

COUNCIL BUDGET -2016/17

MONTH 2 REVENUE AND CAPITAL BUDGET MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2016/17 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £87k is projected against 2016/17 General Fund revenue budgets as of May 2016 (Month 2).</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position as at May 2016 (Month 2).
2. Continue the delegated authority up until the September 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 23 June 2016 and 21 July 2016 Cabinet meetings, detailed at Appendix F.
3. Approve re-phasing of £23,897k capital expenditure and financing budgets to future years of the capital programme.
4. Accept grant funding of £159k from Transport for London for the 2016/17 Bridge Assessment and Strengthening Programme.

5. **Approve the award of a £43k grant to Grangewood Special Needs School to assist in funding the installation of the children's playground under the adopted criteria for the funding of Academy Schools related projects from Chrysalis budgets.**
6. **Approve acceptance of Planning Performance Agreement income in respect of the following applications:**
 - a) **Hyde Park, Hayes (Now known locally as Rackspace City) Plot 6 (Erection of 150 bed hotel) (£17,500)**
 - b) **Unit 3, Millingdon Road, Hayes, Erection of Selco builders yard unit and coach maintenance/servicing unit and depot (Sui Generis) (£17,500)**
 - c) **Southall Gas Works (processing of pre-commencement conditions related to Mayoral Approval relevant to the London Borough of Hillingdon) (£23,500)**

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 25 February 2016.
2. Recommendation 3 - The re-phasing of £23,897k 2016/17 General Fund original Capital Programme expenditure and financing budgets is required to realign existing unspent budgets to match delivery on various projects in future years and does not represent additional expenditure to the approved Capital Programme. The funding consists of £17,852k relating to the Schools Expansions Programme and £6,045k in respect of the Main Programme.
3. Recommendation 4 - Transport for London has awarded £159k for the 2016/17 Bridges Assessment and Strengthening Programme. The funding is for assessment, interim measures and design fees in respect of seven bridges and structures and will be accounted for as revenue expenditure.
4. The existing playground at Grangewood Special Needs School is old and run down and requires upgrading for the school to provide a supportive environment for children at Grangewood with severe learning difficulties. The total cost of the inclusive playground is £58k. The school has £15k other funding for the proposed playground and require a further £43k to complete the project to be funded from the Chrysalis budget. The project and the ongoing maintenance will be managed by the School.
5. Recommendation 6 seeks authority to accept Planning Performance Agreement income in order to expedite the processing of two major planning applications and one set of pre-commencement conditions (Southall Gas Works), gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support these.

Alternative options considered

6. There are no other options proposed for consideration.

SUMMARY

REVENUE

7. An underspend on normal operating activities of £87k is projected at Month 2 for General Fund revenue budgets, with service areas expected to deliver underspends of £1,365k on Directorate Operating Budgets and £800k across Corporate Operating Budgets sufficient to contain £2,078k emergent pressures within contingency. This contingency pressure relates to increased expenditure on Looked After Children's placements and an unfunded new burden in relation to Deprivation of Liberty Assessments.
8. The 2016/17 revenue budget contains savings of £13,309k. At Month 2, £4,657k of savings are banked in full and £4,833k on track for delivery, with the remaining £3,819k reported as 'amber' primarily due to being at an early stage of delivery.
9. General Fund balances are projected to total £34,876k at 31 March 2017, after allowing for the release of £4,216k to smooth the impact of front-loaded government funding cuts off-set by the £87k in-year underspend. Current forecasts assume that £734k unallocated Priority Growth and a further £500k of General Contingency will be utilised in full during the current financial year.
10. With the exception of the Collection Fund, there are no material variances on other funds affecting the General Fund position. Within the Collection Fund, a surplus of £2,000k is reported on Business Rates, principally relating to securing backdated income from the opening of Heathrow Terminal 2 in June 2014.

CAPITAL

11. As at Month 2 an underspend of £25,895k is reported on the £120,002k General Fund Capital Programme for 2016/17, with £694k favourable cost variances and £25,201k slippage on project expenditure. The forecast outturn variance over the life of the 2016/17 to 2020/21 programme is £145k net underspend relating to several schemes.
12. General Fund Capital Receipts of £16,063k are forecast for 2016/17, with total receipts to 2020/21 expected to reach £73,867k, representing an adverse variance of £1,700k against budget.
13. Overall, Prudential Borrowing required to support the 2016/17 to 2020/21 Capital Programmes is forecast to be within budget by £2,347k due to additional available capital grants of £3,902k and scheme cost underspends of £145k, partly offset by the shortfall of £1,700k in forecast Capital Receipts.

FURTHER INFORMATION

General Fund Revenue Budget

14. An underspend of £87k is reported on normal operating activities at Month 2. This position incorporates a £1,365k net underspend across Directorate Operating Budgets and an underspend of £800k across Corporate Operating Budgets, off-set by contingency pressures of £2,078k, primarily relating Looked After Children placement expenditure and Deprivation of Liberty Safeguards (DoLS) assessments. There are no exceptional items reported at this early stage in the financial year.
15. Within the reported net underspend there remain 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.
16. The Council's General Fund revenue budget contains £13,309k savings, with £4,657k already banked and £4,833k on track for delivery, at this early stage of the financial year. The reported position on operating budgets reflects the status of these savings.

Table 1: General Fund Overview

Original Budget	Budget Changes	Service	Month 2		Variance (As at Month 2)
			Revised Budget	Forecast Outturn	
£'000	£'000		£'000	£'000	£'000
178,502	1,947	Directorate Operating Budgets	180,449	179,084	(1,365)
2,420	(66)	Corporate Operating Budgets	2,354	1,554	(800)
18,453	(1,881)	Development & Risk Contingency	16,572	18,650	2,078
1,134	0	Priority Growth	1,134	1,134	0
200,509	0	Sub-total Normal Activities	200,509	200,422	(87)
200,509	0	Total Net Expenditure	200,509	200,422	(87)
(196,293)	0	Budget Requirement	(196,293)	(196,293)	0
4,216	0	Net Total	4,216	4,129	(87)
	0	Balances b/fwd		(39,005)	
	0	Balances c/fwd 31 March 2017		(34,876)	

17. At 31 March 2016 General Fund Balances totalled £39,005k. With the budgeted drawdown of £4,216k and the projected £87k surplus, the forecast closing balance at 31 March 2017 is £34,876k. The Council's current MTFE assumes that balances will remain between £15,000k and £31,000k to manage emergent risks, with sums above that level earmarked for use to smooth the impact of government funding cuts.

Directorate Operating Budgets (£1,365k underspend)

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. Variances relating to those more volatile areas of activity being managed through Development and Risk Contingency are expanded upon below.
19. From 1 April 2016 the Council is able to utilise capital receipts, rather than revenue resources, to finance the costs of service reform, both one off implementation costs and transformation staffing costs. Across the Council, all staff working on transformation have been assigned to the BID team and at this stage it is proposed to capitalise £862k of that staffing cost, resulting in staffing underspends across various services.

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
10,762	(1)	Admin	Expenditure	10,761	10,659	(102)
(1,288)	0		Income	(1,288)	(1,296)	(8)
9,474	(1)		Sub-Total	9,473	9,363	(110)
15,189	429	Finance	Expenditure	15,618	15,453	(165)
(2,475)	0		Income	(2,475)	(2,518)	(43)
12,714	429		Sub-Total	13,143	12,935	(208)
109,096	994	Residents Services	Expenditure	110,090	109,140	(950)
(56,005)	(25)		Income	(56,030)	(55,793)	237
53,091	969		Sub-Total	54,060	53,347	(713)
141,576	888	Social Care	Expenditure	142,464	144,392	1,928
(38,353)	(338)		Income	(38,691)	(40,953)	(2,262)
103,223	550		Sub-Total	103,773	103,439	(334)
178,502	1,947	Total Directorate Operating Budgets		180,449	179,084	(1,365)

20. Administration is projecting an underspend of £110k at Month 2. This underspend is mainly due to vacant posts across a number of services, partially off-set by a small pressure against non-staffing budgets.
21. Finance is reporting an underspend of £208k as a result of a number of vacancies across the directorate, alongside £100k capitalisation of transformation costs.
22. An underspend of £713k is reported across Residents Services at Month 2, mainly against staffing budgets where there remain a high number of vacant posts throughout the directorate alongside £291k capitalisation of transformation costs. This underspend is reduced by income pressures at both Cedars & Grainges car parks and in Imported Food sampling, as well as a pressure on the adaptations budget within Development & Assets.
23. Social Care is projecting an in-year underspend of £334k which arises from staffing underspends across the directorate, although there are a number of significant risk areas where management action and use of earmarked reserves are expected to mitigate potential pressures.

Progress on Savings

24. The Council's 2016/17 General Fund revenue budget contains £13,309k savings, with all prior year savings delivered in full during 2015/16. At Month 2, £9,490k savings are reported as banked or on track for delivery, with the remaining £3,819k savings being classed as Amber. Items reported as Amber are at an early stage of delivery, and no items are being reported as having serious risks of non-delivery.

Table 3: Savings Tracker

2015/16 General Fund Savings Programme	Admin. & Finance	Residents Services	Social Care	Total Savings	
	£'000	£'000	£'000	£'000	%
B Banked	(1,087)	(1,822)	(1,748)	(4,657)	35.0%
G On track for delivery	(382)	(2,548)	(1,903)	(4,833)	36.3%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(565)	(1,412)	(1,842)	(3,819)	28.7%
R Serious problems in the delivery of the saving	0	0	0	0	0.0%
Total 2015/16 Savings	(2,034)	(5,782)	(5,493)	(13,309)	100.0%

Corporate Operating Budgets (£800k underspend)

25. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, externally set levies and income arising from the provision of support services to other funds and ring-fenced budgets.
26. An £800k underspend has been identified against interest and investment income as a result of continuing work in reviewing financing options, representing early delivery of a potential 2017/18 savings. Forecasts for all other corporately managed budgets are consistent with budget assumptions.

Table 4: Corporate Operating Budgets

Original Budget	Budget Change	Service	Month 2		Variance (As at Month 2)	
			Revised Budget	Forecast Outturn		
£'000	£'000		£'000	£'000	£'000	
0	0	Interest and Investment Income	Salaries	0	0	0
5,387	(66)		Non-Sal Exp	5,321	4,521	(800)
(405)	0		Income	(405)	(405)	0
4,982	(66)		Sub-Total	4,916	4,116	(800)
431	0	Levies and Other Corporate Budgets	Salaries	431	431	0
9,957	0		Non-Sal Exp	9,957	9,957	0
(12,390)	0		Income	(12,390)	(12,390)	0
(2,002)	0		Sub-Total	(2,002)	(2,002)	0
0	0	Housing Benefit Subsidy	Salaries	0	0	0
142,055	0		Non-Sal Exp	142,055	142,055	0
(142,615)	0		Income	(142,615)	(142,615)	0
(560)	0		Sub-Total	(560)	(560)	0
2,420	(66)	Total Corporate Operating Budgets		2,354	1,554	(800)

Development & Risk Contingency (£2,078k pressure)

27. The Council set aside £18,453k to manage volatile and uncertain elements of budgets within the Development & Risk Contingency, which included £17,453k in relation to specific risk items and £1,000k as General Contingency to manage unforeseen issues. As expected with such volatile areas, a number of variances are reported, including significant growth in the cost of supporting Looked After Children.

Table 5: Development & Risk Contingency

Original Budget	Budget Changes	Service	Month 2		Variance (As at Month 2)	
			Revised Budget	Forecast Outturn		
£'000	£'000		£'000	£'000	£'000	
341	0	Fin.	Uninsured Claims	341	341	0
2,025	0	Residents Services	Impact of welfare reform on homelessness	2,025	2,025	0
2,728	0		Waste Disposal Levy	2,728	2,728	0
200	0		High Speed 2 Challenge Fund	200	200	0
200	0		Heathrow Expansion Challenge Fund	200	200	0
2,212	0		Social Care	Asylum Service	2,212	1,936
3,734	0	Demographic Growth - Looked After Children		3,734	6,072	2,338
277	0	Social Worker Agency		277	277	0
1,699	0	Demographic Growth - Transitional Children		1,699	1,449	(250)
432	0	Demographic Growth - Adults		432	432	0
393	0	Winterbourne View		393	188	(205)
0	0	Deprivation of Liberty Safeguards		0	971	971
1,331	0	Care Act New Burdens Funding		1,331	1,331	0
1,881	(1,881)	Corp. Items	Increased National Insurance Contributions	0	0	0
1,000	0		General Contingency	1,000	500	(500)
18,453	(1,881)	Total Development & Risk Contingency		16,572	18,650	2,078

28. The headline cost of homelessness is projected to be contained within the £2,025k contingency provision for 2016/17, within numbers of households in Bed and Breakfast accommodation remaining high.
29. At this early stage in the financial year, it is assumed that the full £2,728k waste disposal levy will be required. While it had been anticipated that the West London Waste Authority would be in a position to release up to £3,000k in excess reserves to the six member boroughs, the WLWA report that pressures from the delayed Severnside Energy Recovery Facility will be mitigated through use of these balances.
30. Contingency to manage the shortfall in Home Office funding for Asylum Seekers was increased to £2,212k for 2016/17, although early indications are that management action to reduce the cost of delivering the service will secure an underspend of £276k in the current financial year.
31. While numbers of Looked After Children remain stable within a range of 340 to 360 placements, a pressure of £2,338k is reported against contingency as a result of a more complex caseload driving higher costs per placement and slower than anticipated recruitment of new Foster Carers. While the pace of recruitment is expected to delay delivery of savings, these are projected to be delivered in full in future years.
32. An underspend of £250k is projected against the costs of Children transitioning into Adult Social Care, reflecting recent experience of lower than budgeted numbers transferring. This position will be confirmed in the autumn, but will remain under review.
33. An in-year underspend of £205k is projected against the Winterbourne View contingency as transfers taking longer than previous planned, partially in order to ensure suitable placements are identified.
34. A pressure of £971k is projected in respect of Deprivation of Liberty Safeguard assessments for individuals in Care Home placements and hospitals. To date there is no indication of new burdens funding from central government and there has been an average of 24 assessments per week since April 2016.
35. It is assumed that only £500k of General Contingency will be required at this early stage in the financial year.

Priority Growth

36. The 2016/17 General Fund revenue budget approved by Council in February 2016 set aside £734k of unallocated Priority Growth, in addition to £400k of specific growth monies to support HIP Initiatives. The 2016/17 HIP budget is supplemented by £820k brought forward balances. As at Month 2, no priority growth has been allocated to services. The corporate monitoring position assumes all budgeted growth will be spent or committed during the current financial year.

Table 6: Priority Growth

Original Budget	Budget Changes	Priority Growth	Month 2		
			Revised Budget	Approved Allocations	Unallocated Balance
£'000	£'000		£'000	£'000	£'000
400	0	HIP Initiatives Budgets	400	0	400
0	820	B/fwd Funds	820	30	790
734	0	Unallocated Priority Growth	734	0	734
1,134	820	Total Priority Growth	1,954	30	1,924

Schools Budget, Parking Revenue Account and Collection Fund

37. The latest forecasts on other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund in 2016/17.
38. A drawdown of £686k from Dedicated Schools Grant balances is projected for the Schools Budget at Month 2, which includes the planned release of £451k earmarked balances to support the roll out of two year old childcare provision and timing differences arising from DfE funding arrangements. A number of compensatory variances are reported within the Schools Budget, including £37k underspend across centrally retained expenditure.
39. A minor £66k surplus is reported on the Parking Revenue Account at Month 2, although given the scope for volatility in enforcement and on-street parking income this position will continue to be closely monitored.
40. A surplus of £2,000k is projected on the Council's share of Business Rates revenues at Month 2, with a breakeven position on Council Tax. The favourable position on Business Rates is principally driven by the 2015/16 outturn surplus, which included significant backdated increases in Rateable Value at Heathrow Airport.

Housing Revenue Account

41. The Housing Revenue Account (HRA) is currently forecasting an in- year overall surplus of £10,540k, which is £1,278k more than the budgeted surplus of £9,262k. This is primarily due to underspends against Planned Maintenance & Tenant Services being partially off-set by a forecast shortfall of £220k on income contribution from Leaseholders towards the cost of improvement works to Council housing stock. As a result HRA General Balances are projected to increase to £44,486k by 31 March 2017, with a significant element of this sum earmarked to support investment in new housing stock.
42. 21 properties have been sold under Right to Buy arrangements as at Month 2, with a total of 115 sales forecast for 2016/17. Sufficient expenditure on the acquisition of new properties has been incurred to fully utilise the initial tranche of retained receipts and therefore avoid repayment to DCLG during Quarter 1.

Future Revenue Implications of Capital Programme

43. Appendix D to this report outlines the forecast outturn on the 2016/17 to 2020/21 Capital Programme, with a £145k underspend projected over the five year programme. Prudential Borrowing required to support the Council's Capital Programme is projected to be £2,347k lower than the £265,116k revised budget, primarily as a result of a £3,902k favourable variance on Government Grants being off-set by a £1,700k shortfall in Capital Receipt forecasts over the medium term. This favourable variance on borrowing would result in a marginal reduction in future revenue costs of approximately £130k per annum.
44. The additional Government Grant income has been included in projections following confirmation of 2017/18 funding for school expansion projects, although there remains a risk that £14,990k of as yet unconfirmed funding for later years may not be secured and therefore increase the borrowing requirement.
45. 2016/17 capital expenditure is projected to be £25,895k lower than the £120,002k budget, indicating that the Council will be able to defer new borrowing into later years and therefore deliver savings against capital financing budgets in 2017/18. Slippage in delivery of capital receipts will reduce any such saving, with current forecasts showing that £16,063k of the planned £22,038k will be secured during 2016/17.

Appendix A – Detailed Group Forecasts (General Fund)

ADMINISTRATION (£110k underspend)

47. The Administration group is showing a projected outturn underspend of £110k at Month 2, due in the main to staffing vacancies across Democratic Services and Legal Services owing to ongoing recruitment and in Partnerships and Policy due to maternity leave.

Table 7: Administration Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
1,490	0	Democr. Services	Salaries	1,490	1,437	(53)
1,645	(1)		Non-Sal Exp	1,644	1,648	4
(629)	0		Income	(629)	(629)	0
2,506	(1)		Sub-Total	2,505	2,456	(49)
2,307	0	Human Resources	Salaries	2,307	2,298	(9)
534	0		Non-Sal Exp	534	562	28
(248)	0		Income	(248)	(254)	(6)
2,593	0		Sub-Total	2,593	2,606	13
1,979	0	Legal Services	Salaries	1,979	1,932	(47)
87	0		Non-Sal Exp	87	87	0
(341)	0		Income	(341)	(341)	0
1,725	0		Sub-Total	1,725	1,678	(47)
579	0	Policy & Partnerships	Salaries	579	553	(26)
2,141	0		Non-Sal Exp	2,141	2,142	1
(70)	0		Income	(70)	(72)	(2)
2,650	0		Sub-Total	2,650	2,623	(27)
6,355	0	Admin. Directorate	Salaries	6,355	6,220	(135)
4,407	(1)		Non-Sal Exp	4,406	4,439	33
(1,288)	0		Income	(1,288)	(1,296)	(8)
9,474	(1)		Total	9,473	9,363	(110)

FINANCE (£208k underspend)

45. The Finance group is showing a projected outturn underspend of £208k at Month 2, due in the main to staffing vacancies in Operational Finance and Procurement, which has been recently restructured and the capitalisation of staff supporting transformation activity.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
519	0	Internal Audit	Salaries	519	532	13
30	0		Non-Sal Exp	30	30	0
(10)	0		Income	(10)	(10)	0
539	0		Sub-Total	539	552	13
1,555	0	Procurement	Salaries	1,555	1,519	(36)
92	0		Non-Sal Exp	92	92	0
0	0		Income	0	0	0
1,647	0		Sub-Total	1,647	1,611	(36)
3,321	142	Operational Finance	Salaries	3,463	3,286	(177)
611	0		Non-Sal Exp	611	611	0
(158)	0		Income	(158)	(158)	0
3,774	142		Sub-Total	3,916	3,739	(177)
4,101	0	Revenues & Benefits	Salaries	4,101	4,146	45
1,634	(3)		Non-Sal Exp	1,631	1,629	(2)
(2,023)	0		Income	(2,023)	(2,066)	(43)
3,712	(3)		Sub-Total	3,709	3,709	0
1,348	290	Strategic Finance	Salaries	1,638	1,630	(8)
1,978	0		Non-Sal Exp	1,978	1,978	0
(284)	0		Income	(284)	(284)	0
3,042	290		Sub-Total	3,332	3,324	(8)
10,844	432	Finance Directorate	Salaries	11,276	11,113	(163)
4,345	(3)		Non-Sal Exp	4,342	4,340	(2)
(2,475)	0		Income	(2,475)	(2,518)	(43)
12,714	429		Total	13,143	12,935	(208)

46. A year end drawdown from the Insurance contingency of £341k is projected at Month 2. The contingency of £400k provided for Insurance was fully utilised in 2014/15, and £300k was utilised in 2015-16 as costs exceeded the available base budget of £359k.

Table 9: Finance Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
341	0	Uninsured Claims	341	341	0
341	0	Current Commitments	341	341	0

RESIDENTS SERVICES (£713k underspend)

47. Residents Services directorate is showing a projected outturn underspend of £713k at Month 2, excluding pressure areas that have identified contingency provisions.

Table 10: Residents Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
15,008	286	Deputy Director Residents Services	Salaries	15,294	15,003	(291)
15,752	404		Non-Sal Exp	16,156	16,282	126
(7,981)	434		Income	(7,547)	(7,424)	123
22,779	1,124		Sub-Total	23,903	23,861	(42)
4,951	173	Development and Assets	Salaries	5,124	5,102	(22)
11,174	(27)		Non-Sal Exp	11,147	11,293	146
(5,072)	(314)		Income	(5,386)	(5,315)	71
11,053	(168)		Sub-Total	10,885	11,080	195
487	0	Estates and Tenancy Management	Salaries	487	487	0
1,154	(1)		Non-Sal Exp	1,153	1,153	0
(3,279)	0		Income	(3,279)	(3,095)	184
(1,638)	(1)		Sub-Total	(1,639)	(1,455)	184
1,730	0	Planning, Transport and Community Projects	Salaries	1,730	1,541	(189)
1,534	(476)		Non-Sal Exp	1,058	1,058	0
(10,706)	0		Income	(10,706)	(10,801)	(95)
(7,442)	(476)		Sub-Total	(7,918)	(8,202)	(284)
1,774	0	Planning and Enforcement	Salaries	1,774	1,644	(130)
854	(2)		Non-Sal Exp	852	852	0
(2,782)	0		Income	(2,782)	(3,080)	(298)
(154)	(2)		Sub-Total	(156)	(584)	(428)
11,739	0	Green Spaces & Culture	Salaries	11,739	11,782	43
7,567	(63)		Non-Sal Exp	7,504	7,515	11
(9,916)	(145)		Income	(10,061)	(10,217)	(156)
9,390	(208)		Sub-Total	9,182	9,080	(102)
7,994	0	Digital Strategy & Communications	Salaries	7,994	7,948	(46)
5,714	(39)		Non-Sal Exp	5,675	5,586	(89)
(3,058)	0		Income	(3,058)	(2,912)	146
10,650	(39)		Sub-Total	10,611	10,622	11
6,027	(28)	Business and Technical Support	Salaries	5,999	5,518	(481)
1,051	(71)		Non-Sal Exp	980	1,086	106
(4,197)	65		Income	(4,132)	(3,870)	262
2,881	(34)		Sub-Total	2,847	2,734	(113)
4,131	277	Policy and Standards, Education, Housing and Public	Salaries	4,408	4,274	(134)
10,455	561		Non-Sal Exp	11,016	11,016	0
(9,014)	(65)		Income	(9,079)	(9,079)	0
5,572	773		Sub-Total	6,345	6,211	(134)
53,841	708	Residents Services	Salaries	54,549	53,299	(1,250)
55,255	286		Non-Sal Exp	55,541	55,841	300
(56,005)	(25)		Income	(56,030)	(55,793)	237
53,091	969		Total	54,060	53,347	(713)

48. The overall variance results from staffing underspends across the group and favourable income projections in planning, offset mainly by a pressure on the adaptations backlog in development & assets as well as parking income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.
49. The Council's 2016/17 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. At Month 2 projected calls on contingency are at the budgeted provision. The position against these contingency items is shown in Table 11 below.

Table 11: Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 2		Variance (As at Month 2)
			Revised Budget	Forecast Outturn	
£'000	£'000		£'000	£'000	£'000
2,025	0	Impact of welfare reform on homelessness	2,025	2,025	0
2,728	0	Waste Disposal Levy	2,728	2,728	0
200	0	High Speed 2 Challenge Fund	200	200	0
200	0	Heathrow Expansion Challenge Fund	200	200	0
5,153	0	Current Commitments	5,153	5,153	0

50. The financial year 2016/17 continues to see 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

	2016		
	March	April	May
Homeless Threat, Priority Need & Eligible	97	128	138
Presenting As Homeless	57	41	41
Duty Accepted	31	24	22
<u>Households in Temporary Accommodation</u>	610	587	591
<u>Households in B&B</u>	225	222	220

51. As in previous years, a contingency has been set aside in 2016/17 to resource the need for Temporary Accommodation in the Borough. The call on contingency relating to homelessness at this early stage of the financial year is currently projected to be £2,025k, which is as per the budgeted provision. Given the continuing large number of households in high cost B&B and the challenges in procuring affordable private rental sector accommodation, this risk will be closely monitored throughout the year. There is the option to utilise earmarked reserves should the position deteriorate.
52. A contingency of £2,728k has been set aside to fund estimated increases in waste tonnages via the levy. West London Waste Authority (WLWA) had previously indicated potential disbursement of excess reserves, further to finalisation of their 2015/16 year end position. However, at the latest partnership meeting of the authority, boroughs were notified of further delays to commencement of full services at Severnside Energy Recovery Facility (SERC). The delay is now anticipated to be three months with service commencement in November 2016 as opposed to August 2016, owing to disputes between various contractors working on the site. The financial impact to WLWA is anticipated to be between £5.2m and £7.3m. The impact on boroughs is that the disbursement of excess reserves will now not be actioned, as the additional reserves of ca £3m from the 2015/16 surplus are required to manage the impact of the delay at the SERC. WLWA have assured officers that they will not ask for further resources from boroughs should further delays to full service commencement materialise.

Deputy Director Residents Services (£42k underspend)

53. The service is forecasting an underspend of £42k at month 2. There is a forecast underspend of £291k relating to staffing budgets across the service, netted down by a forecast pressure of £126k on non-staffing costs, owing to increased expenditure on tipping costs via the Grundon contract.
54. There continues to be an income pressure within the Imported Food service (£123k), with forecast pressures expected to continue this year, albeit not at the levels seen in 2015/16.
55. As reported throughout 2015/16, short-term funding in support of weekly recycling and food waste collections has been built up in an earmarked reserve. Following drawdown of approximately 50% of this reserve following the close of 2015/16, the remaining resource of £327k is expected to be drawdown in full at the end of this financial year (2016/17).

Development and Assets (£195k overspend)

56. At Month 2 the service is reporting an overspend of £195k on additional resources being deployed to cover the backlog of work for home adaptations. The pressure relates to additional interim arrangements to cover backlog of work including a financial assessment officer and a consultant.

Estates and Tenancy Management (£184k overspend)

57. At this early stage of the financial year, the service is projecting an income pressure of £184k, owing to the continuing pressure on garages income and a smaller (£25k) pressure on general corporation estates income.

Planning, Transportation and Community Projects (£229k underspend)

58. At Month 2, the service is reporting a favourable salary projection of £189k, relating to a number of vacant posts in a number of teams across the service, with the largest variances in planning policy team (£99k) and school crossing patrols (£45k).
59. There is a forecast overachievement on income of £95k relating to a favourable position on grants, with the main movement relating to notification of the final New Homes Bonus refund from CLG.

Planning and Development (£428k underspend)

60. Income streams across the service remain robust, with income targets expected to be exceeded by £298k.
61. An early review of non-staffing spend following outturn has identified further underspends of £130k, expected to continue into the new year.

Green Spaces, Sport & Culture (£102k underspend)

62. The service is forecasting overachievement of income targets at Month 2 of £156k, in the main relating to improved income forecast at the Compass Theatre following refurbishment and improved income projections at Breakspear Crematorium.
63. This forecast is partially netted off by adverse forecasts in staffing (£43k) and non-staffing (£11k) costs, mainly relating to revised grounds maintenance forecasts.

Digital Strategy & Communications (£11k overspend)

64. ICT are forecasting a pressure at Month 2 of £117k, following the transfer of HGfL into the service and the residual pressure, which is expected to be managed by the planned restructure within ICT.
65. Communications are forecasting an underspend of £17k on staffing following a restructure and subsequent recruitment. The contact centre is forecasting an underspend of £54k, due to vacant posts within the service.
66. There is a forecast underspend of £89k on contracts and licences at Month 2, consisting of underspends in support & maintenance renewals (£30k), data communications (£50k) and equipment maintenance (£9k).

Business and Technical Support (£113k underspend)

67. 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 £262k.
68. There is a projected underspend of £481k on staffing budgets relating to delays in recruitment following the restructure in Technical Admin and Business Support. The forecast for non-staffing costs is showing a projected overspend of £106k, mainly relating to pressures on postage costs. The service is progressing a postal services framework tender which is expecting to relieve an element of this pressure going forward.

Policy and Standards - Education, Housing and Public Health (£134k underspend)

69. Early forecasts for the staffing costs in this area project an underspend of £134k owing to vacant posts across a number of services, including Community Safety (£41k), Performance & Intelligence (£17k) and Housing Options (£76k).

SOCIAL CARE (£334k underspend)

70. Social Care is projecting an underspend of £334k as at Month 2. Within the salaries position there is an underspend of £670k, due to a number of vacancies across Early Intervention and All Age Disabilities services and the capitalisation of transformation staffing costs. The underspend has been netted down by the additional cost of agency staff, particularly within Children's Services, whilst the service continues to undertake a major staff recruitment campaign to the new structures. There are a number of significant pressures on non-staffing expenditure, most notably the cost of providing housing accommodation and support for Section 17 designated families and the cost of Transport for children and adults.

Table 13: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
1,826	261	Safeguarding Children	Salaries	2,087	2,152	65
1,612	60		Non-Sal Exp	1,672	1,731	59
(165)	0		Income	(165)	(279)	(114)
3,273	321		Sub-Total	3,594	3,604	10
4,678	0	Children's Early Intervention Services	Salaries	4,678	4,556	(122)
3,406	(2)		Non-Sal Exp	3,404	3,406	2
(1,712)	0		Income	(1,712)	(1,716)	(4)
6,372	(2)		Sub-Total	6,370	6,246	(124)
4,293	0	Looked After Children	Salaries	4,293	4,450	157
608	(26)		Non-Sal Exp	582	582	0
(8)	0		Income	(8)	(216)	(208)
4,893	(26)		Sub-Total	4,867	4,816	(51)
7,595	(142)	Children's Resources	Salaries	7,453	7,562	109
9,388	22		Non-Sal Exp	9,410	10,324	914
(6,891)	0		Income	(6,891)	(7,805)	(914)
10,092	(120)		Sub-Total	9,972	10,081	109
8,669	118	All-Age Disabilities	Salaries	8,787	8,341	(446)
44,634	196		Non-Sal Exp	44,830	45,142	312
(9,536)	(118)		Income	(9,654)	(9,571)	83
43,767	196		Sub-Total	43,963	43,912	(51)
4,460	(241)	Adult Social Work	Salaries	4,219	4,160	(59)
28,082	235		Non-Sal Exp	28,317	29,112	795
(8,570)	0		Income	(8,570)	(9,295)	(725)
23,972	(6)		Sub-Total	23,966	23,977	11
8,873	0	Adult's Early Intervention & Prevention	Salaries	8,873	8,726	(147)
3,067	(15)		Non-Sal Exp	3,052	3,265	213
(10,897)	(220)		Income	(11,117)	(11,146)	(29)
1,043	(235)		Sub-Total	808	845	37
2,574	28	Safeguarding, Quality & Partnerships	Salaries	2,602	2,614	12
6,531	0		Non-Sal Exp	6,531	6,933	402
(541)	0		Income	(541)	(892)	(351)
8,564	28		Sub-Total	8,592	8,655	63
631	394	Directorate & Support Services	Salaries	1,025	787	(238)
649	0		Non-Sal Exp	649	549	(100)
(33)	0		Income	(33)	(33)	0
1,247	394		Sub-Total	1,641	1,303	(338)
43,599	418	Social Care Total	Salaries	44,017	43,348	(669)
97,977	470		Non-Sal Exp	98,447	101,044	2,597
(38,353)	(338)		Income	(38,691)	(40,953)	(2,262)
103,223	550		Total	103,773	103,439	(334)

71. The Council's 2016/17 Development and Risk Contingency contains provision for areas of expenditure within Social Care for which there is a greater degree of uncertainty. In part this

is caused by in-year demographic changes in the number of adults 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 2		Variance (As at Month 2)
			Revised Budget	Forecast Outturn	
£'000	£'000		£'000	£'000	£'000
2,212	0	Asylum Service	2,212	1,936	(276)
3,734	0	Demographic Growth - Looked After Children	3,734	6,072	2,338
277	0	Social Worker Agency	277	277	0
1,699	0	Demographic Growth - Transitional Children	1,699	1,449	(250)
432	0	Demographic Growth - Adults	432	432	0
393	0	Winterbourne View	393	188	(205)
0	0	Deprivation of Liberty Safeguards	0	971	971
1,331	0	Care Act New Burdens Funding	1,331	1,331	0
10,078	0	Current Commitments	10,078	12,656	2,578

Asylum Service (£276k underspend)

72. As at Month 2 this service is projecting a drawdown of £1,936k from the contingency, £276k below the budget. This reflects the improvements the service forecast they will deliver through undertaking a major review of the support provided to UASC to ensure that individual UASC are accessing all available funding sources from a range of Central Government Departments, with a particular focus on those studying at University and access to access Student Loan Finance. All financial policies relating to the provision of allowances are being reviewed to ensure that there is a consistent approach to the financial support provided. Early indications are that these reviews will reduce the cost to the Council, but not necessarily reduce the amount of funding that the individual will receive, as they will be able to access levels of financial support from Central Government Departments.
73. On 13 May 2016, the Home Office provided an update on the National Transfer arrangements that they are planning to put in place in 2016 for UASC. This clarified that from 1 July 2016 the rates provided for all new entrants would be £114 per day for eligible under 16's; £91 per day for eligible 16 to 17 year olds; and £200 per week for 18+ who would attract leaving care support. It also clarified that those UASC already receiving support prior to 1 July 2016, would continue to receive the original funding rates applicable at the time.
74. The rates Hillingdon currently receive are £114 per day for eligible under 16's; £91 per day for eligible 16 to 17 year olds; and £150 per week for 18+ who would attract leaving care support. Therefore the only difference in the new rates relates to the 18+ population. However, as this applies only to new starters after 1 July 2016, the new arrangements will have a very minimal financial benefit to the Council.

Demographic Growth - Looked After Children (£2,338k overspend)

75. The service is projecting a drawdown of £6,072k from Contingency, £2,338k above the budget. The reasons for this projected overspend are explained below. Additionally, the service has implemented a number of changes to the approval and review process, which provide a much stronger challenge in the decision making process.
76. Reviewing the construction of the base budget for 2016/17, it is clear that based on the July 2015 data that whilst numbers of children have stabilised, the complexity of care has led to higher unit costs of delivering care. The original base budget for 2015/16 was significantly below the then projected outturn position for 2015/16. In order to address this, an additional £3,736k was built into the Council's base budget. However, it was then assumed that as the numbers were beginning to show signs of stabilising, a saving of £1,559k could be delivered, in 2016/17 with a particular focus on reducing the the numbers of high cost residential placements, where the number of placements were seen as being abnormally high. The delivery of this saving remains a challenge.
77. The first point to note is that the performance data indicates that the service has stabilised. Looked After Children numbers are consistently within the range of 340 to 360 placements over the months from May 2015 to date, those with a Child Protection Plan is consistently within the range of 340 to 380 placements, and those where children have been identified as Children in Need is relatively consistent standing at approximately 645 cases. Additionally, since Month 3 of 2015/16, 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 of 2015/16, to 46.2% IFA and 53.8% In House at Month 2 of 2016/17.
78. The Assistant Director of Children's Services has significantly revised the decision making process for all Looked After Children placements by setting up one Panel, which makes the decisions on all placements. This Panel meets weekly to ensure that the correct decisions are being made on the most appropriate placement for an individual child. Additionally the placement data is reviewed each month by the Assistant Director of Children's Services with each of the Social Worker Team Managers, where the main focus is on higher cost placements. Comparing the 2015/16 outturn position (a total expenditure of £5,129k) with the projected outturn for 2016/17 (£4,317k), indicates that through these new procedures, the service will have reduced the cost of high cost placements by £812k, which is above the savings identified in the base budget for 2016/17, which equates to £665k.
79. However, comparing the 2015/16 outturn position (a total expenditure of £11,198k) with the baseline budget for 2016/17 (£10,415k), indicates that the final position at the year end was £783k higher than the position used to determine the budget for 2016/17 in July 2015. It is therefore reasonable to conclude that part of the reason for the overspend relates to this point, as the service will have to reduce this cost first before any savings can be achieved.
80. The main saving built into the base budget relates to the change in the number of children placed through an Independent Fostering Agency (IFA), linked to the October 2015 Foster Care recruitment initiative, which aimed to recruit up to 30 new Foster Carers. There are currently 19 applicants still going through the assessment stages (it should be noted that this figure is likely to change at the final approval stage), which will result in additional Foster Carers being recruited, the service is also looking to start another campaign in the near future. However, it is clear that the profile used to reflect the reduction in costs does not match the actual position. The number of IFA placements are expected to increase, as the strategy for stepping down the majority of high cost placements currently averaging £3,400 per week to an IFA, but at a much higher cost, where the proposal is to provide £1,500 per

week for these placements where there are high complex needs of children compared to approximately £800 per week for children with lower needs. The current projections reflects this position (forecasting an annual spend of £3,452k), which is comparable to the outturn position in 2015/16 (an expenditure of £3,242k). Based on this, it will be very challenging for the service to reduce its' costs and deliver the identified saving of £1,417k.

81. The projected outturn position also assumes that part of the cost of placements will be met by a contribution from the Dedicated School Grant (DSG) and the Health Service. Based on the current placement profile, there is a projected shortfall in income of £254k, as generally, where children are moved from a high cost placement and placed more locally, they in most cases attend a local Hillingdon school and therefore do not incur any additional educational costs within the placement.

Social Worker Agency (Children's) (Nil variance)

82. This contingency provides funding to cover the additional cost of using agency staff whilst the service undertakes a range of recruitment activity. It assumes that the service will operate at a level of 90% of all posts are occupied by permanent staff, with the remaining 10% occupied by agency staff. In a majority of cases, the service is now at or projecting to be at 80% permanency, it is therefore anticipated that the full draw down of this contingency will be required in this financial year.

Demographic Growth - Transitional Children (£250k underspend)

83. The number of children that transferred to adult care services for 2015/16 was lower than anticipated and based on this reduced number it is currently estimated that £250k of this contingency will not be needed in the current financial year. The actual number due to transfer in 2016/17 will not be known until the Autumn and the forecast will be kept under close review and any changes reflected in future forecasts.

Demographic Growth - Adults Placements (Nil variance)

84. At Month 2 it is forecast that the full draw down of the £432k contingency for Adult Demographic changes will be required. The demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review.

Winterbourne View (£205k underspend)

85. At Month 2 it is forecast that £188k of the contingency will need to be drawn down in respect of the Winterbourne View transfer cases. There have been difficulties in sourcing suitable placements for clients and the transfers are taking longer than previously planned.

Deprivation of Liberty Safeguards (DoLs) (£971k overspend)

86. The number of DoLs referrals received to the end of May is 216. This is an average of 24 per week. Based on this level of referrals the pressure from DoLs is estimated at £971k, this is from Care Home and Hospital based residents. In addition to this group of clients there are costs associated with residents living in the community. This pressure is not included in the current estimate as it is anticipated the cost of these assessments will be contained within the Care Management Teams at no additional cost. This will be kept under close review during the year.
87. It should be noted that central government has provided no new specific grant funding to cover this pressure, which was anticipated when the budget was set.

DIRECTORATE OPERATING BUDGETS

Safeguarding Children (£10k underspend)

88. The service is reporting an overspend of £10k, due to a number of agency staff covering vacant posts in the Child Protection service. The service pressure relates to an overspend of £65k on staff due to a number of agency staff covering vacant posts and an overspend of £61k on non-staffing which relates to an increase in Child Protection, LSCB and Family Conference delivery costs, netted down by additional income of £115k, which relates to a recharge to Adult Services for the cost of running a joint safeguarding board operation covering both children's and adults. The Safeguarding Board budget is currently being reviewed and will need to be realigned to reflect this revised arrangement.

Children's Early Intervention & Prevention Services (£124k underspend)

89. The service is reporting an underspend of £124k, due primarily to a projected underspend on staffing costs within the local authority run Children Centre budgets, where the service has a number of vacant posts.

Looked After Children (£51k underspend)

90. This service is reporting an underspend of £51k, which relates to an overspend of £157k on staffing costs, due to the cost of running down the Skylakes managed service which ended at the beginning of June 2016 and the continued use of agency staff within the newly established duty team, which replaced the Skylakes managed service at the beginning of June 2016. These are netted down by drawing down £216k from the Earmarked Reserves to fund the one off cost of the Skylakes managed service.
91. The Assistant Director of Children's Services, has started a major review of the allowances paid to Looked After Children and tightened up the approval process. The service is also reviewing all finance policies to ensure that they are in line with other Council's and that there is a consistent approach to the decision making process for releasing allowances to all Looked After Children.

Children's Resources (£109k overspend)

92. The service is reporting a pressure of £109k at Month 2, which is due to the cost of using agency staff, whilst the service continues to actively recruit permanent staff. However, £120k of staffing costs will be capitalised to reflect the work that staff are undertaking to transform the service. Additionally, the service has an overspend of £914k on non staffing costs, which relates to the cost of staff recruitment (an additional cost of £250k), where the service are using a range of services to access the market place, including; temp to perm arrangements; a major recruitment campaign through Penna and overseas recruitment through HCL, the cost of providing temporary Bed and Breakfast accommodation support for families under Section 17 regulations or who have No Recourse to Public Funds (NRPF) (an additional cost of £396k) and the cost of providing ad-hoc support to families under Section 17 regulations or who have No Recourse to Public Funds (NRPF) (an additional cost of £261k). These costs will be met from a drawdown of £907k from Earmarked Reserves.

All Age Disabilities (AAD) (£51k underspend)

93. The salaries budget for AAD is currently forecast to underspend by £446k, due to a number of staff vacancies across the service, which are actively being recruited to. £120k of this underspend relates to posts which are funded from the Dedicated Schools Grant (DSG),

which will be offset by reduced income and £128k is from the capitalisation of transformation costs.

94. Across Transport, a number of actions including an in depth review of contracts, changes to scheduled routes and the use of vehicles have been undertaken to deliver the planned savings required from the Transport Service for children with Special Educational Needs and Adults. However there still remains a cost pressure and further management actions are being implemented to bring the service costs close to budget by the year end.
95. The non staffing budget is forecasting a pressure of £311k as there continues to be a pressure from the Independent Living Fund (ILF) cases that transferred in July 2015, where the Government Grant received in 2016/17 does not cover the full cost of cases transferred and although in some cases have subsequently received Health funding there remains approximately a £100k pressure. The balance of the pressure relates to the cost of Transport.
96. A pressure of £83k is forecast on income, with £120k relating to reduced DSG income offset by an underspend on salaries. However, client income is approximately £40k higher than the budget, resulting in the net pressure stated above.

Social Work (£11k overspend)

97. The staffing budget is forecast to underspend by £59k, as there are a small number of vacant posts within the Social Work Service which are not currently covered by agency staff.
98. The non-staffing and income budget is forecast to overspend by a net £70k, after drawing down £134k from Earmarked reserve to cover the increase in Homecare inflation agreed with providers in February 2016.
99. Additional income of £90k from Health is forecast in respect of joint S117 Mental Health Act placements.

Adults Early Intervention & Prevention (£37k overspend)

100. There is a net pressure of £37k within the AEI&P Service. The forecast for staffing costs is an underspend of £147k, due to controls that have been put in place to tightly manage contingent labour within the in house services. This underspend will be used to offset slippage in savings targets from the preventative service review.
101. There is a pressure of £213k forecast on the non staffing budget, which relates to delays in delivering the preventative savings target, where there is an ongoing review where it is anticipated that savings can be delivered but it is currently uncertain how much of this can be delivered in the current year. This cost pressure will be offset by an underspend against contingency labour.
102. Additional income of £29k is forecast at month 2, including £25k from Health.

Safeguarding Quality & Partnerships (£63k overspend)

103. The service is reporting an overspend of £63k at Month 2, relating primarily to the review of the Complex Care Service. There is a small pressure forecast on staff costs of £12k at Month 2.
104. The non-staffing and income budgets are forecasting a net pressure of £51k as the service are expecting to receive £351k of additional income from Health contributions relating to

S117 Mental Health Act joint placements. This additional income is offset by the additional expenditure incurred on the placements.

105. £100k of the non staffing pressure relates to the saving target in respect of the review of the Complex Care Service. This service is still under review and at present the saving that can be delivered from changing this delivery of this service in the current year is not certain. Alternative savings of £40k have been identified to cover part of the pressure.

Directorate & Support (£338k underspend)

106. The Director budget is forecast to underspend by £338k, due to £345k of transformation staffing costs being capitalised.

Better Care Fund (Nil variance)

107. At Month 2 the Better Care Fund is forecast on budget.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£235k overspend)

108. The Dedicated Schools Grant (DSG) is projecting an in-year overspend of £235k. The overspend, in the main, relates to the funding provided to providers for 3 and 4 year old placements, where the DfE have not yet aligned and recalculated the DSG.

Table 15: DSG Income and Expenditure 2016/17

Original Budget	Budget Changes	Funding Block	Month 2		Variance (As at Month 2)
			Revised Budget	Forecast Outturn	
£'000	£'000		£'000	£'000	£'000
(140,664)	0	Dedicated Schools Grant Income	(140,664)	(140,814)	(150)
105,361	451	Delegated to Schools	105,812	106,060	248
4,805	0	Early Years	4,805	5,182	377
3,740	0	Centrally Retained	3,740	3,703	(37)
26,758	0	Special Needs	26,758	26,555	(203)
0	451	Total Schools Budget	451	686	235
0	0	Balance Brought Forward 1 April 2016	(866)	(866)	
	(451)	Use of Balances	(451)	(686)	
0	0	Balance Carried Forward 31 March 2017	415	180	

DSG Income (£150k underspend)

109. The projected surplus relates to the Early Years Pupil Premium where Early Years settings have so far identified less children eligible for payment of early years pupil premium than we have been funded for. This funding will not be adjusted by the DfE and therefore this will result in an underspend unless additional eligible children are identified.

Delegated to Schools: £248k overspend

110. The Early Years funding delegated to schools is currently showing a £248k overspend due to the increase in the number of three and four years olds accessing the free entitlement. The DfE have not yet adjusted the DSG Early Years block funding to reflect this increase and when we receive details of additional funding this budget will be realigned.

Early Years: £377k overspend

111. The £377k overspend in Early Years predominantly relates to the capacity building programme for two year old provision. The funding was agreed for a number of projects last financial year, but works did not actually begin till the current year. £610k of the DSG underspend from 2015/16 was allocated for these projects and it is expected that these will be completed this financial year. This is offset by an underspend in the vulnerable children funding where it is not expected that the full £400k budget will be used as the mechanism for accessing this funding is still being agreed.

Centrally Retained: £37k underspend

112. The £37k underspend in the Centrally Retained predominantly relates to a vacant Procurement Officer post, where funding has been agreed for two posts but only one is currently filled. There are also underspends projected in the Admissions budget and in relation to the Domestic Violence Education Officer post which is also currently vacant. These underspends are offset by a projected overspend on the cost of the Courier Service to schools which is to be reviewed by Schools Forum in the coming months as part of their review of all centrally retained DSG budgets.

School Academy Conversions

113. 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 are required to realign the DSG income budget and the amount delegated to maintained schools.

114. We have not yet been made aware of any maintained schools which are planning to convert to academy status in 2016/17.

Maintained School Balances & Budgets

115. A review of balances at the end of the 2015/16 financial year identified an increase in the number of maintained schools in deficit. In Hillingdon only one school had a licenced deficit in 2015/16. However a further three primary schools ended the year in deficit. Any schools that fall into deficit are subject to more focused monthly monitoring by LA officers to ensure that everything possible is being done to address the situation.

116. The following table provides an update on the 2015/16 year-end financial position of schools maintained by the Council (this excludes academy schools), based on school outturns:

School Type	Total Number of Schools	Number of Schools In Deficit	Value of Deficit £000
Nursery	1	0	0
Primary	51	3	62
Secondary	2	1	761
Special	2	0	0
Total	56	4	823

117. Maintained schools started the 2016/17 year with an opening surplus balance of £12.8m (revenue & capital). This was a slight increase of £0.3m from the previous year. Despite this increase in balances a number of schools are beginning to experience financial difficulties due to funding being cash-limited and significant increases in costs.

PARKING REVENUE ACCOUNT (£66k surplus)

118. 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 2		Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000	
(4,079)	0	Income	(4,079)	(4,100)	(21)
4,079	0	Expenditure	4,079	4,034	(45)
0	0	In-year (Surplus) / Deficit	0	(66)	(66)

119. An in-year surplus of £66k is forecast for the 2016/17 financial year. There is a total income surplus of £21k. The favourable income projection reflects an initial forecast for the full year based on income from parking bay suspensions, permits and bailiffs. The income position is complimented by savings totalling £45k. The favourable movement is a result of additional enforcement activity which has improved the income position.

COLLECTION FUND (£2,000k surplus)

120. 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 relate to the Council's own share of income and disregard monies collected on behalf of the Greater London Authority and Central Government. The projected surplus will be available to support the Council's General Fund budget in 2017/18.

121. A surplus of £2,000k is projected on the Council's share of Business Rates revenues at Month 2, with a breakeven position on Council Tax. The favourable position on Business Rates is principally driven by the 2015/16 outturn surplus, which included significant backdated increases in Rateable Value at Heathrow Airport. Within the Council Tax position, strong collection performance and reduced demand for the Council Tax Reduction Scheme is sufficient to off-set high levels of demand for discounts and exemptions to deliver a breakeven position.

Table 17: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 2) £'000	
			Revised Budget £'000	Forecast Outturn £'000		
(118,703)	0	Council Tax	Gross Income	(118,703)	(118,754)	(51)
12,118	0		Council Tax Support	12,118	11,929	(189)
(2,625)	0		B/fwd Surplus	(2,625)	(2,385)	240
(109,210)	0		Sub-Total	(109,210)	(109,210)	0
(112,408)	0	Business Rates	Gross Income	(112,408)	(113,535)	(1,127)
(2,278)	0		Section 31 Grants	(2,278)	(2,138)	140
60,790	0		Less: Tariff	60,790	60,790	0
5,340	0		Less: Levy	5,340	5,834	494
1,125	0		B/fwd Deficit	1,125	(382)	(1,507)
(47,431)	0	Sub-Total	(47,431)	(49,431)	(2,000)	
(156,641)	0	Total Collection Fund		(156,641)	(156,641)	(158,641)

122. At this early stage of the financial year, a breakeven position is projected on 2016/17 Council Tax income in contrast to the surpluses recorded in recent years. Strong taxbase growth and projected high collection rates reducing the level of bad debt provision are being off-set by exceptional pressures across discounts and exemptions. A pressure of £600k arising from the continuation of reformed discounts into the new financial year, with an additional £400k from increased volumes of discounts at this early stage in the year. This position assumes continuation of Corporate Fraud activity to reduce numbers of Single Person Discounts being awarded. Reduced demand for the Council Tax Reduction Scheme is broadly off-setting a lower than anticipated 2015/16 surplus to deliver an overall breakeven position.

123. A surplus of £2,000k is projected on Business Rates Revenues for 2016/17, including £1,507k brought forward from 2015/16 in respect of the significant backdated increases in Rateable Value at Heathrow Airport. As at Month 2 it is expected that lower than budgeted levels of empty property relief and growth in the taxbase will deliver an additional £495k income to the General Fund by outturn.

Appendix C – HOUSING REVENUE ACCOUNT

124. The Housing Revenue Account (HRA) is currently forecasting an in- year overall surplus of £10,540k, which is £1,278k more than the budgeted surplus of £9,262k. The table below presents key variances by service area:

Table 18: Housing Revenue Account

Original Budget	Budget Changes	Function	Month 2		
			Revised Budget	Forecast Outturn	Variance (As at Month 2)
£'000	£'000		£'000	£'000	£'000
(56,215)	0	Rent Income	(56,215)	(56,300)	(85)
(5,272)	0	Other Income	(5,272)	(5,106)	166
(61,487)	0	Net Income	(61,487)	(61,406)	81
11,010		Housing Management	11,010	10,912	(99)
5,279		Tenant Services	5,279	4,867	(412)
5,266		Repairs	5,266	5,266	(0)
4,666	0	Planned Maintenance	4,666	3,817	(849)
9,199	0	Contribution to Works to Stock	9,199	9,199	0
15,067	0	Interest & Investment Income	15,067	15,067	0
1,738	0	Development & Risk Contingency	1,738	1,738	0
52,225	0	Operating Costs	52,225	50,866	(1,359)
(9,262)	0	(Surplus) / Deficit	(9,262)	(10,540)	(1,278)
(33,946)		General Balance 1 April 2016	(33,946)	(33,946)	0
(43,208)	0	General Balance 31 March 2017	(43,208)	(44,486)	(1,278)

Income

125. Rental income is forecast to be £85k more than budgeted. This is mainly due to a combination of a reduction in the assumed level of void loss of £76k and changes in number of HRA dwellings units, including RTB sales, resulting in more income of £8k.

126. Other Income is forecast to be reduced by £166k, an adverse movement compared to budget. This is mainly due to a forecast shortfall of £220k on income contribution from Leaseholders towards the cost of improvement works to Council housing stock, this is partly mitigated by additional income from parking spaces of £30k and income from other miscellaneous fees and charges of £24k.

127. There have been 53 RTB applications received by the end May 2016, an increase in applications when compared to the same period in previous years, although the forecast for the year remains at 115, the figures included in the 2016/17 budget. The forecast of 115 RTB sales is lower compared to 130 RTB sales in 2015/16, however the forecast reflect officers' expectation of a reduction in the numbers of completed RTB sales due to the ongoing increase in house prices and affordability issues for tenants.

Expenditure

128. The Housing management service budget is currently forecast to underspend by £99k. There is a forecast overspend on staffing of £92k mainly due to some redundancy payments, mitigated by £150k savings for the now defunct Incentive Payments scheme to Council's Tenants; also a £30k savings on RTB Valuation Appeal fees which have now been identified as a cost that will now be paid by the DCLG.

129. The tenancy services budget is currently forecast to underspend by £412k against a budget of £5,279k. This is due to reduced spending on the caretaking services, staffing salaries £251k underspend for vacancies pending a re-organisation, a reduction in internal recharges of £90k, and savings in vehicles fuel costs £57k due to the use of newer efficient vehicles, plus a range of a smaller favourable variances in supplies and services budget lines.
130. The overall repairs budget is forecast to be in line with the budget. It should be noted however that the responsive repairs and voids budget line is a forecast pressure of £409k, this is as a result of higher numbers of voids and a backlog of repairs to roofs and communal areas. This is being managed within the overall repairs budget, through higher than budgeted income from rechargeable repairs of £120k, savings in materials cost of £135K, savings on pooled transport cost budget of £133k, and forecast underspend of £21k in salaries budget due to vacancies plus a range of smaller favourable variances in non-pay budget lines.
131. Development and Risk Contingency - it should be noted that there are significant legal and consultancy costs arising from the Triscott House dispute however this is covered by a provision of £729k, which was included in the accounts for costs relating to specialist consultants and legal fees. At this stage it is not expected that costs will rise above the provision value. This budget will also be used, if required, to increase the level of the bad debt provision, which will be reviewed later in the year.
132. Planned Maintenance is forecast to underspend by £849k, compared to a budgeted spend of £4,666k. This is due to a forecast underspend on external cyclical decorations of £323k due to delays in the programme and which have no capital release or contract in place. There are also savings of £280k on the gas servicing contract, and efficiency savings of £194k from various servicing contracts resulting from retendering of the contracts.

HRA Capital

133. The forecast HRA Capital Programme is set out in the table below:

Table 20: HRA Capital Expenditure

Prior Years Cost		Revised Budget	Forecast	Cost Variance Forecast V Budget	Total Project Forecast 2016-21	Total Project Variance
		2016/17	2016/17			
	Major Projects	£000	£000	£000	£000	£000
9,370	New General Needs Housing Stock	7,420	7,420	0	43,830	0
3,878	New Build - Appropriation of Land	1,400	1,400	0	1,400	0
778	New Build - Supported Housing Provision	15,513	17,573	2,060	44,410	5,210
N/A	HRA General Capital Contingency	15,000	15,000	(2,060)	15,000	0
14,026	Total Major Projects	39,333	41,393	0	104,640	5,210
	Works to Stock					
N/A	Works to stock programme	13,092	13,092	0	40,103	0
N/A	Major Adaptations to Property	1,560	1,560	0	6,252	0
	Total Works to Stock	14,652	14,652	0	46,355	0
	Total HRA Capital	53,986	56,045	0	150,995	5,210

Major Projects

134. The 2016/17 Major Projects Programme revised budget has been increased by £162k due to re-profiling from 2015/16 subject to approval at June Cabinet. The programme is forecasting to fully spend at this stage of the financial year.
135. New General Needs Housing Stock - the budget is anticipated to be fully utilised through the ongoing purchase and repair programme and a number of potential general needs development sites.
136. New Build - Appropriation of Land - the £1,400k budget provides for the appropriation to the HRA of the Acol Crescent site in order to develop both supported housing units and general needs units.
137. New Build - Supported Housing - The tendered price for the both the 2 Extra Care projects have now been received and accepted. As result of the increased tendered prices, the programme is projected to cost £5.21m greater than budget. A value engineering exercise is being carried out to reduce the total cost, but it is not expected to significantly reduce the projected completion costs.
138. In the current financial year, the forecast spend on the programme is expected to be £17.57m compared to a budget of £15.51m, resulting in a forecast overspend of £2.06m, which can be offset by a forecast under spend on the HRA Contingency budget of (£2.06m).
139. HRA General Capital Contingency - It is anticipated that £12.94m of the budget will be required for risk issues or new developments that emerge, leaving an underspend of (£2.060), which is be used to fund the forecast overspend on the Supported Housing development above. The purchases of 217 & 219 Horton Road have been approved to be funded from this budget at a cost of £360k.

Works to Stock

140. The Works to Stock budget is forecast to spend to budget at this stage of the financial year. Elements of the programme include the following:
 - Playgrounds' replacement programme - contains planned works on three specific sites totalling £232k.
 - Roofing works - there is risk of over spend against the budget allocation of £504k in 2016/17 if all identified roofing works including uncompleted schemes from 2015/16 are carried out this year. This would need to be managed within the overall programme through slippage on other programme areas.
 - Major Adaptations - it is currently forecast to spend to the full budget of £1,560k as the backlog is further reduced

HRA Capital Receipts

141. There have been 21 Right to Buy sales of council dwellings as at end of May 2016 for a total sales value of £3.113m and a total of a further 94 sales are forecast to bring the yearly total to 115, totalling approximately £17m in 2016/17.
142. 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 2015-2021 approved by Cabinet in February has been phased to utilise these receipts within the allowed timescales.

143. Up to the end of 2015/16 there have been £30,682k retained Right to Buy receipts to be used 1 for 1 housing replacement of which £3,044k has been applied as capital financing. In the current 2016/17 financial year, the deadline for utilisation of 1 for 1 receipts will now fall quarterly as the £5,712k receipts from 2013/14 begin to hit their 3 year deadline.
144. 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 £5,712k retained receipts from 2013/14 a minimum of £19,040k is required to be spent on 1 for 1 replacement. The target spend requirement for each quarter falling due is as follows, Q1 £2,063k, Q2 £6,800k, Q3 £4,400k and Q4 £5,777k.

Appendix D - GENERAL FUND CAPITAL PROGRAMME

146. As at Month 2 an underspend of £25,895k is reported on the £120,002k General Fund Capital Programme for 2016/17, with £694k favourable cost variances and £25,201k slippage on project expenditure. The forecast outturn variance over the life of the 2016/17 to 2020/21 programme is £145k net underspend relating to several schemes.
147. General Fund Capital Receipts of £16,063k are forecast for 2016/17, with total receipts to 2020/21 expected to reach £73,867k, representing an adverse variance of £1,700k against budget.
148. Overall, Prudential Borrowing required to support the 2016/17 to 2020/21 Capital Programmes is forecast to be within budget by £2,347k due to additional available capital grants of £3,902k and scheme cost underspends of £145k, partly offset by the shortfall of £1,700k in forecast Capital Receipts.

Capital Programme Overview

149. Table 23 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - C to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2016.

Table 23: General Fund Capital Programme Summary

	Revised Budget 2016/17	Forecast 2016/17	Cost Variance Forecast vs Budget	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	54,032	36,180	-	(17,852)	158,997	158,997	-
Main Programme	37,892	31,153	(694)	(6,045)	96,536	96,391	(145)
Programme of Works	25,613	24,309	-	(1,304)	72,274	72,274	-
Total Main Programme	117,537	91,642	(694)	(25,201)	327,807	327,662	(145)
Development & Risk Contingency:							
Capital Priority Growth	965	965	-	-	965	965	-
General Contingency	1,500	1,500	-	-	7,500	7,500	-
Total Capital Programme	120,002	94,107	(694)	(25,201)	336,272	336,127	(145)

150. The revised Capital Programme budget includes funding of £24,782 re-profiled from 2015/16 for various ongoing schemes and programmes. There are also allocations of £143k S106 balances for projects commencing in 2016/17.
151. The Schools Programme reports slippage of £17,852k on the 2016/17 programme which is proposed to be re-phased into future years. This is mainly around the Primary Schools Phase 4 expansions and Secondary Schools expansions original budgets where construction works are not anticipated to commence this year. 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.

152. The main programme forecasts a phasing underspend of £6,045k on major developments which are in early stages, such as the new Theatre and Museum projects. There is a forecast net cost underspend of £145k over the life of the programme. This is mainly due to a forecast underspend on CCTV enforcement (School Keep Clear Zones) in 2016/17 which is partly offset by an adverse forecast on the development of Grassy Meadow Dementia Centre which will be completed in 2018. These variances arise following receipt of tenders where prices have varied from pre-tender estimates.
153. Programmes of Works are largely forecast to fully spend at this stage although there is projected re-phasing of £1,136k on the Transport for London programme as an element of the programme is anticipated to be completed early in next financial year.
154. The 2016/17 programme contains a £965k Capital Priority Growth budget for in year developments and is currently unallocated. There are also £7,500k unallocated contingency funds over the life of the five year programme which at this stage are forecast to be fully utilised as and when risk issues emerge.

Capital Financing - General Fund

155. Table 24 below outlines the latest financing projections for the Capital Programme, with a favourable medium term variance of £2,347k reported on Prudential Borrowing, due to an increase in confirmed grant funding partially offset by a forecast shortfall in Capital Receipts.

Table 24: General Fund Capital Programme Financing Summary

	Revised Budget 2016/17 £'000	Forecast 2016/17 £'000	Variance £'000	Total Financing Budget 2016-2021 £'000	Total Financing Forecast 2016-2021 £'000	Total Variance £'000
Council Resource Requirement	98,312	75,653	(22,659)	265,116	261,069	(4,047)
Financed by						
Capital Receipts	22,038	16,063	(5,975)	75,567	73,867	(1,700)
CIL	3,580	3,580	-	25,080	25,080	-
Prudential Borrowing	72,694	56,010	(16,684)	164,469	162,122	(2,347)
Total Council Resources	98,312	75,653	(22,659)	265,116	261,069	(4,047)
Grants & Contributions	21,690	18,454	(3,236)	71,156	75,058	3,902
Total Programme	120,002	94,107	(25,895)	336,272	336,127	(145)

156. The 2016/17 Capital Receipts forecast is £5,975k below budget which reflects a degree of risk in the timing of receipts with some sale completions possibly falling into next year. Overall there is an adverse variance of £1,700k which is due to a forecast reduction in the General Fund share of Right to Buy (RTB) receipts as the number of RTB sales is falling since the original budget estimates were set.

157. As at the end of May a total of £2,637k CIL receipts (after administration fees) have been invoiced or received by the Council this financial year. At this stage the income budget for the year is expected to be fully achieved and may be exceeded.
158. Spend to date on eligible activity exceeds the £2,673k 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 £7,907k for 2016/17, with scope to apply funds in support of schools, libraries and other major community investment in the event of substantial slippage in these areas.
159. Recent grant announcements from the Department for Education in respect of Basic Needs grant and Capital Maintenance grant are £3,971k higher than the original budget estimate over the life of the programme and this has been reflected in the financing forecast with the grant increase largely resulting in a reduction in prudential borrowing for the Schools Expansions Programme. However there remain £14,990k in assumed Schools grants in future years that are not yet confirmed.
160. The revised Prudential Borrowing budget has been adjusted to reflect the re-phasing from 2015/16 of capital expenditure and receipts over the life of the programme. There is a favourable variance of £2,347k due mainly to the increase in available Schools grants partially offset by the shortfall on forecast Capital Receipts.

ANNEX A - Schools Programme

Prior Year Cost	Project	2016/17 Revised Budget	2016/17 Forecast	2016/17 Cost Variance	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance 2016-2021	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Education and Children Services										
136,520	Primary Schools Expansions	3,382	3,445	0	63	3,501	3,501	0	3,473	0	28
265	New Primary Schools Expansions	7,156	1,225	0	(5,931)	27,135	27,135	0	27,135	0	0
198	Secondary Schools Expansions	13,598	2,314	0	(11,284)	95,702	95,702	0	66,299	28,205	1,198
17,405	Secondary Schools New Build	28,986	28,986	0	0	30,849	30,849	0	28,508	2,341	0
184	Hearing Impaired Resource Base (Vyners)	10	10	0	0	10	10	0	10	0	0
0	Additional Temporary Classrooms	900	200	0	(700)	1,800	1,800	0	1,800	0	0
154,572	Total Schools Programme	54,032	36,180	0	(17,852)	158,997	158,997	0	127,225	30,546	1,226

ANNEX B - Main Programme

Prior Year Cost	Project	2016/17 Revised Budget	2016/17 Forecast	2016/17 Cost Variance	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance 2016-2021	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community, Commerce and Regeneration											
0	CCTV Enforcement (SKC's)	2,657	1,929	(728)	0	2,657	1,929	(728)	1,729	200	0
79	Gateway Hillingdon	1,747	1,747	0	0	2,198	2,198	0	2,198	0	0
1,159	Hayes Town Centre Improvements	3,423	3,423	0	0	3,741	3,741	0	648	2,930	163
136	Inspiring Shopfronts	786	786	0	0	1,116	1,116	0	1,116	0	0
12	Uxbridge Cemetery Gatehouse	800	638	0	(162)	988	988	0	988	0	0
0	Uxbridge Change of Heart	525	525	0	0	1,996	1,996	0	1,109	800	87
Central Services, Culture and Heritage											
38	Bowls Club Refurbishments	812	812	0	0	812	812	0	150	0	662
156	Harlington/Pinkwell Bowls & Pavillion	162	139	(23)	0	162	139	(23)	0	0	139
0	Haste Hill Golf Club	280	280	0	0	280	280	0	280	0	0
32,198	Hillingdon Sports & Leisure Centre	862	862	0	0	862	862	0	862	0	0
0	Mobile Library	100	100	0	0	100	100	0	100	0	0
Finance, Property and Business Services											
31	Battle of Britain Bunker Projects	3,615	2,980	0	(635)	4,965	4,965	0	4,965	0	0
0	Battle of Britain Underground Bunker	1,000	500	0	(500)	1,000	1,000	0	0	1,000	0
0	Bessingby FC Boxing Clubhouse	950	950	0	0	950	950	0	950	0	0
0	New Museum	1,600	1,000	0	(600)	5,000	5,000	0	4,250	0	750
0	New Theatre	5,050	1,625	0	(3,425)	44,000	44,000	0	42,950	0	1,050
0	Yiewsley Site Development	500	500	0	0	4,302	4,302	0	4,302	0	0
97	Youth Centre Projects x 3	2,760	2,200	0	(560)	5,003	5,003	0	5,003	0	0
Planning, Transportation and Recycling											
0	Car Park Resurfacing	250	250	0	0	250	250	0	250	0	0
1,720	Cedars & Grainges Car Park	951	951	0	0	951	951	0	951	0	0
1,284	Harlington Road Depot Refurbishment	227	227	0	0	227	227	0	227	0	0
5,620	Purchase of Vehicles	1,367	1,204	0	(163)	4,072	4,072	0	4,072	0	0
0	RAGC Car Park	250	250	0	0	250	250	0	250	0	0
0	Street Lighting - Invest to Save	3,000	3,000	0	0	5,500	5,500	0	5,500	0	0
Social Services, Housing, Health and Wellbeing											
0	1 & 2 Merrimans Housing Project	620	620	0	0	620	620	0	620	0	0
47	Dementia Centre	1,017	1,027	10	0	1,953	2,512	559	2,512	0	0
Cross Cabinet Member Portfolios											
0	Environmental Recreational Initiatives	1,000	1,000	0	0	1,000	1,000	0	1,000	0	0
38,317	Projects Completing in 2016/17	1,581	1,628	47	0	1,581	1,628	47	1,534	30	64
80,894	Total Main Programme	37,892	31,153	(694)	(6,045)	96,536	96,391	(145)	88,516	4,960	2,915

ANNEX C - Programme of Works

Prior Year Cost	Project	2016/17 Revised Budget	2016/17 Forecast	2016/17 Cost Variance	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance 2016-2021	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Leaders Initiative	526	400	0	(126)	1,326	1,326	0	1,326	0	0
	Community, Commerce and Regeneration										
N/A	Chrysalis Programme	1,275	1,275	0	0	5,275	5,275	0	5,275	0	0
N/A	Playground Replacement Programme	250	250	0	0	1,250	1,250	0	1,250	0	0
	Education and Children Services										
N/A	Formula Devolved Capital to Schools	867	867	0	0	1,981	1,981	0	0	1,981	0
N/A	Urgent Building Condition Works	3,775	3,733	0	(42)	5,916	5,916	0	2,558	2,531	827
	Finance, Property and Business Services										
N/A	Civic Centre Works Programme	1,969	1,969	0	0	3,969	3,969	0	3,969	0	0
N/A	ICT Single Development Plan	824	824	0	0	2,424	2,424	0	2,424	0	0
N/A	Property Works Programme	480	480	0	0	2,400	2,400	0	2,400	0	0
N/A	Planning, Transportation and Recycling										
N/A	Highways Localities Programme	206	206	0	0	1,030	1,030	0	1,030	0	0
N/A	Highways Structural Works	4,032	4,032	0	0	7,208	7,208	0	7,208	0	0
N/A	Pavement Priority Growth	2,000	2,000	0	0	2,000	2,000	0	2,000	0	0
N/A	Road Safety	203	203	0	0	803	803	0	803	0	0
N/A	Street Lighting	191	191	0	0	567	567	0	567	0	0
N/A	Transport for London	5,649	4,513	0	(1,136)	20,959	20,959	0	0	19,971	988
	Social Services, Housing, Health and Wellbeing										
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	2,655	8,845	0
N/A	Adaptations for Adopted Children	200	200	0	0	1,000	1,000	0	1,000	0	0
N/A	Private Sector Renewal Grant	450	450	0	0	2,250	2,250	0	2,250	0	0
N/A	Landlord Property Renovation Grant	148	148	0	0	148	148	0	148	0	0
	Cross Cabinet Member Portfolios										
N/A	Section 106 Projects	268	268	0	0	268	268	0	0	0	268
	Total Programme of Works	25,613	24,309	0	(1,304)	72,274	72,274	0	36,863	33,328	2,083
	Capital Priority Growth	965	965	0	0	965	965	0	965	0	0
N/A	General Contingency	1,500	1,500	0	0	7,500	7,500	0	7,500	0	0
	Total GF Capital Programme	120,002	94,107	(694)	(25,201)	336,272	336,127	(145)	261,069	68,834	6,224

Appendix E – Treasury Management Report as at 31 May 2016

Table 25: Outstanding Deposits - Average Rate of Return on Deposits: 0.61%

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	47.7	33.29	40.00
1-2 Months	10.0	6.98	15.00
2-3 Months	10.0	6.98	15.00
3-6 Months	45.5	31.75	15.00
6-9 Months	17.5	12.21	5.00
9-12 Months	5.0	3.49	10.00
12-18 Months	2.4	1.68	0.00
18-24 Months	5.0	3.49	0.00
Subtotal	143.1	99.87	100.00
Unpaid Maturities	0.2	0.13	0.00
Grand Total	143.3	100.00	100.00

161. 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, Aberdeen City Council, Birmingham CC, Blaenau Gwent CBC, Herefordshire Council, Lancashire CC, Leeds City Council, Monmouthshire CC, North Tyneside Council, Salford CC, Woking Borough Council, Wolverhampton CC, Nationwide Building Society, Close Brothers, Lloyds and Santander. Overseas deposits are held with Nordea Bank, Svenska Handelsbanken, Oversea China Banking Corporation and National Australia Bank. The Council also holds a Covered Bond with Bank of Scotland (Lloyds Banking Group).
162. 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 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 May 46% of the Council's total funds have exposure to bail-in risk compared to a March benchmark average of 66% in the Local Authority sector (benchmark provided quarterly by the Councils Treasury Advisors Arlingclose). The Council's exposure reduces to 22% once instant access facilities are removed from the bail-in total.
163. During the month cash was placed and withdrawn from instant access accounts and short term deposits with the DMADF. Four longer term investments were placed and a 6 month CD with Nordea Bank was purchased, as these funds were not required in the short term and should help increase the average rate of return received on investments. There were several fixed term deposit maturities which were used to cover scheduled payments.

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

		Actual (£m)	Actual (%)
General Fund	PWLB	63.71	20.27
	Long-Term Market	15.00	4.77
HRA	PWLB	202.57	64.46
	Long-Term Market	33.00	10.50
	Total	314.28	100.00

164. There were no scheduled debt repayments. 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.
165. 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

166. 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
Finance						
Category Manager	17/08/2015	08/07/2016	16/09/2016	72	25	97
Senior Category Manager	11/05/2015	31/07/2016	16/09/2016	146	16	162
ICT Category Manager	18/04/2016	08/07/2016	16/09/2016	24	26	50
Category Sourcing Manager	01/03/2016	17/06/2016	16/09/2016	31	31	62
Benefit Officer	02/11/2015	04/07/2016	02/10/2016	45	13	58
Residents Services						
DFG Adaptations Officer	14/12/2014	30/05/2016	13/11/2016	150	29	179
Casual Smoking Cessation Sessional Advisor	01/04/2013	05/07/2016	25/09/2016	99	5	104
Architect	01/07/2013	27/06/2016	18/09/2016	146	13	158
Quantity Surveyor	03/04/2011	11/07/2016	08/01/2017	232	36	268
Project Manager	12/08/2013	18/07/2016	15/01/2017	220	44	264
Development Surveyor	01/07/2011	11/07/2016	09/10/2016	325	18	344
Building Control Surveyor	23/08/2012	27/06/2016	23/09/2016	125	9	134
Social Care						
Residential Care Worker	01/04/2012	27/06/2016	31/07/2016	113	3	116
Assistant Psychologist	12/11/2014	27/06/2016	31/07/2016	85	6	91
Lead Nurse	07/12/2014	27/06/2016	31/07/2016	104	3	107
Approved Mental Health Worker	01/03/2014	27/06/2016	31/07/2016	110	8	118
Lead Approved Mental Health Practitioner	01/06/2012	27/06/2016	31/07/2016	179	6	185
Occupational Therapist	07/10/2013	27/06/2016	31/07/2016	164	6	170
Special Needs Officer	05/01/2015	27/06/2016	31/07/2016	58	2	60
Safeguarding and DOLS Co-ordinator	19/10/2014	27/06/2016	31/07/2016	82	8	90
Speech & Language therapist	16/03/2015	27/06/2016	31/07/2016	84	6	90
Care Act Programme Implementation Manager	02/10/2014	27/06/2016	31/07/2016	276	17	293

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Occupational Therapist	01/04/2015	27/06/2016	31/07/2016	84	7	91
Senior Social Worker	29/03/2015	27/06/2016	31/07/2016	70	3	74
Community Learning Disability Nurse	30/04/2015	27/06/2016	31/07/2016	58	7	65
Approved Mental Health Worker	29/06/2015	27/06/2016	31/07/2016	70	7	77
Contract Management Officer	24/08/2015	27/06/2016	31/07/2016	108	11	119
Approved Mental Health Practitioner	01/06/2015	27/06/2016	31/07/2016	74	8	82
Maingrade Educational Psychologist	15/11/2015	27/06/2016	31/07/2016	77	2	79
Principle Educational Psychologist	01/06/2015	27/06/2016	31/07/2016	99	12	111
AMHP Social Worker	18/08/2015	27/06/2016	31/07/2016	66	7	73
Approved Mental Health Practitioner	12/09/2015	27/06/2016	31/07/2016	62	7	69
Senior Social Worker	01/08/2015	27/06/2016	31/07/2016	56	6	62
Occupational Therapist	07/09/2015	27/06/2016	31/07/2016	48	7	55
LD Programme Review	29/07/2015	27/06/2016	31/07/2016	108	12	120
Business Objects Officer	19/10/2015	27/06/2016	31/07/2016	90	13	103
Early Years Practitioner	30/03/2015	04/07/2016	31/07/2016	52	2	54
Social Worker	02/11/2015	04/07/2016	31/07/2016	49	6	55
Social Worker	06/10/2014	04/07/2016	31/07/2016	51	5	56
Quality Assurance Manager	01/02/2016	04/07/2016	31/07/2016	46	11	57
Social Worker	01/08/2015	04/07/2016	31/07/2016	54	5	59
Independent Reviewing Officer	05/10/2015	04/07/2016	31/07/2016	55	7	62
Social Worker	04/05/2015	04/07/2016	31/07/2016	62	5	67
Social Worker	04/05/2015	04/07/2016	31/07/2016	61	6	67
Advanced Practitioner	10/08/2015	04/07/2016	31/07/2016	64	6	70
Independent Domestic Violence Advisor	12/01/2015	04/07/2016	31/07/2016	67	4	71
Social Worker	08/09/2014	04/07/2016	31/07/2016	66	6	72
Early Years Practitioner	01/05/2015	04/07/2016	31/07/2016	76	2	78
Participation Worker	15/06/2014	04/07/2016	31/07/2016			

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
YOS - NEET				76	3	79
Panel Advisor	10/08/2015	04/07/2016	31/07/2016	74	7	81
Social Worker	04/02/2015	04/07/2016	31/07/2016	76	5	81
Senior Social Worker	01/06/2015	04/07/2016	31/07/2016	76	6	82
Child Protection Chair	20/07/2015	04/07/2016	31/07/2016	76	7	83
Social Worker	01/10/2013	04/07/2016	31/07/2016	89	5	94
Social Worker	27/10/2014	04/07/2016	31/07/2016	88	6	94
Social Worker	13/04/2015	04/07/2016	31/07/2016	93	6	99
Social Worker	18/05/2015	04/07/2016	31/07/2016	95	6	101
Child Protection Chair	13/04/2015	04/07/2016	31/07/2016	94	7	101
Social Worker	06/01/2015	04/07/2016	31/07/2016	96	6	102
Social Worker	05/03/2014	04/07/2016	31/07/2016	101	6	107
Practice Improvement Practitioner	08/05/2014	04/07/2016	31/07/2016	109	7	116
Social Worker	06/06/2014	04/07/2016	31/07/2016	119	6	125
Senior Social Worker	25/09/2013	04/07/2016	31/07/2016	121	6	127
Social Worker	27/10/2014	04/07/2016	31/07/2016	122	6	128
Social Worker	19/06/2014	04/07/2016	31/07/2016	128	6	134
Social Worker	13/05/2014	04/07/2016	31/07/2016	128	6	134
Social Worker	30/09/2014	04/07/2016	31/07/2016	131	6	137
Social Worker	19/08/2014	04/07/2016	31/07/2016	133	5	138
Social Worker	05/09/2014	04/07/2016	31/07/2016	135	6	141
Social Worker	19/06/2014	04/07/2016	31/07/2016	135	6	141
Social Worker	23/12/2013	04/07/2016	31/07/2016	141	6	147
Corporate Parenting Manager	01/09/2014	04/07/2016	31/07/2016	146	6	152
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	04/07/2016	31/07/2016	147	6	153
Social Worker	11/08/2014	04/07/2016	31/07/2016	147	7	154

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker	03/03/2014	04/07/2016	31/07/2016	154	4	158
Social Worker	02/12/2013	04/07/2016	31/07/2016	159	6	165
Team Manager - MASH	28/09/2014	04/07/2016	31/07/2016	159	7	166
Senior Social Worker	30/04/2012	04/07/2016	31/07/2016	162	6	168
Independent Reviewing Officer	27/05/2014	04/07/2016	31/07/2016	170	7	177
Social Worker	01/04/2013	04/07/2016	31/07/2016	190	6	196
Social Worker	01/01/2013	04/07/2016	31/07/2016	192	5	197
Social Worker	19/12/2011	04/07/2016	31/07/2016	191	6	197
Case Progression Manager	07/04/2014	04/07/2016	31/07/2016	195	7	202
Social Worker	01/01/2013	04/07/2016	31/07/2016	199	6	205
Social Worker	19/12/2011	04/07/2016	31/07/2016	223	6	229
MASH Manager	13/01/2014	04/07/2016	31/07/2016	238	10	248
Social Worker	19/12/2011	04/07/2016	31/07/2016	245	6	251
Team Manager	01/01/2013	04/07/2016	31/07/2016	248	7	255
Social Worker	06/01/2012	04/07/2016	31/07/2016	272	6	278
Social Worker	05/03/2012	04/07/2016	31/07/2016	276	6	282