

COUNCIL BUDGET -2014/15 MONTH 4 REVENUE AND CAPITAL BUDGET MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
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Papers with report	Appendices

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 £1,815k is projected against 2014/15 General Fund revenue budgets as of July 2014 (Month 4). This represents an improvement of £336k on the position previously reported to Cabinet.</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 August 2014 (Month 4).
2. Note the treasury management update as at August 2014 (Month 4) at Appendix E.
3. Approves the acceptance of grant funding as detailed in Appendix F.
4. Continue the delegated authority up until the 23 October 2014 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 24 July and 25 September 2014 Cabinet meetings, detailed at Appendix G.

5. Ratifies the decisions made by the Leader of the Council, as set out in Appendix H, which were taken since the 24 July Cabinet meeting under interim delegated authority.
6. Approves the donation of the £30k surplus on textile recycling to the Mayor's Charity.
7. Approves the transfer of £66k from the Environmental Assets capital budget of £1,500k to fund drainage works at Pinn Meadows.
8. Agrees to the appropriation of four garages from the General Fund to the HRA to support the affordable housing programme.
9. Approves the transfer of £500k from reserves to the Environmental & Recreational Initiatives Fund.
10. Agrees to the allocation of £12k from the Environmental & Recreational Initiatives budget towards the renewal of fencing and rear gates at Harefield Cricket Club.
11. Agrees to the allocation of £230k funding from the Environmental & Recreational Initiatives Fund towards the enhancement of Kings College Pavilion running track.
12. Authorise a £26k external grant from the Chrysalis Fund, to the Eastcote Cricket Club who are overseeing the rebuilding of the Club's changing rooms.
13. Approves the block booking of the second floor of Point West, 1040 Uxbridge Road, Hayes for a period of three months at a cost of £31k. The accommodation is used as interim accommodation for bed & breakfast and avoids booking expensive alternatives such as Travelodges.
14. Approves the revised Fees & Charges for garages detailed in Appendix I.

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. Appendix E provides an update to Cabinet on Treasury Management performance during the previous financial year.
3. 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.
4. Cabinet on 24 July 2014 agreed that during the intervening period between the 2014 July and September Cabinet meetings, full authority would be delegated 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. 4 decisions were taken during this period, which are now reported to Cabinet for ratification.
5. Recommendation 6 seeks authority to donate the £30k surplus generated from the first five months of the Council's doorstep textile recycling service to the Mayor's Charity. As previously noted by Cabinet, it is intended to earmark future surpluses for donation to charity as these occur.
6. Pinn Meadows is subject to regular flooding which is affecting adjacent properties and as a result requires urgent drainage improvements to alleviate the problem. The works include the creation of a network of ditches, drainage installations and footbridges and are estimated to cost £66k. Recommendation 7 seeks authority to release funding from the Environmental & Recreational budget to fund this work.

7. The Council has agreed to the purchase of a plot of land at 85 Appletree Avenue which will enable the provision of a bungalow within the HRA New Build capital programme to increase the housing stock. However, development access to this plot is blocked by four garages (nos. 5, 6, 7 & 8 Royal Close) which therefore require to be demolished. These garages had previously been included in the appropriation to the General Fund approved by Cabinet in October 2013 and therefore require to be transferred back to the HRA for this development. Any resulting loss of income from garage rental will be managed within existing revenue budgets. There are no additional implications to the capital budget.
8. Recommendation 9 seeks approval to top up the existing Environmental & Recreational Initiatives Fund to allow further initiatives to be funded. The funding will be from existing earmarked reserves.
9. Harefield Cricket Club ground requires the installation of rear gates and the renewal of some fencing to prevent access by motorbikes. This has been costed at £12k and is to be funded from the Environmental & Recreational initiatives budget.
10. The running track at Kings College Pavilion requires upgrading and has been costed at £230k. This is to be funded from the Environmental & Recreational Initiatives Fund. The works will contribute to healthy living in the Borough.
11. Eastcote Cricket Club has a project to rebuild the Club's changing rooms, using £130k of their own funds and, subject to Cabinet's decisions, a grant of £26k from the Council. The grant will be funded from the £27,613 unspent contingency from 2013/14 Chrysalis projects.
12. Recommendation 13 seeks approval to block book of the second floor of Point West, 1040 Uxbridge Road, Hayes for a period of three months at a cost of £31k. The accommodation is used as interim accommodation for bed & breakfast and avoids booking expensive alternatives such as Travelodges.
13. In relation to recommendation 14, the Council has 2,900 garages of which 1,664 (57%) are let and 1,236 (43%) are currently empty. The improved management of the garages is a priority and increasing occupancy of the garages can deliver savings to the MTFE for the period 2014/15 to 2018/19. Enabling vacant garages to be bought back into use has the potential to increase income in terms of both revenue streams and potential capital receipts.

Alternative options considered

14. There are no other options proposed for consideration.

SUMMARY

REVENUE

15. As at Month 4 an underspend of £1,815k is projected on General Fund revenue budgets, consisting of £1,100k underspend on capital financing costs due to deferral of external borrowing, £80k underspend on Development & Risk Contingency and a net underspend of £635k across Directorate Operating Budgets. This position represents an improvement of £336k on the position at Month 2, due to a £518k increase in the underspend on directorate budgets being off-set by a £182k adverse movement on contingency.
16. The 2014/15 revenue budget includes £16,491k of savings, including sums brought forward from 2013/14. £11,878k of this sum is reported as either on track for delivery in full or already banked with the remaining £4,613k classed as amber due to being at an early stage of implementation. No savings are reported as being at risk of non-delivery.
17. General Fund balances are projected to reach £37,730k 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 £32,730k.
18. In relation to other funds, there are no material variances affecting the 2014/15 General Fund outturn, with actions being taken to review the £281k income pressure reported within the Parking Revenue Account.

CAPITAL

19. As at Month 4 an underspend of £2,850k is reported on the 2014/15 capital programme budget from a revised budget of £113,770k. This is comprised of cost underspends of £1,505k and net phasing variances of £1,345k. Forecast outturn over the life of the General Fund programme for 2014/15 to 2018/19 is an under spend of £1,042k.
20. General Fund capital receipts of £16,512k are forecast for 2014/15 with receipts over the period to 2018/19 expected to reach £34,181k, representing a favourable variance of £2,462k over the revised budget.
21. Prudential borrowing is forecasting a favourable variance of £1,504k over the life of the programme due to a reduced financing requirement arising from cost underspends of £1,042k, an improvement in the capital receipts forecast of £2,462k, offset by a reduction of £2,000k in the forecast level of Community Infrastructure Levy that will be collected this year.

FURTHER INFORMATION

General Fund Revenue Budget

22. An underspend of £1,815k is projected on normal operating activities at Month 4, representing an improvement of £518k from Month 2. The Month 4 position incorporates a £635k net underspend across Directorate Operating Budgets, a £1,100k underspend on capital financing costs and a favourable variance of £80k on Development and Risk Contingency. Further detail on each of these items is included below.
23. Movements from Month 2 on Directorate Operating budgets result in a net improvement of £518k, which is principally attributable to an improved outlook for income across the authority. This improvement is off-set by an adverse movement on contingency budgets for SEN Transport and the Waste Disposal levy to show an overall improvement of £336k.
24. As previously reported, the position on Directorate Operating Budgets consists of a number of compensatory variances which will continue to be closely monitored and factored in to 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, with £2,440k of uncommitted General Contingency and £1,452k Priority Growth uncommitted at this stage.
25. 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 72% are on track for delivery, with an element of risk associated with those savings in the early stages of delivery, totalling £4,613k. Since Month 2 the status of £1,250k savings has improved to now show on-track and the £50k savings previously tracked as red have been replaced by alternative proposals.

Table 1: General Fund Overview

Original Budget	Budget Changes	Service	Month 4		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000		£'000	£'000	£'000	£'000	£'000
168,045	1,624	Directorate Operating Budgets	169,669	169,034	(635)	(117)	(518)
17,153	(1,624)	Corporate Operating Budgets	15,529	14,429	(1,100)	(1,100)	0
24,738	0	Development & Risk Contingency	24,738	24,658	(80)	(262)	182
2,252	0	Priority Growth	2,252	2,252	0	0	0
212,188	0	Sub-total Normal Activities	212,188	210,373	(1,815)	(1,479)	(336)
		<u>Exceptional Items</u>					
212,188	0	Total Net Expenditure	212,188	210,373	(1,815)	(1,479)	(336)
(212,188)	0	Budget Requirement	(212,188)	(212,188)	0	0	0
0	0	Net Total	0	(1,815)	(1,815)	(1,479)	(336)
(35,915)	0	Balances b/fwd	(35,915)	(35,915)			
(35,915)	0	Balances c/fwd 31 March 2015	(35,915)	(37,730)			

26. At 31 March 2014 General Fund Balances totalled £35,915k, with the projected underspend expected to reach £37,730k 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 £32,730k.

Directorate Operating Budgets (£635k underspend, £518k improvement on Month 2)

27. 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 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
14,218	75	Admin.	Expenditure	14,293	14,183	(110)	(88)	(22)
(3,187)	905		Income	(2,282)	(2,332)	(50)	(58)	8
11,031	980		Sub-Total	12,011	11,851	(160)	(146)	(14)
169,101	273	Finance	Expenditure	169,374	169,499	125	178	(53)
(155,788)	(151)		Income	(155,939)	(156,331)	(392)	(281)	(111)
13,313	122		Sub-Total	13,435	13,168	(267)	(103)	(164)
139,103	1,431	Residents Services	Expenditure	140,534	140,018	(516)	(445)	(71)
(73,138)	(372)		Income	(73,510)	(73,450)	60	167	(107)
65,965	1,059		Sub-Total	67,024	66,568	(456)	(278)	(178)
31,163	(3,385)	Children & Young People's	Expenditure	27,778	27,971	193	63	130
(8,961)	282		Income	(8,679)	(8,815)	(136)	28	(164)
22,202	(3,103)		Sub-Total	19,099	19,156	57	91	(34)
68,691	12,870	Adult Social Care	Expenditure	81,561	82,404	843	351	492
(13,157)	(10,304)		Income	(23,461)	(24,113)	(652)	(32)	(620)
55,534	2,566		Sub-Total	58,100	58,291	191	319	(128)
168,045	1,624	Total Directorate Operating Budgets		169,669	169,034	(635)	(117)	(518)

28. A minor improvement of £14k is reported on Administration budgets bringing the projected underspend to £160k. This position takes into account a number of posts being held vacant across the group and additional income being secured within Legal Services. This underspend primarily represents early delivery of savings proposals to be included in the Council's 2015/16 budget.

29. Within Finance, there is a continuation of trends reported at Month 2, with a £164k improvement in projected outturn resulting from an underspend of £267k at Month 4.

Continuing strong performance in the recovery of overpaid Housing Benefit and court costs income is partially off-set by use of agency staff as new structures are implemented across the group.

30. An improvement on Trade Waste income projections at the Council's own Civic Amenity sites and a number of vacancies across the group accounts for the £178k increase in the reported underspend for Residents Services. As previously reported the remaining underspend is attributable to the closure of the West London Alliance's Victoria Road Civic Amenity site, being partially off-set by pressures on off-street parking income and facilities management.
31. Children and Young People's services are projecting a pressure of £57k at Month 4, representing an improvement of £34k from Month 2. This improvement is the net impact of securing additional funding from partners and an adverse movement on staffing expenditure due to continuing use of agency cover.
32. Adult Social Care operating budgets are reporting a pressure of £191k at Month 4, principally attributable to the difficulties in reducing costs within the in-house transport function to reflect reduced demand being partially off-set by vacancies across the group. This represents an improvement of £128k on the position at Month 2 as a result of the improved salaries position.

Progress on Savings

33. 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.
34. As at Month 4, £11,878k (£10,628k at Month 2) is either on track for delivery or already banked, with the remaining £4,613k classed as amber due to being at an early stage of delivery. Compensatory savings have been identified to replace the £50k previously reported as having serious problems with delivery.

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)	(1,960)	(1,397)	(551)	(5,789)	35.1%
G On track for delivery	(425)	(91)	(3,107)	(1,820)	(646)	(6,089)	36.9%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(2,142)	0	(437)	(1,784)	(250)	(4,613)	28.0%
R Serious problems in the delivery of the saving	0	0	0	0	0	0	0.0%
Total 2014/15 Savings	(3,000)	(1,539)	(5,504)	(5,001)	(1,447)	(16,491)	100%

Corporate Operating Budgets (£1,100k underspend, no movement)

35. 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 £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
9,927	292		Non-Sal Exp	10,230	9,130	(1,100)	(1,100)	0
(39)	(376)		Income	(415)	(415)	0	0	0
9,888	(84)		Sub-Total	9,815	8,715	(1,100)	(1,100)	0
0	0	Levies and Other Budgets	Salaries	0	0	0	0	0
11,077	791		Non-Sal Exp	11,871	11,871	0	0	0
(3,812)	(2,331)		Income	(6,089)	(6,089)	0	0	0
7,265	(1,540)		Sub-Total	5,782	5,782	0	0	0
17,153	(1,624)	Total Corporate Operating Budgets		15,597	14,497	(1,100)	(1,100)	0

36. In line with the position at Month 2, an underspend of £1,100k is reported on capital financing costs as a result of prioritisation of government grants within the programme. This remains a temporary position with the on-going investment in school expansions continuing to require substantial support from Council-funded Prudential Borrowing.

Development & Risk Contingency (£80k underspend, £182k adverse movement)

37. 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. The overall level of contingency requirement remains broadly consistent with this budgeted provision, however in line with the volatile nature of such activity variances are reported on a number of items.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'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)	(129)	0
229	0		SEN transport	229	337	108	0	108
811	0		Waste Disposal Levy	811	885	74	0	74
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)	(133)	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	24,658	(80)	(262)	182

38. An adverse movement of £108k from Month 2 is reported on SEN Transport, with a further refresh of the position expected in the coming months to take account of service requirements once the new academic year begins.

39. Increased volumes for both commercial and residential waste has led to a marginal adverse movement of £74k on the Waste Disposal Levy, however, there will continue to be seasonal variation in demand which will be reflected over the coming months.

40. No movement is reported on the remaining contingency items, with movements on care placements costs in both Children and Young People's Services and Adult Social Care being managed within the respective operating budgets.

41. As at Month 2, there have been no calls on the remaining £2,440k uncommitted General Contingency balance which is available to manage emergent risks and cost pressures.

Priority Growth

42. 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.
43. 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 £258k, leaving £680k available for new initiatives.

Table 6: Priority Growth

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 4 Approved Allocations £'000	Unallocated Balance £'000
800	138	HIP Initiatives Budgets	938	(258)	(680)
0	(138)	B/fwd Funds	(138)	138	0
1,452	0	Unallocated Priority Growth	1,452	0	(1,452)
2,252	0	Total Priority Growth	2,252	(120)	(2,132)

Schools Budget, Parking Revenue Account and Collection Fund

44. 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.
45. A break-even position is reported on normal activities within the Schools Budget at Month 4; with the headline reduction in retained balances by £758k to £1,645k due to the release of funds from the 2013/14 underspend to individual schools. The projected closing balance of £1,645k remains available to support future investment in the Borough's schools.
46. A marginal improvement of £24k is reported on Parking Revenue Account activities from Month 2, resulting in a reported pressure of £281k which is wholly attributable to the shortfall in Penalty Charge Notice income against historic budgets. A zero-based review of both the account and associated services is being undertaken in order to improve this position and bring the fund back into balance.
47. There has been no movement in the headline Collection Fund position from Month 2, with the surplus of £2,087k on Council Tax to be released to the General Fund in 2015/16. There remains significant uncertainty on Business Rates revenue as the Valuation Office Agency are still to confirm the rateable value of the new Heathrow Terminal 2. Until the income on this property can be confirmed a breakeven position continues to be reported.

Housing Revenue Account Budget

48. As at Month 3 a net underspend of £3,005k is reported on the Housing Revenue Account, representing an increase of £1,723k on the underspend reported at Month 2. The position and movement from Month 2 are principally attributable to reduced expenditure projections on planned maintenance. Unallocated balances are therefore projected to reach £25,825k by 31 March 2015.

Future Revenue Implications of Capital Programme

49. A comprehensive update on the current capital programme is included at Appendix D. This shows a headline underspend of £1,042k on the revised programme budget of £398,527k for 2014/15 to 2018/19. Within this position, significant pressures forecast on Yiewsley Health Centre and the legacy Hillingdon Sports & Leisure Centre are current being off-set by underspends on the school expansion programme and Disabled Facilities Grants. Within this position there remains £7,430k of uncommitted monies within contingency which could support new investment without impacting upon the reported underspend.
50. Over the same period capital receipts are expected to exceed the £31,719k budget by £2,462k due to increased valuations on sites scheduled for disposal. This movement however is off-set by a £2,000k pressure on Community Infrastructure Levy income due to delay in implementing the local scheme. The net result being a marginal reduction in the Council's Borrowing Requirement of £1,042k which remains consistent with the Council's Medium Term Financial Forecast.
51. 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 (£160k underspend, £14k improvement)

1. The Administration Group is showing an underspend of £160k at Month 4, a £14k improvement on Month 2. This is due to minor movements across the group including an increased surplus of income in Legal Services and MTFF proposal for 2015/16 has been put forward relating to this. The remaining underspend is primarily due to a number of vacant posts across Performance, however the remainder of the group is fully staffed. The underspent budgets in Partnership and Policy are to be realigned as part of the 2015/16 MTFF process.

Table 1: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
485	0	Directorate	Salaries	485	486	1	3	(2)
6	0		Non-Sal Exp	6	4	(2)	(2)	0
(58)	58		Income	0	0	0	0	0
433	58		Sub-Total	491	490	(1)	1	(2)
707	0	Corporate Comms	Salaries	707	720	13	21	(8)
159	0		Non-Sal Exp	159	149	(10)	(3)	(7)
(27)	0		Income	(27)	(22)	5	(3)	8
839	0		Sub-Total	839	847	8	15	(7)
1,449	0	Democr. Services	Salaries	1,449	1,473	24	43	(19)
1,882	0		Non-Sal Exp	1,882	1,893	11	6	5
(957)	339		Income	(618)	(583)	35	0	35
2,374	339		Sub-Total	2,713	2,783	70	49	21
2,273	51	Democr. Services	Salaries	2,324	2,326	2	(6)	8
639	12		Non-Sal Exp	651	638	(13)	(27)	14
(303)	0		Income	(303)	(289)	14	15	(1)
2,609	63		Sub-Total	2,672	2,675	3	(18)	21
1,871	0	Legal Services	Salaries	1,871	1,916	45	48	(3)
111	0		Non-Sal Exp	111	106	(5)	(6)	1
(575)	0		Income	(575)	(668)	(93)	(65)	(28)
1,407	0		Sub-Total	1,407	1,354	(53)	(23)	(30)
2,173	(1,593)	Policy & Partnerships	Salaries	580	597	17	0	17
2,463	(166)		Non-Sal Exp	2,297	2,265	(32)	0	(32)
(1,267)	1,222		Income	(45)	(56)	(11)	0	(11)
3,369	(537)		Sub-Total	2,832	2,806	(26)	0	(26)
0	1,603	Performance	Salaries	1,603	1,447	(156)	(125)	(31)
0	168		Non-Sal Exp	168	163	(5)	(40)	35
0	(714)		Income	(714)	(714)	0	(5)	5
0	1,057		Sub-Total	1,057	896	(161)	(170)	9
8,958	61	Admin. Directorate	Salaries	9,019	8,965	(54)	(16)	(38)
5,260	14		Non-Sal Exp	5,274	5,218	(56)	(72)	16
(3,187)	905		Income	(2,282)	(2,332)	(50)	(58)	8
11,031	980		Total	12,011	11,851	(160)	(146)	(14)

FINANCE (£267k underspend, £164k improvement)

2. The Finance Group is showing an underspend of £267k at Month 4, an improvement of £164k on Month 2. This improvement is largely due to additional Housing Benefit income after the actual week 13 subsidy figures were received. There is also an increased underspend on salaries due to restructures across the Directorate. The majority of the underspend is due to an overachievement on court summons income & repaid rent allowances of £155k and a drawdown of £100k Welfare Reform grant in the Revenues & Benefits area. The expenditure and income budgets across Revenues & Benefits are to be realigned as part of the 2015/16 MTF process. There are small overspends across the group on non-salary expenditure including recruitment costs in Procurement.

Table 1: Operating Budgets

Original Budget	Budget Changes	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
537	0	Internal Audit	Salaries	537	537	0	9	(9)
56	0		Non-Sal Exp	56	57	1	7	(6)
0	0		Income	0	(10)	(10)	(10)	0
593	0		Sub-Total	593	584	(9)	6	(15)
2,050	0	Procurement	Salaries	2,050	2,063	13	30	(17)
150	0		Non-Sal Exp	150	168	18	18	0
(557)	13		Income	(544)	(555)	(11)	0	(11)
1,643	13		Sub-Total	1,656	1,676	20	48	(28)
3,299	0	Operational Finance	Salaries	3,299	3,361	62	52	10
705	(26)		Non-Sal Exp	679	682	3	1	2
(963)	0		Income	(963)	(963)	0	0	0
3,041	(26)		Sub-Total	3,015	3,080	65	53	12
3,729	107	Revenues & Benefits	Salaries	3,836	3,845	9	12	(3)
154,439	112		Non-Sal Exp	154,551	154,551	0	11	(11)
(154,102)	(330)		Income	(154,432)	(154,803)	(371)	(271)	(100)
4,066	(111)		Sub-Total	3,955	3,593	(362)	(248)	(114)
1,445	(51)	Strategic Finance	Salaries	1,394	1,408	14	36	(22)
2,691	131		Non-Sal Exp	2,822	2,827	5	2	3
(166)	166		Income	0	0	0	0	0
3,970	246		Sub-Total	4,216	4,235	19	38	(19)
11,060	56	Finance Directorate	Salaries	11,116	11,214	98	139	(41)
158,041	217		Non-Sal Exp	158,258	158,285	27	39	(12)
(155,788)	(151)		Income	(155,939)	(156,331)	(392)	(281)	(111)
13,313	122		Total	13,435	13,168	(267)	(103)	(164)

3. A breakeven position is projected on the contingency for uninsured claims at Month 4.

Table 2: Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 4		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000		£'000	£'000	£'000	£'000	£'000
400	0	Uninsured Claims	400	400	0	0	0
400	0	Current Commitments	400	400	0	0	0

RESIDENTS SERVICES GENERAL FUND (£456k underspend, £178k favourable)

4. Residents Services directorate is showing a projected outturn underspend of £456k at Month 4, excluding pressure areas that have identified contingency provisions. There remains underlying pressures in Asset Management and Public Safety.

Table 1: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 4		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
2,240	(39)	Asset Management	Salaries	2,201	2,201	0	0	0
8,681	260		Non-Sal Exp	8,941	9,212	271	250	21
(5,494)	(141)		Income	(5,635)	(5,688)	(53)	(53)	0
5,427	80		Sub-Total	5,507	5,725	218	197	21
8,451	(370)	Education (GF)	Salaries	8,081	7,873	(208)	(208)	0
11,182	(1,074)		Non-Sal Exp	10,108	10,096	(12)	(12)	0
(9,681)	(98)		Income	(9,779)	(9,635)	144	144	0
9,952	(1,542)		Sub-Total	8,410	8,334	(76)	(76)	0
1,641	(1)	Environ. Policy & Commun. Engage.	Salaries	1,640	1,612	(28)	(28)	0
1,013	(423)		Non-Sal Exp	590	590	0	0	0
(7,491)	0		Income	(7,491)	(7,501)	(10)	(10)	0
(4,837)	(424)		Sub-Total	(5,261)	(5,299)	(38)	(38)	0
3,099	0	Housing (GF)	Salaries	3,099	3,099	0	0	0
9,048	0		Non-Sal Exp	9,048	9,006	(42)	(38)	(4)
(7,489)	0		Income	(7,489)	(7,489)	0	0	0
4,658	0		Sub-Total	4,658	4,616	(42)	(38)	(4)
17,347	(3,086)	ICT, Highways & Business Serv.	Salaries	14,261	14,131	(130)	(77)	(53)
9,805	278		Non-Sal Exp	10,083	10,093	10	10	0
(5,416)	(407)		Income	(5,823)	(5,819)	4	4	0
21,736	(3,215)		Sub-Total	18,521	18,405	(116)	(63)	(53)
7,674	(130)	Planning, Green Spaces & Culture	Salaries	7,544	7,556	12	0	12
6,389	(332)		Non-Sal Exp	6,057	6,207	150	105	45
(9,404)	336		Income	(9,068)	(9,185)	(117)	(118)	1
4,659	(126)		Sub-Total	4,533	4,578	45	(13)	58
13,800	19	Public Safety (GF)	Salaries	13,819	13,801	(18)	0	(18)
24,237	(181)		Non-Sal Exp	24,056	23,693	(363)	(357)	(6)
(11,965)	0		Income	(11,965)	(11,873)	92	200	(108)
26,072	(162)		Sub-Total	25,910	25,621	(289)	(157)	(132)
1,773	(457)	Public Health (PHA)	Salaries	1,316	1,316	0	0	0
14,401	(8)		Non-Sal Exp	14,393	14,393	0	0	0
(16,208)	499		Income	(15,709)	(15,709)	0	0	0
(34)	34		Sub-Total	0	0	0	0	0
172	6,116	Residents Services Directorate	Salaries	6,288	6,130	(158)	(90)	(68)
(1,850)	859		Non-Sal Exp	(991)	(991)	0	0	0
10	(561)		Income	(551)	(551)	0	0	0
(1,668)	6,414		Sub-Total	4,746	4,588	(158)	(90)	(68)
56,197	2,052	Residents Services	Salaries	58,249	57,719	(530)	(403)	(127)
82,906	(621)		Non-Sal Exp	82,285	82,299	14	(42)	56
(73,138)	(372)		Income	(73,510)	(73,450)	60	167	(107)
65,965	1,059		Total	67,024	66,568	(456)	(278)	(178)

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. The position against these contingency items is shown in Table 2 below.
6. At month 4 projected calls on contingency is £53k above provision, £182k adverse movement from month 2. The table below shows the breakdown for each contingency item.

Table 2: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
240	0	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)	(129)	0
229	0	SEN transport	229	337	108	0	108
811	0	Waste Disposal Levy	811	885	74	0	74
0	60	Poweday Public Enquiry	60	60	0	0	0
3,824	60	Current Commitments	3,884	3,937	53	(129)	182

7. 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.
8. Temporary Accommodation and housing advice data for the last four months of the calendar year 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 four months of the new financial year are above the 13/14 average of 106.

Table 3: Housing Needs performance data

	April	May	June	July
Homeless Threat, priority need & eligible	125	111	118	112
Presenting as Homeless	41	42	54	59
Duly Accepted	29	32	26	26
Temporary Accommodation	522	512	511	518
Households in B&B	172	148	158	157

9. The Housing Needs service is still experiencing a high level of demand in terms of homelessness presentations. At month 4, the projected call on contingency is £2,015k (nil movement). The figure represents a broad view of the units procured for the new PSL scheme, the control of B&B costs, the successful retention of existing PSLs and the levels of incentives paid out on prevention schemes. The use of an additional 50 hard to let HRA properties as shortlife is in progress with a projected total of 150 in use by October 2014, which will assist in managing the pressure on B&B. The key challenge in containing the pressure will be in retaining existing properties on the Private Managed Accommodation (PMA) and Private Sector leasing (PSL) at economic rates, whilst at the same time managing the demand at the front end of the service.
10. 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 month 4 the forecast is for an overspend on contingency of £74k, owing in part to the increasing demand for rubble and other heavy waste tonnages to private contractors and in addition the increasing tonnages of green waste and refuse tonnages which would appear to be in common with other WLWA boroughs.
11. The contingency for the Carbon Reduction Commitment is for the estimated costs to purchase carbon allowances.
12. Special Educational Needs (SEN) Transport continues to experience significant pressure and as a result corporate contingency of £229k is available to manage risks for the service for 2014/15. Once the new school year commences, the service will be able to reassess the forecast against the assumed growth of 6% in the budget. The overspend relates to a forecast pressure on transport costs totalling £199k and an agency costs pressure of £138k, resulting in a total forecast call on contingency of £337k (£108k overspend).
13. 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 (£218k pressure, £21k adverse)

14. Asset Management is projected to overspend by £250k on maintenance (£200k borough wide, £50k civic centre) and experience shortfalls on civic centre income £57k relating to leases for the multi storey car park (£37k) and hire of committee rooms (£20k).
15. The service is projecting further pressures at month 4 in relation to shortfall in recharges to capital and the HRA (£15k adverse) and in security costs (£6k adverse).
16. 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.
17. 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, no change)

18. The Education Service is projecting an underspend of £76k as at Month 4, no change on the month 2 position. This is due primarily to an underspend on staffing within the School Improvement Service (where there are a number of posts, which are being held vacant whilst part of the service delivery moves over to Cambridge Education) 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.

Environmental Policy & Community Engagement (£38k underspend, no change)

19. 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.

20. The service is also projecting an underspend on salaries of £28k reflecting part year vacancies across Planning Policy and Road Safety.

Housing GF (£42k underspend, £4k favourable)

21. 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.

22. There are projected underspends within team budgets of £4k for miscellaneous items including printing and stationary.

ICT Highways & Business Services (£116k underspend, £53k favourable)

23. The continuing shortfall in advertising income of £50k will be managed in year by the service in order to contain the pressure.

24. The contact centre is forecast to underspend by £99k attributable to salary underspends due to maternity leave and vacant posts of £113k (£63k favourable) reduced by a £14k pressure on disabled parking badges (£10k increased expenditure, £4k reduced income).

25. The ICT service is forecasting a net underspend of £17k (£10k adverse) relating to net staffing underspends across the service.

Planning Sport & Green Spaces (£45k overspend, £58k adverse)

26. There is a pressure on the in house management of golf courses of £88k (£31k adverse). The adverse movement relates to expenditure on equipment hire and maintenance.

27. Planning is forecasting an overspend of £12k (£12k adverse) on increased agency costs in planning enforcement to cover vacant posts.

28. There is a pressure of £18k (£18k adverse) being forecast in Greenspaces resulting from peak season additional equipment maintenance and hire.

29. Building Control is projected to make a shortfall in income of £81k (£4k favourable), offset by £154k underspends including Breakspear Crematorium income £64k (£1k adverse) and Stockley Park/leisure rents £90k.

Public Health (nil variance, no change)

30. There is currently an underspend forecast in relation to staffing costs for both Public Health Administration and the Health Promotion team. For Public Health Administration, an

underspend of £55k is anticipated for the year. It is expected that the Director of Public Health post will be filled from September this year.

31. The Health Promotion Team is forecasting a £133k underspend against staffing costs, due to three positions being vacant. As the service model for Public Health is being reviewed as part of the BID transformation process, it is unlikely that the three vacancies within the Health Promotion Team will be filled this year.
32. BID and category reviews of Public Health services are underway, with sexual health contracts and school nursing contracts being finalised. It is anticipated that savings of around £250k over two years could be made in relation to Chlamydia Screening and C-Card combined contract and around £80k of annual savings regarding school nursing, as indicated by recent tender exercises. These will contribute to the existing 2014/15 procurement savings for Public Health.

Public Safety (£289k underspend, £132k favourable)

33. 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.
34. Public Protection is forecasting the following staffing underspends for month 4: Trading Standards due to retirements and anticipated delays in the recruitment process (£20k); Pollution Control is forecasting an underspend of £12k on staffing subsequent to the restructure and £8k on non-staffing costs. The service is also forecasting scrap metal additional licences income £5k.
35. In Waste Services, there is a projected underspend of £357k which primarily relates to the impact of the closure of the Victoria Road CA site.
36. New Years Green Lane Civic Amenity site is now fully operational and although the additional agency staff requirements have created a forecast pressure of £46k, this is offset by an increase in expected income to £410k against a £307k budget. The income forecast increase is a result of greater demand following the closure of the Victoria Road site and better marketing - bringing back customers previously lost to competitors.
37. There are additional underspends in Waste Services of £30k forecast for month 4. This is comprised of staffing vacancies in Domestic refuse collection service (£39k) offset by increasing contractor costs at monthly CA sites (£33k). There are also underspends in contractor costs for graffiti removal (£24k).

Residents Services Directorate (£158k underspend, £68k favourable)

38. 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 4 relating to these vacancies is a £158k underspend, a £68k favourable movement from month 2 relating to the likely phasing of the restructures.

CHILDREN AND YOUNG PEOPLE'S SERVICES (£57k overspend, £34k improvement)

39. The Children and Young People's Service is projecting an overspend of £57k as at Month 4, an improvement of £34k on the month 2 projections. The Month 4 budgets now include a realignment of the salary budgets to reflect the Children's Pathway blueprint as proposed in July 2013, which has moved resources between the Early Intervention Service, the Asylum Service and the core Children's Service.

40. The month 4 position is now reflecting an overspend of £145k on salaries, an adverse movement of £48k on the month 2 projections, where the service has a high level of vacant post, including a number of Senior Manager posts, the majority of which are being covered by agency staff, an overspend of £48k on non-staffing budgets an adverse movement of £82k on the month 2 projections, the majority of which relates to an increase in the cost of Adoption and Special Guardianship Order allowances and subsistence that are provided to clients and a projected surplus of £136k, an improvement of £164k on the month 2 projections, due to a projected increase in the funding received from a number of external partners, including Health, the Youth Justice Board and Education. The projected variances at Month 4 are summarised in the following table, with more detail provided in the paragraphs below:

Table 1: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
1,033	(116)	Safeguarding Children	Salaries	917	922	5	76	(71)
1,356	25		Non-Sal Exp	1,381	1,500	119	64	55
(146)	(2)		Income	(148)	(223)	(75)	0	(75)
2,243	(93)		Sub-Total	2,150	2,199	49	140	(91)
1,711	378	Early Intervention Services	Salaries	2,089	1,720	(369)	(103)	(266)
288	76		Non-Sal Exp	364	352	(12)	(19)	7
(657)	(21)		Income	(678)	(725)	(47)	(44)	(3)
1,342	433		Sub-Total	1,775	1,347	(428)	(166)	(262)
6,649	(1,680)	Looked After Children	Salaries	4,969	5,117	148	23	125
3,866	(233)		Non-Sal Exp	3,633	3,625	(8)	0	(8)
(6,408)	(25)		Income	(6,433)	(6,418)	15	15	0
4,107	(1,938)		Sub-Total	2,169	2,324	155	38	117
6,676	(1,218)	Children's Resources	Salaries	5,458	5,819	361	101	260
9,584	(617)		Non-Sal Exp	8,967	8,916	(51)	(79)	28
(1,750)	330		Income	(1,420)	(1,449)	(29)	57	(86)
14,510	(1,505)		Sub-Total	13,005	13,286	281	79	202
16,069	(2,636)	Children's and Young Persons Directorate	Salaries	13,433	13,578	145	97	48
15,094	(749)		Non-Sal Exp	14,345	14,393	48	(34)	82
(8,961)	282		Income	(8,679)	(8,815)	(136)	28	(164)
22,202	(3,103)		Total	19,099	19,156	57	91	(34)

Safeguarding Children: £49k overspend, £91k improvement

41. The Safeguarding Children's service is projecting an overspend of £49k, an improvement of £91k on the month 2 projections, due primarily to the realignment of the salary budgets. This relates to an overspend of £5k on staffing and an overspend of £119k on non staffing costs, where there are projected pressures in the Local Safeguarding Children's Board budget

(which provides amongst other things, training for outside organisations including Health and schools), Corporate Parenting budget and funding for the Kids In Care Awards (KICA). This is offset by a surplus of £75k in income streams, due to additional funds being received from external partners.

Early intervention (Youth Offending Service): £428k underspend, £262k improvement

42. This service is projecting an underspend of £428k, an improvement of £262k on the month 2 projections, due primarily to the realignment of the staffing budgets. This relates to an underspend of £369k on staffing, where there are a number of staff vacancies relating primarily to Key Worker posts, an underspend of £12k on non staffing budgets and a surplus of £47k on income, which is due to an increase in grant funding received from the Youth Justice Board.

Looked After Children: £155k overspend, £117k adverse

43. This service is projecting an overspend of £155k an adverse movement of £117k on the month 2 projections due to an increase in the number of agency staff required to cover vacant posts. This relates to an overspend on staffing costs of £148k, due to a number of vacant posts being covered by agency staff and a slight shortfall of £15k on income relating to Child Workforce Development funding.

Children's Resources: £281k overspend, £202k adverse

44. This service is projecting an overspend of £281k, an adverse movement of £202k on the month 2 projections due to an increase in the use of agency staff, an increase in the number of Adoption and Special Guardianship Order allowances and a projected increase in legal costs. This relates to an overspend of £361k on staffing costs, which relates to the appointment of agency staff including a number of Senior Manager posts. This is netted down by an underspend of £51k on non staffing costs and a surplus of £29k on income, which is due to additional funding being received from external partners, which more than offsets the 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.

45. 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), please see the table in paragraph 47 which explains these figures. This increase will require the drawdown of £250k from the relevant earmarked reserve. 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.

46. Appendix H to this report, explains the award of a contract for a Children's Social Care managed service at a cost of £1,149k. This contract will be funded initially from existing budgets as agency costs will reduce as a result, and this will be reassessed as the project develops and other funding will be identified.

Analysis of Placements

47. The following table sets out the number of current placements as at 1 July 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.

July 2014 Projections	Projected 14/15 Numbers	%	2014/15 Projected £000	2014/15 Budget £000
Secure/Remand Accommodation	3		210	111
Residential	19	8%	2,281	1,468
Semi Independent Living	35	15%	628	409
Fostering Private	98	41%	3,622	2,395
In House	86	36%	1,496	1,722
Contingency				1,860
Total July 2014	241	100%	8,236	7,965
MTFF Budget Projection 2014/15	234		7,965	7,965
Movement Between MTFF Projections and July 2014	7		271	0

Development & Risk Contingency (£133k underspend, no change)

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

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
1,458	0	Asylum Funding Shortfall	1,458	1,325	(133)	(133)	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
3,118	0	Current Commitments	3,118	2,985	(133)	(133)	0

49. The Asylum Service is projecting an overspend of £1,325k, no change on the month 2 projections. 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 £5,166k to cover the direct costs based on a unit rate for different age children.

50. 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. This results in the underspend of £133k currently reported as not all of the contingency will need to be drawn down.

51. The following table provides an analysis of the gross Asylum service budget projected position for month 4:

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Change from Month 2 £'000	
3,294	259	Asylum Services	Salaries	3,035	2,867	(168)	(173)	5
2,810	(259)		Non-Sal Exp	3,069	4,130	1,061	1,066	(5)
(6,104)	(0)		Income	(6,104)	(5,672)	432	432	(0)
0	(0)		Sub-Total	0	1,325	1,325	1,325	(0)
3,294	259	Asylum Services	Salaries	3,035	2,867	(168)	(173)	5
2,810	(259)		Non-Sal Exp	3,069	4,130	1,061	1,066	(5)
(6,104)	(0)		Income	(6,104)	(5,672)	432	432	(0)
0	(0)		Sub-Total	0	1,325	1,325	1,325	(0)

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

53. 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 (£191k pressure, £128k improvement)

54.1. Adult Social Care directorate is projecting a forecast pressure of £191k at month 4, a favourable movement of £128k since month 2, when a projected overspend to year end of £319k was anticipated. 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 4		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
2,329	43	All-Age Disabilities	Salaries	2,372	2,372	0	0	0
25,061	7,524		Non-Sal Exp	32,585	32,585	0	0	0
(3,802)	(409)		Income	(4,211)	(4,211)	0	0	0
23,588	7,158		Sub-Total	30,746	30,746	0	0	0
3,629	150	Social Work	Salaries	3,779	3,691	(88)	5	(93)
21,966	3,804		Non-Sal Exp	25,770	26,477	707	63	644
(8,281)	194		Income	(8,087)	(8,671)	(584)	4	(588)
17,314	4,148		Sub-Total	21,462	21,497	35	72	(37)
7,178	992	Early Intervention & Prevention	Salaries	8,170	8,136	(34)	(34)	0
2,914	681		Non-Sal Exp	3,595	3,922	327	296	31
(711)	(10,181)		Income	(10,892)	(10,928)	(36)	(7)	(29)
9,381	(8,508)		Sub-Total	873	1,130	257	255	2
2,292	0	Safeguarding, Quality & Partnerships	Salaries	2,292	2,168	(124)	(37)	(87)
4,753	(17)		Non-Sal Exp	4,736	4,759	23	(30)	53
(363)	92		Income	(271)	(303)	(32)	(29)	(3)
6,682	75		Sub-Total	6,757	6,624	(133)	(96)	(37)
1,539	(950)	Directorate & Support Services	Salaries	589	606	17	74	(57)
(2,970)	643		Non-Sal Exp	(2,327)	(2,312)	15	14	1
0	0		Income	0	0	0	0	0
(1,431)	(307)		Sub-Total	(1,738)	(1,706)	32	88	(56)
16,967	235	Adult Social Care Directorate Total	Salaries	17,202	16,973	(229)	8	(237)
51,724	12,635		Non-Sal Exp	64,359	65,431	1,072	343	729
(13,157)	(10,304)		Income	(23,461)	(24,113)	(652)	(32)	(620)
55,534	2,566		Total	58,100	58,291	191	319	(128)

55. 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 and relate to 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 £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
2,406		Increase in Transitional Children due to Demographic Changes	2,406	2,406	0	0	0
		Total Social Care Demographic Pressures for Care and Support:					
11,990	0	Older People	6,254	6,254	0	0	0
		Clients With Disabilities	3,771	3,771	0	0	0
		Clients With Mental Health Issues	1,965	1,965	0	0	0
14,396	0	Current Commitments	14,396	14,396	0	0	0

56. The exercise to take snapshot of the annualised cost of the live placements commitments as at 31st March 2014 resulted in a forecast underspend of £2,115k when compared with the 2014/15 base budget and contingency provision set out above in Table 2 for P and V placements. This shows that the Council started the financial year 2014/15 with real capacity within Adult Social care contingency to deal with increases in net demand coming through during this financial year. The same snapshot exercise was undertaken on 1st July 2014 which showed the live annualised placements commitments placements at that time underspending by £1,745k.

57. This forecast underspend based upon the snapshot exercise remain to fund further demographic increases during the year including increased demand for home care provision referred to below, and the cost of Adult Social Care support for Children with disabilities as they transition into adulthood. The use of the transitional children contingency will become clearer after the new school year has started in September. As at Month 4 it is forecast that the Development and Risk contingency for increasing client care and support costs will be fully utilised.

All Age Disabilities

58. This service now brings together the budgets within Adult Social Care including learning, physical and sensory disabilities with the budgets previously 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 (£35k pressure)

59. It is forecast that there is a pressure of £35k against a net expenditure budget of £21,462k. The number of homecare placements has risen quite significantly since the beginning of the financial year from 1,499 to 1,605. This is in part as a consequence of the department's aim to help people to stay in their homes for as long as possible (in addition, homecare placements

in nearly all cases are cheaper than residential, thus this also contributes to cost avoidance). Whilst there has therefore been an increase in the cost of the placements, there has also been an increase in the income projection due to a higher level of contribution from clients than originally budgeted and from the extra social care placements reported above.

Early Intervention and Prevention (£257k pressure)

60. A pressure of £257k is forecast on Early Intervention and Prevention arising mainly from the non-achievement to date of a significant element of the savings relating to transport (£345k), brought forward from 2011/12. The delay resulted from the Judicial Review challenge to the council's decision to close Day Centres at Parkview and Woodside has led to the delivery of savings being slipped into this year. The new resource centre at Queenswalk opened on 2nd September 2014. Whilst part of the saving has now been realised, a further detailed exercise of the internally-provided service user transport has commenced to find a corporate solution that allows the council to fully realise this saving. There is an associated saving of £239k, considered to be on track, relating to the day services employees elements.

Safeguarding, Quality and Partnerships (£133k underspend)

61. It is projected that there will be an underspend of £133k against a net expenditure budget of £6,757k. The main reason for this is that the cost of mental health placements is forecast to be £244k lower than the assumptions built into the base budget. It is projected that there will be a greater level of income received within the department as compared to last month, as the average amount of income per service user, based on individual rates, is higher than that previously projected.

62. This is offset by a pressure resulting from expenditure arising from supporting service users with no recourse to public funds forecast at £167k.

Directorate and Support (£32k pressure)

63. There is a projected pressure of £32k, mainly arising as a result of the managed vacancy factor not being achieved

Emerging issues

64. There are other factors which will potentially impact upon the budget including the Winterbourne placements, and the recent changes to Deprivation of Liberty (DOLs) legislation.

65. In terms of Winterbourne placements, there are 12 service users for whom this applies. The current estimated cost of these placements is £2,000k, although this is subject to review as LBH staff conduct assessments and costs will only be incurred when those currently in these long-term hospital placements move out into alternative provision. There are a number of other variables which could impact upon the cost to LBH, including potential further national guidelines and local agreements. There has been one such placement coming through so far this year; the projected year end impact of this is a net cost of £80k.

66. A recent ruling by the Supreme Court ruled that all people who lack the capacity to make decisions about their care and residence and are the responsibility of the local authority are subject to continuous supervision and control and therefore lack the option to leave their care setting are deprived of their liberty. The effect of this ruling is expected to be a significant increase in the number of DOL cases, of which there were 16 (last year) to around 550 cases per year going forwards. The detailed implications and funding options are currently being

worked up, and a funding source will need to be identified. Local authorities around the country are currently looking into potential funding sources.

Appendix B – Other Funds

Schools Budget

Dedicated Schools Grant (£2,136k overspend, £758k adverse)

1. The Dedicated Schools Grant is projecting an in year overspend of £2,136k, an adverse movement of £758k on the month 2 projections, due to an increase in the number of bulge year classes required for September 2014, for which schools receive £62k each and an anticipated increase in the cost of Special Educational Needs placements. The overspend on the DSG, in the main, 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 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Change from Month 2 £'000
(145,373)	0	Dedicated Schools Grant Income	(145,373)	(145,840)	(467)	0	(467)
113,606	0	Delegated to Schools	113,606	114,900	1,294	1,294	0
4,581	0	Early Years	4,581	4,913	333	365	(32)
3,604	0	Centrally Retained	3,604	3,931	327	(140)	467
23,582	0	Special Needs	23,582	24,232	650	(141)	791
0	0	Total Schools Budget	0	2,136	2,136	1,378	758
0	0	Balance Brought Forward 1 April 2014	(3,781)	(3,781)			
0	0	Balance Carried Forward 31 March 2015	(3,781)	(1,645)			

Dedicated Schools Grant Income (£467k surplus, £467k improvement)

2. The Department for Education have confirmed that the DSG will be adjusted and increased for the funds that were deducted for Pentland Special Free School at the beginning of the year, which equates to £467k.

Delegated to Schools (£1,294k overspend, no change)

3. 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 (£333k overspend, £32k improvement)

4. The Early Years funding block is projected an overspend of £333k, an improvement of £32k on the month 2 position. This is primarily 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 base budget includes a provision to develop capacity for the Two Year Old Free Entitlement offer. It is likely that this fund will not be fully allocated, but at this point in time it has been assumed that it is fully committed.

Centrally Retained (£327k overspend, £467k adverse)

5. The centrally retained budgets are projecting an overspend of £327k, an adverse movement of £467k, which relates to payments that have been made for additional bulge year classes,

which will open in September 2014 and the cost of the two new Basic Need Academy school set up costs and diseconomies of scale funding.

Special Needs (£650k overspend, £791k adverse)

- The Special Needs budgets are projecting an overspend of £650k, an adverse movement of £791k on the month 2 position, due to the release of additional funding to reflect an increase in planned place numbers. The overspend relates to the increase in the number of children with a statement across a much wider age range, which now encompasses 0 to 25.

Year End Balances

- 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 £1,645k.

PARKING REVENUE ACCOUNT (£189k overspend, £24k favourable movement)

- 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 4		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(4,153)	0	Income	(4,153)	(3,750)	403	382	21
4,061	0	Expenditure	4,061	3,939	(122)	(77)	(45)
(92)	0	In-year (Surplus) / Deficit	(92)	189	281	305	(24)
76	0	Unallocated Balances b/fwd	76	76	0	0	0
(16)	0	Unallocated Balances C/fwd	(16)	265	281	305	(24)

- An in-year deficit of £189k is forecast for the 2014/15 financial year. There is a total shortfall of income of £403k, reflecting the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income target.
- The income pressure is offset by compensating savings totalling £122k (£4k favourable), as well as the budgeted surplus of £92k.

COLLECTION FUND (£2,087k surplus, no movement from Month 2)

1. 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. No movement is reported from Month 2; however there will remain a higher level of uncertainty with regard to Business Rates until income in relation to Heathrow Terminal 2 can be confirmed.

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
(114,070)	0	Council Tax	Gross Income	(114,070)	(114,924)	(854)	0	(854)
14,743	0		Council Tax Support	14,743	14,297	(446)	0	(446)
(3,610)	0		B/fwd Surplus	(3,610)	(4,397)	(787)	(787)	0
(102,937)	0		Sub-Total	(102,937)	(105,024)	(2,087)	(787)	(1,300)
(105,485)	(911)	Business Rates	Gross Income	(106,396)	(106,783)	(387)	(387)	0
(981)	567		Section 31 Grants	(414)	(414)	0	0	0
59,158	0		Less: Tariff	59,158	59,158	0	0	0
2,136	344		Less: Levy	2,480	2,480	0	0	0
0	0		B/fwd Deficit	0	387	387	387	0
(45,172)	0		Sub-Total	(45,172)	(45,172)	0	0	0
(148,109)	0	Total Collection Fund		(148,109)	(150,196)	(2,087)	(787)	(1,300)

2. There continues to be limited volatility on Council Tax revenues, with continuing development in the Borough expected to result in a £1,300k surplus for 2014/15. Current levels of demand for the Council Tax Reduction Scheme are marginally lower than anticipated at budget setting, however this movement is off-set by increased eligibility for Single Person Discounts. This position will remain under review and any on-going implications reflected in the Council's Medium Term Financial Forecast.
3. As previously report, 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. As the Valuation Office Agency are yet to add this new premises to the rating list, the Council is not in a position to confirm the rates payable for 2014/15 and as such the forecast set out above remains subject to change. Notwithstanding this risk, growth in the current financial year is expected to be sufficient to off-set the brought forward deficit of £387k.
4. The brought forward deficit of £387k on Business Rates included the cost of establishing a provision to manage the cost of backdated appeal losses. Experience since 1 April 2014 indicates that such appeal losses can be contained within the provision and barring any exceptional outcomes it is expected that this risk can be contained in the short-term.

Appendix C – Housing Revenue Account

The Housing Revenue Account (HRA) is forecast to generate an in-year net operating surplus of £3,005k, with the movement from Month 2 principally attributable to a revised forecast due to the phasing of the capital works to stock programme.

Table 1: Housing Revenue Account

Original Budget £'000	Budget Changes £'000		Month 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
(56,975)	0	Rent Income	(56,975)	(56,739)	236	145	91
(5,717)	(513)	Other Income	(6,230)	(6,526)	(296)	(97)	(199)
(62,692)	(513)	Net Income	(63,205)	(63,265)	(60)	48	(108)
13,813	(193)	Housing Management	13,622	13,351	(271)	(204)	(67)
5,607	334	Tenant Services	5,941	5,534	(407)	0	(407)
4,801	351	Repairs	5,152	5,117	(35)	0	(35)
5,798	25	Planned Maintenance	5,823	4,002	(1,821)	(714)	(1,107)
15,691	0	Contribution to Works to Stock	15,691	15,691	0	0	0
15,412	0	Interest & Investment Income	15,412	15,000	(412)	(412)	0
1,570	(5)	Development & Risk Contingency	1,565	1,565	0	0	0
62,692	513	Operating Costs	63,205	60,260	(2,945)	(1,330)	(1,615)
0	0	(Surplus) / Deficit	0	(3,005)	(3,005)	(1,282)	(1,723)
(22,820)	0	General Balance 01/04/14	(22,820)	(22,820)	0	0	0
(22,820)	0	General Balance 31/03/15	(22,820)	(25,825)	(3,005)	(1,282)	(1,723)

Rental Income

1. The projected loss in dwellings rental income of £236k reflects loss arising from increasing 3TB sales and an estimated future void loss. The current void loss to date is showing a slight improvement compared to budgeted position. The improvement is due to better turnaround on the repairs and allocation process plus increasing use of void properties for short term lets.
2. The net additional recovery of £296k in Other income is due to income retained from RTB capital receipts of £470k to cover transaction costs. The additional recovery is partially offset by a lower than expected income recoverable from leaseholders' service charge. This is as a result of savings on the new insurance contract and refunds due to leaseholders mainly as a result of lower than expected repairs costs in 2013/14.

Housing Management & Tenant Services

3. The Housing Management & Tenant Services budgets reflect a net underspend of £678k. This is mainly due to savings arising from the new leaseholders building insurance contract and vacancy management within the Caretaking, Careline and Leasehold services. The savings in insurance costs is fully offset by a similar reduction in income from leaseholders.

Repairs

4. The repairs budget reports a net underspend of £35k which is made up of an estimated voids overspend of £254k, the Administration function underspend of £162k and DLO underspend of £127k. The overspend for voids largely relates to bringing short term lets back on stream, this is offset by a rental stream benefits that are factored into the above forecast.
5. The administration function is carrying vacant posts which are partially covered by agency staff resulting in an underspend of £162k. The DLO is also carrying vacancies which are partially covered by agency staff resulting in an underspend of £127k.

Planned Maintenance

6. The Planned Maintenance budget is forecasting a net underspend of £1,821k. Key areas of variance are identified below:
 - The Cyclical Decoration programme budget of £1,496k is to be significantly slipped to next year as the programme is to be retendered and there is a need for Leaseholder consultation in advance of works. Therefore a reduced spend of £200k is now forecast for the last quarter of the year.
 - The Gas Maintenance budget underspend of £200k is as a result of the new gas contract commencing in June so the estimated spend for the year have been revised downward to reflect the delayed start of the programme. The draft programmes for the Subsidence Repairs and Plumbing upgrades have been finalised are now forecasting an underspend of £184k and £128k respectively.

Appendix D –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 £26,363k. 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	Movement from Month 2 £'000
Original Budget	119,832	271,275	391,107	-
Revised Budget	113,770	286,029	399,799	937
Forecast Outturn	110,920	287,837	398,757	933
Total Capital Programme Variance	(2,850)	1,808	(1,042)	(4)
Analysis of Programme Variances:				
Yiewsley Health Centre & Sports Facility	199	514	713	713
Hillingdon Sports & Leisure Centre	530	-	530	-
Hayes End Library Development	90	-	90	-
Libraries Refurbishment - Central Library	135	-	135	25
Libraries Refurbishment	22	-	22	-
Civic Centre Works Programme	(155)	-	(155)	(155)
Disabled Facilities Grants	(995)	-	(995)	100
Private Sector Renewal Grants	(55)	-	(55)	78
Adaptations for Adopted Children	(200)	-	(200)	-
Schools Expansions Programme	(1,076)	(51)	(1,127)	(765)
Cost Variance	(1,505)	463	(1,042)	(4)
Projected Re-phasing	(1,345)	1,345	-	-
<u>Development & Risk Contingency</u>				
General Contingency Variance	-	-	-	-
Provision for Additional Schools Funding	-	-	-	-
Total Capital Programme Variance	(2,850)	1,808	(1,042)	(4)
Financing Variance:				
Council Resourced Variance	(1,537)	495	(1,042)	(4)
External Grants & Contributions Variance	(1,313)	1,313	-	-
Total Capital Programme Variance	(2,850)	1,808	(1,042)	(4)
Movement from Month 2	(1,327)	1,323	(4)	

- The revised budget has increased from Month 2 on several schemes including an allocation of £118k Section 106 monies for a Green Spaces scheme and £82k schools contributions towards the Devolved Formula capital programme and non-Council managed schools conditions programme. Other additions include £148k additional Empty Homes funding and £143k for works at four young peoples centres.
- The revised budget for 2014/15 has been adjusted to re-phase £853k funding into the following year in respect of the Laurel Lane new build school to match the forecast expenditure profile of this project.
- The main programme shows a favourable variance of £1,042k. The following paragraphs provide details of the reasons for the cost variances in the above table:

- 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). Tenders for the construction works have recently been received and are £1,802k over the construction element of budget (inclusive of the supported housing units in the HRA). The tenders have been evaluated in detail. Officers have identified reductions in other elements of the budget that can partially mitigate this cost pressure resulting in a revised forecast over spend of £917k (inclusive of £204k on the supported housing element reported in the HRA). Other options for delivery of the scheme are being considered.
 - Hillingdon Sports & Leisure Centre - the forecast overspend is £530k due to the additional costs around remedial and defect works to resolve the contract issues and finally close the project.
 - Hayes End Library Development - fire glazing works have been completed and other minor issues are being addressed. 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 overspend of £90k to close out finishing works. The Council's final liability will depend on the outcome of the dispute proceedings.
 - Central Library Refurbishment - the overspend of £135k 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.
 - There is also a small overspend of £22k on completion of the Libraries Refurbishment programme.
 - Disabled Facilities Grants & Private Sector Renewal Grants - the forecast underspend of £1,250k (including Adaptations for Adopted Children) represents the forecast level of uncommitted funding after taking into account potential increases in clients this year. The underspend has been revised downwards by £178k based on the current level of activity.
 - Civic Centre Works Programme - there are existing schemes in progress that have required £787k budget to be re-phased into this year. Due to under spends on existing schemes and works not currently required there is an overall underspend of £155k forecast on the budget.
6. The variance on the Schools Expansions programme is covered in the Schools section later in this report.
 7. 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	Movement from Month 2 £'000
Main Programme	69,606	67,534	(100)	(1,972)	88,173	88,536	363	(27)
Programme of Works	27,842	25,876	(1,405)	(561)	77,025	75,620	(1,405)	23
Future Projects	14,958	16,146	-	1,188	195,403	195,403	-	
Total Main Programme	112,406	109,556	(1,505)	(1,345)	360,601	359,559	(1,042)	(4)
Development & Risk Contingency								
General Contingency	1,364	1,364			7,364	7,364		
Provision for Additional Schools Funding	-	-			31,834	31,834		
Total Capital Programme	113,770	110,920	(1,505)	(1,345)	399,799	398,757	(1,042)	(4)
Movement from Month 2	4,730	3,403	(549)	(778)	937	933	(4)	

8. The future projects revised budget has been adjusted by £31,834k to reflect the reduced forecast for the replacement of Abbotsfield Secondary School due to the transfer of this project to the Priority Schools Building Programme (PSBP). This funding of £31,834k has been transferred into the Development & Risk Contingency budget.
9. There is a general contingency fund totalling £7,364k over five years which is currently unallocated however it is forecast that these funds will be used as risk issues arise over the life of the programme. The provision for additional secondary schools funding is anticipated to be required for future schools developments.
10. The detailed General Fund capital programme by scheme is presented in Appendix 1 to this report. Details of performance for key projects and programmes of works are detailed in the paragraphs below.

MAIN PROGRAMME (SCHOOLS)

11. Over the life of the existing programme there is a forecast underspend of £1,127k due partly to efficiencies on internal fees charged to Phase 2 of the Primary Schools Expansions programme. Within Phase 2 an underspend of £340k is also reported after agreement of final accounts on Field End Infant & Junior school.
12. The key issues and risks on performance of the overall Schools Expansions programme are outlined below.

Primary Schools

Phase 2

13. Overall Phase 2 is projected to be delivered within target timescales with works completed and handed over on several schools in July and August. The main risks are on the following schools:

- Cherry Lane - an overspend of £70k has arisen due to costs for a multi use games area and floodlighting.
- Glebe - the new building is functional for the start of the academic year however a number of outstanding remedial works remain.
- Pinkwell - the completion of the nursery refurbishment is at risk of delay and temporary classrooms will be used in such an event.
- Wood End - some defects are being resolved for the building to be fully functional for the new term.

Phase 3 - New Schools

14. Overall good progress is being made to deliver the Lake Farm and St Andrew's Park sites on budget and within timescales. St Andrew's Park - the road being built to the school and provision of statutory services such as electricity and water may not be completed until the end of August. Temporary services have been procured to ensure the building can be completed and commissioned. Lake Farm - works have progressed to meet the target completion date of August 2014.

15. New School at Laurel Lane, West Drayton - planning consent for the scheme was granted in August and the building contractor has been appointed with work on site to commence in September for completion in August 2015.

Special Educational Needs

16. Temporary classrooms are to be provided at Hedgewood Primary School and Meadow Secondary School for September 2014. Planning consent is required to create an SRP unit at Cherry Lane for the spring term in January 2015. An amount of £320k is forecast re-phasing into next year for future needs that may arise.

17. 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. Additional kitchen and dining equipment is being provided to schools where the need has been demonstrated.

FUTURE PROJECTS (SCHOOLS)

Secondary Schools

Expansions Programme

18. 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. The forecast spend for this year is £1,188k to cover initial survey, feasibilities and consultancy costs. This is shown as a phasing variance from the budget currently phased into 2015/16.

Replacement Programme

19. Northwood Academy - tenders for the design of the project have been approved. The construction phase of the project is not expected to commence this financial year.
20. Abbotsfield School - the Education Funding Agency (EFA) have recently proposed to manage the project through the Priority Schools Building Programme (PSBP) as this will link the project to the adjacent Swakeleys School which is managed through this programme by the EFA. The project has been transferred to the EFA and the Council is making a contribution to ensure the school is built to Hillingdon standards. In addition there will also be commitments for infrastructure works, furnishings fittings and equipment.

PROGRAMMES OF WORKS (SCHOOLS)

21. Schools Conditions Programme - works are on site at eight schools during the school summer holidays in order to minimise disruption. It is expected that further identified schemes will fully utilise the remaining budget. There is an agreement from the schools to make contributions to the cost of works no greater than 20% of their reserves.
22. Further information can be found in the School Capital Programme update report.

MAIN PROGRAMME (NON-SCHOOLS)

23. Car Park Resurfacing - there is forecast slippage of £879k as major works on The Cedars and Grainges multi storey car park will not be able to commence on site until towards the end of the financial year, although there will be feasibility and design costs incurred this year. Works on three other smaller car parks are expected to be completed this year.
24. Highways Programme - a major programme of road improvements is underway across the Borough for completion later this year including recent approval for works on a further 44 roads.
25. ICT Migration to Windows 7 Project - the project is well underway and will be completed this financial year.
26. ICT Single Development Plan - funding of £70k from the general contingency budget has been transferred to enable urgent WiFi upgrade work at two adult learning centres.
27. Vehicle Replacement Programme - the purchase programme for 2014/15 has been developed and a number of vehicles are out to tender. The programme is forecasting slippage of £430k as some vehicles with specifications will not be delivered this financial year due to long lead times. There is an overall cost pressure of £19k on the current year budget which is expected to be managed through next year's programme.
28. Eastcote House & Gardens - tenders have recently been submitted for approval for this refurbishment project which is mainly funded by the Heritage Lottery Fund. The capital works element of the project is expected to commence in September and an estimated £100k slippage is forecast as the works will not be completed until early in the next financial year.
29. South Ruislip Development Plot A - further re-commissioning and servicing works are being carried out following the occupation of flats.
30. Queenswalk Development - it is expected that hand over will be achieved by the end of August and the site become operational in September. The delivery of the project links to the delivery of revenue savings within Adult Social Care.

31. Harlington Road Depot - tenders for the refurbishment works are within budget. Works are expected to be complete towards the end of the year. 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.
32. Rural Activities Garden Centre - the new modular building and path works have been completed. Tenders are being prepared for an additional toilet block and septic tank.
33. CCTV Programme - the third phase of the programme consists of providing new mobile cameras at nine sites and upgrading the Civic Centre control room. Work has commenced on detailed technical specifications, however due to long lead time an amount of £225k is forecast as slippage into next year.
34. Whiteheath Farmhouse Refurbishment - works are complete on replacement of doors and windows at the farmhouse but structural works will not proceed until next year resulting in slippage of £260k.

PROGRAMMES OF WORKS (NON-SCHOOLS)

35. Empty Homes Programme - the revised funding level is £782k based on revised GLA targets for 34 properties and increased funding per property. There are enough pipeline projects in progress to fully utilise this funding although one major development at Uxbridge Road will not now proceed due to withdrawal of the developer.
36. Transport for London Programme - the 2013/14 LIP programme has been finalised with a negligible overall underspend. The initial tranche of schemes for the 2014/15 programme have been developed and approved.
37. 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 with Harefield Village Centre set to commence this year.
38. 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. The remainder of the budget totalling £359k is currently unallocated however there may be further works that are required during the year.
39. Chrysalis Programme - a number of new schemes have recently been approved from this year's budget allocation.

FUTURE PROJECTS (NON SCHOOLS)

40. ICT Infrastructure - this project to implement WiFi in Council buildings over two years budgeted at £1,200k is yet to commence.
41. 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.
42. 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. A planning application has been submitted to the National Planning Casework Unit to obtain listed building consent.

43. 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.
44. 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.
45. 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.
46. Bowls Club Refurbishment - there is a budget of £500k for the refurbishment of Cowley and Bessingby bowls clubs. Tenders have recently been received and there may be a potential overspend of up to £80k however other options are being considered to manage the project within budget. Works are planned to commence once the bowling season is over and are expected to take no longer than ten weeks.

CAPITAL FINANCING - GENERAL FUND

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

Table 4

	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	Movement from Month 2 £'000
Council Resource Requirement	60,183	58,646	(1,537)	212,178	211,136	(1,042)	(4)
Financed By:							
Capital Receipts	15,647	16,512	865	31,719	34,181	2,462	1,919
CIL	3,000	1,000	(2,000)	23,000	21,000	(2,000)	(2,000)
Prudential Borrowing	41,536	41,134	(402)	157,459	155,955	(1,504)	77
Total Council Resources	60,183	58,646	(1,537)	212,178	211,136	(1,042)	(4)
Grants & Contributions	53,587	52,274	(1,313)	187,621	187,621	-	-
Total Programme	113,770	110,920	(2,850)	399,799	398,757	(1,042)	(4)

48. Forecast General Fund capital receipts are £16,512k for 2014/15 which is £865k higher than the revised budget and this is mainly due to one site being added to the forecast. The overall capital receipts forecast has improved by £1,919k due also to increased valuations on two other major sites.
49. Actual capital receipts achieved year to date total £1,061k including the sale of a further six flats at Hayes End Library development. The remaining four 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.
50. There is an element of risk in the level of receipts that will be achieved this year which is reflected in the forecast.

51. The implementation of the Community Infrastructure Levy was delayed until 1 August 2014 and this has had an adverse impact on this year's income target. The current removal of the sui generis charging band has also reduced the forecast although this may be established in future years based on economic viability analysis. The estimated shortfall is forecast to be partially met from Section 106 contributions that will continue for developments that fall outside the current CIL charging schedule.
52. Due to the length of time new developments after 1 August become liable for paying CIL the forecast for the current year has been reduced to £1,000k. There is a significant risk that borrowing will have to increase to meet the funding gap.
53. The prudential borrowing forecast shows a favourable variance of £1,504k due mainly to the overall cost under spends and improvement in the capital receipts forecast, partially offset by the CIL reduction.

HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME

54. 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	Movement from Month 2 £000
Dwelling Components	9,657	5,614		(4,043)	43,319	43,319	-	-
Estates / Blocks	2,586	997		(1,589)	8,916	8,916	-	-
Welfare	2,540	1,256		(1,284)	11,632	11,632	-	-
Other Projects	2,378	2,378		-	11,890	11,890	-	-
Total Works to Stock	17,161	10,245		(6,916)	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	970		(1,906)	13,042	13,246	204	204
Total Major Projects	5,964	4,058	-	(1,906)	60,184	60,388	204	204
Former New Build Schemes	227	1,253	1,026	-	227	1,253	1,026	18
Total	23,352	15,556	1,026	(8,822)	136,168	137,398	1,230	222
Movement from Month 2	-	(1,966)	18	(1,984)	-	222	222	

55. The Works to Stock programme is forecasting reduced spend of £6,916k as numerous schemes will not be completed this financial year.
56. Dwelling Components - the electrical upgrades programme is being revised with new technical specifications being considered. The kitchens and bathrooms programme has been tendered but there is anticipated slippage as the programme will not be completed until next financial year.

57. Estates and Block Renewal - there is slippage on boiler (Dwelling Components) and communal heating schemes as the installations contract is currently being procured. There are anticipated savings from the outcome of the procurement process. Works on environmental estates schemes are largely to be re-phased into next year with one project to be completed this year.
58. Welfare - under spends are reported on sheltered scheme upgrades and conversions based on the number of projects that have currently been identified.
59. 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, although this may potentially increase if other sites are approved to proceed in the coming months. The forecast overspend of £204k relates to the supported housing element of the Yiewsley Heath Centre development.
60. A plot of land at Appletree Avenue is to be purchased by the Council to enable the development of a bungalow as part of the New Build programme. The development will require the demolition of four garages at the site however this will have minimal impact on garage rental income.
61. The forecast overspend of £1,026k on former New Build schemes largely relates 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.
62. There is an overspend of £18k after agreement of final account for former new build Learning Disability sites.

HRA Capital Receipts

63. There have been 71 Right to Buy sales of Council dwellings achieved for the year as at end of July 2014 for a value of £6,595k and a total of 165 sales are forecast totalling approximately £16,500k 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 punitive 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 £14,862k retained receipts have now been generated which require to be spent or committed by the deadlines set out in the table, up to June 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
2014/15 Quarter 1 Actual	56	4,174	49,540	June 2017
Total Retained Receipts	195	14,862	49,540	

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 £49,540k by June 2017.

67. The current HRA capital programme budget includes £18,055k Right to Buy receipts to fund Major Projects totalling £60,184k by 2018/19, as shown in Table 7 below:

Table 7

Major Project	Total Cost £'000	RTB Receipts £'000	Forecast Number of Units Provided
Purchase & Repair	9,766	2,929	70
Council New Build	37,376	11,213	178
Supported Housing	13,042	3,913	75
Total	60,184	18,055	323

68. £74k has been received in HRA non dwelling receipts for the year to date. These funds will be used to support the capital programme or be applied for repayment of debt.

APPENDIX 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	48,384	47,930	(454)	61,107	59,980	(1,127)	19,595	28,836	11,549
3,910	Purchase of Vehicles	2,389	1,959	(430)	3,589	3,589	0	3,589	0	0
144	Yiewsley Health Centre & Sports Facility Development	3,052	3,251	199	7,631	8,344	713	8,344	0	0
9,254	Libraries Refurbishment	248	405	157	248	405	157	405	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	2,176	(700)	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
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	200	(879)	1,079	1,079	0	1,079	0	0
5	Eastcote House Buildings and Gardens	1,242	1,142	(100)	1,242	1,242	0	35	1,112	95
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	138	(225)	363	363	0	363	0	0
0	West Drayton Cemetery & Resurfacing	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	50	(260)	310	310	0	310	0	0
0	Rural Agricultural Garden Centre	340	340	0	340	340	0	340	0	0
0	Youth Centres Kitchen Upgrades	143	143	0	143	143	0	0	113	30
0	Pinns Meadows Drainage Works	66	66	0	66	66	0	66	0	0
	Kings College Pavilion Running Track	230	230	0	230	230	0	0	88	142
52,847	Major Projects completing in 2014/15	1,893	2,513	620	1,893	2,513	620	2,511	0	2
158,447	Total Main Programme	69,606	67,534	(2,072)	88,173	88,536	363	42,287	34,161	12,088

APPENDIX 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
	<u>Programmes of Works</u>									
N/A	Leader's Initiative	437	437	0	1,237	1,237	0	1,237	0	0
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	1,232	(155)	2,887	2,732	(155)	2,732	0	0
N/A	Formula Capital Devolved to Schools	1,404	1,404	0	3,544	3,544	0	0	3,264	280
N/A	Highways Programme	6,169	6,169	0	11,001	11,001	0	9,952	0	1,049
N/A	ICT Single Development Plan	433	433	0	2,433	2,433	0	2,433	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	(193)	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	5,332	5,332	0	10,364	10,364	0	2,812	7,032	520
N/A	Disabled Facilities Grants	2,300	1,305	(995)	11,500	10,505	(995)	3,080	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	1,232	1,177	(55)	4,280	4,225	(55)	2,195	2,030	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	513	513	0	513	513	0	0	0	513
	Total Programmes of Works	27,842	25,876	(1,966)	77,025	75,620	(1,405)	36,929	34,792	3,899

APPENDIX 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'ns
£'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	22,742	57,258	0
0	Secondary Schools Expansions (Replacement)	8,679	8,679	0	38,166	38,166	0	27,476	10,690	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	14,958	16,146	1,188	195,403	195,403	0	112,959	80,644	1,800
	Development & Risk Contingency									
0	General Contingency	1,364	1,364	0	7,364	7,364	0	7,364	0	0
0	Provision for Additional Secondary Schools Funding	0	0	0	31,834	31,834	0	11,597	20,237	0
0	Total Development & Risk Contingency	1,364	1,364	0	39,198	39,198	0	18,961	20,237	0
	Total GF Capital Programme	113,770	110,920	(2,850)	399,799	398,757	(1,042)	211,136	169,834	17,787

Appendix E – Treasury Management Report as at 31 July 2014

Outstanding Deposits - Average Rate of Return on Deposits: 0.53%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	34.4	26.71	40.00
1-2 Months	13.0	10.09	0.00
2-3 Months	14.0	10.87	10.00
3-6 Months	27.2	21.12	10.00
6-9 Months	23.0	17.86	10.00
9-12 Months	0.0	0.00	15.00
12-18 Months	9.0	6.99	15.00
18-24 Months	7.4	5.74	5.00
Subtotal	128.0	99.40	100.00
Unpaid Maturities	0.8	0.62	0.00
Total	128.8	100.00	100.00

1. With the exception of the unpaid Heritable 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, Insight MMF, Ignis MMF, PSDF MMF, Santander UK, HSBC Bank, Nationwide 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 four Certificates of Deposit with three with Standard Chartered and one with Barclays.
2. During July 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 ranging from of two days up to nearly two years.

Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual £m	Actual %
General Fund		
PWLB	70.52	21.17
Long-Term Market	15.00	4.50
HRA		
PWLB	214.57	64.42
Long-Term Market	33.00	9.91
Total	333.09	100.00

3. There were no early debt repayment opportunities or rescheduling activities during July, neither were there any 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 either be placed in instant access accounts or short term deposits of up to one week.

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 the capital programme and available to support investment in service delivery.
 - a. **Additional grant funding of £148k towards the 2014/15 Empty Homes programme** - The Council had originally been awarded £634k funding from the Greater London Authority to provide grants to developers to refurbish 49 empty properties at around £13k per property. This target has been revised to 34 properties at £23k per property inclusive of a top up of £5k per property from the West London Housing Partnership.
 - b. **£143k funding towards refurbishment works at four young people centres** - The Early Intervention Service for Children and Young People has identified a need to upgrade kitchens at four young people centres (Fountains Mill, West Drayton, Harlington and Ruislip). The project cost is estimated at £143k and this is to be funded from £113k remaining capital grant previously received for Short Breaks and £30k from the Fountains Mill Young Peoples Centre amenity account.
 - c. **£415k funding towards pothole repairs** - In 2014 the Government created a Pothole Fund ("the Fund") worth £200 million, of which L B of Hillingdon was awarded £415,158 to help repair damage to the local road network. There is a need in Hillingdon to deal with significant deterioration to the 619km unclassified road network which the severe weather has accelerated in certain roads. The programmes will utilise the funding to target those roads where resurfacing and recycling treatments are most appropriate using asset management systems.
 - d. **£30k revenue funding and £29k capital funding towards the maintenance of Green Spaces and the preservation of environmental features.** This is a ten year funding scheme with £30k in year 1 and £32k in each of years 2 to 10. The agreement provides for funding to be managed within the prescribed conditions and for certain items within the capital works plan. There is additional capital grant of £29k split over 2 years. The capital works have been agreed as part of the grant award in the grant papers and consist of providing high tensile fencing, post and wire fencing and wooden field gates to protect grasslands and meadows in the borough's country parks.

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					
Electrical and Mechanical Services Engineer	30-Jun-14	26- Sep-14	67	13	80
Architect	04-Aug-14	31-Oct-14	54	13	67
Interim Corporate Transformation Manager	01-Aug-10	31-Mar-15	685	95	780
Maintenance Manager	09-Aug-14	07-Nov-14	91	21	112
Support Manager	15-Aug-14	13-Nov-14	80	24	104
Project Manager	25-Aug-14	20-Feb-15	180	49	229
Asset Strategy & Delivery Manager	08-Sep-14	05-Dec-14	67	34	101
Technical Administration Officer	26-Aug-14	23-Sep-14	51	2	53
Agency Planner	08-Sep-14	06-Mar-14	124	34	158
Building Surveyor Project Manager	02-Jan-15	03-Jul-15	71	21	92
Planning Enforcement Officer	06-Oct-14	03-Apr-15	28	29	57
Construction Project Manager	25-Aug-14	14-Nov-14	20	32	52
Private Sector Housing Enforcement Officer	22-Sep-14	20-Mar-15	47	24	71
Highway Engineer	09-Jun-14	28-Nov-14	63	17	80
Agency Building Control Surveyor	22-Sep-14	19-Dec-14	52	9	61
Maintenance Team Leader HRA	29-Sep-14	26-Dec-14	56	15	71
Maintenance Team Leader HRA	29-Sep-14	26-Dec-14	56	15	71
Adult Social Care					

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Team Manager - Access Team	04-Aug-14	28-Sep-14	68	13	81
Floating Support Worker - Floating Support South	04-Aug-14	28-Sep-14	68	5	73
Residential Care Worker - Hatton Grove	04-Aug-14	28-Sep-14	87	3	90
Residential Care Worker - Hatton Grove	04 Aug-14	28-Sep-14	87	3	90
Occupational Therapist - Occupational Therapy Team	04-Aug-14	28-Sep-14	46	11	57
Lead Approved Mental Health Practitioner	04-Aug-14	28-Sep-14	67	10	77
Residential Care Worker - Colham Road	04-Aug-14	28-Sep-14	114	4	118
Residential Care Worker - Colham Road	04-Aug-14	28-Sep-14	114	4	118
Team Leader - Chapel Lane	04-Aug-14	28-Sep-14	85	4	89
Team Leader - Hatton Grove	04-Aug-14	28-Sep-14	47	6	53
Day Centre Officer - Woodside Day Centre	04-Aug-14	31-Aug-14	99	3	102
Day Centre Officer - Woodside Day Centre	04-Aug-14	31-Aug-14	79	1	80
Senior Support Worker - Positive Behaviour Support Team	04-Aug-14	28-Sep-14	47	6	53
Night Care Worker - Colham Road	01-Sep-14	28-Sep-14	48	2	50
Team Manager - Older People Services - North Team	01-Sep-14	28-Sep-14	45	6	51
Team Manager - Older People Services - South/Central Team	01-Sep-14	28 Sep-14	45	6	51
Administration and Finance					
Senior Category Manager Children's Services and All Age Disabilities.	09-Jun-14	31-Dec-14	32	40	73
Senior Lawyer Adult Social Care	09-Jun-14	30- Nov-14	38	19	57
Lead Finance Business Partner	01-Jun-14	31-Nov-14	31	33	64

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Finance Manager	18-Aug-14	15-Feb-14	51		51
Children & Young People's Services					
Team Manager	30-Jun-14	28-Sep-14	67	22	89
Deputy Team Manager	30-Jun-14	28-Sep-14	84	21	105
Residential Care Worker	30-Jun-14	28-Sep-14	77	6	83
Newly Qualified Social Worker	30-Jun-14	28-Sep-14	149	16	165
Service Manager Children in Need	30-Jun-14	28-Sep-14	105	31	136
Senior Social Worker	30-Jun-14	28-Sep-14	66	17	83
Deputy Team Manager	30-Jun-14	03-Aug-14	89	6	95
Social Worker Triage (MASH)	30-Jun-14	03-Aug-14	106	6	112
Residential & Placements Manager	30-Jun-14	28-Sep-14	75	26	101
Social Worker	30-Jun-14	28-Sep-14	50	14	64
Senior Social Worker	30-Jun-14	28-Sep-14	122	15	137
Social Worker	30-Jun-14	28-Sep-14	48	14	62
Deputy Team Manager	30-Jun-14	28-Sep-14	62	18	80
Waking Night Residential Care Worker	30-Jun-14	28-Sep-14	105	5	110
Deputy Team Manager	30-Jun-14	28-Sep-14	151	18	169
Social Worker	30-Jun-14	28-Sep-14	75	14	89
Social Worker	30-Jun-14	31-Aug-14	53	9	63
Waking Night Residential Care Worker	30-Jun-14	28-Sep-14	86	3	89
Senior Social Worker	30-Jun-14	28-Sep-14	123	17	140

Post Title	Start Date	Proposed End Date	Previously Approved £'000	Approved £'000	Total Spend £'000
Senior Social Worker	30-Jun-14	28-Sep-14	94	17	111
Senior Social Worker	30-Jun-14	28-Sep-14	112	17	129
Senior Social Worker	30-Jun-14	28-Sep-14	73	17	90
Senior Social Worker	30-Jun-14	28-Sep-14	109	17	126
Senior Social Worker	30-Jun-14	28-Sep-14	130	17	147
Senior Social Worker	30-Jun-14	28-Sep-14	57	17	74
Assistant Director - Children in Need	04-Aug-14	28-Sep-14	88	30	118
Senior Social Worker	30-Jun-14	28-Sep-14	67	17	84
Deputy Team Manager	30-Jun-14	28-Sep-14	79	18	97
Senior Social Worker	30-Jun-14	28-Sep-14	54	17	71
Senior Social Worker	30-Jun-14	31-Aug-14	81	11	92
Service Improvement Manager	04-Aug-14	31-Aug-14	118	11	129

Appendix H - Interim Summer 2014 Cabinet level decisions taken by the Leader of the Council

Cabinet on 24 July 2014 agreed to delegate authority to the Leader of the Council, in conjunction with the relevant Cabinet Member(s) and Corporate Director, any decision that would otherwise be ordinarily reserved to the Cabinet, if a delay would prejudice Council projects or service delivery. This was to ensure proper business continuity for executive decision-making over the summer period between meetings.

Between the 24 July and 25 September 2014 Cabinet meetings, the following decisions have been taken under such delegated authority and are now reported below for Cabinet's ratification:

Date of decision	Details about the decision made	Decision-type
15 August 2014	<p>Award of Contract – Children’s Social Care Managed Service</p> <p>The Leader of the Council agreed a single tender contract to <i>Skylakes Social Work</i> for the management of up to 324 cases within a Children’s Social Care ‘Managed Service’ for the period of six months at the cost of £1,149k.</p> <p>This decision will assist the Council in meeting the challenges of an increasing caseload and difficult recruitment conditions for both permanent and interim children's social workers within Children’s Social Care, The decision enables a short term ‘Managed Service’ to support the capacity and best practice within front line services for children in need and special urgency procedures were used to ensure swift implementation.</p> <p>Contract decisions at this value are ordinarily reserved to the Cabinet to make.</p>	Special Urgency, in consultation with the Cabinet Member for Education and Children's Services
20 August 2014	<p>Adult Education ICT</p> <p>The Leader of the Council agreed the use of £70k from the 2014/15 capital contingency to fund the capital release request and urgent project works to enable WiFi and server provision improvements at the Borough's Adult Education Centres.</p> <p>Use of capital or revenue contingency is a decision ordinarily reserved to the Cabinet.</p>	Special Urgency, in consultation with the Cabinet Member for Finance, Property & Business Services

Date of decision	Details about the decision made	Decision-type
28 August 2014	<p>Proposed Amendments to the Draft Local Plan - Part 2</p> <p>Cabinet, in February 2014, agreed the necessary documents for public consultation on the Local Plan Part 2. However, since then there have been a number of minor changes made to the documents and Cabinet Members also approved the addition of some new sites to the Policies documents before the public consultation period commenced in September.</p> <p>As Cabinet had previously approved the documentation and these are policy framework documents, a Cabinet level decision was required for an updated set for consultation purposes.</p>	Normal, in consultation with the Cabinet Member for Planning, Transportation and Recycling
2 September 2014	<p>Appropriation of land at Laurel Lane, West Drayton</p> <p>Following full consideration of the objections and responses received, the Leader of the Council, along with the Cabinet Member for Finance, Property and Business Services and Deputy Chief Executive and Corporate Director of Residents Services agreed to appropriate the necessary land from highways to educational purposes. This will facilitate a much needed new school in the South of the Borough.</p> <p>Decisions on significant land appropriation matters are ordinarily considered by Cabinet.</p>	Special Urgency, in consultation with the Cabinet Member for Finance, Property & Business Services and Deputy Chief Executive and Corporate Director of Residents Services.

Appendix I - Fees & Charges for Garages to Rent

The Council has 2,900 garages of which 1,664 (57%) are let and 1,236 (43%) are currently empty. The improved management of the garages is a priority, and increasing occupancy of the garages can deliver savings to the MTFE for the period 2014/15 to 2018/19. Enabling vacant garages to be bought back into use has the potential to increase income in terms of both revenue streams and potential capital receipts.

It is proposed to implement revised Fees & Charges as follows:

- (i) To let garages in high demand areas, near stations, at market rent levels, ranging from £22.00 - £33.00 The areas of high demand are Uxbridge, Hillingdon, Ickenham, Ruislip Manor, Eastcote, South Ruislip, Northwood and Northwood Hills. The garages concerned are within one Kilometre of these areas.

Table 1 - Weekly rent - High Demand areas

Site/Area	Proposed Rental per week £
Uxbridge	31.00
Hillingdon	32.00
Ickenham	31.00
Ruislip Manor / Eastcote	30.00
South Ruislip	33.00
Northwood	27.00
Northwood Hills	29.00

- (ii) To introduce a three tier banding system for the remaining garages not considered as high demand and these to be available for residents only. There will be high, middle and lower levels dependent on quality, location and condition of garages at the site. The fees will range from £12.00 to £18.50 as shown in Table 2 below.

Table 2: Weekly Rent Schedule (excluding high demand areas)

Garage Type	Higher	Middle	Lower
Borough Residents	£18.50	£14.00	£12.00

- (iii) That the proposed pricing schedule is implemented for new lettings of vacant garages only and for those that become vacant over time. Existing tenants will continue to be charged at the current weekly rate of £11.89 subject to any changes in the annual fees and charges price setting process.