

COUNCIL BUDGET: 2014/15 REVENUE AND CAPITAL BUDGET OUTTURN

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 - H

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 £4,524k is reported at outturn against 2014/15 General Fund revenue budgets. This represents an improvement of £486k 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 outturn budget position for revenue and capital as at March 2015.
2. Note the treasury management update as at 31 March 2015 at Appendix E.
3. Continue the delegated authority up until the 23 July 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 23 April 2015 and 21 May 2015 Cabinet meetings, detailed at Appendix F.
4. Approves the release of £24,240k 2014/15 contingency budgets to fund service pressures within Directorate Operating Budgets as set out in table 5.

5. Approves the rephasing of £12,263k General Fund capital and £6,091k HRA capital budgets as outlined in Appendix D to this report.
6. Approve the acceptance of the following grants and external contributions, for inclusion in the Council's 2015/16 Budgets:
 - a) £31k Department for Education SEND Preparation for Employment Grant to Adult Social Care Budgets;
 - b) £40k Department for Communities and Local Government / Department of Health Helping People Home Grant to Adult Social Care Budgets;
 - c) £100k Transport for London Bridge Assessment and Strengthening Programme funding to Residents Services Budgets.
7. Ratifies the decisions made by the Corporate Director of Finance, in full consultation with the Leader of the Council, as set out in Appendix G, which were taken since the 23 April Cabinet meeting under interim delegated authority.
8. Awards £25,000 to Uxbridge College, from the Small Grants element of the Voluntary Sector Grants budget, to assist in the provision of a new small business support service.
9. Notes Community Safety grants authorised by the Cabinet Member for Community, Commerce and Regeneration to the Hillingdon Metropolitan Police Service for a variety of activities to strengthen community safety in the Borough as detailed in Appendix H.

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. Development & Risk Contingency budgets of £24,738k are held corporately to manage volatility within specific budget areas, with outturn on these areas confirmed at £24,240k. Recommendation 4 seeks authority to release these monies to fund these confirmed pressures in 2014/15.
4. Recommendation 5 seeks authority to rephase capital budgets from 2014/15 to reflect the slippage on a number of capital schemes. This rephasing exercise will ensure that sufficient funding is available in the new financial year to support on-going projects. Sums recommended for rephasing include £4,908k of budgets funded from Prudential Borrowing, which were originally excluded for the initial rephasing of budgets approved by Cabinet in December 2014. This results in an equivalent increase to the borrowing requirement and ultimately revenue financing costs over the medium-term, which will be captured within future refreshes of the Council's MTFF.
5. Recommendation 6 seeks authority from Cabinet to accept external funding for inclusion in the Council's 201/16 Budget:
 1. £31k SEND Preparation for Employment Grant is recommended for addition to Adult Social Care budgets to fund a supported internship programme, intended to enable young people with learning difficulties and/or disabilities to achieve sustainable, paid employment by equipping them with skills they need for work through learning in the workplace.
 2. In February 2015, Cabinet accepted the £120k Helping People Home grant from the Department for Communities and Local Government and Department of Health to

support initiatives to reduce the risk of avoidable admissions or readmissions to hospital, or to help people return home from hospital. In March 2015 a further £40k of funding was announced, which will continue these efforts and aid delivery of the Better Care Fund.

3. In April 2015 the Council was notified of an allocation of £100k from Transport for London to deliver the Bridge Assessment and Strengthening Programme; a capital release report has been prepared to initiate projects to utilise this funding.
6. During the period of 23 April 2015 to 18 June 2015, Cabinet delegated authority to the Corporate Director of Finance, in full consultation with the Leader of the Council, to make any necessary revenue or capital budget virements or acceptance of grants that may be required for service or project delivery within the overall budget framework approved by Council on 26 February 2015. Appendix G outlines the decisions taken under this delegated authority for ratification by Cabinet.
7. In summer 2014 as part of its submission to the LEP to secure New Homes Bonus programme the Council submitted a bid for funds to provide face to face support for start up and small businesses. The bid to the LEP was successful, however, following discussions with the Cabinet Member for Community, Commerce and Regeneration it was agreed that to enable the scheme to be responsive to the needs of business that it should be funded via the small grants element of the core grants budget.

The proposal is to deliver the service in conjunction with Uxbridge College, and Hillingdon Chamber of commerce. The scheme will support newly established and small businesses and will enable access to a range of support (provided by a range of local businesses) depending on the needs of the business in question. The service will be delivered from the Hayes business studios, which is part of the Uxbridge College Hayes Campus. Recommendation 8 seeks approval to fund this scheme.

8. Grants to the Metropolitan Police in support of local Community Safety activities noted in recommendation 9 are outlined in Appendix H to this report.

Alternative options considered

9. There are no other options proposed for consideration.

SUMMARY

REVENUE

10. An underspend of £4,524k is reported at outturn for General Fund revenue budgets, consisting of £1,314k of deferred capital financing costs and additional interest income, a £498k underspend on contingency budgets and a net underspend of £2,002k across Directorate Operating Budgets. This represents an improvement of £498k on Month 11 projections, driven by release of £286k uncommitted General Contingency and favourable movements on SEN Transport, Homelessness and Waste Disposal sufficient to off-set an increase in Children's Social Care Placement costs.
11. 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 and a further £1,500k is covered by contingency which is being applied. The remaining £127k is being off-set by compensatory items in 2014/15, with work underway to secure this on a permanent basis from 2015/16.
12. General Fund balances have reached £40,439k at 31 March 2015. Taking account of the £5,000k drawdown from balances planned for 2015/16 the remaining uncommitted General Fund balances will be £34,953k.
13. In relation to other funds, there are no material adverse variances to report at outturn. Within the Collection Fund, a surplus of £3,089k is reported with the £892k improvement from Month 11 principally driven by an improved position on Council Tax.

CAPITAL

14. As at Outturn an under spend of £21,830k is reported on the 2014/15 capital programme budget from a revised budget of £92,835k. This is comprised of cost under spends of £9,567k and phasing variances of £12,263k. General Fund capital receipts of £5,310k have been achieved for 2014/15, against a revised budget of £6,355k.

FURTHER INFORMATION

General Fund Revenue Budget

15. An underspend of £3,814k is reported on normal operating activities at outturn, representing an improvement of £486k from Month 11. The final position incorporates a £2,002k net underspend across Directorate Operating Budgets, a £1,314k underspend on Corporate Operating budgets and a favourable variance of £498k 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 £4,524k.
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. These individual items are discussed throughout this report.
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 is being off-set by compensatory items in 2014/15, with work underway to secure this on a permanent basis from 2015/16.

Table 1: General Fund Overview

Original Budget	Budget Changes	Service	Month 12		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
£'000	£'000		£'000	£'000	£'000	£'000	£'000
167,413	4,995	Directorate Operating Budgets	172,408	170,406	(2,002)	(1,966)	(36)
17,785	(4,749)	Corporate Operating Budgets	13,036	11,722	(1,314)	(1,303)	(11)
24,738	0	Development & Risk Contingency	24,738	24,240	(498)	(59)	(439)
2,252	(246)	Priority Growth	2,006	2,006	0	0	0
212,188	0	Sub-total Normal Activities	212,188	208,374	(3,814)	(3,328)	(486)
		<u>Exceptional Items</u>					
		Compulsory Purchase Order Compensation		(710)	(710)	(710)	0
212,188	0	Total Net Expenditure	212,188	207,664	(4,524)	(4,038)	(486)
(212,188)	0	Budget Requirement	(212,188)	(212,188)	0	0	0
0	0	Net Total	0	(4,524)	(4,524)	(4,038)	(486)
(35,915)	0	Balances b/fwd	(35,915)	(35,915)			
(35,915)	0	Balances c/fwd 31 March 2015	(35,915)	(40,439)			

18. At 31 March 2014 General Fund Balances totalled £35,915k, rising to £40,439k by 31 March 2015 as a result of the £4,524k surplus. 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 (£2,002k underspend, £36k 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.

Table 2: Directorate Operating Budgets

Original Budget	Budget Changes	Service	Month 12		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
			£'000	£'000	£'000	£'000	£'000	
11,102	224	Admin.	Expenditure	11,326	11,179	(147)	(124)	(23)
(2,358)	510		Income	(1,848)	(1,887)	(39)	(6)	(33)
8,744	734		Sub-Total	9,478	9,292	(186)	(130)	(56)
168,901	(339)	Finance	Expenditure	168,562	168,454	(108)	45	(153)
(155,763)	342		Income	(155,421)	(155,716)	(295)	(406)	111
13,138	3		Sub-Total	13,141	12,738	(403)	(361)	(42)
113,009	2,255	Residents Services	Expenditure	115,264	115,499	235	(726)	961
(56,325)	973		Income	(55,352)	(56,711)	(1,359)	(297)	(1,062)
56,684	3,228		Sub-Total	59,912	58,788	(1,124)	(1,023)	(101)
27,487	8,205	Children & Young People's Service	Expenditure	35,692	36,440	748	626	122
(2,703)	(7,340)		Income	(10,043)	(10,298)	(255)	(292)	37
24,784	865		Sub-Total	25,649	26,142	493	334	159
79,250	10,494	Adult Social Care	Expenditure	89,744	89,712	(32)	297	(329)
(15,187)	(10,329)		Income	(25,516)	(26,266)	(750)	(1,083)	333
64,063	165		Sub-Total	64,228	63,446	(782)	(786)	4
167,413	4,995	Total Directorate Operating Budgets		172,408	170,406	(2,002)	(1,966)	(36)

20. An underspend of £186k 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. An improvement of £56k is reported from Month 11 due to a further increase in legal income.

21. A net underspend of £403k on Finance results from strong performance on recovery of overpaid housing benefit and court costs, which are partially off-set by temporary staffing pressures. Movement from Month 11 is primarily linked to non-salaries budgets.

22. The underspend of £1,124k 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 have been a number of compensatory movements from Month 11, including staffing underspends in Technical Administration and establishment of a number of provisions for known risk items.

23. On Children & Young People's Services budgets, the reported pressure of £493k 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 during 2015/16 budgets through the implementation of a more permanent structure. Adverse movement of £159k from Month 11 takes account of a reduction in Department for Education funding in respect of the 2013/14 MTFC Programme which was only announced at the year end.

24. An underspend of £782k across Adult Social Care budgets is reported at outturn, 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. There has been limited movement from the Month 11 position.

Progress on Savings

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

26. As at outturn, £14,697k of savings are banked. A further £1,500k is covered by contingency, leaving £127k of items where work is still underway to secure these savings on an on-going basis. These residual items were off-set by compensatory savings in 2014/15, with work continuing into the new financial year to secure the savings 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	(127)	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 (£1,314k underspend, £11k improvement)

27. 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 12		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
9,927	262		Non-Sal Exp	10,189	8,903	(1,286)	(1,287)	1
(39)	(376)		Income	(415)	(415)	0	0	0
9,888	(114)		Sub-Total	9,774	8,488	(1,286)	(1,287)	1
460	10	Levies and Other Corporate Budgets	Salaries	470	479	9	11	(2)
10,863	1,122		Non-Sal Exp	11,984	11,981	(3)	(2)	(1)
(3,426)	(5,766)		Income	(9,192)	(9,226)	(34)	(25)	(9)
7,897	(4,634)		Sub-Total	3,262	3,234	(28)	(16)	(12)
17,785	(4,748)	Total Corporate Operating Budgets		13,036	11,722	(1,314)	(1,303)	(11)

28. In line with the position at Month 11, an underspend of £1,099k 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.

29. Further favourable movement of £12k is reported on other Corporate Budgets to reflect a 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 (£498k underspend, £439k improvement)

30. 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 12		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'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	1,982	(162)	(88)	(74)
811	0		811	596	(215)	(52)	(163)
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	1,628	170	70	100
(200)	0		(200)	(200)	0	0	0
1,860	0		1,860	2,737	877	731	146
2,406	0	Adult Social Care	2,406	1,816	(590)	(590)	0
229	0		229	247	18	180	(162)
11,990	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	(1,630)		870	0	(870)	(584)	(286)
24,738	0	Total Development & Risk Contingency	24,738	24,240	(498)	(59)	(439)

31. A reduction of £74k from the Month 11 forecast is reported on Homelessness expenditure, although a high level of demand continues to be seen with 579 households being housed in temporary accommodation including 210 households in Bed and Breakfast. The 2014/15 outturn call on contingency of £1,982k remains higher than the £1,836k provision held within the 2015/16 for this pressure.
32. Further improvement is reported on Waste Disposal, with an underspend of £163k against the contingency provision reported at outturn. Quarter 4 has seen lower than anticipated growth in waste tonnages, which accounts for the favourable outturn position and if trends continue will be captured in future updates of the Medium Term Financial Forecast.
33. An adverse movement of £100k is reported on the Asylum Funding Shortfall to reflect the need for increased doubtful debt provisions against rental income of service users. The overall pressure of £1,628k represents the current shortfall in Home Office funding for this service.
34. Continued growth has been seen in Looked After Children numbers, with an increase of 21 placements since February and a total of 221 live placements in March 2015, accounting for a £146k adverse movement and an overall pressure on contingency of £877k. Within this increased caseload, there has been a move away from independent fostering agencies towards in-house provision.
35. The reported outturn on SEN Transport represents an improvement of £162k on the position reported at Month 11, which results in a marginal £18k pressure against the original budget assumption for such costs.
36. At outturn, £286k of remaining uncommitted General Contingency has been released to General Balances to result in a net favourable position of £498k on Development and Risk Contingency.

Priority Growth

37. 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 £246k has been allocated from unallocated Priority Growth, to fund a review of ICT across the Council and investment in the Rural Activities Garden Centre. The remaining unallocated balance of £1,206k has been earmarked to fund future growth initiatives from 2015/16 onwards.
38. 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. £537k of this sum has been allocated to projects in the current financial year, with the remaining £401k being carried forward to supplement 2015/16 HIP Initiatives.

Table 6: Priority Growth

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 12 Approved Allocations £'000	Unallocated Balance £'000
800	138	HIP Initiatives Budgets	938	537	(401)
0	(138)	B/fwd Funds	(138)	(138)	0
1,452	(246)	Unallocated Priority Growth	1,206	0	(1,206)
2,252	(246)	Total Priority Growth	2,006	399	(1,607)

Schools Budget, Parking Revenue Account and Collection Fund

39. The outturn for 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.
40. An underspend of £302k is reported on the Schools Budget, with the movement from the projected £1,517k pressure reported at Month 11 due to delayed implementation of a number of new initiatives including expanded two-year-old-capacity and lower than anticipated numbers of SEN statements being issued. This results in a closing balance of £4,083k which remains available to future investment.
41. An in-year surplus of £174k is reported on the Parking Revenue Account, representing an improvement of £64k on the position report at Month 11 as a result of an increase in Penalty Charge Notice income in the final quarter of 2014/15. As previously reported income streams within the Parking Revenue Account remain volatile and work is underway to place the PRA on a sustainable footing going forward.
42. At outturn a surplus of £3,089k is reported on the Collection Fund, which consists of a £3,679k surplus on Council Tax and a £590k deficit on Business Rates. This represents an improvement of £892k from Month 11 which is principally attributable to an improved position on Council Tax. There remains significant uncertainty on Business Rates income beyond 2014/15 due to delays in bringing Heathrow Terminal 2 fully into the rating list, although this has been partially mitigated in-year due to a number of properties being brought into rating with effect from 2010. £2,197k of the surplus balance is being released to support the 2015/16 budget, with the remaining £892k available for release to the General Fund from 2016/17.

Housing Revenue Account Budget

43. An in-year surplus of £7,710k surplus is reported on the Housing Revenue Account (HRA), which represents a favourable movement of £2,723k on the position report at Month 11 due to release of uncommitted contingency of £1,570k, release of previously held provisions totalling £741k and an improvement on rental income of £414k amongst a number of smaller movements. As a result of this position, uncommitted HRA General Balances have reached £30,576k at 31 March 2015.
44. A total of 191 properties have been sold under Right to Buy during 2014/15 under the 1:1 Replacement Agreement, securing £17,492k to support investment in new properties within the borough. As previously report, the application of these sums and the loss of revenue following sales are fully reflected the Council's Medium Term Financial Forecast presented to Cabinet and Council in February 2015.

Future Revenue Implications of Capital Programme

45. Appendix D to this report provides an overview of the 2014/15 capital programme outturn and financing, with an in-year underspend of £21,830k reported against a revised budget of £92,835. This variances consists of £9,567k of cost underspends and £12,263k of slippage of budgets recommended for rephasing into the new financial year. Reported cost underspends include £972k Department for Education grant monies and £60k Empty Homes funding which are repayable to the awarding bodies, leaving a £8,709k underspend on Council Resources.
46. Capital receipts of £5,310k have been achieved in year against the revised budget of £6,355k, although this sum remains significantly lower than the £15,647k disposals included in the

original budget. These delayed receipts are still expected to be achieved in the medium term and therefore are not expected to permanently impact adversely upon the Council's borrowing requirement.

Appendix A – Detailed Group Forecasts (General Fund)

ADMINISTRATION (£186k underspend, £56k improvement)

47. Administration Group is showing an underspend of £186k at outturn, compared to an underspend of £130k at Month 11. The improvement since Month 11 is largely due to Section 106 income received in Legal Services. The income overachievement in Legal Services has been built into the 2015/16 budgets through the MTF process.

48. The underspend on salary and non salary expenditure across the Group is due to vacancies within Human Resources and as a result of reduced expenditure on training within Human Resources. The income overachievement in Legal Services has been partly offset by pressures within Democratic Services on Nationality and Citizenship income and in Human Resources on Learning and Development income targets.

Table 7: Administration Operating Budgets

Original Budget	Budget Changes	Service	Month 12		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,449	79	Democr. Services	Salaries	1,528	1,520	(8)	(7)	(1)
1,882	198		Non-Sal Exp	2,080	2,088	8	12	(4)
(957)	62		Income	(895)	(845)	50	58	(8)
2,374	339		Sub-Total	2,713	2,763	50	63	(13)
2,273	2	Human Resources	Salaries	2,275	2,231	(44)	(63)	19
639	12		Non-Sal Exp	651	576	(75)	(18)	(57)
(303)	47		Income	(256)	(177)	79	50	29
2,609	61		Sub-Total	2,670	2,630	(40)	(31)	(9)
1,871	(1)	Legal Services	Salaries	1,870	1,854	(16)	(11)	(5)
111	0		Non-Sal Exp	111	127	16	(11)	27
(575)	(143)		Income	(718)	(858)	(140)	(87)	(53)
1,407	(144)		Sub-Total	1,263	1,123	(140)	(109)	(31)
580	0	Policy & Partnerships	Salaries	580	587	7	6	1
2,297	(66)		Non-Sal Exp	2,231	2,196	(35)	(32)	(3)
(523)	544		Income	21	(7)	(28)	(27)	(1)
2,354	478		Sub-Total	2,832	2,776	(56)	(53)	(3)
6,173	80	Admin. Directorate	Salaries	6,253	6,192	(61)	(75)	14
4,929	144		Non-Sal Exp	5,073	4,987	(86)	(49)	(37)
(2,358)	510		Income	(1,848)	(1,887)	(39)	(6)	(33)
8,744	734		Total	9,478	9,292	(186)	(130)	(56)

FINANCE (£403k underspend, £42k improvement)

49. Finance Group is showing an underspend of £403k at outturn, a £42k improvement on month 11, due to reduced expenditure on non salary budgets in Revenues and Benefits. 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 2015/16 MTFF process.
50. The movement between month 11 and outturn on Non Salary Expenditure and Income in Procurement is due to the earmarking of the remaining funding for the ICT review which will be utilised in the early months of 2015/16.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 12		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
537	(1)	Internal Audit	Salaries	536	510	(26)	(27)	1
56	148		Non-Sal Exp	204	221	17	30	(13)
0	(147)		Income	(147)	(152)	(5)	(12)	7
593	0		Sub-Total	593	579	(14)	(9)	(5)
2,050	79	Procurement	Salaries	2,129	2,101	(28)	(23)	(5)
150	130		Non-Sal Exp	280	223	(57)	45	(102)
(557)	528		Income	(29)	48	77	(22)	99
1,643	737		Sub-Total	2,380	2,372	(8)	0	(8)
3,299	0	Operation. Finance	Salaries	3,299	3,299	0	16	(16)
679	(525)		Non-Sal Exp	154	173	19	7	12
(963)	7		Income	(956)	(966)	(10)	(1)	(9)
3,015	(518)		Sub-Total	2,497	2,506	9	22	(13)
3,729	108	Revenues & Benefits	Salaries	3,837	3,848	11	(6)	17
154,439	(1,199)		Non-Sal Exp	153,240	153,207	(33)	0	(33)
(154,102)	1,105		Income	(152,997)	(153,367)	(370)	(371)	1
4,066	14		Sub-Total	4,080	3,688	(392)	(377)	(15)
1,245	19	Strategic Finance	Salaries	1,264	1,274	10	3	7
2,717	902		Non-Sal Exp	3,619	3,598	(21)	0	(21)
(141)	(1,151)		Income	(1,292)	(1,279)	13	0	13
3,821	(230)		Sub-Total	3,591	3,593	2	3	(1)
10,860	205	Finance Directorate	Salaries	11,065	11,032	(33)	(37)	4
158,041	(544)		Non-Sal Exp	157,497	157,422	(75)	82	(157)
(155,763)	342		Income	(155,421)	(155,716)	(295)	(406)	111
13,138	3		Total	13,141	12,738	(403)	(361)	(42)

51. There has been no movement in forecast outturn on the £400k contingency provision for Uninsured Claims, with the full amount being drawn down in line with the projection at Month 11.

RESIDENT SERVICES GENERAL FUND (£1,124k underspend, £101k favourable movement)

52. Residents Services has an outturn position of £1,124k underspend excluding pressure areas that have identified contingency provisions.

Table 9: Residents Services Operating Budgets

Original Budget	Budget Changes	Service	Month 12		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
13,397	(131)	Deputy Director Residents Services	Salaries	13,266	13,045	(221)	(112)	(109)
25,964	(1,983)		Non-Sal Exp	23,981	24,532	551	(78)	629
(13,389)	432		Income	(12,957)	(12,950)	7	35	(28)
25,972	(1,682)		Sub-Total	24,290	24,627	337	(155)	492
2,463	(390)	Development and Assets	Salaries	2,073	2,354	281	255	26
7,496	132		Non-Sal Exp	7,628	8,281	653	532	121
(2,758)	349		Income	(2,409)	(2,543)	(134)	(95)	(39)
7,201	91		Sub-Total	7,292	8,092	800	692	108
732	58	Estates and Tenancy Management	Salaries	790	756	(34)	(40)	6
1,538	271		Non-Sal Exp	1,809	1,686	(123)	(473)	350
(3,484)	(413)		Income	(3,897)	(3,316)	581	733	(152)
(1,214)	(84)		Sub-Total	(1,298)	(874)	424	220	204
4,884	5	Highways and Community Engagement	Salaries	4,889	4,841	(48)	(62)	14
5,659	1,639		Non-Sal Exp	7,298	7,221	(77)	(697)	620
(11,054)	(1,243)		Income	(12,297)	(12,722)	(425)	315	(740)
(511)	401		Sub-Total	(110)	(660)	(550)	(444)	(106)
3,543	176	Planning and Enforcement	Salaries	3,719	3,754	35	31	4
1,564	142		Non-Sal Exp	1,706	2,400	694	690	4
(2,808)	(165)		Income	(2,973)	(4,205)	(1,232)	(1,128)	(104)
2,299	153		Sub-Total	2,452	1,949	(503)	(407)	(96)
13,327	(280)	Green Spaces & Culture	Salaries	13,047	12,494	(553)	(600)	47
9,150	(699)		Non-Sal Exp	8,451	9,461	1,010	1,030	(20)
(9,992)	639		Income	(9,353)	(9,905)	(552)	(573)	21
12,485	(340)		Sub-Total	12,145	12,050	(95)	(143)	48
7,699	26	Communication, ICT and Customer Development	Salaries	7,725	7,580	(145)	(94)	(51)
4,224	332		Non-Sal Exp	4,556	4,544	(12)	(19)	7
(2,878)	19		Income	(2,859)	(2,737)	122	124	(2)
9,045	377		Sub-Total	9,422	9,387	(35)	11	(46)
2,540	2,698	Business and Technical Support	Salaries	5,238	4,122	(1,116)	(772)	(344)
896	(48)		Non-Sal Exp	848	1,033	185	249	(64)
(3,979)	307		Income	(3,672)	(3,370)	302	261	41
(543)	2,957		Sub-Total	2,414	1,785	(629)	(262)	(367)
4,159	(304)	Policy and Standards - Education, Housing and Public Health	Salaries	3,855	3,124	(731)	(499)	(232)
3,774	611		Non-Sal Exp	4,385	4,271	(114)	(67)	(47)
(5,983)	1,048		Income	(4,935)	(4,963)	(28)	31	(59)
1,950	1,355		Sub-Total	3,305	2,432	(873)	(535)	(338)
52,744	1,858	Residents Services	Salaries	54,602	52,070	(2,532)	(1,893)	(639)
60,265	397		Non-Sal Exp	60,662	63,429	2,767	1,167	1,600
(56,325)	973		Income	(55,352)	(56,711)	(1,359)	(297)	(1,062)
56,684	3,228		Total	59,912	58,788	(1,124)	(1,023)	(101)

53. 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 the Civic Amenity site at Victoria Road and staffing underspends across the group, offset by pressures on off-street parking income and facilities management.

54. The Council's 2014/15 contingency budget contained provision for areas of expenditure or income within Residents Services for which there was a greater degree of uncertainty. The position against these contingency items is shown in Table 2 below. At outturn the required call on contingency is £377k under provision, £237k favourable movement from month 11. The table below shows the breakdown for each contingency item.

Table 11: Residents Services Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 12		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
£'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	1,982	(162)	(88)	(74)
811	0	Waste Disposal Levy (Demand-led Tonnage Increases)	811	596	(215)	(52)	(163)
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	3,348	(377)	(140)	(237)

55. Further to continuing pressures on the Housing Needs budget (£1,753k overspend in 2013/14), contingency of £2,144k was set aside in 2014/15 to resource the need for Temporary Accommodation in the Borough. The call on contingency relating to homelessness at outturn is £1,982k, which gives an underspend at outturn of £162k against the contingency provision (£74k favourable).

56. At the end of the year the actual number of households in Bed and Breakfast Accommodation was 14 lower than the month 11 projection. The previous projection allowed for the number of placements into B&B accommodation to continue to increase throughout March 2015 in line with the increase experienced in approaches and acceptances at the start of the 2015 calendar year. The slowed decline in alternative Temporary Accommodation (PSL), the increase in In-House PSL units and an increase in Finders' Fee placements reduced the number of placements into B&B accommodation. This reduction coupled with a year-end review of the provision required for Bed and Breakfast bad debt reduced the call required on contingency by £74k.

57. Temporary Accommodation and housing advice data for the period December to March 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. The data shows a continuing high level of demand for the service and a sharp increase in the number of households in B&B since the new calendar year which has continued into March.

Table 12: Housing Needs performance data

	2014	2015		
	December	January	February	March
Homeless Threat, Priority Need & Eligible	104	114	134	118
Presenting As Homeless	44	68	57	45
Duty Accepted	19	25	12	32
Households in Temporary Accommodation	520	555	560	579
Households in B&B	157	194	198	210

58. An additional £2,439k was added to the base budget to resource expected increases in the waste disposal levy, leading to a net decrease in contingency to £811k. This has been set aside to fund estimated increases in waste tonnage and the move to a new compliant rubble and hardcore contract.
59. Following final Q4 figures from West London Waste Authority, the increase in tonnages has been generally lower than assumed when the levy was set, leading to an underspend against the contingency of £215k (£163k favourable).

Deputy Director Residents Services (£321k overspend, £476k adverse)

60. There was a £614k adverse movement at outturn. Residents Services has undergone extensive restructuring during 2014/15, with a corresponding requirement to fund redundancy costs. These were met by a drawdown from earmarked reserves of £360k and the remaining pressure of £622k contained within the group's base budget.
61. The adverse movement in non-staffing costs was partially netted off by a favourable movement of £110k in salaries, as a result of posts across the service held vacant for longer than anticipated as the Senior Management Team (SMT) and subsequent service restructures were concluded.
62. There was a net outturn improvement in income on the imported food service, with income of £1,236k against the forecast of £1,187k (£49k improvement) with other adverse movements across the service of £21k netting the overall improvement down to £28k.

Development and Assets (£816k overspend, £124k adverse)

63. There was a net adverse movement of £124k at outturn, relating to a £100k provision for unresolved facilities management works not included at month 11 and £24k for an asset management review.
64. 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. The asset management review should help to alleviate this pressure in 2015/16.

Estates and Tenancy Management (£424k overspend, £204k adverse)

65. At outturn the service reported a buyers' premium income of £258k for the financial year (£155k favourable). This relates to actual income received relating to the disposals programme in 2014/15. The volatility of the income stream is reflected in the favourable movement in Month 12, with some sales only completed in the final week of March.

66. The overall position for Residents Services has enabled an increase in the provision for dilapidations (£351k adverse).

Policy, Highways & Community Engagement (£550k underspend, £106k favourable)

67. The outturn underspend of £48k (£14k adverse) resulted from the final review of the impact of vacant posts within planning specialists and planning policy teams and the matching of external grant to budgeted expenditure.
68. There was a net favourable movement in income at outturn, after netting off the effect of non-staffing movements following from the Residents Service restructure not reported in month 11.
69. 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 (£504k underspend, £97k favourable)

70. There was an overall outturn favourable movement of £97k, primarily as a result of development control income being ahead of target, resulting in an improvement of £105k from the month 11 position.
71. The net adverse movement of £8k was split evenly between staffing and non-staffing variances across the service.

Green Spaces, Sport & Culture (£98k underspend, £45k adverse)

72. There was an outturn underspend on salaries across the group of £553k (£47k adverse). The movement reflects the extensive restructuring experienced in Greenspaces, and incorporates the variances from those services that have recently transferred in to the group, including the Youth and Adult Learning service.
73. There were other minor non-salary and income movements across the service at outturn of £20k favourable and £18 adverse respectively, net effect £2k favourable.

Communications, ICT and Customer Development (£34k underspend , £45k favourable)

74. There was an outturn underspend on staffing of £145k, £51k favourable movement, relating to vacant posts in ICT (£67k) and the Contact Centre (£90k), with a £12k overspend in the Communications team making up the overall variance.
75. There was a small adverse on non-salary costs across the service of £7k netted off by £2k favourable movement in income.

Business and Technical Support (£629k underspend, £367k favourable)

76. The off-street parking income at the Cedars and Grainges multi-storey car parks experienced pressure relating to the loss of season ticket income at both car parks throughout the financial year. Despite some uplift in income at smaller car parks throughout the Borough, at outturn the service had a net income pressure of £302k (£41k adverse).
77. There was an outturn staffing underspend of £1,116k in Technical Administration and Technical Support, due to the impact of vacant posts that were held open during the

restructuring process for this service, an improvement of £344k compared to Month 11, reflecting slower than anticipated recruitment. There was also an associated non-staffing favourable movement of £64k directly related to the vacant posts.

78. As a consequence, the group has been able to contribute £300k to earmarked reserves for redundancies in 2015/16 as the restructuring of technical admin and business support continues in the new financial year.

Policy and Standards - Education, Housing and Public Health (£870k underspend, £335k favourable)

79. There was an improvement from the month 11 position of £351k in Education, relating to finalisation of the Dedicated Schools Grant (DSG) contribution for Central Support Costs and for equipment and therapy costs, which are chargeable under the new Special Educational Needs and Disabilities reforms.

80. The outturn position relates to an underspend on salaries, which relates primarily to a number of vacant posts which exist across the service as the service moves into the final stages of a restructure and a surplus in income, which relates to the increased charges to the DSG.

81. The £16k adverse movement related to various minor movements across the remainder of the service, primarily in Performance & Intelligence.

CHILDREN AND YOUNG PEOPLE'S SERVICES (£493k overspend, £160k adverse)

82. The Children and Young People's Service is reporting a 2014/15 outturn overspend of £493k, an adverse movement of £160k on the month 11 projections, which is due primarily to a reduction in the amount of funds due from the Department for Education relating to the Multidimensional Treatment Foster Care (MTFC) Programme, where the DfE have disputed the claim and have stated that they will not provide grant funding for the last two quarters of 2013/14 and slight increases in the cost of allowances. The main variances are explained in more detail below.
83. The outturn position for salaries is reporting an overspend of £685k, an adverse movement of £8k on the month 11 projections. The overspend reported, relates to the service holding back on permanent recruitment pending the outcome of a major review of the service. Senior management ensured that agency staff were appointed only where there was a defined need. This approach enabled the service to stabilise agency staff turnover to a point where most agency staff have 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.
84. There is an overspend of £29k on non-staffing budgets, an adverse movement of £81k on the month 11 projections, due to an increase in the costs of 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 provided sufficient challenge to tightly control spending decisions.
85. There is a surplus of £221k on income, an adverse movement of £71k on the month 11 projections, due to a reduction in grant income that will be received from the DfE relating to the 2013/14 MTFC Programme. This surplus relates to the funding received from a number of external partners, including Health, the Youth Justice Board and Education.
86. The outturn variances are summarised in the following table, with more detail provided in the paragraphs below:

Table 13: Children & Young People's Services Operating Budgets

Original Budget	Budget Changes	Service	Month 12		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
			£'000	£'000	£'000	£'000	£'000	
1,033	101	Safeguarding Children	Salaries	1,134	1,544	410	312	98
1,356	121		Non-Sal Exp	1,477	1,524	47	170	(123)
(146)	(2)		Income	(148)	(175)	(27)	(48)	21
2,243	220		Sub-Total	2,463	2,893	430	434	(4)
3,286	258	Early Intervention Services	Salaries	3,544	3,179	(365)	(331)	(34)
3,880	265		Non-Sal Exp	4,145	3,815	(330)	(123)	(207)
(702)	36		Income	(666)	(820)	(154)	(181)	27
6,464	559		Sub-Total	7,023	6,174	(849)	(635)	(214)
2,707	814	Looked After Children	Salaries	3,521	3,211	(310)	(226)	(84)
564	288		Non-Sal Exp	852	653	(199)	(92)	(107)
(304)	(1,122)		Income	(1,426)	(1,311)	115	(1)	116
2,967	(20)		Sub-Total	2,947	2,553	(394)	(319)	(75)
5,614	3,300	Children's Resources	Salaries	8,914	9,907	993	922	71
9,047	3,058		Non-Sal Exp	12,105	12,607	502	(6)	508
(1,551)	(6,252)		Income	(7,803)	(7,992)	(189)	(62)	(127)
13,110	106		Sub-Total	13,216	14,522	1,306	854	452
12,640	4,473	Children's and Young Persons Directorate	Salaries	17,113	17,841	728	677	51
14,847	3,732		Non-Sal Exp	18,579	18,599	20	(51)	71
(2,703)	(7,340)		Income	(10,043)	(10,298)	(255)	(292)	37
24,784	865		Total	25,649	26,142	493	334	159

Safeguarding Children: £429k overspend, £5k improvement

87. The Safeguarding Children's service overspent by £429k, an improvement of £5k on the month 11 projections. The overall position comprises an overspend of £409k on staffing, due to a high level of agency staff and an overspend of £47k on non staffing costs, which relate to the running costs of the Local Safeguarding Children's Board and the Corporate Parenting budget. This is offset by a surplus of £28k in income streams, due to additional funds that were received from external partners.

Early intervention: £849k underspend, £214k improvement

88. This service area includes the Children's Centres and Early Years budgets and in total underspent by £849k, an improvement of £214k on the month 11 projections. This was due to a significant change in the resources actually spent in schools, based on the actual year end position, including the hub funding. This relates to an underspend of £365k on staffing, where there were a number of staff vacancies relating primarily to Key Worker posts, due to the impending implementation of the Early Support restructure, an underspend of £331k on non staffing budgets, relating primarily to expenditure across all Children Centres, including Hub funding and a surplus of £153k on income, which is due to additional funds being received from external partners including the Youth Justice Board.

Looked After Children: £394k underspend, £75k improvement

89. This service underspent by £394k, an improvement of £75k on the month 11 projections, due to a reduction in staffing costs and allowances netted off by a reduction in the income received from the Department for Education (DfE) relating to the MTFC grant funded programme. This relates to an underspend on staffing costs of £310k, due to a high level of

vacant posts and an underspend of £199k on non staffing costs, where a review of placement costs identified a requirement to realign some costs into Children's Resources and the service incurred costs on essential items only. This is netted down by a deficit of £114k on income, which relates primarily to a shortfall on the amount of funds that will be received from the DfE for the MTFC grant funded programme.

Children's Resources: £1,308k overspend, £454k adverse

90. This service overspent by £1,308k, an adverse movement of £454k on the month 11 projections, due to an increase in the cost of allowances and a realignment of costs following a review of the placement data. This relates to an overspend of £951k on staffing costs, which reflects the cost differential of agency staff, including a number of Senior Manager posts, together with sessional staff costs required to support Looked After Children contact, where the number of court instructions increased significantly this year and the decision that the service would continue with agency appointments up to the 31 March 2015, whilst the service undertook a major review. Over the last few months, the service was able to secure longer term agency appointments and reduce caseloads more in line with standard operating models.
91. The service also overspent by £512k on non staffing costs, which relates primarily to a realignment of costs following a review of placement data and an increase in the cost of allowances.
92. This was netted down by a surplus of £155k on income, which is due to additional funding being received from external partners.
93. In terms of the placements budget, the outturn position indicated that an additional £877k was required on top of the full draw down of the £1,860k contingency sum taking into account the increased cost of Special Guardianship Orders.
94. Furthermore, there were a number of specific overspends that had a direct impact on the year end outturn position, which are as follows:
 - There was an increase in activity relating to Looked After Children contact, where the Council experienced a high volume of requests and instructions from the Courts, which required an officer to accompany the child. This required the Council to employ additional sessional staff to undertake this duty. In total this service overspent by £257k.
 - There were increased staffing costs within the Triage service due to the high level of agency staff, resulting in an overspend of £266k.
 - This year also saw a high incidence of Looked After Children being placed in secure accommodation, where the cost was £418k. This compares to a Youth Justice Board grant received of only £102k.

Exceptional Items

95. On 22 September 2014, the Council entered into a contract for a Children's Social Care managed service, primarily to provide some short term stability across the service and build in capacity to deal with a high volume of agency recruitment. Following an assessment of the service, the delivery model was revised on 24 November 2014, to focus on the assessment stage only. Over the last few months, the number of contacts and referrals increased, but due to implementing new ways of working and being more consistent in applying thresholds, the service was able to cope with this increase. Additionally a new interim management team was

established, which increased stability in key practice management. As a result of this progress the caseloads per Social Worker have moved closer to the recommended operating levels for a Council of this size. In order to maintain this stability, the Council extended the managed service assessment contract up to February 2016. The total contract sum for 2014/15 was £1,354k. The Council also entered into a similar temporary arrangement to support the Adoption and Fostering service, which started in December 2014. The cost of this service in 2014/15 was £174k. These two items, totalling £1,528k, are not included in the outturn position reported above, as they have been funded from earmarked reserves.

Analysis of Placements

96. The following table sets out the number of placements in March 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.

Table 14: Placement Cost Analysis

March 2015	Actual 14/15 Numbers	%	2014/15 Actuals £000	2014/15 Budget £000
Secure/Remand Accommodation	2	1%	418	111
Residential	19	9%	2,669	1,468
Semi Independent Living	19	9%	729	409
Fostering Private	75	34%	3,306	2,395
In House	108	48%	1,628	1,722
Special Guardianship Orders			92	0
Risk Contingency				1,860
Total March 2015	223	100%	8,842	7,965
February 2015 Reported Position	202		8,696	7,965
Movement Between February and March 2015	21		146	0

97. The table includes the pressure relating to the increase in Special Guardianship Orders and is reporting an overspend of £877k above the base plus the risk contingency budget. The split between In House and Independent Fostering was at 59% to 41% respectively an improvement on last month's figure of 48% to 52%, very close to the desired 60% - 40% split.
98. The following table provides an analysis of the age profile of the Looked After Children placements, which indicates that a high proportion are 16+:

Table 15: Placement Analysis

Placement	Age Range					Total
	0-2	2-5	5-11	11-16	16+	
Remand	0	0	0	0	2	2
Residential	1	0	3	7	8	19
Semi Independent Living	0	0	0	0	19	19
Fostering Private	5	6	20	27	17	75
In House	12	10	23	37	26	108
Total March 2015	18	16	46	71	70	221
Percentage Distribution	8%	7%	21%	32%	32%	100%
February 2015 Reported Position	16	14	39	59	72	200
Movement Between February and March 2015	2	2	7	12	-2	21

Development & Risk Contingency (£801k overspend, £68k adverse)

99. The Corporate Risk Contingency included 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:

Table 16: Children & Young People's Service Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 12		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
1,458	0	Asylum Funding Shortfall	1,458	1,628	170	70	100
(200)	0	Potential Extension of Asylum Gateway Agreement	(200)	(200)	0	0	0
1,860	0	Social Care Pressures (Children's)	1,860	2,737	877	731	146
3,118	0	Current Commitments	3,118	4,165	1,047	801	246

100. The Asylum Service overspent by £1,628k, an adverse movement of £100k on the month 11 projections, due to an increase in the bad debt provision for rental income. The overspend reported reflects the true running costs of the service in providing support for asylum seeking children, for which the Home Office provides grant funding of £5,057k to cover the direct costs based on a unit rate for different age children.

101. The majority of the costs incurred, which are not covered by the Home Office grant, relate to support that is provided to children over 18 years of age. The cost of supporting these children net of any grant, results in the overspend of £1,628k being reported, for which a sum of £1,458k was set aside in the Corporate Risk Contingency. This results in the overspend of £170k reported.

102. The following table provides an analysis of the gross Asylum service budget position for the year end:

Table 17: Asylum Expenditure

Original Budget £'000	Budget Changes £'000	Service	Month 12		Variance (+ adv / - fav)		
			Revised Budget £'000	Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Change from Month 11 £'000
3,294	259	Asylum Services	3,035	2,764	(271)	(313)	42
2,810	(259)		3,069	4,276	1,207	1,149	58
(6,104)	(0)		(6,104)	(5,412)	692	692	0
0	(0)		Sub-Total	0	1,628	1,628	1,528

103. Negotiations took place with the Home Office last year, which secured additional funding of £200k for both 2013/14 and 2014/15. This assumption was built into the Risk Contingency for 2014/15. In April 2014 the Home Office confirmed that the Council would receive an additional £200k in 2014/15, which matches the prediction built into the Risk Contingency.

104. The Placements budget built in additional growth for Looked After Children, the final outturn position is reporting an overspend of £877k.

ADULT SOCIAL CARE (£783k under spend, £4k adverse movement)

105. The Adult Social Care directorate draft outturn is an under spend of £783k an adverse movement of £4k since from the Month 11 forecast when a projected under spend to year end of £786k was anticipated.

Table 18: Adult Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 12		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
5,019	52	All-Age Disabilities	Salaries	5,071	4,722	(349)	(330)	(19)
31,209	4,064		Non-Sal Exp	35,273	36,064	791	634	157
(5,723)	(316)		Income	(6,039)	(6,762)	(723)	(641)	(82)
30,505	3,800		Sub-Total	34,305	34,024	(281)	(337)	56
3,779	461	Social Work	Salaries	4,240	3,942	(298)	(324)	26
21,498	3,935		Non-Sal Exp	25,433	25,743	310	375	(65)
(7,861)	(377)		Income	(8,238)	(8,620)	(382)	(353)	(29)
17,416	4,019		Sub-Total	21,435	21,065	(370)	(302)	(68)
8,678	(399)	Early Intervention & Prevention	Salaries	8,279	8,034	(245)	(250)	5
3,990	(328)		Non-Sal Exp	3,662	3,420	(242)	184	(426)
(1,240)	(9,653)		Income	(10,893)	(10,878)	15	2	13
11,428	(10,380)		Sub-Total	1,048	576	(472)	(64)	(408)
2,292	(321)	Safeguarding, Quality & Partnerships	Salaries	1,971	1,871	(100)	(85)	(15)
4,753	277		Non-Sal Exp	5,030	5,020	(10)	13	(23)
(363)	17		Income	(346)	(460)	(114)	(119)	5
6,682	(27)		Sub-Total	6,655	6,431	(224)	(191)	(33)
1,539	(1,182)	Directorate & Support Services	Salaries	357	400	43	35	8
(3,507)	3,935		Non-Sal Exp	428	496	68	45	23
	0		Income	0	454	454	28	426
(1,968)	2,753		Sub-Total	785	1,350	565	108	457
21,307	(1,389)	Adult Social Care Directorate Total	Salaries	19,918	18,969	(949)	(954)	5
57,943	11,883		Non-Sal Exp	69,826	70,743	917	1,251	(334)
(15,187)	(10,329)		Income	(25,516)	(26,266)	(750)	(1,083)	333
64,063	165		Total	64,228	63,446	(782)	(786)	4

106. The Council's 2014/15 Development and Risk Contingency contains provision for areas of expenditure within Adult Social Care for which there is a greater degree of uncertainty caused by the demographic changes in the number of adults requiring care and support for a range of care needs, Children with Disabilities who transition into Adult Social Care on reaching adulthood and SEN Transport demographic increases. The draft outturn position against these contingencies is set out in Table 2 below.

Table 19: Adult Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 12		Variance (+ adv / - fav)		Movement from Month 11 £'000
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'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	3,771	3,771	0	0	0
		Clients With Disabilities	6,254	6,690	436	436	0
		Clients With Mental Health Issues	1,965	1,965	0	0	0
SEN Transport							
229	0		229	247	18	180	-162
14,625	0	Current Commitments	14,625	14,489	-136	26	-162

107. The outturn requires £14,489k of this contingency to be drawn down. This is £136k under the budgeted contingency and an improvement of £162k since month 11.

108. Contingency required for transitional children is £1,816k, a reduction of £590k against budget as reported in month 11 and contingency required for Adults demographic pressures is £12,426k, an increase of £436k against budget due to additional costs in respect of clients funded as a result of the Winterbourne View report. The SEN Transport outturn position is a pressure of £18k, an improvement of £162k from month 11.

All Age Disabilities (AAD) £281k under spend, (£56k adverse movement)

109. This service includes clients with physical and sensory disabilities for both Children and Adults, following the implementation of the recommendations from the BID review covering disabilities. An underspend of £281k is reported on this service at outturn.

110. The salaries underspend of £349k is due to the delay in filling vacancies at team leader level. In addition, there is a pressure of £791k (£157k increase from month 11) on placement costs, approximately £80k of this increase relates to health clients, the costs of which have been offset by additional income. The balance of the increase is in respect of making a provision for two cases of 'Ordinary Residence' disputes which may become the responsibility of LBH (£225k) and a favourable settlement in respect of a disputed account (£90.5k). Additional income is offsetting this pressure with client contributions of £321k and increased contributions from Education and HCCG of £400k for joint funded placements.

111. A pressure is report on Merrifield's Resource Centre, which includes £96k staffing and £61k of non staffing costs, representing an improvement of £14k since month 11 through on-going management action.

112. The number of Children with Disabilities requiring care and support as they transition into adulthood is £590k less than originally budgeted in 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.
113. In terms of additional placements arising from the Winterbourne View report, 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 which is reported as a pressure on Development and Risk Contingency.

Social Work (£370k underspend, £68k favourable movement)

114. The outturn position is an under spend of £370k, which is a favourable movement of £68k from Month 11. An underspend of £298k is reported on staff expenditure, representing an adverse movement of £26k on Month 11. A non-staff expenditure pressure of £309k is reported, with a £66k improvement on placement costs from Month 11. This pressure is offset by additional client contributions which have increased by £29k since the Month 11 forecast.

Early Intervention & Prevention (£472k underspend £408k favourable movement)

115. The outturn position for Early Intervention & Prevention is an under spend of £472k (an improvement of £408k from month 11). £241k of this improved outturn relates to over forecasting expenditure for preventative contracts. These underspends have been taken as savings in the 2015-16 MTF.
116. The balance of the improved position relates to underspends across several budget heads including, £21k utilities, £34k transport, £20k meals service, £30k on equipment.

Safeguarding, Quality & Partnerships (£224k under spend, £33k favourable movement)

117. The outturn position for Safeguarding, Quality and Partnerships is an under spend of £224k, an improvement of £33k since Month 11. There has been a £15k improvement from Month 11 on salaries expenditure, with an outturn underspend of £100k. Following a marginal improvement of £23k from Month 11, an underspend of £10k is reported on non-staffing budgets. Expenditure incurred in supporting identified service users with no recourse to public funds is a pressure of £164k and is managed within the outturn position.
118. Expenditure on Deprivation of Liberty Safeguards (DOLS) cases is £208k. 505 cases have come through this financial year. A specific grant for £111k has been announced to assist with these costs in 2015-16.

Directorate and Support (£564k pressure, adverse movement £456k)

119. The outturn position for Directorate and Support is a pressure of £564k, a movement of £456k since Month 11. The movement between month 11 and outturn is in respect of the allocation of earmarked reserves against the Directorate and Support service area.

Appendix B – Other Funds

Schools Budget

Dedicated Schools Grant (£302k underspend, £1,819k improvement)

120. The 2014/15 outturn position for the Dedicated Schools Grant is reporting an in year underspend of £302k, an improvement of £1,819k on the month 11 position, due in part to a double count of expenditure on SEN pupils and delays in a number of new initiatives, such as the Early Years Educational Psychology service, the Play Van and the Two Year Old capacity funding. This underspend is due to additional 16-19 funding from the EFA for SEN pupils along with funds set aside for two year old capacity funding not yet being allocated to specific projects and a reduction in the projected cost of SEN placements. The underspends are partly off-set by an overspend on the centrally retained budgets relating to payments 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.
121. The underspend on the DSG, includes 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. Due to a number of school conversions to academy status, the budget has been realigned to match the actual DSG received and the actual funds delegated to schools. Additionally the pressure identified on the funds delegated to schools has been aligned to the centrally retained budgets. The following Table summarises the Total DSG income and expenditure for 2014/15.

Table 20: Schools Budget

Original Budget	Budget Changes	Funding Block	Provisional		Variance (+ adv / - fav)		
			Revised Budget	Outturn	Variance (Outturn)	Variance (As at Month 11)	Change from Month 11
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(145,373)	7,097	Dedicated Schools Grant Income	(138,276)	(138,276)	0	0	0
113,606	(7,883)	Delegated to Schools	105,723	105,723	0	0	0
4,581	(144)	Early Years	4,437	3,893	(544)	(89)	(455)
3,604	(704)	Centrally Retained	2,900	3,966	1,066	1,780	(714)
23,582	1,634	Special Needs	25,216	24,392	(824)	(174)	(650)
0	(0)	Total Schools Budget	0	(302)	(302)	1,517	(1,819)
0	0	Balance Brought Forward 1 April 2014	(3,781)	(3,781)			
0	0	Balance Carried Forward 31 March 2015	(3,781)	(4,083)			

Dedicated Schools Grant Income

122. The budget for the Dedicated Schools Grant income was realigned to take account of the actual grant received as notified by the Department for Education (DfE), taking into account any school academy conversions of which there were four (Pinkwell Primary (1.4.14), Ruislip High (1.4.14), Hillingdon Primary (1.7.14) and Ryefield Primary (1.2.15). This realignment includes the £467k adjustment for Pentland Fields Special Free School where the DfE increased the funds that had been deducted at the beginning of the year.

Early Years (£544k underspend, £455k improvement)

123. The Early Years funding block underspent by £544k, an improvement of £455K on the month 11 position. This is primarily due to the funds set aside and committed for two year old capacity funding (£482k), which are yet to be allocated to specific projects and will be

required in 2015/16 and an increase in the underspend on the two year old free entitlement provision (£51k).

124. The Council is still in the process of identifying suitable sites and properties to ensure that the level of 2 Year Old free places meets the target set by the Government. Additionally, Schools Forum agreed at its meeting on 15th January 2015 that a provision of £856k would be provided for in 2015/16, which would be funded from the base budget of £519k, with a further £337k being funded from a retained earmarked balance.

Centrally Retained (£1,066k overspend, £714k improvement)

125. The centrally retained budgets overspent by £1,066k, an improvement of £714k on the month 11 position, which is due to a reduction of £138k in the actual deficit incurred by Chantry School prior to academy school conversion and less resources being required to be drawn down from the surplus balances following the realignment of the budgets to take account of school academy conversions.
126. The overspend 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 totalling £817k. In addition, there is an overspend on admissions of £56k due to a higher number of admissions in the year, an overspend on overheads of £110k, due to the actual recharge being higher than budgeted and an overspend of £61k on the Barnhill PFI costs due to an increase in the number of in year variations.

Special Needs (£824k underspend, £650k improvement)

127. The Special Needs budgets underspent by £824k, an improvement of £650k on the month 11 position, due to a decrease in the cost of SEN placements, where the actual cost is less than the estimated cost built into the initial projections, where a high proportion of placement costs were based on the independent school rate, due to most in borough provision being at capacity. The underspend relates to a lower than projected increase in the number of children with a statement, where the actual growth in the SEN pupil population in 2014/15 was 4.5% compared with the estimated increase of 7.24% reported at month 11. The actual position for this expenditure is hard to predict as a high proportion of costs are still not known at the year end, especially where children are placed out of borough in either other local authority schools or independent schools, who raise invoices after the year end. At the year end the value of accruals raised was in excess of £1.5 million for SEN placements.
128. The following table sets out the change in the number of pupils with an SEN statement over the last 4 years:

Table 21: SEN Statement Analysis

Difficulty	Actuals 31/03/11	Actuals 31/03/12	Actuals 31/03/13	Actuals 31/3/14	Yr end actual 2014/15
Autistic Spectrum disorder	315	355	405	440	496
Behaviour, Emotional and Social Difficulty	152	143	149	129	126
Hearing Impairment	37	31	38	42	46
Mild Learning Difficulty	295	290	298	298	302
Multi-Sensory Impairment	7	7	6	6	6
Other ie: (Medical/mental health)	34	32	37	39	39
Physical Disability	76	85	89	90	91
Profound & Multiple learning diffs	29	33	32	30	34
Speech Language and Communication Needs	237	247	259	272	280
Severe Learning Difficulty	108	115	114	117	122
Specific Learning Difficulty	23	28	32	37	32
Visual Impairment	18	18	21	26	29
Blank	9	3		8	
Total	1,340	1,387	1,480	1,534	1,603
Change - Numbers		47	93	54	69
Change - Percentage		3.51%	6.71%	3.65%	4.5%

Year End Balances

129. The DSG is allowed to carry forward any in year over or underspends. 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. Based on the outturn position reported in the table above, the projected year-end balance will be £4,083k.

PARKING REVENUE ACCOUNT (£174k in year surplus, £64k favourable movement)

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

Table 22: Parking Revenue Account

Original Budget	Budget Changes	Service	Month 12		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(4,153)	0	Income	(4,153)	(4,040)	260	260	(147)
4,061	0	Expenditure	4,061	3,866	(278)	(278)	83
(92)	0	In-year (Surplus) / Deficit	(92)	(174)	(18)	(18)	(64)
76	0	Unallocated Balances B/fwd	76	76	0	0	0
(16)	0	Unallocated Balances C/fwd	(16)	(98)	(18)	(18)	(64)

131. At outturn, an in-year surplus of £174k was recorded for the 2014/15 financial year. There was a total shortfall of income of £113k (£147k improvement from month 11). The overall position reflects a recovery in Penalty Charge Notice (PCN) income late in the financial year towards the income target, as well as continued income recovery via Bailiffs.

132. The income pressure is offset by compensating savings totalling £195k (£83k adverse movement), as well as the budgeted surplus of £92k. The adverse movement is the result of a revised outturn figure for contract costs.

133. 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 (£3,089k surplus, £892k improvement)

134. 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. Outturn on Council Tax represents an improvement of £882k on the position forecast at Month 11, with NNDR 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.

135. Overall performance within the collection fund remains strong, with a net surplus of £3,089k reported as a Council Tax surplus of £3,679k is partially off-set by a £590k 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 23: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 12		Variance (+ adv / - fav)		Movement from Month 11 £'000	
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 12) £'000	Variance (As at Month 11) £'000		
(114,070)	0	Council Tax	Gross Income	(114,070)	(116,150)	(2,080)	(1,564)	(516)
14,743	0		Council Tax Support	14,743	13,931	(812)	(446)	(366)
(3,610)	0		B/fwd Surplus	(3,610)	(4,397)	(787)	(787)	0
(102,937)	0		Sub-Total	-102,937	-106,616	(3,679)	(2,797)	(882)
(105,485)	1,218	Business Rates	Gross Income	(104,267)	(104,064)	203	213	(10)
(981)	(1,653)		Section 31 Grants	(2634)	(2634)	0	0	0
59,158	0		Less: Tariff	59,158	59,158	0	0	0
2,136	435		Less: Levy	2,571	2,571	0	0	0
0	0		B/fwd Deficit	0	387	387	387	0
(45,172)	0	Sub-Total	(45,172)	(44,582)	590	600	(10)	
(148,109)	0	Total Collection Fund	(148,109)	(151,198)	(3,089)	(2,197)	(892)	

136. Council Tax revenues continue to grow strongly with the £2,080k 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 lower than anticipated at budget setting, which is reflected in the outturn position shown above. This position will remain under review and any on-going implications captured in the Council's Medium Term Financial Forecast.
137. 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 this development as a result of continuing delays by the Valuation Office Agency; however a number of favourable movements were seen during March and April 2015 in relation to properties at the airport which have been in operation since 2010. As a result of these backdated additions, the outturn position remains broadly consistent with Month 11.
138. While 2014/15 Business Rates revenues remain in line with projections, there remains significant uncertainty around both Heathrow valuations and the high numbers of empty properties in the borough, which will remain a risk into 2015/16. 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.

Appendix C – HOUSING REVENUE ACCOUNT

139. The Housing Revenue Account (HRA) is forecast to generate an in-year operating surplus of £7,710k, which is an increase in surplus of £2,723k when compared to the Month 11 forecast. The increase in the surplus can in the main be attributed to the repairs contingency and bad debt provision not being required (£1,570k), coupled with provisions being returned to balances (£741k).

Table 24: HRA Overview 2014/15

Original Budget	Budget Changes		Month 12		Variance (+ adv / - fav)		
			Revised Budget	Actual Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Change Month 11
			£'000	£'000	£'000	£'000	£'000
(56,975)		Rental Income	(56,975)	(57,105)	(130)	201	(331)
(5,717)	(513)	Other Income	(6,230)	(6,183)	47	130	(83)
(62,692)	(513)	Total Net Income	(63,205)	(63,288)	(83)	330	(414)
13,813	(198)	Housing Management	13,615	12,423	(1,192)	(1,337)	145
5,607	334	Tenant Services	5,941	5,139	(802)	(603)	(200)
4,801	351	Repairs	5,152	5,562	409	437	(28)
5,798	25	Planned Maintenance	5,823	2,500	(3,323)	(3,404)	81
15,691	0	Contribution to Works to Stock	15,691	15,691	0	0	0
15,412	0	Interest & Investment Income	15,412	15,003	(409)	(412)	3
1,570	0	Development & Risk Contingency	1,570	0	(1,570)	0	(1,570)
0	0	Provisions returned to balances	0	(741)	(741)	0	(741)
62,692	513	Total Net Expenditure	63,205	55,578	(7,627)	(5,318)	(2,309)
0	(0)	(Surplus) / Deficit	(0)	(7,710)	(7,710)	(4,987)	(2,723)
(25,803)	0	General Balance 01/04/14	(22,820)	(22,820)			
0	0	Earmarked reserves returned to balances	0	(46)			
0	0	General Balance 31/03/15	(22,820)	(30,576)			

140. Rental and other income show an increase of £414k compared to the projection in Month 11. There is an accounting technical adjustment at year end to include an additional two days of income relating to rents and service charges which allows for a full year impact.
141. The development & risk contingency incorporates the repairs contingency (£680k) and the contribution to the bad debt provision (£890k). Year end analysis has indicated that neither contingency is required and therefore these sums are returned to general balances.
142. There are two other provisions in the HRA, one relating to a legal case and the other a provision for dilapidation costs associated with properties leased to the Council. The legal provision has been reduced to reflect the maximum liability to the Council. Within the dilapidations provision it is estimated that £350k should be provided for against future liabilities.
143. The Housing Management outturn shows a reduction in surplus of £145k when compared to Month 11. A proportion of this additional expenditure is attributable to higher than anticipated recharges to the HRA from the General Fund, including legal court costs.
144. The Repairs and Maintenance budget overspend is £409k, which is a £28k reduction from Month 11. This relates to increased recharge income for void works undertaken to garages and other General Fund assets.

145. The Planned Maintenance outturn position is a £3,323k underspend against the original budget. The variance from the Month 11 position is £81k. This is mainly due to a higher volume of gas servicing work being undertaken than previously expected.
146. The overall outturn position for the HRA is a surplus for the year of £7,710k which is a variance of £2,723k against the Month 11 position for the reasons outlined above.
147. An earmarked reserve of £46k for property extension works is no longer required and has been returned to general balances. HRA general balances total £30,576 as at 31st March 2015.
148. The Major Repairs Reserve (MRR) at year end is shown below.

Table 25: Major Repairs Reserve

	2014/15 £'000's
Balance as at 1 April 2014	11,379
Contribution from Revenue	15,691
Capital programme funding	(2,296)
Balance as at 31 March 2015	24,774

Appendix D – General Fund Capital Programme

149. General Fund capital expenditure outturn totalled £71,005k against a revised budget of £92,835k resulting in an overall underspend of £21,830k in 2014/15. Table 1 provides details of the outturn position by project type:

Table 26 - General Fund Capital Programme

2014/15 General Fund Capital Programme Outturn					Analysis of 2014/15 Variance		
Directorate	2014/15 Budget £'000	2014/15 Actual £'000	2014/15 Variance £'000	Movement from Month 11 £'000	2014/15 Variance £'000	Re-Phasing into 2014/15 £'000	2014/15 Cost Variance £'000
Main Programme	59,975	49,511	(10,464)	(1,087)	(10,464)	(4,918)	(5,546)
Programme of Works	28,120	19,647	(8,473)	(1,306)	(8,473)	(5,608)	(2,865)
Future Projects	3,619	1,847	(1,772)	68	(1,772)	(1,737)	(35)
Total Main Programme	91,714	71,005	(20,709)	(2,325)	(20,709)	(12,263)	(8,446)
Development & Risk Contingency	1,121	-	(1,121)	-	(1,121)	-	(1,121)
Total Capital Programme	92,835	71,005	(21,830)	(2,325)	(21,830)	(12,263)	(9,567)

150. The total under spend of £21,830k consists of £9,567k net cost under spend variances and £12,263k net slippage proposed to be re-phased into 2015/16 financial year. The movement of £2,325k from the Month 11 forecast is due mainly to changes in the expenditure profile on several major programmes which are well underway. These include the Schools Expansions programme, Highways Structural Works and Transport for London programmes.

151. The general contingency budget had £1,121k remaining funds which were not required in the year. As there is a 2015/16 contingency budget allocation of £1,500k it is not proposed that these funds are re-phased.

152. The financial outturn by scheme is detailed in the Appendix 1 to this report. A summary of the main cost variances and proposed re-phasing across the General Fund programme are provided in the paragraphs below.

Main Programme (Schools)

153. The Primary Schools Expansions programme achieved cost under spends totalling £5,466k mainly around Phase 2 where a number of completed schemes were delivered with under spends on final account.

Future Projects (Schools)

154. The Secondary Schools programme includes net re-phasing of £91k. The Expansions programme is in early feasibility stages and requires £416k re-phasing. This is offset by £325k advance expenditure on the Replacement programme as development works progressed slightly ahead of profile for the replacement of Northwood School.

Programmes of Works (Schools)

155. The Schools Conditions Building programme has £560k re-phasing which is required partly for settlement of final accounts on existing projects and also for reallocation to new projects in 2015/16. There is also slippage of £520k on Devolved Formula Capital.

Main Programme (Non-Schools)

156. There have been cost variances on various schemes including the following:

- Libraries Refurbishment - an under spend of £14k is reported on the residual budget after completion of the programme which commenced in prior years.
- South Ruislip Plot A Development - the residual budget for minor finishing works was under spent by £41k on completion.
- Car Park Resurfacing - an under spend of £64k was achieved on completion of works at four car parks. The main budget of £920k for Cedars & Grainges car park is to be re-phased to supplement the budget provision of £2,155k in 2015/16 for this major enhancement project.
- Grounds Maintenance Vehicles - funding of £677k is required to be re-phased as the majority of vehicles will be delivered early in the new financial year. A cost saving of £26k was achieved on tender prices for these vehicles.
- Rural Activities Garden Centre - an under spend of £188k is reported on completion of works at the centre to provide office and toilet facilities. Budget provision of £250k is included in 2015/16 for car parking works at the centre.

157. Net over spends of £256k are reported on major projects that commenced in previous years. This includes an over spend of £432k on Hillingdon Sports & Leisure Centre due to payments required on contractual issues and £73k over spend on Hayes End Library development to complete remedial works. These over spends have been offset by savings on other completed schemes including New Years Green Lane civic amenity site.

158. There are re-phasings on various schemes including the following:

- Purchase of Vehicles - a number of vehicles will be delivered in the new financial year resulting in re-phasing of £330k.
- Yiewsley Health Centre Development - this scheme is in early stages of development requiring re-phasing of £371k.
- Harlington Road Depot Refurbishment - re-phasing of £198k is required to enable refurbishment works to be completed in the new financial year.
- Eastcote House Building and Gardens - works on site are expected to be completed early in the new financial year resulting in re-phasing of £334k.
- Telecare Equipment - the budget of £600k is to re-phased to meet potential demand that may arise in 2015/16.
- CCTV Programme - funding of £335k will be re-phased for the roll out of the programme for which contracts are in the process of being awarded.
- West Drayton Cemetery & Resurfacing - works on site to expand the cemetery will commence early in the new financial year requiring re-phasing of £503k.
- Whiteheath Farm Refurbishment - works to complete windows and doors were completed in 2014/15. The remaining budget of £265k will be re-phased for structural works which may be required to be carried out.

- Youth Centres Kitchen Upgrades - funding of £142k requires to be re-phased for this project to upgrade kitchens at four youth centres which will be implemented in 2015/16.

Programmes of Works (Non-Schools)

159. There were under spends on the following programmes:

- Civic Centre Works Programme - an under spend of £1,233k is reported due to several projects which are in early stages of development or did not need to proceed. The funding is not required to be re-phased as there is existing budget provision of £1,300k in 2015/16.
- Property Works Programme - there is an under spend of £302k on a number of projects that are close to completion and an element of the budget remained unallocated. Funding does not require to be re-phased as there is budget provision in 2015/16.
- The cost under spend includes the uncommitted level of funding totalling £1,257k on Disabled Facilities Grants, Private Sector Renewal Grant and Adaptations for Adopted Children.

160. There are re-phasings on a number of programmes including the following:

- Highways Programme - the main programme was largely completed within budget with a small number of roads to be finished early in the new financial year. Budget re-phasing of £1,546k will enable a significant number of new roads and footways to be enhanced in 2015/16.
- Transport for London - the Local Implementation Plan and principal roads programmes are well underway and require re-phasing of £989k to be completed early in the new financial year.
- Town Centre Initiatives - funding of £307k requires to be re-phased for continuation of shop front grants schemes and Hayes Town Centre improvements.
- ICT Single Development Plan - a number of projects are in various stages of progress and require £194k re-phasing to be completed in 2015/16.
- Chrysalis Programme - the in year under spend of £813k will be carried forward to implement a number of projects for which the budget has been allocated.

Future Projects (Non-Schools)

161. There are re-phasings on a number of schemes including the following:

- New Theatre - this major project is in early feasibility stages and the under spend of the 2014/15 budget of £150k will be re-phased for future development.
- New Museum - this project is also in feasibility stage and the budget of £150k will be re-phased.
- Youth Centres - feasibility work to develop the first of three planned youth centres is underway and the under spend of £400k is to be re-phased to progress this.
- Uxbridge Cemetery Gatehouse - the budget of £150k will be re-phased to enable this scheme to be implemented in 2015/16.
- Bowls Club Refurbishment - works have been completed at Cowley and Bessingby bowls clubs in 2014/15 with a cost under spend of £35k. An amount of £67k is required to be re-phased for retentions.
- ICT Infrastructure - work is ongoing to roll out WiFi at various premises and funding of £282k requires to be re-phased to complete this.

Capital Financing - General Fund

162. Table 2 below set outs the financing of the General Fund capital programme in 2014/15:

Table 27 - Capital Financing

	Revised Budget 2014/15 £'000	Outturn 2014/15 £'000	Variance £'000	Financing to be re-phased in 2015/16 £'000	Financing Cost Variance £'000
Capital Receipts	6,355	5,310	(1,045)	(1,240)	195
CIL	-	-	-	-	-
Prudential Borrowing	31,782	13,057	(18,725)	(9,821)	(8,904)
Total Council Resources	38,137	18,367	(19,770)	(11,061)	(8,709)
Grants & Contributions	54,698	52,638	(2,060)	(1,202)	(858)
Total Programme	92,835	71,005	(21,830)	(12,263)	(9,567)

163. The overall under spend of £21,830k is comprised of £19,770k on Council resourced schemes and £2,060k on schemes funded from grants and contributions. The variance on grants is partly due to maximising the use of available grants on the Schools Expansions Programme which resulted in £2,015k grant previously profiled in the 2015/16 budget being utilised in advance to reduce prudential borrowing. This offsets slippages on other schemes financed by grants and contributions totalling £3,217k resulting in net re-phasing required of £1,202k.
164. There were £858k in grants that were unable to be utilised mainly due to £972k Targeted Basic Needs funding in the Schools Expansions programme for two schemes that were not required to proceed on the same basis as the original allocation from the Education Funding Agency. The grant variance also includes £60k on the Empty Homes programme as a small number of projects were not implemented. Partially offsetting this there were additional applications of £174k in other contributions including Public Health grant to part finance bowls clubs refurbishment reducing prudential borrowing.
165. General Fund capital receipts achieved for the year totalled £5,310k which were fully applied in year to minimise prudential borrowing. Major sales included Charles Curran House and six of the ten flats at Hayes End Library (Broadmead Court). There is re-phasing of £1,240k in respect of income targets on schemes that were expected to complete in 2014/15 but have slipped into the new financial year. The favourable variance of £195k relates to higher prices than the revised budget estimate on sale completions in the year.
166. Although there have been a substantial number of liabilities issued for Community Infrastructure Levy (CIL) since its inception on 1 August 2014, no income was received in 2014/15 due to the time lag between planning approvals and developments proceeding.
167. Prudential borrowing totalled £13,057k which represents a reduction of £3,919k from the Month 11 forecast. This was partly due to further slippage over the capital programme but also due to maximising use of un-ringfenced grants to reduce borrowing. An amount of £9,821k will require to be re-phased into 2015/16 to finance various schemes. The

favourable borrowing variance of £8,904k is due to Council resourced scheme under spends over the life of the programme of £8,709k and the higher prices of £195k achieved on capital receipts.

Housing Revenue Account (HRA) Capital Programme

168. Table 3 below sets out the outturn position on the HRA capital programme.

Table 28 - HRA Capital Expenditure

2014/15 HRA Capital Expenditure Outturn					Analysis of 2014/15 Variance		
Directorate	2014/15 Revised Budget £'000	2014/15 Actual £'000	2014/15 Variance £'000	2014/15 Movement from Month 11 £'000	2014/15 Variance £'000	Re-Phasing into 2015/16 £'000	2014/15 Cost Variance £'000
Dwelling Components	9,657	2,312	(7,345)	(225)	(7,345)		(7,345)
Estates / Blocks	2,586	223	(2,363)	(8)	(2,363)		(2,363)
Welfare	2,540	772	(1,768)	59	(1,768)		(1,768)
Other Projects	2,378	430	(1,948)	0	(1,948)	(524)	(1,424)
Total Works to Stock	17,161	3,737	(13,424)	(174)	(13,424)	(524)	(12,900)
Purchase & Repair	2,088	100	(1,988)	0	(1,988)	(1,988)	
Council New Build	1,000	24	(976)	(0)	(976)	(976)	
Supported Housing	2,876	370	(2,506)	0	(2,506)	(2,506)	
Total Major Projects	5,964	494	(5,470)	(0)	(5,470)	(5,470)	0
Former New Build Schemes	227	111	(116)	(134)	(116)	(97)	(19)
Grand Total	23,352	4,342	(19,010)	(308)	(19,010)	(6,091)	(12,919)

Works to Stock

169. The Works to Stock capital programme under spent by £13,424k. The Works to Stock programme budgets are currently under review and with the exception of Other Projects there is sufficient existing budget provision in 2015/16 so it is not proposed to re-phase these under spends. The main reasons for the under spends are set out below:

- Dwelling Components - there was an under spend of £7,345k on several programmes including boiler replacement and electrical upgrades. However, sufficient funding already exists in 2015/16 so no rephasing of budgets is required.
- Estates and Block Renewal - the under spend of £2,363k is due mainly to the bulk of the environmental and security works programme not commencing this year. However, sufficient funding already exists in 2015/16 so no rephasing of budgets is required.
- Welfare - the main reason for the under spend of £1,768k is that the proposals for sheltered scheme upgrades and conversions projects were still being developed. However, sufficient funding already exists in 2015/16 so no rephasing of budgets is required.
- Other Projects - an amount of £524k is required to be re-phased for the delivery of new housing fleet vehicles in 2015/16. The remaining budget of £1,424k is uncommitted so has not been rephased.

Major Projects

170. The Major Projects programmes are in early stages of development and hence the budget was largely unspent by £5,470k which requires re-phasing to progress these programmes in 2015/16.

171. Purchase and Repair - one buyback was achieved in 2014/15 and in total 70 are planned over the next five years. Funding of £1,988k is to be re-phased in respect of currently identified properties that will be purchased in 2015/16.
172. Council New Build - the strategy for this programme is under development including the identification of potential sites for building units. The under spend of £976k will be re-phased to support this programme as it develops.
173. Supported Housing - the potential sites for the building of new supported housing units are under review and the current year under spend of £2,506k will be required to finance the revised future programme.
174. Former New Build schemes - funding of £97k will be required to be carried forward for ongoing issues at Triscott House. This scheme is in contractual dispute which is expected to go through arbitration in 2015/16. There was a residual under spend of £19k on closure of two other schemes that commenced in previous years.

Capital Financing - HRA

175. The HRA capital programme was funded from £2,296k contributions from the Major Repairs Reserve, £57k Right to Buy Receipts and £1,619k other HRA capital receipts. In addition there was an appropriation of a site from General Fund to HRA for the supported housing programme which increased the HRA capital financing requirement by £370k.
176. There were 191 Right to Buy sales completed in 2014/15 for a sales value of £19,527k. From these receipts the provisional amount the Council is able to retain for investing in housing stock regeneration is £17,492k. These funds must be spent or committed with a deadline three years from each quarterly retained receipt.
177. In addition there were also £842k in HRA non dwelling receipts generated. These were applied to finance the 2014/15 HRA capital programme.

Appendix E – Treasury Management Report as at 31 March 2015

Summary

178. This report summaries the Council's treasury management activities during 2014/15 and presents details of capital financing, borrowing, debt management and investment transactions alongside an outturn position.
179. During the year the Council utilised internal balances and no new borrowing was taken to fund capital expenditure. The Council's loan portfolio has average rate of 3.01%. The portfolio was reduced by £9.3m with debt that matured naturally leaving a balance at year end of £326.9m (GF £82.8m, HRA £244.1m). The total interest paid over the year totalled £10.0m (GF £2.9m, HRA £7.1m). Investment income returns for the year on internally managed cash yielded 0.57% (0.48% 2013/14), resulting in total investment income this year of £0.8m.
180. There was no movement in terms of the unpaid investments with Icelandic bank Heritable and the balance remained at £0.8m. Throughout the year legal proceedings were ongoing between Heritable and its parent LBI (formally Landsbanki Islands) in respect of certain claims made by LBI in Heritable administration. Both parties have now reached a settlement. Further steps now need to be taken to bring the settlement in to effect which aims to deliver the best outcome for creditors. At this stage no further information is available.

Table 29: The Borrowing Requirement and Debt Management

	Balance at 31/3/2014 £m	New Borrowing £m	Debt Maturing £m	Debt Prematurely Repaid £m	Balance at 31/3/2015 £m	Average Rate %
CFR	402.91				400.96	
GF Loans						
PWLB Fixed Rate	62.65	-	2.28	-	60.37	3.47
Market Fixed Rate	15.00	-	-	-	15.00	4.28
PWLB Variable Rate	9.0	-	1.50	-	7.50	0.67
Total GF Loans	86.65	0.00	3.78	0.00	82.87	
HRA Loans						
PWLB Fixed Rate	176.57	-	5.50	-	171.07	3.20
Market Fixed Rate	33.00	-	-	-	33.00	4.03
PWLB Variable Rate	40.00	-	-	-	40.00	0.65
Total HRA Loans	249.57	0.00	5.50	0.00	244.07	
Total Loans	336.22	0.00	9.28	0.00	326.94	3.01
Other Long Term Liabilities	2.48		0.26		2.22	
Total External Debt	338.70		9.54		329.16	

181. The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR) which, as at 31/3/2015, was £401m (31/3/2014 £403m). The Council's borrowing requirement, the difference between the CFR and total physical borrowing, was

£74m. This amount represents the level of internal borrowing, primarily supported by the Council's own reserves.

182. At 31 March 2015, the Council held £278.94m of Public Works Loan Board (PWLB) debt (£67.87m General Fund and £211.07m HRA) containing a broad range of loan types including both Maturity and EIP loans with fixed and variable rates and with varying maturities. With interest rates remaining low the strategy of holding a proportion of variable rate debt proved successful as a hedge against the fixed element.
183. The Council has £48m of market loans (£15m General Fund and £33m HRA), which are LOBO loans (Lender's Options Borrower's Option), of which £11m of loans were in their option state in 2014/15. During the year the lenders of these loans did not exercise any call options and therefore the loans remain outstanding on the same terms.
184. The loan portfolio has an average rate 3.01% with the General Fund Loans average rate of 3.36% and HRA average rate of 2.89%. By using internal resources in lieu of borrowing, loan interest costs for the year totalled £10.0m, avoiding interest costs of approximately £2.2m that would have been incurred otherwise. There was no early repayment of debt in year due to premiums charged on premature repayment being cost prohibitive.
185. Abolition of the PWLB: In January 2015 the Department of Communities and Local Government (CLG) confirmed that HM Treasury (HMT) would be taking the necessary steps to abolish the Public Works Loans Board. HMT has confirmed however that its lending function will continue and local authorities will retain access to borrowing rates which offer good value for money. The Council intends to use the PWLB's replacement as a potential source of borrowing if required.

Investment Activity

186. The table below shows investment balances on 31st March 2015 whilst the average balance of investments over the year was £136.4m.

Table 30: Investment Balances

	Balance on 31/3/2014 £m	Balance on 31/03/2015 £m
Call Accounts	10.5	15.00
Notice Accounts	7.00	7.00
Money Market Funds	25.50	44.10
Short Term Investments	50.40	54.20
Long Term Investments	7.00	5.00
Investment Default (Principal only)	0.80	0.80
Total Investments	101.20	126.10
Average Rate % Received	0.48%	0.57%

187. Security of capital remained the Council's chief investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2014/15. Investments during the year included deposits with the Debt Management Office, Local Authorities, investments in AAA-rated Money Market Funds and deposits, both instant access and fixed term with Banks and Building Societies

systematically important to the UK banking system. An instant access facility was opened with Swedish bank Svenska Handelsbanken in January 2015 and represented the first use of an overseas institution since the collapse of the Icelandic banking system in 2008.

188. Credit Risk: Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A- across all three rating agencies, Fitch, Standard & Poor's and Moody's). However reliance does not rest solely with these agencies and are supplemented by use of market/economic information, media updates and intelligence from the Council's Treasury Advisors.
189. Liquidity: In keeping with CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds, targeted maturity deposits and the use of call accounts.
190. Yield: The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year with short term money market rates also remaining at very low levels. Short-term money was placed in fixed term deposits when capacity allowed as these were paying higher rates of interest than those offered on most instant access accounts. Once capacity was exhausted instant access accounts were utilised. A small proportion of longer dated deposits were placed to enhance income in a low interest rate environment. The two approaches resulted in an average return on Investments of 0.57%
191. All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

Update on Investments with Icelandic Banks

192. At the beginning of 2014/15 the Council had unpaid investments of £0.8m with Heritable Bank. Whilst the dispute between Heritable and its parent LBI continued throughout 2014/15 no further dividends were made. The administrators announced in April 2015 the dispute had now been settled and further updates are expected in 2015/16 over final settlement.

Compliance with the Prudential Code and Prudential Indicators

193. The Local Government Act 2003 gave freedoms to Local Authorities to borrow subject to macro economic considerations however, only on condition that compliance with the Prudential Code is observed. The code developed a series of 'prudential indicators' (Appendix 1) that were designed to provide greater information to the council tax payer and the rent payer on the impact of any borrowing decisions taken.
194. The main objectives of the prudential code are to demonstrate affordability of the authority's capital expenditure plans and ensure prudent external borrowing levels, which are sustainable in the future. It also verifies that treasury management decisions are taken in accordance with best professional practice.
195. The Council can confirm that it has complied with its Prudential Indicators for 2014/15, set in February 2014 as part of the Council's Treasury Management Strategy Statement. The levels of debt were measured on an ongoing basis during the year for compliance with the Authorised Limit of £545m and the Operational Boundary of £515m, the former being somewhat higher to allow for fluctuations in cash-flow. The Council maintained its total

external borrowing and other long-term liabilities within both limits; at its peak this figure was £338.7m.

Table 31: Upper Limits for Interest Rate Exposure:

Upper Limits for Interest Rate Exposure	Actual Level at 31/03/15 %	2013/14 Approved %
Upper Limit for Fixed Interest Rate Exposure on Debt	82	100
Upper Limit for Fixed Interest Rate Exposure on Investments	(4)	(75)
Upper Limit for Variable Interest Rate Exposure on Debt	18	50
Upper Limit for Variable Interest Rate Exposure on Investments	(96)	(100)

Table 32: Maturity Structure of Fixed Rate borrowing:

	Upper limit %	Lower limit %	Actual Borrowing as at 31/3/2015 £m	Percentage of total as at 31/3/2015
under 12 months	25	0	10.78	3.86%
12 months and within 24 months	25	0	5.78	2.07%
24 months and within 5 years	50	0	31.55	11.29%
5 years and within 10 years	75	0	50.17	17.95%
10 years and within 20 years	100	0	60.00	21.47%
20 years and within 30 years	100	0	44.57	15.94%
30 years and within 40 years	100	0	5.00	1.79%
40 years and within 50 years	100	0	23.60	8.45%
50 years and above	100	0	48.00	17.18%

(The above table includes LOBO's as fixed rate and at their maturity date)

196. For 2014/15 the Prudential Indicator which limits principal sums invested for periods longer than 364 days was set at £73m. During the year there was one £5m fixed term deposits placed for more than 364 days. Non-treasury related Prudential Indicators are included in Appendix 1.
197. **Balanced Budget** - The Council complied with the Balanced Budget requirement.
198. **Training** - As part of the Council's continuous performance and development programmes, officers received treasury management training by attending workshops and seminars provided by CIPFA and the Council's treasury advisers Arlingclose.

NON TREASURY PRUDENTIAL INDICATORS 2014/15

1 Estimated and Actual Capital Expenditure

	Estimated £m	Outturn £m
General Fund	120	71
HRA	23	4
Total	143	75

2 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

	Estimated %	Outturn %
General Fund	4.57%	4.61%
HRA	23.99%	24.58%
Total	8.99%	9.17%

3 Capital Financing Requirement

	Estimated £m	Outturn £m
General Fund	209	190
HRA	232	211
Total	441	401

The Council had no difficulty meeting its CFR in 2014/15. On both General Fund & Housing Revenue Account there has been significant rephasing of projects to be funded from borrowing in future years, accounting for the reduction in capital expenditure & CFR for 2014/15.

4 Actual External Debt at 31.03.2015

	£m
Borrowing	326.94
Other Long-term Liabilities	2.22
Total	329.16

5 Incremental Impact of Capital Investment Decisions

	2014/15 £
Increase in Band D Council tax	8.40
Increase in average weekly housing rents	0.00

As an indicator of affordability, the Incremental Impact of Capital Decision shows the notional impact of capital investment decisions on Council Tax and Housing Rent levels and represents the impact on these if the financing of the capital programme were to be funded from taxes and rents. However, in reality there are no consequential increases to Council Tax as much of the capital programme is funded from grants, the sale of released or newly created assets, revenue savings for invest to save schemes. The fixed nature of the HRA business plan results in no incremental increase in housing rents.

6 HRA Limit on Indebtedness

HRA Debt Cap (as prescribed by CLG)	£303.3m				
	31/03/2015 Estimated £m	31/03/2015 Revised £m	31/03/2015 Actual £m	31/03/2016 Estimate £m	31/03/17 Estimate £m
HRA CFR	231.7	231.7	211.0	224.4	217.1
Difference	71.6	71.6	92.3	78.9	86.2

All 2014/15 estimated comparator figures are sourced from the 2014/15 Treasury Management Strategy Statement.

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

199. 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
Finance						
Finance Business Partner	09-Jun-14	01-Jun-15	28-Aug-15	97	25	122
Senior Accountant	22-Sep-14	01-Jun-15	26-Jun-15	52	6	58
Finance Manager	18-Aug-14	29-Jun-15	17-Jul-15	101	7	108
Residents Services						
Re-structure Transition Support Officer	02-Feb-15	27-Apr-15	17-Jul-15	24	27	51
FM Hard Services Manager	21-Jul-14	11-May-15	31-Jul-15	45	15	60
Technical Administration Officer	30-Jan-12	18-May-15	02-Jun-15	58	1	59
Right To Buy Officer	29-Oct-12	01-May-15	01-Nov-15	78	18	96
Project Manager	13-Apr-14	25-May-15	16-Aug-15	92	23	115
Quantity Surveyor	02-Dec-13	27-Apr-15	24-Jul-15	160	18	178
Homeless Prevention Caseworkers x 4	07-Jul-14	27-Apr-15	23-Oct-15	154	89	243
Project Manager	14-Jul-13	11-May-15	08-Nov-15	153	48	201
Architect	01-Jul-13	22-Jun-15	11-Sep-15	95	13	108
Maintenance Manager	06-Oct-14	11-May-15	09-Aug-15	150	25	175
Project Engineer	20-May-13	18-May-15	14-Aug-15	131	19	150
Consultant in Public Health	27-Jan-14	01-Jun-15	26-Aug-15	145	19	164
Children & Young People's Services						
Deputy Team Manager	28-Jun-11	04-May-15	05-Jul-15	128	15	143
Social Worker	19-Dec-11	04-May-15	05-Jul-15	182	13	195
Social Worker	19-Dec-11	04-May-15	05-Jul-15	140	13	153
Social Worker	19-Dec-11	04-May-15	05-Jul-15	163	13	176
Social Worker	19-Dec-11	04-May-15	05-Jul-15	134	13	147

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker	06-Jan-12	04-May-15	05-Jul-15	182	13	195
Deputy Team Manager	05-Mar-12	04-May-15	05-Jul-15	220	18	238
Social Worker	05-Mar-12	04-May-15	05-Jul-15	170	13	183
Social Worker	05-Mar-12	04-May-15	05-Jul-15	190	13	203
Social Worker	30-Apr-12	04-May-15	05-Jul-15	75	13	88
Deputy Team Manager	01-Jan-13	04-May-15	05-Jul-15	135	14	149
Social Worker	01-Jan-13	04-May-15	05-Jul-15	111	11	122
Social Worker	01-Jan-13	04-May-15	05-Jul-15	122	13	135
Deputy Team Manager	01-Jan-13	04-May-15	05-Jul-15	148	15	163
Social Worker	01-Apr-13	04-May-15	05-Jul-15	123	13	136
Social Worker	01-Apr-13	04-May-15	05-Jul-15	105	13	118
Social Worker	01-Apr-13	04-May-15	05-Jul-15	107	13	120
Residential and Placements Manager	01-Jul-13	04-May-15	05-Jul-15	157	18	175
Team Manager	09-Sep-13	04-May-15	05-Jul-15	87	16	103
Senior Social Worker	25-Sep-13	04-May-15	05-Jul-15	80	13	93
Education Key Worker	14-Oct-13	04-May-15	05-Jul-15	59	8	67
Social Worker	02-Dec-13	04-May-15	05-Jul-15	71	13	84
Social Worker	23-Dec-13	04-May-15	05-Jul-15	60	14	74
MASH Manager	13-Jan-14	04-May-15	05-Jul-15	80	24	104
Social Worker	20-Jan-14	04-May-15	05-Jul-15	72	11	83
Social Worker	03-Mar-14	04-May-15	05-Jul-15	61	9	70
Social Worker	05-Mar-14	04-May-15	05-Jul-15	97	13	110
Social Worker	05-Mar-14	01-Jun-15	05-Jul-15	44	7	51
Independent Reviewing Service Manager	07-Apr-14	04-May-15	05-Jul-15	113	24	137
Case Progression Manager	07-Apr-14	04-May-15	05-Jul-15	101	15	116

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker	08-May-14	04-May-15	05-Jul-15	66	13	79
Quality Assurance Auditor (Social Work Cases)	08-May-14	04-May-15	05-Jul-15	56	15	71
Independent Reviewing Officer	12-May-14	04-May-15	05-Jul-15	70	15	85
Social Worker	13-May-14	04-May-15	05-Jul-15	43	11	54
Social Worker	27-May-14	04-May-15	05-Jul-15	58	11	69
Independent Reviewing Officer	27-May-14	04-May-15	05-Jul-15	69	15	84
Deputy Team Manager	02-Jun-14	04-May-15	05-Jul-15	62	15	77
Social Worker	06-Jun-14	04-May-15	05-Jul-15	55	13	68
Social Worker	19-Jun-14	01-Jun-15	05-Jul-15	46	11	57
Social Worker	19-Jun-14	04-May-15	05-Jul-15	63	13	76
Deputy Team Manager	01-Jul-14	04-May-15	05-Jul-15	61	13	74
Service Manager Children in Care	07-Jul-14	04-May-15	05-Jul-15	119	27	146
LSCB Business Manager	09-Jul-14	04-May-15	05-Jul-15	71	17	88
Social Worker	28-Jul-14	01-Jun-15	05-Jul-15	48	7	55
Deputy Team Manager	31-Jul-14	01-Jun-15	05-Jul-15	47	8	55
Social Worker	04-Aug-14	04-May-15	05-Jul-15	57	13	70
Social Worker	11-Aug-14	04-May-15	05-Jul-15	55	11	66
Social Worker	19-Aug-14	04-May-15	05-Jul-15	60	11	71
Team Manager	01-Sep-14	04-May-15	05-Jul-15	52	16	68
Corporate Parenting Manager	01-Sep-14	04-May-15	05-Jul-15	51	13	64
Social Worker	05-Sep-14	04-May-15	31-May-15	46	5	51
Social Worker	05-Sep-14	04-May-15	05-Jul-15	48	13	61
Social Worker	17-Sep-14	01-Jun-15	05-Jul-15	45	7	52
Team Manager - MASH	28-Sep-14	04-May-15	05-Jul-15	49	16	65
Team Manager	29-Sep-14	04-May-15	29-Sep-14	53	7	60

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker	30-Sep-14	01-Jun-15	05-Jul-15	50	7	57
Deputy Team Manager	30-Sep-14	04-May-15	05-Jul-15	46	14	60
Social Worker	27-Oct-14	01-Jun-15	05-Jul-15	46	7	53
Child Sexual Exploitation (CSE) Co-ordinator	03-Nov-14	04-May-15	05-Jul-15	46	14	60
Service Manager Fostering and Adoption	10-Dec-14	04-May-15	05-Jul-15	53	26	79
Deputy Team Manager	17-Dec-14	04-May-15	05-Jul-15	78	15	93
Adult Social Care						
Residential Care Worker	01-Apr-12	01-Jun-15	31-Aug-15	83	3	86
Service Manager	01-Sep-14	01-Jun-15	31-Aug-15	66	9	75
Team Manager	03-Nov-14	01-Jun-15	31-Aug-15	48	8	57
Mental Health Social Worker	05/05/2014	01-Jun-15	31-Aug-15	55	6	60
Team Leader	01-Apr-14	01-Jun-15	31-Aug-15	82	8	90
Lead Approved Mental Health Practitioner	01-Jun-12	01-Jun-15	31-Aug-15	116	6	122
Occupational Therapist	07-Oct-13	01-Jun-15	31-Aug-15	95	6	101
Approved Mental Health Worker	08-May-14	01-Jun-15	31-Aug-15	47	4	51
Social Worker - Advanced Practitioner	11-Sep-14	01-Jun-15	31-Aug-15	45	8	53
Team Manager	05-Jan-15	01-Jun-15	05-Jul-15	55	8	63
Care Act Programme Implementation Manager	02-Oct-14	01-Jun-15	31-Aug-15	84	17	101
Mental Health Social Worker	01-Aug-14	01-Jun-15	31-Aug-15	51	6	57

Appendix G – Decisions taken under delegated authority

200. On 23 April 2015, Cabinet agreed that during the period of 23 April 2015 to 18 June 2015 delegated authority be given to the Corporate Director of Finance, in full consultation with the Leader of the Council, to make any necessary revenue or capital budget virements or acceptance of grants that may be required for service or project delivery within the overall budget framework approved by Council on 26 February 2015. Furthermore, that any such decisions made, be reported to the 18 June 2015 Cabinet meeting for ratification.

201. The following decisions were taken under this delegated authority and are reported to Cabinet for ratification, as set out recommendation 7:

a) Acceptance of £130k Transport for London Principal Roads funding

In January 2015 the Leader of the Council received a briefing explaining that due to the level of subsidence found in the carriageway structure of Ruislip High Street during the preparation for TfL funded Principal Road Renewal works the depth of reconstruction required the cost of the planned works had increased by £422k. The Leader approved this with the additional cost to be met in the first instance from the 2015/16 TfL Principal Road Renewal funding allocation, although it was noted that TfL were to re-allocate funding from underspends in other London boroughs. The works commenced on site in March 2015 and are now due for completion.

Cabinet in March 2015 accepted £196k of additional TfL grant funding for the Principal Road Renewal works at Ruislip High Street. In addition, in March 2015 a further allocation of £130k of TfL funding for the project was notified to the Council, however was outside of the timescales required for reporting to Cabinet in April 2015 and was therefore accepted under delegated authority.

b) Acceptance of £45k funding for the London Marathon Trust in support of the Chrysalis project at Warrender Park

A proposal to install a multi use games area within Warren park was submitted by in February 2014 on behalf of Warren Park Residents' Association who are working with the Council to try to achieve Green Flag Status for Warren Park. This is a well used park with a nice playground for young children but the residents feel that it lacks facilities for older children. The estimated cost of this project was £80k

On the 12th December 2014 written confirmation was received from the London Marathon Trust that they would be pleased to offer Hillingdon Council a grant award of £45k. On the 6th March 2015 the Cabinet Member agreed in principle that £35k match funding could be allocated from the 2015/16 Chrysalis programme subject to formal approval.

c) Acceptance of gift funding of £23,000 from Prologis UK to fund additional resource and expedite a planning application, to be submitted in relation to an industrial estate at Dawley Road, Hayes.

For information, the gift funding from Prologis UK relates to processing of a planning application. The developer has advised that they consider it essential to have dedicated planning staff to process their application. The developer has offered to cover the cost of temporary staff to deal with the application. The application is for the redevelopment of the site to provide 10,728sq metres of Class

B1(b) and B2 (General Industrial) and B8 (Storage and Distribution) floorspace with associated parking.

Subject to planning permission, works on the new building are due to commence in summer 2015, the site has been fully cleared and is ready for development. Given the tight time frame for a decision to be made, Officers also consider it essential to have dedicated staff to process these applications in order to prioritise and facilitate growth and development within the Borough.

It is therefore considered appropriate that the Council engage additional staff to provide the discretionary services to the developers in exchange for gift funding which has been offered to cover the reasonable and justifiable costs of carrying out such discretionary services.

- d) Acceptance of additional gift funding of £8,000 from Arora Management Services Ltd (total gift funding of £30,000) to fund additional resource and expedite planning applications and reserved matters, to be submitted in relation to a new hotel at Sheffield Way, Heathrow Terminal 4.

For information, the gift funding from Arora Management Services Ltd relates to processing of planning application and reserved matters applications. They have offered gift funding to ensure there is dedicated resource in place to process their planning applications. In January 2015, Cabinet approval was given to £22,000 of gift funding to deal with the outline planning application. The applicants now wished for the Reserved Matters applications to be considered at the same time and has therefore agreed to increase their gift funding to £30,000 to cover the additional resources.

The developer has advised that they consider it essential to have dedicated planning staff to process their planning submissions. The developer has offered to cover the cost of temporary staff to deal with the applications. The applications will be for a variation of an existing consent for a 660 bed hotel development, erection of an overhead walkway link to provide pedestrian access to Terminal 4 and Reserved Matters applications relating to the main hotel.

Subject to planning permission, works on the new building are due to commence as soon as consent has been granted and the developer is keen to bring this site forward as soon as possible. Given the tight time frame for a decision to be made, Officers also consider it essential to have dedicated staff to process these applications in order to prioritise and facilitate growth and development within the borough.

It is therefore considered appropriate that the Council engage additional staff to provide the discretionary services to the developers in exchange for gift funding which has been offered to cover the reasonable and justifiable costs of carrying out such discretionary services.

Appendix H – Grant Funding approved

202. The following Community Safety grants, totalling £77,900 to the Hillingdon Metropolitan Police Service for a variety of activities to strengthen community safety in the Borough were authorised by the Cabinet Member for Community, Commerce and Regeneration:

- a) Service 44 Cycles for Local Police Teams (£8,800)
- b) Four Semi-marked Police Cars on a twelve month lease (£17,000)
- c) Gazebo and Outdoor Banners for Local Policing Teams (£1,600)
- d) Crime Prevention Campaigns (£1,000)
- e) Domestic Abuse Panic Alarms (£20,000)
- f) Cyber Crime Awareness Campaign for Older People (£8,600)
- g) Domestic Abuse Vehicle (£9,500)
- h) Officers to staff a dedicated Domestic Abuse Car (£11,400)