

# COUNCIL BUDGET - MONTH 6 2013/14 REVENUE AND CAPITAL MONITORING

<b>Cabinet Member</b>	Councillor Jonathan Bianco
<b>Cabinet Portfolio</b>	Finance, Property and Business Services
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<b>Papers with report</b>	None

## HEADLINE INFORMATION

<b>Purpose of report</b>	<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 September 2013 (Month 6).</p> <p>A net in-year underspend of £1,937k is forecast against 2013/14 General Fund revenue budgets, an improvement of £601k on the position reported at Month 5.</p> <p>The latest positions on other funds and the capital programme are detailed within the body of this report.</p>
<b>Contribution to our plans and strategies</b>	Achieving value for money is an important element of the Council's medium term financial plan.
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That the Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 6.
2. Note the treasury management update for Month 6 at Appendix E.
3. Continue the delegated authority up until the 19 December 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 24 October and 21 November 2013 Cabinet meetings, detailed at Appendix F.
4. Approve the addition of £312k transitional funding to Finance budgets in 2013/14 to manage one-off costs associated with Welfare Reform and the introduction of a Local Council Tax Support Scheme.

5. Cabinet agrees to vary the existing Knowles contract to a value of £300,000 for preparing and conducting the arbitration in relation to Triscott House.
6. Cabinet agrees to enter into a contract with the Arbitrator, Mr Matt Malloy, with a liability of fees approved up to £75,000.

## **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 4 seeks authority to release a number of grants received from the Department of Communities & Local Government and Department for Work & Pensions to support management of the Local Council Tax Support Scheme and the administrative impact of Welfare Reform within the Council's Revenues & Benefits Service.
4. Recommendations 5 & 6 – A dispute resolution consultant Knowles has been appointed in accordance with the Council's expenditure approval process. The budget figure identified for early investigation work equated to £47,000 with £2,000 of this relating to counsels advice, which has previously been approved. A revised budget has been prepared on the basis that the dispute goes to arbitration and through to final award. This will require a variation to the Knowles appointment and release of funds. To support the arbitration process Knowles are required to:
  - Prepare and carry out the pre-arbitration works
  - Conducting the arbitration process including associated disbursements

Officers will continue to review the pre-arbitration costs and budget as this element of the works remains ongoing, leading up to the arbitration. The Council is also required to enter into a contact with the arbitrator. During the course of the arbitration process the Council will be responsible for 50% of the arbitrator's fees, which have been assessed at £75,000. Final liability for fees will depend on the arbitrator's award. In the event that the Council succeeds in the arbitration, it can apply to recover its costs. The pre-arbitration phase remains ongoing and officers will be reviewing any additional fees leading up to the arbitration phase, for democratic approval. These services are to be funded from 2013/14 HRA Housing Management budgets.

### **Alternative options considered**

5. There are no other options proposed for consideration.

## **SUMMARY**

### **REVENUE**

6. As at Month 6, the budget monitoring position on in-year activities shows a net underspend of £1,937k, representing an improvement of £601k on the position reported at Month 5. This position includes a net pressure of £602k on directorate budgets, offset by an underspend of £2,500k on financing costs and £39k favourable movement on the contingency position.
7. 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 the following demand-led services - Homelessness, Care Placements and SEN Transport.
8. Within the forecast position, there remains provision of £786k within Development & Risk Contingency, £430k uncommitted Priority Growth, £432k unallocated Environmental & Recreational Initiatives funds and £399k unallocated HIP budgets, providing scope to deal with any issues arising or support new initiatives.
9. As at Month 6, unallocated General Fund balances are forecast to reach £33,607k by 31 March 2014.
10. Within other funds, there are no material movements to report.

### **CAPITAL**

11. As at Month 6 an underspend of £30,320k is reported on the 2013/14 capital programme budget from a revised budget of £119,727k, a movement of £10,483k on forecast expenditure at Month 5. This movement includes a further £4,772k on the school expansion programme, in addition to the £11,359k slippage reported at Month 5. However there is not expected to be any impact on service requirements, with sufficient school places still on track for delivery in September 2014.
12. Forecast outturn on the General Fund Programme for 2013/14 to 2015/16 is now an underspend of £20,739k, a reduction of £3,332k from Month 5 primarily due to removal of the Civic Centre Combined Heat & Power project and General Fund Supported Housing from the current year's programme.
13. General Fund capital receipts of £11,282k are forecast for 2013/14, £2,258k in excess of revised budget, with forecast receipts over the period to 2017/18 expected to reach £27,813k.

## FURTHER INFORMATION

### General Fund Revenue Budget

14. As at Month 6 a net underspend of £1,937k is reported on normal activities, consisting of £602k pressures on Directorate Operating budgets being off-set by the significant underspend on Corporate Operating Budgets arising from the deferral of financing costs and a minor £39k underspend on Development & Risk Contingency. The most significant pressures reported relate to Homelessness, Social Care Placements and SEN Transport.
15. The current monitoring position assumes that £786k of uncommitted General Contingency, £430k unallocated Priority Growth, £432k unallocated Environmental & recreational Initiatives funds and £399k 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.
16. This position represents a significant improvement on the position at Month 5, with the pressure on Directorate Operating Budgets reducing by £601k with the single largest contribution to this movement relating to the appropriation of garage sites to the General Fund from 1 November 2013.
17. Taking into account the £1,350k exceptional item relating to improved prospects for recovery of Icelandic Investments, unallocated General Fund balances are now forecast to reach £33,607k by 31 March 2014.

**Table 1: General Fund Overview**

Original Budget	Budget Changes		Month 6		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000		£'000	£'000		£'000	£'000	£'000
165,738	(21)	Directorate Operating Budgets	165,717	166,319	0%	602	1,203	(601)
20,738	91	Corporate Operating Budgets	20,829	18,329	-12%	(2,500)	(2,500)	0
22,883	489	Development & Risk Contingency	23,372	23,333	0%	(39)	(39)	0
1,730	(70)	Priority Growth	1,660	1,660	0%	0	0	0
<b>211,089</b>	<b>489</b>	<b>Sub-total Normal Activities</b>	<b>211,578</b>	<b>209,641</b>	<b>-1%</b>	<b>(1,937)</b>	<b>(1,336)</b>	<b>(601)</b>
		Exceptional items: Reversal of Icelandic Impairment		(1,350)		(1,350)	(1,350)	0
<b>211,089</b>	<b>489</b>	<b>Total Net Expenditure</b>	<b>211,578</b>	<b>208,291</b>	<b>-2%</b>	<b>(3,287)</b>	<b>(2,686)</b>	<b>(601)</b>
(211,159)	(489)	Budget Requirement	(211,648)	(211,648)		0	0	0
<b>(70)</b>	<b>0</b>	<b>Net Total</b>	<b>(70)</b>	<b>(3,357)</b>		<b>(3,287)</b>	<b>(2,686)</b>	<b>(601)</b>
(30,250)	0	Balances b/fwd 01/04/13	(30,250)	(30,250)		0	0	0
<b>(30,320)</b>	<b>0</b>	<b>Balances c/fwd 01/04/14</b>	<b>(30,320)</b>	<b>(33,607)</b>		<b>(3,287)</b>	<b>(2,686)</b>	<b>(601)</b>

18. Significant improvement has been reported on Directorate Operating Budgets from Month 5, with successful management action in a number of areas compensating for pressures. This work will continue over the coming months to enable the underspend on capital financing to be treated as a windfall.

19. Implementation of the Benefit Cap within Hillingdon was completed on 30 September 2013, which as part of the government's wider Welfare Reform agenda is expected to impact upon demand for Council services. These cross-cutting implications continue to be monitored and will be factored into the monitoring position where appropriate.

### Directorate Operating Budgets (£602k pressure / £601k improvement)

20. 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 6		% Var	Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000			£'000	£'000		£'000	£'000	£'000
197,598	(21,723)	Admin. & Finance	Expenditure	175,875	175,598	0%	(277)	(260)	(17)
(174,923)	22,177		Income	(152,746)	(152,877)	0%	(131)	(100)	(31)
<b>22,675</b>	<b>454</b>		<b>Sub-Total</b>	<b>23,129</b>	<b>22,721</b>	<b>-2%</b>	<b>(408)</b>	<b>(360)</b>	<b>(48)</b>
121,042	11,710	Residents Services	Expenditure	132,752	136,015	2%	3,263	3,105	158
(56,716)	(12,132)		Income	(68,848)	(71,976)	5%	(3,128)	(2,506)	(622)
<b>64,326</b>	<b>(422)</b>		<b>Sub-Total</b>	<b>63,904</b>	<b>64,039</b>	<b>0%</b>	<b>135</b>	<b>599</b>	<b>(464)</b>
31,100	17	Children's & Young People's Services	Expenditure	31,117	31,360	1%	243	376	(133)
(7,856)	(1)		Income	(7,857)	(7,891)	0%	(34)	(35)	1
<b>23,244</b>	<b>16</b>		<b>Sub-Total</b>	<b>23,260</b>	<b>23,469</b>	<b>1%</b>	<b>209</b>	<b>341</b>	<b>(132)</b>
72,393	(221)	Adult Social Care	Expenditure	72,172	74,394	3%	2,222	2,380	(158)
(16,900)	152		Income	(16,748)	(18,304)	9%	(1,556)	(1,757)	201
<b>55,493</b>	<b>(69)</b>		<b>Sub-Total</b>	<b>55,424</b>	<b>56,090</b>	<b>1%</b>	<b>666</b>	<b>623</b>	<b>43</b>
<b>165,738</b>	<b>(21)</b>	<b>Total Directorate Operating Budgets</b>		<b>165,717</b>	<b>166,319</b>	<b>0%</b>	<b>602</b>	<b>1,203</b>	<b>(601)</b>

21. An underspend of £408k is reported on Administration and Finance primarily due to vacant posts being held within a number of services, an improvement of £48k from that reported in Month 5.

22. A net pressure of £135k is declared for Residents Services, representing an improvement of £464k from Month 5 which mainly relates to the appropriation of commercial properties from the Housing Revenue Account. Within this net position, there remains an exceptional pressure of £2,172k on temporary accommodation within Housing which is off-set by underspends across the Directorate, including a significant

£1,150k on Education budgets and £675k due to the appropriation of commercial properties.

23. Further improvement of £132k has been reported on Children and Young People's Services at Month 6, with the remaining pressure of £209k linked to increased client numbers and delays in implementation of a number of initiatives to encourage fostering.

24. A pressure of £666k is reported within Adult Social Care, representing an adverse movement of £43k from Month 5. This position includes a pressure of £350k relating to slippage in the planned day centre reconfiguration arising from the on-going Judicial Review and pressures on social care placements across all client groups being partially off-set through vacancies within the current establishment.

### Progress on Savings

25. 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 6 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	(1,051)	(4,756)	(293)	(2,499)	0	<b>(8,599)</b>	50%
On track for delivery	0	(1,268)	(1,206)	(2,123)	(418)	<b>(5,015)</b>	30%
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(78)	0	(97)	(2,582)	<b>(2,757)</b>	16%
Serious problems in the delivery of the saving	0	0	(445)	(295)	0	<b>(740)</b>	4%
<b>Total 2013/14 Savings</b>	<b>(1,051)</b>	<b>(6,102)</b>	<b>(1,944)</b>	<b>(5,014)</b>	<b>(3,000)</b>	<b>(17,111)</b>	100%

26. At the end of Month 6, favourable progress is reported in delivery of the £17,111k programme of savings for 2013/14 with 80% badged as banked or on track for delivery in full by 31 March 2014 and sufficient compensatory savings in place to manage any shortfall within individual Directorate savings programmes.

27. There remains £740k savings reported as being undeliverable in 2013/14, which consists of £445k of initiatives within Children's and Young People's Services and £295k savings within Adult Social Care which have been delayed by the Judicial Review into day care reconfiguration that are expected to be fully achievable in the medium-term.

28. In addition there remained £1,979k savings from prior year programmes which were unachieved as at 31 March 2013, £1,668k of which have now been delivered in full, with the remaining £311k linked to day care reconfiguration which are expected to be fully achievable once new service provision is in place from June 2014.

**Table 4: Month 6 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	(235)	(77)	0	0	(312)	16%
On track for delivery	(65)	(330)	(255)	(706)	(1,356)	69%
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	0	0	0	0%
Serious problems in the delivery of the saving	0	0	0	(311)	(311)	16%
<b>Total B/fwd Savings</b>	<b>(300)</b>	<b>(407)</b>	<b>(255)</b>	<b>(1,017)</b>	<b>(1,979)</b>	<b>100%</b>

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

29. Table 5 below provides an overview of forecast outturn on corporately managed budgets as at Month 6. 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 6			Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	% Var	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
			£'000	£'000		£'000	£'000	£'000
11,456	0	Interest & Investment Income	11,456	8,956	-22%	(2,500)	(2,500)	0
9,282	159	Levies & Other Corporate Budgets	9,441	9,441	0%	0	0	0
<b>20,738</b>	<b>159</b>	<b>Total Corporate Operating Budgets</b>	<b>20,897</b>	<b>18,397</b>	<b>-12%</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>0</b>

30. 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 one-off exceptional item relating to Icelandic Investments.

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

**Development & Risk Contingency (£39k underspend / no movement)**

32. 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. There has been no material change in the overall forecast contingency requirement from Month 5. 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.

**Table 6: Development and Risk Contingency**

Original Budget £'000	Budget Changes £'000	Current Commitments	Revised Budget £'000	Forecast as Needed £'000	Variance (+ adv / - fav)			
					Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
1,000	489	Corporate	General Contingency	1,489	786	(703)	(614)	(89)
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	375	(27)	(27)	0
217	0		Outsourced Leisure Income Streams	217	390	173	155	18
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	1,337	577	606	(29)
2,010	0		Waste Disposal Levy	2,010	2,348	338	336	2
1,995	0	C&YPS	Reduction in UKBA Asylum Funding	1,995	1,598	(397)	(495)	98
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
<b>22,883</b>	<b>489</b>	<b>Total Development &amp; Risk Contingency</b>		<b>23,372</b>	<b>23,333</b>	<b>(39)</b>	<b>(39)</b>	<b>0</b>

33. An adverse movement of £98k is reported on the contingency item held for the underfunding of Asylum services by the Home Office, this reduction relates to the part year effect of a number of proposed changes which if enacted would reduce annual funding by approximately £215k. Discussions on this matter are on-going and updates on the situation will be reported as further information becomes available.



34. Limited movement is reported on the remaining contingency items from Month 5, with the majority of provisions expected to be required in full during the current financial year.
35. The reported position on Development & Risk Contingency includes provision of a further £786k for future calls against the remaining unallocated General Contingency. This report recommends release of £500k from this sum to support a short-term project to clear backlogs in adult social care reviews and occupational therapy assessments, which would leave £286k for as yet unforeseen items.

### Priority Growth

36. 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. On 24 October 2013 Cabinet approved the creation of a new specific fund for Environmental & Recreational Initiatives to be met from the £1,000k unallocated sum. Table 7 summarises the position with regard to each of these elements.

**Table 7: Priority Growth**

	Budget	Approved Allocations	Unallocated Growth
	£'000	£'000	£'000
<b><u>Specific Budgets</u></b>			
HIP Initiatives Budgets	800	401	399
Environmental & Recreational Initiatives	500	68	432
<b>Sub-Total Specific Budgets</b>	<b>1,300</b>	<b>469</b>	<b>831</b>
<b><u>Non-Specific Priority Growth</u></b>			
Original Budget	1,000		
Registrars Suite	(70)		
Environmental & Recreational Indicatives	(500)		430
<b>Sub-Total Non-Specific Priority Growth Budget</b>	<b>430</b>	<b>0</b>	<b>430</b>
<b>Total Priority Growth</b>	<b>1,730</b>	<b>469</b>	<b>1,261</b>

37. HIP Steering Group has approved release of £401k from the HIP Initiatives Budget to fund a range of projects during 2013/14, leaving £399k unallocated. The reported position assumes that this sum will be utilised in full by 31 March 2014.
38. Within the new Environmental & Recreational Initiatives Fund a sum of £68k has been allocated for sign cleaning, leaving a balance of £432k to support further new initiatives.
39. There remains a sum of £430k remaining unallocated Priority Growth from the original £1,000k balance following releases approved by Cabinet for refurbishment of the Registrars Suite and the new Environmental & Recreational Fund.
40. On 26 September 2013 Cabinet approved release of £70k from Priority Growth to fund refurbishment of the Civic Centre Registrars' Suite. This report recommends release of a further £500k to support environmental and recreational initiatives, if approved this would reduce the remaining uncommitted sum to £430k. The reported position assumes that this sum will be committed in full by 31 March 2014.

## **Schools Budget, Parking Revenue Account and Collection Fund**

41. Latest forecasts on other funds indicate a broadly break-even or manageable 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.
42. An improvement of £354k has been reported from Month 6 on the Schools Budget as a result of a number of pupils being brought back from out of borough placements and lower than anticipated demand for 2 year old nursery provision. This brings forecast retained DSG balances at 31 March 2014 to £652k, increasing balances available within the Schools Budget to £1,361k by 31 March 2014. Within this reported position there remains a pressure of £374k on SEN placements, being off-set by favourable variances on the retained element of the schools budget and Early Years provision.
43. As at Month 6, a minor improvement of £10k is reported on the Parking Revenue Accounts (PRA), bringing the in-year deficit to £87k. This deficit primarily relates to the continuing shortfall in Penalty Charge Notice income, which may limit resources available to support Parking Management Schemes within the borough.
44. Continued strong growth in the Council Tax base as new housing developments come on stream within the borough has led to an increased in-year surplus being forecast on Collection Fund at Month 6. Combined with the carried forward surplus from 2012/13, it is expected that £3,610k will be released to the General Fund in 2014/15.

## **Housing Revenue Account Budget**

45. As at Month 6, an in-year underspend of £8,105k 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.
46. A pressure of £1,325k is reported on rental income, an adverse movement of £783k from Month 5, as a result of further increases to the number Right to Buy sales and appropriation of commercial properties to the General Fund. Further detail on the implications of recent changes to Right to Buy arrangements are contained in the Capital section (Appendix D) of this report.
47. Further commentary on the HRA is set out in Appendix C.

## **Future Revenue Implications of Capital Programme**

48. The latest reported position on the Council's 2013/14-15/16 Capital Programme is detailed in Appendix D. A net underspend of £20,739k is reported on the General Fund Programme assuming full drawdown on contingency and £1,046k pressure on HRA Projects.
49. The significant underspend currently reported primarily relates to favourable forecast on Primary School Expansions, which are reporting a £12,878k underspend due to tendered costs of the programme being significantly lower than previously anticipated.
50. Significant further investment in schools is likely to be required in the longer term to meet further demographic growth and the transition of the current pupils to the secondary sector, it is expected that further borrowing will be required in future. As such

necessary levels of provision for within revenue budgets for capital financing are not expected to reduce as a result if this underspend.

## Appendix A – Detailed Group Forecasts (General Fund)

### ADMINISTRATION & FINANCE (£408k underspend, £48k improvement)

1. The combined position for the Administration and Finance Groups at month 6 is an underspend of £408k. Underspends as a result of holding vacant posts in both Groups and increases in expected income forecasts in Human Resources and Legal 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 6		% Var	Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000			£'000	£'000		£'000	£'000	£'000
8,749	248	Admin. Directorate	Salaries	8,997	8,792	-2%	(205)	(186)	(19)
5,052	126		Non-Sal Exp	5,178	5,175	0%	(3)	9	(12)
(2,744)	(187)		Income	(2,931)	(3,064)	5%	(133)	(94)	(39)
<b>11,057</b>	<b>187</b>		<b>Sub-Total</b>	<b>11,244</b>	<b>10,903</b>	<b>-3%</b>	<b>(341)</b>	<b>(271)</b>	<b>(70)</b>
11,558	19	Finance Directorate	Salaries	11,577	11,472	-1%	(105)	(167)	62
172,239	(22,116)		Non-Sal Exp	150,123	150,159	0%	36	84	(48)
(172,180)	22,364		Income	(149,815)	(149,813)	0%	2	(6)	8
<b>11,618</b>	<b>267</b>		<b>Sub-Total</b>	<b>11,885</b>	<b>11,818</b>	<b>-1%</b>	<b>(67)</b>	<b>(89)</b>	<b>22</b>
20,307	267		Salaries	20,574	20,264	-2%	(310)	(353)	43
177,291	(21,990)		Non-Sal Exp	155,301	155,334	0%	33	93	(60)
(174,924)	22,177		Income	(152,746)	(152,877)	0%	(131)	(100)	(31)
<b>22,675</b>	<b>454</b>		<b>Total</b>	<b>23,129</b>	<b>22,721</b>	<b>-2%</b>	<b>(408)</b>	<b>(360)</b>	<b>(48)</b>

2. As a result of holding open vacant posts across the Administration Group, particularly in Performance, Occupational Health and Legal Services teams, not providing cover for maternity leave and employees reducing hours following maternity leave, the Group is showing a significant salary underspend in Month 6.
3. Revisions of non salary forecasts continue to be undertaken at month 6 and revisions to printing and expenses within Democratic Services and Policy, Performance & Partnerships have net down increased forecasts for the cost of provision of training within L&D budgets, a slight increase in the costs of printing Hillingdon People and the projected cost of the Sickness Absence management system.
4. Additional income has been factored in this month relating to Newly Qualified Teachers training within Human Resources and makes up the bulk of the improvement this month. There has also been a further increase to the expected over-recovery of income within Legal Services, relating to additional workload on Section 106 agreements as a result of a change in legislation which took effect on the 30<sup>th</sup> April.

**Table 2: Administration Operating Budgets**

Original Budget	Budget Changes	Service	Month 6		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4	
			£'000	£'000		£'000	£'000	£'000	
442	27	Directorate	Salaries	469	456	-3%	(13)	(2)	(11)
6	0		Non-Sal Exp	6	2	-67%	(4)	0	(4)
(56)	0		Income	(56)	(56)	0%	0	0	0
<b>392</b>	<b>27</b>		<b>Sub-Total</b>	<b>419</b>	<b>402</b>	<b>-4%</b>	<b>(17)</b>	<b>(2)</b>	<b>(15)</b>
676	4	Corporate Comms	Salaries	680	727	7%	47	52	(5)
187	0		Non-Sal Exp	187	159	-15%	(28)	(32)	4
(103)	0		Income	(103)	(105)	2%	(2)	0	(2)
<b>760</b>	<b>4</b>		<b>Sub-Total</b>	<b>764</b>	<b>781</b>	<b>2%</b>	<b>17</b>	<b>20</b>	<b>(3)</b>
1,425	7	Democratic Services	Salaries	1,432	1,471	3%	39	41	(2)
1,895	70		Non-Sal Exp	1,965	1,935	-2%	(30)	(16)	(14)
(849)	0		Income	(849)	(892)	5%	(43)	(43)	0
<b>2,471</b>	<b>77</b>		<b>Sub-Total</b>	<b>2,548</b>	<b>2,514</b>	<b>-1%</b>	<b>(34)</b>	<b>(18)</b>	<b>(16)</b>
2,347	12	Human Resources	Salaries	2,359	2,307	-2%	(52)	(59)	7
467	(15)		Non-Sal Exp	452	532	18%	80	68	12
(591)	15		Income	(576)	(617)	7%	(41)	(12)	(29)
<b>2,223</b>	<b>12</b>		<b>Sub-Total</b>	<b>2,235</b>	<b>2,222</b>	<b>-1%</b>	<b>(13)</b>	<b>(3)</b>	<b>(10)</b>
1,924	8	Legal Services	Salaries	1,932	1,886	-2%	(46)	(40)	(6)
98	0		Non-Sal Exp	98	117	19%	19	18	1
(575)	0		Income	(575)	(618)	7%	(43)	(36)	(7)
<b>1,447</b>	<b>8</b>		<b>Sub-Total</b>	<b>1,455</b>	<b>1,385</b>	<b>-5%</b>	<b>(70)</b>	<b>(58)</b>	<b>(12)</b>
1,935	190	Policy & Perf.	Salaries	2,125	1,945	-8%	(180)	(178)	(2)
2,399	71		Non-Sal Exp	2,470	2,430	-2%	(40)	(29)	(11)
(570)	(202)		Income	(772)	(776)	1%	(4)	(3)	(1)
<b>3,764</b>	<b>59</b>		<b>Sub-Total</b>	<b>3,823</b>	<b>3,599</b>	<b>-6%</b>	<b>(224)</b>	<b>(210)</b>	<b>(14)</b>
8,749	248		Salaries	8,997	8,792	-2%	(205)	(186)	(19)
5,052	126		Non-Sal Exp	5,178	5,175	0%	(3)	9	(12)
(2,744)	(187)		Income	(2,931)	(3,064)	5%	(133)	(94)	(39)
<b>11,057</b>	<b>187</b>		<b>Total</b>	<b>11,244</b>	<b>10,903</b>	<b>-3%</b>	<b>(341)</b>	<b>(271)</b>	<b>(70)</b>

5. The Finance Group is showing an adverse movement of £22k in Month 6. This is primarily as a result of agency spend within Procurement whilst permanent recruitment is in progress. Most posts have now been appointed to, however, some have December start dates and agency cover is necessary within the Social Care area to ensure service continuity.
6. 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 and while the restructure of the next tier progresses.
7. Revisions continue to be made to non-salaries forecasts as part of monthly monitoring and tight controls are in place on spending to help to mitigate the increased pressure on salaries.

8. 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 consequently 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. Any additional expenditure through this contract is being funded through the implementation grants which have been received from Central Government.

**Table 3: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 6		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5	
			£'000	£'000		£'000	£'000	£'000	
547	3	Internal Audit	Salaries	550	543	-1%	(7)	(10)	3
50	0		Non-Sal Exp	50	47	-6%	(3)	1	(4)
0	0		Income	0	0	N/A	0	0	0
<b>597</b>	<b>3</b>		<b>Sub-Total</b>	<b>600</b>	<b>590</b>	<b>-2%</b>	<b>(10)</b>	<b>(9)</b>	<b>(1)</b>
3,549	(150)	Operational Finance	Salaries	3,399	3,440	1%	41	19	22
688	350		Non-Sal Exp	1,038	1,061	2%	23	23	0
(984)	21		Income	(963)	(963)	0%	0	10	(10)
<b>3,253</b>	<b>221</b>		<b>Sub-Total</b>	<b>3,474</b>	<b>3,538</b>	<b>2%</b>	<b>64</b>	<b>52</b>	<b>12</b>
2,115	359	Procurement	Salaries	2,474	2,530	2%	56	18	38
188	(5)		Non-Sal Exp	183	170	-7%	(13)	2	(15)
(344)	(275)		Income	(619)	(619)	0%	0	0	0
<b>1,959</b>	<b>79</b>		<b>Sub-Total</b>	<b>2,038</b>	<b>2,081</b>	<b>2%</b>	<b>43</b>	<b>20</b>	<b>23</b>
4,350	(475)	Revenues & Benefits	Salaries	3,875	3,713	-4%	(162)	(163)	1
170,659	(22,371)		Non-Sal Exp	148,288	148,290	0%	2	12	(10)
(170,727)	22,640		Income	(148,087)	(148,085)	0%	2	4	(2)
<b>4,282</b>	<b>(206)</b>		<b>Sub-Total</b>	<b>4,076</b>	<b>3,918</b>	<b>-4%</b>	<b>(158)</b>	<b>(147)</b>	<b>(11)</b>
997	282	Strategic Finance	Salaries	1,279	1,246	-3%	(33)	(31)	(2)
654	(90)		Non-Sal Exp	564	591	5%	27	46	(19)
(124)	(22)		Income	(146)	(146)	0%	0	(20)	20
<b>1,527</b>	<b>170</b>		<b>Sub-Total</b>	<b>1,697</b>	<b>1,691</b>	<b>0%</b>	<b>(6)</b>	<b>(5)</b>	<b>(1)</b>
11,558	19		Salaries	11,577	11,472	-1%	(105)	(167)	62
172,239	(22,116)		Non-Sal Exp	150,123	150,159	0%	36	84	(48)
(172,179)	22,364		Income	(149,815)	(149,813)	0%	2	(6)	8
<b>11,618</b>	<b>267</b>		<b>Total</b>	<b>11,885</b>	<b>11,818</b>	<b>-1%</b>	<b>(67)</b>	<b>(89)</b>	<b>22</b>

## Residents Services (£135k pressure; £464k favourable)

9. Residents Services has a projected outturn position of a £135k 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 needs transports budgets impacting on the corporate contingency. All other divisions of service are managing within budget.

**Table 1: Residents Services Operating Budgets**

Original Budget	Budget Changes	Service	Month 6		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Change from Month 5	
			£'000	£'000		£'000	£'000	£'000	
1,935	102	Asset Management	Salaries	2,037	2,079	1%	21	44	(23)
7,808	236		Non-Sal Exp	8,044	8,494	5%	387	280	107
(3,344)	(287)		Income	(3,631)	(4,801)	21%	(766)	(399)	(367)
<b>6,399</b>	<b>51</b>		<b>Sub-Total</b>	<b>6,450</b>	<b>5,772</b>	<b>-6%</b>	<b>(358)</b>	<b>(75)</b>	<b>(283)</b>
9,389	52	Education (GF)	Salaries	9,441	8,936	-5%	(505)	(495)	(10)
12,143	(176)		Non-Sal Exp	11,967	11,367	-5%	(600)	(600)	0
(10,139)	66		Income	(10,073)	(10,118)	0%	(45)	(40)	(5)
<b>11,393</b>	<b>(58)</b>		<b>Sub-Total</b>	<b>11,335</b>	<b>10,185</b>	<b>-10%</b>	<b>(1,150)</b>	<b>(1,135)</b>	<b>(15)</b>
1,553	(35)	Environmental Policy & Community Engagement	Salaries	1,518	1,495	-2%	(23)	(21)	(2)
1,006	(6)		Non-Sal Exp	1,000	1,000	0%	0	0	0
(6,267)	(49)		Income	(6,316)	(6,328)	0%	(12)	(12)	0
<b>(3,708)</b>	<b>(90)</b>		<b>Sub-Total</b>	<b>(3,798)</b>	<b>(3,833)</b>	<b>1%</b>	<b>(35)</b>	<b>(33)</b>	<b>(2)</b>
3,846	(238)	Housing (GF)	Salaries	3,608	3,625	0%	17	17	0
11,104	(4,447)		Non-Sal Exp	6,657	10,745	61%	4,088	4,088	0
(11,123)	4,566		Income	(6,557)	(8,490)	29%	(1,933)	(1,933)	0
<b>3,827</b>	<b>(119)</b>		<b>Sub-Total</b>	<b>3,708</b>	<b>5,880</b>	<b>59%</b>	<b>2,172</b>	<b>2,172</b>	<b>0</b>
15,801	374	ICT Highways & Business Services	Salaries	16,175	16,035	-1%	(140)	(140)	0
10,566	(488)		Non-Sal Exp	10,078	10,038	0%	(40)	(40)	0
(5,924)	(164)		Income	(6,088)	(6,288)	3%	(200)	(200)	0
<b>20,443</b>	<b>(278)</b>		<b>Sub-Total</b>	<b>20,165</b>	<b>19,785</b>	<b>-2%</b>	<b>(380)</b>	<b>(380)</b>	<b>0</b>
5,156	1,711	Planning Green Spaces & Culture	Salaries	6,867	6,853	0%	(14)	(12)	(2)
6,432	(690)		Non-Sal Exp	5,742	5,742	0%	0	0	0
(7,812)	(930)		Income	(8,742)	(8,839)	1%	(97)	(17)	(80)
<b>3,776</b>	<b>91</b>		<b>Sub-Total</b>	<b>3,867</b>	<b>3,756</b>	<b>-3%</b>	<b>(111)</b>	<b>(29)</b>	<b>(82)</b>
13,352	165	Public Safety	Salaries	13,517	13,403	-1%	(114)	(114)	0
35,236	865		Non-Sal Exp	36,101	36,203	0%	102	142	(40)
(27,095)	(383)		Income	(27,478)	(27,469)	0%	9	51	(42)
<b>21,493</b>	<b>647</b>		<b>Sub-Total</b>	<b>22,140</b>	<b>22,137</b>	<b>0%</b>	<b>(3)</b>	<b>79</b>	<b>(82)</b>
51,032	2,131	Residents Services	Salaries	53,163	52,426	-1%	(758)	(721)	(37)
84,295	(4,706)		Non-Sal Exp	79,589	83,589	5%	3,937	3,870	67
(71,704)	2,819		Income	(68,885)	(72,333)	4%	(3,044)	(2,550)	(494)
<b>63,623</b>	<b>244</b>		<b>Total</b>	<b>63,867</b>	<b>63,682</b>	<b>0%</b>	<b>135</b>	<b>599</b>	<b>(464)</b>

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 6)	Variance (As at Month 5)	Change from Month 5
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2,010	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,010	2,348	338	336	2
760	0	SEN Transport	760	1,337	577	606	(29)
737	0	Impact of Welfare Reform on Homelessness	737	737	0	0	0
402	0	Carbon Reduction Commitment	402	375	(27)	(27)	0
217	0	Outsourced Leisure Income Streams	217	390	173	155	18
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
<b>4,556</b>	<b>0</b>		<b>4,556</b>	<b>5,617</b>	<b>1,061</b>	<b>1,070</b>	<b>(9)</b>

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. The increase in tonnages has been lower than assumed when the levy was set, producing a forecast underspend against the full contingency of £117k, an adverse movement of £2k compared to Month 5. 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 £1,337k, which exceeds the budgeted contingency allocation of £760k by £577k, an improvement of £29k compared to Month 5. 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 is a reduction in the number of contracted routes operated of 5 routes (2%) compared to September 2012. However, the cost of delivering the current route requirements has increased by 11% over the same period. This reflects the increased need to provide transport on 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.

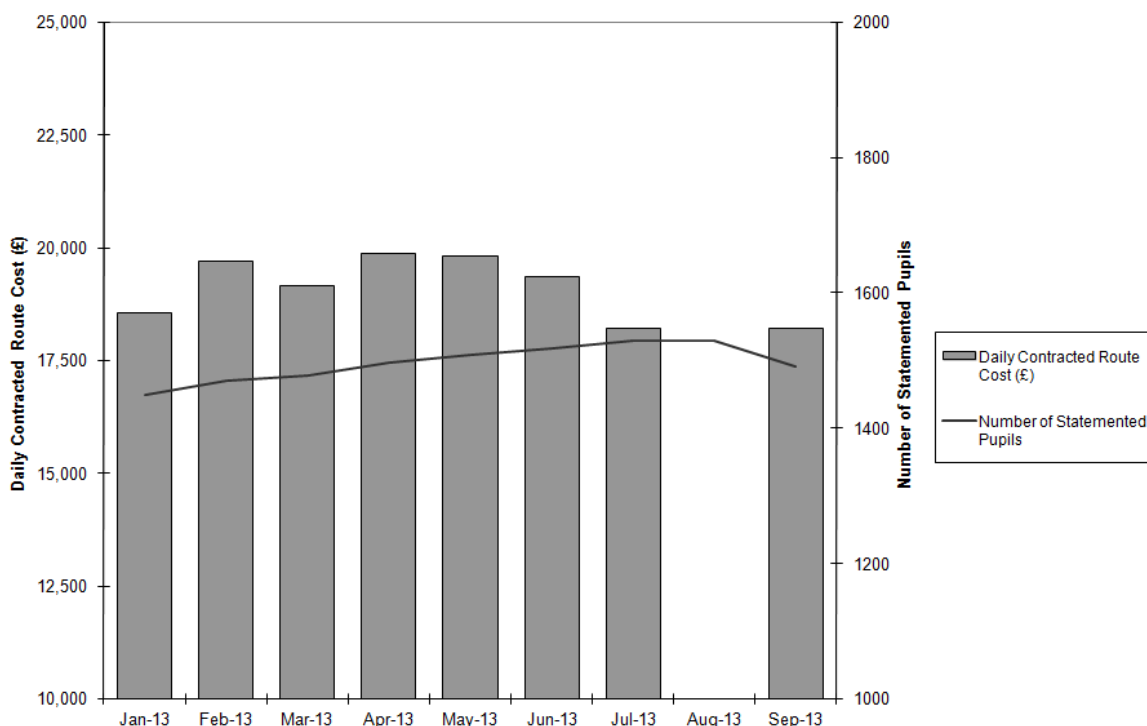
13. The pressure beyond the budgeted contingency allocation of £577k reflects that mitigating actions through policy changes and controls that in the budget were assumed to reduce overall costs by £250k are serving mainly to slow the overall rate of growth in the demographic pressure. There are also additional costs reflecting the transport needs of statemented children that commenced since budget setting for the current



financial year with a full year effect of £353k, an improvement of £29k compared to Month 5. The improvement reflects a greater than expected number of special school leavers over the summer, and an average 5% reduction in costs of routes that were re-procured over the summer based on the new contract framework approved by Cabinet in June 2013. This pressure 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 5.

14. The forecast assumes that there will be a further increase in costs as the autumn term progresses due to new placements of statemented pupils in line with the historic growth rate in statemented pupil numbers.

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 cost in September 2013 is distorted (artificially low) due to the staggered start of term at various special schools.



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 actual requirement to purchase allowances under the Carbon Reduction Commitment energy efficiency scheme for 2012/13 was reported to Cabinet in September 2013. An underspend against the contingency of £27k is expected mainly due to the exemption for un-metered supplies continuing in 2013/14, no change compared to Month 5. 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 £184k compared to last year, an adverse movement of £18k compared to Month 5, due to a slowing down in the rate of improvement in income in September. 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. Hence the overall pressure is forecast at £290k, an improvement of £169k compared to last year's outturn.
19. There is also a pressure of £100k 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 the signs are that it is unlikely that the 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. It is currently assumed that these resources will be fully utilised however this will be kept under close review throughout the remainder of the financial year.
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 (£358k underspend; £283k favourable)**

22. Cabinet approved the transfer of the non-dwelling shop and garage assets from the Housing Revenue Account (HRA) in September and October 2013 respectively, which provides a forecast net income stream to the General Fund of £675k over the remainder of the current year, an improvement of £320k compared to Month 5 due to the impact of the garages transfer now approved.
23. 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 5. In addition, there is a pressure of £37k on the income targets for the Civic Centre due to changes in third party occupation of the Civic Centre estate, an adverse movement of £37k compared to Month 5.
24. 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 (£1,150k underspend; £15k favourable)**

25. The education service has savings items totalling £1,369k included in the 2013/14 budget, which includes savings from the children's pathway project, and are all on track to be delivered.
26. The service continues to experience high staff turnover and vacancies resulting in forecast staffing underspends in the youth service (£140k), the school improvement

service (£220k), education welfare (£50k), an improvement of £10k compared to Month 5, 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.

27. There is a forecast underspend of £300k on Children's Centres 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, no change compared to Month 5.
28. There is also a forecast underspend of £120k on training for early years providers, continuing the position identified last year, an underspend of £50k on bought-in support for the School Improvement Service, and an underspend of £70k from a further review of discretionary budgets across the service, no change compared to Month 5.
29. In addition, there is a forecast underspend on schools redundancy costs of £60k, as schools are continuing to maintain staffing levels despite the freeze in the funding unit, and the Council has applied strict criteria to the funding of redundancy claims.
30. There is an over-achievement of £45k on income due to additional buy back from schools, an improvement of £5k compared to Month 5.

#### **Environmental Policy & Community Engagement (£35k underspend; £2k favourable)**

31. The forecast underspend results from the impact of a vacant post within the planning specialists team (£23k), an improvement of £2k compared to Month 5, 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 (£2,172k pressure; no change)**

32. The Housing Needs budget is under considerable pressure as a result of increased demand for temporary accommodation and reductions in the supply of Private Sector Leasing (PSL) and other low-cost private rented sector accommodation. Consequently, the Council has had to put people in much more expensive Bed and Breakfast (B&B) accommodation. As a result the Housing Needs budget is projecting an overspend of £2,172k, no change compared to Month 5. There remain a number of risk factors which could increase the pressure to over £3m if mitigating actions are not able to exert a downward pressure on demand or increase the supply of properties.
33. The pressure from the increase in B&B accommodation accounts for £1,878k of this sum, no change compared to Month 5, due to the impact of increased demand in the system and the share of temporary accommodation provided from this source. The number of households in B&B had reached 240 at the end of September, compared with 215 at the end of August 2013. The Month 6 projection assumes the B&B numbers will increase to 279 by the end of the year, no change compared to the Month 5 projection. However, this is based on overall demand for temporary accommodation being more or less constant, and 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. Void properties in the HRA have been released by the repairs service and are being let to priority cases. Additional void properties will be available for Homelessness cases in October / November depending on a further release by the Housing repairs service and these are factored into the additional 200 properties needed to contain the pressure.

34. There are 692 homeless households in temporary accommodation which is an increase of 61 households compared to March 2013. It is also estimated that the number of households in temporary accommodation could increase by a further 200 to 300 by the end of the financial year, depending upon the impact of any increase in the supply of leased accommodation, nomination rights, permanent dwellings and prevention activities. At this time it is too early to accurately forecast the effects of welfare reform but this could also exert an upward pressure. The supply of temporary accommodation is also changing with the supply of low cost PSL properties decreasing as leases expire, with a consequent increase in the proportion of B&B unless new agreements can be signed to retain the PSL properties. Hence if the PSL units are not replaced and the increased demand for temporary accommodation continues there could be a further significant increase in the number of households in B&B.
35. Rent arrears are increasing and the forecast B&B overspend includes a provision for bad debt of £233k, no change compared to Month 5. There is considered to be a risk that this could deteriorate if numbers continue to increase and through the impact of welfare reform. All arrears are being examined to ensure Housing Benefit is awarded and paid for all appropriate claimants. The use of Discretionary Housing Payments (DHP) is also being monitored particularly in respect of cases where welfare reform is moving responsibility for payment of rent to the claimant.
36. A number of mitigating actions are being developed and implemented. These include identifying Council property that could be designated for temporary accommodation, a review of the contracts of RSL partner organisations particularly in respect of bad debts, and examining the possibility of setting up a medium term PSL scheme to attract property owners directly to the Council. The Cabinet meeting in September 2013 approved the appropriation of commercial properties from the HRA to the General Fund. This includes 49 flats above shops that could potentially be made available as temporary accommodation, two of which have been identified immediately and discussions with lessees are in progress for a further 29 flats. The remaining 18 flats have been identified at lease end and are being returned to the HRA and may be made available as short life properties. Approval was also given to authorise Paradigm to purchase up to 60 properties utilising an existing fund set up for future transfers by the Council at a cost of £5 million. These properties have 100% nomination rights thereby increasing supply permanently. The historic bad debt charges incurred by properties managed by RSL partners have also been examined and claims lodged with certain partners. Additional nomination rights from RSL partners are also being sought as part of potential scheme discussions. The block booking of B&B units is also being negotiated by corporate procurement but due to timing will not improve the position in 2013/14.
37. The potential also exists for a recharge to the HRA to offset the pressure on homelessness caused by the increased HRA voids arising from a recent legal case. A recharge of £250k is proposed based on voids impacts dating back to the start of the calendar year and is factored into the overall forecast, no change compared to Month 5.
38. In addition to B&B costs, increased incentive payments to procure prevention properties accounts for £340k of the overall pressure, no change compared to Month 5. New supply has been limited from the private sector to date and further changes in how the schemes operate are being examined. It is anticipated that prevention savings on demand will at least be equivalent to the expenditure in year.

### **ICT Highways & Business Services (£380k underspend; no change)**

39. There is a forecast staffing underspend of £140k in Technical Administration and Business Support, due to the impact of vacant posts that have been held open during the restructuring process for this service, no change compared to Month 5. This service area is also delivering a savings target of £169k included in the 2013/14 budget.
40. There is also an underspend of £40k on Ordnance Survey mapping charges which are being covered again this financial year directly by the Government, no change compared to Month 5.
41. Income from the London Common Permit Scheme is forecast to exceed the target set by £200k, no change compared to Month 5. 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 (£111k underspend; £82k favourable)**

42. The forecast pressure on building control is £90k, no change compared to Month 5, 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.
43. 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, no change compared to Month 5.
44. 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 £14k due to a vacant post in the Events team, an improvement of £2k compared to Month 4.
45. Development control income is running ahead of the profiled income target, and a net underspend of £92k is now forecast, an improvement of £80k compared to Month 5.

### **Public Safety (£3k underspend; £82k favourable)**

46. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 5, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
47. There is a forecast pressure of £45k on the imported food service, an improvement of £56k compared to Month 5. Income targets for this service are on track to be exceeded by £82k, mainly due to continued strong imports of seasonal fruit and vegetables through the normally quieter summer season, an improvement of £36k compared to Month 5. However the cost of testing these products increased significantly at the end of last year due to changes in the sampling requirements specified by the European Union for these products, and is forecast to overspend by £127k, an improvement of £20k compared to Month 5. 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.

48. 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 £106k is now reported, as the service is actively managing down maintenance costs as older vehicles are replaced, producing an underspend of £231k, an improvement of £10k compared to Month 5. However in this interim period there remain pressures on contract hire and leases of £125k due to short-term arrangements being put in place while replacement vehicles are procured, no change compared to Month 5. The service is also closely monitoring insurance claims, where there is a greater risk around accidental damage under self-insurance arrangements.
49. Waste Services is currently forecast at a £92k underspend, an improvement of £16k compared Month 5. This is due to a forecast underspend on graffiti removal of £33k, an improvement of £10k compared to Month 5, and additional recycling income of £59k, an improvement of £6k compared to Month 5.
50. 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 5, and increasing the grant available for allocation by the same amount.

## Children and Young People's Services: £209k overspend (£132k improvement)

1. Children's Services is projecting an overspend of £209k as at Month 6, an improvement of £132k on month 5, due to an ongoing review of the placements budget, where it is evident that there is a move away from high cost residential placements and Independent Fostering Agency placements to either In House Foster Carers or Adoption and Special Guardianship Orders (SGO). Also, a review of non-staffing budgets started this month and has shown minor improvements in month 6, consisting of an underspend of £255k on salaries, an adverse movement of £15k on month 5 due to the continuing use of agency staff; an overspend of £498k on non-staffing budgets, an improvement of £149k on month 5 due to a reduced cost of Looked After Children placements and Translation and Interpretation costs; and a projected surplus of £34k on income streams, an adverse movement of £1k on month 5. The forecast variances at month 6 are summarised in the table below, with more detail provided in the following paragraphs

Original Budget £'000	Budget Changes £'000	Service	Month 6		% Var	Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Change from Month 5 £'000	
521	0	Adoption	Salaries	521	550	6%	29	20	9
1,064	(0)		Non-Sal Exp	1,064	1,358	28%	294	319	(25)
(20)	0		Income	(20)	(135)	575%	(115)	(115)	0
<b>1,565</b>	<b>(0)</b>		<b>Sub-Total</b>	<b>1,565</b>	<b>1,773</b>	<b>13%</b>	<b>208</b>	<b>224</b>	<b>(16)</b>
1,296	1	Children's Homes	Salaries	1,296	1,524	18%	229	159	70
2,599	(0)		Non-Sal Exp	2,599	2,517	-3%	(82)	(41)	(41)
(912)	(0)		Income	(912)	(689)	-24%	223	223	(0)
<b>2,983</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,983</b>	<b>3,352</b>	<b>12%</b>	<b>369</b>	<b>341</b>	<b>28</b>
1,149	(1)	Family Support	Salaries	1,150	967	-16%	(183)	(177)	(6)
1,269	1		Non-Sal Exp	1,268	1,219	-4%	(49)	(28)	(21)
(127)	0		Income	(127)	(100)	-21%	27	27	0
<b>2,291</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,291</b>	<b>2,086</b>	<b>-9%</b>	<b>(205)</b>	<b>(178)</b>	<b>(27)</b>
1,420	(1)	Fostering	Salaries	1,421	1,304	-8%	(117)	(78)	(39)
5,200	(197)		Non-Sal Exp	5,397	5,568	3%	171	261	(90)
(271)	0		Income	(271)	(217)	-20%	54	53	1
<b>6,349</b>	<b>(198)</b>		<b>Sub-Total</b>	<b>6,547</b>	<b>6,655</b>	<b>2%</b>	<b>108</b>	<b>236</b>	<b>(128)</b>
1,347	(1)	Other Care	Salaries	1,348	1,446	7%	98	98	0
2,216	31		Non-Sal Exp	2,185	2,140	-2%	(45)	(44)	(1)
(518)	(1)		Income	(517)	(542)	5%	(25)	(51)	26
<b>3,045</b>	<b>29</b>		<b>Sub-Total</b>	<b>3,016</b>	<b>3,044</b>	<b>1%</b>	<b>28</b>	<b>3</b>	<b>25</b>
5,755	(49)	Social Workers	Salaries	5,804	5,525	-5%	(279)	(282)	3
471	4		Non-Sal Exp	467	615	32%	148	138	10
(304)	0		Income	(304)	(456)	50%	(152)	(126)	(26)
<b>5,922</b>	<b>(45)</b>		<b>Sub-Total</b>	<b>5,967</b>	<b>5,684</b>	<b>-5%</b>	<b>(283)</b>	<b>(270)</b>	<b>(13)</b>
1,342	(3)	Youth Offending	Salaries	1,345	1,313	-2%	(32)	(10)	(22)
43	3		Non-Sal Exp	40	101	153%	61	41	20
(494)	0		Income	(494)	(540)	9%	(46)	(46)	0
<b>891</b>	<b>0</b>		<b>Sub-Total</b>	<b>891</b>	<b>874</b>	<b>-2%</b>	<b>(17)</b>	<b>(15)</b>	<b>(2)</b>
12,830	(54)	Children's And Families	Salaries	12,884	12,629	-2%	(255)	(270)	15
12,862	(159)		Non-Sal Exp	13,021	13,518	4%	498	646	(149)
(2,646)	(1)		Income	(2,645)	(2,679)	1%	(34)	(35)	1
<b>23,046</b>	<b>(214)</b>		<b>Sub-Total</b>	<b>23,260</b>	<b>23,469</b>	<b>1%</b>	<b>209</b>	<b>341</b>	<b>(132)</b>

### **Adoption Service: £208k overspend (£16k improvement)**

2. The Adoption service is projecting an overspend of £208k, an improvement of £16k on the month 5 projections, due to an amendment in the number of Adoption and Special Guardianship Order placements that will be made following the review of a number of residential and foster care placements. In total, the additional cost of Adoption and Special Guardianship Order placements is causing a pressure of £294k, additionally there is an overspend of £29k on staffing costs, this is netted down by the receipt of additional income of £115k, which relates to income received from other local authorities for children that are adopted in this Borough, whose responsibility is the placing authority.

### **Children's Homes (Residential Placements): £369k overspend (£28k adverse)**

3. This service is projecting an overspend of £369k, an adverse movement of £28k on the month 5 projections, due to an ongoing review of Looked After Children placements, which is indicating an improved position, netted down by an increase in the salary overspend, where there appears to be a significant increase in agency costs at Merrifield House, which is being investigated. The current projected outturn position continues to include a contribution of £101k from the Health Service for one placement. Ongoing discussions are taking place with the Health Service, to provide this level of funding, although historically the Health Service have generally not agreed to fund the cost of placements.
4. The main reason for the overspend is due to the ineffective implementation of the Government grant funded initiative, the Multidimensional Treatment Foster Care (MTFC) programme, where it was assumed that 8 hard to place children currently in a high cost placement (where the average annual cost is in excess of £140k), would convert to a foster care placement, where additional support and infrastructure would be provided, at an annual cost of £54k. It was anticipated that this would deliver an annual saving of £300k, based on 4 children being successfully placed. To date no conversions have been made, although indications are that 1 child will move into a foster care placement in October 2013.
5. An options paper is being considered, which is proposing to withdraw from the MTFC programme and replace it with a similar support mechanism which is not constrained by the conditions of the grant. If agreed, it is anticipated that this new arrangement will be in place for 1 April 2014, and will be well placed to deliver the £300k saving target that is in the 2013/14 MTFP proposals in the 2014/15 financial year. The DfE have confirmed that no clawback will be applied in 2013/14 and have agreed that the scheme will end on 31 March 2014. There will therefore be no grant income in 2014/15, which was the last year of the MTFC programme.
6. Additionally, there is a projected shortfall of £223k in income, which is due to a reduced contribution that will be received from the Dedicated Schools Grant, as the majority of the residential placements that have been converted to more local provision, no longer require a contribution from education.
7. As at 9 September, 17 children were placed in a residential placement, with an additional 24 children living in semi-independent provision (the data for semi-independent living is not robust enough at the moment, and is being reviewed to ensure that the data is captured and reported accurately), at a cost of £3,064k.



### **Family Support: £205k underspend (£27k improvement)**

8. The Family Support service is projecting an underspend of £205k, an improvement of £27k on the month 5 projections, due to review of the non staffing budgets, where there is an improvement in the cost of advocacy and the independent visitor scheme. The underspend is due primarily to the high level of staff vacancies across this service.

### **Fostering: £108k overspend (£128k improvement)**

9. The Fostering service is projecting an overspend of £108k, an improvement of £128k on the month 5 projections, due to an ongoing review of the cost of placements, which is indicating an improved position.

10. The main reason for the overspend is due to a difference in the actual number of placements when compared to the MTFF projections, where it was assumed that children would be moved from Independent Fostering Agencies to In House foster care placements. Evidence indicates that there has been some success in converting foster carers (a net conversion rate of 13 children over the last two years), however, the MTFF did not take into account that 25 out of 82 Independent Fostering Agency placements are "Long Term Matched" and cannot be moved. Additionally, 11 out of 91 In House Foster Care placements are also "Long Term Matched", which also cannot be moved. This leaves a smaller cohort to consider than the MTFF projections were based on. This has resulted in a projected overspend of £171k on the placements budget. This is netted down by an underspend on staffing budgets

11. As at 9 September, 82 children were placed with an Independent Fostering Agency, with 91 being placed with In House Foster Carers, at a cost of £5,488k.

### **Other Care Services: £28k overspend (£25k adverse)**

12. This service is projecting an overspend of £28k, an adverse movement of £25k on the month 5 projections, due to a realignment of income, which was incorrectly badged against this service. The overspend is due primarily to increased staffing costs due to the high levels of agency staff being employed and a £50k overspend on legal costs, netted down by an underspend on other non staffing budgets.

### **Social Workers: £283k underspend (£13k improvement)**

13. This service is projecting an underspend of £283k, an improvement of £13k on the month 5 projections, due to the inclusion of the Remand Grant. The reason for the underspend is due to the transfer back in house of the SWP Ltd contract, where it was anticipated that the service would need to create a new support structure, which has resulted in an underspend in the salary budgets, as the funds have not been realigned. This has been resolved as part of the Children's Pathway, where the resources available have been taken into account. It is anticipated that the service will receive additional grant funding of £127k for Social Worker Development training, which has resulted in a planned increase in the expenditure on the delivery of training to the relevant staff.

### **Youth Offending Service: £17k underspend (£2k improvement)**

14. The Youth Offending Service is projecting a slight underspend of £17k, an improvement of £2k on the month 5 projections. This is due to an increase in income levels, which

relates to the carry forward of unspent balances from 2012/13, which are allowed as part of the conditions of grant, netted down by a similar increase in non staffing costs.

## Analysis of Placements

15. The following table sets out the number of current placements as at 9 September 2013. It does not take into account the movements from 1 April 2013, or any growth anticipated from this point forward as the data is still being worked on. The costs identified are based on the current placements and have been annualised based on the weekly rate. For completeness, a further table includes data on Adoption and Special Guardianship Orders Allowances, as well as other provision:

	Projected 13/14 Numbers	%	Annualised Cost £000	Cost %	2013/14 Projected £	2013/14 Budget £
Secure/Remand Accommodation	2	1%	196	2%	196	111
Residential – Out of Borough	20	8%	2,378	27%	1,554	1,142
Residential – Joint Funded						479
Residential – Children with Disabilities					678	355
Residential – In House						
Semi Independent Living	27	12%	711	8%	832	537
Fostering Private – Long Term Matched Panel	22	10%	930	11%		
Fostering Private – Long Term Matched Court Order	3	1%	107	1%		
Fostering Private – Children with Disabilities					91	67
Fostering Private	56	25%	2,370	27%	3,391	2,388
In House – Long Term Matched	11	5%	235	3%		
In House	86	38%	1,833	21%	2,050	2,389
<b>Total</b>	<b>227</b>	<b>100%</b>	<b>8,760</b>	<b>100%</b>	<b>8,792</b>	<b>7,468</b>

16. To complete the picture the following table provides the age profile of the current placements, based primarily on the school age range definition:

Placement	Age Range					Total
	0-2	2-5	5-11	11-16	16+	
Private Residential - Out Borough			1	9	10	20
Semi Independent					27	27
IFA Matched			2	14	9	25
IFA Not Matched	1	2	18	19	16	56
In House	11	24	32	23	7	97
<b>Total</b>	<b>12</b>	<b>26</b>	<b>53</b>	<b>65</b>	<b>69</b>	<b>225</b>
Percentage Distribution	5%	12%	24%	29%	31%	100%

17. The analysis of the Adoption Allowances is set out below, although still work in progress:

	<b>Projected 13/14 Numbers</b>	<b>2013/14 Projected £000</b>	<b>2013/14 Budget £000</b>
Adoption Allowances		270	239
Post Adoption Support		170	153
Residence Order Allowances	53	240	270
Special Guardianship Orders Allowances	60	480	289
Other Payments		90	21
<b>Total</b>		<b>1,250</b>	<b>972</b>

**Asylum Service: £1,598k overspend (£98k adverse)**

18. The Asylum Service is projecting an overspend of £1,598k, an adverse movement of £98k on month 5 due to a potential change in the level of funding that will be received from the Home Office following correspondence received.

19. The overspend of £1,598k reflects the true running costs of the service in providing support for asylum seeking children, for which the Home Office provides grant 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 (although the Home Office are proposing to reduce this to approximately £1,772k for 2013/14), which the Home Office fund under a Gateway agreement to reflect the additional burden that port authorities face (only 4 local authorities are provided with this additional level of support; Hillingdon, Solihull, Kent and Croydon). The current Gateway agreement ends on 31 March 2014.

20. The majority of the costs incurred which are not covered by the Home Office grant relate to support that is provided to children over 18 years of age. Additionally the grant does not pay for the first 25 eligible children. The cost of supporting these children net of any grant, results in the overspend of £1,598k being reported, for which a sum of £1,995k has been set aside in the Corporate Risk Contingency.

21. The Home Office have been negotiating the appropriate level of grant funding that they will provide the four Gateway authorities over the last few months. This is starting to solidify into a firm proposal for both 2013/14 and 2014/15. The following table provides an update on the current proposal that the Home Office sent the Council on 16 October 2013. This proposal is slightly different to the offer that was discussed in September 2013, as it now proposes a day rate funding level of £35, whereas in September the agreement seemed to settle on £40 per support day.

	Description	Grant Funding £	Comments
<b>Gateway Grant - Home Office</b>			
	Support Days x £35 per day. (Current position Support Days is estimated to be 37,025)	1,296,000	This includes the costs of Social Workers, Admin Staff, Olympic House Premises costs and Overheads (Support Services). Home Office would like a breakdown of staffing fte and associated costs.
<b>Special Grants - Home Office</b>			
	Weir House	91,000	Agree to fund up to the lease expiry date - March 2015
	50% contribution towards Legal costs	50,000	Home Office would like to be involved in decisions where the costs is greater than £25k. They would also like to set a cap which if reached a further negotiation would be required.
<b>Total Grant - Home Office</b>		<b>1,437,000</b>	
<b>Special Grants - Border Agency</b>			
	Emergency Duty Team	146,600	Need to provide number of staff and activity data
	In Take Bid	188,000	Need to provide number of staff and activity data
<b>Total Grant - Border Agency</b>		<b>334,600</b>	
<b>Draft Agreement Total Grant</b>		<b>1,771,600</b>	

22. The agreement drawn up by the Home Office indicates that they need to provide Council's with 3 months written notice before any changes can be implemented. No evidence can be found that this has been provided for 2013/14. However, the budget monitoring position assumes that the changes proposed will be effective for the full financial year. The Home Office are being asked to provide evidence of the three months written notice so as to be able to confirm the grant position for 2013/14.

23. The Home Office also indicated that they would be prepared to discuss additional funding for a number of other costs, including the first 25 cases (equates to £195k), which under the current grant agreement are excluded from the Gateway grant, the cost of supporting over 18 Asylum Seekers (estimated to be £954k) and the cost of the impact of the Newcastle Judgement ), which requires local authorities to fund the cost of university education should the asylum seeker wish to progress their education at the non-EU rate. No update has been provided to date.

### **Risk Contingency**

24. The Corporate Risk Contingency holds two budgets relating to growth in Looked After Children placement numbers (£781,000) and provision for the shortfall in grant funding for the Asylum service (£1,995,000). The following table sets out the estimated draw down of these:

Original Budget £'000	Budget Changes £'000	Current Commitments	Month 6		% Var	Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Change from Month 5 £'000
781	0	Social Care Demographic Growth Pressure	781	781	0%	0	0	0
1,995	0	Asylum Funding Shortfall	1,995	1,598	20%	(397)	(495)	98
<b>2,776</b>	<b>0</b>	<b>Sub-Total</b>	<b>2,776</b>	<b>2,379</b>	<b>14%</b>	<b>(397)</b>	<b>(495)</b>	<b>98</b>

## ADULT SOCIAL CARE (£666k pressure, £43k adverse variance)

The Month 6 revenue budget forecast for 2013/14 shows an adverse forecast of £666k against budget which represents a £43k adverse movement from the Month 5 position and reflects some increased pressures partially mitigated by the impact of agreed management actions to contain pressure. As previously reported within this position is a pressure of £350k is due to slippage in the day centre reconfiguration as a result of the judicial review.

**Table 1: Adult Social Care Operating Budgets**

Original Budget	Budget Changes	Service	Month 6		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Change from Month 5	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
6,431	(40)	Older People	Salaries	6,391	5,982	-6%	(409)	(334)	(75)
23,572	466		Non-Sal Exp	24,038	25,597	6%	1,559	1,744	(185)
(8,977)	0		Income	(8,977)	(10,211)	14%	(1,234)	(1,327)	93
<b>21,026</b>	<b>426</b>		<b>Sub-Total</b>	<b>21,452</b>	<b>21,368</b>	<b>0%</b>	<b>(84)</b>	<b>83</b>	<b>(167)</b>
1,612	48	Physical & Sensory Disability	Salaries	1,660	1,555	-6%	(105)	(108)	3
6,726	(49)		Non-Sal Exp	6,677	6,887	3%	210	74	136
(592)	0		Income	(592)	(646)	9%	(54)	(29)	(25)
<b>7,746</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>7,745</b>	<b>7,796</b>	<b>1%</b>	<b>51</b>	<b>(63)</b>	<b>114</b>
5,882	(401)	Learning Disability	Salaries	5,481	5,162	-6%	(319)	(296)	(23)
21,157	402		Non-Sal Exp	21,559	22,987	7%	1,428	1,347	81
(6,281)	1		Income	(6,280)	(6,549)	4%	(269)	(395)	126
<b>20,758</b>	<b>2</b>		<b>Sub-Total</b>	<b>20,760</b>	<b>21,600</b>	<b>4%</b>	<b>840</b>	<b>656</b>	<b>184</b>
1,526	0	Mental Health	Salaries	1,526	1,419	-7%	(107)	(109)	2
4,889	0		Non-Sal Exp	4,889	5,039	3%	150	159	(9)
(400)	0		Income	(400)	(390)	-3%	10	3	7
<b>6,015</b>	<b>0</b>		<b>Sub-Total</b>	<b>6,015</b>	<b>6,068</b>	<b>1%</b>	<b>53</b>	<b>53</b>	<b>0</b>
2,322	(86)	Social Care Directorate	Salaries	2,236	2,095	-6%	(141)	(38)	(103)
(1,724)	(561)		Non-Sal Exp	(2,285)	(2,329)	2%	(44)	(59)	15
(650)	151		Income	(499)	(508)	2%	(9)	(9)	0
<b>(52)</b>	<b>(496)</b>		<b>Sub-Total</b>	<b>(548)</b>	<b>(742)</b>	<b>35%</b>	<b>(194)</b>	<b>(106)</b>	<b>(88)</b>
17,773	(479)	Adult Social Care	Salaries	17,294	16,213	-6%	(1,081)	(885)	(196)
54,620	258		Non-Sal Exp	54,878	58,181	6%	3,303	3,265	38
(16,900)	152		Income	(16,748)	(18,304)	9%	(1,556)	(1,757)	201
<b>55,493</b>	<b>(69)</b>		<b>Total</b>	<b>55,424</b>	<b>56,090</b>	<b>1%</b>	<b>666</b>	<b>623</b>	<b>43</b>

51. The disaggregation of the contingency for Adult Social Care clients this year provides a more transparent view of the demographic pressures on different client groups. The

Month 6 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. There is no change in the assumed use of contingency since Month 5.

**Table 2: Adult Social Care Contingency**

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'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
<b>12,991</b>	<b>0</b>		<b>12,991</b>	<b>12,991</b>	<b>0</b>	<b>0</b>	<b>0</b>

52. The rising pressure to support older people to live in the community now appears to be being reined back as a result of proactive management action that includes effective working with our health partners with regard to hospital discharges and close monitoring of the care offer made to clients through the Access service. A net loss of 10 clients within residential settings against an anticipated net reduction of 3 clients and further salaries savings have contributed to the favourable movement.

53. For the Physical and Sensory Disability Service there has been an adverse movement on non- salaries budgets. This is attributable to additional packages.

54. For Learning Disability Services there has been overall adverse movement of £186k in the forecast for Month 6. This is the result of an NHS funded client leaving resulting in an adverse variance on income but the corresponding favourable variance on placement expenditure being masked by additional placements.

55. In Mental Health services the forecast remains stable with management actions to reduce placement costs successfully containing the overall position.

56. For all services the pressure on services to clients continues to be partially offset by increased client contributions and under spends on staffing costs.

57. The delay that resulted from the Judicial Review challenge to the council's decision to close Day Centres at Parkview and Woodside continues to delay 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. The new resource centre at Queenswalk is expected to become available in the June 2014.

## 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 (£118.4m), with the remainder (£31.7m) 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	Budget Changes		Month 6		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000		£'000	£'000		£'000	£'000	£'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	4,029	-17%	(797)	(577)	(220)
	4,906	Schools (Retained)	4,906	4,677	-5%	(229)	(573)	344
	21,947	SEN	21,947	22,321	2%	374	852	(478)
<b>0</b>	<b>0</b>	<b>Total Schools Budget</b>	<b>0</b>	<b>(652)</b>		<b>(652)</b>	<b>(298)</b>	<b>(354)</b>
(709)	0	Balances b/fwd 01/04/13	(709)	(709)		0	0	0
<b>(709)</b>	<b>0</b>	<b>Balances c/fwd 31/03/14</b>	<b>(709)</b>	<b>(1,361)</b>		<b>(652)</b>	<b>(298)</b>	<b>(354)</b>

3. The underspend of £652k is due primarily to an underspend on joint funded placements of £479k, an adverse movement of £345k compared to Month 5, 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, offset by a projected overspend of £374k on top-up funding for special needs school placements for pre- and post-16 pupils at Academies, mainstream schools and independent special schools, an improvement of £478k compared to Month 5.
4. The expanding schools contingency is also forecast to overspend by £311k, no change compared to Month 5, reflecting the full impact of places delivered through the Primary Schools Capital Programme for September 2013.
5. There is a forecast underspend of £775k on placement provision under the 2 year old free entitlement, where less children have taken up a place than was originally anticipated, an improvement of £220k compared to Month 5. At this stage there is not enough information available to provide a reasonable projection for the year end 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. There is a net underspend on the remaining retained budgets of £83k, an improvement of £1k compared to Month 5.
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 increased by the in-year underspend of £652k, to a projected reserve level of £1,361k as at 31 March 2014, an improvement of £354k compared to Month 5.

### 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 6		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Change from Month 5
£'000	£'000		£'000	£'000		£'000	£'000	£'000
(4,387)	0	Income	(4,387)	(3,958)	-10%	429	429	0
4,295	0	Expenditure	4,295	4,045	-6%	(250)	(240)	(10)
<b>(92)</b>	<b>0</b>	<b>In year Surplus / Deficit</b>	<b>(92)</b>	<b>87</b>	<b>-195%</b>	<b>179</b>	<b>189</b>	<b>(10)</b>
(67)	0	Unallocated Balances b/fwd 01/04/13	(67)	(67)		0	0	0
<b>(159)</b>	<b>0</b>	<b>Unallocated Balances c/fwd 31/03/14</b>	<b>(159)</b>	<b>20</b>		<b>179</b>	<b>189</b>	<b>(10)</b>

9. An in-year deficit of £87k is forecast for the 2013/14 financial year. There is a total forecast shortfall of income of £429k, reflecting the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income target. This includes a one-off shortfall of £76k as the new parking enforcement contractor in place from August 2013 has not been able to immediately maintain PCN income at the levels achieved by the previous contractor, no change compared to Month 5. The income pressure is offset by compensating savings totalling £342k, from the enforcement contract (£170k), and various staffing and non-pay budgets (£80k), as well as the budgeted surplus of £92k, an improvement of £10k compared to Month 5.

## 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 £3,610k can be released to the General Fund.

Original Budget	Budget Changes		Month 6		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(112,926)	0	Gross Council Tax Income	(112,926)	(114,126)	(1,200)	(1,200)	0
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
<b>(97,801)</b>	<b>0</b>	<b>Net Council Tax Income</b>	<b>(97,801)</b>	<b>(101,211)</b>	<b>(3,610)</b>	<b>(3,610)</b>	<b>0</b>
(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
<b>(41,431)</b>	<b>0</b>	<b>Net NNDR Income</b>	<b>(41,431)</b>	<b>(41,431)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 £1,200k, with no movement declared from the position at Month 5. 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 5. Although it remains too early to comment on the outlook for collection rates in the longer-term, 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 £3,610k 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 forecast to generate an in-year operating surplus (before capital contributions which will be determined at the end of the financial year) of £8,153k, which is £8,105k above budget, an adverse movement of £747k compared to a restated Month 5 position due to the transfer of commercial shops to the General Fund as approved by Cabinet in September. The surplus is mainly due to a delay in the major works programme (£8,674k) and lower management costs (£902k), offset by a reduction in rent income (£1,325k).

**Table 1: HRA Overview 2013/14**

Original Budget	Budget Changes		Month 6		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 6)	Variance (As at Month 5)	Change from Month 5
			£'000	£'000		£'000	£'000	£'000
10,537	1,081	Housing Management	11,618	10,768	-7%	(850)	(807)	(43)
12,341	(854)	Repairs & Maintenance	11,487	11,633	1%	146	(127)	273
17,838	(162)	Major Works	17,676	9,002	-49%	(8,674)	(8,701)	27
1,357	0	Development & Risk Contingency	1,357	1,357	0%	0	0	0
15,307	(65)	Interest & Investment Income	15,242	15,190	0%	(52)	0	(52)
<b>57,380</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>57,380</b>	<b>47,950</b>	<b>-16%</b>	<b>(9,430)</b>	<b>(9,635)</b>	<b>205</b>
		<u>Exceptional items:</u>						
	0		0	0		0	0	0
<b>57,380</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>57,380</b>	<b>47,950</b>	<b>-16%</b>	<b>(9,430)</b>	<b>(9,635)</b>	<b>205</b>
(57,428)	0	Rental Income	(57,428)	(56,103)		1,325	783	542
<b>(48)</b>	<b>0</b>	<b>Net Total</b>	<b>(48)</b>	<b>(8,153)</b>		<b>(8,105)</b>	<b>(8,852)</b>	<b>747</b>
(20,213)	0	Balances b/fwd 01/04/13	(20,213)	(20,213)		0	0	0
<b>(20,261)</b>	<b>0</b>	<b>Balances c/fwd 31/03/14</b>	<b>(20,261)</b>	<b>(28,366)</b>		<b>(8,105)</b>	<b>(8,852)</b>	<b>747</b>

2. The Housing Management budget is showing an underspend of £850k, an improvement of £43k compared to the restated Month 5 position. There are underspends of £199k due to staffing savings from vacant posts pending restructuring proposals, an improvement of £50k compared to Month 5, £275k from savings on the costs of the Hayes Area Office, an improvement of £37k compared to Month 5, additional income on chargeable items including heating charges, works over the prescribed limit (WOPL), and right-to-buy (RTB) cost reimbursements totalling £323k, an improvement of £43k compared to Month 5, and other minor savings of £53k, an adverse movement of £87k compared to Month 5 which reflects the reassignment of savings to the main cost headings above.

3. The Repairs and Maintenance budget is now showing an overspend of £146k, an adverse movement of £273k compared to Month 5. The majority of this overspend has been identified within day-to-day and voids repairs budgets following a review of activity. Repairs and Maintenance budgets are being further reviewed as part of the Medium Term Financial Forecast for 2014/15 and beyond. A revised programme of void repairs is being examined and an annual budget is being derived going forward. Planned maintenance activities are also being identified on a programme basis to ensure budget plans are sustainable over the medium term.
4. The Major Works budget is projected to underspend by £8,674k, an adverse movement of £27k compared to Month 5. The current estimate reflects the estimated depreciation charge for the year which is used to fund the capital programme. The Major Works budget is being reviewed on a programme basis and cost reductions and increases are being identified together with programme slippage or deletion to ensure funding for the medium term position is available. Revenue contributions to fund the capital programme are also being examined and are likely to be needed this financial year particularly in respect of a planned affordable housing programme agreed under the one-for-one programme as part of the reinvigorated Right-to-Buy (RTB) regulations.
5. The HRA contingency was set to include provision against the transformation savings target of £480k and an increased provision for doubtful debts of £877k in view of the potential impact effects of welfare reforms, and is forecast to be needed in full, no change compared to Month 5. The medium term position is currently under review particularly in respect of future savings plans and current and former rent arrears.
6. Rental income is showing an overspend of £1,325k against a target of £57.4 million, an adverse movement of £542k compared to the restated Month 5 position. The shortfall is mainly due to the loss of income of £400k agreed transfer of commercial shop properties to community assets from October 2013, no change compared to Month 5, £426k from the agreed transfer of garages from the HRA to General Fund community assets from November 2013, an adverse movement of £426k compared to Month 5, £295k from a higher reduction in the number of dwellings through the RTB scheme, from 45 dwellings assumed in the budget to a latest forecast of 108 dwellings, an adverse movement of £88k compared to Month 5, and £204k from void properties due to a backlog in repairs, an adverse movement of £28k compared to Month 5. Void properties are being released from repairs under an agreed plan and the backlog is expected to be cleared by early November 2013.

## 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 £26,761k, representing 30% of forecast outturn. A significant proportion of the capital programme is for school expansions, in particular Phase 2 which has now entered the construction stage and will therefore result in a large increase in its expenditure profile. The forecast spend on School Expansions and New Builds is £50,980k for 2013/14 which represents 57% of the total spend.

**Table 1 – General Fund Capital Programme**

	2013/14	2014/15	2015/16	Total Month (06)	Total Month (05)
	£'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.)	119,727	93,798	17,503	231,028	230,115
Actual Expenditure Year to Date	26,761			26,761	18,397
Forecast Outturn	89,404	98,513	22,372	210,289	212,705
Council Resourced Variance:					
Primary Schools Expansion Programme (Table 2)	-9,633	-7,144	3,899	-12,878	-12,612
Other General Fund (Table 3)	-13,588	5,727		-7,861	-4,795
<b>Total Council Resourced Variance</b>	<b>-23,221</b>	<b>-1,417</b>	<b>3,899</b>	<b>-20,739</b>	<b>-17,407</b>
External Grants & Contributions Variance:					
Primary Schools Expansion Programme (Table 2)	-2,437	1,467	970		
Other General Fund	-4,662	4,662			
<b>Total External Resourced Variance</b>	<b>-7,099</b>	<b>6,129</b>	<b>970</b>		
<b>Total Main Programme Variance</b>	<b>-30,320</b>	<b>4,712</b>	<b>4,869</b>	<b>-20,739</b>	<b>-17,407</b>
Contingency Variance:	-937	-1,500	-1,500	-3,937	-3,988
<b>Total Capital Programme Variance</b>	<b>-31,257</b>	<b>3,212</b>	<b>3,369</b>	<b>-24,676</b>	<b>-21,395</b>

3. The revised budget has increased by £913k from Month 5 and this is partly due to an increase of £371k to the ICT Single Development Plan budget (plus £158k HRA contributions) for the desk-top refresh programme. There have also been additional revenue contributions by the schools to supplement the Devolved Formula Capital budget.
4. The main internally funded programme shows a net favourable variance of £20,739k comprising pressures of £1,811k and under spends of £22,548k as set out in Tables 2

& 3 below. In addition there is £3,937k remaining in unallocated contingency funds over three years.

- The forecast outturn for 2013/14 has reduced by £10,483k from Month 5 and this is partly due to slippage of £4,772k on the Primary Schools Expansions and New Build Programme. However there are no significant delays as the programme remains on target to deliver new school places within planned timescales. Three Forms of Entry (FE) are aimed for completion in time for the September 2013 intake and a further 13.5 FE's are to be provided for September 2014. There have also been increases in slippage on other which have reduced the forecast outturn (paragraph 32).

### Schools Expansion Programme

- The forecast variances on the Schools Expansion Programme is shown in Table 2 below:

**Table 2 – Schools Expansion & New Build Programme**

Schools Expansion Programme	2013/14	2014/15	2015/16	Total Month (06)	Total Month (05)
	£'000	£'000	£'000	£'000	£'000
<b>Cost Pressures:</b>					
Primary School Expansions - Phase 1	1,010			1,010	1,010
Primary School Expansions - Phase 2A Temporary	44			44	44
<b>Total Pressures:</b>	<b>1,054</b>	-	-	<b>1,054</b>	<b>1,054</b>
<b>Cost Under Spends:</b>					
Primary School Expansions - Phase 1A Temporary	-493			-493	-242
Primary School Expansions - Phase 2	-8,112	-4,889	3,225	-9,776	-9,763
Primary School New Builds	-4,518	-787	1,644	-3,661	-3,661
	<b>-13,123</b>	<b>-5,676</b>	<b>4,869</b>	<b>-13,930</b>	<b>-13,666</b>
<b>Total Cost Variances – Schools:</b>	<b>-12,069</b>	<b>-5,676</b>	<b>4,869</b>	<b>-12,878</b>	<b>-12,612</b>
Council Funded Variance	-9,633	-7,144	3,899	-12,878	-12,612
Grants & Contributions Variance	-2,437	1,467	970	-	-

- Primary Schools Expansions – Phase 1. There is a forecast £1,010k over spend due to increased costs for Whitehall Infants & Junior Schools. Officers are reviewing the performance of the contractor and challenging them to bring costs down.
- 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.
- Primary Schools Expansions – Phase 1A temporary. The current forecast is an under spend of £493k after final accounts have been agreed. This is largely to do with identified savings on Rosedale school.
- Primary Schools Expansions – Phase 2. The largest element of the under spend variance is the 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 achieving a

lower price than originally anticipated during the feasibility and design stage of the projects. Constructors are now on site and works are progressing, however at this stage there may still be unforeseen issues that could reduce this favourable position moving forward.

11. Primary Schools Expansions – Phase 3. There is a forecast under spend on the New Build element (Phase 3) of the Schools programme, which is mainly due to a £3,000k budget which is as yet uncommitted and was intended to provide capacity to expand the phase by a further Form of Entry. Currently this may not be required although it will link into the analysis of placement needs being undertaken.
12. In addition the tender returns for the RAF Uxbridge and Lake Farm developments are £661k below budget. Sites are being prepared and groundwork is due to start in October.
13. More detailed information on the progress of the Primary Schools Capital Programme can be found in the Schools Update report included in these Cabinet papers.

#### **General Fund Programme (Non Schools)**

14. Details of the Council resourced variances on the non-Schools General Fund programme are shown in Table 3 below:

**Table 3 – General Fund excluding Schools**

<b>Council Resourced Variance</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Total Month (06)</b>	<b>Total Month (05)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost Pressures:</b>					
Libraries Refurbishment - Central Library	450			450	450
Hayes End Library Development	210			210	210
Hillingdon Sports & Leisure Centre	75			75	73
Libraries Refurbishment	22			22	22
<b>Total Council Resourced Pressures:</b>	<b>757</b>			<b>757</b>	<b>755</b>
<b>Cost Under Spends:</b>					
South Ruislip Development - Plot B	-1,206	-2,500		-3,706	-3,706
Civic Centre Works Programme	-1,664			-1,664	-1,364
Civic Centre CHP & Energy Savings Projects	-1,621			-1,621	-
GF Supported Housing	-740			-740	-
Property Works Programme	-428			-428	-150
Sport & Cultural Projects	-154			-154	-154
Ruislip High School Expansion	-108			-108	-110
New Years Green Lane Civic Amenity Site	-53			-53	-
South Ruislip Development – Plot A	-50			-50	-
HRD Health & Safety Works	-40			-40	-25
Highgrove Pool Phase II	-30			-30	-35
Childrens Centres Phase 3	-15			-15	-
Manor Farm Stables Development	-6			-6	-6
Merrifields Safety Works	-3			-3	-
	<b>-6,118</b>	<b>-2,500</b>		<b>-8,618</b>	<b>-5,550</b>
<b>Total Council Cost Variances:</b>	<b>-5,361</b>	<b>-2,500</b>		<b>-7,861</b>	<b>-4,795</b>
<b>Projected Rephasing</b>	<b>-8,227</b>	<b>8,227</b>		<b>-</b>	<b>-</b>
<b>Main Programme Council Resourced Variance</b>	<b>-13,588</b>	<b>5,727</b>		<b>-7,861</b>	<b>-4,795</b>
<b>General Contingency</b>	<b>-937</b>	<b>-1,500</b>	<b>-1,500</b>	<b>-3,937</b>	<b>-3,988</b>
<b>Unallocated Priority Growth</b>					
<b>Council Resourced Variance</b>	<b>-14,525</b>	<b>4,227</b>	<b>-1,500</b>	<b>-11,798</b>	<b>-8,783</b>

## Council Resourced Variances

### Over Spends

15. Libraries Refurbishment (Central Library) – the sprinkler system is in need of either extensive repairs or replacement has been tested to identify the best course of action, with the results to be reported shortly. The forecast over spend of £450k is based on replacement of the system.
16. Hayes End Library Development - an overspend of £210k 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. The final accounts with other contractors have to be agreed before the consultants can complete their report.



17. 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 £75k.
18. 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.

#### Under Spends

19. 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 4) has been revised to reflect the lower figure from selling the site only.
20. Civic Centre Works Programme – it is forecast that there will be a significant under utilisation of the current year budget based on current activity.
21. Civic Centre CHP & Energy Savings Projects – the strategy for investing in energy saving projects is currently under review and a revised programme will be considered for 2014/15 onwards.
22. General Fund Supported Housing – the Supported Housing strategy is currently being developed and a major capital investment programme is under consideration for future years.
23. Property Works Programme – an under spend of £428k is forecast based on the current unallocated budget. This may reduce if new projects are developed in the coming months.
24. Sport & Cultural Projects – funding of £154k currently remains unallocated, however this may be required to fund potential new projects.
25. Ruislip High School Expansion – final accounts have been agreed and this is resulting in a forecast under spend of £108k.
26. News Year Green Lane Civic Amenity Site – latest estimates as the project nears completion are that there will be an under spend of £53k.
27. South Ruislip Development Plot A – there is likely to be a £50k under spend based on the draft final accounts.
28. HRD Health & Safety Works – the works were completed earlier in the financial year and the contractor has advised costs of £17k resulting in a £40k under spend.
29. Highgrove Pool Phase II – this project is now complete with a £30k under spend.
30. Childrens' Centres – an under spend of £15k has arisen on completion of sites under Phase 3 sites.

31. General Contingency – there are £3,937k funds remaining that are reserved to deal with cost pressures arising on projects in the main capital programme over the next three years to 2015/16.

#### Projected Re-phasing

32. There is an amount of £8,927k slippage currently forecast comprising a number of schemes. Major items include the following:

- Community Safety Assets (£2,000k) – this project is not expected to be delivered this financial year.
- Disabled Facilities Grants (£1,679k internal and grant funding), however progress is being made on completing backlog jobs.
- Queenswalk Resource Centre Development (£900k) - this will not complete until June 2014. The completion of this project is three months behind schedule and this will have an impact on 2014/15 revenue savings which will be taken into account in the MTF for 2014/15.
- Grounds Maintenance (£644k) – the purchase of parks and open spaces vehicles will occur in 2014/15 after determining exact requirements.

#### External Grants & Contributions Variances

33. There are forecast slippage under spends of £7,099k on several externally financed projects in 2013/14 which will be re-phased into the next financial year. Major items include Urgent School Building Conditions funding of £2,060k which will not be fully spent this year, although the budget has now been largely allocated to numerous projects which will commence in the near future.

34. There is re-phasing of £2,437k of the grant and Section 106 funded elements of the Primary Schools expansion programme into later years.

35. The Transport for London Local Implementation Plan for 2013/14 is in early stages and funding of £800k is estimated to slip into next year in order to complete the annual programme. This does not have an impact on services.

#### Capital Financing

36. Table 4 sets out the latest capital receipts forecast.

**Table 4**

Capital Receipts	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17- 2017/18 £'000	Total Month (06) £'000	Total Month (05) £'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	11,282	9,220	7,311	-	27,813	27,705
<b>Variance</b>	<b>-2,258</b>	<b>7,837</b>	<b>1,862</b>	<b>5,464</b>	<b>12,905</b>	<b>13,014</b>

37. Forecast capital receipts are £11,282k for 2013/14. This represents an increase of £2,258k from the revised budget level. Year to date sales total £6,698 including the sale of Hayes Pool site, Tasman House and nine of the ten flats at Elizabeth Court. A further six significant completions of properties are required to reach the forecast.
38. As at the end of Month 6 the accumulated disposal receipts over the next four years is anticipated to be £27,813k which is a negligible movement from last month. There is an element of risk around the certainty of these receipts being fully realised which has been reflected in the disposals forecast.
39. The total forecast is £12,905k lower than the budgeted level which will have the effect of increasing borrowing levels. However overall borrowing levels are offset by a reduction of £24,676k from under spends on council resourced schemes. The revised forecast Council resourced requirement split between capital receipts and borrowing is reflected in Table 5 below.

**Table 5**

Prudential Borrowing Forecast	2013/14	2014/15	2015/16	2016/17- 2017/18	Total Month (06)	Total Month (05)
	£'000	£'000	£'000	£'000	£'000	£'000
Forecast Council Resource Requirement	33,326	44,636	12,134	7,735	<b>97,831</b>	<b>100,488</b>
Forecast Capital Receipts	-11,282	-9,220	-7,311	-	<b>-27,813</b>	<b>-27,705</b>
<b>Forecast Borrowing</b>	<b>22,044</b>	<b>35,416</b>	<b>4,823</b>	<b>7,735</b>	<b>70,018</b>	<b>72,783</b>

40. The reduction of £2,765k in forecast borrowing levels from Month 5 is largely due to the increase in the forecast under spend over the life of the programme.

### Housing Revenue Account (HRA) Capital Programme

41. The Works to Stock programme consists of capital and revenue and is reported in Appendix C. 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 (06)	Total Month (05)
	£'000	£'000	£'000	£'000	£'000
<b>Pressures:</b>					
New Build - Extra Care Sites Phase 1	790	-	-	<b>790</b>	<b>790</b>
New Build - HRA Pipeline Sites Phase 1	11	-	-	<b>11</b>	<b>7</b>
New Build - Learning Disability Sites Phase 1	124	-	-	<b>124</b>	<b>124</b>
New Build - HRA Pipeline Sites Phase 2	121	-	-	<b>121</b>	<b>121</b>
<b>Total HRA Resourced Pressures:</b>	<b>1,046</b>	-	-	<b>1,046</b>	<b>1,042</b>
<b>Projected Rephasing</b>	-	-	-	-	-
<b>HRA Resourced Variance</b>	<b>1,046</b>	-	-	<b>1,046</b>	<b>1,042</b>

42. New Build HRA Extra Care Sites Phase 1: Triscott House – contractual issues leading to a forecast over spend of £790k have yet to be resolved with the main contractor. The over spend will depend on the outcome of legal proceedings and is subject to some uncertainty at the moment. The Council has entered into arbitration with the contractor.
43. 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.
44. 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**

1. There have been 48 Right to Buy sales of council dwellings achieved year to date for a value of £4,707k and a total of 108 sales are forecast totalling £10,316k 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. Proposals are being drafted by officers to develop an Affordable Housing programme to utilise these receipts within allowed timescales.

## Appendix E- Treasury Management Report as at 30 September 2013

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

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	53.50	45.07	60.00
1-2 Months	34.60	29.15	15.00
2-3 Months	6.30	5.31	10.00
3-6 Months	16.10	13.56	10.00
6-9 Months	5.00	4.21	5.00
9-12 Months	0.00	0.00	0.00
12-18 Months	0.00	0.00	0.00
<b>Subtotal</b>	<b>115.5</b>	<b>97.6</b>	<b>100.00</b>
Unpaid Maturities	3.2	2.70	0.00
<b>Total</b>	<b>118.7</b>	<b>100.00</b>	<b>100.00</b>

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; Ignis MMF, PSDF MMF, Royal Bank of Scotland, HSBC, Lloyds, Bank of Scotland, Nationwide Building Society, Barclays, Lancashire County Council, Aylesbury District Council and Kinston-upon-Hull City Council. We also currently hold three Certificates of Deposit with Standard Chartered.
2. During September 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 nine months in order to meet near term cash flow requirements.

### Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual £m	Actual %
<b>General Fund</b>		
PWLB	73.55	21.64
Long-Term Market	15.00	4.41
<b>HRA</b>		
PWLB	218.32	64.24
Long-Term Market	33.00	9.71
<b>Total</b>	<b>339.87</b>	<b>100.00</b>

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

### Ongoing Strategy

4. 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 September outstanding PWLB loans still carried large premiums and therefore made rescheduling of debt unfeasible. Early redemption opportunities will continue to be monitored.

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

1. 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 £'000	Total Spend £'000
<b>Asset Management</b>						
Senior Project Manager	03-Mar-11	11-Apr-14	184	50	52	286
Senior Project Manager (outside establishment)	05-Nov-12	18-Apr-14	49	61	62	172
Project Manager	13-Aug-12	28-Mar-14	48	38	44	130
Project Manager (outside establishment)	26-Apr-12	25-Apr-14	65	55	46	166
Project Manager (outside establishment)	07-Jan-13	09-May-14	41	23	36	100
Project Manager (outside establishment)	11-Mar-13	11-Apr-14	4	36	36	76
Principal Quantity Surveyor (outside establishment)	04-Apr-11	28-Mar-14	110	42	55	207
Quantity Surveyor	13-Mar-11	04-Apr-14	107	29	31	167
Quantity Surveyor (outside establishment)	19-Nov-12	04-Apr-14	26	33	36	95
Architect	15-Apr-11	28-Mar-14	84	27	26	137
<b>Planning, Sport &amp; Green Spaces</b>						
Planning Enforcement Lawyer (outside establishment)	13-Sep-12	02-May-14	27	33	45	105
<b>Children &amp; Young People's Services</b>						
C&F Service Manager	01-Aug-12	01-Feb-14	102	81	38	221

<b>Post Title</b>	<b>Start Date</b>	<b>Proposed End Date</b>	<b>2012/13 Spend &amp; Earlier £'000</b>	<b>2013/14 Previously Approved £'000</b>	<b>2013/14 Approved £'000</b>	<b>Total Spend £'000</b>
C&F Referral & Assessment Team Archiver	01-Apr-10	01-Dec-13	62	13	2	77
C&F Social Worker	01-May-12	01-Dec-13	52	30	4	86
C&F Referral & Assessment Team Social Worker	01-Mar-12	01-Dec-13	60	31	4	95
C&YP Social Worker	01-Jan-12	01-Dec-13	52	32	5	89
C&YP Social Worker	01-Jan-12	01-Dec-13	64	33	6	103
C&F Social Worker/Senior Social Worker	02-Jan-12	01-Dec-13	75	38	5	118
C&YP Social Worker	01-Jan-12	01-Dec-13	73	34	5	112
C&F CIN Team Senior Social Worker	01-Apr-12	01-Dec-13	46	34	4	84
C&F CIN Team Senior Social Worker	01-Apr-12	01-Dec-13	57	34	5	96
C&F-Tech Admin Officer	01-Feb-11	01-Dec-13	49	14	2	65
C&F-Tech Admin Officer	01-Apr-10	01-Dec-13	65	13	2	80
Children's Homes Residential Care Worker	01-Apr-10	01-Dec-13	56	13	2	71
Children's Homes Residential Care Worker	01-Apr-10	01-Dec-13	62	15	2	79
C&YP Residential Worker	01-Apr-10	01-Dec-13	38	34	2	74
C&F Triage Social Worker	01-May-12	01-Dec-13	53	22	5	80
C&F Triage Social Worker	19-Feb-12	01-Dec-13	63	34	4	101
C&YP Social Worker	06-May-12	01-Dec-13	29	35	5	69
C&YP Deputy Team Manager	17-Feb-13	01-Dec-13	8	45	6	59
C&F Asylum Social Worker	01-Apr-10	01-Dec-13	45	32	4	81
C&F Asylum Deputy Team Manager	17-Oct-11	01-Dec-13	78	45	6	129

<b>Post Title</b>	<b>Start Date</b>	<b>Proposed End Date</b>	<b>2012/13 Spend &amp; Earlier £'000</b>	<b>2013/14 Previously Approved £'000</b>	<b>2013/14 Approved £'000</b>	<b>Total Spend £'000</b>
C&F Senior Residential	01-Apr-10	01-Dec-13	94	23	3	120
C&F Residential	01-Apr-10	01-Dec-13	67	17	2	86
C&F Residential	01-Apr-10	01-Dec-13	69	17	2	88
C&F Residential	01-Apr-10	01-Dec-13	67	17	2	86
C&F Residential	01-Apr-10	01-Dec-13	33	22	1	56
C&F Residential	01-Apr-10	01-Dec-13	0	64	3	67
<b>Adult Social Care</b>						
ASC Disabilities Residential Team Leader	01-Apr-10	01-Dec-13	62	11	1	74
ASC Disabilities Residential Care Worker	01-Apr-10	01-Dec-13	62	11	1	74
ASC Residential Care Worker	01-Apr-10	01-Dec-13	62	11	1	74
ASC Disabilities Residential Care Worker	01-Apr-10	01-Dec-13	78	16	2	96
ASC Residential Care Worker	01-Apr-10	01-Dec-13	78	16	2	96
ASC Disabilities Day Centre Officer	01-Apr-10	01-Dec-13	66	15	2	83
ASC Disabilities Day Centre Officer	01-Apr-10	01-Dec-13	66	6	1	73
ASC - Mental Health AMHP	22-Aug-12	01-Dec-13	33	40	5	78
ASC Social Worker (Care Manager)	22-Feb-12	01-Dec-13	46	28	4	78
ASC Project Manager ICP	17-Jan-11	01-Dec-13	108	28	3	139
ASC Disabilities O/T Care Manager	18-Jun-12	01-Dec-13	40	32	5	77