

COUNCIL BUDGET -2013/14 REVENUE AND CAPITAL OUTTURN

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 the Council's financial position and performance at outturn against the 2013/14 revenue budget and capital programme.</p> <p>A net in-year underspend of £5,388k is reported against 2013/14 General Fund revenue budgets, an improvement of £328k on the position reported at Month 11.</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	<p>Putting our Residents First - <i>Financial Management</i> Achieving value for money is an important element of the Council's medium term financial plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That the Cabinet:

1. Note the budget position for revenue and capital as at outturn.
2. Note the treasury management update at outturn at Appendix E.
3. Approves the release of £18,577k 2013/14 contingency budgets to fund service pressures within Directorate Operating Budgets as set out in table 6.
4. Approves the establishment of a new Charitable Fund from the proceeds of the kerbside textile waste initiative and delegates authority for the operation of the Fund and award of grants to the Deputy Chief Executive and Corporate Director for Residents Services, in consultation with the Leader of the Council and Cabinet Member for Planning, Transportation and Recycling.
5. Approves the earmarking from the in-year underspend of £220k to continue the operation of the successful Ward Budget Initiative from this financial year.

6. Approves re-phasing of £3,707k General Fund capital and £227k HRA capital budgets as set out in Tables 1 and 3 in Appendix D.
 7. Continue the delegated authority up until the 24 July 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 24 April and 19 June 2014 Cabinet meetings, detailed at Appendix F.
 8. Earmark £60k from unallocated 2014/15 General Contingency to fund the costs associated with the potential Powerday Public Inquiry
 9. Cabinet agrees to continue the successful shop front grant scheme, authorising officers to make the necessary grant awards from the town centre initiatives capital funding, subject to sign-off by the Leader of the Council and Cabinet Member for Community, Commerce and Regeneration.
10. In relation to Appendix G, that the Cabinet:
- a) Agree the implementation of the Private Sector Leasing Scheme set out in Appendix G;
 - b) Delegate authority for decisions regarding such leases to the Deputy Chief Executive and Corporate Director of Residents Services, with sign-off by the Leader of the Council.
 - c) Ratify previous leases granted under this scheme and;
 - d) Note that the Leader of the Council will recommend to a future meeting of full Council a permanent change to Property Procurement Standing Orders to be consistent with the Scheme's flexible and practical application.
11. Ratify a Cabinet-level decision taken by the Leader of the Council on 22 May 2014, under interim executive arrangements, in relation to granting of a license of the playing fields to Guru Nanak Sikh Academy Limited to allow the building of a Free School on the land.

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 at outturn against budgets approved by Council on 28 February 2013.
2. Appendix E provides an update to Cabinet on Treasury Management performance during the previous financial year.
3. Development & Risk Contingency budgets of £19,169k are held corporately to manage volatility within specific budget areas, with outturn on these areas confirmed at £18,577k. Recommendation 3 seeks authority to release these monies to fund these confirmed pressures in 2013/14.
4. During 2013/14 the Council introduced a kerbside textile recycling collection service which generates income from the re-sale value of textiles collected. This income totalled £29k during 2013/14 and recommendation 4 seeks authority to establish a fund to utilise these monies for charitable purposes. The Council's General Power of

Competence enables the Council to award grants to certified charities for a specific purpose.

5. Recommendation 5 allocate £220k from the in-year underspend to continue the Ward Budget Initiative, with an additional £10k allocated to each of the 22 wards. Ward budgets assist Councillors in making a difference in their ward. They enable the award of small amounts of monies to address specific local priorities suggested by residents and organisations, benefiting the local community. Such expenditure is undertaken in accordance with the approved Ward Budget Protocol. In line with the existing scheme this sum does not have be spent in the current financial year and any unspent balance at the end of 2014/15 will be carried forward into 2015/16.
6. The re-phasing of £3,707k General Fund and £227k HRA capital budgets included at recommendation 6 is required to enable existing projects to be delivered in 2014/15. The re-phasing consists of £8,812k slippage on various schemes across the capital programme, offset by £5,105k Schools Expansion Programme budget realignment to reflect the level of expenditure achieved ahead of plan at the end of 2013/14 financial year.
7. Recommendation 8 sets aside monies from the £2,500k General Contingency held in 2014/15 revenue budgets to fund the potential Powerday Public Enquiry.
8. Recommendation 9 reaffirms the Council's commitment to the shop front grant scheme, and grants authority for the continued award from grants from the existing town centre initiatives capital budget. Delegation of authority in this case is intended to expedite the decision making process around award of town centre grants.
9. Appendix G sets out in the reasons for recommendations 10 (a-d).
10. Recommendation 11 relates to an executive decision taken by the Leader of the Council on 22 May 2014, which is required to be ratified by Cabinet.

Alternative options considered

11. There are no other options proposed for consideration.

SUMMARY

REVENUE

12. At outturn, the final position on in-year activities is a net underspend of £5,388k, representing an improvement of £328k on the position reported at Month 11. This position consists of a net underspend of £2,296k on directorate budgets, an underspend on capital financing costs of £2,500k and a net underspend of £592k on development and risk contingency.
13. Within this reported position significant pressures are reported on a number of demand-led budgets; including Homelessness, Social Care Placements and SEN Transport. 82% of the Council's £17,111k programme of savings for 2013/14 is now banked, with work progressing to secure the remaining sum during 2014/15. Further information on the savings position, and reported pressures, are contained throughout this report.
14. Unallocated General Fund balances are £37,295k at outturn, with a further £567k being carried forward from Priority Growth monies to support new initiatives in 2014/15. £1,380k of these balances have been earmarked to fund the freeze on Older People's Council Tax through to 2018/19, with net balances after this earmark totalling £35,915k.
15. There are no significant movements to report on other funds from Month 11 which impact upon the General Fund or the Housing Revenue Account.

CAPITAL

16. General Fund capital expenditure for 2013/14 totalled £87,233k, representing an underspend of £21,418k against the revised budget of £108,651k. Expenditure at outturn was £3,242k higher than forecast at Month 11 due to the acceleration of school expansion works scheduled to complete in time for the new school year in September 2014. Capital receipts for 2013/14 totalled £9,582k, with no change from the forecast position at Month 11.
17. The in-year underspend of £21,418k includes £3,707k of slippage which this report recommends is rephased into 2014/15 to enable the completion of on-going projects. The residual underspend of £17,711k represents reduced programme requirements, including the £9,626k saving on school expansion contracts and potential schemes which are no longer proceeding.

FURTHER INFORMATION

General Fund Revenue Budget

18. The headline outturn position on normal General Fund activities is an underspend of £5,388k, consisting of a net underspend on Directorate Operating Budgets of £2,296k, a £2,500k underspend of capital financing costs and a £592k underspend on Development and Risk Contingency. Taking account of £1,657k of exceptional items, the Council's net underspend for 2013/14 totals £7,045k.
19. An improvement of £328k is reported from Month 11 on normal activities, with improvements reported across all Directorate Operating budgets. A further exceptional item has been reported at outturn, with late confirmation of £200k of additional Home Office funding for the Asylum service being secured in April 2014. In addition this report recommends setting aside £220k to continue the Ward Budget Initiative into 2014/15.
20. There has been no material movement from Month 11 on the previously noted underlying pressures in relation to Homelessness, Social Care Placements and SEN Transport. Although, adverse movement on the SEN Transport contingency has been reported due to reduced recoupment of costs from other authorities. Further information on final outturn positions for each of these are contained within this report.

Table 1: General Fund Overview

Original Budget	Budget Changes		Month 12		% Var	Variance (+ adv / - fav)		
			Revised Budget	Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
£'000	£'000		£'000	£'000		£'000	£'000	£'000
166,292	6,354	Directorate Operating Budgets	172,646	170,350	-1%	(2,296)	(1,967)	(329)
20,184	(1,881)	Corporate Operating Budgets	18,303	15,803	-14%	(2,500)	(2,500)	0
22,883	(3,714)	Development & Risk Contingency	19,169	18,577	-3%	(592)	(593)	1
1,800	(270)	Priority Growth	1,530	1,530	0%	0	0	0
211,159	489	Sub-total Normal Activities	211,648	206,260	-3%	(5,388)	(5,060)	(328)
		<u>Exceptional items:</u>						
		Reversal of Icelandic Impairment		(1,350)		(1,350)	(1,350)	0
		Return of topsliced RSG		(327)		(327)	(327)	0
		Additional Asylum Funding		(200)		(200)	0	(200)
		Ward Budget Initiative		220		220	0	220
211,159	489	Total Net Expenditure	211,648	204,603	-3%	(7,045)	(6,737)	(308)
(211,159)	(489)	Budget Requirement	(211,648)	(211,648)		0	0	0
0	0	Net Total	0	(7,045)		(7,045)	(6,737)	(308)
(30,250)	0	Balances b/fwd 01/04/13	(30,250)	(30,250)				
		Transfer to Earmarked Reserves		1,380				
(30,250)	0	Balances c/fwd 01/14/13	(30,250)	(35,915)				

21. At outturn £567k of Priority Growth monies, including HIP Initiatives and Environmental & Recreational Initiatives funding, remains unallocated and is to be carried forward to support projects during 2014/15.

22. At 31 March 2014 General Fund Balances total £35,915k, following recognition of the in-year surplus of £7,045k and the earmarking of £1,380k to support the Older People's Council Tax Discount to 2018/19 as noted out in February's budget setting report. The latest Medium Term Financial Forecast assumes £5,000k will be drawn down from balances in 2015/16 to smooth the impact of government funding reductions, leaving a sum of £30,915k uncommitted.

Directorate Operating Budgets (£2,296k underspend / £329k improvement)

23. 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 12		% Var	Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
£'000	£'000			£'000	£'000		£'000	£'000	£'000
197,599	(19,220)	Admin. & Finance	Expenditure	178,379	177,466	-1%	(913)	(912)	(1)
(174,924)	19,392		Income	(155,532)	(155,640)	0%	(108)	(91)	(17)
22,675	172		Sub-Total	22,847	21,826	-4%	(1,021)	(1,003)	(18)
135,228	1,292	Residents Services	Expenditure	136,520	141,567	4%	5,047	3,221	1,826
(70,902)	2,092		Income	(68,810)	(74,705)	9%	(5,895)	(3,928)	(1,967)
64,326	3,384		Sub-Total	67,710	66,862	-1%	(848)	(707)	(141)
25,890	176	Children & Young People's Services	Expenditure	26,066	26,347	1%	281	306	(25)
(2,646)	1		Income	(2,645)	(2,982)	13%	(337)	(350)	13
23,244	177		Sub-Total	23,421	23,365	0%	(56)	(44)	(12)
72,393	422	Adult Social Care	Expenditure	72,815	73,140	0%	325	315	10
(16,346)	2,199		Income	(14,147)	(14,843)	5%	(696)	(528)	(168)
56,047	2,621		Sub-Total	58,668	58,297	-1%	(371)	(213)	(158)
166,292	6,354	Total Directorate Operating Budgets		172,646	170,350	-1%	(2,296)	(1,967)	(329)

24. A combined underspend of £1,021k is reported on Administration and Finance budgets at outturn, with the position resulting from a significant number of posts being held open across the directorates and the impact of integrating existing Council services with new Public Health responsibilities.

25. An improvement of £141k is reported from Month 11 within Residents Services, resulting in a net underspend of £848k at outturn. Early delivery of 2014/15 savings and rental streams from commercial properties are off-setting the £1,580k pressure on housing needs. Both of which are fully reflected in the Council's 2014/15 revenue budget as approved in February 2014.

26. An outturn underspend of £56k is reported on Children and Young People's Services, with cost pressures being reported on care placements being off-set by underspends within the staffing establishment. A minor improvement of £12k is reported from Month 11.

27. A net underspend of £371k is reported on Adult Social Care operating budgets, with an improvement of £158k from Month 11 primarily resulting from settlement of a number of a number of disputes in relation to client costs. The underlying position remains consistent with that reported at Month 11, with significant vacancies across the Group and the alignment of existing Council operations with Public Health off-setting pressures on care placement costs.

Progress on Savings

28. The final position 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: Outturn RAG Status for 2013/14 Savings

	Admin. & Finance £'000	Residents Services £'000	Children & Families £'000	Social Care £'000	Cross Cutting £'000	Total 2013/14 Savings	
						£'000	%
Banked	(1,051)	(6,047)	(1,499)	(4,719)	(648)	(13,964)	82%
On track for delivery	0	0	0	0	0	0	0%
Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	0	0	0	0	0%
Serious problems in the delivery of the saving	0	(55)	(445)	(295)	(2,352)	(3,147)	18%
Total 2013/14 Savings	(1,051)	(6,102)	(1,944)	(5,014)	(3,000)	(17,111)	100%

29. The budget for 2013/14 contained £17.1m of savings. At the end of the year £13,964k (82%) of those savings had been delivered in full on a sustainable ongoing basis. The remaining £3,147k was covered in full through other compensating savings in year. Within this amount, £2,352k related to BID savings, of which £1,500k was covered by contingency and the £852k balance by other savings within Groups, primarily vacancy savings in services under BID reviews.

30. The £3,000k Cross Cutting savings included above remain in the 2014/15 revenue budget. With agreed business cases already in place to commence delivery of £1,390k of this sum. Further BID reviews are still in progress to deliver the remainder including potentially significant savings from the Technical Administration review. Work will continue to develop sustainable savings for the balance. £1,500k of the £3,000k savings target is covered in General Contingency so as the savings total starts to exceed £1,500k as is likely shortly this will improve the bottom line position for the budget.

31. In relation to the savings brought forward from 2012/13, 83% are classed as banked with 17% undelivered during 2013/14. Of the remaining 17%, 15% is within Adult Social Care, caused by the Day Centre Judicial Review and so savings will not now be deliverable until 2014/15.

Table 4: Outturn 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)	(357)	(255)	(728)	(1,640)	83%
On track for delivery	0	0	0	0	0	0
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	(50)	0	(289)	(339)	17%
Total B/fwd Savings	(300)	(407)	(255)	(1,017)	(1,979)	100%

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

32. Table 5 below provides an overview of forecast outturn on corporately managed budgets at Outturn. 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 12		% Var	Variance (+ adv / - fav)		
			Revised Budget	Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
£'000	£'000		£'000	£'000		£'000	£'000	£'000
10,902	(11)	Interest & Investment Income	10,891	8,391	-23%	(2,500)	(2,500)	0
9,282	(1,870)	Levies & Other Corporate Budgets	7,412	7,412	0%	0	0	0
20,184	(1,881)	Total Corporate Operating Budgets	18,303	15,803	-14%	(2,500)	(2,500)	0

33. An outturn underspend of £2,500k is reported on capital financing costs due to the deferral of borrowing in support of the Primary School Expansion Programme, however, as previously reported this sum is expected to be required in full once capital projects are completed during 2014/15 and 2015/16.

34. There has been no movement on other corporately managed budgets from Month 11 and a breakeven outturn is reported.

Development & Risk Contingency (£592k underspend / £1k adverse movement)

35. The Council set aside £23,372k to manage volatile and uncertain budgets within the Development & Risk Contingency, which included £21,883k for specific risks and £1,489k as General Contingency. Following the approval to release a number of contingency items to Directorate Operating budgets in December 2013 totalling £4,203k, the Development & Risk Contingency now totals £19,169k.

36. Table 6 below sets out the latest forecast call on these contingency budgets, with further detail provided at a directorate level in Appendix A to this report.

Table 6: Development & Risk Contingency

Original Budget	Budget Changes	Current Commitments	Revised Budget	Forecast as Needed	Variance (+ adv / - fav)			
					Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,000	(71)	Corporate	General Contingency	929	0	(929)	(929)	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	Residents Services	Carbon Reduction Commitment	402	365	(37)	(35)	(2)
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	1,547	787	629	158
2,010	0		Waste Disposal Levy	2,010	2,438	428	372	56
0	0		Licensing Appeal Costs	0	37	37	37	0
0	60		Storm Damage	60	60	0	0	0
1,995	0	CSC	Reduction in UKBA Asylum Funding	1,995	1,117	(878)	(667)	(211)
781	0		Looked After Children (Demographic)	781	781	0	0	0
3,814	(2,589)	Adult Social Care	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	18,577	(592)	(593)	1

37. Although there has been movement on individual contingency items, the net impact has been a marginal £1k adverse movement on Month 11 resulting in an outturn contingency requirement of £18,577k.
38. Final outturn on SEN Transport to be funded from Development and Risk Contingency is £1,547k, with an increased need for transport to out of borough placements resulting in increases in both the number of routes (5%) and the cost of such routes (8%) during 2013/14. The adverse movement from Month 11 on this item can be attributed to a shortfall on inter-authority recoupment of costs.
39. A £56k adverse movement is reported on the Waste Disposal Levy from Month 11, resulting in a pressure of £428k against the budgeted contingency sum of £2,010k. This pressure is attributable to the £455k exceptional payment levied by the West London Waste Authority to correct their base budgets.
40. An improvement of £211k is reported on the gross cost of delivering the Asylum service, primarily due to savings delivered through greater use of in-house accommodation, rather than more expensive external placements. This improvement is over and above the £200k additional Home Office funding reported as an exceptional item above.
41. A net underspend of £110k on the High Speed 2 and Heathrow Expansion Challenge Contingencies has been carried forward through earmarked reserves to fund costs to be incurred in 2014/15.
42. While there has been significant volatility on a number of contingency items during 2013/14, the overall call on contingency has remained broadly consistent with £592k of the £929k unallocated General Contingency surplus to requirements.

Priority Growth

43. 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 £'000	Approved Allocations £'000	Unallocated Growth £'000
<u>Specific Budgets</u>			
HIP Initiatives Budgets	800	684	116
Environmental & Recreational Initiatives	500	279	221
Sub-Total Specific Budgets	1,300	963	337
<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	963	567

44. The £567k 2013/14 growth monies remaining unallocated at outturn will be carried forward into 2014/15 to supplement the £800k HIP Initiatives budget and £1,452k new unallocated Priority Growth approved by Cabinet and Council in February 2014. This will bring total Priority Growth monies for 2014/15 to £2,819k.

Schools Budget, Parking Revenue Account and Collection Fund

45. 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 continues to be scope to improve the position within the PRA during 2014/15, which would avoid any adverse impact on the General Fund.

46. A minor adverse movement of £22k is reported on the Schools Budget from Month 11, with an outturn underspend of £3,072k. As previously reported £2,068k of this underspend is attributable to the lower than anticipated uptake of the two-year old free entitlement, the remaining underspend is primarily linked to lower than budgeted costs for joint-funded residential placements and SEN fees for independent schools.

47. Parking Revenue Account outturn remains consistent with the position reported at Month 11, with the net pressure in 2013/14 totalling £244k. This pressure relates to the continuing shortfall in Penalty Charge Notice income, which may limit resources available to support future Parking Management Schemes.

48. A net improvement of £209k is reported on the Collection Fund at outturn, bringing the reported surplus on Council Tax to £3,964k and resulting in a deficit of £146k on NNDR due to the creation of a provision to manage the risk of backdated appeal losses. £3,610k of this surplus is to be released to the General Fund in 2014/15 as per the February budgets setting report, with the residual balance of £209k available for release in 2015/16.

Housing Revenue Account Budget

49. A net surplus of £3,732k is reported on the Housing Revenue Account at outturn, primarily attributable to significant underspends on Repairs & Maintenance (£2,021k) and Major Works budgets (£3,230k) being off-set by additional provision for the

repayment of debt (£2,000k) and the previously reported pressure on rental income due to reductions in stock number from Right to Buy purchases (£1,100k). The final surplus at outturn was £1,401k lower than forecast at Month 11, primarily as a result of additional monies being set aside to fund planned capital expenditure.

50. The in year surplus of £3,732k will increase General HRA Reserves to £22,820k, with a further £11,379k held within the Major Repairs Reserve. There remains sufficient flexibility within this outturn position to apply resources as necessary within the HRA going forward. Further detail on the Housing Revenue Account outturn position is included in Appendix C to this report.

Future Revenue Implications of Capital Programme

51. A comprehensive update on the 2013/14 Capital Programme outturn position is included at Appendix D. Within the General Fund a headline in-year underspend of £21,418k is reported, of which £3,707k relates to slippage of expenditure into 2014/15 and £17,711k represents true underspends - reducing the overall resource requirement of the programme - with £17,705k of this sum sourced from Prudential Borrowing.

52. This outturn position is consistent with the forecast position factored into the Council's Medium Term Financial Forecast and future implications for revenue included in the budgets approved by Cabinet and Council in February 2014. The most significant element of this underspend, £9,626k, is attributable to the school expansions and will be reinvested in the expanded programme from 2014/15 onwards. Other material underspends have arisen due to the cancellation of South Ruislip Plot B and the Civic Centre CHP - both of which were cost neutral within the MTFF and therefore have no on-going revenue implications.

53. The Council continues to prioritise the use of external funding ahead of Prudential Borrowing, with the application of significant grant monies and Section 106 Contributions reducing expenditure financed from borrowing to £8,097k. Taking into account the annual provision for repayment of debt of £4,701k, the Council's underlying need to borrow only increased by £3,396k during 2013/14. As this sum is to be met from internal borrowing, the net revenue impact of the 2013/14 capital programme will be limited to an increase in Minimum Revenue Provision from 2014/15 of approximately £140k which will be managed within existing Interest & Investment Income budgets.

Appendix A – Detailed Group Forecasts (General Fund)

Administration & Finance (£1,021k underspend, £18k improvement)

- Overall for Administration & Finance, the outturn position is an underspend of £1,021k, which represents an improvement of £18k from month 11. The majority of this underspend relates to holding posts vacant across both groups to enable early delivery of MTFF 14/15 savings targets and over achievements in income targets.

Table 1: Administration & Finance Summary

Original Budget £'000	Budget Changes £'000			Month 12		% Var	Variance (+ adv / - fav)		
				Revised Budget £'000	Outturn £'000		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
8,749	400	Admin. Directorate	Salaries	9,149	8,844	-3%	(305)	(348)	43
5,052	150		Non-Sal Exp	5,202	4,769	-8%	(433)	(410)	(23)
(2,744)	124		Income	(2,620)	(2,761)	5%	(141)	(120)	(21)
11,057	674		Sub-Total	11,731	10,852	-7%	(879)	(878)	(1)
11,558	68	Finance Directorate	Salaries	11,626	11,506	-1%	(120)	(111)	(9)
172,240	(19,838)		Non-Sal Exp	152,402	152,347	0%	(55)	(43)	(12)
(172,180)	19,268		Income	(152,912)	(152,879)	0%	33	29	4
11,618	(502)		Sub-Total	11,116	10,974	-1%	(142)	(125)	(17)
20,307	468		Salaries	20,775	20,350	-2%	(425)	(459)	34
177,292	(19,688)		Non-Sal Exp	157,604	157,116	0%	(488)	(453)	(35)
(174,924)	19,392		Income	(155,532)	(155,640)	0%	(108)	(91)	(17)
22,675	172		Total	22,847	21,826	-4%	(1,021)	(1,003)	(18)

- The Administration groups is showing an £879k underspend at outturn. As a result of holding open vacant posts across the Administration Group, particularly in Performance, Occupational Health and Legal Services teams, as well as not providing cover for maternity leave and employees working reduced hours following maternity leave, the Group is showing a significant salaries underspend at outturn.
- Revisions of non salary forecasts throughout the year has led to an slight increase in the non-salaries outturn position. This is partly due to recharges for Voluntary Sector Grants that meet the expenditure criteria for Public Health. Income has also increased marginally due to increases in income from First Aid Training in Human Resources and S106 cases in Legal Services.

Table 2: Administration Operating Budgets

Original Budget	Budget Changes	Service	Month 12		% Var	Variance (+ adv / - fav)			
			Revised Budget	Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
442	26	Directorate	Salaries	468	459	-2%	(9)	(9)	0
6	0		Non-Sal Exp	6	3	-50%	(3)	(4)	1
(56)	(1)		Income	(57)	(57)	0%	0	0	0
392	25		Sub-Total	417	405	-3%	(12)	(13)	1
676	13	Corporate Comms	Salaries	689	737	7%	48	48	0
187	2		Non-Sal Exp	189	159	-16%	(30)	(31)	1
(103)	76		Income	(27)	(27)	0%	0	3	(3)
760	91		Sub-Total	851	869	2%	18	20	(2)
1,425	17	Democr. Services	Salaries	1,442	1,459	1%	17	16	1
1,895	71		Non-Sal Exp	1,966	1,908	-3%	(58)	(56)	(2)
(849)	(23)		Income	(872)	(909)	4%	(37)	(37)	0
2,471	65		Sub-Total	2,536	2,458	-3%	(78)	(77)	(1)
2,347	46	Human Resources	Salaries	2,393	2,359	-1%	(34)	(75)	41
467	(20)		Non-Sal Exp	447	509	14%	62	94	(32)
(591)	311		Income	(280)	(311)	11%	(31)	(22)	(9)
2,223	337		Sub-Total	2,560	2,557	0%	(3)	(3)	0
1,924	(5)	Legal Services	Salaries	1,919	1,860	-3%	(59)	(62)	3
98	13		Non-Sal Exp	111	138	24%	27	20	7
(575)	0		Income	(575)	(638)	11%	(63)	(53)	(10)
1,447	8		Sub-Total	1,455	1,360	-7%	(95)	(95)	0
1,935	303	Policy & Perf.	Salaries	2,238	1,970	-12%	(268)	(266)	(2)
2,399	84		Non-Sal Exp	2,483	2,052	-17%	(431)	(433)	2
(570)	(239)		Income	(809)	(819)	1%	(10)	(11)	1
3,764	148		Sub-Total	3,912	3,203	-18%	(709)	(710)	1
8,749	400	Admin. Directorate	Salaries	9,149	8,844	-3%	(305)	(348)	43
5,052	150		Non-Sal Exp	5,202	4,769	-8%	(433)	(410)	(23)
(2,744)	124		Income	(2,620)	(2,761)	5%	(141)	(120)	(21)
11,057	674		Total	11,731	10,852	-7%	(879)	(878)	(1)

- The Finance Group is showing an underspend of £142k at outturn. This is primarily as a result of revising staffing forecasts to account for changes to leaving dates within Procurement, Strategic and Operational Finance. The £17k overall improvement for the Group this month is largely as a result of a decrease in External Audit fees, which was notified late in the year.
- Revisions to non-salaries forecasts as part of monthly monitoring helped to mitigate the increased pressure on salaries and recharge budgets in 2013/14. The overspend in income budgets is as a result of a review of recharges as part of the restructure within Procurement, which highlighted a pressure on recharges to Health, due to the introduction of Public Health budgets and previous charges no longer being applicable. However, one-off projects due to the increased complexity of administering Public Health were charged this year to net down the pressure, which has been resolved as part of the 2014/15 budget work undertaken.

6. In April 2013, Council Tax Benefit was abolished and replaced with a local Council Tax Reduction Scheme and administration funding for the scheme was reduced. Workload increased as a result of the changes and from having numerous vacant posts, so the contract with Liberata to use their capacity grid to deal with queries received was extended. Additional expenditure through this contract was funded through the implementation grants which have been received from Central Government.

Table 3: Finance Operating Budgets

Original Budget	Budget Changes	Service	Month 12		% Var	Variance (+ adv / - fav)			
			Revised Budget	Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
547	2	Internal Audit	Salaries	549	540	-2%	(9)	(6)	(3)
50	1		Non-Sal Exp	51	52	2%	1	(1)	2
0	0		Income	0	0	N/A	0	0	0
597	3		Sub-Total	600	592	-1%	(8)	(7)	(1)
3,353	(78)	Operational Finance	Salaries	3,275	3,341	2%	66	66	0
688	(627)		Non-Sal Exp	61	80	31%	19	19	0
(963)	(481)		Income	(1,444)	(1,482)	3%	(38)	(39)	1
3,078	(1,186)		Sub-Total	1,892	1,939	2%	47	46	1
2,115	382	Operational Finance	Salaries	2,497	2,517	1%	20	24	(4)
188	(38)		Non-Sal Exp	150	123	-18%	(27)	(26)	(1)
(344)	(274)		Income	(618)	(575)	-7%	43	38	5
1,959	70		Sub-Total	2,029	2,065	2%	36	36	0
4,350	(472)	Revenues & Benefits	Salaries	3,878	3,738	-4%	(140)	(148)	8
170,659	(19,673)		Non-Sal Exp	150,986	150,911	0%	(75)	(69)	(6)
(170,727)	20,041		Income	(150,686)	(150,658)	0%	28	30	(2)
4,282	(104)		Sub-Total	4,178	3,991	-4%	(187)	(187)	0
1,193	234	Strategic Finance	Salaries	1,427	1,370	-4%	(57)	(47)	(10)
655	499		Non-Sal Exp	1,154	1,181	2%	27	34	(7)
(146)	(18)		Income	(164)	(164)	0%	0	0	0
1,702	715		Sub-Total	2,417	2,387	-1%	(30)	(13)	(17)
11,558	68	Finance Directorate	Salaries	11,626	11,506	-1%	(120)	(111)	(9)
172,240	(19,838)		Non-Sal Exp	152,402	152,347	0%	(55)	(43)	(12)
(172,180)	19,268		Income	(152,912)	(152,879)	0%	33	29	4
11,618	(502)		Total	11,116	10,974	-1%	(142)	(125)	(17)

Residents Services (£848k underspend; £141k improvement)

7. Residents Services has an outturn position of an £848k 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 that impacted on the corporate contingency.

Table 1: Residents Services Operating Budgets

Original Budget	Budget Changes	Service	Outturn			Variance (+ adv / - fav)			
			Final Budget	Actual Outturn	% Var	Outturn Variance	Variance (As at Month 11)	Change from Month 11	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
1,935	1	Asset Management	Salaries	1,936	3,026	56%	1,090	4	1,086
7,801	184		Non-Sal Exp	7,985	8,202	3%	217	459	(242)
(3,209)	(240)		Income	(3,449)	(4,711)	37%	(1,262)	(766)	(496)
6,527	(55)		Sub-Total	6,472	6,517	1%	45	(303)	348
8,634	(106)	Education (GF)	Salaries	8,528	7,997	-6%	(531)	(540)	9
11,680	310		Non-Sal Exp	11,990	12,354	3%	364	(570)	934
(9,180)	(125)		Income	(9,305)	(10,584)	14%	(1,279)	(113)	(1,166)
11,134	79		Sub-Total	11,213	9,767	-13%	(1,446)	(1,223)	(223)
1,553	(15)	Environmental Policy & Community	Salaries	1,538	1,502	-2%	(36)	(30)	(6)
1,006	1,151		Non-Sal Exp	2,157	1,846	-14%	(311)	0	(311)
(6,267)	(1,204)		Income	(7,471)	(7,303)	-2%	168	(69)	237
(3,708)	(68)		Sub-Total	(3,776)	(3,955)	5%	(179)	(99)	(80)
3,846	(360)	Housing (GF)	Salaries	3,486	3,490	0%	4	0	4
11,104	(4,447)		Non-Sal Exp	6,657	11,165	68%	4,508	4,106	402
(11,123)	5,333		Income	(5,790)	(8,549)	48%	(2,759)	(2,142)	(617)
3,827	526		Sub-Total	4,353	6,106	40%	1,753	1,964	(211)
15,801	625	ICT Highways & Bus. Serv.	Salaries	16,426	16,284	-1%	(142)	(178)	36
10,566	772		Non-Sal Exp	11,338	11,378	0%	40	(66)	106
(5,924)	1,223		Income	(4,701)	(5,088)	8%	(387)	(166)	(221)
20,443	2,620		Sub-Total	23,063	22,574	-2%	(489)	(410)	(79)
5,912	1,703	Planning Green Spaces & Culture	Salaries	7,615	7,236	-5%	(379)	(41)	(338)
6,802	(664)		Non-Sal Exp	6,138	7,370	20%	1,232	167	1,065
(8,807)	(666)		Income	(9,473)	(10,468)	11%	(995)	(678)	(317)
3,907	373		Sub-Total	4,280	4,138	-3%	(142)	(552)	410
439	788	Public Health	Salaries	1,227	1,009	-18%	(218)	(114)	(104)
14,842	(450)		Non-Sal Exp	14,392	14,610	2%	218	114	104
(15,281)	(338)		Income	(15,619)	(15,619)	0%	0	0	0
0	0		Sub-Total	0	0		0	0	0
12,913	313	Public Safety	Salaries	13,226	12,706	-4%	(520)	0	(520)
20,394	1,487		Non-Sal Exp	21,881	21,392	-2%	(489)	(90)	(399)
(11,111)	(1,891)		Income	(13,002)	(12,383)	-5%	619	6	613
22,196	(91)		Sub-Total	22,105	21,715	-2%	(390)	(84)	(306)
51,033	2,949	Residents Services	Salaries	53,982	53,250	-1%	(732)	(899)	167
84,195	(1,657)		Non-Sal Exp	82,538	88,317	7%	5,779	4,120	1,659
(70,902)	2,092		Income	(68,810)	(74,705)	9%	(5,895)	(3,928)	(1,967)
64,326	3,384		Total	67,710	66,862	-1%	(848)	(707)	(141)

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

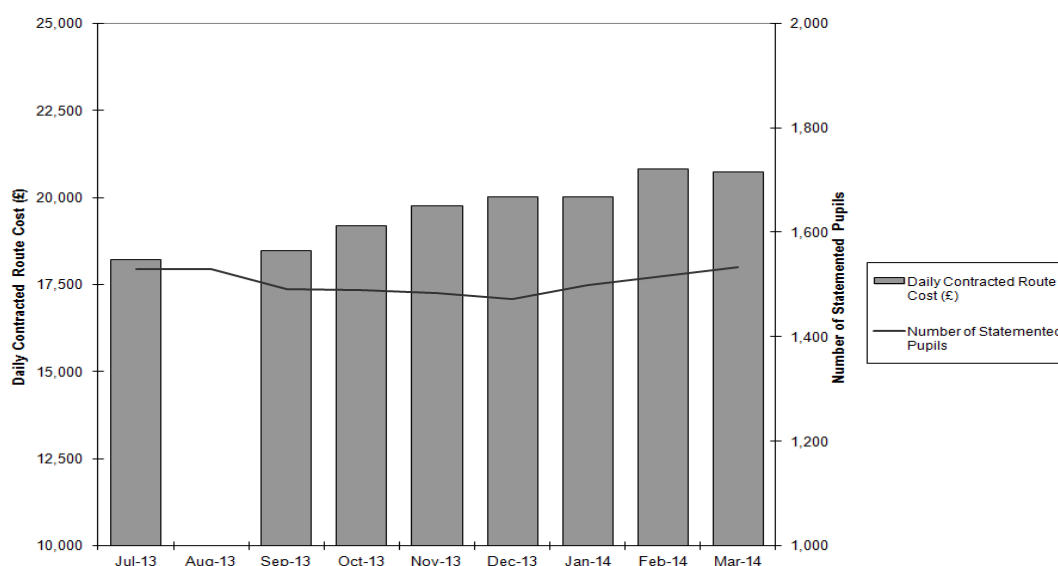
Table 2: Residents Services Contingency Items

Original Budget	Budget Changes	Current Commitments	Final Budget	Actual Needed	Variance (+ adv / - fav)		
					Outturn Variance	Variance (As at Month 11)	Change from Month 11
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2,010	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,010	2,438	428	372	56
760	0	SEN Transport	760	1,547	787	629	158
737	(737)	Impact of Welfare Reform on Homelessness	0	0	0	0	0
402	0	Carbon Reduction Commitment	402	365	(37)	(35)	(2)
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	37	0
4,556	(894)		3,662	4,877	1,215	1,003	212

9. The contingency allocation for the waste disposal levy reflected 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, leading to an underspend against the full contingency of £27k, an adverse movement of £56k compared to Month 11.

10. Special Educational Needs (SEN) Transport is an area that has seen significant pressure in the last financial year. The outturn pressure on this budget was £1,547k, which exceeded the budgeted contingency allocation of £760k by £787k, an adverse movement of £158k compared to Month 11. The adverse movement at the year-end reflects additional costs of £35k on the transport needs of existing statemented children and £123k on inter-authority recoupment. This followed recent changes in recoupment activity including settlement of a number of backdated recoupment claims.

11. The overall pressure reflects an increase in the number of routes and costs of 5% and 8% respectively, as a result of continuing increases in out of borough placements and individual transport arrangements being put in place due to more complex needs. Chart 1 below illustrates the recent trends in SEN transport contracted route costs compared to the overall numbers of statemented pupils that Hillingdon supports.



12. There was an underspend against the Carbon Reduction Commitment contingency of £37k mainly due to the exemption for un-metered supplies continuing in 2013/14, an improvement of £2k compared to Month 11.

Asset Management (£45k overspend; £348k adverse movement)

13. 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 provided a net income stream to the General Fund of £771k over the remainder of the year, an improvement of £96k compared to Month 11 mainly due to lower than expected initial garage maintenance costs.

14. There was an outturn pressure of £384k on maintenance budgets for day to day repairs for both the Civic Centre and outstations around the borough, an adverse movement of £49k compared to Month 11, continuing the impact of increased repairs required due to water damage following the wet winter. In addition, there was a pressure of £65k on the income targets for the Civic Centre due to changes in third party occupation of the Civic Centre estate, an adverse movement of £28k compared to Month 11.

15. The service also manages financial risks around the achievement of capital receipts and the delivery of the capital programme. There was an outturn deficit of £42k on the costs of asset disposals relative to buyer's premium income, and a pressure of £21k on the costs of holding empty property prior to disposal. In addition, there were pressures on the General Construction service of £304k. The capital programme was substantially reduced compared to previous years, leading to a shortfall on capitalised staff time, and this pressure was further increased by sickness absence costs which cannot be charged to projects and the costs associated with restructuring the team. This latter restructuring process will address the pressures going forward.

Education (£1,446k underspend; £223k improvement)

16. The Education service delivered all of the savings items totalling £1,369k included in the 2013/14 budget.

17. The service had a high staff turnover and a high number of staff vacancies throughout the year, which resulted in staffing underspends in the youth service (£95k), the school

improvement service (£126k), education welfare (£49k), parent support (£51k), educational psychology (£99k) and the early years' team (£121k), an overall improvement of £51k compared to Month 11. Many of these posts were vacant pending the full implementation of the children's pathway.

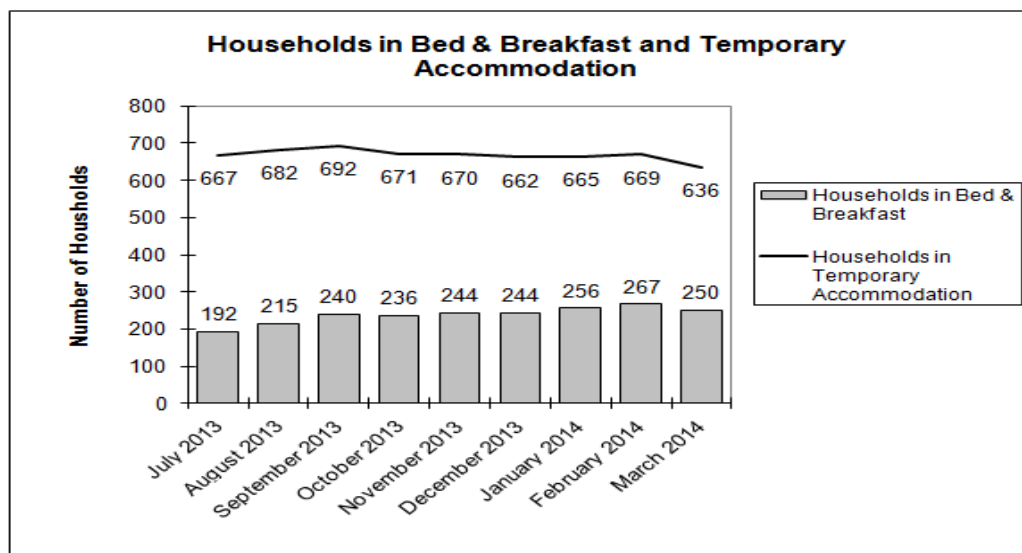
18. There was an outturn underspend of £244k on Children's Centres due to the combined impact a more corporate approach to commissioning services from the centres, and continued underspends on staffing and running costs identified in the previous financial year, an improvement of £14k compared to Month 11.
19. There was an underspend of £85k on training for early years providers, an improvement of £15k compared to Month 11. There were also underspends of £50k on bought-in support for the School Improvement Service, and of £413k from the ongoing review of discretionary and central budgets for the service, an improvement of £143k compared to Month 11. There was also an over-achievement of £113k on income mainly due to additional buy back from schools, no change compared to Month 11.

Environmental Policy & Community Engagement (£179k underspend; £80k improvement)

20. The outturn underspend resulted from the impact of vacant posts within the planning specialists (£28k) and planning policy (£31k) teams, an improvement of £29k compared to Month 11, the matching of external grant to budgeted expenditure on town centres (£57k) and air quality (£51k), an improvement of £51k compared to Month 11, 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 (£1,753k overspend; £211k improvement)

21. The Housing Needs budget has an outturn overspend of £1,753k, an improvement of £211k compared to Month 11 to a further downward revision to the forecast for Bed & breakfast (B&B) costs following the introduction of short life properties from the HRA for use as temporary accommodation.
22. Increased use of B&B accommodation accounted for £1,580k of the overspend, an improvement of £129k compared to Month 11. The number of households in B&B was 250 at the end of March, a reduction of 17 households compared to February 2014, due to the impact of the short life properties and a slowdown in the reduction in private sector leased properties. The trend in B&B households and total households in temporary accommodation over the year is shown in Chart 2 below:



23. Rent arrears were a concern during the year and the outturn B&B overspend included a provision for increased bad debt of £114k, but representing an improvement of £180k compared to Month 11. Significant staff restructuring has taken place in the housing needs service leading to redundancy costs of £196k being incurred. There were other minor underspends of £23k across the service.

ICT Highways & Business Services (£489k underspend; £79k improvement)

24. There was an outturn staffing underspend of £174k in Technical Administration and Business Support, due to the impact of vacant posts that were held open during the restructuring process for this service, an improvement of £34k compared to Month 11. There was also an underspend of £43k on Ordnance Survey mapping charges, an improvement of £3k compared to Month 11. The final underspend on winter maintenance was £81k, an improvement of £17k compared to Month 11.

25. Income from the London Common Permit Scheme exceeded the target set by £241k, an improvement of £25k compared to Month 11. No suitable sites were found for outdoor advertising leading to an outturn income pressure of £50k.

Planning Green Spaces & Culture (£142k underspend; £410k adverse movement)

26. The overall outturn deficit on Golf courses was £378k, of which £117k was released from contingency following the approval of Cabinet in December 2013, leaving a residual pressure of £261k, an adverse movement of £48k, due to an increase in course management costs, compared to Month 11.

27. Significant synergies between existing Council services and Public Health, particularly around sports and leisure provision were identified and funding realigned to produce a saving of £50k, an adverse movement of £505k compared to Month 11 due to the final allocation of this across services within the directorate.

28. The outturn pressure on building control was £105k, an adverse movement of £15k compared to Month 11, 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.

29. Development control income was ahead of the income target, resulting in a net outturn underspend of £188k, an improvement of £28k compared to Month 11.
30. There was an outturn budget surplus of £105k from Breakspear Crematorium due to continued favourable income levels and lower maintenance costs. There were other favourable income variances of £95k and minor underspends of £70k across the service.

Public Health (nil variance; no change)

31. The responsibility for Public Health transferred into the Council from 1 April 2013, and since then an exercise has been undertaken to fully integrate the new responsibilities into the Council's existing functions. During 2013/14 the full £15,281k grant has been committed in delivering the Public Health agenda, with £1,425k of funds earmarked to meet on-going commitments from 2013/14. At outturn a nil variance is reported on this ring-fenced budget.

Public Safety (£390k underspend; £306k improvement)

32. There was an outturn shortfall of £331k on off-street parking income, an adverse movement of £181k compared to Month 11, which is attributable to Cedars and Grainges multi-storey car parks in Uxbridge town centre, reflecting the continued pressures on pay and display income and a slower than expected recovery of season ticket income following the departure of Coca-Cola from their offices at Charter Place.
33. There was an outturn overspend of £101k on the imported food service, an adverse movement of £32k compared to Month 11. The overspend is attributable to a shortfall on the income targets, as income fell away at the end of the winter seasonal peak more quickly than expected and increased costs of product testing, where requirements are specified by the European Union.
34. The fleet management service has been in a transitional position as the vehicle replacement programme takes effect, and the benefits of this programme are feeding through, leading to an outturn underspend of £88k, largely generated through reductions in maintenance costs. This was partly offset by pressures on insurance claims.
35. Waste Services outturn was a £137k underspend, an improvement of £3k compared to Month 11. This was due to underspends on graffiti removal of £40k, additional recycling income of £64k and income from special collections exceeding the target set by £33k. Additional income totalling from £29k generated during 2013/14 from the introduction of the kerbside textile waste recycling service has been earmarked for charitable purposes.
36. There was an outturn underspend on the funding provided to the Metropolitan Police to cover the costs of the Police Partnership Tasking Team of £46k due to vacancies within the Police service, an underspend on the Community Safety grants programme of £55k, an underspend of £32k on the CCTV service, £19k from scrap metal licences and other underspends of £19k across the rest of the service.
37. Significant synergies between existing Council services and Public Health were identified producing a saving of £454k, an improvement of £454k compared to Month 11 due to the final allocation of this across services within the directorate.

Children's and Young Peoples Services

Revenue (General Fund): £56k underspend (£12k improvement)

38. The Children's and Young People's Service is reporting an underspend of £56k at outturn, a £12k improvement on the position at Month 11. This consists of an underspend of £359k on Salaries, an overspend of £640k on non-staffing budgets and a projected surplus of £337k on income streams. The projected variances at Month 11 are summarised in the following table, with more detail provided in the paragraphs below:

Original Budget £'000	Budget Changes £'000	Service		Month 12		% Var	Variance (+ adv / - fav)		
				Revised Budget £'000	Outturn £'000		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Change from Month 11 £'000
521	0	Adoption	Salaries	521	669	28%	148	148	(0)
1,064	0		Non-Sal Exp	1,064	1,307	23%	243	243	0
(20)	0		Income	(20)	(427)	2035%	(407)	(407)	0
1,565	0		Sub-Total	1,565	1,549	2086%	(16)	(16)	0
1,296	0	Children's Homes	Salaries	1,296	1,522	17%	226	227	(1)
2,599	-151		Non-Sal Exp	2,448	2,610	5%	162	251	(89)
(912)	0		Income	(912)	(652)	-29%	260	260	0
2,983	-151		Sub-Total	2,202	3,480	23%	648	737	(89)
1,149	67	Family Support	Salaries	1,216	1,050	-14%	(166)	(166)	0
1,269	22		Non-Sal Exp	1,291	1,352	5%	61	37	24
(127)	(56)		Income	(183)	(222)	21%	(39)	(51)	12
2,291	33		Sub-Total	2,324	2,180	-7%	(144)	(180)	36
1,420	1	Fostering	Salaries	1,421	1,248	-12%	(173)	(173)	0
5,200	437		Non-Sal Exp	5,637	5,922	5%	285	285	0
(271)	0		Income	(271)	(199)	-27%	72	72	0
6,349	438		Sub-Total	6,547	6,971	20%	184	184	0
1,347	(61)	Other Care	Salaries	1,286	1,373	7%	87	87	0
2,216	59		Non-Sal Exp	2,275	1,876	-18%	(399)	(399)	0
(518)	56		Income	(462)	(486)	5%	(24)	(25)	1
3,045	54		Sub-Total	3,100	2,763	14%	(336)	(337)	1
5,755	9	Social Workers	Salaries	5,764	5,338	-7%	(426)	(466)	40
471	(4)		Non-Sal Exp	467	694	49%	227	227	0
(304)	0		Income	(304)	(455)	50%	(151)	(151)	0
5,922	5		Sub-Total	5,967	5,577	98%	(350)	(390)	40
1,342	(2)	Youth Offending	Salaries	1,340	1,285	-4%	(55)	(55)	0
43	(3)		Non-Sal Exp	40	101	153%	61	61	0
(494)	1		Income	(493)	(541)	10%	(48)	(48)	0
891	(4)		Sub-Total	886	845	-4%	(42)	(42)	0
12,830	14	Children's And Families	Salaries	12,844	12,485	-3%	(359)	(398)	39
12,862	-1,922		Non-Sal Exp	13,222	13,862	24%	640	705	(65)
(2,646)	1		Income	(2,645)	(2,982)	1%	(337)	(350)	13
23,046	375		Sub-Total	23,421	23,365	0%	(56)	(44)	(12)

Adoption Service: £16k underspend (no change)

39. The Adoption service underspent by £16k no change on the month 11 projections. In total, the additional cost of Adoption and Special Guardianship Order placements is causing a pressure of £243k, additionally there is an overspend of £148k on staffing costs. This is netted down by the receipt of additional income of £407k, part of which

relates to income received from other local authorities for adopters that the Council has recruited, which are being used by another local authority.

Children's Homes (Residential Placements): £648k overspend (£89k improvement)

40. This service overspent by £648k, an improvement of £89k on the month 11 projections, due to a lower than anticipated increase in the number of high cost placements that were factored into the month 11 projections.

41. 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 the 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 directly impacted on the ability of the service to deliver the £300k saving that it was envisaged would be delivered through this programme. As a result of this, it was agreed to cease this grant funded programme on 31 March 2014 and be replaced with a similar support mechanism which is not constrained by the conditions of the grant.
- There was an increase in the number of Looked After Children being placed in residential accommodation, due to a surge of activity over the last 3 months, some of which related to a number of adolescents requiring more secure accommodation for their safety.

42. Additionally, there was a shortfall of £260k in income, due to a reduced contribution 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: £144k underspend (£36k adverse)

43. The Family Support service underspent by £180k, an adverse movement of £36k on the month 11 projections. The underspend is due primarily to the high level of staff vacancies across this service.

Fostering: £184k overspend (no change)

44. The Fostering service overspent by £184k, no change on the month 11 projections. The main reason for the overspend is due to a difference in the actual number of placements when compared to the MTFF projections, where it was assumed that children would be moved from Independent Fostering Agencies to In House foster care placements.

45. Evidence indicates that there has been some success in converting foster carers, 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 £285k on the placements budget, netted down by an underspend on staffing budgets.

Other Care Services: £336k underspend (£1k adverse)

46. This service underspent by £336k, an adverse movement of £1k on the month 11 projections. The underspend is due primarily to the alignment of the Public Health

responsibilities, where £468k has been identified, netted down by an overspend on staffing due to high levels of agency staff being employed and a £106k overspend on legal costs.

Social Workers: £350k underspend (£40k adverse)

47. This service underspent by £350k, an adverse movement of £40k on the month 11 projections, due to an increase in agency staffing 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. The service also received additional grant funding of £127k for Social Worker Development training, which resulted in an increase in the expenditure on the delivery of training to the relevant staff.

Youth Offending Service: £42k underspend (no change)

48. The Youth Offending Service underspent by £42k, no change on the month 11 projections. The underspend 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

49. The following table sets out the number of placements at 1 April 2014, and compares the total with the data presented in month 7 based on the October 2013 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:

March 2014	13/14 Number s	%	Annualise d Cost £000	Cost %	2013/14 Actual £000	2013/14 Budget £000
Secure/Remand Accommodation	3	1%	204	2%	210	111
Residential – Out of Borough	18	7%	2,710	30%	1,854	1,142
Residential – Joint Funded						479
Residential – Children with Disabilities					705	355
Semi Independent Living	34	13%	762	8%	782	537
Fostering Private – Long Term Matched Panel	23	9%	953	10%		
Fostering Private – Long Term Matched Court Order	3	1%	107	1%		
Fostering Private – Children with Disabilities					91	68
Fostering Private	63	25%	2516	27%	3,522	2,827
In House – Long Term Matched	11	4%	235	3%		
In House	98	39%	1665	18%	1,900	1,950
Total March 2014	253	100 %	9,152	100 %	9,064	7,469

October 2013 Reported Position	216		8,497		8,910	
Movement Between October and March	+37		+655		+154	

50. 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	1	11	6	18
Semi Independent	0	0	0	0	34	34
IFA Matched LT-Matched	0	0	2	14	7	23
IFA Not Matched	4	2	22	26	12	66
In House	15	17	32	25	20	109
Total	19	19	57	76	79	250
Percentage Distribution	8%	8%	23%	30%	32%	100%

October 2013 Reported Position	13	18	57	64	62	
Movement Between October and March	6	1	0	12	17	250

51. The analysis of the Adoption Allowances is set out below:

	2013/14 Projected £000	2013/14 Budget £000
Adoption Allowances	235	239
Post Adoption Support	166	153
Residence Order Allowances	227	270
Special Guardianship Orders Allowances	510	289
Other Payments	82	21
Total	1,220	972

Asylum Service: £917k overspend (£410k improvement)

52. The Asylum Service overspent by £917k, an improvement of £410k on the month 11 projections, due to a number of factors. The Home Office agreed at the end of April 2014 to provide the Council with additional Asylum grant funding of £200k for 2013/14, which has been accrued for. Additionally, the projections included an assumption that the Asylum Grant claim would be subject to a review and result in less grant funding being provided than submitted, however the claims are reviewed on a monthly basis providing more certainty and by implication no longer require a bad debt provision to be made, which resulted in a reduction of £80k. The remainder relates to lower costs of placements than were being projected as efficient use has been made of more local provision. The following table sets out the final year end position:

Original Budget £'000	Budget Changes £'000	Service	Month 12		% Var	Variance (+ adv / - fav)			
			Revised Budget £'000	Outturn £'000		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Change from Month 11 £'000	
2,768	529	Asylum	Salaries	3,297	2,934	-11%	(363)	(348)	(15)
2,442	365		Non-Sal Exp	2,808	3,967	41%	1,159	1,328	(169)
(5,210)	(894)		Income	(6,104)	(5,983)	-2%	121	347	(226)
0	0		Sub-Total	1	918	0	917	1,327	(410)

53. 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. The cost of supporting these children net of any grant, results in the overspend of £917k being reported, for which a sum of £1,995k has been set aside in the Corporate Risk Contingency.

54. The following table provides an analysis of the number of clients supported, which totals 318 clients, of these, 82 are non grant claimable clients. Additionally the Council has to provide subsistence and travel allowances to 128 clients.

Placement Type	Age Profile - Numbers				Total	Number of Claimable Clients				
	Under 16	16 - 18	18 - 21	Over 21		Under 16	16 - 18	18 - 21	Over 21	Total
Placement										
Accommodation Rent	0	22	105	34	161		16	83	19	118
In House Fostering	10	11	1	0	22	9	11	1		21

Independent Fostering	5	10	1		16	3	9	1		13
In House Provisions	4	34			38	4	34			38
Clients with no placement	5	12	28	36	81	3	5	20	18	46
Total Placement Costs	24	89	135	70	318	19	75	105	37	236
Other Related Costs										
Subsistence and Travel	0	14	65	23	102					
Other	4	5	6	11	26					
Total Other Related Costs	4	19	71	34	128					

Risk Contingency

55. 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 12		% Var	Variance (+ adv / - fav)		
			Revised Budget £'000	Outturn £'000		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Change from Month 11 £'000
781	0	Social Care Demographic Growth Pressure	781	781	0%	0	0	0
1,995	0	Asylum Funding Shortfall	1,995	917	33%	(1,078)	(668)	(410)
2,776	0	Sub-Total	2,776	1,698	24%	(1,078)	(668)	(410)

Adult Social Care (£371k underspend, £158k favourable movement)

The year-end position for adult social care services shows an underspend of £371k, a favourable movement against the period 11 projection of £158k, as shown below in table 1.

Table 1: Adult Social Care Operating Budgets

Original Budget	Budget Changes	Service	Month 12		% Var	Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Change from Month 11	
£'000	£'000		£'000	£'000		£'000	£'000	£'000	
6,431	(17)	Older People	Salaries	6,414	6,054	-6%	(360)	(619)	259
23,572	(164)		Non-Sal Exp	23,408	25,084	7%	1,676	1,638	38
(8,977)	620		Income	(8,357)	(9,622)	15%	(1,265)	(1,190)	(75)
21,026	439		Sub-Total	21,465	21,516	0%	51	(171)	222
1,612	41	Physical & Sensory Disability	Salaries	1,653	1,472	-11%	(181)	(191)	10
6,726	191		Non-Sal Exp	6,917	6,988	1%	71	100	(29)
(592)	0		Income	(592)	(523)	-12%	69	69	0
7,746	232		Sub-Total	7,978	7,937	-1%	(41)	(22)	(19)
5,882	(358)	Learning Disability	Salaries	5,524	5,107	-8%	(417)	(411)	(6)
21,157	1,296		Non-Sal Exp	22,453	23,033	3%	580	853	(273)
(6,281)	1,483		Income	(4,798)	(4,200)	-12%	598	618	(20)
20,758	2,421		Sub-Total	23,179	23,940	3%	761	1,060	(299)
1,526	32	Mental Health	Salaries	1,558	1,332	-15%	(226)	(218)	(8)
4,889	3		Non-Sal Exp	4,892	5,083	4%	191	198	(7)
(400)	0		Income	(400)	(430)	8%	(30)	(16)	(14)
6,015	35		Sub-Total	6,050	5,985	-1%	(65)	(36)	(29)
2,322	(517)	Adult Social Care Directorate	Salaries	1,805	1,605	-11%	(200)	(192)	(8)
(1,724)	(85)		Non-Sal Exp	(1,809)	(2,618)	45%	(809)	(843)	34
(96)	96		Income	0	(68)	N/A	(68)	(9)	(59)
502	(506)		Sub-Total	(4)	(1,081)	26925%	(1,077)	(1,044)	(33)
17,773	(819)	Adult Social Care	Salaries	16,954	15,570	-8%	(1,384)	(1,631)	247
54,620	1,241		Non-Sal Exp	55,861	57,570	3%	1,709	1,946	(237)
(16,346)	2,199		Income	(14,147)	(14,843)	5%	(696)	(528)	(168)
56,047	2,621		Total	58,668	58,297	-1%	(371)	(213)	(158)

56. Table 2 below shows the contingency for adult social care services, which reflected the demographic pressures faced by the department. The outturn position above assumes full draw down of the £10,402k budget currently held within Development & Risk Contingency.

57. The drawdown of £2,589k in respect of transitional children contingency for clients that have transferred prior to April 2013, approved at December Cabinet, is reflected in the table 2 below. As explained at Month 9 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 12)	Variance (As at Month 11)	Movement from Month 11
£'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

Older People (£51k pressure / £222k adverse movement)

58. There was an overspend across the financial year of £51k, an adverse movement of £222k as compared to the period 11 projection. The department received over £1m more client contributions than budgeted for and spent considerably less than the budget on direct payments and to a lesser extent day care. However, the department incurred significantly higher levels of spending than budgeted for in other areas, mainly residential, nursing, homecare and equipment. In addition, delays to implementation caused by the judicial review led to a failure to achieve savings of £120k.

Physical and Sensory Disabilities (£41k underspend / £19k improvement)

59. There was an underspend across the financial year of £41k, a favourable movement of £19k as compared to the period 11 projection. The year-end underspend arose because of vacancies against the approved establishment, largely but not fully offset by some pressures against the placements.

Learning Disabilities (£761k pressure / £299k improvement)

60. There was an overspend across the financial year of £761k, a favourable movement of £299k as compared to the period 11 projection. The year-end position included an underspend of just under £420k against the salaries budget, mainly a reflection of ongoing vacancies against the approved structure. This was more than offset by the failure to achieve savings of £464k, a consequence of delays to implementation caused by the judicial review. There was a pressure on the placements budgets in excess of £1m.

61. The favourable movement arising between the period 11 projection and year-end outturn is largely explained by a £212k favourable settlement of disputes and £108k in refunds from providers, partially offset by minor adverse movements.

Mental Health (£65k underspend / £29k improvement)

62. There was an underspend across the financial year of £66k, a favourable movement of £30k as compared to the period 11 projection. The main reasons for the net underspend were significantly lower spending than budgeted for (approximately £220k) against the staffing budgets, arising from vacancies against the approved structure, offset to a large extent by supporting service users with no recourse to public funds (£182k).

Social Care Directorate (£1,077k underspend / £33k improvement)

63. There was an underspend across the financial year of just over £1,000k, a favourable movement of £33k as compared to the period 11 projection. This arose mainly as a consequence of ongoing vacancies against the approved staffing establishment of £201k and efficiency savings of approximately £770k from aligning public health responsibilities and objectives with council service provision.

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 outturn movement on the DSG central reserve carried forward for 2013/14 is summarised in the following table:

Original Budget £'000	Budget Changes £'000		Outturn		% Var	Variance (+ adv / - fav)		
			Final Budget £'000	Actual Outturn £'000		Outturn Variance £'000	Variance (As at Month 11) £'000	Change from Month 11 £'000
(171,267)	25,415	DSG Income	(145,852)	(146,042)	0%	(190)	0	(190)
171,283	(55,463)	Delegated to Schools	115,820	114,224	-1%	(1,596)	(1,154)	(442)
(16)	2,455	Early Years	2,439	1,420	-42%	(1,019)	(987)	(32)
	2,762	Schools (Retained)	2,762	3,504	27%	742	(488)	1,230
	24,831	SEN	24,831	23,822	-4%	(1,009)	(465)	(544)
0	0	Total Schools Budget	0	(3,072)		(3,072)	(3,094)	22
(709)	0	Balances b/fwd 01/04/13	(709)	(709)		0	0	0
(709)	0	Balances c/fwd 31/03/14	(709)	(3,781)		(3,072)	(3,094)	22

3. The outturn underspend of £3,072k was due primarily to an underspend of £2,068k on the two year old free entitlement offer, where the take up was less than the number of places on offer, an adverse movement of £23k compared to Month 11.
4. There was an underspend on joint funded placements of £558k, an improvement of £3k compared to Month 11, where action taken by the local authority to place children nearer to home resulted in a significant decrease in the numbers placed in residential placements.
5. The other major variances across the budget were an underspend of £333k on fees at independent schools, an improvement of £146k compared to Month 11, primarily due to a slowdown in the number of children being issued with a statement of special educational needs (SEN) over the last term, and a net underspend of £113 on other SEN provision.

In year over or underspends are allowed to be carried forward within the DSG central reserve. At the end of 2013/14 the in-year underspend of £3,072k has been added to the DSG central reserve brought forward balance of £709k, resulting in a reserve level of £3,781k as at 31 March 2014, an adverse movement of £22k compared to Month 11. At its meeting on 20 January 2014, Schools Forum made a number of decisions on the use of this balance in 2014/15.

Parking Revenue Account

6. 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		Outturn		% Var	Variance (+ adv / - fav)		
			Final Budget £'000	Actual Outturn £'000		Outturn Variance £'000	Variance (As at Month 11) £'000	Change from Month 11 £'000
(4,387)	0	Income	(4,387)	(3,726)	-15%	661	620	41
4,295	0	Expenditure	4,295	3,878	-10%	(417)	(374)	(43)
(92)	0	In year Surplus / Deficit	(92)	152	-265%	244	246	(2)
(76)	0	Unallocated Balances b/fwd 01/04/13	(76)	(76)		0	0	0
(168)	0	Unallocated Balances c/fwd 31/03/14	(168)	76		244	246	(2)

7. There was an outturn in-year deficit of £152k for the 2013/14 financial year, an improvement of £2k compared to Month 11. There was a total shortfall of income of £661k, 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 £302k 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 £41k compared to Month 11 due to further external delays in progressing bailiff recovery. The income pressure is offset by compensating savings totalling £509k, from the enforcement contract (£221k), an improvement of £6k compared to Month 11, and various staffing and non-pay budgets (£196k), an improvement of £37k compared to Month 11, together with the budgeted surplus of £92k.

Collection Fund

8. 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 forecast surplus of £3,610k as at Month 10 was factored into the 2014/15 General Fund budget, with the net improvement of £209k reported a outturn available for release to the General Fund in 2015/16. This movement includes an improvement of £354k on Council Tax and an adverse movement of £146k on NNDR.

Original Budget	Budget Changes		Month 12		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(112,926)	0	Gross Council Tax Income	(112,926)	(114,480)	(1,554)	(1,200)	(354)
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)	(101,765)	(3,964)	(3,610)	(354)
(99,398)	0	Gross NNDR Income	(99,398)	(99,010)	388	0	388
(200)	0	Section 31 Grants	(200)	(496)	(296)	0	(296)
58,027	0	Less: Tariff	58,027	58,027	0	0	0
(60)	0	Less: Levy	60	113	53	0	53
(41,511)	0	Net NNDR Income	(41,511)	(41,365)	146	0	146

9. The in-year Council Tax Surplus of £1,554k is primarily attributable to new developments coming on stream sooner than anticipated at budget setting, whereas the improvement of £354k reported from Month 11 includes a reduction in the provision for doubtful debt. The brought forward surplus of £2,410k brings the net surplus for the year to £3,964k.

10. A minor adverse movement of £146k is reported on NNDR at outturn as funds have been set aside to manage the risk associated with backdated appeal losses. It is expected that future appeal losses can be managed through the Council's share of the £4,295k provision set aside in 2013/14 and the £6,000k budgeted 2015/16 provision - however this position will continue to be monitored and reported to Cabinet.

Appendix C – Housing Revenue Account

- The Housing Revenue Account (HRA) is forecast to generate an in-year operating surplus (before recommended capital contributions) of £3,732k, £1,401k lower when compared to Month 11 forecast. The surplus is mainly due to a reduction in the major works programme (£3,230k), lower planned maintenance costs (£2,021k), lower management costs (£425k), lower contingency usage (£770k), lower interest charges (£692k) offset by increased debt repayment (£2,354k) and a reduction in rent income (£1,100k).

Table 1: HRA Overview 2013/14

Original Budget	Budget Changes		Month 12		% Var	Variance (+ adv / - fav)		
			Revised Budget	Actual Outturn		Variance (As at Month 12)	Variance (As at Month 11)	Change Month 11
£'000	£'000		£'000	£'000		£'000	£'000	£'000
10,537	1,260	Housing Management	11,797	11,372	-7%	(425)	(997)	572
12,341	(1,033)	Repairs & Maintenance	11,308	9,287	0%	(2,021)	(2,000)	(21)
17,838	(162)	Major Works	17,676	14,446	-26%	(3,230)	(4,660)	1,430
1,357	0	Development & Risk Contingency	1,357	587	-41%	(770)	(757)	(13)
15,307	(65)	Interest & Investment Income	15,242	16,904	0%	1,662	2,000	(338)
57,380	0	Total Net Expenditure	57,380	52,596	-11%	(4,784)	(6,414)	1,630
(57,428)	0	Rental Income	(57,428)	(56,328)		1,100	1,329	(229)
(48)	0	Net Total	(48)	(3,732)		(3,684)	(5,085)	1,401
(19,088)	0	Balances b/fwd 01/04/13	(19,088)	(19,088)				
(19,136)	0	Balances c/fwd 31/03/14	(19,136)	(22,820)				

- Housing Management outturn of £425k, includes an operating budget under spend of £1,062k, a £65k improvement compared to Month 11, which is offset by an increase of £637k in the provision for dilapidations (nil reported in month 11). The closure of area offices has been examined in respect of lease obligations and the additional provision is necessary for the Yiewsley & Ruislip offices which are now vacated. Discussions with owners are ongoing as there may be potential development opportunities and the possibility of using empty property grants, subject to agreement and formal approval processes. The total provision required to manage area office dilapidations, including Hayes, is £1,037k.
- The Repairs and Maintenance budget under spend was £2,021k, £21k improvement compared to Month 11 due mainly to lower planned maintenance activities £121k, offset by a recommended provision for dilapidations on the Newport road lease of £100k.

4. The Major Works budget under spend was £3,230k, £1,430k lower than the Month 11 projection, with £4,750k being transferring into the Major repairs Reserve to finance the re-profiling of planned 2013/14 capital works into 2014/15.
5. The rental income shortfall was £1,100k which is £229k lower compared to period 11. This is largely due to improvements in the financial control systems interfaces and favourable movements on year-end income reconciliations.
6. An additional provision for Debt repayment of £2,354k is recommended, £2,000k of which will be utilised in April 2014 to repay a maturing loan. Interest charges were £354k lower than budget which allows the amount set aside for repayment of debt to be increased by the same amount. Lower management costs and an improved outturn on investment income accounts for the £338k movement from Month 11 forecasts.
7. Investment income from balances was £338k higher than budget.
8. The Major Repairs reserve projected balance was reported to council 20th February 2014 as part of the 2014/15 Budget report. The proposed closing position is summarised below.

Movement of Reserve	2013/14 Outturn	Forecast at Budget Report 2014/15	Change
	£ 000's	£ 000's	£ 000's
Opening Balance	1,123	1,123	0
Depreciation	9,492	9,002	490
RCCO (incl. 2013/14 Surplus)	4,750	8,674	-3,924
Capital Programme Funding	-3,986	-10,026	6,040
Balance Carried Forward	11,379	8,773	2,606

Appendix D – Capital Programme Outturn

General Fund Capital Programme

1. General Fund capital expenditure outturn totalled £87,233k against a revised budget of £108,651k resulting in an overall under spend of £21,418k in 2013/14. Table 1 provides details of the outturn position by directorate:

Table 1 – General Fund Capital Programme

2013/14 General Fund Capital Programme Outturn					Analysis of 2013/14 Variance		
Directorate	2013/14 Budget £'000	2013/14 Actual £'000	2013/14 Variance £'000	2013/14 Variance Month 11 £'000	2013/14 Variance £'000	Re-Phasing into 2014/15 £'000	2013/14 Cost Variance £'000
Asset Management	5,740	1,319	-4,421	-4,460	-4,421	-784	-3,637
Education (Schools Expansions)	59,148	54,627	-4,521	-9,133	-4,521	5,105	-9,626
Education (Other)	4,418	3,203	-1,215	-931	-1,215	-902	-313
Environmental Policy & Community Engagement	9,655	7,764	-1,891	-1,655	-1,891	-1,858	-33
Housing General Fund	3,881	2,169	-1,712	-1,833	-1,712	-210	-1,502
ICT Highways and Business Services	12,702	8,077	-4,625	-4,141	-4,625	-3,087	-1,538
Planning, Green Spaces & Culture	1,739	901	-838	-776	-838	-635	-203
Public Safety	10,131	8,974	-1,157	-793	-1,157	-1,241	84
Adult Social Care Services	100	94	-6	-	-6		-6
Total Main Programme	107,514	87,128	-20,386	-23,722	-20,386	-3,612	-16,774
Contingency & Other Items	1,137	105	-1,032	-937	-1,032	-95	-937
Total Capital Programme	108,651	87,233	-21,418	-24,659	-21,418	-3,707	-17,711

2. The total under spend of £21,418k consists of £17,711k cost variances and £3,707k net slippage proposed to be re-phased into 2014/15 financial year. The cost variance is a combination of cost under spends and projects that are not proceeding. The actual outturn of £87,233k was higher than the Month 11 forecast by £3,303k due mainly to the expenditure profile of the Schools Expansion programme achieving significantly higher spend than the Month 11 forecast.
3. Table 2 below set outs the financing of the General Fund capital programme in 2013/14:

Table 2 – General Fund Capital Financing

	2013/14 Revised Budget £'000	2013/14 Actual £'000	2013/14 Variance £'000	Re-phasing into 2014/15 £'000	2013/14 Cost Variance
Prudential Borrowing	33,796	8,097	-25,699	-7,994	-17,705
Capital Receipts Applied	9,024	9,582	558	558	0
Revenue Contributions	2,157	2,157	0	0	0
Total Council Resources	44,977	19,836	-25,141	-7,436	-17,705
Grants Applied	53,546	57,279	3,733	3,739	-6
Section 106 Contributions	8,238	8,228	-10	-10	0
Other Third Party Contributions	1,890	1,890	0	0	0
Grand Total	108,651	87,233	-21,418	-3,707	-17,711

4. The overall under spend of £21,418k is comprised of £25,141k on Council resourced schemes offset by £3,723k on schemes funded from grants and contributions. The variance on grants is primarily due to the increased spend on the Schools Expansions Programme which resulted in grant previously profiled in the 2014/15 budget being utilised in advance.
5. General Fund capital receipts achieved for the year totalled £9,582k which were fully applied in year to minimise prudential borrowing. Major sales included all the ten flats at Elizabeth Court, five of the flats at Broadmead Court and the Hayes pool site.
6. Prudential borrowing totalled £8,097k which represents a reduction of £5,106k from the Month 11 forecast. This reduction was achieved by increased use of Section 106 monies and maximising use of un-ringfenced grants.
7. A summary of the main cost variances and proposed re-phasing across the General Fund programme are provided by directorate in the paragraphs below.

Asset Management

8. Cost under spends totalling £3,637k largely comprised two schemes that did not proceed (South Ruislip Plot B development and Civic Centre CHP and Energy Saving Projects) due to review of strategic plans. The Property Works Programme was under spent by £520k and existing schemes to be completed will require funding from the 2014/15 budget allocation.
9. Proposed re-phasing of £784k includes the Queenswalk Development project (£682k) which is expected to be complete by the end of July.

Education (Schools Expansions Programme)

10. Works are progressing to deliver new school places within target deadlines and this is reflected by the level of spend being ahead of 2013/14 revised budget. The change in the actual expenditure profile results in £5,105k no longer required in the 2014/15 revised budget.
11. The cost under spend of £9,626k is due to the contract awards achieving a lower price than originally budgeted before tenders were completed.

Education (Other)

12. Proposed re-phasing relates mainly to slippage of £558k on the Schools Conditions programme for existing projects that are to be completed in the new financial year. There is also further on Children's Centres projects and Devolved Formula Capital.

Environmental Policy & Community Engagement

13. The total re-phasing relates mainly to slippage on the Transport for London programme (£1,005k) and the Chrysalis Programme (£895k) to complete existing projects in the new financial year.
14. This is offset by Town Centres Initiatives expenditure which was £77k ahead of planned budget at year end.

Housing General Fund

15. The cost under spend includes the uncommitted level of funding totalling £973k on Disabled Facilities Grants, Private Sector Renewal Grant and Adaptations for Adopted Children.
16. The Supported Housing programme has committed expenditure of £210k which requires re-phasing. The remaining budget was unspent.

ICT, Highways & Business Services

17. The proposed re-phasing includes £1,961k on Highways Structural Works to complete the roads improvements programme early in the new financial year. In addition £200k is required to be re-phased for committed expenditure on the Vehicles Replacement Programme and £122k for the Migration to Windows 7 project which is due to be completed in 2014/15.
18. The Civic Centre Works programme has several existing schemes in progress which require £787k re-phasing. The remaining funding of £1,326k on this budget forms the bulk of the overall cost under spend.

Planning, Green Spaces & Culture

19. The cost under spend includes £154k unallocated Sports & Cultural funding and further small savings on two other schemes. The proposed re-phasing of £635k includes the

existing remaining budget on Hillingdon Sports & Leisure Centre (£382k), to mitigate outstanding completion cost pressures on this scheme.

20. Yiewsley Pool development is in early stages and requires £106k re-phasing.

Public Safety

21. The proposed re-phasing includes Environmental Assets (£666k) to complete existing projects and also contains £172k unallocated element to be made available for new projects in 2014/15. These are in addition to the £300k funding that was previously re-phased at Month 7.

22. Other re-phasing includes the Central Library Refurbishment (£185k) and New Years Green Lane Civic Amenity Site (£225k) to close out these projects.

23. The cost variance comprises the in year over spend on the Hayes End Library Development completion works (£149k) offset by some savings on other schemes.

Adult Social Care

24. The grant funded scheme to refurbish Harefield Nursing Home has been completed with a £6k under spend. The remaining grant must be returned to the Department of Health.

Housing Revenue Account (HRA) Capital Programme

25. HRA capital expenditure totalled £3,930k comprising £3,655k on Works to Stock capitalised works and £275k on New Build schemes. Table 3 below sets out the outturn position.

Table 3

2013/14 HRA Capital Expenditure Outturn					Analysis of 2013/14 Variance		
	2013/14 Revised Budget £'000	2013/14 Actual £'000	2013/14 Variance £'000	2013/14 Variance Month 11 £'000	2013/14 Variance £'000	Re-Phasing into 2014/15 £'000	2013/14 Cost Variance £'000
Works to Stock - Capital	15,297	3,655	-11,642	-12,890	-11,642	-	-11,642
New Build Schemes	357	275	-82	109	-82	-227	145
Grand Total	15,654	3,930	-11,724	-12,781	-11,724	-227	-11,497

26. The Works to Stock overall programme consists of capital and revenue with a total budget of £17,676k inclusive of the above amount. The under spend has arisen due to detailed proposals on various work streams being under development during the year.

27. The New Build programme consists of four schemes at various sites. Re-phasing of the £227k remaining budget on two of the schemes is required to complete those projects in 2014/15. There has been an over spend of £145k mainly relating to costs on final account on Learning Disability sites.

28. The HRA programme was funded from £3,828k contributions from the Major Repairs Reserve and £102k grant funding.
29. There were 106 Right to Buy sales completed in 2013/14 totalling £10,203k. The amount the Council is able to retain for investing in housing stock regeneration is £7,519k. The funds must be spent or committed with a deadline three years from each quarterly retained receipt.
30. In addition there were also £631k in HRA non dwelling receipts generated. These will be carried forward to fund the future capital programme or be applied for repayment of debt.

Appendix E – Treasury Management Report as at 31 March 2014

1. Summary

This report summaries the Council's treasury management activities during 2013/14 and presents details of capital financing, borrowing, debt management and investment transactions alongside an outturn position.

During the year the Council utilised internal balances and no new borrowing was taken to fund capital expenditure. The Council's loan portfolio has average rate of 3.00%. The portfolio was reduced by £10.3m with debt that matured naturally leaving a balance at year end of £336.2m (GF £86.6m, HRA £249.6m). The total interest paid over the year totalled £10.2m (GF £2.9m, HRA £7.3m).

Investment income returns for the year on internally managed cash yielded 0.48% (0.66% 2012/13), resulting in total investment income this year of £629k.

At the start of the financial year there were unpaid investments with Icelandic banks; Heritable (£3.4m) and Landsbanki (£2.6m). During the year the administrators of Heritable issued a dividend leaving a balance of £0.9m outstanding at year end. The Landsbanki winding up board issued an interim dividend, which was followed by the sale of the claim in final settlement of the issue.

2. The Borrowing Requirement and Debt Management

	Balance on 31/3/2013 £m	New Borrowing £m	Debt Maturing £m	Debt Prematurely Repaid £m	Balance on 31/3/2014 £m	Average Rate %
CFR	408.00				402.91	
GF Loans						
PWLB Fixed Rate	67.93	-	5.28	-	62.65	3.45
Market Fixed Rate	15.00	-	-	-	15.00	4.28
PWLB Variable Rate	10.50	-	1.50	-	9.00	0.56
Total GF Loans	93.43	0.00	6.78	0.00	86.65	3.30
HRA Loans						
PWLB Fixed Rate	180.07	-	3.50	-	176.57	3.20
Market Fixed Rate	33.00	-	-	-	33.00	4.03
PWLB Variable Rate	40.00	-	-	-	40.00	0.57
Total HRA Loans	253.07	0.00	3.50	0.00	249.57	2.89
Total Loans	346.50	0.00	10.28	0.00	336.22	3.00
Other Long Term Liabilities	2.74		0.26		2.48	
Total External Debt	349.24		10.54		338.70	

The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR) which, as at 31/3/2014, was £403m (31/3/2013 £408m). The Council's borrowing requirement, the difference between the CFR and total physical borrowing, was £66.69m. This amount represents the level of internal borrowing, primarily supported by the Council's own reserves.

The Council holds £288.22m of PWLB debt (£71.65m General Fund and £216.57m HRA) containing a broad range of loan types including both Maturity and EIP loans with fixed and variable rates and with varying maturities. With interest rates remaining low the strategy of holding a proportion of variable rate debt proved successful as a hedge against the fixed element.

The Council has £48m of market loans (£15m General Fund and £33m HRA), which are LOBO loans (Lender's Options Borrower's Option), of which £10m of loans were in their option state in 2013/14. During the year the lenders of these loans did not exercise any call options and therefore the loans remain outstanding on the same terms.

The Council's loan portfolio has an average rate 3.00% with the General Fund Loans average rate of 3.30% and HRA average rate of 2.89%. By using internal resources in lieu of borrowing, loan interest costs for the year totalled £10.2m, avoiding interest costs of £2.0m that would have been incurred otherwise. There was no early repayment of debt in year due to premiums charged on premature repayment being cost prohibitive.

3. Investment Activity

The table below shows investment balances on 31st March 2014, the lowest level of balances during the year due to lower Council Tax and NNDR receipts during March. The average balance of investments over the year was £135.6m.

Investments	Balance on 31/3/2013 £m	Balance on 31/03/2014 £m
Call Accounts	23.70	10.50
Notice Accounts	7.00	7.00
Money Market Funds	30.10	25.50
Short Term Investments	25.60	50.40
Long Term Investments	0.00	7.00
Investment Default (Principal only)	6.00	0.80
Total Investments	92.40	101.20
Average Rate % Received	0.66%	0.48%

Security of capital remained the Council's chief investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14. Investments during the year included deposits with the Debt Management Office, Local Authorities, investments in AAA-rated Money Market Funds and deposits, both instant access and fixed term with Banks and Building Societies systematically important to the UK banking system.

Credit Risk: Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A- across all three rating agencies, Fitch, Standard & Poor's and Moody's). However reliance does not rest solely with these agencies and are supplemented by use of market/economic information, media updates and intelligence from the Council's Treasury Advisors.

Liquidity: In keeping with CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds, overnight deposits and the use of call accounts.

Yield: The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year with short term money market rates also remaining at very low levels. Short-term money was placed in fixed term deposits when capacity allowed as these were paying higher rates of interest than those offered on most instant access accounts. Once capacity was exhausted instant access accounts were utilised. A small proportion of longer dated deposits were placed to enhance income in a low interest rate environment. The two approaches resulted in an average return on Investments of 0.48%

All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

Update on Investments with Icelandic Banks

At the beginning of 2013/14 the Council had unpaid investments of £3.4m with Heritable Bank and £2.6m with Landsbanki Islands. During the year a dividend was received from the administrators of Heritable of £2.5m (16.74% of the claim value). Total dividends received for Heritable at the end of March equated to 94.02% of the claim value.

The administrators of Landsbanki issued a dividend this year of £0.3m, which was 4.98% of the claim value, bringing the total received to 52% of the total claim. Furthermore, on the 30th January 2014 the Council successfully sold its claim against Landsbanki through an auction process conducted by Deutsche Bank. The agreed final auction price exceeded the reserve set by the Council and the auction proceeds were received on 3rd February 14 in full and final settlement of the claim.

4. Compliance with the Prudential Code and Prudential Indicators

The Local Government Act 2003 gave freedoms to Local Authorities to borrow subject to macro economic considerations however, only on condition that compliance with the Prudential Code is observed. The code developed a series of 'prudential indicators' (Appendix 1) that were designed to provide greater information to the council tax payer and the rent payer on the impact of any borrowing decisions taken.

The main objectives of the prudential code are to demonstrate affordability of the authority's capital expenditure plans and ensure prudent external borrowing levels, which are sustainable in the future. It also verifies that treasury management decisions are taken in accordance with best professional practice.

The Council can confirm that it has complied with its Prudential Indicators for 2013/14, set in February 2013 as part of the Council's Treasury Management Strategy Statement. The levels of debt were measured on an ongoing basis during the year for compliance with the Authorised Limit of £517m and the Operational Boundary of £487m, the former being somewhat higher to allow for fluctuations in cash-flow. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £349.24m.

Upper Limits for Interest Rate Exposure:

Upper Limits for Interest Rate Exposure	Actual Level at 31/03/14 %	2013/14 Approved %
Upper Limit for Fixed Interest Rate Exposure on Debt	86	100
Upper Limit for Fixed Interest Rate Exposure on Investments	(7)	(75)
Upper Limit for Variable Interest Rate Exposure on Debt	14	50
Upper Limit for Variable Interest Rate Exposure on Investments	(93)	(100)

Maturity Structure of Fixed Rate borrowing:

	Upper limit %	Lower limit %	Actual Borrowing as at 31/3/2014 (£m)	Percentage of total as at 31/3/2014
under 12 months	25	0	7.78	2.71%
12 months and within 24 months	25	0	10.78	3.75%
24 months and within 5 years	50	0	37.33	13.00%
5 years and within 10 years	75	0	50.17	17.46%
10 years and within 20 years	100	0	60.00	20.89%
20 years and within 30 years	100	0	44.56	15.52%
30 years and within 40 years	100	0	5.00	1.74%
40 years and within 50 years	100	0	23.60	8.22%
50 years and above	100	0	48.00	16.71%

For 2013/14 the Prudential Indicator which limits principal sums invested for periods longer than 364 days was set at £64m. During the year there was one £7m fixed term deposits placed for more than 364 days. Non-treasury related Prudential Indicators are included in Appendix 1.

5. Balanced Budget

The Council complied with the Balanced Budget requirement.

6. Training

As part of the Council's continuous performance and development programmes, officers received treasury management training by attending workshops and seminars provided by CIPFA and the Council's treasury advisers Arlingclose.

Non Treasury Prudential Indicators 2013/14

1 Estimated and Actual Capital Expenditure

Prudential Indicator	2013/14	2013/14
Capital Expenditure	Estimated £m	Outturn £m
General Fund	91.6	87.3
HRA	26.0	3.9
Total	117.6	91.2

2 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

Prudential Indicator	2013/14	2013/14
Ratio of Financing Costs to Net Revenue Stream	Estimated %	Outturn %
General Fund	3.83%	3.50%
HRA	20.05%	26.69%
Total	7.30%	8.38%

3 Capital Financing Requirement

Prudential Indicator	Estimated (£m)	Outturn (£m)
CFR	31/03/14	31/03/14
General Fund	221	184
HRA	251	219
Total	472	403

The Council had no difficulty meeting its CFR in 2013/14. On both General Fund & Housing Revenue Account there has been significant rephasing of projects to be funded from borrowing in future years, accounting for the reduction in capital expenditure & CFR for 2013/14.

4 Actual External Debt

Actual External Debt as at 31/03/2014	£m
Borrowing	336.22
Other Long-term Liabilities	2.48
Total	338.70

5 Incremental Impact of Capital Investment Decisions

Incremental Impact of Capital Investment Decisions	2013/14 (£)
Increase in Band D Council tax	6.60
Increase in average weekly housing rents	0.00

As an indicator of affordability, the Incremental Impact of Capital Decision shows the notional impact of capital investment decisions on Council Tax and Housing Rent levels and represents the impact on these if the financing of the capital programme were to be funded from taxes and rents. However, in reality there are no consequential increases to Council Tax or Rents as much of the capital programme is funded from grants, the sale of released or newly created assets, revenue savings for invest to save schemes and additional rental income streams for HRA developments.

6 HRA Limit on Indebtedness (England Only)

HRA Debt Cap (as prescribed by CLG)	£303.3m				
	31/03/2014 Estimated £m	31/03/2014 Revised £m	31/03/2014 Actual £m	31/03/2015 Estimate £m	31/03/16 Estimate £m
HRA CFR	251.0	251.0	219.0	224.0	217.0
Difference	52.3	52.3	82.3	79.3	86.3

All 2013/14 estimated comparator figures are sourced from the 2013/14 Treasury Management Strategy Statement.

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	Previously Approved £'000	Approved £'000	Total Spend £'000
Administration					
In-House Barrister ASC & ECS	01-May-14	30-Oct-14	24	40	64
Residents Services					
Project Manager	09-Jun-14	17-Oct-14	100	28	128
Senior Project Engineer	27-Jun-14	26-Jun-15	54	68	122
Asset Strategy and Delivery Manager	06-May-14	04-Aug-14	33	33	66
Maintenance Manager	12-May-14	08-Aug-14	72	19	91
Senior Project Engineer	06-Jun-14	06-Dec-14	62	34	96
Roofer	07-Apr-14	04-Jul-14	40	10	50
Multi-trade	21-Apr-14	18-Jul-14	43	10	53
Highway Engineer	09-Jun-14	28-Nov-14	49	28	77
Highways Project Engineer	23-May-14	08-Nov-14	67	30	97
Adult Social Care					
Social Worker (Care Manager)	05-May-14	01-Jun-14	90	4	94
Team Manager (Access)	02-Jun-14	29-Jun-14	55	6	61
Residential Care Worker (Colham Road)	02-Jun-14	03-Aug-14	110	4	114
Residential Care Worker (Colham Road)	02-Jun-14	03-Aug-14	110	4	114
Team Leader (Chapel Lane)	02-Jun-14	03-Aug-14	82	3	85
Floating Support Worker (Adult Resources - Floating Support South)	02-Jun-14	29-Jun-14	63	2	65
Residential Care Worker (Hatton Grove)	02-Jun-14	29-Jun-14	84	1	85
Residential Care Worker (Hatton Grove)	02-Jun-14	29-Jun-14	84	1	85
Day Centre Officer - Woodside Day Centre	02-Jun-14	03-Aug-14	95	4	99

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Day Centre Officer - Woodside Day Centre	02-Jun-14	03-Aug-14	78	1	79
Lead Approved Mental Health Practitioner	02-Jun-14	29-Jun-14	58	4	62
Occupational Therapist	02-Jun-14	29-Jun-14	85	4	89
Children & Young People's Services					
Waking Night Residential Care Worker	05-May-14	29-Jun-14	68	1	69
Service Improvement Manager	05-May-14	29-Jun-14	96	22	118
Head of Childrens Services	05-May-14	29-Jun-14	55	33	88
Placements Manager	05-May-14	29-Jun-14	58	17	75
Waking Night Residential Care Worker	05-May-14	29-Jun-14	74	2	76
Waking Night Residential Care Worker	05-May-14	29-Jun-14	102	3	105
Social Worker Triage (MASH)	05-May-14	29-Jun-14	95	11	106
Residential Care Worker	05-May-14	29-Jun-14	72	5	77
Waking Night Residential Care Worker	05-May-14	29-Jun-14	80	6	86
Team Manager	05-May-14	29-Jun-14	53	14	67
Senior Social Worker	02-Jun-14	29-Jun-14	61	5	66
Social Worker / Senior Social Worker	02-Jun-14	29-Jun-14	144	5	149
Service Manager	02-Jun-14	29-Jun-14	94	11	105
Deputy Team Manager	02-Jun-14	29-Jun-14	84	5	89
Social Worker	02-Jun-14	29-Jun-14	46	4	50
Social Worker / Senior Social Worker	02-Jun-14	29-Jun-14	118	4	122
Social Worker	02-Jun-14	29-Jun-14	44	4	48
Snr SW Triage (Mash)	02-Jun-14	29-Jun-14	111	5	116
Deputy Team Manager	02-Jun-14	29-Jun-14	146	5	151
Deputy Team Manager	02-Jun-14	29-Jun-14	57	5	62
Social Worker	02-Jun-14	29-Jun-14	71	4	75
Social Worker	02-Jun-14	29-Jun-14	49	4	53
Senior Social Worker	02-Jun-14	29-Jun-14	118	5	123
Senior Social Worker	02-Jun-14	29-Jun-14	89	5	94

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Senior Social Worker	02-Jun-14	29-Jun-14	107	5	112
Senior Social Worker	02-Jun-14	29-Jun-14	68	5	73
Social Worker	02-Jun-14	29-Jun-14	104	5	109
Social Worker	02-Jun-14	29-Jun-14	125	5	130
Senior Social Worker	02-Jun-14	29-Jun-14	62	5	67
Senior Social Worker	02-Jun-14	29-Jun-14	49	5	54
Deputy Team Manager	02-Jun-14	29-Jun-14	74	5	79
Senior Social Worker	02-Jun-14	29-Jun-14	76	5	80
Residential Staff	05-May-14	29-Jun-14	91	3	94
Senior Social Worker	02-Jun-14	29-Jun-14	52	5	57
Deputy Team Manager	02-Jun-14	29-Jun-14	78	6	84

Appendix G – RESIDENTS SERVICES - PRIVATE SECTOR LEASING SCHEME UPDATE

Cabinet on 21 November 2013 agreed:

'In principle to establish an in-house Private Sector Leasing scheme and delegate all necessary decisions to progress this to the Deputy Chief Executive and Corporate Director for Residents Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, with details of the final scheme being reported back to Cabinet for ratification.'

Since then, officers have worked with the Leader of the Council and relevant Cabinet Members to devise a scheme which will increase the supply of temporary accommodation and alleviate the pressures on the temporary accommodation budget from the increased use of more expensive nightly/bed and breakfast accommodation.

Within Hillingdon the procuring of properties to lease for the use of homeless households has largely been contracted to specialist providers such as Housing Associations or companies such as Orchard and Shipman. The council does however already procure properties directly from Landlords via its Finders fee team and when Private Sector Housing brings Empty Properties into use. Many London authorities already operate direct leasing schemes as well as having arrangements with Housing associations and agents.

The key elements of the Hillingdon scheme are as follows:

- The scheme will allow landlords to lease their properties for a fixed period of three years directly to the council.
- Properties that are leased need to be in a good condition and the standard is to be based on the West London Standards for properties let for temporary accommodation and leased direct lettings.
- The location of properties leased under this scheme will be restricted to within the borough or its immediate boundaries.
- The council will manage the property and make good any damage that may be caused by occupants.

It is considered that both the initial procurement of properties and the subsequent management of them can be undertaken within existing staff resources. A team has been established to be a one-stop contact point with interested landlords so that the menu of options that are available to landlords who are interested in letting their properties to the council or homeless households can be discussed with them. This team have the responsibility for negotiating with the landlord and procuring the properties, with all offers for the scheme subject to procurement, finance, budget-holder and Leader approval.

The increase in private sector rents means that Private Sector Leasing is no longer a cost neutral option, but remains a relatively low cost option when compared with the current cost of placing families in bed and Breakfast accommodation. The council's rental offer is constrained by Local Housing Allowance (LHA) rates, as the current maximum rent that the council can charge tenants is 90% of LHA rent. In order to compete with market rents this can be increased by a one-off incentive payment of up to £3,500. The actual offer to the landlord will vary depending on the location and condition of the property. The temporary accommodation budget includes provision for incentive payments, and the 2014/15 budget has a specific contingency provision for temporary accommodation, recognising the increasing demand and costs in this service area.

The collection of rent and control of repair costs will be key factors in ensuring that the scheme is cost effective. The risks relating to non-collection of rent and additional repair costs will rest with the council in this scheme and it is therefore essential that there are systems put in place to ensure that the scheme is tightly managed. In addition void periods will need to be kept to a minimum to ensure minimum loss of rent. The council is able to use its existing housing IT systems to manage rent, repairs and tenancy issues, and the existing tenancy and rent teams will be responsible for managing the property. A specific officer will be responsible for maintaining contact with tenants, agreeing and ordering repairs, which will be managed through the current council repair contractors. They will also be responsible for ensuring where necessary other council agencies are involved especially if there are issues involving tenancy support.

Constitutionally, the Scheme entails signing a lease at an appropriate value with individual landlords on a case by case basis. Leases under 7 years and over £10k and under £100k in value ordinarily require formal Cabinet Member approval under the Property and Contract Standing Orders. Leases under 7 years and below £10k in value require approval by the Deputy Chief Executive, in consultation with the Cabinet Member.

These Standing Orders were not devised with such a scheme in mind, so to ensure effective and consistent implementation of the Scheme, it is proposed that a simple sign-off procedure is carried out: approval by the Deputy Chief Executive and Corporate Director of Residents Services and informal sign-off by the Leader of the Council. This procedure has been used on an interim basis for a number of leases to-date.

Cabinet is requested to authorise this approach, ratify previous leases granted under this Scheme and note that at the next available opportunity, full Council will be asked to consider a small amendment to the Constitution to update the relevant Standing Orders and Officer Delegations.