

# COUNCIL BUDGET - 2016/17 MONTH 4 REVENUE AND CAPITAL BUDGET MONITORING

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

## HEADLINE INFORMATION

<b>Purpose of report</b>	<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 £729k is projected against 2016/17 General Fund revenue budgets as of July 2016 (Month 4), representing an improvement of £642k from the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
<b>Contribution to our plans and strategies</b>	<p><b>Putting our Residents First: <i>Financial Management</i></b></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position as at July 2016 (Month 4).
2. Continue the delegated authority up until the October 2016 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 21 July 2016 and 22 September 2016 Cabinet meetings, detailed at Appendix F.
3. Endorses the Council's Efficiency Plan as presented in Appendix G.
4. Agree to the appropriation of land at Acol Crescent in South Ruislip from the General Fund to the Housing Revenue Account to be developed as general needs and supported housing.

**5. Agree to the appropriation of land at Fir Tree Avenue in West Drayton from the General Fund to the Housing Revenue Account to be developed as general needs housing.**

**6. Approve the re-phasing of £2,000k for the New General Needs Housing Stock budget from 2017/18 to 2016/17 for the purchase of additional Buy-Back properties.**

## **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 seeks Cabinet endorsement of the Council's draft Efficiency Plan, which provides an outline of the Council's approach to implementing efficiency savings and the delivery of balanced budgets over the next five years.

An Efficiency Plan covering the period to 2019/20 is required to enable the Council to qualify for the four year funding settlement from the Government for that period. This offer covers approximately 11% of the Council's budget requirement for 2016/17, projected to fall to 4% by 2019/20. This plan has been prepared to cover the longer period to 2021/22, reflecting the Council's current timeframes for financial planning. In order to access this offer of certainty, the Council must publish an Efficiency Plan online and provide a link to the Department of Communities and Local Government by Friday 14th October 2016.

Subject to approval of Recommendation 3, the draft Efficiency Plan outlined in Appendix G will be published on the Council's website.

3. Recommendation 4 - It is proposed that the former day nursery and day centre site at Acol Crescent is developed to provide a mixture of 19 general needs and 14 supported housing units. The sites are no longer required for Adult Social Care and are currently vacant therefore the appropriation to the HRA will support bringing these properties back into use which represents value for money for both the General Fund and the HRA. The appropriations will be accounted for as a notional capital receipt at market value for which the estimated land value of £1,400k has existing budget provision within the HRA Capital Programme.
4. Recommendation 5 - It is proposed that the former garage site at Fir Tree Avenue be developed to provide three houses. The site was previously appropriated to the General Fund as part of a transfer of a number of garage sites. The garages have been demolished and the site now requires to be re-appropriated to the Housing Revenue Account for general needs housing at equal consideration of £81k to be funded from the HRA capital contingency budget.
5. Recommendation 6 - The current New General Needs Housing stock budget could be used to fund additional Buy-backs by re-phasing budget from 2017/18 back to 2016/17. The total programme is budgeted at £45,830k over the period 2016/17 to 2020/21 of which £10,000k was earmarked for Buy-Backs. Re-phasing of £2,000k would give adequate resource to purchase 6 to 8 additional properties during 2016/17 and reduce the risk of retained Right to Buy receipts being returned to central Government. There are several prospective properties that can be considered for purchase at short notice.

### **Alternative options considered**

6. There are no other options proposed for consideration.

## FURTHER INFORMATION

### General Fund Revenue Budget

7. An underspend of £729k is reported on normal operating activities at Month 4. This position incorporates a £1,592k net underspend across Directorate Operating Budgets and an underspend of £800k across Corporate Operating Budgets, offset by contingency pressures of £1,663k, primarily relating to 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.
8. The underspend of £729k represents an improvement of £642k from the position reported at Month 2, with increased underspends projected on Residents Services operating budgets and reduced contingency provisions for insurance, waste disposal, Winterbourne View and DoLS. Within Social Care budgets, a range of management actions, including reduced use of contingent labour, have been implemented to contain the costs of retaining agency cover for key functions within Children's Services. Additionally, 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 and use of earmarked reserves where appropriate.
9. The Council's General Fund revenue budget contains £13,309k savings, with £5,358k already banked and £5,509k 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 4		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
178,502	2,282	Directorate Operating Budgets	180,784	179,192	(1,592)	(1,365)	(227)
2,420	(401)	Corporate Operating Budgets	2,019	1,219	(800)	(800)	0
18,453	(1,881)	Development & Risk Contingency	16,572	18,235	1,663	2,078	(415)
1,134	0	Priority Growth	1,134	1,134	0	0	0
<b>200,509</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>200,509</b>	<b>199,780</b>	<b>(729)</b>	<b>(87)</b>	<b>(642)</b>
<b>200,509</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>200,509</b>	<b>199,780</b>	<b>(729)</b>	<b>(87)</b>	<b>(642)</b>
(196,293)	0	Budget Requirement	(196,293)	(196,293)	0	0	0
<b>4,216</b>	<b>0</b>	<b>Net Total</b>	<b>4,216</b>	<b>3,487</b>	<b>(729)</b>	<b>(87)</b>	<b>(642)</b>
(39,005)	0	Balances b/fwd	(39,005)	(39,005)			
<b>(39,005)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2017</b>	<b>(34,789)</b>	<b>(35,518)</b>			

10. At 31 March 2016 General Fund Balances totalled £39,005k. With the budgeted drawdown of £4,216k and the projected £729k surplus, the forecast closing balance at 31 March 2017 is £35,518k. The Council's current MTFF 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 (£1,592k underspend, £227k improvement)

11. 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.
12. 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 £996k of that staffing cost (£134k increase from Month 2); resulting in staffing underspends across various services. In addition, £395k of further transformation costs are forecast to be met from Capital Receipts at this early stage in the financial year, although this position will be refreshed as the year progresses.

**Table 2: Directorate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
10,762 (1,288)	53 (17)	Admin.	Expenditure	10,815	10,689	(126)	(102)	(24)
			Income	(1,305)	(1,293)	12	(8)	20
<b>9,474</b>	<b>36</b>		<b>Sub-Total</b>	<b>9,510</b>	<b>9,396</b>	<b>(114)</b>	<b>(110)</b>	<b>(4)</b>
15,189 (2,475)	426 0	Finance	Expenditure	15,615	15,447	(168)	(165)	(3)
			Income	(2,475)	(2,518)	(43)	(43)	0
<b>12,714</b>	<b>426</b>		<b>Sub-Total</b>	<b>13,140</b>	<b>12,929</b>	<b>(211)</b>	<b>(208)</b>	<b>(3)</b>
109,096 (56,005)	953 476	Residents Services	Expenditure	110,049	108,932	(1,117)	(950)	(167)
			Income	(55,529)	(55,334)	195	237	(42)
<b>53,091</b>	<b>1,429</b>		<b>Sub-Total</b>	<b>54,520</b>	<b>53,598</b>	<b>(922)</b>	<b>(713)</b>	<b>(209)</b>
141,576 (38,353)	(27) 418	Social Care	Expenditure	141,549	143,196	1,647	1,928	(281)
			Income	(37,935)	(39,927)	(1,992)	(2,262)	270
<b>103,223</b>	<b>391</b>		<b>Sub-Total</b>	<b>103,614</b>	<b>103,269</b>	<b>(345)</b>	<b>(334)</b>	<b>(11)</b>
<b>178,502</b>	<b>2,282</b>	<b>Total Directorate Operating Budgets</b>		<b>180,784</b>	<b>179,192</b>	<b>(1,592)</b>	<b>(1,365)</b>	<b>(227)</b>

13. An underspend of £114k is reported across Administration operating budgets, mainly due to vacant posts across a number of services, partially offset by a small pressure against non-staffing budgets. This represents a £4k improvement on Month 2.
14. A £3k improvement is reported on Finance directorate forecasts from Month 2, with an underspend of £211k arising from staffing vacancies across the group and capitalisation of transformation costs.
15. An underspend of £922k is reported within Residents Services at Month 4, with £1,500k staffing underspends from vacant posts and the capitalisation of transformation resource, and pressures of £578k across non-staffing and income budgets. Reported pressures include shortfall in income from the Cedars & Grainges car parks, estates income and Imported Food sampling, with non-staffing pressures from increased recycling volumes and the adaptations budget within Development & Assets. The £209k improvement from Month 2 includes £250k reductions in staffing forecasts across the group being offset by revisions to other projections.

16. An improvement of £11k is reported on the headline £345k underspend reported across Social Care, consisting of a £1,321k underspend of workforce costs sufficient to off-set £976k of pressures across non-staffing and income budgets. The workforce position includes £605k transformation spend being charged to Capital Receipts and £1,363k underspends across adult-focused and Early Intervention services where posts are being held vacant and use of contingent labour is being curtailed in order to fund the remaining £647k pressure across children's-focused services where the move to a permanent structure is underway.

### Progress on Savings

17. 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 4, £10,867k savings are reported as banked or on track for delivery, with the remaining £2,442k savings being classed as Amber. This represents an improvement from Month 2 with a reduction of £1,377k in Amber savings and an additional £701k now reported as banked. 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**

2016/17 General Fund Savings Programme	Admin.	Finance	Residents Services	Social Care	Total Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	(635)	(452)	(2,523)	(1,748)	<b>(5,358)</b>	<b>40.3%</b>
G On track for delivery	(130)	(615)	(2,458)	(2,306)	<b>(5,509)</b>	<b>41.4%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(142)	(60)	(801)	(1,439)	<b>(2,442)</b>	<b>18.3%</b>
R Serious problems in the delivery of the saving	0	0	0	0	<b>0</b>	<b>0.0%</b>
<b>Total 2015/16 Savings</b>	<b>(907)</b>	<b>(1,127)</b>	<b>(5,782)</b>	<b>(5,493)</b>	<b>(13,309)</b>	<b>100.0%</b>

### Corporate Operating Budgets (£800k underspend, nil movement)

18. 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. 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 saving. Forecasts for all other corporately managed budgets are consistent with budget assumptions.
19. The reduction in the Bank of England base rate from 0.5% to 0.25% will reduce the gross yield from investments from August 2016, however, this is not expected to impact upon income received by the Council's General Fund as a combination of fixed term investments entered into prior to the rate cut and the resulting movement in the HRA's share of investment income are expected to off-set any loss in revenue.

**Table 4: Corporate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
0	0	Interest and Investment Income	Salaries	0	0	0	0	
5,386	(69)		Non-Sal Exp	5,317	4,517	(800)	(800)	
(405)	0		Income	(405)	(405)	0	0	
<b>4,981</b>	<b>(69)</b>		<b>Sub-Total</b>	<b>4,912</b>	<b>4,112</b>	<b>(800)</b>	<b>(800)</b>	
431	0	Levies and Other Corporate Budgets	Salaries	431	431	0	0	
9,958	(1)		Non-Sal Exp	9,957	9,957	0	0	
(12,390)	(331)		Income	(12,721)	(12,721)	0	0	
<b>(2,001)</b>	<b>(332)</b>		<b>Sub-Total</b>	<b>(2,333)</b>	<b>(2,333)</b>	<b>0</b>	<b>0</b>	
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	
142,055	0		Non-Sal Exp	142,055	142,055	0	0	
(142,615)	0		Income	(142,615)	(142,615)	0	0	
<b>(560)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(560)</b>	<b>(560)</b>	<b>0</b>	<b>0</b>	
<b>2,420</b>	<b>(401)</b>	<b>Total Corporate Operating Budgets</b>		<b>2,019</b>	<b>1,219</b>	<b>(800)</b>	<b>(800)</b>	<b>0</b>

## Development & Risk Contingency (£1,663k pressure, £415k improvement)

20. 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 £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
341	0	Fin.	Uninsured Claims	341	291	(50)	0	(50)
2,025	0	Residents Services	Impact of welfare reform on homelessness	2,025	2,025	0	0	0
2,728	0		Waste Disposal Levy	2,728	2,630	(98)	0	(98)
200	0		High Speed 2 Challenge Fund	200	200	0	0	0
200	0		Heathrow Expansion Challenge Fund	200	200	0	0	0
2,212	0	Social Care	Asylum Service	2,212	1,936	(276)	(276)	0
3,734	0		Demographic Growth - Looked After Children	3,734	6,077	2,343	2,338	5
277	0		Social Worker Agency	277	277	0	0	0
1,699	0		Demographic Growth - Transitional Children	1,699	1,449	(250)	(250)	0
432	0		Demographic Growth - Adults	432	432	0	0	0
393	0		Winterbourne View	393	78	(315)	(205)	(110)
0	0		Deprivation of Liberty Safeguards	0	809	809	971	(162)
1,331	0		Care Act New Burdens Funding	1,331	1,331	0	0	0
1,881	(1,881)	Corp. Items	Increased National Insurance Contributions	0	0	0	0	0
1,000	0		General Contingency	1,000	500	(500)	(500)	0
<b>18,453</b>	<b>(1,881)</b>	<b>Total</b>		<b>16,572</b>	<b>18,235</b>	<b>1,663</b>	<b>2,078</b>	<b>(415)</b>

21. In line with the position reported at Month 2, the headline cost of homelessness is projected to be contained within the £2,025k contingency provision for 2016/17, with numbers of households in Bed and Breakfast accommodation remaining high.
22. Latest tonnage data from the West London Waste Authority indicates that an underspend of £98k is likely against the Waste Disposal contingency in 2016/17. This position assumes that the WLWA will be utilising their £3,000k excess reserves to manage pressures from the delayed Severnside Energy Recovery facility rather than repatriate to the six member boroughs.

23. As outlined at Month 2, a range of management actions to reduce the cost of supporting Asylum Seekers is expected to deliver a £276k underspend against the £2,212k contingency budget. The remaining contingency requirement represents the latest estimate of the shortfall in Home Office funding for Asylum, which falls upon the local Council Taxpayer.
24. A minor adverse movement of £5k is reported on the contingency requirement for Looked After Children's placements, resulting in a pressure of £2,343k at Month 4. This pressure reflects a more complex caseload driving higher placement costs, although overall numbers remain within the 340 to 360 placement range.
25. The previously reported £250k underspend against the costs of children transitioning into Adult Social Care remains, reflecting recent experience of lower than budgeted numbers transferring. This position will be refreshed in the autumn, but continues to remain under review.
26. An in-year underspend of £315k is projected against the Winterbourne View contingency, with £205k of the variance due to transfers taking longer than previous planned, partially in order to ensure suitable placements are identified. An £110k improvement has been reported since Month 2, as dowry funding from Department of Health has now been confirmed, reducing the net cost to the Council of these new placements.
27. The pressure reported in respect of Deprivation of Liberty Safeguards assessments has been reduced by £162k to £809k, since Month 2 to reflect reductions in the number of assessments required.
28. To date there have been no calls on General Contingency, with the reported position assuming that £500k will be required later in the financial year.

### Priority Growth

29. 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.
30. As at Month 4, 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. As of 25 July 2016 HIP Steering Group has approved £91k new initiatives to be financed from the £1,220k available HIP Initiatives resources, leaving £1,129k available for further allocations in year.

**Table 6: Priority Growth**

Original Budget	Budget Changes	Priority Growth	Month 4		
			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	91	(729)
734	0	Unallocated Priority Growth	734	0	(734)
<b>1,134</b>	<b>820</b>	<b>Total Priority Growth</b>	<b>1,954</b>	<b>91</b>	<b>(1,863)</b>



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

31. 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.
32. The projected drawdown from Dedicated Schools Grant balances for the Schools Budget has increased by £166k to £852k at Month 4, reflecting increased uptake of two year old nursery provision for which balances were earmarked during 2015/16. The overall drawdown from balances includes the planned release of earmarked balances to support the roll out of two year old childcare provision and release of £451k additional funding to schools through their formula allocations. A number of compensatory variances are reported within the Schools Budget; including £52k underspend across centrally retained expenditure. Remaining balances are projected to total £14k at 31 March 2017, in the event that a deficit is reported regulations allow for this to be recovered from 2017/18 funding.
33. A £33k surplus is reported on the Parking Revenue Account at Month 4, representing an adverse movement of £33k from Month 2, reflecting projected growth in use of agency staff to cover vacant posts and improve the efficiency of the appeals process.
34. A surplus of £2,000k is projected on the Council's share of Business Rates revenues at Month 4, with a breakeven position on Council Tax in line with the Month 2 outlook. 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**

35. The Housing Revenue Account (HRA) is currently forecasting an in-year overall surplus of £11,098k, which is £1,836k more than the budgeted surplus of £9,262k. This variance includes underspends against Planned Maintenance & Tenant Services being partially off-set by a forecast shortfall of £288k on income contribution from Leaseholders towards the cost of improvement works to Council housing stock. In addition, rental income remains strong, with lower than anticipated numbers of void properties contributing towards a £296k overachievement of income. As a result, HRA General Balances are projected to increase to £45,042k by 31 March 2017, with a significant element of this sum earmarked to support investment in new housing stock.
36. 39 properties have been sold under Right to Buy arrangements as at Month 4, 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**

37. Appendix D to this report outlines the forecast outturn on the 2016/17 to 2020/21 Capital Programme, with a £1,997k underspend projected over the five year programme. Prudential Borrowing required to support the Council's Capital Programme is projected to be £4,795k lower than the £164,469k revised budget, as a result of this projected underspend and £6,528k additional assumed grant income for school expansions and Disabled Facilities Grants being sufficient to off-set a £3,730k fall in projected Capital Receipts.
38. This favourable variance on borrowing would result in a marginal reduction in future revenue costs of approximately £250k per annum, however given that £14,990k of projected grant income is yet to be confirmed by awarding bodies and asset sales remain a volatile income stream this position will remain under review.

39. 2016/17 capital expenditure is projected to be £8,660k lower than the £96,350k budget, which had already been amended downwards from initial estimates, 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 £15,072k of the planned £22,038k will be secured during 2016/17, down marginally from the £16,063k assumed at Month 2.

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

### ADMINISTRATION (£114k underspend, £4k improvement)

40. The Administration group is forecasting an underspend of £114k at Month 4, due in the main to staffing costs with vacancies across Democratic Services and Legal Services where recruitment is ongoing, and in Partnerships and Policy due to maternity leave. A minor improvement of £4k is reported from Month 2.

**Table 7: Administration Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service		Month 4		Variance (+ adv / - fav)		
				Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
1,490	0	Democr. Services	Salaries	1,490	1,453	(37)	(53)	16
1,645	56		Non-Sal Exp	1,701	1,642	(59)	4	(63)
(629)	(58)		Income	(687)	(629)	58	0	58
<b>2,506</b>	<b>(2)</b>		<b>Sub-Total</b>	<b>2,504</b>	<b>2,466</b>	<b>(38)</b>	<b>(49)</b>	<b>11</b>
2,307	0	Human Resources	Salaries	2,307	2,286	(21)	(9)	(12)
534	(1)		Non-Sal Exp	533	576	43	28	15
(248)	0		Income	(248)	(270)	(22)	(6)	(16)
<b>2,593</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>2,592</b>	<b>2,592</b>	<b>0</b>	<b>13</b>	<b>(13)</b>
1,979	0	Legal Services	Salaries	1,979	1,949	(30)	(47)	17
87	(1)		Non-Sal Exp	86	88	2	0	2
(341)	41		Income	(300)	(312)	(12)	0	(12)
<b>1,725</b>	<b>40</b>		<b>Sub-Total</b>	<b>1,765</b>	<b>1,725</b>	<b>(40)</b>	<b>(47)</b>	<b>7</b>
579	0	Policy & Partnerships	Salaries	579	553	(26)	(26)	0
2,141	(1)		Non-Sal Exp	2,140	2,142	2	1	1
(70)	0		Income	(70)	(82)	(12)	(2)	(10)
<b>2,650</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>2,649</b>	<b>2,613</b>	<b>(36)</b>	<b>(27)</b>	<b>(9)</b>
6,355	0	Admin. Directorate	Salaries	6,355	6,241	(114)	(135)	21
4,407	53		Non-Sal Exp	4,460	4,448	(12)	33	(45)
(1,288)	(17)		Income	(1,305)	(1,293)	12	(8)	20
<b>9,474</b>	<b>36</b>		<b>Total</b>	<b>9,510</b>	<b>9,396</b>	<b>(114)</b>	<b>(110)</b>	<b>(4)</b>

## FINANCE (£211k underspend, £3k improvement)

41. The Finance group is forecasting an underspend of £211k at Month 4, due in the main to staffing vacancies in Operational Finance and Procurement, and the capitalisation of staff supporting transformation activity. A minor £3k improvement is reported from Month 2.

**Table 8: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
519	0	Internal Audit	Salaries	519	539	20	13	7
30	0		Non-Sal Exp	30	30	0	0	0
(10)	0		Income	(10)	(10)	0	0	0
<b>539</b>	<b>0</b>		<b>Sub-Total</b>	<b>539</b>	<b>559</b>	<b>20</b>	<b>13</b>	<b>7</b>
1,555	0	Procurement	Salaries	1,555	1,519	(36)	(36)	0
92	(1)		Non-Sal Exp	91	91	0	0	0
0	0		Income	0	0	0	0	0
<b>1,647</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>1,646</b>	<b>1,610</b>	<b>(36)</b>	<b>(36)</b>	<b>0</b>
3,321	142	Operation. Finance	Salaries	3,463	3,276	(187)	(177)	(10)
611	0		Non-Sal Exp	611	611	0	0	0
(158)	0		Income	(158)	(158)	0	0	0
<b>3,774</b>	<b>142</b>		<b>Sub-Total</b>	<b>3,916</b>	<b>3,729</b>	<b>(187)</b>	<b>(177)</b>	<b>(10)</b>
4,101	0	Revenues & Benefits	Salaries	4,101	4,146	45	45	0
1,634	(5)		Non-Sal Exp	1,629	1,627	(2)	(2)	0
(2,023)	0		Income	(2,023)	(2,066)	(43)	(43)	0
<b>3,712</b>	<b>(5)</b>		<b>Sub-Total</b>	<b>3,707</b>	<b>3,707</b>	<b>0</b>	<b>0</b>	<b>0</b>
1,348	0	Strategic Finance	Salaries	1,348	1,340	(8)	(8)	0
1,978	290		Non-Sal Exp	2,268	2,268	0	0	0
(284)	0		Income	(284)	(284)	0	0	0
<b>3,042</b>	<b>290</b>		<b>Sub-Total</b>	<b>3,332</b>	<b>3,324</b>	<b>(8)</b>	<b>(8)</b>	<b>0</b>
10,844	142	Finance Directorate	Salaries	10,986	10,820	(166)	(163)	(3)
4,345	284		Non-Sal Exp	4,629	4,627	(2)	(2)	0
(2,475)	0		Income	(2,475)	(2,518)	(43)	(43)	0
<b>12,714</b>	<b>426</b>		<b>Total</b>	<b>13,140</b>	<b>12,929</b>	<b>(211)</b>	<b>(208)</b>	<b>(3)</b>

42. A £50k improvement is reported on the projected drawdown from the Insurance Contingency, reflecting lower levels of outstanding claims than previously experienced.

**Table 9: Finance Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
341	0	Uninsured Claims	341	291	(50)	0	(50)
<b>341</b>	<b>0</b>	<b>Current Commitments</b>	<b>341</b>	<b>291</b>	<b>(50)</b>	<b>0</b>	<b>(50)</b>

## RESIDENTS SERVICES (£922k underspend, £209k improvement)

43. Residents Services directorate is showing a projected outturn underspend of £922k at Month 4, excluding pressure areas that have identified contingency provisions.

**Table 10: Residents Services Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
15,008	(485)	Deputy Director Residents Services	Salaries	14,523	14,290	(233)	(291)	58
15,752	1,227		Non-Sal	16,979	17,148	169	126	43
(7,981)	587		Exp	(7,394)	(7,435)	(41)	123	(164)
<b>22,779</b>	<b>1,329</b>		<b>Income</b>	<b>24,108</b>	<b>24,003</b>	<b>(105)</b>	<b>(42)</b>	<b>(63)</b>
4,951	173	Development and Assets	Salaries	5,124	5,102	(22)	(22)	0
11,174	(43)		Non-Sal	11,131	11,298	167	146	21
(5,072)	(314)		Exp	(5,386)	(5,315)	71	71	0
<b>11,053</b>	<b>(184)</b>		<b>Income</b>	<b>10,869</b>	<b>11,085</b>	<b>216</b>	<b>195</b>	<b>21</b>
487	0	Estates and Tenancy Management	Salaries	487	410	(77)	0	(77)
1,154	(3)		Non-Sal	1,151	1,136	(15)	0	(15)
(3,279)	0		Exp	(3,279)	(3,095)	184	184	0
<b>(1,638)</b>	<b>(3)</b>		<b>Income</b>	<b>(1,641)</b>	<b>(1,549)</b>	<b>92</b>	<b>184</b>	<b>(92)</b>
1,730	(47)	Planning, Transportatio n and Community Projects	Salaries	1,683	1,440	(243)	(189)	(54)
1,534	(480)		Non-Sal	1,054	1,054	0	0	0
(10,706)	0		Exp	(10,706)	(10,801)	(95)	(95)	0
<b>(7,442)</b>	<b>(527)</b>		<b>Income</b>	<b>(7,969)</b>	<b>(8,307)</b>	<b>(338)</b>	<b>(284)</b>	<b>(54)</b>
1,774	0	Planning and Enforcement	Salaries	1,774	1,604	(170)	(130)	(40)
854	(50)		Non-Sal	804	804	0	0	0
(2,782)	0		Exp	(2,782)	(3,047)	(265)	(298)	33
<b>(154)</b>	<b>(50)</b>		<b>Income</b>	<b>(204)</b>	<b>(639)</b>	<b>(435)</b>	<b>(428)</b>	<b>(7)</b>
11,739	(121)	Green Spaces, Sport & Culture	Salaries	11,618	11,643	25	43	(18)
7,567	(303)		Non-Sal	7,264	7,285	21	11	10
(9,916)	92		Exp	(9,824)	(9,980)	(156)	(156)	0
<b>9,390</b>	<b>(332)</b>		<b>Income</b>	<b>9,058</b>	<b>8,948</b>	<b>(110)</b>	<b>(102)</b>	<b>(8)</b>
7,994	(2,339)	Digital Strategy & Communicati ons	Salaries	5,655	5,648	(7)	(46)	39
5,714	225		Non-Sal	5,939	5,866	(73)	(89)	16
(3,058)	924		Exp	(2,134)	(1,991)	143	146	(3)
<b>10,650</b>	<b>(1,190)</b>		<b>Income</b>	<b>9,460</b>	<b>9,523</b>	<b>63</b>	<b>11</b>	<b>52</b>
6,027	2,388	Business and Technical Support	Salaries	8,415	7,853	(562)	(481)	(81)
1,051	(60)		Non-Sal	991	1,126	135	106	29
(4,197)	(748)		Exp	(4,945)	(4,591)	354	262	92
<b>2,881</b>	<b>1,580</b>		<b>Income</b>	<b>4,461</b>	<b>4,388</b>	<b>(73)</b>	<b>(113)</b>	<b>40</b>
4,131	277	Policy and Standards - Education, Housing and Public Health	Salaries	4,408	4,197	(211)	(134)	(77)
10,455	594		Non-Sal	11,049	11,028	(21)	0	(21)
(9,014)	(65)		Exp	(9,079)	(9,079)	0	0	0
<b>5,572</b>	<b>806</b>		<b>Income</b>	<b>6,378</b>	<b>6,146</b>	<b>(232)</b>	<b>(134)</b>	<b>(98)</b>
53,841	(154)	Residents Services	Salaries	53,687	52,187	(1,500)	(1,250)	(250)
55,255	1,107		Non-Sal	56,362	56,745	383	300	83
(56,005)	476		Exp	(55,529)	(55,334)	195	237	(42)
<b>53,091</b>	<b>1,429</b>		<b>Income</b>	<b>54,520</b>	<b>53,598</b>	<b>(922)</b>	<b>(713)</b>	<b>(209)</b>

44. The overall variance is a result of staffing underspends across the group and favourable income projections in planning, offset mainly by a pressure on the adaptations backlog in Development & Assets, and income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.
45. 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. The position against these contingency items is shown in Table 11 below. At Month 4 projected calls on contingency are £98k below the budgeted provision.

**Table 11: Development and Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Revised Budget £'000
			Revised Budget £'000	Forecast Outturn £'000			
2,025	0	Impact of welfare reform on homelessness	2,025	2,025	0	0	0
2,728	0	Waste Disposal Levy	2,728	2,630	(98)	0	(98)
200	0	High Speed 2 Challenge Fund	200	200	0	0	0
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
<b>5,153</b>	<b>0</b>	<b>Current Commitments</b>	<b>5,153</b>	<b>5,092</b>	<b>(98)</b>	<b>0</b>	<b>(98)</b>

46. Over 2016/17 the numbers in temporary accommodation continues to be consistently above the original MTFF forecast.

**Table 12: Housing Needs performance data**

	2016		
	May	June	July
Homeless Threat, Priority Need & Eligible	166	110	138
Presenting As Homeless	41	38	32
Duty Accepted	22	28	13
<b>Households in Temporary Accommodation</b>	<b>591</b>	<b>590</b>	<b>600</b>
<b>Households in B&amp;B</b>	<b>220</b>	<b>217</b>	<b>211</b>

47. 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 high levels of households in high cost B&B, and 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.
48. 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.
49. At the latest partnership meeting of the authority, boroughs were notified of further delays to commencement of full services at Severnside Energy Recovery Facility (SERF). 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 £5,200k with any unforeseen closures of the SERC during commissioning potentially resulting in additional costs of a smaller magnitude.

50. The impact on boroughs is that the disbursement of excess reserves will now not be actioned, as the additional reserves of circa £3,000k 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 (£105k underspend, £63k improvement)**

51. An underspend of £233k relating to staffing budgets across the services forecast, netted down by a forecast pressure of £169k on non-staffing costs, owing to increased expenditure on tipping costs via the Grundon recycling contract (£126k) and projected refuse bag costs (£43k).
52. There is a forecast favourable income variance of £236k relating to improved income projections at New Years Green Lane (NYGL) following a review of first quarter income. Year to date income is already at £234k against a full year income target of £384k. The service now forecasts full year income of £620k.
53. However, there continues to be an income pressure within the Imported Food Service of £195k, with forecast pressures resulting from regular legislative changes and seasonal variations. Part of the pressure experienced this year results from a reduction in Kenyan imports and the removal of Kenyan beans from the high risk list, such that no inspections are required.
54. 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 during 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 (£216k overspend, £21k adverse movement)**

55. At Month 4 the service continues to report 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. The service is also reporting an adverse movement of £21k for non-staffing costs across the service.

#### **Estates and Tenancy Management (£92k overspend, £92k improvement)**

56. The service is reporting a favourable movement of £77k at Month 4 in relation to a revised staffing projection, after factoring in agency costs against the vacant posts currently held within the service.
57. The non-staffing forecast has been revised to show a net £15k favourable movement following the handback of Warnford Industrial estate at the end of September 2016. 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 (£338k underspend, £54k improvement)**

58. At Month 4, the service is reporting a favourable salary projection of £243k (£54k improvement), relating to a number of vacant posts in a number of teams across the service, with the largest variances in the planning policy team and school crossing patrols.
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 Enforcement (£435k underspend, £7k improvement)**

60. There are a number of vacant posts across both Planning and Building Control, with a BID review of Planning recently submitted to the Leader of the Council for review. A number of posts continue to be funded from gift funding income, with additional resources in an Earmarked Reserve to be utilised dependent on the final value of gift funding received.
61. Income streams across the planning service remain robust, with income targets expected to be exceeded by £265k.

### **Green Spaces, Sport & Culture (£110k underspend, £8k improvement)**

62. The service is projecting a staffing overspend of £25k (£18k favourable) within the group, reflecting revised forecasts across the group at Month 4. However, there is a £10k adverse movement in non-staffing costs following revised projections for Parks and Open Spaces.
63. The service is forecasting overachievement of income targets at Month 4 of £156k (no change). The underspend relates to improved income forecasts across Arts & Theatres, Leisure and Bereavement services.

### **Digital Strategy & Communications (£63k overspend, £52k adverse movement)**

64. There is a revised staffing forecast of £39k adverse following the finalisation of the Communications restructure and agency cover in ICT.
65. An underspend of £89k on contracts and licences is reported at Month 4, consisting of underspends in support & maintenance renewals (£30k), data communications (£50k) and equipment maintenance (£9k). This is partially off-set by an adverse movement of £16k for printing costs within Communications.

### **Business and Technical Support (£73k underspend, £40k adverse movement)**

66. The off-street parking income at the Cedars and Grainges multi-storey car parks continues to experience pressure relating to the loss of season ticket income at both car parks. The most recent income projection forecasts a pressure of £354k (£92k adverse).
67. There is a revised projected underspend of £562k (£81k favourable) on staffing budgets relating to delays in recruitment following the restructure in Technical Admin and Business Support.
68. The forecast for non-staffing costs is showing a projected overspend of £135k (£29k adverse). The adverse movement relates to above budget forecasts for cleaning (based on pro-rating actual costs to date) cash collection services (reflecting the committed amount due to Loomis) and Parkmark system registration.



**Policy and Standards - Education, Housing and Public Health (£232k underspend, £98k improvement)**

69. Month 4 forecasts for the staffing costs in this area project an underspend of £211k (£77k favourable) owing to vacant posts across a number of services, with the main variance in Housing Options (£158k).
70. The service is also forecasting a £21k favourable variance on non-staffing costs following a recent review.

## SOCIAL CARE (£345k underspend, £11k improvement)

71. Social Care is projecting an underspend of £345k as at Month 4, an improvement of £11k from Month 2. There are a number of ongoing challenges that the service is facing including staff recruitment, especially Social Workers, providing housing accommodation and support for Section 17 designated families and pressures relating to the cost of transport within the Social Care Budget. Management action is being taken to reduce these.

**Table 13: Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (+ adv / - fav)			
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
1,826	(60)	Safeguarding Children	Salaries	1,766	1,767	1	65	(64)
1,612	7		Non-Sal Exp	1,619	1,721	102	59	43
(165)	0		Income	(165)	(236)	(71)	(114)	43
<b>3,273</b>	<b>(53)</b>		<b>Sub-Total</b>	<b>3,220</b>	<b>3,252</b>	<b>32</b>	<b>10</b>	<b>22</b>
4,678	(337)	Children's Early Intervention Services	Salaries	4,341	4,055	(286)	(122)	(164)
3,406	(209)		Non-Sal Exp	3,197	3,309	112	2	110
(1,712)	216		Income	(1,496)	(1,460)	36	(4)	40
<b>6,372</b>	<b>(330)</b>		<b>Sub-Total</b>	<b>6,042</b>	<b>5,904</b>	<b>(138)</b>	<b>(124)</b>	<b>(14)</b>
4,293	0	Looked After Children	Salaries	4,293	4,562	269	157	112
608	(29)		Non-Sal Exp	579	555	(24)	0	(24)
(8)	0		Income	(8)	(8)	0	(208)	208
<b>4,893</b>	<b>(29)</b>		<b>Sub-Total</b>	<b>4,864</b>	<b>5,109</b>	<b>245</b>	<b>(51)</b>	<b>296</b>
7,595	(142)	Children's Resources	Salaries	7,453	7,698	245	109	136
9,388	642		Non-Sal Exp	10,030	10,859	829	914	(85)
(6,891)	0		Income	(6,891)	(7,556)	(665)	(914)	249
<b>10,092</b>	<b>500</b>		<b>Sub-Total</b>	<b>10,592</b>	<b>11,001</b>	<b>409</b>	<b>109</b>	<b>300</b>
8,669	118	All-Age Disabilities	Salaries	8,787	8,010	(777)	(446)	(331)
44,634	270		Non-Sal Exp	44,904	45,337	433	312	121
(9,536)	(118)		Income	(9,654)	(9,458)	196	83	113
<b>43,767</b>	<b>270</b>		<b>Sub-Total</b>	<b>44,037</b>	<b>43,889</b>	<b>(148)</b>	<b>(51)</b>	<b>(97)</b>
4,460	331	Adult Social Work	Salaries	4,791	4,698	(93)	(59)	(34)
28,082	176		Non-Sal Exp	28,258	29,298	1,040	795	245
(8,570)	0		Income	(8,570)	(9,551)	(981)	(725)	(256)
<b>23,972</b>	<b>507</b>		<b>Sub-Total</b>	<b>24,479</b>	<b>24,445</b>	<b>(34)</b>	<b>11</b>	<b>(45)</b>
8,873	(471)	Adult's Early Intervention & Prevention	Salaries	8,402	7,941	(461)	(147)	(314)
3,067	6		Non-Sal Exp	3,073	3,255	182	213	(31)
(10,897)	320		Income	(10,577)	(10,567)	10	(29)	39
<b>1,043</b>	<b>(145)</b>		<b>Sub-Total</b>	<b>898</b>	<b>629</b>	<b>(269)</b>	<b>37</b>	<b>(306)</b>
2,574	28	Safeguarding, Quality & Partnerships	Salaries	2,602	2,614	12	12	0
6,531	(5)		Non-Sal Exp	6,526	6,757	231	402	(171)
(541)	0		Income	(541)	(842)	(301)	(351)	50
<b>8,564</b>	<b>23</b>		<b>Sub-Total</b>	<b>8,587</b>	<b>8,529</b>	<b>(58)</b>	<b>63</b>	<b>(121)</b>
631	0	Directorate & Support Services	Salaries	631	400	(231)	(238)	7
649	(352)		Non-Sal Exp	297	144	(153)	(100)	(53)
(33)	0		Income	(33)	(33)	0	0	0
<b>1,247</b>	<b>(352)</b>		<b>Sub-Total</b>	<b>895</b>	<b>511</b>	<b>(384)</b>	<b>(338)</b>	<b>(46)</b>
43,599	(533)	<b>Social Care Total</b>	Salaries	43,066	41,745	(1,321)	(669)	(652)
97,977	506		Non-Sal Exp	98,483	101,235	2,752	2,597	155
(38,353)	418		Income	(37,935)	(39,711)	(1,776)	(2,262)	486
<b>103,223</b>	<b>391</b>		<b>Total</b>	<b>103,614</b>	<b>103,269</b>	<b>(345)</b>	<b>(334)</b>	<b>(11)</b>

**SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£2,311k overspend, £267k improvement)**

72. 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, which is projecting an overspend of £2,311k, an improvement of £267k on the Month 2 projections, due to an improvement in the projected cost of clients in Winterbourne View, where the position on dowries has been confirmed on a number of clients and an improvement in the projected costs of Deprivation of Liberty Safeguards, where the latest set of data is indicating a reduction in the number of weekly clients.

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

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
2,212	0	Asylum Service	2,212	1,936	(276)	(276)	0
3,734	0	Demographic Growth - Looked After Children	3,734	6,077	2,343	2,338	5
277	0	Social Worker Agency	277	277	0	0	0
1,699	0	Demographic Growth - Transitional Children	1,699	1,449	(250)	(250)	0
432	0	Demographic Growth - Adults	432	432	0	0	0
393	0	Winterbourne View	393	78	(315)	(205)	(110)
0	0	Deprivation of Liberty Safeguards	0	809	809	971	(162)
1,331	0	Care Act New Burdens Funding	1,331	1,331	0	0	0
<b>10,078</b>	<b>0</b>	<b>Current Commitments</b>	<b>10,078</b>	<b>12,389</b>	<b>2,311</b>	<b>2,578</b>	<b>(267)</b>

**Asylum Service (£276k underspend, no movement)**

73. This service is projecting a drawdown of £1,936k from the contingency, £276k below the budget. This reflects the benefits that the service expects to deliver through undertaking a major review of the support provided to Unaccompanied Asylum Seeking Children (UASC) to ensure that individual UASC are accessing all available funding sources from a range of Central Government Departments. The service is also undertaking a major review of all financial policies relating to the provision of allowances, 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.

74. On 13 May 2016, the Home Office provided an update on the National Transfer arrangements that they planned to put in place in 2016 for UASC. This clarified that from 1 July 2016; the rates that would be 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 made it clear that those UASC already receiving

support prior to 1 July 2016, would continue to receive the original funding rates applicable at the time.

75. The rates that Hillingdon currently receives 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.
76. A further update has been provided through the release of the Interim National Transfer Protocol for Unaccompanied Asylum Seeking Children 2016/17, which is a voluntary scheme at the moment and was effective from 1 July 2016, applicable only to new entrants. This agreement proposes a cap on the number of UASC that any authority should be looking after at any given time, which has been set at 0.07% of the child population. For Hillingdon, this equates to 48 children, however, Hillingdon currently provides support for 113 UASC, which is 65 above the cap. This would imply that Hillingdon would not have to take on any new UASC with effect from 1 July 2016. Officers are currently working through the proposed arrangements, as it requires a number of new procedures to be put in place to enable presenting UASC to be moved on to other Councils, and as it is a voluntary scheme, it relies on other councils to actively participate.

#### **Demographic Growth - Looked After Children (£2,343k overspend, £5k adverse movement)**

77. The service is projecting a drawdown of £6,077k from the Contingency, £2,343k above budget, a slight adverse movement of £5k on the Month 2 projections. There are a number of reasons for this projected overspend, which are explained in the following paragraphs. 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. It is evident that this approach is starting to bring some stability to the forecasted cost, where the projected spend has remained reasonably consistent since Month 2.
78. Reviewing the construction of the base budget for 2016/17, it is clear that based on the July 2015 data, the original base budget was significantly below the then projected outturn position for 2015/16. 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, with a focus on the high cost residential placements, where the numbers of placements were seen as being abnormally high.
79. The first point to note is that the performance data indicates that the service has stabilised and remains stable. 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 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% IFA and 54% In-House at Month 4 of 2016/17.
80. 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 (£4,296k), indicates that through these new procedures, the service will have reduced the cost of high cost placements by £833k, which is above the savings identified in the base budget for 2016/17 of £665k.

81. 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.
82. 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 and additionally, the number of IFA placements are expected to increase, as the strategy for stepping down the majority of high cost placements, which costs approximately £3,400 per week, is to move them to an IFA, at a cost of £1,500 per week compared to approximately £800 per week for all other IFA placements, due to the complex needs of the children. The current projections reflect this position (forecasting an annual spend of £3,417k), 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.
83. 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 £257k, 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. However, it should be noted that within this is an assumption that the Health Service will contribute £300k.

#### **Social Worker Agency (Children's) (Nil variance, no movement)**

84. The contingency to provide funding to cover the additional cost of using agency staff whilst the service undertakes recruitment activity, assumed that the service will operate at a level of 90% of posts filled by permanent staff and 10% filled by agency staff. Currently, the service is projecting to be at 80% permanency and so it is anticipated that the full drawdown of this contingency will be required.

#### **Demographic Growth - Transitional Children (£250k underspend, no movement)**

85. The number of children who 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 number due to transfer in 2016/17 will not be known until the Autumn, however, this area will be kept under close review and any changes reflected in future forecasts.

#### **Demographic Growth - Adults Placements (Nil variance, no movement)**

86. At Month 4 it is forecast that the full drawdown of the £432k contingency for Adult Demographic changes will be required, no change from the Month 2 projections. The

demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review.

#### **Winterbourne View (£315k underspend, £110k improvement)**

87. At Month 4 it is forecast that only £78k of the contingency will need to be drawdown in respect of the Winterbourne View transfer cases, resulting in an underspend of £315k and an improvement of £110k on the Month 2 projections, as dowry funding has now been agreed for some of the clients within this cohort.

#### **Deprivation of Liberty Safeguards (DoLS) (£809k overspend, £162k improvement)**

88. The number of DoLS referrals received to the end of July is 472 (368 in June). This is an average of 26 per week. The forecast for Month 4 has been revised to reflect management action being taken to reduce the pressure and now reflects anticipated levels from both care home and hospital based residents and residents in the community. This will be kept under close review during the year. 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**

#### **Children's Services (£548k overspend, £604k adverse movement)**

##### **Safeguarding Children (£32k overspend, £22k adverse movement)**

89. The service is reporting an overspend of £32k, an adverse movement of £22k on the Month 2 projections, due to a review of the projected costs of the Child Protection, Local Safeguarding Children's Board (LSCB) and Family Conference delivery costs, where there is an overspend of £102k on non-staffing costs, netted down by additional income from 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 (£138k underspend, £14k improvement)**

90. The service is reporting an underspend of £138k, an improvement of £14k on the Month 2 projections, due to a review of staffing and non-staffing costs across the service. The underspend reported relates to staffing costs, which are projecting an underspend of £286k across the whole service and in particular within the local authority run Children Centre budgets and the Targeted Support Programme, where these services have a number of vacant posts. This reflects the management action that has been taken over the last few months, to ensure that the Social Care Directorate budget operates within its allocated base budget.
91. This is netted down by a projected overspend of £112k on non staffing costs, predominantly relating to the Children Centre review savings proposal of £215k, which has been slightly delayed, but through management action will be covered by delivering underspends across the rest of the service and in particular the Targeted Support Programme budgets.

##### **Looked After Children (£245k overspend, £296k adverse movement)**

92. This service is reporting an overspend of £245k, an adverse movement of £296k on the Month 2 projections, reflecting the latest projections on timing of permanent recruitment and resulting use of agency staff. The adverse movement reflects the difference between the

original assumptions built in for staff recruitment in Month 2, which assumed a monthly recruitment profile spread evenly across the year, where the latest forecast indicates that the actual profile is more likely to be weighted towards the end of the 2016 calendar year, reflecting the very competitive Social Worker recruitment market. The service continues to work very closely with the HR Service, to review recruitment progress and identify further opportunities to engage with the recruitment market that will attract the right calibre of staff. The use of agency staff is also being limited to the cover for essential posts.

93. There is an overspend of £269k on staffing costs, an adverse movement of £112k. This is due to the continuation of the Skylakes managed service for longer than originally expected, which ended at the beginning of June 2016 and the time taken to recruit permanent staff to the newly established duty team that replaced the Skylakes managed service at the beginning of June 2016. The assumption is that this delivery model will need to run for a few months to retain stability and enable the service to undertake a targeted recruitment campaign, where it is anticipated that permanent staff will not be recruited until the end of this year (December 2016).
94. The one-off cost of the Skylakes managed service will be met by drawing down £216k from Earmarked Reserves, which has been reflected in the monitoring report by grossing up the salary and income budgets.
95. Additionally, the Assistant Director of Children's Services is undertaking a major review of the allowances paid to Looked After Children and has tightened up the approval process. The service is also reviewing all of their finance policies to ensure that they are in line with other Councils and that there is a consistent approach to the decision making process for releasing allowances to all Looked After Children.

#### **Children's Resources (£409k overspend, £300k adverse movement)**

96. The service is reporting an overspend of £409k at Month 4, an adverse movement of £300k on the Month 2 projections, reflecting the latest projections on timing of permanent recruitment and resulting use of agency staff. The adverse movement reflects the difference between the original assumptions built in for staff recruitment in Month 2, which assumed a monthly recruitment profile spread evenly across the year, where the reality indicates that the actual profile is more likely to be weighted towards the end of the 2016 calendar year, reflecting the very competitive Social Worker recruitment market. The service continues to work very closely with the HR Service, to review recruitment progress and identify further opportunities to engage with the recruitment market that will attract the right calibre of staff. The use of agency staff is also being limited to the cover for essential posts.
97. The service is projecting an overspend of £245k on staffing costs, an adverse movement of £136k, reflecting the change in the recruitment assumptions noted above, and use of agency cover whilst the service continues its recruitment campaign. However, it is proposed that £132k of staffing costs will be capitalised to reflect the work that staff are undertaking on transformation projects.
98. Additionally, the service has an overspend of £829k 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 support for families under Section 17 regulations or who have No Recourse to Public Funds (NRPF) relating to temporary Bed and Breakfast accommodation (an additional cost of £396k) and ad-hoc crisis support (an additional cost of £56k). These costs will be met from a drawdown of £702k from the Earmarked Reserves.

## **Adults (£893k underspend, £615k improvement)**

### **All Age Disabilities (AAD) (£148k underspend, £97k improvement)**

99. The service is reporting an underspend of £148k, an improvement of £97k on the Month 2 projections, predominantly due to a reduction in the projected staffing costs, where the service has a number of staff vacancies.
100. The salaries budget for AAD is currently forecast to underspend by £777k, the underspend forecast is due to vacancies held during the year and management action being taken to manage the overall budget of the directorate. Of this, the Transport Service is forecast to underspend against staffing by £138k, which is being delivered as part of the ongoing review of the service and the Special Educational Needs staffing is projected to underspend by £288k, however, £135k of this is offset by reduced DSG income recharges. Additionally the Social Work Teams are forecasting an underspend of £223k, with the remaining balance of £128k relating to the capitalisation of transformation costs.
101. The service is currently managing down a pressure within the Transport service across both Special Educational Needs children and Adults through a range of management actions including an in-depth review of contracts, routes and use of vehicles. The Month 4 forecast assumes that this action will bring the service costs close to budget by the year end.
102. The non-staffing budget is forecasting a pressure of £433k, an adverse movement of £121k from the Month 2 projection. The placements budget remain under pressure due to a number of Independent Living Fund (ILF) cases that transferred in July 2015 (approximately £100k) and from increases in unit costs for placements, which is the reason for the increase in the forecast this month.
103. The income budget is forecasting a pressure of £196k, an adverse movement of £113k on the Month 2 projections. £135k of this is from reduced DSG income in respect of SEN staff which is off-set by an underspend on salaries, as noted above. The balance is from reduced income forecast for Transport from contributions from other Local Authorities

### **Social Work (£34k underspend, £45k improvement)**

104. The service is reporting an underspend of £34k, an improvement of £45k on the Month 2 projections, due to a range of management actions that have been taken following a review of staffing costs.
105. The staffing budget is forecast to underspend by £93k, an improvement of £34k from the Month 2 forecast and reflects the management action being taken to offset pressures within the Social Care budget.
106. The non-staffing and income budgets are forecast to underspend by a net £59k, after drawing down £194k from Earmarked Reserves to cover the increase in Homecare inflation equating to £134k, which was agreed with providers in February 2016 and £60k for the Telecareline savings.
107. The community equipment budget is forecasting a net underspend of £107k, reflecting the management controls that have been put in place in the service.
108. Additionally, there are pressures emerging within the placements and homecare budgets, which in part are being offset by additional income from Health in respect of joint S117 Mental Health Act placements. These are currently being contained within the overall position of the service but will be kept under close review.



### **Adults Early Intervention & Prevention (£269k underspend, £306k improvement)**

109. The service is reporting an underspend of £269k, an improvement of £306k on the Month 2 projections, due to putting in place a range of management actions, which have resulted in a favourable movement in the cost of contingent labour following a review of the likely usage and bringing forward a number of savings planned for 2017/18.
110. The salary budget is forecast to underspend by £461k, an improvement of £314k on the Month 2 projections. The improved position is from bringing forward savings planned for 2017/18 where it is estimated that these will generate savings totalling £120k and an optimistic forecast for spend against contingent labour of £150k, following a review of the projected usage of this budget. The balance relates to a number of staff vacancies being held across the service to contribute towards off-setting the pressures arising across the Social Care Directorate.
111. There is a pressure of £182k forecast on the non-staffing budget, which relates to delays in delivering the preventative savings target, where there is an ongoing review. 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 is off-set by the underspend against staffing and an underspend against meals purchased.

### **Safeguarding Quality & Partnerships (£58k underspend, £121k improvement)**

112. The service is reporting an underspend of £58k at Month 4, an improvement of £121k on the Month 2 projections. The underspend is due to a reduction in the projected cost of the safeguarding board, reflecting the proposed change to have a combined adults and children's safeguarding structure which has offset pressures within the placements budgets and preventative services savings target. The staff budget is forecast to be close to budget with a pressure of £12k, no movement from Month 2
113. The non staffing budget has a net pressure of £231k. Placements are forecast to overspend by £303k which is off-set by £345k on Health contributions to S117 Mental Health Act joint placements. Off-setting these non staffing pressures is a reduced recharge of £159k against the combined adults and children's safeguarding structure.
114. There is a £100k pressure relating to the savings 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 the delivery model of this service in the current year is uncertain. This pressure is being off-set by savings across the directorate.
115. Additional income of £301k is forecast, £345k of this additional income is from Health for joint S117 placements as referred to above. There is a pressure from reduced client contribution of £44k.

### **Directorate & Support (£384k underspend, £46k improvement)**

116. The Directorate budget is forecast to underspend by £384k, an improvement of £46k on the Month 2 projections, due to a reduction in the projected cost of purchasing equipment. £345k of this relates to expenditure on transformational work, which it is anticipated will be capitalised. The balance of the underspend is from a reduced forecast for equipment purchase.

### **Better Care Fund (nil variance)**

117. At Month 4 the Better Care Fund is forecast to be on budget.

## Appendix B – Other Funds SCHOOLS BUDGET

### Dedicated Schools Grant (£401k overspend, £166k adverse movement)

118. The Dedicated Schools Grant (DSG) is projecting an in-year overspend of £401k. The overspend, in the main, relates to the capacity building programme for two year old provision where the funding was agreed for a number of projects last financial year, but works did not actually begin till the current year and are being funded from brought forward balances.

**Table 15: DSG Income and Expenditure 2015/16**

Original Budget	Budget Changes	Funding Block	Month 4		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(140,664)	0	<b>Dedicated Schools Grant Income</b>	(140,664)	(140,697)	(33)	(150)	117
105,361	451	<b>Delegated to Schools</b>	105,812	105,812	0	248	(248)
4,805	0	<b>Early Years</b>	4,805	5,257	452	377	75
3,740	0	<b>Centrally Retained</b>	3,740	3,688	(52)	(37)	(15)
26,758	0	<b>Special Needs</b>	26,758	26,792	34	(203)	237
<b>0</b>	<b>451</b>	<b>Total Schools Budget</b>	<b>451</b>	<b>852</b>	<b>401</b>	<b>235</b>	<b>166</b>
		Balance Brought Forward 1 April 2016	(866)	(866)			
		Use of Balances	(451)	(852)			
		<b>Balance Carried Forward 31 March 2017</b>	<b>415</b>	<b>14</b>			

### Dedicated Schools Grant Income (£33k surplus, £117k adverse movement)

119. The projected £33k 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. The funding allocation for 2016/17 has now been adjusted by the DfE, however we still expect a small underspend unless additional eligible children are identified throughout the year.

### Delegated to Schools nil variance, £248k improvement)

120. The projection for Early Years funding delegated to schools has been amended to reflect the actual numbers of three and four year olds accessing the free entitlement. There has been a decrease in the forecasted spend compared to the estimated position at the start of the year due to a slight reduction in actual numbers in the summer term.

### Early Years (£452k pressure, £75k adverse movement)

121. The £452k 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 (£52k underspend, £15k improvement)

122. The £52k underspend in the Centrally Retained budget predominantly relates to a vacant Procurement Officer post, where funding has been agreed for two posts but only one is currently filled. There is also an underspend projected in the Admissions budget. These underspends are offset by a projected £14k 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.

## High Needs (£34k overspend, £237k adverse movement)

123. There is a continuing budget pressure of £244k linked to the number of Looked After Children being placed out of borough. This is off-set by a projected underspend due to SEN growth that has been budgeted but not yet realised. This budget may be needed later in the year as the number of SEN assessments coming through the system has been on the increase in recent months.
124. A further £82k underspend is projected on the SEN contingency budget as less expenditure is expected on additional therapies for SEN pupils now that the new banded funding model has been adopted and top-up funding should be sufficient to meet all the needs of these pupils.
125. There is a projected overspend of £83k on the SEN support teams due to the recruitment of additional visual impairment specialist teachers as previously agreed by Schools Forum.

## School Academy Conversions

126. 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. 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

127. 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 licensed 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.
128. 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 Year Deficits	Value of In Year Deficit £000
Nursery	1	0	0
Primary	51	3	62
Secondary	2	1	761
Special	2	0	0
<b>Total</b>	<b>56</b>	<b>4</b>	<b>823</b>

129. 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 (£33k in year surplus, £33k adverse movement)**

130. 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 4		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Month 4 £'000	Month 2 £'000	Movement £'000
(4,079)	0	Income	(4,079)	(4,098)	(19)	(21)	2
4,079	0	Expenditure	4,079	4,065	(14)	(45)	31
<b>0</b>	<b>0</b>	<b>In-year (Surplus) / Deficit</b>	<b>0</b>	<b>(33)</b>	<b>(33)</b>	<b>(66)</b>	<b>33</b>

131. An in-year surplus of £33k is forecast for the 2016/17 financial year. There is a total income surplus of £19k (£2k adverse). The £19k overachievement forecast for PRA income is attributable to a favourable £99k variance from bailiff payments (the forecast reflecting actual receipts to date), partly off-set by projected shortfalls of £55k from on-street PCN income and £25k from pay and display income

132. At Month 4 the service is reporting an adverse movement in its expenditure forecast of £31k, resulting in a forecast £14k underspend. The net underspend position is generated by vacant posts savings across the service, partly off-set by agency staff employed on a project to reduce the current PCN backlog. Non-staffing variances result from the parking enforcement contract with APCOA, the renewal of ParkMap and parking signs and road-marking.

## COLLECTION FUND (£2,000k surplus, no movement)

133. 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.

**Table 17: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(118,703)	0	Council Tax	Gross Income	(118,703)	(118,754)	(51)	(51)	0
12,118	0		Council Tax Support	12,118	11,929	(189)	(189)	0
(2,625)	0		B/fwd Surplus	(2,625)	(2,385)	240	240	0
<b>(109,210)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(109,210)</b>	<b>(109,210)</b>	<b>0</b>	<b>0</b>	<b>0</b>
(112,408)	0	Business Rates	Gross Income	(112,408)	(113,535)	(1,127)	(1,127)	0
(2,278)	0		Section 31 Grants	(2,278)	(2,138)	140	140	0
60,790	0		Less: Tariff	60,790	60,790	0	0	0
5,340	0		Less: Levy	5,340	5,834	494	494	0
1,125	0		B/fwd Deficit	1,125	(382)	(1,507)	(1,507)	0
<b>(47,431)</b>	<b>0</b>	<b>Sub-Total</b>	<b>(47,431)</b>	<b>(49,431)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>0</b>	
<b>(156,641)</b>	<b>0</b>	<b>Total Collection Fund</b>	<b>(156,641)</b>	<b>(158,641)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>0</b>	

134. 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.

135. 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 4 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

136. The Housing Revenue Account (HRA) is currently forecasting an in-year overall surplus of £11,098k which is £1,836k more favourable than the budgeted surplus of £9,262k. Therefore the closing HRA General Balance is forecast to increase from £33,944k to £45,042k. The Month 4 forecast shows an increase in the underspend of £558k compared to the reported Month 2 forecast. The table below presents key variances by service area:

**Table 18: Housing Revenue Account**

Service	Month 4		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
	£'000	£'000	£'000	£'000	£'000
Rent Income	(56,215)	(56,511)	(296)	(85)	(211)
Other Income	(5,272)	(5,047)	225	166	58
<b>Net Income</b>	<b>(61,487)</b>	<b>(61,558)</b>	<b>(71)</b>	<b>81</b>	<b>(152)</b>
Housing Management	11,081	11,026	(55)	(99)	44
Tenant Services	5,225	4,839	(386)	(412)	26
Repairs	5,249	5,249	(0)	(0)	(0)
Planned Maintenance	4,666	3,342	(1,324)	(849)	(475)
Capital Programme Funding	9,199	9,199	0	0	0
Interest & Investment Income	15,067	15,067	0	0	0
Development & Risk Contingency	1,738	1,738	0	0	0
<b>Operating Costs</b>	<b>52,225</b>	<b>50,460</b>	<b>(1,765)</b>	<b>(1,359)</b>	<b>(406)</b>
<b>(Surplus) / Deficit</b>	<b>(9,262)</b>	<b>(11,098)</b>	<b>(1,836)</b>	<b>(1,278)</b>	<b>(558)</b>
General Balance 01/04/2016	(33,944)	(33,944)	0	0	0
<b>General Balance 31/03/2017</b>	<b>(43,206)</b>	<b>(45,042)</b>	<b>(1,836)</b>	<b>(1,278)</b>	<b>(558)</b>

### Income

137. Rental income is forecast to be favourable by £296k, an improvement of £211k from the position in Month 2. This is due to a lower than forecast loss of income from voids (£197k), and income from buybacks (£14k).
138. Other Income is forecast to be under recovered by £225k, £58k worse off than Month 2. This is mainly due to a £68k increase, from £220k to £288k, in the forecast shortfall on income contribution from Leaseholders towards the cost of improvement works to Council housing stock. Furthermore, there is a £4k improvement in parking spaces income and a £6k improvement from other miscellaneous fees and charges.
139. There have been 39 RTB completions so far in the first four months of 2016/17 compared to 52 for the same period last year. The forecast of 115 RTB sales, consistent with MTFP assumptions, is lower compared to 130 RTB sales in 2015/16; however the forecast reflects 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

140. The Housing Management Service is forecast to underspend by £55k. The forecast underspend has reduced by £44k from Month 2. The key changes include an under recovery of fees recharged to capital for the Delivery Team in relation to Works to Stocks Programmes of £104k, redundancy costs of £98k and £18k of telephones. There are also reductions in ASB team recharge (£55k), salaries (£15k) and various running costs (£106k) e.g. postage (£37k), training costs (£16k) and TMO management fee (£10k).

141. Tenant Services overall forecast is an underspend of £386k, an adverse movement of £26k compared to Month 2. The key change relates to an increase in redundancy costs of £37k. Overall the main area of underspend remains as previously reported in the caretaking services. The full year variances include staffing (£306k) due to vacancies pending a re-organisation, a reduction in internal recharges (£90k) and an overspend on running costs of £10k.
142. The overall repairs budget is currently forecast to be breakeven. It should be noted however that the responsive repairs and voids budget line is forecasting an overspend of £289k and redundancies of £311k. This is being off-set by key underspends on staffing - vacancies and delays in recruitment (£130k), materials (£135k), savings on pooled transport (£170k) and higher than budgeted income on rechargeable repairs (£120k) and other smaller non-salary underspends (£45k).
143. Planned Maintenance is forecast to underspend by £1,324k which represents a favourable movement of £475k compared to Month 2. The key changes relate to further slippage in the External Cyclical Decorations programme of £403k, fencing of £98k, plumbing upgrades of £13k and lift surveys £13k. The External Cyclical Decorations Programme has no contract or expenditure approval in place. Full year variances relate to External Cyclical Decorations (£726k), fencing (£98k), service contracts and surveys (£219k) and gas servicing and breakdowns (£281k).
144. Development and Risk Contingency - 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.

## HRA Capital

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

**Table 19: HRA Capital Expenditure**

Prior Years Cost	Programme	Revised Budget	Forecast	Cost Variance Forecast V Budget	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-21	Total Project Variance
		2016/17				2016-2021		
		£000	£000	£000	£000	£000	£000	£000
	<b>Major Projects</b>							
9,370	New General Needs Housing Stock	7,420	7,420	0	0	43,830	43,830	0
3,878	New Build - Appropriation of Land	1,400	1,400	0	0	1,400	1,400	0
778	New Build - Supported Housing Provision	21,046	17,910	0	(3,136)	44,733	44,733	0
N/A	HRA General Capital Contingency	9,467	9,467	0	0	9,467	9,467	0
<b>14,026</b>	<b>Total Major Projects</b>	<b>39,333</b>	<b>36,197</b>	<b>0</b>	<b>(3,136)</b>	<b>99,430</b>	<b>99,430</b>	<b>0</b>
	<b>Works to Stock</b>							
N/A	Works to Stock Programme	13,092	9,978	0	(3,114)	40,103	40,103	0
N/A	Major Adaptations to Property	1,560	1,560	0	0	6,252	6,252	0
	<b>Total Works to Stock</b>	<b>14,652</b>	<b>11,538</b>	<b>0</b>	<b>(3,114)</b>	<b>46,355</b>	<b>46,355</b>	<b>0</b>
	<b>Total HRA Capital</b>	<b>53,986</b>	<b>47,735</b>	<b>0</b>	<b>(6,250)</b>	<b>145,785</b>	<b>145,785</b>	<b>0</b>

## Major Projects

146. The revised budget for the 2016/17 HRA Major Projects programme is £39,333k, inclusive of £162k re-phasing from 2015/16 as approved by Cabinet in June 2016. It also includes the capital release decision July 2016 to fund £5,533k of the New Build Supported Housing (Grassy Meadow and Parkview schemes) from the HRA General Capital Contingency. As at Month 4 the programme is forecast to spend to budget, for 2016/17 and over the period 2016-2021.

### New General Needs Housing Stock

147. The 2016/17 budget is expected to be fully utilised with regular approval being obtained for the purchase and repair of housing stock. Currently 5 properties have been purchased with a further 8 approved for completion. The remaining budget is anticipated to be absorbed as and when approval is obtained for new housing developments to meet the overall general needs housing strategy.
148. Previously £3,888k has been approved for the delivery of 19 units of General Needs Housing Stock at the Acol Crescent site to be delivered by 2018/19. Consultants will be appointed shortly.
149. Cabinet in July 2016 approved a budget of £2,139k to meet the costs associated with the construction of a housing programme comprising 7 units of new build properties and 5 extensions / conversions at various sites. This will be funded from the General Needs Housing Stock budget of £43,830k.
150. The remaining budget is anticipated to be absorbed as and when approval is obtained for new housing developments to meet the overall general needs housing strategy.

### New Build - Appropriation of Land

151. 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.

### New Build - Supported Housing Provision

152. The Supported Housing Programme comprises the build of 186 mixed client group units across five different sites. The development of the housing units are at various different stages of the project lifecycle. Tender returns have been received for the two extra care projects at Grassy Meadow and Parkview Day Centre. The tendered prices were significantly higher than pre-tender estimates. A value engineering exercise is currently being undertaken to reduce the total cost, the impact of which will be reported as soon as revised costings have been finalised.
153. The Supported Housing Development at Acol Crescent is being undertaken concurrently with the General Needs Housing Units at the same site and as such is also currently awaiting approval.

### HRA General Capital Contingency

154. It is expected that the £9,467k contingency budget will be absorbed to meet the cost of emerging risks stemming from the overall Major Projects programme.



155. Approval has been given for the budget to be utilised to meet the purchase costs of 217 & 219 Horton Road, estimated to be £360k.
156. A further £81k from the contingency budget will be required towards the appropriation of the land at Fir Tree Avenue to the Council's HRA.

### **Works to Stock Programme**

157. The Works to Stock Programme has an overall forecast phasing variance of £3,114k. Elements of the programme contributing to this variance include lift renewals (£976k), external doors (£120k), kitchens and bathrooms (£836k), electrical upgrades (£446k) and windows replacement (£736k), the last two of which have emerged in Month 4, due to the validation, procurement and consultation timetables required to deliver these works.
158. There are pressures arising from schemes developed as part of previous years' programmes that will be delivered in 2016/17, but for which funding has not been rolled forward, chiefly on roofing and structural works. These are being managed in the current year through the slippage that is already apparent; however there is a residual pressure of £690k on the overall programme. The current strategy is to manage these pressures through internal procurement savings targets, and by reviewing underlying need requirements against the original data to identify potential for reallocation within the programme.
159. Major Adaptations is currently forecast to spend to the full budget of £1,560k as the backlog is further reduced.

### **HRA Capital Receipts**

160. There have been 39 Right to Buy sales of council dwellings as at end of July 2016 for a total sales value of £5,728k and a total of a further 76 sales are forecast to bring the yearly total to 115, totalling approximately £17,000k in 2016/17.
161. 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 to 2021 approved by Cabinet in February has been phased to utilise these receipts within the allowed timescales.
162. As at the end of June 2016 there have cumulatively been £48,136k retained Right to Buy receipts retained for allowable debt purposes and 1-for-1 housing replacement of which £3,044k has been applied as capital financing. In the current financial year, the deadline for utilisation of 1-for-1 receipts will now fall quarterly as the receipts from 2013/14 begin to hit their 3 year deadline.
163. 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

164. As at Month 4 an underspend of £8,660k is reported on the £96,350k General Fund Capital Programme for 2016/17, with £1,997k favourable cost variances and £6,663k slippage on project expenditure. The forecast outturn variance over the life of the 2016/17 to 2020/21 programme is £1,997k net underspend relating to various schemes.
165. General Fund Capital Receipts of £15,072k are forecast for 2016/17, with total receipts to 2020/21 expected to reach £71,837k, representing an adverse variance of £3,730k against budget.
166. Overall, Prudential Borrowing required to support the 2016/17 to 2020/21 Capital Programme is forecast to be within budget by £4,795k due to additional available capital grants of £6,528k and scheme cost underspends of £1,997k, partly offset by the shortfall of £3,730k in forecast Capital Receipts.

### Capital Programme Overview

167. Table 20 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 20: 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	Move-ment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	36,181	34,561	(761)	(859)	158,997	158,236	(761)	(761)
Main Programme	32,558	27,388	(734)	(4,436)	97,247	96,513	(734)	(589)
Programme of Works	25,747	23,877	(502)	(1,368)	72,408	71,906	(502)	(502)
<b>Total Main Programme</b>	<b>94,486</b>	<b>85,826</b>	<b>(1,997)</b>	<b>(6,663)</b>	<b>328,652</b>	<b>326,655</b>	<b>(1,997)</b>	<b>(1,852)</b>
Development & Risk Contingency:								
Capital Priority Growth	965	965	-	-	965	965	-	-
General Contingency	899	899	-	-	6,899	6,899	-	-
<b>Total Capital Programme</b>	<b>96,350</b>	<b>87,690</b>	<b>(1,997)</b>	<b>(6,663)</b>	<b>336,516</b>	<b>334,519</b>	<b>(1,997)</b>	<b>(1,852)</b>
<b>Movement</b>	<b>(23,652)</b>	<b>(6,417)</b>	<b>(1,303)</b>	<b>18,538</b>	<b>244</b>	<b>(1,608)</b>	<b>(1,852)</b>	<b>-</b>

168. The revised Capital Programme budget has been reduced by £23,652k in 2016/17 to reflect approved re-phasing of budgets within the Schools and Main Programmes into future years. There has also been a minor adjustment to the attribution of Transport for London funding between capital and revenue schemes. Overall the budget has increased by £244k due mainly to new Section 106 scheme allocations and schools' contributions to the Devolved Formula Capital Programme.
169. The Schools Programme reports a cost underspend of £761k which is partly due to release of contingencies on the completed Primary Schools Phase 2 Expansions Programme. There is also an underspend on furniture, fittings and equipment costs for the replacement of

Northwood Academy. Further information on the performance of the Schools Programme is provided in the Cabinet School Capital Programme Update Report.

170. The main programme forecasts a phasing underspend of £3,887k on a number of major developments which are in early stages, such as the Battle of Britain Heritage Pride and new Theatre and Museum projects. There is a forecast net cost underspend of £734k over the life of the programme which is mainly due to a forecast underspend on CCTV enforcement (School Keep Clear Zones) following receipt of tenders where the price was under pre-tender estimates.
171. Programmes of Works are forecast to underspend by £502k on several schemes which is partly due to expenditure on Road Safety and School Keep Clear Zones being eligible to be funded from Transport for London grant resulting in a saving on Council resources. It is also anticipated that an element of the Private Sector Renewal Grant will be uncommitted. There is projected re-phasing of £1,368k mainly relating to the Transport for London programme as an element of the programme is anticipated to be completed early in next financial year.
172. An amount of £601k has been allocated to three projects from the General Fund capital contingency budget. These include the previously reported overspend of £559k on the provision of a new dementia centre at Grassy Meadow following receipt of tender prices. An amount of £17k has been transferred to cover the additional cost on a recently tendered purchase of a mobile library vehicle. Also £25k is required to purchase a parcel of land located adjacent to 231 Swakeleys Road. There remain £6,899k unallocated contingency funds over the life of the five year programme which at this stage is forecast to be fully utilised as and when risk issues emerge. The 2016/17 programme also contains a £965k Capital Priority Growth budget for new developments and is unallocated.

### Capital Financing - General Fund

173. Table 21 below outlines the latest financing projections for the Capital Programme, with a favourable medium term variance of £4,795k reported on Prudential Borrowing, due mainly to an increase in grant funding partially offset by a forecast shortfall in Capital Receipts.

**Table 21: 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	Movement £'000
Council Resource Requirement	76,566	69,054	(7,512)	265,116	256,591	(8,525)	(4,478)
Financed by							
Capital Receipts	22,038	15,072	(6,966)	75,567	71,837	(3,730)	(2,030)
CIL	3,580	3,580	-	25,080	25,080	-	-
Prudential Borrowing	50,948	50,402	(546)	164,469	159,674	(4,795)	(2,448)
<b>Total Council Resources</b>	<b>76,566</b>	<b>69,054</b>	<b>(7,512)</b>	<b>265,116</b>	<b>256,591</b>	<b>(8,525)</b>	<b>(4,478)</b>
Grants & Contributions	19,784	18,636	(1,148)	71,400	77,928	6,528	2,626
<b>Total Programme</b>	<b>96,350</b>	<b>87,690</b>	<b>(8,660)</b>	<b>336,516</b>	<b>334,519</b>	<b>(1,997)</b>	<b>(1,852)</b>

174. The 2016/17 Capital Receipts forecast is £6,966k below budget which reflects an increased degree of risk in the timing of receipts with some sale completions likely to fall into next year. Overall there is an adverse variance of £3,730k which is due to a forecast reduction in the General Fund share of Right to Buy (RTB) receipts as the number of RTB sales has fallen since the original budget estimates were set and the forecast attribution of the RTB receipt available to the General Fund has reduced based on the latest pooling return calculation.
175. As at the end of July a total of £2,677k 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. Spend to date on eligible activity exceeds the 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.
176. 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 remains £14,990k in assumed Schools grants in future years that are not yet confirmed.
177. The grant announcement for 2016/17 Disabled Facilities Grant (DFG) within the Better Care Fund is substantially higher than the original budget assumption meaning that the approved Council resources allocated to the DFG programme of £531k per annum can be financed by grant instead. It is assumed in the forecast that this will also be the case in future years.
178. The revised Prudential Borrowing budget has been adjusted to reflect the re-phasing of capital expenditure over the life of the programme. There is a favourable variance of £4,795k due mainly to the increase in available Schools and DFG grants and scheme cost underspends partially off-set 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		
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Education and Children Services</b>										
136,118	Primary Schools Expansions	3,446	3,140	(306)	0	3,501	3,195	(306)	3,167	0	28
265	New Primary Schools Expansions	1,225	1,225	0	0	27,135	27,135	0	27,135	0	0
198	Secondary Schools Expansions	2,314	2,314	0	0	95,702	95,702	0	66,485	28,019	1,198
17,405	Secondary Schools New Build	28,986	27,667	(460)	(859)	30,849	30,389	(460)	27,862	2,527	0
184	Hearing Impaired Resource Base (Vyners)	10	15	5	0	10	15	5	15	0	0
0	Additional Temporary Classrooms	200	200	0	0	1,800	1,800	0	1,800	0	0
<b>154,171</b>	<b>Total Schools Programme</b>	<b>36,181</b>	<b>34,561</b>	<b>(761)</b>	<b>(859)</b>	<b>158,997</b>	<b>158,236</b>	<b>(761)</b>	<b>126,464</b>	<b>30,546</b>	<b>1,226</b>

## ANNEX B - Main Programme

Prior Year Cost	Project	2016/17 Revised Budget £'000	2016/17 Forecast £'000	2016/17 Cost Variance £'000	Project Re-phasing £'000	Total Project Budget 2016-21 £000	Total Project Forecast 2016-21 £000	Total Project Variance 2016-21 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
<b>Community, Commerce and Regeneration</b>											
0	CCTV Enforcement (SKC's)	2,657	1,929	(728)	0	2,657	1,929	(728)	1,519	410	0
79	Gateway Hillingdon	1,747	1,747	0	0	2,411	2,411	0	2,411	0	0
1,470	Hayes Town Centre Improvements	3,533	3,033	0	(500)	3,533	3,533	0	330	3,040	163
136	Inspiring Shopfronts	786	786	0	0	1,221	1,221	0	1,221	0	0
12	Uxbridge Cemetery Gatehouse	638	250	0	(388)	988	988	0	988	0	0
0	Uxbridge Change of Heart	525	525	0	0	1,996	1,996	0	1,109	800	87
<b>Central Services, Culture and Heritage</b>											
38	Bowls Club Refurbishments	812	730	0	(82)	812	812	0	150	0	662
156	Harlington/Pinkwell Bowls & Pavilion	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	500	0	(362)	862	862	0	862	0	0
0	Mobile Library	117	117	0	0	117	117	0	117	0	0
<b>Finance, Property and Business Services</b>											
31	Battle of Britain Bunker Projects	2,980	2,500	0	(480)	4,912	4,912	0	4,912	0	0
0	Battle of Britain Underground Bunker	500	500	0	0	1,053	1,053	0	53	1,000	0
0	Bessingby FC Boxing Clubhouse	950	500	0	(450)	950	950	0	950	0	0
0	New Museum	1,000	500	0	(500)	5,000	5,000	0	4,250	0	750
0	New Theatre	1,625	750	0	(875)	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	2,200	2,000	0	(200)	5,003	5,003	0	5,003	0	0
0	231 Swakeleys Road Land Purchase	25	25	0	0	25	25	0	25	0	0
<b>Planning, Transportation and Recycling</b>											
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	1,204	1,204	0	0	4,072	4,072	0	4,072	0	0
0	RAGC Car Park	250	200	0	(50)	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
<b>Social Services, Housing, Health and Wellbeing</b>											
0	1 & 2 Merrimans Housing Project	620	620	0	0	620	620	0	620	0	0
47	Dementia Centre	1,576	1,027	0	(549)	2,512	2,512	0	2,512	0	0
<b>Cross Cabinet Member Portfolios</b>											
	Environmental Recreational Initiatives	1,000	1,000	0	0	1,000	1,000	0	1,000	0	0
16,711	Projects Completing in 2016/17	1,581	1,598	17	0	1,581	1,598	17	1,534	0	64
<b>59,599</b>	<b>Total Main Programme</b>	<b>32,558</b>	<b>27,388</b>	<b>(734)</b>	<b>(4,436)</b>	<b>97,247</b>	<b>96,513</b>	<b>(734)</b>	<b>88,348</b>	<b>5,250</b>	<b>2,915</b>

## 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
	<b>Community, Commerce and Regeneration</b>										
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
	<b>Education and Children Services</b>										
N/A	Formula Devolved Capital to Schools	1,033	1,033	0	0	2,147	2,147	0	0	1,981	166
N/A	Urgent Building Condition Works	3,775	3,733	0	(42)	5,916	5,916	0	2,557	2,532	827
	<b>Finance, Property and Business Services</b>										
N/A	Civic Centre Works Programme	1,969	1,830	(139)	0	3,969	3,830	(139)	3,830	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	<b>Planning, Transportation and Recycling</b>										
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	750	53	0
N/A	Street Lighting	191	191	0	0	567	567	0	567	0	0
N/A	Transport for London	5,571	4,108	(263)	(1,200)	20,881	20,618	(263)	0	19,630	988
	<b>Social Services, Housing, Health and Wellbeing</b>										
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	0	11,500	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	350	(100)	0	2,250	2,150	(100)	2,150	0	0
N/A	Landlord Property Renovation Grant	148	148	0	0	148	148	0	148	0	0
	<b>Cross Cabinet Member Portfolios</b>										
N/A	Section 106 Projects	314	314	0	0	314	314	0	0	0	314
	<b>Total Programme of Works</b>	<b>25,747</b>	<b>23,877</b>	<b>(502)</b>	<b>(1,368)</b>	<b>72,408</b>	<b>71,906</b>	<b>(502)</b>	<b>33,915</b>	<b>35,696</b>	<b>2,295</b>
	Capital Priority Growth	1,458	1,458	0	0	7,458	7,458	0	7,458	0	0
N/A	General Contingency	965	965	0	0	965	965	0	965	0	0
	<b>Total GF Capital Programme</b>	<b>96,373</b>	<b>88,272</b>	<b>(1,987)</b>	<b>(6,114)</b>	<b>336,539</b>	<b>335,101</b>	<b>(1,438)</b>	<b>257,150</b>	<b>71,515</b>	<b>6,436</b>





## Appendix E – Treasury Management Report as at 31 July 2016

**Table 22: Outstanding Deposits - Average Rate of Return on Deposits: 0.62%**

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	50.6	32.39	40.00
1-2 Months	22.0	14.09	5.00
2-3 Months	7.0	4.48	10.00
3-6 Months	49.0	31.37	20.00
6-9 Months	5.0	3.20	10.00
9-12 Months	5.0	3.20	5.00
12-18 Months	12.4	7.94	5.00
18-24 Months	5.0	3.20	5.00
<b>Subtotal</b>	<b>156.0</b>	<b>99.87</b>	<b>100.00</b>
Unpaid Maturities	0.2	0.13	0.00
<b>Grand Total</b>	<b>156.2</b>	<b>100.00</b>	<b>100.00</b>

179. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA rated Money Market Funds, Pooled Funds, Birmingham CC, Blaenau Gwent CBC, Guildford Council, Herefordshire Council, Lancashire CC, Leeds CC, Monmouthshire CC, North Tyneside Council, Northumberland County Council, Salford CC, Stockport BC, Woking BC, Wolverhampton CC, Coventry Building Society, Nationwide Building Society, Close Brothers, Goldman Sachs International, Lloyds and Santander. Overseas deposits are held with Svenska Handelsbanken, Overseas China Banking Corporation and National Australia Bank. The Council also holds a Certificate of Deposit with Nordea Bank and a Covered Bond with Bank of Scotland (Lloyds Banking Group).
180. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risk. Currently at the end of July, 48% of the Council's total funds have exposure to bail-in risk compared to a June benchmark average of 64% in the Local Authority sector (benchmark provided quarterly by the Councils Treasury Advisors Arlingclose). The Council's exposure reduces to 27% once instant access facilities are removed from the bail-in total.
181. During the month cash was placed and withdrawn from instant access accounts. Four fixed term investments were placed with Northumberland County Council, Coventry Building Society, Guildford Borough Council and Goldman Sachs International as the funds were not required in the short term. There was also one fixed term deposit maturity with Lancashire CC. In addition, a forward dated deposit was placed during July with a start date of the end of August. This deposit secured a higher rate of interest before the impending base rate cut to 0.25% at the beginning of August.

**Table 23: Outstanding Debt - Average Interest Rate on Debt: 3.01%**

		Actual (£m)	Actual (%)
<b>General Fund</b>	PWLB	62.96	20.08
	Long-Term Market	15.00	4.78
<b>HRA</b>	PWLB	202.57	64.61
	Long-Term Market	33.00	10.53
	<b>Total</b>	<b>313.53</b>	<b>100.00</b>

182. There were no scheduled debt repayments or early debt repayment opportunities during July. Gilt yields continued to fall resulting in higher premiums. There were no breaches of the prudential indicators or non-compliance with the treasury management policy and practices.

183. 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

184. The following Agency staff costing over £50k have been approved under delegated powers by the Chief Executive in consultation with the Leader and are reported here for information.

**Table 27: Consultancy and agency assignments**

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
<b>Residents Services</b>						
Anatomical Pathology Technician	14/11/2015	13/06/2016	19/12/2016	33	33	66
Senior School Improvement Advisor	01/09/2015	25/07/2016	28/10/2016	73	31	104
Senior School Improvement Advisor	01/09/2015	01/08/2016	04/11/2016	67	23	90
Education Strategy & Quality Assurance Manager	29/04/2015	11/07/2016	09/11/2016	160	47	207
Repairs Operations Manager	23/11/2015	15/10/2016	28/08/2017	79	75	154
Manager Planned Works, Repairs and Compliance	23/11/2015	15/10/2016	28/08/2017	124	118	241
Education Officer	09/03/2015	08/08/2016	27/11/2016	80	21	102
Education Officer	05/10/2015	08/08/2016	27/11/2016	49	21	70
Mobile Caretaker	07/12/2012	01/07/2016	30/09/2016	59	6	65
Mobile Caretaker	24/08/2012	01/07/2016	30/09/2016	64	4	68
Mobile Caretaker	29/08/2012	01/08/2016	31/10/2016	64	4	68
Mobile Caretaker	24/08/2012	01/07/2016	30/09/2016	59	4	63
Mobile Caretaker	06/09/2012	01/07/2016	30/09/2016	63	4	67
OPHS Officer	21/04/2014	19/08/2016	11/11/2016	67	8	75
Development Surveyor	10/03/2014	01/08/2016	30/10/2016	80	13	93
Interim Housing Specialist & Needs Manager	28/09/2015	04/07/2016	13/11/2016	80	45	125
Planning Lawyer	14/12/2014	05/09/2016	19/02/2017	49	19	68
Senior Estates Surveyor	01/11/2015	15/08/2016	13/11/2016	66	22	88
Asset Management Support Manager	12/08/2013	18/07/2016	07/10/2016	252	24	276
OPHS Officer	01/06/2014	16/07/2016	15/10/2016	77	10	86
Policy Manager	01/03/2016	01/03/2016	05/07/2015	42	42	84

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Mobile Caretaker	22/09/2013	01/07/2016	30/09/2016	68	6	74
Homeless Prevention Caseworkers (8 posts)	24/02/2014	29/08/2016	20/11/2016	749	83	832
<b>Social Care</b>						
Social Worker	06/10/2014	01/08/2016	04/09/2016	55	6	61
Social Worker	01/08/2015	01/08/2016	04/09/2016	56	6	62
Social Worker	31/08/2015	01/08/2016	04/09/2016	73	7	80
Senior Social Worker	01/06/2015	01/08/2016	04/09/2016	81	8	89
Social Worker	05/03/2014	01/08/2016	04/09/2016	107	7	114
Social Worker	30/09/2014	01/08/2016	04/09/2016	137	7	144
Social Worker	19/08/2014	01/08/2016	04/09/2016	138	6	144
Social Worker	23/12/2013	01/08/2016	04/09/2016	146	7	153
Social Worker	03/03/2014	01/08/2016	04/09/2016	163	5	168
Social Worker	19/12/2011	01/08/2016	04/09/2016	198	7	205
Social Worker	06/01/2012	01/08/2016	04/09/2016	280	7	287
Early Years Practitioner	06/10/2014	05/09/2016	02/10/2016	50	2	52
Early Years Practitioner	30/03/2015	05/09/2016	02/10/2016	54	2	56
LSCB Training & Quality Assurance Officer	01/12/2015	05/09/2016	02/10/2016	54	6	60
Child Protection Chair	01/07/2015	05/09/2016	02/10/2016	66	7	73
Social Worker	04/05/2015	05/09/2016	02/10/2016	69	5	74
Independent Reviewing Officer	05/10/2015	05/09/2016	02/10/2016	68	7	75
Quality Assurance Manager	01/02/2016	05/09/2016	02/10/2016	65	11	76
Social Worker	04/05/2015	05/09/2016	02/10/2016	71	6	77
Independent Domestic Violence Advisor	12/01/2015	05/09/2016	02/10/2016	75	4	79
Participation Worker YOS - NEET	15/06/2014	05/09/2016	02/10/2016	83	3	86
Early Years Practitioner	01/05/2015	05/09/2016	02/10/2016	85	2	87
Panel Advisor	10/08/2015	05/09/2016	02/10/2016	87	7	94
Social Worker	04/02/2015	05/09/2016	02/10/2016	89	5	94

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Child Protection Chair	20/07/2015	05/09/2016	02/10/2016	89	7	96
Social Worker	27/10/2014	05/09/2016	02/10/2016	98	6	104
Social Worker	01/10/2013	05/09/2016	02/10/2016	101	5	106
Social Worker	13/04/2015	05/09/2016	02/10/2016	102	6	108
Social Worker	06/01/2015	05/09/2016	02/10/2016	107	6	113
Practice Improvement Practitioner	08/05/2014	05/09/2016	02/10/2016	123	7	130
Social Worker	13/05/2014	05/09/2016	02/10/2016	140	6	146
Social Worker	19/06/2014	05/09/2016	02/10/2016	140	6	146
Social Worker	19/06/2014	05/09/2016	02/10/2016	141	6	147
Advanced Practitioner	05/09/2014	05/09/2016	02/10/2016	149	6	155
Corporate Parenting Manager	01/09/2014	05/09/2016	02/10/2016	161	6	167
Social Worker	11/08/2014	05/09/2016	02/10/2016	161	7	168
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	05/09/2016	02/10/2016	162	6	168
Social Worker	02/12/2013	05/09/2016	02/10/2016	172	6	178
Social Worker	30/04/2012	05/09/2016	02/10/2016	176	6	182
Team Manager - MASH	28/09/2014	05/09/2016	02/10/2016	175	7	182
Independent Reviewing Officer	27/05/2014	05/09/2016	02/10/2016	178	7	185
Social Worker	01/01/2013	05/09/2016	02/10/2016	205	5	210
Social Worker	01/04/2013	05/09/2016	02/10/2016	204	6	210
Case Progression Manager	07/04/2014	05/09/2016	02/10/2016	211	7	218
Senior Social Worker	01/01/2013	05/09/2016	02/10/2016	212	6	218
Advanced Practitioner	19/12/2011	05/09/2016	02/10/2016	233	6	239
Advanced Practitioner	19/12/2011	05/09/2016	02/10/2016	255	6	261
Team Manager	01/01/2013	05/09/2016	02/10/2016	260	7	267
MASH Manager	13/01/2014	05/09/2016	02/10/2016	261	10	271
Social Worker	19/12/2011	05/09/2016	02/10/2016	276	6	282

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Senior Social Worker	05/03/2012	05/09/2016	02/10/2016	289	6	295
Residential Care Worker	01/04/2012	05/09/2016	02/10/2016	119	2	121
Approved Mental Health Worker	01/03/2014	05/09/2016	02/10/2016	124	6	130
Lead Approved Mental Health Practitioner	01/06/2012	01/08/2016	04/09/2016	185	5	190
Occupational Therapist	07/10/2013	05/09/2016	02/10/2016	179	5	184
Special Needs Officer	05/01/2015	05/09/2016	02/10/2016	62	2	64
Safeguarding and DOLS Co-ordinator	19/10/2014	05/09/2016	02/10/2016	96	6	102
Care Act Programme Implementation Manager	02/10/2014	01/08/2016	04/09/2016	293	17	310
Occupational Therapist	01/04/2015	05/09/2016	02/10/2016	96	5	101
Senior Social Worker	29/03/2015	01/08/2016	04/09/2016	74	2	76
Approved Mental Health Worker	29/06/2015	01/08/2016	04/09/2016	77	7	84
Contract Management Officer	24/08/2015	05/09/2016	02/10/2016	131	9	140
AMHP	01/06/2015	05/09/2016	02/10/2016	92	6	99
Maingrade Educational Psychologist	15/11/2015	05/09/2016	02/10/2016	102	4	106
Principle Educational Psychologist	01/06/2015	05/09/2016	02/10/2016	126	12	138
AMPH Social Worker	18/08/2015	01/08/2016	04/09/2016	73	2	75
AMHP	12/09/2015	05/09/2016	02/10/2016	74	6	80
Senior Social Worker	01/08/2015	05/09/2016	02/10/2016	69	2	71
OT (Childrens)	07/09/2015	01/08/2016	04/09/2016	55	8	63
LD Programme Review	29/07/2015	05/09/2016	02/10/2016	130	10	140
Business Objects Officer	19/10/2015	01/08/2016	04/09/2016	103	14	117
AMPH Social Worker	05/10/2015	05/09/2016	02/10/2016	50	4	54
Occupational Therapist	03/12/2015	05/09/2016	02/10/2016	50	5	55
Approved Mental Health Worker	03/04/2016	05/09/2016	02/10/2016	46	6	52

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Advanced Practitioner	29/02/2016	05/09/2016	02/10/2016	47	6	53
Educational Psychologist	01/03/2016	05/09/2016	02/10/2016	49	12	61

## Appendix G – The Council's Draft Efficiency Plan



# HILLINGDON

LONDON

## EFFICIENCY PLAN - September 2016

### A. Purpose

1. This Efficiency Plan provides an outline of the Council's approach to implementing efficiency savings and the delivery of balanced budgets over the next five years.

### B. Background

2. An Efficiency Plan covering the period to 2019/20 is required to enable the Council to qualify for the four year funding settlement from the Government for that period. This offer covers approximately 11% of the Council's budget requirement for 2016/17, projected to fall to 4% by 2019/20. This plan has been prepared to cover the longer period to 2021/22, reflecting the Council's current timeframes for financial planning.
3. In order to access this offer of certainty, the Council must publish an Efficiency Plan online and provide a link to the Department of Communities and Local Government by Friday 14<sup>th</sup> October 2016.

### C. Overview

4. Effective financial management is at the heart of the Council's vision of Putting Residents First, with Sound Financial Management being one of the Council's four priority themes alongside Our People, Our Natural Environment and Our Built Environment.
5. The Council's approach to delivering balanced budgets is based on two key strands, the Medium Term Financial Forecast (MTFF) and Business Improvement Delivery (BID) Programme. This proven approach will be key to managing the challenges of further funding reductions and increased demand for services over the next five years.
6. This Efficiency Plan reflects these existing business processes, providing links to the development and monitoring of the MTFF within which the BID Programme is fully integrated. This document provides:
  - a. an overview of the successful implementation of this approach to date;
  - b. an update on the latest outlook for the Council's finances over the next five years; and
  - c. details of the approach being taken to meet the challenge of shrinking resources and growing demand for services.



## D. Sound Financial Management (2010/11 to 2016/17)

7. The Council has effectively had an efficiency strategy in place since 2010, with two key strands: the MTFF and the BID Programme run through the Hillingdon Improvement Programme. The two strands run alongside each other and are fully aligned.
8. From the outset of central government's austerity programme, the MTFF strategy has been to protect front line services that residents value and has therefore concentrated on the delivery of efficiency savings.
9. The strategy has evolved over time but essentially has concentrated on:
  - Service Transformation;
  - Better Procurement;
  - Maximising Income;
  - Preventing Demand;
  - Zero Based Reviews; and
  - Technical Accounting Adjustments
10. Development of the Council's MTFF over this period is an iterative process, with both development of new savings proposals and updates to the broader financial forecast, including income and demand for services, being refreshed throughout the year. This process results in a set of proposals to deliver a balanced budget for the coming year, which are then subject to public consultation and formal adoption by the Council on an annual basis.
11. Given the inherent uncertainties involved in financial planning for an organisation as complex as the Council in an ever-evolving environment, these budget proposals focus on the upcoming financial year while providing an update on the Medium Term Outlook. Budget proposals, approved by the Council in February 2016, and associated background for 2016/17 can be found on the Council's website. [hyperlink to 2016/17 budget setting report](#)
12. Between 2010/11 and 2015/16, the Council successfully delivered £94,034k efficiency savings, with a further £13,309k on track for delivery during 2016/17. Progress towards delivery of savings is proactively monitored, with status reports presented to Cabinet on a monthly basis alongside the broader financial position of the authority, which can be found on the Council's website. [hyperlink to Cabinet agendas](#)
13. The Council set up the BID programme in 2009 in advance of the start of central government's austerity programme in 2010 meaning the Council was ahead of the curve. Its task was to take a more fundamental review of services rather than apply arbitrary cuts. Over the last seven years the BID Transformation Programme has been a key factor in the Council's ability to navigate the financial challenges it faced and continues to face. The BID programme is fully aligned to the MTFF and focuses on projects that are capable of saving the Council money although the programme also continues to identify and address key areas of Council practice & processes that are inefficient or ineffective.
14. The BID Programme is delivered by a dedicated team of five FTEs. In delivering the programme, they are supported by specialist targeted resources where needed, for example in the review of ICT and the re-design of social care services. The specialist resource may be a subject matter expert or targeted commissioning support. In addition Council support functions are aligning resources with the BID programme and individual projects also have the full commitment and support from the specific service areas themselves.

15. To date, the Council has financed investment in development and delivery of savings from a range of sources, including capital investment in new systems, earmarking of funds to finance the costs of change and, under new flexibilities available from 1 April 2016, through the use of Capital Receipts.

#### **E. Financial Outlook (2017/18 to 2021/22)**

16. The Council's MTFP has been refreshed since its most recent publication in February 2016 and the latest position estimates a total budget gap of £57,035k projected over the period to 2021/22. While this represents an estimate of the challenge faced by the Council, sensitivity analysis around underlying projections indicates that significant changes in assumptions would be required to materially affect the result.

17. Projected reductions in central Government funding for core services represent £16,189k of this budget gap, with the decline in Revenue Support Grant from £29,431k in 2016/17 to £6,655k in 2019/20 outlined in the multi-year settlement offer financing a notional increase in resources available to support Social Care through the Better Care Fund. In the absence of indications to the contrary, this projection assumes funding levels remain steady in cash terms beyond 2019/20.

18. New development and population growth within the Borough is expected to secure an additional £2,619k of Business Rates receipts and £7,846k Council Tax income by 2021/22. This growth reflects growth in the taxbase, assuming that Council Tax rates remain frozen at current levels, and will drive an equivalent increase in demand for services. Allowing for the £1,500k surplus for local tax receipts in 2015/16, local income growth will reduce the budget gap by £8,962k.

19. Forecast inflationary pressures on the Council's current expenditure total £19,497k, including assumed 1% per annum pay awards for employees, increased pension contributions, increases in Social Care placement costs, energy and other contractual commitments. This position assumes maintenance of the recent low inflation environment in the longer-term.

20. Increasing demand for local services is expected to contribute an additional £15,724k to the budget requirement, with Adult Social Care Placements (£7,273k), Waste Disposal (£5,000k), Children's Social Care Placement (£2,820k) and SEN Transport (£1,104k) representing the most significant areas of growing demand. An analysis of this growth between population-led and other factors identified the element of this increase being driven by growth in population, is broadly equivalent to additional income being generated from this growth.

21. In addition to this increase in the direct costs of service delivery, the Council's current programme of capital investment, including locally funded school expansions and the St Andrew's Park Theatre development, is projected to require an additional £6,645k for the servicing and repayment of debt. With the unwinding of one-off and short-term savings from the reversal of historic provision for debt repayment, deferral of borrowing and capitalisation of equipment adding a further £3,451k to capital financing budgets, the total contribution of capital activities to the budget gap is £10,096k by 2021/22.

22. The current planned drawdown from balances contributes a further £4,216k to the budget gap by 2021/22, with the phased reduction in planned drawdowns reducing unallocated General Balances from £39,005k at 1 April 2016 to £23,376k. This limits the availability of reserves to further contribute towards bridging the budget gap over that already factored into the MTFP.

## **F. Continuing to deliver Sound Financial Management (2017/18 to 2021/22)**

23. The Council's MTFF strategy remains focused on protecting valued services and continuing to put 'Residents First', securing savings and efficiencies over the coming years to manage this emerging budget gap. This will be achieved through maintaining the successful approach adopted in recent years, focusing on development of savings under a number of refreshed key themes:
- a. **Service Transformation:** further fundamental reviews of services, including structures, methods of service delivery and process re-engineering. These projects will continue to be principally delivered through the BID Programme.
  - b. **Better Procurement:** The continuing evolution of the Council's procurement function into a category management model is enabling the Council to generate significant savings, both in contracting for goods and service and also as part of service transformation through commissioning support.
  - c. **Maximising Income:** Capturing the benefits of economic development within the borough continues to be fully aligned with the MTFF, providing key intelligence on growth in Business Rates and potential Council Tax income from new developments. Fees & charges will remain under review but aligned to the Council's wider policy objectives - for example keeping parking charges low for residents to support the local economy.
  - d. **Commercialisation:** With the move towards self-financing, development of sustainable local revenue streams represents an additional theme for savings development. The MTFF will review the potential for revenue generating activities and commercialisation of trading.
  - e. **Preventing Demand:** As outlined above, demographic pressures represent a key factor in the growing budget gap and this theme remains focussed on new ways of delivering key services to residents to ensure that the best use can be made of limited funds, helping people through preventative measures to reduce demand for critical services.
  - f. **Effective Use of Assets:** Rationalisation of the Council's estate to maximise value from the asset base while continuing to deliver key services locally provides scope for additional savings over the medium term. In addition, investment in key assets will provide a route to delivering 'invest-to-save' measures.
  - g. **Zero Based Reviews:** Aligning service budgets to current demand and maintaining tight expenditure controls through rigorous management will remain a key part of the annual budget setting process.
  - h. **Technical Accounting:** In line with the approach to service budgets, technical accounting practices will remain under review and revised as necessary to ensure that resources are effectively directed to service provision.
24. Driving efficiencies within the organisation and developing savings proposals will remain embedded within the Council's operating model in future years, with the BID Programme remaining a key driver of this activity. Resulting budget proposals will continue to be subject to internal review and broader public consultation as part of the annual budget setting process. On-going monitoring of effective delivery of proposals will remain part of the Council's budget monitoring processes, with regular reporting to Cabinet on the status of the savings programme.

25. Development and delivery of savings initiatives across the Council will continue to be supported by the dedicated BID Team, continuing to be supplemented by specialist targeted resources where necessary. Funding for such support will continue to be sourced from a combination of sources, including Prudential Borrowing for invest-to-save schemes, Earmarked Reserves and General Balances, and where applicable Capital Receipts.