any issues arising or support new initiatives.
19. An exceptional prior year item is reported at Month 4 as a result of an improved outlook on the Council's impaired Icelandic Investments, which sees £1,350k released to the

General Fund from the £2,500k originally set aside to manage risk around recovery of these investments. Further details are contained in the Treasury management Report in Appendix E.

20. As at Month 4, unallocated General Fund balances are forecast to reach £31,798k by 31 March 2013.
21. Within other funds, the only material movement from Month 2 relates to significant rephasing on Housing Revenue Account Major Works, the impact of which is set out in Appendix C.

CAPITAL

22. The forecast outturn on the 2013/14 General Fund Capital Programme is £114,280k, an under spend of £3,798k on a revised budget of £118,077k. The increase in the revised budget is mainly due to £800k relating to this year's phasing of the new build school at Yiewsley (Primary School Expansions Phase 3).
23. Over the three-year period 2013 to 2016, an under spend of £18,372k is now reported on the General Fund Capital Programme made up of £3,988k relating to the corporate contingency and £14,384k on project under spends. Table 2 provides further detail of this projected under spend.
24. General Fund capital receipts to be generated for 2013/14 are projected to be £12,532k. As at Month 4 a total of £16k has been realised year to date, however significant receipts are anticipated in Month 5. An overall adverse variance of £12,284k for capital receipts is forecast over the next four years of the capital programme, 2013/14 to 2016/17.
25. A net pressure of £1,042k is reported on the HRA capital programme over the period of 2013 to 2016, which relates to variances on new build projects. The HRA Works to Stock programme (capital and revenue) is forecasting an under spend of £8,701k.

FURTHER INFORMATION

General Fund Revenue Budget

26. As at Month 4 a net underspend of £198k is reported on normal activities, consisting of £2,359k pressures on Directorate Operating Budgets being off-set by a significant underspend on Corporate Operating Budgets due to deferral of borrowing costs and a minor improvement on Development & Risk Contingency. Within Directorate Operating Budgets the most significant pressures are reported on Homelessness, Looked after Children and on SEN Transport contingency.
27. The current monitoring position assumes that £875k of uncommitted General Contingency, £1,000k unallocated Priority Growth and £502k unallocated HIP funds will be committed in full by 31 March 2013. This provides significant scope to manage any unforeseen issues or support new initiatives within normal operating budgets.
28. During 2010/11 the Council set aside £2,500k to manage the potential loss of capital invested in 2008 with Icelandic banks. At the end of August a Heritable dividend of £2,525k was received, which was unexpected and took the expected rate of recovery well over what had been impaired in the accounts. As a result a change was made to the final accounts to reduce the impairment and this then added £1,350k to the brought forward balances. An exceptional item is being reported in Month 4 to add the £1,350k to balances. Further details are set out in Appendix E.
29. Taking into account this exceptional prior year item relating to improved prospects for the Council's remaining Icelandic investments, unallocated General Fund balances are forecast to reach £31,798k by 31 March 2013.

Table 1: General Fund Overview

Original Budget	Budget Changes		Month 4		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
			£'000	£'000		£'000	£'000	£'000
165,738	(154)	Directorate Operating Budgets	165,584	167,943	1%	2,359	2,476	(117)
20,738	154	Corporate Operating Budgets	20,892	18,392	-12%	(2,500)	(2,500)	0
22,883	489	Development & Risk Contingency	23,372	23,315	0%	(57)	0	(57)
1,800	0	Priority Growth	1,800	1,800	0%	0	0	0
211,159	489	Sub-total Normal Activities	211,648	211,450	0%	(198)	(24)	(174)
		Exceptional items: Prior Year Reduction in Icelandic Impairment		(1,350)		(1,350)	0	(1,350)
211,159	489	Total Net Expenditure	211,648	210,100	-1%	(1,548)	(24)	(1,524)
(211,159)	(489)	Budget Requirement	(211,648)	(211,648)		0	0	0
0	0	Net Total	0	(1,548)		(1,548)	(24)	(1,524)
(30,250)	0	Balances b/fwd 01/04/13	(30,250)	(30,250)		0	0	0
(30,250)	0	Balances c/fwd 01/14/13	(30,250)	(31,798)		(1,548)	(24)	(1,524)

30. At this early stage in the year there are significant pressures emerging within Directorate Operating Budgets, which are expanded upon throughout this report. Close scrutiny of the position in these areas is underway, with corrective action being identified in order to bring about an improved position by outturn, enabling the underspend on capital financing to be treated as a windfall.

31. Alongside these emergent pressures, tracking the potentially wide ranging implications of impending welfare changes on demand for services is underway and the financial implications of these changes will be factored into the monitoring position as appropriate.

Directorate Operating Budgets (£2,359k pressure / £117k improvement)

32. Table 2 below provides an overview of forecast outturn on directorate operating budgets, excluding those items managed through contingency. Further detail on group positions is set out in Appendix A to this report.

Table 2: Directorate Operating Budgets

Original Budget	Budget Changes	Directorate	Month 4		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
197,598	784	Admin. & Finance	Expenditure	198,382	198,195	0%	(187)	(241)	54
(174,923)	(462)		Income	(175,385)	(175,442)	0%	(57)	12	(69)
22,675	322		Sub-Total	22,997	22,753	-1%	(244)	(229)	(15)
136,323	(3,218)	Residents Services	Expenditure	132,585	136,455	3%	3,324	3,218	106
(71,997)	2,795		Income	(68,682)	(71,414)	3%	(2,186)	(2,186)	0
64,326	(423)		Sub-Total	63,903	65,041	2%	1,138	1,032	106
30,977	1,111	Children's and Families	Expenditure	32,088	32,937	3%	849	1,577	(728)
(7,733)	(1,110)		Income	(8,843)	(8,852)	0%	(9)	(579)	570
23,244	1		Sub-Total	23,245	24,085	4%	840	998	(158)
72,393	(206)	Adult Social Care	Expenditure	72,187	73,744	2%	1,557	1,593	(36)
(16,900)	152		Income	(16,748)	(17,680)	6%	(932)	(918)	(14)
55,493	(54)		Sub-Total	55,439	56,064	1%	625	675	(50)
165,738	(154)	Total Directorate Operating Budgets		165,584	167,943	1%	2,359	2,476	(117)

33. An underspend of £244k is reported on Administration and Finance operating budgets at Month 4, primarily related to a number of posts being held vacant across the two directorates. There has been no material movement in this position from Month 2.

34. Within Residents Services an adverse movement of £106k from the Month 2 position is reported, with a net pressure of £1,138k being forecast at Month 4. This sum includes a gross pressure of £2,122k on Housing Needs, due to a forecast decline in the number of available PSL properties leading to increased demand for B&B accommodation, partially off-set by significant underspends within Education & Youth operating budgets.

35. There remains a pressure of £840k on Children's and Families Services operating budgets, representing an improvement of £158k on the position reported at Month 2. This pressure relates to increases in the numbers of clients being supported by the service, and delays in implementation of a number of initiatives to move children into more effective fostering placements.

36. A pressure of £625k is reported for Adult Social Care, representing an improvement of £50k from Month 2. This position includes a pressure of £350k relating to slippage in

the delivery of savings put on hold during the Judicial Review into the reconfiguration of day centres and a cost pressure on care placement costs.

Progress on Savings

37. An update on the 2013/14 savings programme is set out in table 3 below. In cases where slippage is reported in delivery of savings, the impact upon directorate budgets has been included in the forecast outturn position in table 2.

Table 3: Month 4 RAG Status for 2013/14 Savings

	Admin. & Finance	Residents Services	Children & Families	Social Care	Cross Cutting	Total 2013/14 Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	%
Banked	(1,029)	(4,642)	(293)	(2,499)	0	(8,463)	49%
On track for delivery	(22)	(1,161)	(865)	(2,165)	(372)	(4,585)	27%
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(299)	(786)	(350)	(2,628)	(4,063)	24%
Serious problems in the delivery of the saving	0	0	0	0	0	0	0%
Total 2013/14 Savings	(1,051)	(6,102)	(1,944)	(5,014)	(3,000)	(17,111)	100%

38. As at Month 4, 49% of savings have now been banked, representing an improvement of 14% on Month 2. In total 76% of savings are now classed as banked or on track. Over the last month significant progress has been made on assessing progress on the delivery of savings which has resulted in amber savings reducing from 47% to 24%. This movement includes identification of £372k of savings arising from BID work, including the impact of recently approved Children's Pathway structure. Further improvement is expected over the coming months as reviews are completed and savings established.

39. In relation to the reported position on the £1,979k savings brought forward from 2012/13, there has been a slight movement in Administration & Finance savings moving to green. 57% are now reported as either banked or on track, with work continuing to secure all savings on an on-going basis.

Table 4: Month 4 RAG Status for b/fwd 2012/13 Savings

	Admin. & Finance	Residents Services	Children & Families	Social Care	Total B/fwd Savings	
	£'000	£'000	£'000	£'000	£'000	%
Banked	(145)	(77)	0	0	(222)	11%
On track for delivery	(155)	(50)	0	(706)	(911)	46%
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(30)	(255)	(311)	(596)	30%
Serious problems in the delivery of the saving	0	(250)	0	0	(250)	13%
Total B/fwd Savings	(300)	(407)	(255)	(1,017)	(1,979)	100%

Corporate Operating Budgets (£2,500k underspend / no movement)

40. Table 5 below provides an overview of forecast outturn on corporately managed budgets as at Month 4. These budgets fund the costs of financing the Council's capital programme and the externally set levies, over which the Council has limited control.

Table 5: Corporate Operating Budgets

Original Budget	Budget Changes		Month 4			Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	% Var	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
			£'000	£'000		£'000	£'000	£'000
11,456	0	Interest & Investment Income	11,456	8,956	-22%	(2,500)	(2,500)	0
9,282	154	Levies & Other Corporate Budgets	9,436	9,436	0%	0	0	0
20,738	154	Total Corporate Operating Budgets	20,892	18,392	-12%	(2,500)	(2,500)	0

41. There remains a forecast underspend of £2,500k on capital financing costs due to the continuing deferral of borrowing in support of the Primary School Capital Programme, however as previously noted this amount will be required in full as the existing tranche of projects is completed over the next eighteen months. This position excludes the impact of the refreshed position with regard to Icelandic investments, which is being reported as a one-off exceptional item.

42. There are no material variances reported on Levies & Other Corporate Budgets.

Development & Risk Contingency (£57k underspend / £57k improvement)

43. The Council has set aside £23,372k to manage volatile and uncertain budgets within the Development & Risk Contingency, which includes £21,883k for specific risks and £1,489k as General Contingency. Table 6 below sets out the latest forecast call on these contingency budgets, with further detail provided at a directorate level in Appendix A to this report. At this stage it is expected that all increases to specific contingency provisions will be contained with the unallocated contingency provision, leaving £875k of this unallocated sum to mitigate any further pressures arising during 2013/14.

Table 6: Development and Risk Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)			
					Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,000	489	Corporate	General Contingency	1,489	875	(614)	(614)	0
500	0		BID Pump Priming Fund	500	500	0	0	0
660	0		Pensions Auto-enrolment	660	660	0	0	0
400	0	A&F	Uninsured Claims	400	400	0	0	0
402	0	Residents Services	Carbon Reduction Commitment	402	365	(37)	(37)	0
217	0		Outsourced Leisure Income Streams	217	364	147	169	(22)
200	0		HS2 Challenge	200	200	0	0	0
200	0		Heathrow Expansion Challenge	200	200	0	0	0
737	0		Impact of Welfare Reform on Homelessness	737	737	0	0	0
30	0		Hillingdon Local Plan	30	30	0	0	0
760	0		SEN Transport	760	1,351	591	578	13
2,010	0		Waste Disposal Levy	2,010	2,361	351	399	(48)
1,995	0	C&F	Reduction in UKBA Asylum Funding	1,995	1,500	(495)	(495)	0
781	0		Looked After Children (Demographic)	781	781	0	0	0
3,814	0	Adult Social Care	Transitional Children (Demographic)	3,814	3,814	0	0	0
1,500	0		BID Staffing Structure Review	1,500	1,500	0	0	0
3,997	0		Older People's Services (Demographic)	3,997	4,492	495	495	0
1,226	0		Physical Disability (Demographic)	1,226	1,059	(167)	(167)	0
896	0		Learning Disability Service (Demographic)	896	692	(204)	(204)	0
1,558	0		Mental Health Service (Demographic)	1,558	1,434	(124)	(124)	0
22,883	489	Total Development & Risk Contingency		23,372	23,315	(57)	0	(57)

44. There has been limited movement on specific contingency items from Month 2, with improvements on the West Waste Levy forecast on the basis of latest tonnage data and the in-sourced golf operations due to improved income forecast.

45. The pressure reported on SEN Transport remains a volatile area, particularly around the commencement of the new academic year in September. Forecasts will be refreshed accordingly in the coming months and any movement reported to Cabinet at the earliest opportunity.
46. There remains uncertainty around funding levels for Asylum with the current Gateway agreement due to expire on 31 March 2014. While the expected drop in funding of £500k has yet not occurred, negotiations are on-going with the Home Office on grant levels in the medium-term. Further detail on the Asylum position is detailed alongside the detailed Children's and Families position in Appendix A.

Priority Growth

47. The 2013/14 General Fund Revenue Budget approved by Council on 28 February 2013 set aside £1,000k within the unallocated Priority Growth budget, in addition to £800k in the HIP Initiatives budget. Table 6 summarises the position with regard to each of these elements.

Table 6: Priority Growth

	Budget	Approved Allocations	Unallocated Growth
	£'000	£'000	£'000
<u>HIP Initiatives Budget:</u>			
Original Budget	800		
Environmental & Heritage Projects		313	
Unallocated Balance			487
Sub-Total HIP Initiatives Budget	800	313	487
<u>Non-Specific Priority Growth</u>			
Original Budget	1,000		
Registrars' Suite Refurbishment		70	
Unallocated Balance			930
Sub-Total Non-Specific Priority Growth Budget	1,000	70	930
Total Priority Growth	1,800	383	1,417

48. HIP Steering Group has approved release of £313k from the HIP Initiatives Budget to fund a range of projects during 2013/14, leaving £487k unallocated. The reported position assumes that this sum will be utilised in full by 31 March 2013.
49. This report recommends release of £70k to refurbish the Registrars' suite at the Civic Centre, if approved there will remain £930k unallocated Priority Growth. The current forecast position assumes that Priority Growth will be committed in full.

Schools Budget, Parking Revenue Account and Collection Fund

50. Latest forecasts on other funds indicate a broadly break-even position, with the exception of the reported surplus on the Collection Fund, which will not impact upon the General Fund position in-year. Commentary on each of these funds can be found in Appendix B.
51. As at Month 4 the Schools Budget is reporting a broadly breakeven position, however the net pressure of £5k consists of a £852k pressure on SEN placements being off-set

through underspends elsewhere within Council-managed retained budgets. The pressure on SEN costs is due to the high number of out-of-borough placements where local provision is insufficient to meet demand. As the cost of providing transport to and from such placements is chargeable to the General Fund, the corresponding pressure of £1,351k is being managed through Development and Risk Contingency.

52. There remains an in-year pressure of £130k on the PRA, with a shortfall in Penalty Charge Notice income against budget being partially off-set through reduced expenditure.
53. Continued strong growth in the Council Tax base as new developments come on stream within the borough has led to an increased in-year surplus being forecast on Collection Fund at Month 4. Combined with the carried forward surplus from 2012/13, it is expected that £3,410k will be released to the General Fund in 2014/15.

Housing Revenue Account Budget

54. As at Month 4, an in-year underspend of £9,691k is forecast on Housing Revenue Account (HRA) operations, primarily due to delays in implementation of the £17,676k programme of major works to housing stock. In addition, further underspends are reported on Housing Management budgets.
55. A pressure of £270k is reported on rental income, an adverse movement of £73k from Month 2, as a result of increased Right to Buy sales and the current level of void properties. Further detail on the implications of recent changes to Right to Buy arrangements are contained in the Capital section (Appendix D) of this report.
56. Further commentary on the HRA is set out in Appendix C.

Capital Programme

57. The latest reported position on the Council's 2013/14-15/16 Capital Programme is detailed in Appendix D. A net underspend of £14,384k pressure is reported on the General Fund Programme assuming full drawdown on contingency and £787k pressure on HRA Projects.
58. Significant movement has been reported on the General Fund position from Month 2 as a result of forecasts relating to Phase 2 of the schools expansion programme being revised downwards by £9,799k to reflect savings being delivered on letting on contracts against earlier estimates. In addition expenditure forecasts have been reduced by £3,706k to reflect the second phase of the South Ruislip Development potentially being on hold.

Appendix A – Detailed Group Forecasts (General Fund)

ADMINISTRATION & FINANCE (£244k underspend, £15k improvement)

1. The combined position for the Administration and Finance Groups at month 4 is an underspend of £244k. Underspends as a result of vacant posts in both Groups and increases in expected income forecasts in Democratic Services, have been netted down by the costs of agency staff employed to ensure the smooth implementation of restructures currently underway.

Table 1: Administration & Finance Summary

Original Budget	Budget Changes			Month 4		% Var	Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000			£'000	£'000		£'000	£'000	£'000
8,749	233	Admin. Directorate	Salaries	8,990	8,839	-2%	(117)	(88)	(29)
5,052	(1)		Non-Sal Exp	5,051	5,105	1%	20	(62)	82
(2,744)	(187)		Income	(2,931)	(2,998)	2%	(67)	10	(77)
11,057	45		Sub-Total	11,110	10,946	-1%	(164)	(140)	(24)
11,558	243	Finance Directorate	Salaries	11,801	11,647	-1%	(154)	(86)	(68)
172,239	311		Non-Sal Exp	172,550	172,614	0%	64	(5)	69
(172,179)	(275)		Income	(172,454)	(172,444)	0%	10	2	8
11,618	279		Sub-Total	11,897	11,817	-1%	(80)	(89)	9
20,307	484		Salaries	20,791	20,486	-1%	(305)	(174)	(131)
177,291	300		Non-Sal Exp	177,591	177,709	0%	118	(67)	185
(174,923)	(462)		Income	(175,385)	(175,442)	0%	(57)	12	(69)
22,675	322		Total	22,997	22,753	-1%	(244)	(229)	(15)

2. As a result of part year vacant posts across the Administration Group, particularly in the Performance, Occupational Health and Legal Services teams, not providing cover for maternity leave and employees reducing hours following maternity leave, significant salaries underspends are being experienced across Administration in Month 4.
3. Through price negotiations, a reduction of £17k in the contract spend for the provision of Hillingdon People has been secured and a further £10k saving against the production of Team Hillingdon, without affecting the service provision. Further revisions of non salary forecasts have been undertaken and decreases in the costs of printing, subscriptions and ICT spend within service areas have been netted down this month by potential redundancy costs of upcoming staffing reviews, pressures on L&D budgets and implementation costs of the Iken case management system in Legal Services.
4. As a result of high demand and more efficient operation with regard to appointment scheduling, income within the Registration of Births, Deaths and Marriages is now projected to overachieve by £40k this year, an increase of £20k from month 2. There is a projected pressure on schools income for training services provided by Human Resources as a result of lower take up of both SLA and 'pay as you go' services. However further grant funding has been received for Newly Qualified Social Workers training, which has improved the income position this month.

Table 2: Administration Operating Budgets

Original Budget	Budget Changes	Service	Month 4		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 3)	Movement from Month 3	
			£'000	£'000		£'000	£'000	£'000	
442	20	Directorate	Salaries	462	468	1%	6	(12)	18
6	(0)		Non-Sal Exp	6	6	1%	0	0	0
(56)	(0)		Income	(56)	(56)	0%	0	0	0
392	19		Sub-Total	411	417	1%	6	(12)	18
676	4	Corporate Comms	Salaries	680	728	7%	49	55	(6)
187	(0)		Non-Sal Exp	187	159	-15%	(28)	(18)	(10)
(103)	1		Income	(103)	(103)	0%	0	0	0
760	4		Sub-Total	764	785	3%	21	37	(16)
1,425	7	Democratic Services	Salaries	1,432	1,471	3%	39	37	2
1,895	0		Non-Sal Exp	1,895	1,886	0%	(9)	(10)	1
(849)	0		Income	(849)	(889)	5%	(40)	(20)	(20)
2,471	8		Sub-Total	2,479	2,469	0%	(10)	7	(17)
2,347	12	Human Resources	Salaries	2,359	2,332	-1%	(27)	(18)	(9)
467	(5)		Non-Sal Exp	452	491	8%	39	(12)	51
(591)	15		Income	(576)	(587)	2%	(11)	30	(41)
2,223	22		Sub-Total	2,235	2,236	0%	1	0	1
1,924	8	Legal Services	Salaries	1,932	1,887	-2%	(45)	(47)	2
98	0		Non-Sal Exp	98	120	22%	22	1	21
(575)	(0)		Income	(575)	(591)	3%	(16)	0	(16)
1,447	8		Sub-Total	1,455	1,415	-3%	(39)	(46)	7
1,935	190	Policy & Perf.	Salaries	2,125	1,987	-8%	(137)	(103)	(34)
2,399	4		Non-Sal Exp	2,403	2,399	1%	(4)	(23)	19
(570)	(202)		Income	(772)	(772)	0%	(0)	0	(0)
3,764	(8)		Sub-Total	3,756	3,614	-4%	(142)	(126)	(16)
8,749	233		Salaries	8,990	8,873	-2%	(117)	(88)	(29)
5,052	(1)		Non-Sal Exp	5,041	5,061	1%	20	(62)	82
(2,744)	(187)		Income	(2,931)	(2,998)	2%	(67)	10	(77)
11,057	45		Total	11,100	10,936	-1%	(164)	(140)	(24)

5. Within the Finance Directorate, vacant posts as a result of an ongoing restructures within Procurement & Commissioning, Operational Finance and further resignations within Revenues & Benefits have added to the salaries underspend in month 4. Recruitment is nearing completion in Procurement & Commissioning with posts expected to be filled by September. To effect a smooth transition and to embed the Category Management approach, agency staff have been employed while the implementation of the new structure is ongoing. Appointments have been made to some of the posts within the new Operational Finance structure and agency appointments have been made to enable a level of service to be maintained while longer term recruitment is carried out. In addition, costs of redundancy of both restructures are now known and have been factored in to budgets.
6. In April 2013, Council Tax Benefit was abolished and replaced with a local Council Tax Reduction Scheme and administration funding for the scheme was reduced. Workload increased as a result of the changes and from having numerous vacant posts and so the

contract with Liberata to use their capacity grid to deal with queries received has been extended. This contract is being monitored closely to ensure best value and that service levels are maintained at a high standard.

7. The funding for discretionary housing payments (DHP) increased this year to £1,245k. Whilst claims for DHP have risen significantly, payments made this year have followed the strict criteria put in place and are less than that would be expected at this point in the year. However, it is likely that implementation of the Benefit Cap, which is currently underway, will affect around 450 households in Hillingdon and so the demand on DHP is likely to increase.

Table 3: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2	
			£'000	£'000		£'000	£'000	£'000	
547	3	Internal Audit	Salaries	550	546	-1%	(4)	2	(6)
50	0		Non-Sal Exp	50	47	-6%	(3)	3	(6)
0	0		Income	0	0	#DIV/0!	0	0	0
597	3		Sub-Total	600	593	-1%	(7)	5	(12)
3,549	(151)	Operational Finance	Salaries	3,398	3,405	0%	7	23	(16)
688	175		Non-Sal Exp	863	904	5%	41	(20)	61
(984)	21		Income	(963)	(953)	-1%	10	21	(11)
3,253	45		Sub-Total	3,298	3,356	2%	58	24	34
2,115	359	Procurement	Salaries	2,474	2,495	1%	21	(8)	29
188	0		Non-Sal Exp	188	186	-1%	(2)	0	(2)
(344)	(274)		Income	(618)	(618)	0%	0	1	(1)
1,959	85		Sub-Total	2,044	2,063	1%	19	(7)	26
4,350	(250)	Revenues & Benefits	Salaries	4,100	3,948	-4%	(152)	(76)	(76)
170,659	135		Non-Sal Exp	170,794	170,799	0%	5	(6)	11
(170,727)	0		Income	(170,727)	(170,727)	0%	0	1	(1)
4,282	(115)		Sub-Total	4,167	4,020	-4%	(147)	(81)	(66)
997	282	Strategic Finance	Salaries	1,279	1,253	-2%	(26)	(27)	1
654	1		Non-Sal Exp	655	678	4%	23	18	5
(124)	(22)		Income	(146)	(146)	0%	0	(21)	21
1,527	261		Sub-Total	1,788	1,785	0%	(3)	(30)	27
11,558	243		Salaries	11,801	11,647	-1%	(154)	(86)	(68)
172,239	311		Non-Sal Exp	172,550	172,614	0%	64	(5)	69
(172,179)	(275)		Income	(172,454)	(172,444)	0%	10	2	8
11,618	279		Total	11,897	11,817	-1%	(80)	(89)	9

RESIDENTS SERVICES (£1,138k pressure; £106k adverse)

8. Residents Services has a projected outturn position of a £1,138k overspend, excluding pressure areas that have identified contingency provisions. This reflects the exceptional demand-led pressures being experienced at present on housing needs, in addition to demographic pressures on special education needs transports budgets impacting on the corporate contingency and special needs placements impacting on the schools budget.
9. Following a re-alignment of management responsibilities within the service, budgets and comparative variances from Month 2 have been re-aligned to aid comparison.

Table 1: Residents Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		% Var	Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Change from Month 2 £'000	
1,381	635	Asset Management	Salaries	2,016	2,016	0%	0	0	0
838	7,201		Non-Sal Exp	8,039	8,319	3%	280	280	0
(2,142)	(1,489)		Income	(3,631)	(3,631)	0%	0	0	0
77	6,347		Sub-Total	6,424	6,704	4%	280	280	0
9,849	(232)	Education (GF)	Salaries	9,617	9,137	-5%	(480)	(520)	40
12,133	(109)		Non-Sal Exp	12,024	11,564	-4%	(460)	(410)	(50)
(10,421)	293		Income	(10,128)	(10,158)	0%	(30)	(30)	0
11,561	(48)		Sub-Total	11,513	10,543	-8%	(970)	(960)	(10)
1,544	(77)	Environmental Policy & Community Engagement	Salaries	1,467	1,446	-1%	(21)	(21)	0
1,011	(19)		Non-Sal Exp	992	992	0%	0	0	0
(6,246)	(61)		Income	(6,307)	(6,319)	0%	(12)	(12)	0
(3,691)	(157)		Sub-Total	(3,848)	(3,881)	1%	(33)	(33)	0
3,852	(244)	Housing (GF)	Salaries	3,608	3,625	0%	17	67	(50)
11,098	(4,441)		Non-Sal Exp	6,657	10,445	57%	3,788	3,872	(84)
(11,123)	4,566		Income	(6,557)	(8,240)	26%	(1,683)	(2,054)	371
3,827	(119)		Sub-Total	3,708	5,830	57%	2,122	1,885	237
13,294	1,966	ICT Highways & Business Services	Salaries	15,260	15,140	-1%	(120)	(120)	0
25,058	(10,470)		Non-Sal Exp	14,588	14,548	0%	(40)	(40)	0
(12,031)	1,749		Income	(10,282)	(10,482)	2%	(200)	(200)	0
26,321	(6,755)		Sub-Total	19,566	19,206	-2%	(360)	(360)	0
4,026	1,774	Planning Green Spaces & Culture	Salaries	5,800	5,791	0%	(9)	(7)	(2)
4,541	(720)		Non-Sal Exp	3,821	3,821	0%	0	0	0
(4,733)	(1,121)		Income	(5,854)	(5,867)	0%	(13)	5	(18)
3,834	(67)		Sub-Total	3,767	3,745	-1%	(22)	(2)	(20)
18,101	(2,728)	Public Safety	Salaries	15,373	15,259	-1%	(114)	(114)	0
29,597	3,726		Non-Sal Exp	33,323	33,492	1%	169	231	(62)
(25,301)	(656)		Income	-25,923	-25,857	0%	66	105	(39)
22,397	342		Sub-Total	22,773	22,894	1%	121	222	(101)
52,047	1,094	Residents Services	Salaries	53,141	52,414	-1%	(727)	(715)	(12)
84,276	(4,832)		Non-Sal Exp	79,444	83,181	5%	3,737	3,933	(196)
(71,997)	3,281		Income	-68,682	-70,554	3%	(1,872)	(2,186)	314
64,326	(457)		Total	63,903	65,041	2%	1,138	1,032	106

10. The Council's 2013/14 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 2 below.

Table 2: Residents Services Contingency Items

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2,010	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,010	2,361	351	399	(48)
760	0	SEN Transport	760	1,351	591	578	13
737	0	Impact of Welfare Reform on Homelessness	737	737	0	0	0
402	0	Carbon Reduction Commitment	402	365	(37)	(37)	0
217	0	Outsourced Leisure Income Streams	217	364	147	169	(22)
200	0	HS2 Challenge Contingency	200	200	0	0	0
200	0	Heathrow Expansion Challenge Contingency	200	200	0	0	0
30	0	Hillingdon Local Plan	30	30	0	0	0
4,556	0		4,556	5,608	1,052	1,109	(57)

11. The contingency allocation reflects the budgeted projection set by the West London Waste Authority (WLWA) for the impact of the 'Pay as You Throw' (PAYT) scheme. After four months the increase in tonnages is lower than assumed when the levy was set, producing a forecast underspend against the full contingency of £104k, an improvement of £48k compared to Month 2. In addition, Hillingdon's share of the portion of the increase in the Fixed Cost Levy from WLWA due to a correcting base budget adjustment by WLWA of £2.6 million is £455k, which is treated as a call on the general contingency of £489k brought forward from 2012/13.

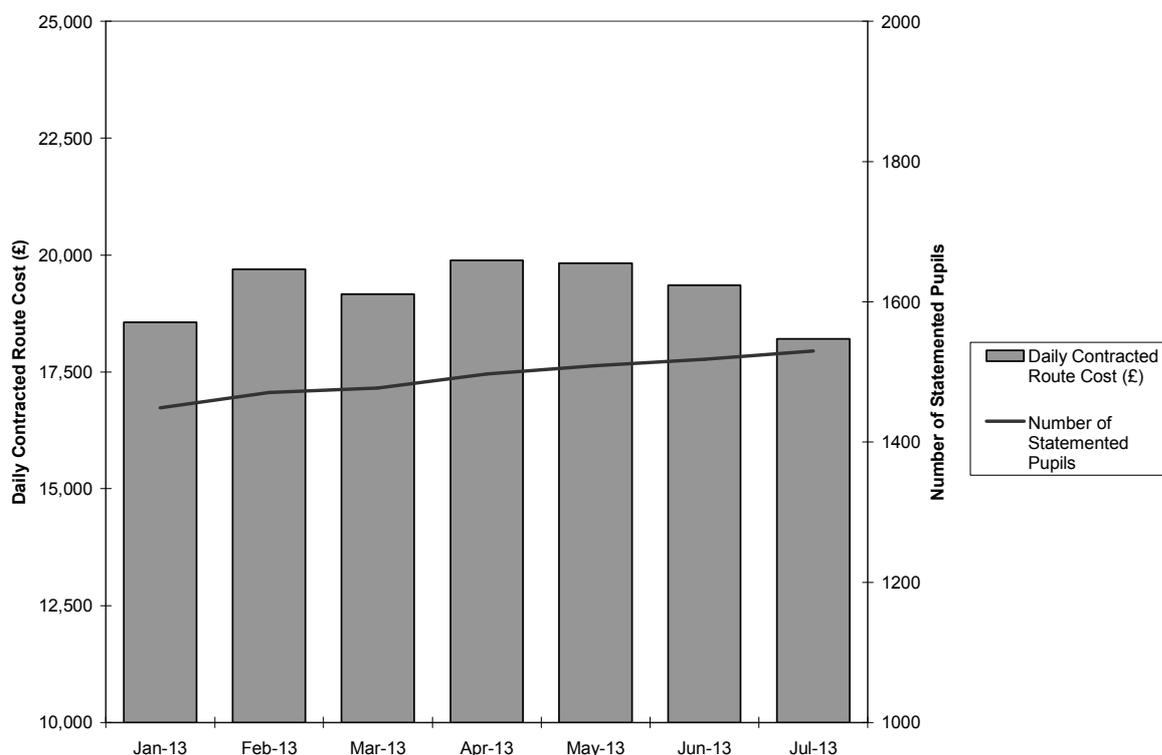
12. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The forecast pressure on this budget is now £1,351k, which exceeds the budgeted contingency allocation of £760k by £591k, an adverse movement of £13k compared to Month 2. The overall pressure mainly reflects the increased costs of delivering home to school transport for out-of-borough placements and children with more complex needs. There has been a net increase in contracted routes operated of 21 routes (10% increase) compared to April 2012. However, the cost of delivering the current route requirements has increased by over 20% since the beginning of the last academic year. This reflects the increased need to provide transport on 19 new routes to out-of-borough placements requiring greater distances travelled, as well as an increased number of children requiring individual transport due to more complex needs, that could not appropriately be provided on existing routes.

13. The pressure beyond the budgeted contingency allocation of £591k reflects that mitigating actions through policy changes and controls that in the budget were assumed to reduce overall costs by £250k are serving mainly to slow the overall rate of growth in the demographic pressure. There are also additional costs reflecting the transport needs of statemented children that commenced between budget setting and the start of

the financial year with a full year effect of £367k, an adverse movement of £13k compared to Month 2. Although the forecast cost of contracted routes has reduced by £27k compared to Month 2, further recruitment of escorts has resulted in an additional pressure of £40k. This is offset by a one-off underspend on inter-authority recoupment of £26k due to lower than average recoupment activity, no change compared to Month 2.

14. The forecast also assumes that there will be a further increase in costs from the autumn term due to new placements of statemented pupils in line with the historic growth rate in statemented pupil numbers. It is also assumed that the re-procurement of contracted routes under the framework agreement approved by Cabinet in June 2013 will be neutral in terms of unit costs. There are risks that these assumptions may not hold, and that there could be either a greater increase in routes than forecast, or increased unit costs, or both, leading to additional pressures not reflected in the current forecast.

15. Chart 1 below illustrates the recent trends in SEN transport contracted route costs compared to the overall numbers of statemented pupils that Hillingdon supports. The average daily route costs in June and July 2013 are distorted (artificially low) due to various special schools having their INSET days for the year in a continuous week either at the start of June, or at the end of the summer term in July. Consequently no pupil transport was provided to these schools during these weeks. The increase in the number of statemented pupils is also impacting on the Schools Budget in Appendix B where an overspend of £626k is forecast on independent special needs school placements.



16. The contingency to cover the impact of changes in Housing Benefit on temporary accommodation is forecast to be required in full. This contingency relates to the impact of the migration of temporary accommodation leases to rates linked to the Local

Housing Allowance, and is not directly linked to the increase in demands on the Housing Needs service that is also leading to pressures in the current year.

17. The Carbon Reduction Commitment contingency is for the estimated costs for the requirement to purchase allowances for each tonne of carbon produced by the Council. The requirement to purchase allowances under the Carbon Reduction Commitment energy efficiency scheme for 2012/13 was reported to Cabinet in June 2013. An underspend against the contingency of £37k is expected due to the exemption for un-metered supplies continuing in 2013/14, no change compared to Month 2. The contingency requirement also includes the £250k budget for allowances for schools that has been provided for in the schools budget.
18. There was an outturn deficit on the in-house management of golf courses in 2012/13 of £459k. The service is now in its second full season and there is an improvement in this position. Membership levels are down and membership income is reduced by £40k compared to last year. However, pay and play and associated income is showing a forecast improvement of £210k compared to last year, an improvement of £67k compared to Month 2. Staffing costs are £50k higher than last year due to the impact of recruitment activity, however this is offset by the falling out of one-off costs for course improvements and consultancy last year of £75k, an adverse movement of £45k compared to Month 2, due to ongoing course maintenance requirements arising from higher usage and increased water consumption during the dry summer. Hence the overall pressure is forecast at £264k, an improvement of £195k compared to last year's outturn.
19. A pressure of £100k is forecast due to the loss of rental income from the Minet gym. The current operator has exercised their break clause with effect from August, and a procurement exercise has been undertaken to identify an alternative operator, however it is unlikely that the current income stream will be replaced.
20. The HS2 and Heathrow expansion challenge contingencies provide resources to enable the Council to respond flexibly and effectively to the continuing threat that these infrastructure projects pose to residents, and it is expected that they will be fully utilised.
21. The examination in public of Part 2 of the Hillingdon Local Plan is on track to take place in spring 2014, and it is expected that this contingency will be fully utilised.

Asset Management (£280k pressure; no change)

22. There is a forecast pressure of £280k on maintenance budgets for day to day repairs for both the Civic Centre and outstations around the borough, reflecting a continuation of last year's outturn position, no change compared to Month 2. In addition, there are risks around the achievement of the income targets for the Civic Centre due to changes in third party occupation of the Civic Centre estate.
23. The service is also managing financial risks around the achievement of capital receipts and the delivery of the capital programme, particularly the Primary School Capital Programme. At this stage it is forecast that these risks can be contained within existing budgets.

Education (£970k underspend; £10k favourable)

24. The education service has savings items totalling £1,369k included in the 2013/14 budget. This includes savings from the children's pathway project, and the further management restructure of the service which is at 'amber' in the savings tracker, as it has yet to reach the implementation stage.
25. The service continues to experience high staff turnover and vacancies resulting in forecast staffing underspends in the youth service (£140k), the school improvement service (£205k), education welfare (£40k), educational psychology (£60k) and the early years' team (£35k). Many of these posts have been held vacant pending the full implementation of the children's pathway. There is an overall adverse movement of £40k on staffing budgets compared to Month 2 reflecting further work to map in detail the implementation of the children's pathway.
26. An underspend of £230k on Children's Centres is forecast due to the combined impact a more corporate approach to commissioning services from the centres, and continued underspends on running costs identified in the previous financial year, an adverse movement of £30k compared to Month 2 due to commissioning additional capacity through cluster arrangements.
27. There is also a forecast underspend of £150k on training for early years providers, continuing the position identified last year, no change compared to Month 2, an underspend of £50k on bought-in support for the School Improvement Service, and an underspend of £30k from a further review of discretionary budgets across the service, both of which represent an improvement compared to Month 2. In addition, there is an over-achievement of £30k on income due to additional buy back from schools, no change compared to Month 2.

Environmental Policy & Community Engagement (£33k underspend; no change)

28. The forecast underspend results from the impact of a vacant post within the planning policy team (£21k), and the final allocation of the New Homes Bonus adjustment grant for 2013/14 being £12k greater than assumed at the time of budget setting.

Housing (£2,122k pressure; £237k adverse)

29. The Housing Needs budget is under considerable pressure as a result of the supply of Private Sector Leasing (PSL) and other private rented sector accommodation being taken by either private tenants or other local authorities. Consequently, the Council has had to place people in more expensive bed and breakfast (B&B) accommodation. As a result the Housing Needs budget is projecting an overspend of £1,872k, an adverse movement of £237k compared to Month 2.
30. Bed and Breakfast accounts for the vast majority of this overspend, showing a forecast overspend of £1,435k, an adverse movement of £255k compared to Month 2. This includes a projected £237k adverse movement for bad debts. In addition, increased incentive payments to procure prevention properties accounts for £420k of the overall pressure, no change compared to Month 2. The B&B pressure is due to their being 192 households in B&B at the end of July, compared with 102 at the end of March 2013 and 61 at the end of December 2012 and because the average net cost for the Council for the B&B accommodation has also increased. The full year average cost was £4,300 in

2012/13 whilst current forecasts are £6,124 for 2013/14, an adverse movement of £324 per household per year compared to Month 2.

31. The Month 4 projection assumes the B&B numbers will increase to 265 by the end of the year, compared to 240 assumed in the Month 2 projection. This is based on 200 additional properties being available from initiatives to contain the pressure such as making use of other Council accommodation and making use of partnership funding for procuring properties. If these and other similar initiatives fail to deliver properties on a broadly cost neutral basis then there is a risk that the pressure will rise to over £3 million.
32. The potential remains for a recharge to the HRA to offset the pressure on homelessness caused by the increased HRA voids arising from a recent legal case. Proposals are being developed from a range of options to establish a prudent level of recharge.
33. There is also a potential pressure from welfare reforms and specifically from the Benefit Cap, which began implemented in Hillingdon on 12 August 2013. Whilst any impact is yet unknown, there is the potential for an increase in rent arrears and a consequent increase in bad debts, alongside a potential increase in homelessness. However, officers across the Council are working together to find solutions to these issues to avoid cost pressures where possible.
34. Mitigation measures to reduce the impact include the use of Discretionary Housing Payments (DHP), helping people into work, and as a last resort, out-of-borough procurement. In addition any additional new build properties will help to free up larger Council housing properties to alleviate the impact of the Cap for a small number of families who might not be able to cover rents from Housing Benefit income if they have to pay the higher levels of private sector rents.
35. There is also a pressure of £250k due to the shortfall in savings from targeted recharges to the HRA arising from returning staff in outlying offices to the Civic Centre, which is shown as 'red – shortfall' in the savings tracker, no change compared to Month 2. Further work is continuing to identify mitigating opportunities within the overall impact of recharges to the HRA across the Council.

ICT Highways & Business Services (£360k underspend; no change)

36. There is a forecast staffing underspend of £120k in Technical Administration and Business Support, due to the impact of vacant posts held open during the restructuring process for this service, no change compared to Month 2. This service area is also delivering a savings target of £169k included in the 2013/14 budget.
37. An underspend of £40k is forecast on Ordnance Survey mapping charges which are being covered again this financial year directly by the Government, no change compared to Month 2.
38. Income from the London Common Permit Scheme is forecast to exceed the target set by £200k, no change compared to Month 2. The outturn variance for 2012/13 was £369k, however a cautious approach has been taken as there is no guarantee that this income stream will be sustained at the current level throughout the year.

Planning Green Spaces & Culture (£22k underspend; £20k favourable)

39. The forecast pressure on building control is £90k, no change compared to Month 2, driven by the budgeted over-recovery of fee income compared to the costs of processing building control applications under the cost recovery model, which is ringfenced to the service.
40. The management agreement with the operator of the Hillingdon Sports & Leisure Centre has now been completed, releasing an ongoing annual contribution for contract monitoring of £30k which is additional income to the service, and can be released in the current year, an improvement of £10k compared to Month 2.
41. There is additional income of £55k due to the impact of the rent escalator for Stockley Park golf course, £10k from other leisure rents, and a minor staffing underspend of £9k due to a vacant post in the Events team, an improvement of £2k compared to Month 2.
42. Development control income is beginning to run ahead of the profiled income target, and a net underspend of £8k is now forecast.

Public Safety (£121k pressure; £101k favourable)

43. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 2, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
44. The imported food service is forecasting a pressure of £132k, an improvement of £48k compared to Month 2. Income targets for this service are on track to be exceeded by £31k, an improvement of £31k compared to Month 2, mainly due to continued strong imports of seasonal fruit and vegetables into the normally quieter summer season. However the cost of testing these products has increased significantly due to changes in the sampling requirements specified by the European Union for these products, and is forecast to overspend by £163k, an improvement of £17k compared to Month 2, which is partly being contained through additional grant funding awarded to the service. This position assumes there are no further changes to the list of 'high risk' products and their sampling frequencies, which are re-issued quarterly, over the remainder of the financial year.
45. The fleet management service has been in a transitional position as the vehicle replacement programme takes effect, and the benefits of this programme are now feeding through. A net underspend of £85k is now reported, as the service is actively managing down maintenance costs as older vehicles are replaced, producing an underspend of £206k, an improvement of £21k compared to Month 2. However in this interim period there remain pressures on contract hire and leases of £121k due to short-term arrangements being put in place while replacement vehicles are procured, an improvement of £24k compared to Month 2. The service is also closely monitoring insurance claims, where there is a greater risk around accidental damage under self-insurance arrangements.
46. Waste Services is currently forecast at a £76k underspend. This is due to a forecast underspend on graffiti removal of £23k and additional recycling income of £53k, an improvement of £8k compared to Month 2.

47. The responsibility for Public Health was transferred into Residents Services in May 2013, and since then an exercise has been undertaken linked to a BID project to review all of the budget assumptions underpinning the allocation of the ringfenced Public Health grant. Within this there are two vacant posts in the Specialist Health Promotion team, producing the staffing underspend of £114k, no change compared to Month 2, and increasing the grant available for allocation by the same amount.

CHILDREN'S AND FAMILIES SERVICES (£840k pressure, £158k favourable movement)

48. Children's and Family Services is projecting an overspend of £841k as at Month 4, an improvement of £157k on the Month 2 projections, due primarily to a review and subsequent revision of the cost of placements for looked after children. The projected variances at Month 4 are summarised in the following table, with more detail provided in the paragraphs below:

Table 1: Children's and Families Services Operating Budget

Original Budget	Budget Changes	Service	Month 4		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
13,067	1	Children & Families	Salaries	13,068	12,762	-2%	(306)	(243)	(63)
12,822	0		Non-Sal Exp	12,822	13,979	10%	1,157	1,441	(284)
-2,645	0		Income	-2,645	-2,656	0%	(9)	(200)	191
23,244	1		Sub-Total	23,245	24,085	4%	840	998	(158)
2,768	-603	Asylum	Salaries	2,165	2,165	0%	0	326	(326)
2,442	1,589		Non-Sal Exp	4,031	4,031	0%	0	53	(53)
-5,210	-986		Income	-6,196	-6,196	0%	0	(379)	379
0	0		Sub-Total	0	0	0%	0	0	0
15,835	-602	Children's Social Care	Salaries	15,233	14,927	-2%	(306)	83	(389)
15,264	1,589		Non-Sal Exp	16,853	18,010	7%	1,157	1,494	(337)
-7,855	-986		Income	-8,841	-8,852	0%	(9)	(579)	568
23,244	1		Total	23,245	24,085	4%	840	998	(158)

49. The Children services forecast assumes the full use of the £781k contingency available to the service but for Asylum services the position is more favourable and a reduced use of contingency is now forecast, see table 2 below.

Table 2: Children Social Care Development and Risk Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
781	0	Social Care Pressures	781	781	0	0	0
1,995	0	Asylum Funding shortfall	1,995	1,500	(495)	0	(495)
2,776	0		2,776	2,281	(495)	0	(495)

Children and Families Service: £841k overspend (£157k improvement)

50. This service is projecting an overspend of £841k, an improvement of £157k on the month 2 projections. The main reason for the overspend is due to the volatility of the clients that this service supports and a delay in the implementation of a number of initiatives which are geared up to try to move children into more effective fostering placements. This covers residential placements (including secure accommodation and semi independent living), in-house fostering and Independent Fostering Agency expenditure.
51. The current projections for children requiring secure accommodation are predicting an overspend of £206k. This is a particularly volatile service and to date, 10 children have been placed in secure accommodation ranging from a 4 day placement to a 148 day placement at a current cost of £153k.
52. The 2013/14 MTFP savings proposals assumed that the number of clients provided with a residential placement would significantly reduce from 18 placements to 8 placements, linked primarily to a Government grant funded initiative, Multi Dimension Treatment of Foster Carers (MTFC), which focuses on hard to place children that are currently in a high cost. To date, no conversions have been made, although indications are that 2 children will move into foster care placements in October 2013. This reflects the complexities of the children that are included within this programme and the difficulties in finding and securing the right foster care placement.
53. The Fostering service is projecting an overspend of £435k, an improvement of £125k on the month 2 projections, due to favourable movements in the forecasting. The main reason for the overspend is due to a difference in the actual number of placements when compared to the MTFP projections. It was assumed that 189 children would be placed in foster care placements, whereas the actual number is projected to be 194 children (net of anticipated growth), resulting in a total additional cost of £205k.
54. Further, it was assumed that children would convert from Private Foster Carers to give providing a ratio of 32% Private to 68% In-House Foster Care Placements. However, the 2013/14 current projections are currently indicating a ratio of 40% to 60%. This equates to a notional cost of £384k. However, underlying this, the current strategy to convert Private Foster Care placements to In-House Foster Care placements is being successfully implemented, with a net conversion over the last two years of 13 children.
55. In month 2 it was reported that the service was experiencing a sharp increase in the need to fund homeless families (e.g. with children) who have been evicted (under s17 of the Children Act), where there was a potential annual cost of £120k. At the time it was not clear whether this was one-off in nature or the beginning of a 'cost shunt' resulting from impending Welfare Benefit changes. It is currently assumed that there will be opportunities to offset these costs.

Asylum Service

9. The Asylum Service is projecting a breakeven position in month 4, no change from the month 2 projections. This service is funded by a grant from the Home Office, who currently provide funding of £4,102k to cover the direct costs based on a unit rate for different age children, plus an additional grant, totalling £1,987k for administration and associated overheads, funded under a Gateway agreement to reflect the additional burden that port authority's face.
10. However, the true running costs of the service are projecting an overspend of £1,500k, which reflects the costs incurred which are not covered by the Home Office grant. These relate to support that is provided to children over 18 years of age as well as the first 25 eligible children, which are excluded from the grant calculations. The forecast overspend of £1,500k is being reported against the sum of £1,995k that has been set aside in the Corporate Risk Contingency.
11. Over the last few years the number of asylum seeking children has reduced and as a result the Home Office are proposing to reduce the amount of funding that they provide through the Gateway grant. They have provisionally indicated that this will reduce by at least 25%, resulting in a potential reduction of £496,750 in grant income, an assumption which has been factored into the contingency requirement for 2013/14. However, the Home Office have entered into negotiations with the 4 Gateway authorities to reach an agreement for the grant funding to be used to fund alternative costs that are currently ineligible. Once these are considered this could result in a net reduction in grant of £190,750. The current Gateway agreement ends on 31 March 2014. The Home Office are starting the process of negotiating the next agreement which will begin in April 2014. Further updates will be provided as these negotiations progress.

ADULT SOCIAL CARE (£624k pressure, £51k improvement)

56. The Month 4 revenue budget forecast for 2013/14 shows an adverse forecast of £624k against budget which represents a £51k favourable movement from the Month 2 position. As previously reported, this position includes a pressure of £350k due to slippage in the day centre reconfiguration and approximately £300k of pressures linked to care placement budgets.

Table 1: Adult Social Care Operating Budgets

Original Budget	Budget Changes	Service	Month 4		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
6,431	(40)	Older People	Salaries	6,391	6,080	-5%	(311)	(130)	(181)
23,572	56		Non-Sal Exp	23,628	24,974	6%	1,346	929	417
(8,977)	0		Income	(8,977)	(9,952)	11%	(975)	(644)	(331)
21,026	16		Sub-Total	21,042	21,102	0%	60	155	(95)
1,612	0	Physical & Sensory Disability	Salaries	1,612	1,498	-7%	(114)	(132)	18
6,726	(1)		Non-Sal Exp	6,725	6,819	1%	94	41	53
(592)	0		Income	(592)	(635)	7%	(43)	(55)	12
7,746	(1)		Sub-Total	7,745	7,682	-1%	(63)	(146)	83
5,882	0	Learning Disability	Salaries	5,882	5,686	-3%	(196)	(522)	326
21,157	1		Non-Sal Exp	21,158	22,417	6%	1,259	1,341	(82)
(6,281)	1		Income	(6,280)	(6,695)	7%	(415)	(237)	(178)
20,758	2		Sub-Total	20,760	21,408	3%	648	582	66
1,526	0	Mental Health	Salaries	1,526	1,470	-4%	(56)	(77)	21
4,889	0		Non-Sal Exp	4,889	4,990	2%	101	114	(13)
(400)	0		Income	(400)	(389)	-3%	11	18	(7)
6,015	0		Sub-Total	6,015	6,071	1%	56	55	1
2,322	(71)	Adult Social Care Directorate	Salaries	2,251	2,245	0%	(6)	29	(35)
(1,724)	(151)		Non-Sal Exp	(1,875)	(1,936)	3%	(61)	0	(61)
(650)	151		Income	(499)	(508)	2%	(9)	0	(9)
(52)	(71)		Sub-Total	(123)	(199)	62%	(76)	29	(105)
17,773	(111)	Adult Social Care	Salaries	17,662	16,979	-4%	(683)	(832)	149
54,620	(95)		Non-Sal Exp	54,525	57,264	5%	2,739	2,425	314
(16,900)	152		Income	(16,748)	(18,179)	9%	(1,431)	(918)	(513)
55,493	(54)		Total	55,439	56,064	1%	625	675	(50)

57. The contingency for Adult Social Care clients has been disaggregated this year to provide a more transparent view of the demographic pressures on different client

groups. The Month 4 forecast for each client group shows a number of variances from the budgeted contingency, however the net effect is that the forecast assumes the full use of contingency available to the department as shown in table 2 below.

Table 2: Adult Social Care Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
3,814	0	Transitional Children (Demographic)	3,814	3,814	0	0	0
1,500	0	BID Staffing Structure Review	1,500	1,500	0	0	0
3,997	0	Older People's Services (Demographic)	3,997	4,492	495	495	0
1,226	0	Physical Disability (Demographic)	1,226	1,059	(167)	(167)	0
896	0	Learning Disability Service (Demographic)	896	692	(204)	(204)	0
1,558	0	Mental Health Service (Demographic)	1,558	1,434	(124)	(124)	0
12,991	0		12,991	12,991	0	0	0

58. Whilst the overall forecast outturn is an improvement of £51k on Month 2, an analysis of the first quarter's activity is though indicating a rising pressure to support older people to live in the community. This is being analysed for cause and proactive management action is now in place to contain and reverse this trend. Discussions are also in hand to engage with our health partners to ensure the care pathway is supporting our shared objectives, especially with regard to hospital discharges.

59. For Learning Disability Services, the reason for the adverse movement of £65k in forecast from Month 2 is due to increasing difficulties in securing suitable accommodation to support disabled clients to live in the community rather than in a residential placement.

60. The adverse movement for the Physical and Sensory Disability Service of £83k relates mainly to a revised forecast on the number of placements in 2013/14 being higher than forecast at Month 2. However, the current forecast number of clients with Physical and Sensory Disabilities still remains less than budgeted for the year.

61. For all these services the pressure on services to clients is currently being partially offset by increased client contributions, under spends on staffing costs and the disaggregation of the Social Care Directorate budgets following restructuring.

62. A continuing pressure is caused by the delay resulting from the Judicial Review challenge to the council's decision to close Day Centres at Parkview and Woodside enabling the delivery of £350k savings from both the closure and associated client transport costs. This pressure amounts to £90k for Older People Services and £260k in Learning Disabilities.

Appendix B – Other Funds

Schools Budget

1. The Schools Budget is ringfenced and funded from the Dedicated Schools Grant (DSG), and covers a range of services directly linked to schools. The majority of the DSG is delegated to maintained schools (£118.4 million), with the remainder (£31.7 million) being retained by the Council. The rules applying to the DSG allow for any surplus and deficit balances to be carried forward into the next financial year, for both schools delegated budgets and the centrally retained DSG element (decisions on how this is used lie with the Schools Forum). It should be noted that the Schools Budget is completely separate to the General Fund and no interaction between these two funds is allowable.
2. The forecast movement on the DSG central reserve carried forward for 2013/14 is summarised in the following table:

Original Budget £'000	Budget Changes £'000		Month 4		% Var	Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
(171,267)	21,209	DSG Income	(150,058)	(150,058)	0%	0	0	0
171,283	(52,904)	Delegated to Schools	118,379	118,379	0%	0	0	0
(16)	4,842	Early Years	4,826	4,552	-6%	(274)	0	(274)
	4,906	Schools (Retained)	4,906	4,333	-12%	(573)	(684)	111
	21,947	SEN	21,947	22,799	4%	852	978	(126)
0	0	Total Schools Budget	0	5		5	294	(289)
(709)	0	Balances b/fwd 01/04/13	(709)	(709)		0	0	0
(709)	0	Balances c/fwd 31/03/14	(709)	(704)		5	294	(289)

3. The overspend of £5k is due primarily to an overspend of £626k on independent special needs school placements for pre- and post-16 pupils, which assumes that more pupils are placed in these establishments as local provision is at full capacity, an improvement of £245k compared to Month 2. Statemented pupil numbers are expected to reach a total of 1,593 placements by the end of the financial year, continuing the trend set out in Chart 1 above. This is netted down by an underspend on joint funded placements of £824k, an adverse movement of £38k compared to Month 2, where action taken by the Council to place children nearer to home has resulted in a significant decrease in the numbers placed in residential placements, where to date there are only 8 pupils being funded.
4. The expanding schools contingency is also forecast to overspend by £311k, an adverse movement of £63k compared to Month 2, reflecting the full impact of places delivered through the Primary Schools Capital Programme for September 2013.

5. There is a forecast underspend of £252k on placement provision under the 2 year old free entitlement, where it is anticipated that not all of the funding will be required in this financial year. At this stage it is too early in the year to forecast with certainty the year end budget impact for the 2 year old capacity building fund, and the impact of the transfer of responsibility for post-16 pupils. It is expected that these items will be contained within existing budgets.
6. The net overspend on remaining retained budgets of £143k primarily relates to top-up funding provided to mainstream schools for statemented pupils.
7. In year over or underspends are allowed to be carried forward within the DSG central reserve. At the end of the 2012/13 financial year, the DSG central reserve had a surplus balance of £709k. This is forecast to be reduced by the in-year overspend of £5k, to a projected reserve level of £704k as at 31 March 2014, an improvement of £289k compared to Month 2.

Parking Revenue Account

8. The Parking Revenue Account is established to govern the use of income from Penalty Charges Notices (PCNs), together with other on-street parking income streams, in accordance with Section 55 of the Road Traffic Regulation Act 1984.

Original Budget	Budget Changes		Month 4		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000		£'000	£'000		£'000	£'000	£'000
(4,387)	0	Income	(4,387)	(4,034)	-8%	353	355	(2)
4,295	0	Expenditure	4,295	4,072	-5%	(223)	(223)	0
(92)	0	In year Surplus / Deficit	(92)	38	-141%	130	132	(2)
(67)	0	Unallocated Balances b/fwd 01/04/13	(67)	(67)		0	0	0
(159)	0	Unallocated Balances c/fwd 31/03/14	(159)	(29)		130	132	(2)

9. An in-year deficit of £38k is forecast for the 2013/14 financial year. There is a total forecast shortfall of income of £353k, reflecting the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income target, an improvement of £2k compared to Month 2. This level of shortfall assumes that the new parking enforcement contractor in place from August 2013 will be able to immediately maintain PCN income at current levels. The income pressure is offset by compensating savings totalling £315k, from the enforcement contract (£180k), and various non-pay budgets (£43k), as well as the budgeted surplus of £92k, no change compared to Month 2.

Collection Fund

10. The collection of local taxes is managed through the Council's Collection Fund, in order to avoid short-term volatility in income impacting on provision of services. As such any surplus or deficit will be factored into budget setting for 2014/15, with current forecasts indicating that £3,410k can be released to the General Fund.

Original Budget £'000	Budget Changes £'000		Month 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
(112,926)	0	Gross Council Tax Income	(112,926)	(113,726)	(1,000)	(485)	(515)
15,605	0	Council Tax Reduction Scheme	15,605	15,605	0	0	0
(480)	0	Balance b/fwd	(480)	(2,890)	(2,410)	(2,410)	0
(97,801)	0	Net Council Tax Income	(97,801)	(101,011)	(3,410)	(2,895)	(515)
(99,398)	0	Gross NNDR Income	(99,398)	(99,398)	0	0	0
58,027	0	Less: Tariff	58,027	58,027	0	0	0
(60)	0	Less: Levy	(60)	(60)	0	0	0
(41,431)	0	Net NNDR Income	(41,431)	(41,431)	0	0	0

11. Taking account of new developments coming on stream within the borough, the year end reported surplus on gross Council Tax income is expected to reach £1,000k, an improvement of £515k on the position reported at Month 2. The cost of reliefs being awarded under the Council Tax Reduction Scheme continues to remain consistent with budget assumptions, and there has been no adverse movement on collection rates from Month 2. Although it remains too early to comment on the outlook for collection rates in the longer-term and there remains risk of default which would impact upon revenues.

12. In addition to this in-year surplus, a surplus of £2,410k was reported for 2012/13 due to limited volatility around exemptions during the fourth quarter of the year and lower than anticipated requirement for bad debt provision. This sum can be added to the in-year position to release £3,410k to the General Fund in 2014/15.

13. A breakeven position continues to be reported on NNDR income for 2013/14 with rateable value remaining broadly consistent, although marginally lower, than the opening position for the current year. There continues to be a significant numbers of empty properties within the borough, however there remains to off-set forgone revenue against the budgeted decline in NNDR income which is yet to be seen. Given the inherent volatility in this income stream a breakeven position is reported at this stage, however this will be refined as the year progresses.

Appendix C – Housing Revenue Account

1. The Housing Revenue Account (HRA) is showing an in-year underspend of £9,691k as shown in the following table.

Table 1: HRA Overview 2013/14

Original Budget	Budget Changes		Month 4		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000		£'000	£'000		£'000	£'000	£'000
10,537	1,081	Housing Management	11,618	10,762	-7%	(856)	(462)	(394)
12,341	(854)	Repairs & Maintenance	11,487	11,360	-1%	(127)	0	(127)
17,838	(162)	Major Works	17,676	8,975	-49%	(8,701)	0	(8,701)
1,357	0	Development & Risk Contingency	1,357	1,080	-20%	(277)	(277)	0
15,307	(65)	Interest & Investment Income	15,242	15,242	0%	0	0	0
57,380	0	Sub-total Normal Activities	57,380	47,419	-17%	(9,961)	(739)	(9,222)
	0	<u>Exceptional items:</u>	0			0	0	0
57,380	0	Total Net Expenditure	57,380	47,419	-17%	(9,961)	(739)	(9,222)
(57,428)	0	Rental Income	(57,428)	(57,158)		270	197	73
(48)	0	Net Total	(48)	(9,739)		(9,691)	(542)	(9,149)
(20,213)	0	Balances b/fwd 01/04/13	(20,213)	(20,213)		0	0	0
(20,261)	0	Balances c/fwd 01/14/13	(20,261)	(29,952)		(9,691)	(542)	(9,149)

2. The Housing Management budget is showing an underspend of £856k, an improvement of £394k compared to Month 2. There are underspends of £149k, due to staffing savings from vacant posts pending restructuring proposals, an improvement of £39k compared to Month 2, £238k from savings on the costs of the Hayes Area Office, an adverse movement of £5k compared to Month 2, underspends on chargeable items including heating charges, works over the prescribed limit (WOPL), and right-to-buy (RTB) cost reimbursements totalling £399k, and other underspends totalling £70k.
3. The Repairs and Maintenance budget is now showing an underspend of £127k. The majority of this underspend is within day-to-day and voids repairs budgets.
4. The Major Works budget is now projected to underspend by £8,701k, due to a review of procurement and commissioning arrangements across a range of the packages within the works to stock programme. Officers are currently working up detailed proposals to deliver these works, however there is a likelihood of further slippage into 2014/15 on cyclical elements of the programme. Table 2 below provides analysis of this programme by workstream.

Table 2: Major Works Programme

Project Type	2013/14 Revised Budget £'000	2013/14 Forecast Outturn Month 4 £'000	2013/14 Outturn Variance Month 4 £'000
Energy Efficiency	4,443	3,419	-1,024
Fitting Property to People	1,530	1,396	-134
Environmental Improvements	1,230	782	-448
Element Renewal (Mech & Electric)	1,795	866	-929
Element Renewal (Surveying)	4,865	1,818	-3,047
Health & Safety	1,140	569	-571
Security	350	125	-225
Unallocated / Miscellaneous Costs	2,323	-	-2,323
Major Works Total	17,676	8,975	-8,701

5. Rental income is showing an overspend of £270k against a target of £57.4 million, an adverse movement of £73k compared to Month 2. This is partly due to an increase in voids and also due to a higher reduction in the number of properties through the right-to-buy (RTB) scheme, both at the end of last year and then expected for this year.

Appendix D – CAPITAL PROGRAMME

CAPITAL PROGRAMME MONITORING

1. Table 1 sets out the latest forecast outturn on the current General Fund capital programme. Forecasts for future years include live capital projects and programmes of works as included in the draft programmes for 2013/14 to 2015/16 reported to Cabinet and Council in February 2013.
2. Year to date General Fund Capital Expenditure has reached £11,607k, representing 10% of forecast outturn. The majority of projects are currently forecasting to fully spend to annual budget. It should be noted that the forecast outturn of £114,280k is more than double the level achieved in 2012/13. However this is explained by the fact that a significant proportion of the capital programme is for school expansions, in particular Phase 2 which is now entering the construction stage and will therefore result in a large increase in its expenditure profile. The forecast spend on School Expansions is £55,743k for 2013/14 which represents 49% of the total programme.

Table 1 – General Fund Capital Programme

	2013/14	2014/15	2015/16	Total Month 04	Total Month 02
	£'000	£'000	£'000	£'000	£'000
Original Budget Total GF capital programme	130,779	63,141	17,803	211,723	211,723
Revised Budget excluding contingency (main prog.)	118,077	92,488	17,503	228,068	217,513
Actual Expenditure Year to Date	11,607	-	-	11,607	1,179
Forecast Outturn	114,280	78,530	20,875	213,685	217,779
Council Resourced Variance – see table 2	-1,622	-16,134	3,372	-14,384	267
External Grants Variance	-2,176	2,176	0	0	-
Other Resourced Variance	0	0	0	0	-
Programme Variance	-3,798	-13,958	3,372	-14,384	267

3. The main internally funded programme shows a net favourable variance of £14,384k comprising pressures of £789k and under spends of £15,173k as set out in Table 2 below.
4. The largest element of the under spend variance is the Schools Expansion programme Phase 2 which could have a potential surplus against budget of up to £9.8 million. This is due to the contract awards indicating lower costs than originally anticipated during the feasibility and design stage of the projects. The construction phase of the projects is just beginning and therefore at this early stage there may be unforeseen issues that could reduce this favourable position moving forward.

Table 2

Council Resourced Variance	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total Month 04 £'000	Total Month 02 £'000
Cost Pressures:					
Libraries Refurbishment - Central Library	450			450	
Hayes End Library Development	200			200	
Hillingdon Sports & Leisure Centre	73			73	73
Primary Schools Expansions – Phase 2A Temporary	44			44	200
Libraries Refurbishment	22			22	
Total Council Resourced Pressures:	789	-	-	789	273
Cost Under Spends:					
Primary School Expansions - Phase 2	3,007	-16,177	3,372	-9,799	
South Ruislip Development - Plot B	-1,206	-2,500		-3,706	
Civic Centre Works Programme	-1,364			-1,364	
Sport & Cultural Projects	-154			-154	
Ruislip High School Expansion	-110			-110	
Highgrove Pool Phase II	-35			-35	
Manor Farm Stables Development	-6			-6	-6
	132	-18,677	3,372	-15,173	-6
Total Council Cost Variances:	921	-18,677	3,372	-14,384	267
Projected Rephasing	-2,543	2,543	-	-	-
Main Programme Council Resourced Variance	-1,622	-16,134	3,372	-14,384	267
General Contingency	-988	-1,500	-1,500	-3,988	-4,375
Council Resourced Variance	-2,610	-17,634	1,872	-18,372	-4,108

Council Resourced Variances

5. Primary Schools Expansions – Phase 2A temporary - due to the poor performance of the contractor on these projects the contract was terminated and new contractors employed. The likely over spend is estimated to be £44k.
6. Primary Schools Expansions – Phase 2 - £9,799k under spend due to the contract awards indicating lower costs than originally anticipated during the feasibility and design stage of the projects.
7. Libraries Refurbishment (Central Library) – the sprinkler system is in need of either extensive repairs or replacement and is currently being tested to identify the best course of action. The forecast over spend of £450k is based on replacement of the system.
8. Hayes End Library Development - an overspend of £200k is forecast due to the extension of time and associated financial claim from the contractor and additional defective and completion works that are required. Officers are seeking to recover some of these costs from the original contractor and have appointed dispute resolution consultants to advise on the legal position. Their report is being prepared and once received the Council will consider the way forward.

9. Hillingdon Sports & Leisure Centre – negotiations are ongoing with the contractor over the completion of remedial works. Consultants have been appointed to assess the scope of the additional works required. These issues are resulting in a forecast over spend of £73k.
10. Libraries Refurbishment – additional costs of £22k have arisen relating to external fees for asbestos works at Oak Farm library and extra fit out costs at Yeading Library.
11. Ruislip High School Expansion – final accounts have been agreed and this is resulting in a forecast under spend of £110k.
12. South Ruislip Development Plot B – this project is currently on hold and will not proceed if a decision is taken to sell the site as it is rather than invest in building flats and then selling. The forecast capital receipt (see Table 3) has been revised to reflect the lower figure from selling the site only.
13. Civic Centre Works Programme – it is forecast that there will be a significant under utilisation of the current year budget based on current activity.
14. Highgrove Pool Phase II – this project is now complete with a £35k under spend.
15. Sport & Cultural Projects – funding of £154k currently remains unallocated.
16. General Contingency – funds totalling £4,527k are reserved to deal with cost pressures arising on projects in the main capital programme over the next three years to 2015/16 and currently are reported as under spent by £3,988k, after taking into account the recommended transfer of £39k to Uxbridge Central Library refurbishment.

External Grant Variances

17. There are forecast slippage under spends of £2,176k on several externally financed projects in 2013/14 which will be re-phased into the next financial year. Major items include TfL Corridors & Neighbourhoods funding £800k which will be fully claimed by the deadline in August 2014, and Urgent School Building Conditions funding £650k which will not be fully spent this year.

Capital Financing

18. Table 3 sets out the latest capital receipts forecast.

Table 3

Capital Receipts	2013/14	2014/15	2015/16	2016/17- 2017/18	Total Month (04)	Total Month (02)
	£'000	£'000	£'000	£'000	£'000	£'000
Budget Approved February 2013	11,936	17,057	9,173	5,464	43,630	43,630
Revised Budget	9,024	17,057	9,173	5,464	40,718	40,718
Forecast Capital Receipts from Disposals	12,532	10,010	5,443	450	28,435	37,050
Variance	-3,508	7,047	3,730	5,014	12,284	3,667

19. Forecast capital receipts are £12,532k for 2013/14. This represents an increase of £3,508k from the revised budget level as some major sales are now close to completion.

20. As at the end of Month 4 the accumulated disposal receipts over the next four years is anticipated to be £28,435k. There is an element of risk around the certainty of these receipts being fully realised which has been reflected in the disposals forecast.

21. The adverse movement of £8,617k in forecast capital receipts from Month 2 is due mainly to revisions downwards on the estimated sale for South Ruislip Plot B if the building scheme does not proceed and a reduction for Bourne Court which is now forecast to be sold separately from Acol Crescent due to changes in the supported housing strategy. There have also been revisions downwards on two other sites. Although not reflected in the above forecast there will be opportunities in the future to generate new disposal proceeds which should improve the position.

22. The total forecast is £12,284k lower than the budgeted level which will have the effect of increasing borrowing levels. However overall borrowing levels are offset by a reduction of £18,372k from under spends on council resourced schemes (see Table 4 below).

Table 4

Prudential Borrowing Forecast	2013/14	2014/15	2015/16	2016/17- 2017/18	Total Month (04)	Total Month (02)
	£'000	£'000	£'000	£'000	£'000	£'000
Revised Budget	63,212	12,922	563	3,772	80,468	106,481
Council Resourced Variance	-2,610	-17,634	1,872	0	-18,372	-4,081
Capital Receipts Variance	-3,508	7,047	3,730	5,014	12,283	3,667
Forecast Borrowing	57,094	2,335	6,165	8,786	74,379	106,067

23. The revised budget has been reduced by £26,725k reflecting the impact of the increased Targeted Basic Needs funding on the Schools Expansion Programme. This will reduce financing costs on the current expansion programme, however these resources will be required for further school expansions in future years and therefore will continue to be included in the MTF.

Housing Revenue Account (HRA) Capital Programme

24. The current position on the HRA New Build programme is shown in Table 6 below:

Table 6

HRA Resourced Variance	2013/14	2014/15	2015/16	Total Month (04)	Total Month (02)
	£'000	£'000	£'000	£'000	£'000
Pressures:					
New Build - Extra Care Sites Phase 1	790	-	-	790	535
New Build - HRA Pipeline Sites Phase 1	7	-	-	7	5
New Build - Learning Disability Sites Phase 1	124	-	-	124	121
New Build - HRA Pipeline Sites Phase 2	121	-	-	121	116
Total HRA Resourced Pressures:	1,042	-	-	1,042	777
Projected Rephasing	-	-	-	-	-
HRA Resourced Variance	1,042	-	-	1,042	777

25. New Build HRA Extra Care Sites Phase 1: Triscott House – contractual issues leading to a forecast over spend of £535k have yet to be resolved with the main contractor. The over spend will depend on the outcome of legal proceedings and based on recent forecasts of the potential liability could range from £383k to £1,530k at worst case. The forecast represents a median case scenario, representing approximately 50% of the potential over spend. The Council is considering entering into arbitration following the report of dispute resolution consultants appointed to review the legal position.

26. The New Build HRA Learning Disability Sites scheme is currently expected to overspend by £124k. The project is now complete, however there are additional costs to be incurred on final account around external landscaping and flooring costs at Horton Road and drainage and utility connection works at Ascott Court.

27. New Build HRA Pipeline Sites Phase 2 is forecasting an overspend of £121k on final account for the Gilbert Road site due to extra demolition costs, pre-construction fees and additional highways works.

HRA Capital Receipts

34. There have been 29 Right To Buy sales of council dwellings achieved year to date at £2,798k and a total of 108 sales are forecast totalling £9,161k in 2013/14. The forecast has taken into account an element of risk in sales being achieved this year. The Council has signed an agreement with Department for Communities & Local Government to re-invest the proceeds in housing stock regeneration. This enables the Council to retain a higher level of receipts because of reduced pooling, however the terms of the agreement stipulate that receipts must be used within three years or otherwise are returned to government. There are potential proposals within the HRA workstream in the Hillingdon Improvement Programme that can utilise these receipts.

Appendix E- Treasury Management Report as at 31 July 2013

Outstanding Deposits - Average Rate of Return on Deposits: 0.49%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	77.1	57.15	60.00
1-2 Months	25.2	18.68	15.00
2-3 Months	7.0	5.19	10.00
3-6 Months	16.6	12.31	10.00
6-9 Months	3.0	2.22	5.00
9-12 Months	0.0	0.00	0.00
12-18 Months	0.0	0.00	0.00
Subtotal	128.9	95.55	100.00
Unpaid Maturities	6.0	4.45	0.00
Total	134.9	100.00	100.00

1. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions, which hold at a minimum, a Fitch or lowest equivalent of A- long-term credit rating. Deposits are currently held with the following institutions; BlackRock MMF, Ignis MMF, PSDF MMF, Royal Bank of Scotland, HSBC, Lloyds TSB, Bank of Scotland, Nationwide Building Society, Barclays, Lancashire County Council and Kinston-upon-Hull City Council. We also currently hold 2 Certificates of Deposit with Standard Chartered.
2. During July fixed-term deposits continued to mature in line with cashflow requirements. Any surplus funds were either placed in instant access accounts or fixed term deposits of up to six months in order to meet near term cash flow requirements.
3. On 23 August the Council received a £2,525k Heritable Dividend. This takes the total recovery to 94 pence in the pound, substantially above the 85 pence in the pound assumed in the impairment in the accounts and substantially in excess of that provided for. As the accounts for 2012/13 are not yet closed, the dividend contribution has been treated as a post balance sheet 'adjusting event' and as such the accounts for 2012/13 have been amended. The existing provision for non-recovery of £2,500k has been reduced to £1,150k. Further dividends are expected so the ultimate non-recovery is likely to be well below the £1,150k now provided for.

Outstanding Debt - Average Interest Rate on Debt: 2.98%

	Actual £m	Actual %
General Fund		
PWLB	74.29	21.70
Long-Term Market	15.00	4.38
HRA		
PWLB	220.07	64.28
Long-Term Market	33.00	9.64
Total	342.36	100.00

4. There were no early debt repayment opportunities or rescheduling activities and no breaches of the prudential indicators during July.

Ongoing Strategy

5. In order to maintain liquidity for day-to-day business operations, short-term balances will be placed in short term deposits of up to six months, as these are generally yielding a higher rate of interest than those offered in instant access accounts. When cash flow allows, long term deposits will be placed to help increase the average rate of return achieved. During July outstanding PWLB loans still carried large premiums and therefore made rescheduling of debt unfeasible. Early redemption opportunities will continue to be monitored.

Appendix F- Review of Local Welfare Support Scheme

On 14 February 2013, Cabinet agreed Hillingdon's Local Welfare Support Scheme. The scheme for the 2013/14 financial year is funded through a specific non-ringfenced grant of £709k. The report to Cabinet proposing the scheme explained that payments would be closely monitored and eligibility criteria reviewed as necessary.

The scheme has now been in operation for 5 months and expenditure to date totals £10,728. This represents only 1.5% of the total funding available, after 5 months of operation. With the introduction of the Benefit Cap in Hillingdon during August and September and the considerable financial impact this is having on families in the borough, it is now timely to review both the eligibility criteria and the criteria for making payments to provide additional support and to reduce the impact on other Council Services.

An analysis of the applications for support made to date has been undertaken which looked at what support was requested, whether it was approved or not and the reasons for rejection. A comparison exercise has also been undertaken with neighbouring boroughs on both the amount they were spending and the category of payments. The analysis indicates that other authorities are awarding payment on a broader range of criteria than Hillingdon. In addition, through discussions with the local Citizens Advice Bureau and with officers from other Council services it was identified that there are a number of vulnerable clients who are in the process of appealing a benefit claim with the DWP and are faced with no income and as a result look to social care services to offer them support rather than the Welfare Fund. It is therefore apparent that the current criteria for the Welfare Fund are deflecting some residents in need of support elsewhere in the Council rather than dealing with them when they first present.

This report therefore recommends that some amendments are made to the Hillingdon Local Welfare Support Scheme is amended as follows:

a) to expand the eligibility criteria:

- to include those individuals who are appealing a DWP decision to stop or suspend their benefits where they have no or access to any other income, and
- to accept referrals/recommendations for consideration from Hillingdon Officers for residents deemed to be vulnerable and in an emergency situation due to having no immediate income.

b) to extend the range of circumstances under which emergency payments will be granted to include:

- **Fuel** as a high percentage of claims for assistance has been for fuel payments, which have been refused on the grounds of our scheme criteria. The award would be dependant on the applicants access to funds such as when the applicant is due to receive their next benefit payment,
- **School Uniforms**, limited to £50 per child, which are currently specifically excluded, and
- **Travel** to help applicants with unexpected travel costs in exceptional circumstances such as attendance at a close relative's funeral or to alleviate a domestic crisis. Applicants would only be able to apply for travel cost within the UK, and will also need to provide supporting evidence to satisfy the assessor that this is a genuine claim.

The overall scheme still limits claimants to a maximum of 2 claims per year with each claim capped at £250. It is unlikely that these changes will lead to the Fund being oversubscribed but will provide a bit more flexibility in terms of who gets support and what they can claim for.

Appendix G – Consultancy and agency assignments over £50k approved under delegated authority

The following Agency staff costing over £50k have been approved under delegated powers by the Chief Executive in consultation with the Leader and are reported here for information.

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved Aug/Sept £'000	Total Spend £'000
Finance						
Commercial Manager	27-Aug-13	12-Nov-13	54	10	23	87
Residents Services - Asset Management						
Project Manager (outside establishment)	09-Jul-12	04-Oct-13	55	21	25	101
Electrical Services Officer	04-Oct-10	22-Nov-13	110	19	11	140
Quantity Surveyor (Schools) (outside establishment)	12-Nov-12	05-Sep-14	23	34	73	130
Residents Services - Education						
Early Years Practitioner	01-Jan-11	01-Sep-13	45	5	7	57
Residents Services - Planning Green Spaces & Culture						
Building Control Surveyor	02-Jul-12	11-Oct-13	49	21	15	85
Planning Officer (outside establishment)	11-Feb-13	06-Dec-13	8	29	15	52
Childrens & Young Peoples Services						
C&F Service Manager	01-Aug-12	29-Sep-13	102	39	27	168
C&F Referral & Assessment Team Archiver	01-Apr-10	29-Sep-13	62	7	4	73
C&F -Technical Admin Team Admin Assistant	01-Apr-11	29-Sep-13	44	8	4	56
C&F Social Worker/Senior Social Worker	09-Nov-10	29-Sep-13	158	15	10	183
C&YP Social Worker	01-Sep-12	29-Sep-13	27	21	4	52

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved Aug/Sept £'000	Total Spend £'000
C&F Social Worker	01-May-12	29-Sep-13	52	16	9	77
C&F Referral & Assessment Team Manager	01-Apr-12	29-Sep-13	51	30	7	88
C&F Referral & Assessment Team Social Worker	01-Mar-12	29-Sep-13	60	17	9	86
C&YP Social Worker	01-Jan-12	29-Sep-13	52	16	10	78
C&YP Social Worker	01-Jan-12	29-Sep-13	64	17	10	91
C&F Social Worker/Senior Social Worker	02-Jan-12	29-Sep-13	75	22	10	107
C&YP Social Worker	01-May-12	29-Sep-13	29	18	4	51
C&YP Social Worker	01-Jan-12	29-Sep-13	73	18	10	101
C&F CIN Team Senior Social Worker	01-Apr-12	29-Sep-13	46	18	10	74
C&F CIN Team Senior Social Worker	01-Apr-12	29-Sep-13	57	18	10	85
C&F-Tech Admin Officer	01-Feb-11	29-Sep-13	49	8	4	61
C&F-Tech Admin Officer	01-Apr-10	29-Sep-13	65	7	4	76
C&YP Social Worker	10-Aug-13	01-Sep-13	0	47	5	52
Children's Homes Residential Care Worker	01-Apr-10	29-Sep-13	56	8	3	67
Children's Homes Residential Care Worker	01-Apr-10	29-Sep-13	62	10	3	75
C&YP Residential Worker	01-Apr-10	29-Sep-13	38	14	3	55
C&YP Residential Care Worker	01-Apr-10	29-Sep-13	36	34	4	74

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved Aug/Sept £'000	Total Spend £'000
C&F-Tech Admin Assistant	01-Apr-10	29-Sep-13	68	8	4	80
C&F Triage Social Worker	01-May-12	29-Sep-13	53	6	10	69
C&F Triage Social Worker	19-Feb-12	29-Sep-13	63	18	10	91
C&YP Social Worker	06-May-12	29-Sep-13	29	19	10	58
C&YP Support Worker	19-Mar-12	29-Sep-13	46	19	9	74
C&YP Deputy Team Manager	17-Feb-13	29-Sep-13	8	38	0	46
C&YP Social Worker	09-Jan-12	29-Sep-13	28	47	9	84
C&F Asylum Social Worker	01-Apr-10	29-Sep-13	45	18	9	72
C&F Asylum Deputy Team Manager	17-Oct-11	29-Sep-13	78	25	13	116
C&F Senior Residential	01-Apr-10	29-Sep-13	94	14	6	114
C&F Residential	01-Apr-10	29-Sep-13	67	11	4	82
C&F Residential	01-Apr-10	29-Sep-13	67	11	4	82
C&F Residential	01-Apr-10	29-Sep-13	69	9	5	83
C&F Residential	01-Apr-10	29-Sep-13	67	11	4	82
Early Years	01-Apr-11	01-Mar-14	45	5	7	57
Adult Social Care						
ASC Disabilities Residential Team Leader	01-Apr-10	29-Sep-13	62	6	3	71
ASC Disabilities Residential Care Worker	01-Apr-10	29-Sep-13	62	6	3	71
ASC Residential Care Worker	01-Apr-10	29-Sep-13	62	6	3	71
ASC Disabilities Residential Care Worker	01-Apr-10	29-Sep-13	78	8	5	91
ASC Residential Care Worker	01-Apr-10	29-Sep-13	78	8	5	91
ASC Disabilities Day Centre Officer	01-Apr-10	01-Sep-13	65	8	2	75

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved Aug/Sept £'000	Total Spend £'000
ASC Disabilities Day Centre Officer	01-Apr-10	29-Sep-13	66	9	4	79
ASC Disabilities Day Centre Officer	01-Apr-10	29-Sep-13	66	3	2	71
ASC Mental Health Social Worker	15-Apr-13	29-Sep-13	0	46	9	55
ASC - Mental Health AMHP	20-Aug-12	29-Sep-13	35	13	12	60
ASC Social Worker (Care Manager)	01-Apr-13	29-Sep-13	5	53	9	67
ASC Project Manager ICP	17-Jan-11	29-Sep-13	108	21	7	136
ASC Disabilities O/T Care Manager	18-Jun-12	29-Sep-13	40	17	11	68