

COUNCIL BUDGET -2015/16 MONTH 2 REVENUE AND CAPITAL BUDGET MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2015/16 revenue budget and capital programme.</p> <p>A net in-year underspend of £45k is projected against 2015/16 General Fund revenue budgets as of May 2015 (Month 2).</p> <p>The latest positions on other funds and the capital programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving value for money is an important element of the Council's medium term financial plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That the Cabinet:

1. Note the forecast budget position for revenue and capital as at May 2015 (Month 2).
2. Note the treasury management update as at May 2015 at Appendix E.
3. Continue the delegated authority up until the 24 September 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 23 July 2015 Cabinet meetings, detailed at Appendix F.
4. Agree that during the intervening period between the 2015 July and September Cabinet meetings, to delegate full authority to the Leader of the Council, in

conjunction with the relevant Cabinet Member(s) and Corporate Director(s), to make any decision that would otherwise be reserved constitutionally to the Cabinet, if a delay would prejudice Council projects or service delivery. Such decisions to be reported to the next Cabinet meeting. Furthermore, request that the Chairman of the Executive Scrutiny Committee agree to waive the scrutiny call-in period for this to take immediate effect.

5. Approve the addition of £80k Transport for London funding for Bus Stop Accessibility to the 2015/16 capital and revenue budgets within Residents Services.
6. Approves the addition of £12k Food Standards Agency funding to Residents Services budgets to support additional food sampling.
7. Approves the addition of £60k Environment Agency funding to Residents Services budgets to fund studies to mitigate flooding in the Charville area and The Common, West Drayton.
8. Approves the acceptance of the gift funding from developers detailed in Appendix G to this report.
9. Agrees to allocate £25k from General Contingency to Residents Services budgets for costs associated with traveller incursion.
10. Delegates to the Leader of the Council and the Cabinet Member for Finance, Property and Business Services, in conjunction with the Deputy Chief Executive and Corporate Director of Residents Services, full authority to acquire and purchase private properties in order to supplement affordable housing provision within the Borough. Furthermore, that following any acquisition, this be reported back to Cabinet for ratification and public record at the appropriate time.
11. Agrees to provide a £25k grant to the Hillingdon Brain Tumour & Injury Group utilising Public Health resources.

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 2015.
2. Appendix E provides an update to Cabinet on Treasury Management performance during this financial year.
3. Transport for London has awarded the Council a further £80k grant funding in respect of the 2015/16 Bus Stop Accessibility Programme. The funding will be utilised to complete further bus stop enhancements throughout the Borough, with recommendation 5 seeking authority to accept this funding and amend budgets to reflect £72k capital and £8k revenue income.
4. The Council has successfully bid for £12k of Food Standards Agency funding to undertake additional sampling as part of the national coordinated risk-based food sampling programme 2015/16, and to help identify emerging risks in the food chain from items that are not covered by specific safeguard measures currently. Recommendation 6 seeks authority to add this resource to budgets.
5. The Council has successfully bid for £50k of Environment Agency grant that will fund studies into options for mitigating the risk of flooding in Charville, where over 50 residents have in the past been affected by floods. These initial studies will provide

much of the information to be able to prepare an application for further funding for future flood relief works. An additional £10k of funding has been awarded by the Environment Agency, to provide flood alleviation to residents in the area of The Common, West Drayton. Recommendation 7 seeks authority to add this resource to budgets.

6. Recommendation 8 seeks authority to accept planning gift funding as detailed in Appendix G to this report. Officers 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.
7. Recommendation 9 allocated £25k of funding from contingency to Residents Services budgets to deal with traveller incursions during the year. £3,737 has already been incurred on dealing with a recent incursion and this allocation provides funding for dealing with any further incursions over the remainder of the year.
8. Recommendation 10 will assist the Council to actively explore opportunities to supplement affordable housing provision in the Borough through the freehold purchase of private properties, particularly where demand for larger houses is increasing. Registered providers are delivering proportionally fewer larger homes and there is also a significant loss of these where sold through Right to Buy. Purchasing private properties would be a net revenue benefit to the HRA and could utilise receipts that may otherwise have to be returned to the Government with penalty. Constitutionally, Cabinet authority is required to acquire new land and property valued over £250k, hence the permission sought to delegate this decision explicitly in such cases. The lead up to any purchase will require confidential negotiation in respect of the price to secure best value and once an acquisition has been agreed by all parties, this will be reported back to Cabinet in the monthly budget monitoring reports for Members and public information.
9. Recommendation 11 provides a £25k grant to the Hillingdon brain Tumour and Injury Group to be funded from earmarked Public Health resources. The Group provides active support to residents of Hillingdon and surrounding areas affected by any type of brain tumour or brain injury. This funding will provide the Group with the capacity to deal with a greater number of clients. The grant meets the criteria for utilising public health funding.

Alternative options considered

10. There are no other options proposed for consideration.

SUMMARY

REVENUE

11. An underspend of £45k is projected at Month 2 for General Fund revenue budgets, with management action across all service areas expected to deliver an underspend of £523k on Directorate Operating Budgets and an underspend on treasury activity within Corporate Operating Budgets of £850k sufficient to contain £1,328k emergent pressures within contingency.
12. The 2015/16 revenue budget contains savings of £10,034k, including £127k items brought forward from 2014/15. At the current time, £1,761k of savings are banked in full, with £4,265k on track for delivery in full and the remaining £4,008k being at an early stage of implementation.
13. General Fund balances are projected to total £35,484k at 31 March 2016, after allowing for the release of £5,000k to smooth the impact of front-loaded government funding cuts. Current forecasts assume that £500k of as yet uncommitted General Contingency and £654k unallocated Priority Growth will be utilised in full during the current financial year.
14. With the exception of the Collection Fund, there are no material variances on other funds affecting the General Fund position. Within the Collection Fund, a potential pressure of £975k primarily due to delays in bringing properties into the Non-Domestic Rating list is currently being off-set by a £2,563k surplus on Council Tax activities. The net £1,588k surplus would be available to support the Council's 2016/17 budget.

CAPITAL

15. As at Month 2 an underspend of £16,946k is reported on the £110,361k General Fund Capital Programme, with £508k cost variances and £16,438k slippage on project expenditure. The forecast outturn over the life of the 2015/16 to 2019/20 programme is a £508k underspend, principally related to underspends on completed schools projects which are discussed in the comprehensive Schools Capital Programme update included elsewhere on this agenda.
16. General Fund capital receipts of £13,551k are forecast for 2015/16, with total receipts to 2019/20 expected to reach £61,931k, representing a favourable variance of £26k against budget. Slippage of £12,389k in capital receipts forecast for 2015/16 is reported, with this shortfall expected to be recovered from 2016/17.
17. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 capital programme is forecast to exceed budget by £1,769k, with the favourable variances on expenditure and receipts being off-set by an adverse movement of £2,303k reported on 2015/16 Department for Education grant funding. This position will remain under review and any future revenue implications from the capital programme captured through the Medium Term Financial Forecast.

FURTHER INFORMATION

General Fund Revenue Budget

18. An underspend of £45k is reported on normal operating activities at Month 2. This position incorporates a £523k net underspend across Directorate Operating Budgets, an underspend of £850k across treasury management activities within Corporate Operating

Budgets being off-set by contingency pressures of £1,328k reported on Children's Social Care and Asylum services.

19. At this early stage in the financial year an underspend of £523k is reported across Directorate Operating Budgets, although this position contains a number of risk items which are outlined below. A range of measures are in place to contain the contingency pressures noted, including accelerating implementation of savings proposals where possible.

20. The Council's General Fund revenue budget contains £10,034k savings, with £6,026k already banked or on-track for delivery in full at this early stage of the year. The reported position on operating budgets reflects the status of these savings.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
186,213	1,132	Directorate Operating Budgets	187,345	186,822	(523)
8,795	(246)	Corporate Operating Budgets	8,549	7,699	(850)
12,340	(736)	Development & Risk Contingency	11,604	12,932	1,328
1,604	(150)	Priority Growth	1,454	1,454	0
208,952	(0)	Sub-total Normal Activities	208,952	208,907	(45)
		<u>Exceptional Items</u>			
208,952	(0)	Total Net Expenditure	208,952	208,907	(45)
(203,952)	0	Budget Requirement	(203,952)	(203,952)	0
5,000	(0)	Net Total	5,000	4,955	(45)
(40,439)	0	Balances b/fwd	(40,439)	(40,439)	
(40,439)	0	Balances c/fwd 31 March 2016	(35,439)	(35,484)	

21. At 31 March 2015 General Fund Balances totalled £40,439k, with a budgeted drawdown of £5,000k and the projected £45k surplus resulting in a closing balance of £35,484k. The Council's Medium Term Financial Forecast assumes that balances will remain between £20,000k and £30,000k to manage emergent risks, with sums above that level earmarked for use to smooth the impact of government funding cuts.

Directorate Operating Budgets (£523k underspend)

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

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
11,133	43	Admin.	Expenditure	11,177	11,021	(156)
(1,331)	83		Income	(1,248)	(1,196)	52
9,803	126		Sub-Total	9,929	9,825	(104)
16,867	(14)	Finance	Expenditure	16,853	16,816	(37)
(2,583)	0		Income	(2,583)	(2,583)	0
14,284	(14)		Sub-Total	14,270	14,233	(37)
111,955	(1,161)	Resident Services	Expenditure	110,794	110,227	(567)
(53,324)	14		Income	(53,310)	(53,273)	37
58,631	(1,147)		Sub-Total	57,484	56,954	(530)
33,407	451	Children & Young People's Services	Expenditure	33,858	37,204	3,346
(8,327)	0		Income	(8,327)	(11,474)	(3,147)
25,079	451		Sub-Total	25,530	25,730	199
105,739	3,041	Adult Social Care	Expenditure	108,780	109,188	408
(27,322)	(1,326)		Income	(28,648)	(29,108)	(460)
78,417	1,715		Sub-Total	80,132	80,080	(52)
186,213	1,132	Total Directorate Operating Budgets		187,345	186,822	(523)

23. An underspend of £104k is reported on Administration budgets mainly from due to elected members no longer being eligible to join the Local Government Pension Scheme. Shortfalls in projected income for a number of services are being managed within this position.

24. An underspend of £37k is being reported on Finance budgets as a result of slightly higher than budgeted levels of vacancies within Finance.

25. A net underspend of £530k is reported on Residents Services budgets, with strong performance on income generation across the group and minor underspends off-setting potential risk items within Development and Assets.

26. An overspend of £199k is reported in Children and Young People's Services, primarily due to a reliance on more costly agency staff as the service transitions to a permanent structure. Within this position, substantial investment in managed services to support this transition is being managed from earmarked reserves.

27. A net underspend of £52k is projected on Adult Social Care budgets, with a number of management actions in place to mitigate costs pressures on externally contracted Homecare provision and delays in delivery of Supported Living properties.

Progress on Savings

28. The Council's 2015/16 General Fund revenue budget contains £10,034k savings, with £9,907k new items approved by Cabinet and Council in February 2015 and a further £127k 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 are presented to the Hillingdon Improvement Programme Steering Group.

29. At Month 2, £1,761k savings are already reported as banked, with a further £4,265k on track for delivery in full during the current financial year. At this early stage in the financial year £4,008k savings are being classed as amber, primarily due to being in the early stages of implementation. No items are being reported as having serious risks of non-delivery at this stage.

Table 3: Savings Tracker

2015/16 General Fund Savings Programme	Admin. & Finance	Residents Services	Adult Social Care	Children & Young People's Services	Total Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	(152)	(969)	(605)	(35)	(1,761)	17.6%
G On track for delivery	(889)	(2,589)	(742)	(45)	(4,265)	42.5%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(342)	(790)	(1,970)	(906)	(4,008)	39.9%
R Serious problems in the delivery of the saving	0	0	0	0	0	0.0%
Total 2015/16 Savings	(1,383)	(4,348)	(3,317)	(986)	(10,034)	100.0%

Corporate Operating Budgets (£850k underspend)

30. 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.

31. Within Interest and Investment Income, on-going reviews of capital financing options and proactive management of the Council's loans and investments is expected to deliver an underspend of £850k in the current financial year.

32. Housing Benefit activity, including payments to claimants and associated grant funding receivable from the Department of Work and Pensions, is now reported within Corporate Operating Budgets. The principal variable in this position is the Council's recovery of overpayments, which at this early stage of the year is projected in line with budget.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
0	0	Interest and Investment Income	Salaries	0	0	0
9,861	(46)		Non-Sal Exp	9,815	8,965	(850)
(691)	0		Income	(691)	(691)	0
9,170	(46)		Sub-Total	9,124	8,274	(850)
493	0	Levies and Other Corporate Budgets	Salaries	493	493	0
11,926	(200)		Non-Sal Exp	11,726	11,726	0
(12,235)	0		Income	(12,235)	(12,235)	0
185	(200)		Sub-Total	(15)	(15)	0
0	0	Housing Benefit Subsidy	Salaries	0	0	0
151,736	0		Non-Sal Exp	151,736	151,736	0
(152,296)	0		Income	(152,296)	(152,296)	0
(560)	0		Sub-Total	(560)	(560)	0
8,795	(246)	Total Corporate Operating Budgets		8,549	7,699	(850)

Development & Risk Contingency (£1,328k pressure)

33. The Council has set aside £11,604k to manage volatile and uncertain elements of budgets within the Development & Risk Contingency, which included £10,604k in relation to specific risk items and £1,000k as General Contingency to manage unforeseen risk items. As expected with such volatile areas, a number of variances are highlighted at this early stage in the monitoring cycle.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
400	0	Fin.	Uninsured Claims	400	400	0
236	0	Residents Services	Carbon Reduction Commitment	236	236	0
1,836	0		Impact of welfare reform on homelessness	1,836	1,836	0
2,211	0		Waste Disposal Levy (Demand-led Tonnage Increases)	2,211	2,171	(40)
1,272	0	Children and Young People	Asylum Funding Shortfall	1,272	2,212	940
465	0		Social Care Pressures (Children's)	465	1,793	1,328
(117)	0		Early Support Cost Avoidance	(117)	(117)	0
1,298	0		Potential Shortfall in Social Care & Health Integration Funding	1,298	1,298	0
380	0	Adult Social Care	Increase in Transitional Children due to Demographic Changes	380	380	0
393	0		Winterborne View	393	393	0
520	0		SEN Transport	520	120	(400)
129	0		Social Care Pressures (Adult)	129	129	0
250	0	Corp. Items	Pump Priming for BID Savings	250	250	0
2,067	(736)		Care Act New Burdens	1,331	1,331	0
1,000	0		General Contingency	1,000	500	(500)
12,340	(736)	Total Development & Risk Contingency		11,604	12,932	1,328

34. A minor improvement is reported on waste disposal costs at this early stage in the financial year, with the latest tonnage figures suggesting a £40k reduction in the contingency requirement for 2015/16 payments to the West London Waste Authority. This position will remain under review.

35. A gross pressure of £1,440k is currently being reported on Asylum services, arising from a combination of the £675k funding cut confirmed by the Home Office in March 2015

and a change in the age profile of service clients towards over 18s which attract a lower level of grant funding. There are a number of management actions being put in place to contain and ultimately eliminate this pressure. It has been assumed that this action will reduce the pressure by £500k to £940k in the current financial year.

36. A pressure of £1,328k is reported on Children's Social Care placement costs, which is being primarily driven by increased use of Special Guardianship Orders in place of Adoptions following recent court rulings. This has the effect of directly increasing costs through payment of allowances in line with foster care arrangements, and effectively removes a foster carer from the system necessitating the use of alternative placements.
37. Within Adult Social Care, a review of transport provision across both Special Educational Needs and Disabled Adult client groups is expected to result in a £400k reduction in the contingency requirement as the service moves to supporting independent travel where appropriate. Given the early stages of implementation, the financial impact will continue to be closely monitored.
38. The 2015/16 revenue budget included £1,000k of General Contingency to manage unforeseen cost pressures over and above those specific items included in Development and Risk Contingency. It is projected that only £500k of this sum will be required, in line with the outturn position in recent years.

Priority Growth

39. The 2015/16 General Fund revenue budget approved by Cabinet and Council in February 2015 set aside £804k of unallocated Priority Growth, in addition to £800k of specific growth monies to support HIP Initiatives. To date £150k has been allocated from Unallocated Priority Growth, to support an increase in support for the First Time Buyer's Initiative. It is expected that unallocated growth monies will be applied in full during 2015/16 and not be released into General Balances.
40. The original HIP Initiatives Budget has been supplemented by £430k of uncommitted funds brought forward from 2014/15, providing a balance of £1,230k for investment in the current year. To date approved projects total £156k, leaving £1,074k available for new initiatives.

Table 6: Priority Growth

Original Budget £'000	Budget Changes £'000	Priority Growth	Month 2		
			Revised Budget £'000	Approved Allocations £'000	Unallocated Balance £'000
800	430	HIP Initiatives Budgets	1,230	156	(1,074)
0	(430)	B/fwd Funds	(430)	(430)	0
804	(150)	Unallocated Priority Growth	654	0	(654)
1,604	(150)	Total Priority Growth	1,454	(274)	(1,728)

Schools Budget, Parking Revenue Account and Collection Fund

41. Latest forecasts on other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund.

42. A headline pressure of £2,160k is reported on the Schools Budget, consisting of £2,046k monies released or earmarked by Schools Forum from the brought forward surplus, a £439k pressure on demand-led SEN funding delegated to schools, £131k pressure in relation to funding set-up costs at newly opened primary schools and a £456k increase in grant income due to increased pupil numbers. The elements of the schools budget managed by the Council are forecast to breakeven at Month 2.
43. A surplus of £121k is forecast on the Parking Revenue Account at Month 2, reflecting increased income seen in late 2014/15 and significant savings on expenditure met from the account. Given the volatile nature of enforcement and on-street parking income streams, this position will continue to be closely monitored.
44. The overall outlook for the Collection Fund is positive, with a surplus of £1,588k anticipated at this early stage of the year arising from a £2,563k surplus on Council Tax and £975k deficit on Business Rates. The deficit position on Business Rates relates to continuing delays in new properties being brought onto the rating list by the Valuation Office Agency. Any surplus or deficit will be released to the General Fund from 2016/17 and reflected in the Council's Medium Term Financial Forecast.

Housing Revenue Account Budget

45. An in-year surplus of £11k is forecast on the Housing Revenue Account at Month 2, with a £303k loss of income due to increased Right to Buy sales since the budget was set in February 2015 being off-set by vacancies across HRA funded services. Unallocated General Balances within the HRA are therefore projected to increase to £32,251k as a result of the £11k surplus and £1,663k planned contribution to balances. The current forecast reflects work that is underway to secure the £2,448k of savings included in the 2015/16 budget.
46. Within the HRA capital programme, slippage of £13,308k is reported at Month 2 which includes £2,586k on works to stock activity and £10,722k on new build activity. Slippage on new build projects reflects the fact that works are unlikely to commence during 2015/16.
47. As at Month 2, 21 properties have been sold under Right to Buy arrangements with a total of 140 sales forecast for 2015/16 in line with budget assumptions. To date £29,584k income has been generated through sales since January 2014, with the initial tranche of receipts repayable to DCLG in March 2016 if not utilised.

Future Revenue Implications of Capital Programme

48. Appendix D to this report outlines the forecast outturn on the 2015/16 to 2019/20 capital programme, which highlights deferral of capital receipts and loss of grant income expected to require £3,908k of additional borrowing in 2015/16, falling to £1,769k over the life of the programme. It is likely that the on-going financing costs of this level of additional borrowing could be contained within existing capital financing provision through proactive treasury management; this position will remain under review and reflected in the Council's Medium Term Financial Forecast as appropriate.

Appendix A – Detailed Group Forecasts (General Fund)

ADMINISTRATION (£104k underspend)

49. The Administration Group is showing an underspend of £104k at Month 2 due to reduced expenditure on Members Allowance budgets as Members are no longer part of the Local Government Pension Scheme. There is also reduced expenditure on the IKEN Contract within Legal Services. Income pressures within Democratic Services on Nationality and Citizenship Ceremonies and in HR on external training courses are being managed within the relevant service areas. The MVF pressure on Policy and Partnerships is also currently being managed within the Service Area.

Table 7: Administration Operating Budgets

Original Budget	Budget Changes	Service		Month 2		Variance (As at Month 2)
				Revised Budget	Forecast Outturn	
£'000	£'000			£'000	£'000	£'000
1,461	0	Democr. Services	Salaries	1,461	1,461	0
1,841	(40)		Non-Sal Exp	1,801	1,661	(140)
(658)	40		Income	(618)	(576)	42
2,645	0		Sub-Total	2,645	2,546	(99)
2,319	80	Human Resources	Salaries	2,399	2,386	(13)
626	(30)		Non-Sal Exp	596	594	(2)
(286)	43		Income	(243)	(228)	15
2,659	92		Sub-Total	2,751	2,752	1
1,955	34	Legal Services	Salaries	1,989	1,989	(0)
111	0		Non-Sal Exp	111	105	(6)
(341)	0		Income	(341)	(341)	0
1,725	34		Sub-Total	1,759	1,753	(6)
592	0	Policy & Partnerships	Salaries	592	609	17
2,228	0		Non-Sal Exp	2,228	2,216	(12)
(46)	0		Income	(46)	(51)	(5)
2,774	0		Sub-Total	2,774	2,774	(0)
6,327	114	Admin. Directorate	Salaries	6,441	6,445	4
4,806	(70)		Non-Sal Exp	4,736	4,576	(160)
(1,331)	83		Income	(1,248)	(1,196)	52
9,803	126		Total	9,929	9,825	(104)

FINANCE (£37k underspend)

50. The Finance Group is showing an underspend of £37k at month 2 due to vacant posts in the Operational Finance area.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
487	0	Internal Audit	Salaries	487	487	0
56	0		Non-Sal Exp	56	56	(0)
0	0		Income	0	0	0
543	0		Sub-Total	543	543	(0)
2,185	(150)	Procurement	Salaries	2,035	2,035	0
121	0		Non-Sal Exp	121	121	0
(2)	0		Income	(2)	(2)	(0)
2,304	(150)		Sub-Total	2,153	2,154	0
3,360	(30)	Operational Finance	Salaries	3,330	3,293	(37)
679	0		Non-Sal Exp	679	679	(0)
(159)	0		Income	(159)	(159)	0
3,880	(30)		Sub-Total	3,850	3,813	(37)
3,868	34	Revenues & Benefits	Salaries	3,902	3,902	0
2,285	0		Non-Sal Exp	2,285	2,285	0
(2,166)	0		Income	(2,166)	(2,166)	0
3,986	34		Sub-Total	4,020	4,021	0
1,300	132	Strategic Finance	Salaries	1,432	1,432	(0)
2,526	0		Non-Sal Exp	2,526	2,526	(0)
(256)	0		Income	(256)	(256)	(0)
3,571	132		Sub-Total	3,703	3,702	0
11,199	(14)	Finance Directorate	Salaries	11,185	11,149	(37)
5,668	0		Non-Sal Exp	5,668	5,667	(1)
(2,583)	0		Income	(2,583)	(2,583)	0
14,284	(14)		Total	14,270	14,233	(37)

51. The Insurance Position is balanced at Month 2.

Table 9: Development & Risk Contingency

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

RESIDENTS SERVICES GENERAL FUND (£530k underspend)

52. Residents Services directorate is showing a projected outturn underspend of £530k at Month 2, excluding pressure areas that have identified contingency provisions.

Table 10: Group Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
13,368	0	Deputy Director Residents Services	Salaries	13,368	13,368	0
21,204	0		Non-Sal Exp	21,204	21,204	(0)
(10,051)	0		Income	(10,051)	(10,051)	0
24,521	0		Sub-Total	24,521	24,521	0
1,844	(90)	Development and Assets	Salaries	1,754	1,754	(0)
7,575	0		Non-Sal Exp	7,575	8,214	640
(2,397)	0		Income	(2,397)	(2,397)	0
7,021	(90)		Sub-Total	6,932	7,571	640
803	0	Estates and Tenancy Management	Salaries	803	803	0
1,254	0		Non-Sal Exp	1,254	1,254	(0)
(3,414)	0		Income	(3,414)	(3,255)	159
(1,357)	0		Sub-Total	(1,357)	(1,198)	159
5,050	0	Highways and Community Engagement	Salaries	5,050	4,966	(84)
6,004	0		Non-Sal Exp	6,004	5,979	(25)
(12,572)	0		Income	(12,572)	(12,779)	(207)
(1,519)	0		Sub-Total	(1,519)	(1,834)	(315)
4,135	0	Planning and Enforcement	Salaries	4,135	4,049	(86)
1,626	0		Non-Sal Exp	1,626	1,606	(20)
(2,972)	0		Income	(2,972)	(3,192)	(220)
2,789	0		Sub-Total	2,789	2,463	(326)
12,777	17	Green Spaces & Culture	Salaries	12,794	12,626	(168)
9,229	(336)		Non-Sal Exp	8,893	8,611	(282)
(9,819)	0		Income	(9,819)	(9,819)	0
12,186	(319)		Sub-Total	11,868	11,418	(450)
7,916	24	Information, ICT and Customer Development	Salaries	7,940	7,784	(156)
4,241	200		Non-Sal Exp	4,441	4,441	(0)
(2,767)	0		Income	(2,767)	(2,767)	0
9,390	224		Sub-Total	9,614	9,458	(156)
5,279	(17)	Business and Technical Support	Salaries	5,261	4,931	(330)
879	0		Non-Sal Exp	879	841	(38)
(3,772)	0		Income	(3,772)	(3,482)	290
2,386	(17)		Sub-Total	2,368	2,290	(78)
3,537	(1,035)	Standards - Education, Housing and Public	Salaries	2,502	2,468	(34)
5,236	75		Non-Sal Exp	5,311	5,329	18
(5,559)	14		Income	(5,545)	(5,532)	13
3,214	(945)		Sub-Total	2,269	2,265	(4)
54,707	(1,100)	Residents Services	Salaries	53,607	52,749	(858)
57,248	(61)		Non-Sal Exp	57,187	57,479	292
(53,324)	14		Income	(53,310)	(53,274)	36
58,631	(1,147)		Total	57,484	56,954	(530)

53. The overall variance is a result of pressure on maintenance budgets in development & assets as well as parking income shortfalls at Cedars and Grainges car parks, offset mainly by staffing underspends across the group and favourable income projections in highways and planning.
54. The Council's 2014/15 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 2 below.
55. At month 2 projected calls on contingency is as per the budgeted provision. The table below shows the breakdown for each contingency item.

Table 11: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
236	0	Carbon Reduction Commitment	236	236	0
1,836	0	Impact of welfare reform on homelessness (Current)	1,836	1,836	0
2,211	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,211	2,171	(40)
4,283	0	Current Commitments	4,283	4,243	(40)

56. Further to continuing pressures on the Housing Needs budget (£1,753k overspend in 2013/14), contingency of £1,836k has been set aside in 2015/16 to resource the need for Temporary Accommodation in the Borough. The call on contingency relating to homelessness is currently projected to be £1,836k, which is as per the budgeted provision (no change). However, overall numbers in temporary accommodation and in bed & breakfast units have been above MTF assumptions for the entirety of the first quarter. However, at this early stage in the financial year it is anticipated that costs can be contained within the contingency sum, through improvements in numbers going forward and reducing costs elsewhere in the Housing budgets.
57. Temporary Accommodation and housing advice data for the period April to June are shown below. B&B numbers remain at levels seen in 2014/15, with sustained levels of demand being experienced within the service as shown by the Homeless Threat, priority need & eligible indicator below.

Table 3: Housing Needs performance data

	2015		
	April	May	June
Homeless Threat, Priority Need & Eligible	82	93	96
Presenting As Homeless	41	56	40
Duty Accepted	20	29	23
Households in Temporary Accommodation	569	574	576
Households in B&B	184	184	182

58. A contingency of £2,211k has been set aside to fund estimated increases in waste tonnages via the levy and the move to a new compliant rubble and hardcore contract. In June 2015, the Council commenced a new dry recycling contract, which is returning a variable net cost per tonne of recyclate collected, as opposed to producing a small income stream in 2014/15, following a change in market conditions.
59. At this early stage in the financial year it is projected that there will be a £40k favourable variance against the contingency. This is based on the latest Q1 tonnage figures from West London Waste.
60. The contingency for the Carbon Reduction Commitment is for the estimated costs to purchase carbon allowances.

Deputy Director Residents Services (breakeven)

61. Following the cessation of the short-term grant funding from the DCLG in support of weekly recycling and food waste collections, it is forecast that the Council will be required to start to draw from reserves during 2015/16 for this activity.
62. The council has built up an earmarked reserve from the initial funding tranches which it is anticipated will be sufficient to fund the cost of continuing to run the service over the next two financial years.

Development and Assets (£640k overspend)

63. There is a forecast pressure of £395k due to a high level of reactive maintenance works based on previous years' expenditure, relating to works at the civic centre and borough wide. There is ongoing work on existing contracts, to enable this pressure to be managed down and ensure only essential works are undertaken.
64. There is potential pressure of £105k from abortive fees in corporate construction, based on 2014/15 outturn.
65. A number of one-off rectification works at the Civic Centre have been identified following compliance testing. After allowing for capital items this is currently forecast at £140k.

Estates and Tenancy Management (£159k overspend)

66. At Month 2 there is a projected income pressure of £159k on garages income. The 2015/16 MTFF allocated a savings target of £441k to the garage service. At this early stage of the financial year, the service is projecting a pressure of £159k, owing to a slow take up of new rentals and a higher than expected attrition rate from existing leaseholders.

Policy, Highways & Community Engagement (£315k underspend)

67. At month 2, the service is reporting a staffing underspend of £84k, and an underspend of £25k from various non-staffing budgets across the service area. Initial projections for income across the service is £207k above the budgeted target from crossovers and various other income streams.

Planning and Enforcement (£326k underspend)

68. There are staffing underspends across the service of £84k, primarily in planning enforcement.
69. There is a projected net overachievement of Development Control income of £220k, which assumes a continuation of exceeding the budgeted income experienced in 2014/15.

Green Spaces, Sport & Culture (£450k underspend)

70. The service is projecting a salary underspend of £168k relating to restructures not yet implemented.
71. There are further underspends across non-staffing budgets and the key items relate to low early indications of spend in Adult Learning on utilities and other supplies plus underspends identified within Green Spaces.

Communications, ICT and Customer Development (£156k underspend)

72. The service is reporting a salary underspend of £156k at month 2. The composition is of underspends in ICT (£99k) and Communications (£57k). ICT and communications currently have vacant posts with only partial cover through fixed term contracts and agency staff.

Business and Technical Support (£78k underspend)

73. The off-street parking income at the Cedars and Grainges multi-storey car parks continues to experience pressure relating to the loss of season ticket income at both car parks. The most recent income projection forecasts a pressure of £290k.
74. There is a projected underspend of £330k relating to vacant posts across the service that are not expected to be filled this year. The projection will be revised once restructures are completed.
75. There is a projected underspend on non-staffing costs of £38k that are not expected to be required further to the vacant posts discussed above.

Policy and Standards - Education, Housing and Public Health (£4k underspend)

76. The service is forecasting an underspend of £4k, relating to staffing restructures.
77. The underachievement of income is largely attributable to the School Improvement Service, as the Council no longer generates income for providing Governance Support advice as the service has been outsourced. This has improved slightly due to a revision of salary and income projections, netted down by an increase in non salaries costs.

CHILDREN & YOUNG PEOPLE'S SERVICES (£199k overspend)

Overview of Directorate position

78. The Children and Young People's Service is projecting an overspend of £199k as at Month 2. The Month 2 position is reflecting an overspend of £175k on Salaries, due to a more accurate assessment being made on agency appointments and ongoing recruitment activity. The overspend reported relates to a high level of agency staff whilst the service undertakes a major recruitment campaign to the new structures. This relates to the front door service area (incorporating the Triage, Multi Agency Safeguarding Hub(MASH) and the Children in Need Services) and the Children in Care Service, but also includes the recruitment of Team Managers and Newly Qualified Social Workers across the whole service, as well as considering any potential conversion of agency staff into permanent roles.
79. Senior management are continuing to ensure that agency staff are appointed only where there is a defined need, which has enabled the service to stabilise agency staff turnover to a point where most agency staff have now been employed for more than 42 weeks in Hillingdon. However, the overspend still reflects the current position on the staffing establishment where the service has a high level of vacant posts, including a number of Senior Manager posts, the majority of which are being covered by agency staff (the actual cost of this approach results in an above budget expenditure of £1,873k, where £1,298k will be funded from the Risk Contingency and £400k will be funded from the Social Care Initiative Fund). 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.
80. The service also continues to need a high level of sessional staff to support children's contact as instructed by the courts.
81. There is an overspend of £3,171k on non-staffing budgets, due to an increase in the projected costs of looked after children allowances. The majority of this overspend relates to the cost of procuring three managed services to support the service through the restructure transition stage and includes the Duty Team (managed by Skylakes, at a projected annual cost of £2,472k) and additional resources to support the implementation of new ways of working in the Fostering and Adoption service (Coram and HCL, at an estimated cost of £54k and £190k respectively). The remainder of the overspend relates to an increase in the amount of allowances that are paid to looked after children.
82. There is a projected surplus of £3,147k on income, which is due primarily to income received that offsets expenditure outlined above. A number of these will be realigned to ensure that appropriate expenditure and income budgets are in place for month 3. The majority of the income (£2,716k) relates to a planned transfer of earmarked reserves to fund the costs of the procured managed services mentioned above. The remainder relates to income that has been received from a number of external partners, including Health, the Youth Justice Board and Education.
83. The projected variances at Month 2 are summarised in the following table, with more detail provided in the paragraphs below:

Table 13: Group Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
1,038	130	Safeguarding Children	Salaries	1,167	1,243	76
1,579	7		Non-Sal Exp	1,586	1,744	160
(150)	0		Income	(150)	(225)	(75)
2,467	137		Sub-Total	2,603	2,762	159
3,545	(326)	Early Intervention Services	Salaries	3,219	3,073	(146)
3,631	445		Non-Sal Exp	4,076	3,975	(101)
(707)	0		Income	(707)	(843)	(136)
6,469	119		Sub-Total	6,588	6,205	(383)
2,091	876	Looked After Children	Salaries	2,967	2,954	(13)
744	13		Non-Sal Exp	757	3,141	2,384
(294)	0		Income	(294)	(2,595)	(2,301)
2,541	889		Sub-Total	3,430	3,500	70
8,352	(1,006)	Children's Resources	Salaries	7,347	7,604	257
12,428	312		Non-Sal Exp	12,740	13,470	730
(7,177)	0		Income	(7,177)	(7,811)	(634)
13,603	(694)		Sub-Total	12,910	13,263	353
15,025	(326)	Children's and Young Persons Directorate	Salaries	14,699	14,874	175
18,382	777		Non-Sal Exp	19,159	22,330	3,171
(8,327)	0		Income	(8,327)	(11,474)	(3,147)
25,079	451		Total	25,530	25,730	199

Safeguarding Children: (£159k overspend)

84. The service is reporting an overspend of £159k, which is due to a projected increase in costs relating to the provision of Child Protection and the Local Safeguarding Children's Board (LSCB). The service pressure relates to an overspend of £76k on staff due to high levels of agency staff covering vacant posts, an overspend of £160k on non staffing which relates to an increase in Child Protection, LSCB and Family Conference delivery costs, netted down by a surplus of £75k on income, some of which directly offsets the additional delivery costs noted.

Early Intervention Services: (£383k underspend)

85. The service is reporting an underspend of £383k, due to the cessation of the contract with CfBT and integration of the services delivered into the Council's staffing structure and the receipt of additional funding from Central Government relating to the Troubled Families Programme. The service underspend reported relates to an underspend of £146k on salaries, which is due to a relatively high number of vacant posts that exist in the new structure, which need to be recruited to, reflecting the impact of implementing the new structures. An underspend of £101k on non-staffing costs, which relates to the cessation of the CfBT contract and a surplus of £136k on income due to the receipt of additional grant funding.

Looked After Children: (£70k overspend)

86. The service is reporting an overspend of £70k due to a review of training costs. The overspend reported relates to a £13k underspend on staffing costs, an overspend of £2,384k on non staffing costs, which relates to the cost of the Skylakes managed service and a surplus of £2,301k on income to reflect a proposed use of earmarked reserves to fund the Skylakes managed service.

Children's Resources: (£353k overspend)

87. The service is reporting an overspend of £353k, due to an increase in the costs of agency staff and the cost of allowances. The overspend reported relates to an overspend of £257k on staffing due to a high level of agency staff being employed prior to instigating a major staff recruitment campaign. There is an overspend of £730k on non staffing costs, due primarily to the cost of allowances, netted down by additional income of £634k from a range of sources including rental income.

Overview of Development & Risk Contingency Items

Table 14: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
1,272	0	Asylum Funding Shortfall	1,272	2,212	940
465	0	Social Care Pressures (Children's)	465	1,793	1,328
(117)	0	Early Support Cost Avoidance	(117)	(117)	0
1,298	0	Potential Shortfall in Social Care & Health Integration Funding	1,298	1,298	0
2,918	0	Current Commitments	2,918	5,186	2,268

88. The Development & Risk Contingency is projecting an overspend of £2,268k, which relates to the increased cost of supporting Asylum Seekers who have turned 18 and an increase in the projected costs of looked after children placements, where the residential placement numbers have increased, due to the complex nature of individual children's needs and in some instances to safeguard the child.

Asylum Service: (£940k overspend)

89. This service is projecting a drawdown of £2,212k from the Development and Risk Contingency, £940k above the budget, which reflects a range of management action that will be put in place to try to reduce expenditure or increase income. This will be a challenge for the service, as the growth in the over 18 population is projected to increase at a higher rate than the number of new Asylum Seekers below 18, where the grant is significantly higher (£114 per day for eligible under 16's, £91 per day for eligible 16 to 17 year olds and £150 per week for eligible 18+). The overspend reported, relates to a reduction in the Home Office Grant by an estimated £675k, which was notified in March 2015 and a reduction in the grant funding received, which relates to the change in the age profile of Asylum Seeking children.

Social Care Pressures (Children's Demographics): (£1,328k overspend)

90. The service is projecting a drawdown of £1,793k from the Development and Risk Contingency, £1,328k above the budget due to an increase in the number of residential placements that will be made to support children with complex needs and those where there is an identified safeguarding risk. Over the last year, there have been a number of changes across this part of the service, this includes the extension of the Staying Put legislation, which increases the age range for children up from 18 to 21 to stay in their current foster care placement, a significant move towards the issuing of Special Guardianship Orders and a court ruling requiring connected persons to be paid an allowance equivalent to an In House Foster Carer. All of these changes have increased the cost of placements. They also remove a potential In House Foster Carer from the system as in most cases the new arrangements restricts them from looking after new children. Table 15 sets out the analysis of the costs of looked after children placements (split between Asylum, Non Asylum and Hillingdon Children's Homes) and the cost of permanent placements (Adoption and Special Guardianship Orders). Table 16 provides an analysis of the age profile, which indicates that 345 children (51%) of the total LAC population is 16 and over, with Asylum Seekers accounting for 201 of them:

Table 15: Looked After Children Placement Costs

May 2015 Projections	Projected		2015/16	2015/16	2015/16
	15/16		Budget	Projected	Variance
	Numbers	%	£000	£000	£000
Looked After Children (LAC) Placements					
Secure/Remand Accommodation	2	0%	260	389	130
Residential	19	3%	933	2,213	1,280
High Cost Residential	5	1%	200	564	364
Semi Independent Living	42	6%	595	854	259
In House Fostering	76	11%	1,814	1,045	-769
Independent Fostering Agency (IFA)	75	11%	1,853	1,790	-63
Staying put In House Fostering	5	1%	0	55	55
Staying put IFA	2	0%	0	40	40
Total LAC Placement	226	33%	5,655	6,951	1,297
Permanent Placements					
Special Guardianship Orders	95	14%	169	1,266	1,097
Adoption Orders	30	4%	710	238	-472
Residence Orders	37	5%	238	247	9
Post adoption support	28	4%	399	260	-139
Total Permanent Placements	190	28%	1,516	2,012	496
Risk Contingency			465		-465
Total Non Asylum LAC	416		7,636	8,963	1,328
Asylum Seekers					
Asylum Residential	20	3%	251	235	-16
Asylum In House Fostering	20	3%	258	443	185
Asylum IFA	7	1%	530	297	-233
Asylum Staying put In House	2	0%	0	21	21
Asylum Staying put IFA	2	0%	0	34	34
Asylum Rents	165	24%	445	1,277	832
Total Asylum Seekers	216	32%	1,483	2,305	822
LBH In House Provision					
Olympic House	30	4%	329	325	-4
Charville	11	2%	271	272	1
Mulberry	3	0%	751	876	125
Total LBH In House Provision	44	7%	1,351	1,473	122
Total May 2015	676	100%	10,469	12,742	2,272

Table 16: Looked After Children Placement Age Profile

Placement	Age Range						Total
	0-2	2-5	5-11	11-16	16-18	18+	
Looked After Children (LAC) Placements							
Secure/Remand Accommodation	0	0	0	0	2	0	2
Residential	2	0	4	7	6	0	19
High Cost Residential	0	0	1	2	2	0	5
Semi Independent Living	0	0	0	0	27	15	42
In House Fostering	9	11	19	25	12	0	76
IFA	7	8	19	25	14	2	75
Staying put In House Fostering	0	0	0	0	0	5	5
Staying put IFA	0	0	0	0	0	2	2
Total LAC Placements	18	19	43	59	63	24	226
Permanent Placements							
Special Guardianship Orders	5	17	41	24	8	0	95
Adoption Orders	0	1	10	14	5	0	30
Residence Orders	0	2	5	22	8	0	37
Post Adoption Support	0	2	13	13	0	0	28
Total Permanent Placements	5	22	69	73	21	0	190
Total Non Asylum LAC	23	41	112	132	84	24	416
Asylum Seekers							
Asylum Residential	0	0	0	3	15	2	20
Asylum In House Fostering	0	0	0	8	11	1	20
Asylum IFA	0	0	0	4	2	1	7
Asylum Staying put In House	0	0	0	0	0	2	2
Asylum Staying put IFA	0	0	0	0	0	2	2
Asylum Rents	0	0	0	0	27	138	165
Total Asylum Seekers	0	0	0	15	55	146	216
LBH In House Provision							
Olympic House	0	0	0	0	30	0	30
Charville	0	0	1	5	5	0	11
Mulberry	0	0	0	2	1	0	3
Total LBH In House Provision	0	0	1	7	36	0	44
Total May 2015	23	41	113	154	175	170	676
Percentage Distribution	3%	6%	17%	23%	26%	25%	100%

Early Support Cost Avoidance: (Nil variance)

91. The service is projecting that it will be able to deliver a saving of £117k identified within the Development and Risk Contingency, through a review of the resources required to deliver the new Early Support and Intervention services.

Social Care and Health funding contingency: (Nil variance)

92. The service is projecting a drawdown of £1,298k from the Development and Risk Contingency, in line with the budget. This relates to the additional cost of appointing agency staff, whilst the service implements a major recruitment campaign.

ADULT SOCIAL CARE (£52k underspend)

93. As at Month 2, Adult Social Care is forecasting an underspend of £52k, however there are number of pressures which the service is currently mitigating through robustly managing the overall expenditure and income within the base budgets. The in year savings anticipated from the delivery of the supported living programme have slipped as there have been delays in the opening dates of schemes. There are pressures within the home care market as the block contract providers are experiencing difficulties in recruiting staff leading to more use of spot purchases. The timetable for the delivery of new models for Learning Disabilities has also slipped into 2016/17 and there are cost pressures arising from the new agency staff contract.

Table 17: Adult Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
5,402	2,718	All-Age Disabilities	Salaries	8,120	8,020	(100)
44,007	0		Non-Sal Exp	44,007	44,488	481
(6,852)	(1,326)		Income	(8,178)	(8,596)	(418)
42,557	1,392		Sub-Total	43,951	43,912	(39)
4,294	7	Social Work	Salaries	4,301	4,278	(23)
29,110	(7)		Non-Sal Exp	29,103	29,108	5
(8,267)	0		Income	(8,267)	(8,323)	(57)
25,138	(0)		Sub-Total	25,138	25,063	(75)
9,018	0	Early Intervention & Prevention	Salaries	9,018	9,221	203
3,370	0		Non-Sal Exp	3,370	3,224	(146)
(11,826)	0		Income	(11,826)	(11,802)	24
562	0		Sub-Total	562	643	81
2,185	206	Safeguarding, Quality & Partnerships	Salaries	2,391	2,393	2
7,165	28		Non-Sal Exp	7,193	7,176	(17)
(378)	0		Income	(378)	(378)	(0)
8,972	234		Sub-Total	9,206	9,191	(15)
294	122	Directorate & Support Services	Salaries	416	415	(1)
894	(32)		Non-Sal Exp	861	865	4
0	0		Income	0	(9)	(9)
1,188	89		Sub-Total	1,277	1,271	(6)
21,193	3,052	Adult Social Care Directorate Total	Salaries	24,245	24,327	82
84,546	(12)		Non-Sal Exp	84,535	84,861	326
(27,322)	(1,326)		Income	(28,648)	(29,108)	(460)
78,417	1,715		Total	80,132	80,080	(52)

94. The Council's 2015/16 Development and Risk Contingency contains provision for areas of expenditure within Adult Social Care for which there is a greater degree of uncertainty. In part this is caused by the demographic changes in the number of adults requiring care and support for a range of care needs, and Children with Disabilities who transition into Adult Social Care on reaching adulthood, as well as increased demand from Special Educational Needs Children who require transport.

95. There is a contingency arising from the Winterbourne View Review to cover a small number of adults who are currently in long term secured accommodation run by the NHS and are planned to be moved into community settings.
96. Table 18 sets out the forecast spend against the Development & Risk Contingency.

Table 18: Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 2		Variance (As at Month 2)
			Revised Budget	Forecast Outturn	
£'000	£'000		£'000	£'000	£'000
380	0	Increase in Transitional Children due to Demographic Changes	380	380	0
393	0	Winterborne View	393	393	0
129	0	Adult Social Care Demographic Growth	129	129	0
520	0	SEN transport	520	120	(400)
1,422	0	Current Commitments	1,422	1,022	(400)

97. At Month 2 it is anticipated that the contingency for Transitional Children, Adults Winterbourne pressures are forecast to be used in full without any additional pressure. These areas are kept under close review and any changes anticipated will be reported as the year progresses. Further work on the transport budget and contingency is being undertaken as part of a review of the provision of transport for SEN and disabled adults that is likely to lead to a reduction of £400k against the full contingency.

All Age Disabilities (AAD) (£39k underspend)

98. The All Age Disability Service approved restructure plan is now being implemented and a recruitment drive is underway to fill vacant posts in the new service. The revised budget now includes the consolidation of budgets and expenditure within Adult Social Care (net increase £1,392k) to reflect the agreed budget for the service. At present, staffing costs are estimated to be £100k underspent but with the current level of vacancies this may increase, more detailed forecasting will be carried out over the next 2 months as permanent staff are recruited and the forecast expenditure becomes clearer.
99. The pressures relating to the Supported Living Programme mainly fall within AAD. Two new schemes were due to open in June, one scheme has been delayed until August and the second until December. Work with providers to deliver smaller scale Supported Living schemes is taking longer than originally planned. The placements budget is showing a pressure of £197k, this pressure is in part offset by additional income from Health.

Social Work (£75k underspend)

100. There are a small number of vacant posts within the Social Work Service and it is currently forecast that salaries will be underspent by £23k.
101. The new homecare contracts that commenced in November 2014 were expected to deliver savings. The providers are experiencing difficulties in recruiting staff to deliver these contracts fully and alternative spot providers are being commissioned to provide

the service at higher unit costs. Despite this increased pressure the action being taken by management to mitigate these costs will ensure that the forecast will be close to budget.

102. Income, mainly from client contributions, is currently forecast to overachieve by £57k.

Early Intervention & Prevention (£81k overspend)

103. A pressure of £203k is forecast against the staffing budget. This pressure is due to an increase in hourly rates being charged for the use of temporary care staff being provided in Council run establishments, by the new provider of agency staff for the Council. This increase in rates is currently being reviewed with the provider. Compensatory savings have been identified in non-staffing budgets.

104. There is slippage in the project to develop new models of delivery for in house Learning Disability services. It is now anticipated that this project will not be completed until 2016/17 and therefore compensatory in year savings have been identified. The identification of the savings has resulted in a forecast underspend of £146k against non-staffing budgets.

105. There is a pressure on the Income budget of £24k due to a shortfall in client contributions.

Safeguarding Quality & Partnerships (£15k underspend)

106. There is a small underspend forecast against the placements budget for Mental Health Services.

Directorate & Support (£6k underspend)

107. The forecast for this service is currently expected to be close to budget by year end.

Appendix B – Other Funds

Schools Budget

Dedicated Schools Grant (£2,160k overspend)

108. The Dedicated Schools Grant is projecting an in year overspend of £2,160k due to a projected increase in the cost of SEN placements, as the service continues to review the banding of children in special schools, resulting in a realignment and increase in school top up funding.

109. The overspend on the DSG, in the main, reflects the planned use of the surplus balance that was carried forward from 2014/15, where additional resources totalling £1,709k were delegated to schools above the actual amount of DSG and £337k has been earmarked to fund the continuation of the two year capacity building initiative. The following table summarises the total DSG income and expenditure for 2015/16.

Table 19: Schools Budget

Original Budget	Budget Changes	Funding Block	Month 2		Variance (As at Month 2)
			Revised Budget	Forecast Outturn	
£'000	£'000		£'000	£'000	£'000
(145,373)	10,693	Dedicated Schools Grant Income	(134,680)	(135,136)	(456)
113,606	(11,766)	Delegated to Schools	101,840	103,549	1,709
4,581	262	Early Years	4,843	5,180	337
3,604	90	Centrally Retained	3,694	3,825	131
23,582	721	Special Needs	24,303	24,742	439
0	0	Total Schools Budget	0	2,160	2,160
0	0	Balance Brought Forward 1 April 2015	(4,083)	(4,083)	
0	0	Balance Carried Forward 31 March 2016	(4,083)	1,923	

Dedicated Schools Grant Income: £456k underspend

110. The Department for Education (DfE) have confirmed that the DSG will be adjusted and increased by £456k following a reconciliation by the DfE of the funding provided for 3 and 4 year olds, where the pupil numbers have increased compared to the estimates used.

Delegated to Schools: £1,709k overspend

111. The overspend of £1,709k is due to Schools Forum agreeing to utilise part of the surplus balance carried forward from 2014/15 by delegating more resources to schools than were provided in the DSG.

Early Years: £337k overspend

112. The Early Years funding block is projecting an overspend of £337k, which is due to Schools Forum allocating these funds above the base budget to fund the continuation of the 2 year old capacity building initiative.

Centrally Retained: (£131k overspend)

113. The centrally retained budgets are projecting an overspend of £131k due to the cost of the three new Basic Need Academy school set up costs and diseconomies of scale funding, including Lake Farm and John Locke, which opened in September 2014 and St Martin's, which will open in September 2015.

Special Needs: £439k overspend

114. The Special Needs budgets are projecting an overspend of £439k due to the service continuing to review the banding of children in special schools, resulting in a realignment and increase in school top up funding.

School Academy Conversions

115. The Academies Act 2010, allows schools to convert to academy status and by doing so will receive funding directly from the Education Funding Agency (EFA). Schools can convert at any point in the year, once they have converted, a number of adjustments will be required to realign the DSG Income budget and the amount delegated to schools. The DfE maintain a register online, indicating which schools are proposing to convert. For Hillingdon, Chantry Special School (renamed the Young People's Academy) converted on 1 April 2015, with the Hillingdon Tuition Centre aiming for a conversion date of 1 August 2015.

Year End Balances

116. The DSG is allowed to carry forward any in year over or underspends. At the end of the 2014/15 financial year, the DSG had a surplus balance of £4,083k. It should be noted that where the DSG is expected to underspend, it is anticipated that this will be factored into the total DSG available for delegation in the following year. At its meeting on 15 January 2015, Schools Forum agreed to include £1,709k of this surplus within the Schools Delegated Budget for 2015/16, additionally they agreed to set aside the £337k two year old capacity funding as an earmarked reserve for the two year old free entitlement offer in 2015/16. Based on the projected outturn position reported in the table above, the projected year end balance will reduce to £1,923k.

Parking Revenue Account (£121k in year surplus)

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

Table 20 - Parking Revenue Account

Original Budget	Budget Changes	Service	Month 2		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Month 2	Movement	
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(4,076)		Income	(4,076)	(4,021)	55		55
4,076		Expenditure	4,076	3,900	(176)		(176)
0	0	In-year (Surplus) / Deficit	0	(121)	(121)	0	(121)

118. An in-year surplus of £121k is forecast for the 2015/16 financial year. There is a total shortfall of income of £55k. The adverse movement relates to a revised projection for Pay & Display income.
119. The income pressure is offset by compensating savings totalling £176k. The favourable position is a result of a review of recharges to the PRA and a decrease in the cost of levies.
120. 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 (£1,588k surplus)

121. 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. Sums quoted related to the Council's own share of income and disregard monies collected on behalf of the Greater London Authority and Central Government.
122. The overall outlook for the fund is positive, with a surplus of £1,588k anticipated at this early stage of the year arising from a £2,563k surplus on Council Tax and £975k deficit on Business Rates. Any surplus or deficit will be released to the General Fund from 2016/17 and reflected in the Council's Medium Term Financial Forecast.

Table 21: Collection Fund

Original Budget	Budget Changes	Service	Month 11		Variance (As at Month 2)	
			Revised Budget	Forecast Outturn		
£'000	£'000		£'000	£'000	£'000	
(115,652)	0	Council Tax	Gross Income	(115,652)	(116,809)	(1,157)
14,153	0		Council Tax Support	14,153	13,729	(424)
(2,697)	0		B/fwd Surplus	(2,697)	(3,679)	(982)
(104,196)	0		Sub-Total	(104,196)	(106,759)	(2,563)
(111,480)	0	Business Rates	Gross Income	(111,480)	(109,732)	1,748
(860)	0		Section 31 Grants	(860)	(836)	24
60,287	0		Less: Tariff	60,287	60,287	0
4,598	0		Less: Levy	4,598	3,711	(887)
500	0		B/fwd Deficit	500	590	90
(46,955)	0		Sub-Total	(46,955)	(45,980)	975
(151,151)	0	Total Collection Fund	(151,151)	(152,739)	(1,588)	

123. As a result of strong performance on collection to date and resulting reduction in provision for doubtful debts, an £1,157k overachievement of income is projected on Council Tax income at this early stage. In addition, a reduction in eligibility for the Council Tax Reduction Scheme has been seen since approval of the taxbase in January 2015, accounting for a further favourable variance of £424k at Month 2. Taking

account of the £982k surplus brought forward from 2014/15, £2,563k is therefore expected to be available for release to the General Fund in future years.

124. Primarily as a result of continuing delays in bringing Heathrow Terminal 2 back into the rating list since its opening in June 2014, a deficit of £1,748k is reported on the Council's 30% share of Business Rates income. The corresponding reduction in the levy on growth, alongside minor variances on Section 31 grant income and the brought forward deficit, reduces the ultimate impact on the General Fund to £975k. It is expected that this position will improve as the full value of new hereditaments are reflected in the rating list, with the reported forecast representing a fairly prudent position.
125. Within the reported position on Business Rates, there has been an increase in the provision for appeal losses to reflect a flurry of appeals received by the Valuation Office Agency in early 2015 accounting for approximately £250k of the overall deficit. As this spike in appeals was received in advance of limits being imposed on the backdating of appeals, it is expected that a greater proportion of claims will be speculative in nature and that the level of provision can be reduced as this is evidenced over the coming months.

Appendix C – Housing Revenue Account

126. The Housing Revenue Account (HRA) forecast is a surplus of £11k. The table below presents key variances by service area:

Table 22: Housing Revenue Account

Original Budget £'000	Service	Month 2		Variance (+ adv / - fav)
		Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000
(57,573)	Rent Income	(57,573)	(57,270)	303
(5,347)	Other Income	(5,347)	(5,399)	(52)
(62,919)	Net Income	(62,919)	(62,668)	251
10,805	Housing Management	10,805	10,850	46
5,320	Tenant Services	5,320	5,014	(306)
5,078	Repairs	5,078	5,078	(0)
3,477	Planned Maintenance	3,477	3,477	0
19,810	Contribution to Works to Stock	19,810	19,810	0
15,212	Interest & Investment Income	15,212	15,212	0
1,553	Development & Risk Contingency	1,553	1,553	0
61,256	Operating Costs	61,256	60,995	(262)
(1,663)	(Surplus) / Deficit	(1,663)	(1,674)	(11)
(30,577)	General Balance 01/04/2015	(30,577)	(30,577)	0
(32,240)	General Balance 31/03/2016	(32,240)	(32,251)	(11)

Rental Income

127. Rental income shows an adverse variance of £303k. The reasons for this are stock changes after the production of the MTFF projections:

- The MTFF projections assumed 2014/15 RTBs at 165 when the final position was 191 sales
- The projections also assumed that there would be 31 additions to the stock when instead there was one buyback of 50% of a shared ownership property which did not generate any rental income in 2014/15

128. The delivery team which manages the planned and capital works programme for the HRA is projecting a £263k underachievement of capital recharge income. This is because the HRA capital programme is showing a significant underspend and this will increase until the warm, safe, dry approach is adopted within the works programme.

129. There is a large projected underspend on salaries for a number of the housing management teams due to vacancies remaining unfilled until organisational structures

are completed. Vacancy savings would total £387k if they remain unfilled for the remainder of the year. However, this is partly offset by additional agency costs totalling £183k (this includes two legal staff to undertake additional work relating to increased RTBs and buybacks).

130. For tenancy services, the projected underspend of £306k relates to salary underspends partly offset by increased agency costs in a number of teams. For example, caretaking savings arising from ten vacancies total £293k but there are also increased agency costs of £141k to cover these posts.

131. The original budget assumes savings of £2,448k as shown within the table below:

Table 23: HRA Savings 2015/16

Housing Revenue Account Savings	2015/16 £'000
Housing Management	(650)
Responsive Maintenance	(123)
Planned Maintenance	(675)
Repairs & Planned	(1,000)
Total Housing Revenue Account Savings	(2,448)

132. The restructure of the housing service is still being completed but it is expected that the required 2015/16 savings will be met. The asset management and tenancy services teams are currently reorganising with savings expected to materialise through this process. However, the requirement to achieve £650k of management savings will be ensured through a zero based budgeting (ZBB) exercise to be undertaken over the next few weeks. This exercise will also evaluate all the recharges between the General Fund and the HRA to ensure they reflect work undertaken for the HRA and are budgeted correctly.

133. The responsive maintenance saving of £123k is still on target to be achieved. However, there are two areas where there may be a delay in realising savings:

134. Vehicle management and procurement is underway but only 15 of the intended 40 new repairs vehicles are currently active. It is envisaged that vehicle and plant management will realise the savings by year end.

135. The supply management chain has now been put in place and the impact will be monitored.

136. The £675k of planned maintenance savings have been allocated to budget headings and are expected to be realised.

137. There are further savings of £1,000k expected to be realised from the planned maintenance budget. These savings are currently being worked up into detailed proposals by the procurement team.

HRA Capital

138. The forecast outturn on the HRA Capital Programme is set out in the table below:

Table 24 - HRA Capital Expenditure

	Revised Budget 2015/16 £000	Forecast 2015/16 £000	Cost Variance Forecast vs Budget £000	Project Re-phasing £000	Total Project Budget 2015-2020 £000	Total Project Forecast 2015-2020 £000	Total Project Variance £000
Dwelling Components	7,750	6,330		(1,420)	34,355	34,355	
Estates / Blocks	2,643	1,977		(666)	10,117	10,117	
Welfare	2,600	2,100		(500)	9,500	9,500	
Other Projects	524	524		-	524	524	
Contingency	2,000	2,000		-	10,000	10,000	
Total Works to Stock	15,517	12,931		(2,586)	64,496	64,496	
Purchase & Repair	4,267	4,267			11,566	11,566	
New Build - General Needs	2,750	2,750			31,252	31,252	
New Build - RSL					5,400	5,400	
Supported Housing	9,104	1,500		(7,604)	39,737	39,737	
Land Appropriations	8,026	4,908		(3,118)	8,026	8,026	
Total Major Projects	24,147	13,425		(10,722)	95,981	95,981	
Former New Build Schemes	97	995	898		97	995	898
Total	39,761	27,351	898	(13,308)	160,574	161,472	898
Movement from Previous Month							

Works to Stock

139. The Works to Stock programme is forecasting a phasing underspend of £2,586k as numerous schemes will not be implemented this financial year.

- Dwelling Components - the forecast underspend of £1,420k is partly due to the kitchens and bathrooms programme being under review. There is also a projected underspend on roofing projects based on currently identified works.
- Estates and Block Renewal - the forecast underspend of £666k is due mainly to the level of identified works on lift replacements.
- Welfare - there is a forecast underspend of £500k around sheltered remodelling works as an element of the budget is not yet allocated.
- Other Projects - an amount of £524k has been re-phased into this year for further housing fleet vehicle purchases anticipated to be required.

Major Projects

140. Purchase and Repair Programme - eleven properties have currently been granted capital release totalling £2,260k. Of these releases, there have been five purchases at a cost of £981k with two other properties being withdrawn from the buyback process.
141. Council New Build General Needs Housing - external consultants have identified a number of potential developments which are under review. There is a degree of risk in implementing projects to utilise the budget fully this year.
142. Supported Housing Programme - works are planned to commence this year on two of the sites within the programme following detailed feasibility work. Further review of options is being undertaken on the other sites in the approved budget. As construction works will not commence until towards the end of the financial year at the earliest there is forecast re-phasing of £7,604k.
143. Land Appropriations - the current year forecast reflects re-phasing of £3,118k as not all sites are likely to be appropriated for supported housing this year.
144. The forecast overspend of £898k on former New Build schemes relates to contractual issues around the Triscott House development which have yet to be resolved. The dispute is going through arbitration which is a lengthy process and the outcome remains uncertain.

HRA Capital Receipts

145. There have been 21 Right to Buy sales of council dwellings for the year as at end of May 2015 for a total sales value of £2,358k and a total of 140 sales are forecast totalling approximately £14,000k in 2015/16.
146. The Council has signed an agreement with Department for Communities & Local Government to re-invest the proceeds in housing stock regeneration. This enables the Council to retain a higher level of receipts because of reduced pooling, however, the terms of the agreement stipulate that receipts must be spent or committed within three years or otherwise are returned to government with the addition of punitive interest. The revised General Needs housing programme for 2015-2020 approved by Cabinet in February has been phased to utilise these receipts within the allowed timescales.
147. The table below sets out the total level of retained receipts since the inception of the agreement:

Table 25 - Retained RTB Receipts

Period	Number of Sales	Retained Right to Buy Receipts Total (£'000)	Allowable Debt Provisional (£'000)	One for One Replacement Provisional (£'000)	Deadline for Commitment of 1 for 1 Receipts
2012/13 Q4 Actual	33	3,541	946	2,595	March 2016
2013/14 Q1 Actual	13	910	291	619	June 2016
2013/14 Q2 Actual	35	3,046	1,005	2,040	Sept 2016
2013/14 Q3 Actual	24	1,918	598	1,320	Dec 2016
2013/14 Q4 Actual	34	2,678	945	1,733	March 2017
2014/15 Q1 Actual	56	4,817	1,659	3,158	June 2017
2014/15 Q2 Actual	49	4,679	1,480	3,199	Sept 2017
2014/15 Q3 Actual	50	4,583	1,529	3,054	Dec 2017
2014/15 Q4 Actual	36	3,412	1,090	2,322	March 2018
Total Retained Receipts	330	29,584	9,543	20,040	

148. To 31 March 2015 there have been £29,584k retained Right to Buy receipts to be used for allowable debt purposes and one for one housing replacement of which £57k has been applied as capital financing. The first deadline is at the end of this financial year and provisionally requires £2,595k to be spent or committed by March 2016.
149. There is an additional £204k of allowable debt receipts from quarters 2&3 in 2012/13 before the RTB agreement was signed.
150. The use of retained Right to Buy receipts are limited by the regulations to the agreement to a maximum 30% of the cost of replacement housing although regulations also allow 50% of the cost of purchase and repairs expenditure to be financed from retained receipts however this is capped at 6.5% of the total level of receipts in that quarter. Therefore, in order to utilise the £2,595k retained receipts a minimum of £8,560k is required to be spent or committed on one for one replacement by the end of this financial year. There is a risk at this stage of this level not being achieved by March 2016.

Appendix D – GENERAL FUND CAPITAL PROGRAMME

151. As at Month 2 an underspend of £16,946k is reported on the £110,361k General Fund Capital Programme, with £508k cost variances and £16,438k slippage on project expenditure. The forecast outturn over the life of the 2015/16 to 2019/20 programme is £508k, principally related to underspends on completed schools projects which are discussed in the comprehensive Schools Capital Programme update included elsewhere on this agenda.

152. General Fund Capital Receipts of £13,551k are forecast for 2015/16, with total receipts to 2019/20 expected to reach £61,931k, representing a favourable variance of £26k against budget. Slippage of £12,389k in capital receipts originally forecast for 2015/16 is reported, with this shortfall expected to be recovered from 2016/17.

153. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 capital programme is forecast to exceed budget by £1,769k, with the favourable variances on expenditure and receipts being off-set by an adverse movement of £2,303k reported on 2015/16 Department for Education grant funding.

Capital Programme Overview

154. Table 26 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - C to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2015.

Table 26 – General Fund Capital Programme Summary

	Original Budget 2015/16	Revised Budget 2015/16	Forecast 2015/16	Cost Variance Forecast vs Budget	Project Re-phasing	Total Project Budget 2015-2020	Total Project Forecast 2015-2020	Total Project Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	41,942	41,819	40,832	(576)	(411)	148,593	148,017	(576)
Main Programme	14,676	19,479	13,165	68	(6,382)	32,063	32,131	68
Programme of Works	18,228	24,214	23,014	-	(1,200)	74,001	74,001	-
Future Projects	20,178	22,798	14,353	-	(8,445)	74,655	74,655	-
Total Main Programme	95,024	108,310	91,364	(508)	(16,438)	329,312	328,804	(508)
General Contingency	1,500	1,500	1,500			7,500	7,500	-
Provision for Additional Schools Funding	551	551	551			28,929	28,929	-
Total Capital Programme	97,075	110,361	93,415	(508)	(16,438)	365,741	365,233	(508)

155. The revised budget has increased by £13,286k from the original budget as a result of £12,263k project expenditure being rephased from 2014/15 and acceptance of a

number of grants - including £715k Education Funding Agency support for Free School Meals and increases to Transport for London funding allocation.

156. The majority of the capital programme remains on budget, with a small number of variances accounting for the £508k variance reported at Month 2. The £576k underspend on the Schools Programme includes savings on professional fees, highways works and final accounts for the Phase 3 projects completing in September 2014 and September 2015. Further detail on this programme is presented to Cabinet in a separate report on this agenda.

157. The £68k pressure on the main programme is driven by a minor £37k overspend on the £4,498k Central Library Refurbishment, £17k pressure in relation to remedial works on the completed Hayes End Library Development and £14k pressures across a number of smaller projects.

158. In addition, slippage of £16,438k is reported across the capital programme, including larger amounts on the Theatre development within Future Projects and the Yiewsley Health Centre development within the main programme.

159. At present there have been no calls on the £7,500k General Contingency within the 2015/16 - 2019/20 programme, although it is anticipated that the full £28,929k provision for additional school expansions will be required in full to manage growing demand for schools places within the borough.

Capital Financing

160. Table 27 below outlines the latest financing projections for the capital programme, with in-year and medium-term pressures of £3,908k and £1,769k respectively reported on Prudential Borrowing, due to the deferral of capital receipts and a shortfall in assumed grant income.

Table 27 – General Fund Capital Programme Summary

	Revised Budget 2015/16 £'000	Forecast 2015/16 £'000	Variance £'000	Total Financing Budget 2015-2020 £'000	Total Financing Forecast 2015-2020 £'000	Total Variance £'000
Council Resource Requirement	81,157	67,874	(13,283)	211,802	213,597	1,795
Financed by						
Capital Receipts	25,940	13,551	(12,389)	61,905	61,931	26
CIL	2,500	2,000	(500)	20,000	20,000	-
Prudential Borrowing	52,717	52,323	(394)	129,897	131,666	1,769
Total Council Resources	81,157	67,874	(13,283)	211,802	213,597	1,795
Grants & Contributions	29,204	25,542	(3,662)	153,939	151,636	(2,303)
Total Programme	110,361	93,415	(16,946)	365,741	365,233	(508)

161. Forecast General Fund Capital Receipts are £12,291k for 2015/16. There are potential identified disposals for the year totalling £25,940k however there is a significant degree of risk around the timing of these receipts which is reflected in the forecast. Actual capital receipts achieved this year as at the end of May total £3,913k as three sales have been completed recently.
162. The forecast for Community Infrastructure Levy (CIL) is £2,000k for this year. Although CIL liabilities issued since inception on 1 August 2014 are substantially higher than this, actual receipts will depend on CIL liable developments proceeding so there is some risk around the timing of CIL income potentially falling into future years which is reflected in an adverse phasing variance of £500k. Net CIL income after administration fees are £81k at the end of May.
163. On grants there is an adverse variance of £2,303k which is due to the shortfall in actual Basic Needs and Capital Maintenance grant allocations for 2015/16 announced by the Department for Education since the budget was approved in February. This grant funding was allocated to the Schools Expansions programme and consequently results in a potential increase in prudential borrowing this year to meet the shortfall. There remains risk around grant funding for future years of the Schools programme, however, the needs in terms of school places requirements remain in continual review.

Appendix E – Treasury Management Report as at 31 May 2015

Table 28 - Outstanding Deposits - Average Rate of Return on Deposits: 0.49%

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	55.2	37.46	40.00
1-2 Months	18.0	12.21	10.00
2-3 Months	10.0	6.78	5.00
3-6 Months	41.0	27.82	25.00
6-9 Months	10.0	6.78	5.00
9-12 Months	7.4	5.02	10.00
12-18 Months	5.0	3.39	5.00
18-24 Months	0.0	0.00	0.00
Subtotal	146.6	99.46	100.00
Unpaid Maturities	0.8	0.54	0.00
Total	147.4	100.00	100.00

164. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold at a minimum a Fitch or lowest equivalent of A-long-term credit rating. UK deposits are currently held with the following institutions; BlackRock MMF, Deutsche MMF, Goldman Sachs MMF, Insight MMF Insight Pooled fund, Standard Life MMF, Standard Life Pooled fund, Legal & General MMF, Lloyds, PSDF MMF, Santander UK, HSBC, Nationwide Building Society, Coventry Building Society, Goldman Sachs, Aberdeen CC, Birmingham CC, Blaenau Gwent CBC, Broxtowe BC, Cornwall CC, Highland Council, Lancashire CC, Moray Council, and Wolverhampton CC. The Council also holds two Certificates of Deposit, one with each Standard Chartered and Barclays. Overseas deposits are held with Svenska Handelsbanken, Development Bank of Singapore (DBS) and Oversea China Banking Corporation (OCBC).

165. During the month fixed-term deposits continued to mature in line with cashflow requirements. As cash-flow allowed, a six month deposit was placed with Highland Council and a ten month deposit with Lancashire CC. To reduce credit exposure, two further overseas banks were added to the counterparty list and six month deposits were placed with DBS and OCBC. With a focus on lengthening duration, two Pooled accounts were opened and funds are now in place in the Standard Life Sterling Short Duration Cash Fund and the Insight Liquidity Plus Fund. To maintain liquidity all other surplus cash was placed in instant access accounts and shorter term deposits.

Table 29 - Outstanding Debt - Average Interest Rate on Debt: 3.01%

	Actual (£m)	Actual (%)
General Fund		
PWLB	67.49	20.67
Long-Term Market	15.00	4.59
HRA		
PWLB	211.07	64.63
Long-Term Market	33.00	10.11
Total	326.56	100.00

166. There were no scheduled debt repayments or early debt repayment opportunities during May, neither were there any breaches of the prudential indicators or non-compliance with the treasury management policy and practices.

Ongoing Strategy

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

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

168. 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.

Table 30 - Consultancy and agency assignments

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Administration & Finance						
Conveyancer	21-Dec-14	12-Jul-15	17-Jan-16	25	27	52
Senior Accountant	22-Sep-14	26-Jun-15	26-Sep-15	58	19	77
ASC Strategic Development and Market Manager	29/9/14	29-Jun-15	30-Sep-15	95	38	133
Senior Category Manager, Development and Assets	11/5/15	10-Aug-15	06-Nov-15	30	30	60
Residents Services (General Fund)						
Electrical Services Officer	15/07/2013	01/06/2015	24/07/2015	128	8	136
Programme Co-ordinator	22/04/2013	29/06/2015	27/09/2015	124	11	135
Senior Project Engineer	07/04/2013	08/06/2015	04/09/2015	123	17	140
Project Manager	14/07/2013	15/06/2015	13/09/2015	216	24	240
DFG Adaptations Officer	04/01/2015	06/06/2015	04/09/2015	78	14	92
Legal Assistant	25/11/2012	06/06/2015	04/12/2015	100	21	121
NRSWA certified operative	19/08/2013	15/06/2015	11/09/2015	40	13	53
Plasterer	10/07/2013	05/07/2015	02/10/2015	55	9	64
Plasterer	10/06/2013	03/07/2015	02/10/2015	62	9	71
Plumber	13/06/2013	29/06/2015	25/09/2015	57	9	66
Mobile Caretaker (x3)	30/08/2013	01/07/2015	30/06/2015	142	12	154
Senior Project Engineer	03/06/2015	29/06/2015	26/09/2015	109	19	128
Lighting Technicians	23/06/2014	22/06/2015	18/09/2015	49	15	64
FM Soft Services Manager	17/03/2014	22/06/2015	18/09/2015	80	16	96
Highway Engineer	08/12/2014	15/06/2015	11/12/2015	33	34	67
Housing Lawyer	13-Jul-14	03-Jan-15	30-Jun-15	24	27	51

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Children & Young People's Services						
Team Manager (previously DTM)	28-Jun-11	06-Jul-15	02-Aug-15	140	7	147
Social Worker	19-Dec-11	06-Jul-15	02-Aug-15	146	6	152
Social Worker	19-Dec-11	06-Jul-15	02-Aug-15	151	6	157
Social Worker	19-Dec-11	06-Jul-15	02-Aug-15	175	6	180
Social Worker	19-Dec-11	06-Jul-15	02-Aug-15	195	6	201
Social Worker	06-Jan-12	06-Jul-15	02-Aug-15	192	6	198
Social Worker	05-Mar-12	06-Jul-15	02-Aug-15	182	6	188
Social Worker	05-Mar-12	06-Jul-15	02-Aug-15	202	6	207
Team Manager (previously DTM)	05-Mar-12	06-Jul-15	02-Aug-15	233	7	240
Social Worker	30-Apr-12	06-Jul-15	02-Aug-15	86	6	92
Social Worker	01-Jan-13	06-Jul-15	02-Aug-15	122	5	127
Social Worker	01-Jan-13	06-Jul-15	02-Aug-15	134	6	140
Team Manager (previously DTM)	01-Jan-13	06-Jul-15	02-Aug-15	147	6	153
Team Manager (previously DTM)	01-Jan-13	06-Jul-15	02-Aug-15	160	7	167
Social Worker	01-Apr-13	06-Jul-15	02-Aug-15	116	6	121
Social Worker	01-Apr-13	06-Jul-15	02-Aug-15	117	6	123
Social Worker	01-Apr-13	06-Jul-15	02-Aug-15	123	6	129
Residential and Placements Manager	01-Jul-13	06-Jul-15	02-Aug-15	173	8	181
Team Manager	09-Sep-13	06-Jul-15	02-Aug-15	101	7	108
Social Worker	01-Oct-13	06-Jul-15	02-Aug-15	53	5	58
Education Key Worker	14-Oct-13	06-Jul-15	02-Aug-15	66	3	69
Social Worker	02-Dec-13	06-Jul-15	02-Aug-15	83	6	89
Social Worker	23-Dec-13	06-Jul-15	02-Aug-15	74	6	80
MASH Manager	13-Jan-14	06-Jul-15	02-Aug-15	81	10	92
Social Worker	20-Jan-14	06-Jul-15	02-Aug-15	62	5	67
Social Worker	03-Mar-14	06-Jul-15	02-Aug-15	69	4	73
Social Worker	05-Mar-14	06-Jul-15	02-Aug-15	48	6	54
Social Worker	05-Mar-14	06-Jul-15	02-Aug-15	108	6	114
Independent Reviewing Service Manager	07-Apr-14	06-Jul-15	02-Aug-15	102	11	112
Case Progression Manager	07-Apr-14	06-Jul-15	02-Aug-15	114	7	121
Quality Assurance Auditor (Social Work Cases)	08-May-14	06-Jul-15	02-Aug-15	70	7	77
Social Worker	08-May-14	06-Jul-15	02-Aug-15	76	6	82

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Independent Reviewing Officer	12-May-14	06-Jul-15	02-Aug-15	83	7	89
Social Worker	13-May-14	06-Jul-15	02-Aug-15	53	5	58
Social Worker	27-May-14	06-Jul-15	02-Aug-15	68	5	73
Independent Reviewing Officer	27-May-14	06-Jul-15	02-Aug-15	82	7	89
Team Manager (previously DTM)	02-Jun-14	06-Jul-15	02-Aug-15	75	7	82
Social Worker	06-Jun-14	06-Jul-15	02-Aug-15	65	6	71
Social Worker	19-Jun-14	06-Jul-15	02-Aug-15	54	6	60
Social Worker	19-Jun-14	06-Jul-15	02-Aug-15	75	6	81
Team Manager (previously DTM)	01-Jul-14	06-Jul-15	02-Aug-15	73	6	78
Service Manager Children in Care	07-Jul-14	06-Jul-15	02-Aug-15	132	12	144
LSCB Business Manager	09-Jul-14	06-Jul-15	02-Aug-15	85	7	93
Team Manager (previously DTM)	31-Jul-14	06-Jul-15	02-Aug-15	53	6	59
Social Worker	04-Aug-14	06-Jul-15	02-Aug-15	68	6	74
Social Worker	11-Aug-14	06-Jul-15	02-Aug-15	65	5	70
Social Worker	19-Aug-14	06-Jul-15	02-Aug-15	72	5	77
Corporate Parenting Manager	01-Sep-14	06-Jul-15	02-Aug-15	63	6	69
Team Manager	01-Sep-14	06-Jul-15	02-Aug-15	64	7	70
Social Worker	05-Sep-14	06-Jul-15	02-Aug-15	59	6	65
Social Worker	17-Sep-14	06-Jul-15	02-Aug-15	50	6	56
Team Manager - MASH	28-Sep-14	06-Jul-15	02-Aug-15	63	7	70
Social Worker	30-Sep-14	06-Jul-15	02-Aug-15	55	6	61
Team Manager (previously DTM)	30-Sep-14	06-Jul-15	02-Aug-15	59	6	65
Team Manager (previously DTM)	27-Oct-14	06-Jul-15	02-Aug-15	44	6	50
Social Worker	27-Oct-14	06-Jul-15	02-Aug-15	51	6	57
Child Sexual Exploitation (CSE) Co-ordinator	03-Nov-14	06-Jul-15	02-Aug-15	56	6	63
Social Worker	07-Nov-14	06-Jul-15	02-Aug-15	45	6	51
SW Learning & Development Mentor	17-Nov-14	06-Jul-15	02-Aug-15	48	6	54
Service Manager Fostering and Adoption	10-Dec-14	06-Jul-15	02-Aug-15	76	11	88

Appendix G – PLANNING GIFT FUNDING

169. Recommendation 8 to this report seeks authority to accept the following gift funding contributions from developers within the Borough.

170. A. Unitair, Great Southwest Road, Heathrow- SEGRO- £15,000

Outline planning permission was granted at this site for the erection of circa 15,000sqm of B1c/B2/B8 floorspace. SEGRO are now seeking to develop it. Given the tight time frame for a decision to be made, it is essential to have dedicated staff to process the applications.

171. B. Bridge House, Oxford Road, Uxbridge - Legal and General- £23,500

The gift funding from Legal and General relates to processing of a planning application to redevelop the existing Bridge House site to provide office floorspace with associated car parking.

172. C. Northwood Station, Northwood- TfL- £52,537.50

The gift funding from TfL relates to a potential planning application to redevelop the station and surrounding land to provide a mixed use scheme.

173. D. Heathrow Point, 234 Bath Road, Heathrow - Nine Heathrow Ventures Ltd - £15,000 (Change of use from office to hotel)

The gift funding relates to an application recently submitted to change the use of an existing office building on the Bath Road into a 159 bed hotel. Given the tight time frame for a decision to be made it would be beneficial to have dedicated staff to process the application.