

COUNCIL BUDGET - MONTH 7 2013/14 REVENUE AND CAPITAL MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>This report provides an update on the Council's latest financial position and performance against the 2013/14 revenue budget and current capital programme, as forecast at the end of October 2013 (Month 7).</p> <p>A net in-year underspend of £4,189k is forecast against 2013/14 General Fund revenue budgets, an improvement of £2,252k on the position reported at Month 6.</p> <p>The latest positions on other funds and the capital programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council's medium term financial plan.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That the Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 7.
2. Note the treasury management update for Month 7 at Appendix E.
3. Continue the delegated authority up until the 23 January 2014 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 21 November and 19 December 2013 Cabinet meetings, detailed at Appendix F.
4. Approves the release of the following specific contingency items:
 - £217k specific contingency against outsourced leisure income streams to Residents Services operating budgets;

- £737k specific contingency for the welfare reforms on homelessness to Residents Services operating budgets;
 - £2,589k specific contingency for cost pressures linked to transitional children to Adult Social Care operating budgets;
 - £660k specific contingency held for auto-enrolment into the pension scheme to directorate operating budgets.
5. Approves addition of the £59k grant funding from the Department of Health to 2013/14 Adult Social Care Directorate Budgets in 2013/14 to manage new burdens associated with enhanced reporting requirements.
 6. Approves the addition of £11k grant funding from the Department of Communities and Local Government to Democratic Services budgets from 2013/14 onwards to manage the costs of individual electoral registration.
 7. Approves funding of £175k in respect of Environmental Agency funding to be added to the Environmental Assets budget.
 8. Approves funding of £89k in respect of Better Homes funding from the Greater London Authority to be added to the Private Sector Renewals Grant budget.
 9. Approves the award of the following grants from the 2013/14 Voluntary Sector Grants budget;
 - £10k to Uxbridge Forward
 - £20k to Hillingdon Hospital Radio
 10. Approves a reduction in the management fee payable to the Council under the leisure facilities management contract of £110k per year over the remaining period of the contract, backdated to 1 April 2013.
 11. Approve the amendments to planning pre-application advice charges arising from an internal review as set out in the schedule at Appendix G with effect from 2 January 2014.
 12. Approves re-phasing of £8,554k capital expenditure budgets into 2014/15 financial year and £4,869k into 2015/16 financial year.
 13. Approves the release of £500,000 of general contingency funds to Abbotsfield School.
 14. Approves the release of £60k from general contingency to manage storm damage in the borough's parks and open spaces
 15. Agree that during the winter season, with the full agreement of the Leader of the Council (or Deputy Leader if unavailable) the Chief Executive or the Deputy Chief Executive and Corporate Director of Resident Services are both authorised to take all necessary decisions (including those ordinarily reserved to the executive) to release funds, procure and incur expenditure in order to safeguard residents, deliver services and manage the effects of adverse weather or incidents affecting the Borough. Such decisions taken, that would have required Cabinet or Cabinet Member approval, are to be reported to a subsequent Cabinet meeting for ratification. Furthermore, that Cabinet request the Chairman of the Executive Scrutiny Committee waive the scrutiny call-in period so this takes immediate effect.
 16. Agree the Deputy Chief Executive and Corporate Director of Residents Services be authorised to make any necessary procurement decisions in relation to the implementation of HIP projects, in full consultation with the Leader of the Council.

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 specific contingency items in 2013/14:
 - £217k contingency held to manage pressures on outsourced leisure income streams to Residents Services operating budgets as historic income targets associated with the previously outsourced golf operation are not sustainable in the medium-term. Appendix A contains further information on this pressure.
 - £737k contingency set aside to manage changes to housing benefits from 2011/12, which reduced income available to support temporary accommodation of homeless clients, into Housing operating budgets.
 - £2,589k contingency set aside to fund the cost of the care and support of children who have transitioned from Children's Social Care into Adult Social Care to 31 March 2013.
 - £660k specific contingency held to support the additional cost of employer's pension contributions arising from the increased membership of the Council's pension scheme after 1 February 2013 and changes requiring employees to actively opt-out of, rather than opt in-to, the scheme.
4. Recommendation 5 seeks authority to release £59k grant funding awarded by the Department of Health to Adult Social Care operating budgets in support of investment required to manage additional reporting requirements due to come into effect from 1 April 2014. This funding was awarded as the enhanced reporting represents an additional, unavoidable new burden for the Council.
5. Recommendation 6 seeks authority to release £11k grant funding to Democratic Services to manage the additional costs associated with the move towards individual electoral registration.
6. The Council has been successful in securing funding of £175k from the Environmental Agency towards the Cannon's Brook mitigation works estimated to cost £246k in total, which recommendation 7 seeks authority to include in the Council's Environmental Assets programme budget.
7. The West London Housing Directors have agreed that the remaining capital funding left from the GLA Targeted Funding Stream allocations between 2006 and 2011 (Empty Property and Better Homes Landlord grants programme) should be pooled and reallocated to a new Better Homes Project across West London. The allocation to Hillingdon is £89k set out in recommendation 8 will support the Council's Private Sector Renewal Grants programme.

8. Recommendation 9 seeks authority to award two grants from the remaining uncommitted core grants budget, part of the Council's Voluntary Sector Grants budget, Uxbridge Forward is the organisation that works to support the growth of local commerce in Uxbridge, promotes Uxbridge to potential investors and works with a range of local organisations and the Council to deliver events. The second grant award will enable Hillingdon Hospital Radio to procure new radio equipment to support this service to the community.
9. The Council has reached informal agreement with the leisure facilities management operator to reduce the management fee payable to the Council in recognition of the barriers to the delivery of the originally tendered management fee in respect of one of the Council's leisure centres. Recommendation 10 seeks formal approval to implement this change.
10. Recommendation 11 follows an in-depth review has been undertaken of planning pre-application fees and proposals have been developed to realign fees to simplify the banded charging structure, better reflect the costs of the service and maintain competitiveness with neighbouring boroughs. This is intended to encourage uptake of the service, improve the efficiency with which subsequent applications are determined, and speed up the development approval process thereby encouraging economic development. This also incorporates a HIP Money Box suggestion concerning charging separately for trees pre-application advice. Further information is contained within the MTF report also on this agenda.
11. The Council is reporting a forecast under spend of £32,707k on the capital programme for the current financial year of which £13,423k is due to slippage on existing schemes where the budget will be required in future financial years. It is therefore proposed in recommendation 12 to re-phase £13,423k to reflect current expenditure projections over the life of the capital programme.
12. Recommendation 13 proposes that £500,000 of general contingency funds are released to Abbotsfield School to support the financial position of the School for 2013/14. Of this sum, around £330,000 will offset the shortfall on sixth form funding with the remainder clearing the 2013/14 budget deficit and allowing the school to reduce its requirement for loan funding.
13. Recommendation 14 seeks authority to vire £60k from general contingency to Residents Services operating budgets to undertake necessary works to manage damage from storms during December within the Borough's parks and open spaces.
14. With respect to recommendation 15, it is timely to update a previous Cabinet decision in respect of the Council's emergency decision-making capabilities during the winter season, in order to enable instant decision-making, in consultation with Members. Any such decisions will be reported to a subsequent Cabinet meeting for information.
15. In regard to recommendation 16, occasionally the procurement of particular work is required to support the ongoing implementation of the Hillingdon Improvement Programme that benefits the Council, residents and the wider community. By agreeing this recommendation, project implementation will be able to proceed more expediently.

Alternative options considered

16. There are no other options proposed for consideration.

SUMMARY

REVENUE

17. As at Month 7, the forecast outturn position on in-year activities is a net underspend of £4,189k, representing an improvement of £2,252k on the position reported at Month 6. This position consists of a net underspend of £1,608k on directorate budgets, an underspend on capital financing costs of £2,500k and a net underspend of £81k on development and risk contingency. Movement in the reported position from Month 6 is primarily due to the recognition of the significant impact of aligning existing Council services and initiatives in support of health with Public Health functions.
18. Within this reported position significant pressures are reported on a number of demand-led budgets; including Homelessness, Social Care Placements and SEN Transport. The Council's £17,111k programme of savings for 2013/14 remains broadly on-track for delivery with 81% currently either banked or on track. Further information on the savings position, and reported pressures, are contained throughout this report.
19. Unallocated General Fund balances are forecast to reach £35,789k by 31 March 2014, before taking account of any sums remaining uncommitted from the residual £194k general contingency, £430k priority growth funds, £432k unallocated Environmental & Recreational Initiatives funds and £345k unallocated HIP budgets.
20. There are no significant movements to report on other funds from Month 6.

CAPITAL

21. As at Month 7 an underspend of £33,644k is reported on the 2013/14 capital programme budget from a revised budget of £120,030k, a movement of £2,387k on forecast expenditure at Month 6. This movement includes a further £1,461k on the school expansion programme, in addition to the £12,069k variance reported at Month 6. However there is not expected to be any impact on service requirements, with sufficient school places still on track for delivery in September 2014.
22. Forecast outturn on the General Fund Programme for 2013/14 to 2015/16 is now an underspend of £21,458k, an improvement of £719k from Month 6 primarily due mainly to a favourable revision of forecast costs on Uxbridge Central Library refurbishment after results of testing the sprinkler system.
23. General Fund capital receipts of £11,362k are forecast for 2013/14, £2,338k in excess of revised budget, with forecast receipts over the period to 2017/18 expected to reach £24,770k.

FURTHER INFORMATION

General Fund Revenue Budget

24. As at Month 7 a net underspend of £4,189k is reported on normal activities, consisting of £1,608k underspend on Directorate Operating budgets, the previously noted £2,500k underspend on Corporate Operating Budgets arising from the deferral of financing costs and a minor £81k underspend on Development & Risk Contingency. Within this position a number of specific pressures, relating to Homelessness, Social Care Placements and SEN Transport, are being managed through compensatory underspends.
25. The current monitoring position assumes that £194k of uncommitted General Contingency, £430k unallocated Priority Growth. £432k unallocated Environmental & Recreational Initiatives funds and £345k unallocated HIP funds will be committed in full by 31 March 2014. This provides significant scope to manage any unforeseen issues or support new initiatives within normal operating budgets and without recourse to balances.
26. The overall movement from Month 6 is a significant improvement of £2,252k, which consists of a £2,244k movement in directorate positions due to aligning Public Health responsibilities and objectives with all aspects of Council services and activities that benefit health, an adverse movement of £34k on remaining directorate budgets and a net improvement of £42k on contingency.
27. 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 £35,789k by 31 March 2014.

Table 1: General Fund Overview

Original Budget	Budget Changes		Month 7		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
£'000	£'000		£'000	£'000		£'000	£'000	£'000
165,738	(25)	Directorate Operating Budgets	165,713	164,105	-1%	(1,608)	602	(2,210)
20,738	95	Corporate Operating Budgets	20,833	18,333	12%	(2,500)	(2,500)	0
22,883	489	Development & Risk Contingency	23,372	23,291	0%	(81)	(39)	(42)
1,800	(70)	Priority Growth	1,730	1,730	0%	0	0	0
211,159	489	Sub-total Normal Activities	211,648	207,459	-2%	(4,189)	(1,937)	(2,252)
		Exceptional items: Reversal of Icelandic Impairment		(1,350)		(1,350)	(1,350)	0
211,159	489	Total Net Expenditure	211,648	206,109	-3%	(5,539)	(3,287)	(2,252)
(211,159)	(489)	Budget Requirement	(211,648)	(211,648)		0	0	0
0	0	Net Total	0	(5,539)		(5,539)	(3,287)	(2,252)
(30,250)	0	Balances b/fwd 01/04/13	(30,250)	(30,250)		0	0	0
(30,320)	0	Balances c/fwd 01/04/14	(30,250)	(35,789)		(5,539)	(3,287)	(2,252)

28. Excluding Public Health, there has been limited other movement in the overall position from Month 6, and no material changes to report on cross-cutting risks and issues.

Directorate Operating Budgets (£1,608k underspend / £2,210k improvement)

29. 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 7		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
197,598	(21,604)	Admin. & Finance	Expenditure	175,994	175,233	0%	(761)	(277)	(484)
(174,923)	22,178		Income	(152,745)	(152,855)	0%	(110)	(131)	21
22,675	574		Sub-Total	23,249	22,378	-4%	(871)	(408)	(463)
121,042	11,588	Residents Services	Expenditure	132,630	135,321	2%	2,691	3,263	(572)
(56,716)	(12,166)		Income	(68,882)	(72,128)	5%	(3,246)	(3,128)	(118)
64,326	(578)		Sub-Total	63,748	63,193	-1%	(555)	135	(690)
31,100	908	Children's & Young People's Services	Expenditure	32,008	31,994	0%	(14)	243	(257)
(7,856)	(893)		Income	(8,749)	(8,783)	0%	(34)	(34)	0
23,244	15		Sub-Total	23,259	23,211	0%	(48)	209	(257)
72,393	(686)	Adult Social Care	Expenditure	71,707	73,153	2%	1,446	2,222	(776)
(16,900)	650		Income	(16,250)	(17,830)	10%	(1,580)	(1,556)	(24)
55,493	(36)		Sub-Total	55,457	55,323	0%	(134)	666	(800)
165,738	(25)	Total Directorate Operating Budgets		165,713	164,105	-1%	(1,608)	602	(2,210)

30. An underspend of £871k is reported on Administration and Finance primarily due to vacant posts being held within a number of services, an improvement of £463k from that reported in Month 6 which includes the impact of integrating existing Council services with the new Public Health offer.

31. Residents Services are reporting an underspend of £555k at Month 7, with an exceptional pressure of £2,172k on temporary accommodation being off-set by £675k rental income on commercial properties appropriated from the Housing Revenue Account, underspends within Education and £555k efficiencies arising from synergies with Public Health. The improvement from Month 6 is primarily due these synergies and a number of other minor movements.

32. A net improvement of £257k is reported on Children & Young People's Services, with £468k of efficiencies from aligning existing Council services to Public Health off-setting an adverse movement due to increased demand for secure accommodation.

33. Within Adult Social Care, the previously reported pressure due to slippage in planned day centre reconfiguration and increased demand for care placements has been mitigated in year from the savings arising from integration of Public Health responsibilities resulting in a net underspend of £134k at Month 7.

Progress on Savings

34. 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 7 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)	(4,832)	(293)	(3,239)	0	(9,415)	56%
On track for delivery	0	(1,192)	(1,206)	(1,383)	(568)	(4,349)	25%
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(78)	0	(97)	(2,432)	(2,607)	15%
Serious problems in the delivery of the saving	0	0	(445)	(295)	0	(740)	4%
Total 2013/14 Savings	(1,051)	(6,102)	(1,944)	(5,014)	(3,000)	(17,111)	100%

35. Further improvement is reported at Month 7 in respect of the 2013/14 savings programme, 81% of which is expected to be delivered in full by 31 March 2014 with 56% already banked. Sufficient compensatory savings have been identified during 2014/15 to enable the potential shortfall to be managed in year, which accounts for the net underspend reported above within Directorate Operating Budgets.

36. 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. In the case of Children's and Young People's Services, alternative proposals to deliver this outstanding sum have been included in the draft 2014/15 budget reported to Cabinet elsewhere on this agenda.

37. In addition there remained £1,979k savings from prior year programmes which were unachieved as at 31 March 2013, £1,700k of which have now been delivered in full, with the remaining £289k 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 7 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	(22)	(334)	17%
On track for delivery	(65)	(330)	(255)	(706)	(1,356)	68%
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	(289)	(289)	15%
Total B/fwd Savings	(300)	(407)	(255)	(1,017)	(1,979)	100%

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

38. Table 5 below provides an overview of forecast outturn on corporately managed budgets as at Month 7. 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 7			Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	% Var	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
			£'000	£'000		£'000	£'000	£'000
11,456	0	Interest & Investment Income	11,456	8,956	-22%	(2,500)	(2,500)	0
9,282	95	Levies & Other Corporate Budgets	9,377	9,377	0%	0	0	0
20,738	95	Total Corporate Operating Budgets	20,833	18,333	-12%	(2,500)	(2,500)	0

39. 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.

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

Development & Risk Contingency (£81k underspend / £42k improvement)

41. 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 6. 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 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
1,000	489	Corporate	General Contingency	1,489	754	(735)	(703)	(32)
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	425	208	173	35
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	1,329	569	577	(8)
2,010	0		Waste Disposal Levy	2,010	2,393	383	338	45
0	0		Licencing Appeal Legal Costs	0	32	32	0	32
1,995	0	C&YPS	Reduction in UKBA Asylum Funding	1,995	1,484	(511)	(397)	(114)
781	0		Looked After Children (Demographic)	781	781	0	0	0
3,814	0	Adult Social Care	Transitional Children (Demographic)	3,814	3,814	0	0	0
1,500	0		BID Staffing Structure Review	1,500	1,500	0	0	0
3,997	0		Older People's Services (Demographic)	3,997	4,492	495	495	0
1,226	0		Physical Disability (Demographic)	1,226	1,059	(167)	(167)	0
896	0		Learning Disability Service (Demographic)	896	692	(204)	(204)	0
1,558	0		Mental Health Service (Demographic)	1,558	1,434	(124)	(124)	0
22,883	489	Total Development & Risk Contingency		23,372	23,291	(81)	(39)	(42)

42. There is limited movement from Month 6 on existing specific contingency items, with minor adverse movements on leisure income and waste disposal levy being partially offset by a minor improvement on SEN transport. Appendix A contains an overview of these contingency items and explanation for this movements.

43. On-going discussion with the Home Office have led to a reduction in the forecast call on contingency with respect of the shortfall on Asylum funding, with the £114k favourable movement due to confirmation of funding arrangements for the remainder of 2013/14 reversing the adverse movement declared at Month 6. The medium-term implications of these discussions are reflected in the 2014/15 budget report presented to Cabinet on this agenda.
44. The Council has appealed against recent a challenge to a licensing decision, incurring £32k of costs which are to met from the remaining unallocated General Contingency budget.
45. This report includes recommendations to release £500k of General Contingency to support Abbotsfield School and £60k to mitigate damage from recent storms. If agreed, this will leave £194k within General Contingency to manage unforeseen pressures over the remainder of 2013/14.

Priority Growth

46. 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
<u>Specific Budgets</u>			
HIP Initiatives Budgets	800	455	345
Environmental & Recreational Initiatives	500	68	432
Sub-Total Specific Budgets	1,300	523	777
<u>Non-Specific Priority Growth</u>			
Original Budget	1,000		
Registrars Suite		70	
Environmental & Recreational Indicatives		500	
			430
Sub-Total Non-Specific Priority Growth Budget	1,000	570	430
Total Priority Growth	2,300	1,093	1,207

47. HIP Steering Group has approved release of £455k from the HIP Initiatives Budget to fund a range of projects during 2013/14, leaving £345k unallocated. The reported position assumes that this sum will be utilised in full by 31 March 2014.
48. 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.
49. 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.

Schools Budget, Parking Revenue Account and Collection Fund

50. 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.
51. There has been no movement from Month 6 on the Schools Budget, with retained balances within the ring-fenced Dedicated Schools Grant forecast to reach £1,361k by 31 March 2014. An underspend of £652k is forecast in year, with the on-going pressure against SEN placement budgets being off-set by favourable variances within retained budgets and Early Years provision.
52. An adverse movement of £53k from Month 6 is reported on the Parking Revenue Account, which will result in a £140k in-year deficit. 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. There remain a number of options available to manage this deficit and as such no impact on the General Fund is expected.
53. 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 7. 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

54. As at Month 7, an in-year underspend of £2,192k is forecast on Housing Revenue Account (HRA) operations, primarily due to the need to undertake a review of the £17,676k programme of major works to housing stock. This position assumes that in excess of £5,000k is earmarked to support delivery of planned works to stock during 2014/15.
55. A pressure of £1,325k is reported on rental income 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. Further commentary on the HRA is set out in Appendix C.

Future Revenue Implications of Capital Programme

56. The latest reported position on the Council's 2013/14-15/16 Capital Programme is detailed in Appendix D. A net underspend of £21,458k is reported on the General Fund Programme assuming full drawdown on contingency and £1,046k pressure on HRA Projects.
57. 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. 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 of this underspend.

Appendix A – Detailed Group Forecasts (General Fund)

ADMINISTRATION & FINANCE (£871k underspend, £463k improvement)

1. The combined position for the Administration and Finance Groups at month 7 is an underspend of £871k. This is as a result of holding vacant posts in both Groups, revisions of non-salaries, synergies between existing services and new Public Health programmes, forecasts in Procurement and increases in expected income forecasts in Legal Services, although these have been net 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 7		% Var	Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
£'000	£'000			£'000	£'000		£'000	£'000	£'000
8,749	366	Admin. Directorate	Salaries	9,115	8,876	-3%	(239)	(205)	(34)
5,052	126		Non-Sal Exp	5,178	4,748	-8%	(430)	(3)	(427)
(2,744)	(187)		Income	(2,931)	(3,096)	6%	(165)	(133)	(32)
11,057	305		Sub-Total	11,362	10,528	-7%	(834)	(341)	(493)
11,558	29	Finance Directorate	Salaries	11,587	11,519	-1%	(68)	(105)	37
172,239	(22,125)		Non-Sal Exp	150,114	150,090	0%	(24)	36	(60)
(172,179)	22,365		Income	(149,814)	(149,759)	0%	55	2	53
11,618	269		Sub-Total	11,887	11,850	0%	(37)	(67)	30
20,307	395		Salaries	20,702	20,395	-1%	(307)	(310)	3
177,291	(21,999)		Non-Sal Exp	155,292	154,838	0%	(454)	33	(487)
(174,923)	22,178		Income	(152,745)	(152,855)	0%	(110)	(131)	21
22,675	574		Total	23,249	22,378	-4%	(871)	(408)	(463)

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 significant underspends in salaries in Month 7.
3. Revisions of non salary forecasts continue to be undertaken at month 7 and decreases to printing and expenses forecasts within Democratic Services have net down potential increases for the cost of provision of training within L&D budgets, a slight increase in the costs of printing Hillingdon People and the costs associated with the Iken case management system.
4. Aligning Public Health responsibilities and objectives with all aspects of Council services and activities that benefit health has resulted in a significant improvement within Administration Directorate forecasts from Month 6.
5. There has also been a further increase to the expected over-recovery of income within Legal Services, relating to a one off additional workload on Section 106 agreements as a result of a change in legislation which took effect on the 30th April, and a rebate for office stationery purchases within Policy, Performance & Partnerships.

Table 2: Administration Operating Budgets

Original Budget	Budget Changes	Service	Month 7		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6	
			£'000	£'000		£'000	£'000	£'000	
442	26	Directorate	Salaries	468	455	-3%	(13)	(13)	0
6	0		Non-Sal Exp	6	3	-50%	(3)	(4)	1
(56)	0		Income	(56)	(56)	0%	0	0	0
392	26		Sub-Total	418	402	-4%	(16)	(17)	1
676	4	Corporate Comms	Salaries	680	727	7%	47	47	0
187	0		Non-Sal Exp	187	164	-12%	(23)	(28)	5
(103)	0		Income	(103)	(107)	4%	(4)	(2)	(2)
760	4		Sub-Total	764	784	3%	20	17	3
1,425	7	Democratic Services	Salaries	1,432	1,470	3%	38	39	(1)
1,895	70		Non-Sal Exp	1,965	1,914	-3%	(51)	(30)	(21)
(849)	0		Income	(849)	(892)	5%	(43)	(43)	0
2,471	77		Sub-Total	2,548	2,492	-2%	(56)	(34)	(22)
2,347	12	Human Resources	Salaries	2,359	2,311	-2%	(48)	(52)	4
467	(15)		Non-Sal Exp	452	555	23%	103	80	23
(591)	15		Income	(576)	(619)	7%	(43)	(41)	(2)
2,223	12		Sub-Total	2,235	2,247	1%	12	(13)	25
1,924	8	Legal Services	Salaries	1,932	1,891	-2%	(41)	(46)	5
98	0		Non-Sal Exp	98	124	27%	26	19	7
(575)	0		Income	(575)	(638)	11%	(63)	(43)	(20)
1,447	8		Sub-Total	1,455	1,377	-5%	(78)	(70)	(8)
1,935	309	Policy & Perf.	Salaries	2,244	2,022	-10%	(222)	(180)	(42)
2,399	71		Non-Sal Exp	2,470	1,988	-20%	(482)	(40)	(442)
(570)	(202)		Income	(772)	(784)	2%	(12)	(4)	(8)
3,764	178		Sub-Total	3,942	3,226	-18%	(716)	(224)	(492)
8,749	366		Salaries	9,115	8,876	-3%	(239)	(205)	(34)
5,052	126		Non-Sal Exp	5,178	4,748	-8%	(430)	(3)	(427)
(2,744)	(187)		Income	(2,931)	(3,096)	6%	(165)	(133)	(32)
11,057	305		Total	11,362	10,528	-7%	(834)	(341)	(493)

6. The Finance Group is showing an adverse movement of £30k in Month 7. This is primarily as a result of the need to use agency staff within the Procurement and Revenue Services while permanent recruitment is underway following restructures in these services. Appointments have been made to some of the posts within the new Operational Finance structure and agency appointments have been extended 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 and recharge budgets. A review of recharges as part of the restructure within Procurement has highlighted a pressure on recharges to Health. However, this pressure has been netted down in year by revisions to non salaries forecasts across the service.

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, so the contract with Liberata to use their capacity grid to deal with queries received has been extended. This contract is being monitored closely to ensure best value and that service levels are maintained at a high standard. 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 7		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6	
			£'000	£'000		£'000	£'000	£'000	
547	3	Internal Audit	Salaries	550	540	-2%	(10)	(7)	(3)
50	0		Non-Sal Exp	50	46	-8%	(4)	(3)	(1)
0	0		Income	0	0	N/A	0	0	0
597	3		Sub-Total	600	586	-2%	(14)	(10)	(4)
3,549	(151)	Operational Finance	Salaries	3,398	3,459	2%	61	41	20
688	350		Non-Sal Exp	1,038	1,051	1%	13	23	(10)
(984)	21		Income	(963)	(963)	0%	0	0	0
3,253	220		Sub-Total	3,473	3,547	2%	74	64	10
2,115	370	Procurement	Salaries	2,485	2,548	3%	63	56	7
188	(38)		Non-Sal Exp	150	92	-39%	(58)	(13)	(45)
(344)	(275)		Income	(619)	(566)	-9%	53	0	53
1,959	57		Sub-Total	2,016	2,074	3%	58	43	15
4,350	(475)	Revenues & Benefits	Salaries	3,875	3,731	-4%	(144)	(162)	18
170,659	(22,371)		Non-Sal Exp	148,288	148,281	0%	(7)	2	(9)
(170,727)	22,641		Income	(148,086)	(148,084)	0%	2	2	0
4,282	(205)		Sub-Total	4,077	3,928	-4%	(149)	(158)	9
997	282	Strategic Finance	Salaries	1,279	1,241	-3%	(38)	(33)	(5)
654	(66)		Non-Sal Exp	588	620	5%	32	27	5
(124)	(22)		Income	(146)	(146)	0%	0	0	0
1,527	194		Sub-Total	1,721	1,715	0%	(6)	(6)	0
11,558	29		Salaries	11,587	11,519	-1%	(68)	(105)	37
172,239	(22,125)		Non-Sal Exp	150,114	150,090	0%	(24)	36	(60)
(172,179)	22,365		Income	(149,814)	(149,759)	0%	55	2	53
11,618	269		Total	11,887	11,850	0%	(37)	(67)	30

RESIDENTS SERVICES (£555k underspend; £690k favourable)

9. Residents Services has a projected outturn position of £555k underspend, excluding pressure areas that have identified contingency provisions. This includes 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.

Table 1: Residents Services Operating Budgets

Original Budget	Budget Changes	Service	Month 7		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
1,935	116	Asset Management	Salaries	2,051	2,072	1%	21	21	0
7,808	239		Non-Sal Exp	8,047	8,434	5%	387	387	0
(3,344)	(287)		Income	(3,631)	(4,397)	21%	(766)	(766)	0
6,399	68		Sub-Total	6,467	6,109	-6%	(358)	(358)	0
8,634	10	Education (GF)	Salaries	8,644	8,154	-6%	(490)	(505)	15
11,780	(55)		Non-Sal Exp	11,725	11,095	-5%	(630)	(600)	(30)
(9,280)	97		Income	(9,183)	(9,228)	0%	(45)	(45)	0
11,134	52		Sub-Total	11,186	10,021	-10%	(1,165)	(1,150)	(15)
1,553	(15)	Environmental Policy & Community Engagement	Salaries	1,538	1,515	-1%	(23)	(23)	0
1,006	(6)		Non-Sal Exp	1,000	1,000	0%	0	0	0
(6,267)	(49)		Income	(6,316)	(6,340)	0%	(24)	(12)	(12)
(3,708)	(70)		Sub-Total	(3,778)	(3,825)	1%	(47)	(35)	(12)
3,846	(357)	Housing (GF)	Salaries	3,489	3,489	0%	0	17	(17)
11,104	(4,414)		Non-Sal Exp	6,690	10,884	63%	4,194	4,088	106
(11,123)	4,596		Income	(6,527)	(8,549)	31%	(2,022)	(1,933)	(89)
3,827	(175)		Sub-Total	3,652	5,824	59%	2,172	2,172	0
15,801	443	ICT Highways & Business Services	Salaries	16,244	16,104	-1%	(140)	(140)	0
10,566	(596)		Non-Sal Exp	9,970	9,930	0%	(40)	(40)	0
(5,924)	(164)		Income	(6,088)	(6,288)	3%	(200)	(200)	0
20,443	(317)		Sub-Total	20,126	19,746	-2%	(380)	(380)	0
5,912	1,715	Planning Green Spaces & Culture	Salaries	7,627	7,611	0%	(16)	(14)	(2)
6,795	(800)		Non-Sal Exp	5,995	5,431	-9%	(564)	0	(564)
(8,672)	(930)		Income	(9,602)	(9,727)	1%	(125)	(97)	(28)
4,035	(15)		Sub-Total	4,020	3,315	-18%	(705)	(111)	(594)
439	0	Public Health	Salaries	439	325	-26%	(114)	(114)	0
14,842	26		Non-Sal Exp	14,868	14,982	1%	114	114	0
(15,281)	(60)		Income	(15,341)	(15,341)	0%	0	0	0
0	(34)		Sub-Total	(34)	(34)	0%	0	0	0
12,913	131	Public Safety	Salaries	13,044	13,044	0%	0	0	0
20,394	865		Non-Sal Exp	21,259	21,251	0%	(8)	(12)	4
(11,814)	(380)		Income	(12,194)	(12,258)	1%	(64)	9	(73)
21,493	616		Total	22,109	22,037	0%	(72)	(3)	(69)
51,033	2,043	Residents Services	Salaries	53,076	52,314	-1%	(762)	(737)	(25)
84,295	(4,741)		Non-Sal Exp	79,554	83,007	4%	3,453	4,000	(547)
(71,705)	2,823		Income	(68,882)	(72,128)	5%	(3,246)	(3,128)	(118)
63,623	125		Total	63,748	63,193	-1%	(555)	135	(690)

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 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2,010	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,010	2,393	383	338	45
760	0	SEN Transport	760	1,329	569	577	(8)
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	425	208	173	35
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
0	0	Licensing Appeal Legal Costs	0	32	32	0	32
4,556	0		4,556	5,721	1,165	1,061	104

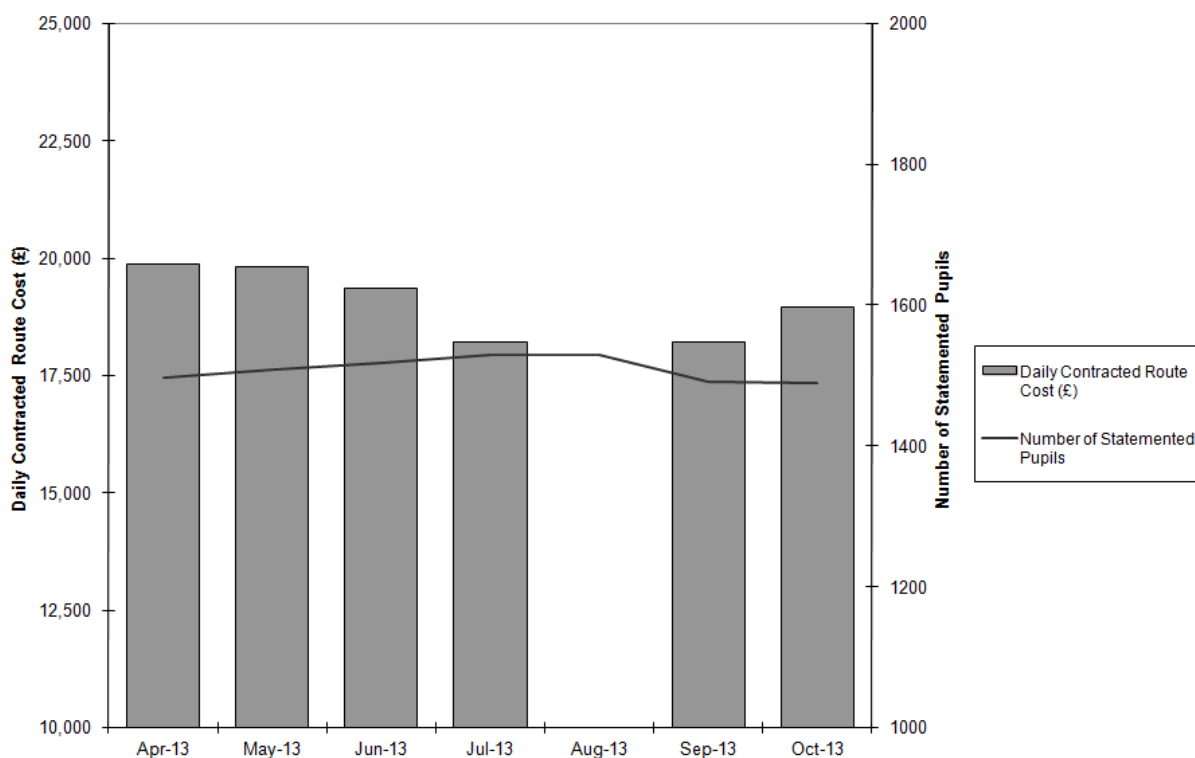
11. The contingency allocation reflects the budgeted projection set by the West London Waste Authority (WLWA) for the impact of the 'Pay as You Throw' (PAYT) scheme. The increase in tonnages has generally been lower than assumed when the levy was set, producing a forecast underspend against the full contingency of £72k, an adverse movement of £45k compared to Month 6 as tonnages collected from refuse rounds increased in October. 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 £1,329k, which exceeds the budgeted contingency allocation of £760k by £569k, an improvement of £8k compared to Month 6. 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 13 routes (6%) compared to September 2012. However, the cost of delivering the current route requirements has increased by 3% 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 £569k 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 £295k, an improvement of £58k compared to Month 6. The improvement continues to reflect a greater than expected number of special school leavers over the summer, 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, and a slower than previously forecast entry of new statemented pupils into the service. This improvement is offset by a one-off overspend on inter-authority recoupment of £24k due to recent changes in recoupment activity, an adverse movement of £50k compared to Month 6.

14. Chart 1 below illustrates the recent trends in SEN transport contracted route costs compared to the overall numbers of statemented pupils that Hillingdon supports.



15. 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.

16. 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 6. The contingency requirement also includes the £250k budget for allowances for schools that has been provided for in the schools budget.

17. 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 £39k compared to last year, an improvement of £1k compared to Month 6 due to the introduction of reduced price winter memberships. Pay and play and associated income is showing a forecast improvement of £168k compared to last year, an adverse movement of £16k compared to Month 6, due to a further slowing down in the rate of improvement in income in October. 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 £55k, an adverse movement of £20k due to additional course maintenance expenditure including replacement netting at the driving range. Hence the overall pressure is forecast at £425k, an improvement of £134k compared to last year's outturn.
18. 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, 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.
19. 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.
20. 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.
21. The Council has recently appealed against a challenge to a licensing decision incurring costs of £32k.

Asset Management (£358k underspend; no change)

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, no change compared to Month 6.
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 6. 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, no change compared to Month 6.
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 (£1,165k 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 (£125k), education welfare (£45k), educational psychology (£90k) and the early years' team (£40k), an adverse movement of £65k compared to Month 6. Many of these posts have been held vacant pending the full implementation of the children's pathway.
27. There is a forecast underspend of £250k on Children's Centres due to the combined impact a more corporate approach to commissioning services from the centres, and continued underspends on staffing and running costs identified in the previous financial year, an adverse movement of £50k compared to Month 6.
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 £200k from a further review of discretionary budgets across the service, an improvement of £130k compared to Month 6.
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, no change compared to Month 6.

Environmental Policy & Community Engagement (£47k underspend; £12k favourable)

31. The forecast underspend results from the impact of a vacant post within the planning specialists team (£23k), no change compared to Month 6, the matching of external grant to budgeted expenditure on town centres (£12k), an improvement of £12k compared to Month 6, 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 6. There remain a number of risk factors which could increase the pressure to over £3 million 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 6, 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 was 236 at the end of October, a reduction of four

households compared with 240 at the end of September 2013. The Month 7 projection assumes the B&B numbers will increase to 279 by the end of the year, no change compared to Month 6. 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. Private Managed Accommodation units are procured through the West London Housing Partnership and 46 of the 145 existing properties have been provisionally secured for a further two years and three new units were secured in October 2013. The use of HRA properties as licensed accommodation is due to commence in November 2013 with 50 properties as a target by March 2014. Discussions with partners are progressing and a procurement target of 50 new or resigned existing PSL properties by March 2014 is in progress. Three flats above shops will be returned in December and licensed to Homelessness. Void properties in the HRA to date are being let to priority cases. An additional 30 to 40 void properties will be available for homelessness cases in November depending on a release by the Housing repairs service and these are included in the additional 200 properties needed to contain the pressure.

34. There are 671 homeless households in temporary accommodation which is a reduction of 21 households compared to September 2013 but an increase of 40 households compared to March 2013. The risk that the number of households in temporary accommodation could increase by a further 200 to 300 by the end of the financial year is still present and being monitored. This is dependent on the supply of leased / licensed 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 6. 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. Other mitigating actions are being developed and implemented. These include 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. Cabinet 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, three of which have been identified and will be available in December, a further three flats are occupied by lessees which have been leased again in October 2013 and discussions with lessees are in progress for a further 29 flats. The remaining 14 flats have been identified at lease end prior to appropriation and were returned to the HRA. 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 6.
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 6. 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 6. 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 directly by the Government, no change compared to Month 6.
41. Income from the London Common Permit Scheme is forecast to exceed the target set by £200k, no change compared to Month 6. 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 (£705k underspend; £594k favourable)

42. Significant synergies between existing Council services and Public Health, particularly around sports and leisure provision, have been identified and funding realigned to produce a £555k improvement in reported outturn from Month 6.
43. The forecast pressure on building control is £90k, no change compared to Month 6, 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.
44. 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 6.
45. 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 £16k due to a vacant post in the Events team, an improvement of £2k compared to Month 6.
46. An underspend of £20k is forecast on gold bursaries to talented athletes which will now be awarded in the next financial year, an improvement of £20k compared to Month 6.

47. Development control income is running ahead of the profiled income target, and a net underspend of £109k is now forecast, an improvement of £17k compared to Month 6. This includes a pressure on the costs of the external contract for processing planning applications of £11k due to increased numbers of applications.

Public Health (nil variance; no change)

48. The responsibility for Public Health 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 6, and increasing the grant available for allocation by the same amount.

Public Safety (£72k underspend; £69k favourable)

49. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 6, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.

50. There is a forecast underspend of £6k on the imported food service, an improvement of £51k compared to Month 6. Income targets for this service are on track to be exceeded by £137k, mainly due to continued strong imports of seasonal fruit and vegetables, an improvement of £55k compared to Month 6. 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 £131k, an adverse movement of £4k compared to Month 6. 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.

51. New powers to issue licences for scrap metal dealers in the borough approved by Cabinet in November 2013 are forecast to raise £18k in licence fees this year, an improvement of £18k compared to Month 6.

52. 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, no change compared to Month 6. 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 6. The service is also closely monitoring insurance claims, where there is a greater risk around accidental damage under self-insurance arrangements.

53. Waste Services is currently forecast at a £92k underspend, no change compared Month 6. This is due to a forecast underspend on graffiti removal of £33k, and additional recycling income of £59k.

CHILDREN & YOUNG PEOPLES SERVICES (£49k underspend; £257k improvement)

54. The Children's and Young Peoples Service is projecting an underspend of £49k as at Month 7, an improvement of £257k on the month 6 projections, which reflects a number of efficiency savings, totalling £468k, that have been achieved from aligning Public Health responsibilities and objectives with all aspects of Council services and activities that benefit health netted down by the service having to deal with an increase in the number of looked after children that have been moved into more secure accommodation for their safety, impacting on the Council's decision to be able to step them down from their previous placement. The projected variances at Month 7 are summarised in the following table, with more detail provided in the paragraphs below:

Original Budget	Budget Changes	Service	Month 7		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
521	0	Adoption	Salaries	521	550	6%	29	29	0
1,064	(0)		Non-Sal Exp	1,064	1,358	28%	294	294	0
(20)	0		Income	(20)	(135)	575%	(115)	(115)	0
1,565	(0)		Sub-Total	1,565	1,773		208	208	0
1,296	1	Children's Homes	Salaries	1,296	1,524	18%	229	229	0
2,599	(0)		Non-Sal Exp	2,599	2,728	5%	129	(82)	211
(912)	(0)		Income	(912)	(689)	-24%	223	223	0
2,983	0		Sub-Total	2,983	3,563		580	369	211
1,149	(1)	Family Support	Salaries	1,150	967	-16%	(183)	(183)	0
1,269	1		Non-Sal Exp	1,268	1,219	-4%	(49)	(49)	0
(127)	0		Income	(127)	(100)	-21%	27	27	0
2,291	0		Sub-Total	2,291	2,086		(205)	(205)	0
1,420	(1)	Fostering	Salaries	1,421	1,304	-8%	(117)	(117)	0
5,200	(197)		Non-Sal Exp	5,397	5,568	3%	171	171	0
(271)	0		Income	(271)	(217)	-20%	54	54	0
6,349	(198)		Sub-Total	6,547	6,655		108	108	0
1,347	(1)	Other Care	Salaries	1,348	1,446	7%	98	98	0
2,216	31		Non-Sal Exp	2,185	1,672	-23%	(513)	(45)	(468)
(518)	(1)		Income	(517)	(542)	5%	(25)	(25)	0
3,045	29		Sub-Total	3,016	2,576		(440)	28	(468)
5,755	(49)	Support Services	Salaries	5,804	5,525	-5%	(279)	(279)	0
471	4		Non-Sal Exp	467	615	32%	148	148	0
(304)	0		Income	(304)	(456)	50%	(152)	(152)	0
5,922	(45)		Sub-Total	5,967	5,684		(283)	(283)	0
1,342	(3)	Youth Offending	Salaries	1,345	1,313	-2%	(32)	(32)	0
43	3		Non-Sal Exp	40	101	153%	61	61	0
(494)	0		Income	(494)	(540)	9%	(46)	(46)	0
891	0		Sub-Total	891	874		(17)	(17)	0
12,869	15	Children & Young People's Services	Salaries	12,884	12,629	-2%	(255)	(255)	0
13,021	0		Non-Sal Exp	13,021	13,261	2%	241	498	(257)
(2,645)	0		Income	(2,645)	(2,679)	1%	(34)	(34)	0
23,244	15		Total	23,259	23,211		(49)	208	(257)

55. This position consists of an underspend of £255k on Salaries, no change on the month 6 projections, an overspend of £241k on non-staffing budgets, an improvement of £257k on the month 6 projections, due to the alignment of the Public Health responsibilities netted down by an increase in the cost of placements and a projected surplus of £34k on income streams, no change on the month 6 projections.

Adoption Service: £208k overspend (no change)

56. The Adoption service is projecting an overspend of £208k, no change on the month 6 projections. 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): £580k overspend (£211k adverse)

57. This service is projecting an overspend of £580k, an adverse movement of £211k on the month 6 projections, which reflects the impact of having to place a number of vulnerable children into more secure accommodation for their safety. 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.

58. 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 £54,000. It was anticipated that this would deliver an annual saving of £300,000, based on 4 children being successfully placed. To date no conversions have been made. It has now been agreed that this grant funded programme will cease in its current set up and be replaced with a similar support mechanism which is not constrained by the conditions of the grant. 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 MTFF 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.

59. 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.

Family Support: £205k underspend (no change)

60. The Family Support service is projecting an underspend of £205k, No change on the month 6 projections. The underspend is due primarily to the high level of staff vacancies across this service.

Fostering: £108k overspend (no change)

61. The Fostering service is projecting an overspend of £108k, no change on the month 6 projections. 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.
62. 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

Other Care Services: £440k underspend (£468k improvement)

63. This service is projecting an underspend of £440k, an improvement of £468k on the month 6 projections, due to a number of efficiency savings, totalling £468k, that have been achieved from aligning Public Health responsibilities and objectives with all aspects of Council services and activities that benefit health. The underspend is due primarily to the alignment of the Public Health responsibilities, netted down by an overspend on staffing due to high levels of agency staff being employed and a £50k overspend on legal costs.

Social Workers: £283k underspend (no change)

64. This service is projecting an underspend of £283k, no change on the month 6 projections. The reason for the underspend is due to the transfer back in house of the Social Work Practice Ltd (SWP) 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 also 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 (no change)

65. The Youth Offending Service is projecting a slight underspend of £17k, no change on the month 6 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

66. The following table sets out the number of current placements as at 1 October 2013. 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 £000	2013/14 Budget £000
Secure/Remand Accommodation	2		196	2%	182	111
Residential – Out of Borough	16	7%	2,199	26%	1,804	1,142
Residential – Joint Funded						479
Residential – Children with Disabilities					662	355
Residential – In House						
Semi Independent Living	27	13%	806	9%	785	537
Fostering Private – Long Term Matched Panel	21	10%	930	11%		
Fostering Private – Long Term Matched Court Order	3	1%	107	1%		
Fostering Private – Children with Disabilities					91	68
Fostering Private	55	25%	2,309	27%	3,436	2,827
In House – Long Term Matched	11	5%	235	3%		
In House	81	38%	1,715	20%	1,950	1,950
Total	216	100%	8,497	100%	8,910	7,469

67. 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	0	0	1	10	5	16
Semi Independent	0	0	0	0	27	27
IFA Matched	0	0	2	14	8	24
IFA Not Matched	1	1	21	18	14	55
In House	12	17	33	22	8	92
Total	13	18	57	64	62	214
Percentage Distribution	6%	8%	27%	30%	29%	100%

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

	Projected 13/14 Numbers	2013/14 Projected £000	2013/14 Budget £000
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
Total		1,250	972

Asylum Service: £1,484k overspend (£114k improvement)

69. The Asylum Service is projecting an overspend of £1,484k, an improvement of £114k on the month 6 projections, due to a successful challenge of the Home Office to implement proposed changes to the grant regime from 1 October 2013, rather than the proposed 1 April 2013 date, which reduces the amount of grant that will be lost as the new grant regime is implemented.

70. The overspend of £1,484k reflects the true running costs of the service in providing support for asylum seeking children, for which the Home Office will provide grant funding of £5,707k to cover the direct costs based on a unit rate for different age children. The following table sets out the position as at month 7:

Original Budget £'000	Budget Changes £'000	Service	Month 7		% Var	Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Change from Month 6 £'000	
3,297	0	Asylum	Salaries	3,297	3,066	-7%	(231)	(108)	(123)
2,807	0		Non-Sal Exp	2,807	4,289	53%	1,482	1,706	(224)
(6,104)	0		Income	(6,104)	(5,871)	-4%	233	0	233
0	0		Sub-Total	0	1,484	0	1,484	1,598	(114)

71. 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 £1,484k being reported, for which a sum of £1,995k has been set aside in the Corporate Risk Contingency.

72. The following tables provide an initial analysis of the cost of placements for Asylum Seekers as well as the age profile. Work is in hand to provide an analysis of the grant income that is received for each of these, which will be reported in the month 8 monitoring report:

Cost of Placements – Asylum Seekers

Placement Type	Budget £	Projected Actual £	Variance £	Age Profile - Actual			
				Under 16 £	16 - 18 £	18 - 21 £	Over 21 £
Placement							
Accommodation Rent	922,300	1,828,212	905,912	0	421,742	950,528	455,942
In House Fostering	256,300	509,684	253,384	231,576	229,559	48,548	0
Independent Fostering	526,900	940,700	413,800	384,242	319,860	236,598	0
Total Placement Costs	1,705,500	3,278,597	1,573,097	615,818	971,162	1,235,675	455,942
Other Related Costs							
Subsistence and Travel		189,934	189,934	0	21,117	106,625	62,192
Other		15,911	15,911	705	245	3,006	11,947
Total Other Related Costs	0	205,845	205,845	705	21,363	109,631	74,139

Age Profile – Asylum Seekers

	Placement Type	Age Profile - Numbers				
		Under 16	16 - 18	18 - 21	Over 21	Total
Placement						
	Accommodation Rent	0	55	130	73	258
	In House Fostering	14	14	4	0	32
	Independent Fostering	17	10	12	0	39
Total Placement Costs		31	79	146	73	329
Other Related Costs						
	Subsistence and Travel	0	3	70	29	102
	Other	5	9	11	16	41
Total Other Related Costs		5	12	81	45	143

73. The Home Office have now concluded their negotiations on the appropriate level of grant funding that they will provide for Asylum Seekers for both 2013/14 and 2014/15, which will effectively result in the rate for under 16's and 16-18 year olds being increased to a higher rate, which will provide a total grant of £5,707k for the Asylum Seekers, based on current numbers.

Risk Contingency

74. The Corporate Risk Contingency holds two budgets; one relating to growth in Looked After Children placement numbers (£781,000) and the other relating to a 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 7		% Var	Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Change from Month 6 £'000
781	0	Social Care Demographic Growth Pressure	781	781	0%	0	0	0
1,995	0	Asylum Funding Shortfall	1,995	1,484	20%	(511)	(397)	(114)
2,776	0	Sub-Total	2,776	2,379	14%	(397)	(495)	98

ADULT SOCIAL CARE (£134k underspend, £800k favourable variance)

75. The Month 7 revenue budget forecast for 2013/14 shows a projected underspend of £134k, representing a £800k favourable movement from the Month 6 position, primarily due to Public Health synergies, and reflecting some increased pressures being partially mitigated by the impact of agreed management actions to contain pressure. Within this net position is a pressure of £328k 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 7		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6	
			£'000	£'000		£'000	£'000	£'000	
6,431	(40)	Older People	Salaries	6,391	5,920	-7.4%	(471)	(409)	(61)
23,572	453		Non-Sal Exp	24,025	25,518	6.2%	1,493	1,557	(64)
(8,977)	0		Income	(8,977)	(10,212)	13.8%	(1,235)	(1,234)	(1)
21,026	413		Sub-Total	21,439	21,226	-1.0%	(213)	(86)	(127)
1,612	48	Physical & Sensory Disability	Salaries	1,660	1,484	-10.6%	(176)	(105)	(71)
6,726	(49)		Non-Sal Exp	6,677	6,924	3.7%	246	210	37
(592)	(0)		Income	(592)	(614)	3.7%	(22)	(54)	32
7,746	(1)		Sub-Total	7,745	7,794	0.6%	49	51	(2)
5,882	(401)	Learning Disability	Salaries	5,481	5,175	-5.6%	(306)	(319)	13
21,157	415		Non-Sal Exp	21,572	22,268	3.2%	696	1,429	(733)
(6,281)	0		Income	(6,281)	(5,716)	-9.0%	565	(268)	833
20,758	14		Sub-Total	20,772	21,727	4.6%	955	842	113
1,526	(0)	Mental Health	Salaries	1,526	1,398	-8.4%	(128)	(107)	(21)
4,889	0		Non-Sal Exp	4,889	5,046	3.2%	157	150	7
(400)	0		Income	(400)	(390)	-2.4%	10	10	(0)
6,015	0		Sub-Total	6,015	6,054	0.6%	39	53	(14)
2,322	(524)	Social Care Directorate	Salaries	1,798	1,657	-8%	(141)	(141)	0
(1,724)	(588)		Non-Sal Exp	(2,312)	(3,132)	35%	(820)	(44)	(776)
(650)	650		Income	0	(33)	0%	(33)	(9)	(24)
(52)	(462)		Sub-Total	(514)	(1,508)	193%	(994)	(194)	(800)
17,773	(917)	Adult Social Care	Salaries	16,856	15,775	-6%	(1,081)	(1,081)	0
54,620	232		Non-Sal Exp	54,851	57,378	5%	2,527	3,303	(776)
(16,900)	650		Income	(16,250)	(17,830)	10%	(1,580)	(1,556)	(24)
55,493	(35)		Total	55,457	55,323	0%	(134)	666	(800)

76. 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 7 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 6.

77. Cabinet is requested to approve the draw down £2,589k in respect of transitional children contingency for clients that have transferred prior to April 2013.

Table 2: Adult Social Care Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
3,814	0	Transitional Children (Demographic)	3,814	3,814	0	0	0
1,500	0	BID Staffing Structure Review	1,500	1,500	0	0	0
3,997	0	Older People's Services (Demographic)	3,997	4,492	495	495	0
1,226	0	Physical Disability (Demographic)	1,226	1,059	(167)	(167)	0
896	0	Learning Disability Service (Demographic)	896	692	(204)	(204)	0
1,558	0	Mental Health Service (Demographic)	1,558	1,434	(124)	(124)	0
12,991	0		12,991	12,991	0	0	0

78. The pressure to support older people to living in the community has remained steady as a result of continuing 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. This has enabled the forecast spend profile for the rest of the financial year to be reduced.

79. For the Physical and Sensory Disability Service there has been a further reduction (£71k) in forecast in respect of staffing. This reduction is mainly in respect of the Health & Sensory Team due to one resignation and one agency staff member leaving. Non staffing forecast pressure has increased due to increased demand for Direct Payments and income pressure has increased as a consequence of a back dated reassessment of one client.

80. For Learning Disability Services there has been overall adverse movement of £113k in the forecast for Month 7. A further 5 clients have transferred to NHS England which has resulted in a £850k reduction in both Income and Expenditure as the financial responsibility for these clients no longer sits with the local CCG under the S75 agreement (one case was identified last month). The increase of £100k in non staffing costs continues to reflect pressure on placements.

81. In Mental Health services the staffing forecast has reduced by £21k due to continuing vacancies within the Community Mental Health Teams.

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

83. 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 £328k

savings from both the closure and associated client transport costs. The new resource centre at Queenswalk is expected to become available in the June 2014.

84. Efficiency savings from aligning Public Health responsibilities and objectives with all aspects of Council services and activities that benefit health are anticipated to produce in year savings of £776k within Adult Social Care.

Appendix B – Other Funds

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

Original Budget	Budget Changes		Month 7		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'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)	(797)	0
	4,906	Schools (Retained)	4,906	4,677	-5%	(229)	(229)	0
	21,947	SEN	21,947	22,321	2%	374	374	0
0	0	Total Schools Budget	0	(652)		(652)	(652)	0
(709)	0	Balances b/fwd 01/04/13	(709)	(709)		0	0	0
(709)	0	Balances c/fwd 31/03/14	(709)	(1,361)		(652)	(652)	0

3. The underspend of £652k is due primarily to an underspend on joint funded placements of £479k, 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, no change compared to Month 6.
4. The expanding schools contingency is also forecast to overspend by £311k, no change compared to Month 6, 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, no change compared to Month 6. 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, no change compared to Month 6.
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, no change compared to Month 6.

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 7		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000		£'000	£'000		£'000	£'000	£'000
(4,387)	0	Income	(4,387)	(3,879)	-12%	508	429	79
4,295	0	Expenditure	4,295	4,019	-6%	(276)	(250)	(26)
(92)	0	In year Surplus / Deficit	(92)	140	-252%	232	179	53
(67)	0	Unallocated Balances b/fwd 01/04/13	(67)	(67)		0	0	0
(159)	0	Unallocated Balances c/fwd 31/03/14	(159)	73		232	179	53

9. An in-year deficit of £140k is forecast for the 2013/14 financial year, an adverse movement of £53k compared to Month 6. There is a total forecast shortfall of income of £508k, mainly reflecting the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income target. This includes a one-off shortfall of £155k 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, an adverse movement of £79k compared to Month 6 due to continued lower performance. The income pressure is offset by compensating savings totalling £368k, from the enforcement contract (£180k), an improvement of £10k compared to Month 6, and various staffing and non-pay budgets (£96k), an improvement of £16k compared to Month 6, as well as the budgeted surplus of £92k.

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 7		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
£'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
(97,801)	0	Net Council Tax Income	(97,801)	(101,211)	(3,610)	(3,610)	0
(99,398)	0	Gross NNDR Income	(99,398)	(99,398)	0	0	0
58,027	0	Less: Tariff	58,027	58,027	0	0	0
(60)	0	Less: Levy	(60)	(60)	0	0	0
(41,431)	0	Net NNDR Income	(41,431)	(41,431)	0	0	0

11. Taking account of new developments coming on stream within the borough, the year end reported surplus on gross Council Tax income is expected to reach £1,200k, with no movement declared from the position at Month 6. 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 6.

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 scope to off-set forgone revenue against the budgeted decline in NNDR income which is yet to be seen.

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 £2,240k, which is £2,192k above budget, an adverse movement of £5,913k compared to Month 6 due to technical changes to the accounting treatment of the Works to Stock programme. The surplus is mainly due to a reduction in the major works programme (£2,761k) and lower management costs (£902k), offset by a reduction in rent income £1,325k and additional maintenance costs £146k.

Table 1: HRA Overview 2013/14

Original Budget	Budget Changes		Month 7		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
			£'000	£'000		£'000	£'000	£'000
10,537	1,081	Housing Management	11,618	10,768	-7%	(850)	(850)	0
12,341	(854)	Repairs & Maintenance	11,487	11,633	1%	146	146	0
17,838	(162)	Major Works	17,676	14,915	-16%	(2,761)	(8,674)	5,913
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)	(52)	0
57,380	0	Sub-total Normal Activities	57,380	53,863	-6%	(3,517)	(9,430)	5,913
		<u>Exceptional items:</u>						
	0		0	0		0	0	0
57,380	0	Total Net Expenditure	57,380	53,863	-6%	(3,517)	(9,430)	5,913
(57,428)	0	Rental Income	(57,428)	(56,103)		1,325	1,325	0
(48)	0	Net Total	(48)	(2,240)		(2,192)	(8,105)	5,913
(20,213)	0	Balances b/fwd 01/04/13	(20,213)	(20,213)		0	0	0
(20,261)	0	Balances c/fwd 31/03/14	(20,261)	(22,453)		(2,192)	(8,105)	5,913

2. The Housing Management budget is showing an underspend of £850k, no change compared to Month 6. There are underspends of £199k due to staffing savings from vacant posts pending restructuring proposals, £275k from savings on the costs of the Hayes Area Office, additional income on chargeable items totalling £323k, and other minor savings of £53k.
3. The Repairs and Maintenance budget is now showing an overspend of £146k, no change compared to Month 6. 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 have 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 £2,761k, an adverse movement of £5,913k compared to Month 6 reflecting technical changes to the accounting treatment of the Works to Stock programme. The current estimate reflects the Works to Stock programme for 2013/14 and includes cost reductions identified in a review of the programme. Slippage is likely to occur this year with a balance to be carried forward in the Major Repairs Reserve to finance the position which will be agreed at year end. Additional 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. The transformation target savings are likely to be over-delivered in 2013/14 and the contingency is not likely to be needed this year. However, there remains only limited information on the effects of welfare reform and the overall contingency is forecast to be needed for this area, which will be reviewed in December 2013, no change compared to Month 6. 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, no change compared to Month 6. The shortfall is mainly due to the loss of income of £826k following the agreed transfer of commercial shop properties and garages to General Fund community assets. There is also a forecast shortfall of £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, and £204k from void properties due to a backlog in repairs. Void properties are being released from repairs under an agreed plan and void charges reduced back to budget levels month on month. This position is expected to remain until the end of the year.

Appendix D – CAPITAL PROGRAMME

- 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.

Table 1 – General Fund Capital Programme

	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'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.)	120,030	93,798	17,503	231,331	231,028
Actual Expenditure Year to Date	37,229			37,229	26,761
Forecast Outturn	87,324	100,178	22,372	209,874	210,289
	-32,707	6,380	4,869	-21,458	-20,739
Variance By Service:					
Asset Management (Table 2)	-4,299	-1,597	-	-5,898	-5,848
Education (Schools Expansions – Table 3)	-13,530	-4,217	4,869	-12,878	-12,878
Education (Other – Table 4)	-3,035	2,925	-	-110	-125
Environmental Policy & Community Engagement (Table 5)	-2,271	2,271	-	-	-
Housing General Fund (Table 6)	-2,624	1,884	-	-740	-740
ICT Highways and Business Services (Table 7)	-2,796	853	-	-1,943	-1,664
Planning, Green Spaces & Culture (Table 8)	-1,678	1,569	-	-109	-109
Public Safety (Table 9)	-2,474	2,692	-	218	623
Adult Social Care Services	-	-	-	-	-
Total Main Programme Variance	-32,707	6,380	4,869	-21,458	-20,739
Analysis of Main Programme Variance:					
Cost Variance	-19,284	-2,174	-	-21,458	-20,739
Projected Re-phasing	-13,423	8,554	4,869	-	-
	-32,707	6,380	4,869	-21,458	-20,739
Financing Variance:					
Council Resourced Variance	-26,369	1,262	3,649	-21,458	-20,739
External Grants & Contributions Variance	-6,337	5,117	1,220	-	-
Total Main Programme Variance	-32,707	6,380	4,869	-21,458	-20,739
Contingency Variance (Council Resourced):	-937	-1,500	-1,500	-3,937	-3,937
Total Capital Programme Variance	-33,644	4,880	3,369	-25,395	-24,676
Total Month 6	-31,257	3,212	3,369	-24,676	

- Year to date General Fund Capital Expenditure has reached £37,229k, representing 43% 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 £49,521k for 2013/14 which represents 57% of the total spend.

3. The revised budget has increased by £303k from Month 6 due to £175k grant funding from the Environment Agency (£175k) for the Cannon's Brook mitigation project and £89k from Greater London Authority in respect of Better Homes. There has also been an allocation of £39k Section 106 monies to Green Spaces projects.
4. The main internally funded programme shows a net favourable variance of £21,458k. Details of cost variances by scheme for each service are shown below. In addition there is £3,937k remaining in unallocated contingency funds over three years.
5. The forecast outturn for 2013/14 has reduced by £2,080k from Month 6 and this is partly due to further slippage of £1,461k 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. The permanent expansion of five schools was completed for September 2013, with a further school expansion completed in November 2013. The expansion of a further 14 schools and construction of two new schools are scheduled to be completed in 2014. There have also been increases in slippage on other schemes which have reduced the forecast outturn. Details of the capital programme performance by service are provided in the following paragraphs.

Asset Management

6. Table 2 below sets out the current position of the capital programme for Asset Management:

Table 2

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
Asset Management:					
Revised Budget	6,644	3,182	600	10,426	10,426
Actual Expenditure Year to Date	196	-	-	196	152
Forecast Outturn	2,345	1,585	600	4,530	4,580
Forecast Variance	-4,299	-1,597	-	-5,896	-5,846
<u>Analysis of Variance by Scheme</u>					
South Ruislip Development - Plot B	-1,206	-2,500	-	-3,706	-3,706
Civic Centre CHP & Energy Savings Projects	-1,621	-	-	-1,621	-1,621
Property Works Programme	-328	-	-	-328	-428
South Ruislip Development - Plot A	-200	-	-	-200	-50
HRD Health & Safety Works	-40	-	-	-40	-40
Total Cost Variances	-3,396	-2,500	-	-5,898	-5,848
Projected Rephasing	-903	903	-	-	-
Total Variance	-4,299	-1,597	-	-5,898	-5,848
Month 6 Variance	-4,249	-1,597	-	-5,848	

Under spends

7. An under spend of £5,898k is forecast on the following schemes:
- South Ruislip Development Plot B – this project to build flats for sale is not proceeding as the site has been removed from the disposals programme, reflected in a reduced capital receipts forecast.
 - Civic Centre CHP & Energy Savings Projects – the strategy for investing in energy saving projects is under review and there are no current plans to utilise this budget.
 - Property Works Programme – an under spend of £328k is forecast based on the current unallocated budget. This is a revision downwards of £100k from Month 6 because of the development of a new project.
 - South Ruislip Development Plot A – the forecast under spend has been increased to £200k following more detailed review of the draft final accounts.
 - HRD Health & Safety Works – the works were completed earlier in the financial year resulting in a £40k under spend.
8. Although year to date expenditure represents only 8% of forecast outturn this is expected to accelerate between now and financial year end because Queenswalk Development is now on site and contract payments will be made over the next five months.

Projected Rephasing

9. 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 revenue for 2014/15 which will be taken into account in the Medium Term Financial Forecast.

Education (Schools Expansions Programme)

10. Table 3 below sets out the current position of the capital programme for the Schools Expansions & New Build programme:

Table 3

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
Education (Schools Expansions Programme):					
Revised Budget	63,051	63,359	1,200	127,610	127,610
Actual Expenditure Year to Date	21,654	-	-	21,654	13,435
Forecast Outturn	49,521	59,142	6,069	114,732	114,732
Forecast Variance	-13,530	-4,217	4,869	-12,878	-12,878
<u>Analysis of Variance by Scheme</u>					
Primary Schools Expansions Phase 1	10	1,000	-	1,010	1,010
Primary Schools Expansions Phase 2A Temporary	44	-	-	44	44
Primary Schools Expansions Phase 3	-	-	-	-	-
Primary Schools Expansions Phase 2	-8,463	-1,314	-	-9,777	-9,777
Primary Schools Expansions New Build	-2,224	-1,437	-	-3,661	-3,661
Primary Schools Expansions Phase 1A Temporary	-493	-	-	-493	-493
Total Cost Variances	-11,127	-1,751	-	-12,878	-12,878
Projected Rephasing	-2,403	-2,466	4,869	-	-
Total Variance	-13,530	-4,217	4,869	-12,878	-12,878
Month 6 Variance	-12,069	-5,676	4,869	-12,878	

Cost Pressures

11. Primary Schools Expansions – Phase 1. There is a forecast £1,010k over spend due to increased costs for Whitehall Infants & Junior Schools. Officers continue to review the performance of the contractor and challenge them to bring costs down.
12. 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.

Under Spends

13. 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.
14. 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.
15. 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.

16. In addition the tender returns for the RAF Uxbridge and Lake Farm developments are £661k below budget. Works commenced on site in October.

Projected Re-phasing

17. Although over the life of the programme the forecast is an overall under spend of £12,878k, this includes £4,869k re-phasing to reflect the latest cash flow projections.
18. 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.

Education (Other)

19. Table 4 below sets out the current position on Education services excluding the Schools Expansion programme:

Table 4

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
Education (Other Schemes):					
Revised Budget	6,595	1,535	1,535	9,665	9,665
Actual Expenditure Year to Date	1,689	-	-	1,689	1,580
Forecast Outturn	3,560	4,460	1,535	9,555	9,540
Forecast Variance	-3,035	2,925	-	-110	-125
<u>Analysis of Variance by Scheme</u>					
Ruislip High School Expansion	-95			-95	-110
Children's Centres - Phase 3	-15			-15	-15
Total Cost Variances	-110	-	-	-110	-125
Projected Re-phasing	-2,925	2,925	-	-	-
Total Variance	-3,035	2,925	-	-110	-125
Month 6 Variance	-2,856	2,731	-	-125	

Under Spends

20. Ruislip High School Expansion – final accounts have been agreed and this is resulting in a forecast under spend of £110k.
21. Childrens' Centres – an under spend of £15k has arisen on completion of sites under Phase 3 sites.

Projected Re-phasing

22. This includes £2,254k in respect of the Urgent Building Conditions projects where some schemes are being programmed into next financial year because there is limited access

to complete works during the academic year. There is also forecast slippage of £671k on Devolved Formula Capital schemes.

Environmental Policy & Community Engagement

23. Table 5 sets out the current position on the Environmental Policy & Community Engagement programme:

Table 5

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
Environmental Policy & Community Engagement:					
Revised Budget	11,217	5,575	4,573	21,365	21,365
Actual Expenditure Year to Date	4,137	-	-	4,137	3,917
Forecast Outturn	8,946	7,846	4,573	21,365	21,365
Forecast Variance	-2,271	2,271	-	-	-
<u>Analysis of Variance by Scheme</u>					
Chrysalis Programme	-500	500	-	-	-
Total Cost Variances	-	-	-	-	-
Projected Re-phasing	-1,771	1,771	-	-	-
Total Variance	-2,271	2,271	-	-	-
Month 6 Variance	-1,766	1,766	-	-	-

Cost Variance

24. Chrysalis Programme will be fully spent but the latest forecast reflects expected timing of spend will cross financial years.

Projected Re-phasing

25. Town Centre Initiatives – a total of £935k is to be re-phased into 2014/15 on the three town centre schemes, including £300k GLA funding for Northwood Hills. A request has been made to the GLA to re-phase this element.

26. 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.

Housing General Fund

27. Table 6 sets out the current position on the Housing General Fund capital programme:

Table 6

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
Housing General Fund:					
Revised Budget	4,206	3,262	3,262	10,730	10,641
Actual Expenditure Year to Date	809	-	-	809	594
Forecast Outturn	1,582	5,146	3,262	9,990	9,901
Forecast Variance	-2,624	1,884	-	-740	-740
<u>Analysis of Variance by Scheme</u>					
GF Supported Housing Programme	-740	-	-	-740	-740
Disabled Facilities Grants	-1,204	1,204	-	-	-
Private Sector Renewal Grants	-353	353	-	-	-
Total Cost Variances	-2,297	1,557	-	-740	-740
Projected Re-phasing	-327	327	-	-	-
Total Variance	-2,624	1,884	-	-740	-740
Month 6 Variance	-3,106	2,366	-	-740	

Under Spends

28. General Fund Supported Housing – the Supported Housing strategy is currently being developed and a major capital investment programme is under consideration for future years.
29. Disabled Facilities Grants and Private Sector Renewal Grant will be fully spent by 2014/15 as progress is being made on the backlog.

Projected Re-phasing

30. The HCA/GLA Empty Homes Consortium Contract was signed by GLA in November, however it is anticipated that spend (£327k) will not commence until 2014/15.

ICT, Highways & Business Services

31. Table 7 sets out the current position on ICT, Highways & Business Services programme:

Table 7

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
ICT, Highways & Business Services:					
Revised Budget	12,014	3,696	2,888	18,598	18,598
Actual Expenditure Year to Date	4,050	-	-	4,050	3,404
Forecast Outturn	9,218	4,549	2,888	16,655	16,934
Forecast Variance	-2,796	853	-	-1,943	-1,664
<u>Analysis of Variance by Scheme</u>					
Civic Centre Works Programme	-1,664	-	-	-1,664	-1,664
ICT Single Development Plan	-179	-	-	-179	-
Street Lighting	-100	-	-	-100	-
Total Cost Variances	-1,943	-	-	-1,943	-1,664
Projected Re-phasing	-853	853	-	-	-
Total Variance	-2,796	853	-	-1,943	-1,664
Month 6 Variance	-2,549	885	-	-1,664	

Under Spends

32. Civic Centre Works Programme – it is forecast that there will be a significant under utilisation of the current year budget based on current activity. However there are schemes now underway that will require funding in 2014/15.
33. Street Lighting – a detailed programme of works has been prepared but it is not expected to fully utilise this year's budget.
34. ICT Single Development Plan – a number of smaller projects are yet to commence resulting in a current year under spend and will require to be funded from the 2014/15 allocation.

Projected Re-phasing

35. Purchase of Vehicles programme has slippage (£689k) as some vehicle orders are yet to be made. There is also an element on Highways Section 106 schemes (£164k).

Planning, Green Spaces & Culture

36. Table 8 below sets out the current position on the Planning, Green Spaces & Culture programme.

Table 8

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
Planning, Green Spaces & Culture:					
Revised Budget	3,268	12,139	-	15,407	15,368
Actual Expenditure Year to Date	593	-	-	593	593
Forecast Outturn	1,590	13,708	-	15,298	15,259
Forecast Variance	-1,678	1,569	-	-109	-109
<u>Analysis of Variance by Scheme</u>					
Hillingdon Sports & Leisure Centre	75	-	-	75	75
Sport & Cultural Projects	-154	-	-	-154	-154
Highgrove Pool Phase II	-30	-	-	-30	-30
Total Cost Variances	-109	-	-	-109	-109
Projected Re-phasing	-1,569	1,569	-	-	-
Total Variance	-1,678	1,569	-	-109	-109
Month 6 Variance	-1,857	1,748	-	-109	

Under Spends

37. Highgrove Pool Phase II – this project is now complete with a £30k under spend.
38. Sport & Cultural Projects – funding of £154k currently remains unallocated, however this may be required to fund potential new projects.

Over Spends

39. 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.

Projected Re-phasing

40. The purchase of Grounds Maintenance vehicles (£649k) will not take place until next financial year. The Sports & Cultural projects budget includes slippage of £545k relating to Compass Theatre because the Council is negotiating changes to the terms of the Section 106 agreement with the developer which is resulting in a delay on the implementation of the scheme. The Yiewsley Pool development is in early feasibility stages and £270k of the current year budget will not be required this financial year.

Public Safety

41. Table 9 sets out the current position on the Public Safety capital programme:

Table 9

Service Area Cost Variance Analysis	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
Public Safety:					
Revised Budget	12,735	850	3,245	16,830	16,655
Actual Expenditure Year to Date	4,039	-	-	4,039	3,033
Forecast Outturn	10,261	3,542	3,245	17,048	17,278
Forecast Variance	-2,474	2,692	-	218	623
<u>Analysis of Variance by Scheme</u>					
Hayes End Library Development	235	20	-	255	210
Libraries Refurbishment	22	-	-	22	22
Central Library Refurbishment	-	-	-	-	450
New Years Green Lane Civic Amenity Site - Phase 4	-53	-	-	-53	-53
Manor Farm Stables Development	-6	-	-	-6	-6
Total Cost Variances	198	20	-	218	623
Projected Re-phasing	-2,672	2,672	-	-	-
Total Variance	-2,474	2,692	-	218	623
Month 6 Variance	-1,869	2,492	-	623	

Over Spends

42. Libraries Refurbishment (Central Library) – the results of testing the sprinkler system have found that no extensive repairs or replacement are required and therefore the forecast over spend has been removed.
43. 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

44. News Year Green Lane Civic Amenity Site – latest estimates as the project nears completion are that there will be an under spend of £53k.

Projected Re-phasing

45. This includes £2,000k for Community Assets which will not be incurred this financial year. The CCTV programme has slippage of £342k on phases 2 and 3 which will be completed next year. It is estimated that £300k of the overall Environmental Assets budget will not be spent until next financial year.

General Contingency

46. 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.

Capital Financing

47. Table 10 sets out the latest capital receipts forecast.

Table 10

Capital Receipts	2013/14	2014/15	2015/16	2016/17- 2017/18	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000	£'000
Budget Approved February 2013	11,936	17,057	9,173	5,464	43,630	43,630
Revised Budget	9,024	17,057	9,173	5,464	40,718	40,718
Forecast Capital Receipts from Disposals	11,362	6,970	6,438	-	24,770	27,813
Variance	-2,338	10,087	2,735	5,464	15,948	12,905

48. Forecast capital receipts are £11,362k for 2013/14. This represents an increase of £2,338k from the revised budget level. Year to date sales total £7,269k including the sale of Hayes Pool site, Tasman House and all of the ten flats at Elizabeth Court. A further five significant completions of properties are required to reach the forecast.
49. As at the end of Month 7 the accumulated disposal receipts over the next four years is anticipated to be £24,770k which is a movement of £3,043k from last month and this is due to the removal of South Ruislip Development Plot B from the disposals programme as alternative options for this site are being considered. There is an element of risk around the certainty of these receipts being fully realised which has been reflected in the disposals forecast.
50. The total forecast is £15,948k lower than the budgeted level which will have the effect of increasing borrowing levels. However overall borrowing levels are offset by a reduction of £25,395k from under spends on council resourced schemes. The revised forecast Council resourced requirement split between capital receipts and borrowing is reflected in Table 11 below.

Table 11

Prudential Borrowing Forecast	2013/14	2014/15	2015/16	2016/17- 2017/18	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000	£'000
Forecast Council Resource Requirement	29,492	45,721	11,884	7,735	94,832	97,831
Forecast Capital Receipts	-11,362	-6,970	-6,438	-	-24,770	-27,813
Forecast Borrowing	18,130	38,751	5,446	7,735	70,062	70,018

51. The increase in forecast borrowing levels from Month 6 is negligible as the reduction in capital receipts forecast is offset by a decrease in the forecast spend over the life of the programme.

Housing Revenue Account (HRA) Capital Programme

52. 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 12 below:

Table 12

	2013/14	2014/15	2015/16	Total Month (07)	Total Month (06)
	£'000	£'000	£'000	£'000	£'000
HRA New Build Programme:					
Revised Budget	357	-	-	357	357
Actual Expenditure Year to Date	259	-	-	259	242
Forecast Outturn	613	790	-	1,403	1,403
Forecast Variance	256	790	-	1,046	1,046
<u>Analysis of Variance by Scheme</u>					
New Build – Extra Care Sites Phase 1	-	790	-	790	790
New Build – HRA Pipeline Sites Phase 1	11	-	-	11	11
New Build – Learning Disability Sites Phase 1	124	-	-	124	124
New Build – HRA Pipeline Sites Phase 2	121	-	-	121	121
Total Cost Variances	256	790	-	1,046	1,046
Projected Rephasing	-	-	-	-	-
Total Variance	256	790	-	1,046	1,046
Month 6 Variance	1,046	-	-	1,046	

53. 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 and an arbitrator has been appointed. Due to the lengthy time that this will take to be resolved the forecast over spend is now reported in 2014/15 financial year.

54. 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.

55. 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

56. There have been 56 Right to Buy sales of council dwellings achieved year to date for a value of £5,507k 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 31 October 2013

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

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	82.60	70.48	60.00
1-2 Months	6.30	5.38	15.00
2-3 Months	0.00	0.00	10.00
3-6 Months	20.10	17.15	10.00
6-9 Months	5.00	4.27	5.00
9-12 Months	0.00	0.00	0.00
12-18 Months	0.00	0.00	0.00
Subtotal	114.0	97.28	100.00
Unpaid Maturities	3.2	2.72	0.00
Total	117.2	100.00	100.00

1. With the exception of the unpaid Icelandic investments, London Borough of Hillingdon's 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; Bank of Scotland, Ignis MMF, PSDF MMF, Royal Bank of Scotland, HSBC, Lloyds, Nationwide Building Society, Barclays, Lancashire County Council, Aylesbury District Council and Kinston-upon-Hull City Council. The Council also currently hold three Certificates of Deposit with Standard Chartered.
2. During October fixed-term deposits continued to mature in line with cashflow requirements. Any surplus funds were either placed in instant access accounts, short fixed term deposits or a certificate of deposit.

Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual £m	Actual %
General Fund		
PWLB	73.16	21.55
Long-Term Market	15.00	4.42
HRA		
PWLB	218.32	64.31
Long-Term Market	33.00	9.72
Total	339.48	100.00

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.
5. During October 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

- 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
Asset Management						
Asset Management Support Manager (outside establishment)	14-Aug-13	28-Jan-14	0	29	29	58
Project Manager (outside establishment)	09-Jul-12	25-Apr-14	55	71	50	176
Maintenance Manager	24-May-13	28-Jan-14	0	33	19	52
Development Surveyor	19-Jul-11	28-Mar-14	95	50	24	169
Housing						
Legal Assistant	19-Nov-13	16-May-14	12	26	21	59
ICT Highways & Business Services						
Senior Project Engineer (outside establishment)	11-Jun-13	20-Jun-14	0	36	34	70
Senior Project Engineer (outside establishment)	10-Jun-13	06-Jun-14	0	36	34	70
Project Engineer (outside establishment)	15-Jul-13	09-May-14	0	31	31	62
Adult Social Care						
ASC Disabilities Residential Team Leader	01-Apr-10	02-Feb-14	62	12	3	77
ASC Disabilities Residential Care Worker	01-Apr-10	02-Feb-14	62	12	3	77
ASC Disabilities Residential Care Worker	01-Apr-10	02-Feb-14	62	12	3	77
ASC Disabilities Residential Care Worker	01-Apr-10	02-Feb-14	78	18	5	101
ASC Disabilities Residential Care Worker	01-Apr-10	02-Feb-14	78	18	5	101
ASC Disabilities Day Centre Officer	01-Apr-10	02-Feb-14	66	16	5	87
ASC Disabilities Day Centre Officer	01-Apr-10	02-Feb-14	66	7	2	75
ASC Social Worker (Care Manager)	22-Feb-12	02-Feb-14	46	32	9	87
ASC Project Manager	17-Jan-11	02-Feb-14	108	31	8	147

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved £'000	Total Spend £'000
ICP						
ASC Disabilities O/T Care Manager	18-Jun-12	02-Feb-14	40	36	11	87
ASC Disabilities Floating Support Worker	01-Apr-12	02-Feb-14	27	20	5	52
Children & Young People's Services						
C&F Referral & Assessment Team Archiver	01-Apr-10	05-Jan-14	62	13	2	77
C&F Social Worker	01-May-12	05-Jan-14	52	34	6	92
C&F Referral & Assessment Team Social Worker	01-Mar-12	05-Jan-14	60	36	5	101
C&YP Social Worker	01-Jan-12	05-Jan-14	52	26	6	84
C&YP Social Worker	01-Jan-12	05-Jan-14	64	39	6	109
C&F Social Worker/Senior Social Worker	02-Jan-12	05-Jan-14	75	38	6	119
C&YP Social Worker	01-Jan-12	05-Jan-14	73	33	6	112
C&F CIN Team Senior Social Worker	01-Apr-12	05-Jan-14	46	30	6	82
C&F CIN Team Senior Social Worker	01-Apr-12	05-Jan-14	57	37	6	100
C&F-Tech Admin Officer	01-Feb-11	05-Jan-14	49	15	2	66
C&F-Tech Admin Officer	01-Apr-10	05-Jan-14	65	14	2	81
Children's Homes Residential Care Worker	01-Apr-10	05-Jan-14	56	11	2	69
Children's Homes Residential Care Worker	01-Apr-10	05-Jan-14	62	12	2	76
C&YP Residential Worker	01-Apr-10	05-Jan-14	38	39	2	79
C&F Triage Social Worker	01-May-12	05-Jan-14	53	20	6	79
C&F Triage Social Worker	19-Feb-12	05-Jan-14	63	28	6	97
C&YP Social Worker	06-May-12	05-Jan-14	29	38	6	73
C&YP Deputy Team Manager	17-Feb-13	05-Jan-14	8	35	8	51
C&F Asylum Social Worker	01-Apr-10	05-Jan-14	45	28	5	78
C&F Asylum Deputy Team Manager	17-Oct-11	05-Jan-14	78	46	6	130
C&F Residential	01-Apr-10	05-Jan-14	67	17	3	87

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved £'000	Total Spend £'000
C&F Residential	01-Apr-10	05-Jan-14	67	21	3	91
C&F Residential	01-Apr-10	05-Jan-14	33	25	1	59
C&F Residential	01-Apr-10	05-Jan-14	0	74	3	77
C&F Social Worker	01-May-12	05-Jan-14	11	33	6	50
C&YP Social Worker	01-May-13	05-Jan-14	18	30	6	54

Appendix G – Recommended Changes to Planning Pre-Application Advice Charges

Category	Current Charge (inclusive of VAT) (£)	Proposed Charge (inclusive of VAT) (£)	Change (%)
A – Pre-Application Meeting	6,000	4,200	-30%
B – Pre-Application Meeting	4,200	3,000	-28.6%
C – Pre-Application Meeting	2,280	2,280	0%
D – Pre-Application Meeting	1,140	n/a	Deleted
E – Pre-Application Meeting	600	1,000	+66.7% (reclassified as Category D)
F – Pre-Application Meeting	270	270	0%
G – Pre-Application Meeting	600	1,000	+66.7% (reclassified as Category D)
H – Pre-Application Meeting	270	270	0% (merged into Category F)
New Category E – Pre-Application Meeting	n/a	600	New
A – Follow-up Advice in Writing	1,560	2,100	+34.6%
B – Follow-up Advice in Writing	1,080	1,500	+38.9%
C – Follow-up Advice in Writing	1,080	1,140	+5.6%
D – Follow-up Advice in Writing	485	n/a	Deleted
E – Follow-up Advice in Writing	0	500	New (reclassified as Category D)
F – Follow-up Advice in Writing	0	135	New
G – Follow-up Advice in Writing	0	500	New (reclassified as Category D)
H – Follow-up Advice in Writing	0	135	New (merged into Category F)
New Category E – Follow-up Advice in Writing	n/a	300	New
Conservation Advice	120	0	Deleted
Duty Planning Advice by Appointment	0	0	Free
Duty Planning Follow-up Advice in Writing	0	100	New
Trees Follow-up Advice in Writing (Single Tree)	0	50	New
Trees Follow-up Advice in Writing (Multiple Trees)	0	100	New
Enforcement Follow-up Advice in Writing	0	150	New
New B1 and B2 Use Class Small Businesses (up to 250sqm only) (All Advice)	0	0	Free

Note: Planning pre-application advice is subject to VAT at the standard rate of 20%