

COUNCIL BUDGET -2015/16 MONTH 5 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 £530k is projected against 2015/16 General Fund revenue budgets as of August 2015 (Month 5), representing an improvement of £44k against the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the capital programme are detailed within the body of this report.</p>
Putting our Residents First	<p>This report contributes to the Council's objective of: <i>Strong 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 Cabinet:

1. Note the forecast budget position for revenue and capital as at August 2015 (Month 5).
2. Note the Treasury Management update as at August 2015 at Appendix E.
3. Continue the delegated authority up until the 20 November 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 24 September 2015 and 22 October 2015 Cabinet meetings, detailed at Appendix F.
4. Approves the following proposed amendments to the Council's local Council Tax Reduction Scheme effective from 1 April 2016, for public consultation:

- the maximum amount of reduction a working age household can receive is reduced to 75% of the council tax liability;
 - the maximum amount of reduction a vulnerable household can receive is reduced to 90% of the council tax liability;
 - to align the scheme with recent and impending welfare reforms, including changes to Housing Benefit.
5. Approve the release of £236k funding for the Carbon Reduction Commitment Energy Efficiency Scheme from Development and Risk Contingency to Residents Services Operating Budgets from 2015/16 onwards.
 6. Extend the appointment CBRE consultants to advise the Council on the Southall Gas Works site up to the value of £100k revenue.
 7. Approves the creation of a new capital budget of £200k for Landlord Property Renovation Grants to be funded by a combination of external funding and existing budgets.

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. Recommendation 4 seeks authority to commence a public consultation on proposed changes to the Council's CTR scheme effective from April 2016. Details of the proposed amendments are included at appendix G to this report.
4. Recommendation 5 seeks authority to release the contingency funding held to fund the annual allowance of Carbon Reduction Scheme allowances into Residents Services Operating Budgets, reflecting the reduced volatility of the simplified scheme since reforms were undertaken in 2014/15. Given that the Council has been able to purchase the majority of allowances in advance for the period to 2016/17, it is recommended that this sum is released into base budgets.
5. Recommendation 6 seeks to approve and extension of the current appointment of CBRE to advise the Council on the Southall Gas Works site up to a fee of £100k from the £50k approved under delegated authority in December 2013. This appointment relates to the valuation of access rights across Council owned land and the negotiation of payments to the Council of capital sums for these rights. This will be funded from the ultimate receipt once secured.
6. Recommendation 7 seeks authority to establish a discrete budget of £200k to fund Landlord Property Renovation Grants (LPRG) as part of the Council's Private Sector Leasing scheme offer and renewal programme. This can be used to enhance the existing incentive offers and should increase the number of properties bought into the scheme and in turn support the mitigation of temporary accommodation costs. Where an LPRG is offered on the PSL scheme it allows negotiation of an effective rent clawback over the life of the tenancy (up to 5 years). The funding will come from a grant through the West London Housing Partnership (£100k) with the balance of £100k vired from the existing Private Sector Renewal Grant (PSRG) budget.

Alternative options considered

7. There are no other options proposed for consideration.

SUMMARY

REVENUE

8. An underspend on normal operating activities of £80k is projected at Month 5 for General Fund revenue budgets, with management action across all service areas expected to deliver underspends of £1,278k on Directorate Operating Budgets and £1,350k across Corporate Operating Budgets sufficient to contain £2,548k emergent pressures within contingency. This represents a net improvement of £44k on the position reported at Month 4, with emerging underspends due to vacancies and an improved outlook on capital financing off-setting further growth in demand for high cost Children's Social Care Placements. Outside normal operating activity, recovery of £450k Icelandic investments, reported in Month 4, brings the headline underspend to £530k for 2015/16.
9. The 2015/16 revenue budget contains savings of £10,034k, including £127k items brought forward from 2014/15. At Month 5, £4,423k of savings are banked in full, and a further £3,665k on track for delivery in full. The remaining £1,946k is currently reported as 'amber' primarily due to the expected phasing of delivery rather than more fundamental delivery issues.
10. General Fund balances are projected to total £35,970k 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.
11. With the exception of the Collection Fund, there are no material variances on other funds affecting the General Fund position. Within the Collection Fund, there is in a potential pressure of £1,125k on Business Rates being off-set by a £2,563k surplus on Council Tax activities. The net £1,438k surplus would be available to support the Council's 2016/17 budget.

CAPITAL

12. As at Month 5 an underspend of £32,269k is reported on the £110,323k General Fund Capital Programme, with £1,071k cost underspends and £30,119k slippage on project expenditure. The forecast outturn over the life of the 2015/16 to 2019/20 programme is a £2,070k underspend, principally related to underspends on completed school expansion projects.
13. General Fund capital receipts of £9,872k are forecast for 2015/16, with total receipts to 2019/20 expected to reach £62,465k, representing a favourable variance of £560k against budget. Slippage of £16,068k in capital receipts forecast for 2015/16 is reported, with this shortfall expected to be recovered from 2016/17 onwards.
14. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 capital programme is forecast to be less than the budget by £115k, with a £2,303k shortfall reported on 2015/16 Department for Education grant funding being off-set by project underspends and favourable movement on capital receipts. This position will remain under review and any future revenue implications from the capital programme will be captured through the Medium Term Financial Forecast.

FURTHER INFORMATION

General Fund Revenue Budget

15. An underspend of £80k is reported on normal operating activities at Month 5. This position incorporates a £1,278k net underspend across Directorate Operating Budgets and an underspend of £1,350k across Corporate Operating Budgets, off-set by contingency pressures of £2,548k, primarily relating to Children's Social Care placements and Asylum services. In addition, a £450k favourable exceptional item is reported in relation to recovery of the majority of outstanding Icelandic investments brings the reported underspend across the General Fund to £530k.
16. Within the reported net underspend across the Council there remains a number of risk areas in which management action is in place to contain potential and emergent pressures. These risks are discussed in detail within the service appendices to this report, alongside narrative on the measures being taken to contain cost pressures, including acceleration of savings initiatives where appropriate.
17. The Council's General Fund revenue budget contains £10,034k savings, with £8,088k 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 5		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
186,213	1,180	Directorate Operating Budgets	187,393	186,114	(1,278)	(1,051)	(227)
8,795	(294)	Corporate Operating Budgets	8,501	7,151	(1,350)	(900)	(450)
12,340	(736)	Development & Risk Contingency	11,604	14,152	2,548	1,915	633
1,604	(150)	Priority Growth	1,454	1,454	0	0	0
208,952	0	Sub-total Normal Activities	208,952	208,871	(80)	(36)	(44)
		Exceptional Items					
		Recovered Icelandic Investment		(450)	(450)	(450)	0
208,952	0	Total Net Expenditure	208,952	208,421	(530)	(486)	(44)
(203,952)	0	Budget Requirement	(203,952)	(203,952)	0	0	0
5,000	0	Net Total	5,000	4,469	(530)	(486)	(44)
(40,439)	0	Balances b/fwd	(40,439)	(40,439)			
(40,439)	0	Balances c/fwd 31 March 2015	(35,439)	(35,970)			

18. The reported exceptional item relates to a further payment received in respect of outstanding Icelandic Investments, enabling release of £450k from the remaining impairment of these investments. 98% of the £15,000k invested with Heritable has now been recovered.

19. At 31 March 2015 General Fund Balances totalled £40,439k with the budgeted drawdown of £5,000k and the projected £530k surplus the forecast closing balance at 31 March 2016 is projected to total £35,970k. 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 (£1,278k underspend, £227k improvement)

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

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
11,133	14	Admin.	Expenditure	11,148	10,970	(178)	(176)	(2)
(1,331)	107		Income	(1,224)	(1,172)	52	52	0
9,803	122		Sub-Total	9,924	9,798	(126)	(124)	(2)
16,867	(14)	Finance	Expenditure	16,853	16,733	(120)	(62)	(58)
(2,583)	0		Income	(2,583)	(2,555)	28	0	28
14,284	(14)		Sub-Total	14,270	14,178	(92)	(62)	(30)
111,955	(908)	Residents Services	Expenditure	111,047	110,509	(538)	(646)	108
(53,324)	114		Income	(53,210)	(53,297)	(87)	74	(161)
58,631	(794)		Sub-Total	57,837	57,212	(625)	(572)	(53)
33,407	1,197	Children & Young People's Service	Expenditure	34,603	37,338	2,735	2,707	28
(8,327)	(946)		Income	(9,273)	(12,261)	(2,988)	(2,773)	(215)
25,079	251		Sub-Total	25,330	25,077	(253)	(65)	(188)
105,739	3,178	Adult Social Care	Expenditure	108,917	109,524	608	374	234
(27,322)	(1,563)		Income	(28,885)	(29,675)	(790)	(602)	(188)
78,417	1,615		Sub-Total	80,032	79,849	(182)	(228)	46
186,213	1,180	Total Directorate Operating Budgets		187,393	186,114	(1,278)	(1,051)	(227)

21. A marginal £2k improvement in the Administration budget monitoring position results in an underspend of £126k at Month 5, with the underlying variance principally due to elected members no longer being eligible for membership of the Local Government Pension Scheme. As previously reported, shortfalls in income within the group are being managed through underspends on expenditure.

22. Increased staffing underspends across Finance have off-set the cost of external legal advice within Procurement and resulted in a £30k improvement from Month 4. An underspend of £92k is reported across the group at Month 5, which is primarily driven by staffing variances.

23. An improvement of £53k is reported across Residents Services budgets, with increased staffing underspends being sufficient to mitigate adverse movement on Imported Food income. The overall net underspend of £625k across the group includes £842k of salaries underspends, arising from higher levels of vacant posts during restructuring in a number of areas across the group.

24. An underspend of £253k is reported within Children & Young People's Services, with staffing underspends from a high number of vacancies within Early Intervention Services off-setting higher than budgeted allowance payments. Movement from the position reported at Month 4 relates to an increase in the projected underspend within the Early Intervention Service. Within this position £2,966k of compensatory variances on income and expenditure relate to the application of earmarked reserves to support investment in managed services and support for the transition to new staffing structures within the group.
25. Slippage in delivery of third party Supported Living units is the principal driver behind a £46k adverse movement from Month 4 in Adult Social Care forecasts. The headline £182k underspend at Month 5 contains cost pressures on externally contracted Homecare provision, an underfunded new burden following the government's abolition of the Independent Living Fund and delays in delivery of Supported Living properties being off-set by staffing underspends and a favourable outlook for income across the group.

Progress on Savings

26. 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 brought forward from prior years.
27. At Month 5, £4,423k savings are already reported as banked, with a further £3,665k on track for delivery in full during the current financial year. At this early stage in the financial year £1,946k savings are being classed as Amber, primarily due to the expected phasing of delivery. 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	(327)	(3,055)	(1,006)	(35)	(4,423)	44.1%
G On track for delivery	(1,016)	(1,261)	(982)	(406)	(3,665)	36.5%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(40)	(32)	(1,329)	(545)	(1,946)	19.4%
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 (£1,350k underspend, £450k improvement)

28. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, externally set levies and income arising from provision of support services to other funds and ring-fenced budgets. The £450k improvement on projected outturn relates to a £250k reduction in projected interest costs and a £200k favourable movement arising from a review of cost allocations between funds.

29. Favourable movement in interest costs increases the in-year underspend reported on the management of the Council's loan book and cash balances to £1,100k, which is attributable to on-going reviews of capital financing options and proactive management of treasury activity.

30. As previously reported, there remains a risk that the use of Real Time Information by the DWP may adversely impact upon funding levels for Housing Benefit however this situation is under review and at present scope exists to contain such a pressure in-year within the wider Subsidy position.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Change £'000	Service	Month 5		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
9,861	(46)		Non-Sal Exp	9,623	8,523	(1,100)	(850)	(250)
(691)	0		Income	(691)	(691)	0	0	0
9,170	(46)		Sub-Total	8,932	7,832	(1,100)	(850)	(250)
493	0	Levies and Other Corporate Budgets	Salaries	493	493	0	0	0
11,926	(248)		Non-Sal Exp	11,600	11,550	(50)	(50)	0
(12,235)	0		Income	(11,966)	(12,166)	(200)	0	(200)
185	(248)		Sub-Total	128	(122)	(250)	(50)	(200)
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	0
151,736	0		Non-Sal Exp	151,736	151,736	0	0	0
(152,296)	0		Income	(152,296)	(152,296)	0	0	0
(560)	0		Sub-Total	(560)	(560)	0	0	0
8,795	(294)	Total Corporate Operating Budgets		8,501	7,151	(1,350)	(900)	(450)

Development & Risk Contingency (£2,548k pressure, £633k adverse movement)

31. 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 reported, including significant growth in the cost of supporting Looked After Children.

Table 5: Development & Risk Contingency

Original Budget	Budget Changes	Service		Month 5		Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
				£'000	£'000	£'000	£'000	£'000
400	0	Fin.	Uninsured Claims	400	300	(100)	(100)	0
236	0	Residents Services	Carbon Reduction Commitment	236	236	0	0	0
1,836	0		Impact of welfare reform on homelessness	1,836	1,836	0	0	0
2,211	0		Waste Disposal Levy (Demand-led Tonnage Increases)	2,211	2,204	(7)	(40)	33
1,272	0	Children and Young People	Asylum Funding Shortfall	1,272	2,212	940	940	0
465	0		Social Care Pressures (Children's)	465	3,086	2,621	2,021	600
(117)	0		Early Support Cost Avoidance	(117)	(117)	0	0	0
1,298	0		Potential Shortfall in Social Care & Health Integration Funding	1,298	1,298	0	0	0
380	0	Adult Social Care	Increase in Transitional Children due to Demographic Changes	380	380	0	0	0
393	0		Winterborne View	393	187	(206)	(206)	0
520	0		SEN Transport	520	320	(200)	(200)	0
129	0		Social Care Pressures (Adult)	129	129	0	0	0
250	0	Corp. Items	Pump Priming for BID Savings	250	250	0	0	0
2,067	(736)		Care Act New Burdens	1,331	1,331	0	0	0
1,000	0		General Contingency	1,000	500	(500)	(500)	0
12,340	(736)	Total Development & Risk Contingency		11,604	14,152	2,548	1,915	633

32. A minor adverse movement of £33k is reported as the benefit of Business Rates refunds from WLWA are off-set by an £155k adverse movement on dry recycling costs due to a fall in the market for recyclates. Despite this adverse movement, costs associated with disposal of recycled waste remain significantly lower than use of landfill.

33. Children's Social Care Placements remain a volatile area of expenditure, with adverse movement of £600k from the previously reported £2,021k pressure on contingency due to increased need for residential placements to meet safeguarding requirements over the past month. This position remains under close review, with management action in place to contain costs while meeting exceptional growing demand in this area.

34. The 2015/16 budget included £1,000k of General Contingency to manage unforeseen cost pressures over and above those specific items included in Development and Risk Contingency. In line with Month 4 assumptions, it is projected that only £500k of this sum will be required, reflecting the outturn position in recent years. There is a potential income pressure arising from partial closure of Uxbridge Town Centre car parks for major refurbishment, which will remain under review and may represent a call on contingency.

Priority Growth

35. 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.
36. 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 £56k, leaving £1,174k available for new initiatives.

Table 6: Priority Growth

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 5 Approved Allocations £'000	Unallocated Balance £'000
800	430	HIP Initiatives Budgets	1,230	56	(1,174)
0	(430)	B/fwd Funds	(430)	(430)	0
804	(150)	Unallocated Priority Growth	654	0	(654)
1,604	(150)	Total Priority Growth	1,454	(374)	(1,828)

Schools Budget, Parking Revenue Account and Collection Fund

37. The latest forecasts on other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund.
38. A headline pressure of £2,091k is reported on the Schools Budget at Month 5, an improvement of £326k on Month 4 due to reduced SEN funding being required for the new year as higher than anticipated numbers of school leavers. The residual variance relates to the release of an element of accumulated balances to schools in-year. On the basis of current forecasts, balances of £1,992k will be available at year end to finance further investment in education.
39. A surplus of £166k is forecast on the Parking Revenue Account at Month 5, an £8k improvement on the position at Month 4. This reflects increased income seen since late 2014/15 and significant reductions in expenditure. Given the volatile nature of enforcement and on-street parking income streams, this position will continue to be closely monitored.
40. No change is reported on the Collection Fund, with an estimated surplus of £1,438k projected at Month 5. This position consists of a £2,563k surplus on Council Tax activities as a result of strong collection performance and a £1,125k deficit on Business Rates principally driven by delays in the Valuation Office Agency bringing properties into rating. Any surplus or deficit will be released to the General Fund from 2016/17 and reflected in the Council's MTFF.

Housing Revenue Account

41. As at Month 5 an in-year surplus of £459k is projected on the Housing Revenue Account, which represents an increase of £327k on the position at Month 4 due to slippage of Planned Maintenance works from 2015/16. Within the overall position, the pressure on income arising from increased Right to Buy sales is being off-set by underspends across HRA operations. Unallocated General Balances within the HRA are therefore projected to increase to £32,699k as a result of the projected £459k surplus and £1,663k planned contribution to balances. The

current forecast reflects work underway to secure the £2,448k of savings included in the 2015/16 budget, which are reported on track for delivery in full.

42. Within the HRA capital programme, slippage of £16,659k is reported at Month 5 which includes £4,677k on works to stock activity and £11,982k on new build activity. Slippage on new build projects arises from works unlikely to commence during 2015/16.
43. As at Month 5, 63 properties have been sold under Right to Buy arrangements with a total of 200 sales forecast for 2015/16. At 30 August 2015, £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

44. 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 allow a £9,655k reduction in forecast borrowing in 2015/16. On current projections, allowing for the reduction in grant funding for school provision in 2015/16, a minor underspend of £115k on Prudential Borrowing is expected by 2019/20. The scope to manage the on-going financing costs of this level of additional borrowing within existing capital financing provision through proactive treasury management will remain under review and be reflected in the Council's MTFF as appropriate.

Appendix A – Detailed Group Forecasts (General Fund)

ADMINISTRATION (£126k underspend, £2k improvement)

45. The Administration Group is showing an underspend of £126k at Month 5, an improvement of £2k on the reported position at Month 4. The improvement to the in-year monitoring position is due to an underspend on the Hillingdon Academy budget as a result of only one cohort for the 2015-17 Academy intake. There are minor adverse movements across the group which reduce this underspend to £2k. The majority of the overall underspend is largely due to reduced expenditure on Members Allowances as Members are no longer part of the Local Government Pension Scheme, this additional budget will be removed from 2016/17 budgets.

Table 7: Administration Operating Budgets

Original Budget	Budget Changes	Service		Month 5		Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
				£'000	£'000	£'000	£'000	£'000
1,461	0	Democratic Services	Salaries	1,461	1,461	0	0	0
1,841	(69)		Non-Sal Exp	1,772	1,638	(134)	(140)	6
(658)	69		Income	(589)	(546)	42	42	0
2,645	0		Sub-Total	2,645	2,552	(92)	(98)	6
2,319	80	Human Resources	Salaries	2,399	2,372	(26)	(28)	2
626	(30)		Non-Sal Exp	596	579	(17)	(2)	(15)
(286)	38		Income	(248)	(233)	15	15	0
2,659	88		Sub-Total	2,747	2,718	(28)	(15)	(13)
1,955	34	Legal Services	Salaries	1,989	1,997	8	0	8
111	0		Non-Sal Exp	111	101	(9)	(6)	(3)
(341)	0		Income	(341)	(341)	0	0	0
1,725	34		Sub-Total	1,759	1,757	(1)	(6)	5
592	0	Partnership and Policy	Salaries	592	604	12	12	0
2,228	0		Non-Sal Exp	2,228	2,216	(12)	(12)	(0)
(46)	0		Income	(46)	(51)	(5)	(5)	0
2,774	0		Sub-Total	2,774	2,769	(5)	(5)	(0)
6,327	114		Salaries	6,441	6,435	(6)	(16)	10
4,806	(99)		Non-Sal Exp	4,707	4,534	(172)	(160)	(12)
(1,331)	107		Income	(1,224)	(1,171)	52	52	0
9,803	122		Total	9,924	9,797	(126)	(124)	(2)

FINANCE (£92k underspend, £30k improvement)

46. The Finance Group is showing an underspend of £92k at Month 5, an improvement of £30k on the Month 4 position. Pressures within Procurement as a result of using specialist external Legal advice and salaries pressures within Internal Audit have been mitigated through vacant posts within Strategic Finance and Revenues and Benefits leading to an underspend position across the Group.

47. Operational Finance is still showing an underspend position as a result of vacant posts following the restructure of the Assistant Finance Business Partner tier. Recruitment is underway to fill these vacant posts and offers have been made to successful candidates, with a view to being in post by December/January.

Table 8: Finance Operating Budgets

Original Budget	Budget Changes	Service		Month 5		Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
£'000	£'000			£'000	£'000	£'000	£'000	£'000
487	0	Internal Audit	Salaries	487	508	22	0	22
56	0		Non-Sal Exp	56	70	14	0	14
0	0		Income	0	(10)	(10)	0	(10)
543	0		Sub-Total	543	569	25	0	25
2,185	(150)	Procurement	Salaries	2,035	2,035	0	0	0
121	0		Non-Sal Exp	121	171	50	0	50
(2)	0		Income	(2)	(2)	0	0	0
2,304	(150)		Sub-Total	2,153	2,204	50	0	50
3,360	(30)	Operational Finance	Salaries	3,330	3,268	(62)	(62)	0
679	0		Non-Sal Exp	679	679	0	0	0
(159)	0		Income	(159)	(159)	0	0	0
3,880	(30)		Sub-Total	3,850	3,788	(62)	(62)	0
3,868	12	Revenues and Benefits	Salaries	3,880	3,782	(97)	0	(97)
2,285	0		Non-Sal Exp	2,285	2,279	(6)	0	(6)
(2,166)	0		Income	(2,166)	(2,128)	38	0	38
3,986	12		Sub-Total	3,998	3,933	(65)	0	(65)
1,300	154	Strategic Finance	Salaries	1,454	1,414	(40)	0	(40)
2,526	0		Non-Sal Exp	2,526	2,526	0	0	0
(256)	0		Income	(256)	(256)	0	0	0
3,571	154		Sub-Total	3,725	3,685	(40)	0	(40)
11,199	(14)		Salaries	11,185	11,007	(178)	(62)	(116)
5,668	0		Non-Sal Exp	5,668	5,726	58	0	58
(2,583)	0		Income	(2,583)	(2,555)	28	0	28
14,284	(14)		Total	14,270	14,178	(92)	(62)	(30)

48. A year end drawdown from the Insurance contingency of £300k is projected at Month 5, a nil movement from Month 4. The contingency of £400k provided for Insurance was fully utilised in 2014/15, as costs exceeded the available base budget of £359k. Payments of £850k were made in 2014/15 significantly lower than in previous years of which the £91k over budget was funded by a release from the Insurance provision. The payments this year are projected to further drop and at this time claims payments are projected to be in the region of £612k.
49. In addition to the improvement in the claim payments position, there has also been a slight reduction in the projected Insurance provision required to be held to cover the Council's liability for open Insurance claims, which further supports the reduction in the draw upon contingency. The provision held at the end of 2014/15, was significantly lower than in previous years as a result of robust challenging of claims by the Insurance team and successful mitigation of a variety of high value claims, which has continued into this year.
50. As such, it is expected that the full contingency will not be required this year. This will continue to be monitored throughout the year, however, any seasonal or exceptional claims could be funded through the General Insurance reserve if necessary.

Table 9: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 5		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
400	0	Uninsured Claims	400	300	(100)	(100)	0
400	0	Current Commitments	400	300	(100)	0	(100)

RESIDENTS SERVICES GENERAL FUND (£625k underspend, £53k improvement)

51. Residents Services Directorate is showing a projected outturn underspend of £625k at Month 5, excluding pressure areas that have identified contingency provisions.

Table 10: Group Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
13,368	0	Deputy Director Residents Services	Salaries	13,368	13,368	0	0	0
21,204	(26)		Non-Sal Exp	21,178	21,142	(36)	(36)	0
(10,051)	0		Income	(10,051)	(9,901)	150	113	37
24,521	(26)		Sub-Total	24,495	24,609	114	77	37
1,844	(90)	Development and Assets	Salaries	1,754	1,754	(0)	(0)	0
7,575	0		Non-Sal Exp	7,575	8,170	595	536	60
(2,397)	5		Income	(2,393)	(2,393)	(0)	(0)	0
7,021	(85)		Sub-Total	6,936	7,531	595	535	60
803	0	Estates and Tenancy Management	Salaries	803	803	0	0	0
1,254	9		Non-Sal Exp	1,264	1,264	0	0	0
(3,414)	0		Income	(3,414)	(3,321)	93	159	(66)
(1,357)	9		Sub-Total	(1,348)	(1,255)	93	159	(66)
5,050	0	Policy, Highways and Community Engagement	Salaries	5,050	5,000	(50)	(76)	26
6,004	(1)		Non-Sal Exp	6,002	5,977	(25)	(25)	0
(12,572)	0		Income	(12,572)	(12,779)	(207)	(207)	0
(1,519)	(1)		Sub-Total	(1,520)	(1,802)	(282)	(308)	26
4,135	0	Planning and Enforcement	Salaries	4,135	3,978	(157)	(108)	(49)
1,626	320		Non-Sal Exp	1,946	1,926	(20)	(20)	0
(2,972)	(320)		Income	(3,292)	(3,578)	(286)	(280)	(6)
2,789	0		Sub-Total	2,789	2,326	(463)	(408)	(55)
12,777	(76)	Green Spaces & Culture	Salaries	12,701	12,708	7	29	(22)
9,229	(445)		Non-Sal Exp	8,784	8,485	(299)	(278)	(21)
(9,819)	86		Income	(9,733)	(9,766)	(33)	(1)	(32)
12,186	(434)		Sub-Total	11,752	11,427	(325)	(251)	(74)
7,916	24	Communication, ICT and Customer Development	Salaries	7,940	7,821	(119)	(156)	37
4,241	177		Non-Sal Exp	4,418	4,421	3	3	(0)
(2,767)	23		Income	(2,744)	(2,744)	0	0	0
9,390	224		Sub-Total	9,614	9,498	(116)	(153)	37
5,279	52	Business and Technical Support	Salaries	5,331	4,958	(373)	(378)	5
879	(2)		Non-Sal Exp	878	840	(38)	(38)	0
(3,772)	0		Income	(3,772)	(3,502)	270	290	(20)
2,386	50		Sub-Total	2,436	2,296	(140)	(125)	(15)
3,537	(1,248)	Policy and Standards - Education, Housing and Public Health	Salaries	2,289	2,139	(150)	(98)	(52)
5,236	4		Non-Sal Exp	5,240	5,364	124	0	124
(5,559)	321		Income	(5,238)	(5,312)	(74)	0	(74)
3,214	(923)		Sub-Total	2,291	2,191	(100)	(98)	(2)
54,707	(1,337)	Residents Services	Salaries	53,370	52,528	(842)	(787)	(55)
57,248	37		Non-Sal Exp	57,285	57,589	304	140	164
(53,324)	114		Income	(53,210)	(53,297)	(87)	74	(161)
58,631	(1,186)		Sub-Total	57,445	56,820	(625)	(572)	(53)

52. The overall variance is a result of staffing underspends across the group and favourable income projections in highways and planning, offset mainly by pressure on maintenance budgets in development & assets as well as parking income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.

53. 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.

54. At month 5 projected calls on contingency are £7k below 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 5		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
236	0	Carbon Reduction Commitment	236	236	0	0	0
1,836	0	Impact of welfare reform on homelessness (Current)	1,836	1,836	0	0	0
2,211	0	Waste Disposal Levy (Demand-led Tonnage Increases)	2,211	2,204	(7)	(40)	33
4,283	0	Current Commitments	4,283	4,276	(7)	(40)	33

55. The last quarter of 2014-15 and the first five months of 2015/16 have seen an increase in the numbers of temporary accommodation requirements above the original MTFF forecast. Within this increase, a higher proportion are in high cost Bed & Breakfast placements. Temporary Accommodation and housing advice data for the period July to September are shown below. B&B numbers have steadily risen since mid - July, with the September figure at 200.

Table 12: Housing Needs performance data

	2015		
	July	August	September
Homeless Threat, Priority Need & Eligible	122	92	83
Presenting As Homeless	69	69	48
Duty Accepted	22	28	25
Households in Temporary Accommodation	585	604	594
Households in B&B	199	224	200

56. Increases in homelessness caseloads present a rising level of risk within the service, with the most recent data showing 114 cases awaiting a decision and a total of 328 prevention cases ongoing. Despite these continuing challenges to the service, the risk is expected to be contained within the current provision of £1,836k. It is anticipated this can be achieved through a combination of activities.

57. These will include lower than projected spend on Finders' Fee, Find Your Own and other schemes, vacancy management, better than expected performance on voids & arrears and release of earmarked reserves.

58. Key variables in terms of keeping high cost Bed & Breakfast type accommodation to a minimum are the prevention rate and the supply of properties.

59. The increasing pressure on supply and private sector rents means that the level of incentives payable to secure both prevention and Temporary Accommodation properties continues to increase, and is significantly higher than the cost of previous schemes. However, they remain

significantly lower in cost than current Bed and Breakfast provision. The chief constraint continues to be the supply and availability of properties given the increasing difference between HB subsidy and market rents.

60. 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.
61. Early indications are showing a decline in the market for commodities within the recyclate collected and a higher than projected level of residual waste in the recycling loads. Projections currently show costs could be up to £155k per annum higher than the £560k initially modelled due to these factors.
62. The Council has received a rebate of £122k as a one-off payment from West London Waste Authority following a revaluation of NNDR liabilities and this is offsetting the projected overspend on Dry Recycling.
63. The contingency for the Carbon Reduction Commitment is for the estimated costs to purchase carbon allowances.

Deputy Director Residents Services (£114k overspend, £37k adverse)

64. There is a reduced projection in Imported Food sampling income based on receipts to end of August of £150k (£37k adverse). This income stream is experiencing continuing volatility following the cessation of green bean testing from 1st July 2015. The service is currently experiencing a sustained reduction in income of between £6k and £10k per week. There is, however, the potential of new income sampling income streams (green chillies) coming online later in the year, subject to the required European Directive.
65. 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. 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 (£595k overspend, £60k adverse)

66. 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.
67. 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 £200k (£60k adverse).

Estates and Tenancy Management (£93k overspend, £66k favourable)

68. At Month 5 there is a projected income pressure of £93k on garages income (£66k favourable). The favourable movement relates to a revised income projection based on the most up to date income schedules received from the service.

Policy, Highways & Community Engagement (£282k underspend, £26k adverse)

69. At month 5, the service is reporting a staffing underspend of £50k (£26k adverse), and an underspend of £25k (no change) from various non-staffing budgets across the service area.

70. Income projections across the service continue to exceed budget by £207k (no change) from crossovers and various other income streams.

Planning and Enforcement (£463k underspend, £55k favourable)

71. There are staffing underspends across the service of £155k (£49k favourable), primarily in planning enforcement.

72. There is a projected net overachievement of Development Control income of £286k (£6k favourable), which assumes a continuation of exceeding the budgeted income experienced in 2014/15.

Green Spaces, Sport & Culture (£325k underspend, £74k favourable)

73. The revised salary overspend for month 5 is £7k (£21k favourable) relating to restructures not yet implemented. A revised projection on non-staffing costs within Green Spaces such as equipment maintenance and materials purchases has resulted in a favourable movement of £21k.

74. There is a favourable income projection for Cremations of £32k following a higher than normal level of activity for the service compared to the same period in the last financial year.

75. 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 (£116k underspend, £37k adverse)

76. The service is reporting a salary underspend of £119k at month 5 (£37k adverse) following additional agency staff recruited at the contact centre for 6 months (£28k) and a revised projection for ICT staffing (£9k).

Business and Technical Support (£140k underspend, £15k favourable)

77. 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 £270k, (£20k favourable). This does not include the projected loss of income of £78k through the reduction of spaces available whilst the refurbishment of the Cedars/Grainges car parks is undertaken, given that there is scope to manage this through unallocated general contingency, subject to the usual approvals.

78. There is a projected underspend of £373k (£5k adverse) 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. There is also a projected underspend on non-staffing costs of £38k (no change) that are not expected to be required further to the vacant posts discussed above.

Policy and Standards - Education, Housing and Public Health (£100k underspend, £2k favourable)

79. A number of budget virements have been approved to realign the budgets in the School Improvement Service and the Governor Support service, where the delivery model has changed, which accounts for the large movements between months across the individual expenditure headings. The service is reporting an improvement of £2k on the month 4 projections.

CHILDREN & YOUNG PEOPLE'S SERVICES (£253k underspend, £188k improvement)

Overview of Directorate position

80. The Children and Young People's Service is projecting an underspend of £253k as at Month 5, an improvement of £188k on the Month 4 projections, due to increased underspends on staffing costs within Early Intervention Services.
81. The Month 5 position includes the transfer of the Targeted Programmes Service from Residents Services. With regards to salaries, the Month 5 position shows an underspend of £288k, an adverse movement of £70k from Month 4, due to ongoing recruitment activity across CYPS. The underspend relates to a high level of vacancies in the Early Intervention service, where recruitment is underway in both the Key Worker Service and the Targeted Programmes Service, netted down by the additional cost of agency staff across the remainder of Children's Services, whilst the service undertakes a major recruitment campaign to the new structures.
82. The projected variances at Month 5 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 5		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Change from Month 4 £'000	
1,038	130	Safeguarding Children	Salaries	1,167	1,257	90	9	82
1,579	20		Non-Sal Exp	1,599	1,699	101	159	(58)
(150)	(13)		Income	(163)	(162)	1	1	0
2,467	137		Sub-Total	2,603	2,795	192	168	24
3,545	1,209	Early Intervention Services	Salaries	4,754	4,124	(630)	(446)	(184)
3,631	601		Non-Sal Exp	4,232	4,126	(106)	(152)	46
(707)	(278)		Income	(985)	(1,091)	(106)	(100)	(6)
6,469	1,532		Sub-Total	8,001	7,159	(842)	(698)	(144)
2,091	801	Looked After Children	Salaries	2,891	2,860	(31)	33	(65)
744	(48)		Non-Sal Exp	696	3,147	2,452	2,497	(46)
(294)	170		Income	(123)	(2,595)	(2,472)	(2,472)	0
2,541	923		Sub-Total	3,463	3,412	(52)	59	(111)
8,352	(847)	Children's Resources	Salaries	7,505	7,788	283	46	237
12,428	1,114		Non-Sal Exp	13,542	14,118	576	562	14
(7,177)	(842)		Income	(8,019)	(8,429)	(410)	(202)	(208)
13,603	(575)		Sub-Total	13,028	13,477	449	406	43
15,025	1,292	Directorate Total	Salaries	16,317	16,029	(288)	(358)	70
18,382	1,687		Non-Sal Exp	20,068	23,091	3,023	3,066	(44)
(8,327)	(962)		Income	(9,290)	(12,277)	(2,988)	(2,773)	(214)
25,079	2,017		Total	27,096	26,843	(253)	(65)	(188)

Safeguarding Children (£192k overspend, £24k adverse)

83. The service is reporting an overspend of £192k, an adverse movement of £24k on the Month 4 position due to an increase in the projected cost of agency staff. The service pressure relates to an overspend of £90k on staff due to a number of agency staff covering vacant posts and an overspend of £101k on non-staffing which relates to an increase in Child Protection, LSCB and Family Conference delivery costs.

Early Intervention Services (£842k underspend, £144k improvement)

84. This service, which now includes the Targeted Programmes service, is reporting an underspend of £842k, an improvement of £144k on the Month 4 position, due to an increase in the projected underspend on staffing costs, where the service continues to experience a high level of staff vacancies, whilst permanent recruitment of staff is being progressed. This relates to an underspend of £630k 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 £106k on non-staffing costs, which relates to the cessation of the CfBT (young people's support, information, advice and guidance (YSIAG) services) contract and a surplus of £106k on income, which primarily relates to the receipt of additional grant funding being provided for the programme management of the next phase of the Troubled Families Grant.

Looked After Children (£52k underspend, £111k improvement)

85. The service is reporting an underspend of £52k, an improvement of £111k on the Month 4 projections, due to a slight reduction in projected staffing costs and planned training programmes. The underspend reported relates to a £65k underspend on staffing costs due to reduced cost of agency staff, an overspend of £2,452k on non-staffing costs, which primarily relates to the cost of the Skylakes managed service and a surplus of £2,472k on income to reflect a proposed use of earmarked reserves to fund the Skylakes managed service.

Children's Resources (£449k overspend, £43k adverse)

86. The service is reporting an overspend of £449k, an adverse movement of £43k on the Month 4 projections, due to an increase in the projected cost of agency staff. The overspend reported relates to an overspend of £283k on staffing due to a high level of agency staff being employed prior to instigating a major staff recruitment campaign, which will be launched at the beginning of October 2015 and an overspend of £576k on non-staffing costs, due primarily to the cost of allowances, including Section 17 payments, netted down by additional income of £410k, which primarily relates to a proposed use of earmarked reserves to fund the Coram and HCL managed service contract and the cost of agency staff whilst the service continues to seek to recruit permanent staff to the new structure.

Development & Risk Contingency Items

Table 14: Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 5		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,272	0	Asylum Funding Shortfall	1,272	2,212	940	940	0
465	0	Social Care Pressures (Children's)	465	3,086	2,621	2,021	600
(117)	0	Early Support Cost Avoidance	(117)	(117)	0	0	0
1,298	0	Potential Shortfall in Social Care & Health Integration Funding	1,298	1,298	0	0	0
2,918	0	Current Commitments	2,918	6,479	3,561	2,961	600

Asylum Service (£940k overspend, no change)

87. This service is projecting a draw down of £2,212k from the Development and Risk Contingency, £940k above the budget, no change on the Month 4 position. The overspend reported, relates to a reduction in the Home Office Grant, 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 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 and £91 per day for eligible 16 to 17 year olds, compared to £150 per week for eligible 18+).
88. A recent notification from other councils indicates that they are experiencing growth in this provision, especially those with sea ports. This has resulted in a number of significant conversations with the Home Office, who are being asked to consider fully funding the cost of support for Asylum Seeking Children.
89. At present, Hillingdon is not experiencing a significant increase in the number of Asylum Seeking Children, however, Hillingdon is experiencing a growing over 18 population compared to the under 18 population.

Social Care Pressures - Children's Demographics (£2,621k overspend, £600k adverse)

90. The service is projecting a drawdown of £3,086k from the Development and Risk Contingency, £2,621k above the budget and an adverse movement of £600k on the Month 4 position, due to an increase in the number of high cost placements, including residential placements that have been made to support children with complex needs and those where there is an identified safeguarding risk.
91. Senior Management have implemented a vigorous monitoring and review process to ensure that the correct decisions are being made on the most appropriate placement for an individual child. Decisions are scrutinised and then agreed at a weekly panel meeting, chaired by the Assistant Director of Children's Services, the placement data is then reviewed each month where the main focus is on the higher cost placements. Going forward the placement budget will be reviewed on a weekly basis to ensure that the most up to date financial position is available.
92. Over the last year, there have been a number of changes across this part of the service, including 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.

Early Support Cost Avoidance (Nil variance, no change)

93. 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 Integration Fund (Nil variance, no change)

94. The service is projecting a drawdown of £1,298k from the Development and Risk Contingency, in line with the budget, no change on the Month 4 position. This relates to the additional cost of appointing agency staff, whilst the service implements a major recruitment campaign.

ADULT SOCIAL CARE (£183k underspend, £46k adverse movement)

95. As at Month 5, the Adult Social Care Service is forecasting an underspend of £183k, an adverse movement of £46k from Month 4. Whilst there are forecasts of underspends on salaries and over recovery of income, there remain a number of pressures on non-salary expenditure which the service continues to mitigate through robust management of the overall expenditure and income within the base budgets. Within All Age Disabilities, 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. Within Social Work, pressures remain within the home care market as the block contract providers continue to experience difficulties in delivering additional hours leading to greater use of higher cost spot purchases. Within Early Intervention and Prevention, there are pressures from the slippage in the timetable for the delivery of new models for Learning Disabilities and cost pressures arising from the new agency staff contract.

Table 15: Adult Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4	
5,402	2,499	All Age Disabilities	Salaries	7,900	7,357	(543)	(484)	(59)
44,007	339		Non-Sal Exp	44,347	46,036	1,689	1,422	267
(6,852)	(1,563)		Income	(8,415)	(9,280)	(866)	(686)	(180)
42,557	1,275		Sub-Total	43,832	44,112	280	253	27
4,294	7	Social Work	Salaries	4,301	4,012	(289)	(254)	(35)
29,110	(15)		Non-Sal Exp	29,095	29,234	138	93	45
(8,267)	8		Income	(8,259)	(8,366)	(108)	(110)	3
25,138	(0)		Sub-Total	25,138	24,879	(258)	(272)	13
9,018	(45)	Early Intervention & Prevention	Salaries	8,973	9,099	126	110	16
3,370	(130)		Non-Sal Exp	3,240	3,116	(124)	(103)	(21)
(11,826)	0		Income	(11,826)	(11,750)	76	73	3
562	(174)		Total	388	465	78	80	(2)
2,185	206	Safeguarding Quality & Partnerships	Salaries	2,391	2,369	(22)	(27)	5
7,165	28		Non-Sal Exp	7,193	6,922	(271)	(265)	(6)
(378)	0		Income	(378)	(270)	108	121	(13)
8,972	234		Sub-Total	9,206	9,021	(185)	(171)	(14)
294	120	Directorate & Support	Salaries	414	364	(50)	(50)	0
894	161		Non-Sal Exp	1,054	1,007	(47)	(69)	22
0	0		Income	0	0	0	0	0
1,188	281		Sub-Total	1,468	1,371	(97)	(119)	22
21,193	2,787	Directorate Total	Salaries	23,979	23,201	(779)	(706)	(73)
84,546	383		Non-Sal Exp	84,930	86,314	1,385	1,079	306
(27,322)	(1,555)		Income	(28,877)	(29,666)	(789)	(601)	(188)
78,417	1,615		Total	80,032	79,849	(183)	(228)	46

96. 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 in year 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 Children with Special Educational Needs Children who require transport.

97. There is also 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 and become the responsibility of the Council.
98. Table 16 sets out the forecast spend against the development and risk contingency.

Table 16: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 5		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
380	0	Increase in Transitional Children due to Demographic Changes	380	380	0	0	0
129	0	Social Care Pressures (Adult)	129	129	0	0	0
393	0	Winterbourne Pressures	393	187	(206)	(206)	0
520	0	SEN Transport	520	320	(200)	(200)	0
1,422	0	Current Commitments	1,422	1,016	(406)	(406)	0

99. At Month 5 it is anticipated that the contingency for Transitional Children and Adult Pressures are currently forecast to be used in full. These areas are kept under close review and any changes anticipated will be reported as the year progresses.
100. Further work on the transport budget and contingency is being undertaken as part of a review of the provision of transport for Children with Special Educational Need's and disabled adults, is currently forecast to lead to a reduction of £200k against the full contingency. The timing of the implementation of the review of client eligibility has slipped from September to January 2016, which may lead to a reduction in the forecast underspend.
101. A review of the Winterbourne View cases has identified that 6 people are likely to transfer in 2015-16 with a part year cost of £187k. The balance of the remaining £206k will be needed in 2016-17 to fund the full year cost of these placements.

All Age Disabilities (AAD) (£280k overspend, £27k adverse movement)

102. The AAD Service approved restructure plan is now being implemented and a recruitment drive is underway to fill vacant posts in the new service with some appointments being made during Month 5. The staff budget is forecast to underspend by £543k, an increase in underspend of £59k since Month 4. This increase is a result of internal appointments being made and posts the internal candidates were in now being vacant. This position will continue to be closely monitored.
103. Within the placements budget a pressure of £1,700k is forecast, this has increased by £267k since Month 4. Part of this pressure arises from the slippage in the Supported Living Programme. The movement this month is in part offset by additional income recharge income of £180k, leaving an increase in pressure of £87k. Honeycroft which is providing 16 supported living units is currently estimated to be available for placing clients from November

2015. Work with providers to deliver other Supported Living schemes such as deregistration of care homes is also taking longer than originally planned.

104. In addition to existing pressures on the placements budgets, the devolution of the Independent Living Fund (ILF) from the DWP to the Council was transferred from 1 July 2015. The fund provided additional resources to 34 clients. All of these clients have now been reassessed in line with the Care Act eligibility requirements and the total additional cost for this year is £612k. The funding delegated to the Council totals £428k for the period July 2015 to March 2016 leaving a pressure of £184k. The funding delegated was net of £90k estimated income from client contributions, actual client contributions is £19k. There are a number of these clients receiving support which may be classified as continuing health care (CHC) and CHC referrals have been made to the CCG and the outcome of the assessments is awaited. If assessed as CHC then funding received from the CCG will help to mitigate this pressure. Any future funding for these clients from April 2016 and beyond has yet to be announced.

Social Work (£258k underspend, £13k adverse movement)

105. There are a number of vacant posts within the Social Work Service which are currently subject to recruitment. In addition, there are vacancies with the Telecareline staff establishment. The forecast underspend is £289k, a favourable movement of £35k since Month 4.

106. The non-staffing budget is forecast to overspend by £138k, an adverse movement of £45k since Month 4. The adverse movement relates to a small increase in placements in Residential & Nursing Homes. Whilst the cost pressures from the new homecare contracts that commenced in November 2014 are continuing, these are being offset by robust demand management within the service. Income, mainly from client contributions, is currently forecast to overachieve by £108k.

Early Intervention & Prevention (£78k overspend, £2k favourable movement)

107. A pressure of £126k, an adverse movement of £16k from Month 4, 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. A wide ranging review of this contract with the provider is continuing including the need to mitigate the additional costs arising from the increase in hourly rates. The provider is also struggling to provide the required number of agency staff to meet the needs of the service. Proactive management action particularly in reducing sickness absence amongst staff continues to reduce this pressure.

108. 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 to make up the shortfall in savings. The identification of the savings has resulted in a forecast underspend of £124k against non-staffing budgets, a favourable movement of £21k since Month 4.

109. There is a pressure on the Income budget of £76k; this is due to a forecast reduction in client contributions.

Safeguarding Quality & Partnerships (£185k underspend, £14k favourable movement)

110. There is a small underspend forecast on staff costs of £22k, an adverse movement £5k since Month 4, the underspend is mainly on the Supported Living Team.

111. The placement budgets forecast is for an underspend of £271k, a movement of £6k compared with Month 4. The underspend is in part offset by pressure on the income budget £108k and from reduced costs of placements for residents with no recourse to public funds.

Directorate & Support (£97k underspend, £22k adverse movement)

112. The forecast underspend arises from the estimated spend on the responsibilities for the Care Act being less than originally anticipated, in part with slippage in spend against the Safeguarding Board. This will continue to be closely monitored during the year.

113. The adverse movement relates to higher costs for external legal advice than previously anticipated.

Appendix B – Other Funds

Schools Budget

Dedicated Schools Grant (£2,091k overspend, £326k improvement)

114. The Dedicated Schools Grant (DSG) is projecting an in year overspend of £2,091k, an improvement of £326k on the month 4 projections, due to a higher than expected number of school leavers over the summer, where schools were expecting more children to stay on. The DSG budget is regularly reviewed and amended by the Department for Education (DfE) due to academy conversions and recalculations of two year old and early years funding. A number of variances reported in previous month's will be dealt with as the budget keeps up to date with the latest approved DSG budget provided to Council's by the DfE.
115. 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 remaining pressure relates to a projected increase in the cost of special educational need/Education Health and Care Plan placements as the new banded funding rates are starting to be applied. The following Table summarises the Total DSG income and expenditure for 2015/16.

Table 17: DSG Operating Budgets

Original Budget	Budget Changes	Funding Block	Month 5		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(145,373)	8,406	Dedicated Schools Grant Income	(136,967)	(136,967)	0	0	0
113,606	(10,817)	Delegated to Schools	102,789	104,337	1,548	1,548	(0)
4,581	(137)	Early Years	4,444	4,735	291	294	(3)
3,604	(148)	Centrally Retained	3,457	3,674	218	223	(6)
23,582	2,696	Special Needs	26,278	26,312	34	351	(317)
0	0	Total Schools Budget	0	2,091	2,091	2,417	(326)
0	0	Balance Brought Forward 1 April 2014	(4,083)	(4,083)			

Dedicated Schools Grant Income: nil variance, no change

116. The Department for Education (DfE) have confirmed that the DSG has been 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. As a consequence of this, the budgets have been realigned across the Funding Blocks. Further adjustments will be required to account for the conversion of the Hillingdon Tuition Centre (Pupil Referral Unit), which converted to academy status on 1 September 2015.

Delegated to Schools: £1,548k overspend, no change

117. The overspend of £1,548k 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 budget provided.

Early Years: £291k overspend, £3k improvement

118. The Early Years funding block is projecting an overspend of £291k, an improvement of £3k on the month 4 position. The overspend is primarily due to Schools Forum allocating £337k of DSG funds above the base budget to fund the continuation of the 2 year old capacity building initiative.

Centrally Retained: £218k overspend, £6k improvement

119. The centrally retained budgets are projecting an overspend of £218k, an improvement of £6k on the month 4 position. The main reason for the overspend is 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 opened in September 2015 and the increased costs of support services in line with the 2014/15 outturn figures, which will be charged to the DSG.

Special Needs: £34k overspend, £317k improvement

120. The Special Needs budgets are projecting an overspend of £34k, an improvement of £317k on the month 4 position, which is due primarily to a higher number of school leavers than were predicted. This position could change once the review of the banding of children in special schools has been completed. Early indications suggest that the top-up funding provided will increase. It is worth noting that there is a significant movement in the cost of Independent School placements, which is projected to be £484k lower than that incurred in 2014/15.

School Academy Conversions

121. 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 Peoples Academy) converted on 1 April 2015 and the Hillingdon Tuition Centre converted on 1 September 2015 (this was delayed by one month).

Year End Balances

122. 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 £337k for 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 £1,992k.

Parking Revenue Account: (£166k in year surplus, £8k improvement)

123. 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 18: Parking Revenue Account Budget

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Month 5 £'000	Month 4 £'000	Movement £'000
(4,076)	0	Income	(4,076)	(4,025)	51	59	(8)
4,076	0	Expenditure	4,076	3,857	(217)	(217)	0
0	0	In-year (Surplus) / Deficit	0	(166)	(166)	(158)	(8)

124. An in-year surplus of £166k is forecast for the 2015/16 financial year. There is a total shortfall of income of £51k. The favourable movement of £8k from Month 4 relates to a revised projection for Pay & Display income. The income pressure is offset by compensating underspends totalling £219k. The favourable position is a result of a review of recharges to the PRA and a decrease in the cost of levies.

Collection Fund (£1,438k surplus, nil movement)

125. 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.

126. The overall outlook for the fund is positive, with a surplus of £1,438k anticipated at this early stage of the year arising from a £2,563k surplus on Council Tax and £1,125k 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. There has been no movement from the position reported at Month 4.

Table 19: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
(115,652)	0	Council Tax	Gross Income	(115,652)	(116,809)	(1,157)	(1,157)	0
14,153	0		Council Tax Support	14,153	13,729	(424)	(424)	0
(2,697)	0		B/fwd Surplus	(2,697)	(3,679)	(982)	(982)	0
(104,196)	0		Sub-Total	(104,196)	(106,759)	(2,563)	(2,563)	0
(111,480)	0	Business Rates	Gross Income	(111,480)	(109,432)	2,048	2,048	0
(860)	0		Section 31 Grants	(860)	(836)	24	24	0
60,287	0		Less: Tariff	60,287	60,287	0	0	0
4,598	0		Less: Levy	4,598	3,561	(1,037)	(1,037)	0
500	0		B/fws Deficit	500	590	90	90	0
(46,955)	0	Sub-Total	(46,955)	(45,830)	1,125	1,125	0	
(151,151)	0	Total Collection Fund	(151,151)	(152,589)	(1,438)	(1,438)	0	

127. As a result of strong performance on collection to date and resulting reduction in provision for doubtful debts, a £1,157k overachievement of income is projected on Council Tax income at Month 5. 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 in 2015/16. 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.
128. 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 £2,048k 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 £1,125k. It is expected that this position will improve as the full value of new hereditaments are reflected in the rating list, although there has been no change in the situation over the previous month.

Appendix C – Housing Revenue Account

The Housing Revenue Account (HRA) forecast is a surplus of £459k, a movement of £327k from Month 4. The table below presents key variances by service area:

Table 20: Housing Revenue Account

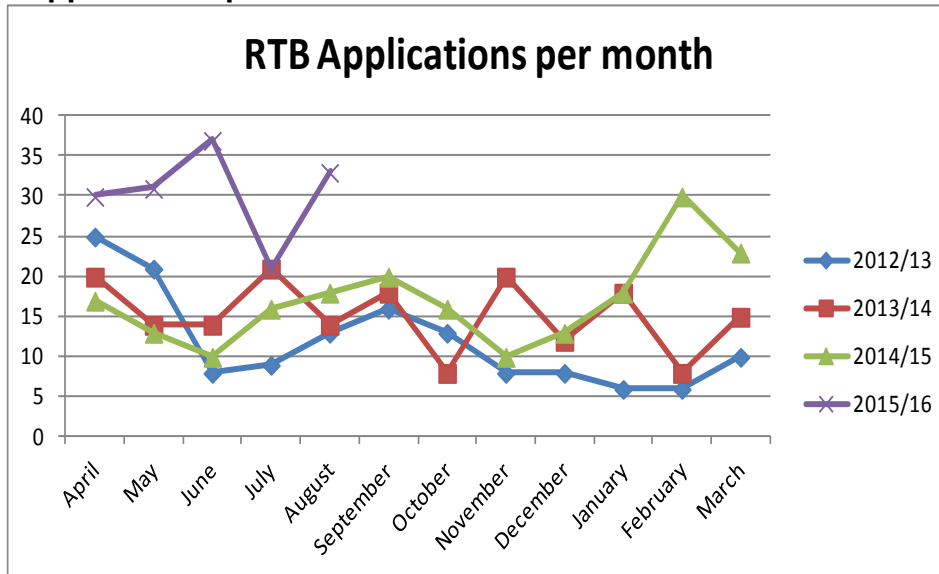
Original Budget	Service	Month 5		Variance (+ adv / - fav)	Variance (+ adv / - fav)	Variance Month 5 - Month 4
		Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	
£'000		£'000	£'000	£'000	£'000	£'000
(57,573)	Rent Income	(57,573)	(57,180)	393	392	0
(5,347)	Other Income	(5,347)	(5,387)	(40)	(40)	(0)
(62,919)	Net Income	(62,919)	(62,567)	352	352	0
10,805	Housing Management	10,805	10,922	117	113	4
5,320	Tenant Services	5,320	4,984	(336)	(327)	(9)
5,078	Repairs	5,078	4,792	(286)	(188)	(98)
3,477	Planned Maintenance	3,477	3,171	(306)	(82)	(224)
19,810	Contribution to Works to Stock	19,810	19,810	0	0	0
15,212	Interest & Investment Income	15,212	15,212	0	0	0
1,553	Development & Risk Contingency	1,553	1,553	0	0	0
61,256	Operating Costs	61,256	60,445	(811)	(484)	(327)
(1,663)	(Surplus) / Deficit	(1,663)	(2,122)	(459)	(132)	(327)
(30,577)	General Balance 01/04/2015	(30,577)	(30,577)	0	0	0
(32,240)	General Balance 31/03/2016	(32,240)	(32,699)	(459)	(132)	(327)

Rental Income

129. Rental income is unadjusted from the Month 4 position.

130. The number of RTB applications has averaged 14 per month for the period from April 2012 to December 2014. However, for the period January-July 2015 the number of RTB applications has averaged 28 per month, a significant increase in activity. The graph below shows the applications per month since April 2012:

Graph 1: RTB Applications per month



131. There are currently 263 live applications within the RTB process. Using this data it is estimated that a further 137 sales would complete in addition to the 63 sales completed from April-August to give a total of 200 sales for the year.
132. The delivery team which manages the planned and capital works programme for the HRA is projecting a £325k underachievement of capital recharge income in Month 5, which is no change from Month 4.
133. There has been an analysis of the housing management budgets and budgets unlikely to be spent during the year have been identified. This exercise has resulted in the £650k of required savings being successfully achieved. These savings include £150k from the cash incentive scheme and £111k for external training/courses which historically has never been spent.
134. For tenancy services, the projected underspend of £327k relates to salary underspends partly offset by increased agency costs in a number of teams.
135. The repairs budget is currently showing £188k underspend. However, this excludes the cost of the Mears repairs management team of £358k (full year projection) which is covered by the development & risk contingency. There are continuing costs from remedial works at Triscott House (currently estimated at an additional £380k this financial year) and it is anticipated that a proportion of these costs will also be met by the repairs contingency (£322k). The repairs contingency is available to cover one-off costs within the year and totals £680k.
136. Planned maintenance is currently showing an underspend of £306k, which relates primarily to slippage of the cyclical decorations programme into next financial year. This slippage is due to the time required for tendering and leasehold consultation of the cyclical decorations programme, prior to works being able to commence.

Savings

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

Table 21: HRA Savings 2015/16

2015/16 HRA Savings Programme	Housing Management	Repairs	Planned Maintenance	Planned & Repairs	Total Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	0	0	0	0	0	0.00%
G On track for delivery	(650)	(123)	(675)	(1,000)	(2,448)	100.00%
A Potential significant savings shortfall or a significant or risky project which is at an early stage	0	0	0	0	0	0.00%
R Serious problems in the delivery of the saving	0	0	0	0	0	0.00%
Total 2015/16 Savings	(650)	(123)	(675)	(1,000)	(2,448)	100.00%

138. The restructure of the housing service is still being completed but the required 2015/16 savings have been identified and will be realised. The asset management and tenancy services teams are currently reorganising with further significant savings expected to materialise through this process.
139. The responsive maintenance saving of £123k is still on target to be achieved.
140. The £675k of planned maintenance savings have been allocated to budget headings and are expected to be realised.
141. The additional £1,000k expected to be realised from the planned maintenance budget has also been allocated to budget headings and built into the forecasts, with a large proportion of the savings being funded from the cyclical decorations budget, as well as from the insulation budget.

HRA Capital

142. The forecast outturn on the HRA capital programme is set out in the table below:

Table 22 - HRA Capital Expenditure

	Revised Budget 2015/16 £000	Forecast 2015/16 £000	Cost Variance Forecast vs Budget £000	Project Rephasing £000	Total Project Budget 2015-2020 £000	Total Project Forecast 2015-2020 £000	Total Project Variance £000	Movement from Month 4 £000
Dwelling Components	7,750	4,286	(396)	(3,068)	34,355	34,253	(102)	-
Estates / Blocks	2,643	1,977	(166)	(500)	10,117	9,951	(166)	-
Welfare	2,600	1,618		(982)	9,500	9,500		
Other Projects	524	397		(127)	524	524		
Contingency	2,000	2,000		-	10,000	10,000	-	-
Total Works to Stock	15,517	10,278	(562)	(4,677)	64,496	64,228	(268)	
Purchase & Repair	4,267	4,267			11,566	11,566		
New Build - General Needs	2,750	2,750			31,252	30,201	(1,051)	(689)
New Build - RSL					5,400	5,400		
Supported Housing	9,104	1,640		(7,464)	39,737	40,788	1,051	689
Land Appropriations	8,026	3,508		(4,518)	8,026	8,026		
Total Major Projects	24,147	12,165		(11,982)	95,981	95,981		
Former New Build Schemes	97	995	898		97	995	898	
Total	39,761	23,438	336	(16,659)	160,574	161,204	630	
Movement from Month 4		(3,072)	(294)	(2,778)				

Works to Stock

143. The Works to Stock programme is forecasting a phasing underspend of £4,677k as a number of schemes will not be implemented this financial year.

- Dwelling Components - the forecast underspend of £3,464k is partly due to the kitchens and bathrooms programme being under review (£1,200k slippage). There is also projected underspends on roofing projects, double glazing installation, boilers and structural projects.
- Estates and Block Renewal - the forecast underspend of £666k is due mainly to the time required to tender and carry out leaseholder consultation on lift works (£500k slippage into 2015/16), but also includes £166k of revenue costs related to roads and highways.
- Welfare - the sheltered remodelling works programme of £1,000k will slip into 2016/17 to allow time for a detailed programme to be prepared.

- Other Projects - an amount of £127k is forecast as rephasing representing the uncommitted budget for further housing fleet vehicle purchases which may be required in the future but are not anticipated this financial year.
144. Land Appropriations - the current year forecast reflects rephasing of £4,518k as not all sites are likely to be appropriated for supported housing this year. Appropriation of the Acol site has now been slipped into 2016/17, as it is unlikely that any development of the site for supported housing will commence this financial year. Planning discussions regarding the site are still taking place.

Major Projects

145. Purchase and Repair Programme - There have been eight purchases in 2015/16 at a total cost of £1,713k (including stamp duty but not including repairs costs). There are eight other potential buy back properties that have been valued and are at different stages of the acquisition process.
146. Council New Build General Needs Housing - external consultants are reviewing the feasibility of potential developments. Options are being considered on numerous sites following a feasibility review by external consultants.
147. Supported Housing Programme - Approval of two sites has been given, with external cost and design consultants appointed. Design changes required on one of the sites in order to successfully obtain planning (including the removal of the top floor of the design and creation of a basement floor instead), are expected to cost approximately £300k. These increased costs are included within the forecast for Supported Housing however it is anticipated these can be managed from within the overall Major Projects budget. The other sites are under consideration. These timescales require a forecast rephasing of £7,464k.
148. 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

149. There have been 63 Right to Buy sales of Council dwellings as at end of August 2015 for a total sales value of £5,980k and a total of a further 148 sales are forecast to bring the yearly total to 200, totalling approximately £23,200k in 2015/16.
150. 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 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.
151. If the forecast for 2015/16 is 200 RTB sales then the apportionment of receipts is projected overleaf:

Table 23: Projected Apportionment of Receipts 2015/16

		RTB Receipts £	RTB Admin £	Allowable Debt £	LA Assumed Income £	New Provision Receipts £	Pooling Payment £
2015.16	Quarter 1	4,869,300	119,700	1,265,867	117,460	3,068,611	297,661
	Quarter 2	6,127,543	151,050	1,530,949	117,460	4,030,422	297,661
	Quarter 3	6,028,657	148,200	1,592,324	117,460	3,873,011	297,661
	Quarter 4	6,144,593	151,050	1,624,970	117,460	3,953,451	297,661
	Total	23,170,093	570,000	6,014,111	469,840	14,925,496	1,190,646

152. Total receipts would amount to £23,200k, an increase of 19% when compared to 2014/15. New provision receipts would total £14,900k, an increase of 27% when compared to 2014/15.

153. The table below sets out the total level of retained receipts since the inception of the agreement:

Table 24: 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 Utilisation 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	

154. Up to the end of 2014/15 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 by March 2016.

155. 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 on one for one replacement by the end of this financial year. There is a risk that the level of required spend will not be achieved by March 2016 due to slippage in the supported housing and other programmes and this is anticipated in the 2016/17 MTFF.

Appendix D – GENERAL FUND CAPITAL PROGRAMME

156. As at Month 5 an underspend of £32,269k is reported on the £110,323k General Fund Capital Programme, with £2,070k favourable cost variances and £30,199k slippage on project expenditure. The forecast outturn variance over the life of the 2015/16 to 2019/20 programme is £2,070k underspend relating partly to completed Primary Schools expansions projects and also on various other schemes.
157. General Fund Capital Receipts of £9,872k are forecast for 2015/16, with total receipts to 2019/20 expected to reach £62,465k, representing a favourable variance of £560k against budget. Slippage of £16,068k in capital receipts originally forecast for 2015/16 is reported with this shortfall expected to be recovered from 2016/17.
158. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 capital programme is forecast to be within budget by £115k, due to the adverse position of £2,303k reported on 2015/16 Department for Education grant funding offset by Council resourced scheme cost underspends of £1,858k and favourable capital receipts forecast of £560k.

Capital Programme Overview

159. Table 25 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 25 – General Fund Capital Programme Summary

	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	Movement from Month 4
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	41,993	38,211	(1,136)	(2,646)	152,677	151,541	(1,136)	-
Main Programme	24,990	13,074	(662)	(11,254)	39,574	38,912	(662)	(727)
Programme of Works	24,105	19,724	(362)	(4,019)	73,892	73,530	(362)	(362)
Future Projects	17,785	5,595	90	(12,280)	67,642	67,732	90	90
Total Main Programme	108,873	76,604	(2,070)	(30,199)	333,785	331,715	(2,070)	(999)
General Contingency	1,450	1,450	-	-	7,450	7,450	-	-
Provision for Additional Schools Funding	-	-	-	-	7,022	7,022	-	-
Total Capital Programme	110,323	78,054	(2,070)	(30,199)	348,257	346,187	(2,070)	(999)
Movement from Month 4	72	(8,675)	(999)	(7,748)	72	(957)	(999)	

160. The total capital programme budget has increased by £72k due to the allocation of Section 106 monies towards two projects including the Chrysalis Programme.
161. The Schools Programme reports a cost underspend of £1,136k mainly relating to completed schemes within the Primary Schools expansions (phase 2) and new build

programmes (phase 3). The main programme contains sufficient overall budget provision for this year for various schemes in the programme to be delivered with a forecast £662k underspend, inclusive of minor cost pressures of £37k on completion of the Central Library Refurbishment and other residual costs totalling £28k on several prior year schemes.

162. The underspend of £362k on Programme of Works is around Private Sector Renewal Grants where elements of the budget remain unallocated and previously assumed future grant funding will not be received.
163. Within Future Projects the forecast overspend is on the Ruislip Lido Boat House replacement scheme where initial cost estimates are around £90k greater than the approved budget as it is now planned to replace the building to a similar size as the original site, rather than on a smaller footprint on which the original budget was based.
164. Slippage of £30,199k is reported across the capital programme as set out in Annex 1d to this report. Major schemes include the Theatre and Museum developments within Future Projects and the Yiewsley Health Centre development within the main programme. Re-phasing has increased by £7,748k on various schemes including the Highways Programme and new Primary and Secondary school expansions which remain at feasibility stage.
165. There remain £7,450k General Contingency unallocated funds within the 2015/16 - 2019/20 programme. It is anticipated that the remaining £7,022k provision for additional school expansions will be required in full to manage growing demand for school places within the borough.
166. Further details on the financial performance of the Schools Programme and the Urgent School Building Condition programme of works are provided in the Schools Cabinet Update Report.

Capital Financing - General Fund

167. Table 26 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £115k reported on Prudential Borrowing, due to scheme cost underspends and increase in capital receipts forecast largely offset by a shortfall in assumed grant income for the Schools Programme.

Table 26 - 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	Movement from Month 4 £'000
Council Resource Requirement	81,157	54,934	(26,223)	211,802	212,247	445	(787)
Financed by							
Capital Receipts	25,940	9,872	(16,068)	61,905	62,465	560	56
CIL	2,500	2,000	(500)	20,000	20,000	-	-
Prudential Borrowing	52,717	43,062	(9,655)	129,897	129,782	(115)	(843)
Total Council Resources	81,157	54,934	(26,223)	211,802	212,247	445	(787)
Grants & Contributions	29,166	23,120	(6,046)	136,455	133,940	(2,515)	(212)
Total Programme	110,323	78,054	(32,269)	348,257	346,187	(2,070)	(999)

168. Actual General Fund capital receipts achieved this year as at the end of August total £3,969k and the forecast is £9,872k for 2015/16. There is increased risk in the timing of receipts which is reflected in a downward movement of £1,939k on the forecast for 2015/16. Over the life of the programme there is a favourable variance of £560k due mainly to an increase in the General Fund share of forecast Right to Buy receipts over the original budget. However there is growing risk around the value of a major sale which is likely to go to Land Tribunal and the outcome is highly uncertain. The estimated shortfall on this is £10,000k however it is assumed in the forecast this will be offset by future disposal sites that can potentially be added to the programme over the next five years. This presents a sizeable risk in the delivery of the capital receipts programme in future years.
169. A total of £81k Community Infrastructure Levy (CIL) receipts have been received by the Council to the end of August 2015, which represents no further movement since Month 4. Receipts are projected to reach £2,000k in the current financial year, representing a shortfall of £500k against the budgeted income target, although current forecasts indicate this sum will be recovered over the life of the five year programme. The current year forecast of £2,000k is underpinned by a major retail development which is anticipated to commence later this calendar year.
170. Spend to date on eligible activity exceeds the £81k invoiced to date, with spend on Highways investment and community assets through the Chrysalis Programme meeting the criteria for application of CIL monies. Budgeted expenditure across these projects totals £7,932k for 2015/16, with scope to apply funds in support of schools, libraries and other major community investment in the event of substantial slippage in these areas.
171. On grants there is an adverse variance of £2,515k which is mainly due to the shortfall of £2,303k 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 are risks around grant funding for future years of the Schools programme however the needs in terms of school places requirements remain in continual review. A £212k grant expenditure and financing variance is also reported under Private Sector Renewal Grants where assumed grant funding from the GLA based on previous years' initiatives is no longer anticipated to be received.

Annex 1a - Schools Programme

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing to future years	Total Project Budget 2015-2020	Total Project Forecast 2015-2020	Total Project Variance 2015-2020	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Schools Expansion Programme										
127,228	Primary Schools Expansions	14,960	13,242	(1,136)	(582)	15,095	13,959	(1,136)	11,812	715	1,432
0	New Primary Schools Expansions	1,710	300	0	(1,410)	13,500	13,500	0	5,246	8,254	0
84	Secondary Schools Expansions	2,604	300	0	(2,304)	76,816	76,816	0	18,399	56,854	1,563
1,207	Secondary Schools New Build	22,500	24,161	0	1,661	47,047	47,047	0	37,698	9,349	0
0	Hearing Impaired Resource Base (Vyners)	219	208	0	(11)	219	219	0	219	0	0
128,519	Total Schools Programme	41,993	38,211	(1,136)	(2,646)	152,677	151,541	(1,136)	73,374	75,172	2,995

Annex 1b - Main Programme

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing to future years	Total Project Budget 2015-2020	Total Project Forecast 2015-2020	Total Project Variance 2015-2020	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Main Programme										
3,899	Environmental Assets	556	409	(147)	0	556	409	(147)	409	0	0
5,196	Purchase of Vehicles	2,545	615	0	(1,930)	2,545	2,545	0	2,545	0	0
0	Natural England Fencing & Gating	30	0	0	(30)	30	30	0	0	30	0
32,198	Hillingdon Sports & Leisure Centre	862	100	0	(762)	862	862	0	862	0	0
285	Sport & Cultural Projects	629	629	0	0	629	629	0	353	0	276
237	Yiewsley Health Centre	4,302	0	0	(4,302)	8,233	8,233	0	8,233	0	0
813	Eascote House	434	434	0	0	434	434	0	0	0	434
158	ICT Infrastructure	1,042	822	0	(220)	1,042	1,042	0	1,042	0	0
1,089	Harlington Road Depot	263	263	0	0	263	263	0	263	0	0
0	Uxbridge Cemetery Gatehouse	1,000	300	0	(700)	1,000	1,000	0	1,000	0	0
0	Social Care Investment	580	0	(580)	0	2,900	2,320	(580)	0	2,320	0
255	Hayes Town Centre Improvements	2,209	2,055	0	(154)	4,777	4,777	0	334	4,213	230
25	Inspiring Shopfronts	560	196	0	(364)	1,553	1,553	0	1,553	0	0
0	Gateway Hillingdon	606	303	0	(303)	3,378	3,378	0	3,378	0	0
45	Whiteheath Farm Refurbishment	265	100	0	(165)	265	265	0	265	0	0
326	Grounds Maintenance	677	677	0	0	677	677	0	677	0	0
128	West Drayton Cemetery	503	503	0	0	503	503	0	503	0	0
192	Kings College Pavilion	38	38	0	0	38	38	0	0	0	38
0	Telecare Equipment	600	300	0	(300)	600	600	0	300	300	0
152	CCTV Programme	335	335	0	0	335	335	0	282	0	53
1	Youth Centres Kitchen Upgrades	142	142	0	0	142	142	0	112	0	30
9,488	Libraries Refurb - Central Library	0	37	37	0	0	37	37	37	0	0
609	Infant Free School Meals	1,193	1,193	0	0	1,193	1,193	0	477	715	1
0	Youth Centre Project	1,400	400	0	(1,000)	2,400	2,400	0	2,353	47	0
0	Cedars & Granges Car Park	3,075	2,998	0	(77)	3,075	3,075	0	2,875	0	200
0	Dementia Centre	1,000	53	0	(947)	2,000	2,000	0	1,947	53	0
25,117	Major Projects Completing in 2015/16	144	172	28	0	144	172	28	109	63	0
80,214	Total Main Programme	24,990	13,074	(662)	(11,254)	39,574	38,912	(662)	29,909	7,741	1,262

Annex 1c - Programme of Works

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing to future years	Total Project Budget 2015-2020	Total Project Forecast 2015-2020	Total Project Variance 2015-2020	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Programme of Works										
N/A	Leaders Initiative	536	404	0	(132)	1,336	1,336	0	1,336	0	0
N/A	Chrysallis Programme	1,896	1,496	0	(400)	5,896	5,896	0	5,648	0	248
N/A	Civic Centre Works Programme	1,300	1,000	0	(300)	2,300	2,300	0	2,300	0	0
N/A	Formula Devolved Capital to Schools	1,039	1,039	0	0	2,751	2,751	0	0	2,597	154
N/A	Highways Localities Programme	236	236	0	0	1,060	1,060	0	1,060	0	0
N/A	Highways Structural Works	3,276	2,276	0	(1,000)	6,316	6,316	0	6,316	0	0
N/A	Pavement Priority Growth	2,000	1,500	0	(500)	2,000	2,000	0	2,000	0	0
N/A	ICT Single Development Plan	682	427	0	(255)	2,282	2,282	0	2,282	0	0
N/A	Property Works Programme	480	480	0	0	2,400	2,400	0	2,283	117	0
N/A	Road Safety	380	310	0	(70)	1,180	1,180	0	1,180	0	0
N/A	Street Lighting	144	144	0	0	720	720	0	720	0	0
N/A	Transport for London	4,983	3,783	0	(1,200)	19,618	19,618	0	0	18,745	873
N/A	Urgent Building Condition Works	3,486	3,324	0	(162)	9,318	9,318	0	1,826	6,290	1,202
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	2,655	8,845	0
N/A	Adaptations for Adopted Children	200	200	0	0	1,000	1,000	0	1,000	0	0
N/A	Private Sector Renewal Grant / HCA	762	400	(362)	0	3,810	3,448	(362)	2,100	1,348	0
N/A	Section 106 Projects	405	405	0	0	405	405	0	0	0	405
0	Total Programme of Works	24,105	19,724	(362)	(4,019)	73,892	73,530	(362)	32,706	37,942	2,882

Annex 1d - Future Projects

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing to future years	Total Project Budget 2015-2020	Total Project Forecast 2015-2020	Total Project Variance 2015-2020	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Future Projects										
N/A	Youth Centre Projects x 2	0	0	0	0	2,700	2,700	0	2,700	0	0
N/A	Environmental and Recreational Initiatives	1,000	750	0	(250)	1,000	1,000	0	1,000	0	0
N/A	Capital Priority Growth	965	965	0	0	965	965	0	965	0	0
N/A	RAGC Car Park	250	250	0	0	250	250	0	250	0	0
N/A	Car Park Resurfacing	250	180	0	(70)	250	250	0	250	0	0
N/A	Ruislip Lido Boat House	210	300	90	0	210	300	90	300	0	0
N/A	Bowls Club Refurbishments	750	500	0	(250)	750	750	0	50	0	700
N/A	Harlington Bowls Club & Football Pavillion	200	200	0	0	200	200	0	0	0	200
N/A	Haste Hill Golf Club	530	400	0	(130)	530	530	0	530	0	0
N/A	New Years Green Lane EA Works	0	0	0	0	6,490	6,490	0	3,244	3,246	0
N/A	New Theatre	6,728	250	0	(6,478)	44,000	44,000	0	42,950	0	1,050
N/A	New Museum	1,605	300	0	(1,305)	5,000	5,000	0	4,250	0	750
N/A	Battle of Britain Bunker Heritage Pride Project	4,850	1,500	0	(3,350)	4,850	4,850	0	4,850	0	0
N/A	Local Plan Requirement	197	0	0	(197)	197	197	0	197	0	0
N/A	Community Safety Assets	250	0	0	(250)	250	250	0	250	0	0
0	Total Future Projects	17,785	5,595	90	(12,280)	67,642	67,732	90	61,786	3,246	2,700
	Development & Risk Contingency										
0	General Contingency	1,450	1,450	0	0	7,450	7,450	0	7,450	0	0
0	Provision for Additional Secondary Schools Funding	0	0	0	0	7,022	7,022	0	7,022	0	0
	Total Development & Risk Contingency	1,450	1,450	0	0	14,472	14,472	0	14,472	0	0
208,733	Total GF Capital Programme	110,323	78,054	(2,070)	(30,199)	348,257	346,187	(2,070)	212,247	124,101	9,839

Appendix E – Treasury Management Report as at 28 Aug 2015

Outstanding Deposits - Average Rate of Return on Deposits: 0.54%

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	56.4	36.74%	35.00%
1-2 Months	31.5	20.52%	0.00%
2-3 Months	33.0	21.50%	10.00%
3-6 Months	20.0	13.03%	10.00%
6-9 Months	7.4	4.82%	10.00%
9-12 Months	5.0	3.26%	15.00%
12-18 Months	0.0	0.00%	15.00%
18-24 Months	0.0	0.00%	5.00%
Subtotal	153.3	99.87%	100.00%
Unpaid Maturities	0.2	0.13%	0.00%
Grand Total	153.5	100.00%	100.00%

172. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold at a minimum a Fitch or lowest equivalent of A- long-term credit rating. UK deposits are currently held with the following institutions; Aberdeen MMF, BlackRock MMF, Goldman Sachs MMF, Goldman Sachs, Insight MMF Insight Pooled fund, Standard Life MMF, Standard Life Pooled fund, Legal & General MMF, Lloyds, PSDF MMF, SSgA MMF, HSBC, Nationwide Building Society, Coventry Building Society, Birmingham CC, Blaenau Gwent CBC, Broxtowe BC, Cornwall CC, Highland Council, Lancashire CC, Moray Council, Wolverhampton CC and UK Treasury Bills. 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 and Oversea China Banking Corporation (OCBC).

173. During the month fixed-term deposits continued to mature in line with cashflow requirements. To maintain liquidity surplus cash was placed in instant access accounts and shorter term deposits.

Outstanding Debt - Average Interest Rate on Debt: 2.99%

	Actual (£m)	Actual (%)
General Fund		
PWLB	66.74	20.80
Long-Term Market	15.00	4.68
HRA		
PWLB	206.07	64.23
Long-Term Market	33.00	10.29
Total	320.81	100.00

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

Ongoing Strategy

175. 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 6 months. Opportunities to place longer term deposits will be monitored.

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

176. 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
Finance						
Assistant Business Partner	22/09/2014	28/09/2015	27/12/2015	77	17	94
Benefit Assessment Officer	01/12/2014	05/10/2015	25/03/2015	42	24	66
Residents Services						
Senior Project Engineer	10/06/2013	07/09/2015	11/12/2015	137	18	155
Plasterer / Multi-trade	10/07/2013	17/10/2015	15/01/2016	64	9	73
DFG Clerk of Works / Inspector	16/11/2014	28/09/2015	29/12/2015	48	14	62
DFG Adaptations Officer	14/12/2014	19/10/2015	15/04/2016	106	28	134
Planning Enforcement Officer	06/10/2014	03/09/2015	03/12/2015	73	30	103
Right to Buy Officer	25/03/2013	01/11/2015	01/05/2015	96	18	114
Architect	01/07/2013	21/09/2015	11/12/2015	108	12	120
Development Surveyor	01/07/2011	05/10/2015	03/01/2016	270	18	288
Casual Smoking Cessation Advisors	01/04/2013	12/10/2015	31/12/2015	75	8	83
Development Surveyor	01/07/2011	04/10/2015	03/01/2016	270	18	288
Quantity Surveyor	10/04/2011	11/10/2015	10/04/2016	387	75	462
Development Surveyor (Garages)	09/03/2014	08/11/2015	07/02/2016	53	13	66
Mobile Caretaker	07/12/2012	01/10/2015	31/12/2015	47	4	51
Mobile Caretaker	24/08/2012	01/10/2015	31/12/2015	52	4	56
Mobile Caretaker	29/08/2012	01/10/2015	31/12/2015	51	4	55
Mobile Caretaker	16/12/2012	01/10/2015	31/12/2015	46	4	50
Mobile Caretaker	06/09/2012	01/10/2015	31/12/2015	51	4	55
Mobile Caretaker	22/09/2013	01/10/2015	31/12/2015	49	6	55
Project Manager	01/05/2012	27/09/2015	27/03/2015	240	48	288
Internal Communications Officer	21/09/2014	04/10/2015	03/01/2016	53	14	67
Public Health Consultant	19/08/2013	07/10/2015	05/01/2016	332	37	369

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Casual Smoking Cessation Advisors	01/04/2013	12/10/2015	31/12/2015	75	8	83
Children & Young People's Services						
Social Worker	02/02/2015	05/10/2015	01/11/2015	46	5	51
Key Worker Prevention (was Family Key Worker)	03/11/2014	05/10/2015	01/11/2015	48	3	51
Key Worker - NEET (Young Offenders)	12/05/2014	05/10/2015	01/11/2015	49	3	51
Child Protection Chair	13/04/2015	05/10/2015	01/11/2015	45	7	52
Social Worker	27/10/2014	05/10/2015	01/11/2015	47	6	53
Team Manager	02/03/2015	05/10/2015	01/11/2015	48	7	54
Social Worker	06/01/2015	05/10/2015	01/11/2015	49	6	55
Quality Assurance Auditor (Social Work Cases)	08/05/2014	05/10/2015	01/11/2015	50	7	57
Social Worker	11/10/2014	05/10/2015	01/11/2015	53	5	58
Social Worker	01/10/2013	05/10/2015	01/11/2015	59	5	64
Social Worker	05/03/2014	05/10/2015	01/11/2015	61	6	66
Social Worker	27/10/2014	05/10/2015	01/11/2015	64	6	70
Senior Social Worker	25/09/2013	05/10/2015	01/11/2015	65	6	71
Social Worker	07/11/2014	05/10/2015	01/11/2015	65	6	71
SW Learning & Development Mentor	17/11/2014	05/10/2015	01/11/2015	67	6	74
Social Worker	17/09/2014	05/10/2015	01/11/2015	69	6	75
Social Worker	13/05/2014	05/10/2015	01/11/2015	71	6	76
Education Key Worker	14/10/2013	05/10/2015	01/11/2015	75	3	78
Social Worker	30/09/2014	05/10/2015	01/11/2015	75	6	81
Team Manager	31/07/2014	05/10/2015	01/11/2015	74	7	81
Social Worker	19/06/2014	05/10/2015	01/11/2015	75	6	81
Social Worker	06/06/2014	05/10/2015	01/11/2015	78	6	84
Social Worker	05/09/2014	05/10/2015	01/11/2015	78	6	84
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	05/10/2015	01/11/2015	79	6	85
Social Worker	19/08/2014	05/10/2015	01/11/2015	81	5	86
Corporate Parenting Manager	01/09/2014	05/10/2015	01/11/2015	81	6	87
Team Manager	30/09/2014	05/10/2015	01/11/2015	83	7	90
Social Worker	04/08/2014	05/10/2015	01/11/2015	86	6	92
Social Worker	19/06/2014	05/10/2015	01/11/2015	88	6	94
Team Manager -	28/09/2014	05/10/2015	01/11/2015	88	7	95

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
MASH						
Social Worker	03/03/2014	05/10/2015	01/11/2015	91	4	95
Social Worker	11/08/2014	05/10/2015	01/11/2015	89	7	96
Social Worker	23/12/2013	05/10/2015	01/11/2015	91	6	96
Team Manager	01/07/2014	05/10/2015	01/11/2015	92	6	97
Social Worker	08/05/2014	05/10/2015	01/11/2015	93	6	99
Team Manager	02/06/2014	05/10/2015	01/11/2015	95	7	102
Independent Reviewing Officer	27/05/2014	05/10/2015	01/11/2015	99	7	105
Social Worker	02/12/2013	05/10/2015	01/11/2015	102	6	108
Independent Reviewing Officer	12/05/2014	05/10/2015	01/11/2015	103	7	109
Social Worker	30/04/2012	05/10/2015	01/11/2015	106	6	112
Service Manager Fostering and Adoption	10/12/2014	05/10/2015	01/11/2015	104	11	116
Social Worker	05/03/2014	05/10/2015	01/11/2015	120	6	126
Team Manager	09/09/2013	05/10/2015	01/11/2015	124	7	131
Social Worker	01/04/2013	05/10/2015	01/11/2015	128	6	133
Case Progression Manager	07/04/2014	05/10/2015	01/11/2015	133	7	140
Social Worker	01/04/2013	05/10/2015	01/11/2015	136	6	141
Social Worker	01/01/2013	05/10/2015	01/11/2015	141	5	146
Social Worker	01/04/2013	05/10/2015	01/11/2015	142	6	148
MASH Manager	13/01/2014	05/10/2015	01/11/2015	139	11	150
Social Worker	01/01/2013	05/10/2015	01/11/2015	152	6	158
Team Manager	28/06/2011	07/09/2015	04/10/2015	153	7	160
Service Manager Children in Care	07/07/2014	05/10/2015	01/11/2015	151	12	163
Social Worker	19/12/2011	05/10/2015	01/11/2015	164	6	170
Social Worker	19/12/2011	05/10/2015	01/11/2015	170	6	176
Team Manager	01/01/2013	05/10/2015	01/11/2015	183	7	190
Social Worker	19/12/2011	05/10/2015	01/11/2015	193	6	199
Social Worker	05/03/2012	05/10/2015	01/11/2015	201	6	207
Social Worker	06/01/2012	05/10/2015	01/11/2015	213	6	219
Social Worker	19/12/2011	05/10/2015	01/11/2015	215	6	221
Social Worker	05/03/2012	05/10/2015	01/11/2015	220	6	226
Adult Social Care						
Residential Care Worker	01/04/2012	01/11/2015	31/12/2015	93	2	95
Team Manager	03/11/2014	01/11/2015	31/12/2015	78	6	84
Lead Approved Mental Health Practitioner	01/06/2012	01/11/2015	31/12/2015	137	5	142
Occupational Therapist	07/10/2013	01/11/2015	31/12/2015	119	5	124

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Approved Mental Health Worker	08/05/2014	01/11/2015	31/12/2015	73	7	80
Care Act Programme Implementation Manager	02/10/2014	01/11/2015	31/12/2015	146	14	160
Lead Nurse	07/12/2014	01/11/2015	31/12/2015	58	5	63
Assistant Ed Psychologist	12/11/2014	01/11/2015	31/12/2015	52	5	57
Approved Mental Health Worker	01/03/2014	01/11/2015	31/12/2015	61	7	68
Safeguarding and DOLS Co-ordinator	19/10/2014	01/11/2015	30/11/2015	63	6	69
Residential Care Worker	01/04/2012	01/11/2015	31/12/2015	93	2	95

REVIEW OF LOCAL COUNCIL TAX REDUCTION SCHEME

SUMMARY

177. The purpose of this report is to enable Cabinet to approve the revisions to the local Council Tax Reduction (CTR) Scheme, effective from 1 April 2016, for public consultation. The local CTR scheme was first implemented on 1 April 2013 for an initial period of two years and then extended for a further year, during which time a review of the scheme's funding and operation has been undertaken. This report outlines the findings from the review and recommends several changes to the scheme.

RECOMMEDATIONS

That Cabinet:

Approves the following proposed amendments to the Council's local Council Tax Reduction Scheme effective from 1 April 2016, for public consultation:

- **the maximum amount of reduction a working age household can receive is reduced to 75% of the council tax liability;**
- **the maximum amount of reduction a vulnerable household can receive is reduced to 90% of the council tax liability;**
- **to align the scheme with recent and impending welfare reforms, including changes to Housing Benefit.**

BACKGROUND

178. The localisation of Council Tax support was implemented in April 2013, giving the Council responsibility for setting up a local Council Tax Reduction (CTR) Scheme to provide financial support to pensioners and working age residents including vulnerable people in paying their council tax liability. The Council agreed that the CTR scheme should be self funding, that is central government funding should cover the cost of the scheme, as essentially it was a new burden following the abolition of Council Tax Benefit (CTB).

179. The introduction of CTR schemes was part of the government's long-term economic plan, where with the welfare reform programme the government intention was to change the welfare system so it was fair and affordable, to ensure:

- it pays to work;
- the most vulnerable – disabled people and pensioners – are protected, and are supported to lead independent lives;
- separating or separated parents are encouraged and supported to work together in the best interests of their children; and
- public spending is put on a more sustainable footing.

180. Their intention is to create a welfare system based on fairness; providing value for money and placing greater emphasis on personal responsibility. The reforms hope to ensure that the welfare system is fair to the British taxpayer and people in genuine need of support.

181. The Council's initial approach was to mirror the assessment process of the CTB scheme except for a 20% minimum payment for eligible working age residents. Eligible vulnerable people and pensioners were unaffected by the change. The criteria to be

classified as vulnerable included those residents entitled to receive War Widows pension, war disablement pension or armed forces compensation payment any entitlement to any of the various disability premiums.

182. Over the last year, central government's approach to disability benefits has changed with a move to encourage more disabled people to move into work and to increase their independence.

INFORMATION

Current Scheme Design

183. The rules for operation the Council's current CTR scheme are:

- The maximum amount of reduction that any household can receive is 80% of the council tax liability;
- Second Adult rebate is no longer payable;
- Back-dating is limited to 3 months; and
- The overall capital/savings of £16,000 limit will continue, although under £10,000 will be disregarded, and a weekly-assumed income of £1 will be taken for every £500 between £10,000 and £16,000.

184. Where the person liable for council tax (or their partner, if applicable) is entitled to the Disability Premium, or they receive a War Widows Pension, War Disablement Pension or Armed Forces Compensation Payment they are not subject to the local restriction of 80% council tax liability. War Widows Pensions, War Disablement Pensions and Armed Forces Compensation Payments are also fully disregarded as income. The Government prescribed the rules for assessing Council Tax Reduction for pensioners to ensure pensioners entitled to a Council Tax Reduction would be no worse off than through CTB.

Current Scheme Expenditure

185. The table below shows both the number of CTR claimants and the annual spend over the first three years of operation of the scheme.

Financial Year	No. of Claimants	Expenditure
		£000's
2013/2014	21,100	14,422
2014/2015	19,300	13,830
2015/2016	19,100	13,631

186. These figures indicate a year on year reduction in expenditure of 4% in 2014/15 and 1.5% in 2015/16. Similarly the number of claimants has fallen by 8% in 2014/15 and by 1% in 2015/16.

CTR Scheme Funding

187. Funding to support the local CTR scheme has been contained within the Council's Settlement Funding Assessment which consists of Revenue Support Grant and baseline Business Rates income. Upon the introduction of local schemes in 2013/14, the Council received funding at 90% of the current level of Council Tax Benefit

expenditure, with Hillingdon's scheme being designed to operate within this initial £15,603k resource envelope.

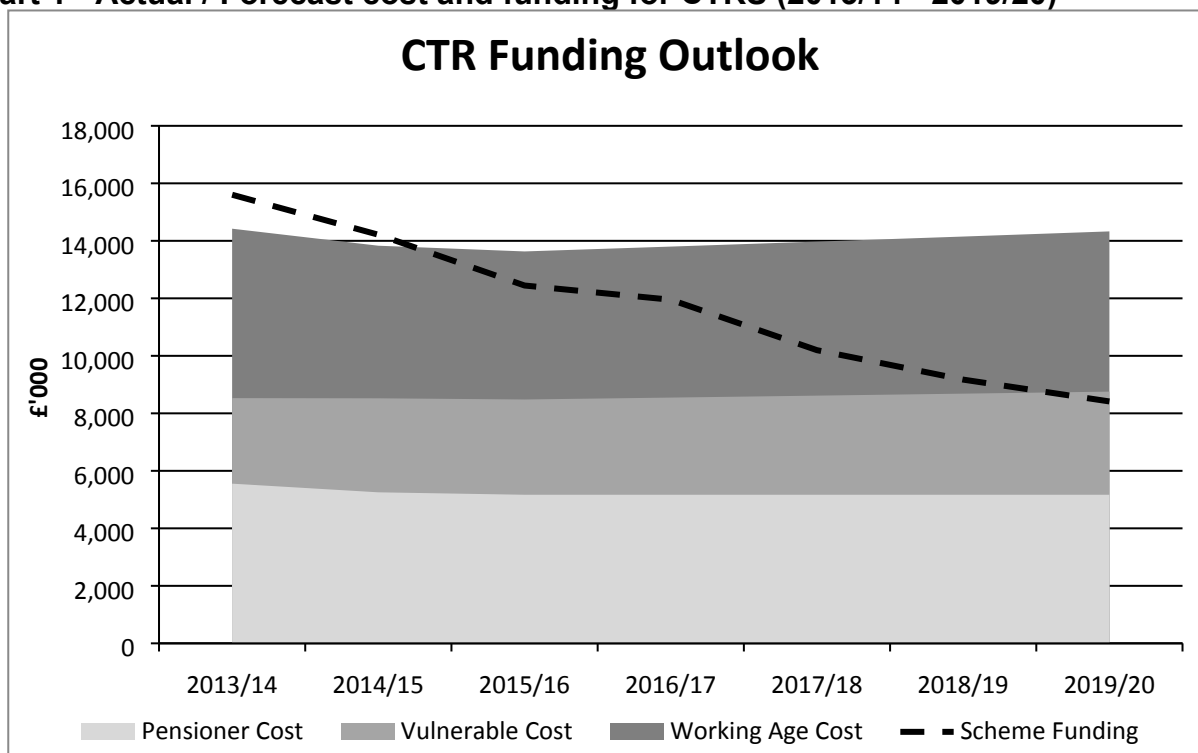
188. From 2014/15 onwards the level of support for the scheme is no longer explicitly identified within the Local Government Finance Settlement and is therefore assumed to be falling in line with the overall grant award. The trend of declining government support is expected to continue until 2019/20, with further cuts in the region of 33% expected over this period to leave only £8,414k available to fund the local CTR scheme.
189. While the declining levels of eligibility noted above have been sufficient to contain the cost of the scheme within available resources until 2015/16, it is expected that from 2016/17 a local subsidy would be required to maintain the current scheme on the basis of current projections. Assuming eligibility remains constant and allowing for 2% per annum Council Tax increases from 2016/17, the deficit on providing a local scheme is forecast to reach £5,914k by 2019/20. Assumed Council Tax changes contribute approximately £700k towards this gap, with the remainder arising from funding reductions.

Table 3 - Actual / Forecast cost and funding for CTRS (2013/14 - 2019/20)

	Pensioner Cost	Vulnerable Cost	Working Age Cost	Total Cost	Scheme Funding	In Year Funding Gap
	£'000	£'000	£'000	£'000	£'000	£'000
2013/14	5,554	2,975	5,893	14,422	(15,603)	(1,181)
2014/15	5,253	3,270	5,307	13,830	(14,213)	(383)
2015/16	5,168	3,314	5,149	13,631	(12,446)	1,185
2016/17	5,168	3,380	5,252	13,800	(11,952)	1,848
2017/18	5,168	3,448	5,357	13,973	(10,197)	3,776
2018/19	5,168	3,517	5,464	14,149	(9,173)	4,976
2019/20	5,168	3,587	5,573	14,328	(8,414)	5,914

190. The extent of the mismatch between external resources available to support CTR and the cost of the current scheme is set out graphically below, with expected funding reductions equivalent to the entire current cost of the scheme for non-vulnerable working age clients. To contain expenditure for the localised CTR scheme within available funding would therefore require substantial revision to the scheme offer.

Chart 1 - Actual / Forecast cost and funding for CTRS (2013/14 - 2019/20)



191. The above projections take no account of consequential impacts on demand for the local scheme arising from further government reforms to the welfare system, with upcoming changes to Tax Credits expected to increase eligibility.

192. In light of these on-going reductions in Government funding for the local CTR scheme, the Council has reviewed options available in managing this gap:

- Raising Council Tax
- Reducing Other Service Provision
- Reducing CTRS Provision
- Use of Capital Reserves

193. The options of increasing general Council Tax and cutting other services have been disregarded as these would simply transfer the cost of financing the CTR scheme from national taxation to local taxation, with the Government policy of capping Council Tax increases providing an additional disincentive to raising Council Tax. The Use of Capital Reserves to support recurrent expenditure would only represent a time limited option as such reserves represent a finite resource, and would therefore appear contrary to the Council's statutory obligation to set a balance budget.

194. In contrast, reducing CTR scheme provision to reflect declining government support for the scheme would reflect national Government's stated intention of reducing welfare payments and contribute towards the broader deficit reduction agenda without adversely impact upon either the cost or quality of other Council Taxpayer funded services.

REVIEW OF HILLINGDON'S CTR SCHEME

195. The Hillingdon scheme, as explained in paragraph 5 above, was first designed to mirror the old CTB scheme as far as possible to reduce the cost of administration. However, with significant changes to Housing Benefit, particularly from recently

announced tax credit changes, and with the introduction of Universal Credit, more fundamental scheme design is required to offset the impact of these changes on Council funding.

196. There are several amendments to the scheme proposed to align the scheme with recent and impending welfare and HB changes to keep consistency and to ease administration of the processes. These include introducing a non-dependent charge for those over 25 for those in receipt of Income Support, JSA (IB), and main phase ESA (IR); increasing non-dependent charges for all categories where a charge is currently made; a reduction to the capital / saving disregard from £10k to £6k; aligning backdating with HB reducing the period from 3 months to 4 weeks; adjusting for future Family Premium and Tax Credit changes. Information on who will be impacted by these changes is not yet available and so the cost of such changes are difficult to model. However, it is hoped that the net overall impact will be negligible.

197. In terms of reviewing the design of the scheme there were several options:

- Increase the minimum payment percentage; and / or
- Change eligibility criteria.

198. Some modelling was been undertaken on these options both individually and in combination and the results compared against the projected funding shortfall. These are discussed in detail below. (Note - the calculations are based on the 2015/16 Council tax data and include the impact for the estimated ongoing reduction in case load and an assumed increase in Council tax of 2% in 2016/17.)

OPTION A: Increase the minimum council tax payment

199. The current scheme sets the minimum payment that all CTR claimants, who do not qualify as a pensioner or meet the current vulnerability criteria, have to contribute as 20% towards their Council tax liability each year. One of the options is to increase the minimum payment from 20% to a higher percentage to reduce the cost of the scheme.

200. The table below models the impact of changing this 20% minimum to 25% or 30% based on 2015/16 CTAX base data.

Table 4 Impact of increasing minimum payment for Working Age Claimants 2016/17

Minimum Payment	No of Clients	Cost	Cost reduction
		£000's	£000's
20%	8,600	5,149	0
25%	8,600	4,595	554
30%	8,600	4,052	1097

201. Whilst an increase in the minimum payment to 25% may be achievable, increasing to 30% could cause additional collection problems. But when comparing these projections against the funding forecast outlined at paragraph 10, of a projected shortfall of £1,848k in 2016/17, both of these options only partially offset the shortfall in funding.

202. **It is recommended that the minimum payment be increased to 25%.**

OPTION B: Change eligibility criteria

203. The localisation of Council Tax Support regulations identified Pensioners as a prescribed group who are unaffected by this change as their CTS is calculated on the same basis as their previous CTB.
204. The council also decided to include residents who are identified as vulnerable as unaffected by the changes in the same way as pensioners. The current criteria to be classified as vulnerable included those residents entitled to receive War Widows pension, war disablement pension or armed forces compensation payment or are entitled to any of the various disability premiums.
205. Going forward, those residents entitled to receive War Widows pension, war disablement pension or armed forces compensation payment could be merged with the Pensioner group and their protection fully maintained. The vulnerable group would then be those residents entitled to any of the various disability premiums. One option to help reduce the gap could be to introduce a requirement for this vulnerable group to make a minimum payment from 2016/17.
206. Table 2 below shows the breakdown of the cost of the current CTR scheme between this revised classification of claimants:

Table 2 Breakdown of claimant numbers and cost of CTR scheme in 2015/16

Type of Claimant	Number of eligible Claimants	Cost £000's
Pensioner Residents	6,600	5,168
Vulnerable Residents	3,900	3,314
Working Age Residents	8,600	5,149
All	19,100	13,631

207. The financial impact on of introducing a minimum payment for the vulnerable group has been modelled as set out in the table below.

Table 3 - Impact of introducing a minimum payment for Vulnerable Claimants 2016/17

Minimum Payment	No of Clients	Cost	Cost Reduction
		£000's	£000's
nil	3,900	3,314	0
10%	3,900	2,834	480
15%	3,900	2,594	720
20%	3,900	2,362	952

208. If a minimum payment for the vulnerable group was introduced alongside an increase in the minimum payment for the working age group, then the funding shortfall could be further reduced.
209. **It is recommended that a minimum payment of 10% for this vulnerable group be introduced.**

Impact of the recommended options:

210. Each of the above options on its own would not reduce the cost of the scheme sufficiently to maintain the scheme as self funding. However, a combination of the options as recommended does go further towards bridging the gap, at least for 2016/17.
211. As there is a multi-year settlement expected during 2017/18, there is merit in only considering a one year scheme at this stage.
212. Each time the scheme rules are changed, the Council is required to undertake public consultation. Prior to commencement of the public consultation a detailed Equality Impact Assessment will be undertaken to assess the different impacts on council tax payers making financial claims for support through the CTR scheme.