

COUNCIL BUDGET - MONTH 8 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 November 2013 (Month 8).</p> <p>A net in-year underspend of £4,246k is forecast against 2013/14 General Fund revenue budgets, an improvement of £57k on the position reported at Month 7.</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 8.
2. Note the treasury management update for Month 8 at Appendix E.
3. Continue the delegated authority up until the 13 February 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 19 December and 23 January 2014 Cabinet meetings, detailed at Appendix F.
4. Approves funding of £165k from Transport for London for Cycle Quietway scheme (split £140k capital and £25k revenue).

5. Approves funding of £39.38k from Hillingdon Community Trust in respect of the Section 106 Lake Farm Skate Park project.
6. Approves funding of £50k from the London Marathon Trust in respect of a new cycle circuit at Pield Heath School.
7. Approve release of £200k from Unallocated Priority Growth to Highways revenue budgets in 2013/14.
8. Agree the delegation of final approval of an agreement with Paradigm HA, in respect of contributions to extra care facilities, to the Deputy Chief Executive and Corporate Director of Resident Services, in consultation with the Leader of the Council.
9. Ratify an Emergency Winter Decision on 24 December 2013 to appoint T. Brown Ltd to carry out capital works costing £31,890 (inclusive of contingency) to install a new boiler at Minet Infant and Junior School, including associated capital release.
10. Ratify an Emergency Winter Decision to appoint CBRE consultants on 30 December 2013 to advise the Council on the Southall Gas Works site up to the value of £50k revenue.
11. Ratify an Emergency Winter Decision on 9 January 2014 to approve the further extension of the housing fleet vehicle lease with Lex Auto Lease for a maximum of one year.

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 - Transport for London are to make an additional £165k of 'Quiet Ways' money available for a Cycle Quietway 'Quick Win' scheme along Harmondsworth Road. This money needs to be spent by March 2014.
4. Recommendation 5 - Hillingdon Community Trust have agreed to make a contribution of £39.38k towards the Green Spaces Section 106 Lake Farm Skate Park project after carrying out an inspection of the completed works and after receipt of the completion certificate.
5. Recommendation 6 - London Marathon Trust have granted £50k towards the cost of a new cycle circuit at Pield Heath School. The total project cost is £150k and £100k Transport for London funds have already been released for this.
6. Recommendation 7 - In order to support continued investment in the Borough's infrastructure release of £200k is recommended from Priority Growth budgets.
7. Recommendation 8 - In order to formalise existing arrangements for funding of the Council's extra care facilities, a five year agreement with Paradigm Housing Association is proposed which is expected to result in a contribution to the Council of £110k over the

life of the agreement. In order to expedite this agreement, recommendation 8 seeks authority to delegate this decision to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council.

8. Recommendations 9, 10 & 11 relate to three emergency winter decisions that were authorised by the Deputy Chief Executive and Corporate Director of Resident Services (or designated deputy) and the Leader of the Council during the Christmas and New Year period. These decisions would have ordinarily have been reserved to Cabinet Members to make formally.
9. The first enabled the urgent removal of an old, broken boiler so the schools could be provided with heat. The second decision related to valuation advice swiftly required by the Council in relation to negotiations over the development of this major site just outside the Borough boundary. The third decision provided for the housing repair and caretaking vehicle contract to be extended by up to a year, with an anticipated spend of £50k. This will give continuity of service until a fuller procurement exercise is undertaken as part of the wider transformation work taking place in housing.
10. Cabinet's decision of 19 December 2013 to provide these temporary urgent decision-making arrangements requires that any such decisions are reported to a subsequent Cabinet meeting for ratification. This provides for continued public transparency in the decisions the Council makes.

Alternative options considered

11. There are no other options proposed for consideration.

SUMMARY

REVENUE

12. As at Month 8, the forecast outturn position on in-year activities is a net underspend of £4,246k, representing an improvement of £57k on the position reported at Month 7. This position consists of a net underspend of £1,423k on directorate budgets, an underspend on capital financing costs of £2,500k and a net underspend of £323k on development and risk contingency.
13. 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.
14. Unallocated General Fund balances are forecast to reach £35,846k by 31 March 2014, before taking account of any sums remaining uncommitted from the residual £323k general contingency, £230k priority growth funds, £432k unallocated Environmental & Recreational Initiatives funds and £345k unallocated HIP budgets.
15. There are no significant movements to report on other funds from Month 7.

CAPITAL

16. As at Month 8 an underspend of £21,418k is reported on the 2013/14 capital programme budget from a revised budget of £106,787k, a movement of £1,955k on forecast expenditure at Month 7. This movement is largely due to £2,120k further slippage on the school expansion programme. However there is not expected to be any impact on service requirements, with sufficient school places still on track for delivery in September 2014.
17. Forecast outturn on the General Fund Programme for 2013/14 to 2015/16 is now an underspend of £21,488k, a slight reduction of £30k from Month 7 relating to minor savings on Property Works programme and car park resurfacing works.
18. General Fund capital receipts of £11,633k are forecast for 2013/14, £2,609k in excess of revised budget, with forecast receipts over the period to 2017/18 expected to reach £25,300k.

FURTHER INFORMATION

General Fund Revenue Budget

19. A net underspend of £4,246k is reported on normal activities at Month 8, consisting of underspends totalling £1,423k on Directorate Operating budgets, an underspend of £2,500k within Corporate Operating budgets due to deferral of financing costs and a £323k underspend on Development and Risk Contingency. Within this position a number of specific pressures are identified, including Homelessness, Social Care placements and SEN Transport, however these are being managed in-year through compensatory underspends and early delivery of 2014/15 savings.
20. There remains significant scope to support new initiatives and manage unforeseen issues, as the current monitoring position assumes that £194k of as yet uncommitted General Contingency, £230k unallocated Priority Growth, £432k unallocated Environmental & Recreational Initiatives funds and £345k unallocated HIP funds will be committed in full by 31 March 2014.
21. There has been a net improvement of £57k from Month 7, with no material changes in forecast to report. With the release of funding for pressures on leisure income to Residents Services operating budgets, the previously reported £208k pressure on this item has been transferred from Development & Risk Contingency to Directorate Operating Budgets.
22. Taking into account the £1,350k exceptional prior year item relating to improved prospects for recovery of Icelandic Investments, unallocated General Fund balances are now forecast to reach £35,846k by 31 March 2014.

Table 1: General Fund Overview

Original Budget	Budget Changes		Month 8		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
£'000	£'000		£'000	£'000		£'000	£'000	£'000
165,738	4,178	Directorate Operating Budgets	169,916	168,493	-1%	(1,423)	(1,608)	185
20,738	95	Corporate Operating Budgets	20,833	18,333	-12%	(2,500)	(2,500)	0
22,883	(3,714)	Development & Risk Contingency	19,169	18,846	-2%	(323)	(81)	(242)
1,800	(70)	Priority Growth	1,730	1,730	0%	0	0	0
211,159	489	Sub-total Normal Activities	211,648	207,402	-2%	(4,246)	(4,189)	(57)
		Exceptional items: Reversal of Icelandic Impairment		(1,350)		(1,350)	(1,350)	0
211,159	489	Total Net Expenditure	211,648	206,052	-3%	(5,596)	(5,539)	(57)
(211,159)	(489)	Budget Requirement	(211,648)	(211,648)		0	0	0
0	0	Net Total	0	(5,596)		(5,596)	(5,539)	(57)
(30,250)	0	Balances b/fwd 01/04/13	(30,250)	(30,250)		0	0	0
(30,250)	0	Balances c/fwd 01/04/14	(30,250)	(35,846)		(5,596)	(5,539)	(57)

Directorate Operating Budgets (£1,423k underspend / £185k adverse movement)

23. Table 2 below provides an overview of forecast outturn on directorate operating budgets, excluding those items managed through contingency. It should be noted that this adverse movement includes the transfer of a £208k pressure from contingency to Residents Services. 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 8		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
197,598	(21,510)	Admin. & Finance	Expenditure	176,088	175,263	0%	(825)	(761)	(64)
(174,923)	22,179		Income	(152,744)	(152,838)	0%	(94)	(110)	16
22,675	669		Sub-Total	23,344	22,425	-4%	(919)	(871)	(48)
121,042	12,158	Residents Services	Expenditure	133,200	136,452	2%	3,252	2,691	561
(56,716)	(11,438)		Income	(68,154)	(71,773)	5%	(3,619)	(3,246)	(373)
64,326	720		Sub-Total	65,046	64,679	-1%	(367)	(555)	188
31,100	1,021	Children's & Young People's Services	Expenditure	32,121	33,378	4%	1,257	(14)	1,271
(7,856)	(893)		Income	(8,749)	(10,050)	15%	(1,301)	(34)	(1,267)
23,244	128		Sub-Total	23,372	23,328	0%	(44)	(48)	4
72,393	2,011	Adult Social Care	Expenditure	74,404	74,986	1%	582	1,446	(864)
(16,900)	650		Income	(16,250)	(16,925)	4%	(675)	(1,580)	905
55,493	2,661		Sub-Total	58,154	58,061	0%	(93)	(134)	41
165,738	4,178	Total Directorate Operating Budgets		169,916	168,493	-1%	(1,423)	(1,608)	185

24. An improvement of £48k is reported on the forecast outturn on Administration and Finance, resulting in an underspend of £919k at Month 8. This underspend is primarily due to holding a number of posts vacant and the integration of existing Council services and Public Health responsibilities, which are reflected in the latest budget proposals for 2014/15.

25. Residents Services are reporting a net underspend of £367k at Month 8, representing an adverse movement on Month 7 of £188k which is off-set by a corresponding improvement in Development & Risk Contingency. The underlying position contains an exceptional pressure of £2,172k on the provision of temporary accommodation to prevent homelessness, being off-set by rental income from recently appropriated commercial properties and early delivery of 2014/15 savings – particularly within the Education service.

26. There is limited movement on Children & Young People's Services budgets from Month 7, with a minor underspend of £44k reported at Month 8. This position includes a £328k pressure on placement budgets being off-set by underspends from holding posts vacant.

27. A minor adverse movement of £41k is reported on Adult Social Care; with a net underspend of £93k at Month 8 due to previously identified pressures being managed through a number of compensatory measures, including integration of public health responsibilities with existing services. These pressures include the shortfall in savings due to delays in day centre reconfiguration and the impact of increased demand for Learning Disability placements.

Progress on Savings

28. 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 8 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)	(5,324)	(1,174)	(3,522)	0	(11,071)	65%
On track for delivery	0	(700)	(325)	(1,100)	(568)	(2,693)	16%
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%

29. 81% savings are on track for delivery in full by 31 March 2014 with 65% now banked, representing an improvement of 10% on the position at Month 7. Sufficient compensatory savings have been identified during 2013/14 to manage the potential shortfall within budgets and deliver the underspend on operating budgets noted above.

30. Although there remains £740k savings which will not be delivered during 2013/14, the £445k within Children & Young People's Services will be replaced with alternative proposals for 2014/15 and the £295k within Adult Social Care will be delivered upon completion of the day centre reconfiguration.

31. Of the £1,979k prior year savings remaining undelivered at 31 March 2013, 85% are on track for delivery in the current financial year. The remaining 15% relate to the delayed day centre reconfiguration and will therefore be delivered once this provision is place from June 2014.

Table 4: Month 8 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	(300)	(77)	0	(22)	(399)	20%
On track for delivery	0	(330)	(255)	(706)	(1,291)	65%
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)

32. Table 5 below provides an overview of forecast outturn on corporately managed budgets as at Month 8. 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 8			Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	% Var	Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
			£'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

33. 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.

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

Development & Risk Contingency (£323k underspend / £242k improvement)

35. The Council 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. Following the approval to release a number of contingency items to Directorate Operating budgets in December 2013 totalling £4,203k, the Development & Risk Contingency now totals £19,169k.

36. 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 & Risk Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,000	(71)	General Contingency	929	194	(735)	(735)	0
500	0	BID Pump Priming Fund	500	500	0	0	0
660	(660)	Pensions Auto-enrolment	0	0	0	0	0
0	500	Abbotsfield School	500	500	0	0	0
400	0	Uninsured Claims	400	400	0	0	0
402	0	Carbon Reduction Commitment	402	375	(27)	(27)	0
217	(217)	Outsourced Leisure Income Streams	0	0	0	208	(208)
200	0	HS2 Challenge	200	200	0	0	0
200	0	Heathrow Expansion Challenge	200	200	0	0	0
737	(737)	Impact of Welfare Reform on Homelessness	0	0	0	0	0
30	0	Hillingdon Local Plan	30	30	0	0	0
760	0	SEN Transport	760	1,329	569	569	0
2,010	0	Waste Disposal Levy	2,010	2,393	383	383	0
0	0	Licensing Appeal Costs	0	32	32	32	0
0	60	Storm Damage	60	60	0	0	0
1,995	0	Reduction in UKBA Asylum Funding	1,995	1,450	(545)	(511)	(34)
781	0	Looked After Children (Demographic)	781	781	0	0	0
3,814	(2,589)	Transitional Children (Demographic)	1,225	1,225	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	(3,714)	Total Development & Risk Contingency	19,169	18,846	(323)	(81)	(242)
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37. With the exception of impact of transferring the previously reported £208k pressure on leisure income streams to directorate operating budgets, there has been limited movement in contingency from Month 7. There remains a significant level of risk around the Waste Disposal Levy, with the final cost based upon volatile waste tonnages.

38. Following approval to fund measures in relation to Abbotsfield School and storm damage from General Contingency, the uncommitted sum available for the remainder of 2013/14 stands at £194k.

Priority Growth

39. 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	
Highways Investment		200	
			230
Sub-Total Non-Specific Priority Growth Budget	1,000	370	230
Total Priority Growth	2,300	1,293	1,007

40. 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.

41. 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.

42. This report recommends release of £200k from unallocated Priority Growth, if approved this will result in a sum of £230k remaining available £1,000k balance.

Schools Budget, Parking Revenue Account and Collection Fund

43. Latest forecasts on other funds, except the Parking Revenue Account, indicate favourable positions at year end and therefore will not adversely impact upon the

General Fund. There is scope to improve the position within the PRA, which would enable the fund to break even in 2013/14 and avoid any adverse impact on the General Fund.

44. There has been significant movement from Month 7 on the Schools Budget, with retained balances within the ring-fenced Dedicated Schools Grant forecast to reach £3,181k by 31 March 2014. An underspend of £2,472k is now forecast in year, due primarily to an underspend of £2,091k on the two year old free entitlement offer where the take up is less than the number of places on offer.
45. An adverse movement of £20k from Month 7 is reported on the Parking Revenue Account, which will result in a £160k 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.
46. 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.
47. As a result of a number of sites being removed from the rating base, there is a risk that the Business Rate element of the Collection Fund may experience a deficit of up to £900k by 31 March 2014. There remain a number of options to manage this position in the short-term to prevent this from impacting upon the General Fund in 2014/15.

Housing Revenue Account Budget

48. There has been no movement in the reported position on the Housing Revenue Account, with an underspend of £2,192k forecast for 2013/14 after earmarking £5,000k for planned works to stock in 2014/15. Although the on-going review of major works expenditure has resulted in this underspend, there remains a pressure of £1,325k in relation to lost rental income from increasing Right to Buy sales. Further commentary on the HRA is set out in Appendix C.

Future Revenue Implications of Capital Programme

49. The latest reported position on the Council's 2013/14-15/16 Capital Programme is detailed in Appendix D. A net underspend of £21,418k is reported on the General Fund Programme assuming full drawdown on contingency and £1,046k pressure on HRA Projects.
50. 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 (£919k underspend, £48k improvement)

1. The combined position for the Administration and Finance Groups at month 8 is an underspend of £919k. This is as a result of holding vacant posts in both Groups, revisions of non-salaries forecasts in Procurement, 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 8		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
8,749	420	Admin. Directorate	Salaries	9,169	8,858	-3%	(311)	(239)	(72)
5,052	126		Non-Sal Exp	5,178	4,801	-7%	(377)	(430)	53
(2,744)	(187)		Income	(2,931)	(3,081)	5%	(150)	(165)	15
11,057	359		Sub-Total	11,416	10,578	-7%	(838)	(834)	(4)
11,558	72	Finance Directorate	Salaries	11,630	11,541	-1%	(89)	(68)	(21)
172,239	(22,128)		Non-Sal Exp	150,111	150,063	0%	(48)	(24)	(24)
(172,179)	22,366		Income	(149,813)	(149,757)	0%	56	55	1
11,618	310		Sub-Total	11,928	11,847	-1%	(81)	(37)	(44)
20,307	492		Salaries	20,799	20,399	-2%	(400)	(307)	(93)
177,291	(22,002)		Non-Sal Exp	155,289	154,864	0%	(425)	(454)	29
(174,923)	22,179		Income	(152,744)	(152,838)	0%	(94)	(110)	16
22,675	669		Total	23,344	22,425	-4%	(919)	(871)	(48)

2. As a result of holding open vacant posts longer across the Administration Group, particularly in Performance, Occupational Health and Legal Services teams, as well as not providing cover for maternity leave and employees reducing hours following maternity leave, the Group is showing a significant salaries underspend in Month 8.
3. Revisions of non salary forecasts continue to be undertaken at month 8 and decreased expenses forecasts within Democratic Services and Policy, Performance & Partnerships have net down potential increases for the cost of provision of the absence management system.
4. A slight shortfall in income has been projected in Human Resources and Communications due to a reduction in income from First Aid courses and a revised forecast relating to Hillingdon People advertising income; however this has been part mitigated by an increase in 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 30th April 2013.

Table 2: Administration Operating Budgets

Original Budget	Budget Changes	Service	Month 8		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7	
			£'000	£'000		£'000	£'000	£'000	
442	26	Directorate	Salaries	468	455	-3%	(13)	(13)	0
6	0		Non-Sal Exp	6	3	-50%	(3)	(3)	0
(56)	0		Income	(56)	(56)	0%	0	0	0
392	26		Sub-Total	418	402	-4%	(16)	(16)	0
676	4	Corporate Comms	Salaries	680	728	7%	48	47	1
187	0		Non-Sal Exp	187	162	-13%	(25)	(23)	(2)
(103)	0		Income	(103)	(103)	0%	0	(4)	4
760	4		Sub-Total	764	787	3%	23	20	3
1,425	7	Democr. Services	Salaries	1,432	1,459	2%	27	38	(11)
1,895	70		Non-Sal Exp	1,965	1,899	-3%	(66)	(51)	(15)
(849)	0		Income	(849)	(892)	5%	(43)	(43)	0
2,471	77		Sub-Total	2,548	2,466	-3%	(82)	(56)	(26)
2,347	12	Human Resources	Salaries	2,359	2,295	-3%	(64)	(48)	(16)
467	(15)		Non-Sal Exp	452	567	25%	115	103	12
(591)	15		Income	(576)	(605)	5%	(29)	(43)	14
2,223	12		Sub-Total	2,235	2,257	1%	22	12	10
1,924	8	Legal Services	Salaries	1,932	1,888	-2%	(44)	(41)	(3)
98	0		Non-Sal Exp	98	124	27%	26	26	0
(575)	0		Income	(575)	(641)	11%	(66)	(63)	(3)
1,447	8		Sub-Total	1,455	1,371	-6%	(84)	(78)	(6)
1,935	363	Policy & Perf.	Salaries	2,298	2,033	-12%	(265)	(222)	(43)
2,399	71		Non-Sal Exp	2,470	2,046	-17%	(424)	(482)	58
(570)	(202)		Income	(772)	(784)	2%	(12)	(12)	0
3,764	232		Sub-Total	3,996	3,295	-18%	(701)	(716)	15
8,749	420	Admin. Directorate	Salaries	9,169	8,858	-3%	(311)	(239)	(72)
5,052	126		Non-Sal Exp	5,178	4,801	-7%	(377)	(430)	53
(2,744)	(187)		Income	(2,931)	(3,081)	5%	(150)	(165)	15
11,057	359		Total	11,416	10,578	-7%	(838)	(834)	(4)

5. The Finance Group is showing an improvement of £44k in Month 8. This is primarily as a result of revising staffing forecasts to account for leaving dates and a later return from maternity leave within Procurement and Strategic Finance, as well as holding positions vacant following the restructure in Revenues & Benefits.
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, as a result of the introduction of Public Health budgets and previous charges no longer being applicable. However, this pressure on recharge budgets has been mitigated after reviewing charges to other funds, as well as an increase in income from schools in Operational Finance and an improvement in the Housing Benefit subsidy projection.

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 8		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7	
			£'000	£'000		£'000	£'000	£'000	
547	3	Internal Audit	Salaries	550	540	-2%	(10)	(10)	0
50	0		Non-Sal Exp	50	45	-10%	(5)	(4)	(1)
0	0		Income	0	0	N/A	0	0	0
597	3		Sub-Total	600	585	-3%	(15)	(14)	(1)
3,549	(107)	Operational Finance	Salaries	3,442	3,508	2%	66	61	5
688	350		Non-Sal Exp	1,038	1,056	2%	18	13	5
(984)	21		Income	(963)	(983)	2%	(20)	0	(20)
3,253	264		Sub-Total	3,517	3,581	2%	64	74	(10)
2,115	370	Procurement	Salaries	2,485	2,532	2%	47	63	(16)
188	(38)		Non-Sal Exp	150	100	-33%	(50)	(58)	8
(344)	(274)		Income	(618)	(581)	-6%	37	53	(16)
1,959	58		Sub-Total	2,017	2,051	2%	34	58	(24)
4,350	(475)	Revenues & Benefits	Salaries	3,875	3,727	-4%	(148)	(144)	(4)
170,659	(22,371)		Non-Sal Exp	148,288	148,240	0%	(48)	(7)	(41)
(170,727)	22,641		Income	(148,086)	(148,047)	0%	39	2	37
4,282	(205)		Sub-Total	4,077	3,920	-4%	(157)	(149)	(8)
997	281	Strategic Finance	Salaries	1,278	1,234	-3%	(44)	(38)	(6)
654	(69)		Non-Sal Exp	585	622	6%	37	32	5
(124)	(22)		Income	(146)	(146)	0%	0	0	0
1,527	190		Sub-Total	1,717	1,710	0%	(7)	(6)	(1)
11,558	72	Finance Directorate	Salaries	11,630	11,541	-1%	(89)	(68)	(21)
172,239	(22,128)		Non-Sal Exp	150,111	150,063	0%	(48)	(24)	(24)
(172,179)	22,366		Income	(149,813)	(149,757)	0%	56	55	1
11,618	310		Total	11,928	11,847	-1%	(81)	(37)	(44)

Residents Services (£367k underspend; £188k adverse)

9. Residents Services has a projected outturn position of a £367k 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. All other divisions of service are managing within budget.

Table 1: Residents Services Operating Budgets

Original Budget	Budget Changes	Service	Month 8		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Change from Month 7	
			£'000	£'000		£'000	£'000	£'000	
1,940	111	Asset Management	Salaries	2,051	2,072	1%	21	21	0
7,803	244		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
9,849	(1,205)	Education (GF)	Salaries	8,644	8,154	-6%	(490)	(490)	0
12,133	(384)		Non-Sal Exp	11,749	11,116	-5%	(633)	(630)	(3)
(10,421)	1,237		Income	(9,184)	(9,229)	0%	(45)	(45)	0
11,561	(352)		Sub-Total	11,209	10,041	-10%	(1,168)	(1,165)	(3)
1,544	(6)	Environmental Policy & Community	Salaries	1,538	1,515	-1%	(23)	(23)	0
997	3		Non-Sal Exp	1,000	1,000	0%	0	0	0
(7,000)	684		Income	(6,316)	(6,340)	0%	(24)	(24)	0
(4,459)	681		Sub-Total	(3,778)	(3,825)	1%	(47)	(47)	0
3,852	(363)	Housing (GF)	Salaries	3,489	3,489	0%	0	0	0
11,098	(4,404)		Non-Sal Exp	6,694	10,888	63%	4,194	4,194	0
(11,123)	5,333		Income	(5,790)	(7,812)	35%	(2,022)	(2,022)	0
3,827	566		Sub-Total	4,393	6,565	49%	2,172	2,172	0
15,351	905	ICT Highways & Bus. Serv.	Salaries	16,256	16,116	-1%	(140)	(140)	0
15,200	(5,257)		Non-Sal Exp	9,943	9,903	0%	(40)	(40)	0
(10,118)	4,030		Income	(6,088)	(6,288)	3%	(200)	(200)	0
20,433	(322)		Sub-Total	20,111	19,731	-2%	(380)	(380)	0
4,154	3,521	Planning Green Spaces & Culture	Salaries	7,675	7,604	-1%	(71)	(16)	(55)
4,569	1,562		Non-Sal Exp	6,131	6,242	2%	111	(564)	675
(4,957)	(4,624)		Income	(9,581)	(10,132)	6%	(551)	(125)	(426)
3,766	459		Sub-Total	4,225	3,714	-12%	(511)	(705)	194
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
14,479	(1,079)	Public Safety	Salaries	13,400	13,400	0%	0	0	0
2,792	18,484		Non-Sal Exp	21,276	21,271	0%	(5)	(8)	3
5,528	(17,751)		Income	(12,223)	(12,293)	1%	(70)	(64)	(6)
22,799	(346)		Sub-Total	22,453	22,378	0%	(75)	(72)	(3)
51,608	1,884	Residents Services	Salaries	53,492	52,675	-2%	(817)	(762)	(55)
69,434	10,248		Non-Sal Exp	79,708	83,836	5%	4,128	3,453	675
(56,716)	(11,378)		Income	(68,154)	(71,832)	5%	(3,678)	(3,246)	(432)
64,326	754		Total	65,046	64,679	-1%	(367)	(555)	188

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.

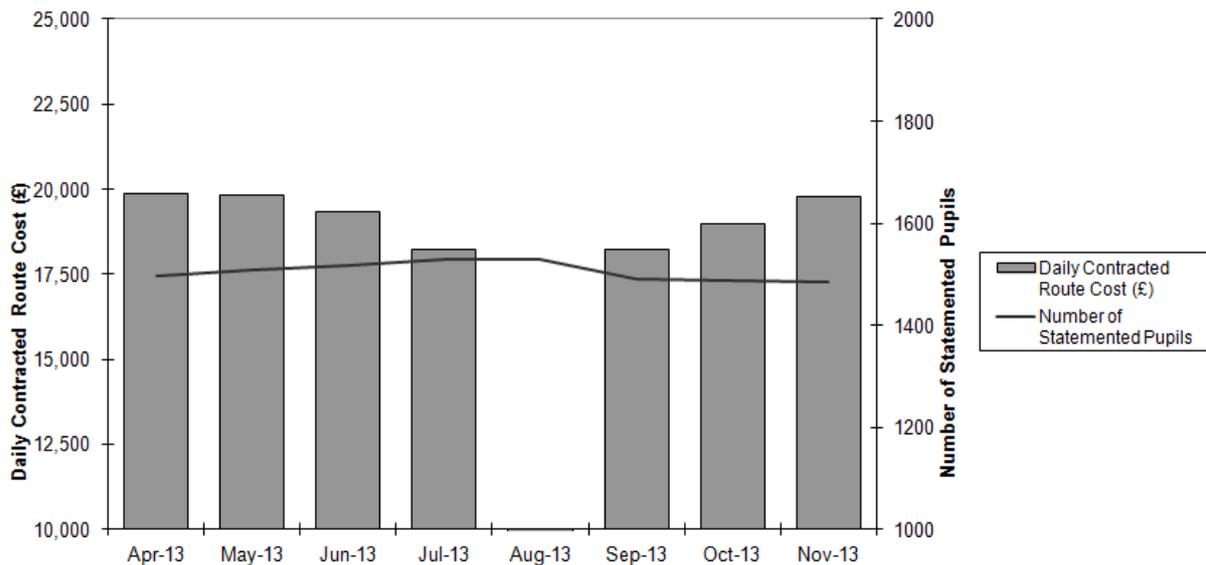
Table 2: Residents Services Contingency Items

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 8)	Variance (As at Month 7)	Change from Month 7
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2,010	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,010	2,392	383	383	0
760	0	SEN Transport	760	1,329	569	569	0
737	(737)	Impact of Welfare Reform on Homelessness	0	0	0	0	0
402	0	Carbon Reduction Commitment	402	375	(27)	(27)	0
217	(217)	Outsourced Leisure Income Streams	0	0	0	208	(208)
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	32	0
4,556	(954)		3,602	4,559	957	1,165	(208)

11. The contingency allocation reflects the budgeted projection set by the West London Waste Authority (WLWA) for the impact of the 'Pay as You Throw' (PAYT) scheme. The increase in tonnages has been generally lower than assumed when the levy was set, but the last two months has seen some variations in the usual seasonal trends. Therefore, the position for Month 8 has been held at a forecast underspend against the full contingency of £72k, representing no change from Month 7. 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, no change compared to Month 7. The overall pressure mainly reflects the increased costs of delivering home to school transport for out-of-borough placements and children with more complex needs. There is a reduction in the number of contracted routes operated of 5 routes (6%) compared to November 2012. However, the cost of delivering the current route requirements has increased by 4% 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, no change compared to Month 7. In addition, there is a one-off overspend on inter-authority recoupment of £24k due to recent changes in recoupment activity, no change compared to Month 7.
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 was released to the Residents Services operating budget following approval by Cabinet in December 2013.
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 7. The contingency requirement also includes the £250k budget for allowances for schools that has been provided for in the schools budget.
17. The remaining Outsourced Leisure Contingency pressure is now included in the base budget position for Planning Green Spaces & Culture. This produces an improvement of £208k on the contingency position with a corresponding adverse movement on the base budget position of £218k.
18. 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.

19. The examination in public of Part 2 of the Hillingdon Local Plan is forecast to take place during 2014/15, however it is expected that this contingency will be fully utilised.

20. The Council has recently appealed against a challenge to a licensing decision incurring costs of £32k.

Asset Management (£358k underspend; no change)

21. 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 7.

22. There is a forecast pressure of £280k on maintenance budgets for day to day repairs for both the Civic Centre and outstations around the Borough, reflecting a continuation of last year's outturn position, no change compared to Month 7. 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 7.

23. The service is also managing financial risks around the achievement of capital receipts and the delivery of the capital programme, particularly the Primary School Capital Programme. At this stage it is forecast that these risks can be contained within existing budgets.

Education (£1,168k underspend; £3k favourable)

24. 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.

25. The service continues to experience high staff turnover and vacancies resulting in forecast staffing underspends in the youth service (£140k), the school improvement service (£125k), education welfare (£45k), educational psychology (£90k) and the early years' team (£40k), no change from Month 7. Many of these posts have been held vacant pending the full implementation of the children's pathway.

26. 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, no change when compared to Month 7.

27. There is also a forecast underspend of £103k on training for early years providers, continuing the position identified last year but representing an adverse movement of £17k on the Month 7 position. There is an underspend of £50k on bought-in support for the School Improvement Service and an underspend of £220k from the ongoing review of discretionary and central budgets for the service, an improvement of £20k compared to Month 7.

28. 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.

29. There is an over-achievement of £45k on income due to additional buy back from schools; no change compared to Month 7.

Environmental Policy & Community Engagement (£47k underspend; no change)

30. The forecast underspend results from the impact of a vacant post within the planning specialists team (£23k), the matching of external grant to budgeted expenditure on town centres (£12k) 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, no change compared to Month 7.

Housing (£2,172k pressure; no change)

31. 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 7. 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.

32. The pressure from the increase in B&B accommodation accounts for £1,878k of this sum, no change compared to Month 7, 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 244 at the end of November, an increase of 8 from the 236 at the end of October 2013. The Month 8 projection assumes the B&B numbers will increase to 310 by the end of the financial year, which represents an increase in the 279 assumed in month 7. 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 December 2013 with 11 properties identified by Asset management following dwelling surveys, with a further 29 surveys are in progress. Discussions with partners are progressing and a procurement target of 50 new or resigned existing PSL properties by March 2014 has been set. There are 4 flats above shops which should be returned in December and licensed as temporary accommodation. There should be an additional 30 to 40 void properties available for Homelessness cases in December / January depending on a release by the Housing repairs service and these are allowed for in the additional 200 properties needed to contain the pressure.

33. There are 670 homeless households in temporary accommodation which is a reduction of 1 household since October 2013 but an increase of 39 households compared to March 2013. The risk that the number of households in temporary accommodation could increase by a further 100 to 200 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 still 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.

34. Rent arrears are increasing and the forecast B&B overspend includes a provision for bad debt of £294k, which is £62k worse than the position reported in Month 7. However, other rent arrears balances are improving and the overall impact in the estimate reflects no change since Month 7. 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.
35. Other mitigating actions are being developed and implemented. These include the setting up of a medium term Leasing scheme to attract property owners directly to the Council. This scheme will almost certainly involve landlord incentives and an overall estimate of £522k is included in the year end forecast. Expenditure to date is £113k and £69k is assigned to Finder's fee landlords for homelessness prevention in the final quarter of the year. The remaining £340k is available within the estimate for securing Leased properties. The total cost of incentives will be chargeable this year for all properties contracted in the scheme by 31 March 2013 and the actual outcome of activity in this area will consequently have a significant impact on the final outturn position. Incentives payable are in the range of £1k to £3.5k, and whilst the prevention savings equivalent to the expenditure are no longer available in this financial year, the acquisition of Leased properties this year will have a beneficial effect on the cost of service going forward into 2014/15 and beyond.
36. The Cabinet meeting in September 2013 approved the appropriation of commercial properties from the HRA to the General Fund. This includes 49 flats above shops that could potentially be made available as temporary accommodation, four of which have been identified and will be available in December. A further 9 flats are occupied by lessees which will not be available for several years and discussions with lessees are in progress for a further 22 flats. The remaining 14 flats have been identified at lease end and were returned to the HRA and are being examined for suitability as short life properties. Approval was also given to authorise Paradigm to purchase up to 60 properties utilising an existing fund set up for future transfers by the Council at a cost of £5 million. These properties have 100% nomination rights thereby increasing supply permanently. The historic bad debt charges incurred by properties managed by RSL partners have also been examined and claims lodged with certain partners. Additional nomination rights from RSL partners are also being sought as part of potential scheme discussions. The block booking of B&B units is also being negotiated by corporate procurement but due to timing is unlikely to 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 7.

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

38. 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 7. This service area is also delivering a savings target of £169k included in the 2013/14 budget.
39. 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 7.
40. Income from the London Common Permit Scheme is forecast to exceed the target set by £200k, no change compared to Month 7. 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 (£511k underspend; £194k adverse)

41. The position now reflects the overall deficit on Golf courses which had previously been shown against contingency. The overall deficit is forecast at £335k, including the £208k previously reported as a pressure on contingency. In overall terms this represents an improvement of £124k compared to last year's outturn. The income position on Pay and Play and associated income is showing a forecast improvement of £157k compared to last year, but an adverse movement of £10k compared to Month 7, due to a further slowing down in the rate of improvement in income in November. 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, no change compared to Month 7.
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 saving of £555k, no change compared to Month 7.
43. The forecast pressure on building control is £90k, no change compared to Month 7, 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 7.
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 £19k due to a vacant post in the Events team, an improvement of £3k compared to Month 7.
46. There is a forecast underspend of £20k on gold bursaries to talented athletes which will now be awarded in the next financial year, no change compared to Month 7.
47. Development control income is running ahead of the profiled income target, and a net underspend of £130k is now forecast, an improvement of £21k compared to Month 7.

This includes a pressure on the costs of the external contract for processing planning applications of £20k 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 7, and increasing the grant available for allocation by the same amount.

Public Safety (£75k underspend; £3k favourable)

49. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 7, 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 £9k on the imported food service, an improvement of £3k compared to Month 7. Income targets for this service are on track to be exceeded by £143k, mainly due to continued strong imports of seasonal fruit and vegetables, an improvement of £6k compared to Month 7. 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 £134k, an adverse movement of £3k compared to Month 7. 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, no change compared to Month 7.

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 7. 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 7. 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 7. This is due to a forecast underspend on graffiti removal of £33k and additional recycling income of £59k.

Children's and Young Peoples Services

Revenue (General Fund): £44k underspend (£4k adverse)

54. The Children's and Young Peoples Service is projecting an underspend of £44k as at Month 8, an adverse movement of £4k on the month 7 projections. This relates to a further increase in the number of looked after children that have been moved into more secure accommodation for their safety, netted down by an improvement in the projected staffing costs across the service, as more permanent staff are employed. This consists of an underspend of £286k on Salaries, an improvement of £31k on the month 7 projections, an overspend of £328k on non-staffing budgets, an adverse movement of £87k on the month 7 projections, due to an increase in the secure placements costs and a projected surplus of £86k on income streams, an improvement of £52k on the month 7 projections. The projected variances at Month 8 are summarised in the following table, with more detail provided in the paragraphs below:

Original Budget £'000	Budget Changes £'000	Service	Month 8			Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	% Var	Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Change from Month 7 £'000	
521	0	Adoption	Salaries	521	566	9%	45	29	16
1,064	(0)		Non-Sal Exp	1,064	1,363	28%	298	294	5
(20)	0		Income	(20)	(135)	575%	(115)	(115)	0
1,565	(0)		Sub-Total	1,565	1,793	15%	228	208	20
1,296	1	Children's Homes	Salaries	1,296	1,520	17%	225	229	(4)
2,599	(0)		Non-Sal Exp	2,599	2,747	6%	148	129	19
(912)	(0)		Income	(912)	(725)	-20%	187	223	(36)
2,983	0		Sub-Total	2,983	3,542	19%	559	581	(21)
1,149	(67)	Family Support	Salaries	1,216	1,023	-16%	(193)	(183)	(10)
1,269	(22)		Non-Sal Exp	1,291	1,270	-2%	(21)	(49)	28
(127)	56		Income	(183)	(188)	3%	(5)	27	(32)
2,291	(33)		Sub-Total	2,324	2,106	-9%	(218)	(205)	(13)
1,420	(1)	Fostering	Salaries	1,421	1,288	-9%	(133)	(117)	(16)
5,200	(197)		Non-Sal Exp	5,397	5,628	4%	231	171	60
(271)	0		Income	(271)	(200)	-26%	71	54	17
6,349	(198)		Sub-Total	6,547	6,716	3%	169	108	61
1,347	61	Other Care	Salaries	1,286	1,379	7%	93	98	(5)
2,216	54		Non-Sal Exp	2,162	1,680	-22%	(482)	(513)	31
(518)	(57)		Income	(461)	(486)	5%	(25)	(25)	0
3,045	58		Sub-Total	2,987	2,573	-14%	(414)	(440)	26
5,755	(49)	Social Workers	Salaries	5,804	5,484	-6%	(320)	(279)	(41)
471	4		Non-Sal Exp	467	588	26%	121	148	(27)
(304)	0		Income	(304)	(456)	50%	(152)	(152)	0
5,922	(45)		Sub-Total	5,967	5,616	-6%	(351)	(283)	(68)
1,342	2	Youth Offending	Salaries	1,340	1,338	0%	(2)	(32)	30
43	3		Non-Sal Exp	40	72	81%	32	61	(29)
(494)	0		Income	(494)	(541)	10%	(47)	(46)	(1)
891	5		Sub-Total	886	870	-2%	(16)	(17)	1
12,830	166	Children's And Families	Salaries	12,996	12,710	-2%	(286)	(255)	(31)
13,060	(39)		Non-Sal Exp	13,021	13,349	3%	328	241	87
(2,646)	1		Income	(2,645)	(2,731)	3%	(86)	(34)	(52)
23,244	128		Sub-Total	23,372	23,328	0%	(44)	(48)	4

Adoption Service: £228k overspend (£20k adverse)

55. The Adoption service is projecting an overspend of £228k, an adverse movement of £20k on the month 7 projections, due to an increase in staffing costs. In total, the additional cost of Adoption and Special Guardianship Order placements is causing a pressure of £298k, additionally there is an overspend of £45k 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 adopters that the Council have recruited, which are being used by another local authority, although to date a minority of invoices have been raised.

Children's Homes (Residential Placements): £559k overspend (£21k improvement)

56. This service is projecting an overspend of £559k, an improvement of £21k on the month 7 projections. 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.

57. As stated previously, the main reason for the overspend is due to the high eligibility criteria 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 would convert to a bespoke foster care placement where additional support and infrastructure would be provided. However, due to the tight constraints of the grant no conversions have been made, which has directly impacted on the ability of the service to deliver the £300k saving that it was envisaged would be delivered through this programme. Based on this, it has 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. This will be fully operational from 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.

58. Additionally, there is a projected shortfall of £187k 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: £218k underspend (£13k improvement)

59. The Family Support service is projecting an underspend of £218k, an improvement of £13k on the month 7 projections, due to a slight improvement in staffing costs. The underspend is due primarily to the high level of staff vacancies across this service.

Fostering: £169k overspend (£61k adverse)

60. The Fostering service is projecting an overspend of £169k, an adverse movement of £61k on the month 7 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.

61. 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 a number of foster care placements are “Long Term Matched” and cannot be moved, leaving a smaller cohort to consider than the MTFF projections were based on. This has resulted in a projected overspend of £231k on the placements budget. This is netted down by an underspend on staffing budgets.

Other Care Services: £414k underspend (£26k adverse)

62. This service is projecting an underspend of £414k, an adverse movement of £26k on the month 7 projections, due to an increase in client costs. The underspend is due primarily to the alignment of the Public Health responsibilities, where £468k has been identified, 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: £351k underspend (£68k improvement)

63. This service is projecting an underspend of £351k, an improvement of £68k on the month 7 projections, due to an increase in the salary underspend. 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: £16k underspend (£1k adverse)

64. The Youth Offending Service is projecting a slight underspend of £16k, an adverse movement of £1k on the month 7 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

65. The following table sets out the number of current placements as at 1 December 2013, and compares the total with the data presented in month 7 based on the October data. 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:

December 2013 Projections	Projected 13/14 Numbers	%	Annualised Cost £000	Cost t %	2013/14 Projected £000	2013/14 Budget £000
Secure/Remand Accommodation	3		276	3%	276	111
Residential – Out of Borough	17	7%	2,646	30%	1,793	1,142
Residential – Joint Funded						479
Residential – Children with Disabilities					661	355
Residential – In House						
Semi Independent Living	30	13%	627	7%	823	537
Fostering Private – Long Term Matched Panel	24	11%	995	11%		
Fostering Private – Long Term Matched Court Order	3	1%	107	1%		
Fostering Private – Children with Disabilities					91	68
Fostering Private	55	24%	2208	25%	3,476	2,827
In House – Long Term Matched	11	5%	235	3%		
In House	84	37%	1665	19%	1,900	1,950
Total December 2013	227	100%	8,759	100%	9,020	7,469

October 2013 Reported Position	216		8,497		8,910	
Movement Between October and December	11		262		110	

66. To complete the picture the following table provides the age profile of the current placements, based primarily on the school age range definition. The table also includes the figures reported in month 7 as a comparison (it should be noted that the secure accommodation numbers are not included in this table as the placements are very short term in nature):

Placement	Age Range					Total
	0-2	2-5	5-11	11-16	16+	
Private Residential - Out Borough	0	0	2	10	5	17
Semi Independent	0	0	0	0	30	30
IFA Matched LT-Matched	0	0	2	14	8	24
IFA Not Matched	3	1	19	21	14	58
In House	13	17	33	21	11	95
Total	16	18	56	66	68	224
Percentage Distribution	5%	12%	24%	29%	31%	100%

October 2013 Reported Position	13	18	57	64	62	214
Movement Between October and December	3	0	-1	2	6	10

67. 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		243	239
Post Adoption Support		165	153
Residence Order Allowances	53	236	270
Special Guardianship Orders Allowances	60	485	289
Other Payments		90	21
Total		1,219	972

Asylum Service: £1,450k overspend (£34k improvement)

68. The Asylum Service is projecting an overspend of £1,450k, an improvement of £34k on the month 7 projections, due to a reduction in planned placement costs, where officers are ensuring that new Asylum Seekers are found the most adequate placement at the best price.

69. The overspend of £1,450k 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 8:

Original Budget £'000	Budget Changes £'000	Service	Month 8		% Var	Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 8 £'000)	Variance (As at Month 7) £'000)	Change from Month 7 £'000	
2,965	(332)	Asylum	Salaries	3,297	3,071	-7%	(226)	(231)	5
2,443	(364)		Non-Sal Exp	2,807	4,248	51%	1,441	1,482	(41)
(5,210)	894		Income	(6,104)	(5,869)	-4%	235	233	2
198	198		Sub-Total	0	1,450	0	1,450	1,484	(34)

70. 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 £1,450k being reported, for which a sum of £1,995k has been set aside in the Corporate Risk Contingency.

71. The following tables provide an analysis of the cost of placements for Asylum Seekers, the age profile and the number of grant claimable clients:

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	1,523,430	601,130	1,890	374,986	916,862	229,693
In House Fostering	256,300	503,525	247,225	280,021	217,683	5,821	0
Independent Fostering	526,900	853,332	326,432	273,726	523,606	55,999	0
In House Provisions	0	109,200	109,200	0	109,200	0	0
Clients with no placement							
Total Placement Costs	1,705,500	2,989,487	1,283,987	555,637	1,225,475	978,682	229,693
Other Related Costs							
Subsistence and Travel		189,274	189,274		26,116	107,330	55,827
Other		19,809	19,809	1,110	1,471	4,097	13,130
Total Other Related Costs	0	209,083	209,083	1,110	27,587	111,427	68,957

Age Profile – Asylum Seekers

Placement Type	Age Profile - Numbers					Total	Number of Claimable Clients			
	Under 16	16 - 18	18 - 21	Over 21	Under 16		16 - 18	18 - 21	Over 21	
Placement										
Accommodation Rent	0	11	101	24	136		12	64	13	
In House Fostering	15	13	1	0	29		13	11	0	
Independent Fostering	6	16	4		26		4	11	1	
In House Provisions		39			39		33			
Clients with no placement	3	16	18	24	61		5	9	16	
Total Placements	24	95	124	48	291		17	72	74	
Other Related Costs										
Subsistence and Travel		8	53	26	87					
Other	4	6	8	10	28					
Total Other Related Costs	4	14	61	36	115					

Risk Contingency

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

Original Budget £'000	Budget Changes £'000	Current Commitments	Month 8		% 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	1,450	27%	(545)	(511)	(34)
2,776	0	Sub-Total	2,776	2,231	20%	(545)	(511)	(34)

ADULT SOCIAL CARE (£95k underspend , £41k adverse variance)

The Month 8 revenue budget forecast for 2013/14 shows a projected underspend of £95k against budget, representing a £41k adverse movement from the Month 7 position and reflecting some increased pressures being partially mitigated by the impact of management actions to contain these pressures. Within this 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 8		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Change from Month 7	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
6,431	(40)	Older People	Salaries	6,391	5,871	-8%	(520)	(470)	(50)
23,572	453		Non-Sal Exp	24,025	25,483	6%	1,458	1,493	(35)
(8,977)	0		Income	(8,977)	(10,198)	14%	(1,221)	(1,235)	14
21,026	413		Sub-Total	21,439	21,156	-1%	(283)	(212)	(71)
1,612	42	Physical & Sensory Disability	Salaries	1,654	1,478	-11%	(176)	(176)	0
6,726	190		Non-Sal Exp	6,916	7,127	3%	211	246	(35)
(592)	0		Income	(592)	(598)	1%	(6)	(22)	16
7,746	232		Sub-Total	7,978	8,007	0%	29	48	(19)
5,882	(401)	Learning Disability	Salaries	5,481	5,108	-7%	(373)	(306)	(67)
21,157	2,771		Non-Sal Exp	23,928	24,837	4%	909	696	213
(6,281)	0		Income	(6,281)	(5,715)	-9%	566	565	1
20,758	2,370		Sub-Total	23,128	24,230	5%	1,102	955	147
1,526	0	Mental Health	Salaries	1,526	1,363	-11%	(163)	(128)	(35)
4,889	0		Non-Sal Exp	4,889	5,087	4%	198	157	41
(400)	0		Income	(400)	(405)	1%	(5)	10	(15)
6,015	0		Sub-Total	6,015	6,045	0%	30	39	(9)
2,322	(416)	Adult Social Care Directorate	Salaries	1,906	1,756	-8%	(150)	(138)	(12)
(1,724)	(588)		Non-Sal Exp	(2,312)	(3,124)	35%	(812)	(817)	5
(650)	650		Income	0	(9)	N/A	(9)	(9)	0
(52)	(354)		Sub-Total	(406)	(1,377)	239%	(971)	(964)	(7)
17,773	(815)	Adult Social Care	Salaries	16,958	15,576	-8%	(1,382)	(1,218)	(164)
54,620	2,826		Non-Sal Exp	57,446	59,410	3%	1,964	1,775	189
(16,900)	650		Income	(16,250)	(16,925)	4%	(675)	(691)	16
55,493	2,661		Total	58,154	58,061	0%	(93)	(134)	41

73. 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 8 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 7.

74. The contingency of £2,589k to cover the impact of transitional children moving into Adult Social Care was approved for release by December Cabinet and £2,589k and is now within the base budget for the Learning Disability Service.

Table 2: Adult Social Care Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
3,814	(2,589)	Transitional Children (Demographic)	1,225	1,225	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	(2589)		10,402	10,402	0	0	0

75. The pressure to support older people to living in the community continues to be contained 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. This will be kept under close review through the 'winter pressures' period.

76. For the Physical and Sensory Disability Service there has been a small improvement £35k in forecast in respect of non- staffing budgets. This improvement is as a result of the latest review of home care expenditure trends at Month 8.

77. For Learning Disability Services there has been an increase in the salaries underspend as a result of continuing vacancies. The adverse change on non- staffing is as a result of realigning the management action plan to reflect the fact that revised supported living programme has impacted adversely on learning disability original targets for this financial year.

78. In Mental Health services the staffing forecast has reduced by £35k due to continuing vacancies within the Community Mental Health Teams. The increased pressure on non- staffing budgets is as a consequence of realignment of management action expectations.

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

80. As previously reported, the delay that resulted from the Judicial Review challenge to the council's decision to close Day Centres at Parkview and Woodside has impacted on 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 June 2014.

Appendix B – Other Funds

Schools Budget

1. The Schools Budget is ringfenced and funded from the Dedicated Schools Grant (DSG), and covers a range of services directly linked to schools. The majority of the DSG is delegated to maintained schools (£113.4 million), with the remainder (£32.4 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 8		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Change from Month 7
£'000	£'000		£'000	£'000		£'000	£'000	£'000
(171,267)	25,415	DSG Income	(145,852)	(145,852)	0%	0	0	0
171,283	(57,849)	Delegated to Schools	113,434	113,434	0%	0	0	0
(16)	4,842	Early Years	4,826	2,675	45%	(2,151)	(797)	(1,354)
	4,847	Schools (Retained)	4,847	4,507	-7%	(340)	(229)	(111)
	22,745	SEN	22,745	22,764	0%	19	374	(355)
0	0	Total Schools Budget	0	(2,472)		(2,472)	(652)	(1,820)
(709)	0	Balances b/fwd 01/04/13	(709)	(709)		0	0	0
(709)	0	Balances c/fwd 31/03/14	(709)	(3,181)		(2,472)	(652)	(1,820)

3. The underspend of £2,472k is due primarily to an underspend of £2,091k on the two year old free entitlement offer, where the take up is less than the number of places on offer. This compares to the underspend of £775k reported at month 7 and is considered to represent a reasonable projection for the year-end position on these budgets given the expected level of take-up.
4. There is an underspend on joint funded placements of £420k (£479k in month 7), where action taken by the local authority 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. There is a further underspend of £237k on staffing.
5. The other major variances across the budget re are net overspends of £190k on fees at independent schools and an overspend of £110k on Education Other Than at School.

6. 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 £2,472k, to a projected reserve level of £3,181k as at 31 March 2014, an improvement of £1,820k compared to Month 7.

Parking Revenue Account

7. 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 8		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Change from Month 7
£'000	£'000		£'000	£'000		£'000	£'000	£'000
(4,387)	0	Income	(4,387)	(3,854)	-12%	533	508	25
4,295	0	Expenditure	4,295	4,014	-7%	(281)	(276)	(5)
(92)	0	In year Surplus / Deficit	(92)	160	-274%	252	232	20
(67)	0	Unallocated Balances b/fwd 01/04/13	(67)	(67)		0	0	0
(159)	0	Unallocated Balances c/fwd 31/03/14	(159)	93		252	232	20

8. An in-year deficit of £160k is forecast for the 2013/14 financial year, an adverse movement of £20k compared to Month 7. There is a total forecast shortfall of income of £533k, 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 £180k 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 £25k compared to Month 7 due to continued lower performance. The income pressure is offset by compensating savings totalling £373k, from the enforcement contract (£185k), an improvement of £5k compared to Month 7, and various staffing and non-pay budgets (£96k), as well as the budgeted surplus of £92k.

Collection Fund

9. 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 £'000	Budget Changes £'000		Month 8		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month7 £'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

10. 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 7. 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 7.
11. 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.
12. While a breakeven position continues to be reported on NNDR income for 2013/14, a number of properties have been removed from the ratings list resulting in a backdated loss of income which could result in a deficit of up to £900k being reported at outturn. The majority of these movements relate to Heathrow Airport and it is expected that compensatory movements will be actioned by the Valuation Office Agency in the short-term, thus off-setting the pressure.

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 and no change to Month 7. The surplus is mainly due to a reduction in the major works programme (£2,761k) & lower management costs (£902k), offset by a reduction in rent income (£1,325k) & additional maintenance costs £146k.

Table 1: HRA Overview 2013/14

Original Budget	Budget Changes		Month 8		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 8)	Variance (As at Month 7)	Change from Month 7
£'000	£'000		£'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	-7%	(2,761)	(2,761)	0
1,357	0	Development & Risk Contingency	1,357	1,357	0%	0	0	0
15,307	(65)	Interest & Investment Income	15,242	15,190	3%	(52)	(52)	0
57,380	0	Sub-total Normal Activities	57,380	53,863	-4%	(3,517)	(3,517)	0
		<u>Exceptional items:</u>						
	0		0	0		0	0	0
57,380	0	Total Net Expenditure	57,380	53,863	-4%	(3,517)	(3,517)	0
(57,428)	0	Rental Income	(57,428)	(56,103)		1,325	1,325	0
(48)	0	Net Total	(48)	(2,240)		(2,192)	(2,192)	0
(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)	(2,192)	0

2. The Housing Management budget is showing an under spend of £850k, no change compared to the Month 7 position. There are under spends 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 over spend of £146k, no change compared to Month 7. The majority of this overspend has been identified within day-to-day and voids repairs budgets following a review of activity. A management contract has been agreed with Mears Limited in respect of this service and discussions

on the use of various systems to manage the finances of the overall process are in progress.

4. The Major Works budget is projected to under spend by £2,761k, which is no change to Month 7. The current estimate reflects the cost of the overall 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. The effects of a reduced programme of major works are currently being evaluated but initial estimates suggest a further reduction of £750k - £1,000k in overall expenditure in respect of insulation programmes that are not expected to commence in the financial year. This reduction is likely to be offset by an under recovery of Capital Recharge fees for asset management of approximately £611k due to the lower levels of activity in the revised programme.
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 still be required for this area. The existing rent system controls are being examined the provision for doubtful debts policy is also being revised to bring it into line with the policy in use elsewhere in the council. The outcome of these exercises will be incorporated into the report for December 2013 (Month 9).
6. Rental income is showing an over spend of £1,325k against a target of £57.4 million, no change compared to Month 7. The shortfall is mainly due to the loss of income of £826k following the agreed transfer of commercial shop properties & Garages to community assets. £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 total Void charges for the year are being re-assessed to ensure any processing backlog has been correctly reported.

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 (08)	Total Month (07)
	£'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.)	106,787	102,360	22,372	231,519	231,331
Actual Expenditure Year to Date	43,702	-	-	43,702	37,229
Forecast Outturn	85,369	102,290	22,372	210,031	209,874
	-21,418	-70	-	-21,488	-21,458
Variance By Service:					
Asset Management (Table 2)	-3,411	-2,500	-	-5,911	-5,898
Education (Schools Expansions – Table 3)	-13,246	368	-	-12,878	-12,878
Education (Other – Table 4)	-110	-	-	-110	-110
Environmental Policy & Community Engagement (Table 5)	-500	500	-	-	-
Housing General Fund (Table 6)	-2,297	1,557	-	-740	-740
ICT Highways and Business Services (Table 7)	-1,943	-	-	-1,943	-1,943
Planning, Green Spaces & Culture (Table 8)	-110	-14	-	-124	-109
Public Safety (Table 9)	198	20	-	218	218
Adult Social Care Services	-	-	-	-	-
Total Main Programme Variance	-21,418	-70	-	-21,488	-21,458
Analysis of Main Programme Variance:					
Cost Variance	-19,298	-2,190	-	-21,488	-21,458
Projected Re-phasing	-2,120	2,120	-	-	-
	-21,418	-70	-	-21,488	-21,458
Financing Variance:					
Council Resourced Variance	-20,012	-2,675	1,199	-21,488	-21,458
External Grants & Contributions Variance	-1,406	2,605	-1,199	-	-
Total Main Programme Variance	-21,418	-70	-	-21,488	-21,458
Contingency Variance (Council Resourced):	-937	-1,500	-1,500	-3,937	-3,937
Total Capital Programme Variance	-22,355	-1,570	-1,500	-25,425	-25,395
Total Month 7	-33,644	4,880	3,369	-25,395	

- Year to date General Fund Capital Expenditure has reached £43,702k, representing 51% of forecast outturn. A significant proportion of the capital programme is for school

expansions, in particular Phase 2 which is now in the construction stage and hence is increasing its monthly expenditure profile. The forecast spend on School Expansions and New Builds is £47,402k for 2013/14 which represents 57% of the total spend, an increase of 9% on Month 7.

3. The revised budget for 2013/14 has reduced by £13,243k from Month 7 due almost entirely to the re-phasing of £13,423k budget into later years over the life of the capital programme as recommended to Cabinet in Month 7. The movement of -£11,289k in the total variance from Month 7 is explained as follows:

- Budget re-phasing into later years	-£13,423k
- Reduction in Schools Expansions forecast outturn	£ 2,120k
- Reduction in Property Works programme forecast outturn	£ 15k

4. The main internally funded programme shows a net favourable variance of £21,488k. 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 £1,955k from Month 7 and this is largely due to further slippage of £2,120k on the Primary Schools Expansions and New Build Programme. There are some minor delays on several schools however contingency plans have been put in place to manage delivery if there are further delays and the programme remains on target to deliver new school places within planned timescales.
6. 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.
7. Details of the capital programme performance by service are provided in the following paragraphs.

Residents' Services

Asset Management

8. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
Asset Management:					
Revised Budget	5,741	4,085	600	10,426	10,426
Actual Expenditure Year to Date	276	-	-	276	196
Forecast Outturn	2,330	1,585	600	4,515	4,530
Forecast Variance	-3,411	-2,500	-	-5,911	-5,896
<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	-343	-	-	-343	-328
South Ruislip Development - Plot A	-200	-	-	-200	-200
HRD Health & Safety Works	-40	-	-	-40	-40
Total Cost Variances	-3,411	-2,500	-	-5,911	-5,898
Projected Re-phasing	-	-	-	-	-
Total Variance	-3,411	-2,500	-	-5,911	-5,898
Month 7 Variance	-4,299	-1,597	-	-5,898	

Under Spends

9. An under spend of £5,911k is forecast on the following schemes:
10. 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.
11. 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.
12. Property Works Programme – an under spend of £343k is forecast based on the current unallocated budget. This is small revision upwards of £15k from Month 7 relating to the forecast cost of South Ruislip Community Association roof works after receipt of tenders.
13. South Ruislip Development Plot A – the forecast under spend is £200k following detailed review of the draft final accounts.
14. HRD Health & Safety Works – the works were completed earlier in the financial year resulting in a £40k under spend.

Other Schemes

15. Although year to date expenditure represents only 12% 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. The scheme is expected to be completed by the end of June 2014 and £900k budget has been re-phased into next year because of this.

Education (Schools Expansions Programme)

16. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
Education (Schools Expansions Programme):					
Revised Budget	60,648	60,893	6,069	127,610	127,610
Actual Expenditure Year to Date	25,770	-	-	25,770	21,654
Forecast Outturn	47,402	61,261	6,069	114,732	114,732
Forecast Variance	-13,246	368	-	-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	-11,126	-1,752	-	-12,878	-12,878
Projected Re-phasing	-2,120	2,120	-	-	-
Total Variance	-13,246	368	-	-12,878	-12,878
Month 7 Variance	-13,530	-4,217	4,869	-12,878	

Cost Pressures

17. 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.
18. 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

19. 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.
20. 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.

21. 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 uncommitted and was intended to provide capacity to expand the phase by a further Form of Entry.
22. In addition the tender returns for the RAF Uxbridge and Lake Farm developments are £661k below budget. Works commenced on site in October and are progressing well.

Projected Re-phasing

23. Although over the life of the programme the forecast is an overall under spend of £12,878k, this includes £2,120k further re-phasing in Month 8 to reflect the latest cash flow projections on Phase 2 projects.
24. 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)

25. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
Education (Other Schemes):					
Revised Budget	3,670	4,460	1,535	9,665	9,665
Actual Expenditure Year to Date	1,776	-	-	1,776	1,689
Forecast Outturn	3,560	4,460	1,535	9,555	9,555
Forecast Variance	-110	-	-	-110	-110
<u>Analysis of Variance by Scheme</u>					
Ruislip High School Expansion	-95	-	-	-95	-95
Children's Centres - Phase 3	-15	-	-	-15	-15
Total Cost Variances	-110	-	-	-110	-110
Projected Re-phasing	-	-	-	-	-
Total Variance	-110	-	-	-110	-110
Month 7 Variance	-3,035	2,925	-	-110	

Under Spends

26. Ruislip High School Expansion – final accounts have been agreed and this is resulting in a forecast under spend of £95k.

27. Children's Centres – an under spend of £15k has arisen on completion of sites under Phase 3 sites.

Other Schemes

28. Urgent Building Condition Projects – an amount of £2,254k has been re-phased into 2014/15 for a number of projects that will not be completed until next year because there is limited access to carry out works during the academic year.

29. Devolved Formula Capital – an amount of £671k has been re-phased into 2014/15.

Environmental Policy & Community Engagement

30. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
Environmental Policy & Community Engagement:					
Revised Budget	9,587	7,303	4,573	21,463	21,365
Actual Expenditure Year to Date	4,704	-	-	4,704	4,137
Forecast Outturn	9,087	7,803	4,573	21,463	21,365
Forecast Variance	-500	500	-	-	-
<u>Analysis of Variance by Scheme</u>					
Chrysalis Programme	-500	500	-	-	-
Total Cost Variances	-	-	-	-	-
Projected Re-phasing	-	-	-	-	-
Total Variance	-500	500	-	-	-
Month 7 Variance	-2,271	2,271	-	-	-

31. The revised budget has increased due to the additional funding from Transport for London in respect of Cycle Quietway scheme.

Cost Variance

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

Other Schemes

33. Town Centre Initiatives – a total of £935k has been 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 although formal agreement for this will not be received until after the next quarterly grant claim submission is made in January.

34. The Transport for London Local Implementation Plan for 2013/14 is in progress, however funding of £800k has been re-phased into next year as the annual programme will not be complete by financial year end. This does not have an impact on services.
35. Eastcote House and Gardens – the project is now in initial design stages.

Housing General Fund

36. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
Housing General Fund:					
Revised Budget	3,879	3,589	3,262	10,730	10,730
Actual Expenditure Year to Date	971	-	-	971	809
Forecast Outturn	1,582	5,146	3,262	9,990	9,990
Forecast Variance	-2,297	1,557	-	-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	-	-	-	-	-
Total Variance	-2,297	1,557	-	-740	-740
Month 7 Variance	-2,624	1,884	-	-740	

Under Spends

37. General Fund Supported Housing – the Supported Housing strategy is currently being developed and a major capital investment programme is under consideration for future years.
38. Disabled Facilities Grants and Private Sector Renewal Grants – there is backlog that is not forecast to be completed until next financial year.

Other Schemes

39. 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 and the budget has been re-phased to reflect this.

ICT, Highways & Business Services

40. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
ICT, Highways & Business Services:					
Revised Budget	11,161	4,549	2,888	18,598	18,598
Actual Expenditure Year to Date	5,146	-	-	5,146	4,050
Forecast Outturn	9,218	4,549	2,888	16,655	16,655
Forecast Variance	-1,943	-	-	-1,943	-1,943
<u>Analysis of Variance by Scheme</u>					
Civic Centre Works Programme	-1,664	-	-	-1,664	-1,664
ICT Single Development Plan	-179	-	-	-179	-179
Street Lighting	-100	-	-	-100	-100
Total Cost Variances	-1,943	-	-	-1,943	-1,943
Projected Re-phasing	-	-	-	-	-
Total Variance	-1,943	-	-	-1,943	-1,943
Month 7 Variance	-2,796	853	-	-1,943	

Under Spends

41. 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.
42. 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.
43. Street Lighting – a detailed programme of works has been prepared but it is not expected to fully utilise this year's budget.

Other Schemes

44. Highways Programme – works are now well underway on numerous roads which accounts for the bulk of the movement in actual expenditure for Month 8. The programme is forecast to complete by the end of the financial year within budget.
45. Purchase of Vehicles programme – an amount of £689k has been re-phased to 2014/15 as some vehicle orders from the current year programme are still to be made. There is a forecast pressure of £90k on the current year programme based on recent tender prices received on a number of vehicles, however this will be managed from re-prioritising next year's programme to remain within overall budget.

Planning, Green Spaces & Culture

46. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
Planning, Green Spaces & Culture:					
Revised Budget	1,739	13,708	-	15,447	15,407
Actual Expenditure Year to Date	598	-	-	598	593
Forecast Outturn	1,629	13,694	-	15,323	15,298
Forecast Variance	-110	-14	-	-124	-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	-31	-	-	-31	-30
Car Park Resurfacing	-	-14	-	-14	-
Total Cost Variances	-110	-14	-	-124	-109
Projected Re-phasing	-	-	-	-	-
Total Variance	-110	-14	-	-124	-109
Month 7 Variance	-1,678	1,569	-	-109	

47. The revised budget has increased due to grant funding of £39k from Hillingdon Community Trust for the Lake Farm Skate Park project.

Under Spends

48. Highgrove Pool Phase II – this project is now complete with a £31k under spend.

49. Sport & Cultural Projects – funding of £154k currently remains unallocated, however this may be required to fund potential new projects.

50. Car Park resurfacing – costings for works at Kingsend and Cedars car parks indicate that the works will be completed with a £14k under spend.

Over Spends

51. 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.

Other Schemes

52. Yiewsley Pool Development – this scheme is in initial design stages.

53. Grounds Maintenance – an amount of £646k has been re-phased into 2014/15 for the purchase of a range of vehicles.

Public Safety

54. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
Public Safety:					
Revised Budget	10,063	3,522	3,245	16,830	16,830
Actual Expenditure Year to Date	4,384	-	-	4,384	4,039
Forecast Outturn	10,261	3,542	3,245	17,048	17,048
Forecast Variance	198	20	-	218	218
<u>Analysis of Variance by Scheme</u>					
Hayes End Library Development	235	20	-	255	255
Libraries Refurbishment	22	-	-	22	22
New Years Green Lane Civic Amenity Site	-53	-	-	-53	-53
Manor Farm Stables Development	-6	-	-	-6	-6
Total Cost Variances	198	20	-	218	218
Projected Rephasing	-	-	-	-	-
Total Variance	198	20	-	218	218
Month 7 Variance	-2,474	2,692	-	218	

Over Spends

55. Hayes End Library Development – The project is forecasting an overspend of £255k due to the extension of time and associated financial claim from the current contractor along with further works that are required to complete the development. Fire glazing works tenders are higher than anticipated and this has contributed to the overall overspend. A thorough review of these tenders is taking place with alternative options being considered.
56. 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

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

Other Schemes

58. Central Library Refurbishment – the refurbishment of Uxbridge Central Library is on target for completion by March 2014.
59. Environmental Assets - an amount of £300k has been re-phased to 2014/15 for projects where funding is yet to be allocated to specific projects.

General Contingency

60. 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

61. 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 (08)	Total Month (07)
	£'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	11,633	7,359	5,858	450	25,300	24,770
Variance	-2,609	9,698	3,315	5,014	15,418	15,948

62. Forecast capital receipts are £11,633k for 2013/14. This represents an increase of £2,609k from the revised budget level. The budgeted level of capital receipts included in the Medium Term Financial Forecast presented to December Cabinet totalled £24,671k which is broadly in line with the current forecast.
63. 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. There was no movement in actual General Fund capital receipts received in Month 8. A further five significant completions of properties are required to reach the forecast.
64. As at the end of Month 7 the accumulated disposal receipts over the next four years is anticipated to be £25,300k which is a movement of £530k from last month and this is mainly due to a revision upward on the forecast receipt for one of the significant property sales following receipt of offers which are now being evaluated. There is an element of risk around the certainty of these receipts being fully realised which has been reflected in the disposals forecast.
65. The total forecast is £15,418k lower than the budgeted level which will have the effect of increasing borrowing levels. However overall borrowing levels are offset by a reduction of £25,425k 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000	£'000
Forecast Council Resource Requirement	29,259	45,571	11,884	7,735	94,449	94,832
Forecast Capital Receipts	-11,633	-7,359	-5,858	-450	-25,300	-24,770
Forecast Borrowing	17,626	38,212	6,026	7,285	69,149	70,062

66. The movement in forecast borrowing levels from Month 7 is favourable due largely to the increase in capital receipts forecast.

Housing Revenue Account (HRA) Capital Programme

67. The Works to Stock programme consists of capital and revenue and is reported in Appendix C.

68. 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 (08)	Total Month (07)
	£'000	£'000	£'000	£'000	£'000
HRA New Build Programme:					
Revised Budget	357	-	-	357	357
Actual Expenditure Year to Date	198	-	-	198	259
Forecast Outturn	627	790	-	1,417	1,403
Forecast Variance	270	790	-	1,060	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	25	-	-	25	11
New Build – Learning Disability Sites Phase 1	124	-	-	124	124
New Build – HRA Pipeline Sites Phase 2	121	-	-	121	121
Total Cost Variances	270	790	-	1,060	1,046
Projected Rephasing	-	-	-	-	-
Total Variance	270	790	-	1,060	1,046
Month 7 Variance	256	790	-	1,046	

69. 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 reported in 2014/15 financial year.

70. Additional completion works have been identified which will potentially increase the total over spend further. This will be reflected in future reporting once the final outcome becomes more certain.
71. 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.
72. New Build HRA Pipeline Sites Phase 1 – outstanding employers' agent fee invoices of £14k have been reviewed and require to be paid resulting in an increase in the forecast.
73. 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

74. There have been 63 Right to Buy sales of council dwellings achieved year to date for a value of £6,593k and a total of 92 sales are forecast totalling £9,236k in 2013/14. The forecast is based on a prudent view of sales that are likely to be completed by the end of this financial year. The Council has signed an agreement with Department for Communities & Local Government to re-invest the proceeds in housing stock regeneration. This enables the Council to retain a higher level of receipts because of reduced pooling, however the terms of the agreement stipulate that receipts must be used within three years or otherwise are returned to government. Proposals are being drafted by officers to develop an Affordable Housing programme to utilise these receipts within allowed timescales.

APPENDIX E – Treasury Management Report as at 30 November 2013

Outstanding Deposits - Average Rate of Return on Deposits: 0.48%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	78.1	61.98	60.00
1-2 Months	12.2	9.68	15.00
2-3 Months	14.4	11.43	10.00
3-6 Months	13.1	10.40	10.00
6-9 Months	5.0	3.97	5.00
9-12 Months	0.0	0.0	0.00
12-18 Months	0.0	0.0	0.00
Subtotal	122.8	97.46	100.00
Unpaid Maturities	3.2	2.54	0.00
Total	126.0	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, Black Rock MMF, Goldman Sachs MMF, Insight MMF, Ignis MMF, PSDF MMF, Royal Bank of Scotland, HSBC, Lloyds, Nationwide Building Society, Barclays, Lancashire County Council, Kingston-upon-Hull City Council and Sheffield City Council. The Council also currently hold three Certificates of Deposit with Standard Chartered.
2. During November 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 November.

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 November, non-HRA settlement PWLB loans still carried large premiums and therefore made rescheduling of debt unfeasible. Some HRA settlement debt showed small discounts, however as these loans are issued at preferable rates, any short-term savings would be more than offset over the longer-term when these loans were replaced at higher rates.

Banking Reform Act

6. The Financial Services (Banking Reform) Act 2013 gained Royal Assent in December which introduced a 'bail-in' mechanism, could increase the potential for partial loss of deposits in UK Banks, in the case of banks making losses. This measure has been introduced to prevent the taxpayers having to bail out large banks in the future. As a result the draft strategy for 2014/15, due to be agreed by Cabinet and Council in February recommends that to further diversify risk the Council will reduce individual counterparty holding limits from 15% to 10%. Officers are monitoring current holdings and will try to reduce to these new limits as soon as practicable.

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

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

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved £'000	Total Spend £'000
Asset Management						
Electrical Services Officer	4 October 2010	4 April 2014	94	25	19	138
Housing						
Senior Sales Advisor (outside establishment)	29 October 2012	1 August 2014	15	28	18	61
Planning, Green Spaces & Sport						
Planning Officer (outside establishment)	11 February 2013	21 March 2014	8	44	19	71
Building Control Surveyor	6 August 2012	21 March 2014	24	28	9	61
Children's & Young People's Services						
Head of Children's Services	27 January 2014	20 May 2014	0	0	61	61