

COUNCIL BUDGET - MONTH 9 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 December 2013 (Month 9).</p> <p>A net in-year underspend of £4,572k is forecast against 2013/14 General Fund revenue budgets, an improvement of £326k on the position reported at Month 8.</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 9.
2. Note the treasury management update for Month 9 at Appendix E.
3. Continue the delegated authority up until the 20 March 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 23 January and 13 February 2014 Cabinet meetings, detailed at Appendix F.

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.

Alternative options considered

3. There are no other options proposed for consideration.

SUMMARY

REVENUE

4. As at Month 9, the forecast outturn position on in-year activities is a net underspend of £4,572k, representing an improvement of £326k on the position reported at Month 8. This position consists of a net underspend of £1,769k on directorate budgets, an underspend on capital financing costs of £2,500k and a net underspend of £303k on development and risk contingency.
5. 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.
6. Unallocated General Fund balances are forecast to reach £36,172k by 31 March 2014, before taking account of any sums remaining uncommitted from the residual £194k general contingency, £230k priority growth funds, £432k unallocated Environmental & Recreational Initiatives funds and £238k unallocated HIP budgets.
7. There are no significant movements to report on other funds from Month 8 which impact upon the General Fund, however there is a forecast movement on the Housing Revenue Account with planned works being deferred from 2013/14.

CAPITAL

8. As at Month 9 an underspend of £23,343k is reported on the 2013/14 capital programme budget from a revised budget of £107,366k, a movement of £12k on forecast variance at Month 8. Forecast outturn on the General Fund Programme for 2013/14 to 2015/16 is now an underspend of £22,057k, an increase of £569k from Month 8
9. General Fund capital receipts of £11,682k are forecast for 2013/14, £2,658k in excess of revised budget, with forecast receipts over the period to 2017/18 expected to reach £25,910k.

FURTHER INFORMATION

General Fund Revenue Budget

10. The headline position at Month 9 is a £4,572k underspend on normal activities, which includes a net underspend on Directorate Operating Budgets of £1,769k, a £2,500k underspend on capital financing costs and a £303k underspend on Development and Risk Contingency. As previously reported, there are a number of specific pressures in relation to Homelessness, Social Care Placements and SEN Transport which are being managed within the overall position.
11. The above position includes scope to support a further £194k of calls on contingency and £230k new initiatives funded from Priority Growth, in addition assuming that £432k of as yet committed Environmental & Recreational Initiatives funding and £345k HIP monies will be utilised in the current financial year.
12. An improvement of £326k has been reported on General Fund forecasts since Month 8, with an improvement on Directorate Operating budgets of £346k, primarily related to a reduction in the forecast expenditure on Homelessness off-set by a marginal £20k adverse movement on contingency.
13. There remains a £1,350k windfall prior year exceptional item in relation to the improved prospects for recovery of the Council's impaired Icelandic Investments, which brings forecast unallocated General Fund balances to £36,172k by 31 March 2014. The Medium Term Financial Forecast reported elsewhere on this agenda contains an update on required levels of reserves, which are consistent with this sum.

Table 1: General Fund Overview

Original Budget	Budget Changes		Month 9		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
£'000	£'000		£'000	£'000		£'000	£'000	£'000
165,738	4,178	Directorate Operating Budgets	169,916	168,147	-1%	(1,769)	(1,423)	(346)
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	18,866	-2%	(303)	(323)	20
1,800	(70)	Priority Growth	1,730	1,730	0%	0	0	0
211,159	489	Sub-total Normal Activities	211,648	207,076	-2%	(4,572)	(4,246)	(326)
		<u>Exceptional items:</u> Reversal of Icelandic Impairment		(1,350)		(1,350)	(1,350)	0
211,159	489	Total Net Expenditure	211,648	205,726	-3%	(5,922)	(5,596)	(326)
(211,159)	(489)	Budget Requirement	(211,648)	(211,648)		0	0	0
0	0	Net Total	0	(5,922)		(5,922)	(5,596)	(326)
(30,250)	0	Balances b/fwd 01/04/13	(30,250)	(30,250)		0	0	0
(30,250)	0	Balances c/fwd 01/14/13	(30,250)	(36,172)		(5,922)	(5,596)	(326)

Directorate Operating Budgets (£1,769k underspend / £346k improvement)

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

Table 2: Directorate Operating Budgets

Original Budget	Budget Changes	Directorate		Month 9		% Var	Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn		Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
£'000	£'000			£'000	£'000		£'000	£'000	£'000
197,598	(21,509)	Admin. & Finance	Expenditure	176,089	175,205	-1%	(884)	(825)	(59)
(174,923)	22,179		Income	(152,744)	(152,825)	0%	(81)	(94)	13
22,675	670		Sub-Total	23,345	22,380	-4%	(965)	(919)	(46)
121,042	(3,147)	Residents Services	Expenditure	133,202	121,120	2%	3,225	3,311	(86)
(56,716)	3,866		Income	(68,157)	(56,725)	6%	(3,875)	(3,678)	(197)
64,326	719		Sub-Total	65,045	64,395	-1%	(650)	(367)	(283)
31,100	1,021	Children's Social Care	Expenditure	32,121	33,351	4%	1,230	1,257	(27)
(7,856)	(893)		Income	(8,749)	(10,023)	15%	(1,274)	(1,301)	27
23,244	128		Sub-Total	23,372	23,328	0%	(44)	(44)	0
72,393	993	Adult Social Care	Expenditure	73,386	73,980	1%	594	582	12
(16,900)	1,668		Income	(15,232)	(15,936)	5%	(704)	(675)	(29)
55,493	2,661		Sub-Total	58,154	58,044	0%	(110)	(93)	(17)
165,738	4,178	Total Directorate Operating Budgets		169,916	168,147	-1%	(1,769)	(1,423)	(346)

15. Administration and Finance are reporting a combined underspend of £965k, which results from a significant number of posts being held vacant across the directorates and the impact of integrating existing Council services into new Public Health responsibilities. A minor improvement of £46k has been reported on this position from Month 8.

16. A net underspend of £650k is reported on Residents Services, with an exceptional £1,985k demand-led pressure on Homelessness being off-set by early delivery of 2014/15 savings - primarily within the Education service and from appropriation of commercial properties to the General Fund. The improvement of £283k from Month 8 relates to an improved outlook on the underlying Homelessness pressure.

17. An underspend of £44k is reported within Children & Young People's Services, with a pressure on secure accommodation placement costs being off-set through underspends on establishment budgets. There has been no movement reported from Month 8.

18. Adult Social Care are declaring an underspend of £110k, with substantial underspends across establishment budgets and increased client contributions off-setting a pressure of

£1,969k on care placements costs. There has been a minor improvement of £17k from Month 8.

Progress on Savings

19. 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 9 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)	(5,345)	(1,174)	(3,652)	0	(11,222)	66%
On track for delivery	0	(751)	(325)	(970)	(568)	(2,614)	15%
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(6)	0	(97)	(2,432)	(2,535)	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%

20. Favourable progress is reported in delivery of the £17,111k programme of savings for 2013/14 with 81% badged as banked or on track for delivery in full by 31 March 2014 and sufficient compensatory savings in place to manage any shortfall within individual Directorate savings programmes. There remains £740k savings reported as being undeliverable in 2013/14, which consists of £445K of initiatives within Children's and Young People's Services for which alternative initiatives are recommended in this report and £295k savings within Adult Social Care which have been delayed by the Judicial Review into day care reconfiguration that will therefore be delivered in full from 2014/15.

21. The £3,000k cross cutting savings required in 2013/14 are to be identified through a bid review of staffing and other budgets through the restructuring of the Social Care Group. To date savings of £568k have been identified and include Children's Pathway of £300k, Support Services Hub £35k, Adults Pathway £37k, £46k in this year from the deletion of the post of the Corporate Director of Social Care and Health and £150k from surplus Children's Centre budgets. A contingency of £1,500k is held against the potential shortfall of savings and the monitoring assumption is that this will be applied in full. The remaining in-year net savings requirement is therefore £932k. Short term savings in staffing budgets in services subject to BID reviews are expected to cover this remaining saving in-year. The full year impact of BID restructures in Social Care, agreed to date, are expected to deliver savings of £1,005k in 2014/15. The contingency of £1,500k is being kept in the budget in 2014/15. The current net risk against the £3,000k savings target is therefore £495k in 2014/15. Further BID work is continuing and it is expected that this gap can be bridged during 2014/15.

22. In addition there remained £1,979k savings from prior year programmes which were unachieved as at 31 March 2013, £1,690k of which are now been delivered in full, with the remaining £289k linked to day care reconfiguration which are expected to be fully achievable once new service provision is in place. The status of these prior year savings are shown in Table 4 below.

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)	(127)	0	(22)	(449)	23%
On track for delivery	0	(280)	(255)	(706)	(1,241)	62%
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)

23. 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 9		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
£'000	£'000		£'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

24. 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.

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

Development & Risk Contingency (£303k underspend / £20k adverse movement)

26. 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.

27. 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 9)	Variance (As at Month 8)	Movement from Month 8
£'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	0	0
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	1,335	575	569	6
2,010	0	Waste Disposal Levy	2,010	2,439	429	383	46
0	0	Licensing Appeal Costs	0	37	37	32	5
0	60	Storm Damage	60	60	0	0	0
1,995	0	Reduction in UKBA Asylum Funding	1,995	1,413	(582)	(545)	(37)
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	18,866	(303)	(323)	20

28. There has been limited movement on Development and Risk Contingency items from Month 8, as year end approaches and the scope for in-year volatility decreases. The above position continues to retain £194k for as yet unforeseen calls on contingency, however the likelihood of this sum being required will reduce throughout Quarter 4.
29. A minor adverse movement has been identified on the West London Waste Levy in relation to higher than forecast waste tonnages being reported at Quarter 3, the on-going implications of which have been factored into the Council's medium term projections and reflecting within the draft budget being presented to this Cabinet.
30. An improvement of £37k has been reported on the net cost of supporting Asylum seekers due to higher than previously forecast entitlement to Housing Benefit. There has been no changes in the level of Home Office funding available to this service in 2013/14.

Priority Growth

31. 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	562	238
Environmental & Recreational Initiatives	500	68	432
Sub-Total Specific Budgets	1,300	630	670
<u>Non-Specific Priority Growth</u>			
Original Budget	1,000		
Registrars Suite	(70)		
Environmental & Recreational Initiatives	(500)		
Highways Investment	(200)		
			230
Sub-Total Non-Specific Priority Growth Budget	230		230
Total Priority Growth	1,530	630	900

32. HIP Steering Group has approved release of £455k from the HIP Initiatives Budget to fund a range of projects during 2013/14, leaving £238k unallocated. The reported position assumes that this sum will be utilised in full by 31 March 2014.
33. 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.
34. Following release of funds to support a number of initiatives, £230k remains within the unallocated Priority Growth fund to support new initiatives.

Schools Budget, Parking Revenue Account and Collection Fund

35. 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.
36. An improvement of £622k is reported within the Schools Budget as a result of lower than expected growth in the number of SEN pupils and resulting requirement for out of borough placements, bringing the in year surplus of Dedicated Schools Budget funded activities to £3,094k. As previously report this position includes a significant underspend in relation to the level of take up on the two year old free entitlement.
37. No movement is reported on the Parking Revenue Account from Month 8, with the previously reported £160k in year deficit still to be mitigated. This pressure relates to the continuing shortfall in Penalty Charge Notice income, which may limit resources available to support future Parking Management Schemes.
38. 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 9. 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.
39. 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. It is expected the compensatory adjustments to the rating list will prevent this from impacting upon the General Fund.
40. On both Council Tax and Business Rates, the sums to be transferred into the General Fund during 2014/15 are now fixed at the Month 9 position and reflected in the revenue budget presented on this agenda.

Housing Revenue Account Budget

41. An increased underspend is reported on in year activities within the Housing Revenue Account, with a variance of £4,822k representing a movement of £2,630k on Month 8. This movement, of £4,660k of the total variance, relates to rephasing of planning major works into 2014/15. Underspends within management and contingency budgets are broadly off-set by the continuing pressure on rental income arising from the higher level of Right to Buy sales and appropriations of commercial properties.
42. The medium-term implications of both rephased expenditure and reduced income generation are detailed in the HRA sections of the budget report being presented on this agenda.

Future Revenue Implications of Capital Programme

43. The latest reported position on the Council's 2013/14-15/16 Capital Programme is detailed in Appendix D. A net underspend of £22,057k is reported on the General Fund Programme assuming full drawdown on contingency and £1,379k pressure on HRA Projects.

44. 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 (£965k underspend, £46k improvement)

1. The combined position for the Administration and Finance Groups at month 9 is an underspend of £965k. This is as a result of holding vacant posts in both Groups, revisions to forecasts for training in Legal and Human Resources, although these have been net down following a revision to income forecasts in these service areas.

Table 1: Administration & Finance Summary

Original Budget £'000	Budget Changes £'000			Month 9		% Var	Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
8,749	366	Admin. Directorate	Salaries	9,115	8,789	-4%	(326)	(311)	(15)
5,052	126		Non-Sal Exp	5,178	4,772	-8%	(406)	(377)	(29)
(2,744)	(187)		Income	(2,931)	(3,059)	4%	(128)	(150)	22
11,057	305		Sub-Total	11,362	10,502	-8%	(860)	(838)	(22)
11,558	28	Finance Directorate	Salaries	11,586	11,483	-1%	(103)	(89)	(14)
172,239	(22,029)		Non-Sal Exp	150,210	150,161	0%	(49)	(48)	(1)
(172,179)	22,366		Income	(149,813)	(149,766)	0%	47	56	(9)
11,618	365		Sub-Total	11,983	11,878	-1%	(105)	(81)	(24)
20,307	394		Salaries	20,701	20,272	-2%	(429)	(400)	(29)
177,291	(21,903)		Non-Sal Exp	155,388	154,933	0%	(455)	(425)	(30)
(174,923)	22,179		Income	(152,744)	(152,825)	0%	(81)	(94)	13
22,675	670		Total	23,345	22,380	-4%	(965)	(919)	(46)

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 9.
3. Revisions of non salary forecasts continue to be undertaken at month 9 and decreased expenses forecasts within Corporate Communications, Legal and Human Resources have net down potential increases for the cost of provision of the absence management system.
4. A slight reduction in income forecasts has been projected in Human Resources due to a reduction in income from First Aid courses; however this has been part mitigated by the slightly reduced anticipated 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.

Table 2: Administration Operating Budgets

Original Budget	Budget Changes	Service	Month 9		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8	
			£'000	£'000		£'000	£'000	£'000	
442	26	Directorate	Salaries	468	459	-2%	(9)	(13)	4
6	0		Non-Sal Exp	6	2	-67%	(4)	(3)	(1)
(56)	0		Income	(56)	(56)	0%	0	0	0
392	26		Sub-Total	418	405	-3%	(13)	(16)	3
676	4	Corporate Comms	Salaries	680	729	7%	49	48	1
187	0		Non-Sal Exp	187	156	-17%	(31)	(25)	(6)
(103)	0		Income	(103)	(102)	-1%	1	0	1
760	4		Sub-Total	764	783	2%	19	23	(4)
1,425	7	Democr. Services	Salaries	1,432	1,459	2%	27	27	0
1,895	70		Non-Sal Exp	1,965	1,905	-3%	(60)	(66)	6
(849)	0		Income	(849)	(892)	5%	(43)	(43)	0
2,471	77		Sub-Total	2,548	2,472	-3%	(76)	(82)	6
2,347	12	Human Resources	Salaries	2,359	2,286	-3%	(73)	(64)	(9)
467	(15)		Non-Sal Exp	452	555	23%	103	115	(12)
(591)	15		Income	(576)	(597)	4%	(21)	(29)	8
2,223	12		Sub-Total	2,235	2,244	0%	9	22	(13)
1,924	8	Legal Services	Salaries	1,932	1,879	-3%	(53)	(44)	(9)
98	0		Non-Sal Exp	98	110	12%	12	26	(14)
(575)	0		Income	(575)	(628)	9%	(53)	(66)	13
1,447	8		Sub-Total	1,455	1,361	-6%	(94)	(84)	(10)
1,935	309	Policy & Perf.	Salaries	2,244	1,977	-12%	(267)	(265)	(2)
2,399	71		Non-Sal Exp	2,470	2,044	-17%	(426)	(424)	(2)
(570)	(202)		Income	(772)	(784)	2%	(12)	(12)	0
3,764	178		Sub-Total	3,942	3,237	-18%	(705)	(701)	(4)
8,749	366	Admin. Directorate	Salaries	9,115	8,789	-4%	(326)	(311)	(15)
5,052	126		Non-Sal Exp	5,178	4,772	-8%	(406)	(377)	(29)
(2,744)	(187)		Income	(2,931)	(3,059)	4%	(128)	(150)	22
11,057	305		Total	11,362	10,502	-8%	(860)	(838)	(22)

5. The Finance Group is showing an improvement of £24k in Month 9. 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, marginally net down by an overlap of staff leaving and a new staff member beginning in Internal Audit.

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 9		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8	
			£'000	£'000		£'000	£'000	£'000	
547	3	Internal Audit	Salaries	550	544	-1%	(6)	(10)	4
50	0		Non-Sal Exp	50	43	-14%	(7)	(5)	(2)
0	0		Income	0	0	N/A	0	0	0
597	3		Sub-Total	600	587	-2%	(13)	(15)	2
3,549	(151)	Operational Finance	Salaries	3,398	3,466	2%	68	66	2
688	350		Non-Sal Exp	1,038	1,056	2%	18	18	0
(984)	21		Income	(963)	(991)	3%	(28)	(20)	(8)
3,253	220		Sub-Total	3,473	3,531	2%	58	64	(6)
2,115	370	Procurement	Salaries	2,485	2,513	1%	28	47	(19)
188	(38)		Non-Sal Exp	150	121	-19%	(29)	(50)	21
(344)	(274)		Income	(618)	(581)	-6%	37	37	0
1,959	58		Sub-Total	2,017	2,053	2%	36	34	2
4,350	(475)	Revenues & Benefits	Salaries	3,875	3,726	-4%	(149)	(148)	(1)
170,659	(22,371)		Non-Sal Exp	148,288	148,220	0%	(68)	(48)	(20)
(170,727)	22,641		Income	(148,086)	(148,048)	0%	38	39	(1)
4,282	(205)		Sub-Total	4,077	3,898	-4%	(179)	(157)	(22)
997	281	Strategic Finance	Salaries	1,278	1,234	-3%	(44)	(44)	0
654	30		Non-Sal Exp	684	721	5%	37	37	0
(124)	(22)		Income	(146)	(146)	0%	0	0	0
1,527	289		Sub-Total	1,816	1,809	0%	(7)	(7)	0
11,558	28	Finance Directorate	Salaries	11,586	11,483	-1%	(103)	(89)	(14)
172,239	(22,029)		Non-Sal Exp	150,210	150,161	0%	(49)	(48)	(1)
(172,179)	22,366		Income	(149,813)	(149,766)	0%	47	56	(9)
11,618	365		Total	11,983	11,878	-1%	(105)	(81)	(24)

Residents Services (£650k underspend; £283k improvement)

9. Residents Services has a projected outturn position of a £650k underspend, excluding pressure areas that have identified contingency provisions. This includes the exceptional demand-led pressures being experienced on housing needs, in addition to demographic pressures on special needs transport 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 9		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8	
			£'000	£'000		£'000	£'000	£'000	
1,940	111	Asset Management	Salaries	2,051	2,072	1%	21	21	0
7,803	236		Non-Sal Exp	8,039	8,426	5%	387	387	0
(3,344)	(152)		Income	(3,496)	(4,262)	22%	(766)	(766)	0
6,399	195		Sub-Total	6,594	6,236	-5%	(358)	(358)	0
9,849	(1,205)	Education (GF)	Salaries	8,644	8,099	-6%	(545)	(490)	(55)
12,133	(384)		Non-Sal Exp	11,749	11,189	-5%	(560)	(633)	73
(10,421)	1,237		Income	(9,184)	(9,265)	1%	(81)	(45)	(36)
11,561	(352)		Sub-Total	11,209	10,023	-11%	(1,186)	(1,168)	(18)
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)	(6,369)	1%	(53)	(24)	(29)
(4,459)	681		Sub-Total	(3,778)	(3,854)	2%	(76)	(47)	(29)
3,852	(363)	Housing (GF)	Salaries	3,489	3,489	0%	0	0	0
11,098	(4,404)		Non-Sal Exp	6,694	10,821	62%	4,127	4,194	(67)
(11,123)	5,333		Income	(5,790)	(7,932)	37%	(2,142)	(2,022)	(120)
3,827	566		Sub-Total	4,393	6,378	45%	1,985	2,172	(187)
15,351	905	ICT Highways & Bus. Serv.	Salaries	16,256	16,116	-1%	(140)	(140)	0
15,200	(4,943)		Non-Sal Exp	10,257	10,217	0%	(40)	(40)	0
(10,118)	4,030		Income	(6,088)	(6,288)	3%	(200)	(200)	0
20,433	(8)		Sub-Total	20,425	20,045	-2%	(380)	(380)	0
4,154	3,521	Planning Green Spaces & Culture	Salaries	7,675	7,602	-1%	(73)	(71)	(2)
4,569	1,596		Non-Sal Exp	6,165	6,287	2%	122	111	11
(4,957)	(4,759)		Income	(9,716)	(10,297)	6%	(581)	(551)	(30)
3,766	358		Sub-Total	4,124	3,592	-13%	(532)	(511)	(21)
439	0	Public Health	Salaries	439	325	-26%	(114)	(114)	0
14,868	0		Non-Sal Exp	14,868	14,982	1%	114	114	0
(15,307)	0		Income	(15,307)	(15,307)	0%	0	0	0
0	0		Sub-Total	0	0	#DIV/0!	0	0	0
14,918	(1,859)	Public Safety	Salaries	13,059	13,059	0%	0	0	0
17,634	3,645		Non-Sal Exp	21,279	21,228	0%	(51)	(5)	(46)
(9,753)	(2,507)		Income	(12,260)	(12,312)	0%	(52)	(70)	18
22,799	(721)		Sub-Total	22,078	21,975	0%	(103)	(75)	(28)
51,608	1,104	Residents Services	Salaries	53,151	51,952	-1%	(760)	(703)	(57)
69,434	(4,251)		Non-Sal Exp	80,051	69,168	5%	3,985	4,014	(29)
(56,716)	3,866		Income	(68,157)	(56,725)	6%	(3,875)	(3,678)	(197)
64,326	719		Total	65,045	64,395	-1%	(650)	(367)	(283)

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

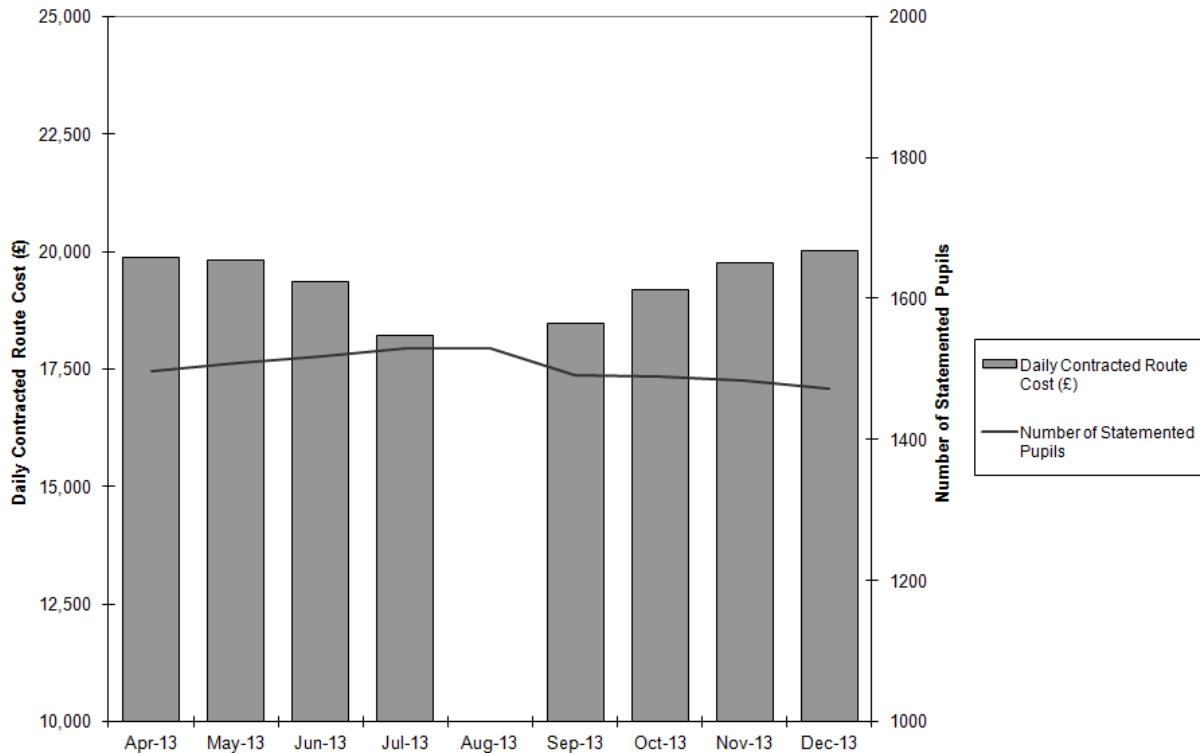
Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2,010	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,010	2,439	429	383	46
760	0	SEN Transport	760	1,335	575	569	6
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	0	0
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	60	Parks Storm Damage	60	60	0	0	0
0	0	Licensing Appeal Legal Costs	0	37	37	32	5
4,556	(894)		3,662	4,676	1,014	957	57

11. The contingency allocation reflects the budgeted projection set by the West London Waste Authority (WLWA) for the impact of the 'Pay as You Throw' (PAYT) scheme. The increase in tonnages has been generally lower than assumed when the levy was set, but the last three months have seen some variations in the usual seasonal trends. The forecast for Month 9 has been revised to a projected underspend against the full contingency of £26k, an adverse movement of £46k compared to Month 8. 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 £1,335k, which exceeds the budgeted contingency allocation of £760k by £575k, an adverse movement of £6k compared to Month 8. 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 an increase in the number of contracted routes operated of 6 routes (3%) compared to December 2012. However, the cost of delivering the current route requirements has increased by 10% 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 £575k 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 of £342k, an adverse movement of £47k compared to Month 8. However, there is a one-off underspend on inter-authority recoupment of £17k, an improvement of £41k compared to Month 8 due to recent changes in recoupment activity.

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 8. 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 following the release of contingency approved by Cabinet in December 2013.

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. Cabinet in December 2013 approved the release of £60k from the general contingency to cover the costs of necessary works to manage damage from storms during November and December within the borough's parks and open spaces.
21. The Council has recently appealed against a challenge to a licensing decision incurring costs of £37k, an increase of £5k compared to Month 8.

Asset Management (£358k underspend; no change)

22. Cabinet approved the transfer of the non-dwelling shop and garage assets from the Housing Revenue Account (HRA) in September and October 2013 respectively, which provides a forecast net income stream to the General Fund of £675k over the remainder of the current year, no change compared to Month 8.
23. There is a forecast pressure of £280k on maintenance budgets for day to day repairs for both the Civic Centre and outstations around the borough, no change compared to Month 8. 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 8.
24. The service is also managing financial risks around the achievement of capital receipts and the delivery of the capital programme, particularly the Primary School Capital Programme. At this stage it is forecast that these risks can be contained within existing budgets.

Education (£1,186k underspend; £18k improvement)

25. The education service has savings items totalling £1,369k included in the 2013/14 budget, which includes savings from the children's pathway project, and are all on track to be delivered.
26. The service continues to experience high staff turnover and vacancies resulting in forecast staffing underspends in the youth service (£140k), the school improvement service (£125k), education welfare (£45k), parent support (£55k), educational psychology (£90k) and the early years' team (£40k), an improvement of £55k compared to Month 8. Many of these posts have been held vacant pending the full implementation of the children's pathway.
27. There is a forecast underspend of £170k on Children's Centres due to the combined impact a more corporate approach to commissioning services from the centres, and continued underspends on staffing and running costs identified in the previous financial year, an adverse movement of £80k compared to Month 8 following a review of the service's contribution to the children's pathway.

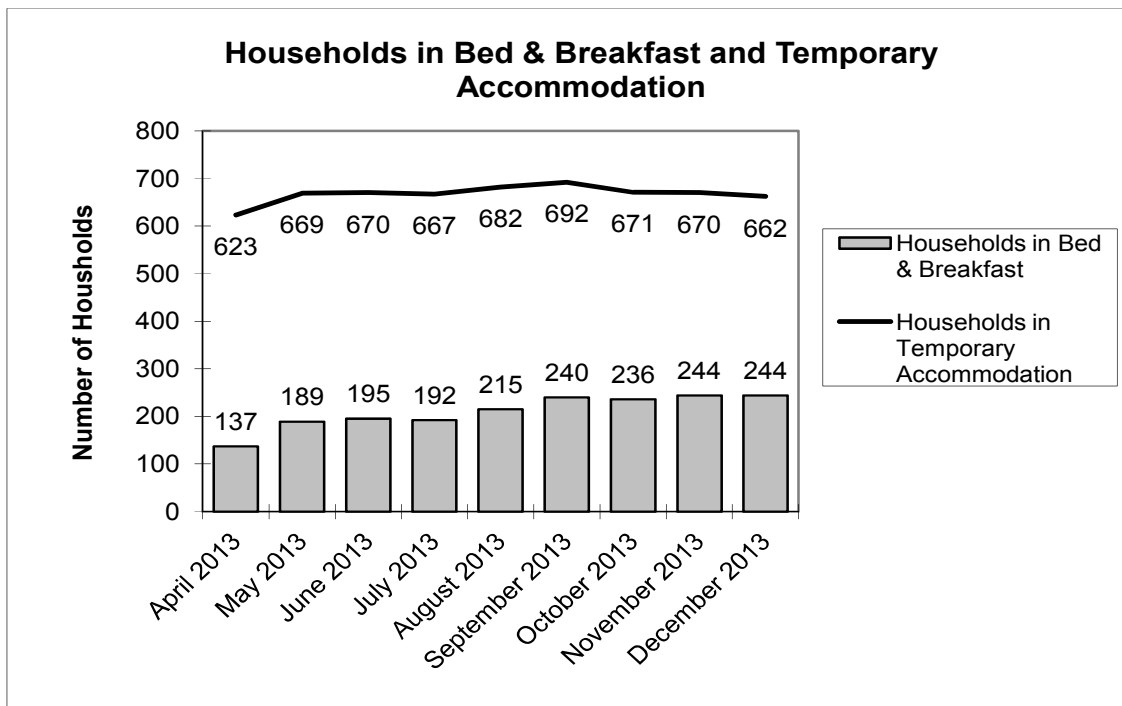
28. There is also a forecast underspend of £100k on training for early years providers, continuing the position identified last year but representing an adverse movement of £3k compared to Month 8. There is an underspend of £50k on bought-in support for the School Improvement Service, and an underspend of £230k from the ongoing review of discretionary and central budgets for the service, an improvement of £10k compared to Month 8.
29. In addition, there is a forecast underspend on schools redundancy costs of £60k, as schools are continuing to maintain staffing levels despite the freeze in the funding unit, and the Council has applied strict criteria to the funding of redundancy claims.
30. There is an over-achievement of £81k on income due to additional buy back from schools, an improvement of £36k compared to Month 8.

Environmental Policy & Community Engagement (£76k underspend; £29k improvement)

31. 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 (£41k), an improvement of £29k compared to Month 8, and the final allocation of the New Homes Bonus adjustment grant for 2013/14 being £12k greater than assumed at the time of budget setting.

Housing (£1,985k pressure; £187k improvement)

32. The Housing Needs budget is under considerable pressure as a result of increased demand for temporary accommodation and reductions in the supply of Private Sector Leasing (PSL) and other low-cost private rented sector accommodation. Consequently, the Council has had to put people in much more expensive Bed and Breakfast (B&B) accommodation. As a result the Housing Needs budget is projecting an overspend of £1,985k, an improvement of £187k compared to Month 8 due to the downward revision of B&B forecasts by £148k, and other minor operating cost savings of £39k.
33. The pressure from the increase in B&B accommodation accounts for £1,730k of this sum, an improvement of £148k compared to Month 8, 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 December, no change from November 2013. The trend in B&B households and total households in temporary accommodation over the year is shown in Chart 2 below:



34. On the basis of these numbers the year-end projection of B&B households has reduced as has the expected cost pressure on rates. However, the B&B position is based on overall demand for temporary accommodation being more or less constant and additional properties being available. Various initiatives as previously reported are in progress and on track to achieve this position.

35. There are 662 homeless households in temporary accommodation which is a reduction of 8 households compared to November 2013 but an increase of 31 households compared to March 2013. The risk that the number of households in temporary accommodation could increase by a further 50 to 100 by the end of the financial year is still present and being closely monitored as the winter period traditionally increases demand for accommodation. At this time it is still too early to accurately forecast the effects of welfare reform but this could also exert an upward pressure on the number of households in B&B.

36. There is an upward pressure on rent arrears and the forecast B&B overspend includes a provision for increased bad debt of £294k, no change compared to Month 8. 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.

37. There is a landlord incentive estimate of £522k is included in the year end forecast. Expenditure to date is £129k and £69k is assigned to Finder's fee landlords for homelessness prevention in the final quarter of the year. The remaining £324k 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 2014. Incentives payable are in the range of £1,000 to £3,500, 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.

38. Historic bad debt charges incurred by properties managed by RSL partners have also been examined and claims lodged with certain partners. Resolution of this issue will be reported at the end of the financial year.
39. 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 8.

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

40. 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 8. This service area has also delivered a savings target of £169k included in the 2013/14 budget.
41. 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 8.
42. Income from the London Common Permit Scheme is forecast to exceed the target set by £200k, no change compared to Month 8. The outturn variance for 2012/13 was £369k, however a cautious approach continues to be taken as there is no guarantee that this income stream will be sustained at the current level throughout the year.

Planning Green Spaces & Culture (£532k underspend; £21k improvement)

43. The overall deficit on Golf courses is forecast at £335k, of which £117k was released from contingency following the approval of Cabinet in December 2013, leaving a residual pressure of £218k, no change compared to Month 8. In overall terms this represents an improvement of £124k compared to last year's outturn. There are forecast shortfalls on membership income of £73k and on pay and play and associated income of £86k, no change compared to Month 8, and a forecast overspend on course management costs of £111k, offset by a projected underspend on staffing costs of £52k due to a lower than anticipated call on casual staff, no change compared to Month 8.
44. 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 8.
45. The forecast pressure on building control is £90k, no change compared to Month 8, 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.
46. 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 8.

47. 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 £21k due to a vacant post in the Events team, an improvement of £2k compared to Month 8.
48. 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 8.
49. Development control income is running ahead of the profiled income target, and a net underspend of £149k is now forecast, an improvement of £19k compared to Month 8. This includes a pressure on the costs of the external contract for processing planning applications of £31k due to increased numbers of applications.

Public Health (nil variance; no change)

50. 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 8, and increasing the grant available for allocation by the same amount.

Public Safety (£103k underspend; £28k favourable)

51. There is a projected shortfall of £150k on off-street parking income, no change compared to Month 8, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continuation of pressures reported last financial year.
52. There is a forecast overspend of £17k on the imported food service, an adverse movement of £26k compared to Month 8. Income targets for this service are on track to be exceeded by £121k, mainly due to continued strong imports of seasonal fruit and vegetables, an adverse movement of £22k compared to Month 8. 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 £138k, an adverse movement of £4k compared to Month 8. 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.
53. 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 8.
54. 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 8. 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 8. The service is also closely monitoring insurance claims, where there is a greater risk around accidental damage under self-insurance arrangements.

55. Waste Services is currently forecast at a £106k underspend, an improvement of £14k compared Month 8. This is due to a forecast underspend on graffiti removal of £43k, an improvement of £10k compared to Month 8, and additional recycling income of £63k, an improvement of £4k compared to Month 8.
56. There is also a forecast underspend on the funding provided to the Metropolitan Police to cover the costs of the Police Partnership Tasking Team of £40k due to vacancies within the Police service, an improvement of £40k compared to Month 8.

Children's and Young Peoples Services

Revenue (General Fund): £44k underspend (no change)

1. The Children's and Young Peoples Service is projecting an underspend of £44k as at Month 9, no change on the month 8 projections. This consists of an underspend of £196k on Salaries, an adverse movement of £89k on the month 8 projections, an overspend of £394k on non-staffing budgets, an adverse movement of £67k on the month 8 projections, due to an increase in the placements costs and a projected surplus of £241k on income streams, an improvement of £155k on the month 8 projections. The projected variances at Month 9 are summarised in the following table, with more detail provided in the paragraphs below:

Original Budget £'000	Budget Changes £'000	Service	Month 9			Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	% Var	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000	
521	0	Adoption	Salaries	521	586	13%	65	45	20
1,064	(0)		Non-Sal Exp	1,064	1,305	23%	241	298	(57)
(20)	0		Income	(20)	(396)	1880%	(376)	(115)	(261)
1,565	(0)		Sub-Total	1,565	1,495	-4%	(70)	228	(298)
1,296	1	Children's Homes	Salaries	1,296	1,515	17%	220	225	(6)
2,599	(0)		Non-Sal Exp	2,599	2,838	9%	239	148	91
(912)	(0)		Income	(912)	(610)	-33%	302	187	115
2,983	0		Sub-Total	2,983	4,408	25%	760	560	200
1,149	(67)	Family Support	Salaries	1,216	1,066	-12%	(150)	(193)	43
1,269	(22)		Non-Sal Exp	1,291	1,289	0%	(2)	(21)	19
(127)	56		Income	(183)	(197)	8%	(14)	(5)	(9)
2,291	(33)		Sub-Total	2,324	2,332	-7%	(166)	(219)	53
1,420	(1)	Fostering	Salaries	1,421	1,295	-9%	(126)	(133)	7
5,200	(197)		Non-Sal Exp	5,397	5,570	3%	173	231	(58)
(271)	0		Income	(271)	(200)	-26%	71	71	0
6,349	(198)		Sub-Total	6,547	7,031	2%	118	169	(51)
1,347	61	Other Care	Salaries	1,286	1,392	8%	106	93	13
2,216	(59)		Non-Sal Exp	2,275	1,775	-22%	(500)	(482)	(18)
(518)	(57)		Income	(461)	(486)	5%	(25)	(25)	0
3,045	(55)		Sub-Total	3,100	3,219	-14%	(419)	(414)	(5)
5,755	(49)	Social Workers	Salaries	5,804	5,513	-5%	(291)	(320)	29
471	4		Non-Sal Exp	467	664	42%	197	121	76
(304)	0		Income	(304)	(456)	50%	(152)	(152)	0
5,922	(45)		Sub-Total	5,967	5,907	-4%	(246)	(351)	105
1,342	2	Youth Offending	Salaries	1,340	1,320	-1%	(20)	(2)	(18)
43	3		Non-Sal Exp	40	86	115%	46	32	14
(494)	0		Income	(494)	(541)	10%	(47)	(47)	0
891	5		Sub-Total	886	865	-2%	(21)	(17)	(4)
12,830	(53)	Children's And Families	Salaries	12,883	12,687	-2%	(196)	(285)	89
12,862	(272)		Non-Sal Exp	13,134	13,527	3%	394	327	67
(2,646)	(1)		Income	(2,645)	(2,886)	9%	(241)	(86)	(155)
23,046	(326)		Sub-Total	23,372	23,328	0%	(44)	(44)	0

Adoption Service: £70k underspend (£298k improvement)

2. The Adoption service is projecting an underspend of £70k, an improvement of £298k on the month 8 projections, due to a review of income budgets. In total, the additional cost of Adoption and Special Guardianship Order placements is causing a pressure of £241k, additionally there is an overspend of £65k on staffing costs. This is netted down by the receipt of additional income of £376k, part of which relates to income received from other local authorities for adopters that the Council have recruited, which are being used by another local authority.

Children's Homes (Residential Placements): £760k overspend (£200k adverse)

3. This service is projecting an overspend of £760k, an adverse movement of £200k on the month 8 projections, due to the removal of income totalling £101k that it was assumed would be received from the Health Service, which has not yet materialised and increased costs of residential placements. In terms of the £101k income from the Health Service for one placement that was previously built into the monitoring projections, ongoing discussions are taking place with the Health Service, to provide this level of funding, although historically the Health Service have generally not agreed to fund the cost of placements.
4. The main reasons for the overspend relates to a number of factors:
 - The first is due to the Government grant funded initiative, the Multidimensional Treatment Foster Care (MTFC) programme, where the eligibility criteria set within then grant conditions made it very difficult to convert children to the point where no children have been converted under this programme. This is a national issue. As a result, this 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.
 - The service continues to see a rise in the number of Looked After Children being placed in residential accommodation, where there appears to be a recent surge of activity, some of which relates to a number of adolescents requiring more secure accommodation for their safety.
5. Additionally, there is a projected shortfall of £302k 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: £166k underspend (£53k adverse)

6. The Family Support service is projecting an underspend of £166k, an adverse movement of £53k on the month 8 projections, due to an increase in staffing costs

relating to the appointment of agency staff. The underspend is due primarily to the high level of staff vacancies across this service.

Fostering: £118k overspend (£51k improvement)

7. The Fostering service is projecting an overspend of £118k, an improvement of £51k on the month 8 projections, due to a reduction in the cost of placements. 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.
8. 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 £173k on the placements budget. This is netted down by an underspend on staffing budgets.

Other Care Services: £419k underspend (£5k improvement)

9. This service is projecting an underspend of £419k, a slight improvement of £5k on the month 8 projections. The underspend is due primarily to the alignment of the Public Health responsibilities, where £468k has been identified and minor reductions in client costs, netted down by an overspend on staffing due to high levels of agency staff being employed and a £65k overspend on legal costs.

Social Workers: £246k underspend (£105k adverse)

10. This service is projecting an underspend of £246k, an adverse movement of £105k on the month 8 projections, due to an increase in client costs. 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: £21k underspend (£4k improvement)

11. The Youth Offending Service is projecting an underspend of £21k, an improvement of £4k on the month 8 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

12. The following table sets out the number of current placements as at 1 January 2014, 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:

January 2014 Projections	Projected 13/14 Numbers	%	Annualised Cost £000	Cost %	2013/14 Projected £000	2013/14 Budget £000
Secure/Remand Accommodation	3		204	2%	204	111
Residential – Out of Borough	17	7%	2,646	29%	1,855	1,142
Residential – Joint Funded						479
Residential – Children with Disabilities					705	355
Semi Independent Living	30	13%	919	10%	803	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	56	25%	2208	25%	3,492	2,827
In House – Long Term Matched	11	5%	235	3%		
In House	83	37%	1665	19%	1,900	1,950
Total January 2014	227	100%	8,978	100%	9,050	7,469

October 2013 Reported Position	216		8,497		8,910	
Movement Between October and January	11		481		140	

13. 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	0	0	24	24
IFA Not Matched	4	1	19	21	14	59
In House	10	14	38	22	10	94
Total	14	15	59	53	83	224
Percentage Distribution	5%	12%	24%	29%	31%	100%

October 2013 Reported Position	13	18	57	64	62	
Movement Between October and January	1	-3	2	-11	21	224

14. 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		244	239
Post Adoption Support		168	153
Residence Order Allowances	53	237	270
Special Guardianship Orders Allowances	60	521	289
Other Payments		30	21
Total		1,200	972

Asylum Service: £1,413k overspend (£37k improvement)

15. The Asylum Service is projecting an overspend of £1,413k, an improvement of £37k on the month 8 projections, due to an increase in the amount of Housing Benefit rental income that will be received and a reduction in planned placement costs, where officers are ensuring that new Asylum Seekers are found the most adequate placement at the best price.

16. The overspend of £1,413k 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 9:

Original Budget £'000	Budget Changes £'000	Service	Month 9			Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	% Var	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000	
2,965	(332)	Asylum	Salaries	3,297	3,086	-6%	(211)	(226)	15
2,443	(364)		Non-Sal Exp	2,807	4,206	50%	1,399	1,441	(42)
(5,210)	894		Income	(6,104)	(5,879)	-4%	225	235	(10)
198	198		Sub-Total	0	1,413	0	1,413	1,450	(37)

17. 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 £1,413k being reported, for which a sum of £1,995k has been set aside in the Corporate Risk Contingency.

18. 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	1,508,910	586,610	1,890	360,466	916,862	229,693
In House Fostering	256,300	503,525	247,225	280,021	217,683	5,821	0
Independent Fostering	526,900	825,847	298,947	246,242	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 Month 9	1,705,500	2,947,483	1,241,983	528,153	1,210,955	978,682	229,693
Placement Costs Month 8	1,705,500	2,989,487	1,283,987	555,637	1,225,475	978,682	229,693
Movement between December and November		42,004		27,484	14,520	0	0
Other Related Costs							
Subsistence and Travel		189,274	189,274		26,116	107,330	55,827
Other		19,934	19,934	1,160	1,546	4,097	13,130
Total Other Related Costs	0	209,208	209,208	1,160	27,662	111,427	68,957
Other Related Costs Month 8		209,083		1,110	27,587	111,427	68,957
Movement between December and November		-125		-50	-75	0	0

19. The table above indicates that the cost of placements is projected to be £2,947k, which funds 292 clients. Of these, 87 are non grant claimable clients, the analysis of these is set out in the following table:

	Under 16	16 - 18	18 - 21	Over 21	Total
Naturalised	1	0	6	7	14
Exhausted All Appeals			18	6	24
Heathrow Child	4	1	1		6
Any Other Reason	1	18	13	11	43
Total Non Claimable	6	19	38	24	87

20. The definition for each category is set out below:

- Naturalised - this relates to children that have become British Citizens and no longer are treated or funded as Asylum Seekers. For all intents and purposes they would be treated as any other Looked After Child.
- Exhausted All Appeals - These are not Asylum Seekers, but in order to be able to return them to their place of origin, the Council will need to undertake a Human Rights Assessment.
- Heathrow Child - This relates to children that on entry to the UK are accompanied by an adult, but soon after the adult is no longer traceable or able to support the child.
- Any Other Reason - This relates to a range of circumstances; Age Assessed Children where on entry to the UK, it is unclear what age they are and children that are placed with a relative soon after entry to the UK.

Risk Contingency

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

Original Budget £'000	Budget Changes £'000	Current Commitments	Month 9		% Var	Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000
781	0	Social Care Demographic Growth Pressure	781	781	0%	0	0	0
1,995	0	Asylum Funding Shortfall	1,995	1,413	29%	(582)	(545)	(37)
2,776	0	Sub-Total	2,776	2,231	21%	(582)	(545)	(37)

ADULT SOCIAL CARE (£110k saving, £17k favourable variance)

The Month 9 revenue budget forecast for 2013/14 shows a projected underspend of £110k against budget, representing a £17k favourable movement from the Month 8 position and reflecting some levelling off of pressure on placements as a continuing impact of the management action and further vacancy savings arising from slippage in recruiting to posts. This is after contributing £102k to the BID savings for the current year. 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 £'000	Budget Changes £'000	Service	Month 9		% Var	Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000	
6,431	(14)	Older People	Salaries	6,417	5,925	-7.7%	(492)	(520)	29
23,572	453		Non-Sal Exp	24,025	25,523	6.2%	1,498	1,458	40
(8,977)	0		Income	(8,977)	(10,200)	13.6%	(1,223)	(1,221)	(2)
21,026	439		Sub-Total	21,465	21,248	-1.0%	(217)	(283)	66
1,612	42	Physical & Sensory Disability	Salaries	1,654	1,469	-11.2%	(185)	(176)	(9)
6,726	190		Non-Sal Exp	6,916	7,034	1.7%	118	211	(93)
(592)	(0)		Income	(592)	(606)	2.4%	(14)	(6)	(9)
7,746	232		Sub-Total	7,978	7,896	-1.0%	(82)	29	(111)
5,882	(358)	Learning Disability	Salaries	5,524	5,140	-6.9%	(384)	(373)	(11)
21,157	1,753		Non-Sal Exp	22,910	23,836	4.0%	926	908	18
(6,281)	1,018		Income	(5,263)	(4,680)	-11.1%	583	566	16
20,758	2,413		Sub-Total	23,171	24,296	4.9%	1,125	1,102	23
1,526	31	Mental Health	Salaries	1,557	1,409	-9.5%	(148)	(163)	15
4,889	0		Non-Sal Exp	4,889	5,132	5.0%	243	198	44
(400)	0		Income	(400)	(441)	10.4%	(42)	(6)	(36)
6,015	32		Sub-Total	6,047	6,099	0.9%	53	30	23
2,322	(516)	Social Care Directorate	Salaries	1,806	1,639	-9.3%	(167)	(151)	(17)
(1,724)	(588)		Non-Sal Exp	(2,312)	(3,127)	35.2%	(815)	(812)	(3)
(650)	650		Income	0	(9)		(9)	(9)	0
(52)	(454)		Sub-Total	(506)	(1,497)	196.0%	(991)	(971)	(20)
17,773	(815)	Adult Social Care	Salaries	16,958	15,582	-8.1%	(1,376)	(1,383)	7
54,620	1,808		Non-Sal Exp	56,428	58,397	3.5%	1,969	1,963	6
(16,900)	1,669		Income	(15,232)	(15,938)	4.6%	(706)	(675)	(31)
55,493	2,662		Total	58,155	58,042	-0.2%	(110)	(93)	(17)

57. The disaggregation of the contingency for Adult Social Care clients this year continues to provide a more transparent view of the demographic pressures on different client groups. The Month 9 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.

58. December Cabinet approved the draw down £2,589k in respect of transitional children contingency for clients that have transferred prior to April 2013 and this is reflected in the table 2 below. The budget has been allocated £233k to Physical Disabilities and £2,356k to Learning Disabilities.

Table 2: Adult Social Care Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)		
					Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
£'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	(2,589)		10,402	10,402	0	0	0

59. The pressure to support older people to living in the community continues to be contained as a result of proactive management action in regard to hospital discharges, close monitoring of the care offer made to clients through the Access service and the involvement of Skylakes in reviews. This has enabled the forecast spend profile for the rest of the financial year to be reduced. This will continue be kept under close review through the 'winter pressures' period.

60. For the Physical and Sensory Disability Service the improvement of £93k in forecast in respect of non- staffing budgets is across community based services.

61. For Learning Disability Services there has been a small increase in the salaries underspend as a result of continuing vacancies and a small adverse change on non-staffing.

62. In Mental Health services there has been a minor overall adverse change. The staffing forecast increase is due to two temporary posts that are being funded by Health, with the Health funding reflected in the increased income figure.

63. Social Care Directorate shows a small increase in the forecast underspend on staffing as a consequence of delayed recruitment.

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

65. 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 now expected to become available from August 2014.
66. Efficiency savings from aligning Public health responsibilities and objectives with all aspects of Council services and activities that benefit health produce in year savings of £776k within Adult Social Care, as previously reported.

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 (£115.8 million), with the remainder (£30.0 million) being retained by the Council. The rules applying to the DSG allow for any surplus and deficit balances to be carried forward into the next financial year, for both schools delegated budgets and the centrally retained DSG element (decisions on how this is used lie with the Schools Forum). It should be noted that the Schools Budget is completely separate to the General Fund and no interaction between these two funds is allowable.
2. The forecast movement on the DSG central reserve carried forward for 2013/14 is summarised in the following table:

Original Budget £'000	Budget Changes £'000		Month 9		% Var	Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000
(171,267)	25,415	DSG Income	(145,852)	(145,852)	0%	0	0	0
171,283	(55,463)	Delegated to Schools	115,820	114,666	-1%	(1,154)	0	(1,154)
(16)	2,455	Early Years	2,439	1,452	-40%	(987)	(2,151)	1,164
	5,032	Schools (Retained)	5,032	4,544	-10%	(488)	(340)	(148)
	22,561	SEN	22,561	22,096	-2%	(465)	19	(484)
0	0	Total Schools Budget	0	(3,094)		(3,094)	(2,472)	(622)
(709)	0	Balances b/fwd 01/04/13	(709)	(709)		0	0	0
(709)	0	Balances c/fwd 31/03/14	(709)	(3,803)		(3,094)	(2,472)	(622)

3. The underspend of £3,094k 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, no change compared to Month 8. This 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 £555k, an improvement of £135k compared to Month 8, 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, no change compared to Month 8.
5. The other major variances across the budget are net underspends of £187k on fees at independent schools, an improvement of £377k compared to Month 8 due to a decrease in the projected growth in the number of statemented children, as shown in Chart 1 in

Appendix A above, and an overspend of £69k on Education Other Than at School, an improvement of £41k compared to Month 8.

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 £3,094k, to a projected reserve level of £3,803k as at 31 March 2014, an improvement of £622k compared to Month 8.

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 £'000	Budget Changes £'000		Month 9		% Var	Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Change from Month 8 £'000
(4,387)	0	Income	(4,387)	(3,815)	-13%	572	533	39
4,295	0	Expenditure	4,295	3,975	-7%	(320)	(281)	(39)
(92)	0	In year Surplus / Deficit	(92)	160	-274%	252	252	0
(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	252	0

8. An in-year deficit of £160k is forecast for the 2013/14 financial year, no change compared to Month 8. There is a total forecast shortfall of income of £572k, 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 £213k 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 £39k compared to Month 8 due to continued lower performance. The income pressure is offset by compensating savings totalling £412k, from the enforcement contract (£210k), an improvement of £25k compared to Month 8, and various staffing and non-pay budgets (£110k), an improvement of £14k compared to Month 8, 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. The latest forecast surplus has been factored into budget setting for 2014/15, with £3,610k to be released to the General Fund in 2014/15. Any further movement in the Collection Fund position will impact upon the 2015/16 revenue budget.

Original Budget	Budget Changes		Month 9		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(112,926)	0	Gross Council Tax Income	(112,926)	(114,126)	(1,200)	(1,200)	0
15,605	0	Council Tax Reduction Scheme	15,605	15,605	0	0	0
(480)	0	Balance b/fwd	(480)	(2,890)	(2,410)	(2,410)	0
(97,801)	0	Net Council Tax Income	(97,801)	(101,211)	(3,610)	(3,610)	0
(99,398)	0	Gross NNDR Income	(99,398)	(99,398)	0	0	0
58,027	0	Less: Tariff	58,027	58,027	0	0	0
(60)	0	Less: Levy	(60)	(60)	0	0	0
(41,431)	0	Net NNDR Income	(41,431)	(41,431)	0	0	0

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 8. 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 8.

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 £4,870k, which is £4,822k above budget, an improvement of £2,630k compared to Month 8. The surplus is mainly due to a reduction in the major works programme (£4,660k), lower management costs (£934k) and a reduced forecast call on contingency (£557k), offset by a reduction in rent income (£1,329k).

Table 1: HRA Overview 2013/14

Original Budget	Budget Changes		Month 9		% Var	Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn		Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
			£'000	£'000		£'000	£'000	£'000
10,537	1,260	Housing Management	11,797	10,915	-7%	(882)	(850)	(32)
12,341	(1,033)	Repairs & Maintenance	11,308	11,308	0%	0	146	(146)
17,838	(162)	Major Works	17,676	13,016	-26%	(4,660)	(2,761)	(1,899)
1,357	0	Development & Risk Contingency	1,357	800	-41%	(557)	0	(557)
15,307	(65)	Interest & Investment Income	15,242	15,190	0%	(52)	(52)	0
57,380	0	Sub-total Normal Activities	57,380	51,229	-11%	(6,151)	(3,517)	(2,634)
	0	<u>Exceptional items:</u>	0	0		0	0	0
57,380	0	Total Net Expenditure	57,380	51,229	-11%	(6,151)	(3,517)	(2,634)
(57,428)	0	Rental Income	(57,428)	(56,099)		1,329	1,325	4
(48)	0	Net Total	(48)	(4,870)		(4,822)	(2,192)	(2,630)
(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)	(25,083)		(4,822)	(2,192)	(2,630)

2. The Housing Management budget is showing an underspend of £882k, an improvement of £32k compared to Month 8. There are underspends of £231k due to staffing savings from vacant posts pending restructuring proposals, an improvement of £32k compared to Month 8, £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 projected to break even, an improvement of £146k compared to Month 8. An overspend of £146k has been identified within day-to-day and voids repairs budgets following a review of activity, no change compared to Month 8, together with a £99k increase in compensation awards to tenants, which is planned to be offset by utilising an earmarked reserve for void repairs of £245k. 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 with ICT and Mears.

4. The Major Works budget is projected to underspend by £4,660k, which is an improvement of £1,899k compared to Month 8. 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 show 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 no longer deemed necessary this year. However, there remains only limited information on the effects of welfare reform and the contingency forecast includes £200k for under-occupancy tenants where pressure is being experienced. The existing rent system controls continue to be examined and the provision for doubtful debts policy is also being revised to bring it into line with the policy in use elsewhere in the Council.
6. Rental income is showing an overspend of £1,329k against a target of £57.4 million, an adverse movement of £4k compared to Month 8. The shortfall is mainly due to the loss of income of £826k following the agreed transfer of commercial shop properties and garages to community assets, no change compared to Month 8, £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, no change compared to Month 8, and £208k from void properties due to a backlog in repairs, an adverse movement of £4k compared to Month 8. Void properties are being released from repairs under an agreed plan and total Void charges for the year continue to be re-assessed to ensure any processing backlog has been correctly reported.
7. Short life properties are being examined and target dwellings identified in long term and standard voids which have been either earmarked for development or are hard to let. In addition flats above shops are being attached to the scheme when they become available and the Home Release incentive programme for under-occupancy is being targeted towards Temporary Accommodation needs wherever possible. There are currently 47 units in the scheme and an additional 50 units - 25 in January and 25 in February are planned.

Appendix D – CAPITAL PROGRAMME

1. Table 1 sets out the latest forecast outturn on the current General Fund capital programme. Forecasts for future years include live capital projects and programmes of works as included in the draft programmes for 2013/14 to 2015/16 reported to Cabinet and Council in February 2013.
2. Year to date General Fund Capital Expenditure has reached £53,032k, representing 63% 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 56% of the total spend.

Table 1 – General Fund Capital Programme

	2013/14	2014/15	2015/16	Total Month (09)	Total Month (08)
	£'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.)	107,366	102,360	22,372	232,097	231,519
Actual Expenditure Year to Date	53,032	0	0	53,032	43,702
Forecast Outturn	84,023	103,572	22,446	210,041	210,031
	-23,343	1,212	74	-22,057	-21,488
Variance By Service:					
Asset Management (Table 2)	-3,386	-2,500	0	-5,886	-5,911
Education (Schools Expansions – Table 3)	-13,246	294	74	-12,878	-12,878
Education (Other – Table 4)	-551	441	0	-110	-110
Environmental Policy & Community Engagement (Table 5)	-969	954	0	-16	0
Housing General Fund (Table 6)	-2,350	1,099	0	-1,251	-740
ICT Highways and Business Services (Table 7)	-2,146	106	0	-2,040	-1,943
Planning, Green Spaces & Culture (Table 8)	-186	66	0	-119	-124
Public Safety (Table 9)	-510	753	0	243	218
Adult Social Care Services	0	0	0	0	0
Total Main Programme Variance	-23,343	1,212	74	-22,057	-21,488
Analysis of Main Programme Variance:					
Cost Variance	-19,699	-2,432	74	-22,057	-21,488
Projected Re-phasing	-3,644	3,644	0	-0	0
	-23,343	1,212	74	-22,057	-21,488
Council Resourced Variance	-21,101	-2,228	1,273	-22,057	-21,488
External Grants & Contributions Variance	-2,241	3,440	-1,199	0	0
Total Main Programme Variance	-23,342	1,212	74	-22,057	-21,488
Contingency Variance (Council Resourced):	-937	-1,500	-1,500	-3,937	-3,937
Total Capital Programme Variance	-24,278	-288	-1,426	-25,992	-25,425
Total Month 8	-22,355	-1,570	-1,500	-25,425	

3. The revised budget for 2013/14 has increased by £578k from Month 8 due partly to £537k schools' contributions to Devolved Formula Capital projects and Building Conditions projects. There has also been an allocation of £41k Section 106 monies to Highways projects following approval by the Leader and Cabinet Member for Finance, Property and Business Services.
4. The main internally funded programme shows a net favourable variance of £22,057k. 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 £1,346k from Month 8 and this is largely due to further slippage on various projects detailed further below. There is no further slippage reported on the Schools Expansions Programme which remains on target to deliver new school places within planned timescales.
6. There is an identified need to increase the number of roads covered by the Highways Structural Works programme which requires a further £1,500k capital investment. The Schools Expansions Programme is currently forecasting a significant under spend and therefore the funds will be re-allocated to Highways with no impact on delivery of the Schools Programme, reducing the forecast under spend to £11,378k.
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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000
Asset Management:					
Revised Budget	5,740	4,085	600	10,426	10,426
Actual Expenditure Year to Date	281	0	0	281	276
Forecast Outturn	2,355	1,585	600	4,540	4,515
Forecast Variance	-3,386	-2,500	0	-5,886	-5,911
<u>Analysis of Variance by Scheme</u>					
South Ruislip Development - Plot B	-1,206	-2,500	0	-3,706	-3,706
Civic Centre CHP & Energy Savings Projects	-1,621	0	0	-1,621	-1,621
Property Works Programme	-343	0	0	-343	-343
South Ruislip Development - Plot A	-175	0	0	-175	-200
HRD Health & Safety Works	-40	0	0	-40	-40
Total Cost Variances	-3,386	-2,500	0	-5,886	-5,911
Projected Re-phasing	0	0	0	0	0
Total Variance	-3,386	-2,500	0	-5,886	-5,911
Month 8 Variance	-3,411	-2,500	0	-5,911	

Under Spends

9. An under spend of £5,886k 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.
13. South Ruislip Development Plot A – the forecast under spend is £175k which is a movement of £25k from Month 8 because there have been additional minor works required for two flats.
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 construction works commenced on site in December and contract payments estimated at £1,673k will be made over the next three months. The site is expected to be transferred to the service in July 2014 and become operational shortly thereafter.

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 (09)	Total Month (08)
	£'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	31,966	0	0	31,966	25,770
Forecast Outturn	47,402	61,187	6,143	114,732	114,732
Forecast Variance	-13,246	294	74	-12,878	-12,878
<u>Analysis of Variance by Scheme</u>					
Primary Schools Expansions Phase 1	10	1,000	0	1,010	1,010
Primary Schools Expansions Phase 1A Temporary	-493	0	0	-493	-493
Primary Schools Expansions Phase 2	-8,463	-1,314	0	-9,777	-9,777
Primary Schools Expansions Phase 2A Temporary	44	0	0	44	44
Primary Schools Expansions Phase 3	0	-74	74	0	0
Primary Schools Expansions New Build	-2,224	-1,437	0	-3,661	-3,661
Total Cost Variances	-11,126	-1,825	74	-12,878	-12,878
Projected Re-phasing	-2,120	2,120	0	0	0
Total Variance	-13,246	294	74	-12,878	-12,878
Month 8 Variance	-13,246	369	0	-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 which is expected to be complete by April 2014. Officers remain in negotiation with the contractor with the view 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. There have been eight week delays on the works at Pinkwell and Rosedale schools and the contractor is under instructions to recover the lost time. There is also a 12 week delay at Wood End school with risk of further slippage as a result. These schools are still expected to be ready in time for the new intake in September 2014 but contingency plans are in place due to the delays.
22. 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.
23. The tender returns for the John Locke Academy and Lake Farm developments are £661k below budget. Works commenced on site in October and are progressing well for completion on schedule by September 2014.

Projected Re-phasing

24. Although over the life of the programme the forecast is an overall under spend of £12,878k, this includes £2,120k further re-phasing to reflect the latest cash flow projections on Phase 2 projects.
25. 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)

26. 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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000
Education (Other Schemes):					
Revised Budget	4,208	4,460	1,535	10,203	9,665
Actual Expenditure Year to Date	2,582	0	0	2,582	1,776
Forecast Outturn	3,657	4,901	1,535	10,093	9,555
Forecast Variance	-551	441	0	-110	-110
<u>Analysis of Variance by Scheme</u>					
Ruislip High School Expansion	-95	0	0	-95	-95
Children's Centres - Phase 3	-15	0	0	-15	-15
Total Cost Variances	-110	0	0	-110	-110
Projected Re-phasing	-441	441	0	0	0
Total Variance	-551	441	0	-110	-110
Month 8 Variance	-110	0	0	-110	

Under Spends

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

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

Other Schemes

29. Urgent Building Condition Projects – an estimated £419k slippage is now forecast on the Building Conditions programme. Schools' revenue contributions for works at Abbotsfield Secondary and Hedgewood School are not included in this and will be spent this financial year. Officers are reviewing projected costs of this programme which will be reflected in future forecasts for 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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000
Environmental Policy & Community Engagement:					
Revised Budget	9,587	7,353	4,573	21,513	21,463
Actual Expenditure Year to Date	4,829	0	0	4,829	4,704
Forecast Outturn	8,617	8,307	4,573	21,497	21,463
Forecast Variance	-969	954	0	-16	0
<u>Analysis of Variance by Scheme</u>					
Chrysalis Programme	-500	500	0	-0	0
Road Safety	-15	0	0	-15	0
Total Cost Variances	-515	500	0	-15	0
Projected Re-phasing	-454	454	0	-0	0
Total Variance	-969	954	0	-15	0
Month 8 Variance	-500	500	0	0	

Cost Variance

31. Road Safety - an under spend of £15k is now forecast from savings on several small schemes.

Other Schemes

32. Town Centre Initiatives – a further £40k slippage is reported on the Hayes town centre project which is in early stages. The GLA have approved the requested re-phasing of £300k funding for Northwood Hills.

33. The Transport for London Local Implementation Plan for 2013/14 is in progress, however a further £244k is forecast to slip into next year as the annual programme will not be complete by financial year end. This is in addition to £800k previously re-phased to next year. Also there is £170k forecast slippage on works at Colham Road bridge which are due to start in March and will not be complete this financial year. It is expected that the TfL grant will be fully utilised because works will be completed by the claim deadline in 2014/15.

Housing General Fund

34. 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 (09)	Total Month (08)
	£'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	0	0	-740	-740
Disabled Facilities Grants	-1,157	646	0	-511	0
Private Sector Renewal Grants	-353	353	0	0	0
Property Adaptations for Adopted Children	-100	100	0	0	0
Total Cost Variances	-2,350	1,099	0	-1,251	-740
Projected Re-phasing	-0	0	0	-0	0
Total Variance	-2,350	1,099	0	-1,251	-740
Month 8 Variance	-2,297	1,557	0	-740	

Under Spends

35. General Fund Supported Housing – the Supported Housing strategy is currently being developed and a major capital investment programme is under consideration for future years.
36. Disabled Facilities Grants (DFG) and Private Sector Renewal Grants (PSRG) – a number of existing DFG cases totalling £511k are no longer required by clients. New cases continue to be assessed and a total of £558k grants have been added to the programme in Month 9.
37. Property Adaptations for Adopted Children - a budget of £200k has been allocated for this of which £100k has been released for identified jobs.

Other Schemes

38. The HCA/GLA Empty Homes Consortium Contract was signed by GLA in November, however the funding (£327k) will be claimed on completion of relevant works to individual properties in 2014/15.

ICT, Highways & Business Services

39. 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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000
ICT, Highways & Business Services:					
Revised Budget	11,202	4,549	2,888	18,639	18,598
Actual Expenditure Year to Date	5,709	0	0	5,709	5,146
Forecast Outturn	9,056	4,655	2,888	16,599	16,655
Forecast Variance	-2,146	106	0	-2,040	-1,943
<u>Analysis of Variance by Scheme</u>					
Civic Centre Works Programme	-1,747	0	0	-1,747	-1,664
ICT Single Development Plan	-179	0	0	-179	-179
Street Lighting	-115	0	0	-115	-100
Total Cost Variances	-2,041	0	0	-2,041	-1,943
Projected Re-phasing	-106	106	0	0	0
Total Variance	-2,146	106	0	-2,041	-1,943
Month 8 Variance	-1,943	0	0	-1,943	

Under Spends

40. Civic Centre Works Programme – it is forecast that there will be a significant under utilisation of the current year budget based on current activity. The level of commitments against this budget will be reviewed at the end of the financial year.
41. 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.
42. Street Lighting – planned works for the remainder of the financial year will not fully utilise this year's budget resulting in an under spend of £115k.

Other Schemes

43. Highways Programme – works are now well underway on numerous roads including micro-surfacing. The programme is forecast to complete by the end of the financial year within budget.
44. Purchase of Vehicles programme – there is further slippage of £85k relating to the purchase of a loading shovel. This is in addition to an amount of £689k that 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

45. 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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000
Planning, Green Spaces & Culture:					
Revised Budget	1,739	13,708	0	15,446	15,447
Actual Expenditure Year to Date	600	0	0	600	598
Forecast Outturn	1,553	13,774	0	15,327	15,323
Forecast Variance	-186	66	0	-119	-124
<u>Analysis of Variance by Scheme</u>					
Hillingdon Sports & Leisure Centre	75	0	0	75	75
Sport & Cultural Projects	-154	0	0	-154	-154
Highgrove Pool Phase II	-20	0	0	-20	-31
Car Park Resurfacing	0	-20	0	-20	-14
Total Cost Variances	-99	-20	0	-119	-124
Projected Re-phasing	-86	86	0	-0	0
Total Variance	-185	66	0	-119	-124
Month 8 Variance	-110	-14	0	-124	

Under Spends

46. Highgrove Pool Phase II – additional works are required on the lift reducing the under spend.

47. Sport & Cultural Projects – funding of £154k currently remains unallocated, however this may be required to fund potential new projects. Design works of £50k are now expected to slip into next financial year.

48. Car Park resurfacing – costings for works at Kingsend and Cedars car parks indicate that the works will be completed with a £20k under spend.

Over Spends

49. Hillingdon Sports & Leisure Centre – negotiations are ongoing with the contractor over the completion of remedial works. These issues are resulting in a forecast over spend of £75k.

Other Schemes

50. Yiewsley Pool Development – this scheme is in initial design stages and scope of development is being reviewed.

51. West Drayton Cemetery Expansion - the scheme aims to increase the number of burial plots available at the cemetery. Funding of £36k is forecast to slip into next year as the Environment Agency is being consulted and planning permission will be required.

Public Safety

52. 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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000
Public Safety:					
Revised Budget	10,063	3,522	3,245	16,830	16,830
Actual Expenditure Year to Date	5,889	0	0	5,889	4,384
Forecast Outturn	9,553	4,275	3,245	17,073	17,048
Forecast Variance	-510	753	0	243	218
<u>Analysis of Variance by Scheme</u>					
Hayes End Library Development	260	20	0	280	255
Libraries Refurbishment	22	0	0	22	22
New Years Green Lane Civic Amenity Site	-302	249	0	-53	-53
Manor Farm Stables Development	-6	0	0	-6	-6
Total Cost Variances	-26	269	0	243	218
Projected Rephasing	-484	484	0	-0	0
Total Variance	-510	753	0	243	218
Month 8 Variance	198	20	0	218	

Over Spends

53. Hayes End Library Development – The project is forecasting an overspend of £280k 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. The forecast has increased by £25k due to further minor works being identified.

54. 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

55. News Year Green Lane Civic Amenity Site – latest estimates are that there will be an under spend of £53k which will materialise next year on completion.

Other Schemes

56. Central Library Refurbishment – the refurbishment of Uxbridge Central Library is on target for completion by March 2014.

57. Environmental Assets - an amount of £474k slippage is forecast relating to the phasing of expenditure on various elements of the current year programme into next financial year.

General Contingency

58. 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

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

Table 10

Capital Receipts	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17- 2017/18 £'000	Total Month (09) £'000	Total Month (08) £'000
Revised Budget	9,024	17,057	9,173	5,464	40,718	40,718
Forecast Capital Receipts	11,682	7,583	5,595	1,050	25,910	25,300
Variance	-2,658	9,474	3,578	4,414	14,808	15,418

60. Forecast General Fund capital receipts are £11,682k for 2013/14 which is a negligible movement from last month. The sales of two flats at Hayes End Library development are now expected to complete next financial year.

61. 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 9. A further four significant completions of properties are required to reach the forecast.

62. There is an element of risk around the certainty of these receipts being fully realised which has been reflected in the disposals forecast.

63. The total forecast is £14,808k lower than the budgeted level which will have the effect of increasing borrowing levels. However overall borrowing levels are offset by a reduction of £25,992k 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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000	£'000
Forecast Council Resource Requirement	27,592	46,036	11,958	7,735	93,321	94,449
Forecast Capital Receipts	-11,682	-7,583	-5,595	-1,050	-25,910	-25,300
Forecast Borrowing	15,910	38,453	6,363	6,685	67,411	69,149

64. The movement in forecast borrowing levels from Month 8 is favourable due to the reduction in forecast expenditure and improvement in the level of capital receipts.

Housing Revenue Account (HRA) Capital Programme

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

66. 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 (09)	Total Month (08)
	£'000	£'000	£'000	£'000	£'000
HRA New Build Programme:					
Revised Budget	357	0	0	357	357
Actual Expenditure Year to Date	213	0	0	213	198
Forecast Outturn	627	1,109	0	1,736	1,417
Forecast Variance	270	1,109	0	1,379	1,060
<u>Analysis of Variance by Scheme</u>					
New Build – Extra Care Sites Phase 1	0	1,109	0	1,109	790
New Build – HRA Pipeline Sites Phase 1	25	0	0	25	25
New Build – Learning Disability Sites Phase 1	124	0	0	124	124
New Build – HRA Pipeline Sites Phase 2	121	0	0	121	121
Total Cost Variances	270	1,109	0	1,379	1,060
Projected Rephasing	0	0	0	0	0
Total Variance	270	1,109	0	1,379	1,060
Month 8 Variance	270	790	0	1,060	

67. New Build HRA Extra Care Sites Phase 1: Triscott House – contractual issues leading to a forecast over spend of £1,109k have yet to be resolved with the main contractor. The over spend has been revised upwards to the latest estimate of the median outcome. The final 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.

68. 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.
69. 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.
70. 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

71. There have been 72 Right to Buy sales of council dwellings achieved year to date for a value of £7,034k and a total of up to 100 sales are forecast totalling £9,835k 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.
72. 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 spent or committed within three years or otherwise are returned to government. Proposals are being developed by officers to develop an Affordable Housing programme to utilise these receipts within allowed timescales.
73. Table 13 below sets out the time limits for the retention of Right to Buy receipts since the commencement of the agreement. An amount of £3,169k retained receipts generated in the last quarter of 2012/13 require to be spent or committed by March 2016 and a further forecast £7,166k in respect of this year's sales, after pooling and other adjustments, have time limits up to March 2017.

Table 13

Period	Number of Sales	Retained Right to Buy Receipt (£'000)	Deadline for Commitment of Retained Right to Buy Receipt
2012/13 Quarter 4 Actual	33	3,169	March 2016
Total Retained Receipts 2012/13	33	3,169	
2013/14 Quarter 1 Actual	13	833	June 2016
2013/14 Quarter 2 Actual	35	2,666	September 2016
2013/14 Quarter 3 Actual	24	1,730	December 2016
2013/14 Quarter 4 Forecast	28	1,937	March 2017
Total Retained Receipts 2013/14	100	7,166	

APPENDIX E – Treasury Management Report as at 31 December 2013

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

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	83.1	68.73	75.00
1-2 Months	14.4	11.91	5.00
2-3 Months	15.2	12.57	10.00
3-6 Months	5.0	4.14	5.00
6-9 Months	0.0	0.0	0.00
9-12 Months	0.0	0.0	0.00
12-18 Months	0.0	0.0	0.00
Subtotal	117.7	97.35	100.00
Unpaid Maturities	3.2	2.65	0.00
Total	120.9	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 Bank, Nationwide Building Society, Barclays Bank, Kingston-upon-Hull City Council, Lancashire County Council, Sheffield City Council, Blaenau Gwent CC, City of Glasgow Council and Wakefield Metropolitan District Council. The Council also currently hold two Certificates of Deposit with Standard Chartered.
2. During December fixed-term deposits continued to mature in line with cashflow requirements. Any surplus funds were either placed in instant access accounts or a short fixed term deposits.

Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual £m	Actual %
General Fund		
PWLB	72.41	21.38
Long-Term Market	15.00	4.43
HRA		
PWLB	218.32	64.45
Long-Term Market	33.00	9.74
Total	338.73	100.00

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

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.

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

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

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved £'000	Total Spend £'000
Public Health						
Consultant in Public Health	20-Aug-13	23-May-14	0	38	63	101
Adult Social Care						
Social Worker (Care Manager - Access team)	03-Feb-14	02-Mar-14	46	40	4	90
Residential Care Worker - Disability Provider Services (Colham Road)	03-Feb-14	30-Mar-14	78	23	4	105
Residential Care Worker - Disability Provider Services (Colham Road)	03-Feb-14	30-Mar-14	78	23	4	105
Team Leader Disability Provider Services Chapel Lane	03-Feb-14	30-Mar-14	62	15	2	79
Floating Support Worker - Disability Provider Services - Floating Support South	03-Feb-14	02-Mar-14	27	25	2	54
Residential Care Worker - Disability Providers Services - Hatton Grove	03-Feb-14	02-Mar-14	62	16	1	79
Residential Care Worker - Disability Providers Services - Hatton Grove	03-Feb-14	02-Mar-14	62	16	1	79
Day Centre Officer - Woodside Day Centre	03-Feb-14	30-Mar-14	66	20	4	90
Day Centre Officer - Woodside Day Centre	03-Feb-14	02-Mar-14	66	8	1	75
Occupational Therapist - Disability Services	03-Feb-14	02-Mar-14	40	36	4	80
Project Manager ICP Adults Transformation Older Peoples services	03-Feb-14	02-Mar-14	107	30	3	140
Children & Young People's Services						
C&F Referral & Assessment Team Archiver	01-Apr-10	02-Mar-14	62	15	2	79
C&F-Tech Admin Officer	01-Feb-11	02-Mar-14	49	19	2	70
C&F-Tech Admin Officer	01-Apr-10	02-Mar-14	65	18	2	85
Children's Homes Residential Care Worker	01-Apr-10	02-Mar-14	56	9	1	66
Children's Homes Residential Care Worker	01-Apr-10	02-Mar-14	62	11	1	74
C&YP Residential Worker	01-Apr-10	02-Mar-14	38	55	1	94
C&F Triage Social Worker	01-May-12	02-Mar-14	53	28	4	85
C&F Residential	01-Apr-10	02-Mar-14	67	16	3	86
C&F Residential	01-Apr-10	02-Mar-14	67	21	3	91
C&F Residential	01-Apr-10	02-Mar-14	33	35	1	69

Post Title	Start Date	Proposed End Date	2012/13 Spend & Earlier £'000	2013/14 Previously Approved £'000	2013/14 Approved £'000	Total Spend £'000
C&F Residential	01-Apr-10	02-Mar-14	0	104	3	107
C&YP Social Worker	01-Sep-13	02-Mar-14		46	8	54