

# COUNCIL BUDGET - 2016/17 MONTH 7 REVENUE AND CAPITAL BUDGET MONITORING

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

## HEADLINE INFORMATION

<b>Purpose of report</b>	<p>This report provides the Council's forecast financial position and performance against the 2016/17 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £1,227k is projected against 2016/17 General Fund revenue budgets as of October 2016 (Month 7), representing an improvement of £57k from the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
<b>Putting our Residents First</b>	<p>This report supports the following Council objectives of: <i>Our People; Our Built Environment; Our Natural Environment; Our Heritage and Civic Pride; Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position as at October 2016 (Month 7).
2. Note the Treasury Management update as at October 2016 at Appendix E.
3. Continue the delegated authority up until the January 2017 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 17th November 2016 and 15th December 2016 Cabinet meetings, detailed at Appendix F.

4. Approve the release of £103k from Priority Growth to Residents Services budgets to meet costs of managing traveller incursions in the Borough during 2016/17.
5. Approve release £40k of Priority Growth to Residents Services budgets to fund a Members Enquiries Monitoring Officer from 2016/17 onwards.
6. Approve the grant award of £10,000 to Uxbridge Forward to promote and co-ordinate activity in Uxbridge Town Centre.
7. Approve the acceptance of £110k of grant funding from the Environment Agency Thames Regional Flood and Coastal Committee to support investigatory work within the borough.
8. Delegate authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and Cabinet Member for Finance, Property and Business Services, to appoint flood risk consultants from the £110k Environment Agency grant monies accepted above.
9. Approve re-phasing of £20,975k General Fund capital expenditure and associated financing budgets into later years of the capital programme.
10. Approve the re-phasing of £9,507k HRA New Build Supported Housing budgets into later years of the capital programme.
11. Approve the virement of £35k funding from the Environmental Assets capital budget to the CCTV Programme budget.
12. Ratify the following two special urgency decisions taken by the Leader of the Council and Cabinet Member for Finance, Property and Business Services in the absence of a Cabinet meeting:
  - A) On 25 November 2016, The Leader of the Council and the Cabinet Member for Finance, Property and Business Services approved:
    - I. The appointment of the lowest tenderer, United Living (South) Limited, to deliver works for Kitchen and Bathroom replacement to dwellings identified by the Council's asset management database (Keystone) following a stock condition survey for a period of 2 years with the option to extend for 1 further year.
    - II. Agreed that the Deputy Chief Executive and Corporate Director of Resident Services, in conjunction with the Leader of the Council and Cabinet Member for Finance Business and Property Services could make any further necessary decisions required in respect of the contract Kitchen and Bathroom related services.
  - B) On 25 November 2016, The Leader of the Council and the Cabinet Member for Finance, Property and Business Services approved:
    - I. The purchase of Berkeley Apartments, Marlborough Crescent, Harlington, UB3 5FG on a subject to Planning basis.
    - II. The capital release request of £951k from the Housing Revenue Account New General Needs Housing Stock 2016/17 budget towards the acquisition of Berkeley Apartments, Marlborough Crescent, Harlington.
    - III. The allocation and release of £9,026k from the Housing Revenue Account Capital Contingency 2016/17 budget towards the acquisition of Berkeley Apartments, Marlborough Crescent, Harlington.
    - IV. That all subsequent decisions required to implement the above be granted to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and the Cabinet Member for Finance, Property and Business Services.

## 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. Appendix E provides an update to Cabinet on Treasury Management performance during this financial year.
3. Recommendation 4 - The Council has incurred costs associated with traveller incursions totalling £170k to end of month 7 including security and fly tipping costs. £67k of these costs can be met from a projected underspend on the Council's support to the Metropolitan Police budget. Release of £103k from the remaining unallocated Priority Growth budget is recommended to meet the balance of the costs incurred to date. A further request will be made at the year end to fund any further costs incurred.
4. Recommendation 5 - Release of £40k from the remaining unallocated Priority Growth budget is recommended to support an additional post within Residents Services to monitor and track actions undertaken by officers in response to Member Enquiries.
5. Recommendation 6 - This is the annual contribution to Uxbridge Forward the partnership that serves to promote and coordinate activity in Uxbridge town centre. The Council's contribution is budgeted for within Policy and Partnerships, and is matched by similar levels of financial support from Intu the Pavilions and Brunel University. Uxbridge Forward has been instrumental in developing and promoting support within Uxbridge for the forthcoming Uxbridge Business Improvement District, which is likely to be secured in 2017.
6. Recommendations 7 & 8 - The Council have applied for and been awarded external funding from the Thames Regional Flood and Coastal Committee for consultants to investigate options to reduce flooding at three locations across the Borough. The Common West Drayton, Charville Lane, Hayes and Cranford Park Cranford. In order to expedite delivery of this investigation work, recommendation 8 seeks authority to delegate authority for the relevant consultancy and survey appointments to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and Cabinet Member for Finance, Property and Business Services.
7. Recommendation 9 - There is a forecast underspend of £31,126k on the capital programme for the current financial year of which £26,891k is projected re-phasing on existing schemes. At this stage it is proposed to re-phase £20,975k Schools Programme and Main Programme expenditure budgets and associated financing to reflect revised expenditure profiles on various schemes that will be completed in future years. The financing budget re-phasing is made up of the following sources: prudential borrowing £4,692k, capital receipts £15,120k, grants £950k and other contributions £213k. Further potential re-phasing of £5,916k on Programmes of Works schemes will be reviewed at the end of the financial year to ensure only the required level of budget is carried forward.
8. Recommendation 10 - there are several sites within the approved 2016/17 New Build Supported Housing programme that are in various stages of development and the proposed re-phasing of £9,507k reflects revised profiling of expenditure to complete these projects in

future years. This expenditure is financed by £6,424k revenue contributions and £3,083k Right to Buy Receipts.

9. Recommendation 11 - Funding of £35k from the remaining Environmental Assets capital budget of £65k has previously been identified to support the roll out of mobile CCTV cameras in the Borough. Cabinet Member approval is being sought separately to award a contract for the supply of 25 mobile CCTV camera systems at a total cost of £105k with the remainder to be met from the CCTV programme budget. The cameras are to be deployed across the borough tackling anti-social behaviour issues and environmental crimes such as fly-tipping.
10. Recommendation 12 - The first special urgency decision related to the award of contract for the Capital Programme Kitchen and Bathroom Replacement Programme. In the absence of a Cabinet meeting, the Leader of the Council is authorised in the Council's Constitution to take contract decisions where deemed urgent, which will be reported to a subsequent Cabinet meeting for ratification.

This decision enabled an order to be placed for the replacement of 301 kitchens and 509 bathrooms in tenanted dwellings over a period covering two financial years 2016-17 and 2017-18. This decision will provide residents with improved kitchen and bathroom facilities and the Council will also benefit from a reduction in responsive repair expenditure as a result. The potential contract value to carry out the works proposed was circa. £2.5m, but as a zero value contract, the Council has the ability to 'call-off' works as and when approved.

The second special urgency decision related to the acquisition of Berkeley Apartments at Marlborough Crescent, Harlington, for use as a Homeless Hostel. In July 2015 Cabinet delegated authority to the Leader of the Council and the Cabinet Member for Finance, Property and Business Services authority to acquire and purchase private properties in order to supplement affordable housing provision within the Borough and that following any acquisition, this be reported back to Cabinet for ratification and public record at the appropriate time.

This acquisition will help reduce the number of households in expensive private Bed & Breakfast and Temporary Accommodation and thereby generate savings for the General Fund. Right to Buy receipts can be utilised for up to 30% of the full acquisition costs.

### **Alternative options considered**

11. There are no other options proposed for consideration

## FURTHER INFORMATION

### General Fund Revenue Budget

12. An underspend of £1,227k is reported on normal operating activities at Month 7. This position incorporates a £1,978k net underspend across Directorate Operating Budgets and an underspend of £800k across Corporate Operating Budgets, offset by contingency pressures of £1,551k, primarily relating to Looked After Children placement expenditure and Deprivation of Liberty Safeguards (DoLS) assessments. There are no exceptional items reported at this stage in the financial year.
13. The headline underspend of £1,227k represents an improvement of £57k on the position reported at Month 6, consisting of a £28k improvement across Directorate budgets; a £48k contingency reduction in the cost of waste disposal, a £213k adverse movement on Looked After Children contingency due to high cost placements and a £194k improvement in projected Asylum spend.
14. The Council's General Fund revenue budget contains £13,309k savings, with £9,657k already banked and £2,495k on track for delivery. Those savings classed as amber due to being at an earlier stage of implementation total £1,157k at Month 7, representing an improvement of £54k from Month 6. The reported position on operating budgets reflects the status of these savings.

**Table 1: General Fund Overview**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
			Revised Budget £'000	Forecast Outturn £'000			
178,502	(267)	Directorate Operating Budgets	178,235	176,257	(1,978)	(1,950)	(28)
2,420	2,148	Corporate Operating Budgets	4,568	3,768	(800)	(800)	0
18,453	(1,881)	Development & Risk Contingency	16,572	18,123	1,551	1,580	(29)
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>199,282</b>	<b>(1,227)</b>	<b>(1,170)</b>	<b>(57)</b>
<b>200,509</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>200,509</b>	<b>199,282</b>	<b>(1,227)</b>	<b>(1,170)</b>	<b>(57)</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>2,989</b>	<b>(1,227)</b>	<b>(1,170)</b>	<b>(57)</b>
(39,005)	0	Balances b/fwd	(39,005)	(39,005)			
<b>(34,789)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2017</b>	<b>(34,789)</b>	<b>(36,016)</b>			

15. At 31 March 2016 General Fund Balances totalled £39,005k. With the budgeted drawdown of £4,216k and the projected £1,227k surplus, the forecast closing balance at 31 March 2017 is £36,016k. The Council's current MTFE assumes that balances will remain between

£15,000k and £31,000k to manage emergent risks, with sums above that level earmarked for use to smooth the impact of government funding cuts.

### Directorate Operating Budgets (£1,978k underspend, £28k improvement)

16. 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.
17. 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 £1,246k of that staffing cost; resulting in staffing underspends across various services. In addition, £816k of further transformation costs are forecast to be met from Capital, although this position will be refreshed as the year progresses.
18. In order to support the delivery of Zero Based Review savings for 2017/18, substantially uncommitted budgets within non-staffing budgets have been consolidated into service-level contingencies. These service-level contingencies will remain under close review over the remainder of the financial year, enabling release of any budgets not required to support service delivery.

**Table 2: Directorate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
10,762	(16)	Admin.	Expenditure	10,746	10,658	(88)	(109)	21
(1,288)	(56)		Income	(1,344)	(1,310)	34	(3)	37
<b>9,474</b>	<b>(72)</b>		<b>Sub-Total</b>	<b>9,402</b>	<b>9,348</b>	<b>(54)</b>	<b>(112)</b>	<b>58</b>
15,189	545	Finance	Expenditure	15,734	15,539	(195)	(161)	(34)
(2,475)	0		Income	(2,475)	(2,569)	(94)	(53)	(41)
<b>12,714</b>	<b>545</b>		<b>Sub-Total</b>	<b>13,259</b>	<b>12,970</b>	<b>(289)</b>	<b>(214)</b>	<b>(75)</b>
109,096	297	Residents Services	Expenditure	109,393	107,984	(1,409)	(1,372)	(37)
(56,005)	(448)		Income	(56,453)	(56,276)	177	188	(11)
<b>53,091</b>	<b>(151)</b>		<b>Sub-Total</b>	<b>52,940</b>	<b>51,708</b>	<b>(1,232)</b>	<b>(1,184)</b>	<b>(48)</b>
141,576	(47)	Social Care	Expenditure	141,529	143,278	1,749	1,604	145
(38,353)	(542)		Income	(38,895)	(41,047)	(2,152)	(2,044)	(108)
<b>103,223</b>	<b>(589)</b>		<b>Sub-Total</b>	<b>102,634</b>	<b>102,231</b>	<b>(403)</b>	<b>(440)</b>	<b>37</b>
<b>178,502</b>	<b>(267)</b>	<b>Total Directorate Operating Budgets</b>		<b>178,235</b>	<b>176,257</b>	<b>(1,978)</b>	<b>(1,950)</b>	<b>(28)</b>

19. Within the Administration Directorate an underspend of £54k is reported at Month 7, an adverse movement of £58k on prior month projections. This movement is primarily a result of revised income forecasts within Legal Services as s106 chargeable work becomes replaced by Community Infrastructure Levy works.
20. An underspend of £289k is reported on Finance operating budgets at Month 7, an improvement of £75k from Month 6. This movement is mainly due to overachievement on income relating to one-off S46 Receivership Fees income and improvements in the staffing position in Operational & Strategic Finance. The underlying position reflects staffing underspends across the group, additional grant income within Revenues & Benefits and the improved outlook for S46 Receivership Fees.

21. An underspend of £1,232k is reported within Residents Services at Month 7, with £1,868k staffing underspends from vacant posts and the capitalisation of transformation resource, and pressures of £636k across non-staffing and income budgets. Reported pressures include a shortfall in income from the Cedars & Grainges car parks, estates income and Imported Food sampling, with non-staffing pressures from increased recycling volumes, fleet hire & maintenance and the adaptations budget within Development & Assets. The £48k improvement from Month 6 includes reduced staffing forecasts in Business & Tech Support and improved income forecasts in Planning & Enforcement.
22. An adverse movement of £37k is reported on Social Care group budgets, reflecting increases in salaries in Children's Social Care, which are mitigated by reductions in client packages and increased income in Health funded packages in both Adults Social Care and All Age Disabilities. Overall the group is reporting a £403k underspend, inclusive of net staffing underspends of £1,044k from posts being held vacant and capitalisation of transformation workforce costs. Within this reported position, there is an emerging risk around supplier inflation on care placements which will remain under review over the coming months.

### Progress on Savings

23. The Council's 2016/17 General Fund revenue budget contains £13,309k savings, with all prior year savings delivered in full during 2015/16. An improved outlook for savings delivery is reported at Month 7, with banked savings increasing by £893k to £9,657k and a £54k reduction in those items continuing to be reported as at risk. £12,152k savings are now reported as being banked or on track for delivery in full during 2016/17, with the remaining £1,157k or 8.7% remaining at an earlier stage of delivery and no savings being identified as having a serious risk of non-delivery.

**Table 3: Savings Tracker**

2016/17 General Fund Savings Programme	Admin	Finance	Residents Services	Social Care	Total 2016/17 Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	(765)	(767)	(3,998)	(4,127)	<b>(9,657)</b>	<b>72.6%</b>
G On track for delivery	0	(300)	(1,784)	(411)	<b>(2,495)</b>	<b>18.7%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(142)	(60)	0	(955)	<b>(1,157)</b>	<b>8.7%</b>
R Serious problems in the delivery of the saving	0	0	0	0	<b>0</b>	<b>0.0%</b>
<b>Total 2016/17 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)

24. 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.
25. 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 offset any loss in revenue.

**Table 4: Corporate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0
5,386	873		Non-Sal Exp	6,259	5,459	(800)	(800)
(405)	0		Income	(405)	(405)	0	0
<b>4,981</b>	<b>873</b>		<b>Sub-Total</b>	<b>5,854</b>	<b>5,054</b>	<b>(800)</b>	<b>(800)</b>
431	0	Levies and Other Corporate Budgets	Salaries	431	431	0	0
9,958	1,565		Non-Sal Exp	11,523	11,523	0	0
(12,390)	(290)		Income	(12,680)	(12,680)	0	0
<b>(2,001)</b>	<b>1,275</b>		<b>Sub-Total</b>	<b>(726)</b>	<b>(726)</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>2,148</b>	<b>Total Corporate Operating Budgets</b>		<b>4,568</b>	<b>3,768</b>	<b>(800)</b>	<b>(800)</b>



## Development & Risk Contingency (£1,551k pressure, £29k improvement)

26. 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 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
341	0	Fin.	Uninsured Claims	341	291	(50)	(50)	0
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	2,483	(245)	(197)	(48)
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	1,742	(470)	(276)	(194)
3,734	0		Demographic Growth - Looked After Children	3,734	6,276	2,542	2,329	213
277	0		Social Worker Agency	277	277	0	0	0
1,699	0		Demographic Growth - Transitional Children	1,699	1,529	(170)	(170)	0
432	0		Demographic Growth - Adults	432	432	0	0	0
393	0		Winterbourne View	393	78	(315)	(315)	0
0	0		Deprivation of Liberty Safeguards	0	759	759	759	0
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>18,123</b>	<b>1,551</b>	<b>1,580</b>	<b>(29)</b>

27. Movement from Month 6 on reported positions is limited to the Waste Disposal Levy, Asylum Service and Looked After Children, with projections across all other areas having been reviewed. The further reduction on Waste Disposal relates to further reductions in tonnage volumes since Month 6, with continuation of current trends expected to deliver further improvement over the remainder of the financial year.
28. An adverse outlook is reported on Looked After Children, where additional high cost placements has increased reported pressure by £213k to £2,542k above the £3,734k contingency. The remaining pressure being reported in this area relates to the high levels of complexity in the current caseload of Looked After Children.

29. 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

30. 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.
31. This report includes a recommendation to release £40k of the unallocated Priority Growth balance, with no Priority Growth having previously been allocated to services. The corporate monitoring position assumes all budgeted growth will be spent or committed during the current financial year. Release of £125k from HIP monies has been approved to support new initiatives from the £1,220k available resources, leaving £1,095k available for further allocations in year.

**Table 6: Priority Growth**

Original Budget	Budget Changes	Priority Growth	Month 7		
			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	125	(695)
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>125</b>	<b>(1,829)</b>

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

32. The latest forecasts on the Dedicated Schools grant shows an adverse movement of £80k from Month 6 with other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund in 2016/17.
33. The projected drawdown from Dedicated Schools Grant balances for the Schools Budget has increased from £786k to £866k at Month 7 due to a reduction in income projections at Early Years Centres. The remainder of this drawdown from reserves reflects continuing increase in the number and cost of post-16 high needs placements as a consequence of the of the changes in the Children's and Families Act 2014, alongside planned use of balances in support of the two year old childcare offer. This results in the full brought forward reserve being applied and increase the risk that this fund will go into deficit during the remainder of 2016/17. In the event that an in-year deficit is reported, this will be managed through the schools budget setting process with a topslice of 2017/18 Dedicated Schools Grant income to cover the deficit.
34. A £16k surplus is reported on the Parking Revenue Account at Month 6, representing an adverse movement of £11k from Month 6, reflecting projected growth in use of agency staff to cover vacant posts and improve the efficiency of the appeals process.
35. A surplus of £2,000k is projected on the Council's share of Business Rates revenues at Month 7, in line with the position reported at Month 6. This favourable position is principally driven by the 2015/16 outturn surplus, which included significant backdated increases in Rateable Value at Heathrow Airport. An surplus of £500k is reported on Council Tax in line with the position reported at Month 6, including lower than previously estimated levels of

demand within the Council Tax Reduction Scheme and continuing strong collection performance.

### **Housing Revenue Account**

36. The Housing Revenue Account (HRA) is currently forecasting an in-year overall surplus of £12,101k, £2,839k more than the budgeted surplus of £9,262k. This represents a £308k improvement on the position reported at Month 6. This variance includes underspends against Planned Maintenance & Tenant Services, partially offset by a forecast shortfall on the budgeted 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 £367k overachievement of income. As a result, HRA General Balances are projected to increase to £46,045k by 31 March 2017, with a significant element of this sum earmarked to support investment in new housing stock.
37. 65 properties have been sold under Right to Buy arrangements as at Month 6, with a total of 115 sales forecast for 2016/17. Sufficient expenditure was incurred on the acquisition of new properties during Quarter 1&2 to avoid repayment of Right to Buy Receipts to DCLG, with projects underway to avoid repayment during Quarter 3.

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

38. Appendix D outlines the forecast outturn on the 2016/17 to 2020/21 Capital Programme, with a £4,611k underspend projected over the five year programme, representing a £809k improvement from Month 6. Prudential Borrowing required to support the Council's Capital Programme is projected to be £6,467k lower than the £164,469k revised budget, as a result of the projected underspend of £4,611 and £7,025k additional assumed grant income for school expansions and Disabled Facilities Grants being sufficient to offset a £5,169k fall in projected Capital Receipts.
39. This favourable variance on borrowing would result in a marginal reduction in future revenue costs of approximately £330k 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.
40. Slippage in project expenditure now shows an underspend of £26,891k in the current financial year. This is an underspend against the £96,920k 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 £6,407k of the planned £22,038k will be secured during 2016/17, no movement from Month 6.

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

### ADMINISTRATION (£54k underspend, £58k adverse movement)

41. The Administration group is showing a projected outturn underspend of £54k at Month 7, due in the main to part year staffing vacancies across the Services. An adverse movement of £58k is reported from Month 6 across the directorate, primarily a result of revised income forecasts within Legal Services as s106 chargeable work becomes replaced by Community Infrastructure Levy works.

**Table 7: Administration Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service		Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
				Revised Budget £'000	Forecast Outturn £'000			
1,490	(12)	Democr. Services	Salaries	1,478	1,470	(8)	(19)	11
1,645	111		Non-Sal Exp	1,756	1,735	(21)	(59)	38
(629)	(97)		Income	(726)	(714)	12	37	(25)
<b>2,506</b>	<b>2</b>		<b>Sub-Total</b>	<b>2,508</b>	<b>2,491</b>	<b>(17)</b>	<b>(41)</b>	<b>24</b>
2,307	(63)	Human Resources	Salaries	2,244	2,214	(30)	(17)	(13)
534	74		Non-Sal Exp	608	633	25	44	(19)
(248)	0		Income	(248)	(254)	(6)	(22)	16
<b>2,593</b>	<b>11</b>		<b>Sub-Total</b>	<b>2,604</b>	<b>2,593</b>	<b>(11)</b>	<b>5</b>	<b>(16)</b>
1,979	(124)	Legal Services	Salaries	1,855	1,837	(18)	(24)	6
87	(1)		Non-Sal Exp	86	78	(8)	(7)	(1)
(341)	41		Income	(300)	(261)	39	(6)	45
<b>1,725</b>	<b>(84)</b>		<b>Sub-Total</b>	<b>1,641</b>	<b>1,654</b>	<b>13</b>	<b>(37)</b>	<b>50</b>
579	0	Policy & Partnership s	Salaries	579	548	(31)	(32)	1
2,141	(1)		Non-Sal Exp	2,140	2,143	3	5	(2)
(70)	0		Income	(70)	(81)	(11)	(12)	1
<b>2,650</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>2,649</b>	<b>2,610</b>	<b>(39)</b>	<b>(39)</b>	<b>0</b>
6,355	(199)	Admin. Directorat e	Salaries	6,156	6,069	(87)	(92)	5
4,407	183		Non-Sal Exp	4,590	4,589	(1)	(17)	16
(1,288)	(56)		Income	(1,344)	(1,310)	34	(3)	37
<b>9,474</b>	<b>(72)</b>		<b>Total</b>	<b>9,402</b>	<b>9,348</b>	<b>(54)</b>	<b>(112)</b>	<b>58</b>

## FINANCE (£289k underspend, £75k improvement)

42. The Finance directorate is currently projecting an outturn underspend of £289k at Month 7 (£75k favourable). The group is reporting an underspend of £216k in staffing budgets (£14k favourable) relating to a number of vacant posts within Operational Finance and maternity leave within the service. There is a forecast overachievement on income of £94k due to additional grant income within Revenues and Benefits and one-off S46 Receivership Fees income in Operational Finance, with the later accounting for the improvement from Month 6.

**Table 8: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service		Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
				Revised Budget £'000	Forecast Outturn £'000			
519	27	Internal Audit	Salaries	546	517	(29)	(25)	(4)
30	0		Non-Sal Exp	30	62	32	32	0
(10)	0		Income	(10)	(10)	0	0	0
<b>539</b>	<b>27</b>		<b>Sub-Total</b>	<b>566</b>	<b>569</b>	<b>3</b>	<b>7</b>	<b>(4)</b>
1,555	0	Procurement	Salaries	1,555	1,623	68	25	43
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>1,714</b>	<b>68</b>	<b>25</b>	<b>43</b>
3,321	246	Operational Finance	Salaries	3,567	3,351	(216)	(195)	(21)
611	0		Non-Sal Exp	611	612	1	1	0
(158)	0		Income	(158)	(203)	(45)	0	(45)
<b>3,774</b>	<b>246</b>		<b>Sub-Total</b>	<b>4,020</b>	<b>3,760</b>	<b>(260)</b>	<b>(194)</b>	<b>(66)</b>
4,101	(113)	Revenues & Benefits	Salaries	3,988	4,026	38	45	(7)
1,634	(68)		Non-Sal Exp	1,566	1,574	8	8	0
(2,023)	0		Income	(2,023)	(2,069)	(46)	(53)	7
<b>3,712</b>	<b>(181)</b>		<b>Sub-Total</b>	<b>3,531</b>	<b>3,531</b>	<b>0</b>	<b>0</b>	<b>0</b>
1,348	0	Strategic Finance	Salaries	1,348	1,271	(77)	(52)	(25)
1,978	454		Non-Sal Exp	2,432	2,412	(20)	0	(20)
(284)	0		Income	(284)	(287)	(3)	0	(3)
<b>3,042</b>	<b>454</b>		<b>Sub-Total</b>	<b>3,496</b>	<b>3,396</b>	<b>(100)</b>	<b>(52)</b>	<b>(48)</b>
10,844	160	Finance Directorate	Salaries	11,004	10,788	(216)	(202)	(14)
4,345	385		Non-Sal Exp	4,730	4,751	21	41	(20)
(2,475)	0		Income	(2,475)	(2,569)	(94)	(53)	(41)
<b>12,714</b>	<b>545</b>		<b>Total</b>	<b>13,259</b>	<b>12,970</b>	<b>(289)</b>	<b>(214)</b>	<b>(75)</b>

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

**Table 9: Development and Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
			Revised Budget £'000	Forecast Outturn £'000			
341	0	Uninsured Claims	341	291	(50)	(50)	0
<b>341</b>	<b>0</b>	<b>Current Commitments</b>	<b>341</b>	<b>291</b>	<b>(50)</b>	<b>(50)</b>	<b>0</b>

## RESIDENTS SERVICES (£1,232k underspend, £48k improvement)

44. Residents Services directorate is showing a projected outturn underspend of £1,232k at Month 6, excluding identified contingency provisions.

**Table 10: Residents Services Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
15,008	(1,314)	Deputy Director Residents Services	Salaries	13,694	13,239	(455)	(448)	(7)
15,752	1,205		Non-Sal Exp	16,957	17,299	342	309	33
(7,981)	292		Income	(7,689)	(7,602)	87	61	26
<b>22,779</b>	<b>183</b>		<b>Sub-Total</b>	<b>22,962</b>	<b>22,936</b>	<b>(26)</b>	<b>(78)</b>	<b>52</b>
4,951	223	Development and Assets	Salaries	5,174	5,142	(32)	(32)	0
11,174	(108)		Non-Sal Exp	11,066	11,245	179	158	21
(5,072)	(449)		Income	(5,521)	(5,423)	98	98	0
<b>11,053</b>	<b>(334)</b>		<b>Sub-Total</b>	<b>10,719</b>	<b>10,964</b>	<b>245</b>	<b>224</b>	<b>21</b>
487	(53)	Estates and Tenancy Management	Salaries	434	362	(72)	(72)	0
1,154	(10)		Non-Sal Exp	1,144	1,087	(57)	(67)	10
(3,279)	0		Income	(3,279)	(3,216)	63	57	6
<b>(1,638)</b>	<b>(63)</b>		<b>Sub-Total</b>	<b>(1,701)</b>	<b>(1,767)</b>	<b>(66)</b>	<b>(82)</b>	<b>16</b>
1,730	(47)	Planning, Transport and Community Projects	Salaries	1,683	1,435	(248)	(222)	(26)
1,534	(480)		Non-Sal Exp	1,054	1,054	0	0	0
(10,706)	0		Income	(10,706)	(10,801)	(95)	(95)	0
<b>(7,442)</b>	<b>(527)</b>		<b>Sub-Total</b>	<b>(7,969)</b>	<b>(8,312)</b>	<b>(343)</b>	<b>(317)</b>	<b>(26)</b>
1,774	0	Planning and Enforcement	Salaries	1,774	1,619	(155)	(170)	15
854	(50)		Non-Sal Exp	804	804	0	0	0
(2,782)	0		Income	(2,782)	(3,138)	(356)	(314)	(42)
<b>(154)</b>	<b>(50)</b>		<b>Sub-Total</b>	<b>(204)</b>	<b>(715)</b>	<b>(511)</b>	<b>(484)</b>	<b>(27)</b>
11,739	(65)	Green Spaces, Sport & Culture	Salaries	11,674	11,743	69	55	14
7,567	(920)		Non-Sal Exp	6,647	6,634	(13)	32	(45)
(9,916)	17		Income	(9,899)	(10,079)	(180)	(148)	(32)
<b>9,390</b>	<b>(968)</b>		<b>Sub-Total</b>	<b>8,422</b>	<b>8,298</b>	<b>(124)</b>	<b>(61)</b>	<b>(63)</b>
7,994	(2,496)	Digital Strategy & Communications	Salaries	5,498	5,513	15	15	0
5,714	92		Non-Sal Exp	5,806	5,696	(110)	(105)	(5)
(3,058)	768		Income	(2,290)	(2,147)	143	143	0
<b>10,650</b>	<b>(1,636)</b>		<b>Sub-Total</b>	<b>9,014</b>	<b>9,062</b>	<b>48</b>	<b>53</b>	<b>(5)</b>
6,027	3,121	Business and Technical Support	Salaries	9,148	8,421	(727)	(669)	(58)
1,051	(8)		Non-Sal Exp	1,043	1,206	163	150	13
(4,197)	(700)		Income	(4,897)	(4,424)	473	442	31
<b>2,881</b>	<b>2,413</b>		<b>Sub-Total</b>	<b>5,294</b>	<b>5,203</b>	<b>(91)</b>	<b>(77)</b>	<b>(14)</b>
4,131	588	Policy and Standards - Education, Housing and Public	Salaries	4,719	4,456	(263)	(261)	(2)
10,455	619		Non-Sal Exp	11,074	11,029	(45)	(45)	0
(9,014)	(376)		Income	(9,390)	(9,446)	(56)	(56)	0
<b>5,572</b>	<b>831</b>		<b>Sub-Total</b>	<b>6,403</b>	<b>6,039</b>	<b>(364)</b>	<b>(362)</b>	<b>(2)</b>
53,841	(43)	Residents Services	Salaries	53,798	51,930	(1,868)	(1,804)	(64)
55,255	340		Non-Sal Exp	55,595	56,054	459	432	27
(56,005)	(448)		Income	(56,453)	(56,276)	177	188	(11)
<b>53,091</b>	<b>(151)</b>		<b>Total</b>	<b>52,940</b>	<b>51,708</b>	<b>(1,232)</b>	<b>(1,184)</b>	<b>(48)</b>

45. The overall variance is a result of staffing underspends across the group and favourable income projections in planning, offset mainly by pressure on the Adaptions backlog in development & assets and in fleet management. In addition there is continuing parking income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.

46. 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.

47. At month 7 projected calls on contingency are £245k below the budgeted provision (£48k favourable), following detailed modelling of the projected levy rebate from WLWA as part of MTF development work. The table below shows the breakdown for each contingency item.

**Table 11: Development and Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'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	2,483	(245)	(197)	(48)
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>4,908</b>	<b>(245)</b>	<b>(197)</b>	<b>(48)</b>

48. Financial year 2016/17 continues to see the numbers of temporary accommodation requirements consistently above the original MTF forecast.

**Table 12: Housing Needs performance data**

	2016		
	August	September	October
Homeless Threat, Priority Need & Eligible	111	126	105
Presenting As Homeless	41	36	42
Duty Accepted	23	23	14
<b>Households in Temporary Accommodation</b>	595	596	599
<b>Households in B&amp;B</b>	205	202	214

49. 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 remains at £2,025k, which is as per the budgeted provision.

50. Given the continuing high levels of households in high cost B&B, and challenges in procuring affordable private rental sector accommodation, this risk will continue to be closely monitored during the remainder of the financial year. There is the option to utilise earmarked reserves should the position deteriorate.

51. A contingency of £2,728k has been set aside to fund estimated increases in waste tonnages via the levy. Work is concluding between WLWA and the six Boroughs to develop the estimates for 2017/18 and future years, with the first draft to be discussed at the end of November at the next partnership meeting of the authority.

52. Commencement of full services at Severnside Energy Recovery Facility (SERF) has been delayed by a further 18 days since the last update to the 5th December 2016 (originally

delayed from August 2016). At the time of writing the facility has 10 days of a 30 day reliability test remaining. The financial impact of the delay to WLWA from the original summer commencement is expected to be £5.7m.

53. WLWA have indicated that there is the potential of a one-off disbursement of reserves in 2017/18, following the end of this financial year. WLWA's forecast end of year (16/17) reserves balances are £2.6m higher than their revised reserves recommendation for 17/18 (set at £5.6m) in their draft budget.
54. Officers will continue to challenge WLWA in its assessment of its reserves level and report on any confirmed disbursement of reserves to Members.

#### **Deputy Director Residents Services (£26k underspend, £52k adverse movement)**

55. The Authority has incurred significant costs in clearing various sites following a number of Traveller incursions across the Borough, with work in excess of that experienced in previous years. It is currently anticipated that these costs will be met in full from contingency.
56. There is a forecast underspend of £455k (£7k improvement) relating to staffing budgets across the service, 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).
57. Current projections show the fleet management budget position to be forecasting a pressure of £173k (£33k adverse), with increases in contract hire and maintenance costs the main drivers of this increase. Work is underway to alleviate this one-off pressure.
58. There continues to be an income pressure within the Imported Food service (£323k, £26k adverse) 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 high risk list, such that no inspections are required. This income pressure is netted down in part by robust income streams at the NYGL CA site.

#### **Development and Assets (£245k overspend, £21k adverse movement)**

59. At month 7 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 at month 7, relating to compliance works for a number of sites across the borough.

#### **Estates and Tenancy Management (£66k underspend, £16k adverse movement)**

60. The service is reporting an underspend of £72k (no change) at month 7 in relation to the current staffing projection, after factoring in agency costs against the vacant posts currently held within the service. The non-staffing forecast is reporting a net underspend of £57k (£10k adverse) following the handback of Warnford Industrial estate. The adverse movement relates to consultant fees and legal disbursements.
61. The service is forecasting a £6k adverse movement in the garages income pressure to £63k. The position will be closely monitored during the remainder of the financial year as work continues to improve the condition of garages across the borough.



### **Planning, Transportation and Community Projects (£343k underspend, £26k improvement)**

62. At month 7, the service is reporting a favourable salary projection of £248k (£26k improvement), relating to various vacant posts across the service.
63. There is a forecast overachievement on income of £95k relating to a favourable position on grants, with the main movement relating to notification of the final New Homes Bonus refund from CLG.

### **Planning and Development (£511k underspend, £27k improvement)**

64. Income streams across the planning service remain robust, with income targets expected to be exceeded by £356k (£42k favourable).
65. 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. At month 7, the service is reporting an underspend of £155k in staffing budgets (£15k adverse). This relates to extended agency cover arrangements until the new planning structure is implemented.

### **Green Spaces & Culture (£124k underspend, £63k improvement)**

66. The service is projecting a staffing overspend of £69k (£14k adverse) within the group, reflecting revised forecasts across the group at month 7.
67. There is projected underspend against the Music Bursary budget of £45k following a review of approvals and the associated earmarked reserve.
68. The service is forecasting overachievement of income targets at month 7 of £180k (£32k favourable), with the favourable movement relating to revised review of funding streams within Adult Learning.

### **Digital Strategy & Communications (£48k overspend, £5k improvement)**

69. At month 7 there is a minor adjustment to the Communications non-staffing projection of £5k favourable. The movement relates to a reduction in the subscriptions forecast.
70. The ICT service is currently forecasting a net pressure resulting from the current transition from the phase 1 restructure and the net residual pressure from the winding down of the HGfL service.

### **Business and Technical Support (£91k underspend, £14k improvement)**

71. 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 £473k (£31k adverse). There is also adverse movement in non-staffing costs of £13k relating to maintenance costs.
72. There is a revised projected underspend of £727k (£58k favourable) on staffing budgets relating to delays in recruitment following the restructure in Technical Admin and Business Support.

### **Policy and Standards - Education, Housing and Public Health (£364k underspend, £2k improvement)**

73. There is a £2k favourable movement in relation to staffing budgets relating to delays in recruitment, resulting in posts being held vacant longer than previously forecast.

## SOCIAL CARE (£403k underspend, £37k adverse movement)

74. Social Care is projecting an underspend of £403k as at Month 7, an adverse movement of £37k from Month 6, due to an increase in the cost of staffing, where the service are still having to employ agency staff to cover essential posts. The service continues to experience and has to manage a number of ongoing challenges 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. Additionally, over the last few months the service has received a growing number of requests for above inflation price uplifts, with some exceeding 14%, and backdated to 1 April 2016. The service is working with Category Management to address these and assess the extent of mitigation that can be achieved given the underlying pressures in the Social Care market.

**Table 13: Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service		Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
				Revised Budget £'000	Forecast Outturn £'000			
1,826	(250)	Safeguarding Children	Salaries	1,576	1,688	112	132	(20)
1,612	12		Non-Sal Exp	1,624	1,655	31	30	1
(165)	0		Income	(165)	(229)	(64)	(63)	(1)
<b>3,273</b>	<b>(238)</b>		<b>Sub-Total</b>	<b>3,035</b>	<b>3,114</b>	<b>79</b>	<b>99</b>	<b>(20)</b>
4,678	(341)	Early Intervention Services	Salaries	4,337	4,034	(303)	(283)	(20)
3,406	(258)		Non-Sal Exp	3,148	3,269	121	196	(75)
(1,712)	310		Income	(1,402)	(1,502)	(100)	(56)	(44)
<b>6,372</b>	<b>(289)</b>		<b>Sub-Total</b>	<b>6,083</b>	<b>5,801</b>	<b>(282)</b>	<b>(143)</b>	<b>(139)</b>
11,888	(47)	Children's Social Care	Salaries	11,841	12,873	1,032	921	111
9,996	754		Non-Sal Exp	10,750	11,747	997	856	141
(6,899)	(391)		Income	(7,290)	(8,105)	(815)	(764)	(51)
<b>14,985</b>	<b>316</b>		<b>Sub-Total</b>	<b>15,301</b>	<b>16,515</b>	<b>1,214</b>	<b>1,013</b>	<b>201</b>
8,669	299	All-Age Disabilities	Salaries	8,968	8,106	(862)	(881)	19
44,634	294		Non-Sal Exp	44,928	45,280	352	344	9
(9,536)	(206)		Income	(9,742)	(9,529)	213	231	(18)
<b>43,767</b>	<b>387</b>		<b>Sub-Total</b>	<b>44,154</b>	<b>43,857</b>	<b>(297)</b>	<b>(307)</b>	<b>10</b>
4,460	331	Social Work	Salaries	4,791	4,381	(410)	(160)	(250)
28,082	286		Non-Sal Exp	28,368	29,517	1,149	940	208
(8,570)	(607)		Income	(9,177)	(10,273)	(1,096)	(1,099)	3
<b>23,972</b>	<b>10</b>		<b>Sub-Total</b>	<b>23,982</b>	<b>23,625</b>	<b>(357)</b>	<b>(319)</b>	<b>(39)</b>
8,873	(471)	Early Intervention & Prevention	Salaries	8,402	7,963	(439)	(431)	(9)
3,067	84		Non-Sal Exp	3,151	3,232	81	79	2
(10,897)	320		Income	(10,577)	(10,554)	23	23	0
<b>1,043</b>	<b>(67)</b>		<b>Sub-Total</b>	<b>976</b>	<b>641</b>	<b>(335)</b>	<b>(328)</b>	<b>(7)</b>
2,574	(182)	Safeguarding, Quality & Partnerships	Salaries	2,392	2,449	57	23	34
6,531	(96)		Non-Sal Exp	6,435	6,666	231	225	7
(541)	82		Income	(459)	(772)	(313)	(317)	3
<b>8,564</b>	<b>(196)</b>		<b>Sub-Total</b>	<b>8,368</b>	<b>8,343</b>	<b>(25)</b>	<b>(69)</b>	<b>44</b>
631	0	Directorate & Support Services	Salaries	631	400	(231)	(231)	0
649	(462)		Non-Sal Exp	187	18	(169)	(155)	(13)
(33)	(50)		Income	(83)	(83)	0	0	0
<b>1,247</b>	<b>(512)</b>		<b>Sub-Total</b>	<b>735</b>	<b>335</b>	<b>(400)</b>	<b>(386)</b>	<b>(13)</b>
43,599	(661)	<b>Social Care Directorate Total</b>	Salaries	42,938	41,894	(1,044)	(909)	(135)
97,977	614		Non-Sal Exp	98,591	101,384	2,793	2,514	280
(38,353)	(542)		Income	(38,895)	(41,047)	(2,152)	(2,044)	(108)
<b>103,223</b>	<b>(589)</b>		<b>Total</b>	<b>102,634</b>	<b>102,231</b>	<b>(403)</b>	<b>(440)</b>	<b>37</b>

**SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£2,346k overspend, £19k adverse)**

75. The Council's 2016/17 Development and Risk Contingency includes a 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 £2,346k, an adverse movement of £19k on the Month 6 projections, due to an increase in the projected cost of Looked After Children placements, following the requirement to place a number of children in high cost residential placements, netted down by a favourable movement in the cost of supporting Unaccompanied Asylum Seeking Children, which reflects the impact of the review that is being taken on the funding provided.

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

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
			Revised Budget £'000	Forecast Outturn £'000			
2,212	0	Asylum Service	2,212	1,742	(470)	(276)	(194)
3,734	0	Demographic Growth - Looked After Children	3,734	6,276	2,542	2,329	213
277	0	Social Worker Agency	277	277	0	0	0
1,699	0	Demographic Growth - Transitional Children	1,699	1,529	(170)	(170)	0
432	0	Demographic Growth - Adults	432	432	0	0	0
393	0	Winterbourne View	393	78	(315)	(315)	0
0	0	Deprivation of Liberty Safeguards	0	759	759	759	0
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>12,424</b>	<b>2,346</b>	<b>2,327</b>	<b>19</b>

**Asylum Service (£470k underspend, £194k improvement)**

76. This service is projecting a drawdown of £1,742k from the contingency, £470k below the budget, an improvement of £194k on the month 6 projections, which now reflects the benefits that the service is delivering through the 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. It also reflects the impact of the major review of all financial policies relating to the provision of allowances, which will ensure that there is a consistent approach to the financial support provided.

77. The National Transfer arrangements for UASC have now been in operation for 3 months. Hillingdon continues to receive new applications but it is now apparent that a number of UASC are being successfully transferred to other local authorities. However, it should be noted that this is currently a voluntary scheme, 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.

#### **Demographic Growth - Looked After Children (£2,542k overspend, £213k adverse movement)**

78. The service is projecting a drawdown of £6,276k from the Contingency, £2,542k above budget, which is an adverse movement of £213k on the Month 6 projections, due to a requirement to place a number of children in high cost residential placements. 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, and is now being reflected in the projected cost of placements.
79. The service is currently managing a 9% growth (equating to 157 additional cases per month) in the number of contacts and referrals. Despite this, the number of Looked After Children, children with a Child Protection Plan and those identified as Children in Need remain within the average monthly range for each care need from May 2015 to October 2016.
80. The main saving built into the base budget relates to the change in the number of children placed through an Independent Fostering Agency (IFA), linked to the October 2015 Foster Care recruitment initiative. The service is continuing to manage the pressure on this saving within the wider placements budget as the actual recruitment has slipped from the profile included in the saving. Additionally, the number of IFA placements are expected to increase, as they represent a key element of the strategy for stepping down high cost placements, although the age profile and needs of the cases forecasts these to be at a higher average cost than other IFA placements. However, the current split for foster care placements has slightly dipped from a constant rate in this financial year of 46% IFA and 54% In-House, to 49% IFA and 51% In-House, which has been the case now for the last two months.
81. The projected outturn position also assumes that a proportion of the cost of placements will be met from Health contributions and to a lesser extent from the Dedicated School Grant (DSG), where additional education costs are incurred. Based on the current placement profile, there is a gross projected shortfall in income of £343k. However, it should be noted that the position with the CCG has improved significantly, where they are now discussing individual cases at the tripartite funding panel, which has been set up to reach funding agreements for children requiring a Education, Health and Care Plan. To date, the CCG have agreed to provide funding for a number of children resulting in a contribution of £115k for this financial year. A number of other cases have been presented to the panel, where it is expected that further funding will be provided by the CCG, totalling £159k.

#### **Social Worker Agency (Children's) (Nil variance, nil movement)**

82. 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 (currently it stands at approximately 77.5%) and so it is anticipated that the full drawdown of this contingency will be required.

### **Demographic Growth - Transitional Children (£170k underspend, nil movement)**

83. The drawn down from the Transition contingency is forecast at £1,529k, £170k underspend and remains unchanged from Month 6. To date 20 new children have transferred, 5 have had an increase in their package costs as they are no longer supported by Education and a further 8 are expected to transfer by the end of the year. This position will be kept under close review.

### **Demographic Growth - Adults Placements (Nil variance, nil movement)**

84. At Month 7 it is forecast that the full drawdown of the £432k contingency for Adult Demographic changes will be required, no change from the Month 6 projections. The demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review.

### **Winterbourne View (£315k underspend, nil movement)**

85. At Month 7 it is forecast that only £78k of the contingency will need to be drawn down in respect of the Winterbourne View transfer cases, resulting in an underspend of £315k, no change from Month 6.

### **Deprivation of Liberty Safeguards (DoLS) (£759k overspend, nil movement)**

86. The number of DoLS referrals received to the end of October is 851 (721 in September). This is an average of 27 per week. The forecast pressure for Month 7 has remained unchanged from Month 6. 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 (£1,012k overspend, £43k adverse movement)**

#### **Safeguarding Children (£79k overspend, £20k improvement)**

87. The service is reporting an overspend of £79k, an improvement of £20k on the Month 5 projections, due to a reduction in the projected cost of staffing. The overspend predominantly relates to staffing costs, where the service has a number of vacant posts, which are being covered by agency staff.

#### **Children's Early Intervention & Prevention Services (£282k underspend, £139k improvement)**

88. An underspend of £282k is reported, an improvement of £139k on the Month 6 projections, following a major review of all expenditure resulting from the requirement for the service to take a range of management actions to slow down and reduce in year expenditure. The underspend reported relates to staffing costs, which are projecting an underspend of £302k 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. This is netted down by a projected overspend of £121k 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.

### **Children's Social Care (£1,214k overspend, £201k adverse movement)**

89. This service (which now includes both the Looked After Children and Children Resources services) is reporting an overspend of £1,214k, an adverse movement of £201k on the Month 6 projections, due to an increase in the projected cost of staffing and Looked After Children allowances.
90. There is an overspend of £1,032k on staffing costs, reflecting the latest projections on timing of permanent recruitment and resulting use of agency staff, where the latest forecast indicates that the profile is needs to be weighted towards the end of the 2016/17 financial 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. However, it is proposed that £132k of staffing costs will be capitalised to reflect the work that staff are undertaking on transformation projects.
91. The overspend 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. It is now evident that the current arrangement will continue until the end of the financial year, whilst the service undertakes a targeted recruitment campaign, which was launched at the end of October 2016.
92. 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.
93. Additionally, the service has an overspend of £997k on non-staffing costs, which relates primarily to the cost of staff recruitment (an additional cost of £250k), where the service is 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 £99k). These costs will be met from a drawdown of £745k from the earmarked reserves.

### **ADULT SOCIAL CARE (£1,416k underspend, £7k improvement)**

94. Over the last few months it has become evident that the sustainability of the employment market within the Adult Social Care Sector is leading to significant price increase requests from providers, which exceed the inflation allocation within the current budget. Service Managers are continuing to work through these with Category Management to agree rates with providers. However, it should be noted that it is becoming increasingly more difficult to contain these price increases within the budget and that this emerging pressure has not been included in the current forecast and is being kept under close review.

### **All Age Disabilities (AAD) (£297k underspend, £10k adverse movement)**

95. The service is reporting an underspend of £297k, an adverse movement of £10k on the Month 6 projections, due to a slight increase in the projected cost of staffing.
96. The salaries budget for AAD is currently forecast to underspend by £861k, which is due to vacancies being held during the year and management action being taken to manage the overall budget of the directorate.

97. The service is currently managing down a pressure within the transport service across both Special Educational Needs children and adult care users through a range of management actions including an in-depth review of contracts, routes and use of vehicles. The Month 7 forecast assumes that this action will bring the service costs close to budget by the year end.
98. The non-staffing budget is forecasting a pressure of £352k, a minor adverse movement of £8k from the Month 6 projection. The placements budget remains under pressure due to a number of Independent Living Fund (ILF) cases that transferred in July 2015 (approximately £100k) which was not fully funded by Government Grant. Additionally, pressures are continuing from an increase in unit costs for new placements.
99. The income budget is forecasting a pressure of £213k, a favourable movement of £17k from, the Month 6 projections, which relates primarily to a reduction in the recharges that can be made to the DSG as a result of projected underspends on staffing costs.

#### **Social Work (£357k underspend, £39k improvement)**

100. The service is reporting an underspend of £357k, an improvement of £39k from the Month 6 projections, due to an improved position on the projected cost of staffing.
101. An underspend of £197k is forecast on the staffing budget, an improvement of £38k from the Month 6 forecast and reflects the continued management action being taken to offset pressures within the Social Care budget.
102. The non-staffing budgets and income are forecast to underspend by a net £160k, a minor improvement of £1k from Month 6.
103. It should be noted that the service is continuing to see an increase in unit costs as the demand for residential and nursing care across the sector is high which is leading to price increases.

#### **Adults Early Intervention & Prevention (£335k underspend, £7k improvement)**

104. The service is reporting an underspend of £335k, an improvement of £7k on the Month 6 projections. The overall underspend is as a direct result of management action being taken across Social Care to manage the identified pressures in the service.
105. The salary budget is forecast to underspend by £439k, an improvement of £9k on the Month 6 projections. There is a pressure of £81k forecast on non staffing costs, an adverse movement of £2k from Month 6. The pressure remains 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.

#### **Safeguarding Quality & Partnerships (£25k underspend, £44k adverse movement)**

106. The service is reporting an underspend of £25k at Month 7, an adverse movement of £44k on the Month 6 projections, due to a projected increase in staffing costs. The staffing budget is forecasting an overspend of £46k, an adverse movement of £23k from Month 6, which is due to a number of Approved Mental Health Practitioner (AMP) posts being covered by agency staff and the premium rate for these posts is resulting in this pressure on the budget.
107. The non staffing budget has a pressure of £231k, which relates to the cost of Placements, which are forecast to overspend by £296k, although these costs are offset by the receipt of £343k on Health contributions to S117 Mental Health Act joint placements. In addition there is a £100k pressure relating to the savings target in respect of the review of the Complex Care Service. This service is being reviewed by the BID Team and at present the saving that



can be delivered from changing the delivery model of this service in the current year is uncertain. These pressures are offset by a reduced recharge of £159k against the combined adults and children's safeguarding structure.

108. Additional income of £313k is forecast, £343k of this additional income is from Health for joint S117 placements as referred to above, which is netted down by a pressure from reduced client contributions.

**Directorate & Support (£400k underspend, £13k improvement)**

109. The Directorate budget is forecast to underspend by £400k, an improvement of £13k from the Month 6 position, which is due to a reduction in the forecast for Legal cost and equipment spend.
110. £345k of this underspend 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 (£204k underspend, £159k improvement)**

111. The latest forecast for the Pooled Better Care Fund is an underspend of £204k. The CCG are forecasting an underspend of £100k against Scheme 5: Integrated Community based Care and Support. Social Care is forecasting an underspend of £104k. The underspend is against Scheme 3: Rapid response and joined up intermediate care, -£68k, and Scheme 8: People Living with Dementia -£38k.

**Appendix B – Other Funds  
Schools Budget  
Dedicated Schools Grant (£415k overspend)**

112. The Dedicated Schools Grant (DSG) is projecting an in-year overspend of £415k, an adverse movement of £80k from the month 6 position, which is due to a review of the projected income for the Early Years Centres where an in depth review has highlighted lower income levels than previously forecasted.
113. The overall position on the DSG, is projecting that the full surplus balance will be required in this year, with a potential to actually fall into deficit, which would be for the first time. Schools Forum have been made aware of this and are taking steps to manage this possibility as part of the 2017/18 budget setting process.

**Table 15: Schools Budget**

Original Budget	Budget Changes	Funding Block	Month 7		Variance (+ adv / - fav)		
			Revised Budget	Revised Budget	Variance (As at Month 7)	Variance (As at Month 6)	Change from Month 6
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(140,664)	0	<b>Dedicated Schools Grant Income</b>	(140,664)	(140,697)	(33)	(33)	0
105,361	451	<b>Delegated to Schools</b>	105,812	105,812	0	0	0
4,805	0	<b>Early Years</b>	4,805	4,989	184	(15)	199
3,740	0	<b>Centrally Retained</b>	3,740	3,747	7	(53)	60
26,758	0	<b>Special Needs</b>	26,758	27,015	257	436	(179)
<b>0</b>	<b>451</b>	<b>Total Schools Budget</b>	<b>451</b>	<b>866</b>	<b>415</b>	<b>335</b>	<b>80</b>
0	0	Balance Brought Forward 1 April 2016	(866)	(866)			
	(451)	Use of Balances	(451)	(866)			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2017</b>	<b>415</b>	<b>0</b>			

**Dedicated Schools Grant Income: £33k underspend**

114. 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**

115. 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: £184k overspend**

116. The Early Years overspend is due to the three Early Years Centres now forecasting a shortfall in income of £397k. The centres are focusing on increasing occupancy levels in order to address this current shortfall.
117. The overspend is offset by a number of budgets within the Early Years which are forecasted to be under budget. The Early Years Psychology team is currently projecting a £146k

underspend as the delivery method has still not been finalised and expenditure is limited to a part-time educational psychologist who is working with Early Years providers.

118. The vulnerable children funding is currently projecting to be £233k under spent as the relevant teams work towards identifying sufficient children to utilise the full resource.
119. The Early Years Advisory team still has a vacant post leading to a projected £24k underspend. It is assumed that this post will be filled during the year, though potentially this will only be a fixed term appointment given the uncertainty around future centrally retained funding.
120. There continues to be a planned use of balances on the two year old capacity grant budget where 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 no additional large projects will be agreed this financial year.

### **Centrally Retained: £7k overspend**

121. The reason for the adverse movement in the centrally retained budgets is as a consequence of an additional £61k growth contingency funding paid to a primary school that has agreed to expand from September 2016.
122. There is still a £28k projected underspend relating to a vacant Procurement Officer post, where funding has been agreed for two posts but for part of the year only one has been filled, a second procurement officer has recently been appointed on a fixed term contract. There are also underspends projected in the Admissions budget and due to a vacant Domestic Violence officer post.
123. 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: £257k overspend**

124. The favourable movement since month 6 is partly due to a £62k rebate, backdated to 2014/15, from an Independent special school where a number of High Needs pupils are placed. There is also a slight decrease in the expenditure on pupils placed in Independent and Non-maintained schools following notification of leavers.
125. There is still a level of uncertainty on the total projected spend on post-19 High Needs pupils. Several colleges have requested a significant increase in the number of students that they consider have special educational needs and the additional resource required to support these young people. The authority is in negotiations with providers in order to determine resource requirements.
126. There is a continuing budget pressure linked to the number of Looked After Children being placed out of borough. This is off-set by a number of joint-funded placements where contributions are expected from social care and health towards the costs being charged to the DSG.
127. A £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.

128. There is a projected overspend of £103k on the SEN support teams due to the recruitment of additional visual impairment specialist teachers and increased funding of the Inclusion team as previously agreed by Schools Forum.

### School Academy Conversions

129. The Academies Act 2010, allows schools to convert to academy status and by doing so will receive funding directly from the Education Funding Agency (EFA). Schools can convert at any point in the year, once they have converted, a number of adjustments are required to realign the DSG income budget and the amount delegated to maintained schools.
130. We have been made aware of one maintained school where the conversion process is currently in progress.

### Maintained School Balances & Budgets

131. A review of balances at the end of the 2015/16 financial year identified an increase in the number of maintained schools in deficit. In Hillingdon only one school had a licenced deficit in 2015/16. However a further three primary schools ended the year in deficit. Any schools that fall into deficit are subject to more focused monthly monitoring by LA officers to ensure that everything possible is being done to address the situation.
132. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns and three year budget plans. Two schools have requested a licensed deficit in 2016/17, but there are a further eleven schools with balances below £50k who have been classified as at risk of falling into deficit and are subject to closer monitoring and support from the Schools Finance team:

**Table 16: Schools Deficits**

School Type	Total Number of Schools	Number of Schools In Deficit 2015/16	Value of Deficit £000	Number of Schools In Deficit 2016/17
Nursery	1	0	0	0
Primary	51	3	62	1
Secondary	2	1	761	1
Special	2	0	0	0
<b>Total</b>	<b>56</b>	<b>4</b>	<b>823</b>	<b>2</b>

133. 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 (£16k in year surplus, £11k adverse movement)

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

**Table 17: Parking Revenue Account**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Month 7 £'000	Month 6 £'000	Movement £'000
(4,079)	0	Income	(4,079)	(4,104)	(25)	(29)	4
4,079	0	Expenditure	4,079	4,088	9	2	7
<b>0</b>	<b>0</b>	<b>In-year (Surplus) / Deficit</b>	<b>0</b>	<b>(16)</b>	<b>(16)</b>	<b>(27)</b>	<b>11</b>
		Unallocated Balances b/fwd			0	0	0
<b>0</b>	<b>0</b>	<b>Unallocated Balances C/fwd</b>	<b>0</b>	<b>(16)</b>	<b>(16)</b>	<b>(27)</b>	<b>11</b>

135. An in-year surplus of £16k is forecast for the 2016/17 financial year. There is a total income surplus of £29k (£11k favourable).

136. The £25k overachievement forecast for PRA income is attributable to favourable variances of £47k and £15k re residents parking permits and parking bay suspensions, offset by a £39k projected shortfall in pay and display income (based on actual receipts to week 32 and prior year equivalent revenue for weeks 33-52). A reduced forecast for the latter accounts for the adverse movement in the month.

137. There is a net £173k projected underspend in relation to PRA staff costs, attributable to vacant post savings across the Traffic Management, Parking Management and Parking Admin areas, partly offset by a £37k forecast for agency staff employed on a project to reduce the current PCN backlog and now assisting with issues arising from the recently implemented School Keep Clears cameras.

138. The key components of the £182k adverse non-staff variance are (a) the parking enforcement contract with APCOA, £99k over-budget (b) unbudgeted costs of £13k and £11k respectively relating to the renewal of ParkMap and the Videalert unattended CCTV system at Sidmouth Drive (c) a £20k pressure re parking signs and road-marking (d) £10k for OAP brown badges and other areas, including public notices, stationery (re residents parking permits), printing and equipment hire (£6k relating to the rental of a letter folding machine).

## COLLECTION FUND (£2,500k surplus, no movement from Month 6)

### Collection Fund

139. 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 revenue budget in 2017/18.

**Table 18: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(118,703)	0	Council Tax	Gross Income	(118,703)	(119,043)	(340)	(340)	0
12,118	0		Council Tax Support	12,118	11,718	(400)	(400)	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>(109,710)</b>	<b>(500)</b>	<b>(500)</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/fw's 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>(159,141)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>0</b>	

140. There has been no movement in the reported position across the Collection Fund at Month 7, with surpluses of £500k on Council Tax and £2,000k on Business Rates reported and reflected in the draft 2017/18 budget presented on this agenda.

141. At Month 7, a surplus of £500k is projected on 2016/17 Council Tax income in contrast to larger surpluses recorded in recent years. Strong taxbase growth, declining demand for the Council Tax Reduction Scheme and high collection rates reducing the level of bad debt provision are being off-set by an exceptional one-off pressure on discounts. This relates the continuation of historic empty property reliefs discounts awarded before these were reduced from 1 April 2016.

142. A surplus of approximately £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. It is expected that new properties coming on stream alongside a review of the approach to providing for appeal losses will secure additional income over the remainder of the year and deliver an overall £2,000k surplus for release in 2017/18.

## Appendix C – Housing Revenue Account

143. The Housing Revenue Account (HRA) is currently forecasting an in-year overall surplus of £12,101k which is £2,839k more favourable than the budgeted surplus of £9,262k. Therefore the 2016/17 closing HRA General Balance is forecasted to be £46,045k. The Month 7 forecast shows an increase in the underspend of £308k compared to the reported Month 6 forecast. The table below presents key variances by service area:

**Table 19: Housing Revenue Account**

Service	Month 7		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
	£'000	£'000	£'000	£'000	£'000
Rent Income	(56,215)	(56,582)	(367)	(358)	(9)
Other Income	(5,272)	(5,026)	246	130	116
<b>Net Income</b>	<b>(61,487)</b>	<b>(61,608)</b>	<b>(121)</b>	<b>(228)</b>	<b>107</b>
Housing Management	11,081	11,222	141	(65)	206
Tenant Services	5,225	4,767	(458)	(394)	(64)
Repairs	5,249	5,135	(114)	(104)	(10)
Planned Maintenance	4,666	2,363	(2,303)	(1,756)	(547)
Capital Programme Funding	9,199	9,199	0	0	0
Interest & Investment Income	15,067	15,083	16	16	0
Development & Risk Contingency	1,738	1,738	0	0	0
<b>Operating Costs</b>	<b>52,225</b>	<b>49,507</b>	<b>(2,718)</b>	<b>(2,303)</b>	<b>(415)</b>
<b>(Surplus) / Deficit</b>	<b>(9,262)</b>	<b>(12,101)</b>	<b>(2,839)</b>	<b>(2,531)</b>	<b>(308)</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>(46,045)</b>	<b>(2,839)</b>	<b>(2,531)</b>	<b>(308)</b>

### Income

144. Rental income is forecast to be favourable by £367k for the year. This is an improvement of £9k from the position in Month 6, due to buy backs.
145. Other Income is forecast to be under recovered by £246k, an adverse movement of £116k compared to Month 6, due to reduction in leaseholders income from capital projects £68k and tenants service charges £48k.
146. The number of RTB applications received in October was 29, with RTB applications totalling 172 in the first seven months compared to 127 for the same period last year.
147. There have been 14 RTB completions in October. In the first seven months of 2016/17 there have been 65 RTB completions compared to 80 for the same period last year. The MTFF assumed 115 RTB sales and the latest forecast assumes the same. The forecast of 115 RTB sales 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

148. The Housing management service is forecast to overspend by £141k, an adverse movement of £206k on Month 6. The adverse movements include a reduction of £159k in the amount of repairs delivery team salaries that is forecast to be capitalised and an increase in the non-staffing costs of £47k.

149. Tenant services overall forecast is an underspend of £458k, a favourable net movement of £64k on Month 6. This is due to favourable movements relating to staffing £129k (redundancies, vacancies and delays in filling posts), pooled transport costs £61k (which is charged under depreciation) and running costs £31k. This is reduced by adverse movements on redundancies £28k and updated figures on recharges e.g. bulk lumber and fly tipping recharge £101k and grounds maintenance £28k.
150. The overall repairs budget is forecast to underspend by £114k, a favourable movement of £10k on Month 6. The key variances and movements are summarised in Table 2 below:

**Table 20: Repairs variances and movements**

Repairs	Variance Month 7 £'000s	Change from Month 6 £'000s
Vacancies and delays in recruitment	(213)	(23)
Pooled transport	(170)	0
Materials	(130)	0
Rechargeable repairs income	(120)	0
Consultancy fees	(85)	0
Non salary costs	(59)	(2)
Pest Control	0	15
Responsive repairs and voids	265	0
Redundancies	398	0
<b>Total</b>	<b>(114)</b>	<b>(10)</b>

151. The Planned Maintenance budget is forecast to underspend by £2,303k, a favourable movement of £547k on Month 6. The key variances and movements are summarised in Table 3 below and overall are due to the validation, procurement and consultation timetables required to deliver these.

**Table 21: Planned Maintenance variances and movements**

Planned Maintenance	Variance Month 7 £'000s	Change from Month 6 £'000s
External cyclical decorations	(1,226)	(150)
Gas servicing and breakdowns	(372)	(91)
Service Contracts	(168)	0
Fencing	(149)	0
Housing road network maintenance	(123)	(123)
Better neighbourhood funds	(81)	(81)
Other surveys/works	(184)	(102)
<b>Total</b>	<b>(2,303)</b>	<b>(547)</b>

152. 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. The Development and Risk contingency budget is forecast to break even. This budget will also be used, if required, to increase the level of the bad debt provision, which will be reviewed during the 2016/17 closing process.



## HRA Capital Expenditure

153. The forecast HRA capital programme is set out in the table below :

**Table 22: 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	Movement
		2016/17				2016-2021			
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
9,370	New General Needs Housing Stock ( <b>Note 1</b> )	11,780	11,780	0	0	44,190	44,190	0	0
3,878	New Build - Appropriation of Land	1,481	1,481	0	0	1,481	1,481	0	0
778	New Build - Supported Housing Provision ( <b>Note 1</b> )	21,046	9,947	(1,592)	(9,507)	44,733	41,823	(2,910)	0
N/A	HRA General Capital Contingency ( <b>Note 1</b> )	9,026	9,026	0	0	9,026	9,026	0	0
<b>14,026</b>	<b>Total Major Projects</b>	<b>43,333</b>	<b>32,234</b>	<b>(1,592)</b>	<b>(9,507)</b>	<b>99,430</b>	<b>96,520</b>	<b>(2,910)</b>	<b>0</b>
N/A	Works to stock programme	13,092	5,343	0	(7,749)	40,103	40,103	0	0
N/A	Major Adaptations to Property	1,560	1,110	0	(450)	6,252	6,252	0	0
	<b>Total Works to Stock</b>	<b>14,652</b>	<b>6,453</b>	<b>0</b>	<b>(8,199)</b>	<b>46,355</b>	<b>46,355</b>	<b>0</b>	<b>0</b>
	<b>Total HRA Capital</b>	<b>57,985</b>	<b>38,687</b>	<b>(1,592)</b>	<b>(17,706)</b>	<b>145,785</b>	<b>142,875</b>	<b>(2,910)</b>	<b>0</b>
	<b>Movement</b>	<b>0</b>	<b>332</b>	<b>0</b>	<b>332</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Note :**

The above figures do not include the impact of recommendation 1 contained in this report.

### Major Projects

154. The Revised budget for the 2016/17 HRA Major Projects programme is £43,333k, inclusive of £162k re-phasing from 2015/16 as approved by Cabinet in June 2016. It includes the capital release decision taken in July 2016 to fund £5,533k of the New Build Supported Housing (Grassy Meadow and Parkview schemes) from the HRA General Capital Contingency. The budget has also increased by £4,000k following Cabinet approval in September 2016 and October 2016 to re-phase the New General Needs Housing Stock budget from 2017/18 for the purchase of additional buy-back properties.
155. The above budgets do not include the impact of recommendation 1 of this report.
156. As at Month 7 the major projects programme is forecast to underspend by £1,592k in 2016/17 and £2,910k over the period 2016-2021. This represents no change to the month 6 position and is attributable largely to the decision to cancel the supported housing development at the Chippendale Waye site (£2,510k) and a reduction in contract costs for the supported housing schemes at both the Grassy Meadow and Parkview sites (£400k) following a value engineering exercise.
157. Following revised cash flow projections received from the consultants overseeing the Supported Housing Programme, £9,507k will require re-phasing into future years. This has reduced by £1,981k (Month 6 rephasing of £11,488k compared to Month 7 rephasing of £9,507k) following contractor confirmation that the scheme at Grassy Meadow will progress quicker than anticipated in quarter 4. The overall re-phasing is resulting from a substantial element of the construction works being undertaken in 2017/18 and 2018/19.

## **New General Needs Housing Stock**

158. The 2016/17 budget is expected to be fully utilised with regular approval being obtained for the purchase and repair of housing stock. Currently 21 properties have been purchased with a further 4 approved for purchase, of which, 2 are expected to complete by the end of November 2016.
159. Approval has been obtained for the delivery of 19 units of General Needs Housing stock at Acol Crescent to be delivered by 2018/19. Specialist design consultants for architectural services have now been appointed to take the scheme up to the planning stage with the intention to go out to tender by January 2017.
160. Following July Cabinet approval, to allocate a budget of £2,139k towards the construction of a housing programme comprising new builds, extensions and conversions, tenders have now been received that are currently being evaluated by the Council's procurement team.
161. Cabinet in October 2016 also approved the appointment of consultants for the redevelopment of Belmore Allotments following the tender for professional, technical and construction services, and for them to carry out the tasks necessary to prepare full proposals and deliver the schemes to completion. This will be funded from the overall General Needs Housing Stock budget of £44,190k.

## **New Build - Appropriation of Land**

162. £1,400k of the 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. The remaining £81k of the budget provides for the appropriation of the land at Fir Tree Avenue.

## **New Build - Supported Housing**

163. The Supported Housing Programme comprises the build of 174 mixed client group units across four different sites. The developments of the housing units are at various different stages of the project lifecycle.
164. Contracts have now been signed and sealed for the appointment of main contractors for both the Grassy and Parkview schemes. Following a value engineering exercise the costs of the main contract at Grassy Meadow has reduced by £289k with a further £111k reduction being attributed towards the Parkview project.
165. Initial site set up works have already been undertaken with sub-contractors now in the process of being appointed for various work items. Demolitions of the sites are due for commencement in early December.
166. The proposed delivery of 12 supported housing units for Mental Health clients at the Chippendale Waye site is no longer going ahead. This has contributed £2,510k towards the overall £2,910k underspend being reported for the overall supported housing programme.
167. The Supported Housing Development at Acol Crescent is being undertaken concurrently with the General Needs Housing Units at the same site and consultants have been appointed to progress the scheme to tender stage.

## **HRA General Capital Contingency**

168. It is expected that the £9,026k contingency budget will be absorbed to meet the cost of emerging opportunities and risks stemming from the overall Major Projects programme.
-

## Works to Stock

169. The Works to Stock programme has an overall forecast phasing variance of £7,749k, an increased phasing variance of £1,649k compared to Month 6. Elements of the programme contributing to this variance are shown in Table 5 below.

**Table 23: HRA Works to Stock Programme 2016/17**

<b>Workstream</b>	<b>Variance Month 7 £'000s</b>	<b>Change from Month 6 £'000s</b>
Kitchens / Bathrooms	(2,479)	0
Lifts	(1,642)	(666)
Windows	(906)	(170)
Electrical Upgrades	(893)	0
Communal Doors	(720)	0
External Doors	(303)	(183)
Communal Heating	(273)	(273)
Other Communal Areas	(190)	(14)
Walls	(172)	(172)
Roofing	(171)	(171)
<b>Works to Stock Total</b>	<b>(7,749)</b>	<b>(1,649)</b>

170. The increased phasing variances compared to Month 6 include lift renewals (£666k), mainly due to legal issues around the finalisation of a works contract, and communal heating (£273k), as works which are out to tender are due to start on site in March 2017. The remaining variances across all work-streams are due to the validation, procurement and consultation timetables required to deliver these works.

171. Major Adaptations - this has a forecast re-phasing variance in 2016/17 of £450k due to delays in the tendering process.

## HRA Capital Receipts

172. There have been 65 Right to Buy sales of council dwellings as at the end of October 2016 for a total sales value of £9,464k and a total of a further 50 sales are forecast to bring the yearly total to 115, totalling approximately £17,000k in 2016/17

173. The Council has signed an agreement with Department for Communities & Local Government to re-invest the proceeds in housing stock regeneration. This enables the Council to retain a higher level of receipts because of reduced pooling, however the terms of the agreement stipulate that receipts must be spent within three years or otherwise are returned to government with the addition of punitive interest. The revised General Needs housing programme for 2015-2021 approved by Cabinet in February has been phased to utilise these receipts within the allowed timescales.

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

**Table 24: Retained RTB Receipts**

Period	Number of Sales	Retained Right to Buy Receipts Total (£'000)	Allowable Debt Provisional (£'000)	One for One Replacement Provisional (£'000)	Deadline for Utilisation of 1 for 1 Receipts
2012/13 Q4 Actual	33	3,541	946	2,595	Mar-16
2013/14 Q1 Actual	13	910	291	619	Jun-16
2013/14 Q2 Actual	35	3,046	1,005	2,040	Sep-16
2013/14 Q3 Actual	24	1,918	598	1,320	Dec-16
2013/14 Q4 Actual	34	2,678	945	1,733	Mar-17
2014/15 Q1 Actual	56	4,817	1,659	3,158	Jun-17
2014/15 Q2 Actual	49	4,679	1,480	3,199	Sep-17
2014/15 Q3 Actual	50	4,583	1,529	3,054	Dec-17
2014/15 Q4 Actual	36	3,412	1,090	2,322	Mar-18
2015/16 Q1 Actual	42	4,335	1,266	3,069	Jun-18
2015/16 Q2 Actual	30	2,901	750	2,151	Sep-18
2015/16 Q3 Actual	28	2,894	664	2,230	Dec-18
2015/16 Q4 Actual	30	4,048	856	3,192	Mar-19
2016/17 Q1 Actual	33	4,374	861	3,513	Jun-19
2016/17 Q2 Actual	18	2,100	398	1,702	Sep-19
<b>Total Retained Receipts</b>	<b>511</b>	<b>50,236</b>	<b>14,338</b>	<b>35,897</b>	

175. As at the end of September 2016 there have cumulatively been £50,236k 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 2016/17 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.
176. 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; Q4 £5,777k
177. Cumulative expenditure on 1 for 1 replacement from previous quarters above the minimum requirement contributes to the cumulative spend requirement as at the quarterly deadline. The cumulative spend requirement has been met for the quarterly deadlines of June 2016 and September 2016.

## Appendix D - GENERAL FUND CAPITAL PROGRAMME

178. As at Month 7 an underspend of £31,126k is reported on the £96,920k General Fund Capital Programme for 2016/17, with £4,235k favourable cost variances and £26,891k slippage on project expenditure. The forecast outturn variance over the life of the 2016/17 to 2020/21 programme is £4,611k net under spend relating to various schemes.
179. General Fund Capital Receipts of £6,407k are forecast for 2016/17, with total receipts to 2020/21 expected to reach £70,398k, representing an adverse variance of £5,169k against budget.
180. Overall, Prudential Borrowing required to support the 2016/17 to 2020/21 capital programmes is forecast to be within budget by £6,467k due to additional available capital grants and contributions of £7,025k and scheme cost under spends of £4,611k, partly offset by the shortfall of £5,169k in forecast capital receipts.

### Capital Programme Overview

181. Table 25 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - C to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2016.

**Table 25: 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	Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	36,181	30,577	(1,608)	(3,996)	158,997	157,389	(1,608)	(133)
Main Programme	33,602	15,568	(1,055)	(16,979)	98,291	97,236	(1,055)	(164)
Programme of Works	26,317	18,829	(1,572)	(5,916)	72,978	71,030	(1,948)	(512)
<b>Total Main Programme</b>	<b>96,100</b>	<b>64,974</b>	<b>(4,235)</b>	<b>(26,891)</b>	<b>330,266</b>	<b>325,655</b>	<b>(4,611)</b>	<b>(809)</b>
Development & Risk Contingency:								
General Contingency	820	820	-	-	6,820	6,820	-	-
<b>Total Capital Programme</b>	<b>96,920</b>	<b>65,794</b>	<b>(4,235)</b>	<b>(26,891)</b>	<b>337,086</b>	<b>332,475</b>	<b>(4,611)</b>	<b>(809)</b>
<b>Movement</b>	<b>-</b>	<b>(3,278)</b>	<b>(809)</b>	<b>(2,469)</b>	<b>-</b>	<b>(809)</b>	<b>(809)</b>	<b>-</b>

182. The Schools Programme reports a cost under spend of £1,608k which is partly due to release of contingencies on the completed Primary Schools expansions programme and first phase of works for the replacement of Northwood secondary school. The further improvement in month of £133k relates partly to an under spend on bulge year provision at Hillside and Newnham primary schools. Further information on the performance of the Schools Programme is provided in the Cabinet School Capital Programme Update Report.
183. The main programme forecasts a phasing under spend of £16,979k on a number of major developments which are in early stages, such as the Street Lighting LED programme due to commence in the new year and new Theatre, Museum and Youth Centres projects. The

phasing also reflects revised profiling of expenditure on construction projects now underway such as the Battle of Britain Heritage Pride project and Grassy Meadow Dementia Centre. There is a forecast net cost under spend of £1,055k over the life of the programme which is mainly due to a forecast under spend on CCTV enforcement (School Keep Clear Zones). The favourable movement of £164k in month is due to unallocated funds on completed former Free School Meals projects that can be released.

184. Programmes of Works are forecast to under spend by £1,948k over the life of the programme on several schemes. This is partly due to lower required expenditure over the medium term on replacement of defective street lighting with the roll out of the new street lighting LED programme. There is further reduced forecast expenditure of £512k on several programmes that will not be fully committed or delivered by the end of the financial year. These include Private Sector Renewal Grants, Civic Centre and Property Works Programmes.
185. There remain £6,820k unallocated contingency funds over the life of the five year programme which at this stage are forecast to be fully utilised as and when risk issues emerge.

### Capital Financing - General Fund

186. Table 2 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £6,467k reported on Prudential Borrowing, due mainly to an increase in grant funding partially offset by a forecast shortfall in capital receipts.

**Table 26: Capital Financing**

	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	47,385	(29,181)	265,116	253,480	(11,636)	(796)
Financed by							
Capital Receipts	22,038	6,407	(15,631)	75,567	70,398	(5,169)	-
CIL	3,580	3,580	-	25,080	25,080	-	-
Prudential Borrowing	50,948	37,398	(13,550)	164,469	158,002	(6,467)	(796)
<b>Total Council Resources</b>	<b>76,566</b>	<b>47,385</b>	<b>(29,181)</b>	<b>265,116</b>	<b>253,480</b>	<b>(11,636)</b>	<b>(796)</b>
Grants & Contributions	20,354	18,409	(1,945)	71,970	78,995	7,025	(13)
<b>Total Programme</b>	<b>96,920</b>	<b>65,794</b>	<b>(31,126)</b>	<b>337,086</b>	<b>332,475</b>	<b>(4,611)</b>	<b>(809)</b>

187. The 2016/17 capital receipts forecast reports a shortfall of £15,631k which is partly around two major sites that are planned for residential development however as these are currently in feasibility stages the receipts are re-phased into next year. There are also other major sales disposals expected to be completed next financial year. Overall there is an adverse variance of £5,169k which is mainly due to a forecast reduction in the General Fund share of Right to Buy (RTB) receipts as the forecast 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 latest HRA business plan calculations.

188. As at the end of October a total of £2,881k CIL receipts (after administration fees) have been invoiced or received by the Council this financial year which represents a movement of £54k in month. 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.
189. Grant announcements in respect of Basic Needs and Capital Maintenance grant are £3,971k higher than the original budget estimate over the life of the programme however there remain £14,490k in assumed Schools grants in future years that are not yet confirmed. 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.
190. The minor reduction of £13k in grants and contributions is due to a lower school contribution required for works at Colham Manor Primary School as works carried out there within the Schools Conditions Programme were lower than originally estimated.
191. The revised prudential borrowing budget reports a favourable variance of £6,467k due to the increase in available Schools and DFG grants and scheme cost under spends partially offset by the shortfall on forecast capital receipts.

## APPENDIX 1a - Schools Programme

Prior Year Cost	Project	2016/17 Revised Budget	2016/17 Forecast	2016/17 Cost Variance	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance 2016-2021	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Education and Children Services</b>										
136,118	Primary Schools Expansions	3,446	2,068	(576)	(802)	3,501	2,925	(576)	2,837	0	88
265	New Primary Schools Expansions	1,225	808	0	(417)	27,135	27,135	0	27,135	0	0
198	Secondary Schools Expansions	2,314	1,202	0	(1,112)	95,702	95,702	0	67,596	26,908	1,198
17,405	Secondary Schools New Build	28,986	26,384	(1,037)	(1,565)	30,849	29,812	(1,037)	25,720	3,638	454
184	Hearing Impaired Resource Base (Vyners)	10	15	5	0	10	15	5	15	0	0
0	Additional Temporary Classrooms	200	100	0	(100)	1,800	1,800	0	1,800	0	0
<b>154,171</b>	<b>Total Schools Programme</b>	<b>36,181</b>	<b>30,577</b>	<b>(1,608)</b>	<b>(3,996)</b>	<b>158,997</b>	<b>157,389</b>	<b>(1,608)</b>	<b>125,103</b>	<b>30,546</b>	<b>1,740</b>



## APPENDIX 1b - 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	200	0	(586)	1,221	1,221	0	1,221	0	0
12	Uxbridge Cemetery Gatehouse	638	25	0	(613)	988	988	0	988	0	0
0	Uxbridge Change of Heart	525	150	0	(375)	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 & Pavillion	162	139	(23)	0	162	139	(23)	0	0	139
0	Haste Hill Golf Club	280	280	0	0	280	280	0	280	0	0
32,198	Hillingdon Sports & Leisure Centre	862	50	0	(812)	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 Heritage Pride Project	4,024	1,750	0	(2,274)	5,956	5,956	0	5,956	0	0
0	Battle of Britain Underground Bunker	500	100	0	(400)	1,053	1,053	0	53	1,000	0
0	Bessingby FC Boxing Clubhouse	950	150	0	(800)	950	950	0	950	0	0
0	New Museum	1,000	100	0	(900)	5,000	5,000	0	4,250	0	750
0	New Theatre	1,625	50	0	(1,575)	44,000	44,000	0	42,950	0	1,050
0	Yiewsley Site Development	500	50	0	(450)	4,302	4,302	0	4,302	0	0
97	Youth Centre Projects x 3	2,200	250	0	(1,950)	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	832	(100)	(19)	951	851	(100)	851	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	682	0	(522)	4,072	4,072	0	4,072	0	0
0	RAGC Car Park	250	50	0	(200)	250	250	0	250	0	0
0	Street Lighting - Invest to Save	3,000	300	0	(2,700)	5,500	5,500	0	5,500	0	0
	<b>Social Services, Housing, Health and Wellbeing</b>										
0	1 & 2 Merrimans Housing Project	620	420	0	(200)	620	620	0	620	0	0
47	Dementia Centre	1,576	0	(47)	(1,529)	2,512	2,465	(47)	2,465	0	0
	<b>Cross Cabinet Member Portfolios</b>										
	Environmental Recreational Initiatives	1,000	600	0	(400)	1,000	1,000	0	1,000	0	0
16,711	Projects Completing in 2016/17	1,581	1,332	(157)	(92)	1,581	1,424	(157)	1,360	0	64
<b>59,599</b>	<b>Total Main Programme</b>	<b>33,602</b>	<b>15,568</b>	<b>(1,055)</b>	<b>(16,979)</b>	<b>98,291</b>	<b>97,236</b>	<b>(1,055)</b>	<b>89,071</b>	<b>5,250</b>	<b>2,915</b>

## APPENDIX 1c - 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	250	0	(276)	1,326	1,326	0	1,326	0	0
	<b>Community, Commerce and Regeneration</b>										
N/A	Chrysalis Programme	1,275	1,000	0	(275)	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	1,419	1,029	0	(390)	2,533	2,533	0	0	1,981	552
N/A	Urgent Building Condition Works	3,850	3,090	0	(760)	5,991	5,991	0	2,574	2,529	888
	<b>Finance, Property and Business Services</b>										
N/A	Civic Centre Works Programme	1,969	1,000	(450)	(519)	3,969	3,519	(450)	3,519	0	0
N/A	ICT Single Development Plan	824	632	0	(192)	2,424	2,424	0	2,424	0	0
N/A	Property Works Programme	480	300	(180)	0	2,400	2,220	(180)	2,220	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	2,169	0	(1,863)	7,208	7,208	0	7,095	113	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	132	(71)	0	803	732	(71)	703	29	0
N/A	Street Lighting	191	97	(94)	0	567	97	(470)	97	0	0
N/A	Transport for London	5,571	3,656	(352)	(1,563)	20,881	20,529	(352)	0	19,699	830
	<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	75	(125)	0	1,000	875	(125)	875	0	0
N/A	Private Sector Renewal Grant	450	150	(300)	0	2,250	1,950	(300)	1,950	0	0
N/A	Landlord Property Renovation Grant	148	100	0	(48)	148	148	0	148	0	0
	<b>Cross Cabinet Member Portfolios</b>										
N/A	Section 106 Projects	423	393	0	(30)	423	423	0	0	0	423
	<b>Total Programme of Works</b>	<b>26,317</b>	<b>18,829</b>	<b>(1,572)</b>	<b>(5,916)</b>	<b>72,978</b>	<b>71,030</b>	<b>(1,948)</b>	<b>32,486</b>	<b>35,851</b>	<b>2,693</b>
	Capital Priority Growth	0	0	0	0	0	0	0	0	0	0
N/A	General Contingency	820	820	0	0	6,820	6,820	0	6,820	0	0
	<b>Total GF Capital Programme</b>	<b>96,920</b>	<b>65,794</b>	<b>(4,235)</b>	<b>(26,891)</b>	<b>337,086</b>	<b>332,475</b>	<b>(4,611)</b>	<b>253,480</b>	<b>71,647</b>	<b>7,348</b>

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

### Outstanding Deposits - Average Rate of Return on Deposits: 0.60%

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	42.8	34.82	40.00
1-2 Months	8.5	6.91	5.00
2-3 Months	14.0	11.39	10.00
3-6 Months	15.0	12.21	20.00
6-9 Months	15.0	12.21	10.00
9-12 Months	12.4	10.09	5.00
12-18 Months	10.0	8.14	5.00
18-24 Months	5.0	4.07	5.00
<b>Subtotal</b>	<b>122.7</b>	<b>99.84</b>	<b>100.00</b>
Unpaid Maturities	0.2	0.16	0.00
<b>Grand Total</b>	<b>122.9</b>	<b>100.00</b>	<b>100.00</b>

192. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are held in AAA rated Money Market Funds, Pooled Funds, Blaenau Gwent CBC, Birmingham CC, Enfield Council, Guildford Council, Lancashire CC, Monmouthshire CC, North Tyneside Council, Northumberland CC, Salford CC, Stockport BC, Nationwide Building Society, Lloyds Bank and Santander UK plc. Overseas deposits are held with Svenska Handelsbanken, DBS Bank Ltd and National Australia Bank. The Council also holds a Certificate of Deposit, with Nordea Bank and a Covered Bond with Bank of Scotland.
193. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held instant access facilities to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risk. At the end of October 35% of the Council's total funds have exposure to bail-in risk compared to a September benchmark average of 66% in the Local Authority sector (latest benchmark provided quarterly by the Councils Treasury Advisors Arlingclose). The Council's exposure reduces to 21% once instant access facilities are removed from the bail-in total.
194. During the month cash was mainly placed and withdrawn from instant access accounts and in short term deposits with the DMADF. Four fixed term deposits matured with Birmingham City Council, Woking Council, Goldman Sachs International and Close Brothers Ltd and a forward dated investment with Lancashire CC reached settlement date at the end of October.

### Outstanding Debt - Average Interest Rate on Debt: 3.35%

		Actual (£m)	Actual (%)
<b>General Fund</b>	PWLB	61.82	22.84
	Long-Term Market	15.00	5.54
<b>HRA</b>	PWLB	160.82	59.42
	Long-Term Market	33.00	12.20
	<b>Total</b>	<b>270.64</b>	<b>100.00</b>

195. There was one scheduled EIP debt repayment during October for £0.38m and £40m variable rate HRA PWLB loans were prematurely repaid, delivering a saving of approximately £200k a year for the remaining life of these loans, and resulting in the average rate on the debt portfolio increasing from 3.01% to 3.35%. Gilt yields rose during October, but premiums remained too high for the repayment of fixed rate debt to be feasible. There were no breaches of the prudential indicators or non-compliance with the treasury management policy and practices.

196. To maintain liquidity for day-to-day business operations, daily cash balances will either be placed in instant access accounts or short term deposits and 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

197. 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>Administration and Finance</b>						
Forensic Accountant	29/11/2015	05/12/2016	31/03/2017	142	51	193
<b>Residents Services</b>						
Quantity Surveyor	03/04/2011	05/12/2016	04/06/2017	537	78	615
DFG Adaptations Officer	14/12/2014	14/11/2016	09/04/2017	179	24	203
Architect	01/07/2013	07/11/2016	29/01/2017	171	13	184
Major Applications (PPA) Planner	01/11/2015	14/11/2016	10/02/2017	74	20	94
Major Applications (PPA) Planner	01/11/2015	14/11/2016	10/02/2017	74	18	92
Principal Environmental Health Officer	22/02/2016	19/12/2016	12/03/2017	39	13	52
ASBIT Officer	28/12/2015	01/12/2016	19/02/2017	40	13	53
Housing Specialist Manager	28/09/2015	14/11/2016	17/03/2017	125	45	170
Homeless Prevention Caseworkers	24/02/2014	21/11/2016	13/01/2017	831	55	886
Planning Enforcement Officer	06/10/2014	03/12/2016	03/03/2017	135	17	152
Major Applications Planning Officer	20/10/2014	03/12/2016	03/03/2017	128	21	149
Education Strategy & Quality Assurance Manager	29/04/2015	12/12/2016	14/04/2017	207	46	253
<b>Social Care</b>						
Social Worker	28/03/2016	05/12/2016	01/01/2017	45	5	50
Receptionist/ Administrative Assistant	01/09/2014	05/12/2016	01/01/2017	51	2	53
Early Years Practitioner	29/10/2014	05/12/2016	01/01/2017	51	2	53
Early Years Practitioner	02/03/2015	05/12/2016	01/01/2017	51	2	53
Social Worker	01/08/2015	05/12/2016	01/01/2017	49	5	54
Early Years Practitioner	12/01/2015	05/12/2016	01/01/2017	52	2	54
Early Years Practitioner	06/10/2014	05/12/2016	01/01/2017	57	2	59
Senior Social Worker	28/03/2016	05/12/2016	01/01/2017	55	6	61
Early Years Practitioner	30/03/2015	05/12/2016	01/01/2017	62	2	64
Team Manager	03/04/2016	05/12/2016	01/01/2017	58	7	65

<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>
LSCB Training & Quality Assurance Officer	01/12/2015	05/12/2016	01/01/2017	72	6	78
Social Worker	04/05/2015	05/12/2016	01/01/2017	83	5	88
Independent Domestic Violence Advisor	12/01/2015	05/12/2016	01/01/2017	85	4	89
Social Worker	04/05/2015	05/12/2016	01/01/2017	84	6	90
Child Protection Chair	01/07/2015	05/12/2016	01/01/2017	85	7	92
Independent Reviewing Officer	05/10/2015	05/12/2016	01/01/2017	86	7	93
Quality Assurance Manager	01/02/2016	05/12/2016	01/01/2017	87	11	98
Early Years Practitioner	01/05/2015	05/12/2016	01/01/2017	103	2	105
Child Protection Chair	20/07/2015	05/12/2016	01/01/2017	102	7	109
Panel Advisor	10/08/2015	05/12/2016	01/01/2017	104	7	111
Social Worker	27/10/2014	05/12/2016	01/01/2017	115	6	121
Social Worker	13/04/2015	05/12/2016	01/01/2017	121	6	127
Practice Improvement Practitioner	08/05/2014	05/12/2016	01/01/2017	127	7	134
Social Worker	19/06/2014	05/12/2016	01/01/2017	142	6	148
Social Worker	05/09/2014	05/12/2016	01/01/2017	169	6	175
Social Worker	11/08/2014	05/12/2016	01/01/2017	181	7	188
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	05/12/2016	01/01/2017	186	6	192
Senior Social Worker	30/04/2012	05/12/2016	01/01/2017	192	6	198
Independent Reviewing Officer	27/05/2014	05/12/2016	01/01/2017	197	7	204
Team Manager - MASH	28/09/2014	05/12/2016	01/01/2017	200	7	207
Social Worker	01/01/2013	05/12/2016	01/01/2017	224	5	229
Social Worker	01/04/2013	05/12/2016	01/01/2017	223	6	229
Social Worker	01/01/2013	05/12/2016	01/01/2017	230	6	236
Case Progression Manager	07/04/2014	05/12/2016	01/01/2017	233	7	240
Social Worker	19/12/2011	05/12/2016	01/01/2017	274	6	280
Team Manager	01/01/2013	05/12/2016	01/01/2017	281	7	288

<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>
MASH Manager	13/01/2014	05/12/2016	01/01/2017	295	10	305
Adult Resources - Hatton Grove	01/04/2012	05/12/2016	01/01/2017	125	2	127
Mental Health	01/03/2014	05/12/2016	01/01/2017	144	6	150
Mental Health	01/06/2012	05/12/2016	01/01/2017	199	5	204
Occupational Therapy Team	07/10/2013	05/12/2016	01/01/2017	196	4	200
All Age Disabilities	05/01/2015	05/12/2016	01/01/2017	68	2	70
Occupational Therapy Team	01/04/2015	05/12/2016	01/01/2017	113	5	118
Occupational Therapy Team (Daily Living Equipt).	24/08/2015	05/12/2016	01/01/2017	160	9	169
Mental Health	01/06/2015	05/12/2016	01/01/2017	112	6	118
All Age Disabilities	15/11/2015	05/12/2016	01/01/2017	115	10	125
All Age Disabilities	01/06/2015	05/12/2016	01/01/2017	163	12	175
Mental Health	12/09/2015	05/12/2016	01/01/2017	88	6	94
Occupational Therapy Team	03/12/2015	05/12/2016	01/01/2017	67	6	73
Older People Services - Specialist POD	06/01/2016	05/12/2016	01/01/2017	60	1	61
Social Work and OT - OPS - Review Cases Pod	29/02/2016	05/12/2016	01/01/2017	68	5	73
All Age Disabilities	01/03/2016	05/12/2016	01/01/2017	85	12	97
Older People Services - Specialist POD	18/08/2015	05/12/2016	01/01/2017	90	5	95
Business Objects	19/10/2015	05/12/2016	01/01/2017	127	11	138