

COUNCIL BUDGET - 2017/18 MONTH 4 REVENUE AND CAPITAL BUDGET MONITORING

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

HEADLINES

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2017/18 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £375k is projected against 2017/18 General Fund revenue budgets as of July 2017 (Month 4) representing an improvement of £248k 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>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position as at July 2017 (Month 4).
2. Note the Treasury Management update as at July 2017 at Appendix E.
3. Continue the delegated authority up until the October 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 28 September 2017 and 19 October 2017 Cabinet meetings, detailed at Appendix F.

4. Agree the introduction of a new charge of £192.50 for a Food Hygiene Rating Scheme (FHRS) re-rating inspection, with effect from 6th October 2017.
5. Approve acceptance of gift funding in relation to Planning Performance Agreements on major developments within the Borough in accordance with the provisions of Section 93 of the Local Government Act 2003, in respect of the following applications:
 - a. Network Rail/Buccleuch, Nestles Avenue, Hayes (£51,200)
 - b. Vinci St Modwen, RAF Uxbridge (Phase 6) (£23,500)
 - c. Prologis, Stockley Park Phase 2 (£15,000)
6. Approve acceptance of grant funding of £199k from Transport for London for the 2017/18 Bridge Assessment and Strengthening Programme.
7. Approve acceptance of additional one-off funding to the value of £80k from National Trading Standards.
8. Ratify the decisions taken by the Leader of the Council and the Cabinet Member for Finance, Property and Business Services under special urgency provisions on 22 August 2017 and 18 September 2017:
 - a. To forward phase £646k from the Electrical Upgrades work-stream within the HRA Works to Stock Programme 2018/19 capital budget into the HRA Works to Stock Programme 2017/18 capital budget and to the approval of the associated capital release of £646k for the installation of electric night storage heaters and associated electrical safety works at Rabbs Mill House, Uxbridge, and Fitzgerald House, Glenister House and Wellings House, Hayes;
 - b. To award the contract to Scaffolding Access Ltd for the erection and installation of scaffolding and associated access equipment to enable fire safety scheme works at Rabbs Mill House, Uxbridge, and Fitzgerald House, Glenister House and Wellings House, Hayes at a cost of £1,148k and to the approval of the associated capital release of £1,148k;
 - c. To the addition of £3,694k to the HRA Works to Stock Programme 2017/18 capital budget, for a new work-stream budget for the multi-element renewal and fire safety scheme at Rabbs Mill House, Uxbridge and Fitzgerald House, Glenister House and Wellings House, Hayes, funded from re-phasing of the Works to Stock budget from 2018/19 into 2017/18;
 - d. To endorse the re-alignment of work-stream budgets within the HRA Works to Stock Programme 2017/18 capital budget, so that previously released funding of £346k from the Warm Safe and Dry (Safe) budget and £646k from the Electrical Upgrades work-stream is included within the new work-stream budget for the multi-element renewal and fire safety scheme, in addition to the £3,694k mentioned above.
 - e. To award of contract to Quinn London Limited to undertake fire safety works to the building fabric at Rabbs Mill House, Uxbridge, and Fitzgerald House, Glenister House and Wellings House, Hayes at a cost of £1,233,932 and associated capital release.

SUPPORTING INFORMATION

Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 4 against budgets approved by Council on 23 February 2017. An update on the Council's Treasury Management activities is signposted in **Recommendation 2**.
2. **Recommendation 3** is intended to enable continued delegation of approval for appointment of consultancy and agency appointments over £50k to the Chief Executive, with final sign-off

from the Leader of the Council. In addition, Appendix F reports back on use of this delegated authority previously granted by Cabinet.

3. **Recommendation 4** - Currently, any business that has obtained an Food Hygiene Rating of less than 5 can request a follow up re-rating once they have made any improvements brought to their attention following the first inspection. The Council acting as the Competent Authority is obliged to carry out re-rating inspections in its area within 6 months irrespective of enforcement priorities. No charge is applied. The proposed charge will only apply to re-rating inspections and not if the Council decides to conduct a food official control revisit. Consequently, cost recovery from businesses would only occur where they have requested a re-rating inspection.
4. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 5** seeks authority from Cabinet to approve the acceptance of these sums in relation to Planning Performance Agreements.
5. **Recommendation 6** - Transport for London has awarded £199k for the 2017/18 Bridges Assessment and Strengthening Programme. The funding is for assessment, interim measures and strengthening for eight identified bridges and structures across the Borough.
6. **Recommendation 7** - This grant funding is to fund two Trading Standards officers on fixed term contracts to carry out safety inspections at Heathrow Airport, as part of the National Safety at Ports project.
7. **Recommendation 8** - As reported by the Leader of the Council to all Members at full Council in July 2017, following the Grenfell Tower fire additional surveys were carried out at Rabbs Mill House, Fitzgerald House, Glenister House and Wellings House high-rise blocks. Following the feedback from these surveys the Council will undertake some additional safety works on these buildings. Further to this the Council had previously planned to provide additional insulation, improve the heating systems and carry out redecoration of communal areas of these blocks. These works will be brought forward and carried out at the same time as the additional safety works. The re-phasing of capital budgets to fund in-year budget changes is usually reserved to Cabinet, however, the Leader of the Council may make formal interim Cabinet-level decisions in the absence of a Cabinet meeting, e.g. during August, in conjunction with the relevant Cabinet Member, reporting back to Cabinet for ratification to ensure transparency.

Alternative options considered

8. There are no other options proposed for consideration.

SUMMARY

REVENUE

9. General Fund revenue budgets are forecast to underspend by £375k at Month 4, with underspends against both Directorate and Corporate Operating Budgets being netted down by a pressure on Development and Risk Contingency of £198k. For all material pressures identified across the General Fund there exist a range of initiatives to contain them both in-year and in future years.
10. In March 2017 the Government announced supplementary funding to the Improved Better Care Fund, frontloading resources previously anticipated to be available from 2018/19 and 2019/20 in order to support local authorities in stabilising the Social Care provider market. The Council's 2017/18 Budget included provision within inflation allocations of £4,903k for this very purpose, which was originally to be funded from a planned £5,000k drawdown from General Reserves. As funding of £4,054k is now available in year, the planned drawdown from reserves can therefore be reduced to £946k by this exceptional item.
11. General Fund Balances are expected to total £42,220k at 31 March 2018, assuming the projected £375k underspend is realised and General Contingency and Unallocated Priority Growth monies are released in-year.
12. The 2017/18 revenue budget contains savings of £15,508k. £5,902k of savings are banked in full and £7,617k on track for delivery at Month 4, with the remaining £1,989k reported as 'amber' primarily due to being at an early stage of delivery and are expected to be ultimately banked in full.
13. With the exception of the Collection Fund, there are no material variances on other funds affecting the General Fund position. A surplus of £2,597k is reported within the Collection Fund which principally relates to the favourable position on Council Tax, which is predominantly driven by the 2016/17 outturn surplus and would be available to support the General Fund budget in 2018/19.

CAPITAL

14. There is a projected underspend against the General Fund Capital Programme for 2017/18 of £15,836k due largely to slippage on project expenditure. The forecast outturn variance over the life of the 2017/18 to 2021/22 programme is an underspend of £269k. General Fund Capital Receipts of £18,391k are forecast for 2017/18, with a shortfall of £3,153k in total forecast receipts to 2021/22.
15. Prudential Borrowing required to support the 2017/18 to 2021/22 capital programme is forecast to be within budget by £8,893k. This is as a result of cost underspends of £269k and increases in grants and contributions of £11,777k, due mainly to the confirmed Basic Needs grant allocation for 2019/20 being substantially higher than original budget estimates. However, this is partly offset by a forecast shortfall of £3,153k in capital receipts.

FURTHER INFORMATION

General Fund Revenue Budget

16. As at Month 4, an underspend of £375k is reported across normal operating activities, principally driven by underspends against Corporate and Directorate Operating Budgets of £405k and £168k, respectively. These underspends are off-set by a £198k overspend reported across Development & Risk Contingency items.
17. The Improved Better Care Fund grant item is being treated as an Exceptional Item as the announcement of the increase in funding was made in March 2017, after the budget was set. This funding represents an increase in Social Care funding of £4,054k for 2017/18 to be used to stabilise the Adult Social Care placement market.
18. The overall underspend across normal operating activities incorporates a number of pressures and risk areas which continue to be closely monitored and are discussed in detail within the appendices to this report.
19. The Council's General Fund revenue budget contains £15,508k savings, with £13,519k banked or on track for delivery at Month 4. This represents an improvement of £1,111k from Month 2. The reported position on operating budgets reflects the status of these savings, which are ultimately expected to be banked in full with alternative measures in place to mitigate the financial impact of any slippage in implementation schedules.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
194,079	4,064	Directorate Operating Budgets	198,143	197,975	(168)	366	(534)
1,495	(356)	Corporate Operating Budgets	1,139	734	(405)	(400)	(5)
19,216	0	Development & Risk Contingency	19,216	19,414	198	(93)	291
454	0	Priority Growth	454	454	0	0	0
5,451	(3,708)	Unallocated Budget Items	1,743	1,743	0	0	0
220,695	(0)	Sub-total Normal Activities	220,695	220,320	(375)	(127)	(248)
0	(4,054)	Exceptional Items IBCF Allocation (announced March 2017)	(4,054)	(4,054)	0	0	0
220,695	(4,054)	Total Net Expenditure	216,641	216,266	(375)	(127)	(248)
(215,695)	0	Budget Requirement	(215,695)	(215,695)	0	0	0
5,000	(4,054)	Net Total	946	571	(375)	(127)	(248)
(38,738)	0	Balances b/fwd	(38,738)	(38,738)			
(33,738)	0	Balances c/fwd 31 March 2017	(37,792)	(38,167)			

20. As a result of the forecast position at Month 4, projected General Fund Balances are expected to fall to £38,167k from a closing 2016/17 balance of £38,738k. The Council's current MTFF assumes that unallocated balances will remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of government funding cuts.

Directorate Operating Budgets (£168k underspend, £534k improvement)

21. Table 2 provides an overview of the forecast outturn on Directorate Operating Budgets as at Month 4. Further detail for each directorate is contained within Appendix A to this report.
22. The Council is currently permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £3,199k for such costs, which will remain under review over the remainder of the year and have been excluded from reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
7,141 (1,103)	253 (58)	Chief Executive's Office	Expenditure	7,394	7,402	8	23	(15)
			Income	(1,161)	(1,171)	(10)	(11)	1
6,038	195		Sub-Total	6,233	6,231	(2)	12	(14)
16,640 (3,517)	(21) 0	Finance	Expenditure	16,619	16,577	(42)	187	(229)
			Income	(3,517)	(3,679)	(162)	(243)	81
13,123	(21)		Sub-Total	13,102	12,898	(204)	(56)	(148)
109,841 (36,991)	4,592 (4,579)	Residents Services	Expenditure	114,433	115,126	693	325	368
			Income	(41,570)	(42,426)	(856)	(425)	(431)
72,850	13		Sub-Total	72,863	72,700	(163)	(100)	(63)
129,618 (27,550)	4,484 (607)	Social Care	Expenditure	134,102	133,978	(124)	144	(268)
			Income	(28,157)	(27,832)	325	366	(41)
102,068	3,877		Sub-Total	105,945	106,146	201	510	(309)
194,079	4,064	Total Directorate Operating Budgets		198,143	197,975	(168)	366	(534)

23. Chief Executive's Office budgets are reporting a minor underspend of £2k as at Month 4, which represents an improvement of £14k on the Month 2 position reported to Cabinet. It should be noted that the Month 2 position of Chief Executive's Office and Residents Services have been re-stated to reflect the transfer of Policy & partnership functions.
24. The Finance Directorate is reporting an underspend of £204k at Month 4. This represents an improvement of £148k from the position previously reported to Cabinet, mainly due to posts being held vacant pending a review of the wider Finance structure and early implementation of 2018/19 savings proposals.
25. An improvement of £63k is reported within Residents Services at Month 4, bringing the total projected underspend to £156k. There are a number of compensatory variances within this position, however, the underspend is principally driven by £1,237k staffing underspends across the directorate. These favourable staffing variances are off-set by pressures across ICT and Fleet Management, as well as parking income shortfalls at Cedars and Grainges car

parks and in Imported Food sampling. Across these areas there are a number of BID reviews and other initiatives in progress, which are expected to contribute towards managing down pressures over the remainder of the current financial year.

26. An overspend of £201k is reported across Social Care, which represents an improvement of £309k from the Month 2 position, which is principally driven by reduced non-staffing forecasts primarily arising as a result of management action to contain the cost of allowances for Looked After Children. The overall adverse variance relates to the cost of Children's Social Workers, external legal counsel and a pressure arising from reduced recharge income from the Schools Budget in light of difficulties in recruiting to Educational Psychologist posts.

Progress on Savings

27. The Council's 2017/18 General Fund revenue budget contains £15,508k savings, with all prior year savings delivered in full during 2016/17. At Month 4, £13,519k savings are reported as banked or on track for delivery, with the remaining £1,989k savings being classed as Amber. Items reported as Amber are at an early stage of delivery, and no items are being reported as having serious risks of non-delivery.

Table 3: Savings Tracker

2017/18 General Fund Savings Programme	CEO's Office & Finance	Residents Services	Social Care	Cross Cutting	Total Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	(787)	(2,017)	(2,933)	(165)	(5,902)	38.1%
G On track for delivery	(290)	(2,819)	(3,796)	(712)	(7,617)	49.1%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(1,367)	(385)	(237)	(1,989)	12.8%
R Serious problems in the delivery of the saving	0	0	0	0	0	0.0%
Total 2017/8 Savings	(1,077)	(6,203)	(7,114)	(1,114)	(15,508)	100.0%

Corporate Operating Budgets (£405k underspend, £5k improvement)

28. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, the net impact of Housing Benefit Subsidy arrangements on the Council, externally set levies and income arising from the provision of support services to other funds and ring-fenced budgets.
29. A £400k underspend has been identified against interest and investment income. The underspend predominantly relates to a £360k reduction in provision for debt repayment and external interest costs to reflect slippage in capital expenditure from 2016/17 and a £40k improvement in the outlook for investment income. There has been a net £5k improvement across Levies and Other Corporate Budgets due to the New Homes Bonus Refund Grant being sufficient to off-set an exceptional increase in the levy for the West London Coroner's Service.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0
5,259	0		Non-Sal Exp	5,259	4,899	(360)	(360)
(104)	0		Income	(104)	(144)	(40)	(40)
5,155	0		Sub-Total	5,155	4,755	(400)	(400)
450	0	Levies and Other Corporate Budgets	Salaries	450	450	0	0
11,237	0		Non-Sal Exp	11,237	11,365	128	0
(14,788)	(354)		Income	(15,142)	(15,275)	(133)	0
(3,101)	(354)		Sub-Total	(3,455)	(3,460)	(5)	0
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0
144,372	(1,269)		Non-Sal Exp	143,103	144,372	1,269	0
(144,931)	1,267		Income	(143,664)	(144,933)	(1,269)	0
(559)	(2)		Sub-Total	(561)	(561)	0	0
1,495	(356)	Total Corporate Operating Budgets	1,139	734	(405)	(400)	(5)

Development & Risk Contingency (£198k pressure, £291k adverse movement)

30. The Council set aside £19,216k to manage volatile and uncertain elements of budgets within the Development & Risk Contingency, which included £18,466k in relation to specific risk items and £750k as General Contingency to manage unforeseen issues. As expected with such potentially volatile areas of activity, these will continue to be closely monitored over the coming year.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service		Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
				Revised Budget	Forecast Outturn			
				£'000	£'000			
291	0	Fin.	Uninsured claims	291	291	0	0	0
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	1,736	0	0	0
3,522	0		Waste Disposal Levy & Associated Contracts	3,522	3,213	(309)	(300)	(9)
100	0		High Speed 2 Challenge Fund	100	100	0	0	0
200	0		Heathrow Expansion Challenge Fund	200	200	0	0	0
1,648	0	Social Care	Asylum Service	1,648	1,870	222	(226)	448
5,298	0		Demographic Growth - Looked After Children	5,298	5,969	671	564	107
277	0		Social Worker Agency Contingency	277	277	0	0	0
184	0		SEN transport - Contingency	184	184	0	0	0
2,910	0		Demographic Growth - Transitional Children	2,910	2,910	0	0	0
785	0		Demographic Growth - Adults	785	530	(255)	47	(302)
197	0		Winterbourne View	197	197	0	0	0
759	0		Deprivation of Liberty Safeguards	759	806	47	0	47
559	0	Corp. Items	Apprenticeship Levy	559	381	(178)	(178)	0
750	0		General Contingency	750	750	0	0	0
19,216	0	Total Development & Risk Contingency		19,216	19,414	198	(93)	291

31. The contingency provision of £1,736k is for homelessness is projected to be drawdown in full as at Month 4. There are currently 224 households in Bed and Breakfast accommodation which is a reduction from Month 2 and is expected to be managed down to budgeted levels over the financial year. In addition to the full contingency provision, it is forecast that Earmarked Reserve drawdowns will be required to secure appropriate and sustainable private sector accommodation.
32. The one-off anticipated disbursement in respect of excess reserves of £300k has now been received by the Council from the West London Waste Alliance. The final payment received totalled £309k, resulting in a £9k improvement from Month 2 projections.
33. There is an adverse movement on the Asylum contingency of £448k due to a significant reduction in the projected grant income that will be received. A number of management actions are in place to reduce the projected drawdown of £1,870k, however, at this stage it is too early to confirm the benefit in this financial year given there will be some lead-in time associated with these mitigating actions.
34. The principal reason for the overspend against Looked After Children relates to the cost of placements and support provided for Children with Disabilities and the cost of adoption. The movement from Month 2 is due to an anticipated increase in the number of Independent Fostering Agency (IFA) placements and Special Guardianship Orders.

35. Contingency requirements for both SEN Transport and children transitioning into adult social care placements are reported to reflect budget assumptions at Month 2, with a step change in costs from Month 6 (September) expected to feed into projections following the start of the new academic year.
36. A forecast of £530k is projected against adult demographics, representing a £302k improvement on the Month 2 position. This movement relates to securing greater external funding of placements alongside reduced demand in the Physical Disability service area.
37. An underspend of £178k is reported against budgeted apprenticeship levy payments, reflecting vacancies in the budgeted establishment.
38. As in previous years, the Council retains a General Contingency to meet the costs of exceptional or emerging pressures which had not been specifically provided for at the time of budget setting. To date there have been no calls on this £750k provision, which will be available to further supplement General Balances at outturn if requirements are not identified during 2017/18.

Priority Growth

39. The 2017/18 General Fund revenue budget approved by Council in February 2017 set aside £254k of unallocated Priority Growth, in addition to £200k of base budget available to support HIP Initiatives. The 2017/18 HIP budget is supplemented by £954k brought forward balances, to provide £1,154k resources for HIP Initiatives. £54k of projects have been approved for funding from HIP resources, leaving £1,100k available for future release. Although the corporate monitoring position assumes all budgeted growth will be spent or committed during the current financial year, no priority growth has been allocated to services as at Month 4.

Table 6: Priority Growth

Original Budget	Budget Changes	Priority Growth	Month 4		
			Revised Budget	Approved Allocations	Unallocated Balance
£'000	£'000		£'000	£'000	£'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	954	B/fwd Funds	954	54	(900)
254	0	Unallocated Priority Growth	254	0	(254)
454	954	Total Priority Growth	1,408	54	(1,354)

Schools Budget and Collection Fund

40. An in-year pressure of £704k is projected against the Dedicated Schools Grant in 2017/18, bringing the brought forward deficit on the centrally retained reserve to £1,840k. This position reflects pressures of £1,204k mainly due to a significant increase in the cost of placements as the service moves all children onto Education & Health Care Plans (EHCPs) being off-set by £500k contingency provision held back to manage such emerging pressures. Any residual deficit on the retained reserve remaining at the time of budget setting in February 2018 will be funded through a topslice on the 2018/19 Dedicated Schools Grant and therefore not impact directly upon the General Fund position.
41. At Month 4 the Collection Fund is projecting a surplus of £2,597k, which consists of £2,362k in relation to Council Tax and £235k on Business Rates receipts. The position on Council Tax includes £2,004k from the release of historic provisions for doubtful debt following the

adoption of an improved accounting methodology from 2016/17, alongside an in-year surplus of £358k primarily attributable to strong collection performance. The Business Rates position reflects strong collection performance and reduced losses from properties being held vacant sufficient to off-set a brought forward deficit. The combined surplus of £2,597k is expected to be available for release to the General Fund in 2018/19 and will be reflected in future iterations of the Council's Medium Term Financial Forecast.

Housing Revenue Account

42. The Housing Revenue Account (HRA) is currently forecasting an underspend of £676k against the budgeted deficit of £11,664k. This underspend represents an improvement of £670k from the Month 2 position reported to Cabinet and results in a projected closing HRA General Balance of £34,838k. This is above the £12,000k minimum level of HRA balances threshold, with sums over and above this minimum level earmarked for investment in new or existing stock.
43. As at Month 4, a total of 18 properties have been sold under Right to Buy, with a further 67 completions anticipated during 2017/18. Sufficient expenditure on the acquisition of new properties was incurred to fully utilise the initial tranche of retained receipts and therefore avoid repayment to DCLG during Quarter 1.

Future Revenue Implications of Capital Programme

44. Appendix D to this report outlines the forecast outturn on the 2017/18 to 2021/22 Capital Programme, with a £269k underspend projected over the five year programme. Prudential Borrowing required to support the Council's Capital Programme is projected to be £8,893k lower than the £102,775k revised budget, primarily as a result of a £11,777k favourable variance on Government Grants being off-set by a £3,153k shortfall in Capital Receipt forecasts over the medium term. This favourable variance on borrowing would ultimately result in a reduction in future revenue costs of approximately £480k per annum.
45. 2017/18 capital expenditure is projected to be £15,836k lower than the £78,595k budget, indicating that the Council will be able to defer new borrowing into later years and therefore deliver savings against capital financing budgets in 2018/19. Slippage in delivery of capital receipts will reduce any such saving, with current forecasts showing that £18,391k of the planned £23,927k will be secured during 2017/18.

Appendix A – Detailed Group Forecasts (General Fund)

CHIEF EXECUTIVE'S OFFICE (£2k underspend, £14k improvement)

47. The overall position for the Chief Executive's Office at Month 4 is an underspend of £2k, an improvement of £14k on Month 2. This includes covering a Managed Vacancy Factor (MVF) saving of £152k through vacant posts and non salary underspends across the Group.

Table 7: Chief Executive's Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,466	31	Democratic Services	Salaries	1,497	1,504	7	12	(5)
1,669	26		Non-Sal	1,695	1,703	8	2	6
(596)	(58)		Exp	(654)	(646)	8	(11)	19
2,539	(1)		Sub-Total	2,538	2,561	23	3	20
2,001	(10)	Human Resources	Salaries	1,991	2,013	22	6	16
89	206		Non-Sal	295	263	(32)	(3)	(29)
(247)	0		Exp	(247)	(265)	(18)	0	(18)
1,782	196		Sub-Total	2,039	2,011	(28)	3	(31)
1,833	0	Legal Services	Salaries	1,833	1,845	12	16	(4)
83	0		Non-Sal	83	74	(9)	(10)	1
(260)	0		Exp	(260)	(260)	0	0	0
1,656	0		Sub-Total	1,656	1,659	3	6	(3)
5,300	21	Chief Executive's Office Directorate	Salaries	5,321	5,362	41	34	7
1,841	232		Non-Sal	2,073	2,040	(33)	(11)	(22)
(1,103)	(58)		Exp	(1,161)	(1,171)	(10)	(11)	1
6,038	195		Total	6,233	6,231	(2)	12	(14)

48. Within Democratic Services, an adverse movement on income relates to a reduction in the demand for Citizenship Ceremonies and Registration services in comparison with 2016/17, although pressures on income are partly mitigated by a charge to the Pension Fund for support provided to Pensions Committees by Democratic Services Officers. An overachievement of income in Human Resources reflects additional awards for nurse placements, offset against training expenditure.
49. Staffing assumptions in Human Resources include the cover of a maternity leave post with a fixed term employee, whilst an improvement on non-staffing expenditure primarily relates to revised learning and development spend forecasts.
50. For 2017/18, £221k of savings were presented by the Chief Executive's Office and as at Month 4 the full £221k has now been banked. A further cross-cutting MTFF proposal of £559k for the council's contribution to the Apprenticeship Levy is being managed within HR, and as at Month 4 £165k has been banked with £394k marked as on track for delivery.

FINANCE (£204k underspend, £148 improvement)

51. The Finance Group is reporting an underspend of £204k at Month 4, an improvement of £148k on the position at Month 2

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
942	0	Business Assurance	Salaries	942	929	(13)	7	(20)
1,404	(2)		Non-Sal Exp	1,402	1,384	(18)	6	(24)
(659)	0		Income	(659)	(628)	31	0	31
1,687	(2)		Sub-Total	1,685	1,685	0	13	(13)
1,608	0	Procurement	Salaries	1,608	1,591	(17)	(40)	23
75	0		Non-Sal Exp	75	83	8	8	0
(31)	0		Income	(31)	(31)	0	0	0
1,652	0		Sub-Total	1,652	1,643	(9)	(32)	23
3,127	(17)	Operation. Finance	Salaries	3,110	3,040	(70)	(50)	(20)
(7)	26		Non-Sal Exp	19	22	3	29	(26)
(127)	(10)		Income	(137)	(142)	(5)	(15)	10
2,993	(1)		Sub-Total	2,992	2,920	(72)	(36)	(36)
4,382	(30)	Revenues & Benefits	Salaries	4,352	4,511	159	211	(52)
1,841	0		Non-Sal Exp	1,841	1,836	(5)	16	(21)
(2,360)	0		Income	(2,360)	(2,559)	(199)	(228)	29
3,863	(30)		Sub-Total	3,833	3,788	(45)	(1)	(44)
1,034	2	Strategic Finance	Salaries	1,036	947	(89)	0	(89)
2,234	0		Non-Sal Exp	2,234	2,234	0	0	0
(340)	10		Income	(330)	(319)	11	0	11
2,928	12		Sub-Total	2,940	2,862	(78)	0	(78)
11,093	(45)	Finance Directorate	Salaries	11,048	11,018	(30)	128	(158)
5,547	24		Non-Sal Exp	5,571	5,559	(12)	59	(71)
(3,517)	0		Income	(3,517)	(3,679)	(162)	(243)	81
13,123	(21)		Total	13,102	12,898	(204)	(56)	(148)

52. The underspend position is principally driven by salary underspends across the directorate, mainly as a result of recruitment to the new structure within Procurement and posts being held vacant within Operational Finance, pending a review of the wider Finance structure. A favourable movement on Month 2 is largely a result of the implementation of the first phase of the Finance restructure.

53. Within Revenues and Benefits, staffing pressures reflect the cost of agency staff employed on a performance based scheme which aims to cut down fraud and reduce errors in Housing Benefit claims, funded directly from grant monies.

54. An adverse income movement reflects a reduced charge to the Pension Fund following implementation of the finance structure in Strategic Finance which off-sets the staffing underspend and reduced Schools SLA Insurance income in Business Assurance with the transfer of 2 schools to academy status later in the year.

55. At Month 4, £566k (66%) of the £856k savings proposed as part of the MTFF 2017/18 are classed as banked, with the remaining £290k classed as on track. Proposals are underway and good progress is being made against the targets.

Table 9: Finance Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 2		Variance (As at Month 2)
			Revised Budget	Forecast Outturn	
£'000	£'000		£'000	£'000	£'000
291	0	Uninsured Claims	291	291	0
291	0	Current Commitments	291	291	0

56. At Month 4, no movement is reported on the requirement to call upon the Uninsured Claims contingency budget as insurance payments and assumptions remain fairly constant. The contingency budget, along with the base budget of £359k, is expected to fully cover the cost of General Fund claim payments below insurance excess levels in 2017/18. Any payment amounts greater than the budget available will be managed from the Insurance reserve during 2017/18.

RESIDENTS SERVICES (£149k underspend, £63k improvement)

57. Residents Services directorate is showing a projected outturn underspend of £149k at Month 4, excluding pressure areas that have identified contingency provisions.

Table 10: Residents Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
15,219	0	Infrastructure, Waste and ICT	Salaries	15,219	15,168	(51)	(81)	30
31,833	53		Non-Sal	31,886	32,337	451	388	63
(9,790)	(2)		Exp	(9,792)	(10,279)	(487)	(385)	(102)
37,262	51		Income	37,313	37,226	(87)	(78)	(9)
16,922	49	Housing, Environment, Education, Health & Wellbeing	Salaries	16,971	16,630	(341)	(665)	324
23,024	(13)		Non-Sal	23,011	24,043	1,032	900	132
(16,874)	(94)		Exp	(16,968)	(17,690)	(722)	(251)	(471)
23,072	(58)		Income	23,014	22,983	(31)	(16)	(15)
7,430	280	Planning, Transportatio n & Regeneration	Salaries	7,710	7,606	(104)	(32)	(72)
1,901	175		Non-Sal	2,076	2,354	278	55	223
(6,397)	(101)		Exp	(6,498)	(6,480)	18	222	(204)
2,934	354		Income	3,288	3,480	192	245	(53)
1,777	0	HR, Performance & Improvement	Salaries	1,777	1,530	(247)	68	(315)
160	0		Non-Sal	160	165	5	11	(6)
(270)	0		Exp	(270)	(18)	252	(60)	312
1,667	0		Income	1,667	1,677	10	19	(9)
10,766	763	Administrativ e, Technical & Business Services	Salaries	11,529	11,035	(494)	(332)	(162)
809	3,285		Non-Sal	4,094	4,258	164	13	151
(3,660)	(4,382)		Exp	(8,042)	(7,959)	83	49	34
8,062	(334)		Income	7,528	7,279	(249)	(272)	23
52,114	1,092	Residents Services Directorate	Salaries	53,206	51,969	(1,237)	(1,042)	(195)
57,727	3,500		Non-Sal	61,227	63,157	1,930	1,367	563
(36,991)	(4,579)		Exp	(41,570)	(42,426)	(856)	(425)	(431)
72,850	13		Income	72,863	72,700	(163)	(100)	(63)

58. The overall variance is a result of staffing underspends across the directorate, with these favourable variances offset in part by pressures in ICT and Fleet Management, as well as parking income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.

59. The Council's 2017/18 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 11 below. At Month 4 projected calls on contingency are £309k below the budgeted provision (£9k favourable). The table below shows the breakdown for each contingency item.

Table 11: Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 4		Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,736	0	Impact of Welfare Reform on Homelessness	1,736	1,736	0	0	0
3,522	0	Waste Disposal Levy & Associated Contracts	3,522	3,213	(309)	(300)	(9)
100	0	High Speed 2 Challenge Fund	100	100	0	0	0
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
5,558	0	Current Commitments	5,558	5,249	(309)	(300)	(9)

60. The Month 4 data in Table 3 below shows a reduction from the previously reported B&B figures in the first three months of the financial year, following the impact of increased prevention work. The reducing number of Households in higher cost Bed & Breakfast accommodation is in line with MTFF assumptions made by officers in modelling supply and demand, with the fluctuation in demand managed with existing budgets.

Table 12: Housing Needs performance data

	2017		
	May	June	July
Homeless Threat, Priority Need & Eligible	125	126	93
Presenting As Homeless	44	32	40
Duty Accepted	31	28	24
Households in Temporary Accommodation	653	637	612
Households in B&B	253	242	224

61. As in previous years, a contingency has been set aside in 2017/18 to resource the need for temporary accommodation in the Borough. The call on contingency relating to homelessness remains as per prior projections of £1,736k, which is as per the budgeted provision.
62. The Council will continue to closely monitor this risk, given the potential seasonal fluctuations which could materialise in the remainder of the financial year. It is expected that there will also be a requirement to draw on the Housing Incentives earmarked reserve given the costs of securing private sector accommodation, with any drawdown being subject to the usual approvals.
63. A contingency of £3,522k has been set aside to fund estimated increases in waste tonnages via the levy. A one-off disbursement from WLWA in respect of excess reserves has now been received by the Council in the sum of £309k.

Infrastructure, Waste and ICT (£87k underspend, £9k improvement)

64. The overall forecast encompasses a number of management actions, mainly within ICT and Waste services, which will be closely monitored during the financial year. At Month 4, the service is reporting a net improvement of £9k from the Month 2 position.

65. The non-staffing forecast is showing a £39k improvement on the Month 2 position, relating mainly to reducing security costs via the FM contract. This is netted down by a £30k adverse movement in the staffing projection across a number of service areas.
66. Existing waste services pressures including those relating to agency and overtime costs and on refuse & recycling bags are being addressed as part of the Waste services review, with the staffing consultation recently concluded.
67. The reported breakeven position for Fleet Management reflects that the ongoing pressures from the last financial year are expected to be addressed via external review of the service. The main drivers of the pressure are vehicle maintenance contracts, vehicle damage and vehicle contract hire.
68. The ICT service is progressing implementation of the recent BID review, with an associated MTFE savings target. The recruitment phase is nearing conclusion, including the recent appointment to the Head of ICT post.
69. Whilst the initial service assessments of contract & licensing spend commitments are significantly above budget, the work required to take out demand/rationalise systems and identify the non-staffing savings is progressing. As part of this exercise the service is concluding its review of all contract and licensing spend alongside retendering a number of contracts and specific system reviews, which should give scope to mitigate pressures as improvements are implemented.

Housing, Environment, Education, Health & Wellbeing (£21k underspend, £15k improvement)

70. The overall forecast contains a number of management actions which will be monitored closely throughout the financial year.
71. At Month 4 the service is reporting an underspend of £21k, which is a £15k improvement relating to a number of minor compensating variances across staffing and non-staffing budgets, including a reduced overspend of £27k (£11k favourable) on resources being deployed to cover the ongoing work for home adaptations. The pressure relates to additional interim arrangements for a financial assessment officer.

Planning, Transportation & Regeneration (£198k overspend, £53k improvement)

72. At Month 4 there is a projected overspend of £198k (£53k improvement) across the service area, with the main pressure relating to income in Imported Food sampling continuing the trend from previous years.
73. The overall income pressure on Imported Food Sampling is £584k, with the net pressure of £374k (£22k adverse) following consideration of reduced staffing and non-staffing expenditure expected to materialise following completion of the service review.
74. Recruitment delays across a across a number of teams within regulatory services and transportation have resulted in an improved staffing underspend of £98k (£72k favourable).

Performance & Improvement (£10k overspend, £9k improvement)

75. There is a forecast overspend in Corporate Communications of £8k (£8k favourable) at Month 4, following revised staffing projections for the service.

76. The remaining £2k overspend (£1k favourable) relates to non-staffing variances in Performance & Intelligence.

Administrative, Technical & Business Services (£249k underspend, £23k adverse movement)

77. The service is reporting a £249k underspend at Month 4, representing a £23k adverse movement from the Month 2 position.
78. Parking services continue to forecast pressures relating to income shortfalls at Uxbridge car parks with the latest forecast at £418k (£42k adverse) plus further non-staffing pressures relating to repairs and maintenance costs. These are netted down by wider parking income streams including the Parking Revenue Account.
79. The adverse movement is partially netted down by revised staffing underspends across the service, primarily owing to delays to recruitment to Administrative roles, with the new phasing of recruitment built into the refreshed forecast. In addition there are vacant posts across parking administration, the contact centre and licensing which further contribute to the overall staffing underspend.

SOCIAL CARE (£201k overspend, £309k Improvement)

80. Social Care is projecting an overspend of £201k as at Month 4, an improvement of £309k on the Month 2 position, due to a number of management actions that will be taken to manage non-staffing expenditure including allowances for Looked After Children. The overspend relates predominantly to the cost of Agency Social Workers in Children's Services, the cost of external legal counsel providing support for Children's Services and reduced income from the Dedicated Schools Grant for the Educational Psychology Service.

Table 13: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
13,299	(65)	Children's Services	Salaries	13,234	13,484	250	162	88
12,635	10		Non-Sal	12,645	12,616	(29)	350	(379)
(7,804)	(23)		Exp	(7,827)	(7,827)	0	12	(12)
18,130	(78)		Income	18,052	18,273	221	525	(304)
7,784	435	Early Intervention, Prevention & SEND	Salaries	8,219	8,009	(210)	(217)	7
6,257	12		Non-Sal	6,269	6,271	2	(1)	3
(2,370)	39		Exp	(2,331)	(1,945)	386	387	(1)
11,671	486		Income	12,157	12,335	178	169	9
4,597	9	Older People & Physical Disabilities Service	Salaries	4,606	4,601	(5)	36	(41)
34,209	2,615		Non-Sal	36,824	36,887	63	6	57
(11,146)	(525)		Exp	(11,671)	(11,709)	(38)	(32)	(6)
27,660	2,099		Income	29,759	29,779	20	11	9
11,537	(211)	Adult Social Care - Provider & Commissione d Care	Salaries	11,326	11,050	(276)	(281)	5
5,874	146		Non-Sal	6,020	6,072	52	51	1
(590)	1		Exp	(589)	(596)	(7)	15	(22)
16,821	(64)		Income	16,757	16,526	(231)	(215)	(16)
4,341	(514)	Learning Disability and Mental Health Service	Salaries	3,827	3,824	(3)	(2)	(1)
29,435	1,429		Non-Sal	30,864	30,874	10	18	(8)
(5,264)	(99)		Exp	(5,363)	(5,365)	(2)	(4)	2
28,512	816		Income	29,328	29,333	5	13	(8)
320	(229)	Directorate & Support Services	Salaries	91	113	22	22	0
(670)	847		Non-Sal	177	177	0	0	0
(376)	0		Exp	(376)	(390)	(14)	(14)	0
(726)	618		Income	(108)	(100)	8	8	0
41,878	(575)	Social Care Directorate Total	Salaries	41,303	41,081	(222)	(280)	58
87,740	5,059		Non-Sal	92,799	92,897	98	424	(326)
(27,550)	(607)		Exp	(28,157)	(27,832)	325	366	(41)
102,068	3,877		Income	105,945	106,146	201	510	(309)

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£685k overspend, £300k adverse movement)

81. The Council's 2017/18 Development and Risk Contingency includes provisions 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, 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 £685k, an adverse movement of £300k on the Month 2 position, due primarily to a further adverse movement on the anticipated income that will be received for supporting Unaccompanied Asylum Seeking Children (UASC), where the number of under 18s is falling matched by a corresponding increase in the number of care leavers who are funded at a much lower rate.

Table 14: Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,648	0	Asylum Service	1,648	1,870	222	(226)	448
5,298	0	Demographic Growth - Looked After Children	5,298	5,969	671	564	107
277	0	Social Worker Agency Contingency	277	277	0	0	0
184	0	SEN transport - Contingency	184	184	0	0	0
2,910	0	Demographic Growth - Transitional Children	2,910	2,910	0	0	0
785	0	Demographic Growth - Adults	785	530	(255)	47	(302)
197	0	Winterbourne View	197	197	0	0	0
759	0	Deprivation of Liberty Safeguards	759	806	47	0	47
12,058	0	Current Commitments	12,058	12,743	685	385	300

Asylum Service (£222k overspend, £448k adverse movement)

82. This service is projecting a drawdown of £1,870k from the contingency, an overspend of £222k as at Month 4 and an adverse movement of £448k on the Month 2 position, reflecting the impact of a drop in grant income as there are a high proportion of UASC who will turn 18 this year, where the grant funding is less than that provided for under 18's. Additionally, with the introduction of the National Transfer Agreement in 2016, the number of under 18 UASC is not anticipated to grow. There are expected to be future changes to the funding regime as in August 2017, the Council received correspondence from the Home Office indicating they would be undertaking a review of the grant funding that they provide to support UASC for 2018/19.

83. The service continues to review the support provided to UASC to ensure that that this position can be maintained by the end of the financial year with a number of management actions in progress. These are currently focused on a review of accommodation and allowances costs, and seeking clarification from the Home Office on the changes introduced following the implementation of the National Transfer Agreement. At this stage it is too early

to confirm the benefit in this financial year given there will be some lead-in time associated with the mitigating actions.

Demographic Growth - Looked After Children (£671k overspend, £107k adverse movement)

84. The service is projecting a drawdown of £5,969k from the Contingency, £671k above the budget and an adverse movement of £107k on the Month 2 position, due to an anticipated increase in the number of Independent Fostering Agency (IFA) placements and Special Guardianship Orders. The main reason for the overspend relates to the cost of placements and support provided for Children with Disabilities and the cost of adoption, where the Service is having to place children outside of the Borough. Both of these areas are being reviewed by the service.
85. The underlying position on the Placements budget continues to show an improvement on the 2016/17 position. The number of children placed in Residential placements, where the numbers have dropped, from a high of 36 at the beginning of 2016/17 to 22 as at the end of July 2017. Based on an annualised cost, this translates into a cost reduction and avoidance of £1,693k, reducing from £5,563k to £3,870k. However, this position can fluctuate given the wide potential variation in Children's placements costs.

Social Worker Agency (Children's) (Nil variance, no change)

86. This contingency provides funding to cover the additional cost of using agency staff whilst the service undertakes recruitment activity. For the 2017/18 financial year it was assumed that the service will operate at a level of 90% of posts filled by permanent staff and 10% filled by agency staff. However the recruitment of Social Workers continues to be very competitive, and as a consequence the permanency rate is currently forecast at approximately 80% for this financial year. Therefore, the full drawdown of this contingency will be required.

Demographic Growth - SEN Transport (Nil variance, no change)

87. The service is projecting the full draw down of £184k from the SEN Transport contingency, reflecting the continued growth in the Special Educational Need children population. The main increase in this service is seen at the start of the new school year and the contingency drawdown forecast is likely to change after this.

Demographic Growth - Transitional Children (Nil variance, no change)

88. The service is projecting the full draw down of £2,910k from the Transitional Children contingency. This will be monitored closely during the year and the forecast changed to reflect actual placements as the year progresses.

Demographic Growth - Adults Placements (£255k underspend, £302k improvement)

89. The service is projecting to drawdown £530k from the Adults Placements contingency, an underspend of £255k and an improvement of £302k on the Month 2 projections. This is primarily due to ongoing process improvements for Placements, including timely assessment and recognition of external funding streams, combined with reduced demand for Physical Disability client placements. The demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review.

Winterbourne View (Nil variance, no change)

90. The service is projecting the full draw down of £197k from the Winterbourne View contingency. However, although the current assumption is that these clients will be funded by dowry payments, discussions at the Transforming Care Partnership (TCP) meetings are indicating that there may not be sufficient funding to cover this from NHS England. This presents a degree of risk given that the Winterbourne contingency for 2017/18 is assuming the receipt of this dowry funding.

Deprivation of Liberty Safeguards (DoLS) (47k overspend, £47k adverse movement)

91. The service is projecting a drawdown of £806k from the Contingency, £47k above budget and an adverse movement of £47k on the Month 2 position, which is due to an increase in the average number of cases per week between May and July. The number of DoLS referrals received to the end of July 2017 was 498, an average of 29.3 compared to 27.7 at the end of May.

DIRECTORATE OPERATING BUDGETS

Children's Services (£221k overspend, £304k improvement)

92. The service is reporting an overspend of £221k as at Month 4, an improvement of £304k on the Month 2 position, due to management action being put in place to manage non-staffing costs, including allowances to Looked After Children and Section 17 client costs. Within this position the service are managing significant legal costs relating to a number of complex cases, through prior-year provisions that are no longer required. The residual pressure relates to a net overspend of £250k on staffing costs due to the continued use of agency Social Workers to cover a number of key and hard to fill vacant posts across the service.

Early Intervention, Prevention & SEND (£178k overspend, £9k adverse movement)

93. The service is reporting an overspend of £178k as at Month 4, a small adverse movement of £9k on the Month 2 position. This is due to a projected shortfall of £386k in income from the Dedicated Schools Grant for the Educational Psychology Service, where the service is finding it very difficult to recruit Educational Psychologists and is currently unable to provide a non-statutory function for schools. Whilst this is netted down by a significant underspend of £326k on their staffing costs, there is also an overspend of £116k across the service due to most services now being fully staffed or working towards recruiting to all posts.

Older People and Physical Disabilities (£20k overspend, £9k adverse movement)

94. The service is reporting an overspend of £20k as at Month 4, a slight adverse movement of £9k on the Month 2 position, which relates predominantly to an overspend on non staffing costs, netted down by an improved position on income received.
95. It should be noted that there are inflationary increases still being negotiated with providers and it is currently expected that the inflation provision included in the budget for this year will cover these increases.

Adult Social Care - Provider and Commissioned Care (£231k underspend, £16k improvement)

96. The service is reporting an underspend of £231k as at Month 4, an improvement of £16k on the Month 2 position, reflecting the latest income projections. The staffing budget is forecast to underspend by £276k, due to recruitment difficulties within the Reablement Team and

further opportunities taken to capitalise staffing costs relating to the Transport Service major review. This is netted down by an overspend of £52k on non-staffing budgets, due to pressures within the transport budget, which includes the anticipated savings that will be delivered from the Management Action Plan which is now in place. There is a small underspend of £7k on the income budget an improvement of £22k from Month 2 as a grant for transport which was not anticipated, has been received.

Learning Disability and Mental Health (£5k overspend, £8k improvement)

97. The service is forecasting an overspend of £5k as at Month 4, a slight improvement of £8k on the Month 2 position and is due to marginal variances against Salaries, Non-Staffing Expenditure and Income.

Directorate & Support (£8k overspend, no change)

98. The Directorate budget is forecasting a marginal pressure of £8k as at Month 4, no change on the Month 2 position, which relates to the Managed Vacancy Factor.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£704k overspend, £905k adverse movement)

99. The Dedicated Schools Grant (DSG) is projecting an in-year overspend of £704k as at Month 4, an adverse movement of £905k on the Month 2 projections, due to a significant movement in the projected cost of High Needs. When the £1,136k deficit brought forward from 2016/17 is taken into account the deficit to carry forward to 2018/19 will increase to £1,840k.

Table 15: DSG Income and Expenditure 2017/18

Original Budget	Budget Changes	Funding Block	Month 4		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(148,436)	2,966	Dedicated Schools Grant Income	(145,470)	(145,470)	0	0	0
112,811	(2,766)	Delegated to Schools	110,045	110,045	0	40	(40)
3,971	(342)	Early Years	3,630	3,562	(68)	(63)	(5)
3,889	0	Centrally Retained	3,889	4,103	214	203	11
27,265	142	High Needs	27,406	28,464	1,058	119	939
(500)	0	Total Funding Blocks	(500)	704	1,204	299	905
500	0	Retained Balance	500	0	(500)	(500)	0
(0)	0	Total Schools Budget	0	704	704	(201)	905
0	0	Balance Brought Forward 1 April 2017	1,136	1,136			
0	0	Balance Carried Forward 31 March 2018	1,136	1,840			

Dedicated Schools Grant Income (nil variance, no change)

100. The DSG income has been adjusted in Month 4 following confirmation of adjustments relating to the actual numbers of 2 year olds and 3 and 4 year olds which accessed the free entitlement in 2016/17. This has resulted in a significant reduction in early years funding which should be reflected in a reduction in early years expenditure. There has also been an adjustment to the high needs recoupment figure following changes to academy school and further education planned place numbers from September 2017.

Delegated to Schools (nil variance, £40k improvement)

101. The improvement follows realignment of the budget for special school funding. This follows the adjustment to the high needs recoupment figure which has been revised in July to take account of changes to planned place numbers from September 2017 in academy schools and further education colleges.

Early Years (£68k underspend, £5k improvement)

102. The Early Years funding block is projecting an underspend of £68k as at Month 4, a slight improvement of £5k on the Month 2 projections. £46k of the underspend relates to the Early Years Psychology team where uncertainty remains regarding the delivery model. The current projection is based on the amount of educational psychology time that was allocated to Early Years in 2016/17.

103. There is a £17k underspend relating to the Early Years Advisory Teacher Service, where there is currently a vacancy that is yet to be recruited to. The expectation is that this post will be recruited to in September 2017.
104. There is also a projected underspend on the Early Years Centres which are forecasting less expenditure on equipment than currently budgeted.

Centrally Retained (£214k overspend, £11k adverse movement)

105. The Centrally Retained Funding Block is projecting an overspend of £214k as at Month 4. The overspend relates to the Growth Contingency fund where the budget has not included the required funding allocations for academy schools relating to the summer term. This funding is as a result of the way that academy school funding is allocated on an academic year basis. The growth contingency requirement will reduce over the coming few years as the expansions work their way through the primary year groups.

High Needs (£1,058k overspend, £939k adverse movement)

106. The High Needs Funding Block is projecting an overspend of £1,058k as at Month 4, an adverse movement of £939k on the Month 2 projections, due to a significant increase in the cost of placements as the service moves all children onto Education & Health Care plans (EHCPs).
107. There is a continuing budget pressure linked to the transfer of pupils in special schools from statements to Education & Health Care plans (EHCPs). As pupils are transferred to an EHCP they move onto the new banded funding model often resulting in a higher resource requirement.
108. The increase in the number and cost of post-16 students with special educational needs is also continuing with the expectation that expenditure is going to rise again in September 2017 for this cohort.
109. There is an increase in the number of pupils with special educational needs being placed in out of borough mainstream and special schools as all local schools are at or above their capacity.
110. There is a projected overspend relating to the cost of young people being temporarily educated in independent hospital settings. The local authority has very little control over these placements as they often occur with short notice following emergency intervention.
111. The above budget pressures are off-set by a projected underspend in the DSG contribution to the non-statutory work of the Educational Psychology team. Currently recruiting and retaining Educational Psychologists is proving very difficult (there is a national shortage of qualified Educational Psychologists) making it a significant challenge to deliver anything other than statutory work.

School Academy Conversions

112. 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.
113. There are two maintained primary schools which will convert on 1 September 2017. The local authority is not aware of any other schools planning to convert in the current financial year.

Maintained School Balances & Budgets

114. A review of balances at the end of the 2016/17 financial year identified three schools which 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.
115. Maintained schools ended the 2016/17 financial year with a cumulative closing surplus balance of £11.3m (revenue & capital). This was a £1.5m decrease from the previous year, though just under £1m of this was used to fund capital expenditure. Despite the relatively healthy total balance, there are a number of schools which have indicated they are beginning to experience financial difficulties due to funding being cash-limited and year on year increases in costs. The anticipated implementation of the National Funding Formula from April 2018 may put further pressure on school budgets as initial indications are that some Hillingdon schools will lose funding as a consequence of the changes.
116. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns for 2015/16 and 2016/17.

School Type	Total Number of Schools	Number of Schools In Deficit 2015/16	Value of Deficit £000	Number of Schools In Deficit 2016/17	Value of Deficit £000
Nursery	1	0	0	0	0
Primary	51	3	62	2	35
Secondary	2	1	761	1	1,549
Special	2	0	0	0	0
Total	56	4	823	2	1,583

117. Maintained schools have now submitted their three year budget plans to the local authority and these have been reviewed by the finance team. Of the 56 schools currently maintained by the local authority two (one primary, one secondary) have been unable to set a balanced budget and will be requesting that the authority license a deficit. The expectation is that these schools work on a deficit recovery plan to demonstrate how they will achieve a balanced budget within at least the next three years.
118. A significant number of schools have submitted budgets with an in-year deficit, resulting in an anticipated budgeted reduction in school revenue balances of £6.1m for 2017/18. This is a concern as the use of balances is one-off and continued in-year deficits are unsustainable in the medium term. The Schools Finance team is working closely with schools to ensure that any financial concerns are addressed as early as possible.

COLLECTION FUND (£2,597k surplus, £21k adverse movement)

119. The collection of local taxes is managed through the Council's Collection Fund in order to avoid short-term volatility in income impacting on provision of services. Sums quoted relate to the Council's own share of income and disregard monies collected on behalf of the Greater London Authority and Central Government. The projected surplus will be available to support the Council's General Fund budget in 2018/19. A headline surplus of £2,597k is projected on the Council's share of Collection Fund activity for 2017/18, with a £2,362k surplus on Council Tax and £235k surplus on the retained share of Business Rates at Month 4. This represents a marginal £21k adverse movement on the Month 2 position.

Table 17: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(119,465)	0	Council Tax	Gross Income	(119,465)	(119,882)	(417)	(428)	11
11,266	0		Council Tax Support	11,266	11,325	59	11	48
(500)	0		B/fwd Surplus	(500)	(2,504)	(2,004)	(2,004)	0
(108,699)	0		Sub-Total	(108,699)	(111,061)	(2,362)	(2,421)	59
(105,520)	0	Business Rates	Gross Income	(105,520)	(106,662)	(1,142)	(1,065)	(77)
(1,578)	0		Section 31 Grants	(1,578)	(1,649)	(71)	(71)	0
51,412	0		Less: Tariff	51,412	51,412	0	0	0
5,445	0		Less: Levy	5,445	6,015	570	531	39
(2,000)	0		B/fwd Deficit	(2,000)	(1,592)	408	408	0
(52,241)	0	Sub-Total	(52,241)	(52,476)	(235)	(197)	(38)	
(160,940)	0	Total Collection Fund	(160,940)	(163,537)	(2,597)	(2,618)	21	

120. A surplus of £417k is reported on in-year Council Tax collection, with marginally lower than projected growth since setting the taxbase in January 2017 being off-set by continued strong collection performance and associated reductions in planned provision for doubtful debt. A minor £59k pressure is reported on the Council Tax Support Scheme, although overall claimant numbers and values remain broadly consistent with budget assumptions. The £2,004k brought forward surplus on Council Tax relates primarily to the release of historic provisions following the adoption of an improved methodology in accounting for doubtful debts, which brings the total projected surplus available for release in 2018/19 to £2,362k.

121. A favourable position is reported on Business Rates income at Month 4, with a surplus of £1,142k on gross income arising from a decline in numbers of empty properties from 2016/17 and strong collection performance in line with that experienced on Council Tax and further £71k on Section 31 Grant income to compensate the Council for Government funded discounts. Under the current Business Rates Retention system, the Council is required to make increased levy payments against this surplus, reducing the net benefit to £643k for 2017/18. This position is predicated upon a number of larger office developments within the borough being occupied during the financial year and will remain under review over the coming months.

122. The in-year surplus on Business Rates activity is sufficient to off-set the brought forward £408k deficit from an increase in Empty Property Relief awarded during 2016/17, delivering an overall £235k surplus on Business Rates that will be available for release in 2018/19.

Appendix C – HOUSING REVENUE ACCOUNT

123. The Housing Revenue Account (HRA) is currently forecasting an in-year overall deficit of £10,988k, which is £676k more favourable than the budgeted position. Therefore the 2017/18 closing HRA General Balance is forecasted to be £34,838k, this is above the £12,000k minimum level of HRA balances threshold, with sums over and above the minimum level earmarked for investment in new or existing stock. The table below presents key variances by service area:

Table 18: Housing Revenue Account

Service	Month 4		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,064)	(55,577)	(513)	0	(513)
Other Income	(5,494)	(5,494)	0	0	0
Net Income	(60,558)	(61,071)	(513)	0	(513)
Housing Management	12,214	12,429	215	195	20
Tenant Services	4,973	4,691	(282)	(226)	(56)
Repairs	5,033	5,054	21	(78)	99
Planned Maintenance	4,906	4,686	(220)	0	(220)
Capital Programme Funding	28,237	28,237	0	0	0
Interest & Investment Income	15,121	15,224	103	103	0
Development & Risk Contingency	1,738	1,738	0	0	0
Operating Costs	72,222	72,059	(163)	(6)	(157)
(Surplus) / Deficit	11,664	10,988	(676)	(6)	(670)
General Balance 01/04/2017	(45,826)	(45,826)	0	0	0
General Balance 31/03/2018	(34,162)	(34,838)	(676)	(6)	(670)

Income

124. A favourable variance of £513k is forecast on rental income. £141k of this sum is due to the forecast average weekly rental income being above the level assumed in setting the budget and £372k due to the average number of properties rented being greater than assumed in the budget. This predominantly reflects the reduction in RTB sales in 2016/17 and 2017/18. The 2017/18 RTB sales assumed in the rental income forecast is 85.

125. The number of RTB applications received in the first four months of 2017/18 was 63 compared to 93 in the first four months of 2016/17, a reduction of 32%. There have been 18 RTB completions in the first four months of 2017/18 compared to 36 in the first four months of 2016/17, a reduction of 50%. The Month 4 forecast assumes RTB sales of 85, this reflects officers' expectation of a reduction in the numbers of completed RTB sales given current market conditions.

Expenditure

126. The Housing management service is forecast to overspend by £215k, an adverse movement of £20k on Month 2, due to various running costs.
127. Tenant services is forecast to underspend by £282k, an improvement of £56k on Month 2, due to favourable movements on utility costs.
128. The overall repairs budget is forecast to overspend by £21k, an adverse movement of £99k on Month 2, due to revised forecasts showing adverse movements of £80k on materials and £19k on running costs.
129. The Planned Maintenance budget is expected to underspend by £220k, due to £20k on lift surveys and £200k on external decorations. A contractor has been selected for the external decorations work and leasehold consultation is now underway.
130. The Interest and Investment Income is forecast to be overspent by £103k, representing no change from the Month 2 position.
131. There is no variance reported on the Development and Risk contingency at month 4. In addition to the £1,738k budget there is a provision of £729k carried forward from 2016/17 to 2017/18 for the Triscott House dispute, which is awaiting final settlement.

HRA Capital

132. The HRA capital programme is set out in the table below. The 2017/18 original budget is £71,425k and the 2017/18 revised budget is £85,896k, a net increase of £14,471k.
133. The 2017/18 revised budget includes the June Cabinet approved recommendation to re-phase a net sum of £10,131k into 2017/18, this consists of £13,560k of HRA capital budgets from 2016/17 into 2017/18 and £3,429k re-phasing of 2017/18 budget into subsequent years.
134. The 2017/18 revised budget also includes the re-phasing of £4,340k from 2018/19 into 2017/18. The Leader of the Council and the Cabinet Member for Finance, Property and Business Services have approved under special urgency procedures in August 2017 the re-phasing of £646k within the HRA Works to Stock Programme capital budget from 2018/19 into 2017/18 for the replacement of electrical night storage heaters and associated electrical safety works at Rabbs Mill House, Uxbridge and Fitzgerald House, Glenister House and Wellings House, Hayes. Furthermore they have approved the addition of £3,694k to the HRA Works to Stock Programme 2017/18 capital budget, for a new work-stream budget for the multi-element renewal and fire safety scheme at Rabbs Mill House, Uxbridge and Fitzgerald House, Glenister House and Wellings House, Hayes, funded from re-phasing of the Works to Stock budget from 2018/19 into 2017/18.

Table 19: HRA Capital Expenditure

Programme	2017/18 Original Budget	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance Forecast V Revised Budget	2017/18 Project Re-Phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-22	Total Project Variance 2017-22	Movement 2017-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects									
New General Needs Housing Stock	21,418	22,645	17,623	0	(5,022)	32,618	32,618	0	0
New Build - Appropriation of Land	8,635	8,635	8,635	0	0	8,635	8,635	0	0
New Build - Shared Ownership	1,720	1,720	238	0	(1,482)	7,948	7,948	0	0
New Build - Supported Housing Provision	21,434	26,293	24,848	(1,768)	323	37,506	33,831	(3,675)	(3,675)
ICT	0	0	0	0	0	162	162	0	0
HRA General Capital Contingency	9,500	9,500	9,500	0	0	9,500	9,500	0	0
Total Major Projects	62,707	68,793	60,844	(1,768)	(6,181)	96,369	92,694	(3,675)	(3,675)
Works to Stock									
Works to stock programme	7,626	15,269	15,269	0	0	48,996	48,996	0	0
Major Adaptations to Property	1,092	1,834	1,834	0	0	6,720	6,720	0	0
Total Works to Stock	8,718	17,103	17,103	0	0	55,716	55,716	0	0
Total HRA Capital	71,425	85,896	77,947	(1,768)	(6,181)	152,085	148,410	(3,675)	(3,675)
Movement	0	4,340	810	(1,768)	(1,762)	0	(3,675)	(3,675)	(3,675)

Major Projects

135. The 2017/18 Major Projects programme revised budget is £68,793k and the forecast spend is £60,844k, with a forecast re-phasing of £6,181k. The major works cost variance during the period 2017-20 is an underspend of £3,675k.

New General Needs Housing Stock

136. The 2017/18 General Needs Housing Stock budget is expected to be largely utilised. Of the £22,645k budget, £4,029k has been earmarked towards the purchase and repair of buy back properties. To date 7 buybacks have been approved, this includes one that has completed.
137. There is a forecast re-phasing of £5,022k being reported across the General Needs programme, representing an increased phasing movement of £2,107k compared to the Month 2 position. This further slippage is resulting mainly from delays in the construction of the 7 new build units within the housing programme. A combination of site access issues and the delays in discharging pre-commencement planning conditions have resulted in minimal progress.
138. Contractors have been appointed for all 3 elements of the housing programme although development has been slower than expected. The building works with respect to the extensions and conversions are forecast to be complete by the end of this financial year.
139. Although approval has been obtained for the delivery of 19 units of General Needs Housing stock at Acol Crescent, a revised scheme is currently being reviewed leading to the project being delayed. Approval has been received to progress the demolition of the building, which is out to tender and due back by the end of August 2017.
140. Lead Consultants and architects have been appointed for the three project developments at Belmore allotments, Maple and Poplar Day Centre and Willow Tree redevelopments. The projects have been delayed resulting in construction not commencing until early next financial year.

New Build - Appropriation of Land

141. New Build - Appropriation of Land, the £8,635k has been included for New Build appropriation of land for 2 sites at the former Belmore allotments and Maple / Poplar day centre.

New Build - Shared Ownership

142. New Build Shared Ownership - the £1,720k set aside for the shared ownership budget is with respect to the developments currently being undertaken at the former Belmore Allotments and Maple / Poplar day centre. The schemes include the construction of 60 shared ownership units and the budget is to cover the costs of this element of the overall developments. The forecast spend is £238k, with a forecast re-phasing of £1,482k. The schemes are being delivered concurrently with the General Needs units and as such are also currently behind schedule for the reasons noted above.

New Build - Supported Housing

143. The Supported Housing Programme comprises the build of 160 mixed client group units across three different sites. The development of 14 Supported Housing units at Acol Crescent has now been removed from the programme as there is no longer a requirement for the units. This has largely resulted in the forecast cost underspend of £3,675k being reported across the life of the programme, of which £1,768k is declared within the 2017/18 budget.
144. The contractor for the Parkview development is now reporting the acceleration of previously delayed works leading to an overall favourable re-phasing variance of £323k. This represents

a positive movement of £640k on the Month 2 position. The forecast position for the programme has been adjusted to reflect updated cash flow projections submitted by the contractors.

145. Grassy Meadow and Parkview: The contractors continue to make progress on both sites with main excavations of basement, car park and lower ground floor flats nearing completion at Parkview. Decking and steel fixing are progressing to final stages at Grassy Meadow and interior design work has now been agreed with the client.

HRA General Contingency

146. HRA General Contingency - A capital contingency of £9,500k is included within the HRA capital programme to ensure the Council retains sufficient flexibility to secure additional housing units where opportunities become available.

Works to Stock

147. A nil variance is reported against the revised Works to Stock 2017/18 programme budget of £15,269k. The programme includes the delivery of safety works to sheltered housing schemes following fire risk assessments, which are in progress, a continuation of an on-going programme and the replacement of fire doors in all high-rise blocks. In addition further fire safety and improvement works, including the upgrade of electrical heating systems, are being developed at four high-rise blocks.
148. Major Adaptations - capital release has been approved for schemes totalling £1,346k and the revised budget of £1,834k is forecast to be fully spent.

HRA Capital Receipts

149. There have been 18 Right to Buy sales of council dwellings as at the end of July 2017 for a total gross sales value of £3.5m and a total of a further 67 sales are forecast to bring the yearly total to 85, totalling circa £13.5m in 2017/18.
150. The application of retained Right to Buy receipts are limited by the retention agreement to a maximum 30% of the cost of replacement housing, with the ability to apply a greater percentage towards the purchase and repair of existing units. In the event that expenditure does not meet these criteria, funds would be payable to the DCLG.
151. During 2017/18, the £11,733k receipts generated in 2014/15 could potentially become repayable unless the follow expenditure profile is achieved: Q1 £10,527k, Q2 £10,663k, Q3 £10,180k and Q4 £7,740k. Cumulative expenditure on 1 for 1 replacement from previous quarters above the minimum requirement can be carried-forward and has facilitated meeting the cumulative spend requirement for June 2017, which is Q1 in 2017/18.

Appendix D - GENERAL FUND CAPITAL PROGRAMME

152. As at Month 4 an underspend of £15,836k is reported on the £78,595k General Fund Capital Programme for 2017/18 due largely to slippage on project expenditure. The forecast outturn variance over the life of the 2017/18 to 2021/22 programme is an underspend of £269k.
153. General Fund Capital Receipts of £18,391k are forecast for 2017/18, with a shortfall of £3,153k in total forecast receipts to 2021/22.
154. Overall, Prudential Borrowing required to support the 2017/18 to 2021/22 capital programmes is forecast to be within budget by £8,893k. This is as a result of cost underspends of £269k and increases in grants and contributions of £11,777k due mainly to the confirmed Basic Needs grant allocation for 2019/20 being substantially higher than original budget estimates. However, this is partly offset by a forecast shortfall of £3,153k in capital receipts.

Capital Programme Overview

155. Table 20 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2017.

Table 20: General Fund Capital Programme Summary

	Revised Budget 2017/18	Forecast 2017/18	Cost Variance Forecast vs Budget	Project Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance	Move-ment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	22,747	12,967	-	(9,780)	90,783	90,783	-	-
Self Financing Developments	300	300	-	-	27,619	27,619	-	-
Main Programme	26,396	22,567	(17)	(3,812)	86,088	86,071	(17)	(5)
Programme of Works	27,652	25,425	(252)	(1,975)	82,022	81,770	(252)	(252)
Total Main Programme	77,095	61,259	(269)	(15,567)	286,512	286,243	(269)	(257)
General Contingency	1,500	1,500	-	-	7,500	7,500	-	-
Total Capital Programme	78,595	62,759	(269)	(15,567)	294,012	293,743	(269)	(257)
Movement	438	(4,619)	(257)	(4,800)	438	181	(257)	

156. The revised budget has increased by £438k due mainly to schools' contributions to the Devolved Formula Capital programme.
157. The Schools Programme reports a re-phasing underspend in 2017/18 of £9,780k which is partly due to elements of the primary and secondary schools expansions programmes that are currently on hold. Construction works at two of the Primary Schools Phase 4 expansions sites have commenced on site for completion next year.
158. The five year programme contains two major self financing developments which are in early stages. Design work has commenced on a large mixed tenure residential development at the

former Belmore Allotments site with 30 units to be provided for private sale through the General Fund. A mixture of residential and leisure development is planned at Yiewsley.

159. The main programme reports a small cost underspend of £17k on completion of projects which commenced in the previous financial year. Slippage of £3,812k is forecast on several large projects that will not be completed by the end of this financial year. These include Uxbridge Cemetery Gatehouse, the New Museum project, and Vehicle Replacement Programme.
160. Programmes of Works are forecast to have cost underspends of £252k. This partly relates to Social Care equipment capitalisation based on the anticipated level of new Telecare equipment purchases that will be required for the year. There is also a forecast underspend on private sector renewal grants based on current activity levels. Slippage of £1,975k is forecast which is partly due to some profiling across financial years of the 2017/18 Transport for London Local Implementation Plan and schemes within the School Conditions Building Programme.
161. There is an unallocated general contingency budget of £1,500k in 2017/18 with a further £6,000k contingency funding over the period 2018-22 which are forecast to be fully utilised as and when risk issues emerge.

Capital Financing - General Fund

162. Table 21 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £8,893k reported on Prudential Borrowing, due mainly to an increase in grant funding over original budget estimates.

Table 21: General Fund Capital Programme Financing Summary

	Revised Budget 2017/18 £'000	Forecast 2017/18 £'000	Variance £'000	Total Financing Budget 2017-2022 £'000	Total Financing Forecast 2017-2022 £'000	Total Variance £'000	Movement £'000
Council Resource Requirement	59,046	44,405	(14,641)	213,069	201,023	(12,046)	(268)
Financed By:							
Capital Receipts	23,927	18,391	(5,536)	83,393	80,240	(3,153)	-
CIL	5,151	3,500	(1,651)	26,901	26,901	-	-
Prudential Borrowing	29,968	22,514	(7,454)	102,775	93,882	(8,893)	(268)
Total Council Resources	59,046	44,405	(14,641)	213,069	201,023	(12,046)	(268)
Grants & Contributions	19,549	18,354	(1,195)	80,943	92,720	11,777	11
Total Programme	78,595	62,759	(15,836)	294,012	293,743	(269)	(257)

163. Capital receipts received as at the end of July amount to £753k which will be utilised towards meeting the £2,500k transformation financing target for 2017/18. The capital receipts forecast reports an under recovery of £3,153k which is due to a reduction in General Fund share of Right to Buy receipts. Forecast Right to Buy sales from 2017-2020 have been reduced by 95 from original budget estimates. The five year forecast includes £10,836k in

future receipts that are yet to be identified and this remains a risk in terms of delivery. The future years' capital receipts budget also includes £28,948k from sales of residential units to be built within the Yiewsley and Belmore Allotments developments.

164. As at the end of July a total of £374k CIL receipts (after administration fees) have been invoiced or received by the Council this financial year, a movement of £278k from Month 2. The current year income budget is forecast to be under recovered by £1,651k as there is some risk around the timing of receipts for existing and future planning applications, although this is currently expected to be recovered in future years. Budgeted eligible activity exceeds the CIL forecast, with spend on Highways investment, community assets through the Chrysalis Programme and other major community infrastructure such as schools meeting the criteria for application of CIL monies.
165. Grants and contributions are £11,777k higher than the revised budget due mainly to the confirmed Basic Needs award for 2019/20 being £11,615k higher than the original budget estimate set before the announcement, although there remain £8,850k in assumed Basic Needs grant for the period 2020-22 that are not yet confirmed. There are also other improvements in allocating additional Section 106 monies and Transport for London grant to finance existing schemes. The forecast underspend of £160k on Social Care Equipment capitalisation reduces financing by the Disabled Facilities Grant.
166. A favourable variance of £8,893k is reported on prudential borrowing due mainly to the increase in available grants and contributions noted above, partly offset by the shortfall in capital receipts.

ANNEX A - Schools Programme

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Proposed Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Education and Children Services										
136,966	Primary Schools Expansions	1,066	200	0	(866)	1,565	1,565	0	1,565	0	0
786	New Primary Schools Expansions	12,599	7,798	0	(4,801)	26,614	26,614	0	11,673	14,941	0
482	Secondary Schools Expansions	6,073	1,960	0	(4,113)	55,418	55,418	0	35,891	19,527	0
42,721	Secondary Schools New Build	2,997	2,997	0	0	3,574	3,574	0	1,942	1,632	0
187	Hearing Impaired Resource Base (Vyners)	12	12	0	0	12	12	0	12	0	0
0	Additional Temporary Classrooms	0	0	0	0	2,400	2,400	0	2,400	0	0
0	Schools SRP	0	0	0	0	1,200	1,200	0	400	800	0
181,142	Total Schools Programme	22,747	12,967	0	(9,780)	90,783	90,783	0	53,883	36,900	0

ANNEX B - Self Financing Developments

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Proposed Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Self Financing Developments										
	Finance, Property and Business Services										
237	Yiewsley Site Development	300	300	0	0	23,014	23,014	0	23,014	0	0
0	Belmore Allotments Development	0	0	0	0	4,605	4,605	0	3,397	0	1,208
237	Total Main Programme	300	300	0	0	27,619	27,619	0	26,411	0	1,208

ANNEX C - Main Programme

Prior Year Cost	Project	2017/18 Revised Budget £'000	2017/18 Forecast £'000	2017/18 Cost Variance £'000	Proposed Re-phasing £'000	Total Project Budget 2017-22 £000	Total Project Forecast 2017-22 £000	Total Project Variance 2017-22 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Community, Commerce and Regeneration										
1,702	CCTV Enforcement (SKC's)	40	40	0	0	40	40	0	40	0	0
561	Gateway Hillingdon	2,377	2,377	0	0	2,590	2,590	0	2,590	0	0
4,897	Hayes Town Centre Improvements	1,770	1,770	0	0	4,372	4,372	0	342	2,504	1,526
224	Inspiring Shopfronts	397	397	0	0	471	471	0	447	0	24
15	Uxbridge Cemetery Gatehouse Chapel	672	50	0	(622)	985	985	0	985	0	0
100	Uxbridge Change of Heart	946	946	0	0	1,896	1,896	0	1,071	738	87
	Central Services, Culture and Heritage										
883	Bowls Club Refurbishments	658	658	0	0	658	658	0	658	0	0
214	Haste Hill Golf Club	66	66	0	0	66	66	0	66	0	0
32,203	Hillingdon Sports & Leisure Centre	856	856	0	0	856	856	0	856	0	0
0	Ruislip Lido Railway Society Workshop	360	340	0	(20)	360	360	0	360	0	0
0	Mobile Library	117	117	0	0	117	117	0	117	0	0
	Finance, Property and Business Services										
2,282	Battle of Britain Heritage Pride Project	3,405	3,405	0	0	3,705	3,705	0	3,705	0	0
29	Battle of Britain Underground Bunker	571	571	0	0	1,024	1,024	0	1,024	0	0
0	Bessingby FC and Boxing Clubhouse	1,300	700	0	(600)	1,370	1,370	0	1,370	0	0
0	Uniter Building Refurbishment	400	400	0	0	400	400	0	400	0	0
0	New Museum	1,280	500	0	(780)	5,632	5,632	0	4,882	0	750
0	New Theatre	1,000	500	0	(500)	44,000	44,000	0	42,950	0	1,050
0	Youth Provision	1,000	500	0	(500)	3,000	3,000	0	3,000	0	0
	Planning, Transportation and Recycling										
57	Ruislip Lido Car Park Improvements	155	155	0	0	155	155	0	0	155	0
2,279	Cedars & Grainges Car Park	391	391	0	0	391	391	0	391	0	0
1,343	Harlington Road Depot Improvements	314	314	0	0	314	314	0	314	0	0
0	Purchase of Vehicles	1,390	600	0	(790)	3,390	3,390	0	3,390	0	0
0	RAGC Car Park	250	250	0	0	250	250	0	250	0	0
287	Street Lighting - Invest to Save	4,313	4,313	0	0	5,213	5,213	0	5,213	0	0
	Social Services, Housing, Health and Wellbeing										
0	1 & 2 Merrimans Housing Project	620	620	0	0	620	620	0	620	0	0
47	Grassy Meadow Dementia Centre	0	0	0	0	2,465	2,465	0	2,465	0	0
	Cross Cabinet Member Portfolios										
233	Environmental/ Recreational Initiatives	1,194	1,194	0	0	1,194	1,194	0	1,139	0	55
9,234	Projects Completing in 2017/18	554	537	(17)	0	554	537	(17)	537	0	0
56,590	Total Main Programme	26,396	22,567	(17)	(3,812)	86,088	86,071	(17)	79,182	3,397	3,492

ANNEX D - Programme of Works

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Forecast Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	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	436	436	0	0	1,236	1,236	0	1,236	0	0
	Community, Commerce and Regeneration										
N/A	Chrysalis Programme	1,512	1,512	0	0	5,512	5,512	0	5,504	0	8
N/A	Playground Replacement Programme	250	250	0	0	1,000	1,000	0	1,000	0	0
	Education and Children Services										
N/A	Formula Devolved Capital to Schools	898	898	0	0	2,071	2,071	0	0	1,935	136
N/A	School Condition Building Programme	3,593	3,185	0	(408)	6,593	6,593	0	1,908	3,426	1,259
	Finance, Property and Business Services										
N/A	Civic Centre Works Programme	1,610	1,400	0	(210)	3,610	3,610	0	3,514	0	96
N/A	Corporate Technology and Innovation	1,221	1,221	0	0	5,077	5,077	0	5,077	0	0
N/A	Property Works Programme	738	738	0	0	2,658	2,658	0	2,658	0	0
N/A	Planning, Transportation and Recycling										
N/A	Highways Structural Works	5,518	5,518	0	0	9,518	9,518	0	9,518	0	0
N/A	Road Safety	150	150	0	0	750	750	0	750	0	0
N/A	Transport for London	7,724	6,350	(17)	(1,357)	24,503	24,486	(17)	0	24,106	380
	Social Services, Housing, Health and Wellbeing										
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	17	17	0	0	17	17	0	17	0	0
N/A	PSRG / LPRG	225	150	(75)	0	1,125	1,050	(75)	1,050	0	0
N/A	Equipment Capitalisation - Adult Social Care	985	825	(160)	0	4,925	4,765	(160)	0	4,765	0
	Cross Cabinet Member Portfolios										
N/A	Section 106 Projects	112	112	0	0	112	112	0	0	0	112
N/A	Equipment Capitalisation - General	363	363	0	0	1,815	1,815	0	1,815	0	0
	Total Programme of Works	27,652	25,425	(252)	(1,975)	82,022	81,770	(252)	34,047	45,732	1,991
N/A	General Contingency	1,500	1,500	0	0	7,500	7,500	0	7,500	0	0
	Total GF Capital Programme	78,595	62,759	(269)	(15,567)	294,012	293,743	(269)	201,023	86,029	6,691

Appendix E – Treasury Management Report as at 31 July 2017

Table 22: Outstanding Deposits - Average Rate of Return on Deposits: 0.44%

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	45.6	45.51	40.00
1-2 Months	5.0	4.99	5.00
2-3 Months	9.4	9.38	5.00
3-6 Months	30.0	29.94	30.00
6-9 Months	0.0	0.00	10.00
9-12 Months	5.0	4.99	5.00
12-18 Months	5.0	4.99	5.00
18-24 Months	0.0	0.00	0.00
Subtotal	100.0	99.80	100.00
Unpaid Maturities	0.2	0.20	0.00
Grand Total	100.2	100.00	100.00

167. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA rated Money Market Funds, Pooled Funds, Blaenau Gwent CBC, Birmingham CC, Lancashire CC, Northumberland CC, Stockport BC, Walsall Metropolitan Council, Coventry Building Society, Goldman Sachs International, Lloyds Bank and Santander UK plc. An overseas deposit is held with Svenska Handelsbanken in a 35 Day Notice Account.
168. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities needed to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risk. Currently at the end of July, 56% of the Council's total funds have exposure to bail-in risk compared to a June benchmark average of 65% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 26% once instant access facilities are removed from the bail-in total.
169. To ensure liquidity was maintained during the month, surplus cash was mainly placed in instant access accounts, and when required, funds were withdrawn from instant access accounts. To bolster investment returns, two maturing fixed term deposits with Dudley Metropolitan Borough Council and Guildford Council were replaced with new fixed-term deposits with Walsall Metropolitan Council and Coventry Building Society.

Table 23: Outstanding Debt - Average Interest Rate on Debt: 3.37%

		Actual (£m)	Actual (%)
General Fund	PWLB	49.18	19.19
	Long-Term Market	15.00	5.85
HRA	PWLB	159.07	62.08
	Long-Term Market	33.00	12.88
	Total	256.25	100.00

170. There were no scheduled debt repayments or early debt repayment opportunities during July. Gilt yields were fairly flat with a little increase around the middle of month. Premiums were too high to make early repayment of debt feasible. There were no breaches of the prudential indicators or non-compliance with the treasury management policy and practices.
171. In order to maintain liquidity for day-to-day business operations during August, cash balances will be placed in instant access accounts. Looking forward, opportunities to place longer term deposits will be monitored.

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

172. 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 24: Consultancy and agency assignments

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Finance						
Benefits Officer	03/08/2017	22/07/2017	20/10/2017	113	15	128
Residents Services						
Major Applications (PPA) Planner	16/01/2017	31/07/2017	27/10/2017	42	21	63
Major Applications (PPA) Planner	01/11/2017	31/07/2017	29/10/2017	120	23	143
Development Surveyor	10/03/2014	04/09/2017	03/12/2017	106	13	119
Development Surveyor	01/07/2011	14/08/2017	12/11/2017	381	26	407
CCTV Manager	25/09/2016	14/08/2017	05/11/2017	46	11	57
Project Manager (Acol & Yiewsley), Capital Programme Team	07/05/2017	07/08/2017	05/11/2017	26	30	56
Emergency Management & Response Manager	07/05/2017	29/08/2017	20/10/2017	48	11	59
Financial Assessment Officer	20/04/2015	17/07/2017	15/10/2017	70	8	78
Environmental Health Officer	24/01/2016	10/07/2017	30/09/2017	58	12	70
Casual Smoking Cessation Sessional Advisors	01/04/2013	17/07/2017	08/10/2017	116	5	121
Senior School Improvement Advisor	07/03/2016	03/07/2017	30/09/2017	150	30	180
Senior School Improvement Advisor	07/03/2016	03/07/2017	30/09/2017	121	26	147
Planning Enforcement Officer	06/10/2014	03/07/2017	30/09/2017	204	22	236
Building Control Surveyor	23/08/2012	10/07/2017	06/10/2017	158	8	166
Technical Manager M&E - Planned Works	24/10/2016	10/07/2017	06/10/2017	73	24	97
Compliance Officer	02/02/2017	16/07/2017	13/10/2017	47	28	75
Development Manager (Housing Zone)	12/04/2017	14/07/2017	11/10/2017	32	33	65
Education Strategy & Quality Assurance Manager	29/04/2015	26/07/2017	30/11/2017	300	55	355

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
DFG & Home Adaptations Surveyor	13/03/2017	31/07/2017	29/10/2017	28	29	57
Social Care						
Early Years Practitioner	23/02/2015	07/08/2017	01/10/2017	49	4	53
Supervising Social Worker	06/06/2016	04/09/2017	01/10/2017	50	5	55
Social Worker	07/11/2016	07/08/2017	01/10/2017	46	10	56
Senior Social Worker	21/11/2016	07/08/2017	01/10/2017	45	12	57
Social Worker	16/12/2016	07/08/2017	01/10/2017	46	12	58
Early Years Practitioner	24/02/2014	07/08/2017	01/10/2017	56	2	58
Social Worker	01/04/2013	07/08/2017	01/10/2017	49	12	61
Social Worker	13/11/2016	07/08/2017	01/10/2017	51	12	63
LSAB Co-Ordinator	24/11/2015	07/08/2017	01/10/2017	55	8	63
Social Worker	21/11/2016	07/08/2017	01/10/2017	53	12	65
Social Worker	27/10/2016	07/08/2017	01/10/2017	56	12	68
Receptionist/ Administrative Assistant	01/09/2014	07/08/2017	01/10/2017	68	2	70
Social Worker	07/11/2016	07/08/2017	01/10/2017	58	12	70
Early Years Practitioner	02/03/2015	07/08/2017	01/10/2017	66	4	70
Early Years Practitioner	12/01/2015	07/08/2017	01/10/2017	67	4	71
Senior Educational Psychologist	15/08/2016	07/08/2017	01/10/2017	67	6	73
Social Worker	01/04/2013	07/08/2017	01/10/2017	61	12	73
Social Worker	07/11/2016	07/08/2017	01/10/2017	61	14	75
Social Worker	26/08/2016	07/08/2017	01/10/2017	65	10	75
Social Worker	26/09/2016	07/08/2017	01/10/2017	66	10	76
Early Years Practitioner	06/10/2014	07/08/2017	01/10/2017	73	4	77
Social Worker	11/07/2016	07/08/2017	01/10/2017	68	11	79
Placement Officer	18/03/2016	07/08/2017	01/10/2017	71	8	79
Social Worker	01/09/2016	07/08/2017	01/10/2017	71	10	81
Social Worker	03/07/2016	07/08/2017	01/10/2017	73	12	85
Social Worker	05/10/2015	07/08/2017	01/10/2017	74	12	86
Social Worker	21/08/2016	07/08/2017	01/10/2017	77	12	89
Social Worker	01/04/2013	07/08/2017	01/10/2017	78	12	90
Social Worker	28/03/2016	07/08/2017	01/10/2017	86	10	96
Social Worker	04/07/2016	07/08/2017	01/10/2017	86	14	100
Special Needs Officer	05/01/2015	07/08/2017	01/10/2017	87	14	101
Social Worker	01/08/2015	07/08/2017	01/10/2017	103	12	115
Child Protection Chair	01/07/2015	07/08/2017	01/10/2017	109	12	121
Training and Quality	01/12/2015	04/09/2017	01/10/2017	109	12	121

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Assurance Officer						
Domestic Violence Co-Ordinator	12/01/2015	07/08/2017	01/10/2017	115	6	121
Early Years Practitioner	01/05/2015	07/08/2017	01/10/2017	125	4	129
Main Grade Social Worker	04/05/2015	07/08/2017	01/10/2017	125	10	135
Social Worker	04/05/2015	07/08/2017	01/10/2017	13	10	140
Quality Assurance Auditor (Social Work Cases)	08/05/2014	07/08/2017	01/10/2017	143	12	155
Child Protection Chair	20/07/2015	07/08/2017	01/10/2017	158	12	170
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	07/08/2017	01/10/2017	159	16	175
Social Worker	27/10/2014	07/08/2017	01/10/2017	166	10	176
Maingrade Educational Psychologist	15/11/2015	07/08/2017	01/10/2017	164	14	178
Main Grade Social Worker	13/04/2015	07/08/2017	01/10/2017	166	12	178
Senior Social Worker, Triage	19/06/2014	07/08/2017	01/10/2017	175	10	185
Educational Psychologist	01/03/2016	07/08/2017	01/10/2017	170	24	194
Social Worker	05/09/2014	07/08/2017	01/10/2017	227	12	239
Senior Social Worker	11/08/2014	07/08/2017	01/10/2017	234	12	246
Senior Social Worker	30/04/2012	04/08/2017	01/10/2017	238	12	250
Social Worker	01/01/2013	08/08/2017	01/10/2017	263	12	275
Team Manager - Triage	28/09/2014	07/08/2017	01/10/2017	268	16	284
Senior Social Worker	01/04/2013	07/08/2017	01/10/2017	274	12	286
Senior Social Worker	01/01/2013	07/08/2017	01/10/2017	277	12	289
Case Progression Manager	07/04/2014	07/08/2017	01/10/2017	295	18	313
Senior Social Worker	19/12/2011	07/08/2017	01/10/2017	303	12	315
Service Manager	13/01/2014	07/08/2017	01/10/2017	383	20	403
Residential Care Worker	01/04/2012	07/08/2017	01/10/2017	145	4	149
Approved Mental Health Worker	01/03/2014	07/08/2017	01/10/2017	184	16	200
Lead Mental Health Practitioner	01/06/2012	07/08/2017	01/10/2017	244	10	254
Occupational Therapist	07/10/2013	07/08/2017	01/10/2017	238	10	248
Occupational Therapist	01/04/2015	07/08/2017	03/09/2017	160	10	170
Approved Mental Health Worker	01/06/2015	07/08/2015	01/10/2017	159	9	168
Approved Mental Health Worker	12/09/2015	07/08/2017	01/10/2017	139	12	151

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Occupational Therapist	03/12/2015	07/08/2017	01/10/2017	110	10	120
Approved Mental Health Worker	29/05/2016	07/08/2017	01/10/2017	81	12	93
Occupational Therapist	06/06/2016	07/08/2017	01/10/2017	83	10	93
Team Manager	26/06/2016	07/08/2017	01/10/2017	69	17	86
Senior Social Worker	01/04/2012	07/08/2017	01/10/2017	50	10	60
Care Worker	20/06/2015	04/09/2015	01/10/2017	49	1	50
Early Years Practitioner	30/03/2015	07/08/2017	03/09/2017	77	2	79
Team Manager	03/04/2016	07/08/2017	03/09/2017	124	8	132
Social Worker	18/08/2015	07/08/2017	03/09/2017	132	5	137