

# COUNCIL BUDGET -2014/15 MONTH 10 REVENUE AND CAPITAL BUDGET MONITORING

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<b>Cabinet Portfolio</b>	Finance, Property and Business Services
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<b>Papers with report</b>	Appendices

## HEADLINE INFORMATION

<b>Purpose of report</b>	<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 £3,979k is projected against 2014/15 General Fund revenue budgets as of January 2015 (Month 10). This represents an improvement of £15k 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>
<b>Contribution to our plans and strategies</b>	<p><b>Putting our Residents First: <i>Financial Management</i></b></p> <p>Achieving value for money is an important element of the Council's medium term financial plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That the Cabinet:

1. Note the forecast budget position for revenue and capital as at January 2015 (Month 10).
2. Note the treasury management update as at January 2015 at Appendix E.
3. Continue the delegated authority up until the 23 April 2015 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 12 February 2015 and 19 March 2015 Cabinet meetings, detailed at Appendix F.

4. **Accept grant funding of £27k from the Cabinet Office to allocate to the Democratic Services budget in relation to the ongoing implementation of Individual Electoral Registration (IER).**
5. **Accept grant funding of £18.5k from the Department of Health to support work on implementing Think Autism as part of the 2010 Autism Strategy for England.**
6. **Accept grant funding of £196k from Transport for London to support Borough Principal Roads programme works on Ruislip High Street.**
7. **Approve virement of £138k for additional accommodation at Bourne Primary School to from the general capital contingency budget.**

## **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.
3. Recommendation 4 seeks authority to accept further grant funding awarded to the Council in order to meet costs incurred in implementing Individual Electoral Registration, which includes upgrade of ICT systems and temporary staffing resource. Costs are expected to be incurred during the 2015/16 financial years in the run up to the May General Election.
4. Recommendation 5 seek authority to accept funding available from the Department of Health to support the work of Hillingdon Autistic Care and Support (HACS) to provide a mobile resource bank comprising sensory trolleys and tablet computers to be used in Youth Centres where young people with Autism are attending.
5. Recommendation 6 seeks authority to accept a further £196k from Transport for London in support of works on Ruislip High Street, which if approved will be added to the current capital programme.
6. Recommendation 7 - Bourne Primary School requires additional learning space that it can deploy flexibly to meet various needs. This is primarily due to the school taking a second bulge year class in September 2014. The cost of the construction project has at this stage been estimated at £138k. Before allocation there are remaining general capital contingency funds of £1,259k which can fund the project.

### **Alternative options considered**

7. There are no other options proposed for consideration.

## **SUMMARY**

### **REVENUE**

8. An underspend of £3,979k is projected at Month 10 for General Fund revenue budgets, consisting of £1,287k of deferred capital financing costs and additional interest income, a £59k underspend on contingency budgets and a net underspend of £1,923k across Directorate Operating Budgets. This represents a minor improvement of £15k from Month 9, with increased pressures on Children's Social Care placements and staffing budgets being off-set by corresponding improvements elsewhere in the position.
9. The 2014/15 revenue budget contains £16,491k of savings, including sums brought forward from 2013/14. £14,412k of this sum is reported as either on track for delivery in full or already banked. A further £1,500k is covered by contingency which is being applied, leaving £579k as amber relating to more complex savings projects. No savings are reported as being at risk of non-delivery.
10. General Fund balances are projected to reach £39,894k at 31 March 2015, assuming that the remaining £331k of uncommitted General Contingency and £1,852k of unallocated Priority and HIP Growth are committed in full during 2014/15. Taking account of the £5,000k drawdown from balances planned for 2015/16, remaining uncommitted General Fund balances will be £34,894k.
11. 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 £63k income pressure reported within the Parking Revenue Account. Within the Collection Fund, no movement is reported in the headline £2,197k surplus.

### **CAPITAL**

12. As at Month 10 an under spend of £17,681k is reported on the 2014/15 capital programme budget from a revised budget of £92,507k. This is comprised of cost under spends of £5,133k and phasing variances of £12,548k. Forecast outturn over the life of the General Fund programme for 2014/15 to 2018/19 is an under spend of £6,309k.
13. General Fund capital receipts of £5,504k are forecast for 2014/15 with receipts over the period to 2018/19 expected to reach £45,189k representing a favourable variance of £13,470k over the revised budget.
14. Prudential borrowing is forecasting a favourable variance of £11,748k over the life of the programme due to the Council resourced under spends of £6,278k and the improvement in the capital receipts forecast of £13,470k, partly offset by a reduction of £8,000k in the forecast level of Community Infrastructure Levy that will be collected.

## **FURTHER INFORMATION**

### **General Fund Revenue Budget**

15. An underspend of £3,269k is projected on normal operating activities at Month 10, representing an improvement of £15k from Month 9. The Month 10 position incorporates a £1,923k net underspend across Directorate Operating Budgets, a £1,287k underspend on capital financing costs and a favourable variance of £59k on Development and Risk Contingency. In addition, the previously recognised exceptional item of £710k in relation to compensation for loss of mineral rights is unchanged, bringing the total in-year underspend to £3,979k.

16. Movements from Month 9 on Directorate Operating Budgets include an uplift in projected workforce costs in Children & Young People's Services, off-set by corresponding reductions in forecasts across the remainder of the Council. Within Development & Risk Contingency, an increase in Children's Social Care Placement costs and an small increase in the homelessness pressure is off-set by reductions in contingency items for waste disposal and General Contingency.

17. As previously reported, the position on Directorate Operating Budgets consists of a number of compensatory variances which will remain consistent with the Council's Medium Term Financial Forecast and will continue to be monitored closely. Within the reported position there remains significant scope to manage emergent pressures or support new initiatives, primarily through the residual uncommitted General Contingency of £331k and unallocated Priority and HIP Growth of £1,852k.

18. 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 96.5% are delivered and further 3.5% on track for delivery in full. An element of risk associated with those savings at an earlier stage of delivery, totalling £579k remains.

**Table 1: General Fund Overview**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
168,044	3,691	Directorate Operating Budgets	171,735	169,812	(1,923)	(1,908)	(15)
17,154	(3,591)	Corporate Operating Budgets	13,563	12,276	(1,287)	(1,287)	0
24,738	0	Development & Risk Contingency	24,738	24,679	(59)	(59)	0
2,252	(100)	Priority Growth	2,152	2,152	0	0	0
<b>212,188</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>212,188</b>	<b>208,919</b>	<b>(3,269)</b>	<b>(3,254)</b>	<b>(15)</b>
		<u>Exceptional Items</u>					
		Compulsory Purchase Order Compensation		(710)	(710)	(710)	0
<b>212,188</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>212,188</b>	<b>208,209</b>	<b>(3,979)</b>	<b>(3,964)</b>	<b>(15)</b>
(212,188)	0	Budget Requirement	(212,188)	(212,188)	0	0	0
<b>0</b>	<b>0</b>	<b>Net Total</b>	<b>0</b>	<b>(3,979)</b>	<b>(3,979)</b>	<b>(3,964)</b>	<b>(15)</b>
(35,915)	0	Balances b/fwd	(35,915)	(35,915)			
<b>(35,915)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2015</b>	<b>(35,915)</b>	<b>(39,894)</b>			

19. At 31 March 2014 General Fund Balances totalled £35,915k, with the projected underspend expected to reach £39,894k by 31 March 2015. The Council's Medium Term Financial Forecast assumes that balances over £30,000k will be retained to manage emergent risks and issues, with sums above that level earmarked for use to smooth the impact of government funding cuts.

## Directorate Operating Budgets (£1,923k underspend, £15k improvement on Month 9)

20. 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 10		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Movement from Month 9 £'000	
14,218 (3,187)	83 640	Admin.	Expenditure	14,301	13,881	(420)	(419)	(1)
			Income	(2,547)	(2,562)	(15)	(9)	(6)
<b>11,031</b>	<b>723</b>		<b>Sub-Total</b>	<b>11,754</b>	<b>11,319</b>	<b>(435)</b>	<b>(428)</b>	<b>(7)</b>
169,100 (155,788)	304 (6)	Finance	Expenditure	169,404	169,423	19	82	(63)
			Income	(155,794)	(156,172)	(378)	(429)	51
<b>13,312</b>	<b>298</b>		<b>Sub-Total</b>	<b>13,610</b>	<b>13,251</b>	<b>(359)</b>	<b>(347)</b>	<b>(12)</b>
139,103 (73,138)	2,591 (371)	Residents Services	Expenditure	141,694	140,589	(1,105)	(1,028)	(77)
			Income	(73,509)	(73,328)	181	259	(78)
<b>65,965</b>	<b>2,220</b>		<b>Sub-Total</b>	<b>68,185</b>	<b>67,261</b>	<b>(924)</b>	<b>(769)</b>	<b>(155)</b>
31,163 (8,961)	(3,433) 819	Children & Young People's Service	Expenditure	27,730	28,490	760	592	168
			Income	(8,142)	(8,327)	(185)	(185)	0
<b>22,202</b>	<b>(2,614)</b>		<b>Sub-Total</b>	<b>19,588</b>	<b>20,163</b>	<b>575</b>	<b>407</b>	<b>168</b>
68,691 (13,157)	13,517 (10,453)	Adult Social Care	Expenditure	82,208	82,638	430	367	63
			Income	(23,610)	(24,820)	(1,210)	(1,138)	(72)
<b>55,534</b>	<b>3,064</b>		<b>Sub-Total</b>	<b>58,598</b>	<b>57,818</b>	<b>(780)</b>	<b>(771)</b>	<b>(9)</b>
<b>168,044</b>	<b>3,691</b>	<b>Total Directorate Operating Budgets</b>		<b>171,735</b>	<b>169,812</b>	<b>(1,923)</b>	<b>(1,908)</b>	<b>(15)</b>

21. An underspend of £435k is reported on Administration budgets due to posts being held vacant in advance of restructuring and additional income within the legal service, both of which are reflected in the recommended 2015/16 budget. A minor movement of £7k from Month 9 is due to receipt of income from the Local Government Association.

22. A net underspend of £359k on Finance is projected as a result of strong performance on recovery of overpaid housing benefit and court costs, which are partially off-set by temporary staffing pressures. Minor movement is reported from Month 10.

23. The underspend of £924k projected within Residents Services is the result of underlying pressures on parking income and facilities management being off-set by the cost reduction resulting from closure of the Victoria Road Civic Amenity Site and posts being held vacant across the group. While this cost reduction will be reflected in full in 2015/16 budgets, cost pressures are expected to be managed out - partially through on-going investment in car parks and contract savings on the outsourced facilities management operation. Within this position, a one-off pressure on the buyer's premium in respect of asset sales in 2014/15 is off-set by a range of one-off underspends across the group. Improvement of £155k from Month 9 is the result of posts being held vacant and improved prospects for Development Control income.

24. On Children & Young People's Services budgets, the reported staffing pressure of £760k is primarily attributable to use of agency staff during the transition to a permanent establishment. This variance is expected to be transitional in nature and be managed down in 2015/16

budgets through the implementation of a more permanent structure. The adverse movement of £168k from Month 9 is attributed to the continuation use of agency staff in anticipating of this transition.

25. An underspend of £780k across Adult Social Care budgets is reported at Month 10, with savings from vacant posts across the group and an improved outlook on income off-setting difficulties in releasing cashable savings from a reduced transport requirement following the realignment of day centre provision. A number of minor, compensatory movements are reported across the group from Month 9.

### Progress on Savings

26. 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.

27. As at Month 10, £14,412k (£14,319k at Month 9) is either on track for delivery or already banked. A further £1,500k is covered by contingency, leaving £579k classed as amber due to being more complex or harder to deliver. These remaining amber projects are broadly expected to be upgraded to green over the remainder of the year, and will remain subject to close monitoring.

**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	(1,500)	(1,499)	(4,499)	(3,940)	(578)	<b>(12,016)</b>	<b>72.9%</b>
G On track for delivery	0	(40)	(1,005)	(482)	(869)	<b>(2,396)</b>	<b>14.5%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	0	(579)	0	<b>(579)</b>	<b>3.5%</b>
R Serious problems in the delivery of the saving	0	0	0	0	0	<b>0</b>	<b>0.0%</b>
Covered by contingency	(1,500)	0	0	0	0	<b>(1,500)</b>	<b>9.1%</b>
<b>Total 2014/15 Savings</b>	<b>(3,000)</b>	<b>(1,539)</b>	<b>(5,504)</b>	<b>(5,001)</b>	<b>(1,447)</b>	<b>(16,491)</b>	<b>100%</b>

## Corporate Operating Budgets (£1,287k underspend, no movement)

28. 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 10		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Movement from Month 9 £'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
9,927	262		Non-Sal Exp	10,189	8,902	(1,287)	(1,287)	0
(39)	(376)		Income	(415)	(415)	0	0	0
<b>9,888</b>	<b>(114)</b>		<b>Sub-Total</b>	<b>9,774</b>	<b>8,487</b>	<b>(1,287)</b>	<b>(1,287)</b>	<b>0</b>
0	0	Levies and Other Corporate Budgets	Salaries	0	0	0	0	0
11,078	1,223		Non-Sal Exp	12,301	12,301	0	0	0
(3,812)	(4,700)		Income	(8,512)	(8,512)	0	0	0
<b>7,266</b>	<b>(3,477)</b>		<b>Sub-Total</b>	<b>3,789</b>	<b>3,789</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>17,154</b>	<b>(3,591)</b>	<b>Total Corporate Operating Budgets</b>		<b>13,563</b>	<b>12,276</b>	<b>(1,287)</b>	<b>(1,287)</b>	<b>0</b>

29. In line with the position at Month 9, an underspend of £1,100k is reported on core 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.

30. The remaining variance relates to statutory interest in relation to settlement of the Compulsory Purchase Order issues in relation to the Moorbridge Farm / Terminal 5 Spur Road of £187k.

## Development & Risk Contingency (£59k underspend, no movement)

31. The Council set aside £24,738k to manage volatile and uncertain budgets within the Development & Risk Contingency, which included £22,238k in relation to specific risk items and £2,500k as General Contingency to manage unforeseen risk items. The overall level of contingency requirement remains broadly consistent with this budgeted provision, however, in line with the volatile nature of such activity, variances are reported on a number of items.

**Table 5: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
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	2,056	(88)	(118)	30
229	0		SEN transport	229	409	180	180	0
811	0		Waste Disposal Levy (Demand-led Tonnage Increases)	811	782	(29)	18	(47)
0	70		Compulsory Purchase Order Legal Costs	70	70	0	0	0
0	0		Recovery of Legal Costs	0	(162)	(162)	(162)	0
0	60		Powerday Public Enquiry	60	60	0	0	0
1,458	0	Children and Young People	Asylum Funding Shortfall	1,458	1,528	70	70	0
(200)	0		Potential Extension of Asylum Gateway Agreement	(200)	(200)	0	0	0
1,860	0		Social Care Pressures (Children's)	1,860	2,523	663	411	252
2,406	0	Adult Social Care	Increase in Transitional Children due to Demographic Changes	2,406	1,816	(590)	(590)	0
11,990	0		Social Care Pressures (Adult)	11,990	12,426	436	436	0
500	0	Corp. Items	Pump Priming for BID Savings	500	500	0	0	0
0	1,500		Savings covered by General Contingency	1,500	1,500	0	0	0
2,500	(1,370)		General Contingency	830	331	(539)	(304)	(235)
<b>24,738</b>	<b>0</b>	<b>Total Development &amp; Risk Contingency</b>		<b>24,738</b>	<b>24,679</b>	<b>(59)</b>	<b>(59)</b>	<b>0</b>

32. An increase in numbers of families presenting as homeless during January, given the lack of available private sector properties, has led to an increase in numbers being housed in Bed &



Breakfast accommodation to 194 during January from 157 in December 2014. Combined with the delayed opening of two Registered Social Landlord housing schemes, this has led to a £2,056k call on contingency for 2014/15.

33. An improved position on waste tonnages has led to a £47k improvement in projected West London Waste Levy costs and an overall £29k favourable variance against the £811k contingency allocation.
34. Further growth in the projected cost of Children's Social Care Placements is reported at Month 10, with the gross call on contingency expected to reach £2,523k with the numbers in placements rising to 201 from the 188 in December 2014. While overall numbers have increased, there is favourable movement towards use of in-house fostering as opposed to independent fostering agencies which is limiting the extent of the budget pressure in this area.
35. As the financial year end approaches, the projected call on General Contingency has been further reduced by £235k to leave £1,500k to manage the Cross-cutting BID savings and £331k to meet emergent cost pressures. The headline contingency requirement therefore remains £59k below budget.

### Priority Growth

36. 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 £100k has been allocated from unallocated Priority Growth, to fund a review of ICT across the Council which was agreed at November Cabinet.
37. 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 £438k, leaving £500k available for new initiatives.

**Table 6: Priority Growth**

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 10 Approved Allocations £'000	Unallocated Balance £'000
800	138	HIP Initiatives Budgets	938	438	(500)
0	(138)	B/fwd Funds	(138)	(138)	0
1,452	(100)	Unallocated Priority Growth	1,352	0	(1,352)
<b>2,252</b>	<b>(100)</b>	<b>Total Priority Growth</b>	<b>2,152</b>	<b>300</b>	<b>(1,852)</b>

### Schools Budget, Parking Revenue Account and Collection Fund

38. 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.
39. An in year pressure is reported within the Schools Budget at Month 9, reflecting the release of significant retained balances to individual schools within the Borough and resulting in projected year end balances of £2,341k. There has been a £101k favourable movement on the position from Month 9 due to an improved outlook on SEN placement costs, although underlying demand for these placements continues to grow.

40. There is a minor £6k adverse movement on the Month 9 position reported on the Parking Revenue Account (PRA), with shortfalls in income against historic targets resulting in a pressure of £63k. 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.
41. Within the Collection Fund marginal movements are reported on Council Tax and Business Rate income, increasing the Council Tax surplus to £2,797k and the Business Rates deficit to £600k, however the overall £2,197k surplus remains unchanged. These movements reflect the strong collection performance on Council Tax and the continuing uncertainty on Business Rates due to empty property reliefs and delays bringing Heathrow Terminal 2 onto the rating list. The net surplus will be released to the General Fund in 2015/16, and was fully reflected in the budget approved by Cabinet and Council in February 2015.

### **Housing Revenue Account Budget**

42. An in year surplus of £4,975k is projected on Housing Revenue Account operations, a minor favourable movement of £27k from the position at Month 9. As previously noted, the majority of the overall variance is due to the rephasing of planned maintenance expenditure and underspends within housing management services. Uncommitted balances are projected to reach £27,795k by 31 March 2015, with further monies earmarked to support on-going investment in housing stock.

### **Future Revenue Implications of Capital Programme**

43. Appendix D to this report provides an update on the current capital programme, with a headline underspend of £6,309k reported on the 2014/15 - 2018/19 programme. This position is principally driven by the £4,891k underspend reported on existing school expansion projects, with a number of small favourable and adverse variances across the programme. This headline underspend includes £31k grant monies repayable to the Greater London Authority and a £6,278k reduction in the borrowing requirement. In addition to this underspend, there remains £7,121k uncommitted contingency funding within this budget to support new investment.
44. Capital receipts are projected to reach £45,189k over this period, representing an overachievement of £13,470k against budget as a result of increased valuations on two key sites. Taking account of the expected shortfall of £8,000k 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 £11,748k to £144,455k on the current programme.
45. 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 deferral of capital receipts into 2015/16 partially off-sets any such financial benefit. 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 (£435k underspend, £7k improvement)

46. The Administration Group is showing an underspend of £435k at Month 10, a £7k improvement on Month 9. The movement since Month 9 is due to income received in Partnership and Policy from the Local Government Association for the Open Data initiative scheme. 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. There is a surplus of income in Legal Services and a MTF proposal for 2015/16 has also been put forward relating to this.

**Table 7: Operating Budgets**

Original Budget	Budget Changes	Service	Month 10		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
485	0	Directorate	Salaries	485	503	18	11	7
6	0		Non-Sal Exp	6	4	(2)	(2)	0
(58)	58		Income	0	0	0	0	0
<b>433</b>	<b>58</b>		<b>Sub-Total</b>	<b>491</b>	<b>507</b>	<b>16</b>	<b>9</b>	<b>7</b>
707	0	Corporate Comms	Salaries	707	718	11	11	0
159	(9)		Non-Sal Exp	150	134	(16)	(16)	0
(27)	9		Income	(18)	(21)	(3)	(3)	0
<b>839</b>	<b>0</b>		<b>Sub-Total</b>	<b>839</b>	<b>831</b>	<b>(8)</b>	<b>(8)</b>	<b>0</b>
1,449	0	Democr. Services	Salaries	1,449	1,442	(7)	6	(13)
1,882	0		Non-Sal Exp	1,882	1,894	12	6	6
(957)	339		Income	(618)	(560)	58	60	(2)
<b>2,374</b>	<b>339</b>		<b>Sub-Total</b>	<b>2,713</b>	<b>2,776</b>	<b>63</b>	<b>72</b>	<b>(9)</b>
2,273	51	Human Resources	Salaries	2,324	2,261	(63)	(62)	(1)
639	12		Non-Sal Exp	651	633	(18)	(18)	0
(303)	0		Income	(303)	(253)	50	50	0
<b>2,609</b>	<b>63</b>		<b>Sub-Total</b>	<b>2,672</b>	<b>2,641</b>	<b>(31)</b>	<b>(30)</b>	<b>(1)</b>
1,871	0	Legal Services	Salaries	1,871	1,867	(4)	(4)	0
111	0		Non-Sal Exp	111	105	(6)	(6)	0
(575)	(266)		Income	(841)	(934)	(93)	(93)	0
<b>1,407</b>	<b>(266)</b>		<b>Sub-Total</b>	<b>1,141</b>	<b>1,038</b>	<b>(103)</b>	<b>(103)</b>	<b>0</b>
2,173	(1,593)	Policy & Partnerships	Salaries	580	586	6	6	0
2,463	(166)		Non-Sal Exp	2,297	2,265	(32)	(32)	0
(1,267)	1,222		Income	(45)	(69)	(24)	(20)	(4)
<b>3,369</b>	<b>(537)</b>		<b>Sub-Total</b>	<b>2,832</b>	<b>2,782</b>	<b>(50)</b>	<b>(46)</b>	<b>(4)</b>
0	1,620	Performance	Salaries	1,620	1,354	(266)	(266)	0
0	168		Non-Sal Exp	168	115	(53)	(53)	0
0	(722)		Income	(722)	(725)	(3)	(3)	0
<b>0</b>	<b>1,066</b>		<b>Sub-Total</b>	<b>1,066</b>	<b>744</b>	<b>(322)</b>	<b>(322)</b>	<b>0</b>
8,958	78	Admin. Directorate	Salaries	9,036	8,731	(305)	(298)	(7)
5,260	5		Non-Sal Exp	5,265	5,150	(115)	(121)	6
(3,187)	640		Income	(2,547)	(2,562)	(15)	(9)	(6)
<b>11,031</b>	<b>723</b>		<b>Total</b>	<b>11,754</b>	<b>11,319</b>	<b>(435)</b>	<b>(428)</b>	<b>(7)</b>

## FINANCE (£359k underspend, £12k improvement)

47. The Finance Group is showing an under spend of £359k at Month 10, an improvement of £12k on Month 9. The improvement is largely due to delayed recruitment in Operational Finance. 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 are to be realigned as part of the 2015/16 MTF process.

**Table 8: Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 10		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Movement from Month 9 £'000	
537	0	Internal Audit	Salaries	537	511	(26)	(23)	(3)
56	0		Non-Sal Exp	56	84	28	28	0
0	0		Income	0	(9)	(9)	(10)	1
<b>593</b>	<b>0</b>		<b>Sub-Total</b>	<b>593</b>	<b>586</b>	<b>(7)</b>	<b>(5)</b>	<b>(2)</b>
2,050	0	Procurement	Salaries	2,050	2,027	(23)	(19)	(4)
150	100		Non-Sal Exp	250	295	45	30	15
(557)	376		Income	(181)	(203)	(22)	(22)	0
<b>1,643</b>	<b>476</b>		<b>Sub-Total</b>	<b>2,119</b>	<b>2,119</b>	<b>0</b>	<b>(11)</b>	<b>11</b>
3,299	0	Operational Finance	Salaries	3,299	3,315	16	41	(25)
704	(25)		Non-Sal Exp	679	686	7	7	0
(963)	0		Income	(963)	(964)	(1)	(1)	0
<b>3,040</b>	<b>(25)</b>		<b>Sub-Total</b>	<b>3,015</b>	<b>3,037</b>	<b>22</b>	<b>47</b>	<b>(25)</b>
3,729	107	Revenues & Benefits	Salaries	3,836	3,830	(6)	(10)	4
154,439	187		Non-Sal Exp	154,626	154,626	0	0	0
(154,102)	(280)		Income	(154,382)	(154,753)	(371)	(371)	0
<b>4,066</b>	<b>14</b>		<b>Sub-Total</b>	<b>4,080</b>	<b>3,703</b>	<b>(377)</b>	<b>(381)</b>	<b>4</b>
1,445	29	Strategic Finance	Salaries	1,474	1,452	(22)	28	(50)
2,691	(94)		Non-Sal Exp	2,597	2,597	0	0	0
(166)	(102)		Income	(268)	(243)	25	(25)	50
<b>3,970</b>	<b>(167)</b>		<b>Sub-Total</b>	<b>3,803</b>	<b>3,806</b>	<b>3</b>	<b>3</b>	<b>0</b>
11,060	136	Finance Directorate	Salaries	11,196	11,135	(61)	17	(78)
158,040	168		Non-Sal Exp	158,208	158,288	80	65	15
(155,788)	(6)		Income	(155,794)	(156,172)	(378)	(429)	51
<b>13,312</b>	<b>298</b>		<b>Total</b>	<b>13,610</b>	<b>13,251</b>	<b>(359)</b>	<b>(347)</b>	<b>(12)</b>

48. A breakeven position is projected on the contingency for uninsured claims at Month 10.

**Table 9: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 10		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Movement from Month 9 £'000
400	0	Uninsured Claims	400	400	0	0	0
<b>400</b>	<b>0</b>	<b>Current Commitments</b>	<b>400</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>

**RESIDENT SERVICES GENERAL FUND (£924k underspend, £155k favourable)**

49. Residents Services directorate is showing a projected outturn underspend of £924k at Month 10, excluding pressure areas that have identified contingency provisions.

**Table 10: Operating Budgets**

Original Budget	Budget Changes	Service	Month 10		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9	
			£'000	£'000	£'000	£'000	£'000	
2,240	(39)	Asset Management	Salaries	2,201	2,278	77	77	0
8,681	260		Non-Sal Exp	8,941	9,234	293	293	0
(5,494)	(274)		Income	(5,768)	(5,317)	451	451	0
<b>5,427</b>	<b>(53)</b>		<b>Sub-Total</b>	<b>5,374</b>	<b>6,195</b>	<b>821</b>	<b>821</b>	<b>0</b>
8,451	(662)	Education (GF)	Salaries	7,789	7,591	(198)	(192)	(6)
11,182	(639)		Non-Sal Exp	10,543	10,550	7	7	0
(9,681)	36		Income	(9,645)	(9,719)	(74)	(79)	5
<b>9,952</b>	<b>(1,265)</b>		<b>Sub-Total</b>	<b>8,687</b>	<b>8,422</b>	<b>(265)</b>	<b>(264)</b>	<b>(1)</b>
1,641	(1)	Environ. Policy & Commun. Engage.	Salaries	1,640	1,551	(89)	(81)	(8)
1,013	(423)		Non-Sal Exp	590	590	0	0	0
(7,491)	0		Income	(7,491)	(7,501)	(10)	(10)	0
<b>(4,837)</b>	<b>(424)</b>		<b>Sub-Total</b>	<b>(5,261)</b>	<b>(5,360)</b>	<b>(99)</b>	<b>(91)</b>	<b>(8)</b>
3,099	0	Housing (GF)	Salaries	3,099	3,141	42	42	0
9,048	0		Non-Sal Exp	9,048	8,995	(53)	(53)	0
(7,489)	0		Income	(7,489)	(7,496)	(7)	(7)	0
<b>4,658</b>	<b>0</b>		<b>Sub-Total</b>	<b>4,658</b>	<b>4,640</b>	<b>(18)</b>	<b>(18)</b>	<b>0</b>
17,347	(3,086)	ICT, Highways & Business Serv.	Salaries	14,261	14,034	(227)	(205)	(22)
9,805	278		Non-Sal Exp	10,083	9,974	(109)	(109)	0
(5,416)	(407)		Income	(5,823)	(5,862)	(39)	4	(43)
<b>21,736</b>	<b>(3,215)</b>		<b>Sub-Total</b>	<b>18,521</b>	<b>18,146</b>	<b>(375)</b>	<b>(310)</b>	<b>(65)</b>
7,674	(117)	Planning, Green Spaces & Culture	Salaries	7,557	7,479	(78)	(75)	(3)
6,389	(345)		Non-Sal Exp	6,044	6,150	106	114	(8)
(9,404)	336		Income	(9,068)	(9,274)	(206)	(162)	(44)
<b>4,659</b>	<b>(126)</b>		<b>Sub-Total</b>	<b>4,533</b>	<b>4,355</b>	<b>(178)</b>	<b>(123)</b>	<b>(55)</b>
13,800	19	Public Safety (GF)	Salaries	13,819	13,782	(37)	(30)	(7)
24,237	(181)		Non-Sal Exp	24,056	23,796	(260)	(269)	9
(11,965)	0		Income	(11,965)	(11,899)	66	62	4
<b>26,072</b>	<b>(162)</b>		<b>Sub-Total</b>	<b>25,910</b>	<b>25,679</b>	<b>(231)</b>	<b>(237)</b>	<b>6</b>
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
<b>(34)</b>	<b>34</b>		<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
172	5,904	Residents Services Directorate	Salaries	6,076	5,467	(609)	(547)	(62)
(1,850)	2,088		Non-Sal Exp	238	268	30	0	30
10	(561)		Income	(551)	(551)	0	0	0
<b>(1,668)</b>	<b>7,431</b>		<b>Sub-Total</b>	<b>5,763</b>	<b>5,184</b>	<b>(579)</b>	<b>(547)</b>	<b>(32)</b>
56,197	1,561	Residents Services	Salaries	57,758	56,639	(1,119)	(1,011)	(108)
82,906	1,030		Non-Sal Exp	83,936	83,950	14	(17)	31
(73,138)	(371)		Income	(73,509)	(73,328)	181	259	(78)
<b>65,965</b>	<b>2,220</b>		<b>Total</b>	<b>68,185</b>	<b>67,261</b>	<b>(924)</b>	<b>(769)</b>	<b>(155)</b>

50. 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.
51. 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. At month 10 projected calls on contingency is £63k over provision, £17k favourable movement from Month 9. The table below shows the breakdown for each contingency item.

**Table 11: Development and Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Month 10		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9
			£'000	£'000	£'000	£'000	£'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	2,056	(88)	(118)	30
229	0	SEN transport	229	409	180	180	0
811	0	Waste Disposal Levy (Demand-led Tonnage Increases)	811	782	(29)	18	(47)
0	60	Poweday Public Enquiry	60	60	0	0	0
0	70	Legal costs associated with compulsory land purchase	70	70	0	0	0
<b>3,824</b>	<b>130</b>	<b>Current Commitments</b>	<b>3,954</b>	<b>4,017</b>	<b>63</b>	<b>80</b>	<b>(17)</b>

52. Further to continuing pressures on the Housing Needs budget (£1,753k overspend in 2013/14), contingency of £2,144k has been set aside in 2014/15 to resource the need for Temporary Accommodation in the Borough. The call on contingency relating to homelessness is currently projected to be £2,056k, which gives a projected underspend of £88k against the contingency provision (£30k adverse movement from Month 9).
53. Temporary Accommodation and housing advice data for the period October to January are shown below. Whilst B&B data numbers are reduced from 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.

**Table 12: Housing Needs performance data**

	October	November	December	January
Homeless Threat, Priority Need & Eligible	150	120	104	114
Presenting As Homeless	44	41	44	68
Duty Accepted	23	32	19	25
<b>Households</b> in Temporary Accommodation	515	521	520	555
<b>Households</b> in B&B	155	155	157	194

54. 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.

55. As already highlighted, there has been an adverse £30k movement between Month 9 and month 10. The Month 9 projection included an allowance for B&B numbers to increase in January before falling back to pre Christmas levels in February.
56. The month 10 projection includes the financial impact of the delay to two new permanent housing schemes (Bourne Court and Bentleys) which were expected to be available from February 2015 but will not now be available until the new financial year.
57. The forecast also allows for a further 17 in-house Private Sector Leasing (PSL) units being available from 9th March 2015, again increasing the supply of alternative accommodation. There were a total of 126 shortlife properties in use by the end of January 2015. This figure is not expected to increase further this financial year. The key challenge in containing the pressure will be in retaining existing properties on the private Managed Accommodation (PMA) and Private Sector Leasing at economic rates, whilst at the same time managing the demand at the front end of the service.
58. 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 10 the latest modelling forecast has been further revised based on latest tonnage figures to show an underspend against the contingency of £29k (£47k favourable).
59. The contingency for the Carbon Reduction Commitment is for the estimated costs to purchase carbon allowances.
60. 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 has reassessed its forecast against the assumed growth of 6% in the budget now that the impact of the new school year and the associated changes in routes has bedded in. Current analysis of the data for the new cohort shows an increase in the projected cost of £110k, owing to new routes commencing in January. The reported position for month 10 represents the continuing demographic pressures in the SEN population as referenced in the Dedicated Schools Grant section of this report.
61. 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 (£821k pressure, no change)**

62. 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.
63. At Month 10 the service is reporting a buyers' premium income of £138k for the financial year (no change). This relates to revised forecasts of expected income relating to the the disposals programme in 2014/15. This income stream will continue to be closely monitored as the majority of this income is still a forecast rather than actual banked income.
64. There are no other changes to the forecast, however, the Facilities Management budgets will be kept under close scrutiny.

### **Education GF (£265k underspend, £1k favourable)**

65. The Education Service is projecting an underspend of £265k as at Month 10, an improvement of £1k on the Month 9 projections. This consists of an underspend of £198k on staffing, a slight improvement of £6k on the Month 9 position, no change on the non-staffing Month 9 position, and a projected surplus of £74k on income streams, an adverse movement of £5k on the Month 9 position.

### **Environmental Policy & Community Engagement (£99k underspend, £8k favourable)**

66. 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.

67. The service is also projecting an underspend on salaries of £89k, a favourable movement of £8k reflecting part year vacancies and delays to recruitment of vacant posts across Planning Policy, Road Safety and Town Centre Improvement.

### **Housing GF (£18k underspend, no change)**

68. 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.

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

70. There is a £24k adverse variance 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 (£375k underspend, £65k favourable)**

71. The service is reporting a £65k favourable movement at Month 10 which consists of a favourable variance of £43k in Highways as a result of additional income from highways inspection permits; and a £22k favourable movement in the Contact Centre relating to the recharging of a customer adviser that will be recharged to the HRA.

### **Planning Sport & Green Spaces (£178k underspend, £55k favourable)**

72. For month 10, the service is reporting an overall net favourable movement of £55k. Building Control is reporting a favourable movement of £4k relating to an increase in rechargeable works income; there is a net improvement of £39k in planning owing to £40k additional development control income, netted off by an adverse movement of £1k for planning appeal costs; and across Leisure, Events and Arts there is a £12k favourable movement, £9k non-staffing costs and £3k staffing costs.

### **Public Health (nil variance, no change)**

73. 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 £84k is anticipated for the year due to a number of vacant posts that have not been filled during the year. It was expected that the Director of Public Health post will be filled before the end of this financial year, but this is now likely to take place in April 2015.

74. The Health Promotion Team is forecasting a £141k underspend against staffing costs, due to three positions being vacant which will not be filled in this financial year. There are also



underspends in non-staffing costs, as spend on projects across the team has been lowered than anticipated; the number of vacant posts has meant that a number of projects have not been able to be undertaken. Overall, Health Promotion is forecasting £152k underspend.

75. 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 contributing to the MTF.
76. The School Nursing contract has been re-let with a saving of around £80k per annum. The new School Nursing 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.
77. Tenders have been received for Hillingdon's Drug and Alcohol services. The evaluation stage is underway and it is anticipated that new contracting arrangements will be in place for August 2015, with savings estimated of around £1,000k across the 6-year contract.

#### **Public Safety (£231k underspend, £6k adverse)**

78. Public protection is reporting an £8k favourable movement this month. This is the net effect of £18 adverse movement in pest control netted off by delays in recruitment across in Food, Health & Safety team (£14k) and reduced expenditure forecasts at Heathrow sites (£12k).
79. Waste service is reporting a £14k adverse movement comprising of £7k adverse agency forecast for street cleansing plus £7k adverse at New Years Green Lane CA site (training £3k, £4k income from reduced metal prices).
80. 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 income projection forecasts a pressure of £266k (no change).

#### **Residents Services Directorate (£579k underspend, £32k favourable)**

81. There are a number of vacant posts across Technical Admin and Business Support teams that have been consolidated into Residents Services. There are a number of vacant posts that will not be recruited to this financial year as restructuring is finalised across the service. The current projection at month 10 is a £609k underspend, a favourable movement of £62k from Month 9, which is netted off by a £30k adverse movement relating to a revised projection for non-staffing costs.

## **CHILDREN AND YOUNG PEOPLE'S SERVICES (£575k overspend, £168k adverse)**

82. The Children and Young People's Service is projecting an overspend of £575k as at Month 10, an adverse movement of £168k on the Month 9 projections.
83. The month 10 position is reflecting an overspend of £706k on Salaries, an adverse movement of £166k on the Month 9 projections, as the service continues to hold back on permanent recruitment pending the outcome of a major review of the service. Senior management are continuing to ensure that agency staff are appointed only where there is a defined need. This approach has enabled the service to stabilise agency staff turnover to a point where most agency staff have now been employed for more than 36 weeks in Hillingdon. However, the overspend still 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 a high level of sessional staff to support children's contact as instructed by the courts. The agency market for Social Workers remains highly competitive with a consequential pressure on pay rates in order to retain and attract good quality staff.
84. There is an overspend of £54k on non-staffing budgets, an adverse movement of £2k on the Month 9 projections. Within this there is a projected pressure in the cost of Secure/Remand placements, over which the Council has only limited control and an increase in the cost of Special Guardianship Order allowances and subsistence that is provided to clients. This is netted down by underspends across supplies and services, where the service is challenging and tightly controlling spending decisions.
85. There is a projected surplus of £185k on income, no change on the Month 9 projections. This relates to the funding received from a number of external partners, including Health, the Youth Justice Board and Education.
86. The projected variances at Month 10 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 9		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8	
			£'000	£'000	£'000	£'000	£'000	
1,033	56	Safeguarding Children	Salaries	1,089	1,372	283	270	13
1,356	126		Non-Sal Exp	1,482	1,637	155	154	1
(146)	(2)		Income	(148)	(196)	(48)	(48)	0
<b>2,243</b>	<b>180</b>		<b>Sub-Total</b>	<b>2,423</b>	<b>2,813</b>	<b>390</b>	<b>376</b>	<b>14</b>
1,711	366	Early Intervention Services	Salaries	2,077	1,751	(326)	(305)	(21)
288	(1)		Non-Sal Exp	287	297	10	10	0
(657)	63		Income	(594)	(668)	(74)	(74)	0
<b>1,342</b>	<b>428</b>		<b>Sub-Total</b>	<b>1,770</b>	<b>1,380</b>	<b>(390)</b>	<b>(369)</b>	<b>(21)</b>
3,355	(1,276)	Looked After Children	Salaries	2,079	1,897	(182)	(182)	0
1,056	(309)		Non-Sal Exp	747	658	(89)	(68)	(21)
(304)	(10)		Income	(314)	(315)	(1)	(1)	0
<b>4,107</b>	<b>(1,595)</b>		<b>Sub-Total</b>	<b>2,512</b>	<b>2,240</b>	<b>(272)</b>	<b>(251)</b>	<b>(21)</b>
9,970	(1,964)	Children's Resources	Salaries	8,006	8,937	931	757	174
12,394	(431)		Non-Sal Exp	11,963	11,941	(22)	(44)	22
(7,854)	768		Income	(7,086)	(7,148)	(62)	(62)	0
<b>14,510</b>	<b>(1,627)</b>		<b>Sub-Total</b>	<b>12,883</b>	<b>13,730</b>	<b>847</b>	<b>651</b>	<b>196</b>
16,069	(2,818)	Children's and Young Persons Directorate	Salaries	13,251	13,957	706	540	166
15,094	(615)		Non-Sal Exp	14,479	14,533	54	52	2
(8,961)	819		Income	(8,142)	(8,327)	(185)	(185)	0
<b>22,202</b>	<b>(2,614)</b>		<b>Total</b>	<b>19,588</b>	<b>20,163</b>	<b>575</b>	<b>407</b>	<b>168</b>

**Safeguarding Children: £390k overspend, £14k adverse**

87. The Safeguarding Children's service is projecting an overspend of £390k, an adverse movement of £14k on the Month 9 projections, due to a slight increase in the cost of agency staff projections. The overall position comprises an overspend of £283k on staffing, due to a high level of agency staff and an overspend of £155k 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 £48k in income streams, due to additional funds that will be received from external partners.

**Early intervention (Youth Offending Service): £390k underspend, £21k improvement**

88. This service is projecting an underspend of £390k, an improvement of £21k on the Month 9 projections, due to a reduction in projected staffing costs. This relates to an underspend of £327k on staffing, where there are a number of staff vacancies relating primarily to Key Worker posts, due to the impending implementation of the Early Support restructure, an overspend of £10k on non staffing budgets and a surplus of £74k on income, which is due to additional funds being received from external partners including the Youth Justice Board.

## **Looked After Children: £272k underspend, £21k improvement**

89. This service is projecting an underspend of £272k, an improvement of £21k on the Month 9 projections, due to a reduction in non staffing costs, where the service is monitoring more closely this type of expenditure. This relates to an underspend on staffing costs of £182k, due to a high level of vacant posts, some of which are not being covered by agency or permanent staff and an underspend of £89k on non staffing costs, where the service is incurring expenditure on essential items only.

## **Children's Resources: £847k overspend, £196k adverse**

90. This service is projecting an overspend of £847k, an adverse movement of £196k on the Month 9 projections as a result of an ongoing review of salary cost forecasts, where it has been assumed that the service will continue with agency appointments up to the 31 March 2015, whilst the service undertakes a major review of the service. Over the last few months, the service has been able to position itself to move towards a steady state as it has been able to secure longer term agency appointments (now running at an average period of 36 weeks) and reduce caseloads more in line with standard operating models.
91. The gross overspend on staffing costs is £931k, which reflects the cost differential of agency staff, including a number of Senior Manager posts, over this period, together with sessional staff costs required to support Looked After Children contact, where the number of court instructions has increased significantly this year. This is netted down by an underspend of £22k on non staffing costs, where the service is incurring costs on essential items only and a surplus of £62k on income, which is due to additional funding being received from external partners.
92. In terms of the placements budget, this is projecting that an additional £663k will be required on top of the full draw down of the £1,860k contingency sum, which takes into account the increased cost of Special Guardianship Orders.
93. There are a number of specific 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 more cost effective model that could be developed. Based on current projections this is creating a budget pressure of £263k.
  - There are increased staffing costs within the Triage service due to additional resources being required to cover staff absence, as well as a high level of agency staff, resulting in a pressure of £172k.
  - 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 £380k. The Youth Justice Board provides a grant to the Council to cover this cost, however the grant for 2014/15 is only £102k.

## Exceptional Items

94. On 22 September 2014, the Council entered into a contract for a Children's Social Care managed service at a cost of £1,149k, primarily to provide some short term stability across the service and build in capacity to deal with a high volume of agency recruitment. This service has been monitored closely and resulted in a revised delivery model being put in place with effect from 24 November 2014, to focus on the assessment stage only. Over the last few months, the number of contacts and referrals has increased. However, due to the revised delivery model being introduced, the service has been able to cope with this increase through implementing new ways of working across the service and being more consistent in applying thresholds. These improvements have ensured that the number of cases moving through the service have been resolved at an earlier stage. This has been supported by the establishment of a new interim management team and increasing stability in key practice management and social workers posts, together with a focus on enhancing performance management processes. As a result of this progress the latest analysis indicates that the caseloads per Social Worker are moving closer to the recommended operating levels for a Council of this size. This will allow the service to review the staffing resource requirement and start planning the recruitment of suitably experienced and qualified staff, which would in turn lead to a reduction in the number of agency staff. However, it is anticipated that this will not start to impact until the new financial year 2015/16. The Council has also entered into a similar temporary arrangement to support the Adoption and Fostering service, which started in December 2014 and is estimated to cost £423k over a period of 6 months, with an estimated cost of £257k in 2014/15 for the period mid December 2014 to 31 March 2015. This managed service is likely to have a direct impact on the number of children that will be adopted or be subject to a Special Guardianship Order as well as potentially increasing the number of In House Foster Carers. This should reduce the need to use Independent Fostering Agencies, where the cost differential is approximately £20,000 per placement per annum. The impact of this service will also continue to be monitored closely.
95. It should be noted that these two items, totalling £1,406k, are not included in the month 10 position reported above, as it is currently assumed that they will be funded from earmarked reserves.

## Analysis of Placements

96. The following table sets out the number of current placements in January 2015, 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.

January 2015 Projections	Projected 14/15 Numbers	%	Annualised Cost £000	Cost %	2014/15 Projected £000	2014/15 Budget £000
Secure/Remand Accommodation	2	1%	416	4%	380	111
Residential	19	9%	3,139	30%	2,415	1,468
Semi Independent Living	22	11%	1,324	13%	1,007	409
Fostering Private	71	35%	3,987	38%	3,188	2,395
In House	87	43%	1,612	15%	1,361	1,722
Special Guardianship Orders					277	0
Risk Contingency						1,860
<b>Total January 2015</b>	<b>201</b>	<b>100%</b>	<b>10,478</b>	<b>100%</b>	<b>8,628</b>	<b>7,965</b>
December 2014 Reported Position	188		10,478		8,376	7,965
<b>Movement Between December 2014 and January 2015</b>	<b>13</b>		<b>0</b>		<b>252</b>	<b>0</b>

97. The table now includes the pressure relating to the increase in Special Guardianship Orders and is indicating that the projected cost is £663k above the base plus the risk contingency budget. The current split between In House and Independent Fostering now stands at 55% to 45% respectively a further improvement on last month's figure of 52% to 48%, and is starting to move towards the desired 60% to 40% split.
98. It should be noted that the current Looked After Children numbers reported are below what a Council this size would normally expect to see due to the backlog of cases that were in the system. As this backlog of cases is being managed and reduced, it is expected that the number of Looked After Children will begin to increase to a normal level commensurate with the size of this Council.

#### Development & Risk Contingency (£733k overspend, £252k adverse)

99. The Corporate Risk Contingency holds three budgets: one relating to growth in Looked After Children placement numbers (£1,860k); another relating to a provision for the shortfall in grant funding for the Asylum service (£1,458k); and the final one relating to an anticipated additional funding of £200k from the Home Office to reflect the financial burden of Heathrow. The following table summarises the required draw down from each of these items:

Original Budget	Budget Changes	Development & Risk Contingency	Month 10		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,458	0	Asylum Funding Shortfall	1,458	1,528	70	70	0
(200)	0	Potential Extension of Asylum Gateway Agreement	(200)	(200)	0	0	0
1,860	0	Social Care Pressures (Children's)	1,860	2,523	663	411	252
<b>3,118</b>	<b>0</b>	<b>Current Commitments</b>	<b>3,118</b>	<b>3,851</b>	<b>733</b>	<b>70</b>	<b>252</b>

100. The Asylum Service is projecting an overspend of £1,528k, no change on the Month 9 projections. This reflects the true running costs of the service in providing support for asylum seeking children, for which the Home Office will provide grant funding of £4,648k to cover the direct costs based on a unit rate for different age children.
101. 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 £1,528k being reported, for which a sum of £1,458k has been set aside in the Corporate Risk Contingency. This results in the overspend of £70k currently reported.
102. The following table provides an analysis of the gross Asylum service budget projected position for month 10:

Original Budget £'000	Budget Changes £'000	Service		Month 10		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Change from Month 9 £'000
3,294	259	Asylum Services	Salaries	3,035	2,680	(355)	(355)	0
2,810	(259)		Non-Sal Exp	3,069	4,001	932	932	0
(6,104)	(0)		Income	(6,104)	(5,153)	951	951	0
<b>0</b>	<b>(0)</b>		<b>Sub-Total</b>	<b>0</b>	<b>1,528</b>	<b>1,528</b>	<b>1,528</b>	<b>1,528</b>

103. Negotiations took place with the Home Office last year, which secured 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. This has now been received.

104. The Placements budget built in additional growth for Looked After Children, which, based on the current projections is projecting an overspend of £663k, due to a projected growth in Looked After Children Placements over the next few months and takes into account the recent growth in Special Guardianship Orders.

## ADULT SOCIAL CARE (£780k under spend, £9k improvement)

105. The Adult Social Care directorate is projecting a forecast under spend £780k as at month 10, a favourable movement of £9k since the last month, when a projected under spend to year end of £771k was anticipated.

**Table 17: Operating Budgets**

Original Budget	Budget Changes	Service	Month 10		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
2,329	305	All-Age Disabilities	Salaries	2,634	2,308	(326)	(259)	(67)
25,061	6,766		Non-Sal Exp	31,827	32,369	542	665	(123)
(3,802)	(406)		Income	(4,208)	(4,790)	(582)	(750)	168
<b>23,588</b>	<b>6,665</b>		<b>Sub-Total</b>	<b>30,253</b>	<b>29,887</b>	<b>(366)</b>	<b>(344)</b>	<b>(22)</b>
3,629	671	Social Work	Salaries	4,300	4,017	(283)	(261)	(22)
21,966	3,275		Non-Sal Exp	25,241	25,488	247	74	173
(8,281)	43		Income	(8,238)	(8,557)	(319)	(209)	(110)
<b>17,314</b>	<b>3,989</b>		<b>Sub-Total</b>	<b>21,303</b>	<b>20,948</b>	<b>(355)</b>	<b>(396)</b>	<b>41</b>
7,178	920	Early Intervention & Prevention	Salaries	8,098	7,878	(219)	(129)	(90)
2,914	733		Non-Sal Exp	3,647	3,890	243	294	(51)
(711)	(10,182)		Income	(10,893)	(10,923)	(30)	(47)	17
<b>9,381</b>	<b>(8,529)</b>		<b>Sub-Total</b>	<b>852</b>	<b>845</b>	<b>(6)</b>	<b>118</b>	<b>(124)</b>
2,292	(296)	Safeguarding, Quality & Partnerships	Salaries	1,996	1,911	(85)	(81)	(4)
4,753	(59)		Non-Sal Exp	4,694	4,713	19	(12)	31
(363)	92		Income	(271)	(393)	(122)	(82)	(40)
<b>6,682</b>	<b>(263)</b>		<b>Sub-Total</b>	<b>6,419</b>	<b>6,231</b>	<b>(188)</b>	<b>(175)</b>	<b>(13)</b>
1,539	(1,322)	Directorate & Support Services	Salaries	217	398	180	48	132
(2,970)	2,524		Non-Sal Exp	(446)	(334)	112	28	84
0	0		Income	0	(157)	(157)	(50)	(107)
<b>(1,431)</b>	<b>1,202</b>		<b>Sub-Total</b>	<b>(229)</b>	<b>(93)</b>	<b>135</b>	<b>26</b>	<b>109</b>
16,967	278	Adult Social Care Directorate Total	Salaries	17,245	16,512	(733)	(682)	(51)
51,724	13,239		Non-Sal Exp	64,963	66,126	1,163	1,049	114
(13,157)	(10,453)		Income	(23,610)	(24,820)	(1,210)	(1,138)	(72)
<b>55,534</b>	<b>3,064</b>		<b>Total</b>	<b>58,598</b>	<b>57,818</b>	<b>(780)</b>	<b>(771)</b>	<b>(9)</b>

106. 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 care 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 2 below.



**Table 2: Development & Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Month 10		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9
£'000	£'000		£'000	£'000	£'000	£'000	£'000
2,406	0	Increase in Transitional Children due to Demographic Changes	2,406	1,816	(590)	(590)	0
<b>Social Care Demographic Pressures for Care and Support:</b>							
		Older People	6,254	6,254	0	0	0
11,990	0	Clients With Disabilities	3,771	4,207	436	436	0
		Clients With Mental Health Issues	1,965	1,965	0	0	0
<b>14,396</b>	<b>0</b>	<b>Current Commitments</b>	<b>14,396</b>	<b>14,242</b>	<b>(154)</b>	<b>(154)</b>	<b>0</b>

107. It is forecast, as at month 10, that the Development and Risk Contingency for demographic changes in the number of clients requiring care and support costs will underspend by a net £154k this year.
108. The actual contingency required for transitional children is still anticipated to under spend by £590k as reported in Month 9 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.
109. The pressure from the Winterbourne View report is still estimated at a cost of £436k in this year. No further cases have been agreed to transfer this month.

**All Age Disabilities(AAD): £366k underspend, £22k improvement**

110. All Age Disabilities 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.
111. The service is forecasting an underspend of £327k in salary expenditure due to the delay in filling vacancies at team leader level. There is a pressure of £543k (£122k reduction from Month 9) on placement costs, with the reduction due to a reduced number of client packages including closure of two packages. This pressure is partially offset by an increase in client contributions of £244k and from increased contributions from Education and HCCG of £337k for joint funded placements.
112. The pressure in Merrifield's Resource Centre is £119k staffing and £60k of non staffing costs, this remains unchanged from Month 9.
113. 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 Development and Risk Contingency for transitional children due to lower number of clients transferring and lower costs arising from the ongoing care and support needs of those who have transferred estimated to be £590k during this financial year, this is unchanged from Month 9.

114. In terms of the impact of the placements arising from the Winterbourne View report, referenced in previous reports, there are 14 known service users who are likely to become the responsibility of the Council. To date four service users have transferred and the net cost to LBH in this financial year is £436k.

**Social Work (£354k under spend, £42k adverse movement)**

115. It is forecast that there is an under spend of £354k, which is an adverse movement of £42k from Month 9. The underspend on staffing has increased by £22k due to previously forecast recruitment not taking place. Overall staffing is forecast to be underspent by £283k.

116. The non staffing expenditure pressure has increased by £174k, mainly due to a net increase of 58 residents receiving homecare arising from increasing hospital discharges over the last two months. This increase has in part been offset by additional client contributions of £110k.

**Early Intervention and Prevention (£7k under spend, £125k improvement)**

117. An underspend of £7k, an improvement of £125k from Month 9, is forecast on Early Intervention and Prevention. The improvement arises from more certainty on staffing and utility costs. The underlying pressure relating to transport is being offset by underspends on staffing costs.

**Safeguarding, Quality and Partnerships (£188k under spend, £13k improvement)**

118. It is forecast that there will be an underspend of £188k an improvement of £13k from Month 9. The underspend is due to staff vacancies (£85k) and additional income achieved from client contributions of £43k and £75k from health income. Expenditure incurred in supporting identified service users with no recourse to public funds is forecasting a pressure of £174k, an increase of £29k since Month 9. This is being managed within the above forecast.

119. Expenditure on Deprivation of Liberty Safeguards (DOLS) cases is projected to be £235k. This forecast remains unchanged from Month 9. To date, there have been 324 cases in this financial year. This figure will continue to be monitored over the following months.

**Directorate and Support (£135k pressure, increase £109k)**

120. There is a pressure of £135k forecast within Directorate and Support due to additional costs in respect of the Care Act. While there is an Earmarked Reserve for Care Act costs, this in-year pressure is being managed through the underspend across the department in this financial year, leaving the Earmarked Reserve available to fund future costs of implementing the Care Act in 2015/16.

## Appendix B – Other Funds

### Schools Budget

#### Dedicated Schools Grant (£1,440k overspend, £101k improvement)

121. The Dedicated Schools Grant is projecting an in year overspend of £1,440k, an improvement of £101k on the Month 9 projections, due to a reduction in the projected cost of SEN placements, where the estimated placement cost was higher than the actual placement cost. It should be noted that the budgets have been realigned to better match the funds received via the Dedicated Schools Grant, which has had an impact on the variances being reported in this month.

122. 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, with the remainder relating to a pressure on SEN placement costs. The following Table summarises the Total DSG income and expenditure for 2014/15.

**Table 19: Dedicated Schools Grant**

Original Budget	Budget Changes	Funding Block	Month 8		Variance (+ adv / - fav)		Change from Month 9
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	
			£'000	£'000	£'000	£'000	
(145,373)	(467)	<b>Dedicated Schools Grant Income</b>	(145,840)	(145,840)	0	(467)	467
113,606	0	<b>Delegated to Schools</b>	113,606	114,900	1,294	1,294	0
4,581	(399)	<b>Early Years</b>	4,182	4,074	(108)	(243)	135
3,604	(198)	<b>Centrally Retained</b>	3,406	3,919	514	315	199
23,582	1,065	<b>Special Needs</b>	24,647	24,387	(260)	642	(901)
<b>0</b>	<b>0</b>	<b>Total Schools Budget</b>	<b>0</b>	<b>1,440</b>	<b>1,440</b>	<b>1,541</b>	<b>(101)</b>
0	0	Balance Brought Forward 1 April 2014	(3,781)	(3,781)			
0	0	Balance Carried Forward 31 March 2015	(3,781)	(2,341)			

#### Dedicated Schools Grant Income (nil variance, £467k adverse)

123. 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. A technical virement has been completed, which realigns the budget in line with the actual DSG resulting in the removal of the surplus funds previously reported.

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

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

#### Early Years (£108k underspend, £135k adverse)

125. The Early Years funding block is projecting an underspend of £108k, an adverse movement of £135k on the Month 9 position, which is due primarily to a realignment of the DSG budget in line with the funds provided through the DSG. The underspend reported relates to the

approvals that have been made for increasing 2 year old capacity across the Borough, which is lower than the budget available.

### Centrally Retained (£514k overspend, £199k adverse)

126. The centrally retained budgets are projecting an overspend of £514k, which relates to payments that have been made for additional bulge year classes, that 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 (£260k underspend, £901k improvement)

127. The Special Needs budgets are projecting an underspend of £260k, an improvement of £901k on the Month 9 position, due to a realignment of the DSG budget in line with the funds provided through the DSG and a decrease in the projected cost of SEN placements, where the actual cost is less than the estimated cost built into the initial projections. The underspend reported, relates to a number of staff vacancies that exist across the support teams.

128. The estimated growth in the SEN pupil population is 7.24%, within this there is a higher proportion of early years pupils that need additional support within early years settings, which is offset by a reduction in the number of post 16 pupils. The following table sets out the change in the number of pupils with an SEN statement over the last 4 years:

Difficulty	Actuals 31/03/11	Actuals 31/03/12	Actuals 31/03/13	Actuals 31/3/14	Yr end projection 2014/15
Autistic Spectrum disorder	315	355	405	440	<b>492</b>
Behaviour, Emotional and Social Difficulty	152	143	149	129	<b>129</b>
Hearing Impairment	37	31	38	42	<b>45</b>
Mild Learning Difficulty	295	290	298	298	<b>305</b>
Multi-Sensory Impairment	7	7	6	6	<b>6</b>
Other ie: (Medical/mental health)	34	32	37	39	<b>39</b>
Physical Disability	76	85	89	90	<b>94</b>
Profound & Multiple learning diffs	29	33	32	30	<b>35</b>
Speech Language and Communication Needs	237	247	259	272	<b>282</b>
Severe Learning Difficulty	108	115	114	117	<b>118</b>
Specific Learning Difficulty	23	28	32	37	<b>38</b>
Visual Impairment	18	18	21	26	<b>27</b>
Blank	9	3		8	<b>35</b>
<b>Total</b>	<b>1,340</b>	<b>1,387</b>	<b>1,480</b>	<b>1,534</b>	<b>1,645</b>
Change - Numbers		47	93	54	111
Change - Percentage		3.51%	6.71%	3.65%	7.24%

### Year End Balances

129. 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 £2,341k.

**PARKING REVENUE ACCOUNT (£13k in year surplus, £6k adverse movement)**

130. 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.

**Table 20: Parking Revenue Account**

Original Budget	Budget Changes	Service	Month 10		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 10)	Variance (As at Month 9)	Movement from Month 9
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(4,153)	0	Income	(4,153)	(3,893)	260	250	10
4,061	0	Expenditure	4,061	3,880	(181)	(177)	(4)
<b>(92)</b>	<b>0</b>	<b>In-year (Surplus) / Deficit</b>	<b>(92)</b>	<b>(13)</b>	<b>79</b>	<b>73</b>	<b>6</b>
76	0	Unallocated Balances B/fwd	76	76	0	0	0
<b>(16)</b>	<b>0</b>	<b>Unallocated Balances C/fwd</b>	<b>(16)</b>	<b>63</b>	<b>79</b>	<b>73</b>	<b>6</b>

131. An in-year surplus of £13k is forecast for the 2014/15 financial year. There is a total shortfall of income of £260k (£10k adverse movement from month 10). The favourable movement relates to improved income collection from bailiffs. The overall position reflects the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income target. The income pressure is offset by compensating savings totalling £181k (£4k favourable movement), as well as the budgeted surplus of £92k.

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

132. The collection of local taxes is managed through the Council's Collection Fund in order to avoid short-term volatility in income impacting on provision of services. The headline surplus is unchanged from Month 9, although an improved outlook on Council Tax income is offsetting a further £100k adverse movement on Business Rate income to reflect continuing uncertainty around the position with regard to Heathrow Terminal 2.

133. Overall performance within the collection fund remains strong, with a net surplus of £2,197k reported as a Council Tax surplus of £2,797k is partially off-set by a £600k deficit on Business Rates income. The Council's approved budget for 2015/16 reflects the full year effect of the compensatory elements of these variances.

**Table 21: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Month 10		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 10) £'000	Variance (As at Month 9) £'000	Movement from Month 9 £'000	
(114,070)	0	Council Tax	Gross Income	(114,070)	(115,634)	(1,564)	(1,464)	(100)
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
<b>(102,937)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(102,937)</b>	<b>(105,734)</b>	<b>(2,797)</b>	<b>(2,697)</b>	<b>(100)</b>
(105,485)	(425)	Business Rates	Gross Income	(105,910)	(105,697)	213	113	100
(981)	98		Section 31 Grants	(883)	(883)	0	0	0
59,158	0		Less: Tariff	59,158	59,158	0	0	0
2,136	327		Less: Levy	2,463	2,463	0	0	0
0	0		B/fwd Deficit	0	387	387	387	0
<b>(45,172)</b>	<b>0</b>	<b>Sub-Total</b>	<b>(45,172)</b>	<b>(44,572)</b>	<b>600</b>	<b>500</b>	<b>100</b>	
<b>(148,109)</b>	<b>0</b>	<b>Total Collection Fund</b>		<b>(148,109)</b>	<b>(150,306)</b>	<b>(2,197)</b>	<b>(2,197)</b>	<b>0</b>

134. Council Tax revenues continue to grow strongly with the £1,564k 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 captured in the Council's Medium Term Financial Forecast.
135. 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. There has been limited favourable movement on the rating list in relation to Heathrow as a result of continuing delays by the Valuation Office Agency, with the risk of a shortfall in income for 2014/15 remaining.
136. 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 £213k 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.
137. 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

138. The Housing Revenue Account (HRA) forecast is a surplus of £4,975k, a favourable movement of £27k from the previous month. The table below presents key variances by service area:

**Table 22: Housing Revenue Account**

Original Budget £'000	Budget Changes £'000		Month 9		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
(56,975)		Rent Income	(56,975)	(56,777)	198	198	(0)
(5,717)	(513)	Other Income	(6,230)	(6,071)	159	171	(12)
<b>(62,692)</b>	<b>(513)</b>	<b>Net Income</b>	<b>(63,205)</b>	<b>(62,849)</b>	<b>356</b>	<b>369</b>	<b>(13)</b>
13,813	(198)	Housing Management	13,616	12,344	(1,272)	(1,222)	(50)
5,607	334	Tenant Services	5,941	5,345	(596)	(601)	5
4,801	351	Repairs	5,152	5,505	353	199	154
5,798	25	Planned Maintenance	5,823	2,419	(3,403)	(3,281)	(122)
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
<b>62,692</b>	<b>513</b>	<b>Operating Costs</b>	<b>63,205</b>	<b>57,874</b>	<b>(5,331)</b>	<b>(5,317)</b>	<b>(14)</b>
<b>0</b>		<b>(Surplus) / Deficit</b>	<b>(0)</b>	<b>(4,975)</b>	<b>(4,975)</b>	<b>(4,948)</b>	<b>(27)</b>
(25,083)		General Balance 01/04/2014	(22,820)	(22,820)	0	0	0
<b>(25,083)</b>		<b>General Balance 31/03/2015</b>	<b>(22,820)</b>	<b>(27,795)</b>	<b>(4,975)</b>	<b>(4,948)</b>	<b>(27)</b>

### Rental & Other Income

139. There were 166 RTB sales to the end of January. The current prediction for the year is now 180 sales (an increase of 5 from the December projection). The loss of rental income from the RTB's is wholly offset by a reduction in rent loss due to a decrease in the number of voids.

140. The increase in other income is due to the increase in projected RTB sales to 180, with the additional 5 sales generating RTB admin capital receipts of £14k.

### Housing Management

141. The Housing Management budgets shows a net underspend of £1,272k, a decrease of £50k from Month 9. This is mainly because of a £43k salary saving from the development team which has arisen due to unfilled vacancies.

### Tenant Services

142. Tenancy Services shows a net underspend of £596k mainly due to savings from the new leaseholders building insurance contract, plus staffing vacancies within a number of services.

### Repairs

143. The repairs forecast show an increase in repairs and voids expenditure of £154k from the Month 9 position, and an increase against the revised budget of £353k. There is an overall

saving on staffing costs of £272k which in the main is due to unfilled vacancies. There is also a projected increase in material costs of £100k for repairs. Projections also include an estimated £120k works on short-term lets, and £453k for the repairs management contract and ICT implementation costs. The above figures do not include the repair contingency of £680k which is available if required and is contained within the development and risk contingency category.

### **Planned Maintenance**

144. The Planned Maintenance forecast is a net underspend of £3,403k, a decrease of £122k on the Month 9 position. The main variances are shown below:

- Structural repairs and investigations have a forecast reduction of £34k in costs due to delays in completing various schemes.
- Other servicing has reduced by £28k due in the main to delays in servicing domestic lifts.
- Gas servicing costs are forecast to be £30k higher than originally projected and this is based on the most up-to-date available invoice information.
- Cyclical decorations forecast is reduced by £101k and there is no spend anticipated in 2014/15.



## Appendix D – GENERAL FUND CAPITAL PROGRAMME

145. Table 23 below sets out the latest forecast outturn on the current General Fund capital programme. Forecasts for future years include capital projects and programmes of works as included in the programmes for 2014/15 to 2018/19 approved by Council in February 2014.

**Table 23 – General Fund Capital Programme Summary**

	2014/15 £'000	Future Years 2015/16- 2018/19 £'000	Total Project £'000	Movement from Month 9 £'000
Original Budget	119,832	271,510	<b>391,342</b>	-
Revised Budget	92,507	307,424	<b>399,931</b>	420
Forecast Outturn	74,826	318,796	<b>393,622</b>	(233)
<b>Total Capital Programme Variance</b>	<b>(17,681)</b>	<b>11,372</b>	<b>(6,309)</b>	<b>(653)</b>
<u>Analysis of Programme Variances:</u>				
Schools Expansions Programme	(2,290)	(2,601)	<b>(4,891)</b>	(458)
Civic Centre Works Programme	(936)	-	<b>(936)</b>	(40)
Disabled Facilities Grants	(740)	-	<b>(740)</b>	55
Private Sector Renewal Grants	(294)	-	<b>(294)</b>	(164)
Property Works Programme	(242)	-	<b>(242)</b>	-
Adaptations for Adopted Children	(200)	-	<b>(200)</b>	-
Rural Activities Garden Centre	(184)	-	<b>(184)</b>	-
New Years Green Lane	(119)	-	<b>(119)</b>	-
Street Lighting	(50)	-	<b>(50)</b>	-
South Ruislip Plot A	(41)	-	<b>(41)</b>	(11)
Car Park Resurfacing	(39)	-	<b>(39)</b>	-
Childrens Centres	(38)	-	<b>(38)</b>	(13)
Empty Homes Programme	(31)	-	<b>(31)</b>	(31)
Grounds Maintenance	(26)	-	<b>(26)</b>	-
Town Centre Initiatives	(21)	-	<b>(21)</b>	(21)
Libraries Refurbishment	(20)	-	<b>(20)</b>	(20)
Central Library Refurbishment	48	-	<b>48</b>	-
Hayes End Library Development	90	-	<b>90</b>	-
Harlington Road Depot Refurbishment	-	200	<b>200</b>	50
Hillingdon Sports & Leisure Centre	-	530	<b>530</b>	-
Yiewsley Health Centre & Sports Facility	-	695	<b>695</b>	-
Cost Variance	(5,133)	(1,176)	<b>(6,309)</b>	<b>(653)</b>
Projected Re-phasing	(12,548)	12,548	-	-
<b>Total Capital Programme Variance</b>	<b>(17,681)</b>	<b>11,372</b>	<b>(6,309)</b>	<b>(653)</b>
Financing Variance:				
Council Resourced Variance	(14,744)	8,466	<b>(6,278)</b>	(622)
External Grants & Contributions Variance	(2,937)	2,906	<b>(31)</b>	(31)
<b>Total Capital Programme Variance</b>	<b>(17,681)</b>	<b>11,372</b>	<b>(6,309)</b>	<b>(653)</b>
<b>Movement from Month 9</b>	<b>(2,406)</b>	<b>1,753</b>	<b>(653)</b>	

146. Actual capital expenditure is £51,842k for the ten months to 31 January. The revised budget has increased by £420k due partly to an increase in the Major Scheme TfL funding for Hayes Town Centre phased into future years and the additional TfL Borough Principals Road funding. There has also been an approved allocation of £52k Section 106 monies for two Green Spaces and Highways projects.

147. The main programme shows a favourable variance of £6,309k. The following paragraphs provide details of the reasons for movements in the other cost variances in the above table:

- Schools Expansions Programme - further under spend of £458k is reported on final accounts for two primary schools within Phase 2 (Wood End and Rabbs Farm).
- Civic Centre Works Programme - due to the level of activity at this stage of the financial year there is an overall under spend of £936k forecast on the budget which is a further reduction of £40k.
- Disabled Facilities Grants (DFG) - the forecast under spend has been reduced by a £55k due to a further increase in the level of committed cases projected for the year.
- Private Sector Renewal Grants - the forecast under spend has increased by £164k based on the level of commitments at this stage of the year.
- Empty Homes Programme - the funding level of £782k is based on GLA targets for 34 properties. There have been late withdrawals from the programme from a number of developers which have resulted in an uncommitted budget of £31k which will not be able to be utilised by the end of the financial year. This is shown as a grant under spend variance.
- Harlington Road Depot - refurbishment works are now expected to be complete by the end of April. The forecast over spend for additional works that were identified while on site has increased to £200k.
- Town Centres Initiatives - an under spend of £21k is forecast on completion of the Ruislip Manor project due to unspent contingencies.
- Libraries Refurbishment programme - other than a retention to be released for Yeading library following completion of minor remedial works, the programme is fully completed with a residual under spend of £20k on the remaining budget.
- South Ruislip Plot A development - further re-commissioning and servicing works have been carried out on the flats with a £41k under spend on the remaining budget for this scheme.
- Childrens Centres Programme - there is a forecast under spend of £38k on completion of the children's centres refurbishment programme which commenced in previous years.

148. 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 9 £'000
Main Programme	59,962	50,776	(2,619)	(6,567)	86,130	82,335	(3,795)	(452)
Programme of Works	27,805	21,512	(2,514)	(3,779)	79,444	76,930	(2,514)	(201)
Future Projects	3,619	1,417	-	(2,202)	198,307	198,307	-	
<b>Total Main Programme</b>	<b>91,386</b>	<b>73,705</b>	<b>(5,133)</b>	<b>(12,548)</b>	<b>363,881</b>	<b>357,572</b>	<b>(6,309)</b>	<b>(653)</b>
Development & Risk Contingency								
General Contingency	1,121	1,121			7,121	7,121		
Provision for Additional Schools Funding	-	-			28,929	28,929		
<b>Total Capital Programme</b>	<b>92,507</b>	<b>74,826</b>	<b>(5,133)</b>	<b>(12,548)</b>	<b>399,931</b>	<b>393,622</b>	<b>(6,309)</b>	<b>(653)</b>
<b>Movement from Month 8</b>	<b>228</b>	<b>(2,178)</b>	<b>(564)</b>	<b>(1,842)</b>	<b>420</b>	<b>(233)</b>	<b>(653)</b>	

149. The detailed General Fund capital programme is presented in Appendix 1 to this report. Projected re-phasing of £12,548k into future years is presented by scheme within this Appendix. Forecast outturn for 2014/15 has reduced by £2,178k due mainly to further slippage. There are general contingency funds totalling £7,121k 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 general contingency has reduced by £138k due to the allocation of funding towards additional accommodation at Bourne Primary School.

## MAIN PROGRAMME (SCHOOLS)

150. Over the life of the existing programme there is a forecast under spend of £4,891k due mainly to savings on completed schemes within Phase 2 of Primary Schools Expansions. This has improved by £458k after agreement of final accounts for Wood End and Rabbs Farm Primary Schools.

151. The key issues and risks on performance of the overall Schools Expansions programme are outlined below. Further information can be found in the School Capital Programme update report.

### Primary Schools

#### Phase 2

152. Cherry Lane - an over spend of £106k is forecast due to costs for a multi use games area and floodlighting, however this is offset by under spends elsewhere within the programme. The installation is scheduled to take place after Easter.

153. Glebe - the school is fully operational however there are a number of remedial works issues that remain outstanding.

154. Hermitage - external works will not be completed until April.

155. Bourne Primary - funding of £138k has been allocated from general capital contingency to provide additional accommodation to alleviate pressures at this school.

### **Phase 3 - New Schools**

156. Both John Locke and Lake Farm Park Academies are operational and there is an overall forecast under spend of £418k due to savings on professional fees and highways works.

157. St Martin's - minor internal changes will be incorporated into the construction of the new school to provide 3 Forms of Entry (FE) by August 2015.

### **Special Educational Needs**

158. An under spend of £204k is reported on provision of temporary classrooms at Hedgewood Primary School and Meadow Secondary School. Installation and internal fit out of a modular classroom at Cherry Lane has been completed.

### **Free School Meals**

159. 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. Works at a further three schools will be implemented by September 2015.

## **FUTURE PROJECTS (SCHOOLS)**

### **Primary Schools - Expansions Programme**

160. An initial review has been undertaken of primary school sites in the north of the Borough where there is excess demand for additional school places. Current indications are that an additional 3FE are required over the next three years. The existing programme contains budget provision of £13,500k for the next phase of primary school expansions.

### **Secondary Schools - Expansions Programme**

161. The forecast of future demand for secondary school places predicts a shortfall in places commencing from 2016/17. Detailed feasibility work will commence on five sites that have been identified as potentially suitable for expansion.

### **Secondary Schools - Replacement Programme**

162. Northwood Academy - tenders have been awarded for the pre-construction phase of the project. Works on site will commence next financial year for completion by September 2016.

163. Abbotsfield School - the Education Funding Agency (EFA) are managing the re-building of this school through the Priority Schools Building Programme (PSBP) with the Council making a contribution towards the overall costs. The Council is also funding an additional 12 place SRP and new vocational training centre. There will also be commitments for infrastructure works, furnishings fittings and equipment. Construction works will not commence until next year.

## **PROGRAMMES OF WORKS (SCHOOLS)**

164. Schools Conditions Programme - Oak Farm minor roofing works were completed in February. The 2015/16 programme is agreed in principle following agreement in principle of schools' contributions. The agreed policy is that the schools make contributions to the cost of works no greater than 20% of their reserves. Consultants are to be appointed to carry out feasibility and design work to enable works to be completed during the summer period.
165. The Council has been successful in applications to the Priority Schools Building Programme Phase 2 (PSBP2) for five schools which the Education Funding Agency have announced will be included in the programme from 2015-2021. Major rebuilding and refurbishment works will take place for these schools which will be of significant value and therefore of benefit to the Council. The EFA will manage the PSBP2 projects and control the funds that are allocated and invested into these schools and the timings over the six year period. The works covered by the PSBP2 programme will enable other projects to be funded from the Schools Conditions Programme.

## **MAIN PROGRAMME (NON-SCHOOLS)**

166. 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). There is a forecast over spend of £977k (inclusive of £282k on the supported housing element reported in the HRA) based on tenders previously received. However, due to revisions to plans and ongoing negotiations with the NHS around the Health Centre lease it is likely that the scheme will have to be re-tendered increasing the risk of further costs. Works will not commence on site until next financial year resulting in a further re-phasing of £364k.
167. Hayes End Library Development - 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 in 2014/15. The final liability will depend on the outcome of the dispute proceedings which are not expected to take place until next financial year.
168. Hillingdon Sports & Leisure Centre - the forecast over spend is £530k due to the additional costs around remedial and defect works to finally close the project. The contractual issues around this scheme are currently going through an adjudication process which increases the risk of further costs depending on the outcome.
169. 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.
170. Highways Programme - a major programme of road improvements is underway across the Borough with a substantial number of roads completed this year. An amount of £1,779k re-phasing is forecast for works yet to be approved to be completed next year.
171. Vehicle Replacement Programme - the programme is forecasting slippage of £835k. A number of vehicles will not be purchased until next financial year due to lead times and specifications to be completed.
172. Grounds Maintenance vehicles - there is an under spend of £26k arising on tendered prices for the purchase of 35 ground maintenance vehicles. Re-phasing of £639k is forecast as the majority of vehicles will not be delivered until next financial year.
173. Eastcote House & Gardens - works are on site for this refurbishment project which is mainly funded by the Heritage Lottery Fund. There have been delays due to shortages of building

materials resulting in slippage of £447k. The works will be completed early in the next financial year.

174. Queenswalk Development - construction works on site have been completed and the resource centre and sensory garden have opened. Negotiations on the final account are ongoing however the project is expected to be within budget.
175. West Drayton Cemetery extension - investigations to assess ground conditions are being carried out at the request of the Environment Agency before works can commence on site. As a result there is forecast re-phasing of £494k as works will commence early in next financial year.
176. CCTV Programme - tenders have been received for the installation of new CCTV cameras across the borough and upgrade cameras in Yiewsley and Hayes. An amount of £333k is forecast as slippage as this programme will be completed next financial year.
177. 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.
178. Sports & Cultural Projects - the main project under this heading is the enhancement of Compass Theatre and the scope of works is currently under review. Works on site will not commence until next financial year. The existing budget includes £270k Section 106 monies which must be spent by November 2015.
179. Telecareline Equipment - a re-phasing under spend of £480k is forecast because work to advertise the availability of this service to older people is ongoing.
180. Youth Centres Kitchen Replacements/Upgrades - works to upgrade or replace kitchens at four youth centres are not anticipated to commence before the end of the financial year resulting in slippage of £138k.
181. Kings College Pavilion Running Track - Drainage works and line marking will not commence until April as they require drier conditions. Tarmac works will be completed in March depending on the weather. There is forecast re-phasing of £50k.
182. Rural Activities Garden Centre - the new modular building and path works have been completed and a welfare facility is to be installed. The forecast under spend is £184k as a separate budget for car parking has been approved for 2015/16.
183. Car Park Resurfacing - works to three car parks have been completed with a forecast under spend of £39k. The remainder of the budget is projected as re-phasing as plans are being developed for a more extensive improvement of the Cedars & Grainges car park which serves the Pavilions shopping centre.
184. Central Library Refurbishment - the forecast over spend is £48k on additional items that were required to finish the refurbishment. The library was re-opened in April 2014.
185. Environmental Assets - a number of projects at Ruislip Lido and other locations have been completed with under spends that can be reallocated to new schemes. There is forecast re-phasing of £371k into next financial year.

## **PROGRAMMES OF WORKS (NON-SCHOOLS)**

186. Property Works Programme - an element of the £600k budget remains unallocated and although there are further schemes in development it is forecast that £242k will not be spent this financial year.
187. Transport for London Programme - The 2014/15 LIP programme is underway and numerous schemes are being progressed. There is a movement in forecast re-phasing of £379k on the Principal Roads programme as schemes including Ruislip High Street will be completed next financial year.
188. Town Centres Initiatives Programme - works at Hayes Town Centre are scheduled to commence in February as part of a major three year project to revitalise the town centre. Shop front grants at Harefield Village Centre are in the process of being rolled out. Funding of £265k is reported as re-phasing for further shop front grant schemes next year.
189. Chrysalis Programme - the majority of this year's budget has been allocated to new schemes. Some schemes will not be completed until next financial year resulting in £500k re-phasing.
190. ICT Single Development Plan - the programme consists of several projects which are in various stages of progress. An amount of £156k is projected re-phasing to complete a number of projects in 2015/16.
191. Street Lighting - a programme of works for column testing and replacement is underway however it is anticipated an element of the works will not be completed this financial year resulting in an under spend of £50k.
192. Road Safety - various schemes are underway however there is forecast re-phasing of £138k for works that will be completed next financial year.

## **FUTURE PROJECTS (NON SCHOOLS)**

193. ICT Infrastructure - work is underway to implement WiFi in specific areas of the Civic Centre which will be completed after the end of the financial year. Re-phasing of £280k is forecast as in addition to this an element of the budget is to be allocated.
194. Uxbridge Cemetery Gatehouse - this £1,000k project is to renovate the Gatehouse and Anglican chapel. Listed building planning consent has now been granted and survey work will commence shortly. The major part of the delivery of the project will fall into 2015/16 and as a result a further £125k slippage is forecast.
195. New Theatre - a feasibility study is underway for a new theatre in Uxbridge. An amount of £150k is forecast as re-phasing into next financial year.
196. New Museum - a feasibility study is underway on the development of the RAF cinema in Uxbridge as a borough wide museum. An amount of £150k re-phasing is forecast as construction works will not commence this financial year.
197. Youth Centres - the project relates to the building of three new youth centres. Feasibility work will commence shortly for the one identified site at Ash Grove. There is projected re-phasing of £390k.
198. Bowls Club Refurbishment - works have been completed to refurbish Bessingby bowls club with Cowley bowls club due to finish in March subject to weather conditions. There is forecast re-phasing of £50k for retentions.

199. Local Plan Requirement - there is forecast re-phasing of £197k as these works are not anticipated to be carried out this financial year.

200. Community Safety Assets - the budget of £250k is forecast as re-phasing as there are currently no existing commitments.

## CAPITAL FINANCING - GENERAL FUND

201. 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 9 £'000
Council Resource Requirement	38,137	23,393	(14,744)	210,922	204,644	(6,278)	(622)
Financed By:							
Capital Receipts	15,647	5,504	(10,143)	31,719	45,189	13,470	195
CIL	3,000	-	(3,000)	23,000	15,000	(8,000)	-
Prudential Borrowing	19,490	17,889	(1,601)	156,203	144,455	(11,748)	(817)
<b>Total Council Resources</b>	<b>38,137</b>	<b>23,393</b>	<b>(14,744)</b>	<b>210,922</b>	<b>204,644</b>	<b>(6,278)</b>	<b>(622)</b>
Grants & Contributions	54,370	51,433	(2,937)	189,009	188,978	(31)	(31)
<b>Total Programme</b>	<b>92,507</b>	<b>74,826</b>	<b>(17,681)</b>	<b>399,931</b>	<b>393,622</b>	<b>(6,309)</b>	<b>(653)</b>

202. Forecast General Fund capital receipts are £5,717k for 2014/15. Actual capital receipts achieved this year as at the end of January total £1,061k. There is an element of risk in the timing of receipts that will be achieved this year. This is reflected in the current year forecast reducing by £851k from last month as several sales are in various stages of progress with increasing risk of completions slipping into next financial year.

203. The sale of one site at auction has been achieved at a price £195k higher than previously forecast.

204. Due to the length of time new developments become liable for paying Community Infrastructure Levy (CIL) there is no income expected this year. There have been £4,900k liabilities issued since the implementation of the CIL on 1 August 2014 to the end of January however liabilities are only payable if developments proceed. The removal of the sui generis charging band has also reduced the forecast over the life of the programme 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.

205. Over the life of the programme the prudential borrowing forecast shows a favourable variance of £11,748k due mainly to the overall cost under spends and increase in the capital receipts forecast, partially offset by the CIL reduction.



206. The under spend variance of £31k on Grants and Contributions is due to the unallocated grant funding for the Empty Homes Programme which will not be spent by the time limit at the end of this financial year.

## HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME

207. 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 9 £000
Dwelling Components	9,657	2,296		(7,361)	43,319	43,319		
Estates / Blocks	2,586	257		(2,329)	8,916	8,916		
Welfare	2,540	697		(1,843)	11,632	11,632		
Other Projects	2,378	684	(1,424)	(270)	11,890	10,466	(1,424)	
<b>Total Works to Stock</b>	<b>17,161</b>	<b>3,934</b>	<b>(1,424)</b>	<b>(11,803)</b>	<b>75,757</b>	<b>74,333</b>	<b>(1,424)</b>	
Purchase & Repair	2,088	430		(1,658)	9,766	9,766		
Council New Build	1,000	24		(976)	37,376	37,376		
Supported Housing	2,876	390		(2,486)	13,042	5,474	(7,568)	
<b>Total Major Projects</b>	<b>5,964</b>	<b>844</b>	<b>-</b>	<b>(5,120)</b>	<b>60,184</b>	<b>52,616</b>	<b>(7,568)</b>	
Former New Build Schemes	227	245	18		227	1,144	917	
<b>Total</b>	<b>23,352</b>	<b>5,023</b>	<b>(1,406)</b>	<b>(16,923)</b>	<b>136,168</b>	<b>128,093</b>	<b>(8,075)</b>	
<b>Movement from Month 8</b>	<b>-</b>	<b>(536)</b>	<b>-</b>	<b>(536)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

208. The Works to Stock programme is forecasting a phasing under spend of £11,803k as numerous schemes will not be completed this financial year. This is a reduction of £536k spend from the previous forecast.

209. Dwelling Components - forecast expenditure has reduced by £365k due partly to slippage on the double glazing programme because of access issues to properties. Works will not commence this financial year on electrical upgrades. The kitchen replacement programme is yet to be approved. Progress is being made in implementing the boiler works programme although further slippage of £106k is forecast.

210. Estates and Block Renewal - the forecast has reduced by £81k due partly to some works currently going through tender evaluation process. There are reduced costs of £30k on playground works.

211. Welfare - under spends are reported on sheltered scheme upgrades and conversions based on the number of projects that have currently been identified. The Adaptations programme will not be fully delivered until next financial year resulting in further slippage of £90k.

212. Other Projects - a total of 66 vehicles are anticipated to be required at an estimated cost of £954k to be delivered over two financial years. There are no commitments for the remainder of the budget resulting in an under spend of £1,424k.
213. Purchase and Repair Programme - the current year forecast is for two purchases to be completed at a cost of £430k. This is due to the required timescale to obtain acceptance of offer, complete legal processes and gain vacant possession. A total of 70 purchases are planned over the life of the capital programme.
214. Council New Build - no further spend is forecast this financial year as schemes are in development and construction work is not anticipated to commence until next year.
215. Supported Housing Programme - consultants are undertaking feasibility work on several potential sites. The above forecast includes only the three sites in the current approved budget resulting in a significant under spend of £7,568k however this will be subject to change once the new strategy is finalised and approved by Council.
216. 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 forecast has been re-phased to 2015/16 as the arbitration process will not be finished until then.

### HRA Capital Receipts

217. There have been 166 Right to Buy sales of council dwellings for the year as at end of January 2015 for a total sales value of £16,754k and a total of 180 sales are forecast totalling approximately £18,000k in 2014/15.
218. 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. The revised General Needs housing programme for 2015-2020 approved by Cabinet in February has been phased to utilise these receipts within the allowed timescales.
219. The table below sets out the total level of retained receipts since the inception of the agreement:

**Table 27: Right to Buy Sales**

Period	Number of Sales	Retained Right to Buy Receipt (£'000)	Deadline for Commitment of Retained Right to Buy Receipt
2012/13 Quarter 4 Actual	33	3,541	March 2016
2013/14 Quarter 1 Actual	13	910	June 2016
2013/14 Quarter 2 Actual	35	3,046	Sept 2016
2013/14 Quarter 3 Actual	24	1,918	December 2016
2013/14 Quarter 4 Actual	34	2,678	March 2017
2014/15 Quarter 1 Actual	56	4,817	June 2017
2014/15 Quarter 2 Actual	49	4,679	Sept 2017
2014/15 Quarter 3 Actual	50	4,583	December 2017
<b>Total Retained Receipts</b>	<b>294</b>	<b>26,172</b>	

220. Up to the end of the last quarter December 2014 there have been £26,172k retained Right to Buy receipts to be used for allowable debt purposes and one for one housing replacement. Of this amount provisionally £17,718k will be required to be utilised for general needs housing within the three year quarterly deadlines.
221. 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 although 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 in that quarter.
222. There have been £74k in HRA non dwelling receipts for the year to date and the sale of one major site has been completed at auction for £800k. These funds will be used to support the capital programme or be applied for repayment of debt.

## ANNEX 1a - General Fund Main Programme

Prior Year Cost	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Project Re-phasing to future years	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	£'000
	<b>Main Programme</b>										
86,411	Primary School Expansions	46,068	42,633	(3,435)	(1,145)	61,418	56,527	(4,891)	17,513	28,696	10,317
3,910	Purchase of Vehicles	1,617	782	(835)	(835)	3,458	3,458	0	3,458	0	0
144	Yiewsley Health Centre & Sports Facility Development	464	100	(364)	(364)	7,631	8,326	695	8,326	0	0
9,254	Libraries Refurbishment	248	276	28		248	276	28	276	0	0
1,138	Queenswalk Redevelopment	1,589	1,589	0		1,664	1,664	0	1,213	451	0
3,565	South Ruislip Development - Plot A	64	23	(41)		64	23	(41)	23	0	0
11	Harlington Road Depot Refurbishment	1,276	1,250	(26)	(26)	1,341	1,541	200	1,541	0	0
65	Car Park Resurfacing	1,079	120	(959)	(920)	1,079	1,040	(39)	1,040	0	0
5	Eastcote House Buildings and Gardens	1,142	695	(447)	(447)	1,242	1,242	0	35	0	1,207
251	Grounds Maintenance	777	112	(665)	(639)	777	751	(26)	751	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	120	(480)	(480)	600	600	0	480	120	0
0	Free School Meals Projects	609	609	0		1,086	1,086	0	0	1,042	44
124	CCTV Programme	363	30	(333)	(333)	363	363	0	288	0	75
0	West Drayton Cemetery & Resurfacing	522	28	(494)	(494)	522	522	0	522	0	0
0	Sports & Cultural Projects	63	31	(32)	(32)	625	625	0	317	0	308
0	Whiteheath Farm Refurbishment	310	50	(260)	(260)	310	310	0	310	0	0
0	Rural Agricultural Garden Centre	340	156	(184)		340	156	(184)	156	0	0
0	Youth Centres Kitchen Replacements / Upgrades	143	5	(138)	(138)	143	143	0	0	113	30
0	Kings College Pavilion Running Track	230	180	(50)	(50)	230	230	0	0	0	230
0	Natural England Fencing & Gating	0	0	0		29	29	0	0	29	0
52,847	Major Projects from previous years	1,391	920	(471)	(404)	1,893	2,358	463	2,324	0	32
<b>158,447</b>	<b>Total Main Programme</b>	<b>59,962</b>	<b>50,776</b>	<b>(9,186)</b>	<b>(6,567)</b>	<b>86,130</b>	<b>82,336</b>	<b>(3,795)</b>	<b>39,639</b>	<b>30,452</b>	<b>12,243</b>

## ANNEX 1b - Programme of Works

Prior Year Cost	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Project Re-phasing to future years	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	£'000
	<b>Programme of Works</b>										
N/A	Leader's Initiative	437	114	(323)	(323)	1,237	1,237	0	1,237	0	0
N/A	Chrysalis Programme	1,895	1,395	(500)	(500)	5,895	5,895	0	5,310	0	585
N/A	Civic Centre Works Programme	1,387	451	(936)		2,887	1,951	(936)	1,951	0	0
N/A	Formula Capital Devolved to Schools	2,831	2,831	0		4,971	4,971	0	0	3,264	1,707
N/A	Highways Programme	6,169	4,390	(1,779)	(1,779)	11,001	11,001	0	9,951	0	1,050
N/A	ICT Single Development Plan	516	360	(156)	(156)	2,604	2,604	0	2,604	0	0
N/A	Property Works Programme	600	358	(242)		3,000	2,758	(242)	2,758	0	0
N/A	Road Safety	250	112	(138)	(138)	1,250	1,250	0	1,250	0	0
N/A	Street Lighting	180	130	(50)		900	850	(50)	825	0	25
N/A	Town Centre Initiatives	1,005	711	(294)	(273)	2,483	2,462	(21)	2,120	300	42
N/A	Transport for London	4,021	3,608	(413)	(413)	15,037	15,037	0	0	14,452	585
N/A	Urgent Building Condition Works	3,988	3,918	(70)	(70)	10,443	10,443	0	2,813	7,032	599
N/A	Disabled Facilities Grants	2,300	1,560	(740)		11,500	10,760	(740)	3,307	7,425	28
N/A	Adaptations for Adopted Children	200	0	(200)		1,000	800	(200)	0	800	0
N/A	Private Sector Renewal Grants	1,282	957	(325)		4,330	4,005	(325)	1,956	2,049	0
N/A	GF Supported Housing Programme	210	210	0		210	210	0	210	0	0
N/A	Section 106 Projects	534	407	(127)	(127)	696	696	0	0	0	696
	<b>Total Programme of Works</b>	<b>27,805</b>	<b>21,512</b>	<b>(6,293)</b>	<b>(3,779)</b>	<b>79,444</b>	<b>76,930</b>	<b>(2,514)</b>	<b>36,292</b>	<b>35,322</b>	<b>5,317</b>

## ANNEX 1c - Future Projects & Contingency

Prior Year Cost	Project	2014/15 Revised Budget	2014/15 Forecast	2014/15 Variance	Project Re-phasing to future years	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	£'000
	<b>Future Projects</b>										
N/A	Secondary Schools Expansions (Expansion)	500	150	(350)	(350)	76,900	76,900	0	17,733	57,604	1,563
N/A	Secondary Schools Expansions (Replacement)	882	622	(260)	(260)	44,170	44,170	0	32,654	11,516	0
N/A	New Theatre	150	0	(150)	(150)	44,000	44,000	0	42,950	0	1,050
N/A	New Primary School Expansions	0	0	0		13,500	13,500	0	4,049	9,451	0
N/A	New Years Green Lane EA Works	0	0	0		6,490	6,490	0	3,244	3,246	0
N/A	Youth Centres	400	10	(390)	(390)	5,100	5,100	0	5,100	0	0
N/A	Community Safety Assets	250	0	(250)	(250)	250	250	0	250	0	0
N/A	ICT Infrastructure	440	160	(280)	(280)	1,200	1,200	0	1,200	0	0
N/A	Uxbridge Cemetery Gatehouse & Anglican Chapel	150	25	(125)	(125)	1,000	1,000	0	1,000	0	0
N/A	New Museum	150	0	(150)	(150)	5,000	5,000	0	4,250	0	750
N/A	Bowls Clubs Refurbishment	500	450	(50)	(50)	500	500	0	500	0	0
N/A	Local Plan Requirement Works	197	0	(197)	(197)	197	197	0	197	0	0
N/A	<b>Total Future Projects</b>	<b>3,619</b>	<b>1,417</b>	<b>(2,202)</b>	<b>(2,202)</b>	<b>198,307</b>	<b>198,307</b>	<b>0</b>	<b>113,127</b>	<b>81,817</b>	<b>3,363</b>
	<b>Development &amp; Risk Contingency</b>										
N/A	General Contingency	1,121	1,121	0	0	7,121	7,121	0	7,121	0	0
N/A	Provision for Additional Secondary Schools Funding	0	0	0	0	28,929	28,929	0	8,466	20,464	0
	<b>Total Development &amp; Risk Contingency</b>	<b>1,121</b>	<b>1,121</b>	<b>0</b>	<b>0</b>	<b>36,050</b>	<b>36,050</b>	<b>0</b>	<b>15,587</b>	<b>20,464</b>	<b>0</b>
	<b>Total Capital Programme</b>	<b>92,507</b>	<b>74,826</b>	<b>(17,681)</b>	<b>(12,548)</b>	<b>399,931</b>	<b>393,622</b>	<b>(6,309)</b>	<b>204,644</b>	<b>168,055</b>	<b>20,923</b>

## Appendix E – Treasury Management Report as at 31 January 2014

### Outstanding Deposits - Average Rate of Return on Deposits: 0.57%

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	60.7	53.12	40.00
1-2 Months	19.4	16.97	10.00
2-3 Months	17.0	14.87	20.00
3-6 Months	0.0	0.00	10.00
6-9 Months	7.0	6.12	10.00
9-12 Months	2.0	1.75	5.00
12-18 Months	7.4	6.47	5.00
18-24 Months	0.0	0.00	0.00
<b>Subtotal</b>	<b>113.5</b>	<b>99.30</b>	<b>100.00</b>
Unpaid Maturities	0.8	0.70	0.00
<b>Total</b>	<b>114.3</b>	<b>100.00</b>	<b>100.00</b>

223. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold at a minimum a Fitch or lowest equivalent of A-long-term credit rating. UK 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, Birmingham City Council, Blaenau Gwent County Borough Council, Lancashire County Council, London Borough of Croydon, Monmouthshire County Council, Moray Council, Salford City Council, and Wolverhampton City Council. The Council also currently holds three Certificates of Deposit, two with Standard Chartered and one with Barclays. In November 2014, Cabinet approved the addition of a Swedish counterparty; Svenska Handelsbanken where an instant access facility has been used in January 2015.

224. During January fixed-term deposits continued to mature in line with cashflow requirements. As cashflow allowed, three month and two month deposits were placed with Leeds Building Society and Barclays Bank respectively. In addition a one year, forward dated deal (due to be settled in March 2015) was placed with Lancashire County Council. To maintain liquidity all other surplus cash was placed in instant access accounts and shorter term deposits.

### Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual (£m)	Actual (%)
<b>General Fund</b>		
PWLB	68.63	20.83
Long-Term Market	15.00	4.55
<b>HRA</b>		
PWLB	212.82	64.60
Long-Term Market	33.00	10.02
<b>Total</b>	<b>329.45</b>	<b>100.00</b>

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

### Ongoing Strategy

226. In order to maintain liquidity for day-to-day business operations, short-term balances will either be placed in instant access accounts or short term deposits of up to 3 months. Opportunities to place longer term deposits will be monitored.

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

227. 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
<b>Administration &amp; Finance</b>						
Finance Business Partner - Residents Services	01-Jun-14	02-Mar-15	08-Jun-15	72	25	97
Finance Manager - Transformation	28-Jul-14	17-Feb-15	25-May-15	63	38	101
<b>Residents Services</b>						
Tech Admin Officer	01-Jul-13	23-Feb-15	20-Mar-15	63	2	65
Tech Admin Officer	03-Mar-14	23-Feb-15	20-Mar-15	52	2	54
Interim Corporate Transformation Manager	01-Aug-10	31-Mar-15	30-Jun-15	780	60	840
Consultant in Public Health	27-Jan-14	02-Mar-15	29-May-15	127	18	145
Consultant in Public Health	27-Jan-14	02-Mar-15	29-May-15	130	18	148
Project Manager	13-Apr-14	09-Feb-15	01-May-15	71	21	92
Maintenance Manager	27-May-13	09-Feb-15	17-May-15	132	18	150
Education Strategy	15-Oct-14	16-Feb-15	19-Jun-15	49	67	116
Head of Virtual Strategy	01-Oct-14	16-Feb-15	19-Jun-15	49	56	105
<b>Adult Social Care</b>						
Team Manager	01-Apr-14	02-Feb-15	28-Feb-14	110	0	110
Residential Care Worker	01-Apr-12	02-Feb-15	04-Jan-15	78	4	78
Residential Care Worker	04-Sep-12	02-Feb-15	28-Feb-15	51	4	55
Social Worker (Care Manager)	12-Aug-13	02-Feb-15	28-Feb-15	64	4	68
Social Worker (Care Manager)	05-Aug-13	02-Feb-15	28-Feb-15	62	4	66
Team Leader	01-Apr-14	02-Feb-15	31-Mar-15	62	6	68
Lead Approved Mental Health Practitioner	01-Jun-12	02-Feb-15	28-Feb-15	103	5	108
Floating Support Worker	01-Sep-14	02-Mar-15	31-Mar-15	50	2	52



Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Service Manager	02-Dec-13	02-Mar-15	31-Mar-15	44	6	50
Occupational Therapist	01-Sep-14	02-Feb-15	31-Mar-15	53	0	53
<b>Children &amp; Young People's Services</b>						
Social Worker	30-Mar-14	02-Mar-15	31-Mar-15	46	6	52
Social Worker	27-May-14	02-Mar-15	31-Mar-15	48	5	53
Social Worker	19-Jun-14	02-Mar-15	31-Mar-15	48	6	54
Case Progression Manager	07-Apr-14	28-Feb-15	31-Mar-15	85	7	92
Residential & Placements Manager	01-Jul-13	02-Mar-15	30-Jun-15	147	32	179