

COUNCIL BUDGET -2014/15 MONTH 2 REVENUE AND CAPITAL BUDGET MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2014/15 revenue budget and capital programme.</p> <p>A net in-year underspend of £1,479k is projected against 2014/15 General Fund revenue budgets as of May 2014 (Month 2).</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><u>Putting our residents first: Financial Management</u></p> <p>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 forecast budget position for revenue and capital as at May 2014 (Month 2).
2. Approves the rephrasing of capital expenditure budgets of £18,546k from 2014/15 and £8,150k from 2015/16 into later years of the capital programme.
3. Note the treasury management update as at May 2014 (Month 2) at Appendix E.
4. Approves the acceptance of grant funding as detailed in Appendix F.
5. Continue the delegated authority up until the 25 September 2014 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 19 June and 24 July 2014 Cabinet meetings, detailed at Appendix G.

6. Approves the recommendations in relation to the Council's local Council Tax Reduction Scheme as detailed in Appendix H.
7. Agree that during the intervening period between the 2014 July and September Cabinet meetings, to delegate full authority to the Leader of the Council, in conjunction with the relevant Cabinet Member(s) and Corporate Director(s), to make any decision that would otherwise be reserved constitutionally to the Cabinet, if a delay would prejudice Council projects or service delivery. Such decisions to be reported to the next Cabinet meeting.

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 20 February 2014.
2. Recommendation 2 seeks authority to realign capital budgets over the period of the Council's Medium Term Financial Forecast to better reflected planned expenditure profiles. Amounts to be rephased are primarily related to the latter stages of the Council's School Expansion Programme being more fully developed and more precise cashflow projections being available, there is no impact on expected completion dates for individual school expansion projects. Further detail on the capital programme is set out in Appendix D to this report.
3. Appendix E provides an update to Cabinet on Treasury Management performance during the previous financial year.
4. The Council has been awarded a number of new grants and external contributions to support service delivery, which are set out in Appendix F to this report for acceptance by Cabinet.
5. Recommendation 6 and Appendix H to this report seek Cabinet approval, for consultation, of the revisions to the local Council Tax Reduction Scheme (CTRS), effective from 1 April 2015. The local CTRS was implemented on 1 April 2013 for an initial period of two years, during which time a review of the scheme's funding and operation was to be undertaken. As a result of that review no major revision to the scheme is proposed. These recommendations, if approved, will be included within the formal Cabinet decision notice.
6. Recommendation 7 provides for continuity of top-level decision-making during the Summer, as required between Cabinet meetings, to make any necessary Cabinet level decisions in respect of the Council's services. Any decisions made under this delegation will be reported to the next Cabinet meeting for ratification.

Alternative options considered

7. There are no other options proposed for consideration.

SUMMARY

REVENUE

8. As at Month 2, an underspend of £1,479k is projected on General Fund revenue budgets, consisting of £1,100k underspend on capital financing costs due to deferral of external borrowing, £262k underspend on Development & Risk Contingency, due to improved outlook on both homelessness and Asylum, and a £117k net underspend on Directorate Operating Budgets.
9. The 2014/15 revenue budget includes £16,491k of savings, including sums brought forward from prior years, £10,628k of this sum is either banked or on track for delivery in full. £5,813k is classed as being amber due to being at an early stage of implementation and £50k is tracked as red, with alternative proposals being developed to meet this target in the medium term.
10. General Fund balances are projected to reach £37,394k at 31 March 2015, assuming that the remaining £2,440k of unallocated General Contingency and £1,452k of unallocated Priority Growth are committed in full during 2014/15. Taking account of the £5,000k drawdown from balances planned for 2015/16, uncommitted General Fund balances are £32,394k.
11. In relation to other funds, there are no material variances affecting the 2014/15 General Fund outturn, with actions being taken to review the £305k income pressure reported within the Parking Revenue Account.

CAPITAL

12. As at Month 2 an under spend of £1,523k is reported on the 2014/15 capital programme budget from a revised budget of £107,540k. This is comprised of cost under spends of £956k and slippage of £567k.
13. Forecast outturn on the General Fund Programme for 2014/15 to 2018/19 is an under spend of £1,038k. This is mainly due to the uncommitted level of funding on Disabled Facilities Grants and Private Sector Renewal Grants, offset by over spends on several other schemes.
14. General Fund capital receipts of £15,760k are forecast for 2014/15 which is £113k in excess of revised budget, with forecast receipts over the period to 2018/19 expected to reach £32,262k.

FURTHER INFORMATION

General Fund Revenue Budget

15. As at Month 2 an underspend of £1,479k is projected on normal General Fund activities, with no exceptional items declared at this stage. A net underspend of £117k is reported on Directorate Operating Budgets, an underspend of £1,100k is forecast on capital financing costs and a £262k underspend is projected on Development and Risk Contingency. Further detail on each of these variances is set out below.
16. A number of compensatory variances are reported within Directorate Operating Budgets, which will continue to be closely monitored as factored into the Council's Medium Term Financial Forecast as appropriate. Within the reported position there remains significant scope to manage emergent pressures or support new initiatives, £2,440k of uncommitted General Contingency and £1,452k Priority Growth uncommitted as this stage.
17. The Council's General Fund revenue budget contains £16,491k savings, including the £12,802k approved by Cabinet and Council in February 2014, of which 64.5% are on track for delivery, with an element of risk associated with those savings in the early stages of delivery - totalling £5,813k. The remaining £50k savings are currently reported as red, however, work is underway to develop proposals to avoid a budget pressure in this area.

Table 1: General Fund Overview

Original Budget	Budget Changes	Service	Month 2		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 2)	N/A	N/A
£'000	£'000		£'000	£'000	£'000	£'000	£'000
168,045	1,556	Directorate Operating Budgets	169,601	169,484	(117)	0	0
17,153	(1,556)	Corporate Operating Budgets	15,597	14,497	(1,100)	0	0
24,738	0	Development & Risk Contingency	24,738	24,476	(262)	0	0
2,252	0	Priority Growth	2,252	2,252	0	0	0
212,188	0	Sub-total Normal Activities	212,188	210,709	(1,479)	0	0
		<u>Exceptional Items</u>					
212,188	0	Total Net Expenditure	212,188	210,709	(1,479)	0	0
(212,188)	0	Budget Requirement	(212,188)	(212,188)	0		
0	0	Net Total	0	(1,479)	(1,479)	0	0
(35,915)	0	Balances b/fwd	(35,915)	(35,915)			
(35,915)	0	Balances c/fwd 31 March 2015	(35,915)	(37,394)			

18. At 31 March 2014 General Fund Balances totalled £35,915k, with the projected underspend expected to reach £37,479k by 31 March 2015. Disregarding the £5,000k expected to be drawn down during 2015/16 to smooth the frontloaded impact of government-imposed funding cuts, uncommitted general balances would total £32,479k.

Directorate Operating Budgets (£51k pressure)

19. An overview of the forecast outturn on directorate operating budgets is contained in Table 2, with further detail for each directorate contained within Appendix A to this report. Variances relating to those more volatile areas of activity being managed through Development and Risk Contingency are expanded upon below.

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000	
14,218	0	Admin.	Expenditure	14,218	14,132	(86)	0	0
(3,187)	912		Income	(2,275)	(2,334)	(59)	0	0
11,031	912		Sub-Total	11,943	11,798	(145)	0	0
169,101	464	Finance	Expenditure	169,565	169,742	177	0	0
(155,788)	(286)		Income	(156,074)	(156,355)	(281)	0	0
13,313	178		Sub-Total	13,491	13,387	(104)	0	0
139,103	2,153	Residents Services	Expenditure	141,256	140,811	(445)	0	0
(73,138)	(137)		Income	(73,275)	(73,108)	167	0	0
65,965	2,016		Sub-Total	67,981	67,703	(278)	0	0
31,163	(3,820)	Children & Young People's	Expenditure	27,343	27,406	63	0	0
(8,961)	252		Income	(8,709)	(8,681)	28	0	0
22,202	(3,568)		Sub-Total	18,634	18,725	91	0	0
68,691	11,814	Adult Social Care	Expenditure	80,505	80,856	351	0	0
(13,157)	(9,796)		Income	(22,953)	(22,985)	(32)	0	0
55,534	2,018		Sub-Total	57,552	57,871	319	0	0
168,045	1,556	Total Directorate Operating Budgets		169,601	169,484	(117)	0	0

20. An underspend of £145k is reported on Administration operating budgets, with a number of posts being held vacant across the group and additional income being secured within Legal Services. This underspend is attributable to early delivery of savings proposals to be included in the Council's 2015/16 budget.

21. The reported underspend of £104k on Finance operating budgets is the net result of strong performance in the recovery of overpaid Housing Benefit and court costs being off-set by use of agency staff as new structures are implemented across the group.

22. A net underspend of £278k is projected on Residents Services activity, with underlying pressures on parking revenues and facilities management being off-set by the impact of West London Waste's decision to close the Victoria Road Civic Amenity site and staffing savings within Technical Administration.

23. A pressure of £91k is reported on Children and Young People's Services, principally due the use of agency staff to cover vacant posts with a shortfall in income attributable to a reduced education contribution towards care placements.

24. Adult Social Care operating budgets are reporting a pressure of £319k at Month 2, which is primarily linked to difficulties in reducing the cost of in-house transport provision required to secure £345k of brought forward savings from new day care provision.

Progress on Savings

25. The Council's 2014/15 General Fund Revenue Budget contains £16,491k savings, with £12,802k new items approved by Cabinet and Council in February 2014 and a further £3,689k of items in progress brought forward from prior years. Delivery against these targets is closely monitored through the Council's Business Improvement Delivery Programme and regular updates presented to the Hillingdon Improvement Programme Steering Group.

26. As at Month 2, £10,628k is either on track for delivery or already banked, with £5,813k classed as amber due to being at an early stage of delivery. Only £50k is reported as seriously at risk, however measures are being identified to avoid a budget pressure in the medium term.

Table 3: Savings Tracker

2014/15 General Fund Savings Programme	Cross-cutting BID	Admin. & Finance	Residents Services	Adult Social Care	Children & Young People's Services	Total Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	%
B Banked	(433)	(1,448)	(1,685)	(1,126)	(551)	(5,243)	31.8%
G On track for delivery	(425)	(91)	(3,167)	(1,675)	(27)	(5,385)	32.7%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(2,142)	0	(602)	(2,200)	(869)	(5,813)	35.2%
R Serious problems in the delivery of the saving	0	0	(50)	0	0	(50)	0.3%
Total 2014/15 Savings	(3,000)	(1,539)	(5,504)	(5,001)	(1,447)	(16,491)	100%

Corporate Operating Budgets (£1,100k underspend)

27. Corporately managed expenditure include revenue costs of the Council's capital programme, externally set levies and income arising from provision of support services to other funds and ring-fenced budgets. These budgets are relatively non-volatile and therefore limited movement in forecast outturn is expected.

Table 4: Corporate Operating Budgets

Original Budget	Budget Changes	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 1)	N/A	N/A	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
0	0	Interest and Investment Income	Salaries	0	0	0		
9,927	303		Non-Sal Exp	10,230	9,130	(1,100)		
(39)	(376)		Income	(415)	(415)	0		
9,888	(73)		Sub-Total	9,815	8,715	(1,100)	0	0
0	0	Levies and Other Budgets	Salaries	0	0	0		
11,078	793		Non-Sal Exp	11,871	11,871	0		
(3,813)	(2,276)		Income	(6,089)	(6,089)	0		
7,265	(1,483)		Sub-Total	5,782	5,782	0	0	0
17,153	(1,556)	Total Corporate Operating Budgets		15,597	14,497	(1,100)	0	0

28. The Council continues to prioritise use of Government grants and other external resources within the capital programme, reducing the requirement to source new external borrowing and therefore delivering an underspend of £1,100k on capital financing costs for 2014/15.

Development & Risk Contingency (£262k underspend)

29. The Council set aside £24,738k to manage volatile and uncertain budgets within the Development & Risk Contingency, which included £22,238k in relation to specific risk items and £2,500k as General Contingency to manage unforeseen risk items. As at Month 2 an improvement of £262k has been reported in relation to Homelessness and Asylum funding.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000	
400	0	Finance	Uninsured Claims	400	400	0	0	0
240	0	Residents Services	Carbon Reduction Commitment	240	240	0	0	0
200	0		HS2 Challenge	200	200	0	0	0
200	0		Heathrow Expansion Challenge	200	200	0	0	0
2,144	0		Homelessness	2,144	2,015	(129)	0	0
229	0		SEN transport	229	229	0	0	0
811	0		Waste Disposal Levy	811	811	0	0	0
0	60		Powerday Public Enquiry	60	60	0	0	0
1,458	0	Children and Young People	Asylum Funding Shortfall	1,458	1,325	(133)	0	0
(200)	0		Potential Extension of Asylum Gateway Agreement	(200)	(200)	0	0	0
1,860	0		Social Care Pressures (Children's)	1,860	1,860	0	0	0
2,406	0	Adult Social Care	Transitional Children	2,406	2,406	0	0	0
11,990	0		Social Care Pressures (Adult)	11,990	11,990	0	0	0
500	0	Corp. Items	Pump Priming for BID Savings	500	500	0	0	0
2,500	(60)		General Contingency	2,440	2,440	0	0	0
24,738	0	Total Development & Risk Contingency		24,738	24,476	(262)	0	0

30. An improved outlook on the costs of managing homelessness in the Borough is reported at Month 2 with an underspend of £129k attributable to families currently housing in bed and breakfast accommodation remaining lower than anticipated at budget setting.

31. An underspend of £133k is reported on Asylum services as a result of reducing client numbers, with the direct cost of providing care for Asylum seekers not funded by the Home Office projected at £1,325k. In addition the anticipated extension of funding has been confirmed for 2014/15, securing the £200k income target included in Development & Risk Contingency.

32. As at Month 2 no material movement has been projected on the cost of either Children or Adult Social Care Placement costs, however, close monitoring of both client numbers and forecast outturn will continue over the coming months.

33. On 19 June Cabinet approved released of £60k from General Contingency to meet any costs associated with the potential Powerday Pubic Enquiry, leaving a residual balance of £2,440k

to manage emergent risks or cost pressures. The current forecast position assumes that this sum will be required in full during 2014/15.

Priority Growth

34. The 2014/15 General Fund revenue budget approved by Cabinet and Council in February 2014 set aside £1,452k of unallocated Priority Growth, in addition to £800k of specific growth monies to support Hillingdon Improvement Programme Initiatives. To date no allocations have been made from unallocated Priority Growth.
35. The original HIP Initiatives Budget has been supplemented by £138k of uncommitted funds brought forward from 2013/14, providing a balance of £938k for investment in the current year. To date approved projects total £7k, leaving £931k available.

Table 6: Priority Growth

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 2 Approved Allocations £'000	Unallocated Balance £'000
800	138	HIP Initiatives Budgets	938	7	(931)
1,452	0	Unallocated Priority Growth	1,452	0	(1,452)
2,252	0	Total Priority Growth	2,252	(131)	(2,383)

Schools Budget, Parking Revenue Account and Collection Fund

36. 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. The planned approach to managing any pressure on the Parking Revenue Account is set out below.
37. A break-even position is reported on normal activities within the Schools Budget at Month 2; with the headline reduction in retained balances by £1,378k to £2,403k due to the release of funds from the 2013/14 underspend to individual schools. The projected closing balance of £2,403k remains available to support future investment in the Borough's schools.
38. As at Month 2 a pressure of £305k is reported on Parking Revenue Account activities, which is wholly attributable to a shortfall in Penalty Charge Notice income against historic budgets. A zero-based review of both the PRA, and PRA-funded services, is to be undertaken during 2014/15 to bring this account back into balance.
39. Within the Collection Fund an in-year surplus of £1,300k is projected on Council Tax as new development within the Borough continues at pace, combined with the £787k surplus reported on 2013/14 activity at outturn this will enable £2,097k to be released to the General Fund in 2015/16.
40. A minor deficit of £387k was reported on the Business Rates in 2013/14 due to the cost of settling back-dated appeals, however, with Heathrow Terminal Two operation from early June 2014 it is expected that this position will be recovered in year and a breakeven position reported at outturn.

Housing Revenue Account Budget

41. As at Month 2 a net underspend of £1,282k is reported on the Housing Revenue Account, primarily attributable to a £714k underspend on planned maintenance and £412k underspend on Interest and Investment Income. Unallocated general HRA balances are therefore projected to total £24,102k at 31 March 2015.

Future Revenue Implications of Capital Programme

42. A comprehensive update on the current capital programme is included at Appendix D; however, no material variances are reported at this stage with a headline underspend of £1,038k on the revised programme budget of £398,862k for 2014/15 to 2018/19. Over the same period capital receipts are expected to exceed the £31,719k budget by £543k, resulting in a marginal reduction in the Council's Borrowing Requirement of £495k which remains consistent with the Council's Medium Term Financial Forecast.

43. While no material movement in financing costs is projected over the medium term, continued application of external resources ahead of Council Resources and further rephasing of expenditure into future years is likely to result in reduced revenue costs during 2015/16. This will be monitored closely and any resulting revenue implications factored into the Council's Medium Term Financial Forecast.

Appendix A – Detailed Group Forecasts (General Fund)

ADMINISTRATION (£145k underspend)

- The Administration Group is showing an underspend of £145k at Month 2. This is primarily due to a number of vacant posts across Policy & Performance, however the remainder of the group is fully staffed. There is an underspend in Human Resources on the Health Management contract (occupational health). The underspent budgets in Policy and Performance will be realigned as part of the 2015/16 MTFF process. Legal Services is generating a surplus of income in 2014/15 and a MTFF proposal for 2015/16 has been put forward relating to this.

Table 1: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000	
485	0	Directorate	Salaries	485	488	3		
6	0		Non-Sal Exp	6	4	(2)		
(58)	58		Income	0	0	0		
433	58		Sub-Total	491	492	1	0	0
707	0	Corporate Comms	Salaries	707	728	21		
159	0		Non-Sal Exp	159	156	(3)		
(27)	0		Income	(27)	(30)	(3)		
839	0		Sub-Total	839	854	15	0	0
1,449	0	Democr. Services	Salaries	1,449	1,492	43		
1,882	0		Non-Sal Exp	1,882	1,888	6		
(957)	340		Income	(617)	(617)	0		
2,374	340		Sub-Total	2,714	2,763	49	0	0
2,273	0	Democr. Services	Salaries	2,273	2,267	(6)		
639	0		Non-Sal Exp	639	613	(26)		
(303)	0		Income	(303)	(288)	15		
2,609	0		Sub-Total	2,609	2,592	(17)	0	0
1,871	0	Legal Services	Salaries	1,871	1,919	48		
111	0		Non-Sal Exp	111	105	(6)		
(575)	0		Income	(575)	(641)	(66)		
1,407	0		Sub-Total	1,407	1,383	(24)	0	0
2,173	0	Policy & Perform.	Salaries	2,173	2,048	(125)		
2,463	0		Non-Sal Exp	2,463	2,424	(39)		
(1,267)	514		Income	(753)	(758)	(5)		
3,369	514		Sub-Total	3,883	3,714	(169)	0	0
8,958	0	Admin. Directorate	Salaries	8,958	8,942	(16)	0	0
5,260	0		Non-Sal Exp	5,260	5,190	(70)	0	0
(3,187)	912		Income	(2,275)	(2,334)	(59)	0	0
11,031	912		Total	11,943	11,798	(145)	0	0

FINANCE (£104k underspend)

2. The Finance Group is showing an underspend of £4k at Month 2. This is primarily due to an overachievement of income within Revenues and Benefits of £271k, principally in relation to court summons income and repaid rent allowances. This income overachievement is largely negated by a salary overspend of £139k across the group. This is in part due to teams being fully staffed and partly as a result of restructures across the group leading to significant agency usage in Procurement and Operational Finance. There are small overspends across the group on Non-Salary expenditure including recruitment costs in Procurement.

Table 1: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000	
537	0	Internal Audit	Salaries	537	546	9		
56	0		Non-Sal Exp	56	63	7		
0	0		Income	0	(10)	(10)		
593	0		Sub-Total	593	599	6	0	0
2,050	0	Procurement	Salaries	2,050	2,080	30		
150	0		Non-Sal Exp	150	168	18		
(557)	12		Income	(545)	(545)	0		
1,643	12		Sub-Total	1,655	1,703	48	0	0
3,299	0	Operational Finance	Salaries	3,299	3,350	51		
705	0		Non-Sal Exp	705	706	1		
(963)	0		Income	(963)	(963)	0		
3,041	0		Sub-Total	3,041	3,093	52	0	0
3,729	0	Revenues & Benefits	Salaries	3,729	3,741	12		
154,439	464		Non-Sal Exp	154,903	154,914	11		
(154,102)	(464)		Income	(154,566)	(154,837)	(271)		
4,066			Sub-Total	4,066	3,818	(248)	0	0
1,445	0	Strategic Finance	Salaries	1,445	1,481	36		
2,691	0		Non-Sal Exp	2,691	2,693	2		
(166)	166		Income	0	0	0		
3,970	166		Sub-Total	4,136	4,174	38	0	0
11,060	0	Finance Directorate	Salaries	11,060	11,198	138	0	0
158,041	464		Non-Sal Exp	158,505	158,544	39	0	0
(155,788)	(286)		Income	(156,074)	(156,355)	(281)	0	0
13,313	178		Total	13,491	13,387	(104)	0	0

3. A breakeven position is projected on the contingency for uninsured claims at Month 2.

Table 2: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000
400	0	Uninsured Claims	400	400	0		
400	0	Current Commitments	400	400	0	0	0

RESIDENTS SERVICES (£278k underspend)

4. Residents Services Group is showing a projected outturn underspend of £278k at Month 2, excluding pressure areas that have identified contingency provisions. The main pressures are contained within Asset Management and Public Safety.

Table 1: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000	
2,240	(12)	Asset Management	Salaries	2,228	2,228	0		
8,681	260		Non-Sal Exp	8,941	9,191	250		
(5,494)	(169)		Income	(5,663)	(5,716)	(53)		
5,427	79		Sub-Total	5,506	5,703	197	0	0
8,451	129	Education (GF)	Salaries	8,580	8,372	(208)		
11,182	480		Non-Sal Exp	11,662	11,650	(12)		
(9,681)	(488)		Income	(10,169)	(10,025)	144		
9,952	121		Sub-Total	10,073	9,997	(76)	0	0
1,641	(1)	Environ. Policy & Commun. Engage.	Salaries	1,640	1,612	(28)		
1,013	(424)		Non-Sal Exp	589	589	0		
(7,491)	0		Income	(7,491)	(7,501)	(10)		
(4,837)	(425)		Sub-Total	(5,262)	(5,300)	(38)	0	0
3,099	0	Housing (GF)	Salaries	3,099	3,099	0		
9,048	0		Non-Sal Exp	9,048	9,010	(38)		
(7,489)	0		Income	(7,489)	(7,489)	0		
4,658	0		Sub-Total	4,658	4,620	(38)	0	0
17,347	(3,086)	ICT, Highways & Business Serv.	Salaries	14,261	14,184	(77)		
9,805	(375)		Non-Sal Exp	9,430	9,440	10		
(5,416)	246		Income	(5,170)	(5,166)	4		
21,736	(3,215)		Sub-Total	18,521	18,458	(63)	0	0
7,674	0	Planning, Green Spaces & Culture	Salaries	7,674	7,674	0		
6,389	(321)		Non-Sal Exp	6,068	6,173	105		
(9,404)	284		Income	(9,120)	(9,238)	(118)		
4,659	(37)		Sub-Total	4,622	4,609	(13)	0	0
13,800	19	Public Safety (GF)	Salaries	13,819	13,819	0		
24,237	(175)		Non-Sal Exp	24,062	23,705	(357)		
(11,965)	0		Income	(11,965)	(11,765)	200		
26,072	(156)		Sub-Total	25,916	25,759	(157)	0	0
1,773	(457)	Public Health (PHA)	Salaries	1,316	1,316	0		
14,401	(8)		Non-Sal Exp	14,393	14,393	0		
(16,208)	499		Income	(15,709)	(15,709)	0		
(34)	34		Sub-Total	0	0	0	0	0
172	5,973	Residents Services Directorate	Salaries	6,145	6,055	(90)		
(1,850)	151		Non-Sal Exp	(1,699)	(1,699)	0		
10	(509)		Income	(499)	(499)	0		
(1,668)	5,615		Sub-Total	3,947	3,857	(90)	0	0
56,197	2,565	Residents Services	Salaries	58,762	58,359	(403)	0	0
82,906	(412)		Non-Sal Exp	82,494	82,452	(42)	0	0
(73,138)	(137)		Income	(73,275)	(73,108)	167	0	0
65,965	2,016		Total	67,981	67,703	(278)	0	0

5. The Council's 2014/15 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. At month 2 projected calls on contingency is £129k below provision. The table below shows the breakdown for each contingency item.

Table 2: Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 2		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 2)	N/A	N/A
£'000	£'000		£'000	£'000	£'000	£'000	£'000
240	0	Carbon Reduction Commitment	240	240	0		
200	0	HS2 Challenge	200	200	0		
200	0	Heathrow Expansion Challenge	200	200	0		
2,144	0	Impact of welfare reform on homelessness	2,144	2,015	(129)		
229	0	SEN transport	229	229	0		
811	0	Waste Disposal Levy	811	811	0		
0	60	Poweday Public Enquiry	60	60	0		
3,824	60	Current Commitments	3,884	3,755	(129)	0	0

6. Further to continuing pressures on the Housing Needs budget (£1,753k overspend in 2013/14), contingency of £2,144k has been set aside in 2014/15 to resource the need for Temporary Accommodation in the Borough. The call on contingency relating to homelessness is currently projected to be £2,015k, which gives a projected underspend of £129k against the contingency provision.
7. Temporary Accommodation and housing advice data for the last four months are shown below. Whilst B&B data compares favourably to levels seen in 2013/14, sustained levels of demand is being experienced within the service as shown by the Homeless Threat, priority need & eligible indicator below. All three months of the new financial year are above the 2013/14 average of 106.

Table 3: Housing Needs performance data

	Mar	April	May	June
Homeless Threat, priority need & eligible	88	125	120	111
Presenting As Homeless	45	41	41	53
Duty Accepted	49	24	29	20
Temporary Accommodation	558	522	512	511

8. The Housing Needs service is still experiencing a high level of demand in terms of homelessness presentations. At this early stage of the financial year, the projected call on contingency of £2,015k represents a broad view of the units procured for the new Private Sector Leasing (PSL) scheme, the control of B&B costs, the successful retention of existing PSLs and the levels of incentives paid out on prevention schemes.

9. An additional £2,439k was added to the base budget to resource expected increases in the waste disposal levy, leading to a net decrease in contingency to £811k. This has been set aside to fund estimated increases in waste tonnage and the move to a new compliant rubble and hardcore contract. At this early stage in the year nil variance is being shown against the PAYT (Pay as you throw) levy, however green waste tonnages have been high in the first two months of the year.
10. The contingency for the Carbon Reduction Commitment is for the estimated costs to purchase carbon allowances.
11. The outturn pressure on the Special Educational Needs (SEN) transport budget was £1,546k in 2013/14. As a consequence, £1,611k was transferred into the base budget to resource the demographic pressures being experienced in the service. Contingency of £229k has been set aside in 2014/15. This contingency is forecast to be fully utilised based on expected 6% growth in demand from September 2014.
12. The HS2 and Heathrow expansion challenge contingencies provide resources to enable the Council to respond to the continuing threat of these projects to residents.

Asset Management (£197k pressure)

13. Asset Management is projected to overspend by £250k on maintenance (£200k Borough wide, £50k Civic Centre) and to experience shortfalls on Civic Centre income of £57k relating to leases for the multi storey car park (37k) and hire of committee rooms (£20k).
14. The income stream from commercial leases is currently forecast at £840k, £60k higher than the budget. There is also a £50k underspend on the planned maintenance contingency.
15. The service manages risks around the achievement of capital receipts and delivery of the capital programme. It is currently assumed that these risks can be managed within existing base budget given the anticipated levels of disposals.

Education GF (£76k underspend)

16. The Education Service is projecting an underspend of £76k as at Month 2, due primarily to an underspend on staffing within the School Improvement Service and Adult Learning & Music Service, netted down by reduced income in both these services. This consists of a projected underspend of £208k on staffing, an underspend of £12k on non-staffing budgets and a projected shortfall of £144k on income targets.
17. The School Improvement Service is showing an underspend of £85k on salaries, where there are a number of vacant posts, which are being held vacant as part of the service moves over to Cambridge Education.

Environmental Policy & Community Engagement (£38k underspend)

18. Environmental Policy and Community Engagement is reporting a £10k favourable variance on New Homes Bonus grant allocation. This follows the adjusted topslice allocation of £142k received on 15 May 2014, bringing the total NHB allocation to £6,928k, £10k above budget.
19. The service is also projecting an underspend on salaries of £28k reflecting part year vacancies across Planning Policy and Road Safety.

Housing GF (£38k underspend)

20. The service is expecting to produce a small underspend relating to non-salaries expenditure. This is currently projected at £38k, relating to a unallocated training budget.

ICT Highways & Business Services (£615k underspend)

21. The overall projected underspend for the service is £63k. This variance consists of an underspend of £36k on the contact centre, principally due to an underspend on salaries being off-set by a £14k pressure on Disabled Parking Badges and a net underspend of £27k on staffing across the service.
22. The continuing shortfall on advertising income of £50k will be managed in year by the service in order to contain the pressure.

Planning Sport & Green Spaces (£13k underspend)

23. Building Control is projected to make a shortfall in income of £85k, offset by £155k underspends including Breakspear Crematorium income (£65k) and Stockley Park/leisure rents (£90k).
24. There is a pressure on the in-house management of golf courses of £57k, relating to a projected overspend on equipment hire and maintenance (£144k). This pressure is offset by projected increases in income (£48k) and underspends in non-domestic rates (£39k).

Public Health (nil variance)

25. A number of vacant posts remain within the Specialist Health Promotions team and in the Public Health administration team.
26. There are three vacant posts (3.00 FTE) within the team that are not anticipated to be recruited to this year (£118k underspend), as the service model is to be reviewed as part of the BID transformation process.
27. An underspend on staffing costs for Public Health Administration of £144k is forecast due to a vacant Public Health Consultant post (1.00 FTE) which is not expected to be filled during the year. In addition, an underspend is forecast in relation to the Director of Public Health post (0.5 FTE). At present, the post is filled on an acting-up basis. It is anticipated that this post will be filled permanently towards the latter half of the year.
28. Staffing underspends in public health increase the grant available for allocation by the same amount.

Public Safety (£157k underspend)

29. There continues to be a £200k pressure on off-street parking income at the Cedars and Grainges multi-storey car parks. However, proposals for reducing this pressure are being examined, such as increasing season ticket income from interested local businesses.
30. In Waste Services, there is a projected underspend of £357k which primarily relates to the impact of the closure of the Victoria Road Civic Amenity site.

Residents Services Directorate (£90k underspend)

31. There are a number of vacant posts across Technical Admin and Business Support teams that have been consolidated into Residents Services. The majority of these posts are not planned to be recruited to until the second half of this year. The current projection at month 2 relating to these vacancies is a £90k underspend.

CHILDREN AND YOUNG PEOPLE'S SERVICES (£91k overspend)

32. The Children and Young People's Service is projecting an overspend of £91k as at Month 2. This consists of an overspend of £96k on Salaries, where the service has a high level of agency staff, including a number of senior manager posts (the costs of which are £204k) and Social Worker posts, where the cost of agency is between £15k to £20k higher than the costs of permanent staff. An underspend of £35k on non-staffing budgets, the majority of which relates to a lower projected cost of allowances and subsistence that are provided to clients and a projected shortfall of £30k on income streams, where the contribution received from the DSG continues to fall as more children are placed in local provision. The projected variances at Month 2 are summarised in the following table, with more detail provided in the paragraphs below:

Table 1: Operating Budgets

Original Budget	Budget Changes	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 2)	N/A	N/A	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
3,294	(260)	Asylum Services	Salaries	3,034	3,034	0		
2,810	259		Non-Sal Exp	3,069	3,069	0		
(6,104)	0		Income	(6,104)	(6,104)	0		
0	(1)		Sub-Total	(1)	(1)	0	0	0
1,033	(107)	Safeguarding Children	Salaries	926	1,002	76		
1,356	(5)		Non-Sal Exp	1,351	1,415	64		
(146)	(2)		Income	(148)	(148)	0		
2,243	(114)		Sub-Total	2,129	2,269	140	0	0
1,711	(124)	Early Intervention Services	Salaries	1,587	1,484	(103)		
288	76		Non-Sal Exp	364	345	(19)		
(657)	(76)		Income	(733)	(777)	(44)		
1,342	(124)		Sub-Total	1,218	1,052	(166)	0	0
3,355	(1,206)	Looked After Children	Salaries	2,149	2,172	23		
1,056	(492)		Non-Sal Exp	564	564	0		
(304)	0		Income	(304)	(289)	15		
4,107	(1,698)		Sub-Total	2,409	2,447	38	0	0
6,676	(1,435)	Children's Resources	Salaries	5,241	5,342	101		
9,584	(526)		Non-Sal Exp	9,058	8,979	(79)		
(1,750)	330		Income	(1,420)	(1,363)	57		
14,510	(1,631)		Sub-Total	12,879	12,958	79	0	0
16,069	(3,132)	Children's and Young Persons	Salaries	12,937	13,034	97	0	0
15,094	(688)		Non-Sal Exp	14,406	14,372	(34)	0	0
(8,961)	252		Income	(8,709)	(8,681)	28	0	0
22,202	(3,568)		Total	18,634	18,725	91	0	0

Asylum Service: nil variance (£1,325k drawdown from contingency)

33. The Asylum Service is projecting an overspend of £1,325k. This reflects the true running costs of the service in providing support for asylum seeking children, for which the Home Office will provide grant funding of £5,193k to cover the direct costs based on a unit rate for different age children.

34. 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 £1,325k being reported, for which a sum of £1,458k has been set aside in the Corporate Risk Contingency.

35. Negotiations took place with the Home Office last year, which secured an additional funding of £200k for both 2013/14 and 2014/15. This assumption was built into the Risk Contingency for 2014/15.

Safeguarding Children: £140k overspend

36. The Safeguarding Children's service is projecting an overspend of £140k, which relates to an overspend of £75k on staffing, due to the use of agency staff to cover a number of vacant posts and an overspend of £64k on non staffing costs, the majority of which relates to the Local Safeguarding Children's Board, which provides amongst other things, training for outside organisations including Health (who make a contribution) and schools (who appear not to make a contribution) and Corporate Parenting. Discussions are currently progressing with Schools Forum on whether the DSG should fund the cost of training provided to schools, which could offset some of the pressure identified.

Early intervention (Youth Offending Service): £166k underspend

37. This service is projecting an underspend of £166k, due to an underspend of £103k on staffing, where there are a number of staff vacancies relating primarily to Key Worker posts, a slight underspend of £19k on non staffing budgets and a surplus of £44k on income, which is due to an increase in grant funding relating to the Youth Justice Service.

Looked After Children: £38k overspend

38. This service is projecting an overspend of £38k, which relates primarily to a minor overspend on staffing costs of £24k, due to a number of agency staff being appointed to vacant posts and a slight shortfall of £15k on income relating to Child Workforce Development funding.
39. In terms of the placements budget, this is projecting a breakeven position, assuming the full draw down of contingency sums and relevant earmarked reserves. Based on the most recent placement data there are a higher number of Looked After Children in this period than was anticipated when the budget was set (the MTFF budget assumed a demographic growth of 9 Looked After Children, the calculated growth over the same period indicates an increase of 11 Looked After Children), which requires the additional draw down from relevant earmarked reserves. A number of initiatives have been prototyped, which have identified that this position could be improved through a change in processes and ways of working.

Children's Resources: £79k overspend

40. This service is projecting an overspend of £79k. This relates to an overspend of £101k on staffing costs, which relates to the appointment of agency staff, some of which are covering senior manager posts and a shortfall of £58k on income, which is due to a reduced contribution that will be received from the Dedicated Schools Grant, as the majority of the residential placements that have been converted to more local provision, no longer require a contribution from education. This is netted down by an underspend of £79k on non staffing costs, which relates to an underspend on the subsistence and allowance payments to clients based on current and known future commitments.

Analysis of Placements

41. The following table sets out the number of current placements as at 1 May 2014, and compares the total with the data used to determine the base budget position for 2014/15 as

part of the Medium Term Financial Forecast submission. The costs identified are based on the current placements and have been annualised based on the weekly rate.

May 2014 Projections	Actual Numbers May-14	%	Annualised Cost £000	Cost %	2014/15 Projected £000	2014/15 Budget £000
Secure/Remand Accommodation	3	1%	204	2%	210	111
Residential	19	8%	2,860	31%	2,160	1,468
Semi Independent Living	30	13%	672	7%	573	409
Fostering Private	95	41%	3,794	41%	3,253	2,395
In House	85	37%	1,658	18%	1,878	1,722
Contingency						1,860
Total May 2014	232	100%	9,188	100%	8,074	7,965
MTFF Budget Projection for 2014/15	234		7,965		7,965	
Movement Between MTFF Projections and May 2014	-2		1,223		109	

42. Annualised costs above demonstrates the position that would exist if no further action was taken with these placements, however, the 2014/15 projected position indicates that the number of Looked After Children placements are continuously under review, resulting in a lower annual cost.

Development & Risk Contingency (£133k underspend)

43. The Corporate Risk Contingency holds three budgets; one relating to growth in Looked After Children placement numbers (£1,860,000) another relating to a provision for the shortfall in grant funding for the Asylum service (£1,458,000) with the final one relating to an anticipated additional funding of £200,000 from the Home Office to reflect the financial burden of Heathrow.

Original Budget	Budget Changes	Development & Risk Contingency	Month 2		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 2)	N/A	N/A
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,458	0	Asylum Funding Shortfall	1,458	1,325	(133)		
(200)	0	Potential Extension of Asylum Gateway Agreement	(200)	(200)	0		
1,860	0	Social Care Pressures (Children's)	1,860	1,860	0		
3,118	0	Current Commitments	3,118	2,985	(133)	0	0

44. The table above indicates that not all of the contingency will be required for the Asylum service, as the current situation is that the number of Asylum Seekers continues to fall, resulting in a £133k surplus.

45. The Home Office confirmed in April 2014 that the Council would receive an additional £200k in 2014/15, which matches the prediction built into the Risk Contingency.

46. The Placements budget built in additional growth for Looked After Children, which based on the current projections, will need to be fully drawn down from the Risk Contingency.

ADULT SOCIAL CARE (£319k pressure)

47. Adult Social Care Services Directorate is projecting a forecast pressure of £319k at month 2. The main areas of pressure relate to the non achievement of savings on transport and pressures on social care placements budgets.

Table 1: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000	
2,329	749	All-Age Disabilities	Salaries	3,078	3,078	0		
25,061	7,414		Non-Sal Exp	32,475	32,475	0		
(3,802)	(231)		Income	(4,033)	(4,033)	0		
23,588	7,932		Sub-Total	31,520	31,520	0	0	0
3,629	151	Social Work	Salaries	3,780	3,785	5		
17,687	8,221		Non-Sal Exp	25,908	25,971	63		
(8,281)	194		Income	(8,087)	(8,083)	4		
13,035	8,566		Sub-Total	21,601	21,673	72	0	0
7,178	293	Early Intervention & Prevention	Salaries	7,471	7,437	(34)		
2,914	652		Non-Sal Exp	3,566	3,862	296		
(711)	(9,852)		Income	(10,563)	(10,570)	(7)		
9,381	(8,907)		Sub-Total	474	729	255	0	0
2,292	0	Safeguarding, Quality & Partnerships	Salaries	2,292	2,255	(37)		
4,753	(17)		Non-Sal Exp	4,736	4,706	(30)		
(363)	93		Income	(270)	(299)	(29)		
6,682	76		Sub-Total	6,758	6,662	(96)	0	0
1,539	(950)	Directorate & Support Services	Salaries	589	663	74		
1,309	(4,699)		Non-Sal Exp	(3,390)	(3,376)	14		
0	0		Income	0	0	0		
2,848	(5,649)		Sub-Total	(2,801)	(2,713)	88	0	0
16,967	243	Adult Social Care Directorate Total	Salaries	17,210	17,218	8	0	0
51,724	11,571		Non-Sal Exp	63,295	63,638	343	0	0
(13,157)	(9,796)		Income	(22,953)	(22,985)	(32)	0	0
55,534	2,018		Total	57,552	57,871	319	0	0

48. The Council's 2014/15 contingency budget contains provision for areas of expenditure within Adult Social Care for which there is a greater degree of uncertainty which relate the demographic changes in the number of clients requiring care and support. The current position against these contingencies is set out in Table 2 below.

Table 2: Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 2		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 2)	N/A	N/A
£'000	£'000		£'000	£'000	£'000	£'000	£'000
2,406	0	Increase in Transitional Children due to Demographic Changes	2,406	2,406	0		
11,990	0	Adult Social Care demographic pressures made up of Care and Support for:	6,254	6,254	0		
		Older People	3,771	3,771	0		
		Clients with Disabilities					
		Clients with Mental Health Issue	1,965	1,965	0		
14,396	0	Current Commitments	14,396	14,396	0	0	0

49. As at Month 2 it is forecast that the Development and Risk contingency for increasing client care and support costs will be fully utilised.

All Age Disabilities (Nil movement)

50. This service now brings together the budgets within Adult Social Care including learning, physical and sensory disabilities with the budgets previously held within Children and Young Peoples Services for disabled children following the implementation of the recommendations from the BID review covering disabilities. It is currently projected that the service is on budget for this financial year.

Social Work (£72k pressure)

51. It is forecast that there is a pressure of £72k arising from the number of placements, in particular physical support (homecare) placements for the over-65s, with 60 new placements over the past two months.

Early Intervention and Prevention (£255k pressure)

52. A pressure of £254k is forecast on Early Intervention and Prevention arising mainly from the non-achievement to date a significant element of the savings relating to transport (£345k), brought forward from 2011/12. The delay that resulted from the Judicial Review challenge to the Council's decision to close Day Centres at Parkview and Woodside has impacted on the delivery of savings. The new resource centre at Queens Walk is now expected to become available from August 2014. The element of the saving that the directorate itself cannot achieve relates to internally-provided service user transport, covering both learning disabilities and older people's services. The directorate has no direct influence over the routes. However,

there is scope for the Council corporately to explore the interdependencies between directorates and to work collaboratively to realise this saving.

Safeguarding, Quality and Partnerships (£96k underspend)

53. It is projected that there will be an underspend of £96k due to expenditure on mental health placements being forecast at £225k lower than the budget available and a pressure from unbudgeted expenditure on clients who have no recourse to public funds.
54. The main reason for the reduction in the actual cost of mental health placements being considerably lower than the amount in the budget arises because at the beginning of this financial year, there was a national change to the categorisation of service users, based on their care needs which led to a reallocation of the services budgets against the new framework. Further analysis has demonstrated that this exercise needs to be revisited and a review exercise is currently being undertaken to align budget allocations to more accurately reflect actual spend, which in turn may change the outturn projections on this service area (and others), but will not lead to any changes to the bottom figure within the ASC directorate.
55. There is a forecast pressure arising from supporting service users with no recourse to public funds forecast at £130k.

Directorate and Support (£88k pressure)

56. There is a projected pressure of £88k, which arises mainly from overspends against staffing made up of a combination of agency cost pressures relating to a head of service and a projection that the managed vacancy factor is unlikely to be achieved in full.

Additional Information and Risk Items

57. It should be borne in mind that there are other factors which will potentially impact upon the budget including the Winterbourne Hospital review and the recent changes to Deprivation of Liberty legislation.
58. The implementation of the recommendations arising from the Winterbourne Hospital abuse report identified a possible 12 service users who will become the responsibility of the Council. The current cost of these placements is estimated to be c£2m, although this is subject to change as LBH staff conduct their assessments. There are a number of other variables which will impact upon the cost to LBH, including potential further national guidelines and local agreement with the CCG on the Continuing Healthcare Criteria funding as appropriate. This cost has not yet been incurred and will only arise when those placed in these long-term hospital placements move out into alternative provision.
59. Due to a recent ruling by the Supreme Court there will be a significant increase in the number of Deprivation of Liberty cases that will need to be regularly reassessed. Initial estimates would indicate an increase from 16 cases (last year) to around 550 cases per year going forwards. It is possible that Public Health funding may be available to cover all of or some of these increased costs, which are currently being quantified.

Appendix B – Other Funds

Schools Budget

Dedicated Schools Grant (£1,378k overspend)

60. The Dedicated Schools Grant is projecting an in year overspend of £1,378k, which reflects the planned use of the surplus balance that was carried forward from 2013/14, where additional resources were delegated to schools above the actual amount of DSG and £300k was earmarked to fund early years initiatives. The following Table summarises the Total DSG income and expenditure for 2014/15.

Original Budget £'000	Budget Changes £'000	Funding Block	Month 2		Variance (+ adv / - fav)	
			Revised Budget £'000	Forecast Outturn £'000	% Var	Variance (As at Month 2) £'000
-	0	Dedicated Schools Grant Income	-	-145,852	0.00%	0
145,852	0		145,852	-145,852		
114,085	0	Delegated to Schools	114,085	115,379	1.13%	1,294
4,581	0	Early Years	4,581	4,946	7.97%	365
3,395	0	Centrally Retained	3,395	3,255	-4.12%	-140
23,791	0	Special Needs	23,791	23,651	-0.59%	-141
0	0	Total Schools Budget	0	1,378		1,378
0	0	Balance Brought Forward 1 April 2014	-3,781	-3,781		
0	0	Balance Carried Forward 31 March 2015	-3,781	-2,403		

Delegated to Schools (£1,294k overspend)

61. The overspend of £1,294k is due to Schools Forum agreeing to utilise some of the surplus balance carried forward from 2013/14 by delegating more resources to schools than were allocated in the DSG.

Early Years (£365k overspend)

62. The Early Years funding block is projected to overspend by £365k. This is due to Schools Forum agreeing to utilise £300k from its surplus balances to fund a range of new initiatives targeted at early years and early intervention. The remaining £65k relates to a drop in nursery fee income and contributions from other organisations.

Centrally Retained (£140k underspend)

63. The underspend of £140k relates to the Carbon Reduction Commitment requirement, for which schools are no longer included within the scheme. The budget needs to be realigned to reflect this change in regulations.

64. Special Needs (£141k underspend)

65. The underspend of £141k relates primarily to staffing costs where the service has a number of vacant posts, where they are being held open pending the outcome of a review of the service.

Year End Balances

66. The DSG is allowed to carry forward any in year over or underspends. At the end of the 2013/14 financial year, the DSG had a surplus balance of £3,781k. It should be noted that where the DSG is expected to underspend, it is anticipated that this will be factored into the total DSG available for delegation in the following year. At its meeting on 20 January 2014, Schools Forum agreed to include some of this surplus within the Schools Delegated Budget for 2014/15, additionally they agreed to set aside the £937k two year old capacity funding underspend as an earmarked reserve for the two year old free entitlement offer in 2014/15 and provide an additional £300k for new initiatives to support Early Years provision. Based on the projected outturn position reported in the table above, the projected year end balance will reduce to £2,403k.

PARKING REVENUE ACCOUNT (£213k overspend)

67. The Parking Revenue Account is established to govern the use of income from Penalty Charges Notices (PCNs), together with other on-street parking income streams, in accordance with Section 55 of the Road Traffic Regulation Act 1984.

Original Budget	Budget Changes	Service	Month 2		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 2)	N/A	N/A
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(4,153)	0	Income	(4,153)	(3,771)	382		
4,061	0	Expenditure	4,061	3,984	(77)		
(92)	0	In-year (Surplus) / Deficit	(92)	213	305	0	0
76	0	Unallocated Balances b/fwd	76	76	0		
(16)	0	Unallocated Balances C/fwd	(16)	289	305	0	0

68. An in-year deficit of £213k is forecast for the 2014/15 financial year. There is a total shortfall of income of £382k, reflecting the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income estimate.

69. The income pressure is offset by compensating savings totalling £77k, as well as the budgeted surplus of £92k.

COLLECTION FUND (£2,097k surplus)

70. 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.

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000	N/A £'000	N/A £'000	
(114,070)	0	Council Tax	Gross Income	(114,070)	(115,370)	(1,300)		
14,743	0		Council Tax Support	14,743	14,743	0		
(3,610)	0		B/fwd Surplus	(3,610)	(4,397)	(787)		
(102,937)	0		Sub-Total	(102,937)	(105,024)	(2,087)	0	0
(105,485)	(911)	Business Rates	Gross Income	(106,396)	(106,783)	(387)		
(981)	567		Section 31 Grants	(414)	(414)	0		
59,158	0		Less: Tariff	59,158	59,158	0		
2,136	344		Less: Levy	2,480	2,480	0		
0	0		B/fwd Deficit	0	387	387		
(45,172)	0	Sub-Total	(45,172)	(45,172)	0	0	0	
(148,109)	0	Total Collection Fund	(148,109)	(150,196)	(2,087)	0	0	

71. Council Tax revenues remain strong with the in-year surplus of £1,300k primarily attributable to new developments coming on stream sooner than anticipated at budget setting, with the brought forward surplus of £787k bringing the net surplus for the year to £2,087k.

72. Significant growth has been factored into the Council's Business Rates income budgets to reflect new developments in the Borough and the re-opening of Heathrow Terminal 2 in June 2014. While there will remain a level of risk in this position until the rateable values of new additions to the rating list are confirmed by the Valuation Office Agency a breakeven position is reported, with this significant growth expected to off-set the brought forward deficit of £387k.

Appendix C – Housing Revenue Account

1. The Housing Revenue Account (HRA) is forecast to generate an in-year net operating surplus of £1,282k. The position is summarised in the following table:

Table 1: Housing Revenue Account

Original Budget	Budget Changes		Month 2		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 1)	N/A	N/A
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(56,975)	0	Rent Income	(56,975)	(56,830)	145		
(5,717)	(513)	Other Income	(6,230)	(6,327)	(97)		
(62,692)	(513)	Net Income	(63,205)	(63,157)	48	0	0
13,813	488	Housing Management	14,301	14,097	(204)		
5,607	0	Tenant Services	5,607	5,607	0		
4,801	0	Repairs	4,801	4,801	0		
5,798	25	Planned Maintenance	5,823	5,109	(714)		
15,691	0	Contribution to Works to Stock	15,691	15,691	0		
15,412	0	Interest & Investment Income	15,412	15,000	(412)		
1,570	0	Development & Risk Contingency	1,570	1,570	0		
62,692	513	Operating Costs	63,205	61,875	(1,330)	0	0
0	0	(Surplus) / Deficit	0	(1,282)	(1,282)	0	0
(22,820)	0	General Balance 01/04/14	(22,820)	(22,820)	0		
(22,820)	0	General Balance 31/03/15	(22,820)	(24,102)	(1,282)	0	0

2. The rental income pressure of £145k reflects that Right to Buy (RTB) sales are continuing to increase with the variance reflecting that sales are now expected to exceed the MTFE assumptions. The turnaround of void properties continues to be closely monitored and total void charges will continue to be re-assessed to ensure that rental losses are accurately reflected in the monitoring position. The favourable forecast on other Income relates to administration reimbursement that the council can retain for each completed RTB sale.
3. The Housing Management budget is showing an underspend of £204k. A significant element of the projected underspend results from the delay in filling posts as the new organisational structures are developed, with further favourable variations across the service on controllable non-pay budgets.
4. On the Planned Maintenance programmes it is anticipated that a combination of slippage on elements of the programme and efficiencies in procurement will give an underspend currently forecast at £714k.
5. The spend on repairs is forecast in line with budget, but there has been a high level of day-to-day and voids spend in the first two months of the year. There is usually a seasonal element to this spend but the budget will continue to be closely monitored in the coming months.

Appendix D – Capital Programme Outturn

General Fund Capital Programme

- Table 1 below sets out the latest forecast outturn on the current General Fund capital programme. Forecasts for future years include live capital projects and programmes of works as included in the draft programmes for 2014/15 to 2018/19 reported to Council in February 2014.
- Year to date General Fund Capital Expenditure is £9,867k. The expenditure profile is expected to increase as major projects across the programme are progressed during the year.

Table 1 – General Fund Capital Programme Summary

	2014/15 £'000	Future Years 2015/16-2018/19 £'000	Total Project £'000
Original Budget Total GF capital programme	119,832	271,275	391,107
Revised Budget excluding contingency (main prog.)	107,540	283,822	391,362
Forecast Outturn	106,017	284,307	390,324
Main Programme Variance	(1,523)	485	(1,038)
Contingency Variance	(1,500)	(6,000)	(7,500)
Total Capital Programme Variance	(3,023)	(5,515)	(8,538)
Analysis of Main Programme Variance:			
Hillingdon Sports & Leisure Centre	530	-	530
Hayes End Library Development	90	-	90
Libraries Refurbishment - Central Library	110	-	110
Libraries Refurbishment	22	-	22
Disabled Facilities Grants	(1,095)	-	(1,095)
Private Sector Renewal Grants	(133)	-	(133)
Adaptations for Adopted Children	(200)	-	(200)
Schools Expansions Programme	(280)	(82)	(362)
Cost Variance	(956)	(82)	(1,038)
Projected Re-phasing	(567)	567	-
Contingency Cost Variance	(1,500)	(6,000)	(7,500)
Total Capital Programme Variance	(3,023)	(5,515)	(8,538)
Financing Variance:			
Council Resourced Variance	(2,555)	(5,983)	(8,538)
External Grants & Contributions Variance	(468)	468	-
Total Capital Programme Variance	(3,023)	(5,515)	(8,538)

- The revised budget includes the re-phasing of £3,707k unspent budgets from 2013/14 which are required to complete existing projects. The re-phasing was included as a recommendation in the Budget Outturn Report to June Cabinet. Other significant amendments to the revised budget include the recent award of £2,876k funding from Department for Energy & Climate Change (see paragraph 36) and £500k contributions from schools to the Schools Conditions Programme.
- These increases have been offset by re-phasing of the revised budget across financial years to reflect the revised expenditure profile on major schemes. This includes £12,967k on the Schools Expansions Programme and £4,579k on the Yiewsley Health Centre Development that have been re-profiled into 2015/16. In addition, an amount of £1,000k on the Transport for London programme has been re-phased into next year.

5. The main programme shows a favourable variance of £1,038k. In addition there is £7,500k in unallocated contingency funds over five years.
6. The following paragraphs provide details of the reasons for the cost variances in the above table:
7. Hillingdon Sports & Leisure Centre - the forecast over spend is £530k due to the additional costs around remedial and defect works to resolve the contract issues and finally close the project.
8. Hayes End Library Development - outstanding remedial works including fire glazing are currently being progressed. There have been contractual issues leading to an arbitration process that is proceeding slowly and the impact on the Council is uncertain. There is a forecast remaining capital over spend of £90k to close out finishing works. The Council's final liability will depend on the outcome of the dispute proceedings.
9. Central Library Refurbishment - the over spend of £110k is due to additional items that have been required to finish the project. These include additional ICT equipment, sprinkler and roofing works. The library was re-opened in April however there were still outstanding finishing works that resulted in slippage into this year.
10. There is also a small over spend of £22k on completion of the Libraries Refurbishment programme.
11. Disabled Facilities Grants & Private Sector Renewal Grants - the forecast under spend of £1,428k (including Adaptations for Adopted Children) represents the forecast level of uncommitted funding after taking into account potential increases in clients this year.
12. The variance on the Schools Expansions programme is covered in the Schools section later in this report.
13. A summary of the capital programme by type of project is provided in Table 2 below:

Table 2 - General Fund Capital Programme

	Revised Budget 2014/15 £000	Forecast 2014/15 £000	Cost Variance Forecast vs Budget £000	Project Re-phasing £000	Total Project Budget 2014-2019 £000	Total Project Forecast 2014-2019 £000	Total Project Variance £000
Main Programme	72,809	72,087	472	(1,194)	90,523	90,913	390
Programme of Works	24,419	22,430	(1,428)	(561)	73,602	72,174	(1,428)
Future Projects	10,312	11,500	-	1,188	227,237	227,237	-
Total Main Programme	107,540	106,017	(956)	(567)	391,362	390,324	(1,038)
Contingency	1,500	-	(1,500)	-	7,500	-	(7,500)
Total Capital Programme	109,040	106,017	(2,456)	(567)	398,862	390,324	(8,538)

14. The detailed General Fund capital programme by scheme is presented in Annex 1 to this section.

15. Details of performance for key projects and programmes of works are detailed in the paragraphs below.

Main Programme (Schools)

16. Over the life of the existing programme there is a forecast minor under spend of £362k although there are risks of cost over spends on Rosedale, Ruislip Gardens, Heathrow and Cherry Lane schools (Phase 2) due to extension of time claims. However, it is expected that this can be managed from within the overall programme budget.

17. The key issues and risks on performance of the overall Schools Expansions Programme are outlined below.

Primary Schools

Phase 2

18. Overall Phase 2 is projected to be delivered within budget and target timescales. The main risks are on the following schools:

- Rosedale - The progress on site has improved over recent weeks and contractor is now reporting the scheme will be finished at start of September. In order to ensure that there is sufficient accommodation in place for September, the temporary unit will remain on site until all permanent accommodation has been built.
- Pinkwell, Glebe and Wood End Primary Schools - Due to the slow progress continuing on these schemes, the Council has formally informed the contractor that it will be levying damages for the Pinkwell and Wood End Park schemes. Contingency measures for these two schemes will be put in place to prevent further delays to ensure sufficient accommodation for September 2014.

Phase 3 - New Schools

19. Other than minor delays detailed below progress is being made to deliver the Lake Farm and St Andrew's Park sites on budget and within timescales.

20. St Andrew's Park - The brick work and roof are complete and the window installation is well advanced. The internal fittings, including mechanical and electrical works are progressing as planned. However the road being built to the school and provision of statutory services such as electricity and water may not be completed until the beginning of September 2014.

21. Lake Farm - there is a potential three to four week delay but this is being mitigated by the contractor working extended hours and increasing labour on site to meet the target completion date of August 2014.

22. New School in West Drayton / Yiewsley - site investigation surveys have been completed and a planning application for the new school has recently been submitted. The profiling of the budget has been amended to reflect up to date cash flow forecasts and £5,800k has been re-phased into 2015/16.

Special Educational Needs

23. Proposals have been agreed by Members for bulge year classes to start at Hedgewood Primary School and Meadow Secondary School for September 2014. Temporary mobile classrooms will be used. An amount of £400k is forecast re-phasing into next year.

24. Free School Meals - from September 2014, schools are required to offer infant school children (from reception to year 2 inclusive) with a universal free school meal. Officers are negotiating with schools about their need for additional kitchen and dining equipment to be funded from capital grant of £565k that the Council has been awarded for this purpose.

Future Projects (Schools)

Secondary Schools

25. The forecast of future demand for secondary school places predicts a shortfall in places commencing from 2016/17. Officers are undertaking feasibility studies of selected secondary school sites to identify those that could be considered suitable for expansion. It is likely that an element of budget currently phased into 2015/16 will require to be brought forward to cover initial survey, feasibilities and consultancy costs. The current forecast spend for this year is £1,188k which is shown as a phasing variance.
26. Northwood Academy - surveys are being carried out and tenders for the design of the project are expected in July. The construction phase of the project is not expected to commence this financial year and therefore an amount of £7,167k has been re-profiled into later financial years based on the latest cash flow estimate.
27. Abbotsfield School - the Education Funding Agency (EFA) have recently proposed to manage the project through the Priority Schools Building Programme as this will link the project to the adjacent Swakeleys School which is managed through this programme by the EFA. Transferring the delivery of the project to the EFA will result in existing funding of £42,000k in the programme for Abbotsfield being reduced. The Council will have remaining commitments for infrastructure works, furnishings fittings and equipment which are being costed.

Programmes of Works (Schools)

28. Schools Conditions Programme - Tenders have recently been received and approved by Cabinet Members for the bulk of the programme and are £605k lower than pre-tender estimates. However, it is expected that new identified schemes will fully utilise the remaining budget.
29. There is an agreement in principle from the schools to make contributions to the cost of works no greater than 20% of their reserves. There is some risk around the level of income that will be received due to the low level of reserves for some schools within the programme.

The programme has been designed to carry out most of the works over the summer holidays. Where works may overlap into the start of the new term, disruption should be minimised by carrying out mostly minor finishes during term periods

30. Further information can be found in the School Capital Programme update report.

Main Programme (non-Schools)

31. Car Park Resurfacing - there is forecast slippage of £919k as subject to Cabinet approval major works on The Mall multi storey car park will not be able to commence on site until towards the end of the financial year. Works on three other smaller car parks are expected to be completed this year.
32. Yiewsley Pool Development & Health Centre - the scheme is comprised of three elements: a new health centre, sports facility and 12 supported housing units (funded through the HRA). The development works have commenced with an application for planning approval recently approved. Tenders for the construction works have recently been received and are around

£1,000k over the construction element of budget (including the supported housing units) although are yet to be evaluated in detail. Works are not expected to commence on site until September for completion in February 2016. Revised budget of £4,579k has been re-profiled into 2015/16 to reflect timing of works.

33. Highways Structural Works - an increased programme to improve the condition of a further 18 roads has recently been approved. These works will be completed by September 2014.
34. ICT Migration to Windows 7 Project - the project is well underway and will be completed this financial year.
35. Vehicle Replacement Programme - there is an existing pressure of around £100k on prices of recent tenders which will be managed by prioritising spend on the 2014/15 programme. The purchase of new vehicles to replace the existing fleet is key to maintain front line services and achieve budget revenue savings on repairs, maintenance and lease costs.
36. Green Deal Communities Fund - the Council has recently been awarded £2,876k capital grant from the Department for Energy & Climate Change for Green Deal Communities Local Authority Fund. The scheme will deliver energy efficiency works to private sector homes in the Borough.
37. Eastcote House & Gardens - tenders have recently been received for this refurbishment project which is mainly funded by the Heritage Lottery Fund. There is an overall funding gap of £82k (capital and revenue) which will be managed partly through additional Section 106 monies that can be allocated to the project. The capital works element of the project is expected to be completed in April 2015 and an estimated £100k slippage is forecast.
38. South Ruislip Development Plot A - An amount of £64k was carried forward into 2014/15 because there are further re-commissioning and servicing works to be carried out following the occupation of flats.
39. Queens Walk Development - There is a delay in utilities works, however it is expected that completion will be achieved by end of July and the site become operational in August. The delivery of the project links to the delivery of revenue savings within Adult Social Care.
40. Harlington Road Depot - a detailed condition survey has been completed and tenders have recently been received for the refurbishment works and these are within budget although are yet to be evaluated in detail. Works are expected to be completed in October. The completion of this project will allow for the rationalisation of the Council's existing depots and sale of other depot sites within the capital receipts programme.

Programmes of Works (non-Schools)

41. Civic Centre Works Programme - there are existing schemes in progress that have required £787k budget to be re-phased into this year.
42. Empty Homes Programme - the Council has been awarded £634k grant funding from the Greater London Authority to be used by March 2015. There are proposals in progress to fully utilise this funding although this will be dependent on suitable accommodation coming forward.
43. Transport for London Programme - it is estimated that there will be approximately £1,000k slippage on the 2014/15 Local Implementation Plan (LIP) as a number of schemes will not commence until later in the year and this has been reflected in budget re-phasing into 2015/16. The 2013/14 LIP programme is in progress and officers are finalising schemes to maximise spend before the final claim date in August.

44. Town Centres Initiatives Programme - the Initiatives at Northwood Hills and Ruislip Manor are close to completion. The Hayes Town Centre scheme is in early stages of development and there is forecast slippage of £368k on the TfL Major Scheme funding for this site. Proposals are in development for shop front grant schemes in three locations within the Borough.
45. Property Works Programme - there are several existing schemes which commenced towards the end of 2013/14 which will require to be funded from the current year budget allocation of £600k.

Future Projects (non Schools)

46. ICT Infrastructure - this project to implement WiFi in Council buildings over two years budgeted at £1,200k is yet to commence.
47. Compass Theatre (Sports & Cultural Projects) - the original brief was to refurbish and modernise the theatre. Options are being investigated to possibly extend the conservatory and enhance the bar / cafe to generate more revenue from the site. The existing budget is £587k inclusive of £270k Section 106 monies which must be spent by November 2015.
48. Uxbridge Cemetery Gatehouse - this project is to renovate the Gatehouse and Anglican chapel which are listed buildings. The budget is £1,000k with a target completion date of March 2015. Documentation for issuing tenders is currently being finalised.
49. St Andrew's Park Theatre - work is required to develop a business plan and assess potential demand for a proposed new theatre in near Uxbridge town centre. Due to the size of the project (£44,000k budget) an OJEU notice may be required to place a design team which can take up to six months.
50. St Andrew's Park Museum - it is estimated that the project will take up to 36 months to complete (around August 2017) and options are being currently being reviewed.
51. Youth Centres - the approved budget is £5,100k for building three new youth centres including a proposed site at Ash Grove, Harefield. Planning consent will be required for the development.
52. Bowls Club Refurbishment - there is a budget of £500k for the refurbishment of Cowley and Bessingby bowls clubs. Tenders have been issued this month and works are planned to commence in September once the bowling season is over. The refurbishment works are expected to take no longer than ten weeks.

Capital Financing - General Fund

53. Table 4 sets out the latest capital financing forecast.

Table 4

	Original Budget 2014/15 £'000	Revised Budget 2014/15 £'000	Forecast 2014/15 £'000	Variance £'000	Total Financing Budget 2014-2019 £'000	Total Financing Forecast 2014-2019 £'000	Total Variance £'000
Council Resource Requirement	57,647	56,390	53,835	(2,555)	212,178	203,640	(8,538)
Financed By:							
Capital Receipts	15,137	15,647	15,760	113	31,719	32,262	543
CIL	5,000	3,000	3,000	-	23,000	23,000	-
Prudential Borrowing	37,510	37,743	35,075	(2,668)	157,459	148,378	(9,081)
Total Council Resources	57,647	56,390	53,835	(2,555)	212,178	203,640	(8,538)
Grants & Contributions	62,185	52,650	52,182	(468)	186,684	186,684	-
Total Programme	119,832	109,040	106,017	(3,023)	398,862	390,324	(8,538)

54. The revised capital receipts budget has been adjusted to take into account the re-phasing of actual and planned receipts since the original budget was set. Forecast General Fund capital receipts are £15,760k for 2014/15 which is £113k higher than the revised budget.

55. Actual capital receipts achieved year to date total £764k including the sale of a further four flats at Hayes End Library development. The remaining six flats are forecast to be sold this financial year. Including the flats, there are six major sales in excess of £1,000k that are included in the forecast for this year.

56. There is an element of risk in the level of receipts that will be achieved this year which is reflected in the forecast.

57. The prudential borrowing forecast shows a favourable variance of £9,081k due to cost under spends reported above including the unallocated contingency budget and the small improvement in the capital receipts forecast.

58. The implementation of the Community Infrastructure Levy has been delayed until 1 August 2014 which has had an adverse impact on this year's original budgeted income figure of £5,000k. The current removal of the sui generis charging band will further reduce the forecast although this may be established in future years based on economic viability analysis. The estimated shortfall of £2,000k is forecast to be met from Section 106 contributions that will continue for developments that fall outside the current CIL charging schedule.

Housing Revenue Account (HRA) Capital Programme

59. The forecast outturn on the HRA capital programme is set out in Table 5 below:

Table 5 - HRA Capital Expenditure

	Revised Budget 2014/15 £000	Forecast 2014/15 £000	Cost Variance Forecast vs Budget £000	Project Re-phasing £000	Total Project Budget 2014-2019 £000	Total Project Forecast 2014-2019 £000	Total Project Variance £000
Dwelling Components	9,657	6,129		-3,528	43,319	43,319	-
Estates / Blocks	2,586	2,236		-350	8,916	8,916	-
Welfare	2,540	1,790		-750	11,632	11,632	-
Other Projects	2,378	2,378		-	11,890	11,890	-
Total Works to Stock	17,161	12,533		-4,628	75,757	75,757	-
Purchase & Repair	2,088	2,088		-	9,766	9,766	-
Council New Build	1,000	1,000		-	37,376	37,376	-
Supported Housing	2,876	666		-2,210	13,042	13,042	-
Total Major Projects	5,964	3,754	0	-2,210	60,184	60,184	-
Former New Build Schemes	227	1,235	1,008		227	1,235	1,008
Total	23,352	17,522	1,008	-6,838	136,168	137,176	1,008

60. The Works to Stock programme has a number of schemes forecasting slippage of £4,628k for the year as some projects will not commence until later in the year.

61. The Affordable Housing and Supported Housing programmes are also in early stages with proposals currently in development. A revised Supported Housing programme is being proposed with only the Yiewsley Health Centre development reflected in the 2014/15 forecast.

62. There is a forecast over spend of £1,008k on former New Build schemes largely relating to contractual issues around the Triscott House development which have yet to be resolved. The dispute is going through arbitration which is a lengthy process and the outcome remains uncertain.

HRA Capital Receipts

63. There have been 30 Right to Buy sales of Council dwellings achieved for the year as at end of May 2014 for a value of £2,926k and a total of 150 sales are forecast totalling approximately £15,000k in 2014/15.

64. The Council has signed an agreement with Department for Communities & Local Government to re-invest the proceeds in housing stock regeneration. This enables the Council to retain a higher level of receipts because of reduced pooling, however, the terms of the agreement stipulate that receipts must be spent or committed within three years or otherwise are returned to Government with the addition of interest. Proposals are being developed by

officers to develop an Affordable Housing programme to utilise these receipts within allowed timescales.

65. Table 6 below sets out the time limits for the retention of Right to Buy receipts since the commencement of the agreement. An amount of £10,688k retained receipts generated up to the end of last financial year require to be spent or committed by the deadlines set out in the table, up to March 2017.

Table 6

Period	Number of Sales	Retained Right to Buy Receipt (£'000)	Cumulative Expenditure Required to Utilise Funds (£'000)	Deadline for Commitment of Retained Right to Buy Receipt
2012/13 Quarter 4 Actual	33	3,169	10,563	March 2016
2013/14 Quarter 1 Actual	13	833	13,340	June 2016
2013/14 Quarter 2 Actual	35	2,666	22,227	September 2016
2013/14 Quarter 3 Actual	24	1,730	27,994	December 2016
2013/14 Quarter 4 Actual	34	2,290	35,626	March 2017
Total Retained Receipts	139	10,688	35,626	

66. The use of retained Right to Buy receipts are limited by the regulations to the agreement to a maximum 30% of the cost of replacement housing. Therefore, in order to utilise the receipts, the cumulative gross expenditure level (including 70% HRA contributions) required to be achieved is £10,563k by end of 2015/16 and £35,626k by end of 2016/17.
67. An estimated £8,500k is expected to be retained from this year's Right to Buy receipts which will have three year time limits in 2017/18 arising from each quarter's retained receipt.
68. In addition there have been £74k in HRA non dwelling receipts year to date. These funds will be used to support the capital programme or be applied for repayment of debt.

ANNEX 1 - General Fund Main Programme

Total Project Cost (incl. Prior Years)	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Total Project Budget 2014-2019	Total Project Forecast 2014-2019	Total Project Variance 2014-2019	Project Forecast Financed by:		
								Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Main Programme									
86,411	Primary School Expansions	49,237	48,782	(455)	61,106	60,744	(362)	20,358	28,837	11,549
3,910	Purchase of Vehicles	2,389	2,389	0	3,589	3,589	0	3,589	0	0
144	Yiewsley Health Centre & Sports Facility Development	3,052	3,052	(0)	7,631	7,631	(0)	7,631	0	0
9,254	Libraries Refurbishment	248	380	132	248	380	132	380	0	0
1,138	Queenswalk Redevelopment	1,664	1,664	(0)	1,664	1,664	(0)	1,664	0	0
0	Green Deal Communities (DECC)	2,876	2,876	0	2,876	2,876	0	0	2,876	0
3,565	South Ruislip Development - Plot A	64	64	0	64	64	0	64	0	0
0	Highways Priority Growth	2,000	2,000	0	2,000	2,000	0	2,000	0	0
11	Harlington Road Depot Refurbishment	1,276	1,276	0	1,341	1,341	0	1,341	0	0
65	Car Park Resurfacing	1,079	160	(919)	1,079	1,079	0	1,079	0	0
5	Eastcote House Buildings and Gardens	1,030	930	(100)	1,030	1,030	0	35	975	20
0	Pavement Priority Growth	1,000	1,000	0	1,000	1,000	0	1,000	0	0
251	Grounds Maintenance	646	646	0	646	646	0	646	0	0
722	ICT Single Development Plan - Migration to Windows 7	1,067	1,067	0	1,067	1,067	0	1,067	0	0
0	Telecare Equipment	600	600	0	600	600	0	29	571	0
0	Free School Meals Projects	565	565	0	565	565	0	0	565	0
124	CCTV Programme	363	363	0	363	363	0	363	0	0
0	West Drayton Cemetery Expansion	522	522	0	522	522	0	522	0	0
0	Compass Theatre	587	587	0	587	587	0	317	0	270
0	Whiteheath Farm Refurbishment	310	310	0	310	310	0	310	0	0
0	Rural Agricultural Garden Centre	340	340	0	340	340	0	340	0	0
52,847	Major Projects completing in 2014/15	1,893	2,514	621	1,894	2,515	621	2,513	0	2
158,447	Total Main Programme	72,809	72,087	(722)	90,523	90,913	390	45,248	33,824	11,841

ANNEX 1b - Programme of Works

Total Project Cost (incl. Prior Years)	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Total Project Budget 2014-2019	Total Project Forecast 2014-2019	Total Project Variance 2014-2019	Project Forecast Financed by:		
								Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Programmes of Works									
N/A	Leader's Initiative	437	437	0	1,237	1,237	0	1,000	0	237
N/A	Chrysalis Programme	1,895	1,895	0	5,895	5,895	0	4,945	0	950
N/A	Civic Centre Works Programme	1,387	1,387	0	2,887	2,887	0	2,287	0	600
N/A	Formula Capital Devolved to Schools	1,337	1,337	0	3,477	3,477	0	0	3,259	218
N/A	Highways Localities Programme	516	516	0	1,548	1,548	0	1,336	0	212
N/A	Highways Structural Works	2,653	2,653	(0)	6,453	6,453	(0)	6,453	0	0
N/A	ICT Single Development Plan	363	363	0	2,363	2,363	0	2,363	0	0
N/A	Property Works Programme	600	600	0	3,000	3,000	0	3,000	0	0
N/A	Road Safety	250	250	0	1,250	1,250	0	1,250	0	0
N/A	Street Lighting	180	180	0	900	900	0	900	0	0
N/A	Town Centre Initiatives	1,183	990	(194)	2,483	2,483	(0)	2,183	300	0
N/A	Transport for London	4,117	3,749	(368)	14,528	14,528	0	0	13,941	587
N/A	Urgent Building Condition Works	5,312	5,312	0	10,344	10,344	0	2,812	7,032	500
N/A	Disabled Facilities Grants	2,300	1,205	(1,095)	11,500	10,405	(1,095)	2,980	7,425	0
N/A	Adaptations for Adopted Children	200	0	(200)	1,000	800	(200)	0	800	0
N/A	Private Sector Renewal Grants	1,084	951	(133)	4,132	3,999	(133)	2,117	1,882	0
N/A	GF Supported Housing Programme	210	210	0	210	210	0	210	0	0
N/A	Programmes of works completed in 2014/15	395	395	0	395	395	0	0	0	395
	Total Programmes of Works	24,419	22,430	(1,989)	73,602	72,174	(1,428)	33,836	34,639	3,699

ANNEX 1c - Future Projects & Contingency

Total Project Cost (incl. Prior Years)	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Total Project Budget 2014-2019	Total Project Forecast 2014-2019	Total Project Variance 2014-2019	Project Forecast Financed by:		
								Council Resources	Government Grants	Other Cont'n's
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Future Projects									
0	Secondary Schools Expansions (Expansion)	0	1,188	1,188	80,000	80,000	0	24,000	56,000	0
0	Secondary Schools Expansions (Replacement)	4,033	4,033	0	70,000	70,000	0	58,052	11,948	0
0	St Andrew's Park Theatre	500	500	0	44,000	44,000	0	42,950	0	1,050
0	New Primary School Expansions	0	0	0	13,500	13,500	0	4,050	9,450	0
0	New Years Green Lane EA Works	0	0	0	6,490	6,490	0	3,244	3,246	0
0	Youth Centres	1,615	1,615	0	5,100	5,100	0	5,100	0	0
0	Community Safety Assets	250	250	0	250	250	0	250	0	0
0	ICT Infrastructure	600	600	0	1,200	1,200	0	1,200	0	0
0	Uxbridge Cemetery Gatehouse & Anglican Chapel	950	950	0	1,000	1,000	0	1,000	0	0
0	St Andrew's Park Museum	1,667	1,667	0	5,000	5,000	0	4,250	0	750
0	Bowls Clubs Refurbishment	500	500	0	500	500	0	500	0	0
0	Local Plan Requirement Works	197	197	0	197	197	0	197	0	0
0	Total Future Projects	10,312	11,500	1,188	227,237	227,237	0	144,793	80,644	1,800
	Development & Risk Contingency									
0	General Contingency	1,500	0	(1,500)	7,500	0	(7,500)	0	0	0
0	Provision for Additional Secondary Schools Funding	0	0	0	0	0	0	(20,237)	20,237	0
0	Total Development & Risk Contingency	1,500	0	(1,500)	7,500	0	(7,500)	(20,237)	20,237	0
	Total GF Capital Programme	109,040	106,017	(3,023)	398,862	390,324	(8,538)	203,640	169,344	17,340

Appendix E – Treasury Management Report as at 31 May 2014

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

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	72.3	43.23	35.00
1-2 Months	2.0	1.20	0.00
2-3 Months	26.5	15.85	10.00
3-6 Months	31.2	18.66	10.00
6-9 Months	6.0	3.59	10.00
9-12 Months	17.0	10.17	15.00
12-18 Months	9.0	5.38	15.00
18-24 Months	2.4	1.44	5.00
Subtotal	166.4	99.52	100.00
Unpaid Maturities	0.8	0.48	0.00
Total	167.2	100.00	100.00

1. With the exception of the unpaid Icelandic investments, London Borough of Hillingdon's deposits are held with UK institutions, which hold at a minimum, a Fitch or lowest equivalent of A- long-term credit rating. Deposits are currently held with the following institutions; Bank of Scotland, Black Rock MMF, Goldman Sachs MMF, Insight MMF, Ignis MMF, PSDF MMF, Santander UK, HSBC Bank, Nationwide Building Society, Leeds Building Society, Barclays Bank, Close Brothers, Aberdeen City Council, Birmingham City Council, Blaenau Gwent County Borough Council, Lancashire County Council, Moray Council, Salford City Council, Woking Borough Council and Wolverhampton City Council. The Council also currently holds three Certificates of Deposit with three with Standard Chartered and one with Barclays.
2. During May fixed-term deposits continued to mature in line with cashflow requirements. Surplus funds were placed in instant access accounts and fixed term deposits with maturities varying from short term up to periods of two years.

Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual £m	Actual %
General Fund		
PWLB	71.27	21.35
Long-Term Market	15.00	4.50
HRA		
PWLB	214.57	64.27
Long-Term Market	33.00	9.88
Total	333.84	100.00

3. There were no early debt repayment opportunities or rescheduling activities during May and no breaches of the prudential indicators or non-compliance with the treasury management policy and practices.

Ongoing Strategy

4. In order to maintain liquidity for day-to-day business operations, short-term balances will be placed in short term deposits of up to six months, as these are generally yielding a higher rate of interest than those offered in instant access accounts.

Appendix F – Acceptance of Grants & External Funding

1. The Council has been awarded the following external grants and contributions, which if accepted by Cabinet will be added to revenue budgets and available to support investment in service delivery.
 - a. **£40,000** has been awarded by London Sport to support a rowing and disability sailing project based at Hillingdon Outdoor Activity Centre. If accepted by Cabinet this grant will be pooled with the Council's own resources and contributions from partners to deliver this project during 2014/15.
 - b. The Council has successfully bid for **£17,000** of Food Standards Agency funding to undertake additional sampling of imported food at Heathrow Airport as part of the national co-ordinated risk-based food sampling programme during 2014/15.
 - c. The Council has been awarded **£300,000** from the Mayor of London's Air Quality Fund to support a joint project, working with Hounslow, Heathrow Airport and GSK, to bring about quantifiable reductions in emissions from road vehicles in the Heathrow Area during 2014/15 and 2015/16.
 - d. The Heritage Lottery Fund has awarded **£7,000** to support events and exhibitions at libraries across the Borough on the topic of *Hillingdon and the First World War* during 2014/15.

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

2. 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
Residents Services					
Consultant In Public Health	23-Jun-14	24-Sep-14	70	31	101
Consultant In Public Health	23-Jun-14	24-Sep-14	70	31	101
Maintenance Team Leader	29-Jun-14	26-Sep-14	41	15	56
Maintenance Team Leader	29-Jun-14	26-Sep-14	41	15	56
Multitrade	29-Jun-14	26-Sep-14	53	10	63
Rofer	29-Jun-14	26-Sep-14	50	10	60
Plasterer	29-Jun-14	26-Sep-14	50	10	60
Plasterer	29-Jun-14	26-Sep-14	50	9	59
Building Surveying project Manager	30-Jun-14	09-Jan-15	47	23	70
Building Control Surveyor	23-Jun-14	19-Sep-14	72	8	80
Electrical Services Officer	30-Jun-14	19-Sep-14	66	13	79
Adult Social Care					
Team Manager (Access)	02-Jun-14	03-Aug-14	60	8	68
Residential Care Worker (Colham Road)	02-Jun-14	03-Aug-14	112	2	114
Residential Care Worker (Colham Road)	02-Jun-14	03-Aug-14	112	2	114
Team Leader (Chapel Lane)	02-Jun-14	03-Aug-14	83	2	85
Floating Support Worker (Adult Resources - Floating Support South)	02-Jun-14	03-Aug-14	65	3	68
Residential Care Worker (Hatton Grove)	02-Jun-14	03-Aug-14	86	1	87

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Residential Care Worker (Hatton Grove)	02-Jun-14	03-Aug-14	86	1	87
Day Centre Officer - Woodside Day Centre	02-Jun-14	03-Aug-14	97	2	99
Day Centre Officer - Woodside Day Centre	02-Jun-14	03-Aug-14	78	1	79
Lead Approved Mental Health Practitioner	02-Jun-14	03-Aug-14	61	6	67
Children & Young People's Services					
Residential and Placements Manager	30-Jun-14	03-Aug-14	74	9	83
Waking Night Residential Care Worker - Merrifield	30-Jun-14	03-Aug-14	106	1	107
Residential Care Worker - Mulberry Parade	30-Jun-14	03-Aug-14	76	1	77
Waking Night Residential Care Worker - Mulberry Parade	30-Jun-14	03-Aug-14	85	1	86
Service Manager (Children's Social Work Team)	30-Jun-14	03-Aug-14	96	9	105
Social Worker Triage (MASH) (Children's Social Work Team)	30-Jun-14	03-Aug-14	103	6	109
Social Worker / Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	148	6	154
Social Worker (Children's Social Work Team)	30-Jun-14	03-Aug-14	50	5	55
Social Worker / Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	125	5	130
Deputy Team Manager (Children's Social Work Team)	30-Jun-14	03-Aug-14	62	6	68

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Social Worker (Children's Social Work Team)	30-Jun-14	03-Aug-14	74	5	79
Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	122	6	128
Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	89	6	95
Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	110	6	116
Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	69	6	75
Senior Worker / Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	106	6	112
Senior Worker / Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	129	6	135
Senior Worker / Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	66	6	72
Deputy Team Manager (Children's Social Work Team)	30-Jun-14	03-Aug-14	79	6	85
Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	57	6	63
Senior Social Workers (Children's Social Work Team)	30-Jun-14	03-Aug-14	79	6	85
Deputy Team Manager (Children's Social Work Team)	30-Jun-14	03-Aug-14	89	6	95
Team Manager - Early Intervention Services YOT	30-Jun-14	03-Aug-14	65	8	73
Senior Social Worker - LAC Service	30-Jun-14	03-Aug-14	56	6	62

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Deputy Team Manager - LAC Service	30-Jun-14	03-Aug-14	78	7	85
Senior Social Worker - LAC Service	30-Jun-14	03-Aug-14	64	6	70
Deputy Team Manager - LAC Service	30-Jun-14	03-Aug-14	146	6	152
Social Worker - LAC Service	30-Jun-14	03-Aug-14	58	6	64
MASH Operation Manager	30-Jun-14	03-Aug-14	59	11	70
Head of Children's Safeguarding and Quality Assurance	30-Jun-14	03-Aug-14	78	16	94

REVIEW OF LOCAL COUNCIL TAX REDUCTION SCHEME

SUMMARY

The purpose of this report is to enable Cabinet to approve, for consultation, the revisions to the local Council Tax Reduction Scheme (CTRS), effective from 1 April 2015. The local CTRS was implemented on 1 April 2013 for an initial period of two years, during which time a review of the scheme's funding and operation was to be undertaken. As a result of that review no major revision to the scheme is proposed.

RECOMMENDATIONS

That Cabinet:

- 1. Approves for consultation that the current Council local Council Tax Reduction Scheme continues for a further year from 1 April 2015, whereby the maximum amount of reduction that any household can receive is 80% of the council tax liability.**
- 2. Approves, under Section 13a of the Local Government Finance Act 1992, the introduction of a discretionary hardship fund and the continuation of the pensioner discount scheme.**

INFORMATION

The Local Government Act 2012 introduced the requirement for local authorities to design and implement a local Council Tax reduction scheme from 1st April 2013 to replace Council Tax Benefit which was abolished under the Welfare Reform Act 2012. In January 2013, the Council agreed the adoption of a Council Tax Reduction Scheme for a 2 year period from 1st April 2013. The scheme was only adopted for an initial two years to enable a full review of the scheme's funding and operation to be completed during that period.

In addition to designing a local scheme, councils were also required to develop scheme rules for the operation of their local scheme. These rules define who is eligible and the method of calculating entitlement for 'working age' residents. The scheme rules were kept broadly in line with Council Tax Benefit regulations, with the key amendments that the maximum amount of reduction that any household can receive is 80% of the council tax liability. The rules included protection for pensioners and the disabled.

One of the key features of the scheme design for Hillingdon was that it should be cost neutral to the Council. The introduction of local CTR schemes were part of central Government's overall plans to cut spending on welfare and, to fund schemes, councils were awarded grants at a rate 10% lower than spending on Council Tax Benefit (CTB). In addition, new burdens funding of £84k was awarded to Hillingdon to fund the additional cost of administering a new scheme.

Experience over the first year of operation

Over the first year, the scheme has operated largely in line with expectations. In terms of workload there have been increased levels of correspondence, telephone calls and counter calls and a corresponding increase in workload through the external service provider Liberata, leading to increased administration costs. A review of the Equalities Impact Assessment has not shown any significant variation in impacts upon residents from those previously identified.

In relation to Council Tax collection rates for 2013/14, a 40% collection rate on Council Tax from CTRS claimants was assumed, however actual collection for this client group was 70%, significantly higher than expected. There was, however, an increase in court work, with the issuing of an additional 4,000 summons during 2013/14.

For the 2012/13 year there was £22.1m awarded in Council Tax Benefit to applicable claimants in Hillingdon. By comparison, in 2013/14, the Council awarded £18.7m in CTRS in accordance with the new local scheme. (Figures for this financial year are broadly comparable, with £18.6m being awarded for CTRS to date.) As CTRS is managed within the Collection Fund, costs are shared with the GLA, so the effective cost falling on Hillingdon was £14.9m.

The Local Government financial settlement for 2013/14 included a total grant to cover the cost of the CTRS of £19.9m, with £15.6m being Hillingdon's share and £4.3m going to the GLA. Taking into account higher administration and court costs, operation of the scheme during 2013/14 was contained within budget and so placed no additional burden on local taxpayers.

LOOKING FORWARD

Based on last year's experience, the current scheme is expected to remain cost neutral for 2014/15, as no significant change in the number of claimants is forecast. However, with only one year's experience it is very difficult to predict what will happen in future years. At this stage, funding has only been announced for 2015/16 and this will remain at the same level with Hillingdon's share being £15.6m. However, this grant is not awarded as a specific grant, but rolled up into overall grant funding and so it could become increasingly difficult to apportion in future years.

National reviews have been undertaken by both the NAO and the Public Accounts Committee, looking at the impact on Council's finances, the impact on vulnerable people and how well government's aims have been achieved. Recommendations from those reviews have included that future funding of the scheme be reassessed, taking account of ongoing costs for local authorities, and that DCLG should develop a coherent set of guide lines for local scheme operation.

Looking at other Council's local schemes, 82% reduced the level of support for council tax benefit recipients, with only 18% absorbing the entire funding cut into their council budget, however in the second year of operation, some of those have now introduced a minimum payment. Of those who introduced a minimum payment, 49% set that at 8.5%, 32% set a minimum payment between 10-20%, and the remaining 19% for a minimum payment of above 20%. Information relating to plans for 2015/16 is not yet available, although a neighbouring Council is intending to raise the minimum payment to 30%.

One area in which Hillingdon does need to revise the rules is in relation to the interpretation of Section 13a of the Local Government Finance Act 1992 and legal advice is now such that a formal mechanism should be in place for claimants to be able to apply for hardship support. The proposed scheme rules have been amended to include this provision and all such applications would go to the Head of Service for approval, with any resultant disputes then going to the relevant Cabinet Member for decision. On last year's experience, there was only one claimant who could have potentially made an application for support however the case was resolved before it reached appeal stage.

As the Council's current scheme is operating within expectations and there is no additional financial burden on the Council at this stage, it is recommended that the current parameters of the scheme be extended for a further year. This will enable a better understanding of local experience to be developed and some of the uncertainties over future funding to be clarified. Additionally, as there remain considerable concerns around the introduction of Universal Credit and central government's long term welfare plans it may not be timely to introduce any changes at this stage.

A short public consultation is planned following the Cabinet decision to inform residents and to seek feedback on the scheme's operation.

Background Documents:

Report to Cabinet December 2012 - Council Tax Reduction Scheme
Report to Council January 2013 - Council Tax Reduction Scheme