

COUNCIL BUDGET -2014/15 MONTH 11 REVENUE AND CAPITAL BUDGET MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
Report Author	Paul Whaymand, Corporate Director of Finance
Papers with report	Appendices A - G

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2014/15 revenue budget and capital programme.</p> <p>A net in-year underspend of £4,038k is projected against 2014/15 General Fund revenue budgets as of January 2015 (Month 11). This represents an improvement of £64k on the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the capital programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving value for money is an important element of the Council's medium term financial plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That the Cabinet:

1. Note the forecast budget position for revenue and capital as at February 2015 (Month 11).
2. Note the treasury management update as at February 2015 at Appendix E.
3. Continue the delegated authority up until the 21 May 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 19 March 2015 and 23 April 2015 Cabinet meetings, detailed at Appendix F.
4. Agree new guidelines contained in the report for granting Part Occupied Rate Relief from 1st April 2015 as set out in Appendix G.

5. **Approve release of £736k to Adult Social Care, Residents Services and Finance operating budgets from monies earmarked within the 2015/16 budget for New Burdens associated with the Care Act.**
6. **Accept grant funding of £98k from Transport for London for the 2015/16 Borough Cycling Programme.**
7. **Accept grant funding of £80k from the Skills Funding Agency to enable the Council to run a free programme of courses directly focussed on reducing mental health issues for Hillingdon residents.**

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 - The current guidelines for S44a relief have been in operation since 2010. The Government change in respect of Business Rate Retention with effect from 1 April 2013 in which the cost of awarding Part Occupied Rate Relief is shared between Central Government, The LGA and the Council has put increased scrutiny on the guidelines. These are now regarded as vague and not fit for purpose as they lack the structure to enable officers and Members to feel confident making decisions that will not be subject to legal challenge. The guidelines need revision to bring them up to date, reflecting that the rate retention scheme has meant that S44a certification is a charge on the collection fund and effectively is a loss on NNDR income which affects local share. The Council also has to ensure that the council taxpayer receives value for money for any "investment" in the form of relief that the Council makes on their behalf. The change would be effective from 1st April 2015.
4. Recommendation 5 - Significant parts of the Care Act 2014 come into force from 1/04/2015 including the general responsibilities to undertake prevention, provide information and advice and shape the market for care and support services. Specific responsibilities include the assessment and provision of care and support to Carers, the implementation of a national eligibility threshold, a new framework for adult safeguarding, the use of personal budgets, and duties around the continuity of care when individuals move between councils.

It is recommended that £736k of the £2,067k earmarked in the Council's 2015/16 budget are released to Adult Social Care, Residents Services and Finance operating budgets in order to fund the implementation of these new responsibilities during the period April to September 2015. The full year cost is expected to remain in line with the budget provision of £2,067k, but will remain under review over the coming months.

5. Recommendation 6 - Transport for London has awarded the Council £98k grant funding in respect of the 2015/16 Borough Cycling Programme for a range of measures to encourage more people to cycle more safely more often. This includes support for cycle training, cycle parking and cycle strategies. The schemes are revenue expenditure and will be allocated to Policy, Highways & Community Engagement budget.
6. Recommendation 7 - The Council successfully bid for funding from the Skills Funding Agency for the 2015/16 financial year to pilot community learning courses to help adults recover from mild to moderate mental health problems.

Alternative options considered

7. There are no other options proposed for consideration.

SUMMARY

REVENUE

8. An underspend of £4,038k is projected at Month 11 for General Fund revenue budgets, consisting of £1,303k of deferred capital financing costs and additional interest income, a £59k underspend on contingency budgets and a net underspend of £1,966k across Directorate Operating Budgets. This represents a minor improvement of £64k from Month 10, with limited adverse movement in contingency items being off-set by a reduction in uncommitted General Contingency.
9. The 2014/15 revenue budget contains £16,491k of savings, including sums brought forward from 2013/14. £14,864k of this sum is reported as delivered in full, a further £1,500k is covered by contingency which is being applied, leaving £127k as red, which will not now be delivered in this financial year.
10. General Fund balances are projected to reach £39,954k at 31 March 2015, assuming that the remaining £286k of uncommitted General Contingency and £1,803k 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 £34,953k.
11. In relation to other funds, there are no material adverse variances affecting the 2014/15 General Fund outturn. Within the Collection Fund, no movement is reported in the headline £2,197k surplus.

CAPITAL

12. As at Month 11 an under spend of £19,505k is reported on the 2014/15 capital programme budget from a revised budget of £92,537k. This is comprised of cost under spends of £6,250k and phasing variances of £13,255k. Forecast outturn over the life of the General Fund programme for 2014/15 to 2018/19 is an under spend of £7,460k.
13. General Fund capital receipts of £5,310k are forecast for 2014/15 with receipts over the period to 2018/19 expected to reach £45,190k representing a favourable variance of £13,471k over the revised budget.
14. Prudential borrowing is forecasting a favourable variance of £12,868k over the life of the programme due to the internally resourced under spends of £7,397k and the improvement in the capital receipts forecast of £13,471k, 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 £3,328k is projected on normal operating activities at Month 11, representing an improvement of £64k from Month 10. The Month 11 position incorporates a £1,966k net underspend across Directorate Operating Budgets, a £1,303k 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 £4,038k.

16. 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 £286k and unallocated Priority and HIP Growth of £1,803k.

17. The Council's General Fund revenue budget contains £16,491k savings, including the £12,802k approved by Cabinet and Council in February 2014, of which £16,364k are delivered. The remaining £127k will not be delivered on a permanent basis until 2015/16.

Table 1: General Fund Overview

Original Budget	Budget Changes	Service	Month 11		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
£'000	£'000		£'000	£'000	£'000	£'000	£'000
167,413	3,847	Directorate Operating Budgets	171,260	169,294	(1,966)	(1,927)	(39)
17,785	(3,747)	Corporate Operating Budgets	14,038	12,735	(1,303)	(1,278)	(25)
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
212,188	0	Sub-total Normal Activities	212,188	208,860	(3,328)	(3,264)	(64)
		<u>Exceptional Items</u>					
		Compulsory Purchase Order Compensation		(710)	(710)	(710)	0
212,188	0	Total Net Expenditure	212,188	208,150	(4,038)	(3,974)	(64)
(212,188)	0	Budget Requirement	(212,188)	(212,188)	0	0	0
0	0	Net Total	0	(4,03)	(4,038)	(3,974)	(64)
(35,915)	0	Balances b/fwd	(35,915)	(35,915)			
(35,915)	0	Balances c/fwd 31 March 2015	(35,915)	(39,953)			

18. At 31 March 2014 General Fund Balances totalled £35,915k, with the projected underspend expected to reach £39,953k 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 (£1,966k underspend, £39k improvement)

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

20. Since Month 10 Directorate Operating budgets and prior period variances have been restated to reflect the recently implemented changes to management structures and transfer of functions between groups. The remainder of this report comments upon movements against these restated comparators.

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 11		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000
11,102	63	Admin.	Expenditure	11,165	11,041	(124)	(112)	(12)
(2,358)	551		Income	(1,807)	(1,813)	(6)	(9)	3
8,744	614		Sub-Total	9,358	9,228	(130)	(121)	(9)
168,901	293	Finance	Expenditure	169,194	169,239	45	44	1
(155,763)	(31)		Income	(155,794)	(156,200)	(406)	(403)	(3)
13,138	262		Sub-Total	13,400	13,039	(361)	(359)	(2)
113,009	3,597	Residents Services	Expenditure	116,606	115,880	(726)	(655)	(71)
(56,325)	(696)		Income	(57,021)	(57,318)	(297)	(324)	27
56,684	2,901		Sub-Total	59,585	58,562	(1,023)	(979)	(44)
27,487	5,089	Children & Young People's Service	Expenditure	32,576	33,202	626	587	39
(2,703)	(5,542)		Income	(8,245)	(8,537)	(292)	(275)	(17)
24,784	(453)		Sub-Total	24,331	24,665	334	312	22
79,250	10,902	Adult Social Care	Expenditure	90,152	90,449	297	306	(9)
(15,187)	(10,379)		Income	(25,566)	(26,649)	(1,083)	(1,086)	3
64,063	523		Sub-Total	64,586	63,800	(786)	(780)	(6)
167,413	3,847	Total Directorate Operating Budgets		171,260	169,294	(1,966)	(1,927)	(39)

21. An underspend of £130k 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 £9k from Month 10 is reported.

22. A net underspend of £361k 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. Limited 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. There has been a minor improvement of £44k in the headline variance from Month 10.

24. On Children & Young People's Services budgets, the reported staffing pressure of £334k 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. A minor adverse movement of £22k is reported from Month 10.

25. An underspend of £786k across Adult Social Care budgets is reported at Month 11, 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.

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. Currently, £14,697k of savings are banked. A further £1,500k is covered by contingency, leaving £294k of items where work is still underway to secure these savings on an on-going basis. These residual items will continue to be monitored into the new financial year, and are expected to be secured in full over the coming months.

Table 3: Savings Tracker

2014/15 General Fund Savings Programme	Cross-cutting BID	Admin. & Finance	Residents Services	Adult Social Care	Children & Young People's Services	Total Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	%
B Banked	(1,500)	(1,539)	(5,504)	(4,874)	(1,447)	(14,864)	90.1%
G On track for delivery	0	0	0	0	0	0	0.0%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	0	0	0	0	0.0%
R Serious problems in the delivery of the saving	0	0	0	(127)	0	0	0.8%
Covered by contingency	(1,500)	0	0	0	0	(1,500)	9.1%
Total 2014/15 Savings	(3,000)	(1,539)	(5,504)	(5,001)	(1,447)	(16,491)	100%

Corporate Operating Budgets (£1,303k underspend, £25k improvement)

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 11		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'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
9,888	(114)		Sub-Total	9,774	8,487	(1,287)	(1,287)	0
0	10	Levies and Other Corporate Budgets	Salaries	470	481	11	11	0
11,078	1,430		Non-Sal Exp	12,292	12,290	(2)	(2)	0
(3,812)	(5,073)		Income	(8,499)	(8,524)	(25)	0	(25)
7,266	(3,633)		Sub-Total	4,263	4,247	(16)	9	(25)
17,785	(3,747)	Total Corporate Operating Budgets		14,038	12,735	(1,303)	(1,278)	(25)

29. In line with the position at Month 10, 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. 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.

30. A favourable movement of £25k is reported on other Corporate Budgets to reflect a number of minor 'new burdens' grants received from central government in the closing months of the financial year. Such new burdens costs are being managed within the Directorate Operating Budgets outlined above.

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 11		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000
400	0	Fin.	400	400	0	0	0
240	0	Residents Services	240	240	0	0	0
200	0		200	200	0	0	0
200	0		200	200	0	0	0
2,144	0		2,144	2,056	(88)	(88)	0
811	0		811	759	(52)	(29)	(23)
0	70		70	70	0	0	0
0	0		0	(162)	(162)	(162)	0
0	60		60	60	0	0	0
1,458	0		Children and Young People	1,458	1,528	70	70
(200)	0	(200)		(200)	0	0	0
1,860	0	1,860		2,591	731	663	68
2,406	0	Adult Social Care	2,406	1,816	(590)	(590)	0
11,990	0		229	409	180	180	0
229	0		11,990	12,426	436	436	0
500	0	Corp. Items	500	500	0	0	0
0	1,500		1,500	1,500	0	0	0
2,500	(1,370)		870	286	(584)	(539)	(45)
24,738	0	Total Development & Risk Contingency	24,738	24,679	(59)	(59)	0

- 32.No movement is reported on Homelessness expenditure from Month 10 as the lack of available private sector properties continues to necessitate the use of Bed & Breakfast accommodation, with 198 households in such placements - up from 194 in January and 157 in December.
- 33.A minor improvement is reported on waste disposal costs, with latest tonnage figures suggesting a £23k reduction in the contingency requirement for 2014/15 payments to the West London Waste Authority.
- 34.Projected costs for Children's Social Care Placements have risen by £68k from Month 10, increasing the overall call on contingency to £2,591k. Overall numbers in care placements remain at higher levels than experienced in late 2014, with 202 children currently in placements.
- 35.As the financial year end approaches, the projected call on General Contingency has been further reduced by a further £45k to leave £286k 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. It is expected that unallocated growth monies will be earmarked to fund future growth initiatives and not be released into General Balances.
- 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 11 Approved Allocations £'000	Unallocated Balance £'000
800	138	HIP Initiatives Budgets	938	487	(451)
0	(138)	B/fwd Funds	(138)	(138)	0
1,452	(100)	Unallocated Priority Growth	1,352	0	(1,352)
2,252	(100)	Total Priority Growth	2,152	349	(1,803)

Schools Budget, Parking Revenue Account and Collection Fund

- 38.Latest forecasts on other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund. Risks associated with Parking Revenue Account activity and future Business Rates revenues beyond 2014/15 are being managed through the Council's Medium Term Financial Forecast.
- 39.A headline pressure of £1,517k is reported on the Schools Budget, primarily due to the release of £1,294k of additional resources from balances to support individual school budgets and £486k pressures on centrally retained budgets due to funds being released to support bulge year classes. These pressure areas are partially off-set by a number of underspends, including £174k reduction in the cost of Special Educational Needs services.

40. A improvement of £97k is reported on Parking Revenue Account expenditure, which results in an in year surplus of £110k on the account. As previously reported there remains a pressure on income streams, with reviews underway to place the PRA on a sustainable footing going forward.
41. Within the Collection Fund no movement is reported on Council Tax and Business Rate income, with a Council Tax surplus to £2,797k and a Business Rates deficit to £600k. These positions reflect 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. Any subsequent movement in this position will impact upon the General Fund in 2016/17.

Housing Revenue Account Budget

42. An in year surplus of £4,988k is projected on Housing Revenue Account (HRA) operations, a minor favourable movement of £40k from the position at Month 10. 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 £27,808k by 31 March 2015, with further monies earmarked to support on-going investment in housing stock.
43. During 2014/15, there have been 176 sales of properties under Right to Buy to the end of February with a total of 190 expected to complete by 31 March 2015. Future revenue losses associated with majority of these sales are reflected in the HRA Medium Term Financial Forecast presented to Cabinet and Council in February 2015.

Future Revenue Implications of Capital Programme

44. Appendix D to this report provides an update on the current capital programme, with a headline underspend of £6,339k reported on the 2014/15 - 2018/19 programme. This position is principally driven by the £5,062k underspend reported on existing school expansion projects, with a number of smaller favourable and adverse variances across the programme. In addition to this underspend, there remains £7,121k uncommitted contingency funding within this budget to support new investment.
45. Capital receipts are projected to reach £45,133k over this period, representing an overachievement of £13,414 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 £12,811k to £143,392k on the current programme.
46. 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 (£130k underspend, £9k improvement)

47. The Administration Group is showing an underspend of £130k at Month 11. This compares to an underspend of £426k at month 10. The change is due to a £305k underspend on Performance and Communications transferring to Residents' Services. There is a £9k improvement since month 10 on the budgets still within Administration, largely due to a revised salary forecast within Legal Services. The remaining underspend is mainly due to a surplus of income in Legal Services and a MTFP proposal for 2015/16 has been put forward relating to this.

Table 7: Operating Budgets

Original Budget	Budget Changes	Service	Month 11		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,449	0	Democr. Services	Salaries	1,449	1,442	(7)	(7)	0
1,882	0		Non-Sal Exp	1,882	1,894	12	12	0
(957)	339		Income	(618)	(560)	58	58	0
2,374	339		Sub-Total	2,713	2,776	63	63	0
2,273	51	Human Resources	Salaries	2,324	2,261	(63)	(63)	0
639	12		Non-Sal Exp	651	633	(18)	(18)	0
(303)	0		Income	(303)	(253)	50	50	0
2,609	63		Sub-Total	2,672	2,641	(31)	(31)	0
1,871	0	Legal Services	Salaries	1,871	1,860	(11)	(4)	(7)
111	0		Non-Sal Exp	111	100	(11)	(6)	(5)
(575)	(266)		Income	(841)	(928)	(87)	(93)	6
1,407	(266)		Sub-Total	1,141	1,032	(109)	(103)	(6)
580	0	Policy & Partnerships	Salaries	580	586	6	6	0
2,297	0		Non-Sal Exp	2,297	2,265	(32)	(32)	0
(523)	478		Income	(45)	(72)	(27)	(24)	(3)
2,354	478		Sub-Total	2,832	2,779	(53)	(50)	(3)
6,173	51	Admin. Directorate	Salaries	6,224	6,149	(75)	(68)	(7)
4,929	12		Non-Sal Exp	4,941	4,892	(49)	(44)	(5)
(2,358)	551		Income	(1,807)	(1,813)	(6)	(9)	3
8,744	614		Total	9,358	9,228	(130)	(121)	(9)

FINANCE (£361k underspend, £2k improvement)

48. The Finance Group is showing an underspend of £361k at Month 11, a £2k improvement on month 10. The majority of the overall underspend 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 15/16 MTFF 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 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000	
537	0	Internal Audit	Salaries	537	510	(27)	(26)	(1)
56	0		Non-Sal Exp	56	86	30	28	2
0	0		Income	0	(12)	(12)	(9)	(3)
593	0		Sub-Total	593	584	(9)	(7)	(2)
2,050	0	Procurement	Salaries	2,050	2,027	(23)	(23)	0
150	100		Non-Sal Exp	250	295	45	45	0
(557)	376		Income	(181)	(203)	(22)	(22)	0
1,643	476		Sub-Total	2,119	2,119	0	0	0
3,299	0	Operation. Finance	Salaries	3,299	3,315	16	16	0
679	0		Non-Sal Exp	679	686	7	7	0
(963)	0		Income	(963)	(964)	(1)	(1)	0
3,015	0		Sub-Total	3,015	3,037	22	22	0
3,729	107	Revenues & Benefits	Salaries	3,836	3,830	(6)	(6)	0
154,439	188		Non-Sal Exp	154,627	154,627	0	0	0
(154,102)	(280)		Income	(154,382)	(154,753)	(371)	(371)	0
4,066	15		Sub-Total	4,081	3,704	(377)	(377)	0
1,245	19	Strategic Finance	Salaries	1,264	1,267	3	3	0
2,717	(121)		Non-Sal Exp	2,596	2,596	0	0	0
(141)	(127)		Income	(268)	(268)	0	0	0
3,821	(229)		Sub-Total	3,592	3,595	3	3	0
10,860	126	Finance Directorate	Salaries	10,986	10,949	(37)	(36)	(1)
158,041	167		Non-Sal Exp	158,208	158,290	82	80	2
(155,763)	(31)		Income	(155,794)	(156,200)	(406)	(403)	(3)
13,138	262		Total	13,400	13,039	(361)	(359)	(2)

49. 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 11		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000
400	0	Uninsured Claims	400	400	0	0	0
400	0	Current Commitments	400	400	0	0	0

RESIDENT SERVICES (£1,023k underspend, £44k favourable movement)

50. Residents Services directorate is showing a projected outturn underspend of £1,023k at Month 11, excluding pressure areas that have identified contingency provisions.

Table 10: Operating Budgets

Original Budget	Budget Changes	Service	Month 11		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10	
			£'000	£'000	£'000	£'000	£'000	
13,397	187	Deputy Director Residents Services	Salaries	13,584	13,472	(112)	(94)	(18)
25,964	(579)		Non-Sal Exp	25,385	25,307	(78)	(74)	(4)
(13,389)	44		Income	(13,345)	(13,310)	35	35	0
25,972	(348)		Sub-Total	25,624	25,469	(155)	(133)	(22)
2,463	(97)	Development and Assets	Salaries	2,366	2,621	255	255	0
7,496	147		Non-Sal Exp	7,643	8,175	532	532	0
(2,758)	106		Income	(2,652)	(2,747)	(95)	(155)	60
7,201	156		Sub-Total	7,357	8,049	692	632	60
732	58	Estates and Tenancy Management	Salaries	790	750	(40)	(30)	(10)
1,538	113		Non-Sal Exp	1,651	1,178	(473)	(473)	0
(3,484)	(249)		Income	(3,733)	(3,000)	733	698	35
(1,214)	(78)		Sub-Total	(1,292)	(1,072)	220	195	25
4,884	(1)	Policy, Highways and Community Engagement	Salaries	4,883	4,821	(62)	(62)	0
5,659	646		Non-Sal Exp	6,305	5,608	(697)	(697)	0
(11,054)	(1,068)		Income	(12,122)	(11,807)	315	315	0
(511)	(423)		Sub-Total	(934)	(1,378)	(444)	(444)	0
3,543	(1)	Planning and Enforcement	Salaries	3,542	3,573	31	49	(18)
1,564	(6)		Non-Sal Exp	1,558	2,248	690	706	(16)
(2,808)	0		Income	(2,808)	(3,936)	(1,128)	(1,060)	(68)
2,299	(7)		Sub-Total	2,292	1,885	(407)	(305)	(102)
13,327	(362)	Green Spaces & Culture	Salaries	12,965	12,365	(600)	(600)	0
9,150	(448)		Non-Sal Exp	8,702	9,732	1,030	1,030	0
(9,992)	273		Income	(9,719)	(10,292)	(573)	(573)	0
12,485	(537)		Sub-Total	11,948	11,805	(143)	(143)	0
7,699	26	Communication, ICT and Customer Development	Salaries	7,725	7,631	(94)	(94)	0
4,224	(9)		Non-Sal Exp	4,215	4,196	(19)	(14)	(5)
(2,878)	17		Income	(2,861)	(2,737)	124	124	0
9,045	34		Sub-Total	9,079	9,090	11	16	(5)
2,540	2,665	Business and Technical Support	Salaries	5,205	4,433	(772)	(752)	(20)
896	11		Non-Sal Exp	907	1,156	249	229	20
(3,979)	207		Income	(3,772)	(3,511)	261	261	0
(543)	2,883		Sub-Total	2,340	2,078	(262)	(262)	0
4,159	(297)	Policy and Standards - Education, Housing and Public Health	Salaries	3,862	3,363	(499)	(499)	0
3,774	1,544		Non-Sal Exp	5,318	5,251	(67)	(67)	0
(5,983)	(26)		Income	(6,009)	(5,978)	31	31	0
1,950	1,221		Sub-Total	3,171	2,636	(535)	(535)	0
52,744	2,178	Residents Services	Salaries	54,922	53,029	(1,893)	(1,827)	(66)
60,265	1,419		Non-Sal Exp	61,684	62,851	1,167	1,172	(5)
(56,325)	(696)		Income	(57,021)	(57,318)	(297)	(324)	27
56,684	2,901		Total	59,585	58,562	(1,023)	(979)	(44)

51. The services shown in the table above represent the new structure for Residents Services and the other changes to the Council structure implemented in February. 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.
52. 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 11 projected calls on contingency is £140k under provision, £23k favourable movement from month 10. The table below shows the breakdown for each contingency item.

Table 11: Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 11		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
£'000	£'000		£'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)	(88)	0
811	0	Waste Disposal Levy (Demand-led Tonnage Increases)	811	759	(52)	(29)	(23)
0	60	Poweday Public Enquiry	60	60	0	0	0
0	70	Legal costs associated with compulsory land purchase	70	70	0	0	0
3,595	130	Current Commitments	3,725	3,585	(140)	(117)	(23)

53. 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 (no change).
54. Temporary Accommodation and housing advice data for the period November to February 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.
55. The data shows a marked increase in presenting as homeless in February and a sharp increase in the number of households in B&B since the new calendar year.

Table 12: Housing Needs performance data

	November	December	January	February
Homeless Threat, Priority Need & Eligible	120	104	114	134
Presenting As Homeless	41	44	68	57
Duty Accepted	32	19	25	12
Households in Temporary Accommodation	521	520	555	560
Households in B&B	155	157	194	198

56. The month 11 projection includes the financial impact of the delay to two new permanent housing schemes which were expected to be available from February 2015 but will not now be available until the new financial year. The key challenge in containing the pressure will be managing the increased demand being experienced across the capital as well as maintaining the Council's existing supply of available housing.
57. 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 11 the latest modelling forecast has been further revised based on latest tonnage figures to show an underspend against the contingency of £52k (£23k favourable).
58. The contingency for the Carbon Reduction Commitment is for the estimated costs to purchase carbon allowances.
59. The HS2 and Heathrow expansion challenge contingencies provide resources to enable the Council to respond to the continuing threat of these projects to residents.

Deputy Director Residents Services (£155k underspend, £22k favourable)

60. The group is reporting a favourable movement on salaries of £18k across the group following the SMT restructure. There is also a £4k favourable movement for various non-staffing costs across the service.

Development and Assets (£692k overspend, £60k adverse)

61. There is a £60k adverse movement in the forecast, relating to a decrease in expected recharged income from capital schemes. The majority of the overall overspend relates to corporate construction activity where the cost cannot be recharged to capital and facilities management costs which have exceeded the available budget.

Estates and Tenancy Management (£220k overspend, £25k adverse)

62. There is a £10k favourable movement relating to a revised salary forecast for Corporate Landlord operations.
63. At Month 11 the service is reporting a buyers' premium income of £103k for the financial year (£35k adverse). This relates to revised forecasts of expected income relating to 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.

Policy, Highways & Community Engagement (£444k underspend, no change)

64. Highways has a favourable movement of £11k on permits income which is netted off by an £11k adverse forecast on purchase of materials.
65. 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.

Planning and Enforcement (£407k underspend, £102k favourable)

66. For month 11, the service is reporting an overall net favourable movement of £102k.

67. There is net improvement in planning of £57k owing to increases in income for development control totalling £68k, netted off by an adverse forecast of £11k for appeals costs.
68. There is also an improved forecast in enforcement of £45k, with favourable movement in non-staffing costs for Anti-Social Behaviour (£10k) and CCTV (£17k) plus a revised staffing forecast in Corporate Fraud (£18k favourable).

Green Spaces, Sport & Culture (£143k underspend, no change)

69. The service now incorporates Public Health promotions and the Youth and Adult Learning service. The main variances making up the underspend are salary underspends across the group relating primarily to vacant posts which are still in place as restructures are finalised.
70. The Adult Learning service has been successful in securing additional grant income of £79,885 for 2015/16 from the Skills Funding Agency.

Communications, ICT and Customer Development (£11k overspend, £5k favourable)

71. Communications is reporting a £5k favourable movement for month 11. An underspend on non salary expenditure is reported due to reduced spend on Team Hillingdon printing costs and software/licence costs. Expenditure and income budgets have been realigned to reflect the underachievement on the Hillingdon People advertising income target and the reduced expenditure on printing.

Business and Technical Support (£262k underspend, no change)

72. 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).
73. There is a favourable movement of £20k on staffing due to the restructures still ongoing with the service. This movement is netted off by various non-staffing adverse movement of £20k.

Policy and Standards - Education, Housing and Public Health (£535k underspend, no change)

74. Performance & Intelligence is now being reported under the Residents Group. The service is reporting an underspend of £325k, a £3k favourable movement on month 10 relating to a reduced expenditure forecast on independent advisors.
75. Education is forecasting an underpsend of £160k, no change on month 10. The underpsend relates to an increase in schools SLA income relating to the Schools Governor Support Service and the Educational Psychological Service and the projected cost of salaries, where vacant posts have still not been appointed to.

CHILDREN AND YOUNG PEOPLE'S SERVICE (£334k overspend, £22k adverse movement)

76. The Children and Young People's Service now includes the budgets for the Children's Centres and Early Years to reflect the realignment of services recently agreed. This service is projecting an overspend of £334k as at Month 11, an adverse movement of £22k on the month 10 projections, which is explained in more detail below.
77. The month 11 position is reflecting an overspend of £677k on Salaries, an improvement of £9k on the month 10 projections, due to a more accurate assessment being made on agency appointments. The overspend reported, relates to the continuation of holding 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 42 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.
78. There is an underspend of £52k on non-staffing budgets, an adverse movement of £47k on the month 10 projections, due to an increase in the projected costs of facilities management costs and looked after children allowances. Within this there is a projected pressure in the cost of Secure/Remand placements, over which the Council has only limited control, and a high level of cost relating to 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.
79. There is a projected surplus of £292k on income, an improvement of £16k on the month 10 projections. This relates to the funding received from a number of external partners, including Health, the Youth Justice Board and Education.
80. The projected variances at Month 11 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 11		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10	
			£'000	£'000	£'000	£'000	£'000	
1,033	56	Safeguarding Children	Salaries	1,089	1,401	312	283	29
1,356	121		Non-Sal Exp	1,477	1,647	170	155	15
(146)	(2)		Income	(148)	(196)	(48)	(48)	0
2,243	175		Sub-Total	2,418	2,852	434	390	44
3,286	233	Early Intervention Services	Salaries	3,519	3,188	(331)	(347)	16
3,880	(190)		Non-Sal Exp	3,690	3,567	(123)	(143)	20
(702)	5		Income	(697)	(878)	(181)	(164)	(17)
6,464	48		Sub-Total	6,512	5,877	(635)	(654)	19
2,707	(628)	Looked After Children	Salaries	2,079	1,853	(226)	(182)	(44)
564	189		Non-Sal Exp	753	661	(92)	(89)	(3)
(304)	15		Income	(289)	(290)	(1)	(1)	0
2,967	(424)		Sub-Total	2,543	2,224	(319)	(272)	(47)
5,614	2,492	Children's Resources	Salaries	8,106	9,028	922	932	(10)
9,047	2,816		Non-Sal Exp	11,863	11,857	(6)	(22)	16
(1,551)	(5,560)		Income	(7,111)	(7,173)	(62)	(62)	0
13,110	(252)		Sub-Total	12,858	13,712	854	848	6
12,640	2,153	Children's and Young Persons Directorate	Salaries	14,793	15,470	677	686	(9)
14,847	2,936		Non-Sal Exp	17,783	17,732	(51)	(99)	48
(2,703)	(5,542)		Income	(8,245)	(8,537)	(292)	(275)	(17)
24,784	(453)		Total	24,331	24,665	334	312	22

Safeguarding Children (£434k overspend, £44k adverse)

81. The Safeguarding Children's service is projecting an overspend of £434k, an adverse movement of £44k on the month 10 projections, due to an increase in the cost of agency staff projections and non staffing costs relating to the Local Safeguarding Children's Board. The overall position comprises an overspend of £312k on staffing, due to a high level of agency staff and an overspend of £170k 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 (£635k underspend, £19k adverse)

82. This service area now includes the Children's Centres and Early Years budgets and in total is projecting an underspend of £635k, an adverse movement of £19k on the month 10 projections, due to an increase in the allocations made to school located Children's Centres, following a final audit of the projected outturn positions. This relates to an underspend of £331k 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 underspend of £123k on non staffing budgets, relating primarily to planned expenditure across all Children Centres and a surplus of £181k on income, which is due to additional funds being received from external partners including the Youth Justice Board.

Looked After Children (£319k underspend, £47k improvement)

83. This service is projecting an underspend of £319k, an improvement of £47k on the month 10 projections, due to a reduction in staffing costs, where a more accurate assessment has been made on agency staff costs. This relates to an underspend on staffing costs of £226k, due to a high level of vacant posts, some of which are not being covered by agency or permanent staff and an underspend of £92k on non staffing costs, where the service is incurring expenditure on essential items only.

Children's Resources (£854k overspend, £6k adverse)

84. This service is projecting an overspend of £854k, an adverse movement of £6k on the month 10 projections, due to an increase in the cost of allowances. There is an overspend of £922k on staffing costs, 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 and the decision 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 42 weeks) and reduce caseloads more in line with standard operating models.

85. This is netted down by an underspend of £6k 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.

86. In terms of the placements budget, this is projecting that an additional £731k 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.

87. Furthermore, 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 £261k.
- 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 £299k.
- 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

88. 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. In order to maintain this stability, the Council has extended the managed service assessment contract up to February 2016, where the additional cost up to 31 March 2015 will be £309k, resulting in a total contract sum of £1,458k for 2014/15. 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, during the 2015/16 financial year.
89. 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 £474k over a period of 6 months, with an estimated cost of £237k 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.
90. It should be noted that these two items, totalling £1,695k, are not included in the month 11 position reported above, as it is currently assumed that they will be funded from earmarked reserves.

Analysis of Placements

91. The following table sets out the number of current placements in February 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.

February 2015 Projections	Projected 14/15 Numbers	%	2014/15 Projected £000	2014/15 Budget £000
Secure/Remand Accommodation	2	1%	380	111
Residential	16	8%	2,346	1,468
Semi Independent Living	21	10%	1,011	409
Fostering Private	84	42%	3,292	2,395
In House	79	39%	1,391	1,722
Special Guardianship Orders			277	0
Risk Contingency				1,860
Total February 2015	202	100%	8,696	7,965

January 2015 Reported Position	201		8,628	7,965
Movement Between January and February 2015	1		68	0

92. The table now includes the pressure relating to the increase in Special Guardianship Orders and is indicating that the projected cost is £731k above the base plus the risk contingency budget. The current split between In House and Independent Fostering now stands at 48% to 52% respectively a reduction on last month's figure of 55% to 45%. The expectation is that this should be closer to a 60% to 40% split.

93. 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 (£801k overspend, £68k adverse)

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

Original Budget	Budget Changes	Development & Risk Contingency	Month 11		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
£'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	2,591	731	663	68
3,118	0	Current Commitments	3,118	3,919	801	773	68

95. The Asylum Service is projecting an overspend of £1,528k, no change on the month 10 projections. This reflects the true running costs of the service in providing support for asylum seeking children, for which the Home Office provides grant funding of £4,841k to cover the direct costs based on a unit rate for different age children. However, it is expected that this figure may fall as there are a number of age assessed asylum seekers that have been claimed for, which are likely to be in-eligible for grant funding. This position will be reviewed over the next few weeks.

96. 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.

97. The following table provides an analysis of the gross Asylum service budget projected position for month 11:

Original Budget	Budget Changes	Service	Month 11		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
3,294	259	Asylum Services	Salaries	3,035	2,722	(313)	(355)	42
2,810	(259)		Non-Sal Exp	3,069	4,218	1,149	932	217
(6,104)	(0)		Income	(6,104)	(5,412)	692	951	(259)
0	(0)		Sub-Total	0	1,528	1,528	1,528	1,528

98. 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.

99. The Placements budget built in additional growth for Looked After Children, which, based on the current projections is projecting an overspend of £731k, 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 (£786k under spend, £6k improvement)

100. The Adult Social Care directorate is projecting a forecast under spend £786k as at month 11, a favourable movement of £6k since the last month, when a projected under spend to year end of £780k was anticipated.

Table 17: Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000	
5,019	245	All-Age Disabilities	Salaries	5,264	4,934	(330)	(327)	(3)
31,209	5,807		Non-Sal Exp	37,016	37,650	634	543	91
(5,723)	(316)		Income	(6,039)	(6,680)	(641)	(582)	(59)
30,505	5,736		Sub-Total	36,241	35,904	(337)	(366)	29
3,779	521	Social Work	Salaries	4,300	3,976	(324)	(283)	(41)
21,498	3,743		Non-Sal Exp	25,241	25,616	375	249	126
(7,861)	(377)		Income	(8,238)	(8,591)	(353)	(320)	(33)
17,416	3,887		Sub-Total	21,303	21,001	(302)	(354)	52
8,678	(580)	Early Intervention & Prevention	Salaries	8,098	7,847	(250)	(220)	(30)
3,990	(343)		Non-Sal Exp	3,647	3,831	184	243	(59)
(1,240)	(9,653)		Income	(10,893)	(10,891)	2	(30)	32
11,428	(10,576)		Sub-Total	852	787	(64)	(7)	(57)
2,292	(296)	Safeguarding, Quality & Partnerships	Salaries	1,996	1,911	(85)	(85)	0
4,753	(59)		Non-Sal Exp	4,694	4,707	13	19	(6)
(363)	92		Income	(271)	(390)	(119)	(122)	3
6,682	(263)		Sub-Total	6,419	6,228	(191)	(188)	(3)
1,539	(1,182)	Directorate & Support Services	Salaries	357	393	35	101	(66)
(3,507)	3,046		Non-Sal Exp	(461)	(416)	45	66	(21)
	(125)		Income	(125)	(97)	28	(32)	60
(1,968)	1,739		Sub-Total	(229)	(120)	108	135	(27)
21,307	(1,292)	Adult Social Care Directorate Total	Salaries	20,015	19,061	(954)	(814)	(140)
57,943	12,194		Non-Sal Exp	70,137	71,388	1,251	1,120	131
(15,187)	(10,379)		Income	(25,566)	(26,649)	(1,083)	(1,086)	3
64,063	523		Total	64,586	63,800	(786)	(780)	(6)

101. 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.

102. The SEN Transport contingency is included this month as the budget has transferred to Adult Social Care. This contingency is to cover the pressure in respect of increased demand in the SEN population.

Table 18: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 11		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000
2,406	0	Increase in Transitional Children due to Demographic Changes	2,406	1,816	(590)	(590)	0
Social Care Demographic Pressures for Care and Support:							
11,990	0	Older People	6,254	6,254	0	0	0
		Clients With Disabilities	3,771	4,207	436	436	0
		Clients With Mental Health Issues	1,965	1,965	0	0	0
SEN Transport							
229	0		229	409	180	180	0
14,625	0	Current Commitments	14,625	14,651	26	26	0

103. It is forecast, as at month 11, that the Development and Risk Contingency for demographic changes in the number of clients requiring care and support costs and SEN Transport will overspend by a net £26k this year.
104. The actual contingency required for transitional children is still anticipated to under spend by £590k as reported in month 10 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.
105. 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.
106. SEN Transport pressure is unchanged from Month 10. There is ongoing work to review this pressure particularly in relation to costs from other Local Authorities.

All Age Disabilities (AAD) £336k under spend, (£30k movement)

107. 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 and for the first time includes the budget for SEN Transport.
108. The service currently shows an under spend of £329k in salary expenditure due to the delay in filling vacancies at team leader level. A pressure of £634k (£92k increase from month 10) on placement costs, the £59k of the increase relates to health clients which have been offset by additional income. Additional income is offsetting this pressure with client contributions of £305k and increased contributions from Education and HCCG of £336k for joint funded placements.
109. The pressure in Merrifield's Resource Centre is £107k on staffing and £64k of non staffing costs, an improvement of £13k since month 10. The ongoing management of the service has reduced the staffing pressure.

110. 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 10.
111. 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 4 service users have transferred and the net cost to LBH in this financial year is £436k.

Social Work (£302k under spend, £52k movement)

112. It is forecast that there is an under spend of £302k in social work, an adverse movement of £52k from Month 10.
113. Staff expenditure under spend has increased by £40k due to recruitment not taking place when previously forecast. Overall staffing is forecast to be under spent by £323k. This is in part offset against non staff expenditure as the costs for the Care Management services provided by Skylakes are within the non staffing forecast.
114. Non staffing expenditure pressure has increased by £126k, partially due to the forecast for Skylakes reviews (offset against staffing under spend) and a marginal movement in placement costs. This increase has in part been offset by additional client contribution of £34k.

Early Intervention and Prevention (£65k under spend, £58k improvement)

115. An under spend of £65k, an improvement of £25k from month 10, is forecast on Early Intervention and Prevention. The improvement arises from a number of staff resignations within the service and reduced demand for the Meals on Wheels service. The underlying pressure relating to transport is being offset by under spends on staffing costs.

Safeguarding, Quality and Partnerships (£191k under spend, £3k improvement)

116. It is forecast that there will be an under spend of £191k an improvement of £3k from month 10. The under spend is due to staff vacancies, £85k, and additional income achieved from client contributions, £43k and Health Income £75k. Expenditure incurred in supporting identified service users with no recourse to public funds is forecasting a pressure of £175k this is unchanged from month 10 and is being managed within the above forecast.
117. Expenditure on Deprivation of Liberty Safeguards (DOLS) cases is projected to be £235k. This forecast remains unchanged from month 10. So far, 352 cases have come through this financial year. In March 2015, the Department of Health announced that new burdens grant funding will be available in the 2015/16 financial year to manage these costs.

Directorate and Support (£108k pressure, improvement £27k)

118. There is a pressure of £108k forecast within Directorate and Support. The main pressure is in respect of costs in respect of the Care Act exceeding the current year's grant. It was planned to draw down this additional cost from the Earmarked Reserve for Care Act costs but due to the current under spend within the department it felt prudent to carry the Earmarked Reserve forward as the costs of implementing the Care Act will continue into 2015-16 and will need to be funded. The movement this month relates to firming costs now being predicated in respect of spend on the Care Act.

Appendix B – Other Funds

Schools Budget

Dedicated Schools Grant (£1,517k overspend, £77k adverse)

119. The Dedicated Schools Grant is projecting an in year overspend of £1,517k, an adverse movement of £77k on the month 10 projections, due primarily to a realignment of the expenditure incurred on the Early Years Education Psychological Service, which is to be funded from the DSG surplus balances.

120. The overspend on the DSG, in the main, reflects the planned use of the surplus balance that was carried forward from 2013/14, where additional resources totalling £1,294k were delegated to schools above the actual amount of DSG and £300k was earmarked to fund early years initiatives. The following Table summarises the Total DSG income and expenditure for 2014/15.

Original Budget	Budget Changes	Funding Block	Month 11		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(145,373)	(467)	Dedicated Schools Grant Income	(145,840)	(145,840)	0	0	0
113,606	0	Delegated to Schools	113,606	114,900	1,294	1,294	0
4,581	(400)	Early Years	4,181	4,092	(89)	(108)	19
3,604	(198)	Centrally Retained	3,406	3,892	486	514	(28)
23,582	1,065	Special Needs	24,647	24,473	(174)	(260)	86
0	0	Total Schools Budget	0	1,517	1,517	1,440	77
0	0	Balance Brought Forward 1 April 2014	(3,781)	(3,781)			
0	0	Balance Carried Forward 31 March 2015	(3,781)	(2,264)			

Dedicated Schools Grant Income: breakeven, no change

121. 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 budget virement has been completed, which realigns the budget in line with the actual DSG.

Delegated to Schools: £1,294k overspend, no change

122. 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: £89k underspend, £19k adverse

123. The Early Years funding block is projecting an underspend of £89k, an adverse movement of £19k on the month 10 position, which is due to a number of new proposals being agreed for the provision of two year old places. 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: £486k overspend, £28k improvement

124. The centrally retained budgets are projecting an overspend of £486k, an improvement of £28k on the month 10 position, due to a review of the union duties expenditure and recharges, which have now been completed by the Schools HR service. The overspend reported, 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: £174k underspend, £86k adverse

125. The Special Needs budgets are projecting an underspend of £174k, an adverse movement of £86k on the month 10 position, due to a realignment of the Early Years Psychological service costs, which are to be funded from the 2014/15 surplus balance. The underspend reported, relates to a number of staff vacancies that exist across the support teams.

126. The estimated growth in the SEN pupil population still stands at 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	492
Behaviour, Emotional and Social Difficulty	152	143	149	129	129
Hearing Impairment	37	31	38	42	45
Mild Learning Difficulty	295	290	298	298	305
Multi-Sensory Impairment	7	7	6	6	6
Other ie: (Medical/mental health)	34	32	37	39	39
Physical Disability	76	85	89	90	94
Profound & Multiple learning diffs	29	33	32	30	35
Speech Language and Communication Needs	237	247	259	272	282
Severe Learning Difficulty	108	115	114	117	118
Specific Learning Difficulty	23	28	32	37	38
Visual Impairment	18	18	21	26	27
Blank	9	3		8	35
Total	1,340	1,387	1,480	1,534	1,645
Change - Numbers		47	93	54	111
Change - Percentage		3.51%	6.71%	3.65%	7.24%

Year End Balances

127. 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 £2,264k.

PARKING REVENUE ACCOUNT (£16k in year surplus, £97k favourable movement)

128. 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 11		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(4,153)	0	Income	(4,153)	(3,893)	260	260	0
4,061	0	Expenditure	4,061	3,783	(278)	(181)	(97)
(92)	0	In-year (Surplus) / Deficit	(92)	(110)	(18)	79	(97)
76	0	Unallocated Balances B/fwd	76	76	0	0	0
(16)	0	Unallocated Balances C/fwd	(16)	(34)	(18)	79	(97)

129. An in-year surplus of £110k is forecast for the 2014/15 financial year. There is a total shortfall of income of £260k (no change from month 10). The overall position reflects the continued lower level of Penalty Charge Notice (PCN) income relative to the historic income target.

130. The income pressure is offset by compensating savings totalling £278k (£97k favourable movement), as well as the budgeted surplus of £92k. The favourable movement is a result of a review of recharges to the PRA and a decrease in the cost of levies.

131. 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.

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. Forecasts for both Council Tax and Non-Domestic Rates income are unchanged from Month 10, although there remains uncertainty in the Business Rates position due to continuing delays in the remaining areas of Heathrow Terminal 2 being added to the Rating List.

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 11		Variance (+ adv / - fav)		Movement from Month 10 £'000	
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 11) £'000	Variance (As at Month 10) £'000		
(114,070)	0	Council Tax	Gross Income	(114,070)	(115,634)	(1,564)	(1,564)	0
14,743	0		Council Tax Support	14,743	14,297	(446)	(446)	0
(3,610)	0		B/fwd Surplus	(3,610)	(4,397)	(787)	(787)	0
(102,937)	0		Sub-Total	(102,937)	(105,734)	(2,797)	(2,797)	0
(105,485)	(425)	Business Rates	Gross Income	(105,910)	(105,697)	213	213	0
(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
(45,172)	0	Sub-Total	(45,172)	(44,572)	600	600	0	
(148,109)	0	Total Collection Fund	(148,109)	(150,306)	(2,197)	(2,197)	0	

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 further 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 £4,987k, a movement of £14k from the previous month. The table below presents key variances by service area:

Table 22: Housing Revenue Account

Original Budget	Budget Changes		Month 11		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(56,975)		Rent Income	(56,975)	(56,774)	201	198	3
(5,717)	(513)	Other Income	(6,230)	(6,100)	130	171	(41)
(62,692)	(513)	Net Income	(63,205)	(62,874)	331	369	(38)
13,813	(198)	Housing Management	13,616	12,279	(1,337)	(1,223)	(114)
5,607	334	Tenant Services	5,941	5,338	(603)	(601)	(2)
4,801	351	Repairs	5,152	5,589	437	200	237
5,798	25	Planned Maintenance	5,823	2,419	(3,404)	(3,281)	(123)
15,691		Contribution to Works to Stock	15,691	15,691	0	0	0
15,412		Interest & Investment Income	15,412	15,000	(412)	(412)	0
1,570		Development & Risk Contingency	1,570	1,570	0	0	0
62,692	513	Operating Costs	63,205	57,886	(5,319)	(5,317)	(2)
0		(Surplus) / Deficit	0	(4,988)	(4,988)	(4,948)	(40)
(25,083)		General Balance 01/04/2014	(22,820)	(22,820)	0	0	0
(25,083)		General Balance 31/03/2015	(22,820)	(27,808)	(4,988)	(4,948)	(40)

Rental & Other Income

139. There were 176 RTB sales to the end of February. The current prediction for the year is now 190 sales (an increase of 10 from the January projection). The loss of rental income from the RTB's is almost wholly offset by a reduction in rent loss due to a decrease in the number of voids. The increase in other income is due to the increase in projected RTB sales to 190, with the additional 10 sales generating RTB admin capital receipts of £28.5k.

Housing Management

140. The Housing Management budgets shows a net underspend of £1,337k, a decrease of £65k from Month 10.

Tenant Services

141. Tenancy Services shows a net underspend of £603k mainly due to savings from the new leaseholders building insurance contract, plus staffing vacancies within a number of services.

Repairs

142. The repairs forecast show an increase in repairs and voids expenditure of £84k from the Month 10 position, and an increase against the revised budget of £437k. There is an overall saving on staffing costs of £207k 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 £165k works on short-term lets, and £414k 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

143. The Planned Maintenance forecast is a net underspend of £3,404k which is the same position as reported in Month 10.

Appendix D – GENERAL FUND CAPITAL PROGRAMME

144. 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 10 £'000
Original Budget	119,832	271,510	391,342	-
Revised Budget	92,537	307,490	400,027	96
Forecast Outturn	73,032	319,535	392,567	(1,055)
Total Capital Programme Variance	(19,505)	12,045	(7,460)	(1,151)
<u>Analysis of Programme Variances:</u>				
Schools Expansions Programme	(2,448)	(2,614)	(5,062)	(171)
Civic Centre Works Programme	(1,176)	-	(1,176)	(240)
Disabled Facilities Grants	(704)	-	(704)	36
Property Works Programme	(252)	-	(252)	(10)
Private Sector Renewal Grants	(233)	-	(233)	61
Adaptations for Adopted Children	(200)	-	(200)	-
Rural Activities Garden Centre	(184)	-	(184)	-
New Years Green Lane	(133)	-	(133)	(14)
Car Park Resurfacing	(64)	-	(64)	(25)
Empty Homes Programme	(63)	-	(63)	(32)
Childrens Centres	(59)	-	(59)	(21)
Street Lighting	(50)	-	(50)	-
South Ruislip Plot A	(41)	-	(41)	-
Bowls Clubs Refurbishment	(35)	-	(35)	(35)
Grounds Maintenance	(26)	-	(26)	-
Libraries Refurbishment	(20)	-	(20)	-
Libraries Refurbishment - Central Library	11	37	48	-
Hayes End Library Development	78	12	90	-
Harlington Road Depot Refurbishment	-	130	130	(70)
Yiewsley Health Centre & Sports Facility	-	695	695	-
Hillingdon Sports & Leisure Centre	470	530	1,000	470
Town Centre Initiatives	-	-	-	21
Cost Variance	(5,129)	(1,210)	(6,339)	(30)
General Contingency 2014/15 variance	(1,121)	-	(1,121)	(1,121)
Projected Re-phasing	(13,255)	13,255	-	-
Total Capital Programme Variance	(19,505)	12,045	(7,460)	(1,151)
<u>Financing Variance:</u>				
Council Resourced Variance	(15,851)	8,454	(7,397)	(1,119)
External Grants & Contributions Variance	(3,654)	3,591	(63)	(32)
Total Capital Programme Variance	(19,505)	12,045	(7,460)	(1,151)
Movement from Month 10	(1,824)	673	(1,151)	

145. Actual capital expenditure is £57,999k for the eleven months to 28 February. The revised budget has increased by £96k due to approved allocations of Section 106 monies for Highways and Green Spaces projects. The main programme shows a favourable variance of £6,339k. The following paragraphs provide details of the reasons for movements in the other cost variances in the above table:

- Schools Expansions Programme - further net under spends of £171k are reported on four primary schools within Phase 2.
- Civic Centre Works Programme - a further £240k under spend is forecast as a number of projects are in early stages.
- Disabled Facilities Grants (DFG) - the forecast under spend has been reduced by £36k due to a further increase in the level of committed cases projected for the year.
- Property Works Programme - the under spend has increased by £10k for minor works which will not be completed until next financial year. An element of the budget remains unallocated resulting in an overall under spend of £252k.
- Private Sector Renewal Grants - the forecast level of commitments has increased by £61k based on recent activity.
- New Years Green Lane Civic Amenity Site - the final account with the main contractor has been agreed and the project is forecast to be completed with a £133k under spend.
- Car Park Resurfacing - works to three car parks have been completed with a forecast under spend of £64k. 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
- Empty Homes Programme - There have been two further late withdrawals from the programme by developers increasing the under spend by £32k. The uncommitted budget of £63k will not be able to be utilised by the end of the financial year. This is shown as a grant under spend variance.
- Childrens Centres Programme - there is a forecast under spend of £59k on completion of the children's centres refurbishment programme which commenced in previous years.
- Bowls Club Refurbishment - works have been completed to refurbish Bessingby and Cowley bowls clubs with an under spend of £35k. There is also forecast re-phasing of £50k for retentions.
- Harlington Road Depot - refurbishment works are expected to be complete early in the new financial year. The forecast over spend of £130k is due to essential and operational risk items that have been identified while on site.
- Hillingdon Sports & Leisure Centre - the forecast over spend of £1,000k is partly due to the additional costs around remedial and defect works to finally close the project. The forecast has increased by £470k due to costs arising from adjudication proceedings on contractual issues.
- Town Centres Initiatives - the previously reported under spend of £21k has been utilised to fast track shop front grants at Ruislip Manor earlier than planned.

146. 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 10 £'000
Main Programme	59,962	50,242	(2,416)	(7,304)	86,130	82,504	(3,626)	169
Programme of Works	27,835	20,696	(2,678)	(4,461)	79,540	76,862	(2,678)	(164)
Future Projects	3,619	1,779	(35)	(1,805)	198,307	198,272	(35)	(35)
Total Main Programme	91,416	72,717	(5,129)	(13,570)	363,977	357,638	(6,339)	(30)
Development & Risk Contingency								
General Contingency	1,121	1,121			7,121	7,121		
Provision for Additional Schools Funding	-	-			28,929	28,929		
Total Capital Programme	92,537	73,838	(5,129)	(13,570)	400,027	393,688	(6,339)	(30)
Movement from Month 10	30	(988)	4	(1,022)	96	66	(30)	

147. The detailed General Fund capital programme is presented in Appendix 1 to this report. Projected re-phasing of £13,255k into future years is presented by scheme within this Appendix.

148. 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 current year remaining contingency budget of £1,121k will not be required by the end of the financial year and this is now reported as an under spend. Future years' contingency funding of £6,000k are forecast to be used as risk issues arise over the life of the programme. The provision for additional secondary schools funding is anticipated to be required for future schools developments. Details of performance for key projects and programmes of works are detailed in the paragraphs below.

MAIN PROGRAMME (SCHOOLS)

149. Over the life of the existing programme there is a forecast under spend of £5,063k due mainly to savings on completed schemes within Phase 2 of Primary Schools Expansions. This has improved by £171k after release of unused contingencies on two schools and receipt of final accounts on another school. 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

150. 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 be completed in April.

151. Glebe school is fully operational however there are a number of remedial works issues that remain outstanding which are being pursued with the contractor.
152. Hermitage - completion of the external works has been delayed until May and there is a risk of over spend due to extension of time claims.

Phase 3 - New Schools

153. 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.
154. St Martin's - works remain on schedule for the construction of the new school to provide 3 Forms of Entry (FE) by August 2015.

Special Educational Needs

155. An under spend of £204k is reported on provision of temporary classrooms at Hedgewood and Cherry Lane Primary Schools and Meadow Secondary School.

Free School Meals

156. 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 has been 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

157. An initial review has been undertaken of primary school sites in the north of the Borough where there is forecast to be an increase in school places in the future. Current indications are that an additional 3FE are required. The existing programme contains budget provision of £13,500k for the next phase of primary school expansions.

Secondary Schools - Expansions Programme

158. The forecast of future demand for secondary school places predicts a shortfall in places commencing from 2016/17. Detailed feasibility work has been undertaken on sites that have been identified as potentially suitable for expansion and options are being reviewed.

Secondary Schools - Replacement Programme

159. Northwood Academy - a planning application is due to be agreed before construction works proceed which are planned to commence in April for completion by September 2016.
160. 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)

161. The 2014/15 Schools Conditions Programme is complete with projected re-phasing of £555k for retentions and under spends on completed schemes that can be reallocated. The 2015/16

programme has been prioritised 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 in the process of being appointed to carry out feasibility and design work to enable works to be completed during the summer period.

MAIN PROGRAMME (NON-SCHOOLS)

162. 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.
163. 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. The final liability will depend on the outcome of the dispute proceedings which are not expected to take place until later this year.
164. Highways Programme - a major programme of road improvements have been completed this year. An amount of £1,229k re-phasing is forecast for further works that are planned next financial year.
165. Vehicle Replacement Programme - the programme is forecasting slippage of £472k. A number of vehicles will not be purchased until next financial year due to lead times and specifications.
166. 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 £677k is forecast as the majority of vehicles will not be delivered until next financial year.
167. Eastcote House & Gardens - works are on site for this refurbishment project which is mainly funded by the Heritage Lottery Fund. There were earlier delays due to shortages of building materials resulting in slippage of £354k. The works will be completed early in the next financial year.
168. Queenswalk Development - construction works on site have been completed and the resource centre and sensory garden have opened. The final account has been agreed with the contractor and the project is within budget.
169. West Drayton Cemetery extension - investigations to assess ground conditions have been carried out at the request of the Environment Agency. Works are planned to commence on site in April. As a result there is forecast re-phasing of £494k.
170. CCTV Programme - contracts are in the process of being awarded 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.
171. Whiteheath Farmhouse Refurbishment - works are complete on replacement of doors and windows at the farmhouse but structural works are on hold resulting in re-phasing of £260k.

172. Sports & Cultural Projects - the main project under this heading is the enhancement of Compass Theatre. The scope of works is currently under review to utilise the £270k Section 106 monies which must be spent by November 2015.
173. 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.
174. Youth Centres Kitchen Replacements/Upgrades - works to upgrade or replace kitchens at four youth centres will commence early in the new financial year resulting in slippage of £138k.
175. Kings College Pavilion Running Track - Tarmac works are in progress reducing the forecast re-phasing to £33k. The project will be completed early in the new financial year.
176. Rural Activities Garden Centre - the new modular building, toilet block and path works have been completed. The forecast under spend is £184k as a separate budget for car parking has been approved for 2015/16.
177. 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.
178. 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.
179. Libraries Refurbishment programme - the programme is fully completed with a residual under spend of £20k on the remaining budget.
180. 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.

PROGRAMMES OF WORKS (NON-SCHOOLS)

181. Transport for London Programme - numerous schemes within the 2014/15 LIP programme are underway. There is total forecast re-phasing of £698k on the Principal Roads and Corridors & Neighbourhood programmes for schemes that will be completed early in the new financial year.
182. Town Centres Initiatives Programme - works at Hayes Town Centre have commenced 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. Total re-phasing of £308k is reported for Hayes Town Centre and further shop front grant schemes next year.
183. 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 £895k re-phasing.
184. ICT Single Development Plan - the programme consists of several projects which are in various stages of progress. An amount of £198k is projected re-phasing to complete a number of projects in 2015/16.
185. 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.

186. Road Safety - various schemes are in progress however there is forecast re-phasing of £145k for works that will be completed next financial year.

FUTURE PROJECTS (NON SCHOOLS)

187. 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.

188. Uxbridge Cemetery Gatehouse - this £1,000k project is to renovate the Gatehouse and Anglican chapel. Listed building planning consent has been granted and the tendering process will commence shortly. The delivery of the project will fall into 2015/16 and as a result the current year budget of £150k will be re-phased.

189. 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.

190. 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.

191. Youth Centres - the project relates to the building of three new youth centres. A feasibility study has commenced for the one identified site at Ash Grove. There is projected re-phasing of £390k.

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

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

CAPITAL FINANCING - GENERAL FUND

194. 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 10 £'000
Council Resource Requirement	38,137	22,286	(15,851)	210,922	203,525	(7,397)	(1,119)
Financed By:							
Capital Receipts	15,647	5,310	(10,337)	31,719	45,190	13,471	1
CIL	3,000	-	(3,000)	23,000	15,000	(8,000)	-
Prudential Borrowing	19,490	16,976	(2,514)	156,203	143,335	(12,868)	(1,120)
Total Council Resources	38,137	22,286	(15,851)	210,922	203,525	(7,397)	(1,119)
Grants & Contributions	54,400	50,746	(3,654)	189,105	189,042	(63)	(32)
Total Programme	92,537	73,032	(19,505)	400,027	392,567	(7,460)	(1,151)

195. Forecast General Fund capital receipts are £5,310k for 2014/15. Actual capital receipts achieved this year as at the end of February total £1,374k, however, sales of two further sites have subsequently been completed in excess of £1,000 to secure the full £6,437k.
196. 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 £7,000k liabilities issued since the implementation of the CIL on 1 August 2014 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.
197. Over the life of the programme the prudential borrowing forecast shows a favourable variance of £12,868k due mainly to the overall cost under spends and increase in the capital receipts forecast, partially offset by the CIL reduction.
198. The under spend variance of £63k 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

199. 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 10 £000
Dwelling Components	9,657	2,537		(7,120)	43,319	43,319		
Estates / Blocks	2,586	231		(2,355)	8,916	8,916		
Welfare	2,540	714		(1,827)	11,632	11,632		
Other Projects	2,378	430	(1,424)	(524)	11,890	10,466	(1,424)	
Total Works to Stock	17,161	3,912	(1,424)	(11,826)	75,757	74,333	(1,424)	
Purchase & Repair	2,088	100		(1,988)	9,766	9,766		
Council New Build	1,000	24		(976)	37,376	37,376		
Supported Housing	2,876	370		(2,506)	13,042	5,474	(7,568)	
Total Major Projects	5,964	494	-	(5,470)	60,184	52,616	(7,568)	
Former New Build Schemes	227	245	18		227	1,144	917	
Total	23,352	4,651	(1,406)	(17,296)	136,168	128,093	(8,075)	
Movement from Month 10	-	(373)	-	(373)	-	-	-	

200. The Works to Stock programme is forecasting a phasing under spend of £11,826k as numerous schemes will not be implemented this financial year.
201. Dwelling Components - the forecast under spend of £7,120k is due to slippage on a number of programmes including double glazing, electrical upgrades and kitchen replacement. The boiler works programme is underway but will not be completed until next financial year.
202. Estates and Block Renewal - the forecast under spend is £2,355k due mainly to the bulk of the environmental and security works programme not commencing this year.
203. Welfare - the under spend of £1,827k is mainly due to sheltered scheme upgrades and conversions projects that are not yet developed. The Adaptations programme will not be fully delivered until next financial year.
204. 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.
205. Purchase and Repair Programme - the current year forecast has been reduced to one purchase to be completed at a cost of £100k. Delays on the programme are 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.
206. Council New Build - no further spend is forecast as schemes are in development and construction work will not commence this financial year.
207. Supported Housing Programme - consultants have undertaken feasibility work on several potential sites which are being reviewed. 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.
208. 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

209. There have been 176 Right to Buy sales of council dwellings for the year as at end of February 2015 for a total sales value of £17,745k and a total of 190 sales are forecast totalling approximately £19,000k in 2014/15.
210. 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.
211. 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
Total Retained Receipts	294	26,172	

212. 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.

213. 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.

214. There have been £74k in HRA non dwelling receipts for the year to date and the sale of one major site has recently 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
	Main Programme										
86,411	Primary School Expansions	46,068	41,804	(4,264)	(1,816)	61,418	56,356	(5,062)	17,085	28,696	10,574
3,910	Purchase of Vehicles	1,617	1,145	(472)	(472)	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	239	(9)		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	1,120	(156)	(156)	1,341	1,471	130	1,471	0	0
65	Car Park Resurfacing	1,079	95	(984)	(920)	1,079	1,015	(64)	1,015	0	0
5	Eastcote House Buildings and Gardens	1,142	788	(354)	(354)	1,242	1,242	0	0	0	1,242
251	Grounds Maintenance	777	74	(703)	(677)	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	25	(338)	(338)	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	197	(33)	(33)	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	1,320	(71)	(427)	1,893	2,793	898	2,793	0	0
158,447	Total Main Programme	59,962	50,585	(9,377)	(6,961)	86,130	82,505	(3,626)	39,550	30,452	12,503

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
	Programme of Works										
N/A	Leader's Initiative	437	114	(323)	(323)	1,237	1,237	0	1,237	0	0
N/A	Chrysalis Programme	1,895	1,000	(895)	(895)	5,895	5,895	0	5,699	0	196
N/A	Civic Centre Works Programme	1,387	211	(1,176)		2,887	1,711	(1,176)	1,711	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	4,940	(1,229)	(1,229)	11,001	11,001	0	9,951	0	1,050
N/A	ICT Single Development Plan	516	318	(198)	(198)	2,604	2,604	0	2,604	0	0
N/A	Property Works Programme	600	348	(252)		3,000	2,748	(252)	2,748	0	0
N/A	Road Safety	250	105	(145)	(145)	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	697	(308)	(308)	2,483	2,483	0	2,163	300	20
N/A	Transport for London	4,021	3,323	(698)	(698)	15,037	15,037	0	0	14,452	585
N/A	Urgent Building Condition Works	3,988	3,433	(555)	(555)	10,443	10,443	0	2,813	7,032	599
N/A	Disabled Facilities Grants	2,300	1,596	(704)		11,500	10,796	(704)	3,343	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	986	(296)		4,330	4,034	(296)	2,017	2,017	0
N/A	GF Supported Housing Programme	210	210	0		210	210	0	210	0	0
N/A	Section 106 Projects	564	426	(138)	(138)	792	792	0	0	0	792
	Total Programmes of Works	27,835	20,668	(7,167)	(4,489)	79,540	76,862	(2,678)	36,571	35,290	5,002

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
	Future Projects										
N/A	Secondary Schools Expansions (Expansion)	500	100	(400)	(400)	76,900	76,900	0	17,733	57,604	1,563
N/A	Secondary Schools Expansions (Replacement)	882	1,094	212	212	44,170	44,170	0	32,501	11,669	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	0	(150)	(150)	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	415	(85)	(50)	500	465	(35)	465	0	0
N/A	Local Plan Requirement Works	197	0	(197)	(197)	197	197	0	197	0	0
N/A	Total Future Projects	3,619	1,779	(1,840)	(1,805)	198,307	198,272	(35)	112,939	81,970	3,363
	Development & Risk Contingency										
N/A	General Contingency	1,121	0	(1,121)	0	7,121	6,000	(1,121)	6,000	0	0
N/A	Provision for Additional Secondary Schools Funding	0	0	0	0	28,929	28,929	0	8,466	20,463	0
	Total Development & Risk Contingency	1,121	0	(1,121)	0	36,050	34,929	(1,121)	14,466	20,463	0
	Total Capital Programme	92,537	73,032	(19,505)	(13,255)	400,027	392,567	(7,460)	203,525	168,175	20,868

Appendix E – Treasury Management Report as at 28 February 2015

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

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	72.1	61.99	60.00
1-2 Months	10.0	8.60	10.00
2-3 Months	7.0	6.02	10.00
3-6 Months	5.0	4.30	5.00
6-9 Months	9.0	7.74	5.00
9-12 Months	5.0	4.30	5.00
12-18 Months	7.4	6.36	5.00
18-24 Months	0.0	0.00	0.00
Subtotal	115.5	99.31	100.00
Unpaid Maturities	0.8	0.69	0.00
Total	116.3	100.00	100.00

215. 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; Aberdeen MMF, Bank of Scotland, BlackRock MMF, Goldman Sachs MMF, Insight MMF, Ignis MMF, PSDF MMF, Santander UK, HSBC Bank, Nationwide Building Society, Barclays Bank, Aberdeen City Council, Birmingham City Council, Blaenau Gwent County Borough Council, Lancashire County Council, Monmouthshire County Council, Moray Council, Salford City Council, and Wolverhampton City Council. The Council also holds three Certificates of Deposit, two with Standard Chartered and one with Barclays. There is also a balance of funds in an instant access facility with Swedish bank; Svenska Handelsbanken.

216. During February fixed-term deposits continued to mature in line with cashflow requirements. As cash-flow allowed, a six month deposit was placed with Aberdeen CC and a one year deposit was placed with Lancashire CC. A further six month forward dated deposit was agreed with Broxtowe District 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 (%)
General Fund		
PWLB	68.63	20.83
Long-Term Market	15.00	4.55
HRA		
PWLB	212.82	64.60
Long-Term Market	33.00	10.02
Total	329.45	100.00

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

Ongoing Strategy

218. 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

219. 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
Administration & Finance						
Senior Accountant	15-Sep-14	20-Mar-15	29-May-15	38	14	52
ASC Strategic Development & Marketing Manager	29-Sep-14	30-Mar-15	26-Jun-15	65	30	95
Residents Services						
Electrical Services Officer	15-Jul-13	09-Mar-15	29-May-15	106	13	119
FM Soft Services Manager	17-Mar-14	16-Mar-15	12-Jun-15	63	16	79
Technical Administration Officer	11-Aug-14	21-Mar-15	17-Apr-15	54	2	56
Technical Administration Officer	30-Jan-12	21-Mar-15	17-Apr-15	65	2	67
Customer Service Advisor	17-May-14	16-May-15	07-Aug-15	47	6	53
Quantity Surveyor	13-Aug-12	23-Mar-15	20-Sep-15	313	74	387
Project Manager	6-Oct-14	27-Apr-15	25-Oct-15	290	72	362
Adult Social Care						
Senior Residential Worker	1-Dec-13	30-Mar-15	03-May-15	48	4	52
Floating Support Worker	2-Dec-13	30-Mar-15	03-May-15	52	3	55
Residential Care Worker	1-Apr-14	30-Mar-15	03-May-15	78	3	81
Residential Care Worker	4-Sept-12	30-Mar-15	03-May-15	55	2	57
Care Act Development Manager	2-Oct-14	30-Mar-15	30-Jun-15	54	17	71
Lead Approved Mental Health Practitioner	1-Jun-12	30-Mar-15	03-May-15	105	6	111
Team Leader	1-Apr-14	30-Mar-15	03-May-15	67	8	75
Occupational Therapist	3-Feb-14	30-Mar-15	03-May-15	54	7	61
Occupational Therapist	7-Oct-13	30-Mar-15	03-May-15	83	7	90
Occupational Therapist	3-Feb-14	30-Mar-15	03-May-15	47	7	54
Service Manager -	1-Sept-14	30-Mar-15	03-May-15	51	9	60

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
All Age Disabilities						
Children & Young People's Services						
Deputy Team Manager	1-Jul-14	30-Mar-15	03-May-15	55	7	62
Social Worker	20-Jan-14	30-Mar-15	03-May-15	66	6	72
Residential & Placements Manager	1-Jul-13	30-Mar-15	03-May-15	147	10	157
Care Progression Manager	7-Apr-14	30-Mar-15	03-May-15	93	8	101
Deputy Team Manager	5-Mar-12	30-Mar-15	03-May-15	214	8	222
Deputy Team Manager	17-Dec-14	30-Mar-15	03-May-15	70	8	78
Deputy Team Manager	1-Jan-13	30-Mar-15	03-May-15	128	8	136
Social Worker	1-Apr-13	30-Mar-15	03-May-15	104	7	111
Social Worker	5-Mar-14	30-Mar-15	03-May-15	94	7	101
Social Worker	1-Apr-13	30-Mar-15	03-May-15	116	7	123
Social Worker	11-Aug-14	30-Mar-15	03-May-15	47	6	53
Social Worker	4-Aug-14	30-Mar-15	03-May-15	50	7	57
Social Worker	19-Aug-14	30-Mar-15	03-May-15	53	6	59
Social Worker	8-May-14	30-Mar-15	03-May-15	66	7	73
Social Worker	27-May-14	30-Mar-15	03-May-15	54	6	60
Team Manager	9-Sep-13	30-Mar-15	03-May-15	79	9	88
LSCB Business Manager	9-Jul-14	30-Mar-15	03-May-15	63	9	72
Independent Reviewing Officer	12-May-14	30-Mar-15	03-May-15	68	8	76
Independent Reviewing Officer	27-May-14	30-Mar-15	03-May-15	62	8	70
Deputy Team Manager	2-Jun-14	30-Mar-15	03-May-15	59	8	67
Deputy Team Manager	28-Jun-11	30-Mar-15	03-May-15	123	8	131
Deputy Team Manager	1-Jan-13	30-Mar-15	03-May-15	140	8	148
MASH Manager	13-Jan-14	30-Mar-15	03-May-15	80	13	93
Social Worker	5-Mar-12	30-Mar-15	03-May-15	166	7	173
Social Worker	5-Mar-12	30-Mar-15	03-May-15	184	7	191
Social Worker	5-Sep-14	30-Mar-15	03-May-15	44	7	51
Social Worker	30-Apr-12	30-Mar-15	03-May-15	67	7	74
Social Worker	6-Jan-12	30-Mar-15	03-May-15	175	7	182
Social Worker	2-Dec-13	30-Mar-15	03-May-15	65	7	72
Social Worker	3-Mar-14	30-Mar-15	03-May-15	56	5	61
Social Worker	6-Jun-14	30-Mar-15	03-May-15	52	7	59
Social Worker	23-Dec-13	30-Mar-15	03-May-15	55	6	61

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker	1-Jan-13	30-Mar-15	03-May-15	103	6	109
Social Worker	19-Dec-11	30-Mar-15	03-May-15	175	7	182
Social Worker	19-Dec-11	30-Mar-15	03-May-15	134	7	141
Social Worker	19-Dec-11	30-Mar-15	03-May-15	159	7	166
Social Worker	19-Dec-11	30-Mar-15	03-May-15	127	7	134
Social Worker	1-Jan-13	30-Mar-15	03-May-15	118	7	125
Social Worker	1-Apr-13	30-Mar-15	03-May-15	103	7	110
Team Manager	29-Sep-14	30-Mar-15	03-May-15	43	9	52
Team Manager	1-Sep-14	30-Mar-15	03-May-15	45	9	54
Social Worker	19-Jun-14	30-Mar-15	03-May-15	52	7	59
Education Key Worker	14-Oct-13	30-Mar-15	03-May-15	57	4	61
Service Manager - Children in Care	7-Jul-14	30-Mar-15	03-May-15	86	15	101
Service Manager - Fostering & Adoption	10-Dec-14	30-Mar-15	03-May-15	43	14	57

Appendix G - NATIONAL NON DOMESTIC RATES – GUIDELINES FOR GRANTING PART OCCUPIED RATE RELIEF

BACKGROUND INFORMATION

Under the provisions of S44a of the Local Government Finance Act 1988 Act, a Local Authority can consider relief when part of a non domestic assessment is empty. The part of the building that is not in use should be empty for a temporary period only and any awards under this provision should be the exception rather than the rule. The issue of the temporary period is mitigated in certain scenarios as the period of benefit is determined by the type of hereditament. For example, a qualifying industrial unit could only benefit for a maximum of 6 months whilst a retail unit for only 3 - any certification beyond this period would derive a 100% liability by virtue of either occupied or unoccupied charge. Any awards are at the discretion of the council and are partly funded by the authority and its local taxpayers.

Government Guidelines

Advice from Central Government suggests that local authorities may not set predetermined or rigid criteria for the consideration of cases, but may adopt 'guidelines' by which they can consider each application on an individual basis.

Attention is drawn to a letter from the Department of the Environment dated 22 January 1993. In that letter, under a section entitled "Discretionary Rate Relief's", the Department says, "Some ratepayers have suggested that authorities are not always looking at the merits of individual cases when taking decisions on whether relief should be granted. Others have complained that they have not been given reasons for the refusal of relief. Ministers are in no doubt that the decision to grant relief is best taken locally. They have, however, asked us to remind authorities of the Department's advice, issued in August 1990, that the operation of a blanket policy and failure to take account of all the relevant information could be considered to be ultra vires and would risk legal challenge. In addition, ratepayers often wish to know the criteria authorities have adopted for granting relief, and we would remind authorities of our guidance suggesting that they should consider notifying organisations of the reasons for refusal".

In December 2002 the then Office of the Deputy Prime Minister issued revised guidance to authorities on the circumstances in which relief might be offered to ratepayers. Although much of the new guidance is materially identical to that issued by the Department of the Environment in August 1990, it does expand on certain issues. It is not intended to be a rigid set of rules; it is for each authority to consider whether the criteria in the guidance are applicable in each case, and what weight, if any, should be attached to them. The final decision in awarding relief is entirely at the authority's discretion.

The 2002 guidance note also comments upon the decision-making process and notification of decisions in respect of applications for relief. The procedure for notifying ratepayers of the outcome of their application already complies with good practice and it is not proposed to change the current procedures at this time.

Current Arrangements

In 2010 the Council outsourced the function of collecting the Business Rates due to Hillingdon. Since then Liberata have been responsible for administering all claims for Part

Occupied Rate Relief and have made recommendations to Council officers regarding the merits of each case. The feedback from the contractor has been that the existing guidelines which are set out in Annex 1 needed some clarification and given the changes brought about by the rate retention scheme, that the Council should consider the guidelines on which decisions to grant relief. Between 1 April 2014 and 5 March 2015 this Council has granted £1,215,375.03 in part occupied rate relief and increase of £577,476.09 on the total of £637,898.94 awarded in 2013/14.

Proposed Arrangements

Officers have researched the Part Occupied Rate Relief Guidelines used by other London Boroughs and Councils throughout the country and have adopted examples of best practice to make the proposed new guidelines robust, fit for purpose and suited to the needs of Hillingdon. The proposed new guidelines contained in Annex 2, in the form of general guidelines, announce and explain a more identifiable set of circumstances to be used by officers for making decisions and will protect the authority from legal challenge.

The main changes to the current scheme are as follows:

- Clarification of the process of application and the details to be included in the application.
- Examples of reasons for non-occupation that could be taken into account.
- Details of other factors that the Council may take into consideration
- The appeal process to the Cabinet Member for Finance, Property & Business Services has been removed.

Financial Implications

The current amount awarded for Part Occupied Rate Relief for 2014/15 is £1,215,375, of which £364,612 is attributable to the Council. Under the Business Rate retention system, net revenues over the DCLG set baseline are subject to a levy on growth at 50%, as the Council has experienced growth since the introduction of the system in 2013/14 the actual cost to the General Fund and local Council Taxpayers is limited to £182,306. The remainder of the cost is met by Central Government and the GLA. The revised guidelines are being adopted to assist officers and the Council's contractor to administer the relief and provide guidance to ratepayers and also to reduce the scope for challenge whilst ensuring that relief is given to organisations acting in the spirit of the legislation.

Business Rates income projections included within the 2015/16 budget approved by Cabinet and Council in February 2015 assume that the current, exceptionally high value of part occupied relief awards will not continue into the new financial year.

Legal

The new draft guidelines, which are attached as Annex 2, have been revised for the reasons set out in the body of the report. Although the draft guidelines are more tightly drawn, it does not follow that they will not be challenged if a decision made by the Council is not in favour of an applicant for relief, made under section 44a of the Local Government Finance Act 1988.

On the basis that a right of appeal against Council decisions to the Cabinet Member for Finance, Property & Business Services is no longer available, aggrieved applicants for relief

will have to apply directly to the High Court for a judicial review of any decision. It is important to note that entitlement to relief is not absolute and a High Court Judge is only likely to intervene if he consider that the Council's discretion has for example, been exercised unreasonably and or irrationally.

It is therefore important that the decision maker has proper regard to the guidelines and decides what weight to attach to each of the factors and principles set out within them. Furthermore, if an application for relief is to be refused, it is also important to set out full written reasons for the refusal as they will be carefully scrutinised by a High Court Judge in the event that legal proceedings are commenced.

Finally, the Borough Solicitor and his team will work with finance officers for the purpose of ensuring that the Council's decisions withstand successful legal challenges.

RATE RELIEF FOR PROPERTIES THAT ARE PARTIALLY OCCUPIED (EXISTING GUIDELINES)

INFORMATION AND CRITERIA

Legal Background

Under Section 44a of the Local Government Finance Act 1988 the Council has a discretionary power to allow rate relief where a property is partly occupied for a temporary.

Amount of Relief Awarded

Any relief awarded is calculated on the rateable value of the empty portion of the property. The Valuation Office Agency provides the certificate that apportions the appropriate rateable value for the empty portion.

Financial Impact

From 1 April 2013 any awards of relief under Section 44a will be shared between Central Government and Local Authority and preceptors. The split for London authorities is 50% Central Government, 30% local authority and 20% GLA.

The Council recognises that in most cases the awarding of this relief is beneficial and can play a part in the economic regeneration of an area. Section 44a relief will be awarded when the statutory criteria are met and all information requested by the Local Authority in support of an application has been supplied.

Applications

To qualify for Section 44a relief the ratepayer is required to make a written application detailing the circumstances surrounding the partial vacation/occupation of the premises and to supply a plan of the property with the unoccupied portions of the property clearly identified.

Verification of Claim and process

The Council will wish to verify any claim for Section 44a and will require accompanied access during working hours within 21 days of receiving an application to verify a claim.

Further access will be required on a monthly basis during normal offices hours throughout the relevant period for which relief is being awarded.

This will include non-airside properties at Heathrow. For airside property the Council will liaise with the specialist airport valuation team at the Valuation Office to ensure claims are verified.

Relief will not be awarded where it has not been possible to verify a claim. Where a back dated application is received the ratepayer will be required to produce evidence to prove that the area was unoccupied for the duration of the claim. The discretion to accept

evidence to substantiate backdated claims is the responsibility of the Head of Revenues and Benefits.

The Council will notify the applicant of the decision in writing and where the relief is refused the reason for refusal will be explained.

The Council will not consider applications where a customer has failed to provide information within timescales provided to them and will therefore notify them in writing that the application has been refused.

Authority to award relief

Authority to award relief has been delegated to officers of the Council. The Council's Business Rate contractor must seek approval from the Client Team.

Appeals

Although there is no statutory requirement for the Council to have a formal appeals process the Council has a process by which a ratepayer may appeal against a decision to refuse relief within 21 days of being notified of the decision to refuse relief.

Any appeal must be in writing and should set out the grounds for appeal.

Appeals will be considered by the Cabinet Member for Finance whose decision is final.

Period of relief

Relief will end under the following circumstances:

- a) At the end of a financial year regardless of the date it was applied
- b) All or part of the unoccupied area becoming occupied.
- c) A change of liable person
- d) Where all or part of the unoccupied area has remained unoccupied for a year.

A new application may be submitted immediately if relief ends for any of the reasons numbered a) to c) but the Council will not consider a new claim in respect of the same premises where relief has been given for a year.

PART OCCUPIED RATE RELIEF – NEW GUIDELINES

1. Introduction

The Council of the London Borough of Hillingdon can consider granting relief when part of a non-domestic assessment is empty under the provisions of section 44A of the Local Government Finance Act 1988. The part of the building that is not in use should only be empty for a temporary period only, and any awards under this provision should be the exception, rather than the rule. Any awards will be at the discretion of the Council, and will be partly funded by itself, and its local council tax payers.

2. Application

An application form is available; however, a written application will be accepted, as long as it contains the full details, and is supported by the appropriate proof. Further details on the relief type, and copy of the application form can be found on the Council's website www.hillingdon.gov.uk

The application should include the following details:

- a) part of the property that is not in use.
- b) a (to scale) map of the property clearly defining the areas in use/not in use.
- c) the dates or approximate dates that the unused area will be empty for.
- d) the reason for the area being unused (i.e. practical difficulties of occupation).
- e) plans for re-occupation of the whole property) any additional information which will assist the Council in making a decision.

With regard to point (d) above, relief can be given where it is not practical to occupy the whole premises. The following non exhaustive list gives examples of reasons that could be taken into account, however, the Council will consider each case on its individual merits:-

Part of the property is temporarily unable to be used due to –

- a) flood or storm damage
- b) fire damage
- c) building works
- d) phased occupation/vacation of the site (i.e. difficulty in totally occupying or vacating a large building in a single day)

Relief will not normally be allowed if the unoccupied area is simply surplus to requirements, or if any under occupation is part of the normal operational running of the business. However, all relevant circumstances will be taken into account when considering each individual application.

Hillingdon may wish to physically inspect the premises to verify the details of your application, prior to a final determination being made. If this is the case, we will discuss the arrangements for the visit with you.

Full rates remain payable pending the outcome of any application for part occupied relief.

3. Determination

As well as considering the reason why the unoccupied area is not in use, and the practical difficulties of occupying the whole property, the Council may have regard to other relevant factors. These factors may include:-

- a) the financial amount of the award (and cost to local taxpayers).
- b) the effect of awarding/not awarding the relief (i.e. local job losses, business unable to relocate into area).

It is for the Council to decide what weight to give to all the factors.

4. Process

If the Local Authority accepts the application, we will contact the Valuation Office for a formal apportionment of the rateable value of the property. The Valuation Office will issue the Local Authority with a certificate confirming a rateable value for the occupied and unused area of the assessment. This allows the Local Authority to calculate the relief award against the unoccupied portion of the building.

If your application is successful, you will be notified in writing, and a revised bill or refund will be issued. If your application is unsuccessful, you will be notified in writing giving reasons.

5. Length of Relief

Relief may only be given for a temporary period. It is envisaged that this would not normally exceed 3 to 6 months; however, the Council will take the individual circumstances of each case into account before making a decision. The relief will be limited where properties are only entitled to a time limited exemption; 3 months for commercial properties, and 6 months for industrial.

You may be asked to re-apply for relief, if the relief is required for separate financial years; however, this will be decided on a case by case basis. The Council may also contact you to review the circumstances of the property once an award has been agreed (i.e. to ensure that circumstances have not changed). If circumstances do change (i.e. either the unused area becomes occupied, or the size of the unused area changes), ratepayers will be required to notify the Council immediately. Failure to do so will result in the immediate withdrawal of the relief.

6. Backdating

Ratepayers are encouraged to submit their applications as soon as the part occupation occurs. This provides the Council with an opportunity to inspect the property if it so wishes, and also enables any relief to be applied to the account as soon as is practical. The Council appreciates that in some circumstances, a backdated claim cannot be avoided; therefore, any application must be supported with the appropriate proof, and an explanation of why the application was not made at the time. If the Council is not satisfied with the level of proof submitted with a backdated application, it reserves the right to refuse the application, although all efforts will be made to first discuss the details of the case with the ratepayer.