

COUNCIL BUDGET -2014/15 MONTH 6 REVENUE AND CAPITAL BUDGET MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Report Author	Paul Whaymand, Corporate Director of Finance
Papers with report	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 £2,554k is projected against 2014/15 General Fund revenue budgets as of September 2014 (Month 6). This represents an improvement of £550k 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>Putting our Residents First: <i>Financial Management</i></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 September 2014 (Month 6).
2. Agree the changes to the Treasury Management Strategy to add the use of REPOs and one overseas bank, Svenska Handelsbanken and note the treasury management update as at September 2014 (Month 6) at Appendix E.
3. Continue the delegated authority up until the 18 December 2014 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 23 October and 20 November 2014 Cabinet meetings, detailed at Appendix F.

4. **Agrees to the virement of £3,100k from the Secondary Schools Expansions programme to fund additional works at Northwood Secondary School.**
5. **Approves the addition of £125k Department of Health Care Act Implementation Funding to 2014/15 Adult Social Care Budgets.**
6. **Approve the grant of £13,053 to the Trinity Homeless Project, Uxbridge to be funded from strike savings.**
7. **Approves the release of £100k from Priority Growth to fund a comprehensive review of the Council's ICT service and strategy.**
8. **Approves the release of £70k from General Contingency to fund legal costs associated with the Compulsory Land Purchase for the M25 Spur Road.**
9. **Agree that during the 2014/2015 winter season, with the full agreement of the Leader of the Council (or Deputy Leader if unavailable), the Chief Executive or the Deputy Chief Executive and Corporate Director of Resident Services are both authorised to take all necessary urgent decisions (including those ordinarily reserved to the executive) to release funds, procure and incur expenditure in order to safeguard residents, deliver services and manage the effects of bad weather or incidents adversely affecting the Borough. Such decisions taken, that would have required Cabinet or Cabinet Member approval, are to be reported to a subsequent Cabinet meeting for formal ratification. Furthermore, that Cabinet request the Chairman of the Executive Scrutiny Committee waive the scrutiny call-in period so this takes immediate effect.**
10. **Approve the award of the following small grants, to be funded from the Core Grants Budget:**
 - I. **Hillingdon & Harrow Deaf Children's Society - £1,000**
 - II. **Community Cancer Centre / Hillingdon Brain Tumour Group - £3,000**
 - III. **Recycle-a-bike - £5,000**
 - IV. **DASH - £3,500**

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 this financial year. It also recommends two changes to the current strategy to mitigate the risk of impending bail-in legislation, coming into effect from January 2015.
3. It is proposed to increase the number of forms of entry of the new Northwood School buildings to 6FE from the current 5FE in response to the rising number of pupils in Hillingdon. The current capital budget for the Northwood re-provision is £28 million and this was originally costed for a 5FE secondary school with sixth form. The Schools Expansions programme also contains a secondary schools expansion budget of £80 million for provision of a further 16 forms of entry based on the forecast pupil placement need. The secondary expansion need can be partly provided for by the increase of the Northwood school from 5 to 6 Forms of entry. The source of financing is £930k prudential borrowing and £2,170k external grant.
4. Recommendation 5 seek authority to release the £125k grant funding available to the Council to meet the initial costs associated with implementation of the Health and Social Care Act 2012, which are expected to include a review of the Adults Safeguarding Board, training and workforce development and programme management.

5. Recommendation 6 seeks approval for the underspend arising from the recent strike to be donated to the Trinity Homeless Project in Uxbridge.
6. Recommendation 7 will release funds to support a comprehensive review of the Council's ICT, ensuring that the Council is positioned to maximise the benefits of technological developments and positions itself to set a clear strategic direction for the next 5 - 10 years.
7. Recommendation 8 seeks approval to release £70k from General Contingency to meet legal costs in relation to the Compulsory Purchase of land for the M25 Spur Road at Heathrow Terminal 5.
8. Recommendation 9 - It is approaching the time of year to renew the usual delegated authority in respect of the Council's emergency decision-making capabilities during the winter season, to enable instant decision-making by officers in order to protect residents and services, in full consultation with relevant Members. Any such decisions made under this authority will be reported to a subsequent Cabinet meeting for both ratification and public record.
9. Recommendation 10 - As part of the small grants programme, Cabinet is asked to agree funding for four voluntary sector organisations. £50k was set aside from the Core Grants Budget by Cabinet last year for such pump priming initiatives. These organisations operate in Hillingdon and provide much needed support / services to Borough residents.

Alternative options considered

10. There are no other options proposed for consideration.

SUMMARY

REVENUE

11. An underspend of £2,554k is projected at Month 6 for General Fund revenue budgets, consisting of £1,100k of deferred capital financing costs, a £286k reduction in the call on contingency budgets and a net underspend of £1,168k across Directorate Operating Budgets. This represents an improvement of £550k, mainly on Adult Social Care forecasts and reduced demand for SEN Transport.
12. The 2014/15 revenue budget contains £16,491k of savings, including sums brought forward from 2013/14. £13,377k of this sum is reported as either on track for delivery in full or already banked with the remaining £3,114k classed as amber due to being at an early stage of implementation. No savings are reported as being at risk of non-delivery.
13. General Fund balances are projected to reach £38,471k 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 £33,471k.
14. In relation to other funds, there are no material adverse variances affecting the 2014/15 General Fund outturn, with actions being taken to review the £202k income pressure reported within the Parking Revenue Account. Within the Collection Fund, strong performance on Council Tax collection is currently mitigating a pressure of £500k pressure on Business Rates due to higher than anticipated numbers of empty properties.

CAPITAL

15. As at Month 6 an underspend of £21,862k is reported on the 2014/15 capital programme budget from a revised budget of £111,667k. This is comprised of cost underspends of £3,192k and net phasing variances of £18,670k.
16. Forecast outturn over the life of the General Fund programme for 2014/15 to 2018/19 is an underspend of £1,867k.
17. General Fund capital receipts of £10,151k are forecast for 2014/15 with receipts over the period to 2018/19 expected to reach £41,991k representing a favourable variance of £10,272k over the revised budget.
18. Prudential borrowing is forecasting a favourable variance of £4,339k over the life of the programme due to the cost under spends of £1,867k and the improvement in the capital receipts forecast of £10,272k, partly offset by a reduction of £7,800k in the forecast level of Community Infrastructure Levy that will be collected.

FURTHER INFORMATION

General Fund Revenue Budget

19. An underspend of £2,554k is projected on normal operating activities at Month 6, representing an improvement of £550k from Month 5. The Month 6 position incorporates a £1,168k net underspend across Directorate Operating Budgets, a £1,100k underspend on capital financing costs and a favourable variance of £286k on Development and Risk Contingency. Further detail on each of these items is included below.
20. Movements from Month 6 on Directorate Operating budgets result in a net improvement of £426k, principally relating to Adult Social Care and the implementation of the All Age Disabilities Pathway, with a further improvement of £124k reported on Development and Risk Contingency due primarily to reduced demand for SEN Transport and fewer children transferring into Adult Social Care services at the start of the academic year.
21. 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.
22. 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 50% are already banked and further 31% on track for delivery in full. An element of risk associated with those savings in the early stages of delivery, totalling £3,114k, however, no items are reported at significant risk of non-delivery.

Table 1: General Fund Overview

Original Budget	Budget Changes	Service	Month 6		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000		£'000	£'000	£'000	£'000	£'000
168,045	1,624	Directorate Operating Budgets	169,671	168,502	(1,168)	(742)	(426)
17,153	(1,627)	Corporate Operating Budgets	15,527	14,426	(1,100)	(1,100)	0
24,738	0	Development & Risk Contingency	24,738	24,452	(286)	(162)	(124)
2,252	0	Priority Growth	2,252	2,252	0	0	0
212,188	(3)	Sub-total Normal Activities	212,188	209,632	(2,554)	(2,004)	(550)
		<u>Exceptional Items</u>					
212,188	(3)	Total Net Expenditure	212,188	209,632	(2,554)	(2,004)	(550)
(212,188)	0	Budget Requirement	(212,188)	(212,188)	0	0	0
0	(3)	Net Total	0	(2,556)	(2,554)	(2,004)	(550)
(35,915)	0	Balances b/fwd	(35,915)	(35,915)			
(35,915)	0	Balances c/fwd 31 March 2015	(35,915)	(38,471)			

23. At 31 March 2014 General Fund Balances totalled £35,915k, with the projected underspend expected to reach £38,471k 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 £33,471k.

Directorate Operating Budgets (£1,168k underspend, £426k improvement on Month 4)

24. 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 6		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
14,218	83	Admin.	Expenditure	14,301	14,108	(193)	(121)	(72)
(3,187)	906		Income	(2,281)	(2,329)	(48)	(56)	8
11,031	989		Sub-Total	12,020	11,779	(241)	(177)	(64)
169,101	229	Finance	Expenditure	169,330	169,434	104	119	(15)
(155,788)	(101)		Income	(155,889)	(156,281)	(392)	(392)	0
13,313	128		Sub-Total	13,441	13,153	(288)	(273)	(15)
139,103	1,296	Residents Services	Expenditure	140,399	139,889	(510)	(383)	(127)
(73,138)	(371)		Income	(73,509)	(73,526)	(17)	(138)	121
65,965	925		Sub-Total	66,890	66,363	(527)	(521)	(6)
31,163	(3,492)	Children & Young People's Service	Expenditure	27,671	27,961	289	314	(26)
(8,961)	442		Income	(8,519)	(8,722)	(203)	(242)	40
22,202	(3,050)		Sub-Total	19,152	19,239	86	72	14
68,691	13,087	Adult Social Care	Expenditure	81,778	82,230	452	153	298
(13,157)	(10,455)		Income	(23,612)	(24,262)	(650)	4	(653)
55,534	2,632		Sub-Total	58,166	57,968	(198)	157	(355)
168,045	1,624	Total Directorate Operating Budgets		169,669	168,502	(1,168)	(742)	(426)

25. An underspend of £241k is reported on Administration budget due to posts being held vacant across the group and an improved outlook for Legal service income. This position has improved by £64k since Month 5 as a result of deferral of recruitment and savings in licensing costs.

26. There has been limited movement on Finance budgets from Month 5, with the reported underspend of £288k being the net result of strong performance on recovery of Housing Benefit overpayments and court costs being partially off-set by transitional staffing costs.

27. An underspend of £527k is forecast within Residents Services, with cost pressures on parking income and facilities management being offset by the cost reduction resulting from the closure of Victoria Road Civic Amenity Site and posts being held vacant across the group. The marginal movement across the group since Month 5 relates to an income pressure arising from the deferral of capital receipts into 2015/16 being mitigated by a number of one-off underspends across the group. As the pressure in relation to capital receipts is principally a matter of timing, there are no on-going implications from this variance.

28. A minor adverse movement of £14k is reported on Children and Young People's Services, which represents the combined impact of an increased pressure on use of agency staff and an underspend on staff training budgets. The headline variance of £86k continues to be primarily driven by the increased use of agency staff, which is partially mitigated through increased income from partners.

29. An underspend of £198k is now reported on Adult Social Care operating budgets, representing a £355k improvement from the position at Month 5. This improvement includes £222k of underspends being realised within the All Age Disability Pathway and an improved outlook on Homecare projections, which can be partly attributed to the Skylakes work in this area.

Progress on Savings

30. 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.

31. As at Month 6, £13,377k (£12,686k at Month 5) is either on track for delivery or already banked, with the remaining £3,114k classed as amber due to being at an early stage of delivery but are expected to continue being steadily upgraded to green over the coming months.

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	(1,363)	(1,448)	(2,892)	(2,055)	(551)	(8,309)	50.4%
G On track for delivery	0	(91)	(2,375)	(1,734)	(868)	(5,068)	30.7%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(1,637)	0	(237)	(1,212)	(28)	(3,114)	18.9%
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)

32. Corporately managed expenditure includes 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 6		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
9,927	292		Non-Sal Exp	10,219	9,119	(1,100)	(1,100)	0
(39)	(376)		Income	(415)	(415)	0	0	0
9,888	(84)		Sub-Total	9,804	8,704	(1,100)	(1,100)	0
0	0	Levies and Other Corporate Budgets	Salaries	0	0	0	0	0
11,077	789		Non-Sal Exp	11,866	11,866	0	0	0
(3,812)	(2,332)		Income	(6,144)	(6,144)	0	0	0
7,265	(1,543)		Sub-Total	5,722	5,722	0	0	0
17,153	(1,627)	Total Corporate Operating Budgets		15,526	14,426	(1,100)	(1,100)	0

33. In line with the position at Month 6, 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 (£286k underspend, £124k improvement)

34. 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	Budget Changes		Service	Month 6		Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000			£'000	£'000	£'000	£'000	£'000
400	0	Fin.	Uninsured Claims	400	400	0	0	0
240	0	Residents Services	Carbon Reduction Commitment	240	240	0	0	0
200	0		HS2 Challenge contingency	200	200	0	0	0
200	0		Heathrow Expansion Challenge Contingency	200	200	0	0	0
2,144	0		Impact of welfare reform on homelessness	2,144	1,966	(178)	(178)	0
229	0		SEN transport	229	229	0	108	(108)
811	0		Waste Disposal Levy (Demand-led Tonnage Increases)	811	852	41	41	0
0	60		Powerday Public Enquiry	60	60	0	0	0
1,458	0	Children and Young People	Asylum Funding Shortfall	1,458	1,463	5	(133)	138
(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	Increase in Transitional Children due to Demographic Changes	2,406	1,816	(590)	0	(590)
11,090	0		Social Care Pressures (Adult)	11,990	11,990	0	0	0
0	0		Winterborne View	0	436	436	0	436
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	24,452	(286)	(162)	(124)

35. No movement from Month 5 has been reported on homelessness, with £1,966k forecast drawdown against the £2,144k budgeted contingency. As previously noted, numbers of households presenting as homeless and being housing in temporary accommodation remains constant - with bed and breakfast placement being limited through retention of existing private sector accommodation.

36. A favourable movement is reported on the SEN Transport contingency as a result of reduced pupil numbers and an associated reduction in the number of routes required following the September 2014 intake. A breakeven position is now reported on the £229k contingency provision, with capacity within this sum to manage limited growth in pupil numbers of the remainder of this financial year.
37. Waste Tonnages remain consistent with those reported at Month 5, with a minor pressure attributable to growth in green waste and commercial waste tonnages over the assumptions included in the 2014/15 budget.
38. On 23 October 2014, the Home Office informed the Council that funding for the Asylum Duty and In-take Teams at Heathrow Airport would be terminated with effect from 1 November 2014. The in-year impact of this funding loss is estimated at £138k, however, the Council is seeking to secure sufficient funding for the service on a on-going basis and thereby limit any adverse impact to the current financial year.
39. Within Adult Social Care, the pressure from children transferring to the department's services has been refreshed following commencement of the new academic year, with a reduction of £590k from the position reported at Month 5. This improvement is driven by both a reduction in numbers of children and new cases transferring with a lower cost of care than assumed in budget setting.
40. An adverse movement is reported on the main Adult Social Care contingency as the cost of clients transferring to the Council in response to the Winterborne View report become clear. To date four clients have transferred at an estimated cost of £436k, with further transfers to be reflected in the Council's MTF as appropriate.
41. As at Month 6, there have been no calls on the remaining £2,440k uncommitted General Contingency balance which is available to manage emergent risks and cost pressures. This report recommends release of £70k from this sum.

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, however this report seeks authority to release £100k to fund a review of ICT across the Council.
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 £379k, leaving £559k available for new initiatives.

Table 6: Priority Growth

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 6 Approved Allocations £'000	Unallocated Balance £'000
800	138	HIP Initiatives Budgets	938	(379)	(559)
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	(241)	(2,011)

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. An in year pressure is reported within the Schools Budget at Month 6, reflecting the release of significant retained balances to individual schools within the Borough and resulting in projected year end balances of £1,599k. There has been no material movement on this position from Month 5, with the remaining balance remaining available to support future investment in Borough's schools.
46. No movement is reported on the Parking Revenue Account (PRA), with shortfalls in income against historic targets resulting in a pressure of £202k. Work to zero-base budgets with the PRA continues and intended to bring the account back into balance, thereby mitigating any impact on the Council Taxpayer.
47. The projected outturn on Council Tax and Business Rates income within the Collection Fund is unchanged from Month 5, with a surplus of £2,697k of Council Tax and deficit of £500k on Business Rates. The pressure on commercial properties relates to the continuing high level of empty property reliefs being awarded and delays on the part of the Valuation Office Agency on adding new properties to the list. The principal risk area remains Heathrow Terminal 2, which despite opening in June 2014 has still not been added to the rating list, meaning that the Council cannot bill the occupier.
48. An overall improvement of £110k in the headline Collection Fund position is reported at Month 5, with improved collection rates on Council Tax off-setting an adverse movement on Business Rates revenues due to higher than anticipated numbers of empty properties. A net surplus of £2,197k is projected for 31 March 2015, which will be released to the General Fund in 2015/16.
49. As previously noted, the Valuation Office Agency are still to confirm the rateable value of the new Heathrow Terminal 2 and as such a significant element of Business Rate income remains at risk and will continue to be closely monitored.

Housing Revenue Account Budget

50. As at Month 6 an in year surplus of £4,220k is projected on Housing Revenue Account operations, an increase of £628k from the position at Month 5 as a result of further projected underspends within Housing Management and deferral of Planned Maintenance projects into 2015/16. As previously noted, the majority of the overall variance is due to the rephasing of such works. Uncommitted balances are projected to reach £27,040k by 31 March 2015, with further monies earmarked to support on-going investment in housing stock.

Future Revenue Implications of Capital Programme

51. Appendix D to this report provides an update on the current capital programme, with a headline underspend of £1,867k reported on the 2014/15 - 2018/19 programme. Within this position, underspends on Disabled Facilities Grants and the School Expansions Programme are sufficient to off-set reported pressures on Yiewsley Health Centre and the legacy Hillingdon Sports & Leisure Centre. There remains £7,430k committed contingency funding within this budget to support new investment without impacting upon the reported underspend.
52. Capital receipts are projected to reach £41,991k over the MTFP period, representing an overachievement of £10,272k against budget as a result of increased valuations on two key

sites. Taking account of the expected shortfall of £7,800k on Community Infrastructure Levy receipts, arising due to delays in implementing the scheme and the projected underspend noted above, this reduces the Council's borrowing requirement by £4,339k to £153,120k on the current programme. If realised, this reduced level of borrowing would enable savings to be released over the medium term from the current provision for capital financing costs.

53. 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 - although further deferral of capital receipts into 2015/16 will begin to impact upon this position. 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 (£241k underspend, £64k improvement)

54. The Administration Group is showing an underspend of £241k at Month 6, a £64k improvement on Month 5. The improvement since month 5 is due to delayed recruitment to posts in Performance and savings on licence costs. The remaining underspend is primarily due to a number of vacant posts across Performance some of which have been put forward as a saving for the 2015/16 MTF process. Similarly, there is a surplus of income in Legal Services and a MTF proposal for 2015/16 has been developed relating to this.

Table 7: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
485	0	Directorate	Salaries	485	486	1	1	0
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)	0
707	0	Corporate Comms	Salaries	707	722	15	14	1
159	(9)		Non-Sal Exp	150	144	(6)	(11)	5
(27)	9		Income	(18)	(18)	0	8	(8)
839	0		Sub-Total	839	848	9	11	(2)
1,449	0	Democr. Services	Salaries	1,449	1,461	12	12	0
1,882	0		Non-Sal Exp	1,882	1,896	14	14	0
(957)	339		Income	(618)	(583)	35	35	0
2,374	339		Sub-Total	2,713	2,774	61	61	0
2,273	51	Human Resources	Salaries	2,324	2,305	(19)	(9)	(10)
639	12		Non-Sal Exp	651	643	(8)	(4)	(4)
(303)	0		Income	(303)	(272)	31	9	22
2,609	63		Sub-Total	2,672	2,676	4	(4)	8
1,871	0	Legal Services	Salaries	1,871	1,916	45	45	0
111	0		Non-Sal Exp	111	105	(6)	(5)	(1)
(575)	0		Income	(575)	(668)	(93)	(93)	0
1,407	0		Sub-Total	1,407	1,353	(54)	(53)	(1)
2,173	(1,593)	Policy & Partnerships	Salaries	580	586	6	17	(11)
2,463	(166)		Non-Sal Exp	2,297	2,265	(32)	(32)	0
(1,267)	1,222		Income	(45)	(62)	(17)	(11)	(6)
3,369	(537)		Sub-Total	2,832	2,789	(43)	(26)	(17)
0	1,620	Performance	Salaries	1,620	1,446	(174)	(156)	(18)
0	168		Non-Sal Exp	168	129	(39)	(5)	(34)
0	(722)		Income	(722)	(726)	(4)	(4)	0
0	1,066		Sub-Total	1,066	849	(217)	(165)	(52)
8,958	78	Admin. Directorate	Salaries	9,036	8,922	(114)	(76)	(38)
5,260	5		Non-Sal Exp	5,265	5,186	(79)	(45)	(34)
(3,187)	906		Income	(2,281)	(2,329)	(48)	(56)	8
11,031	989		Total	12,020	11,779	(241)	(177)	(64)

FINANCE (£282k underspend, £15k improvement)

55. The Finance Group is showing an under spend of £288k at Month 6, an improvement of £15k on Month 5. The improvement is due to delayed recruitment of posts in the Procurement service area. The majority of the under spend is due to an improved rent allowance subsidy position since the start of the year. The expenditure and income budgets across Revenues and Benefits will be realigned as part of the 2015/16 MTF process.

Table 8: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
537	0	Internal Audit	Salaries	537	535	(2)	4	(6)
56	0		Non-Sal Exp	56	65	9	1	8
0	0		Income	0	(10)	(10)	(10)	0
593	0		Sub-Total	593	590	(3)	(5)	2
2,050	0	Procurement	Salaries	2,050	2,057	7	23	(16)
150	0		Non-Sal Exp	150	168	18	18	0
(557)	13		Income	(544)	(555)	(11)	(11)	0
1,643	13		Sub-Total	1,656	1,670	14	30	(16)
3,299	0	Operation. Finance	Salaries	3,299	3,357	58	59	(1)
705	(26)		Non-Sal Exp	679	685	6	6	0
(963)	0		Income	(963)	(963)	0	0	0
3,041	(26)		Sub-Total	3,015	3,079	64	65	(1)
3,729	107	Revenues & Benefits	Salaries	3,836	3,826	(10)	(10)	0
154,439	187		Non-Sal Exp	154,626	154,626	0	0	0
(154,102)	(280)		Income	(154,382)	(154,753)	(371)	(371)	0
4,066	14		Sub-Total	4,080	3,699	(381)	(381)	0
1,445	(51)	Strategic Finance	Salaries	1,394	1,412	18	18	0
2,691	12		Non-Sal Exp	2,703	2,703	0	0	0
(166)	166		Income	0	0	0	0	0
3,970	127		Sub-Total	4,097	4,115	18	18	0
11,060	56	Finance Directorate	Salaries	11,116	11,187	71	94	(23)
158,041	173		Non-Sal Exp	158,214	158,247	33	25	8
(155,788)	(101)		Income	(155,889)	(156,281)	(392)	(392)	0
13,313	128		Total	13,441	13,153	(288)	(273)	(15)

56. A breakeven position is projected on the contingency for uninsured claims at Month 6.

Table 9: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 6		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
400	0	Uninsured Claims	400	400	0	0	0
400	0	Current Commitments	400	400	0	0	0

RESIDENT SERVICES GENERAL FUND (£527k underspend, £6k favourable)

57. Resident Services directorate is showing a projected outturn underspend of £527k at Month 6, excluding pressure areas that have identified contingency provisions

Table 10: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
2,240	(39)	Asset Management	Salaries	2,201	2,278	77	77	0
8,681	260		Non-Sal Exp	8,941	9,212	271	271	0
(5,494)	(141)		Income	(5,635)	(5,454)	181	(140)	321
5,427	80		Sub-Total	5,507	6,036	529	208	321
8,451	(662)	Education (GF)	Salaries	7,789	7,694	(95)	(83)	(12)
11,182	(639)		Non-Sal Exp	10,543	10,605	62	7	55
(9,681)	(97)		Income	(9,778)	(9,875)	(97)	0	(97)
9,952	(1,398)		Sub-Total	8,554	8,424	(130)	(76)	(54)
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	3,141	42	0	42
9,048	0		Non-Sal Exp	9,048	8,995	(53)	(42)	(11)
(7,489)	0		Income	(7,489)	(7,496)	(7)	0	(7)
4,658	0		Sub-Total	4,658	4,640	(18)	(42)	24
17,347	(3,086)	ICT, Highways & Business Serv.	Salaries	14,261	14,139	(122)	(119)	(3)
9,805	278		Non-Sal Exp	10,083	9,999	(84)	10	(94)
(5,416)	(407)		Income	(5,823)	(5,819)	4	4	0
21,736	(3,215)		Sub-Total	18,521	18,319	(202)	(105)	(97)
7,674	(117)	Planning, Green Spaces & Culture	Salaries	7,557	7,556	(1)	(1)	0
6,389	(345)		Non-Sal Exp	6,044	6,084	40	163	(123)
(9,404)	336		Income	(9,068)	(9,196)	(128)	(128)	0
4,659	(126)		Sub-Total	4,533	4,444	(89)	34	(123)
13,800	19	Public Safety (GF)	Salaries	13,819	13,804	(15)	(34)	19
24,237	(181)		Non-Sal Exp	24,056	23,693	(363)	(363)	0
(11,965)	0		Income	(11,965)	(11,925)	40	136	(96)
26,072	(162)		Sub-Total	25,910	25,572	(338)	(261)	(77)
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	6,103	Resident Services Directorate	Salaries	6,275	6,034	(241)	(241)	0
(1,850)	594		Non-Sal Exp	(1,256)	(1,256)	0	0	0
10	(561)		Income	(551)	(551)	0	0	0
(1,668)	6,136		Sub-Total	4,468	4,227	(241)	(241)	0
56,197	1,760	Residents Services	Salaries	57,957	57,574	(383)	(429)	46
82,906	(464)		Non-Sal Exp	82,442	82,315	(127)	46	(173)
(73,138)	(371)		Income	(73,509)	(73,526)	(17)	(138)	121
65,965	925		Total	66,890	66,363	(527)	(521)	(6)

58. The overall underspend is a result of the closure of Victoria Road and staffing underspends across the group, offset by pressures on off-street parking income and facilities management. In addition, this month the group is reporting pressures on buyers' premium income as a result of slippage in asset disposals.
59. 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.
60. At month 6 projected calls on contingency is £137k below provision, £108k favourable movement from month 5. The table below shows the breakdown for each contingency item.

Table 11: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 6		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
240	0	Carbon Reduction Commitment	240	240	0	0	0
200	0	HS2 Challenge contingency	200	200	0	0	0
200	0	Heathrow Expansion Challenge Contingency	200	200	0	0	0
2,144	0	Impact of welfare reform on homelessness (Current)	2,144	1,966	(178)	(178)	0
229	0	SEN transport	229	229	0	108	(108)
811	0	Waste Disposal Levy (Demand-led Tonnage Increases)	811	852	41	41	0
0	60	Poweday Public Enquiry	60	60	0	0	0
3,824	60	Current Commitments	3,884	3,747	(137)	(29)	(108)

61. 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 £1,966k, which gives a projected underspend of £178k against the contingency provision (no change).
62. Temporary Accommodation and housing advice data for the period June to September are shown below. Whilst B&B data compares favourably to levels seen in 2013/14, sustained levels of demand are being experienced within the service as shown by the Homeless Threat, priority need & eligible indicator below. The data continues to show each month above the 2013/14 average of 106, with September showing a marked increase to 131 from the figures in the summer months of June, July and August.

Table 12: Housing Needs performance data

	June	July	August	September
Homeless Threat, priority need & eligible	118	112	113	131
Presenting As Homeless	54	59	46	57
Duty Accepted	26	26	22	34
Households in Temporary Accommodation	511	513	508	502
Households in B&B	158	157	154	146

63. Due to the lack of private sector properties to use as prevention on private sector discharge, the number of homeless accepted cases remains high at projected figures of around 350 this year. This figure is 3 times higher than the low figure achievable prior to changes in supply for the private sector.
64. The Housing Needs service is still experiencing a high level of demand in terms of homelessness presentations. At month 6, the projected call on contingency is £1,966k (no change). The figure represents a broad view of the units procured for the new Private Sector Leasing (PSL) scheme, the control of B&B costs, the successful retention of existing PSLs and the levels of incentives paid out on prevention schemes. 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 December 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 PSL scheme at economic rates, whilst at the same time managing the demand at the front end of the service.
65. 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 6 the latest modelling forecast remains at an overspend on contingency of £41k, owing in part to the increasing demand for rubble and other heavy waste tonnages to private contractors and in addition to this, the increasing tonnages of green waste and refuse tonnages which would appear to be in common with other WLWA boroughs.
66. The contingency for the Carbon Reduction Commitment is for the estimated costs to purchase carbon allowances.
67. 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. The service is currently reassessing the forecast against the assumed growth of 6% in the budget now that the new school year has commenced. Initial analysis of the data for the new cohort shows a lower than expected increase in pupil numbers with an associated small reduction in routes and reduction in schools served. The reported position for Month 6 (£108k favourable) represents a prudent view of the expected outturn, given the 4% increase in SEN population, increasing severity of need and possible further increases in numbers/routes over the remainder of the financial year.
68. 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 (£529k pressure, £321k adverse)

69. As previously reported, the service manages risks around the achievement of capital receipts and delivery of the capital programme. Achievement of buyers' premium income is volatile, slippage of one of the larger disposals in the schedule can lead to a material drop in revenue. At Month 6 the service is reporting an adverse movement of £321k relating to a net reduction in buyers' premium income to £408k for the financial year. This relates to the slippage of major sites in the disposals programme into 15/16.
70. 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).
71. 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.

Education GF (£129k underspend, £54k favourable)

72. The Education Service is projecting an underspend of £129k as at Month 6, an improvement of £54k on the month 5 projections. This consists of an underspend of £95k on staffing, an improvement of £12k on the month 5 position, due to a further realignment of the staffing budgets, following a review of the proposed structures. An overspend of £62k on non staffing costs, an adverse movement of £55k on the month 5 position, due to a review of the Youth Services non staffing spend.
73. A projected surplus of £97k on income streams, an improvement of £97k on the month 5 position, primarily due to a realignment of income projections in Children's Centres and revised projections on a number of projects within Youth and Community.

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

74. 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.
75. The service is also projecting an underspend on salaries of £28k reflecting part year vacancies across Planning Policy and Road Safety.

Housing GF (£18k underspend, £24k adverse)

76. The service is expecting to produce a small underspend relating to non-salaries expenditure. This is currently projected at £38k, relating to an unallocated training budget.
77. There are projected underspends within team budgets of £4k for miscellaneous items including printing and stationary.
78. In Month 6, there is a £24k adverse movement due to £42k agency cost for two Homelessness Prevention Caseworkers, netted down by £18k favourable movement in PSL court fees (£11k) and rents & wayleaves (£7k).

ICT Highways & Business Services (£202k underspend, £97k favourable)

79. The contact centre is reporting a £26k adverse movement as a result of three new agency staff which have been recruited to the end of the financial year. This is offset by a £29k favourable movement in staffing in a range of service areas across the group.
80. Within Highways, there is a favourable movement of £38k relating to vacant posts due to the pending restructure and of £56k relating to a revised forecast of energy usage.

Planning Sport & Green Spaces (£89k underspend, £123k favourable)

81. Subsequent to bringing grounds maintenance in-house, budgets continue to undergo review. The service is still undergoing a restructure which should be concluded by December. As the service beds down, efficiencies continue to be identified, including one-off underspends in transport costs and more efficient working practices. The current forecast is an underspend of £97k which will be monitored closely as the restructure concludes.
82. The Golf courses overspend has reduced from £77k to £46k (£31k favourable movement). The Golf equipment leasing tender is scheduled to go live in November, which will bring down equipment hiring fees by £18k, maintenance fees (except for accidental damages) by £30k, and materials purchases by £21k; total under spend £69k. However, this will be offset by a £38k increase in grounds maintenance costs including pesticides, fertilisers and draining costs.
83. There is a risk of increased contract fees in relation to planning applications. Officers are in negotiations with the existing provider, any change in forecast will be reported once negotiations are finalised.
84. Building Control is projected to make a shortfall in income of £81k (no change), offset by £154k underspends including Breakspear Crematorium income £64k (no change) and Stockley Park/leisure rents £90k.

Public Health (nil variance, no change)

85. 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 £32k is anticipated for the year and it is expected that the Director of Public Health post will be filled from January 2015. The Health Promotion Team is forecasting a £136k underspend against staffing costs, due to 3 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 3 vacancies within the Health Promotion Team will be filled this year.
86. BID and category reviews of Public Health services are underway, with new sexual health and school nursing contract arrangements in place. The National Chlamydia Screening Programme contract and the condom distribution contract with Terrence Higgins Trust have finished and a new contract with CNWL is now in place to provide these services, with savings of around £120k per annum.
87. The school nursing contract has been re-let with a saving of around £80k per annum. The new contract includes the school vision service that was previously contracted separately at a cost of £60k per annum. These will contribute to the existing 2014/15 procurement savings for Public Health.
88. The tender for drug and alcohol services is currently being prepared and it is anticipated that new contracting arrangements will be in place for July 2015.

Public Safety (£338k underspend, £77k favourable)

89. The off-street parking income at the Cedars and Grainges multi-storey car parks continues to experience pressure relating to the loss of season ticket income at both car parks. The most recent forecast is unchanged from month 5, resulting in an income pressure of £242k.
90. Public Protection is forecasting the following staffing underspends for month 5: Trading Standards due to retirements and anticipated delays in the recruitment process (£47k, £9k favourable); Pollution Control £10k (no change) on staffing subsequent to the restructure and

£8k on non-staffing costs. The service is also forecasting scrap metal additional licences income £3k (no change).

91. There is a forecast income overachievement of £88k for the sampling of soil products and a reduction in analyst fees of £41k. This is a prudent forecast variance for this volatile income stream which will continue to be closely monitored.
92. 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.
93. The remaining underspends of £67k relate to Waste Services (£20k adverse) previously reported at month 5. These relate to New Years Green Lane Civic Amenity site reporting net underspends of £57k and additional underspends of £10k (£20k adverse) relating to additional overtime/agency costs).

Residents Services Directorate (£241k underspend, no change)

94. There are a number of vacant posts across Technical Administration 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 6 relating to these vacancies is a £241k underspend, no change from month 5 as a result of phasing of the restructures.

CHILDREN AND YOUNG PEOPLE'S SERVICES (£86k overspend, £14k adverse)

95. The Children and Young People's Service is projecting an overspend of £86k as at Month 6, an adverse movement of £14k on the month 5 projections, due primarily to an increase in the number of agency staff being employed to cover vacant posts and recent staff resignations, including a high proportion of senior management posts.
96. The month 6 position is now reflecting an overspend of £289k on Salaries, an adverse movement of £115k on the month 5 projections, due to an increase in the number of agency staff having to be employed to cover vacant posts and recent staff resignations. This overspend reflects the current position on the staffing establishment where the service has a high level of vacant posts, including a number of Senior Manager posts, the majority of which are being covered by agency staff and an increase in sessional staff costs to support children's contact as instructed by the courts.
97. There is a breakeven on non-staffing budgets, an improvement of £141k on the month 5 projections, due to a reduction in the projected costs relating to planned staff training.
98. There is a projected surplus of £203k on income, an adverse movement of £40k on the month 5 projections, due to a drop in external income. The surplus of £203k relates to the funding received from a number of external partners, including Health, the Youth Justice Board and Education. The projected variances at Month 6 are summarised in the following table, with more detail provided in the paragraphs below:

Table 13: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
1,033	(109)	Safeguarding Children	Salaries	924	1,229	305	178	127
1,356	126		Non-Sal Exp	1,482	1,634	152	151	1
(146)	(2)		Income	(148)	(212)	(64)	(47)	(17)
2,243	15		Sub-Total	2,258	2,651	393	282	111
1,711	366	Early Intervention Services	Salaries	2,077	1,768	(309)	(326)	17
288	(1)		Non-Sal Exp	287	279	(8)	(13)	5
(657)	0		Income	(657)	(705)	(48)	(71)	23
1,342	365		Sub-Total	1,707	1,342	(365)	(410)	45
3,355	(977)	Looked After Children	Salaries	2,378	2,278	(100)	(66)	(34)
1,056	(493)		Non-Sal Exp	563	448	(115)	27	(142)
(304)	(25)		Income	(329)	(329)	0	15	(15)
4,107	(1,495)		Sub-Total	2,612	2,397	(215)	(24)	(191)
9,970	(1,824)	Children's Resources	Salaries	8,146	8,540	393	388	5
12,394	(580)		Non-Sal Exp	11,814	11,785	(29)	(24)	(5)
(7,854)	469		Income	(7,385)	(7,476)	(91)	(140)	49
14,510	(1,935)		Sub-Total	12,575	12,849	273	224	49
16,069	(2,544)	Children's and Young Persons Directorate	Salaries	13,525	13,815	289	174	115
15,094	(948)		Non-Sal Exp	14,146	14,146	0	141	(141)
(8,961)	442		Income	(8,519)	(8,722)	(203)	(243)	40
22,202	(3,050)		Total	19,152	19,239	86	72	14

Safeguarding Children: £393k overspend, £111k adverse

99. The Safeguarding Children's service is projecting an overspend of £393k, an adverse movement of £111k on the month 5 projections, due primarily to an increase in the cost of agency staff covering vacant posts and the inclusion of Service Improvement Officers to support the services journey on getting to good. This relates to an overspend of £305k on staffing, due to a high level of agency staff, including the Service Improvement Officers (which are estimated to cost 58k) and an overspend of £152k 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) and the Corporate Parenting budget. This is offset by a surplus of £64k in income streams, due to additional funds being received from external partners.

Early intervention (Youth Offending Service): £365k underspend, £45k adverse

100. This service is projecting an underspend of £365k, an adverse movement of £45k on the month 5 projections, due to a slight increase in the number of agency staff employed and a slight reduction in income. This relates to an underspend of £309k on staffing, where there are a number of staff vacancies relating primarily to Key Worker posts, an underspend of £8k on non staffing budgets and a surplus of £48k on income, which is due to additional funds being received from external partners including the Youth Justice Board.

Looked After Children: £215k underspend, £191k improvement

101. This service is projecting an underspend of £215k an improvement of £191k on the month 5 projections due to an adjustment to the predicted start date of a number of permanent and agency staff and a reduction in the planned spend on staff training. This relates to an underspend on staffing costs of £100k, due to a high level of vacant posts, some of which are not being covered by agency or permanent staff and an underspend of £115k on non staffing costs, due to a reduction in planned staff training costs.

Children's Resources: £273k overspend, £49k adverse

102. This service is projecting an overspend of £273k, an adverse movement of £49k on the month 5 projections due to a review of the external income received from external partners. This relates to an overspend of £394k 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 £30k on non staffing costs and a surplus of £91k 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.

103. In terms of the placements budget, this is projecting a breakeven position, assuming the full draw down of contingency sums. Over the last few months officers have been working on reconciling the Controcc system to data held locally on spreadsheets, as the two sets of data did not match. This review identified a number of mismatches within the Controcc system which have now been rectified. The impact of this is that for this month there is a significant drop in the projected numbers when compared to last month, as a number of cases which were recorded as being live have now been closed. The intention is to rely fully on the transaction data within Controcc going forward.

104. There are an additional number of emerging pressures which are having a direct impact on the projected year end position. These relate to the following:

- An increase in activity relating to Looked After Children contact, where the Council is experiencing a high volume of requests and instructions from the Courts, which requires an officer to accompany the child. The current mechanism has been to employ sessional staff to undertake this duty. This is currently being reviewed to determine whether there is a different, more cost effective, model that could be developed. Based on current projections this is creating a budget pressure of £287k.
- There is an additional staffing cost within the Triage service due to additional resources being required to cover staff absence, resulting in a pressure of £139k.
- This year has seen a high incidence of Looked After Children being placed in secure accommodation, where the cost is projected to be in the region of £210k. The Youth Justice Board provides a grant to the Council to cover this cost, however the grant for 2014/15 is only £102k. Officers are planning to enter into discussions with the Youth Justice Board to ascertain whether additional grant funding can be secured.

Exceptional Items

105. With effect from 22 September 2014, the Council entered into a contract for a Children's Social Care managed service at a cost of £1,149k. It is anticipated that this contract will be funded initially from existing budgets as the expectation is that agency costs will reduce as a result, although it is unlikely that this will be effective in the first three months of the contract. This position will be reassessed as the project develops and other funding will be identified.

106. The Council is also considering a similar temporary arrangement to support the Adoption and Fostering service, which could cost in excess of £400k. Every effort will be made to absorb this cost within the base budget, as it is expected that the benefits of this will have a direct impact on the cost of Looked After Children placements, although these are unlikely to materialise in the first few months of the contract.

107. It should be noted that these two items have not been accounted for within the month 6 monitoring position. However, there is provision within earmarked reserves to fund these costs in the event of the base budget not being sufficient.

Analysis of Placements

108. The following table sets out the number of current placements based on September 2014 data, 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.

Table 14: Children's Care Placements

September 2014 Projections	Projected 14/15 Numbers	%	2014/15 Projected £000	2014/15 Budget £000
Secure/Remand Accommodation	3	1%	210	111
Residential	15	7%	2,179	1,468
Semi Independent Living	27	13%	726	409
Fostering Private	80	38%	3,495	2,395
In House	83	40%	1,383	1,722
Risk Contingency				1,860
Total September 2014	208	100%	7,993	7,965
August 2014 Reported Position	247		8,033	7,965
Movement Between August and September 2014	-39		-40	0

109. This indicates that the figures quoted previously had been overstated by 39 placements, although the projected costs have remained stable. The split between In House and Independent Fostering stands at 51% to 49% respectively, with the target being a 60% to 40% split.

Development & Risk Contingency (£5k overspend, £138k adverse)

110. The Corporate Development & Risk Contingency holds three budgets: growth in Looked After Children placement numbers (£1,860k), a provision for the shortfall in grant funding for the Asylum service (£1,458k) and anticipated additional funding of £200k from the Home Office to reflect the financial burden of Heathrow.

Table 15: Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 6		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,458	0	Asylum Funding Shortfall Potential	1,458	1,463	5	(133)	138
(200)	0	Extension of Asylum Gateway Agreement Social Care	(200)	(200)	0	0	0
1,860	0	Pressures (Children's)	1,860	1,860	0	0	0
3,118	0	Current Commitments	3,118	3,123	5	(133)	138

111. The Asylum Service is projecting an overspend of £1,463k, an adverse movement of £138k on the month 5 projections, due to a notified reduction in the grant income that the Council will be receiving from the Home Office relating to the Emergency Duty Team and the In Take Team, which was received on 23 October 2014, informing the Council that funding would cease with effect from 1 November 2014. 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 £5,053k to cover the direct costs based on a unit rate for different age children.

112. 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 £1,463k being reported, for which a sum of £1,458k has been set aside in the Corporate Risk Contingency. This results in the overspend of £5k currently reported.

113. 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.

114. 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.

115. The following table provides an analysis of the gross Asylum service budget projected position for month 6:

Table 16: Asylum Expenditure

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Change from Month 5 £'000
3,294	259	Asylum Services	Salaries	3,035	2,965	(70)	(168)	98
2,810	(259)		Non-Sal Exp	3,069	4,032	963	1,061	(98)
(6,104)	(0)		Income	(6,104)	(5,534)	570	432	138
0	(0)		Sub-Total	0	1,463	1,463	1,325	138

ADULT SOCIAL CARE (£198k pressure, £355k improvement)

116. Adult Social Care is projecting a forecast underspend £198k as at month 6, a favourable movement of £355k since month 5, when a projected overspend to year end of £157k was anticipated. The main area of movement relates to the more accurate reporting of the budget monitoring position within the All Age Disability service which is now showing an underspend, together with a reduction in the forecast growth of Homecare usage within Social Work. The month 6 movements for each service are reported in more detail below.

Table 17: Operating Budgets

Original Budget	Budget Changes	Service	Month 6		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
2,329	354	All-Age Disabilities	Salaries	2,683	2,481	(202)	0	(202)
25,061	6,766		Non-Sal Exp	31,827	32,474	647	0	647
(3,802)	(409)		Income	(4,211)	(4,878)	(667)	0	(667)
23,588	6,711		Sub-Total	30,299	30,077	(222)	0	(222)
3,629	622	Social Work	Salaries	4,251	4,018	(233)	(229)	(4)
21,966	3,275		Non-Sal Exp	25,241	25,235	(6)	114	(120)
(8,281)	43		Income	(8,238)	(8,114)	124	91	33
17,314	3,940		Sub-Total	21,254	21,139	(115)	(24)	(91)
7,178	942	Early Intervention & Prevention	Salaries	8,120	8,028	(92)	(37)	(55)
2,914	681		Non-Sal Exp	3,595	3,974	379	378	1
(711)	(10,181)		Income	(10,892)	(10,914)	(22)	(36)	14
9,381	(8,558)		Sub-Total	823	1,088	265	305	(40)
2,292	(296)	Safeguarding, Quality & Partnerships	Salaries	1,996	1,905	(91)	(108)	17
4,753	(59)		Non-Sal Exp	4,694	4,673	(21)	4	(25)
(363)	92		Income	(271)	(322)	(51)	(52)	1
6,682	(263)		Sub-Total	6,419	6,256	(163)	(156)	(7)
1,539	(1,322)	Directorate & Support Services	Salaries	217	239	22	17	5
(2,970)	2,124		Non-Sal Exp	(846)	(797)	49	15	34
0	0		Income	0	(34)	(34)	0	(34)
(1,431)	802		Sub-Total	(629)	(592)	37	32	5
16,967	300	Adult Social Care Directorate Total	Salaries	17,267	16,671	(596)	(357)	(239)
51,724	12,787		Non-Sal Exp	64,511	65,559	1,048	511	537
(13,157)	(10,455)		Income	(23,612)	(24,262)	(650)	3	(653)
55,534	2,632		Total	58,166	57,968	(198)	157	(355)

117. The Council's 2014/15 Development and Risk Contingency contains provision for areas of expenditure within Adult Social Care for which there is a greater degree of uncertainty caused by the demographic changes in the number of adults requiring care and support for a range of needs, and Children with Disabilities who transition into Adult Social Care on reaching adulthood. The current forecast expenditure against these contingencies is set out in Table 18 below.

Table 18: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 6		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
2,406		Increase in Transitional Children due to Demographic Changes	2,406	1,816	(590)	0	(590)
		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	4,207	436	0	436
		Clients With Mental Health Issues	1,965	1,965	0	0	0
14,396	0	Current Commitments	14,396	14,242	(154)	0	(154)

118. At month 6 it is forecast that the contingency for demographic changes in the number of clients requiring care and support costs will underspend by a net £154k this year.

119. The actual contingency required for transitional children has become clearer now that the new academic year has started with greater certainty of those children who will transfer to Adult Social Care. As at Month 6 it is forecast that this contingency provision will be underspent by £590k as the number of children transferring is less than originally forecast and those who do transfer have been assessed at a lower cost of care than forecast as they move into adulthood.

120. However, there is a pressure on the contingency arising from the in year transfer of 4 clients to the Council as result of the Winterbourne View report at an estimated cost of £436k which is detailed below in the section on the All Age Disabilities Service.

121. The regular exercise to take a snapshot of the cost of the live placement commitments as at 1st October 2014 shows an annualised underspend of £705k. Further snapshot exercises are planned to provide up to date annualised expenditure on placements for 2014/15 which will be reported in future monitoring reports. This forecast underspend based upon the snapshot exercise remains to fund further demographic increases during this year including changes in demand for home care provision or additional placements.

All Age Disabilities (AAD) £222k underspend, £ 222k movement)

122. This service includes clients with physical and sensory disabilities for both children and adults, following the implementation of the recommendations from the BID review covering disabilities. This service currently shows an underspend of £222k being a favourable movement of £202k in salary expenditure due to the delay in filling vacancies at team leader level, and a pressure of £647k on placement costs due to additional placements which are offset by additional client contributions of £338k and increased contributions from Education and HCCG of £309k for joint funded placements. In previous months this budget has been reported as on track, whilst a zero based budget review was undertaken on the various funding streams being amalgamated, together with ensuring the correct allocation of clients

with disability care and support needs to All Age Disabilities following the creation of the new service from April 2014. There are still some further issues to resolve which will be completed shortly, but these are unlikely to significantly impact upon the current forecast spend.

123. The number of Children with Disabilities requiring care and support as they transition into adulthood is less than the original forecast built into the 2014/15 contingency for transitional children due to lower number of clients transferring and lower costs arising from the assessed ongoing care and support needs of those who have transferred. This is estimated to be £590k for this financial year.
124. In terms of the impact of the placements arising from the Winterbourne View report, referenced previously, there are 14 known service users who are likely to become the responsibility of the Council. To date 4 service users have transferred which has led to a pressure on adult placements for disabilities and is reflected in the increased pressure on the Adult Social Care contingency as set out above. The financial pressure in this year is estimated at a gross cost of £479k, with income from the Hillingdon Clinical Commissioning Group (HCCG) of £43k, creating a net cost to LBH of £436k. The full year impact of these transfers equate to a gross cost of £504k, potential CCG income of £56k and a net cost of £448k in a full year
125. There are a further 10 service users who have been identified to transfer to the Council. The financial impact of these clients has been worked up using assumptions based upon the cost of the clients who have already transferred. Additional funding to cover this pressure is being factored into the draft budget for 2015/16.

Social Work (£115k underspend, £91k improvement)

126. It is forecast that there is an underspend of £115k, which is an improvement of £91k from Month 5. The underspend on staffing, is being offset by spend on Skylakes to carry out care assessments which will in turn deliver MTFE savings. The growth in the level of homecare usage is now being contained at a lower level than was originally forecast for the year. The reduction results partly from the impact of the work of Skylakes to reassess clients needs and their support packages and the correction of a pessimistic forecast based upon actual homecare activity during 2013/14. Overall the pro-active work within the service, to manage the costs of placement and homecare costs, is delivering expenditure within the current budget provision.

Early Intervention and Prevention (£265k pressure, £40k adverse movement)

127. A pressure of £265k (an improvement of £40k from month 5) 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. This pressure is offset by underspends on staffing costs.
128. Following the inclusion of Merrifields Resource Centre into the Early Intervention and Prevention Service, it is forecast that there is currently pressure on staffing costs of £153k and on non staffing costs of 54k at the home. Although the full pressure of £217k is currently covered within the forecast for the service, a review is underway to identify ways of mitigating this pressure in the longer term.
129. The saving is made up of staffing and transport costs arising from the closure of the Day Centres which were delayed due to a Judicial Review of the Council's original decision. These closures have now been actioned and the new resource centre at Queenswalk has opened. The element of the saving that the directorate itself cannot achieve relates to internally-provided service user transport, covering both learning disabilities and older

people's services. There is an associated saving of £239k, considered to be on track, relating to the day services employees elements. A corporate review is being undertaken on transport, exploring the existing interdependencies and broader strategic and operational issues, with a view to identifying transport savings.

Safeguarding, Quality and Partnerships (£163k underspend, £7k improvement)

130. It is forecast that there will be an underspend of £163k mainly arising from staff savings as a result of current vacancies. Expenditure incurred in supporting service users with no recourse to public funds is forecast to cause a pressure of £130k which is being managed within the above forecast.

131. Expenditure on Deprivation of Liberty Safeguards (DOLS) cases is projected to be £269k, however, it is expected that these costs will be funded corporately with no net impact on the Group's base budget. So far, 144 cases have come through this financial year and this figure will continue to be monitored over the following months.

Directorate and Support (£37k pressure, £5k adverse movement)

132. There is a projected pressure of £37k, mainly arising as a result of the managed vacancy factor not being achieved.

Appendix B – Other Funds

Schools Budget

Dedicated Schools Grant (£2,182k overspend, £76k adverse)

133. The Dedicated Schools Grant is projecting an in year overspend of £2,182k, an adverse movement of £76k on the month 5 projections, due to a slight increase in the cost of SEN 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 totalling £1,294k 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.

Table 19: Dedicated Schools Grant

Original Budget £'000	Budget Changes £'000	Funding Block	Month 6 Revised Budget	Month 6 Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Change from Month 5
			£'000	£'000	£'000	£'000	£'000
(145,373)	0	Dedicated Schools Grant Income	(145,373)	(145,840)	(467)	(467)	0
113,606	0	Delegated to Schools	113,606	114,912	1,306	1,312	(6)
4,581	0	Early Years	4,523	4,855	331	331	0
3,604	0	Centrally Retained	3,604	3,917	313	327	(14)
23,582	0	Special Needs	23,640	24,338	698	603	95
(23,582)	0	Total Schools Budget	0	2,182	2,182	2,106	76
0	0	Balance Brought Forward 1 April 2014	(3,781)	(3,781)			
0	0	Balance Carried Forward 31 March 2015	(3,781)	(1,599)			

Dedicated Schools Grant Income (£467k surplus, no change)

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

Delegated to Schools (£1,306k overspend, £6k improvement)

135. The overspend of £1,306k is due to Schools Forum agreeing to utilise £1,294k of the surplus balance carried forward from 2013/14 by delegating more resources to schools than were allocated in the DSG.

Early Years (£331k overspend, no change)

136. The Early Years funding block is projected an overspend of £331k. 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.

137. 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. Schools Forum at its meeting on 22 October is being asked to agree to release £347k for a new Two Year Old facility at Laurel Lane Primary School.

Centrally Retained (£313k overspend, £14k improvement)

138. The centrally retained budgets are projecting an overspend of £313k, which relates to payments that have been made for additional bulge year classes, which have opened in September 2014 and the cost of the two new Basic Need Academy school set up costs and diseconomies of scale funding.

Special Needs (£698k overspend, £95k adverse)

139. The Special Needs budgets are projecting an overspend of £698k, an adverse movement of £95k on the month 5 position, due to an increase in the projected number and cost of SEN placements. 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

140. 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 £1,294k 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 £1,599k.

PARKING REVENUE ACCOUNT £110k in year deficit (no change)

141. 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.

142. An in-year deficit of £110k is forecast for the 2014/15 financial year. There is a total shortfall of income of £298k (no change from month 5). The overall position reflects the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income target.

143. The income pressure is offset by compensating savings totalling £96k (no change from month 5), as well as the budgeted surplus of £92k.

Table 20: Parking Revenue Account

Original Budget	Budget Changes	Service	Month 6		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month5)	Movement from Month 4
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(4,153)	0	Income	(4,153)	(3,855)	298	298	0
4,061	0	Expenditure	4,061	3,965	(96)	(96)	0
(92)	0	In-year (Surplus) / Deficit	(92)	110	202	202	0
76	0	Unallocated Balances b/fwd	76	76	0	0	0
(16)	0	Unallocated Balances C/fwd	(16)	186	202	202	0

COLLECTION FUND (£2,197k surplus, no movement)

144. 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 change is reported from Month 5, with strong collection rates for Council Tax off-setting a projected shortfall of £500k on Business Rate revenues. There remains a high level of uncertainty with regard to Business Rates as income due in relation to Heathrow Terminal 2 has not yet been confirmed.

145. Overall performance within the collection fund remains strong, with a net surplus of £2,197k reported as a Council Tax surplus of £2,697k is partially off-set by a relatively minor £500k deficit on Business Rates income. In the event that current trends continue a rebalancing of income projections between these taxes will be included in the Council's draft budget for 2015/16.

Table 21: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
(114,070)	0	Council Tax	Gross Income	(114,070)	(115,534)	(1,464)	(1,464)	0
14,743	0		Council Tax Support	14,743	14,297	(446)	(446)	0
(3,610)	0		B/fwd Surplus	(3,610)	(4,397)	(787)	(787)	0
(102,937)	0		Sub-Total	(102,937)	(105,634)	(2,697)	(2,697)	0
(105,485)	(911)	Business Rates	Gross Income	(106,396)	(106,283)	113	113	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)	(44,672)	500	500	0	
(148,109)	0	Total Collection Fund	(148,109)	(150,306)	(2,197)	(2,197)	0	

146. Council Tax revenues continue to grow strongly with the £1,464k additional yield arising from new development in the borough and strong performance on collection. 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.

147. As previously reported, 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. Continuing delays by the Valuation Office Agency in adding the new premises to the rating list mean that 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.

148. Given the continuing uncertainty around Terminal 2 revenues, and the continuing high level of unoccupied commercial property in the Borough an in-year deficit of £113k is projected for 2014/15. As with Council Tax, the medium term implications of this position will

remain under review and be reflected within the Council's Medium Term Financial Forecast as necessary.

149. 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

150. The Housing Revenue Account (HRA) is forecast to generate an in-year net operating surplus of £4,220k, with the movement from Month 5 principally attributable to a revised forecast due to further movement in the phasing of the planned maintenance to stock programme and revisions to the support charges and other budgets.

Table 22: Housing Revenue Account

Original Budget	Budget Changes	Service	Month 6		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month5)
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(56,975)		Rent Income	(56,975)	(56,773)	202	236	(34)
(5,717)	(513)	Other Income	(6,230)	(6,390)	(160)	(309)	149
(62,692)	(513)	Net Income	(63,205)	(63,163)	42	(73)	115
13,813	(198)	Housing Management	13,616	12,699	(917)	(600)	(317)
5,607	334	Tenant Services	5,941	5,534	(407)	(396)	(11)
4,801	351	Repairs	5,152	5,124	(28)	(28)	0
5,798	25	Planned Maintenance	5,823	3,325	(2,498)	(2,083)	(415)
15,691		Contribution to Works to Stock	15,691	15,691	0	0	0
15,412		Interest & Investment Income	15,412	15,000	(412)	(412)	0
1,570		Development & Risk Contingency	1,570	1,570	0	0	0
62,692	513	Operating Costs	63,205	58,943	(4,262)	(3,519)	(744)
0		(Surplus) / Deficit	(0)	(4,220)	(4,220)	(3,592)	(628)
(25,083)		General Balance 01/04/2014	(22,820)	(22,820)			
(25,083)		General Balance 31/03/2015	(22,820)	(27,040)	(4,220)	(3,592)	

Rental Income

151. The projected loss in dwellings rental income of £202k reflects loss arising from increased Right to Buy (RTB) Sales and an estimated future void loss. The current void loss to date is showing a slight improvement compared to budgeted position, due to better turnaround on the repairs and allocation process plus increasing use of void properties for short term lets.

152. The net additional recovery of £160k in other income is due to additional income retained from RTB capital receipts to cover transaction costs.

Housing Management & Tenant Services

153. The Housing Management & Tenant Services budgets reflect a net underspend of £917k, mainly due to the reduction in forecast for support charges and inflation provision that are not fully required this is linked to the reduced activity levels. Other areas of underspend include savings from the new leaseholders building insurance contract and staffing vacancies from the Caretaking, Careline and Leasehold services. The underspend is partially offset by shortfall in fee income recoverable from capital works and higher valuation costs for the RTB sales.

Repairs

154. The repairs forecast is a net underspend of £28k which is made up of an estimated voids overspend of £254k, fully offset by underspend from staffing vacancies in the Direct Labour Organisation (DLO) and back office functions. Projections also include an estimated £100k works on Short term lets. The estimated Mears management and ICT implementation costs are £360k.
155. Efficiency savings anticipated from the Mears management of the Internal repairs team are now being realised through improvements in productivity levels following the implementation of the new works order management system, mobile working and initial structure changes. Some initial structure changes have also contributed to performance improvements. It is expected that as the service improvements are fully embedded further savings will be established and implemented and these will be reflected in the MTFE going forward.

Planned Maintenance

156. The Planned Maintenance forecast is a net underspend of £2,498k. This includes £207k for consultancy fees and corrective works relating to defects arising from the construction of Triscott House. In addition the Maintenance Service Contract budget is to increase by £25k plus £9k for Environmental works.
157. With the rephrasing of the Cyclical Decoration programme, £1,296k will be slipped into next year. The Gas Maintenance budget is forecast to underspend by £200k as a result of the new gas contract not commencing until June. The Subsidence Repairs budget is forecast to underspend by £235k due to the confirmation of the list of works to be undertaken this year. The Crime prevention, Roofing and Wall Installation budgets of £655k have slipped to next year.
158. Other projected underspend of £353k include Plumbing Upgrade £131k, Better Neighbourhood £89k. The balance of the variance is made up of a range smaller forecast underspends for other programme and schemes such as Adaptations, Better neighbourhood, and Crime Improvements.

Appendix D –GENERAL FUND CAPITAL PROGRAMME

159. The latest forecast outturn on the current General Fund capital programme is set out in Table 23 below. As at Month 6 an under spend of £21,862k is reported on the 2014/15 capital programme budget from a revised budget of £111,667k. This is comprised of cost under spends of £3,192k and net phasing variances of £18,670k. 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 £37,333k. The expenditure profile is expected to increase as major projects across the programme are progressed during the year.

Table 23 – General Fund Capital Programme Summary

	2014/15 £'000	Future Years 2015/16- 2018/19 £'000	Total Project £'000	Movement from Month 5 £'000
Original Budget	119,832	271,275	391,107	-
Revised Budget	111,667	286,043	397,710	579
Forecast Outturn	89,805	306,038	395,843	460
Total Capital Programme Variance	(21,862)	19,995	(1,867)	(119)
Analysis of Programme Variances:				
Libraries Refurbishment - Central Library	135	-	135	-
Hayes End Library Development	90	-	90	-
Libraries Refurbishment	22	-	22	-
Private Sector Renewal Grants	(55)	-	(55)	-
Rural Activities Garden Centre	(115)	-	(115)	-
New Years Green Lane Civic Amenity	(119)	-	(119)	(119)
Adaptations for Adopted Children	(200)	-	(200)	-
Civic Centre Works Programme	(250)	-	(250)	-
Disabled Facilities Grants	(995)	-	(995)	-
Schools Expansions Programme	(1,705)	100	(1,605)	-
Yiewsley Health Centre & Sports Facility	-	695	695	-
Hillingdon Sports & Leisure Centre	-	530	530	-
Cost Variance	(3,192)	1,325	(1,867)	(119)
Projected Re-phasing	(18,670)	18,670	-	-
<u>Development & Risk Contingency</u>				
General Contingency Variance	-	-	-	-
Provision for Additional Schools Funding	-	-	-	-
Total Capital Programme Variance	(21,862)	19,995	(1,867)	(119)
Financing Variance:				
Council Resourced Variance	(26,643)	24,776	(1,867)	(119)
External Grants & Contributions Variance	4,781	(4,781)	-	-
Total Capital Programme Variance	(21,862)	19,995	(1,867)	(119)
Movement from Month 5	(10,900)	10,781	(119)	

160. The revised budget has increased by £579k from Month 5 due to the further revenue contributions of £553k from various schools to the Devolved Formula Capital programme and £26k contribution from Hedgewood Special School towards the devolved Schools Conditions Building Programme.

161. The main programme shows a favourable variance of £1,867k, with the reasons for the main cost variances as follows:

- 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). After evaluation of tenders for the construction works there is a forecast over spend of £977k (inclusive of £282k on the supported housing element reported in the HRA). Works on site are not anticipated to commence until early February 2015 resulting in re-phasing of £2,124k expenditure into next financial year.

- Hillingdon Sports & Leisure Centre - the forecast over spend is £530k due to the additional costs around remedial and defect works to resolve the contract issues and finally close the project. Due to delays in resolving contractual issues around this scheme the forecast has been re-phased into next financial year.
- 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 over spend 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 over spend 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 over spend of £22k on completion of the Libraries Refurbishment programme.
- Disabled Facilities Grants & Private Sector Renewal Grants - the forecast under spend 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.
- Civic Centre Works Programme - due to under spends on existing schemes and works not currently required there is an overall under spend of £250k forecast on the budget.
- Rural Activities Garden Centre - the new modular building and path works have been completed and tenders are being prepared for an additional toilet block and septic tank. Based on the pre-tender estimates it is forecast that there will be an under spend of £115k as there are no identified requirements for the remainder of the budget.
- New Years Green Lane Civic Amenity Site - the final account has been reviewed and the project is forecast to be completed with a £119k under spend.

162. The variance on the Schools Expansions programme is covered in the Schools section later in this report.

163. A summary of the capital programme by type of project is provided in Table 24 below:

Table 24 - 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 5 £'000
Main Programme	66,717	56,663	(1,692)	(8,362)	85,298	84,931	(367)	(119)
Programme of Works	28,562	24,489	(1,500)	(2,573)	77,745	76,245	(1,500)	-
Future Projects	14,958	7,223	-	(7,735)	198,308	198,308	-	
Total Main Programme	110,237	88,375	(3,192)	(18,670)	361,351	359,484	(1,867)	(119)
Development & Risk Contingency								
General Contingency	1,430	1,430			7,430	7,430		
Provision for Additional Schools Funding	-	-			28,929	28,929		
Total Capital Programme	111,667	89,805	(3,192)	(18,670)	397,710	395,843	(1,867)	(119)
Movement from Month 5	579	(10,321)	(311)	(10,589)	579	460	(119)	

164. There are general contingency funds totalling £7,430k over five years which are 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. 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)

165. Over the life of the existing programme there is a forecast under spend of £1,605k due partly to efficiencies on internal fees charged to Phase 2 of the Primary Schools Expansions programme and also on final accounts for several primary school expansions.

Primary Schools

Phase 2

166. Cherry Lane - an over spend has increased to £106k due to further costs for a multi use games area and floodlighting, however this is offset by under spends elsewhere within the programme. Glebe - the school is fully operational, however, a number of outstanding defect works remain which are being progressed but are not expected to be completed until January 2015.

Phase 3 - New Schools

167. There have been additional costs for the use of temporary services at St Andrew's Park however it is expected that these will be contained within the project contingency. Works have commenced on site for the new school at Laurel Lane for completion in August 2015 and due to accelerated cash flow profile forecast expenditure of £2,019k has been re-phased forward into this year.

Special Educational Needs

168. Temporary classrooms have been provided at Hedgewood Primary School and Meadow Secondary School for the new term. Planning consent has been submitted 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.
169. 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

170. The forecast of future demand for secondary school places predicts a shortfall in places commencing from 2016/17. Officers are undertaking feasibility studies of twelve potential secondary school sites and a number of sites have so far been identified as 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.

Secondary Schools - Replacement Programme

171. Northwood Academy - consultants for the design of the project have been appointed. The construction phase of the project is not expected to commence this financial year. It is proposed to increase the size of the school by one additional form of entry and this requires a virement of £3,100k from the Secondary Schools Expansions budget.
172. Abbotsfield School - the Education Funding Agency (EFA) are managing this project through the Priority Schools Building Programme (PSBP) with the Council making a contribution of £7,166k towards the overall costs. There will also be commitments for infrastructure works, furnishings fittings and equipment. The EFA have provided details of the timings of the cash payments to be made by the Council which fall into next financial year resulting in a re-phasing of the expenditure previously anticipated to occur this year.

PROGRAMMES OF WORKS (SCHOOLS)

173. Schools Conditions Programme - works at several schools were completed during the school summer holidays although there have been minor delays on roofing works at Hedgewood and Oak Farm schools. Works at William Byrd school are now planned to be completed in October half term period due to changes in the design specification. The increase in costs is expected to be managed through the scheme contingency budget. An amount of £1,000k is projected as re-phasing into next financial year for schemes that are yet to be approved or allocated. There is an agreement from the schools to make contributions to the cost of works no greater than 20% of their reserves. Further information can be found in the School Capital Programme update report.

MAIN PROGRAMME (NON-SCHOOLS)

174. Highways Programme - a major programme of road improvements is underway across the Borough. Currently approved works will be completed this financial year.

175. Car Park Resurfacing - a budget of £920k was originally earmarked this year for resurfacing works at Cedars & Grainges car park. However, these works are now on hold as plans are being developed for a more extensive improvement of the car park which serves the Pavilions shopping centre.
176. The ICT Migration to Windows 7 Project is close to completion and is forecast to be within budget.
177. ICT Single Development Plan - The programme includes a number of projects which are in various stages of progress and are expected to be completed by the end of the financial year.
178. Vehicle Replacement Programme - tenders have been approved for the purchases of up to 97 vehicles including Green Spaces and Housing vehicles. The programme is forecasting slippage of £641k as some vehicles with specifications will not be delivered this financial year due to long lead times. Due to inflationary pressures on tender prices there is an overall cost pressure of £178k on the programme including Green Spaces vehicles and next year's requirements are being reviewed to manage this risk.
179. Eastcote House & Gardens - the contractor has commenced works on site for this refurbishment project which is mainly funded by the Heritage Lottery Fund. An estimated £100k slippage is forecast as the works will not be completed until early in the next financial year.
180. Queenswalk Development - construction works on site have been completed and the resource centre and sensory garden have opened. The final account is under review however the project is expected to be within budget.
181. Harlington Road Depot - refurbishment works are to commence shortly for completion in January and are forecast to be within budget. The completion of this project will allow for the sale of another depot site within the capital receipts programme.
182. CCTV Programme - the third phase of the programme consists of providing new mobile cameras at nine sites and upgrading the Civic Centre control room. Tender documentation is being prepared for public safety cameras in Hayes and technical specifications are to be prepared to upgrade to digital wireless cameras. An amount of £310k is forecast as slippage as the bulk of the remaining programme will not be completed until next financial year.
183. Whiteheath Farmhouse Refurbishment - works are complete on replacement of doors and windows at the farmhouse but structural works are on hold resulting in slippage of £260k.
184. Sports & Cultural Projects - the main project under this heading is the enhancement of the Compass Theatre which is in early planning and design stages. Works on site will not commence until next financial year resulting in forecast slippage of £562k. The existing budget includes £270k Section 106 monies which must be spent by November 2015.
185. Telecareline Equipment - a re-phasing under spend of £400k is forecast as there is currently low demand for this equipment however it is anticipated this will increase as the project is progressed.

PROGRAMMES OF WORKS (NON-SCHOOLS)

186. Empty Homes Programme - the funding level of £782k is based on revised GLA targets for 34 properties and increased funding per property. There are enough projects identified to fully utilise this funding including one major development in Yiewsley. However, there is a

risk around delivering this programme to maximise use of the grant which is required to be used by the end of this financial year.

187. Transport for London Programme - The 2013/14 carried forward LIP programme was completed within budget. The 2014/15 programme is underway and further schemes are being developed.
188. 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 £335k (including TfL Major Scheme funding). Shop front grant schemes at Harefield Village Centre will be rolled out this year.
189. 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 a number of works schemes have been identified for later this year.
190. Chrysalis Programme - the majority of this year's budget has been allocated to new schemes a number of which are being tendered.

FUTURE PROJECTS (NON SCHOOLS)

191. ICT Infrastructure - this project to implement WiFi in Council buildings over two years budgeted at £1,200k is yet to commence and hence there is an increasing risk of slippage.
192. Uxbridge Cemetery Gatehouse - this £1,000k project is to renovate the Gatehouse and Anglican chapel which are listed buildings. A detailed planning application has been submitted to the National Planning Casework Unit to obtain listed building consent and due to the length of this process the delivery of the project will not be completed until 2015/16 resulting in £700k slippage.
193. St Andrew's Park Theatre - a feasibility study is commencing to develop this project and an amount of £250k is forecast as re-phasing into next financial year.
194. St Andrew's Park Museum - this project is yet to proceed and is being reviewed in conjunction with potential developments around Battle of Britain bunker.
195. Youth Centres - the project relates to the building of three new youth centres. The budget for this year is for the one currently identified site at Ash Grove and slippage of £807k is forecast as this will not be completed until next financial year.
196. Bowls Club Refurbishment - there is a budget of £500k for the refurbishment of Cowley and Bessingby bowls clubs. Tenders have been approved and are within budget. Works are planned to commence in November after the end of the bowling season and are expected to be complete before the end of the financial year subject to winter weather conditions.

CAPITAL FINANCING - GENERAL FUND

197. Table 25 sets out the latest capital financing forecast.

Table 25: Capital Financing

	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 5 £'000
Council Resource Requirement	60,183	33,540	(26,643)	212,178	210,311	(1,867)	(119)
Financed By:							
Capital Receipts	15,647	10,151	(5,496)	31,719	41,991	10,272	7,400
CIL	3,000	200	(2,800)	23,000	15,200	(7,800)	(5,000)
Prudential Borrowing	41,536	23,189	(18,347)	157,459	153,120	(4,339)	(2,519)
Total Council Resources	60,183	33,540	(26,643)	212,178	210,311	(1,867)	(119)
Grants & Contributions	51,484	56,265	4,781	185,532	185,532	-	-
Total Programme	111,667	89,805	(21,862)	397,710	395,843	(1,867)	(119)

198. General Fund capital receipts are forecast to be £10,151k for 2014/15. There has been no further movement in actual capital receipts achieved this year which 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 four major sales in excess of £1,000k that are included in the forecast for this year.

199. There is an element of risk in the timing of receipts that will be achieved this year which is reflected in the current year forecast reducing by £5,496k as four major sales are at increased risk of slipping into next year. The overall forecast over the life of the programme has increased by £7,400k due to increases in valuations on two major sales.

200. 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.

201. Due to the length of time new developments after 1 August become liable for paying CIL the forecast for the current year has reduced to £200k. There is a significant risk that borrowing will have to increase to meet the funding gap. The forecast over the life of the programme has been reduced by £5,000k as it is anticipated that CIL receipts will be low in the short term due to the time lag between planning approvals and developments commencing and the removal of the sui generis charging band.

202. The prudential borrowing forecast shows a favourable variance of £5,259k due mainly to the overall cost under spends and increase in the capital receipts forecast, partially offset by the CIL reduction.

HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME

203. The forecast outturn on the HRA capital programme is set out in Table 26 below:

Table 26 - 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 5 £000
Dwelling Components	9,657	4,134		(5,523)	43,319	43,319		
Estates / Blocks	2,586	896		(1,690)	8,916	8,916		
Welfare	2,540	1,202		(1,338)	11,632	11,632		
Other Projects	2,378	966	(1,412)		11,890	10,478	(1,412)	(1,412)
Total Works to Stock	17,161	7,198	(1,412)	(8,551)	75,757	74,345	(1,412)	(1,412)
Purchase & Repair	2,088	4,750		2,662	9,766	9,766		
Council New Build	1,000	250		(750)	37,376	37,376		
Supported Housing	2,876	357		(2,519)	13,042	5,081	(7,961)	
Total Major Projects	5,964	5,357		(607)	60,184	52,223	(7,961)	
Former New Build Schemes	227	1,144	917		227	1,144	917	(109)
Total	23,352	13,699	(495)	(9,158)	136,168	127,712	(8,456)	(1,521)
Movement from Month 5		(488)	(1,521)	1,033		(1,521)	(1,521)	

204. The Works to Stock programme is forecasting an under spend of £8,551k as numerous schemes will not be completed this financial year. This is a reduction of £266k from the previous forecast.

205. Dwelling Components - forecast expenditure has been reduced by £235k because the electrical upgrades and kitchen replacement programmes are yet to commence. The gas installation contract has been approved which will enable the boiler replacement programme to be implemented.

206. Estates and Block Renewal - the renewal of the gas installations contract will also enable works on communal heating schemes which have been delayed. Works on environmental estates schemes are largely to be re-phased into next year with one project to be completed this year.

207. Welfare - under spends are reported on sheltered scheme upgrades and conversions based on the number of projects that have currently been identified.

208. Other Projects - the tender for 57 housing fleet vehicles has been approved and a further nine vehicles are anticipated to be required resulting in a total estimated cost of £966k. There are no commitments for the remainder of the budget resulting in an under spend of £1,412k.

209. Purchase and Repair Programme - this scheme has been given approval to proceed. Homeowners who have expressed interest have been contacted. Valuations will be required for up to 25 properties and estimates to bring them up to standard for letting purposes. The projection is based on an average cost of £190k per property however this may change once valuations are completed.
210. Supported Housing Programme - the current proposed in house new build programme has been reduced from seven sites included in the original budget to three including the development at Yiewsley Health Centre. This is resulting in a significant under spend of £7,961k, however, this will be subject to change as the strategy is being developed.
211. The forecast over spend of £917k 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. The favourable movement of £109k relates to a reduction in the forecast for the Gilbert Road development where final accounts are being negotiated.

HRA Capital Receipts

212. There have been 104 Right to Buy sales of council dwellings for the year as at end of September 2014 for a value of £10,542k and a total of 165 sales are forecast totalling approximately £16,500k in 2014/15.
213. 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.
214. Table 27 below sets out the time limits for the retention of Right to Buy receipts since the commencement of the agreement. A further £4,128k receipts have been retained for the quarter ending 30 September and a total of £18,990k retained receipts have now been generated which require

Table 27: Right to Buy Sales

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	Sept 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
2014/15 Quarter 2 Actual	49	4,128	63,300	Sept 2017
Total Retained Receipts	244	18,990	63,300	

215. 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 £63,300k by September 2017. The regulations

also allow 50% of the cost of purchase and repairs expenditure to be financed from retained receipts however this is capped at 6.5% of the total level of receipts.

216. 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 28 below:

Table 28: Current New Build Programme

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

217. The requirements of the housing major projects programmes are being reviewed to maximise the use of Right to Buy receipts within allowable timescales.

218. There have been £74k 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.

ANNEX 1a - 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	44,106	(4,278)	61,107	59,501	(1,606)	19,949	29,352	10,200
3,910	Purchase of Vehicles	2,258	1,617	(641)	3,458	3,458	0	3,458	0	0
144	Yiewsley Health Centre & Sports Facility Development	3,052	928	(2,124)	7,631	8,326	695	8,326	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
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	159	(920)	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	777	777	0	777	777	0	777	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	200	(400)	600	600	0	29	571	0
0	Free School Meals Projects	565	565	0	565	565	0	0	565	0
124	CCTV Programme	363	53	(310)	363	363	0	363	0	0
0	West Drayton Cemetery & Resurfacing	522	522	0	522	522	0	522	0	0
0	Sports & Cultural Projects	625	63	(562)	625	625	0	317	0	308
0	Whiteheath Farm Refurbishment	310	50	(260)	310	310	0	310	0	0
0	Rural Agricultural Garden Centre	340	225	(115)	340	225	(115)	225	0	0
0	Youth Centres Kitchen Replacements / Upgrades	143	143	0	143	143	0	0	113	30
0	Kings College Pavilion Running Track	230	230	0	230	230	0	0	0	230
0	Natural England Fencing & Gating	15	15	0	29	29	0	0	29	0
52,847	Major Projects completing in 2014/15	1,893	1,392	(501)	1,893	2,395	502	2,392	0	3
158,447	Total Main Programme	66,717	56,663	(10,054)	85,298	84,931	(367)	42,323	31,742	10,866

ANNEX 1b - Programme of Works

Total Project Cost (incl. Prior Years)	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Total Project Budget 2014-2019	Total Project Forecast 2014-2019	Total Project Variance 2014-2019	Project Forecast Financed by:		
								Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Programmes of Works									
N/A	Leader's Initiative	437	245	(192)	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	1,137	(250)	2,887	2,637	(250)	2,637	0	0
N/A	Formula Capital Devolved to Schools	1,957	1,957	0	4,097	4,097	0	0	3,264	833
N/A	Highways Programme	6,169	5,196	(973)	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	1,005	(178)	2,483	2,483	0	2,183	300	0
N/A	Transport for London	4,258	4,101	(157)	14,669	14,669	0	0	14,084	585
N/A	Urgent Building Condition Works	5,358	4,358	(1,000)	10,390	10,390	0	2,812	7,032	546
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	440	(73)	513	513	0	0	0	513
	Total Programmes of Works	28,562	24,489	(4,073)	77,745	76,245	(1,500)	36,834	34,935	4,476

ANNEX 1c - Future Projects & Contingency

Total Project Cost (incl. Prior Years)	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Total Project Budget 2014-2019	Total Project Forecast 2014-2019	Total Project Variance 2014-2019	Project Forecast Financed by:		
								Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Future Projects									
0	Secondary Schools Expansions (Expansion)	0	1,188	1,188	76,900	76,900	0	19,205	56,346	1,349
0	Secondary Schools Expansions (Replacement)	8,679	1,513	(7,166)	44,171	44,171	0	32,656	11,515	0
0	St Andrew's Park Theatre	500	250	(250)	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	808	(807)	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	250	(700)	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	7,223	(7,735)	198,308	198,308	0	114,602	80,557	3,149
	Development & Risk Contingency									
0	General Contingency	1,430	1,430	0	7,430	7,430	0	7,430	0	0
0	Provision for Additional Secondary Schools Funding	0	0	0	28,929	28,929	0	9,122	19,807	0
0	Total Development & Risk Contingency	1,430	1,430	0	36,359	36,359	0	16,552	19,807	0
	Total GF Capital Programme	111,667	89,805	(21,862)	397,710	395,843	(1,867)	210,311	167,041	18,491

Appendix E – Treasury Management Report as at 30 September 2014

Table 29: Outstanding Deposits - Average Rate of Return on Deposits: 0.55%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	35.5	30.72	35.00
1-2 Months	22.2	19.20	0.00
2-3 Months	15.0	12.98	10.00
3-6 Months	15.9	13.75	10.00
6-9 Months	4.0	3.46	10.00
9-12 Months	12.8	11.07	15.00
12-18 Months	2.0	1.73	15.00
18-24 Months	7.4	6.40	5.00
Subtotal	114.8	99.31	100.00
Unpaid Maturities	0.8	0.69	0.00
Total	115.6	100.00	100.00

219. 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, BlackRock MMF, Goldman Sachs MMF, Insight MMF, Ignis MMF, PSDF MMF, Santander UK, HSBC Bank, Nationwide Building Society, Barclays Bank, Aberdeen City Council, Birmingham City Council, Blaenau Gwent County Borough Council, Lancashire County Council, Moray Council, Redditch Borough Council, Salford City Council and Wolverhampton City Council. The Council also currently holds four Certificates of Deposit with three with Standard Chartered and one with Barclays.
220. During September fixed-term deposits continued to mature in line with cashflow requirements. To maintain liquidity surplus funds were placed in instant access accounts and fixed term deposits with maturities of up to three days.

Table 30: Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual £m	Actual %
General Fund		
PWLB	69.77	21.10
Long-Term Market	15.00	4.54
HRA		
PWLB	212.82	64.38
Long-Term Market	33.00	9.98
Total	330.59	100.00

221. There were no early debt repayment opportunities or rescheduling activities during September, neither were there any breaches of the prudential indicators or non-compliance with the treasury management policy and practices.

Ongoing Treasury Management Strategy and Recommended amendments

222. 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 three months; opportunities to place longer term investments will be monitored and placed when cashflow allows.

223. As noted in the Treasury Management Strategy agreed at Council in February 2014, with effect from January 2015 the Council will be exposed to bail-in risk on all unsecured bank deposits. To help mitigate the risk from this change, it is recommended to make two changes to the current Treasury Management Strategy - a) to add the use of Tri-Party Reverse Repurchase Agreements (Repo) and b) to add one overseas bank to the counterparty list (Svenska Handelsbanken), thereby providing greater capacity for placing short term deposits.
- a) **REPOs**, which are bail-in exempt, are a mechanism whereby an investment of cash and the purchase of a security is tied to an agreement to sell it back later at a predetermined date and price. Collateral is held by a third party valued at a % (e.g. 105%) of the principal amount, who ensures the collateral remains at that % throughout the transaction. This protects both parties from each other's default. Existing counterparties would be used and administration whilst relatively simple takes time to set up, hence the recommendation to add to the strategy now ready for the next financial year.
- b) **Overseas banks** - over the last few years the Council has operated a very risk averse Treasury Strategy, only investing in UK denominated banks. However, with the introduction of bail-in, that in itself will become a risky strategy. There are currently only 6 banks we invest with, each with a limit of 10%. This limit should be reduce to 7.5% to limit exposure and additional banks should be added to the counterparty list to enable the risk to be spread. Therefore it is timely to start to consider reintroducing overseas banks onto the Council's counterparty list, to diversify the Council's instant access and fixed term portfolio. Whilst the revised strategy for 2015/16 will recommend the inclusion of other banks, at this stage it is proposed only to add Svenska Handelsbanken, a Swedish Bank with an office in Uxbridge, who is as highly rated (AA-) as HSBC and higher rated than other UK banks.
224. A more permanent response to the bail in risk will be included in the 2015/16 Treasury Management Strategy to be agreed at Council in February 2015.

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

225. 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	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Resident Services						
Technical Administration Officer	03-Mar-14	27-Oct-14	21-Nov-14	55	2	57
Building Surveyor (Schools)	06-Jul-12	13-Oct-14	10-Apr-15	146	36	182
Project Manager	14-Jul-13	22-Dec-14	19-Jun-15	81	34	115
Major Applications Planner	11-Feb-13	20-Oct-14	17-Apr-15	33	35	68
Consultant in Public Health	27-Jan-14	01-Nov-14	27-Feb-15	104	26	130
Consultant in Public Health	27-Jan-14	01-Nov-14	27-Feb-15	101	26	127
Adult Social Care						
Team Manager - Access Team	01-Apr-14	03-Nov-14	30-Nov-14	87	7	94
Floating Support Worker - Floating Support South	04-Sep-12	03-Nov-14	30-Nov-14	75	3	78
Social Worker- Care Manager	12-Aug-13	03-Nov-14	30-Nov-14	51	5	56
Social Worker- Care Manager	05-Aug-13	03-Nov-14	30-Nov-14	49	4	53
Occupational Therapist	07-Oct-13	03-Nov-14	30-Nov-14	62	5	67
Lead Approved Mental Health Practitioner	01-Jun-12	03-Nov-14	30-Nov-14	82	5	87
Residential Care Worker - Hatton Grove	01-Apr-12	03-Nov-14	30-Nov-14	67	2	69
Service Manager Mental Health	07-Jul-14	03-Nov-14	30-Nov-14	51	8	59
Team Manager - Older People Services - South/Central Team	03-Feb-14	03-Nov-14	30-Nov-14	67	2	69
Administration and Finance						
In-House Barrister	01-Feb-14	31-Oct-14	01-May-15	64	40	104
Snr Lawyer Child Protection	09-Mar-14	28-Nov-14	27-Feb-15	57	19	76

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Finance Business Partner - Residents Services	01-Jun-14	01-Jun-14	01-Mar-15	48	23	71
Finance Manager (Transformation)	01-Jun-14	17-Nov-14	13-Feb-15	26	37	63
Children & Young People's Services						
Team Manager	15-Apr-13	03-Nov-14	31-Jan-15	83	22	105
Deputy Team Manager	01-Jan-13	03-Nov-14	31-Jan-15	91	20	111
Independent Reviewing Scheme Officer	07/04/014	03-Nov-14	31-Jan-15	66	34	100
Service Manager Children in Need	23-Jul-12	03-Nov-14	31-Jan-15	106	36	142
Senior Social Worker	01-Apr-13	03-Nov-14	31-Jan-15	72	19	91
Residential & Placements Manager	01-Jul-13	03-Nov-14	31-Jan-15	109	26	135
Senior Social Worker	06-Jan-12	03-Nov-14	31-Jan-15	149	19	168
Head of Children's Safeguarding & Quality Assurance	07-Jan-14	03-Nov-14	31-Jan-15	104	47	151
Social Worker	01-Jan-13	03-Nov-14	31-Jan-15	76	15	91
Deputy Team Manager	28-Jun-11	03-Nov-14	31-Jan-15	88	21	109
Senior Social Worker	05-Mar-14	03-Nov-14	31-Jan-15	70	19	89
Deputy Team Manager	05-Mar-12	03-Nov-14	31-Jan-15	179	20	199
Waking Night Residential Care Worker	01-Jul-12	03-Nov-14	30-Nov-14	85	1	86
Senior Social Worker	19-Dec-11	03-Nov-14	31-Jan-15	137	19	157
Senior Social Worker	19-Dec-11	03-Nov-14	31-Jan-15	102	19	121
Senior Social Worker	19-Dec-11	03-Nov-14	31-Jan-15	126	19	145
Senior Social Worker	19-Dec-11	03-Nov-14	31-Jan-15	91	19	110
Quality Assurance Manager	24-Mar-14	03-Nov-14	31-Jan-15	63	29	92
Senior Social Worker	05-Mar-12	03-Nov-14	31-Jan-15	121	19	140
Senior Social Worker	05-Mar-12	03-Nov-14	31-Jan-15	147	19	166
Senior Social Worker	01-Apr-13	03-Nov-14	31-Jan-15	73	19	92
Assistant Director - Children in Need	22-Apr-14	03-Nov-14	31-Jan-15	56	49	105
Senior Social Worker	01-Jan-13	03-Nov-14	31-Jan-15	83	19	102
Deputy Team Manager	01-Jan-13	03-Nov-14	31-Jan-15	101	21	122
Senior Social Worker	01-Apr-13	03-Nov-14	31-Jan-15	72	19	91