

# COUNCIL BUDGET -2015/16 MONTH 9 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 £1,421k is projected against 2015/16 General Fund revenue budgets as of December 2015 (Month 9), representing an improvement of £117k 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 objectives of: <i>Our People; Our Built Environment; Our Natural Environment; Our Heritage and Civic Pride; Financial Management</i></p> <p>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 as at December 2015 (Month 9).
2. Continue the delegated authority up until the 17 March 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 21 January 2016 and 18 February 2016 Cabinet meetings, detailed at Appendix F.

3. **Accepts capital grant funding of £85,000 from British Cycling towards the development of the link roads and skills apron extension at Hillingdon Cycle Circuit, Springfield Road, Hayes.**
4. **Approves the appointment of Wernick Buildings Limited as principal contractor for the replacement of the Ruislip Lido boathouse project with subcontractor to carry out demolition of the existing boathouse and the installation of the foundations for the new building, subject to costs being as approved by Cabinet in December 2015 (or less), with officers instructed to re-tender the project, should the cost increase.**

## **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 3 - British Cycling has awarded the Council £85,000 towards a total project cost of £105,450 for the provision of two 'link' carriageways and extension of the existing flat cycle skills teaching area located at Minet Park in Hayes. The remaining £20,450 funding will be met from the Transport for London Local Implementation Plan 2015/16 grant. Work to the full value of British Cycling's award must be carried out and spent by the Council before 31 March 2016.
3. Recommendation 4 - In December 2015 Cabinet approved the appointment of Wernick Buildings Limited to manufacture and install a new building to replace the existing Lido Boathouse for the sum of £180,371 and also the appointment of Evabuild Limited to undertake the demolition of the existing boathouse and the installation of the foundations for the new building within a provisional sum allowance of £56,100. Subsequently Evabuild Limited have withdrawn their services and therefore it is proposed that Wernick Buildings Limited be appointed to cover these elements also. Wernick Buildings Limited will be required to appoint a subcontractor to carry out the work and at this exact stage costs are not yet known, though it is recommended that the project costs remain as approved by Cabinet with officers re-tendering the works if costs are to increase.

### **Alternative options considered**

4. There are no other options proposed for consideration.

## SUMMARY

### REVENUE

5. An underspend on normal operating activities of £971k is projected at Month 9 for General Fund revenue budgets, with management action across all service areas expected to deliver underspends of £2,584k on Directorate Operating Budgets and £1,370k across Corporate Operating Budgets sufficient to contain £2,983k emergent pressures within contingency. This represents an improvement of £117k on the position reported at Month 8, with further growth in the cost of Looked After Children's placements balanced by improvements across other Directorate Operating Budgets and from the release of contingency previously held to manage Care Act Implementation costs. Outside normal operating activity, recovery of £450k Icelandic investments, first reported in Month 4, brings the headline underspend to £1,421k for 2015/16.
6. The 2015/16 revenue budget contains savings of £10,034k, including £127k items brought forward from 2014/15. At Month 9, £6,144k of savings are banked in full, and a further £2,058k on track for delivery in full. The remaining £1,832k is currently reported as 'amber' primarily due to the expected phasing of delivery rather than more fundamental delivery issues.
7. General Fund balances are projected to total £36,860k 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 £1,421k 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.
8. 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. Release of this net £1,500k surplus is reflected in the 2016/17 budget proposals.
9. The latest budget monitoring position and current status of the 2015/16 savings programme have been reviewed alongside the development of the 2016/17 proposed budget and have been reflected in the Council's Budget for 2016/17 presented to Members elsewhere on this agenda.

### CAPITAL

10. As at Month 9 an underspend of £24,293k is reported on the £80,911k General Fund Capital Programme for 2015/16, with £4,253k favourable cost variances and £20,040k slippage on project expenditure. The forecast outturn variance over the life of the 2015/16 to 2019/20 programme is £4,253k underspend relating partly to completed Primary School expansions projects and also on various other schemes.
11. General Fund Capital Receipts of £9,956k are forecast for 2015/16, with total receipts to 2019/20 expected to reach £62,227k, representing a favourable variance of £322k against budget.
12. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 Capital Programme is forecast to be £3,592k lower than assumed at budget setting in February 2015. Cost underspends of £4,253k and improvements in Capital Receipts and CIL forecasts totalling £1,822k are partly off-set 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.

## FURTHER INFORMATION

### General Fund Revenue Budget

13. An underspend of £971k is reported on normal operating activities at Month 9. This position incorporates a £2,584k net underspend across Directorate Operating Budgets and an underspend of £1,370k across Corporate Operating Budgets, off-set by contingency pressures of £2,983k, primarily relating to Children's Social Care placements and Asylum services. In addition, a £450k favourable exceptional item is reported in relation to the recovery of the majority of outstanding Icelandic investments which brings the reported underspend across the General Fund to £1,421k.
14. Within the reported net underspend 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.
15. The Council's General Fund revenue budget contains £10,034k savings, with £8,202k already banked or on-track for delivery in full at this 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 9		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
186,215	1,458	Directorate Operating Budgets	187,673	185,089	(2,584)	(2,362)	(222)
8,793	(336)	Corporate Operating Budgets	8,457	7,087	(1,370)	(1,370)	0
12,340	(972)	Development & Risk Contingency	11,368	14,351	2,983	2,878	105
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>207,981</b>	<b>(971)</b>	<b>(854)</b>	<b>(117)</b>
		<u>Exceptional Items</u>					
		Recovered Icelandic Investment		(450)	(450)	(450)	0
<b>208,952</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>208,952</b>	<b>207,531</b>	<b>(1,421)</b>	<b>(1,304)</b>	<b>(117)</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>3,579</b>	<b>(1,421)</b>	<b>(1,304)</b>	<b>(117)</b>
(40,439)	0	Balances b/fwd	(40,439)	(40,439)			
<b>(40,439)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2016</b>	<b>(35,439)</b>	<b>(36,860)</b>			

16. 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.
17. At 31 March 2015 General Fund Balances totalled £40,439k, with the budgeted drawdown of £5,000k and the projected £1,421k surplus the forecast closing balance at 31 March 2016 is

projected to total £36,860k. 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 (£2,584k underspend, £222k improvement)

18. 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.
19. Presentation of Directorate Operating Budgets have been updated to reflect the consolidation of the former Adult Social Care services and Children & Young People's Services into the new Social Care Directorate. Reported variances from Month 8 have been consolidated to enable comparison with the Month 9 position.

**Table 2: Directorate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
11,133	15	Admin	Expenditure	11,148	10,966	(182)	(187)	5
(1,331)	107		Income	(1,224)	(1,188)	36	41	(5)
<b>9,802</b>	<b>122</b>		<b>Sub-Total</b>	<b>9,924</b>	<b>9,778</b>	<b>(146)</b>	<b>(146)</b>	<b>0</b>
16,867	(38)	Finance	Expenditure	16,829	16,734	(95)	(86)	(9)
(2,583)	2		Income	(2,581)	(2,614)	(33)	(32)	(1)
<b>14,284</b>	<b>(36)</b>		<b>Sub-Total</b>	<b>14,248</b>	<b>14,120</b>	<b>(128)</b>	<b>(118)</b>	<b>(10)</b>
111,957	(2,270)	Residents Services	Expenditure	109,687	108,816	(871)	(705)	(166)
(53,324)	352		Income	(52,972)	(52,923)	49	(82)	131
<b>58,633</b>	<b>(1,918)</b>		<b>Sub-Total</b>	<b>56,715</b>	<b>55,893</b>	<b>(822)</b>	<b>(787)</b>	<b>(35)</b>
139,147	5,828	Social Care	Expenditure	144,975	146,946	1,971	2,366	(395)
(35,651)	(2,538)		Income	(38,189)	(41,648)	(3,459)	(3,677)	218
<b>103,496</b>	<b>3,290</b>		<b>Sub-Total</b>	<b>106,786</b>	<b>105,298</b>	<b>(1,488)</b>	<b>(1,311)</b>	<b>(177)</b>
<b>186,215</b>	<b>1,458</b>	<b>Total Directorate Operating Budgets</b>		<b>187,673</b>	<b>185,089</b>	<b>(2,584)</b>	<b>(2,362)</b>	<b>(222)</b>

20. The Administration position is showing an underspend of £146k at Month 9, no change on the Month 8 position. The underlying underspend is mainly due to elected Members no longer being eligible for membership of the Local Government Pension Scheme. Shortfalls in income within the group are being managed through underspends on expenditure.
21. A minor improvement of £10k is reported across Finance operating budgets, with the headline underspend of £128k primarily due to vacant posts across the Directorate.
22. Residents Services budgets are reporting an underspend of £822k at Month 9, representing an improvement of £35k on Month 8. Within this minor movement, further reductions in Imported Food sampling income at Heathrow are off-set by additional staffing underspends. The overall underspend is mainly due to salaries underspends across a number of services, totalling £1,061k and favourable income projections in planning & highways. These underspends are off-set by income pressures at Uxbridge Town Centre car parks and Imported Food sampling alongside significant pressures on maintenance budgets.
23. An underspend of £1,488k is reported across Social Care, with a £177k improvement reported from the Month 8 position. This movement includes an adverse movement on Looked After Children allowance payments being off-set by the transfer of an element of

equipment expenditure to capital in line with 2016/17 budget proposals. Across the Group, underspends of £1,915k within workforce budgets account for the majority of the reported variance, with a number of pressures across non-staffing expenditure being contained through a combination of earmarked reserves and demand management.

### Progress on Savings

24. 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.
25. At Month 9, £6,144k savings are reported as banked, with a further £2,058k on track for delivery in full during the current financial year. £1,832k 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.
26. Savings classed as amber have been reviewed alongside development of the 2016/17 draft budget, with those higher risk items, mainly related to Social Care, 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 a shortfall on remaining amber savings.

**Table 3: Savings Tracker**

2015/16 General Fund Savings Programme	Admin. & Finance	Residents Services	Social Care	Total Savings	
	£'000	£'000	£'000	£'000	%
B Banked	(780)	(3,940)	(1,424)	<b>(6,144)</b>	<b>61.2%</b>
G On track for delivery	(603)	(408)	(1,047)	<b>(2,058)</b>	<b>20.5%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	(1,832)	<b>(1,832)</b>	<b>18.3%</b>
R Serious problems in the delivery of the saving	0	0	0	<b>0</b>	<b>0.0%</b>
<b>Total 2015/16 Savings</b>	<b>(1,383)</b>	<b>(4,348)</b>	<b>(4,303)</b>	<b>(10,034)</b>	<b>100%</b>

### Corporate Operating Budgets (£1,370k underspend, no movement)

27. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, externally set levies and income arising from provision of support services to other funds and ring-fenced budgets.
28. 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.
29. 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 9		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'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	473	(20)	(20)	0
11,925	(317)		Non-Sal Exp	11,608	11,558	(50)	(50)	0
(12,235)	269		Income	(11,966)	(12,166)	(200)	(200)	0
<b>183</b>	<b>(48)</b>		<b>Sub-Total</b>	<b>135</b>	<b>(135)</b>	<b>(270)</b>	<b>(270)</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>(336)</b>	<b>Total Corporate Operating Budgets</b>		<b>8,457</b>	<b>7,087</b>	<b>(1,370)</b>	<b>(1,370)</b>	<b>0</b>

**Development & Risk Contingency (£2,983k pressure, £105k adverse movement)**

30. 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 9		Variance (+ adv / - fav)		
				Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
				£'000	£'000	£'000	£'000	£'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	Social Care	Asylum Funding Shortfall	1,272	2,212	940	940	0
465	0		Social Care Pressures (Children's)	465	3,997	3,532	2,871	661
(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
129	0		Social Care Pressures (Adult)	129	129	0	0	0
380	0		Increase in Transitional Children due to Demographic Changes	380	380	0	0	0
393	0		Winterborne View	393	67	(326)	(326)	0
520	0		SEN Transport	520	520	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	775	(556)	0	(556)
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>14,351</b>	<b>2,983</b>	<b>2,878</b>	<b>105</b>

31. Homelessness caseloads have remained broadly consistent over the past three months, and if this level of demand continues the full £1,836k contingency and sums from earmarked reserves committed will be applied to manage 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.
32. No movement is reported on the Waste Disposal Levy, although indications from the West London Waste Authority are that their balances will exceed target levels by 31 March 2016 and therefore result in a repatriation of funds to boroughs. The projected benefit of this exercise is reflected in the 2016/17 draft budget proposals presented to Cabinet on this agenda.
33. A further adverse movement of £661k is reported on the cost of Looked After Children (LAC) placements within Social Care, reflecting the limited scope to step the most complex cases down to less intensive support during the current financial year. As previously reported, the resulting £3,997k call on contingency reflects the combined effect of a larger LAC population with more complex needs than previously experienced. The projected outturn position for 2015/16 is consistent with the baseline position included in the proposed 2016/17 budget.



34. As at Month 9 the uncommitted element of monies set aside by the Council to manage Phase 1 Care Act Implementation during 2015/16 has been released, resulting in a £556k underspend against Development and Risk Contingency. The element of this expenditure funded through the Better Care Fund remains over committed.
35. 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 8 assumptions, it is projected that only £500k of this sum will be required, reflecting the outturn position in recent years.

### Priority Growth

36. 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.
37. 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, and a further leaving £817k available for new initiatives.

**Table 6: Priority Growth**

Original Budget £'000	Budget Changes £'000	Priority Growth	Revised Budget £'000	Month 9 Approved Allocations £'000	Unallocated Balance £'000
800	0	HIP Initiatives Budgets	800	0	(800)
430	0	B/fwd HIP Funds	430	413	(17)
804	(150)	Unallocated Priority Growth	654	0	(654)
<b>2,034</b>	<b>(150)</b>	<b>Total Priority Growth</b>	<b>1,854</b>	<b>17</b>	<b>(1,471)</b>

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

38. The latest forecasts on other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund in 2015/16.
39. A headline pressure of £2,484k is identified on the Schools Budget at Month 9, representing a reduction of £657k on the previously reported figure as funding to support the roll out of two year old nursery provision will now not be utilised until 2017/18. There is sufficient capacity within retained DSG balances to finance the in-year pressure, with £1,709k relating to the one-off release of the 2014/15 surplus to individual schools and £625k increases in the cost of SEN placements under the new banded funding model. This growth in the cost of SEN placements is reflected in the 2016/17 schools budget presented to members on this agenda.
40. A surplus of £258k is forecast on the Parking Revenue Account at Month 9, no change from Month 8, reflecting a broadly neutral position on income 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.
41. The Collection Fund is reporting an estimated surplus of £1,500k at Month 9. 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. This net surplus is reflected in the Council's 2016/17 budget proposals presented elsewhere on this agenda, with any subsequent movement in the reported position impacting upon the General Fund in 2017/18.

### **Housing Revenue Account**

42. At Month 9 an in-year surplus of £731k is projected on the Housing Revenue Account, a £681k increase from the Month 8 position, which mainly relates to deferral of planned maintenance activity into 2016/17. Within this position there remains a pressure on income arising from increased Right to Buy sales being off-set by underspends across HRA operations.
43. Unallocated General Balances within the HRA are projected to increase to £32,971k as a result of the forecast £731k 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.
44. 100 properties have been sold under Right to Buy arrangements as at Month 9, with a total of 140 sales forecast for 2015/16. Current indications are that sufficient expenditure can be incurred before the initial tranche of retained receipts will become repayable to DCLG in March 2016 to avoid any repayment.

### **Future Revenue Implications of Capital Programme**

45. Appendix D to this report outlines the forecast outturn on the 2015/16 to 2019/20 Capital Programme. Following rephasing of the Capital Programme at Month 7, borrowing projections for 2015/16 are £18,384k lower than budget after allowing for the lower than anticipated level of 2015/16 Department for Education grant funding for school expansions. £3,592k of this sum relates to underspends with the remainder representing slippage of expenditure into 2016/17 and beyond. The on-going revenue implications of this reduced level of borrowing are reflected in the Council's draft revenue budget for 2016/17, as approved by Cabinet in December 2015.

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

### ADMINISTRATION (£146k underspend, nil movement)

47. The Administration position for Month 9 is £146k underspend, representing a nil movement from Month 8. 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 MTF process.

**Table 7: Administration Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
1,461	0	Democratic Services	Salaries	1,461	1,443	(18)	(16)	(2)
1,841	(69)		Non-Sal Exp	1,772	1,647	(125)	(129)	4
(658)	69		Income	(589)	(554)	35	39	(4)
<b>2,645</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,644</b>	<b>2,536</b>	<b>(108)</b>	<b>(106)</b>	<b>(2)</b>
2,319	80	Human Resources	Salaries	2,399	2,372	(27)	(36)	9
626	(30)		Non-Sal Exp	596	570	(26)	(17)	(9)
(286)	38		Income	(248)	(232)	16	16	0
<b>2,659</b>	<b>88</b>		<b>Sub-Total</b>	<b>2,747</b>	<b>2,710</b>	<b>(37)</b>	<b>(37)</b>	<b>0</b>
1,955	34	Legal Services	Salaries	1,989	2,024	35	26	9
111	0		Non-Sal Exp	111	96	(15)	(10)	(5)
(341)	0		Income	(341)	(341)	0	0	0
<b>1,725</b>	<b>34</b>		<b>Sub-Total</b>	<b>1,759</b>	<b>1,779</b>	<b>20</b>	<b>16</b>	<b>4</b>
592	0	Policy and Partnerships	Salaries	592	597	5	5	0
2,228	0		Non-Sal Exp	2,228	2,217	(11)	(10)	(1)
(46)	0		Income	(46)	(61)	(15)	(14)	(1)
<b>2,774</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,774</b>	<b>2,753</b>	<b>(21)</b>	<b>(19)</b>	<b>(2)</b>
6,327	114	Admin Directorate	Salaries	6,441	6,436	(5)	(21)	16
4,806	(99)		Non-Sal Exp	4,707	4,530	(177)	(166)	(11)
(1,331)	107		Income	(1,224)	(1,188)	36	41	(5)
<b>9,803</b>	<b>122</b>		<b>Total</b>	<b>9,924</b>	<b>9,778</b>	<b>(146)</b>	<b>(146)</b>	<b>0</b>

### Democratic Services (£108k underspend, £2k improvement)

48. The slight improvement this month is as a result of a projected upturn in Citizenship ceremonies income, which has been reduced by slight overspends elsewhere.

### Human Resources (£37k underspend, nil movement)

49. Vacant posts across the service and underspends on the staff recognition scheme and other non salaries budgets are delivering the underspend position of £37k within Human Resources. These are being partially reduced by pressures on Corporate Learning and Development income targets of approximately £19k.

**Legal Services (£20k overspend, £4k adverse movement)**

50. There is a slight increase to salaries expenditure this month as a result of an agency member of staff being kept on to cover another vacant post within the team, which was not previously included in budgeting. The breakeven position reported for Legal Services income is on the assumption that increased income of £30k each month will be received until the year end.

**Policy and Partnerships (£21k underspend, £2k improvement)**

51. Savings on Healthwatch Hillingdon, the Advocacy contract and CAB telephones, which have all been factored into the Zero Based review savings in the 2016/17 MTFP proposals, have led to the underspend position on the service. The over delivery of income shown in the table above actually relates to S106 monies reviewed to pay for contracted costs on the Workplace Co-Ordinator Project, which are included in the non-salaries position.

## FINANCE (£128k underspend, £10k improvement)

52. The Finance Group is showing an underspend of £128k at Month 9, an improvement of £10k from Month 8. Slight improvements on staffing budgets in Operational Finance and Revenues and Benefits have led to the improved position this month. The overall underspend position is due to salaries underspends in Operational Finance as a result of the recent restructure of Assistant Finance Business Partners, in the Revenues and Benefits Service as a result of a high level of vacant posts within the Housing Benefits service and also in Strategic Finance due to a vacant post and maternity leave.

**Table 8: Finance Operating Budgets**

Original Budget	Budget Changes	Service	Month 9		Variance (+ adv / - fav)			
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
487	0	Internal Audit	Salaries	487	495	8	8	0
56	0		Non-Sal Exp	56	58	2	0	2
0	0		Income	0	(11)	(11)	(10)	(1)
<b>543</b>	<b>0</b>		<b>Sub-Total</b>	<b>543</b>	<b>542</b>	<b>(1)</b>	<b>(2)</b>	<b>1</b>
2,185	(222)	Procurement	Salaries	1,963	1,989	26	32	(6)
121	(2)		Non-Sal Exp	119	214	95	90	5
(2)	2		Income	0	(28)	(28)	(28)	0
<b>2,304</b>	<b>(222)</b>		<b>Sub-Total</b>	<b>2,082</b>	<b>2,175</b>	<b>93</b>	<b>94</b>	<b>(1)</b>
3,360	(30)	Operation. Finance	Salaries	3,330	3,246	(84)	(80)	(4)
679	0		Non-Sal Exp	679	682	3	4	(1)
(159)	0		Income	(159)	(159)	0	0	0
<b>3,880</b>	<b>(30)</b>		<b>Sub-Total</b>	<b>3,850</b>	<b>3,769</b>	<b>(81)</b>	<b>(76)</b>	<b>(5)</b>
3,868	12	Revenues & Benefits	Salaries	3,880	3,814	(66)	(62)	(4)
2,285	0		Non-Sal Exp	2,285	2,248	(37)	(37)	0
(2,166)	0		Income	(2,166)	(2,160)	6	6	0
<b>3,987</b>	<b>12</b>		<b>Sub-Total</b>	<b>3,999</b>	<b>3,902</b>	<b>(97)</b>	<b>(93)</b>	<b>(4)</b>
1,300	154	Strategic Finance	Salaries	1,454	1,405	(49)	(48)	(1)
2,526	50		Non-Sal Exp	2,576	2,583	7	7	0
(256)	0		Income	(256)	(256)	0	0	0
<b>3,570</b>	<b>204</b>		<b>Sub-Total</b>	<b>3,774</b>	<b>3,732</b>	<b>(42)</b>	<b>(41)</b>	<b>(1)</b>
11,200	(86)	Finance Directorate	Salaries	11,114	10,949	(165)	(150)	(15)
5,667	48		Non-Sal Exp	5,715	5,785	70	64	6
(2,583)	2		Income	(2,581)	(2,614)	(33)	(32)	(1)
<b>14,284</b>	<b>(36)</b>		<b>Total</b>	<b>14,248</b>	<b>14,120</b>	<b>(128)</b>	<b>(118)</b>	<b>(10)</b>

53. A year end drawdown from the Insurance contingency of £300k is projected at Month 9, a nil movement from Month 8. 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 £572k, however, this does not take into account the potential seasonal impact to claims as a result of adverse weather conditions during winter.

54. 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.
55. 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	Budget Changes	Development & Risk Contingency	Month 9		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
£'000	£'000		£'000	£'000	£'000	£'000	£'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>0</b>

## RESIDENTS SERVICES (£822k underspend, £35k improvement)

56. Residents Services directorate is showing a projected outturn underspend of £822k at Month 9, excluding pressure areas that have identified contingency provisions.

**Table 10: Residents Services Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service		Month 9		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
13,368	1,186	Deputy Director Residents Services	Salaries	14,554	14,415	(139)	(126)	(13)
21,204	(3,084)		Non-Sal Exp	18,120	18,154	34	34	0
(10,051)	2,576		Income	(7,475)	(6,965)	510	402	108
<b>24,521</b>	<b>678</b>		<b>Sub-Total</b>	<b>25,199</b>	<b>25,604</b>	<b>405</b>	<b>310</b>	<b>95</b>
1,844	90	Development and Assets	Salaries	1,934	1,934	0	0	0
7,575	347		Non-Sal Exp	7,922	8,207	285	309	(24)
(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>7,735</b>	<b>285</b>	<b>309</b>	<b>(24)</b>
803	(324)	Estates and Tenancy Management	Salaries	479	470	(9)	0	(9)
1,254	(121)		Non-Sal Exp	1,133	1,133	0	0	0
(3,414)	177		Income	(3,237)	(3,164)	73	73	0
<b>(1,357)</b>	<b>(268)</b>		<b>Sub-Total</b>	<b>(1,625)</b>	<b>(1,561)</b>	<b>64</b>	<b>73</b>	<b>(9)</b>
5,050	(47)	Policy, Highways and Community Engagement	Salaries	5,003	4,957	(46)	(56)	10
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>(1,898)</b>	<b>(331)</b>	<b>(341)</b>	<b>10</b>
4,135	(2,497)	Planning and Development	Salaries	1,638	1,584	(54)	(54)	0
1,626	(787)		Non-Sal Exp	839	927	88	80	8
(2,973)	405		Income	(2,568)	(3,028)	(460)	(460)	0
<b>2,788</b>	<b>(2,879)</b>		<b>Sub-Total</b>	<b>(91)</b>	<b>(517)</b>	<b>(426)</b>	<b>(434)</b>	<b>8</b>
12,777	(1,176)	Green Spaces & Culture	Salaries	11,601	11,674	73	66	7
9,229	(1,057)		Non-Sal Exp	8,172	7,988	(184)	(187)	3
(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>9,936</b>	<b>(144)</b>	<b>(154)</b>	<b>10</b>
7,916	(73)	Communication, ICT and Customer Development	Salaries	7,843	7,683	(160)	(160)	0
4,241	170		Non-Sal Exp	4,411	4,420	9	3	6
(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>9,358</b>	<b>(151)</b>	<b>(157)</b>	<b>6</b>
5,279	0	Business and Technical Support	Salaries	5,279	4,822	(457)	(378)	(79)
879	(1)		Non-Sal Exp	878	840	(38)	(38)	0
(3,772)	0		Income	(3,772)	(3,469)	303	280	23
<b>2,386</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>2,385</b>	<b>2,193</b>	<b>(192)</b>	<b>(136)</b>	<b>(56)</b>
3,537	715	Policy and Standards - Education, Housing and Public Health	Salaries	4,252	3,983	(269)	(204)	(65)
5,236	4,401		Non-Sal Exp	9,637	9,648	11	21	(10)
(5,559)	(2,955)		Income	(8,514)	(8,588)	(74)	(74)	0
<b>3,214</b>	<b>2,161</b>		<b>Sub-Total</b>	<b>5,375</b>	<b>5,043</b>	<b>(332)</b>	<b>(257)</b>	<b>(75)</b>
54,709	(2,126)	<b>Residents Services Total</b>	Salaries	52,583	51,522	(1,061)	(912)	(149)
57,248	(144)		Non-Sal Exp	57,104	57,294	190	207	(17)
(53,324)	352		Income	(52,972)	(52,923)	49	(82)	131
<b>58,633</b>	<b>(1,918)</b>		<b>Total</b>	<b>56,715</b>	<b>55,893</b>	<b>(822)</b>	<b>(787)</b>	<b>(35)</b>

57. 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 and Assets as well as parking income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.

58. 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. At Month 9 projected calls on contingency are £7k below provision. The table below shows the breakdown for each contingency item.

**Table 11: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 9		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
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>

59. The 2015/16 financial year 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		
	October	November	December
Homeless Threat, Priority Need & Eligible	96	96	88
Presenting As Homeless	59	55	34
Duty Accepted	30	31	20
<b>Households in Temporary Accommodation</b>	<b>587</b>	<b>594</b>	<b>569</b>
<b>Households in B&amp;B</b>	<b>207</b>	<b>210</b>	<b>208</b>

60. It should be noted that whilst the data in table 3 appears to show improvement in demand for December, this data only shows new cases and not any recycled cases. Whilst the overall temporary accommodation numbers remain relatively stable, the proportion of high cost B&B remains above that budgeted in the MTFF. 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. These costs are partially mitigated by net demand over the year to date being lower than expected and a slowdown in the end of lease PSL properties. This in turn has reduced spend on Finders' Fee, Find Your Own and other schemes. Further mitigation has been provided through vacancy management, voids turnover and better than expected performance on arrears.
62. It is therefore expected that the financial risk will remain within the current provision of £1,836k. If this can be maintained over the final quarter of the financial year, it should reduce the need to utilise earmarked reserves.



63. 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.
64. West London Waste Authority (WLWA) is reporting an underspend of £1.9m in their latest monitoring forecast (Month 8), which if maintained until year end will increase WLWA reserves above its target level of £4.2m for 2016/17. In this instance, WLWA will make recommendations regarding disbursement of excess reserves to boroughs. The recommendations will be made when the level of underspend and reserves are confirmed. WLWA have stated this will be following the impact of pension and property valuations and other year end adjustments in June 2016.

#### **Deputy Director Residents Services (£405k overspend, £95k adverse movement)**

65. The service is projecting a revised salary underspend of £139k (which reflects favourable a movement of £13k) further to revised salary forecasts across a number of teams within the service.
66. There is a continuing, sustained reduced projection in Imported Food sampling income based on receipts to end of December of £510k (£108k adverse). This income stream has experienced sustained 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.
67. Following the cessation of the short-term grant funding from the DCLG in support of weekly recycling and food waste collections, the Council has built up an Earmarked Reserve from the initial funding tranches. It is anticipated that this will be sufficient to fund the cost of continuing to run the service over the next two financial years. The Earmarked Reserve is therefore projected to be used in full by the end of 2016/17.

#### **Development and Assets (£285k overspend, £24k improvement)**

68. There is a forecast pressure of £285k (£24k favourable) due to a revised view of the likely reactive maintenance works and ongoing cost pressures associated with the Civic Centre. Ongoing work on existing contracts has so far enabled this pressure to be managed down and ensure only essential works are undertaken.
69. 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 £67k (no change).

#### **Estates and Tenancy Management (£64k overspend, £9k improvement)**

70. Following analysis of the latest projections, there is a £9k favourable movement for agency costs across the service.
71. There is a projected income pressure of £73k on garages income (no change). The current income projection is based on the most up to date income schedules received from the service.

### **Policy, Highways & Community Engagement (£331k underspend, £10k adverse movement)**

72. At Month 9, the service is reporting an adverse movement of £10k for agency costs following extension of interim resources for transition support in Highways.
73. Income projections across the service continue to exceed budget by £270k (no change) from crossovers and various other income streams.

### **Planning and Development (£426k underspend, £8k adverse movement)**

74. Planning income streams remain robust with income for planning gift funding and CIL maintained at the previously forecast level.
75. The service is reporting an adverse movement in non-staffing costs of £8k, owing to an increase in advertisement fees.

### **Green Spaces, Sport & Culture (£144k underspend, £10k adverse movement)**

76. A revised projection on staffing costs has resulted in a £7k adverse movement as a result of increased use of casual staff across the Arts service.
77. Following a review of non-staffing costs, the adjusted projections give a £3k adverse movement. Income variances remain unchanged from Month 8.

### **Communications, ICT and Customer Development (£151k underspend, £6k adverse movement)**

78. The service is reporting a salary underspend of £160k at Month 9 (no change) as a result of a delay in recruitment to a vacant post in ICT. The service is also forecasting an adverse movement of non-staffing costs of £6k.
79. A review into Hillingdon Grid 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 £39k 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 and Technical Support (£192k underspend, £56k improvement)**

80. The off-street parking income at the Cedars and Graingess 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 £303k, (£23k adverse). The adverse movement reflects a revised income projection from the latest available income data.
81. There is a revised projected underspend of £457k (£79k favourable) relating to vacant posts across the service that are not expected to be filled this year.
82. There is a projected underspend on non-staffing costs of £38k (no change) that are not expected to be required further to the vacant posts discussed above.

**Policy and Standards - Education, Housing and Public Health (£332k underspend, £75k improvement)**

83. There is a revised staffing projection of £65k favourable, owing to revised projections for Performance & Intelligence (£20k) and Housing Options team (£45k).
84. There is a further £10k favourable movement in forecasts for smaller budgets such as removal costs and car allowances across the housing options team.

## SOCIAL CARE (£1,488k underspend, £177k improvement)

85. The Social Care Directorate is projecting an underspend of £1,488k as at Month 9, an improvement of £177k on Month 8 projections, which have been restated following the combining of the two directorates. The improvement in Month 9 arises from implementing the proposal in the draft MTFB Budget for 2016/17 to capitalise expenditure on telecare equipment (£280k) using the annual social care capital grant to fund this expenditure. This underspend is netted down by an increase in the number of allowances being paid to Looked After Children and a downward projection in the anticipated grant funding that will be received from the Adoption Support Fund. A number of other significant pressures on non-salary expenditure exist within the directorate which are being mitigated through robust management.

**Table 13: Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
1,038	677	Safeguarding Children	Salaries	1,715	1,763	48	98	(50)
1,579	20		Non-Sal Exp	1,599	1,739	140	123	17
(150)	(13)		Income	(163)	(162)	1	1	0
<b>2,467</b>	<b>684</b>		<b>Sub-Total</b>	<b>3,151</b>	<b>3,340</b>	<b>189</b>	<b>222</b>	<b>(33)</b>
3,545	953	Children's Early Intervention Services	Salaries	4,498	3,845	(653)	(765)	112
3,631	310		Non-Sal Exp	3,941	3,602	(339)	(308)	(31)
(707)	(278)		Income	(985)	(1,071)	(86)	(94)	8
<b>6,469</b>	<b>985</b>		<b>Sub-Total</b>	<b>7,454</b>	<b>6,376</b>	<b>(1,078)</b>	<b>(1,167)</b>	<b>89</b>
2,091	1,996	Looked After Children	Salaries	4,087	4,150	63	(49)	112
744	(21)		Non-Sal Exp	723	3,591	2,868	2,837	31
(294)	171		Income	(123)	(2,960)	(2,837)	(2,837)	0
<b>2,541</b>	<b>2,146</b>		<b>Sub-Total</b>	<b>4,687</b>	<b>4,781</b>	<b>94</b>	<b>(49)</b>	<b>143</b>
8,352	(1,152)	Children's Resources	Salaries	7,200	7,293	93	294	(201)
12,429	(355)		Non-Sal Exp	12,074	12,528	454	409	45
(7,178)	(842)		Income	(8,020)	(8,501)	(481)	(546)	65
<b>13,603</b>	<b>(2,349)</b>		<b>Sub-Total</b>	<b>11,254</b>	<b>11,320</b>	<b>66</b>	<b>157</b>	<b>(91)</b>
5,402	2,498	All-Age Disabilities	Salaries	7,900	6,917	(983)	(892)	(91)
44,007	498		Non-Sal Exp	44,505	46,090	1,585	1,503	82
(6,852)	(1,584)		Income	(8,436)	(8,770)	(334)	(435)	101
<b>42,557</b>	<b>1,412</b>		<b>Sub-Total</b>	<b>43,969</b>	<b>44,237</b>	<b>268</b>	<b>176</b>	<b>92</b>
4,294	7	Adult Social Work	Salaries	4,301	3,928	(373)	(312)	(61)
29,110	(15)		Non-Sal Exp	29,095	28,635	(460)	(162)	(298)
(8,266)	8		Income	(8,258)	(8,188)	70	26	44
<b>25,138</b>	<b>0</b>		<b>Sub-Total</b>	<b>25,138</b>	<b>24,375</b>	<b>(763)</b>	<b>(448)</b>	<b>(315)</b>
9,018	27	Adult's Early Intervention & Prevention	Salaries	9,045	9,046	1	30	(29)
3,370	(130)		Non-Sal Exp	3,240	3,176	(64)	(68)	4
(11,826)	0		Income	(11,826)	(11,726)	100	100	0
<b>562</b>	<b>(103)</b>		<b>Sub-Total</b>	<b>459</b>	<b>496</b>	<b>37</b>	<b>62</b>	<b>(25)</b>
2,185	206	Safeguarding, Quality & Partnerships	Salaries	2,391	2,330	(61)	(58)	(3)
7,165	28		Non-Sal Exp	7,193	6,929	(264)	(230)	(34)
(378)	0		Income	(378)	(270)	108	108	0
<b>8,972</b>	<b>234</b>		<b>Sub-Total</b>	<b>9,206</b>	<b>8,989</b>	<b>(217)</b>	<b>(180)</b>	<b>(37)</b>
294	120	Directorate & Support Services	Salaries	414	364	(50)	(50)	0
893	161		Non-Sal Exp	1,054	1,020	(34)	(34)	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>1,384</b>	<b>(84)</b>	<b>(84)</b>	<b>0</b>
36,219	5,332	<b>Social Care Total</b>	Salaries	41,551	39,636	(1,915)	(1,704)	(211)
102,928	496		Non-Sal Exp	103,424	107,310	3,886	4,070	(184)
(35,651)	(2,538)		Income	(38,189)	(41,648)	(3,459)	(3,677)	218
<b>103,496</b>	<b>3,290</b>		<b>Total</b>	<b>106,786</b>	<b>105,298</b>	<b>(1,488)</b>	<b>(1,311)</b>	<b>(177)</b>

86. Within the salaries position there is an underspend of £1,915k, an improvement of £211k from Month 8, due to a reduction in the projected cost of agency staff, as recruitment to new structures continues. The underspend relates to vacancies that existed in the Early Intervention and Prevention and All Age Disabilities Services netted down by the additional cost of agency staff across other Children's services whilst the service undertakes a major recruitment campaign to the new structures.
87. The Council's 2015/16 Development and Risk Contingency contains provision for areas of expenditure for which there is a greater degree of uncertainty. In part this is caused by in year demographic changes in the number of adults and children requiring care and support for a range of care needs, including Asylum seekers and SEN Transport. Table 14 sets out the forecast spend against the development and risk contingency.

**Table 14 : Social Care Development & Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Month 9		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
£'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	3,997	3,532	2,871	661
(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
129	0	Social Care Pressures (Adults)	129	129	0	0	0
380	0	Increase in Transitional Children due to Demographic Changes	380	380	0	0	0
393	0	Winterborne View	393	67	(326)	(326)	0
520	0	SEN transport	520	520	0	0	0
<b>4,340</b>	<b>0</b>	<b>Current Commitments</b>	<b>4,340</b>	<b>8,486</b>	<b>4,146</b>	<b>3,485</b>	<b>661</b>

**Asylum Service (£940k overspend, nil movement)**

88. This service is projecting a draw down of £2,212k from the Development and Risk Contingency, £940k above the budget, which is no change on the Month 8 position. The overspend reported relates primarily to a reduction in the Home Office Grant, notified in March 2015, and a reduction in the grant funding received, relating to the change in the age profile of Asylum Seeking Children. 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+).
89. There are indications from other councils that they are experiencing growth in this provision, especially those with Sea Ports and in particular Kent County Council, which has an agreed redistribution strategy with other Councils. Kent is having ongoing discussions with the Home Office on whether they will fully fund the cost of support for Asylum Seeking Children. The Home Office sent a letter to all councils on 24 November setting out the proposed funding arrangements, which indicates that grant funding will be provided for these children at a rate

of £114 per day for eligible under 16's, £91 per day for eligible 16 to 17 year olds and £200 per week for eligible 18+. The funding for the over 18's is £50 higher than that received by Hillingdon.

90. Recent experience shows that Hillingdon is seeing a slight increase in the number of Asylum Seeking Children. This position is being monitored closely to ascertain whether it is a bulge or a continuing theme. If it is the latter, then there is a possibility that the projected drawdown from the contingency will be higher than currently indicated. An update will be provided in the Month 10 monitoring position.

### **Social Care Pressures - Children's Demographics (£3,532k overspend, £661k adverse movement)**

91. The service is projecting a drawdown of £3,997k from the Development and Risk Contingency, £3,532k above the budget, an adverse movement of £661k on the Month 8 position. There are a number of reasons for this increase relating to the abnormally high numbers of mother and baby placements and a high number of teenage children in residential placements, where the service is finding it very difficult to step down the type of provision due to the complex needs of the children. Earlier assumptions were based on a number of these children being moved on, but this is now more likely to take place in the next financial year.
92. 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. There are 34 current placements (in Month 3 there was 25), which equates to an in year annual increased cost of approximately £1.8 million. This figure includes 3 children in secure placements (one costing £6,250 per week), 9 placements as a result of safeguarding responsibilities (the weekly costs around £4,000) where the children need to be placed out of borough and significant number of mother and baby placements, where the total projected cost is estimated to be £265k. In a normal year these would be around £65k.
93. A rigorous monitoring and review process has been implemented to ensure correct decisions are being made on the most appropriate placement for individual children. Decisions are scrutinised and then agreed at a weekly panel meeting, chaired by the Assistant Director of Children's Services as well as a representative from Operational Finance. Placement data is 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.
94. Additionally, over the last year, there have been a number of changes across this part of the service which have increased the cost of placements. These include 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. 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.
95. However, it should be noted that the performance data indicates that the service has stabilised, where Looked After Children numbers are consistently within the range of 340 to 360 placements each month from May 2015. Those with a Child Protection Plan is consistent and stabilising on 340 cases and those where children have been identified as Children in Need is relatively consistent standing at approximately 645 cases. Social Work caseloads are and have been consistently at or slightly below the recommended safe level since December

2014. Additionally, since Month 3, the service has reduced the number of Independent Fostering Agency (IFA) placements and has been able to use more In House Foster Carers, improving the proportions from a split of 54% IFA to 46% In House in Month 3, to 46% IFA and 54% In House at Month 9.

#### **Early Support Cost Avoidance (Nil variance, nil movement)**

96. 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, nil movement)**

97. 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.

#### **Social Care Pressures (Adults) (Nil variance, nil movement)**

98. At Month 9, it is forecast that the contingency (£129k) for, Adult Demographic changes is to be used in full. The demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review and any changes anticipated will be reported as the year progresses.

#### **Increase in Transitional Children (Nil variance, nil movement)**

99. At Month 9, it is forecast that the contingency (£380k) for Children in Transition to Adult Social Care is to be used in full. The forecasting tool to track Children in Transition is regularly refreshed and the forecast expenditure is kept under close review and any changes anticipated will be reported as the year progresses.

#### **Winterbourne View (£326k underspend, nil movement)**

100. A review of the Winterbourne View cases this month has identified that the position is unchanged since Month 8. Of the 6 expected to transfer in 2015-16, 1 transferred in October and 1 is not now expected to move until 2016-17. The remaining 4 are expected to move this financial year and the part year cost for 2015-16 is now forecast to be £67k, unchanged from Month 8 forecast. The balance of the remaining £326k will be needed in 2016/17 to fund the full year cost of these placements and the slippage of one case into 2016/17.

#### **SEN Transport (Nil variance, nil movement)**

101. An external review of the Transport Service has recently taken place, this coupled with a further review of the forecast spend identified that there was a £200k adverse movement in Month 7. Work is underway to review and revise route plans and to re-procure private vehicles for transporting eligible children.

#### **Directorate Operating Budgets:**

##### **Safeguarding Children (£189k overspend, £33k improvement)**

102. The service is reporting an overspend of £189k, an improvement of £33k on the Month 8 position, due to a slight reduction in the projected cost of agency staff. The service pressure relates to an overspend of £48k on staff due to a number of agency staff covering vacant

posts and an overspend of £140k on non-staffing which relates to an increase in Child Protection, LSCB and Family Conference delivery costs.

### **Children's Early Intervention & Prevention Services (£1,078k underspend, £89k adverse movement)**

103. An underspend of £1,078k is reported, an adverse movement of £89k on the Month 8 position, due primarily to a slight increase in the projected cost of salaries following a further review of agency staffing costs, as the service enters the final stages of permanent recruitment to its new structures. This relates to an underspend of £653k 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 or are actively being recruited to, an underspend of £339k 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 £86k 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 (£94k overspend, £143k adverse movement)**

104. The service is reporting an overspend of £94k, an adverse movement of £143k on the Month 8 projections, due to an increase in the projected cost of agency staff and minor movements in the cost of allowances. The overspend reported relates to a £63k overspend on staffing costs, an overspend of £2,868k 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 (£66k overspend, £91k improvement)**

105. An overspend of £66k is reported, an improvement of £91k on the Month 8 projections, due primarily to a reduction in the projected cost of agency staff. The overspend reported relates to an overspend of £93k 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 £454k on non-staffing costs due primarily to the cost of allowances. This is netted down by additional income of £481k, 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.

### **All Age Disabilities (AAD) (£268k overspend, £92k adverse movement)**

106. The AAD Service approved restructure plan is now being implemented and a recruitment drive is underway to fill the remaining vacant posts in the new service. The staff budget is currently forecast to underspend by £983k, an improvement since Month 8. £346k of this underspend is offset by reduced recharge income against the Dedicated Schools Grant (DSG) salary recharges.
107. Within the placements budget a pressure of £1,585k is forecast, an adverse movement of £82k since Month 8. Part of this pressure arises from the slippage in the Supported Living Programme. The movement this month relates to minor changes to placement costs.
108. A key continuing pressure on the placements budgets arises from the devolution of the Independent Living Fund (ILF) from the DWP to the Council in July 2015. The fund provided additional resources to 34 clients and 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. The outcome of the assessments is awaited but if assessed as eligible for 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 (£763k underspend, £315k improvement)**

109. 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 £373k, a favourable movement of £61k since Month 8.
110. The non-staffing budget is forecast to underspend by £460k, a movement of £298k from Month 8. A major contribution to this improvement in Month 9 arises from implementing the proposal in the draft MTFF Budget for 2016/17 to capitalise expenditure on telecare equipment (currently forecast to be £280k) using the annual social care capital grant to fund this expenditure. There is also a favourable movement relating to a reduction in forecast expenditure for Home Care £22k due to robust demand management within the service.
111. Income, mainly from client contributions, is currently forecast to under achieve by £70k, an adverse movement of £44K since Month 8. The continuing reduction in numbers of clients has reduced forecast contributions.

### **Adults Early Intervention & Prevention (£37k overspend, £25k improvement)**

112. There is a net pressure of £37k with the EI&P Service, a favourable movement of £25k since Month 8.
113. As at Month 9 it is forecast that the previous pressure on salaries has been managed back in line with the budget through proactive management action significantly reducing the level of staff absence. A review of the terms of the contract of the new provider of agency staff for the Council has led to a 2% reduction in costs for non qualified social care staff.
114. The slippage in the project to develop new models of delivery for in house Learning Disability services into 2017/18 has led to the rephasing of saving in the draft MTFF agreed at Cabinet in December. In year compensatory savings have been identified to make up the shortfall in savings.
115. 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 (£217k underspend, £37k improvement)**

116. There is an underspend forecast on staff costs of £61k, this underspend is within the Community Mental Health Teams and the Supported Living Team.
117. The non-staffing budget forecast is for an underspend of £264k, an improvement of £34k since Month 8. The movement this month is due to a reduction in forecast for residential placements. The underspend is due to reduced spend against clients with No Recourse to Public Funds and offset against the income pressure.
118. The income budget is forecast to overspend by £108k and which in part offsets the underspend against non staffing costs.

### **Directorate & Support (£84k underspend, nil movement)**

119. 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**

120. The month 9 budget monitoring for the BCF shows a forecast pressure of £323k on the Council share of the pooled budget an improvement of £410k on Month 8. This pressure is made up of £673k 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. This pressure has reduced by £110k since Month 8 due to a revised forecast of the cost of the carers support. The Council holds a contingency provision to fund pressures relating to the implementation of Care Act responsibilities.
121. Some of this pressure is off-set by forecast underspends on the TeleCareLine service of £53k and the proposal to implement the proposal in the draft MTFF Budget for 2016/17 to capitalise expenditure on telecare equipment (£280k) using the annual social care capital grant within the BCF to fund this expenditure.

## Appendix B – Other Funds

### Schools Budget

#### Dedicated Schools Grant (£2,484k overspend, £657k improvement)

122. The Dedicated Schools Grant (DSG) is projecting an in year overspend of £2,484k, an improvement of £657k on the Month 8 projections, due to a review of the allocations provided for two year old capacity building, where funding has been agreed by Schools Forum, but works have not yet started. 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.
123. 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. The remaining pressure relates to a projected increase in the cost of Special Educational Needs/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 15: DSG Income and Expenditure 2015/16**

Original Budget	Budget Changes	Funding Block	Month 9		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(145,373)	8,876	<b>Dedicated Schools Grant Income</b>	(136,497)	(136,497)	0	469	(469)
113,606	(11,287)	<b>Delegated to Schools</b>	102,319	104,031	1,712	1,256	456
4,581	(137)	<b>Early Years</b>	4,444	4,042	(402)	317	(719)
3,604	(155)	<b>Centrally Retained</b>	3,449	3,998	549	556	(7)
23,582	2,703	<b>Special Needs</b>	26,285	26,910	625	542	82
<b>0</b>	<b>0</b>	<b>Total Schools Budget</b>	<b>0</b>	<b>2,484</b>	<b>2,484</b>	<b>3,141</b>	<b>(657)</b>
0	0	Balance Brought Forward 1 April 2015	(4,083)	(4,083)			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2016</b>	<b>(4,083)</b>	<b>(1,599)</b>			

#### Dedicated Schools Grant Income (nil variance, £469k improvement)

124. As stated last month, the Department for Education (DfE) have confirmed that the DSG was adjusted and reduced by £469k following a reconciliation by them of the funding in relation to the Hillingdon Tuition Centre which converted to an academy on 1st September 2015 and St Martin's Primary, the latest basic need academy, which opened to reception pupils on 1st September 2015. The budgets have now been realigned to account for this adjustment, resulting in the movement reported between months.

### **Delegated to Schools (£1,712k overspend, £456k adverse movement)**

125. The overspend 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. The adverse movement of £456k from the Month 8 position is due to the funding adjustments required to reflect the conversion of the Hillingdon Tuition Centre to academy status and the recoument adjustment for St Martin's Primary school.

### **Early Years (£402k underspend, £719k improvement)**

126. The Early Years funding block is projecting an underspend of £402k, an improvement of £719k on the Month 8 position, due to a review of funding allocations for increasing the two year old provision, where schemes have been agreed but not yet started and not expected to do so before the end of March 2016. The underspend is due to an underspend on the two year old capacity funding budget of £290k, an underspend of £168k on the Early Years Educational Psychology provision, where there is uncertainty around the delivery model required and an underspend of £236k relating to funding set aside to support the placement of vulnerable children where the criteria has not yet been agreed. This is netted down by an overspend of £337k, which relates to an allocation of DSG funds above the base budget to fund the continuation of the two year old capacity building initiative.

### **Centrally Retained (£549k overspend, £7k improvement)**

127. The centrally retained budgets are projecting an overspend of £549k, an improvement of £7k on the Month 8 position. £244k of the overspend is due to the set up costs of the three new Basic Need Academy schools 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 cost of support services in line with the 2014/15 outturn figures, which will be charged to the DSG is contributing £182k 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.

### **Special Needs (£625k overspend, £82k adverse movement)**

128. The Special Needs budgets are projecting an overspend of £625k, an adverse movement of £82k on the Month 8 position, due to an increase in the high needs population and the continued roll out of the new banded funding model. The SEN position could change further 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 significantly lower than that incurred in 2014/15.

### **School Academy Conversions**

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

### **Year End Balances**

130. The DSG is allowed to carry forward any in year over or underspend. 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 £1,599k.

### Maintained School Balances

131. 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 £95k (this is a slight improvement on the position reported last month).
132. 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>

133. 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 (£258k in year surplus, nil movement)

134. 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 16: Parking Revenue Account**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
(4,076)	0	Income	(4,076)	(4,084)	(8)	(8)	0
4,076	0	Expenditure	4,076	3,826	(250)	(250)	0
<b>0</b>	<b>0</b>	<b>In-year (Surplus) / Deficit</b>	<b>0</b>	<b>(258)</b>	<b>(258)</b>	<b>(258)</b>	<b>0</b>

135. An in-year surplus of £258k is forecast for the 2015/16 financial year. There is a total income surplus of £8k (no change).

136. The income pressure is offset by compensating savings totalling £250k (no change). The favourable position is a result of a review of recharges to the PRA and a decrease in the cost of levies.

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

137. 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.
138. 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 17: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
(115,652)	0	Council Tax	Gross Income	(115,652)	(116,841)	(1,189)	(1,189)	0
14,153	0		Council Tax Support	14,153	13,699	(454)	(454)	0
(2,697)	0		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>	

139. As a result of strong performance on collection to December 2015 and resulting reduction in provision for doubtful debts, a £1,189k overachievement of income is projected on Council Tax income at Month 9. 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.
140. 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

141. The Housing Revenue Account (HRA) forecast is an in-year surplus of £731k, a favourable movement of £681k from Month 8. The table below presents key variances by service area:

**Table 18: Housing Revenue Account**

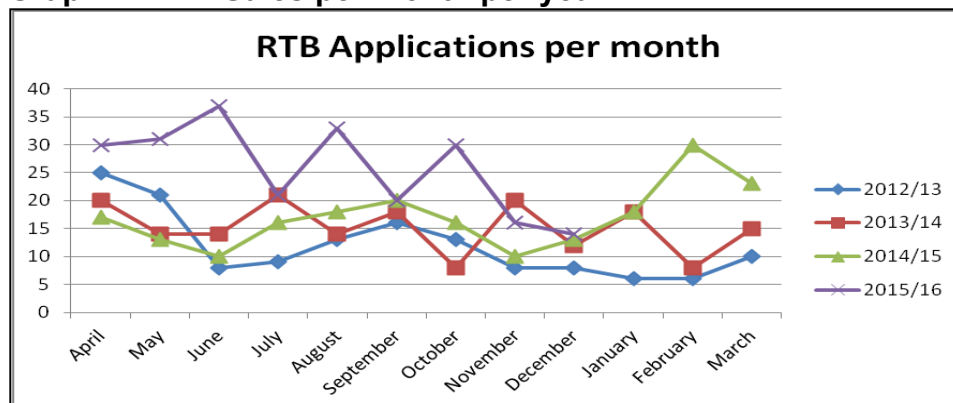
Original Budget	Budget Changes	Function	Month 9			Variance (+ adv / - fav)	
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(57,573)	0	Rent Income	(57,573)	(57,379)	194	279	(85)
(5,346)	0	Other Income	(5,346)	(4,847)	499	182	318
<b>(62,919)</b>	<b>0</b>	<b>Net Income</b>	<b>(62,919)</b>	<b>(62,226)</b>	<b>694</b>	<b>461</b>	<b>233</b>
10,806	0	Housing Management	10,806	10,873	67	143	(75)
5,320	0	Tenant Services	5,320	4,885	(436)	(390)	(45)
5,078	0	Repairs	5,078	5,054	(24)	(32)	8
3,477	166	Planned Maintenance	3,643	2,610	(1,033)	(232)	(801)
19,810	(166)	Contribution to Works to Stock	19,644	19,644	0	0	0
15,212	0	Interest & Investment Income	15,212	15,212	0	0	0
1,553	0	Development & Risk Contingency	1,553	1,553	0	0	0
<b>61,256</b>	<b>0</b>	<b>Operating Costs</b>	<b>61,256</b>	<b>59,832</b>	<b>(1,424)</b>	<b>(510)</b>	<b>(914)</b>
<b>(1,663)</b>	<b>0</b>	<b>(Surplus) / Deficit</b>	<b>(1,663)</b>	<b>(2,394)</b>	<b>(731)</b>	<b>(50)</b>	<b>(681)</b>
(30,577)		General Balance 1 April 2015	(30,577)	(30,577)	0	0	0
<b>(32,240)</b>	<b>0</b>	<b>General Balance 31 March 2016</b>	<b>(32,240)</b>	<b>(32,971)</b>	<b>(731)</b>	<b>(50)</b>	<b>(681)</b>

### Income (£694k pressure, £233k adverse movement)

142. Rental income has improved by £85k from the position shown in Month 8 as RTB sales have been forecast downwards to 140 sales from 175. There have been 100 sales to the end of December.

143. The original estimate was based on the high level of applications received which were far in excess of those received in 2014/15. The number of RTB applications has averaged 14 per month for the period from April 2012 to December 2014. However, for the period January-December 2015 the number of RTB applications has averaged 26 per month, a significant increase in activity.

**Graph 1: RTB Sales per month per year**





144. The reasons for the slowdown in RTB completions is being investigated, however, there appears to have been an increase in cancellations compared to previous years. This is explained by the following:
- a. The increase in house prices over the last few months has deterred some applicants from proceeding with their applications. This is highlighted by the large number of valuation reviews in the system.
  - b. The Fraud team have included an additional information sheet re: financial information into the application process which has deterred some applicants from proceeding. The Fraud team have also identified tenants trying to exercise the RTB when they were not entitled to, usually through sub-letting.
  - c. The Notice to Complete which allows the Council to cancel applications after an offer is made is up-to-date. Tenants have 12 weeks to complete after legal are instructed to progress or the Council serve notices to complete, and these notices last for 4 months after which the application is cancelled.
145. Other income has been forecast to decrease by £499k against budget. This is due to a further forecast pressure of £275k on leaseholder contributions to capital works which is caused by the re-phasing in the HRA Capital Programme, which contributes to an adverse movement of £318k from Month 8.

**Expenditure (£1,424k underspend, £914k improvement)**

146. Housing management shows a £75k adverse variance when compared to Month 8. This variance is in the main due to forecast changes for the delivery team, which manages the planned and capital works programme for the HRA. This team has been restructured with a subsequent reduction in staffing levels which has produced savings on salaries but is partly offset by agency costs and redundancy payments.
147. The above savings are, however, mainly offset by the delivery team projecting a £957k underachievement of capital recharge income in Month 9. This is due to the underspend arising from the 2015/16 Capital Programme compared to budget.
148. There are significant legal and consultancy costs arising from the Triscott House dispute with the latest projected costs for the year being £402k. Due to the uncertainty over the scale and timing of the costs and any cost recovery, these costs are to be funded from the general contingency of £873k.
149. For tenancy services, the projected underspend of £436k is an additional underspend of £45k on the Month 8 position. These mainly relate to salary underspends partly offset by increased agency costs in a number of teams
150. The repairs budget is showing a forecast £24k underspend, an adverse movement of £8k from Month 8.
151. Planned maintenance is currently showing an underspend of £1,033k, a favourable movement of £801k from Month 8. This fall in spend is due to a number of reasons including anticipated savings of £130k on gas servicing costs and a reduction in the forecasted spend in revenue on lifts of £247k (it is anticipated that the majority of spend on lifts will be of a capital nature). Forecast spend on asbestos has been reduced by £50k whilst the fencing programme (budget of £85k) has not been approved to date and these works are projected to slip into 2016/17. There are also anticipated underspends within the Better Neighbourhood Team budget (£50k) and within the contingency budget (£150k).

## Savings

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

**Table 19: 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	(650)	(123)	(675)	(1,000)	(2,448)	100.00%
G On track for delivery	0	0	0	0	0	0.00%
A Potential significant savings shortfall or a significant or risky project which is at an early stage	0	0	0	0	0	0.00%
R Serious problems in the delivery of the saving	0	0	0	0	0	0.00%
<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>

153. The restructure of the housing service is still being completed but the required 2015/16 savings have been identified and will be realised. The asset management and tenancy services teams are currently reorganising with further significant savings expected to materialise through this process.

154. The responsive maintenance saving of £123k is achieved through the restructure of the service.

155. The £675k of planned maintenance savings have been allocated to budget headings and have been delivered.

156. The additional £1,000k has been delivered from the planned maintenance budget, with most of the savings being funded from the cyclical decorations and insulation budgets.

## HRA Capital

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

**Table 20: 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	Movement from Month 8 £000
Dwelling Components	7,750	2,369	(3,523)	(1,858)	34,355	34,285	(70)	194
Estates / Blocks	2,477	975	(1,425)	(77)	9,951	9,956	5	302
Welfare	2,600	2,088	488	(1,000)	9,500	9,426	(74)	(74)
Other Projects	524	397	(127)	-	524	524	-	-
Contingency	2,000	2,000	-	-	10,000	10,000	-	-
<b>Total Works to Stock</b>	<b>15,351</b>	<b>7,829</b>	<b>(4,587)</b>	<b>(2,935)</b>	<b>64,330</b>	<b>64,191</b>	<b>(139)</b>	<b>422</b>
Purchase & Repair	4,267	4,267	-	-	11,566	11,566	-	-
New Build - General Needs*	5,927	5,927	-	-	31,252	31,011	(241)	-
New Build - RSL			-	-	5,400	5,400	-	-
Supported Housing**	872	872	-	-	39,737	39,978	241	-
Land Appropriations ***	3,508	3,508	-	-	8,026	8,026	-	-
<b>Total Major Projects</b>	<b>14,574</b>	<b>14,574</b>	<b>-</b>	<b>-</b>	<b>95,981</b>	<b>95,981</b>	<b>-</b>	<b>-</b>
Former New Build Schemes	97	50	(47)	-	97	995	898	
<b>Total</b>	<b>30,022</b>	<b>22,453</b>	<b>(4,634)</b>	<b>(2,935)</b>	<b>160,408</b>	<b>161,167</b>	<b>759</b>	<b>422</b>
Movement from Month 8		(1,235)	(4,971)	3,736				

### Works to Stock

158. The Works to Stock programme is forecasting a cost variance of £4,587k and a phasing under-spend of £2,935k. The cost under spend is mainly due to a number of schemes that will not be implemented this financial year and will require to be funded from next year's budget allocation in the revised five year programme. However, where there is not sufficient budget provision in future years, schemes slipping into next financial year will require re-phasing of the current year budgets.

- a. Dwelling Components - the forecast cost variance of £3,523k is partly due to the kitchens and bathrooms programme being under review, as well as projected under spends on existing roofing projects, and double glazing installation. There are also slippages requiring re-phasing of Dwelling Components budgets of £1,858k for future roofing projects, structural works, electrical upgrade works and storage heaters replacement at Rabbs Mill House.

- b. Estates and Block Renewal - the forecast cost variance of £1,425k is partly due to the time required to tender and carry out leaseholder consultation on lift works which will now require to be met from next year's budget. In addition, environmental and security works planned at five low rise blocks of flats in Hayes are to be tendered. The works will be completed in 2016/17 and will be contained within next year's budget. There are also cost savings on playgrounds, security works and refuse collection. Forecast project expenditure includes lift works of £247k which were previously reported within revenue. These works are expected to be appropriate for capitalisation.
  - c. Welfare - the cost over spend variance of £488k is mainly due to increased volumes of adaptations to HRA properties in 2015/16 which will exceed the budget. The sheltered remodelling works programme of £1,000k is forecast as re-phasing into 2016/17 to enable a detailed programme to be prepared.
  - d. Other Projects - an amount of £127k is shown as cost under spend representing the uncommitted budget for potential further housing fleet vehicle purchases which are not currently anticipated.
159. Land Appropriations - the revised budget and current year forecast reflects rephasing of £4,518k into future years as not all sites are likely to be appropriated for supported housing this year. Appropriation of the Acol site has been slipped into 2016/17, as it is unlikely that any development of the site for supported housing will commence this financial year. Planning discussions regarding the site are still taking place.

### **Major Projects**

160. Purchase and Repair Programme - There have been 13 purchases in 2015/16 at a total cost of £3,086k (including stamp duty and some repairs costs). There are 5 other potential buy back properties (4 of which have been valued) and are at different stages of the acquisition process.
161. 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.
162. Approval has been given to the acquisition of one site containing 41 units, currently being developed by Paradigm Housing. The development will cost £10,300k (plus possible stamp duty costs of £206k and survey costs of £10k). The net approved cost is £5,927k, partly funded by the application of the Trickle Transfer Funding and also by utilising RTB receipts. Acquisition of this development has resulted in the re-phasing forward of £3,177k of the New Build General Needs Stock budget into 2015/16.
163. Current proposals for future years spend on General Needs sites include the general needs element of the Acol site development, a mixed development site of 43 units at a cost of £12.5m (2017/18), possible purchase of 5 units from a developer and also development of former garage or other underutilised council sites.
164. Supported Housing Programme - Approval of 2 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. Planning consent has now been obtained and the works have recently gone out to tender with submissions due by the end of February 2016.

165. The other sites are under consideration. These timescales have resulted in the re-phasing of the budget and forecast by £8,232k.
166. The forecast underspend 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, but increased expenditure is forecast to be made in 2016/17.

### HRA Capital Receipts

167. There have been 100 Right to Buy sales of Council dwellings as at end of December 2015 for a total sales value of £11,700k and a total of a further 40 sales are forecast to bring the yearly total to 160, totalling approximately £16,300k in 2015/16.
168. The Council has signed an agreement with Department for Communities & Local Government to re-invest the proceeds in housing stock regeneration. This enables the Council to retain a higher level of receipts because of reduced pooling, however, the terms of the agreement stipulate that receipts must be spent within three years or otherwise are returned to government with the addition of punitive interest. The revised General Needs housing programme for 2015-2020 approved by Cabinet in February has been phased to utilise these receipts within the allowed timescales.
169. If the forecast for 2015/16 is 140 RTB sales, the apportionment of receipts is projected below:

**Table 21: Projected Apportionment of Receipts 2015/16**

		RTB Receipts £	RTB Admin £	Allowable Debt £	LA Assumed Income £	New Provision Receipts £	Pooling Payment £
2015.16	Quarter 1	4,869,300	119,700	1,265,867	117,460	3,068,611	297,661
	Quarter 2	3,401,500	85,500	749,871	117,460	2,151,007	297,661
	Quarter 3	3,389,050	79,800	663,775	117,460	2,230,353	297,661
	Quarter 4	4,637,429	114,000	1,200,576	117,460	2,907,732	297,661
	<b>Total</b>	<b>16,297,279</b>	<b>399,000</b>	<b>3,880,089</b>	<b>469,840</b>	<b>10,357,704</b>	<b>1,190,646</b>

170. Total receipts would amount to £16,300k, a decrease of 16.5% when compared to 2014/15. New provision receipts would total £10,400k, a decrease of 11.7% compared to 2014/15.
171. The table below sets out the total level of retained receipts since the inception of the agreement:

**Table 22: Retained RTB Receipts**

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

172. Up to the end of 2014/15 there have been £29,584k retained Right to Buy receipts to be used for allowable debt purposes and one for one housing replacement of which £57k has been applied as capital financing. The first deadline is at the end of this financial year and provisionally requires £2,595k to be spent by March 2016.
173. The use of retained Right to Buy receipts are limited by the regulations to the agreement to a maximum 30% of the cost of replacement housing although regulations also allow 50% of the cost of purchase and repairs expenditure to be financed from retained receipts however this is capped at 6.5% of the total level of receipts in that quarter. Therefore in order to utilise the £2,595k retained receipts a minimum of £8,560k is required to be spent on one for one replacement by the end of this financial year, with current projections indicating this level of expenditure can be met.

## Appendix D - General Fund Capital Programme

174. As at Month 9 an underspend of £24,293k is reported on the £80,911k General Fund Capital Programme for 2015/16, with £4,253k favourable cost variances and £20,040k slippage on project expenditure. The forecast outturn variance over the life of the 2015/16 to 2019/20 programme is £4,253k underspend relating partly to completed Primary Schools expansions projects and also on various other schemes.
175. General Fund Capital Receipts of £9,956k are forecast for 2015/16, with total receipts to 2019/20 expected to reach £62,227k, representing a favourable variance of £322k against budget.
176. Overall, Prudential Borrowing required to support the 2015/16 to 2019/20 Capital Programme is forecast to be within budget by £3,592k. Cost underspends of £4,253k and improvements in Capital Receipts and CIL forecasts totalling £1,822k 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

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

**Table 23: General Fund Capital Programme Summary**

	Revised Budget 2015/16	Forecast 2015/16	Cost Variance Forecast vs Budget	Project Re-phasing	Total Project Budget 2015-2020	Total Project Forecast 2015-2020	Total Project Variance	Movement from Month 8
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	34,391	29,175	(2,448)	(2,768)	152,679	150,231	(2,448)	(164)
Main Programme	17,732	10,647	(1,220)	(5,865)	40,324	39,104	(1,220)	(285)
Programme of Works	25,083	15,248	(597)	(9,238)	74,870	74,273	(597)	(185)
Future Projects	3,194	1,037	12	(2,169)	67,997	68,009	12	-
<b>Total Main Programme</b>	<b>80,400</b>	<b>56,107</b>	<b>(4,253)</b>	<b>(20,040)</b>	<b>335,870</b>	<b>331,617</b>	<b>(4,253)</b>	<b>(634)</b>
General Contingency	511	511			6,511	6,511	-	-
Provision for Additional Schools Funding	-	-			7,022	7,022	-	-
<b>Total Capital Programme</b>	<b>80,911</b>	<b>56,618</b>	<b>(4,253)</b>	<b>(20,040)</b>	<b>349,403</b>	<b>345,150</b>	<b>(4,253)</b>	<b>(634)</b>
<b>Movement from Month 8</b>	<b>672</b>	<b>(6,611)</b>	<b>(634)</b>	<b>(6,649)</b>	<b>672</b>	<b>(94)</b>	<b>(766)</b>	

178. The 2015/16 Capital Programme budget has increased by £672k due mainly to further schools' contributions to the devolved formula capital and schools' conditions programmes and also new Section 106 allocations.

179. The Schools Programme reports a cost underspend of £2,448k which is a favourable movement of £164k from the previous month. The overall saving is mainly due to 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.
180. The main programme forecasts an overall underspend of £1,220k on various schemes inclusive of minor cost pressures of £45k on completion of the Central Library Refurbishment and other residual costs totalling £47k on several prior year schemes. The favourable movement of £285k relates to an underspend on the redevelopment of the Cedars and Grainges car parks which are nearing completion.
181. The forecast underspend on Programme of Works has increased by £185k and this is mainly around elements of the Private Sector Renewal Grants and Adaptations for Adopted Children schemes which are not anticipated to be committed this financial year. The Property Works Programme is forecast to underspend by £90k as there are schemes that will not be completed this financial year and will require to be funded from next year's allocation.
182. Within Future Projects there is a forecast cost pressure of £12k due to a minor overspend of £12k on Harlington/Pinkwell Bowls Club and Pavilion where detailed cost estimates are slightly higher than the approved budget.
183. Slippage of £20,040k is reported across the capital programme and this is partly on various Programme of Works schemes. The reduction in forecast expenditure of £6,611k in month is partly due to re-phasing of the cash flow profile for the replacement of Northwood Academy which is underway. There is also further slippage on the Schools Conditions Building Programme which will largely be implemented next financial year.
184. An amount of £146k has been transferred from the General Fund contingency budget to the Battle of Britain Education Centre and Bunker Renovation Projects, approved in a separate Cabinet Member report under delegated powers. This is partly to cover the costs of refurbishing a modular classroom which was not within the scope of the original budget and also to enable surveys to be undertaken for the bunker renovation project planned to be implemented next financial year.
185. There remain £6,511k unallocated funds within the 2015/16 - 2019/20 programme. 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**

186. The table below outlines the latest financing projections for the Capital Programme, with a favourable medium term variance of £3,592k reported on Prudential Borrowing, due to scheme cost underspends and an increase in other sources of finance largely offset by a shortfall in grant income for the 2015/16 Schools Programme.



**Table 24: General Fund Capital Programme Financing 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 8 £'000
Council Resource Requirement	52,801	34,417	(18,384)	211,542	209,772	(1,770)	(634)
Capital Receipts	9,956	9,956	-	61,905	62,227	322	(773)
CIL	2,000	2,000	-	20,000	21,500	1,500	-
Prudential Borrowing	40,845	22,461	(18,384)	129,637	126,045	(3,592)	139
<b>Total Council Resources</b>	<b>52,801</b>	<b>34,417</b>	<b>(18,384)</b>	<b>211,542</b>	<b>209,772</b>	<b>(1,770)</b>	<b>(634)</b>
Grants & Contributions	28,110	22,201	(5,909)	137,861	135,378	(2,483)	0
<b>Total Programme</b>	<b>80,911</b>	<b>56,618</b>	<b>(24,293)</b>	<b>349,403</b>	<b>345,150</b>	<b>(4,253)</b>	<b>(634)</b>

187. Total receipts achieved for the year to the end of December amount to £5,428k and the forecast is £9,956k for 2015/16 with the remainder of the forecast largely relating to future appropriations of two General Fund sites to the HRA for the supported housing programme. The overall forecast has reduced by £773k as several sites previously identified as potential disposals may be retained for older peoples' housing.
188. A total of £1,728k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received by the Council to the end of December, which represents a movement of £95k from last month on one 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.
189. Spend to date on eligible activity exceeds the £1,728k 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.
190. The prudential borrowing budget has been reduced by £260k as there have been Section 106 balances identified that will be allocated to finance existing schemes previously funded from council resources.
191. 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 results in an increase in prudential borrowing to meet the shortfall.

## ANNEX A - Schools Programme

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing	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	12,082	9,764	(2,423)	105	15,097	12,674	(2,423)	9,815	1,423	1,436
0	New Primary Schools Expansions	300	300	0	0	13,500	13,500	0	5,246	8,254	0
84	Secondary Schools Expansions	300	300	0	0	76,816	76,816	0	18,399	56,854	1,563
1,207	Secondary Schools New Build	21,499	18,626	0	(2,873)	47,047	47,047	0	37,700	9,347	0
0	Hearing Impaired Resource Base (Vyners)	210	185	(25)	0	219	194	(25)	194	0	0
<b>128,519</b>	<b>Total Schools Programme</b>	<b>34,391</b>	<b>29,175</b>	<b>(2,448)</b>	<b>(2,768)</b>	<b>152,679</b>	<b>150,231</b>	<b>(2,448)</b>	<b>71,354</b>	<b>75,878</b>	<b>2,999</b>

## ANNEX B - Main Programme

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing	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	196	(275)	(85)	556	281	(275)	281	0	0
5,196	Purchase of Vehicles	473	421	0	(52)	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	100	25	0	(75)	862	862	0	862	0	0
285	Sport & Cultural Projects	594	594	0	0	629	629	0	353	0	276
237	Yiewsley Health Centre	4,302	0	0	(4,302)	8,233	8,233	0	8,233	0	0
813	Eascote House Buildings and Gardens	399	399	0	0	434	434	0	0	0	434
158	ICT Infrastructure	822	822	0	0	1,042	1,042	0	1,042	0	0
1,089	Harlington Road Depot Refurbishment	236	236	0	0	263	263	0	263	0	0
0	Uxbridge Cemetery Gatehouse & Chapel	150	30	0	(120)	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	2,227	1,370	0	(857)	4,770	4,770	0	334	4,206	230
25	Inspiring Shopfronts	147	147	0	0	1,553	1,553	0	1,553	0	0
0	Gateway Hillingdon	50	50	0	0	3,378	3,378	0	3,378	0	0
45	Whiteheath Farm Refurbishment	50	0	0	(50)	265	265	0	265	0	0
326	Grounds Maintenance	677	677	0	0	677	677	0	677	0	0
128	West Drayton Cemetery & Resurfacing	450	75	(150)	(225)	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	300	300	0	0	600	600	0	300	300	0
152	CCTV Programme	140	100	0	(40)	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	45	45	0	0	45	45	45	0	0
0	Yiewsley Library Purchase	702	702	0	0	702	702	0	702	0	0
609	Infant Free School Meals	1,222	1,233	0	11	1,248	1,248	0	476	715	57
0	Youth Centre Project	150	50	0	(100)	2,400	2,400	0	2,374	26	0
0	Cedars & Granges Car Park Improvements	2,998	2,743	(285)	30	3,075	2,790	(285)	2,591	0	200
0	Dementia Centre	53	53	0	0	2,000	2,000	0	1,947	53	0
25,033	Major Projects Completing in 2015/16	144	191	47	0	144	191	47	107	84	0
<b>80,129</b>	<b>Total Main Programme</b>	<b>17,732</b>	<b>10,647</b>	<b>(1,220)</b>	<b>(5,865)</b>	<b>40,324</b>	<b>39,104</b>	<b>(1,220)</b>	<b>30,029</b>	<b>7,734</b>	<b>1,342</b>

## ANNEX C - Programme of Works

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing	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	272	0	(264)	1,336	1,336	0	1,336	0	0
N/A	Chrysalis Programme	1,896	1,196	0	(700)	5,896	5,896	0	5,784	0	112
N/A	Civic Centre Works Programme	1,300	246	0	(1,054)	2,300	2,300	0	2,300	0	0
N/A	Formula Devolved Capital to Schools	1,826	1,678	0	(148)	3,538	3,538	0	0	2,597	941
N/A	Highways Localities Programme	236	236	0	0	1,060	1,060	0	1,060	0	0
N/A	Highways Structural Works	3,276	2,276	0	(1,000)	6,316	6,316	0	6,316	0	0
N/A	Pavement Priority Growth	2,000	677	0	(1,323)	2,000	2,000	0	2,000	0	0
N/A	ICT Single Development Plan	682	313	0	(369)	2,282	2,282	0	2,282	0	0
N/A	Property Works Programme	480	390	(90)	0	2,400	2,310	(90)	2,193	117	0
N/A	Road Safety	380	275	0	(105)	1,180	1,180	0	1,180	0	0
N/A	Street Lighting	144	90	0	(54)	720	720	0	720	0	0
N/A	Transport for London	4,983	3,341	0	(1,642)	19,618	19,618	0	0	18,745	873
N/A	Urgent Building Condition Works	3,597	1,111	0	(2,486)	9,429	9,429	0	2,162	5,582	1,684
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	2,655	8,845	0
N/A	Adaptations for Adopted Children	200	80	(120)	0	1,000	880	(120)	880	0	0
N/A	Private Sector Renewal Grant	562	175	(387)	0	3,610	3,223	(387)	1,975	1,248	0
N/A	Landlord Property Renovation Grant	200	200	0	0	200	200	0	100	100	0
N/A	Section 106 Projects	485	392	0	(93)	485	485	0	0	0	485
<b>0</b>	<b>Total Programme of Works</b>	<b>25,083</b>	<b>15,248</b>	<b>(597)</b>	<b>(9,238)</b>	<b>74,870</b>	<b>74,273</b>	<b>(597)</b>	<b>32,943</b>	<b>37,234</b>	<b>4,095</b>

## ANNEX D - Future Projects

Prior Year Cost	Project	2015/16 Revised Budget	2015/16 Forecast	2015/16 Cost Variance	Project Re-phasing	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	32	32	0	0	1,000	1,000	0	968	0	32
N/A	Capital Priority Growth	0	0	0	0	965	965	0	965	0	0
N/A	RAGC Car Park	100	20	0	(80)	250	250	0	250	0	0
N/A	Car Park Resurfacing	180	80	0	(100)	250	250	0	250	0	0
N/A	Ruislip Lido Boat House	286	200	0	(86)	301	301	0	301	0	0
N/A	Bowls Club Refurbishments	150	30	0	(120)	750	750	0	50	0	700
N/A	Harlington/Pinkwell Bowls Club & Football Pavillion	303	150	12	(165)	318	330	12	12	0	318
N/A	Haste Hill Golf Club	400	50	0	(350)	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	200	50	0	(150)	44,000	44,000	0	42,950	0	1,050
N/A	New Museum	200	75	0	(125)	5,000	5,000	0	4,250	0	750
N/A	Battle of Britain Bunker Heritage Pride Project	896	350	0	(546)	4,996	4,996	0	4,996	0	0
N/A	Local Plan Requirement	197	0	0	(197)	197	197	0	197	0	0
N/A	Community Safety Assets	250	0	0	(250)	250	250	0	250	0	0
<b>0</b>	<b>Total Future Projects</b>	<b>3,194</b>	<b>1,037</b>	<b>12</b>	<b>(2,169)</b>	<b>67,997</b>	<b>68,009</b>	<b>12</b>	<b>61,913</b>	<b>3,246</b>	<b>2,850</b>
	<b>Development &amp; Risk Contingency</b>										
0	General Contingency	511	511	0	0	6,511	6,511	0	6,511	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>511</b>	<b>511</b>	<b>0</b>	<b>0</b>	<b>13,533</b>	<b>13,533</b>	<b>0</b>	<b>13,533</b>	<b>0</b>	<b>0</b>
<b>208,648</b>	<b>Total GF Capital Programme</b>	<b>80,911</b>	<b>56,618</b>	<b>(4,253)</b>	<b>(20,040)</b>	<b>349,403</b>	<b>345,150</b>	<b>(4,253)</b>	<b>209,772</b>	<b>124,092</b>	<b>11,286</b>

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

**Table 25: Outstanding Deposits - Average Rate of Return on Deposits: 0.55%**

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	58.0	30.75%	40.00%
1-2 Months	35.0	18.56%	10.00%
2-3 Months	40.0	21.21%	5.00%
3-6 Months	37.4	19.83%	25.00%
6-9 Months	12.0	6.36%	5.00%
9-12 Months	6.0	3.18%	10.00%
12-18 Months	0.0	0.00%	5.00%
18-24 Months	0.0	0.00%	0.00%
<b>Subtotal</b>	<b>188.4</b>	<b>99.89%</b>	<b>100.00%</b>
Unpaid Maturities	0.2	0.11%	0.00%
<b>Grand Total</b>	<b>188.6</b>	<b>100.00%</b>	<b>100.00%</b>

192. 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, Lancashire CC, Wolverhampton CC, Salford CC, Coventry Building Society, Close Brothers, Goldman Sachs International, Lloyds, Nationwide, Santander and UK Treasury Bills. The Council also holds two Certificates of Deposit, with Standard Chartered and Nordea Bank and a Covered Bond with Lloyds Bank. Overseas deposits are held with Svenska Handelsbanken, Development Bank of Singapore, Oversea China Banking Corporation and National Australia Bank.
193. 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 in instant access facilities to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risk. Currently at the end of December 49% of the Council's total funds have exposure to bail-in risk compared to a December benchmark average of 67% in the Local Authority sector. The Council's exposure reduces to 22% once instant access facilities are removed from the bail-in total.
194. During the month cash was placed and withdrawn from instant access accounts. To improve yield, maintain diversification and increase non bail-in exposure, a one year deposit was placed with Salford City Council.

**Table 26: Outstanding Debt - Average Interest Rate on Debt: 3.01%**

		Actual (£m)	Actual (%)
<b>General Fund</b>	PWLB	64.85	20.45
	Long-Term Market	15.00	4.73
<b>HRA</b>	PWLB	204.32	64.42
	Long-Term Market	33.00	10.40
	<b>Total</b>	<b>317.17</b>	<b>100.00</b>

195. There was one scheduled debt repayment of £750k relating to the General Fund. Premiums still remain high resulting in no early repayment opportunities. There were no breaches of the prudential indicators or non-compliance with the treasury management policy and practices. In order to maintain liquidity for day-to-day business operations, daily cash balances will either be placed in instant access accounts or short term deposits. Opportunities to place longer term deposits will be monitored and placed if viable.

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

196. 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 27: 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>						
Asset Data Manager	06/07/2015	25/01/2010	28/02/2016	51	10	61
Senior Data Analyst - Public Health	07/04/2013	21/03/2016	19/06/2016	163	23	186
Technical Services Manager	05/08/2013	04/01/2016	03/03/2016	201	24	225
Plasterer / Multi-trade	10/07/2013	30/01/2016	02/04/2016	73	6	79
Plumber	06/01/2014	30/01/2016	02/04/2016	79	6	85
Plasterer	19/09/2013	30/01/2016	02/04/2016	78	6	84
OPHS Officer	23/06/2014	01/02/2016	22/04/2016	57	9	66
Highways Technician	29/06/2015	29/02/2016	29/05/2016	39	16	55
Planning Service Manager	27/07/2015	25/01/2016	22/04/2016	57	30	86
<b>Children &amp; Young People's Services</b>						
Panel Advisor	10/08/2015	07/02/2016	06/03/2016	43	7	50
Social Worker	06/10/2014	07/02/2016	06/03/2016	45	5	50
Child Protection Chair	20/07/2015	07/02/2016	06/03/2016	44	7	51
Social Worker	30/03/2015	07/02/2016	06/03/2016	47	5	52
Independent Domestic Violence Advisor	12/01/2015	07/02/2016	06/03/2016	50	4	54
Social Worker	05/10/2015	07/02/2016	06/03/2016	52	3	55
Social Worker	17/11/2014	07/02/2016	06/03/2016	52	6	58
Social Worker	15/12/2014	07/02/2016	06/03/2016	56	5	61
Social Worker	04/05/2015	07/02/2016	06/03/2016	58	5	63
Key Worker - NEET (Post 16 care leavers)	15/06/2014	07/02/2016	06/03/2016	60	3	63
Social Worker	04/02/2015	07/02/2016	06/03/2016	65	5	70
Social Worker	13/04/2015	07/02/2016	06/03/2016	64	6	70
Social Worker	18/05/2015	07/02/2016	06/03/2016	65	6	71
SW Practice & Development Mentor	17/11/2014	07/02/2016	06/03/2016	67	6	73
Child Protection Chair	13/04/2015	07/02/2016	06/03/2016	69	7	76
Social Worker	27/10/2014	07/02/2016	06/03/2016	72	6	78
Social Worker	11/10/2014	07/02/2016	06/03/2016	74	5	79
Social Worker	06/01/2015	07/02/2016	06/03/2016	73	6	79
Quality Assurance	08/05/2014	07/02/2016	06/03/2016	76	7	83

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Auditor (Social Work Cases)						
Social Worker	01/10/2013	07/02/2016	06/03/2016	81	5	86
Social Worker	05/03/2014	07/02/2016	06/03/2016	82	6	88
Independent Reviewing Officer	27/05/2014	07/02/2016	06/03/2016	82	7	89
Social Worker	27/10/2014	07/02/2016	06/03/2016	90	6	96
Senior Social Worker	25/09/2013	07/02/2016	06/03/2016	91	6	97
Social Worker	17/09/2014	07/02/2016	06/03/2016	92	6	98
Social Worker	13/05/2014	07/02/2016	06/03/2016	97	6	103
Social Worker	06/06/2014	07/02/2016	06/03/2016	98	6	104
Social Worker	30/09/2014	07/02/2016	06/03/2016	100	6	106
Social Worker	19/08/2014	07/02/2016	06/03/2016	102	5	107
Social Worker	19/06/2014	07/02/2016	06/03/2016	103	6	109
Social Worker	05/09/2014	07/02/2016	06/03/2016	104	6	110
Team Manager	30/09/2014	07/02/2016	06/03/2016	108	7	115
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	07/02/2016	06/03/2016	111	6	117
Corporate Parenting Manager	01/09/2014	07/02/2016	06/03/2016	112	6	118
Social Worker	19/06/2014	07/02/2016	06/03/2016	113	6	119
Social Worker	23/12/2013	07/02/2016	06/03/2016	114	6	120
Social Worker	11/08/2014	07/02/2016	06/03/2016	117	7	124
Social Worker	03/03/2014	07/02/2016	06/03/2016	122	4	126
Team Manager - MASH	28/09/2014	07/02/2016	06/03/2016	121	7	128
Social Worker	02/12/2013	07/02/2016	06/03/2016	128	6	134
Social Worker	30/04/2012	07/02/2016	06/03/2016	131	6	137
Social Worker	01/04/2013	07/02/2016	06/03/2016	135	6	141
Social Worker	01/04/2013	07/02/2016	06/03/2016	161	6	167
Social Worker	01/01/2013	07/02/2016	06/03/2016	166	5	171
Case Progression Manager	07/04/2014	07/02/2016	06/03/2016	164	7	171
Social Worker	01/01/2013	07/02/2016	06/03/2016	176	6	182
MASH Manager	13/01/2014	07/02/2016	06/03/2016	187	10	197
Social Worker	19/12/2011	07/02/2016	06/03/2016	193	6	199
Social Worker	19/12/2011	07/02/2016	06/03/2016	194	6	200
Service Manager Children in Care	07/07/2014	07/02/2016	06/03/2016	192	12	204
Team Manager	01/01/2013	07/02/2016	06/03/2016	212	7	219
Social Worker	19/12/2011	07/02/2016	06/03/2016	218	6	224
Social Worker	05/03/2012	07/02/2016	06/03/2016	230	6	236
Social Worker	06/01/2012	07/02/2016	06/03/2016	241	6	247
Social Worker	05/03/2012	07/02/2016	06/03/2016	246	6	252
<b>Adult Social Care</b>						
Senior Residential Worker	01.09.2014	08/02/2016	30/04/2016	59	3	62



<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>
Residential Care Worker	01/04/2012	08/02/2016	30/04/2016	103	2	105
Team Manager	03/11/2014	08/02/2016	30/04/2016	107	7	114
Lead Approved Mental Health Practitioner	01/06/2012	08/02/2016	30/04/2016	159	5	164
Occupational Therapist	07/10/2013	08/02/2016	30/04/2016	138	5	143
Care Act Programme Implementation Manager	02/10/2014	08/02/2016	30/04/2016	207	14	221
Lead Nurse	07/12/2014	08/02/2016	30/04/2016	82	5	87
Assistant Ed Psychologist	12/11/2014	08/02/2016	30/04/2016	75	5	80
Approved Mental Health Worker	01/03/2014	08/02/2016	30/04/2016	91	6	97
Occupational Therapist	01/04/2015	08/02/2016	30/04/2016	57	5	62
Speech & Language Therapist	16/03/2015	08/02/2016	30/04/2016	65	5	70
Contract Management Officer	24/08/2015	08/02/2016	30/04/2016	61	9	70
AMHP	01/06/2015	08/02/2016	30/04/2016	56	6	62
Principle Educational Psychologist	01/06/2015	08/02/2016	30/04/2016	55	10	65
Main Grade Educational Psychologist	15/11/2015	08/02/2016	30/04/2016	55	5	60
LD Programme Review	29/07/2015	08/02/2016	30/04/2016	68	10	78
Occupational Therapist	05/01/2015	08/02/2016	30/04/2016	53	1	54
Senior Social Worker	15/06/2015	08/02/2016	30/04/2016	47	5	52
Social Worker	02/04/2015	08/02/2016	30/04/2016	48	5	53
Senior Social Worker	29/03/2015	08/02/2016	30/04/2016	47	5	52
Approved Mental Health Worker	29/06/2015	08/02/2016	30/04/2016	48	5	53
Approved Mental Health Worker	02/08/2015	08/02/2016	30/04/2016	48	6	54
Approved Mental Health Worker	26/06/2015	08/02/2016	30/04/2016	48	6	54
Business Objects Officer	19/10/2015	08/02/2016	30/04/2016	48	11	59