

# COUNCIL BUDGET -2015/16 MONTH 7 REVENUE AND CAPITAL BUDGET MONITORING

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

## HEADLINE INFORMATION

<b>Purpose of report</b>	<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 £1,153k is projected against 2015/16 General Fund revenue budgets as of October 2015 (Month 7), representing an improvement of £419k from the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the capital programme are detailed within the body of this report.</p>
<b>Putting our Residents First</b>	<p>This report supports the following Council objective of: <i>Financial Management</i> Achieving value for money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position for revenue and capital as at October 2015 (Month 7).
2. Agree the changes to the Treasury Management Strategy to extend the use of covered bonds and note the treasury management update as at October 2015 (Month 7) at Appendix E.
3. Continue the delegated authority up until the 21 January 2016 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 19 November 2015 and 17 December 2015 Cabinet meetings, detailed at Appendix F.

4. **Approve re-phasing of £30,737k General Fund capital expenditure and associated financing budgets into later years of the capital programme.**
5. **Approve re-phasing of £9,573k HRA capital expenditure budgets into later years of the capital programme.**
6. **Approve the award of £10,000 to Uxbridge Forward to promote and co-ordinate activity in Uxbridge Town Centre.**
7. **Endorse the decision taken by the Deputy Chief Executive and Corporate Director of Residents Services on 3 December 2015 to acquire the freehold of the Uniter Bunker at the former RAF Uxbridge site.**

## **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 26 February 2015.
2. Recommendation 2 seeks authority to amend the existing Treasury Management Strategy. Within the Treasury Management Strategy agreed at Council in February 2015 the Council has the option to invest in covered bonds as a secure investment vehicle and to reduce the exposure to bail in risk, which came into effect from January 2015 on all unsecured bank deposits. The current strategy restricts the use of covered bonds to those specifically named counterparties in which the council can place unsecured deposits. To help mitigate bail-in risk and to increase capacity for placing secure deposits it is recommended that the Treasury Management Strategy be amended to extend covered bonds to counterparties where the covered bond issue is rated AA or above. Covered bonds are guaranteed by a group company which holds mortgage assets and are bail in exempt; each covered bond is individually rated rather than covered by the bank rating.
3. Recommendation 4 - There is a forecast underspend of £45,898k on the General Fund capital programme for the current financial year of which £42,411k is projected re-phasing on existing schemes. At this stage it is proposed to re-phase £30,737k expenditure budgets and associated financing to reflect revised expenditure profiles on various schemes that will be completed in future years. The financing budget re-phasing is made up of the following sources: prudential borrowing £11,614k, capital receipts £15,984, Community Infrastructure Levy £500k and other contributions £2,639k. Further potential re-phasing of £11,674k on other schemes will be reviewed at the end of the financial year to ensure the required level of budget is carried forward.
4. Recommendation 5 - There is a forecast underspend of £15,377k on the HRA capital programme for the current financial year. At this stage it proposed to re-phase £9,573k and associated financing to reflect revised expenditure profiles on various major projects schemes that will be completed in future years. Further potential re-phasing of £5,804k on other works to stock will be reviewed at the end of the financial year to ensure the required level of budget is carried forward. This will be financed by £4,518k borrowing £1,517k receipts and £3,538k Housing Revenue Account revenue contributions.
5. Recommendation 6 seeks authority to award £10,000 funding to Uxbridge Forward. This is the annual contribution to the partnership that serves to promote and coordinate activity in Uxbridge town centre. The Council's contribution is matched by similar levels of financial support from Intu, the Pavilions and Brunel University. Uxbridge Forward will be instrumental in ensuring local support for the forthcoming Uxbridge Business Improvement District, which is likely to be secured in 2016. Provision has been made in the Partnerships team 2015/16 budget for this contribution.

6. Under her delegated authority and in accordance with the Procurement and Contract Standing Orders, the Deputy Chief Executive and Corporate Director of Residents Services made a decision on 3 December 2015 to acquire the freehold, from the developer VSM Estates, of the Cold War Uniter Bunker at the former RAF Uxbridge site. This included the right to use an access road and the use of other services provided to the Uniter Bunker. The access road will be critical in enabling the construction of the new Visitor's Centre at the Battle of Britain Bunker Enclave. There were no other options considered in relation to this decision and it is reported to Cabinet for public record.

**Alternative options considered**

7. There are no other options proposed for consideration.

## **SUMMARY**

### **REVENUE**

8. An underspend on normal operating activities of £703k is projected at Month 7 for General Fund revenue budgets, with management action across all service areas expected to deliver underspends of £1,901k on Directorate Operating Budgets and £1,350k across Corporate Operating Budgets sufficient to contain £2,548k emergent pressures within contingency. This represents an improvement of £419k on the position reported at Month 6, principally relating to a review of funding streams utilised within Children & Young People's Services. Outside normal operating activity, recovery of £450k Icelandic investments, first reported in Month 4, brings the headline underspend to £1,153k for 2015/16.
9. The 2015/16 revenue budget contains savings of £10,034k, including £127k items brought forward from 2014/15. At Month 7, £5,332k of savings are banked in full, and a further £2,840k on track for delivery in full. The remaining £1,862k 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 £36,593k at 31 March 2016, after allowing for the release of £5,000k to smooth the impact of front-loaded government funding cuts off-set by the £1,153k in-year underspend. 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 a potential pressure of £1,125k on Business Rates being off-set by a £2,625k surplus on Council Tax activities. The net £1,500k surplus would be available to support the Council's 2016/17 budget.
12. The latest budget monitoring position and current status of the 2015/16 savings programme have been reviewed alongside development of the 2016/17 draft budget and reflected in the Council's Medium Term Financial Forecast being presented to members on this agenda.

### **CAPITAL**

13. As at Month 7 an underspend of £45,898k is reported on the £110,976k General Fund Capital Programme, with £3,487k favourable cost variances and £42,411k slippage on project expenditure. The forecast variance over the life of the current programme is a £3,487k underspend relating partly to completed Primary Schools expansions projects and also on various other schemes.
14. General Fund Capital Receipts of £9,956k are forecast for 2015/16, with total receipts to 2019/20 forecast at £63,083k, representing a favourable variance of £1,178k against budget. A shortfall of £15,984k in capital receipts originally forecast for 2015/16 is reported although this is expected to be recovered from 2016/17 onwards.
15. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 capital programme is forecast to be £3,682k lower than anticipated in February 2015, due to the adverse position of £2,303k reported on 2015/16 Department for Education grant funding off-set by Council resourced scheme cost underspends of £3,487k and improvements in capital receipts and CIL forecasts totalling £2,678k.

## FURTHER INFORMATION

### General Fund Revenue Budget

16. An underspend of £703k is reported on normal operating activities at Month 7. This position incorporates a £1,901k 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 £1,153k.

17. 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.

18. The Council's General Fund revenue budget contains £10,034k savings, with £8,172k 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 7		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
186,215	1,460	Directorate Operating Budgets	187,675	185,773	(1,901)	(1,482)	(419)
8,793	(338)	Corporate Operating Budgets	8,455	7,105	(1,350)	(1,350)	0
12,340	(972)	Development & Risk Contingency	11,368	13,916	2,548	2,548	0
1,604	(150)	Priority Growth	1,454	1,454	0	0	0
<b>208,952</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>208,952</b>	<b>208,248</b>	<b>(703)</b>	<b>(284)</b>	<b>(419)</b>
		Exceptional Items					
		Recovered Icelandic Investment		(450)	(450)	(450)	0
<b>208,952</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>208,952</b>	<b>207,798</b>	<b>(1,153)</b>	<b>(734)</b>	<b>(419)</b>
(203,952)	0	Budget Requirement	(203,952)	(203,952)	0	0	0
<b>5,000</b>	<b>0</b>	<b>Net Total</b>	<b>5,000</b>	<b>3,846</b>	<b>(1,153)</b>	<b>(734)</b>	<b>(419)</b>
(40,439)	0	Balances b/fwd	(40,439)	(40,439)			
<b>(40,439)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2015</b>	<b>(35,439)</b>	<b>(36,593)</b>			

19. 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.
20. At 31 March 2015 General Fund Balances totalled £40,439k, with the budgeted drawdown of £5,000k and the projected £1,153k surplus the forecast closing balance at 31 March 2016 is projected to total £36,593k. 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 (£1,901k underspend, £419k improvement)

21. 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 7		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
11,133	15	Admin.	11,148	10,958	(190)	(184)	(6)
(1,331)	107		(1,224)	(1,178)	46	47	(1)
<b>9,802</b>	<b>122</b>		<b>9,924</b>	<b>9,780</b>	<b>(144)</b>	<b>(137)</b>	<b>(7)</b>
16,867	(38)	Finance	16,829	16,709	(120)	(121)	1
(2,583)	2		(2,581)	(2,579)	2	5	(3)
<b>14,284</b>	<b>(36)</b>		<b>14,248</b>	<b>14,130</b>	<b>(118)</b>	<b>(116)</b>	<b>(2)</b>
111,957	(2,662)	Residents Services	109,295	108,725	(570)	(512)	(58)
(53,324)	351		(52,973)	(53,096)	(123)	(153)	30
<b>58,633</b>	<b>(2,311)</b>		<b>56,322</b>	<b>55,629</b>	<b>(693)</b>	<b>(665)</b>	<b>(28)</b>
33,409	2,823	Children & Young People's Service	36,232	39,065	2,833	2,839	(6)
(8,329)	(962)		(9,291)	(12,770)	(3,479)	(3,215)	(264)
<b>25,080</b>	<b>1,861</b>		<b>26,941</b>	<b>26,295</b>	<b>(646)</b>	<b>(376)</b>	<b>(270)</b>
105,738	3,400	Adult Social Care	109,138	109,090	(47)	461	(508)
(27,322)	(1,576)		(28,898)	(29,151)	(253)	(649)	396
<b>78,416</b>	<b>1,824</b>		<b>80,240</b>	<b>79,939</b>	<b>(300)</b>	<b>(188)</b>	<b>(112)</b>
<b>186,215</b>	<b>1,460</b>	<b>Total Directorate Operating Budgets</b>	<b>187,675</b>	<b>185,773</b>	<b>(1,901)</b>	<b>(1,482)</b>	<b>(419)</b>

22. An £7k improvement in the Administration budget monitoring position results in an underspend of £144k at Month 7, with the underlying variance mainly 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.
23. An underspend of £118k is reported across Finance at Month 7, mainly relating to vacant posts within Revenues and Operational Finance teams. There has been a marginal £2k improvement from Month 6.
24. An underspend of £693k is reported on Residents Services operating budgets, representing an improvement of £28k on the position reported at Month 6. Within this overall position, £858k staffing underspends and additional income generated by Highways and Planning services is partially off-set by £474k pressures on maintenance budgets within Development & Assets and £295k income shortfalls on Uxbridge car parks and from Imported Food sampling.

Movement from Month 6 consists of favourable movement in the maintenance and planning income forecasts, being off-set by increased non-staffing projections in Green Spaces, Sport & Culture.

25. An underspend of £646k is reported within Children & Young People's Services, with £464k staffing underspends within Early Intervention Services off-setting the increased cost of agency staff in post within Children's Resources. A £270k increase in the reported underspend is reported from Month 6, mainly relating to a review of alternative funding streams across the group. Within the reported position, £3,335k is being drawdown from earmarked reserves to support investment in managed services and the transition to new permanent staffing structures across the group.

26. An underspend of £300k is reported across Adult Social Care budgets, with £1,209k staffing underspends relating to vacancies held during the restructuring of All Age Disabilities services being off-set by increased expenditure on Care Placements due to slippage in delivery of new Supported Living units. A £112k improvement is reported from Month 6 across the directorate.

### Progress on Savings

27. 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.

28. At Month 7, £5,332k savings are reported as banked, with a further £2,840k on track for delivery in full during the current financial year. £1,862k 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.

29. Those savings called as amber have been reviewed alongside development of the 2016/17 draft budget, with those higher risk items - principally related to Children & Young People's Services - replaced with alternative proposals in the new year. During the current financial year, sufficient underspends across the Council are in place to off-set the risk of shortfall on remaining amber savings.

**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	(690)	(3,297)	(1,310)	(35)	(5,332)	53.1%
G On track for delivery	(663)	(1,051)	(797)	(329)	(2,840)	28.3%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(30)	0	(1,210)	(622)	(1,862)	18.6%
R Serious problems in the delivery of the saving	0	0	0	0	0	0.0%
<b>Total 2015/16 Savings</b>	<b>(1,383)</b>	<b>(4,348)</b>	<b>(3,317)</b>	<b>(986)</b>	<b>(10,034)</b>	<b>100.0%</b>

### Corporate Operating Budgets (£1,350k underspend, nil change)

30. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, externally set levies and income arising from provision of support services to other funds and ring-fenced budgets.
31. A 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.
32. 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 7		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
9,861	(288)		Non-Sal Exp	9,573	8,473	(1,100)	(1,100)	0
(691)	0		Income	(691)	(691)	0	0	0
<b>9,170</b>	<b>(288)</b>		<b>Sub-Total</b>	<b>8,882</b>	<b>7,782</b>	<b>(1,100)</b>	<b>(1,100)</b>	<b>0</b>
493	0	Levies and Other Corporate Budgets	Salaries	493	493	0	0	0
11,925	(319)		Non-Sal Exp	11,606	11,556	(50)	(50)	0
(12,235)	269		Income	(11,966)	(12,166)	(200)	(200)	0
<b>183</b>	<b>(50)</b>		<b>Sub-Total</b>	<b>133</b>	<b>(117)</b>	<b>(250)</b>	<b>(250)</b>	<b>0</b>
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
<b>(560)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(560)</b>	<b>(560)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>8,793</b>	<b>(338)</b>	<b>Total Corporate Operating Budgets</b>		<b>8,455</b>	<b>7,105</b>	<b>(1,350)</b>	<b>(1,350)</b>	<b>0</b>



## Development & Risk Contingency (£2,548k pressure, nil change)

33. The Council has set aside £11,368k to manage volatile and uncertain elements of budgets within the Development & Risk Contingency, which included £10,368k 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 £'000	Budget Changes £'000	Service		Month 7		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
400	0	Fin.	Uninsured Claims	400	300	(100)	(100)	0
236	(236)	Residents Services	Carbon Reduction Commitment	0	0	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)	(7)	0
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	2,621	0
(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
<b>12,340</b>	<b>(972)</b>	<b>Total Development &amp; Risk Contingency</b>		<b>11,368</b>	<b>13,916</b>	<b>2,548</b>	<b>2,548</b>	<b>0</b>

34. Increases in homelessness caseloads have continued into November, with the full £1,836k and sums from earmarked reserves committed to managing the cost of temporary accommodation in 2015/16. As previously reported, this pressure is being driven by higher levels of households presenting as homeless and decreasing supply of suitable affordable accommodation.

35. A pressure of £940k is reported on support for Asylum Seekers, no movement from Month 6, with levels of Home Office funding remaining insufficient to meet the full cost of the service. An update on on-going funding issues and the cost of providing the service are included in the budget report elsewhere on this Cabinet agenda.

36. A drawdown of £3,086k from contingency is projected Children's Social Care placements, representing a pressure of £2,621k on the 2015/16 budget provision. This pressure continues to be driven by a larger Looked After Children population with more complex needs and a requirement for correspondingly more costly residential placements. The outlook for both demand and cost in this area has remained steady in recent months, with the current reported position for 2015/16 taken as a baseline for the 2016/17 draft budget.
37. An underspend of £206k is reported on the provision for clients transferring from the NHS to the Council following the Winterborne View report, reflecting delays in the transfer taking place. It is expected that the majority of this sum will be required in 2016/17 once transfers are complete.
38. The on-going review of SEN Transport provision is expected to reduce the call on contingency by £200k in 2015/16, principally from reviews of client eligibility and improved route planning processes. The 2016/17 draft budget reflects the full year effect of this review.
39. The 2015/16 budget included £1,000k of General Contingency to manage unforeseen cost pressures over and above those specific items included in Development & Risk Contingency. In line with Month 5 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

40. 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.
41. 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 £413k, leaving £817k available for new initiatives.

**Table 6: Priority Growth**

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 7 Approved Allocations £'000	Unallocated Balance £'000
800	0	HIP Initiatives Budgets	800	0	800
430	0	B/fwd Funds	430	(413)	17
804	(150)	Unallocated Priority Growth	654	0	654
<b>1,604</b>	<b>(150)</b>	<b>Total Priority Growth</b>	<b>1,884</b>	<b>(413)</b>	<b>1,471</b>

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

42. The latest forecasts on other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund.
43. A headline pressure of £2,701k is reported on the Schools Budget at Month 7, representing an adverse movement of £362k from Month 6 due to an upward revision of forecasts for the Barnhill PFI and increased numbers of out of borough education placements. Material elements of the overall reported position include; £2,129k being drawdown from brought

forward balances and delegated to individual schools, £334k pressure on SEN and other out of borough provision and £299k on centrally managed items - including the Barnhill PFI pressure of £130k.

44. A surplus of £198k is forecast on the Parking Revenue Account at Month 7, a £29k improvement on the position at Month 6, which 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.
45. The Collection Fund is reporting an estimated surplus of £1,500k at Month 7. This position consists of a £2,625k 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 MTF.

### **Housing Revenue Account**

46. As at Month 7 an in-year surplus of £15k is projected on the Housing Revenue Account, which represents an adverse movement of £182k, mainly due to reduced leaseholders contributions for deferred works and increased expenditure on bringing void properties back in to use. 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 £32,255k as a result of the projected £15k 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.
47. Within the HRA capital programme, slippage of £15,377k is reported at Month 7 which includes £5,804k on works to stock activity and £9,573k on new build activity. Slippage on new build projects arises from works unlikely to commence during 2015/16, and a recommendation to rephase funding for these projects into 2016/17 is included in this report.
48. As at Month 7, 72 properties have been sold under Right to Buy arrangements with a total of 175 sales forecast for 2015/16, a reduction from the 200 forecast at Month 6 to reflect a slowing in the pace of sales. At 30 June 2015, £36,820k 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**

49. 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 £23,043k reduction in forecast borrowing in 2015/16. On current projections, and allowing for the reduction in grant funding for school provision in 2015/16, an underspend of £3,682k on Prudential Borrowing is expected by 2019/20. This position forms the basis for the refreshed capital programme presented alongside the draft budget for 2016/17 elsewhere on this agenda. Rephasing of budgets for major capital schemes is recommended above to provide this basis for further development of the programme.

## Appendix A – Detailed Group Forecasts (General Fund)

### ADMINISTRATION (£144k underspend, £7k improvement)

50. The Administration Group is showing an underspend of £144k at month 7, an improvement of £7k on the position at month 6. The improvement is due to slight underspends in the salaries positions within Democratic Services as a result of underspends in the casual staffing budget and within Human Resources as a result of early implementation of an agreed MTFF 2016/17 business case within the service. The majority of the overall underspend in the Group is largely due to reduced expenditure on Members Allowances as Members are no longer part of the local government pension scheme. This additional budget is proposed to be removed from 2016/17 budgets as part of the MTFF process.

**Table 7: Administration Operating Budgets**

Original Budget	Budget Changes	Service		Month 7		Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
£'000	£'000			£'000	£'000	£'000	£'000	£'000
1,461	0	Democratic Services	Salaries	1,461	1,454	(7)	0	(7)
1,841	(69)		Non-Sal Exp	1,772	1,639	(133)	(133)	0
(658)	69		Income	(589)	(547)	42	42	1
<b>2,644</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,644</b>	<b>2,546</b>	<b>(98)</b>	<b>(92)</b>	<b>(7)</b>
2,319	80	Human Resources	Salaries	2,399	2,368	(31)	(29)	(2)
626	(30)		Non-Sal Exp	596	579	(17)	(17)	(0)
(286)	38		Income	(248)	(233)	15	16	(1)
<b>2,659</b>	<b>88</b>		<b>Sub-Total</b>	<b>2,747</b>	<b>2,714</b>	<b>(33)</b>	<b>(30)</b>	<b>(3)</b>
1,955	34	Legal Services	Salaries	1,989	2,001	12	8	4
111	0		Non-Sal Exp	111	101	(10)	(10)	(0)
(341)	0		Income	(341)	(341)	0	0	(0)
<b>1,725</b>	<b>34</b>		<b>Sub-Total</b>	<b>1,759</b>	<b>1,761</b>	<b>2</b>	<b>(2)</b>	<b>4</b>
592	0	Partnership and Policy	Salaries	592	597	5	6	(1)
2,228	0		Non-Sal Exp	2,228	2,219	(9)	(9)	0
(46)	0		Income	(46)	(57)	(11)	(11)	(0)
<b>2,774</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,774</b>	<b>2,759</b>	<b>(15)</b>	<b>(14)</b>	<b>(1)</b>
6,327	114	Admin. Directorate	Salaries	6,441	6,420	(21)	(15)	(6)
4,806	(99)		Non-Sal Exp	4,707	4,538	(169)	(169)	(0)
(1,331)	107		Income	(1,224)	(1,178)	46	47	(1)
<b>9,802</b>	<b>122</b>		<b>Total</b>	<b>9,924</b>	<b>9,780</b>	<b>(144)</b>	<b>(137)</b>	<b>(7)</b>

## FINANCE (£118k underspend, £2k improvement)

51. The Finance Group is showing an underspend of £118k at month 7, an improvement of £2k on the month 6 position. The underspend is due to salaries underspends within Operational Finance as a result of the recent restructure of Assistant Finance Business Partners, Revenues and Benefits as a result of a high level of vacant posts within the Housing Benefits service, and also within Strategic Finance due to a vacant post and maternity leave. These underspends have been brought down by an expected shortfall on Court Summons income within Revenues and Benefits and anticipated pressures within Procurement due to buying specialist Legal advice.

**Table 8: Finance Operating Budgets**

Original Budget	Budget Changes	Service	Month 7		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
487	0	Internal Audit	Salaries	487	499	12	13	(1)
56	0		Non-Sal	56	74	18	18	0
0	0		Exp	0	(10)	(10)	(10)	0
<b>543</b>	<b>0</b>		Income	<b>543</b>	<b>563</b>	<b>20</b>	<b>21</b>	<b>(1)</b>
2,185	(222)	Procurement	Salaries	1,963	1,963	0	0	(0)
121	(2)		Non-Sal	119	175	56	56	(0)
(2)	2		Exp	0	(23)	(23)	(23)	0
<b>2,304</b>	<b>(222)</b>		Income	<b>2,082</b>	<b>2,115</b>	<b>33</b>	<b>34</b>	<b>(1)</b>
3,360	(30)	Operational Finance	Salaries	3,330	3,265	(65)	(65)	(0)
679	0		Non-Sal	679	679	0	(0)	0
(159)	0		Exp	(159)	(159)	0	0	(0)
<b>3,880</b>	<b>(30)</b>		Income	<b>3,850</b>	<b>3,785</b>	<b>(65)</b>	<b>(65)</b>	<b>0</b>
3,868	12	Revenues and Benefits	Salaries	3,880	3,785	(95)	(97)	2
2,285	0		Non-Sal	2,285	2,279	(6)	(6)	(0)
(2,166)	0		Exp	(2,166)	(2,131)	35	38	(3)
<b>3,987</b>	<b>12</b>		Income	<b>3,999</b>	<b>3,933</b>	<b>(66)</b>	<b>(64)</b>	<b>(2)</b>
1,300	154	Strategic Finance	Salaries	1,454	1,414	(40)	(40)	0
2,526	50		Non-Sal	2,576	2,576	0	(0)	0
(256)	0		Exp	(256)	(256)	0	(0)	0
<b>3,570</b>	<b>204</b>		Income	<b>3,774</b>	<b>3,734</b>	<b>(40)</b>	<b>(41)</b>	<b>1</b>
11,200	(86)	Finance Directorate	Salaries	11,114	10,926	(188)	(188)	0
5,667	48		Non-Sal	5,715	5,783	68	67	1
(2,583)	2		Exp	(2,581)	(2,579)	2	5	(3)
<b>14,284</b>	<b>(36)</b>		Income	<b>14,248</b>	<b>14,130</b>	<b>(118)</b>	<b>(116)</b>	<b>(2)</b>

52. A year end drawdown from the Insurance contingency of £300k is projected at month 7, a nil movement from month 6. 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 £564k, however, this does not take into account the potential seasonal impact to claims as a result of adverse weather conditions during winter.

53. In addition to the improvement in the claim payments position, there has also been a 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. 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 7		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
400	0	Uninsured Claims	400	300	(100)	(100)	0
<b>400</b>	<b>0</b>	<b>Current Commitments</b>	<b>400</b>	<b>300</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>

**RESIDENTS SERVICES GENERAL FUND (£693k underspend, £28k improvement)**

54. Residents Services directorate is showing a projected outturn underspend of £693k at Month 7, excluding pressure areas that have identified contingency provisions.

**Table 10: Group Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000	
13,368	486	Deputy Director Residents Services	Salaries	13,854	13,854	0	0	(0)
21,204	17		Non-Sal Exp	21,221	21,186	(35)	(36)	1
(10,051)	(31)		Income	(10,082)	(9,794)	288	194	94
<b>24,521</b>	<b>472</b>		<b>Sub-Total</b>	<b>24,993</b>	<b>25,246</b>	<b>253</b>	<b>159</b>	<b>94</b>
1,844	90	Development and Assets	Salaries	1,934	1,934	0	0	(0)
7,575	347		Non-Sal Exp	7,922	8,396	474	595	(121)
(2,397)	(9)		Income	(2,406)	(2,406)	0	0	0
<b>7,022</b>	<b>428</b>		<b>Sub-Total</b>	<b>7,450</b>	<b>7,924</b>	<b>474</b>	<b>595</b>	<b>(121)</b>
803	(324)	Estates and Tenancy Management	Salaries	479	479	0	0	(0)
1,254	(121)		Non-Sal Exp	1,133	1,133	0	0	(0)
(3,414)	177		Income	(3,237)	(3,160)	77	77	0
<b>(1,357)</b>	<b>(268)</b>		<b>Sub-Total</b>	<b>(1,625)</b>	<b>(1,548)</b>	<b>77</b>	<b>77</b>	<b>(0)</b>
5,050	(47)	Policy, Highways and Community Engagement	Salaries	5,003	4,945	(58)	(78)	20
6,004	(12)		Non-Sal Exp	5,992	5,977	(15)	(15)	0
(12,572)	10		Income	(12,562)	(12,832)	(270)	(270)	(0)
<b>(1,518)</b>	<b>(49)</b>		<b>Sub-Total</b>	<b>(1,567)</b>	<b>(1,910)</b>	<b>(343)</b>	<b>(363)</b>	<b>20</b>
4,135	0	Planning and Enforcement	Salaries	4,135	3,933	(202)	(175)	(27)
1,626	354		Non-Sal Exp	1,980	1,942	(38)	(20)	(18)
(2,973)	(320)		Income	(3,293)	(3,699)	(406)	(343)	(63)
<b>2,788</b>	<b>34</b>		<b>Sub-Total</b>	<b>2,822</b>	<b>2,176</b>	<b>(646)</b>	<b>(538)</b>	<b>(108)</b>
12,777	(1,176)	Green Spaces & Culture	Salaries	11,601	11,654	53	7	46
9,229	(1,057)		Non-Sal Exp	8,172	7,985	(187)	(233)	46
(9,819)	126		Income	(9,693)	(9,726)	(33)	(33)	(0)
<b>12,187</b>	<b>(2,107)</b>		<b>Sub-Total</b>	<b>10,080</b>	<b>9,913</b>	<b>(167)</b>	<b>(260)</b>	<b>93</b>
7,916	(73)	Communication, ICT and Customer Development	Salaries	7,843	7,686	(157)	(151)	(6)
4,241	170		Non-Sal Exp	4,411	4,414	3	3	(0)
(2,767)	22		Income	(2,745)	(2,745)	0	0	(0)
<b>9,390</b>	<b>119</b>		<b>Sub-Total</b>	<b>9,509</b>	<b>9,355</b>	<b>(154)</b>	<b>(147)</b>	<b>(7)</b>
5,279	0	Business and Technical Support	Salaries	5,279	4,935	(344)	(345)	1
879	(1)		Non-Sal Exp	878	840	(38)	(38)	(0)
(3,772)	0		Income	(3,772)	(3,477)	295	295	(0)
<b>2,386</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>2,385</b>	<b>2,298</b>	<b>(87)</b>	<b>(87)</b>	<b>(0)</b>
3,537	(1,315)	Policy and Standards - Education, Housing and Public Health	Salaries	2,222	2,072	(150)	(150)	0
5,236	0		Non-Sal Exp	5,236	5,360	124	124	0
(5,559)	376		Income	(5,183)	(5,257)	(74)	(74)	0
<b>3,214</b>	<b>(939)</b>		<b>Sub-Total</b>	<b>2,275</b>	<b>2,175</b>	<b>(100)</b>	<b>(101)</b>	<b>1</b>
54,709	(2,359)	Residents Services	Salaries	52,350	51,492	(858)	(892)	34
57,248	(303)		Non-Sal Exp	56,945	57,233	288	380	(92)
(53,324)	351		Income	(52,973)	(53,096)	(123)	(153)	30
<b>58,633</b>	<b>(2,311)</b>		<b>Sub-Total</b>	<b>56,322</b>	<b>55,629</b>	<b>(693)</b>	<b>(665)</b>	<b>(28)</b>

55. 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.

56. The Council's 2015/16 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 11 below.

57. At Month 7 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	Budget Changes	Development & Risk Contingency	Month 7		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
£'000	£'000		£'000	£'000	£'000	£'000	£'000
236	(236)	Carbon Reduction Commitment	0	0	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)	(7)	0
<b>4,047</b>	<b>0</b>	<b>Current Commitments</b>	<b>4,047</b>	<b>4,040</b>	<b>(7)</b>	<b>(7)</b>	<b>0</b>

58. Financial year 2015/16 has seen the numbers of temporary accommodation requirements consistently above the original MTFF forecast. Within this increase, a higher proportion are in high cost Bed & Breakfast placements given the challenges on housing supply.

**Table 12: Housing Needs performance data**

	2015		
	September	October	November
Homeless Threat, Priority Need & Eligible	98	96	96
Presenting As Homeless	50	59	55
Duty Accepted	27	30	31
<b>Households in Temporary Accommodation</b>	<b>585</b>	<b>587</b>	<b>594</b>
<b>Households in B&amp;B</b>	<b>201</b>	<b>207</b>	<b>210</b>

59. Increases in homelessness caseloads present a rising level of risk within the service, with the most recent data showing 108 cases awaiting a decision and a total of 325 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.

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

61. 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.

62. 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 recycle collected, as opposed to producing a small income stream in 2014/15, following a change in market conditions. Early indications are showing a decline in the market for commodities within the recycle 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.
63. The contingency for the Carbon Reduction Commitment has been released back to base budgets as approved by October Cabinet.

#### **Deputy Director Residents Services (£253k overspend, £94k adverse movement)**

64. There is a reduced projection in Imported Food sampling income based on receipts to end of October of £288k (£94k 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.
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.
66. 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 (£474k overspend, £121k improvement)**

67. There is a forecast pressure of £345k (£50k favourable) 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.
68. 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 £129k (£71k favourable).

#### **Estates and Tenancy Management (£77k overspend, no change)**

69. At Month 7 there is a projected income pressure of £77k on garages income (no change). The service has maintained the same income projection as last month based on the most up to date income schedules received from the service.

#### **Policy, Highways & Community Engagement (£343k underspend, £20k adverse movement)**

70. At month 7, the service is reporting a staffing underspend of £58k (£20k adverse), following a revised projection of salary costs.
71. Income projections across the service continue to exceed budget by £270k (no change) from crossovers and various other income streams.

### **Planning and Enforcement (£646k underspend, £108k improvement)**

72. The service is reporting a favourable movement of £108k in month 7. This relates to a £45k improved projection for salary and non-salary costs, with a movement in corporate fraud of £17k and in community safety of £28k including a reduction in agency spend.
73. There is an improved income projection of £63k owing to additional work generated within the planning service.

### **Green Spaces, Sport & Culture (£167k underspend, £93k adverse movement)**

74. A revised projection on staffing costs has resulted in a £46k adverse movement as a result of an increased use of casual staff at Manor Farm complex (£13k) an increased projection for grounds maintenance staff (21k) and seasonal horticulturalists (£12k).
75. There is an adverse movement of £46k reported for non-staffing spend, relating to additional equipment maintenance costs and additional grounds maintenance works.

### **Communications, ICT & Customer Development (£154k underspend, £7k improvement)**

76. The service is reporting a salary underspend of £154k at month 7 (£7k favourable). The movement can be attributed to the staffing changes within the Communications team and the resulting vacant posts.
77. A review into Hillingdon Schools for Learning (HGfL) has led to the decision to cease this service from 1 April 2016. Consequently, the level of commitment from schools to progress project work has dropped significantly with no new proposals now coming forward. This will result in a shortfall in income of £91k for 15/16. However, any variance at the year end is managed through the HGfL earmarked reserve, which will be able to absorb this projected shortfall in income.

### **Business & Technical Support (£87k underspend, no change)**

78. 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 £295k, (no change). This does not include a projected loss of income 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.
79. There is a projected underspend of £344k (£1k adverse movement) relating to vacant posts across the service that are not expected to be filled this year. The projection will be further 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 & Standards - Education, Housing and Public Health (£100k underspend, 1k, adverse movement)**

80. The month 7 projection of an underspend of £100k. The underspend relates in the main to staffing restructures that are currently being finalised.

### **CHILDREN & YOUNG PEOPLE'S SERVICES (£646k underspend, £270k improvement)**

#### **Overview of Directorate position**

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81. The Children and Young People's Service is projecting an underspend of £646k as at Month 7, an improvement of £270k on the Month 6 projections, due to a change in the projected cost of salaries, which reflects accelerated recruitment activity within the Key Worker Service being offset by a review of funding streams across the service. Within the salaries position there is an underspend of £147k, an adverse movement of £196k from Month 6, due to positive recruitment activity within the Key Worker Service where most posts have now been recruited to. The underspend relates to a high number of vacancies that existed in the Early Intervention and Prevention 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 7 are summarised in the following table, with more detail provided in the paragraphs below:

**Table 13: Group Operating Budgets**

Original Budget	Budget Changes	Service	Month 7		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,038	176	Safeguarding Children	Salaries	1,214	1,303	89	90	(1)
1,579	20		Non-Sal Exp	1,599	1,709	110	102	9
(150)	(13)		Income	(163)	(162)	1	1	0
<b>2,467</b>	<b>183</b>		<b>Sub-Total</b>	<b>2,650</b>	<b>2,850</b>	<b>200</b>	<b>192</b>	<b>8</b>
3,545	1,209	Early Intervention Services	Salaries	4,754	4,290	(464)	(637)	173
3,631	447		Non-Sal Exp	4,078	3,783	(295)	(102)	(193)
(707)	(278)		Income	(985)	(1,083)	(98)	(103)	5
<b>6,469</b>	<b>1,378</b>		<b>Sub-Total</b>	<b>7,847</b>	<b>6,990</b>	<b>(857)</b>	<b>(841)</b>	<b>(16)</b>
2,091	1,996	Looked After Children	Salaries	4,087	4,008	(79)	(79)	(0)
744	(21)		Non-Sal Exp	723	3,541	2,818	2,617	201
(294)	171		Income	(123)	(2,960)	(2,837)	(2,637)	(200)
<b>2,541</b>	<b>2,146</b>		<b>Sub-Total</b>	<b>4,687</b>	<b>4,589</b>	<b>(98)</b>	<b>(99)</b>	<b>1</b>
8,352	(1,152)	Children's Resources	Salaries	7,200	7,507	307	282	25
12,429	148		Non-Sal Exp	12,577	12,924	347	566	(219)
(7,178)	(842)		Income	(8,020)	(8,565)	(545)	(476)	(69)
<b>13,603</b>	<b>(1,846)</b>		<b>Sub-Total</b>	<b>11,757</b>	<b>11,866</b>	<b>109</b>	<b>372</b>	<b>(263)</b>
15,026	2,229	Children's and Young Persons Directorate	Salaries	17,255	17,108	(147)	(343)	196
18,383	594		Non-Sal Exp	18,977	21,957	2,980	3,182	(202)
(8,329)	(962)		Income	(9,291)	(12,770)	(3,479)	(3,215)	(264)
<b>25,080</b>	<b>1,861</b>		<b>Total</b>	<b>26,941</b>	<b>26,295</b>	<b>(646)</b>	<b>(376)</b>	<b>(270)</b>

#### **Safeguarding Children (£200k overspend, £8k adverse movement)**

83. The service is reporting an overspend of £200k, an adverse movement of £8k on the Month 6 position. The service pressure relates to an overspend of £89k on staff due to a number of agency staff covering vacant posts and an overspend of £110k on non-staffing which relates to an increase in Child Protection, LSCB and Family Conference delivery costs.

#### **Early Intervention & Prevention Services (£857k underspend, £16k improvement)**

84. This service is reporting an underspend of £857k, an improvement of £16k on the Month 6 position, due to an increase in the projected cost of salaries, reflecting on-going recruitment

activity being netted down by additional projected underspends on non staffing costs across the service. This relates to an underspend of £464k on salaries, which is due to a relatively high number of vacant posts that have existed in the new structure, which have now been recruited to, an underspend of £295k 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 £98k 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 (£98k underspend, £1k adverse movement)

85. The service is reporting an underspend of £98k, £1k adverse movement on the Month 6 projections. The underspend reported relates to a £79k underspend on staffing costs, an overspend of £2,818k on non-staffing costs, which primarily relates to the cost of the Skylakes managed service and a surplus of £2,837k on income to reflect a proposed use of earmarked reserves to fund the Skylakes managed service up to the end of March 2016.

#### Children's Resources (£109k overspend, £263k improvement)

86. The service is reporting an overspend of £109k, an improvement of £263k on the Month 6 projections, due to an increase in the projected receipt of additional grant funding relating to the use of Hillingdon Adopters by Other Local Authorities and a review of funding streams. The overspend reported relates to an overspend of £307k on staffing due to a high level of agency staff being employed prior to instigating a major staff recruitment campaign, which was launched at the beginning of October 2015 and an overspend of £347k on non-staffing costs, due primarily to the cost of allowances, netted down by additional income of £545k, which 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, and the receipt of additional grant income for the use of Hillingdon Adopters by Other Local Authorities.

#### Development & Risk Contingency Items

Table 14: Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 7		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
£'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	2,621	0
(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
<b>2,918</b>	<b>0</b>	<b>Current Commitments</b>	<b>2,918</b>	<b>6,479</b>	<b>3,561</b>	<b>3,561</b>	<b>0</b>

#### 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 6 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. There continues to be indications from other councils that they are still experiencing growth in this provision, especially those with Sea Ports. There are ongoing discussions with the Home Office, who are being asked to consider fully funding the cost of support for Asylum Seeking Children. 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, no change)**

89. The service is projecting a drawdown of £3,086k from the Development and Risk Contingency, £2,621k above the budget no change on the Month 6 position. However, the service continues to have a 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.
90. 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. Steps have also been taken to introduce a weekly review of placements to ensure that the most up to date financial position is available.
91. 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)**

92. 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)**

93. 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 6 position. This relates to the additional cost of appointing agency staff, whilst the service implements a major recruitment campaign.

## ADULT SOCIAL CARE (£300k underspend, £112k improvement)

94. As at Month 7, Adult Social Care is forecasting an underspend of £300k, a favourable movement of £112k from Month 6, although there remain a number of pressures on non salary expenditure which the service continues to mitigate through robust management. Within All Age Disabilities, the in year savings anticipated from the delivery of the supported living programme have slipped due to 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. The table below sets out the detailed expenditure and income for each service area.

**Table 15: Adult Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000	
5,402	2,498	All Age Disabilities	Salaries	7,900	7,008	(892)	(703)	(189)
44,007	498		Non-Sal Exp	44,505	46,099	1,594	1,767	(173)
(6,852)	(1,584)		Income	(8,436)	(8,871)	(435)	(793)	358
<b>42,557</b>	<b>1,412</b>		<b>Sub-Total</b>	<b>43,969</b>	<b>44,232</b>	<b>267</b>	<b>271</b>	<b>(4)</b>
4,294	7	Social Work	Salaries	4,301	3,995	(305)	(301)	(4)
29,110	(15)		Non-Sal Exp	29,095	29,053	(42)	78	(120)
(8,266)	8		Income	(8,258)	(8,284)	(26)	(45)	19
<b>25,138</b>	<b>0</b>		<b>Sub-Total</b>	<b>25,138</b>	<b>24,764</b>	<b>(373)</b>	<b>(267)</b>	<b>(106)</b>
9,018	27	Early Intervention & Prevention	Salaries	9,045	9,141	96	116	(20)
3,370	(130)		Non-Sal Exp	3,240	3,112	(128)	(125)	(3)
(11,826)	0		Income	(11,826)	(11,726)	100	81	19
<b>562</b>	<b>(103)</b>		<b>Sub-Total</b>	<b>459</b>	<b>527</b>	<b>68</b>	<b>71</b>	<b>(3)</b>
2,185	206	Safeguarding Quality & Partnerships	Salaries	2,391	2,333	(58)	(58)	0
7,165	28		Non-Sal Exp	7,193	6,966	(227)	(227)	0
(378)	0		Income	(378)	(270)	108	108	0
<b>8,972</b>	<b>234</b>		<b>Sub-Total</b>	<b>9,206</b>	<b>9,029</b>	<b>(177)</b>	<b>(177)</b>	<b>0</b>
294	120	Directorate & Support	Salaries	414	364	(50)	(50)	0
893	161		Non-Sal Exp	1,054	1,019	(35)	(35)	0
0	0		Income	0	0	0	0	0
<b>1,187</b>	<b>281</b>		<b>Sub-Total</b>	<b>1,468</b>	<b>1,383</b>	<b>(85)</b>	<b>(85)</b>	<b>0</b>
21,193	2,858	Adult Social Care Directorate Total	Salaries	24,051	22,841	(1,209)	(996)	(213)
84,545	542		Non-Sal Exp	85,087	86,249	1,162	1,458	(296)
(27,322)	(1,576)		Income	(28,898)	(29,151)	(253)	(649)	396
<b>78,416</b>	<b>1,824</b>		<b>Total</b>	<b>80,240</b>	<b>79,939</b>	<b>(300)</b>	<b>(188)</b>	<b>(112)</b>

95. 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.

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. 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 7		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'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
<b>1,422</b>	<b>0</b>	<b>Current Commitments</b>	<b>1,422</b>	<b>1,016</b>	<b>(406)</b>	<b>(406)</b>	<b>0</b>

96. At Month 7 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.

97. 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 implementation of the review of client eligibility will come into effect from January 2016 and routes will be re-planned, this is later than originally anticipated. The financial impact of the of this delay is still under review and any change to the current forecast will be reported when the outcome is known.

98. 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) (£267k overspend, £4k improvement)**

99. The AAD Service approved restructure plan is now being implemented and a recruitment drive is underway to fill vacant posts in the new service. The staff budget is forecast to underspend by £892k, an increase in underspend of £189k since month 6. This increase in underspend is due in part to a review of Dedicated Schools Grant (DSG) salary recharges (£320k reduction), this is offset by reduced recharge income of £320k. There are additional costs forecast within the Educational Psychology Team (£66k) and the Health Team (£38k) due to firmer dates for recruitment being in place.

100. Within the placements budget a pressure of £1,594k is forecast, this is a reduction of £173k since Month 6. Part of this pressure arises from the slippage in the Supported Living Programme. The improvement this month relates to clients moving to Supported Living Accommodation which has produced a higher average saving than had previously been anticipated (£112k) and a revised forecast of recharges from Education for joint funded packages.

101. The income saving forecast has reduced by £358k this is due to revision to estimated re-charges to schools from salary recharges (£320k) and for a joint funded packages.
102. 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 (£373k underspend, £106k improvement)**

103. There are a number of vacant posts within the Social Work Service which are currently subject to recruitment. In addition, there are continuing vacancies within the Telecareline staff establishment of four posts. The forecast underspend is £305k, a favourable movement of £4k since Month 6.
104. The non-staffing budget is forecast to underspend by £42k, mainly due to a zero based review of funding streams which has resulted in a £100k improvement from Month 6. The further favourable movement of £20k relates to a small reduction in Residential placements. 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 £26k.

### **Early Intervention & Prevention (£68k overspend, £3k improvement)**

105. There is a net pressure of £68k with the EI&P Service, a favourable movement of £3k since Month 6.
106. There is a pressure of £96k, a favourable movement of £20k from Month 6, forecast against the staffing budget 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. Work with the provider has increased the supply of staff so that the needs of the service are now being met. Proactive management action particularly in reducing sickness absence amongst staff continues to reduce this pressure.
107. 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 2017/18 and the delivery of this saving has been re-phased for the draft MTF. In year compensatory savings have been identified to make up the shortfall in savings. The identification of these compensatory savings has resulted in a forecast underspend of £128k against non-staffing budgets, a favourable movement of £3k since Month 6.
108. There is a pressure on the Income budget of £100k due to a forecast reduction in client contributions and the amount of Housing Benefit recovered.



### **Safeguarding Quality & Partnerships (£177k underspend, no movement)**

109. There is an underspend forecast on staff costs of £58k, this underspend is within the Community Mental Health Teams.
110. The non-staffing budget forecast is for an underspend of £227k. The underspend is in part off-set by pressure on the income budget £108k and from reduced costs of placements for residents with no recourse to public funds.

### **Directorate & Support (£85k underspend, no movement)**

111. 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.

### **Better Care Fund**

112. The Month 6 budget monitoring for the BCF has been undertaken jointly by the partners in accordance with the requirements set out in the S75 for the management of the pooled funds. There is currently a shared pressure of £234k against both the Council and CCG's shares of the pooled funds which relates to the supply of equipment and adaptations to residents. This is a reflection that more people with complex needs are being supported in the community in line with agreed priorities. Both the Council and CCG are working together to look at ways of improving efficiency and effectiveness that will enable the existing equipment budget to go further and potentially reduce the pressure.
113. There is also a pressure of £783k on the Care Act burdens from the cost of providing support and Care to Carers as a new responsibility following the implementation of the Care Act. The Council holds a contingency provision to fund pressures relating to the implementation of Care Act responsibilities. Some of this pressure is off-set by underspends on the TeleCareLine service.

## APPENDIX B – OTHER FUNDS

### Schools Budget

#### Dedicated Schools Grant (£2,701k overspend, £362k adverse movement)

114. The Dedicated Schools Grant is projecting an in year overspend of £2,701k, an adverse movement of £362k on the month 6 projections, due to a review of the cost of the Barnhill PFI contract costs and an increase in the number of out borough placements for children with a Special Educational Need or Education, Health and Care Plans. 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, which could result in further amendments to the DSG.
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 and the impact of the introduction of the changes set out in the Children and Families Act 2014, which extends the age range down to 0 and up to 25, where there is evidence of additional pressures coming through in pre school and post 16 children, and an increase in the cost of Looked After Children placements out of Borough. The following Table summarises the Total DSG income and expenditure for 2015/16.

**Table 17: DSG Income and Expenditure**

Original Budget	Budget Changes	Funding Block	Month 7		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(145,373)	8,406	<b>Dedicated Schools Grant Income</b>	(136,967)	(136,967)	0	0	0
113,606	(10,817)	<b>Delegated to Schools</b>	102,789	104,337	1,548	1,548	(0)
4,581	(137)	<b>Early Years</b>	4,444	4,719	275	287	(12)
3,604	(148)	<b>Centrally Retained</b>	3,457	4,000	543	414	129
23,582	2,696	<b>Special Needs</b>	26,278	26,612	334	90	244
<b>0</b>	<b>0</b>	<b>Total Schools Budget</b>	<b>0</b>	<b>2,701</b>	<b>2,701</b>	<b>2,339</b>	<b>362</b>
0	0	Balance Brought Forward 1 April 2015	(4,083)	(4,083)			
		<b>Balance Carried Forward 31 March 2016</b>	<b>(4,083)</b>	<b>(1,382)</b>			

#### 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 allocation.

### **Early Years: £275k overspend, £12k improvement**

118. The Early Years funding block is projecting an overspend of £275k, an improvement of £12k on the month 6 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, netted down by an underspend of £48k on the Early Years Educational Psychology provision, which has experienced significant recruitment difficulties.

### **Centrally Retained: £543k overspend, £129k adverse**

119. The centrally retained budgets are projecting an overspend of £543k, an adverse movement of £129k on the month 6 position. £244k of 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. The increased costs of support services in line with the 2014/15 outturn figures, which will be charged to the DSG is contributing £150k to the overspend. Additionally a review of the Barnhill PFI costs has identified a cost pressure of £130k as the PFI grant is cash limited, whereas the PFI contract allows for indexation. The adverse movement on the month 6 position is due to an increase in the projected spend on the Barnhill PFI contract.

### **Special Needs: £334k overspend, £244k adverse**

120. The Special Needs budgets are projecting an overspend of £334k, an adverse movement of £244k on the month 6 position, due to emerging pressures resulting from out borough placements. The overspend is due primarily to an increase in the number of non-statemented pupils being placed in residential placements, though this is off-set by an underspend in salary budgets following the recent restructure. The SEN 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 £1,382k.

### Maintained School Balances

123. An ongoing review of school balances has started to identify that there are a number of schools facing cash flow difficulties, with a number setting an in year deficit, which will be funded from the schools surplus balances. Across Hillingdon, there is only one school that has an approved licensed deficit of £729k, however, it is evident that one primary school will be in deficit by the year end with a projected deficit of £118k.
124. The following table provides an update on the in year financial position of schools maintained by the Council (this excludes academy schools), based on school budget plans:

School Type	Total Number of Schools	Number of Schools In Year Deficits	Value of In Year Deficit £000
Primary	51	41	3,600
Secondary	2	2	600
Special	2	2	200
<b>Total</b>	<b>55</b>	<b>45</b>	<b>4,400</b>

125. Maintained Schools started the year with an opening surplus balance of £12.5 million, based on the school budget plans and the projected in year deficits, the year end total schools surplus balance will reduce to £8.1 million.

### Parking Revenue Account: £198k in year surplus (£29k favourable)

126. 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**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
(4,076)	0	Income	(4,076)	(4,030)	46	48	(2)
4,076	0	Expenditure	4,076	3,832	(244)	(217)	(27)
<b>0</b>	<b>0</b>	<b>In-year (Surplus) / Deficit</b>	<b>0</b>	<b>(198)</b>	<b>(198)</b>	<b>(169)</b>	<b>(29)</b>
		Unallocated Balances b/fwd			0	0	0
<b>0</b>	<b>0</b>	<b>Unallocated Balances C/fwd</b>	<b>0</b>	<b>(198)</b>	<b>(198)</b>	<b>(169)</b>	<b>(29)</b>

127. An in-year surplus of £198k is forecast for the 2015/16 financial year. There is a total shortfall of income of £46k (£2k favourable). The favourable movement relates to a revised projection for Pay & Display income.
128. The income pressure is offset by compensating savings totalling £244k (£27k favourable). The favourable position is a result of a review of recharges to the PRA and a decrease in the cost of levies.

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

**Collection Fund (£1,500k surplus, nil movement)**

130. 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.

131. The overall outlook for the fund is positive, with a surplus of £1,500k anticipated at this stage of the year arising from a £2,625k 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.

**Table 19: Collection Fund**

Original Budget	Budget Changes	Service	Month 6		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 67)	Variance (As at Month 6)	Movement from Month 6	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
(115,652)	0	Council Tax	Gross Income	(115,652)	(116,841)	(1,189)	(1,189)	0
14,153	0		Council Tax	14,153	13,699	(454)	(454)	0
(2,697)	0		Support B/fwd Surplus	(2,697)	(3,679)	(982)	(982)	0
<b>(104,196)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(104,196)</b>	<b>(106,821)</b>	<b>(2,625)</b>	<b>(2,625)</b>	<b>0</b>
(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/fwd Deficit	500	590	90	90	0
<b>(46,955)</b>	<b>0</b>	<b>Sub-Total</b>	<b>(46,955)</b>	<b>(45,830)</b>	<b>1,125</b>	<b>1,125</b>	<b>0</b>	
<b>(151,151)</b>	<b>0</b>	<b>Total Collection Fund</b>	<b>(151,151)</b>	<b>(152,589)</b>	<b>(1,500)</b>	<b>(1,500)</b>	<b>0</b>	

132. As a result of strong performance on collection to September 2015 and resulting reduction in provision for doubtful debts, a £1,189k overachievement of income is projected on Council Tax income at Month 7. 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 £454k in 2015/16. Taking account of the £982k surplus brought forward from 2014/15, £2,625k is therefore expected to be available for release to the General Fund in future years.

133. 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 continues to be 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 months.

## APPENDIX C – HOUSING REVENUE ACCOUNT

### Housing Revenue Account (£15k surplus, £182k adverse movement)

134. The Housing Revenue Account (HRA) is forecasting a surplus of £15k, an adverse movement of £182k compared to Month 6.

**Table 20: Housing Revenue Account**

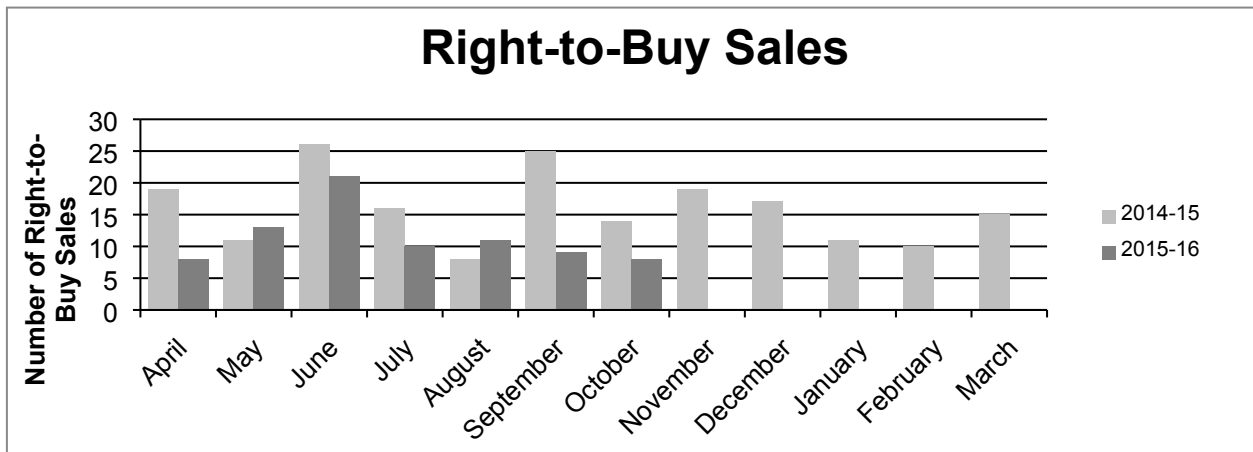
Original Budget £'000	Service	Month 7		Variance (+ adv / - fav)		
		Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Change from Month 6 £'000
(57,573)	Rent Income	(57,573)	(57,257)	316	393	(77)
(5,346)	Other Income	(5,346)	(5,226)	120	0	120
<b>(62,919)</b>	<b>Net Income</b>	<b>(62,919)</b>	<b>(62,483)</b>	<b>436</b>	<b>393</b>	<b>43</b>
10,806	Housing Management	10,806	10,961	155	154	1
5,320	Tenant Services	5,320	4,961	(359)	(359)	0
5,078	Repairs	5,078	4,973	(105)	(243)	138
3,477	Planned Maintenance	3,643	3,501	(142)	(142)	0
19,810	Contribution to Works to Stock	19,644	19,644	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
<b>61,256</b>	<b>Operating Costs</b>	<b>61,256</b>	<b>60,805</b>	<b>(451)</b>	<b>(590)</b>	<b>139</b>
<b>(1,663)</b>	<b>(Surplus) / Deficit</b>	<b>(1,663)</b>	<b>(1,678)</b>	<b>(15)</b>	<b>(197)</b>	<b>182</b>
(30,577)	General Balance 1 April 2015	(30,577)	(30,577)		0	0
<b>(32,240)</b>	<b>General Balance 31 March 2016</b>	<b>(32,240)</b>	<b>(32,255)</b>	<b>(15)</b>	<b>(197)</b>	<b>182</b>

### Income: £436k pressure (£43k adverse movement)

135. There is a forecast pressure on rental income of £316k, an improvement of £77k compared to Month 6, due to the impact of a reduced forecast for Right-to-Buy (RTB) sales and improved void turnaround performance.

136. The overall pressure arises from the impact of RTB sales over the last year. The current estimate for RTB sales in the current year is 175 sales, a reduction of 25 sales compared to the 200 sales forecast in Month 6. There have been 80 sales completed this financial year to the end of October. The chart below shows the RTB sales per month since April 2014:

### Chart 1: Monthly RTB Sales



137. There is also a forecast pressure of £120k on leaseholder contributions to capital works due to re-phasing in the HRA capital programme, an adverse movement of £120k compared to Month 6.

#### **Expenditure: £451k underspend (£139k adverse movement)**

138. The Planned Works team is projecting a £343k underachievement of capitalised fee income, as a result of re-phasing of the Works to Stock programme, an adverse movement of £18k compared to Month 6.
139. RTB administration income is forecast to exceed the income target by £100k, an adverse movement of £71k compared to Month 6, reflecting the reduced forecast for sales described above.
140. There is a forecast staffing underspend of £88k in the Community Housing team as a result of vacant posts in the service, an improvement of £88k compared to Month 6.
141. Legal and consultancy costs arising from the contract dispute regarding Triscott House are projected to be £402k. Due to the uncertainty over the scale and timing of the costs and of any cost recovery, these costs are being met initially from the general contingency of £873k.
142. For tenant services, there is a projected underspend of £359k, relating to vacant posts being held pending further restructuring, no change compared to Month 6.
143. The repairs budget is showing a forecast £105k underspend, an adverse movement of £138k. Expenditure on void works is increasing, which is being offset by the impact of staffing underspends while the service is undergoing restructuring, as well as the positive impact on rent income described above. The underspend excludes the projected cost of external management of service and interim support for the restructuring process estimated at £386k, an adverse movement of £28k due to additional interim support being recruited, which is covered by the repairs element of the Development & Risk Contingency. There are also continuing costs from remedial works at Triscott House estimated at an additional £194k this financial year, no change compared to Month 6, and it is anticipated that these costs will also be met by the repairs contingency. The repairs contingency is available to cover one-off costs within the year and totals £680k.
144. There is a forecast underspend on gas servicing within the planned maintenance budget of £142k, no change compared to Month 6.

#### **Savings**

145. The HRA budget contains savings targets of £2,448k as shown in 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	(675)	(1,000)	(1,675)	68.42%
G On track for delivery	(650)	(123)	0	0	(773)	31.58%
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%
<b>Total 2015/16 Savings</b>	<b>(650)</b>	<b>(123)</b>	<b>(675)</b>	<b>(1,000)</b>	<b>(2,448)</b>	<b>100.00%</b>

146. 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 completing reorganisations with further savings expected to materialise through this process.

147. The responsive maintenance saving of £123k is still on target to be achieved.

148. The £675k of planned maintenance savings and the additional £1,000k from the planned maintenance budget have been delivered.

## HRA Capital

149. The forecast outturn on the HRA capital programme is set out:

**Table 22 - HRA Capital Expenditure**

	Revised Budget 2015/16 £000	Forecast 2015/16 £000	Cost Variance Forecast vs Budget £000	Project Re-phasing £000	Total Project Budget 2015-2020 £000	Total Project Forecast 2015-2020 £000	Total Project Variance £000	Change from Month 6 £000
Dwelling Components	7,750	2,566	(396)	(4,788)	34,355	33,959	(396)	
Estates / Blocks	2,477	1,729	(297)	(451)	9,951	9,654	(297)	117
Welfare	2,600	2,162		(438)	9,500	9,500		
Other Projects	524	397		(127)	524	524		
Contingency	2,000	2,000		-	10,000	10,000	-	-
Total Works to Stock	15,351	8,854	(693)	(5,804)	64,330	63,637	(693)	117
Purchase & Repair	4,267	4,267			11,566	11,566		
New Build - General Needs	2,750	5,927		3,177	31,252	31,011	(241)	
New Build - RSL					5,400	5,400		
Supported Housing	9,104	872		(8,232)	39,737	39,978	241	
Land Appropriations	8,026	3,508		(4,518)	8,026	8,026		
Total Major Projects	24,147	14,574		(9,573)	95,981	95,981	0	0



Former New Build Schemes	97	995	898		97	995	898	
<b>Total</b>	<b>39,595</b>	<b>24,423</b>	<b>205</b>	<b>(15,377)</b>	<b>160,408</b>	<b>160,613</b>	<b>205</b>	<b>117</b>
Change from Month 6	(166)	1,184	113	1,131				

## Works to Stock

150. The Works to Stock programme has a forecast phasing underspend of £5,804k, an increased re-phasing of £1,131k compared to Month 6, as a number of schemes will not be implemented this financial year.
- Dwelling Component Renewal - the forecast underspend of £5,184k is partly due to the kitchens and bathrooms programme being under review (£1,600k slippage, an increase of £200k compared to Month 6). There are also projected underspends on roofing projects, double glazing installation, boilers and structural projects.
  - Estates and Blocks Renewal - the forecast underspend of £748k is due mainly to the time required to tender and carry out leaseholder consultation on lift works, although an estimated £297k of lift repairs are due to be carried out in the interim this financial year, from the planned maintenance revenue budget which may replace renewal requirements included in the capital budget. The budget has been reduced by £166k under delegated authority to transfer reactive maintenance of the housing road network to revenue planned maintenance.
  - Welfare - the sheltered remodelling works programme of £1,000k will slip into 2016/17 to allow time for a detailed programme to be prepared, however it is currently anticipated that expenditure on major adaptations to HRA properties this financial year could exceed the budget of £1,500k by as much as £544k, due to the delivery of backlog adaptations approved last year.
  - Other Projects - an amount of £127k is forecast as re-phasing representing the remaining budget for further housing fleet vehicle purchases which may be required in the future but are not anticipated this financial year.
151. Land Appropriations - the current year forecast is for re-phasing of £4,518k as not all sites are likely to be appropriated for supported housing this year. Appropriation of the Acol Crescent site has now been slipped into 2016/17, as it is unlikely that any development of the site will commence this financial year. Planning discussions regarding the site are still taking place.

## Major Projects

152. Purchase and Repair Programme - There have been nine purchases in 2015/16 at a total cost of £1,978k. There are nine other potential buy back properties that have been valued and are at different stages of the acquisition process.
153. 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.
154. Approval has been given to the acquisition of one site containing 41 units, currently being developed by Paradigm Housing. The net approved cost is £5,927k, partly funded by the application of the Trickle Transfer Funding and also by utilising RTB receipts, and the development is expected to be completed in November 2015. Acquisition of this development

will require the re-phasing forward of the New Build General Needs Stock budget of £31,252k between financial years.

155. Supported Housing Programme - Approval for 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.
156. The other identified sites remain under consideration. These timescales involved for delivery require a forecast re-phasing of £8,232k.
157. 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

158. There have been 80 RTB sales of Council dwellings as at end of October 2015 for a total sales value of £9,241k, out of a total forecast of 175 sales for the year, resulting in projected gross receipts of £20.3 million.
159. The Council has signed an agreement with DCLG 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 central Government with the addition of punitive interest.
160. The table below sets out the total level of retained receipts since the inception of the agreement:

**Table 23: 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	2,041	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
2015/16 Q1 Actual	42	4,335	1,266	3,069	June 2018
2015/16 Q2 Actual	30	2,901	750	2,151	Sept 2018
<b>Total Retained Receipts</b>	<b>402</b>	<b>36,820</b>	<b>11,559</b>	<b>25,261</b>	

161. Up to the end of Quarter 2 of 2015/16 there have been £36,820k retained RTB receipts to be used for allowable debt purposes and one for one housing replacement of which £57k has been actually applied as capital financing. The first deadline is at the end of this financial year and requires £2,595k of receipts to be applied by March 2016. The use of retained RTB 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 repair

(buyback) expenditure to be financed from retained receipts, however this is capped at 6.5% of the total level of receipts in that quarter. Therefore, 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, which will be met by the application of receipts to buyback properties and the Paradigm Housing development described above. However, full utilisation of all receipts available up to 2018/19 will require further sustained delivery of the remainder of the new build major projects programme.

## Appendix D - GENERAL FUND CAPITAL PROGRAMME

162. As at Month 7 an under spend of £45,898k is reported on the £110,976k General Fund Capital Programme, with £3,487k favourable cost variances and £42,411k slippage on project expenditure. The forecast outturn variance over the life of the 2015/16 to 2019/20 programme is £3,487k under spend relating partly to completed Primary Schools expansions projects and also on various other schemes.
163. General Fund Capital Receipts of £9,956k are forecast for 2015/16, with total receipts to 2019/20 expected to reach £63,083k, representing a favourable variance of £1,178k against budget. Slippage of £15,984k in capital receipts originally forecast for 2015/16 is reported with this shortfall expected to be recovered from 2016/17 onwards.
164. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 capital programme is forecast to be within budget by £3,682k. Cost under spends of £3,487k and improvements in capital receipts and CIL forecasts totalling £2,678k are partly offset by shortfalls of grant funding of £2,483k. The grant shortfall is mainly due to 2015/16 Department for Education grant being lower than original budget estimates.

### Capital Programme Overview

165. Table 24 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in the attached tables. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2015.

**Table 24: General Fund Capital Programme Summary**

	Revised Budget 2015/16 £'000	Forecast 2015/16 £'000	Cost Variance Forecast vs Budget £'000	Project Re-phasing £'000	Total Project Budget 2015-2020 £'000	Total Project Forecast 2015-2020 £'000	Total Project Variance £'000	Movement from Month 6 £'000
Schools Programme	41,993	32,105	(2,284)	(7604)	152,677	150,393	(2,284)	(363)
Main Programme	25,797	12,365	(943)	(12,489)	40,202	39,259	(943)	(250)
Programme of Works	24,535	17,248	(362)	(6,925)	74,322	73,960	(362)	-
Future Projects	17,7903	2,612	102	(15,393)	67,760	67,862	102	12
<b>Total Main Programme</b>	<b>110,228</b>	<b>64,330</b>	<b>(3,487)</b>	<b>(42,411)</b>	<b>334,961</b>	<b>331,474</b>	<b>(3,487)</b>	<b>(601)</b>
General Contingency	748	748			6,748	6,748	-	-
Provision for Additional Schools Funding	-	-			7,022	7,022	-	-
<b>Total Capital Programme</b>	<b>110,976</b>	<b>65,078</b>	<b>(3,487)</b>	<b>(42,411)</b>	<b>348,731</b>	<b>345,244</b>	<b>(3,487)</b>	<b>(601)</b>
<b>Movement from Month 6</b>	<b>118</b>	<b>6,715</b>	<b>(601)</b>	<b>(6,232)</b>	<b>118</b>	<b>(483)</b>	<b>(601)</b>	

166. The budget has increased by £118k due to the allocation of DSG funding towards the costs of providing childcare provision at Pinkwell Pavilion. The site is a mixed use community facility and the works are part of a wider refurbishment of the bowls club.
167. The Schools Programme reports a cost under spend of £2,284k, a favourable movement of £363k, mainly due to further savings on completed schemes within the Primary Schools expansions (phase 2) and new build programmes (phase 3). 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.

168. The main programme contains sufficient overall budget provision for this year for various schemes in the programme to be delivered with a forecast £943k under spend, inclusive of minor cost pressures of £37k on completion of the Central Library Refurbishment and other residual costs totalling £47k on several prior year schemes. This represents a favourable movement of £250k on several schemes including West Drayton Cemetery expansion.
169. The underspend of £362k on Programme of Works is around Private Sector Renewal Grants where elements of the budget remain unallocated and this includes £212k previously assumed grant funding that will not be received resulting in a grant financed underspend.
170. Within Future Projects there is a forecast cost pressure of £102k. A minor overspend of £12k has arisen on Harlington/Pinkwell Bowls Club and Pavilion where detailed cost estimates are slightly higher than the approved budget. The other cost pressure of £90k is on Ruislip Lido Boat House replacement scheme due to a change in scope of the scheme.
171. Slippage of £42,411k is reported across the capital programme and this is a further movement of £6,232k from last month on various projects and programmes including Schools and the Civic Centre Works Programme. At this stage of the year it is proposed that £37,662k budget is re-phased into future years to reflect the timing of current projections. This is detailed by scheme in the Annex to this report.
172. There remain £6,748k 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 schools places within the Borough.

## Capital Financing - General Fund

173. Table 25 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £3,682k reported on Prudential Borrowing, due to scheme cost underspends and increase in other sources of finance largely offset by a shortfall in grant income for the 2015/16 Schools Programme.

**Table 25: 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 6 £'000
Council Resource Requirement	81,157	41,630	(39,527)	211,802	210,798	(1,004)	(633)
Financed by							
Capital Receipts	25,940	9,956	(15,984)	61,905	63,083	1,178	357
CIL	2,500	2,000	(500)	20,000	21,500	1,500	-
Prudential Borrowing	52,717	29,674	(23,043)	129,897	126,215	(3,682)	(990)
<b>Total Council Resources</b>	<b>81,157</b>	<b>41,630</b>	<b>(39,527)</b>	<b>211,802</b>	<b>210,798</b>	<b>(1,004)</b>	<b>(633)</b>
Grants & Contributions	29,819	23,448	(6,371)	136,929	134,446	(2,483)	32
<b>Total Programme</b>	<b>110,976</b>	<b>65,078</b>	<b>(45,898)</b>	<b>348,731</b>	<b>345,244</b>	<b>(3,487)</b>	<b>(601)</b>

174. Total receipts achieved for the year amount to £5,008k and the forecast is £9,956k for 2015/16. The overall forecast has improved by £357k due to expected overage on a previously sold site arising from changes in planning consent. There is risk in the timing of receipts which is reflected in the adverse phasing variance of £15,984k in this financial year, however over the life of the programme there is a favourable variance of £1,178k. This is due mainly to an increase in the General Fund share of forecast Right to Buy receipts over the original budget and improvements in valuations over original estimates for various sites. There is, however, significant 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.
175. A total of £1,628k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced by the Council to the end of October 2015, which represents a movement of £1,539k from last month and this is due to a major retail development. The forecast has improved by £1,500k over the medium term as it is expected that there will be increased residential development over the next five years. Spend to date on eligible activity exceeds the £1,628k receipts 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.
176. On grants there is an adverse variance of £2,483k 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. The position around grant funding for future years of the Schools programme is under review. The favourable movement of £32k is due to a scheme that will be funded from Environmental and Recreational Initiatives revenue contribution to capital.

## APPENDIX 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
	<b>Schools Expansion Programme</b>										
127,228	Primary Schools Expansions	14,960	9,821	(5,139)	(2,880)	15,095	12,836	(2,259)	10,687	715	1,434
0	New Primary Schools Expansions	1,710	300	(1,410)	(1,410)	13,500	13,500	0	5,246	8,254	0
84	Secondary Schools Expansions	2,604	300	(2,304)	(2,304)	76,816	76,816	0	18,399	56,854	1,563
1,207	Secondary Schools New Build	22,500	21,499	(1,001)	(1,001)	47,047	47,047	0	37,700	9,347	0
0	Hearing Impaired Resource Base (Vyners)	219	185	(34)	(9)	219	194	(25)	194	0	0
<b>128,519</b>	<b>Total Schools Programme</b>	<b>41,993</b>	<b>32,105</b>	<b>(9,888)</b>	<b>(7,604)</b>	<b>152,677</b>	<b>150,393</b>	<b>(2,284)</b>	<b>72,226</b>	<b>75,170</b>	<b>2,997</b>

## APPENDIX 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
	<b>Main Programme</b>										
3,899	Environmental Assets	556	281	(275)	0	556	281	(275)	281	0	0
5,196	Purchase of Vehicles	2,545	473	(2,072)	(2,072)	2,545	2,545	0	2,545	0	0
0	Natural England Fencing & Gating	30	30	0	0	30	30	0	0	30	0
32,198	Hillingdon Sports & Leisure Centre	862	100	(762)	(762)	862	862	0	862	0	0
285	Sport & Cultural Projects	629	594	(35)	(35)	629	629	0	353	0	276
237	Yiewsley Health Centre	4,302	0	(4,302)	0	8,233	8,233	0	8,233	0	0
813	Eascote House Buildings and Gardens	434	399	(35)	(35)	434	434	0	0	0	434
158	ICT Infrastructure	1,042	822	(220)	(220)	1,042	1,042	0	1,042	0	0
1,089	Harlington Road Depot Refurbishment	263	236	(27)	(27)	263	263	0	263	0	0
0	Uxbridge Cemetery Gatehouse & Chapel	1,000	150	(850)	(850)	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	2,314	2,160	(154)	(154)	4,703	4,703	0	334	4,139	230
25	Inspiring Shopfronts	560	147	(413)	(413)	1,553	1,553	0	1,553	0	0
0	Gateway Hillingdon	606	50	(556)	(556)	3,378	3,378	0	3,378	0	0
45	Whiteheath Farm Refurbishment	265	50	(215)	(215)	265	265	0	265	0	0
326	Grounds Maintenance	677	677	0	0	677	677	0	677	0	0
128	West Drayton Cemetery & Resurfacing	503	300	(203)	(53)	503	353	(150)	353	0	0
192	Kings College Pavilion Running Track	38	38	0	0	38	38	0	0	0	38
0	Telecare Equipment	600	300	(300)	(300)	600	600	0	300	300	0
152	CCTV Programme	335	140	(195)	(195)	335	335	0	258	0	77
1	Youth Centres Kitchen Upgrades	142	120	(22)	0	142	120	(22)	90	0	30
9,488	Central Library Refurbishment	0	37	37	0	0	37	37	37	0	0
0	Yiewsley Library Purchase	702	702	0	0	702	702	0	702	0	0
609	Infant Free School Meals	1,193	1,167	(26)	(26)	1,193	1,193	0	477	715	1
0	Youth Centre Project	1,400	150	(1,250)	(1,250)	2,400	2,400	0	2,374	26	0
0	Cedars & Granges Car Park Improvements	3,075	2,998	(77)	(77)	3,075	3,075	0	2,875	0	200
0	Dementia Centre	1,000	53	(947)	(947)	2,000	2,000	0	1,947	53	0
25,117	Major Projects Completing in 2015/16	144	191	47	0	144	191	47	107	84	0
<b>80,214</b>	<b>Total Main Programme</b>	<b>25,797</b>	<b>12,365</b>	<b>(13,432)</b>	<b>(8,187)</b>	<b>40,202</b>	<b>39,259</b>	<b>(943)</b>	<b>30,306</b>	<b>7,667</b>	<b>1,286</b>



## APPENDIX 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
	<b>Programme of Works</b>										
N/A	Leaders Initiative	536	304	(232)		1,336	1,336	0	1,336	0	0
N/A	Chrysalis Programme	1,896	1,396	(500)		5,896	5,896	0	5,672	0	224
N/A	Civic Centre Works Programme	1,300	500	(800)		2,300	2,300	0	2,300	0	0
N/A	Formula Devolved Capital to Schools	1,387	1,387	0		3,099	3,099	0	0	2,597	502
N/A	Highways Localities Programme	236	236	0		1,060	1,060	0	1,060	0	0
N/A	Highways Structural Works	3,276	2,276	(1,000)		6,316	6,316	0	6,316	0	0
N/A	Pavement Priority Growth	2,000	677	(1,323)		2,000	2,000	0	2,000	0	0
N/A	ICT Single Development Plan	682	313	(369)		2,282	2,282	0	2,282	0	0
N/A	Property Works Programme	480	480	0		2,400	2,400	0	2,283	117	0
N/A	Road Safety	380	275	(105)		1,180	1,180	0	1,180	0	0
N/A	Street Lighting	144	90	(54)		720	720	0	720	0	0
N/A	Transport for London	4,983	3,783	(1,200)		19,618	19,618	0	0	18,745	873
N/A	Urgent Building Condition Works	3,568	2,273	(1,295)		9,400	9,400	0	1,826	6,290	1,284
N/A	Disabled Facilities Grant	2,300	2,300	0		11,500	11,500	0	2,655	8,845	0
N/A	Adaptations for Adopted Children	200	200	0		1,000	1,000	0	1,000	0	0
N/A	Private Sector Renewal Grant	562	200	(362)		3,610	3,248	(362)	2,000	1,248	0
N/A	Landlord Property Renovation Grant	200	200	0		200	200	0	100	100	0
<b>0</b>	<b>Total Programme of Works</b>	<b>24,535</b>	<b>17,248</b>	<b>(7,287)</b>		<b>74,322</b>	<b>73,960</b>	<b>(362)</b>	<b>32,730</b>	<b>37,942</b>	<b>3,288</b>

## APPENDIX 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
	<b>Future Projects</b>										
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	32	(968)	(968)	1,000	1,000	0	968	0	32
N/A	Capital Priority Growth	965	0	(965)	(965)	965	965	0	965	0	0
N/A	RAGC Car Park	250	100	(150)	(150)	250	250	0	250	0	0
N/A	Car Park Resurfacing	250	180	(70)	(70)	250	250	0	250	0	0
N/A	Ruislip Lido Boat House	210	285	75	(15)	210	300	90	300	0	0
N/A	Bowls Club Refurbishments	750	150	(600)	(600)	750	750	0	50	0	700
N/A	Harlington/Pinkwell Bowls Club & Football Pavillion	318	315	(3)	(15)	318	330	12	12	0	318
N/A	Haste Hill Golf Club	530	400	(130)	(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	200	(6,528)	(6,528)	44,000	44,000	0	42,950	0	1,050
N/A	New Museum	1,605	200	(1,405)	(1,405)	5,000	5,000	0	4,250	0	750
N/A	Battle of Britain Bunker Heritage Pride Project	4,850	750	(4,100)	(4,100)	4,850	4,850	0	4,850	0	0
N/A	Local Plan Requirement	197	0	(197)	0	197	197	0	197	0	0
N/A	Community Safety Assets	250	0	(250)	0	250	250	0	250	0	0
<b>0</b>	<b>Total Future Projects</b>	<b>17,903</b>	<b>2,612</b>	<b>(15,291)</b>	<b>(14,946)</b>	<b>67,760</b>	<b>67,862</b>	<b>102</b>	<b>61,766</b>	<b>3,246</b>	<b>2,850</b>
	<b>Development &amp; Risk Contingency</b>										
0	General Contingency	748	748	0	0	6,748	6,748	0	6,748	0	0
0	Provision for Additional Secondary Schools Funding	0	0	0	0	7,022	7,022	0	7,022	0	0
	<b>Total Development &amp; Risk Contingency</b>	<b>748</b>	<b>748</b>	<b>0</b>	<b>0</b>	<b>13,770</b>	<b>13,770</b>	<b>0</b>	<b>13,770</b>	<b>0</b>	<b>0</b>
<b>208,733</b>	<b>Total GF Capital Programme</b>	<b>110,976</b>	<b>65,078</b>	<b>(45,898)</b>	<b>(30,737)</b>	<b>348,731</b>	<b>345,244</b>	<b>(3,487)</b>	<b>210,798</b>	<b>124,025</b>	<b>10,421</b>

## Appendix E – Treasury Management Report as at 31 October 2015

**Table 26: Outstanding Deposits - Average Rate of Return on Deposits: 0.55%**

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	87.3	48.66%	40.00%
1-2 Months	5.0	2.79%	10.00%
2-3 Months	5.0	2.79%	5.00%
3-6 Months	67.4	37.57%	25.00%
6-9 Months	5.0	2.79%	5.00%
9-12 Months	7.0	3.90%	10.00%
12-18 Months	2.5	1.39%	5.00%
18-24 Months	0.0	0.00%	0.00%
<b>Subtotal</b>	<b>179.2</b>	<b>99.89%</b>	<b>100.00%</b>
Unpaid Maturities	0.2	0.11%	0.00%
<b>Grand Total</b>	<b>179.4</b>	<b>100.00%</b>	<b>100.00%</b>

177. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA rated Money Market Funds, Pooled Funds, Birmingham CC, Blaenau Gwent CBC, Cornwall CC, Highland Council, Lancashire CC, Moray Council, Wolverhampton CC, Close Brothers, Goldman Sachs International, HSBC, Lloyds, Santander and UK Treasury Bills. The Council also holds one Certificate of Deposit, with Standard Chartered. The Council holds a Covered Bond with Lloyds and overseas deposits are held with Svenska Handelsbanken, Development Bank of Singapore, Oversea China Banking Corporation (OCBC) and National Australia Bank.
178. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held for short periods to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risks. Currently (end of Q2) 48% of the councils total funds have exposure to bail-in risk compared to an average 68% in the Local Authority Sector. Within the 48% of investments exposed to bail-in, 27% is in held in instant access facilities.
179. 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. To improve yield and maintain diversification, 3 six month deposits, including one Certificate of Deposit were placed.

**Table 27: Outstanding Debt - Average Interest Rate on Debt:3.01%**

	Actual (£m)	Actual (%)
<b>General Fund</b>		
PWLB	65.99	20.73
Long-Term Market	15.00	4.71
<b>HRA</b>		
PWLB	204.32	64.19
Long-Term Market	33.00	10.37
<b>Total</b>	<b>318.31</b>	<b>100.00</b>

180. There was one scheduled debt repayment during October of £389k, however as premiums still remain high, there were no early repayment opportunities. There were no breaches of the prudential indicators or non-compliance with the treasury management policy and practices.

### **Ongoing Strategy**

181. 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

186. 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 26: Consultancy and agency assignments**

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
<b>Residents Services</b>						
Repairs Services Manager	23/11/2015	23/11/2015	03/10/2016	0	79	79
Client Account Manager/Snr Consultant	23/11/2015	23/11/2015	03/10/2016	0	124	124
Principle Quantity Surveyor	07/10/2012	30/11/2015	28/02/2016	196	18	214
Project Manager	19/08/2012	30/11/2015	29/05/2016	201	49	250
Senior Project Engineer	10/06/2013	14/12/2015	13/03/2016	155	17	172
Architect	01/07/2013	14/12/2015	06/03/2016	120	13	133
OPHS Officer	02/07/2014	14/12/2015	04/03/2016	42	8	50
Building Control Surveyor	23/08/2012	28/12/2015	27/03/2016	115	10	125
<b>Adult Social Care</b>						
Senior Residential Worker	01/09/2014	30/11/2015	31/03/2016	51	4	55
Residential Care Worker	01/04/2012	30/11/2015	29/02/2016	97	3	100
Team Manager	03/11/2014	30/11/2015	29/02/2016	91	8	99
Lead Approved Mental Health Practitioner	01/06/2012	30/11/2015	29/02/2016	147	6	153
Occupational Therapist	07/10/2013	30/11/2015	29/02/2016	129	3	132
Approved Mental Health Worker	08/05/2014	30/11/2015	29/02/2016	86	8	94
Care Act Programme Implementation Manager	02/10/2014	30/11/2015	29/02/2016	173	17	190
Lead Nurse	07/12/2014	30/11/2015	29/02/2016	68	7	75
Assistant Ed Psychologist	12/11/2014	30/11/2015	29/02/2016	62	6	68
Approved Mental Health Worker	01/03/2014	30/11/2015	29/02/2016	74	8	82
LD Programme Review	29/07/2015	30/11/2015	29/02/2016	55	16	71
Occupational Therapist	01/04/2015	30/11/2015	29/02/2016	47	4	51
Special Needs Officer	05/01/2015	30/11/2015	29/02/2016	47	6	53
Speech & Language	16/03/2015	30/11/2015	29/02/2016	51	7	58

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Therapist						
<b>Children &amp; Young People's Services</b>						
Case Progression Manager	07/04/2014	07/12/2015	03/01/2016	148	7	155
Child Protection Chair	13/04/2015	07/12/2015	03/01/2016	56	7	63
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	07/12/2015	03/01/2016	95	6	101
Corporate Parenting Manager	01/09/2014	07/12/2015	03/01/2016	97	6	103
Independent Reviewing Officer	27/05/2014	07/12/2015	03/01/2016	117	7	124
Key Worker - NEET (Post 16 care leavers)	15/06/2014	07/12/2015	03/01/2016	54	3	57
Key Worker - NEET (Young Offenders)	18/05/2015	07/12/2015	03/01/2016	54	3	57
Local Authority Designated Officer	18/02/2015	07/12/2015	03/01/2016	56	7	63
MASH Manager	13/01/2014	07/12/2015	03/01/2016	163	10	173
Quality Assurance Auditor (Social Work Cases)	08/05/2014	07/12/2015	03/01/2016	65	7	72
Senior Social Worker	25/09/2013	07/12/2015	03/01/2016	78	6	84
Service Manager Children in Care	07/07/2014	07/12/2015	03/01/2016	166	12	178
Service Manager Fostering and Adoption	10/12/2014	07/12/2015	03/01/2016	121	11	132
Social Worker	19/12/2011	07/12/2015	03/01/2016	179	6	185
Social Worker	19/12/2011	07/12/2015	03/01/2016	181	6	187
Social Worker	19/12/2011	07/12/2015	03/01/2016	204	6	210
Social Worker	06/01/2012	07/12/2015	03/01/2016	227	6	233
Social Worker	05/03/2012	07/12/2015	03/01/2016	216	6	222
Social Worker	05/03/2012	07/12/2015	03/01/2016	233	6	239
Social Worker	30/04/2012	07/12/2015	03/01/2016	117	6	123
Social Worker	01/01/2013	07/12/2015	03/01/2016	153	5	158
Social Worker	01/01/2013	07/12/2015	03/01/2016	163	6	169
Social Worker	01/04/2013	07/12/2015	03/01/2016	137	6	143
Social Worker	01/04/2013	07/12/2015	03/01/2016	147	6	153
Social Worker	01/10/2013	07/12/2015	03/01/2016	71	5	76
Social Worker	02/12/2013	07/12/2015	03/01/2016	115	6	121
Social Worker	23/12/2013	07/12/2015	03/01/2016	102	6	108
Social Worker	03/03/2014	07/12/2015	03/01/2016	107	4	111
Social Worker	05/03/2014	07/12/2015	03/01/2016	63	6	69
Social Worker	08/05/2014	07/12/2015	03/01/2016	104	6	110
Social Worker	13/05/2014	07/12/2015	03/01/2016	85	6	91
Social Worker	06/06/2014	07/12/2015	03/01/2016	87	6	93

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Social Worker	19/06/2014	07/12/2015	03/01/2016	89	6	95
Social Worker	19/06/2014	07/12/2015	03/01/2016	100	6	106
Social Worker	04/08/2014	07/12/2015	03/01/2016	96	6	102
Social Worker	11/08/2014	07/12/2015	03/01/2016	104	7	111
Social Worker	19/08/2014	07/12/2015	03/01/2016	88	5	93
Social Worker	05/09/2014	07/12/2015	03/01/2016	90	6	96
Social Worker	17/09/2014	07/12/2015	03/01/2016	79	6	85
Social Worker	30/09/2014	07/12/2015	03/01/2016	88	6	94
Social Worker	11/10/2014	07/12/2015	03/01/2016	63	5	68
Social Worker	27/10/2014	07/12/2015	03/01/2016	47	6	53
Social Worker	27/10/2014	07/12/2015	03/01/2016	59	6	65
Social Worker	27/10/2014	07/12/2015	03/01/2016	76	6	82
Social Worker	07/11/2014	07/12/2015	03/01/2016	77	6	83
Social Worker	15/12/2014	07/12/2015	03/01/2016	49	5	54
Social Worker	06/01/2015	07/12/2015	03/01/2016	60	6	66
Social Worker	02/02/2015	07/12/2015	03/01/2016	56	5	61
Social Worker	04/02/2015	07/12/2015	03/01/2016	53	5	58
Social Worker	13/04/2015	07/12/2015	03/01/2016	51	6	57
Social Worker	18/05/2015	07/12/2015	03/01/2016	51	6	57
SW Learning & Development Mentor	17/11/2014	07/12/2015	03/01/2016	79	6	85
Team Manager	01/01/2013	07/12/2015	03/01/2016	197	7	204
Team Manager	09/09/2013	07/12/2015	03/01/2016	136	7	143
Team Manager	02/06/2014	07/12/2015	03/01/2016	103	7	110
Team Manager	01/07/2014	07/12/2015	03/01/2016	105	6	111
Team Manager	31/07/2014	07/12/2015	03/01/2016	88	7	95
Team Manager	30/09/2014	07/12/2015	03/01/2016	92	7	99
Team Manager	02/03/2015	07/12/2015	03/01/2016	62	7	69
Team Manager - MASH	28/09/2014	07/12/2015	03/01/2016	104	7	111