

The Cabinet's
Budget Proposals
2021/2022



HILLINGDON
LONDON

B

VIRTUAL

CABINET

Date: THURSDAY, 18 FEBRUARY
2021

Time: 7.00 PM

Venue: THIS IS A VIRTUAL
MEETING

**Meeting
Details:** Watch a live broadcast of this
meeting on the Council's YouTube
channel: [Hillingdon London](https://www.youtube.com/channel/UCv1v1v1v1v1v1v1v1v1v1v1)

To all Members of the Cabinet:

Ian Edwards, Leader of the Council
(Chairman)

Jonathan Bianco, Deputy Leader of the
Council & Cabinet Member for Property &
Infrastructure (Vice-Chairman)

Douglas Mills, Cabinet Member for
Corporate Services & Transformation

Martin Goddard, Cabinet Member for
Finance

Susan O'Brien, Cabinet Member for
Families, Education and Wellbeing

Jane Palmer, Cabinet Member for Health
& Social Care

Eddie Lavery, Cabinet Member for
Environment, Housing & Regeneration

John Riley, Cabinet Member for Public
Safety and Transport

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Putting our residents first

Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
Phase II, Civic Centre, High Street, Uxbridge, UB8 1UW

Agenda

Cabinet Reports - Part 1 (Public)

- 6** The Council's Budget - Medium Term Financial Forecast 2021/22 - 2025/26 1 - 178

TO RECOMMEND TO COUNCIL

THE COUNCIL'S BUDGET: MEDIUM TERM FINANCIAL FORECAST 2021/22 - 2025/26

Cabinet Members	Councillor Ian Edwards Councillor Martin Goddard
Cabinet Portfolios	Leader of the Council Cabinet Member for Finance
Officer Contact(s)	Paul Whaymand, Finance
Papers with report	Appendices 1 to 17

HEADLINES

Summary	<p>This report sets out the Medium Term Financial Forecast (MTFF), which includes draft General Fund and Housing Revenue Account budgets for 2021/22, along with indicative projections for the following four years.</p> <p>Budget proposals for 2021/22 include a 4.8% increase in the headline rate of Council Tax. This comprises a core Council Tax increase of 1.8% based on 90% of the 2% anticipated increase across London alongside a 3% increase relating to an Adult Social Care Precept to fund ongoing pressures within Adult Social Care.</p> <p>Cabinet are requested to recommend their budget proposals to Council on 25 February 2021. This is in order to formally set the General Fund revenue budget, the Housing Revenue Account budget, the Capital Programme and Council Tax for the 2021/22 financial year.</p>
Putting our Residents First	<p>This report supports the following Council objectives of: <i>Our People; Our Natural Environment; Our Built Environment; Our Heritage and Civic Pride; Strong Financial Management</i>. In addition, this budget has been prepared in line with the Council's commitment to achieving carbon neutrality and 100% clean energy by 2030.</p> <p>The Medium Term Financial Forecast is the financial plan for the Council and contains the funding strategy for delivering the Council's objectives.</p>
Financial Cost	<p>A 4.8% Council Tax increase, utilising the Social Care Precept to fund ongoing demand in this area and maintaining additional support via the Council Tax Reduction Scheme for eligible residents.</p>
Relevant Policy Overview Committee	<p>Corporate Services, Commerce & Communities Residents, Education and Environmental Services Social Care, Housing and Public Health</p>

Relevant Ward(s)

All

RECOMMENDATIONS

That Cabinet approves for recommendation to Council:

- 1) The General Fund and Housing Revenue Account budgets and Capital Programmes, along with proposed amendments to Fees & Charges as outlined in appendices 1 to 10, and having taken the consultation responses conscientiously into account outlined in Appendix 16 Budget Consultation Feedback;
- 2) The Capital Strategy, Treasury Management Strategy Statement, Investment Strategy, and Minimum Revenue Provision Statement for 2021/22 to 2025/26 as detailed at Appendix 12 for implementation with effect from 1 March 2021;
- 3) The proposed London Borough of Hillingdon Pay Policy Statement for 2021/22 set out at Appendix 13;
- 4) The proposals for continuing the Council Tax Older People's Discount into 2021/22, having due regard to the completed Equalities and Human Rights Impact Assessment at Appendix 14;
- 5) That it resolves that Cabinet may utilise the general reserves or balances during 2021/22 in respect of those functions which have been reserved to the Cabinet in Article 7 of the Constitution (as set out in Schedule G of the Constitution - Budget and Policy Framework Procedure Rules).

That Cabinet notes:

- 6) The Corporate Director of Finance's comments regarding his responsibilities under the Local Government Act 2003.

That Cabinet Agrees:

- 7) Agree the Local discretionary rate relief policy set out in Appendix 17;
- 8) To delegate implementation of the policy to the Corporate Director of Finance.

Reasons for recommendation

The recommendations have been framed to comply with the Budget and Policy Framework rules. They allow the presentation to Council of recommended budgets for 2021/22. This includes the impact on Council Tax, alongside housing rents and service charges.

The Council has powers only to approve revenue budgets and set Council Tax and housing rents for the following financial year. Medium term revenue budgets are presented to aid future financial planning and support good decision-making, with forecasts provided for the next five years and a specific budget strategy for the next three years set out in this document. The Capital Programme is approved over a five-year period as the statutory framework provides greater freedoms under the Prudential Code to encourage a longer term approach to capital financing and borrowing decisions.

Alongside budget proposals for recommendation to Council, this report provides an update on the strategy and policy statements surrounding investment and borrowing activity for the forthcoming financial year. In line with guidance from the MHCLG / CIPFA in this area, the content of the Treasury Management Strategy is provided in the four documents contained within Appendix 12, with two minor operational changes proposed for the new financial year.

Both Cabinet and Council should give full consideration to the Corporate Director of Finance's comments under the Local Government Act 2003 and the need to ensure sufficient resources are available in balances and contingencies in the event of any significant adverse changes in the Council's funding environment. These comments are set out from paragraph 205 of this report.

The Localism Act 2011 requires local authorities to publish a Pay Policy Statement annually. This Pay Policy Statement must set out the authorities' policies for the financial year relating to remuneration of its Chief Officers; remuneration of its lowest paid employees; and the relationship between the remuneration of its Chief Officers and the remuneration of those employees who are not Chief Officers. The proposed 2021/22 policy is included as Appendix 13 to this report.

Officers have been reviewing the impact that COVID-19 has had on business growth and employment on the Borough as part of its MTFF deliberations. As part of this a review of the Council's current discretionary rate relief policy was undertaken.

Recommendation 7 seeks approval for an expansion of the Council's current discretionary rate relief policy. Section 69 of the Localism Act 2011 allows local authorities the discretion to grant discretionary local business rate discounts to all types of businesses in order to help attract firms, investment and jobs to the area. Appendix 17 sets out a proposed policy to implement such a scheme. The relief is only likely to be agreed in exceptional circumstances, but the policy will give the Council the power to agree such relief where it is deemed reasonable to do so having regard to the interests of local Council Taxpayers.

Alternative options considered / risk management

Growth proposals included in the budget could be removed and either the Council Tax requirement reduced or alternative items substituted for them. Similarly, further items could be added either to the budget requirement through additional growth, increased provision for risk, or by reducing the package of savings. Council Tax could then be increased accordingly within the constraints imposed by the Government's referendum regime, which would limit any increase to

1.99% of general Council Tax before triggering the need for a referendum and a further 3.00% in the form of a Social Care Precept. The current budget proposals reflect a 1.8% increase in the Hillingdon share of Council Tax, alongside a Social Care Precept of 3%, as it continues to be clear that this is the Government's intended way to raise funding for Social Care pressures. A change in the budget requirement of £1,165k either way (increase or decrease) will result in an increase or decrease of 1.0% in the level of the Council Tax, equivalent to £11.83 per annum at Band D level.

Members could decide to add or remove new capital schemes from the Capital Programme included in this report. The funding for any additional new schemes would necessarily come from Prudential Borrowing in the first instance. This would have a consequential upward impact on the revenue budget requirement and Council Tax or the level of balances if they are HRA capital projects.

Members could decide to vary the proposed Fees and Charges outlined at Appendix 8. Any decision to do so could have an impact on the budget requirement. This would need to be reflected in the budgets to be recommended to Council.

The Council may choose to set rents lower than those proposed, however between 2016/17 and 2019/20 Government directed local authorities to decrease rents by at least 1%, thereby removing the option to increase rents, with 2021/22 being the second year of a return to rent increases. Lowering rents for a further year, or reducing the increase proposed, would result in less income and a detrimental impact upon HRA balances.

The Development and Risk Contingency identifies the key risks and uncertain items for which provision is contained within the revenue budget. Reduction of this provision is not recommended. This would otherwise increase the likelihood of unfunded pressures emerging into budget monitoring in the 2021/22 financial year. The Capital Programme also includes a contingency sum to manage financial risk on key schemes. In addition, unallocated balances are held within the range recommended by the Corporate Director of Finance. Whilst further contributions from balances could be made, any reduction in balances to below the lower limit of this range is not recommended.

Policy Overview Committee comments

Full report on the budget process, financial strategy and detailed budget proposals for services within the remit of each Policy Overview Committees were presented for review at meetings during January 2021, with comments from each committee presented in Appendix 15 to this report.

SUPPORTING INFORMATION

SUMMARY

1. This is the second report to Cabinet on development of budgets for the financial years 2021/22 to 2023/24 and is presented in the context of the ongoing COVID-19 pandemic and the considerable financial uncertainty that this brings. This covering report outlines how the budget strategy approved by Cabinet and Council in February 2020 has been affected by the outturn for 2019/20, experience to date in 2020/21 and latest projections into 2021/22 and beyond. Following these updates, the report addresses the three usual tools to deliver a balanced budget – Council Tax levels, use of balances and the savings programme.
2. Budget proposals within this report along with capital investment plans have been developed in the context of the medium term outlook for the Council's finances, with the combined impact of inflationary pressures, growing demand for services and increasing capital financing costs generating a £33,466k saving requirement over the period to 2023/24. In addition to this new savings requirement, the £6,334k use of reserves to support the 2020/21 base budget will be largely unwound to increase the headline gap of £39,800k.
3. The projections in this report are based on the Council's review and interpretation of the one-year Spending Review 2020 announced in Parliament on 25 November 2020, with confirmation of the majority of the Council's funding having now been provided through the Local Government Settlement published on 4 February 2021. This budget is presented on the basis that overall Government funding remains relatively stable over the remaining period of the Medium Term Financial Forecast in the absence of a multi-year settlement, with any further COVID-19 pressures being covered by supplementary funding from Government or the COVID-19 Earmarked Reserves already set aside.
4. The Council's draft budget strategy aims to manage the savings requirement over the medium term through delivery of efficiency savings under the banner of the Business Improvement Delivery (BID) Programme and Council Tax increases below the London average. General Balances will be applied to align the profile of growth and savings to deliver balanced budgets, while maintaining unallocated reserves between £15,000k and £35,000k.
5. The Chancellor confirmed in the Spending Review that the Government's threshold on Council Tax will be maintained at the 2% level and the Social Care Precept will be increased from 2% to 3% for 2021/22, which was confirmed in the Provisional Local Government Settlement. The Social Care Precept level has been increased because of the exceptional pressures being experienced within Social Care arising from the COVID-19 pandemic. This budget has been prepared around the assumption that Hillingdon adopt the Social Care Precept at the 3% level, returning to the previous level of 2% from 2022/23 and throughout the remainder of the medium term. The extra 1% Social Care Precept will be added to the Council's COVID-19 Earmarked Reserve to fund pandemic related pressures. In addition to

the precept, it is proposed to maintain the approach of benchmarking core Council Tax increases to 90% of the expected London average, which is forecast to equate to a 1.8% uplift for 2021/22. The combined effect of these two measures would secure £5,795k of additional income for the Council.

6. The following table sets out this draft budget strategy, with £10,851k of savings already identified and an assumed £16,139k additional income from Council Tax uplifts leaving a residual savings target of £12,810k to be bridged across 2022/23 and 2023/24. £3,421k General Balances will be released to smooth this savings requirement, leaving £27,916k uncommitted General Balances – £3,011k higher than the £24,905k projection arising from the February 2020 budget strategy as a result of a favourable outcome from the Spending Review and the projected underspend in the 2020/21 budget.

Table 1: Budget Strategy 2021/22 to 2023/24

	2020/21	2021/22	2022/23	2023/24	Current MTF
	£'000	£'000	£'000	£'000	£'000
Underlying Savings Requirement	9,792	9,936	10,302	13,228	33,466
Unwind Prior Use of Balances	7,776	6,334	2,421	1,000	6,334
Total Savings Requirement	17,568	16,270	12,723	14,228	39,800
Proposed Council Tax Increase	(4,421)	(5,795)	(5,054)	(5,290)	(16,139)
In-year Call on General Balances	(6,334)	(2,421)	(1,000)	0	N/A
Current Savings Proposals	(6,813)	(8,054)	(2,797)	0	(10,851)
Savings to be identified	0	0	3,872	8,938	12,810
Closing General Balances	(31,337)	(28,916)	(27,916)	(27,916)	N/A

7. The Budget Strategy is predicated on an assumption that both the in-year and any ongoing pressures arising from the pandemic will be funded from a combination of specific Government grant funding and the £9,126k of reserves earmarked for COVID-19. This assumption is a significant one but is based on experience to date of the Council's budget position and the funding measures announced in the Spending Review.
8. The budget strategy also sets out a revised plan for the use of balances to ease the impact of the budget gap over the next three years to allow time for a savings programme to be designed and implemented during a time when the Council will be seeking to recover from the COVID-19 pandemic. The COVID-19 Earmarked Reserve will be specifically required to fund an element of the 2020/21 Collection Fund deficit over the next three years.
9. The report highlights (from paragraph 56) the potential impact on Council budgets of Heathrow Airport Limited's challenge to their rating liability as a result of the pandemic. If this were successful this would cost the Council a further £3,584k in the current financial year, after allowing for the first 75% to be covered by the newly announced Central Government support for Collection Fund losses, and would therefore hit the COVID-19 Earmarked Reserve. If the rating reduction continued beyond 2020/21 and the funding

methodology remained unchanged, there would be a further significant hit to balances, with potentially £10,000k impacting the Council's funding position over the medium term. This issue has been raised with Central Government through the Council's updating of the Government on the financial impacts of COVID-19 and through other routes.

10. A refresh of the HRA MTFP has also been undertaken, with the landlord function continuing to be financially sound and its thirty-year business plan remaining viable.

CHANGES SINCE REPORT TO CABINET ON 10 DECEMBER 2020

11. Following December Cabinet on 10 December 2020, a number of funding assumptions have been firmed up, including announcements following the publication of the Provisional Local Government Finance Settlement, an update on the Council's approach to the Council Tax Reduction Scheme and a refresh of the Council's Capital Financing projections. Included in this position is an update on the Council's in-year Collection Fund deficit and a proposal to use some of the additional funding in 2020/21, as a result of clarity received on the spreading of the deficit and to bring forward an element the Council's planned unwinding of Transformation Capitalisation powers.
12. The table and narrative below outline the changes to the recommended budget proposals from the report considered by Cabinet on 10 December 2020, with improvements in funding projections and a reduced use of General Balances. Each of these items is also considered in the relevant section of this report.

Table 2: Changes since December Cabinet

	Movement from December 2020			
	2021/22 Draft Budget		Three Year Outlook	
	£'000	£'000	£'000	£'000
Planned Use of General Balances at December Cabinet		2,421		0
Funding Updates				
Social Care Funding	343		343	
Housing Benefit Administration Subsidy	18		0	
Lead Local Authority Flood Grant	17		17	
Revenue Support Grant	(3)		(4)	
Better Care Fund	(105)		(112)	
New Homes Bonus	(185)		(185)	
Lower Tier Services Grant	(427)	(342)	(427)	(368)
Capital Financing		19		378
General Contingency		323		0
Council Tax Reduction Scheme				
Council Tax Reduction Scheme Cost	1,463		18	
Implement Council Tax Hardship Allowance	1,271		0	
Local Council Tax Support Grant	(2,734)	0	0	18
Timing Adjustments				
Flexible Use of Capital Receipts to finance Service Transformation	309		0	
Addition to the COVID-19 Earmarked Reserve	(14)		(14)	
Collection Fund Deficit Govt Funding	(96)		0	
Collection Fund Surplus / (Deficit)	(199)	0	0	(14)
Planned Use of General Reserves Drawdown		2,421		N/A
Movement in Saving Requirement		0		(14)

13. Following approval of the draft 2021/22 budget by Cabinet in December 2020, a net £342k favourable movement has been included in the Council's funding, offset by an increase in Capital Financing of £19k and a number of net nil adjustments, leading to a favourable movement of £323k, with this improvement being used to increase the Council's General Contingency, with further details as follows:
14. Funding Updates: Funding income is forecast to increase by £342k, with this amount predominantly driven by favourable grant announcements in the Local Government Settlement, with favourable movements equating to £237k from this source. A further increase of £105k is presented for the Better Care Fund as a result of the Council agreeing

the 2020/21 Section 75 agreement with Hillingdon Clinical Commissioning Group (CCG) for a higher value than originally budgeted for at Cabinet in February 2020. These increases are expected to continue over the medium term, with a further increase of £27k by 2022/23 where these grants are forecast to have inflationary uplifts in future years.

15. Capital Financing: Updates to the Council's Capital Financing projections have adversely moved by £19k, with this movement being predominantly driven by refinanced borrowing projections as a result of taking into account the forecast DSG deficit for the forthcoming year.
16. General Contingency: With the improvements noted above leading to a net favourable position in 2021/22 of £323k, the Council is proposing to transfer this gain to the General Contingency budget to further strengthen the Council's position during times of economic uncertainty.
17. Council Tax Reduction Scheme (CTRS): Due to the ongoing pandemic and the second national lockdown, the Council is forecasting additional demand for the Council Tax Reduction Scheme (CTRS), effectively reducing the taxbase upon which Council Tax is generated. The additional demand is anticipated to reduce the taxbase by 1,180 Band D equivalents after allowing for a 99% collection rate, this reduces the Council's funding by £1,463k, with this position expected to recover over a three year period, leading to a minor £18k compounding loss by 2023/24. This reduction in funding is being covered by a recently announced Government Grant, with Hillingdon set to receive £2,734k, the Council is therefore proposing to use the remaining balance of this grant to fund a hardship support offer in 2021/22, offering the more financially vulnerable residents of the borough an additional £75 off their Council Tax liability where they meet the CTRS eligibility criteria.
18. Timing Adjustments: Following further clarity on the spreading of the in-year Collection Fund deficit, one off funding has increased by £295k in 2021/22, with this element of the deficit impacting on 2022/23, furthermore, the reduction in the taxbase as a result of the increase in demand for CTRS means the additional 1% for the Social Care Precept announced as part of the Spending Review has decreased by £14k. With both of these movements being unwound in 2022/23, the Council has chosen to begin unwinding some of its use of Transformation Capitalisation powers a year early and bring forward £309k into 2021/22, thereby reducing the amount needing to be funded in 2022/23 as these powers come to an end.

BACKGROUND

19. The Council continues to operate within a reduced funding envelopment following marked reductions in Central Government funding over the period since 2010/11, and although funding levels have stabilised since 2019/20 there remains an element of the legacy grant cuts being financed through releases from General Balances. Alongside the funding challenge, continuing demographic and demand pressures and a return to an inflationary

environment over the medium term will necessitate delivery of further substantial savings. This report to Cabinet on the budget for 2021/22 quantifies the financial challenge faced by the Council over the medium term and outlines an approach to meeting this challenge whilst continuing to 'Put Residents First'.

20. This report to Cabinet on the budget for 2021/22, building upon the position outlined in the consultation budget presented to Cabinet in December 2020, the 2020/21 budget report to Council in February 2020, the outturn position for the 2019/20 financial year and experience to date during 2020/21 alongside latest projections and an assessment of the financial impact of the proposed savings programme. This background to development of the 2021/22 budget is outlined below, with the following sections of this report setting out the resulting budget proposals for the new financial year.

2020/21 Budget

21. At the time of Council Tax setting for the current year in February 2020, it was anticipated that this combination of inflationary pressures, growing demand for services and increased capital financing costs would generate an underlying savings requirement of £34,954k over the period 2021/22 to 2023/24. In addition, it was planned to step down use of General Balances from £6,334k in 2020/21 to zero over two years which would increase the total savings requirement to £41,288k.
22. The budget strategy presented to Cabinet and Council assumed that use of the Social Care Precept and inflationary growth in Council Tax (pegged at 90% of the maximum permissible level) would generate £14,959k, with £1,113k full year effects from approved savings proposals reducing the residual budget gap to £25,216k for 2021/22 to 2023/24 as set out below.

Table 3: February 2020 Budget Strategy

	2020/21	2021/22	2022/23	2023/24	Current MTF
	£'000	£'000	£'000	£'000	£'000
Underlying Savings Requirement	9,792	12,765	11,529	10,660	34,954
Unwind Prior Use of Balances	7,776	6,334	3,000	0	6,334
Total Savings Requirement	17,568	19,099	14,529	10,660	41,288
Proposed Council Tax Increase	(4,421)	(4,695)	(4,983)	(5,281)	(14,959)
In-year Call on General Balances	(6,334)	(3,000)	0	0	0
Current Savings Proposals	(6,813)	(760)	(203)	(150)	(1,113)
Savings to be identified	0	10,644	9,343	5,229	25,216
Closing General Balances	(27,905)	(24,905)	(24,905)	(24,905)	N/A

23. This approach was expected to reduce unallocated General Balances to £24,905k, providing a level of headroom against the £15,000k minimum level of balances required to manage risks in an authority such as Hillingdon. To avoid further depletion of balances, this strategy necessitated the delivery of approximately £10,000k savings over the two budget setting

cycles in 2021/22 and 2022/23. Beyond this timeframe, projections were for an annual savings requirement of circa £5,000k per annum – driven by growing demand for services and cost inflation being partially offset by a growing tax base and inflationary uplifts on income.

2019/20 Outturn

24. At the time of budget setting in February 2020, General Balances had been projected to total £34,239k at 31 March 2020. An improvement of £1,019k was reported in the final months of the year as unallocated growth and contingency sums were released alongside minor improvements across a range of services, which together with the decision to capitalise £2,274k of Highways expenditure previously planned to be funded from Earmarked Reserves increased this underspend to £3,293k.
25. This improvement of £3,293k was set aside in Earmarked Reserves to provide funding for COVID-19 pressures not covered by grant monies, and supplemented by redirecting other previously earmarked sums to create a £9,126k reserve for COVID-19 costs, while General Balances remained at the budgeted level of £34,239k.

2020/21 Budget Monitoring Position

26. As at Month 9, pressures totalling £32,160k are projected in relation to the various impacts of the COVID-19 pandemic on General Fund operations during 2020/21, with £1,883k falling in 2019/20 taking total pressures from the pandemic forecast to reach £34,043k by 31 March 2021. Significant additional funding has been awarded to manage these pressures, with specific grants and the Government's commitment to finance 75% of Fees & Charges losses above a 5% threshold projected to total £37,010k and therefore sufficient to manage the identified pressures.
27. While funding due from Government therefore currently exceeds identified pressures, it is likely that the ongoing management of the pandemic and its local impacts will result in further costs emerging over the remainder of this year and into 2021/22. In the event that in year costs exceed available grants, the COVID-19 reserve is available to isolate any impacts from General Balances.
28. With COVID-19 related pressures being managed in this way, an underspend of £3,432k is reported across the Council's normal General Fund operations. The £3,432k underspend consists of £2,662k service underspends within the directorates and a £770k underspend on capital financing and funding.
29. Within the £2,662k on normal activities, there are a number of pressures which are being managed and in the current year offset through wider underspends. These underspends are being predominantly driven by the COVID-19 pandemic, in service areas unable to run at normal levels, or forced to close, due to measures put in place to help contain the virus and reduce the rate of infection.

30. The £770k underspend on capital financing and funding includes a one-off windfall of £161k related to Icelandic investment recoveries and the benefit of maintaining short term borrowing. A minor £4k overachievement of income is reported on Corporate Funding, as the exact level of grant funding for the year was not confirmed until after Cabinet and Council approved budgets in February 2020.
31. Taking account of the budgeted £6,334k drawdown from General Balances, this position will result in unallocated General Balances totalling £31,337k at 31 March 2021.

2021/22 Budget Development

32. Services have been developing savings proposals with a view to bridging the future budget gap and the growing cost of providing valued services to residents. In addition to this work across directorates, a comprehensive review of the corporate elements of the budget has been undertaken since February, capturing funding, inflation and capital financing. During the autumn, a series of challenge sessions were held to affirm the budget position. Each session followed a similar format reviewing:
 - The current position in 2020/21 - both monitoring and savings delivery.
 - Existing and emerging pressures that need to be addressed in the 2021/22 budget and forecasts for future years.
 - Progress on the development of savings proposals for 2021/22 and beyond.
 - Identification of any potential growth or invest-to-save bids.
 - Capital Programme requirements.
33. As noted above, in February 2020 the savings requirement for 2021/22 had been estimated to be £19,099k, which has been revised downwards by £2,829k – primarily due to a favourable movement in funding announced in the Spending Review and indicative allocations in the Provisional Local Government Settlement, the Chancellor’s announcement on freezing public sector pay and managed reductions in borrowing costs offsetting a higher than anticipated pay award in 2020/21. The resulting budget gap for 2021/22 therefore stands at £16,270k after unwinding the planned £6,334k drawdown from balances for 2020/21, which is to be managed through a combination of £5,795k additional revenue from the proposed Council Tax increase, £8,054k savings and £2,421k release from General Balances to meet the residual gap.
34. Over the three year MTFP period the total budget gap stands at £39,800k, with a budget strategy to manage this through a combination of Council Tax increases, use of General Balances and £23,661k of existing and future savings proposals as set out in the Medium Term section of this report. Longer term projections covering the following three years are included in the body of the report, with a five year medium term outlook presented to provide context for decision making and align to the horizon for capital investment plans.

GENERAL FUND REVENUE BUDGET

BUDGET REQUIREMENT

35. This report sets out further detail on the refresh of the MTFF position which drives the latest forecast savings requirements and other figures presented in this MTFF report. It covers in detail the assumptions that have been made with regards to inflation, funding demographics etc.
36. The resultant movement from the 2020/21 baseline through the three-year budget cycle to 2023/24 budget requirement is summarised in the following table, incorporating the latest estimates for funding, inflation and growth in demand for services to reach a refreshed saving requirement of £33,466k, increasing to £39,800k after unwinding the prior use of balances.

Table 4: 2021/22 to 2023/24 Budget Requirement

	2020/21	2021/22	2022/23	2023/24	Current MTFF
	£'000	£'000	£'000	£'000	£'000
Changes in Recurrent Funding	(7,689)	705	(3,959)	(2,585)	(5,839)
Changes in One-Off Funding	6,312	(2,784)	3,091	(28)	279
Inflation	6,222	4,700	6,342	6,497	17,539
Corporate Items	664	3,486	1,498	5,938	10,922
Contingency (Service Pressures)	4,260	3,779	3,330	3,406	10,515
Priority Growth	23	50	0	0	50
Underlying Savings Requirement	9,792	9,936	10,302	13,228	33,466
Unwind Prior Use of Balances	7,776	6,334	2,421	1,000	6,334
Total Savings Requirement	17,568	16,270	12,723	14,228	39,800

37. The following sections of the report set out the latest position on funding alongside inflation, corporate items, contingency and priority growth to explain the context behind the £33,466k underlying saving requirement.

FUNDING SOURCES

38. Recurrent funding available to support the budget requirement is projected to total £225,921k in 2021/22, rising to £232,465k by 2023/24. This recurrent funding is supplemented by £4,108k of one-off funding, including £2,734k for the Local Council Tax Support Grant and £834k of funding from Earmarked Reserves in 2021/22 to compensate for COVID-19 related pressures within funding impacting on the Council's saving requirement. In total this provides £230,029k of funding for services before considering the proposed Council Tax increase and the use of balances. With one-off funding being forecast for 2023/24 of £1,045k, increasing total resources £233,510k by year three. Total funding

therefore increases by £5,560k between 2020/21 and 2023/24 as a result of increases in local tax yield alongside a minor increase in Government Grants.

39. This position presented below demonstrates the return to regular growth in both Business Rates and the Revenue Support Grant from 2022/23 onwards, with Council Tax increases being driven by a growing taxbase as a result of housing development in the borough, alongside Business Rates yield increases due to the regular CPI uplift returning to normal levels, at an estimated 2%, bringing a net benefit to the Council's funding position of £5,505k. This is being offset by a reduction in Government Grants by a marginal £334k, predominantly coming from an increase in Social Care funding and the new Lower Tier Services Grant offset by a reduction in the New Homes Bonus, bringing a total uplift in recurrent funding of £5,839k, whilst one-off funding is forecast to move adversely by £279k, equating to a net movement on total funding of £5,560k.

Table 5: Funding Projections

	2020/21 £'000	Change £'000	2021/22 £'000	Change £'000	2022/23 £'000	Change £'000	2023/24 £'000
Council Tax Base	(120,786)	42	(120,744)	(2,801)	(123,545)	(1,420)	(124,965)
Business Rates Income	(56,005)	900	(55,105)	(1,102)	(56,207)	(1,124)	(57,331)
Revenue Support Grant	(6,763)	(38)	(6,801)	(138)	(6,939)	(139)	(7,078)
Other Government Grants	(43,072)	(199)	(43,271)	82	(43,189)	98	(43,091)
Recurrent Funding	(226,626)	705	(225,921)	(3,959)	(229,880)	(2,585)	(232,465)
Collection Fund Deficit	(459)	1,387	928	1,030	1,958	0	1,958
Collection Fund Deficit Govt Funding	0	(1,468)	(1,468)	0	(1,468)	0	(1,468)
Local Council Tax Support Grant	0	(2,734)	(2,734)	2,734	0	0	0
Business Rates Pilot Pool	(865)	865	0	0	0	0	0
Release of COVID-19 Reserves	0	(834)	(834)	(673)	(1,507)	(28)	(1,535)
One-Off Funding	(1,324)	(2,784)	(4,108)	3,091	(1,017)	(28)	(1,045)
Total Funding	(227,950)	(2,079)	(230,029)	(868)	(230,897)	(2,613)	(233,510)

40. The rationale behind current funding assumptions and associated risks are discussed for each revenue stream in turn below. Local income projections reflect latest intelligence around new economic and residential development in the borough, with recent experience indicating limited scope for material variation in these estimates. Projections for grant funding for 2021/22 are primarily based on the outcomes of the Spending Review 2020 and the Provisional Local Government Settlement, indicating that funding remaining largely stable in the short term thereafter. As the Spending Review covered only the one financial year to 31 March 2022 there remains a level of uncertainty in this forecast. In addition, no income is forecast for any pooling arrangements across London, with the London Pool losing its pilot status on 31 March 2020 and the impacts of the pandemic on the capital's Business Rate yield, meaning the London Pool will not be going ahead in 2021/22.

Council Taxbase Projections

41. Income from Council Tax is projected to decrease by £42k through a reduction of 36 Band D equivalent, or 0.04% in the taxbase, as a result of continuing residential development across the borough being lower than the reduction driven by increased demand for the local Council Tax Reduction Scheme (CTRS) as a result of the pandemic, with this reduction equating to 1,048 properties, in previous years the turnover rate has led to a reduction in Band D equivalents of 200 properties. Income is expected to return to an increase from 2022/23 onwards as a result of unwinding the increase in demand for CTRS, with a further £2,801k in 2022/23 and £1,420k in 2023/24, with the reduction in demand for the CTRS forecast to return to the normal attrition rate of 200 Band D properties per annum. This taxbase growth provides a mechanism to contribute towards funding the growing demand for services linked to an expanding local population.

Table 6: Council Tax Base Projections

	2020/21 Band D	Change Band D	2021/22 Band D	Change Band D	2022/23 Band D	Change Band D	2023/24 Band D
Residential Properties	123,275	1,012	124,287	1,012	125,299	1,012	126,311
MOD Properties	683	0	683	0	683	0	683
Discounts & Exemptions	(11,317)	0	(11,317)	0	(11,317)	0	(11,317)
Empty Property Premium	85	0	85	0	85	0	85
Gross Council Taxbase	112,726	1,012	113,738	1,012	114,750	1,012	115,762
Council Tax Reduction Scheme	(9,588)	(1,048)	(10,636)	1,380	(9,256)	200	(9,056)
Allowance for Losses in Collection	(1,031)	0	(1,031)	(24)	(1,055)	(12)	(1,067)
Net Council Taxbase	102,107	(36)	102,071	2,368	104,439	1,200	105,639
Council Tax Revenues (£'000)	120,786	(42)	120,744	2,801	123,545	1,420	124,965

42. New residential development is expected to deliver a net 1,012 Band D equivalent properties after allowing for maintenance of the current 99% collection rate, with 911 of these properties specifically identified from the pipeline of major developments and the remaining 101 expected to be secured through smaller developments.
43. This position is being offset by a reduction of 1,048 Band D equivalent properties in the taxbase in 2021/22, with the three year impact expected to lead to an increase of 532 properties by 2023/24 with this forecast increase to be met from a continuation of the trend for reduced uptake of the Council Tax Reduction Scheme through the unwinding of historic protections through normal attrition rates. In previous years this reduction has been higher, however, due to increased demand for Council Tax Support in 2020/21 due to COVID-19 and households facing increased financial difficulties, a high level of demand for support has presented in the first half of the year. The projections anticipate a return to the normal

decrease playing out over 2021/22 and the increase in demand for CTRS reversing in 2022/23 as the economy starts to recover from the impact of the pandemic, with a return to the normal net 200 increase in Band D properties in the tax base from 2023/24 onwards.

44. With the impact from the loss of collection not expecting to have a material impact in 2021/22 due to the small movement in the taxbase, with this position returning to normal by 2023/24 leading to a net reduction in Band D equivalents of 12 properties, representing the normal allowance for the loss of collection, as in normal circumstances the Council consistently achieves a 99% collection rate.

Council Tax Increases and the Social Care Precept

45. This draft budget includes a 4.8% increase in the headline rate of Council Tax, securing £5,795k additional funding to support local services at a cost of £56.78 per annum for a Band D household and a further £48.90 in 2023/24 based on a 3.8% increase from 2022/23 onwards. The 4.8% uplift is based on 90% of the 2% anticipated increase across London (1.8%), plus making full use of the 3% Adult Social Care Precept in 2021/22, reducing down to 2% from 2022/23 on the assumption that the Government return to this threshold at the next Spending Review.
46. The Spending Review 2020 and Provisional Local Government Settlement confirmed the continuation to give the Council the option to increase basic Council Tax by 2% per annum without triggering a referendum for a further year with confirmation that the Social Care Precept will continue into the new year, with the option to increase Council Tax by a further 3% for 2021/22. The Social Care Precept level has been increased by 1% (from 2% to 3%) because of the exceptional pressures being experienced within Social Care arising from the COVID-19 pandemic. This budget has been prepared around the assumption that Hillingdon adopt the Social Care Precept at the 3% level, returning to the previous level of 2% from 2022/23 and throughout the remainder of the medium term. The extra 1% Social Care Precept will be set aside to fund COVID-19 related pressures. A 1% movement in Council Tax would represent £11.83 per annum on the Council's share of a Band D household and generate £1,165k additional revenue.
47. This proposed uplift includes continuing the use of the Social Care Precept at the reduced rate of 2% in the future years, on the assumption that the Government return the increase to the prior years' value. In the absence of the anticipated Social Care Green Paper, it is expected the Government will continue to utilise this as one of the preferred mechanisms to fund growth within Social Care until such as time as the paper is published. In addition, a consultation on the continuation of the precept was due from Government pre-pandemic and is likely to emerge in the near future, which would underline their commitment to this being a key funding stream for future growth in the cost of Social Care.
48. The remaining 1.8% reflects Hillingdon's ongoing policy of differentiation across neighbouring boroughs against a likely 2% uplift across London. This uplift is intended to

provide a mechanism to contribute towards inflationary (£4,700k) and demand-led growth in the cost of services (£3,456k) projected to total £8,156k in 2021/22, increasing to £9,903k by 2023/24.

Council Tax Discounts and the Older People's Discount

49. Following on from the additional support offered to Council Tax Reduction Scheme (CTRS) claimants in 2020/21, the Council will continue to support claimants by granting working age beneficiaries with an additional £75 discount against their net Council Tax liability, applied after the CTRS discount to help support some of the more financial vulnerable residents of the borough.
50. The Older People's Discount scheme was set up and funded for the first 12 years from within the base budget funded through service efficiencies. When the scheme was first set up the Council also put further efficiency savings into an Earmarked Reserve in case it was required to fund the scheme. This Earmarked Reserve was not required and accordingly in 2019/20 and 2020/21 (years 13 and 14 of the scheme) was drawn down to support the scheme. In the current year the scheme cost is projected to total £1,726k, which would rise to £2,009k if continued unchanged into 2021/22.
51. Given the ongoing COVID-19 pandemic it is proposed that the scheme be discontinued. However, it is proposed that the cash discounts for those households already in receipt of the discount during the 2020/21 financial year will be maintained going forward ensuring they continue to receive the same level of financial support as they do currently, although they will see their Council Tax bills rise in line with the headline Council Tax increase and the Social Care Precept. It is also proposed that the scheme be closed to new entrants from 1 April 2021. An Equalities Impact Assessment has been completed on these changes to review the impact from decision on protected groups, the assessment is included in Appendix 14.
52. The continuation of existing discounts is projected to cost £1,521k in 2021/22 and £1,422k in 2022/23, with the cost expected to decline in subsequent years. The cost in 2021/22 and 2022/23 of £2,943k in total will be funded from Earmarked Reserves as the capacity to deliver increased savings in this period of time is limited but from 2023/24 onwards it will be funded from efficiency savings.

Business Rates Income

53. The current forecast includes a forecast reduction in the Rating List of £12,000k yielding a reduction of £5,988k of gross Business Rates income as a result of COVID-19 and the impact on the financial sustainability of local businesses. After factoring in this reduction, under the current 50% Business Rates Retention system, the Council is projecting to retain £55,105k or 15% of the £368,393k expected to be collected from commercial property across the Borough in 2021/22. Following this reduction, the Council is forecasting a stable

Business Rates taxbase from 2022/23 onwards meaning retained rates are forecast to increase by £1,102k to £56,207k, with a further increase of £1,124k in 2023/24 taking total retained income to £57,331k as a result of the annual uplift in the Business Rates multiplier.

54. The Council receives 15% of additional income generated through expansion of the taxbase above the baseline level set by Government, with the reduction in the taxbase forecast as a result of the pandemic, retained growth is forecast to reduce by £900k to £7,884k. Together with the £47,221k baseline level of income to be retained locally, this delivers £55,105k to support local services. From 2022/23 onwards the 15% retention of additional growth is forecast to return to an increasing funding streaming for the Council, with £158k of the £1,102k growth in Business Rates anticipated to come from retained growth, increasing to £161k in year 3.
55. The remainder of the £368,393k to be collected in 2021/22 and corresponding value in 2022/23 onwards is redistributed between Central Government, the Greater London Authority (GLA) and local authorities across England through the Tariff and Levy mechanisms.
56. There remains a material amount of uncertainty within Business Rates income as a result of an open review between Heathrow Airport Limited and the Valuation Office Agency. Due to the pandemic the airport is currently experiencing a large reduction in footfall and business. Heathrow Airport Limited have therefore opened a case with the Valuation Office Agency for a reduction in the rateable value of the airport site. The review is currently at the 'Challenge' stage of the 'Check, Challenge, Appeal' process. If Heathrow Airport Limited are successful with their appeal, any reduction will have a significant direct impact on the Council's funding, as unlike a discount, decreases in value are not funded by a compensating Government grant. However, the Government have confirmed that there will be funding support for the first 75% of Collection Fund losses, meaning the remaining 25% falls on the Council to fund.
57. The value of the reduction at the airport has the potential to consume a significant proportion of the Council's retained growth and reduce the Council's funding by approximately £3,600k. For 2020/21 this means that 40% of the Council's Retained Growth of £8,784k could be in jeopardy, with potential impacts of such a reduction spanning into future years.
58. While documentation of the 'Challenge' shared by the Valuation Office Agency does not provide additional context, informal discussions with Heathrow Airport Limited indicate that they do not expect the drop off in passenger numbers to be recovered until 2025 which would result in reduced Business Rates payments over an extended period. An initial estimate of the cumulative impact of these losses exceeds £40,000k by 2024/25, with 75% of this value to be funded by Government support announced in the Spending Review 2020 for losses incurred in 2020/21, meaning should the Government opt to continue this scheme throughout this period 25% of this impact, i.e. losses exceeding £10,000k will fall on the

Council and therefore would fundamentally impact upon the Council's financial position and in the absence of any support rapidly exhaust General Balances.

59. On a similar basis, intelligence suggests that many offices may also seek a reduction via this process, with early indications being reductions in the rateable value of the Council's circa £146m office taxbase leading to a significant impact on the Council's Business Rates yield, with figures quoted of circa 25% reduction in rateable value, such losses would reduce the Council's funding by approximately £2.7m.
60. The budget figures presented in this report do not currently include these potential impacts, but the Councils across London will be identifying this risk to Government. With this potential loss not factored into the Council's projections, the Council will not be able to spread the impact over three financial years. However, given the funding strategy to manage this risk would be from Earmarked Reserves already set aside, the ability to spread this impact is less significant. Should these rates appeals materialise by year end, the Council will be compensated in 2021/22 for 75% of these losses through the Government's deficit compensation scheme. The Council has escalated this unsatisfactory position with MHCLG and is adopting this method as the agreed approach across London, with a view to resolving this risk prior to closing the Council's accounts, but as things stand, they remain a significant risk.

London Business Rates Retention Pool

61. Despite the Government's continued commitment to move to a national 75% retention rate, for 2021/22, it was anticipated in the consultation budget presented to Cabinet in December 2020 that London will continue to operate under the 50% retention rate system, as is the case for 2020/21. However, following the Provisional Local Government Settlement and updated projections incorporating further reductions in Business Rates income, London has decided to withdraw its application to operate a Pool in 2021/22, this decision has a net nil impact on Hillingdon as the consultation budget presented no benefit from pooling expected in 2020/21.

Collection Fund Surpluses

62. As at Month 9, a deficit of £4,844k is projected across the Council's share of the 2020/21 Collection Fund, incorporating a £3,039k deficit on Council Tax and £1,805k deficit reported against Business Rates income. In line with updated guidance due to COVID-19, Central Government have advised authorities that this assessment of the likely in-year deficit can be released over a three year period as opposed to the standard practice of releasing the entire surplus or deficit generated by the Collection Fund in the following year.
63. Within the £4,844k deficit, a surplus of £702k relates to 2019/20, meaning this value is fully released in 2021/22, furthermore, accounting adjustments within Council Tax also are fully released in 2021/22, equating to a further surplus of £326k, with the remaining deficit of

£5,873k being spread over the three year period, i.e. the deficit is being spread over the period 2021/22 to 2023/24 in equal thirds of £1,958k (with 2021/22 being offset by the £1,028k 2019/20 surplus and Council Tax accounting entries) as opposed to the whole £4,844k falling on 2021/22.

64. The Spending Review announced a support package from the Government against the Collection Fund deficit, with the confirmation that 75% of the deficit will be covered by the Government. This budget therefore includes £4,404k of Government support spread over the three-year period from 2021/22 to 2023/24.

Central Government Grant

65. The position presented in this budget report is based on a one year settlement announced in the Spending Review 2020 alongside the Provisional Local Government Settlement, meaning a level of uncertainty exists within the Council's Government Grant funding in the absence of a multi-year settlement. The position presented in this report includes an anticipated small overall increase in grant funding of £237k, driven predominantly by increases in Social Care funding and the newly announced Lower Tier Services Grant, offset by a reduction in the New Homes Bonus, in 2021/22 to £50,072k, with a £56k increase in grant funding forecast for 2022/23, alongside an increase of £41k in 2023/24, taking total funding to £50,169k.
66. The Spending Review 2020 confirmed another one-year settlement for Local Government, bringing with it a level of uncertainty for the Council's funding in future years in the absence of a multi-year settlement. In addition, the Fair Funding Review was expected to look at distribution methodology across Local Government, but this is now delayed until 2022/23.
67. Under the current Business Rates Retention system, the Revenue Support Grant and Baseline Business Rates income are calculated from the Settlement Funding Assessment, and it has been confirmed that the Government will only be uplifting this value in line with inflation (0.5%), moving away from the 2020/21 real terms increase. However, the Government has chosen to action this by increasing the Revenue Support Grant, but hold the Baseline Business Rates income flat, instead opting to freeze the uplift on the Business Rates multiplier and compensate the Council via a Section 31 Grant. By doing this the Government can support businesses, protecting them from inflationary uplifts in their Business Rates liability to support businesses during the pandemic. This means the Council's Settlement Funding Assessment is forecast to increase by £38k in 2021/22, or 0.1%. From 2022/23 onwards it is anticipated that inflation rates return to the Bank of England target rate of 2% delivering a further £2,222k by 2023/24.
68. The Public Health Grant is expected to remain consistent at £17,810k for 2021/22 and beyond, but is yet to be confirmed, the increase presented in the appendices that accompany the Budget Strategy report reflect the 2020/21 grant award that was confirmed after the Council set its budget at February Council. This additional funding will be

reinvested back into the service, with a net nil impact on the overall budget gap, with a review of the required inflationary pressures within the service due to be conducted as the first call on the additional funding.

69. Better Care Fund projections for 2021/22 total £7,173k, incorporating an additional £200k above the 2020/21 funding level in line with the position reported to February Council, with £95k of this value relating to 2020/21 as the Section 75 Agreement that sets the funding level was agreed after the 2020/21 budget was set at February Council, with the remaining £105k relating to the 1.4% uplift originally built in for 2021/22. This change brings total funding to £7,375k by 2023/24. In addition to this, the Improved Better Care Fund (iBCF) is forecast to remain consistent throughout the MTFF with the 2020/21 position at £7,248k and includes the continuation of the inclusion of the Social Care Winter Pressures Grant in the iBCF in line with 2020/21. In addition, the Council's share of the new Social Care Grant confirmed as part of Spending Review 2019 at £5,896k, has been increased by £977k in 2021/22 to £6,873k and the MTFF assumes that this continues thereafter.
70. New Homes Bonus income of £2,385k is expected for 2021/22, representing a decrease of £1,354k on the 2020/21 allocation, primarily resulting from changes to the calculation methodology of the grant as announced as part of the Spending Review 2019, whereby the period of which local authorities are assessed against for delivering additional housing has been reduced by 1 year, from 4 years to 3 years. The Spending Review 2020 confirmed the continuation of this grant into 2021/22, however, there is a clear indication that the Government intend to cease this funding stream in the future with the review of this grant anticipated to be carried out this year by the Government having been delayed due to the global pandemic.
71. Other corporately managed grants are projected to total £1,782k for 2021/22, representing an increase of £217k on 2020/21 allocations primarily due to the newly announced Lower Tier Services Grant adding £427k to the Council's grant funding, offset by a forecast reduction in the Housing Benefit Administration Subsidy Grant, as the level of demand for Housing Benefit reduces due to new claimants being directed to Universal Credit. This is the only change anticipated for 2022/23, with a further reduction of £200k, bringing the total for other corporately managed grants to £1,400k in 2022/23 of this report, with a further £200k reduction in 2023/24.

Government Funding Uncertainty

72. Due to the ongoing pandemic, the Government's Spending Review 2020 presented a one-year settlement, with the position presented in this budget being based on the interpretation of this announcement and the figures firmed up in the Provisional Local Government Settlement, with confirmation of the 2021/22 funding anticipated in early 2021. This budget is therefore based on the Council's best estimates of funding anticipated from 2022/23

onwards, however, in the absence of a multiyear settlement, these forecasts carry an element of uncertainty.

73. The position presented in this budget for 2021/22 is largely driven by the Provisional Local Government Settlement, which presents a small increase in Government funding (0.2%) being nearly wholly driven by the increase in Social Care funding, offset by the reduction in the New Homes Bonus in line with the announcement made as part of the Spending Review 2019.
74. In the absence of a multiyear settlement, and the potential risk that the Government will begin to recoup additional borrowing it has had to make due to the pandemic, it is important to recognise the potential volatility in funding from 2022/23 onwards, with a 1% movement either way equating to approximately £971k, with any potential additional funding from 2022/23 onwards providing additional flexibility to reduce the Council's call on General Balances in that year (£2,380k), whereas a funding decrease would likely lead to an increase in the budget gap that would ultimately need to be addressed through the Council's saving programme.

COVID-19 Funding

75. The release of Earmarked Reserves presented in this budget position reflects the use of reserves available to be deployed to fund COVID-19 pressures, meaning the impact of the pandemic does not fall on the General Fund in 2021/22 or 2022/23, with the ongoing effects of COVID-19 starting to impact on the budget position from 2023/24 of the MTFE as a result of a reduced Business Rates taxbase.
76. The underlying saving requirement is therefore unaffected by COVID-19, with £3,876k being deployed over the three-year period, with this budget strategy utilising the identified £9,126k Earmarked Reserves available to fund pressures driven by the pandemic.
77. The Budget Strategy presented in this budget is predicated on the assumption that any further pressures resulting from COVID-19 will be met by additional Government funding, with the planned use of Earmarked Reserves being used only to meet the ongoing pressures within the Collection Fund from a reduced tax base within Business Rates and to fund the future year impacts of the 2020/21 Collection Fund deficit, with the newly announced Government scheme funding 75% of the deficit, leaving 25% to be funded by the Council from this source.

INFLATION

78. An inflation requirement of £4,700k has been estimated for 2021/22, with £5,457k of cost increases across £270,995k expenditure budgets subject to inflationary pressures and a corresponding £757k uplift on associated income budgets. The most significant items within this provision are £1,327k on workforce budgets, £2,443k on care placement budgets and £1,241k on contracted services. With this position forecast to increase the inflation requirement in 2022/23 by £1,642k to £6,342k, with an additional £155k being required in year 3 taking the total provision to £6,497k.

Table 7: Inflation Provision

	2020/21 Baseline	Inflation Rate	2021/22 Inflation	2022/23 Inflation	2023/24 Inflation
	£'000	%	£'000	£'000	£'000
Workforce Expenditure (including Pension Contributions)	125,795	1.1% 21/22 2.0% onward	1,327	3,200	3,282
Added Years Pension Costs	1,900	0.5% 21/22 2.0% onward	10	38	39
Energy	2,617	8% 21/22 5% onward	210	141	148
Vehicle Fuel	1,053	2.3%	24	54	57
Contracted Expenditure	42,807	2.0%	1,241	915	939
Homecare Provision (Adult Social Care)	12,007	3.0%	360	371	382
Care Placements (Adult Social Care)	50,848	2.4%	1,535	1,571	1,609
Care Placements (Children's Services)	21,429	2.0%	548	562	575
Business Rates	3,199	2.0%	16	64	66
Levies	9,340	2.0%	186	190	194
Gross Inflation Provision	270,995		5,457	7,106	7,291
Less: Externally Funded Items	N/A	Various	(757)	(764)	(794)
Net Inflation Provision	270,995		4,700	6,342	6,497

79. The annual Workforce Expenditure uplift has been estimated at 0.35% per annum in 2021/22 following the Government's announcement in the Spending Review that there will be a pay freeze for all staff earning greater than £24k per annum, and 2022/23 based on a return to more recent pay awards, with the 2.75% pay award for 2020/21 expected to be an outlier with general inflation well below the Bank of England 2% target rate. The position presented in this report includes an uplift of 1.11% in 2021/22 due to the requirement to catch up on the funding of the additional 0.75% pay award for 2020/21 above the 0.35% estimate for 2021/22. Whilst payroll uplifts are based on the projected 0.35% pay award, agency uplifts vary across the services, but are expected to be broadly in line with the anticipated pay award. Alongside this, the Employer's Pension Contribution rate has been set to 0% for 2021/22 following the 2019 Triennial Valuation of the Pension Fund, with an anticipated 0.5% being added from 2022/23 onwards. Where staff costs are financed from

a targeted Government grant, or recharged to capital or other funding streams, associated income targets have been updated.

80. Added Years Pension costs, reflecting historic commitments above standard pension entitlements to former employees, are updated annually in line with CPI from the preceding September. This figure has now been published at 0.5%, leading to £10k in 2021/22 being built into the position, increasing to 2% the year after, adding £39k by 2022/23 against a £1,899k base budget.
81. Energy inflation has been applied to the Council's electricity and gas budgets in line with recent experience, with an uplift of 8% or £210k included for 2021/22 reducing to 5% or £148k in 2022/23. Vehicle fuel has been updated by 2.3% or £24k, fuel inflation has been negative since March 2020 as COVID-19 reduced demand, this position therefore reflects a return to more normal inflation rates in fuel from next year, increasing from 2022/23 to our normal fuel inflation assumption rate of 5% for the medium term adding £54k to the 2022/23 budget requirement and a further £57k the year after.
82. Provision of £1,241k has been included for the Council's £42,807k of externally contracted expenditure, representing a 2.9% uplift on expenditure, with inflation in this area forecast to be 2% for the majority of contracted expenditure, with an overall increase of 2.9% as a result of ICT contracts forecast to have a step change in 2021/22. This position is expected to reduce to 2% in 2022/23 in line with expectations that CPI will revert to the Bank of England target rate by this time. As in previous years, it is not expected that this inflation requirement will fall evenly across contracted spend and where appropriate providers will be expected to secure efficiencies where possible, it is therefore proposed that the Director of Finance will continue to approve releases from this provision.
83. In addition to general contracted expenditure, care placement costs across Adult and Children's Social Care of £84,284k are expected to be subject to inflationary pressures. As in previous years, inflation projections are based on an assumption that the salaries-based elements of contracts will be updated at least in line with the London Living Wage, which saw a 1.9% increase to £10.75 per hour in November 2019. Given the potential challenges in post-Brexit recruitment and retention for a sector heavily reliant on European Union nationals, wage growth of 4% has been assumed in this draft budget, which equates to an inflationary uplift of £2,443k in 2021/22, increasing to £2,566k by 2023/24. In line with other contracted expenditure, the Corporate Director of Finance will continue to approve releases from this provision on a case by case basis.
84. Furthermore, inflation has been applied to Clinical Commissioning Groups (CCG) contributions to care packages in line with expenditure uplifts offered to suppliers, this is on the basis that Health contribute fixed percentages to care costs on a client by client basis, with uplifts offered to suppliers translating into increased income from the CCG. The uplift

applied to these budgets equates to £323k in 2021/22, growing to £340k by 2023/24, and is included in the Externally Funded items in table 4.

85. The final element of the Social Care inflation provision is based on the inflationary increases in care package costs affecting incomes for those clients contributing to the cost of their care, with a further £218k forecast to be received as part of the annual uplift in client charges. These uplifts are predominantly driven by increases in the benefits received by the clients, funded by the Department of Work & Pensions.
86. Provision of £16k is included to support inflationary uplifts and unwinding of transitional relief on Business Rates for the Council's own properties in 2020/21, increasing to £66k by 2023/24. In addition, £186k inflation has been included on the £9,340k levies budget in 2021/22, increasing to £194k by 2023/24, reflecting a 2% uplift against Concessionary Fares of £8,424k in 2020/21 to fund both growth in demand and limited increases in travel card costs, with the remaining levies being uplifted in line with the Council Tax referendum threshold.
87. Where specific income streams are linked to expenditure budgets subject to inflationary pressures, these have been uprated to avoid overstating the net inflation requirement for 2021/22 and throughout the MTFF period. This £757k includes the £323k of CCG contributions and £218k of client contributions within Social Care mentioned above leaving the remaining balance of £216k to come from workforce costs rechargeable to dedicated funding streams, with externally funded inflation set to increase to £794k by 2023/24.

CORPORATE ITEMS

88. There are a range of issues impacting upon the Council's overall budget and are therefore managed corporately, including movements in Capital Financing Costs, the Added Years Pension Costs, the unwinding of the flexible use of capital receipts to finance service transformation and some smaller items shown in the table below alongside some additional one-off items of investments and savings. It is projected that the net cost of these items will increase by £3,486k in 2020/21, increasing to £5,938k by 2023/24.

Table 8: Corporate Items

	2021/22 Corporate Items £'000	2022/23 Corporate Items £'000	2023/24 Corporate Items £'000
Capital Financing Costs	1,572	1,515	3,445
Cost of Older People Discount	1,521	(99)	(92)
Earmarked Reserves use for Older People Discount	(1,521)	99	1,422
Implement Council Tax Hardship Allowance	1,271	(1,271)	0
Addition to the COVID-19 Earmarked Reserve	1,207	0	0
Housing Benefit Subsidy (Recovery of Overpayments)	100	100	100
Flexible Use of Capital Receipts to finance Service Transformation	309	965	0
Concessionary Fares Rebate	(1,107)	(444)	1,088
Movement in Added Years Pension Costs	(25)	(25)	(25)
Adjustments to Corporate Budgets	3,327	840	5,938
Additional Investment in Public Health	159	0	0
Troubled Families Programme	0	658	0
Total Corporate Items	3,486	1,498	5,938

89. An uplift of £1,572k in respect of capital financing costs is included in this 2021/22 budget, with a further £3,445k forecast by 2023/24, or £6,532k over the three-year period. Broader implications of current capital commitments and drivers of the cost of borrowing are outlined in the Capital Programme later in this report, but essentially any capital expenditure from 2020/21 onwards not fully funded through grant or capital receipts will necessitate physical borrowing and therefore contributes towards the headline savings requirement over the medium term.
90. Presented in the Capital Programme section of this report are details behind the reduction in expected future borrowing of £54,913k, with the latest intelligence on the likely cost of financing debt, projections for ongoing capital financing costs have been refreshed and a net improvement of £3,527k has been identified over the period to 2025/26 from the position presented at February 2020 Cabinet. With £2,458k of this improvement directly linked to the reduction in debt financed capital investment and the remaining £1,119k improvement from lower than previously projected long-term borrowing costs as the UK Government gilts remain at historically low levels.
91. The cost of maintaining existing cash discounts for those households already in receipt of the Older People's Council Tax Discount and associated release of sums from Earmarked Reserves are included as Corporate Items for 2021/22 and 2022/23 within this draft budget. Then from 2023/24 the cost of the discount will be funded from savings. Further information on this scheme is set out from paragraph 49.
92. The Council's budget strategy is predicated on the Government funding any costs directly associated with the pandemic, however, it is likely that there will be costs in Adult Social

Care as a result of increased demand from COVID-19, primarily relating to new care placements, which will represent an ongoing cost to the authority. The Council has therefore deemed it prudent to add £1,207k to the COVID-19 Earmarked Reserve to fund this pressure, with this value representing the 1% of the increased Council Tax income generated by the 3% Adult Social Care Precept.

93. Within the Housing Benefit Subsidy system, declining levels of outstanding overpayments and associated requirement for doubtful debt provisions, as initiatives such as RTI and FERIS enable more timely changes to benefit awards, are expected to reduce income secured from Government through this route by £100k per annum throughout the MTF. Ongoing work reviewing the transition from Housing Benefit to Universal Credit is being reviewed in light of the latest intelligence and demand metrics, with an anticipated impact coming from COVID-19 and the effect the pandemic is having on the economy and financial hardship faced by residents that could lead to an accelerated take up of Universal Credit.
94. Under current Government guidelines, the Council is permitted to fund service transformation through Capital Receipts generated from the sale of assets, with 2021/22 being the last year these guidelines permit these powers. This budget presents the unwinding of these powers within the base budget with a phased release over two years, adding £309k in 2021/22 and a further £965k in 2022/23 to the budget gap as this activity will still be required to deliver future efficiencies.
95. Investment in Public Health activity of £159k has been built into the position, with a review to take place of the inflationary uplifts required in the service and these pressures assumed to be the first call on the additional funding.
96. Following the Spending Review 2020, it was confirmed that the Troubled Families Programme would continue for another year into 2021/22, with no confirmation that this will continue beyond March 2022. This budget reflects the anticipated removal of this £658k income stream from the Council in 2022/23, with no further impact thereafter.
97. Following the announcement from London Councils that Freedom Pass usage is reducing as a result of the restrictions applied during the pandemic, the Council's charge is set to reduce in future years, with London Councils confirming the saving should be in the region of £1,107k in 2021/22, rising to £1,551k in 2022/23 and reducing to £463k in 2023/24, with this rebate expected to be unwound in 2024/25.

DEVELOPMENT AND RISK CONTINGENCY

98. The Development and Risk Contingency is used to manage budgets relating to volatile or demand-led budgets, where there will remain uncertainty as to the level of resources required until actual demand for services is known at outturn. Rather than inflating Directorate Operating Budgets to cover all potential risk items, these are collated and budgeted for in the round.

99. The following table provides an overview of projections across Development and Risk Contingency, with £3,456k of anticipated increases in demand for services linked to demographic / population-led drivers in the 2021/22 budget requirement, increasing to £10,192k by 2023/24.

Table 9: Development and Risk Contingency

	Development & Risk Contingency Items		
	2021/22 £'000	2022/23 £'000	2023/24 £'000
Development and Risk Contingency Opening Balance	13,657	17,436	20,766
Movement in Demographic Growth Items	3,779	3,330	3,406
Movement in Risk Items	0	0	0
Projected Development and Risk Contingency Requirement	17,436	20,766	24,172

100. The following paragraphs provide an overview of items specifically identified within Development and Risk Contingency, identifying key risks and emerging issues where appropriate alongside commentary on proposed management action.

Service Pressures – Demographic Growth Items

101. Waste Disposal Levy and Contracts (£2,050k provision, £900k growth from 2020/21) – Projected costs in respect of waste disposal reflect projected residential development in the borough, alongside increases in the cost of disposal linked to rising landfill taxes and broader market forces with scope for volatility in both volumes and cost during 2021/22.
102. Support for Looked after Children (£3,211k provision, £656k growth from 2020/21) – Growth in numbers of Looked after Children continues to outstrip broader population trends with projected numbers of placements forecast to increase during 2021/22. Given the high unit cost and complexity of reasons for entering care, this is expected to remain a volatile area going forward.
103. Support for Children with Disabilities (£895k provision, £117k growth from 2020/21) – Alongside Looked after Children, Children with Disabilities continues to see growth in placement numbers necessitating a £117k uplift in the contingency requirement for 2021/22.
104. SEN Transport (£2,723k provision, £495k growth from 2020/21) – Following the large investment in this area in 2020/21 (£2,135k) driven by growth in SEN placements, a further increase of £495k has been forecast for 2021/22 reflecting ongoing demand and associated volatility.
105. Adult Social Care Placements (£2,793k provision, £1,288k growth from 2020/21) – Forecast growth in this area is anticipated to be in line with population growth of approximately 2% following the 2020/21 additional investment in the Mental Health service, with this budget

presenting a return to the usual population based growth. In addition, £200k has been added to this position to fund additional demand for legal services related to Adult Social Care, mainly driven by increased demand for Deprivation of Liberty Safeguards (DoLS) assessments.

Service Pressures – Risk Items

106. Homelessness Prevention (£822k provision, no change from 2020/21) – This is an area that has seen significant impact from the COVID-19 pandemic, alongside additional funding from Central Government during the crisis largely targeted at Rough Sleeping. This position assumes a return to the pre-pandemic levels of homelessness, with the expectation being that the Council can manage demand within the average budgeted level of 130 clients and that grant funding opportunities from Government continue to be available.
107. Asylum Funding Shortfall (£1,063k provision, no change from 2020/21) – Home Office funding available to the Council to support Unaccompanied Asylum-Seeking Children remains insufficient to meet the full cost of this demand.
108. Additional Investment Income (£400k assumed income, no change from 2020/21) – Anticipated dividends from the Council's £15,000k minimum level of General Balances which is held in Strategic and Long-dated Pooled Funds to deliver a level of financial return while maintaining security and liquidity of these monies.
109. General Contingency (£500k provision, £323k growth from 2020/21) – In order to manage emerging pressures or other volatility, it is proposed to increase the General Contingency by £323k to £823k, with this increase being linked to the favourable movement in the Council's funding position from the Provisional Local Government Settlement, transferring the benefit to General Contingency to further bolster the Council's position in times of increased uncertainty.

PRIORITY GROWTH

110. This budget includes one specific Priority Growth item of £50k to support Domestic Abuse Initiatives to further support this service area in light of increases in need. In addition, the Council has £1,038k of Priority Growth Earmarked Reserves that can fund any new and emerging issues going into 2021/22, with further Earmarked Reserves being available for specific areas of spend, including Environment and Recreational initiatives (£450k) and the All-Age Sport and Activity Fund (£308k).

SAVINGS PROGRAMME

111. Work to date on the development of a savings programme for the 2021/22 and 2022/23 financial years has identified proposals totalling £10,851k, with £8,054k of this sum being achievable in 2021/22 and the remaining £2,797k to be delivered in 2022/23 as a result of longer lead in times or other dependencies. This programme is outlined below, with savings presented by directorate and theme.

Table 10: Savings Proposals for 2021/22 to 2022/23

	Finance Directorate	Social Care	Environment, Education & Community Services	Building Services, Transport & Business Improvement	Corporate Resources & Services	Cross-Cutting Initiatives	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Transformation	(500)	(150)	(642)	(930)	(2,038)	0	(4,260)
Effective Procurement	(120)	(250)	0	0	0	0	(370)
Managing Demand	0	(1,000)	(500)	(35)	0	0	(1,535)
Income Generation & Commercialisation	0	(100)	(1,105)	(410)	0	(1,011)	(2,626)
Zero Based Reviews	(190)	(250)	0	(1,020)	0	(100)	(1,560)
Policy Decisions	0	0	(500)	0	0	0	(500)
Savings Proposals	(810)	(1,750)	(2,747)	(2,395)	(2,038)	(1,111)	(10,851)

112. The following paragraphs provide an overview of savings proposals included in this draft budget. These include efficiency savings and other measures reducing the cost of service delivery without impacting upon service. Savings measures fall into six broad themes, with the first five representing efficiency savings and charging proposals that do not directly impact upon the service offer to residents:

- i. Service Transformation represents the majority of proposed savings, with items presented in this category ranging from the full year effect of previously implemented proposals, the implementation of recently agreed BID Reviews and the expected benefits arising from potential new BID Reviews.
- ii. Effective Procurement savings reflect efficiencies gained through the commissioning of services from third parties, including the insourcing of functions where this represents better value for money than previously externalised services.
- iii. Managing Demand items relate to measures intended to maintain or improve services to residents – particularly in relation to Social Care and other direct support for clients – through investment in early intervention, identification of alternative support models and other initiatives.
- iv. Income Generation & Commercialisation proposals include the regular annual review of Fees and Charges against those of neighbouring authorities, alongside savings arising from reviews of services with scope to operate with a reduced level of subsidy from the Council Taxpayer.
- v. Savings proposals from Zero Based Reviews represent budgets, which have been identified as being surplus to requirements through the line-by-line review of the 2019/20 outturn position and similar exercises being undertaken by Finance.

- vi. Policy Decisions represent a step change in the Council's service offer rather than efficiency gains, with a single proposal relating to the cessation of the local First Time Buyer's Scheme falling in this category.

Pump Priming Savings and Flexible Use of Capital Receipts

- 113. The Council is currently allowed 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. This draft budget has been prepared on the basis that such implementation costs for the 2021/22 savings programme, estimated at £3,000k in line with recent experience, will be financed from a combination of Capital Receipts and Earmarked Reserves as appropriate.

Finance

- 114. Two savings are proposed for Revenues and Benefits Service within the Finance Directorate including the use of robotics and automation to streamline processes (£162k) and a BID review of the structures and ways of working within the team expected to deliver a further £138k in 2021/22, increasing to £338k by 2022/23.
- 115. In addition, two savings are presented for Fleet Services centred around a review of the Repairs and Maintenance contract (£120k) and a zero based review of the budgets in this area, including fuel and vehicle damage (£190k).

Social Care

- 116. A zero based review is planned for Social Care across both Adults and Children's services, including a review of the future demand for the service and unit cost assumptions. In view of a reduced headcount within Adult Social Care and implementing early intervention services within Children's services, this review is expected to deliver a reduction in spend of £1,000k for 2021/22.
- 117. Reviews of Children's services including both structures and processes, ensuring a clear pathway for each child and a zero based review of the Asylum Service are anticipated to deliver £400k of savings for 2021/22. Alongside this, a further £100k of income is expected to be generated by leasing out part of the Civic Centre to one of the Council's care partners.

Environment, Education & Community Services

- 118. A number of proposals have been included within the Green Spaces, Sports and Culture service area, with these proposals expected to deliver £1,115k from a range of income generation and commercialisation initiatives as well as service transformation. The largest elements of this being driven by service transformation of the services, maximising the use of the Council's assets alongside a number of income generation and commercialisation

projects including reviewing charging options associated with Parks and Courts, and the removal of the Council's subsidy within Golf Courses, Museums and Theatres.

119. A further £750k is proposed against the Housing Service for 2021/22, increasing to £1,000k by 2022/23, with approximately half of this value to come from improved management of temporary accommodation, maximising the impact of Central Government grant income, with the other half to come from the closing of the First Time Buyers Scheme in light of the other support in this area offered by Central Government including Help to Buy Equity Loan, Shared Ownership and First Homes schemes.
120. Finally a £95k proposal has been included for the in-sourcing of a Planning Service contract to ensure greater efficiencies for the Council.

Building Services, Transport & Business Improvement

121. Proposals totalling £725k have been included for Waste Services, with a number of initiatives around Service Transformation, Zero Based Reviews and Income Generation & Commercialisation including reviews of food waste and recycling, bulky waste collections, recycling and waste bags and a zero based review of the budgets, realigning the service with the West London Waste Authority (WLWA) levy budgets and contracts.
122. A further £450k of savings are being proposed centred around Highways and Parking, with a review of the use of the Council's capitalisation powers in Highways and Service Transformation work within Parking expected to drive efficiencies without reducing service levels.
123. A series of further zero based reviews are planned for this area, including energy budgets, lease income and Business Rates payments that the authority makes, which in total are expected to deliver savings of £360k in 2021/22.

Corporate Resources & Services

124. Service Transformation in this area is expected to deliver £988k from a review of Business Support and other back office functions within the Council, including the streamlining of processes, a review of financial processes, human resources and admin support within the Council, with a further £138k to come from a similar review of the Council's contact centre, all without impacting on front line services. These savings are expected to increase by an additional £750k in 2022/23, taking the total saving in this area to £1,738k.
125. Democratic Services are proposing a £300k saving in 2022/23 as a result of the Boundary Review within the Borough and the reduction in the number of wards.

Cross-Cutting Initiatives

126. The Council continues to review recruitment and retention requirements of Council run services, with a review of vacant posts expected to deliver a £100k saving for 2021/22.

FEES & CHARGES

127. The Council is empowered to seek income from Fees and Charges to service users across a wide range of activities. Some of these Fees and Charges are set by the Government or other stakeholders, but many others are set at the discretion of the Council, based on Cabinet's recommendations. The Council continues to operate a system of differential charges through the Hillingdon First card, which enables preferential rates to be offered to local residents.
128. The Council continues to benchmark Fees and Charges against those of neighbouring authorities and other service providers, with charges being set at a maximum of 90% of the relevant benchmark for residents, and at benchmark for non-residents where applicable. This realignment of charges incorporates £1,011k additional income, with £164k of this sum already agreed at February 2020 Cabinet and £847k of new proposals for implementation in 2020/21.
129. Uplifts to Fees & Charges that were agreed at February 2020 Cabinet contributing towards the Income Generation & Commercialisation savings total include:
- i. Licensing - October Cabinet approved revisions to Shop Front Tables and Chairs fees and Temporary Street Trading Pitches, with these changes forecast to deliver an additional £3k in 2021/22.
 - ii. Pay by Phone – A £56k saving is included in the budget proposals related to the introduction of Pay by Phone technology in 2019/20, with the financial impact stemming from income lost through parking suspensions following theft and vandalism to machines estimated to be £113k, with £57k of this value being included in the 2020/21 budget, with the remaining balance being proposed to be included in 2021/22.
 - iii. Parking – Following the usual benchmarking exercise, the proposed increase for Off-Street Pay & Display parking, Visitor Vouchers and Residents Second Parking Permits were staggered over a two year period, with £105k included in the 2021/22 proposals as a result of the Council opting to spread the impact of the increased charge over a two year period.
130. Several new proposals have been included in this budget, contributing £894k and include:
- i. Building Control - A review of Building Control Fees & Charges has identified the potential for uplifts across 3 main headings, including Building Notice Charges for the erection of New Housing & Flats, Domestic Extensions Plan Charge and Domestic Loft Conversions, with this review focused around the 90% benchmark approach expected to deliver an additional £122k of income for 2021/22.
 - ii. Food Health & Safety – Following the Council's approach to benchmarking charges, Food Health & Safety increases are forecast to yield an additional £1k.

- iii. Waste - Refreshed benchmarking of Trade Waste Collection rates for bin hire and emptying has identified headroom in the charging for this service, delivering £29k, with an additional £83k coming from Trade recyclables and Trade Waste charges at New Years Green Lane Civic Amenity site being increased in line with the charges of neighbouring boroughs.
- iv. Highways – Uplifts to the Application and Supervision for Highways crossovers is proposed to deliver £82k based on the 90% benchmark approach.
- v. Street Naming & Numbering – A further £10k is expected from this income stream following the Council’s review of neighbouring boroughs’ charges and targeting uplifts at 90% of those charges.
- vi. CCTV Requests - The CCTV service currently provides video evidence to external insurance companies to support insurance claims where available. A number of Local Authorities are charging for this service, and it is proposed to introduce a new production fee of £120 for supplying video evidence. Alongside this charge, it is proposed to introduce a fee to recover Officer time spent searching through CCTV footage, as the level of resource required for each CCTV request is different, and does not always result in the production of footage to support a claim. Therefore, it is proposed to introduce a fee based on the search time spent of the hourly rate of a CCTV operative with this proposal forecast to yield an additional £5k for 2021/22.
- vii. Gated Tennis Courts – It is proposed to introduce a small charge for the use of gated tennis courts in the borough in line with neighbouring authorities following the introduction of a gating system last year, with the data from this system suggesting a small fee of £5 an hour should generate £48k of income for the Council.
- viii. Residents Parking Permits – Neighbouring boroughs all charge an issuance and administration fee associated with parking management schemes, with the Council proposing a fee greatly below the 90% average to yield £30k of income for 2021/22.
- ix. Pay & Display Parking Fees– Following a refresh of the benchmarking data for both on-street and off-street pay and display charges, this budget includes a proposal to generate £437k of additional income from increasing off-street pay and display charges at a rate that is still significantly below the 90% benchmark rate.
- x. Houses in Multiple Occupation (HMO) – This budget includes a proposal for uplifts to Houses in Multiple Occupation (HMO) licence fees, the introduction of Housing Act Notice fees, a Penalty Charge Notice fee for non-compliance with a Remedial Notice and professional advice fees to landlords to raise standards in HMOs, these proposals are included in the budget as cost neutral and will deliver the £100k saving included in the February 2020 Cabinet Report for Landlord Licensing.

2019/20 to 2025/26 CAPITAL PROGRAMME

Introduction

131. This section provides an overview of the latest General Fund Capital Programme for consideration, with latest projections included for investment and asset sales, the impact of recent decisions on the phasing of the Leisure Centre development and removing the Theatre development, alongside a number of minor adjustments captured in routine MTFF discussions. In line with usual practice, a detailed programme is set out for the current financial year (2020/21) and subsequent five years (through to 2025/26).
132. Over the period to 2025/26, the proposed Capital Programme includes £343,320k planned investment, with £167,321k of this outlay to be financed through Prudential Borrowing. This level of borrowing will ultimately generate £15,701k annual revenue financing charges, necessitating £7,729k growth from 2020/21 budgets and contributing to the Council's underlying savings requirement. This pressure on revenue budgets is £3,904k lower than anticipated in February 2020, primarily as a result of the recent decision to remove the Theatre development and identifying further sites for disposal, alongside an anticipated reduction in long term borrowing costs.

Approved Capital Programme and Latest Budget Monitoring Position (Month 9)

133. The Capital Programme approved by Cabinet and Council in February included £358,256k expenditure across the years 2020/21 to 2024/25, with £200,256k of this sum expected to be supported by Prudential Borrowing. With the addition of slippage from 2019/20 released at outturn, the current approved Capital Programme includes £222,234k borrowing linked to the following financing strategies:
- i. £19,031k investment linked to the generation of capital receipts on completion of projects, specifically relating to developments on the former Belmore Allotments and Falling Lane / Otterfield Road sites in Yiewsley;
 - ii. £43,129k investment in Hillingdon First Limited, with ongoing debt financing costs to be funded through dividends, interest and principal payments to the Council, and;
 - iii. £160,074k investment in assets linked to service delivery, which would necessitate increasing revenue budgets held for debt financing and repayment to £17,885k by 2024/25 – with growth of £11,633k factored into the MTFF to meet this requirement.
134. As of Month 9 (December 2020), an underspend of £5,652k is reported over the £386,291k expenditure budgets to 2024/25, with a favourable outlook on grant funding amongst other minor financing variances resulting in a £1,179k reduction in Prudential Borrowing. In contrast to these minor variances over the MTFF period, an underspend of £34,246k is projected against the £85,698k 2020/21 budget partly linked to COVID-19 specific rephasing alongside a recurrent level of slippage in line with experience in recent years. This would

result in £51,452k expenditure at outturn, although the ongoing impact of COVID-19 may see an increase in slippage and further deferral of expenditure into future years.

Proposed Amendments to Capital Programme

135. As part of broader work on refreshing the budget, planned capital expenditure and capital financing options have been reviewed, which reduce borrowing over the MTF period by £54,913k to £167,321k.

Table 11: Proposed Amendments to Capital Programme

	Project Cost £'000	Financed by:		
		Grants / S106 £'000	Receipts / CIL £'000	Prudential Borrowing £'000
Approved Capital Programme (Month 7)	386,291	93,737	70,320	222,234
Latest Monitoring Variance (Month 7)	(5,652)	(2,495)	(1,978)	(1,179)
<u>Additions / Removals from Programme</u>				
Remove Theatre	(44,000)	(1,050)		(42,950)
Woodside Development / ASHA Day Centre	2,819		5,900	(3,081)
Capital Programme Housing Projects	(4,605)	(1,544)	39	(3,100)
<u>Schools Capital Programme Updates</u>				
Harlington PSPB	1,500			1,500
Basic Needs Grant 2021/22	0	(2,250)		2,250
Temporary Classrooms	(2,850)			(2,850)
<u>Other Project Updates</u>				
CCTV Programme 2021-2024	983			983
Cemeteries Projects	75			75
Battle of Britain visitors centre car park	150			150
1 & 2 Merrimans Housing Project	200			200
Cranford Park match funding update	69	19		50
Private Sector Renewal Grants	(150)			(150)
<u>Review of Capital Financing</u>				
Redirect Social Care Funding to Equipment	(2,824)			(2,824)
Breakeven on Yiewsley Housing Development	0		704	(704)
<u>Roll Forward Programme to include 2025/26</u>				
Add 2025/26 Programmes of Works	9,814	9,750		64
Add 2025/26 General Contingency	1,500			1,500
Add 2025/26 Identified Capital Receipts & CIL			4,847	(4,847)
Changes from Approved Capital Programme	(42,971)	2,430	9,512	(54,913)
Draft Capital Programme	343,320	96,167	79,832	167,321

136. Due to the impact of the ongoing pandemic on the cultural industry and the level of uncertainty in the sector, the Theatre Development has been removed from the draft programme reducing the borrowing requirement by £42,950k.

137. In addition, the recently approved proposal to transfer Age UK to the Woodside Day Centre alongside decanting the Nestles Avenue Children's and Early Years Centres to the former ASHA has been included – with £2,819k on enabling project spend (including appropriation from the HRA) releasing £5,900k capital receipts from asset sales and therefore reducing borrowing by a further £3,081k.
138. Following a review of the Capital Programme Housing Projects, it is proposed that £4,605k planned expenditure is removed from the programme and replaced with a £3,090k capital receipt from the sale of the former Belmore Allotments site following a review of the Council's assets and a £10k uplift in the previous estimate for sale of Bartram Close are used to reduce borrowing by £3,100k.
139. The Schools Capital Programme has been updated to include the £6,053k contribution to the DfE managed Harlington School Rebuild, representing a £1,500k uplift in borrowing from the previously budgeted £4,550k estimate. On 29 May 2020, the DfE confirmed Basic Need grant allocations for the current financial year with no funds being allocated to Hillingdon, increasing the need to borrow by £2,250k. Finally, on school expansions, an assessment of demand for temporary classrooms has allowed provision for such units to be reduced by £2,850k – leaving sufficient budget to deliver 4FE units up to 2022/23.
140. The following amendments to budgets for other existing projects are proposed:
- i. CCTV coverage has been significantly expanded in recent years, with investment totalling £3,100k over the last three years across the borough. The existing programme is coming to an end and further planned upgrades or new installations amounting to £483k are identified for 2021/22. These include introducing cameras and automatic number plate recognition on arterial routes across the borough and improving connectivity of CCTV imagery at corporate sites to the Control Room in the Civic Centre, and additional cameras in various locations will also support reducing anti-social behaviour and fly tipping. It is also proposed to include £250k per annum for the following two years (2022/23-2023/24) to cover requirements that may emerge from Members, residents, and the police in the future. The planned programme for 2021/22 has an annual revenue impact of £17k from 2022/23 onwards for annual servicing and licensing, however this is offset by savings of £16k arising from replacing 25 mobile cameras under a former WCCTV contract with upgraded cameras via the Council's CCTV term contractor.
 - ii. An increase of £75k in the £401k funding provided for Cemeteries schemes has been included to manage additional costs for drainage issues at Cherry Lane and respond to a petition on the Lake Gardens project.

- iii. In order to limit uncontrolled offsite parking during special events at the Battle of Britain Visitors Centre, £150k additional budget has been provided to deliver 30 to 35 spaces adjacent to the Uniter Building.
 - iv. A £200k uplift in the £250k budget established in February 2016 for autism respite accommodation on the 1&2 Merrimans site is included to facilitate six larger bedrooms and a dedicated sensory room.
 - v. Following confirmation of the final funding streams for the Cranford Park project, it is necessary to adjust project costs marginally by £69k funded through a combination of third party funding and borrowing.
 - vi. It is proposed to reduce the annual £100k budget for Private Sector Renewal Grants to £50k per annum, reflecting both current and historic activity levels.
141. A review of financing assumptions has been undertaken, with £2,824k unallocated capital funding included in the Better Care Fund being allocated to fund the purchase of Social Care equipment previously financed from borrowing. In addition, financing assumptions around the Yiewsley Housing Developments have been simplified to include the schemes as breaking even before taking account of any land sales, rather than requiring a subsidy.
142. With the extension of the Capital Programme to include the 2025/26 financial year, a new approach to setting Programme of Works budgets is proposed (further detail is provided in the following section) which would limit the need for additional borrowing to £56k. In addition, £1,500k General Contingency has been added to budgets, alongside reflecting an expected £4,847k capital income from the General Fund share of Right to Buy receipts and CIL for 2025/26.

Programme of Works

143. The current approved Capital Programme includes £173,028k Programme of Works budgets over the period 2020/21 to 2025/26, with £111,775k of this sum to be funded from Council Resources. While a proportion of this locally funded element will be met from receipts and CIL, any variation in this level of expenditure would result in an increase or decrease in the Council's need to borrow.
144. A limited number of budget lines within the Programme of Works are based upon profiled costs of cyclical investment, such as the Purchase of Vehicles and ICT budgets, or specific programmes of investment such as the roll out of new parking machines. The remainder of locally funded budget lines are set on the basis of historic precedent, and in recent years have delivered material underspends at outturn.
145. In order to avoid overstating the borrowing requirement, future revenue financing costs and ultimately the savings requirement, it is proposed to align Programme of Works budgets to actual levels of expenditure, rather than simply adding another year at historic budgeted

levels. Current budgets for Chrysalis (£1,000k per annum) and the Leader's Initiative (£200k per annum) regularly spend to the budgeted level and are therefore not being scaled back.

146. Actual levels of expenditure on the relevant budget lines over the past three years, average at £11,092k per annum against future budgets of £16,411k in the current Capital Programme. This draft budget lowers annual budgets to £12,834k which would reduce the future borrowing requirement by £16,411k from the level required under the historic approach to rolling budget assumptions forward.
147. Taking into account the above changes, the revised borrowing projections are £167,321k, with £43,129k being driven by investment through the Council's housing company, Hillingdon First Ltd, a further £9,566k from Invest to Save Schemes, with the remaining £114,626k related to investment in services.

Revenue Impact of Capital Programme

148. Taking account of the £54,913k reduction in future borrowing costs, and latest intelligence on the future cost of borrowing, projections for ongoing capital financing costs have been refreshed and a net improvement of £3,527k has been identified over the period to 2025/26. With £2,408k of this improvement directly linked to the reduction in debt financed capital investment and the remaining £1,119k improvement from lower than previously projected long term borrowing costs.
149. The benefits of these changes are very much weighted towards the latter years of the MTF, reflecting the longer term nature of larger capital schemes and Local Government capital accounting where provision for repayment of debt is delayed into the financial year after the year of spend. There is however scope to secure temporary savings in the earlier years of the forecast through maintaining the current approach to borrowing short-term on local authority markets.
150. The Council is able to borrow from other local authorities for periods for up to two years at rates below 1.0% per annum, in contrast to securing longer term borrowing from capital markets where rates are projected to be around 1.8%, with confirmation in the Spending Review of the PWLB rate returning to this value. With new borrowing of £210,000k required by 2022/23, being able to borrow at the lower rate could secure tactical savings of around £1,867k by moving the majority of this debt over to short term.
151. Increased reliance on short-term borrowing will increase the Council's exposure to interest rate risk, whereby replacing short-term debt in 2022/23 and 2023/24 could result in higher interest rates than the 1.8% modelled into the MTF. Given that all market indications are that the current and sustained low interest environment will continue, this risk is considered manageable by officers – a view echoed by the Council's professional treasury management advisors, with scope to minimise risk through forward dealing, securing a spread of maturities and investigating other mechanisms.

152. The MTFF forecast is based on the PWLB rate remaining at the revised rate of 1.8% announced in the Chancellor's Spending Review. With confirmation now having been received of future borrowing rates from the PWLB it will be possible for the Council to identify the most cost effective approach to borrowing in the longer term and therefore begin to lock in debt for the longer term.
153. This approach secures the majority of the £2,226k reduction in borrowing costs over the period to 2022/23 for which a budget strategy is currently being developed. The combined effect of these drivers on the future cost of borrowing is outlined below and factored into the Corporate Items section of the General Fund revenue budget discussed earlier in this report.

Table 12: Change in Revenue Impact of Capital Programme

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Funding included in February 2020	10,432	13,479	16,729	19,605	19,605
Capital Programme Changes	163	(553)	(1,476)	(1,656)	(2,408)
Use of Short-term Borrowing	(1,051)	(1,867)	(750)	0	0
Long-term Borrowing Rate	0	0	0	(1,493)	(1,119)
Revised Funding Requirement	9,544	11,059	14,503	16,456	16,078
Annual Savings Requirement Change	(888)	(1,532)	194	(923)	(378)
Cumulative Change in Savings Requirement	(888)	(2,420)	(2,226)	(3,149)	(3,527)

BUDGET STRATEGY 2021/22 TO 2025/26

MEDIUM TERM OUTLOOK

154. In line with the position for 2021/22 to 2023/24, the medium term savings requirement is driven primarily by inflation, demand-led pressures managed through contingency and capital financing costs. The uplift in funding is projected over this period as a result of steady growth in the Council Tax taxbase. Latest projections for this period indicate a £51,847k overall savings requirement as set out below, which is to be managed through a combination of savings and Council Tax increases.

Table 13: Medium Term Outlook

	2021/22	2022/23	2023/24	2024/25	2025/26	2021/22 to 26
	£'000	£'000	£'000	£'000	£'000	£'000
Changes in Recurrent Funding	705	(3,959)	(2,585)	(2,507)	(2,534)	(10,880)
Changes in One-Off Funding	(2,784)	3,091	(28)	1,045	0	1,324
Inflation	4,700	6,342	6,497	6,654	6,816	31,009
Corporate Items	3,486	1,498	5,938	2,406	(383)	12,945
Contingency (Service Pressures)	3,779	3,330	3,406	3,442	3,442	17,399
Priority Growth	50	0	0	0	0	50
Underlying Savings Requirement	9,936	10,302	13,228	11,040	7,341	51,847

155. Anticipated growth in recurrent funding of £10,880k over the period to 2025/26 reflects £7,018k additional Council Tax coming from a 5.8% growth in residential properties. In addition, the medium term outlook includes an expected £3,642k increase in income from locally retained Business Rates driven by £3,892k from assumed inflationary uplifts offset by £250k reduction in the Rating List driven by the year one impact from COVID-19. Other movements within recurrent funding include an anticipated £220k increase in grants predominantly driven by an increase in Social Care funding announced in the Spending Review 2020 alongside the newly announced Lower Tier Services Grant, offset by changes to the New Homes Bonus award methodology and the expectation that this funding stream will eventually be abolished, alongside a reduction in the Housing Benefit Administration Subsidy Grant as more residents are anticipated to switch to Universal Credit.
156. As a result of the above growth assumptions, the Council is expecting to be in receipt of £50,055k grant funding alongside £51,113k of baseline business rates giving a total of £101,168k of Government-directed funding. This includes £58,477k allocated through the Settlement Funding Assessment, £21,496k of dedicated Social Care funding through mechanisms such as the Better Care Fund, £17,810k of Public Health monies and £3,385k of other smaller grants. As with all areas of the MTEF, there remain a number of potential risks around these funding streams:
- i. Following the Spending Review 2020, projections assume inflationary uplifts will be awarded across the Settlement Funding Assessment in line with assumed inflation rates of 0.5% in 2021/22, increasing to the Bank of England target rate of 2% from 2022/23 onwards. This uplift represents £4,493k of 2025/26 projections.
 - ii. The upcoming Fair Funding Review is expected to refresh relative shares of all major funding streams, including Social Care monies, and although indications are that this exercise will result in a general transfer of resources from urban to rural authorities this effect is likely to be less severe for Hillingdon given its position on the edge of the capital. It is expected that this exercise will see an uplift in Hillingdon's core funding to

reflect the relative growth in population – although this is forecast to be offset by the impact of resetting the Business Rates Retention system.

- iii. The reset of the Business Rates Retention system will put the Council's £8,534k per annum growth by 2025/26 at risk as these monies are clawed back from authorities increasing their taxbase since 2013/14 and recycled into formula funding. As noted above, it is anticipated that the net loss after recycling will be mitigated through population gains in the main funding formula.
157. The position presented in this report carries a level of uncertainty due to the one year funding announced in the Spending Review 2020, the current forecast is therefore based on the Council's interpretation of this announcement whilst further detail is awaiting in the Local Government Funding Settlement, with Government funding provided to the Council forecast to continue from 2022/23 onwards in the absence of a multi-year settlement. The Medium Term Outlook is forecasting a 13% increase in total funding over the five year period to 2025/26, or just 2.6% per annum. Any increase in funding above this level is likely to be reviewed in the context of the Council's budget strategy, in particular the use of General Balances to delay the impacts of the forecast saving requirement.
158. The decline in one-off funding reflects the impact of the COVID-19 pandemic on the London Business Rates Retention Pool, with the capital forecasting to not generate sufficient economic growth to maximise the top up and tariff system to secure a benefit for the member boroughs. This impact has led to a reduction of £865k in 2021/22 alongside the reversal of the 2019/20 Collection Fund surplus that generated a net benefit to the Council of £459k in 2020/21. A forecast deficit within the 2020/21 Collection Fund (£4,844k) is being spread over a three year period to 2023/24, offset by a 75% funding package for the deficit announced in the Spending Review 2020, with the impact of this deficit being net nil over the five year period.
159. Inflationary growth of £31,009k is anticipated over the period to 2025/26, with workforce costs, Social Care placements and other contracted expenditure representing the key components. Pay awards of 2.0% per annum from 2022/23 have been built into the position, including an additional 0.75% in year one on top of the 0.35% estimated pay award to catch up the 2020/21 pay award, alongside a 0.5% uplift in pension contributions from year two onwards of the MTFF contributing £14,624k to the savings requirement. With expected London Living Wage growth of 4.0% per annum over the medium term being the key driver behind an expected £12,839k uplift in the cost of care placements. The remainder of this pressure reflects 2% per annum uplift on contracted services, alongside continuation of current trends in energy costs.
160. As noted earlier in this report, the uplift in financing costs necessary to support historic and current capital investment plans represents the single largest element of the £12,945k provided for corporate items over the period to 2025/26. Total forecast borrowing of

£167,321k includes £114,626k in support of schemes without specific funding strategies in place. This equates to financing costs of £7,729k per annum by 2025/26.

161. Increased demand for services linked to a growing population is expected to require £17,076k additional expenditure by 2025/26, including £5,742k of funding for Adult Social Care, £2,739k uplift in the cost of SEN Transport, £4,095k of growth in support for children in care, and £4,500k additional waste disposal costs, and being offset by reductions in other contingency provisions.
162. Finally, new Priority Growth of £50k has been added to the budget for 2021/22 for Domestic Abuse Initiatives to support this area in light of increased demand for these services.
163. The combined effect of these forecasts would be a budget gap of £51,847k, with proposals for Council Tax increases over the medium term and savings already identified during the 2020/21 budget cycle reducing the savings requirement for the financial years 2021/22 through to 2025/26 to £19,649k as outlined in table 13 below.

2021/22 to 2025/26 BUDGET STRATEGY

164. Budget proposals for the two year period 2021/22 and 2022/23 along with capital investment plans have been developed in the context of the medium term outlook for the Council's finances, with the combined impact of inflationary pressures, growing demand for services and increasing capital financing costs generating a £51,847k saving requirement over the period to 2025/26. In addition to this new savings requirement, the £6,334k use of reserves to support the 2020/21 base budget will be unwound to increase the headline gap of £58,181k.
165. The Council's draft budget strategy aims to meet this requirement over the medium term through delivery of efficiency savings under the banner of the Business Improvement Delivery (BID) Programme and Council Tax increases below the London average. General Balances will be applied to align the profile of growth and savings to deliver balanced budgets, while maintaining unallocated reserves between £15,000k and £35,000k.
166. The following table sets out this draft budget strategy, with £10,851k of savings already identified and an assumed £27,681k additional income from Council Tax uplifts leaving a residual savings target of £19,649k to be bridged by 2025/26, an average of £4,912k per annum. In addition, £3,421k General Balances will be released to smooth this savings requirement, leaving £27,916k uncommitted General Balances – £3,011k higher than the £24,905k projection arising from the February 2020 budget strategy.

Table 14: Draft Budget Strategy 2020/21 to 2025/26

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2021/22 to 26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Underlying Savings Requirement	9,792	9,936	10,302	13,228	11,040	7,341	51,847
Unwind Prior Use of Balances	950	6,334	2,421	1,000	0	0	6,334
Total Savings Requirement	10,742	16,270	12,723	14,228	11,040	7,341	58,181
Current Savings Proposals	(6,813)	(8,054)	(2,797)	0	0	0	(10,851)
Proposed Council Tax Increase	(4,421)	(5,795)	(5,054)	(5,290)	(5,606)	(5,936)	(27,681)
In-year Call on General Balances	(6,334)	(2,421)	(1,000)	0	0	0	0
Savings to be identified	0	0	3,872	8,938	5,434	1,405	19,649
Closing General Balances	(31,337)	(28,916)	(27,916)	(27,916)	(27,916)	(27,916)	N/A

167. The following paragraphs provide commentary on the assumptions included in this budget strategy around Council Tax, use of balances and savings.

COUNCIL TAX POLICY AND THE SOCIAL CARE PRECEPT

168. This draft budget includes a 4.8% increase in the headline rate of Council Tax for 2021/22, decreasing to 3.8% over the remainder of the MTF period, securing £27,681k additional funding to support local services. In line with the recommended approach for 2021/22, this uplift is based on 90% of the 2% anticipated increase across London (1.8%), plus making full use of the 3% Social Care Precept in 2021/22, reducing to 2% from 2022/23 onwards based on the assumption that the Government will return to a lower Social Care Precept in the next Spending Review.
169. As previously noted, it is becoming increasingly apparent that the Social Care Precept is part of the Government's approach to financing growing demand for Social Care. The recently announced Spending Review 2020 has confirmed that this mechanism will continue into 2021/22, in the absence of a multi-year settlement it is thought likely that the precept will continue to be a key mechanism for funding the growing cost of care over the medium term.

BALANCES AND RESERVES STRATEGY

170. The Balances and Reserves Policy approved by Cabinet and Council in February 2020 outlined a recommended range of £15,000k to £35,000k for uncommitted General Balances, with the proposed budget strategy meeting this requirement. At this time, no amendment to the lower limit is proposed, predominantly due to the Council repurposing existing Earmarked Reserves to create local COVID-19 funds of £9,126k. However, the upper limit is proposed to increase by £3,000k, driven by:
- i. A 50% increase (£1,500k) in the risk associated with the availability of reserves available to deliver major contingencies and pressures due to post-Brexit uncertainty and any potential unfunded increase in pressures related to the pandemic
 - ii. An increase of £1,000k in the estimate for locally raised income, due to a higher risk in the collection of local taxes within the Collection Fund and unfunded reductions in yield, i.e. reductions in the taxbase as opposed to mandatory reliefs and discounts.
 - iii. Finally, an increase of £500k in relation to the financial climate, and in the absence of a multi-year settlement, the increased risk in the Council's funding from Government, should the Government decide to reduce Local Government funding in order to address the increased borrowing as a result of the pandemic.
171. This assessment is based on the assumption that any ongoing or newly emerging COVID-19 pressures are funded by the Government, but with a recognition that this may not be the case for all pressures, including recognising the potential impact of the reduced Business Rates taxbase and the spreading of the 2020/21 Collection Fund deficit where the Council is proposing to meet 25% from COVID-19 Earmarked Reserves.

172. The budget strategy set out in February 2020 planned for the release of £9,334k from General Balances (including £3,000k in 2021/22) to leave £24,905k available to manage the broad range of risks facing an authority such as Hillingdon. With proactive management of the in-year position during 2020/21 unallocated balances are projected to be £31,337k by 31 March 2021 and therefore within this recommended range.
173. In light of the impact of COVID-19 on the Council's ability to develop and implement savings around its business as usual structures and processes, the revised budget strategy assumes the release of £3,421k over three years, leaving £27,916k General Balances available to manage emerging or future risks. This approach will increase the call on balances to £2,421k in 2021/22, which together with the £8,054k savings programme and additional Council Tax will be sufficient to deliver a balanced budget for 2021/22.
174. Given there remains a budget gap of £12,810k to be met in the two subsequent financial years, it is recommended that any windfall gains in monitoring or improvements in the outlook for funding upon publication Final Local Government Settlement be directed towards bolstering General Balances within the £15,000k to £35,000k recommended range.
175. Earmarked Reserves are projected to total £25,051k at 31 March 2021, with monies earmarked for a range of specific purposes including unapplied grants, member initiatives and other funds to manage individual projects or risks. While there is a level of variability in the usage of Earmarked Reserves, the 2021/22 budget is predicated upon the use of £3,253k of these monies – primarily to fund COVID-19 pressures and the Older People's Discount – with the remaining balance committed to specific projects or risk items over the medium to longer term and therefore not generally available to support new investment.

Table 15: Balances and Reserves Projections

Closing Reserves	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<u>Original Budget Strategy Feb 2020</u>						
General Balances	41,620	34,239	27,905	24,905	24,905	24,905
<u>Draft MTFF Budget Strategy</u>						
General Balances	41,620	34,239	31,337	28,916	27,916	27,916
Closing EMR balances	27,143	30,920	25,051	21,798	18,798	15,798
Total Reserves	68,763	65,159	56,388	50,714	46,714	43,714

176. In terms of the Schools Budget, the Department for Education have indicated that the intention is to not finance deficits from general resources, and have gone so far as to make this explicit in the Dedicated School Grant conditions for 2020/21. Officers are awaiting detailed guidance on how this will be managed in practice and how this will address the DSG deficit going forward, but note that these developments in effect remove any need to hold General Balances for the purposes of managing DSG deficits.

SAVINGS REQUIREMENT AND BUSINESS IMPROVEMENT DELIVERY (BID) PROGRAMME

177. On the basis of the current medium term outlook and assuming that the approaches to Council Tax increases and use of General Balances outlined above are approved, this would leave a savings requirement of £30,177k over the period to 2025/26. The full year effect of proposals outlined in the 2021/22 to 2023/24 section of this report would secure £10,851k of this sum, leaving £19,649k to be identified.
178. Successfully identifying this level of savings over the next few years will continue to present a challenge, with savings for 2019/20 and 2020/21 only totalling £14,575k. Given the step change in Central Government support as part of the Spending Review 2019 (6.1%), followed by much smaller increase in the Spending Review 2020 (0.2%), the likelihood of needing to make this level of savings is now much higher. However, given that £8,054k of savings have been identified for 2021/22, an increase on both 2019/20 and 2020/21, this suggests that further savings of £19,649k should be deliverable. The savings delivered over the last 5 years are set out in the following table.

Table 16: Savings Programme (2016/17 to 2020/21)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Service Transformation	3,864	7,222	3,936	2,816	2,130	19,968
Effective Procurement	1,388	2,171	1,385	0	1,918	7,156
Zero Based Reviews	3,705	4,691	2,536	1,470	1,107	12,677
Preventing Demand	1,171	407	2,695	1,281	677	5,937
Commercialisation & Maximising Income	854	1,017	103	1,874	981	4,829
Policy Decisions	2,327	0	0	0	0	2,327
Gross Savings Programme	13,309	15,508	10,655	7,441	6,813	40,417
Rebasing Legacy Items	0	0	0	(832)	0	(832)
Net Savings Programme	13,309	15,508	10,655	6,609	6,813	52,894

SCHOOLS BUDGET

179. As at Month 9, the Schools Budget is reporting an in year deficit of £9,829k (against a budgeted deficit of £7,175k), increasing cumulative deficits to £24,831k by the end of the 2020/21 financial year. Deficits continue to be driven by significant growth in the number of EHCPs which are not being matched by corresponding uplifts in funding. DfE funding announcements in recent months indicate that Hillingdon will receive at least an 8% per pupil increase in High Needs funding for 2021/22 to reflect some of the growth being seen in the number of pupils with SEN, which will be insufficient to meet historic levels of spending, let alone any demographic growth in the new year.
180. The DfE have now issued a deficit management template which requires all Councils with a DSG deficit or adverse movement in their reserves to complete and share with Schools

Forum in advance of any disapplication request being made. This exercise has previously been limited to authorities with larger deficits, but the expanded criteria now require the majority of authorities to submit a recovery plan. While schools' budgets deficits are underwritten by the DfE and will therefore not impact upon the Council's own financial position or budget strategy, the DfE are still placing the onus on local authorities to manage this fund to a breakeven position.

181. As in previous years, draft budget proposals for the 2021/22 financial year will require a transfer of funds from the schools' block into high needs to mitigate an element of the growing pressure. In order to make this transfer the Council has submitted a disapplication request to the DfE in November 2020, with officers awaiting a response from the DfE.

HOUSING REVENUE ACCOUNT

182. The budget proposals for 2021/22 are based on the tenth full year of self-financing for the Housing Revenue Account. Under self-financing, the regulations maintain a ring-fence around the Council's provision of housing, the cost of which is fully supported by rental income.
183. This budget includes rent increases of CPI+1% per annum from 2021/22 to 2024/25 to reflect Government policy, whilst providing for substantial investment in new General Needs. There is also no change to the HRA rent policy.
184. The MTFB Budgets contained in this report do not include any housing regeneration schemes nor their financial impact, other than the annual revenue £500k budget for housing regeneration team costs. The MTFB Budgets will be updated in due course for the impact of any housing regeneration schemes subject to the approval and progress of schemes.

Changes Since Report to Cabinet on 10th December 2020

185. The forecast HRA General Balances as at 31st March 2021 were £15,054k whereas now they are forecast to be £15,063k. There are no other changes to the budgets.

Update on 2020/21 Budget

186. Development of the 2021/22 Housing Revenue Account budget builds upon the 2020/21 budget and therefore the current monitoring position provides a useful context, highlighting areas of uncertainty which will impact upon the future of the HRA. As at Month 9, a drawdown from HRA General Balances of £2,012k is projected in the HRA, a small underspend of £45k, giving forecast HRA General Balances of £15,063k at 31st March 2021, with the use of reserves funding investment in new housing stock.

Budget Requirement 2021/22

187. The movement from the 2020/21 baseline to the 2021/22 budget requirement is summarised below, with rental income projections and budget requirement levels updated and refreshed. The budget includes a contribution to support in-year capital investment of £19,021k, whilst maintaining HRA General Balance at their current level. This planned use of balances reflects increased investment in new housing stock, and the underlying financial position of the HRA remains robust.

Table 17: HRA Budget Requirement

	£'000	£'000
<u>Funding Sources</u>		
Rental Income	58,944	
Total Resources		58,944
Budget Requirement 2020/21	39,139	
Inflation	380	
Corporate Items	619	
Savings	(215)	
Budget Requirement 2021/22		39,923
Contribution to Finance Capital Programme		19,021
Surplus / (Deficit)		0

188. Appendix 10a to this report shows the 2020/21 approved budget and the 2021/22 budget. The rental income shows an increase of £1,072k from £57,872k in 2020/21 to £58,944k in 2021/22 due to a modest increase in stock and annual rent (CPI of 0.5% plus 1%). The rental increase funds inflation on operational budgets of £380k and corporate items of £619k in 2021/22. The remaining balance from the increase in rental income is £73k and alongside 2021/22 savings of £215k helps to finance the Capital Programme.
189. Appendix 10a to this report continues this presentation over the MTF period 2021/22-2025/26, with unallocated HRA General Balances maintained at a minimum level of £15,000k. Rental income assumptions for 2025/26 are expected to achieve £67,597k, meeting repayment of debt under self-financing of £15,407k, contribution to fund capital expenditure on existing and new stock of £26,431k and repairs & management costs of £25,759k.

Rental Income

190. Rental income projections have been fully refreshed to take account of revised estimates for the movement in the numbers of properties due to new builds, properties being sold under the RTB scheme. This budget has been prepared on the assumption that the RTB sales are 50 per annum from 2021/22 to 2023/24 and 40 from 2024/25.
191. The budget is based on rental increases of CPI + 1% in 2021/22 in line with the MHCLG confirmation in October 2018 of a 5 year rent settlement whereby the social housing rent increase will be limited to CPI + 1% per annum between 2020/21 to 2024/25. Thereafter it is assumed rent increases continue to be CPI+1%. At this stage it is assumed that the 1% provision for income losses arising from void properties will remain at this level, resulting in the forecast net dwelling rent income of £58,944k in 2021/22.

Balances and Reserves

192. HRA General Balances are budgeted at £15,063k by 31st March 2021, representing 25% of total resources for 2021/22. It is proposed to keep the minimum level of HRA balances set at £15,000k (25% of turnover) with sums over and above this amount earmarked for investment in new or existing stock. The Major Repairs Reserve (MRR) will be utilised to support capital investment and it is not planned to retain any uncommitted MRR balances over the medium term.

Inflation

193. A net inflation provision of £380k is included in the 2021/22 budget. This relates to inflation of £262k on salary and operating costs, £232k on repairs and planned maintenance and £114k inflation on charges to tenants and leaseholders. The impact of inflationary increases on charges to tenants and leaseholders has been incorporated into Appendix 10d of this report.

Corporate Items

194. Movements contained within Corporate Items total £619k in 2021/22 as shown in Appendix 10a. This consists of realignment of budgets relating to recharges from other services to the HRA £500k, caretaking provision £30k and tenancy management growth proposal of £89k for staffing costs resulting from the Building Safety Bill 2020.

Development & Risk Contingency

195. The HRA budget includes contingency budgets totalling £1,260k to meet emerging risks and pressures during 2021/22. This budget remains unchanged and is for future development provision of £180k; General Contingency of £680k which includes £500k for housing regeneration team costs; and bad debts provision of £400k.

Savings

196. The 2021/22 proposed savings totalling £215k are shown in Appendix 10c and relate to housing service efficiency reviews £140k, energy efficiency £50k and gas maintenance contracts £25k.

Medium Term Outlook

197. On the basis of current assumptions and projections, the financial standing of the HRA is expected to remain robust over the MTFP period and over the longer 30 year business plan period. This modelling assumes that the current legislative, policy, economic and housing market conditions do not materially change over the medium term.

198. Rental income is projected to remain reasonably steady over the period to 2025/26, reaching £67,597k as a result of CPI + 1% per annum increases in headline rents for sitting tenants.

This projection assumes that void rates will remain at 1%, with property numbers increasing by 189 as 230 properties are sold and 419 developed or acquired over the MTFF period.

Table 18: Projected Movement in Housing Stock

	2021/22	2022/23	2023/24	2024/25	2025/26	Change
Projected Opening Stock	10,140	10,134	10,245	10,272	10,309	N/A
Forecast Right to Buy Sales	(50)	(50)	(50)	(40)	(40)	(230)
New General Needs Units	44	112	77	77	60	370
Shared Ownership	0	49	0	0	0	49
Projected Closing Stock	10,134	10,245	10,272	10,309	10,329	189
Projected Average Stock	10,137	10,190	10,259	10,291	10,319	N/A

199. Projected property sales relate to the continuation of existing RTB discounts, with numbers of sales expected to be 50 per annum from 2021/22 to 2023/24 and then reducing to 40 from 2024/25, although volumes of sales will be dependent upon market conditions, the impact of COVID-19 and subject to any changes in Government policy.
200. By 2025/26 inflationary growth in workforce, repairs and other costs, alongside other movements in the cost of delivering revenue services within the HRA will result in a £41,166k budget requirement. Taking account of the on-going capital investment in maintaining existing stock estimated at £14,743k, this would leave a balance of £11,688k from annual rental income available to finance investment in new stock while maintaining unallocated HRA General Balances at £15,000k to meet any emerging pressures.
201. The HRA was subject to a cap on the overall level of borrowing. As part of the Government's Budget on 29 October 2018, the HRA borrowing cap was abolished with immediate effect. However as before, the primary constraint on borrowing to support further investment in new stock remains the affordability and sustainability tests within the Prudential Code, whereby it is necessary to demonstrate that future rental income and growth in asset values will be sufficient to repay borrowing related to specific new projects.
202. Borrowing of £38,977k is forecasted to be required to fund the 2021/22 -2025/26 HRA Capital Programme, as shown in the table below. The borrowing would be undertaken with reference to the Prudential Framework, with proposed schemes being tested for affordability, sustainability and prudence over the 30 year business plan period. The forecast cost of the £38,977k borrowing is anticipated to be contained within existing budgets.

Table 19: Projected Borrowing

	2021/22	2022/23	2023/24	2024/25	2025/26	Total 2021/22- 2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Projected Borrowing	17,021	11,125	7,387	3,444	0	38,977

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

Background to Capital Programme

203. The HRA Capital Programme remains focused on the twin objectives of maintaining existing stock and construction of new dwellings. An overview of the revised programme is contained in Appendix 10e and the total 5 year draft budget is £199,950k.

2021/22 - 2025/26 CAPITAL PROGRAMME

204. The HRA Capital Programme budget includes £69,645k for the other HRA programmes of work including provision for investment in existing housing stock of £59,661k and £9,984k of funding for major adaptations to properties. This is funded from revenue contributions of £69,645k. This level of provision reflects the latest programme of works proposals.

205. The draft Capital Programme set out below outlines £130,305k of investment to deliver the 419 assumed new build properties or acquisitions over the MTF. Under the current 1:1 replacement scheme, the Council is able to finance up to 30% of this investment from the proceeds of Right to Buy sales, currently within a three-year period after the sale. Capital Receipts including from Right to Buy sales provide £41,003k towards this investment, with £49,565k financed from direct revenue contributions, £760k from GLA grant and the remaining £38,977k to be met from Prudential Borrowing. This new build programme consists of the following elements:

- i. For general needs housing (HRA), a provision of £122,668k is included to support the construction or purchase of 370 new properties within the HRA.
- ii. This programme provides broad provision for both schemes that are internally developed and acquisitions of new build houses from private developers and buy-backs of ex Council stock previously sold through Right to Buy. A number of these acquisitions and developments are yet to be identified but there are a number of schemes that are being actively progressed including 17 new units at Maple & Poplar and 10 new units at the Willow tree site.

- iii. A budget of £7,637k has been built into the programme for New Build Shared Ownership to deliver 49 units; which includes 17 at Maple and Poplar, 27 at the Woodside Day Centre site and 5 units at Moorfield Road.

OVERALL BUDGET FOR COUNCIL TAX SETTING 2021/22

CORPORATE DIRECTOR OF FINANCE'S COMMENTS REGARDING RESPONSIBILITIES UNDER THE LOCAL GOVERNMENT ACT 2003

206. Under Section 25 of the Local Government Act 2003 the Corporate Director of Finance as the Council's nominated section 151 officer, has a responsibility to comment on:
- i. The robustness of the estimates for the coming year.
 - ii. The adequacy of the Council's reserves.
207. The Corporate Director of Finance is able to give positive assurances on the robustness of the estimates in general for the coming year. This view is based on:
- i. The use of an established, rigorous process for developing the budget through the Medium Term Financial Forecast (MTFF) process. This includes close alignment with the service planning process. This has been further strengthened through the continued development of the Business Improvement Delivery programme.
 - ii. A robust approach to tracking delivery of budgeted savings through a monthly savings tracker presented to HIP Steering Group alongside proposals for mitigation of any adverse movements.
 - iii. A series of robust, internally peer-reviewed financial models supporting forecasting in more volatile and/or material elements of the budget, providing reliable projections for both in-year performance and the overall savings requirement over the medium term.
 - iv. The effective integration of capital investment plans and associated financing costs into the Council's Medium Term Financial Forecast, ensuring that the sustainability of investment decisions can be considered in the context of the overall budget position.
 - v. The use of a locally developed budget management system to capture up to date projections across all areas of the Council, which enables effective challenge and scrutiny of the Council's financial position from individual budget managers, through to Corporate Directors and Cabinet.
 - vi. A proactive process of Zero Based Budgeting undertaken annually to ensure that departmental base budgets appropriately effect the current cost of service delivery, rather than being determined on a strictly roll forward or cash limited basis.
208. Alongside the usual range of challenges, the Council is managing pressures totalling £34,043k in 2020/21 as a result of the COVID-19 pandemic, this position has been managed through ongoing Government funding, both in terms of generic emergency funding and specific targeted grant awards. This budget is predicated on the continuation of this approach, with the first tranche of generic emergency funding announced for 2021/22, estimated at circa £8,500k for Hillingdon and confirmation that the Government will be funding 75% of Sales, Fees & Charges income pressures after the first 5% of losses up until the 30 June 2021. In addition, the Council has repurposed £9,126k of local funds to cover additional COVID-19 pressures, all of which means the Council is in a good position with

regard to the financial impacts of the pandemic over the five year planning horizon discussed in this report.

209. While there remains a greater than usual level of uncertainty for Business Rates income in relation to the impact of the pandemic on Heathrow Airport amongst other businesses in the borough, the Council is proactively engaging with wider lobbying efforts with Government to ensure that these pressures – particularly the element relating to a major piece of national transport infrastructure – are funded on similar terms to those already in place for the more “routine” COVID-19 pressures noted in the previous paragraph. For these reasons, the Director of Finance’s positive assurance on estimates for the forthcoming year is reaffirmed.
210. The Corporate Director of Finance also has a duty to comment on the adequacy of the Council’s reserves when the budget is being set. At the time of budget setting for 2021/22, the Corporate Director of Finance set a recommended range of balances of between £15,000k and £35,000k, an increase on the previous range of between £15,000k and £32,000k due to the current economic climate, driven by the uncertainty of a one-year settlement in the absence of a multi-year settlement, the potential risks within the Collection Fund and the risks associated with the pandemic and post-Brexit outcomes. The following paragraphs outline the approach taken in determining this recommended range.

Statement on Balances and Reserves

211. The Corporate Director of Finance has undertaken a review of the risks currently facing the Council. This has enabled an update to the recommended range of balances that the Council should hold. This forms the basis of the guidance provided above in relation to his responsibilities under the Local Government Act 2003.
212. To assess the adequacy of general reserves, the Corporate Director of Finance has taken into account the strategic, operational and financial risks facing the Council. The Council should retain adequate reserves to cover unexpected expenditure and avoid costly short-term borrowing. Equally, the Council wishes to utilise the maximum resources available to achieve its objectives, therefore it plans to maintain reserves at the lowest prudent level.
213. To determine the recommended level of reserves the Council has assessed risk against the criteria as specified in Local Authority Accounting Panel (LAAP) Bulletin 99 (July 2014). This assessment includes the following:
- The robustness of the financial planning process (including the treatment of inflation and interest rates and the timing of capital receipts).
 - How the Council manages demand led service pressures.
 - The treatment of planned efficiency savings / productivity gains.
 - The financial risks inherent in any major capital projects, outsourcing arrangements or significant new funding partnerships.
 - The strength of the financial monitoring and reporting arrangements.

- Cashflow management and the need for short term borrowing.
- The availability of reserves, Government grants and other funds to deal with major contingencies and the adequacy of provisions.
- The general financial climate to which the Council is subject and its track record in budget and financial management.

214. The assessment, although based on the Council's procedures and structures, has an element of subjectivity and to allow for this the optimum level of reserves incorporates a range. The recommended range has maintained the lower level at £15,000k, but has increased the upper limit by £3,000k to £35,000k following a review of the risks facing the Council, with the increase predicated on an assessment of a higher degree of risk from unfunded pandemic pressures, the uncertainty from a one-year settlement and post-Brexit consequences. A fuller rationale for the recommended range of balances is provided in Appendix 11 of this report, with budget proposals contained within this report having been structured to maintain balances within this recommended range.

THE COUNCIL TAX REQUIREMENT FOR 2021/22

215. Budget proposals for 2020/21 include a 4.8% increase in the headline rate of Council Tax. This comprises a core Council Tax increase of 1.8% based on 90% of the 2% anticipated increase across London alongside a 3% increase relating to an Adult Social Care Precept to fund ongoing pressures within Adult Social Care.
216. The budget proposals also include the continuation of the cash discounts offered to those currently in receipt of the Older People's Discount in 2021/22, however, the scheme will be closed to new entrants as of 1 April 2021.
217. Due to the ongoing financial impact on households from the pandemic, the Council will also be running a hardship support scheme in 2021/22, offering recipients of the Council Tax Reduction Scheme a further discount of up to £75 against their Council Tax liability.

Council Tax Referendum

218. The Localism Act 2011 introduced a power for the Secretary for Communities and Local Government to issue principles that define what should be considered as excessive Council Tax including proposed limits. If the Council proposes to raise its Council Tax above the proposed limits set, a referendum will need to be held. The result of the referendum will be binding upon the Council.
219. The general Council Tax increase at which local authorities would be required to hold a referendum for 2021/22 as directed by the Secretary of State for Communities and Local Government is 2%. As the budget proposals outlined in this report maintain core Council Tax increases below this level, the referendum threshold will not be triggered for the financial year 2020/21
220. For 2017/18 additional flexibility to levy a precept in support of Social Care expenditure was introduced by the Government, with the 2021/22 threshold being set at 3%, due to the high level of demand on Social Care being driven by the pandemic, the Council has opted to set the Social Care Precept at the maximum allowable amount of 3%, however, the budget proposals include transferring 1% of this benefit (£1,207k) into the COVID-19 Earmarked Reserve, specifically to fund pressures within Adult Social Care resulting from the pandemic.

Greater London Authority Precept

221. The Mayor of London's final budget proposals for 2021/22 are scheduled for consideration and approval by the London Assembly on 25 February 2021. The proposals result in a 9.5% increase in the element of Council Tax relating to GLA functions, equivalent to a £31.59 increase in annual bills for Band D Households.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities?

222. The Medium Term Financial Forecast sets out the resources available for delivering the Council's objectives. The effects on residents, service users and communities are therefore extremely wide ranging and managed through the performance targets and outcomes that will be delivered within the resources approved through the budget setting process. The budget proposals for 2021/22 have been developed to maintain service provision through a 4.8% increase in the headline rate of Council.
223. This draft budget has been developed with due regard to growing demand and the impacts ongoing reductions in Government support for local services since the Government's austerity measures began in 2010, while minimising the impact on the level of service provision to residents. Overall, the package of proposals is designed to secure the most effective combination of service outcomes across the whole of the Council's business by improving Value for Money in delivery and maximising funding, procurement, efficiency and service gains where possible.
224. Proposals within this budget have been developed in the context of the Council's commitment to achieving carbon neutrality and 100% clean energy by 2030, with specific savings from the Council's fleet operations and energy budgets representing the financial corollary of efforts to minimise carbon emissions through improvements to business processes. In addition, projects within the Capital Programme will be further developed and implemented with a view to impacting favourably on the Council's carbon footprint.
225. Given that proposals to continue the cash discounts offered to those currently in receipt of the Older People's Discount in 2021/22, but close the scheme to new entrants, should both Cabinet and Council approve the proposals outlined in this report, an Equalities and Human Rights Impact Assessment has been attached at Appendix 11 to support Cabinet and Council in considering this proposal.

Consultation carried out or required

226. Each of the Policy Overview Committees has received reports setting out the proposed revenue budget and Capital Programme proposals relevant to their remit. This was approved by Cabinet on 10 December 2020 for consultation at the January 2021 round of meetings. Comments on the budget from each of the service Policy Overview Committees were referred to the Corporate Services, Commerce and Communities Policy Overview Committee, who met on 3 February 2021 to consider the comments received from the other Policy Overview Committees on the budget proposals relevant to their remit. The combined Policy Overview Committee comments are presented to Cabinet in Appendix 15.

227. The Council also has a statutory responsibility to consult on its budget proposals with business ratepayers and residents in the Borough. A budget consultation survey was published on the Council's website in relation to the Cabinet's budget proposals after the meeting on 10 December 2020, with the full report to December Cabinet also being available to view. Analysis of responses to this consultation is available on the Council's website and presented as Appendix 16 to this report for information.
228. The Council received 30 responses from residents, representing a substantial 50% decrease on the volume of responses received to the consultation launched in December 2019.
229. Of those responses 70% of respondents were satisfied with the budget proposals, 60% agree that they represent Value for Money and 76% felt well informed about the proposals. Where respondents expressed dissatisfaction with budget proposals, these primarily related to the Council Tax increase and the discontinuation of the Older People Discount (although it should be noted that the discount is continuing for existing residents at the current cash level), with no other reason attracting more than one response. Positive comments focused upon proposed Council Tax uplift being fair and compliments for the budget set in light of the pandemic.

CORPORATE CONSIDERATIONS

Corporate Finance

230. This is a Corporate Finance report and corporate financial implications are noted throughout.

Legal

231. The Budget and Policy Framework Procedure Rules as set out in the Council's Constitution require the Cabinet to make proposals on the Council's budget. This requires them to be in accordance with the timetable which it has published. The Cabinet proposals are set out in this report for the consideration of full Council.
232. In respect of income the Council provides a number of services in respect of which it can impose charges and fees to users. In certain instances those fees or charges may be set by Government. In other cases the Council has discretion as to the level of charges it sets. It should be noted that in respect of certain matters the Council can only impose a fee or charge which reflects the actual cost to the Council of providing such services. This has to be considered when setting the overall budget.
233. The Corporate Director of Finance's duties under the Local Government Act 2003, insofar as they relate to budget setting, are set out in the body of the report. Of importance to Members is the duty for him to comment on the robustness of estimates for the forthcoming year. Members will note that earlier in this report, the Corporate Director of Finance has given a number of positive assurances in relation to this issue.

234. The second duty for Members to note is the duty imposed on the Corporate Director of Finance to comment on the adequacy of the Council's reserves. Members will note that a Statement of Reserves and Balances is contained within paragraphs 211 to 214 of the report which discharges this duty.
235. As the Council's Section 151 Officer, it is the Corporate Director of Finance's professional duty to propose to Members a budget which is soundly based, balanced and adequate to fund the expected level of service provision in the forthcoming financial year. This duty is reinforced in the Council's Constitution. This requires the Corporate Director of Finance to ensure the lawfulness and financial prudence of decision-making.
236. The 'Wednesbury reasonable' principle also requires a local authority, when making decisions, to take into account all relevant considerations and to disregard all irrelevant considerations. Clearly, in the context of budget-setting, having regard to the Corporate Director of Finance's professional advice is a relevant consideration for Members to take into account. However, Members are not bound to follow his advice. However, they should have good reasons for departing from it should they choose to do so. Furthermore, Members must at all times have regard to the overriding principle that they should set a legal budget and one which is as prudent as the circumstances permit.
237. The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a 'protected characteristic' and those who do not share that protected characteristic. The established protected characteristics include age. In paragraph 51 of the report, which falls under the heading of 'Older People's Discount', reference is made to an Equalities and Human Rights Impact Assessment which is attached as Appendix 14 to the report. The completion of such an assessment is capable of demonstrating that the Council has complied with its 'due regard' duty and therefore it is of the utmost importance that Cabinet properly considers the assessment in approving its proposals in relation to the continuation, or otherwise, of the Older People's Discount as part of its overall budget proposals in respect of the 2021/22 financial year.
238. Cabinet is being asked to agree a new Local Discretionary Rate Relief Policy which is attached as Appendix 17 to the Report. There is the necessary legal power to introduce such a Policy under Section 69 of the Localism Act 2011 for the purpose of helping to attract firms, investments and jobs to the borough although there is a requirement that the Council should be satisfied that it is reasonable to exercise the power, having regard to the interests of its council tax payers.
239. Members must have regard to section 106 Local Government Finance Act 1992. This is in respect of a Member who has not paid an amount due in respect of Council Tax for at least

two months after it becomes payable. They may not vote on matters concerning the level of Council Tax or the administration of it. Therefore, any Members who are more than two months in arrears with their Council Tax payments must make a declaration to this effect at the beginning of the meeting.

Comments from other relevant service areas

240. The draft budget proposals included in this report result from a substantial corporate process involving all service Groups. In particular, individual Corporate Directors and CMT collectively have endorsed the proposals in this report. The implications for all services of the individual budget proposals are set out in detail in the attached appendices.

APPENDICES

Appendices 1 - 7 - 2021/22 to 2025/26 General Fund MTF (Corporate Summary) 2020/21, including schedules of Development & Risk Contingency, Priority Growth and Savings;

Appendix 8 - Proposed Amendments to General Fund Fees & Charges Schedule;

Appendix 9 – 9a - 2020/21 to 2025/26 General Fund Capital Programme;

Appendix 10 - 2021/22 to 2025/26 Housing Revenue Account MTF, Amendments to Fees & Charges Schedule and Capital Programme;

Appendix 11 - Assessment of General Fund Reserves Requirement;

Appendix 12 - Capital Strategy (12a), Treasury Management Strategy (12b), Annual Investment Strategy (12c) and Minimum Revenue Provision Statement (12d) for 2021/22 to 2025/26;

Appendix 13 - Pay Policy Statement for 2021/22;

Appendix 14 - Equality and Human Rights Impact Assessment on Older People's Discount

Appendix 15 - Policy Overview Committee Comments on Budget Proposals

Appendix 16 - 2020/21 Budget Consultation Feedback

Appendix 17 - Local Discretionary Rate Relief Policy

BACKGROUND PAPERS

Report to Cabinet (13 February 2020) and Council (20 February 2020) - The Council's Budget: Medium Term Financial Forecast 2020/21 - 2023/24

The Council's Budget (2021/22 - 2025/26) - Medium Term Financial Forecast

Appendix 1

General Fund Budget Corporate Summary	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Three Year Outlook £'000	Five Year Outlook £'000
Resources								
Increase in Council Tax (%)	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%		
Increase in Social Care Precept (%)	2.00%	3.00%	2.00%	2.00%	2.00%	2.00%		
Band D Council Tax (£)	£1,182.94	£1,239.72	£1,286.82	£1,335.72	£1,386.47	£1,439.16	£152.78	£256.22
Increase in Council Tax Base (Band D)	1,637	(36)	2,368	1,200	1,200	1,200		
Council Tax Base (Band D)	102,107	102,071	104,439	105,639	106,839	108,039	3,532	5,932
<i>Change from Tax Base (£'000)</i>	<i>1,865</i>	<i>(42)</i>	<i>2,759</i>	<i>4,179</i>	<i>5,598</i>	<i>7,018</i>	<i>2,314</i>	<i>7,018</i>
<i>Change from Tax Increase (£'000)</i>	<i>4,421</i>	<i>5,795</i>	<i>10,849</i>	<i>16,139</i>	<i>21,745</i>	<i>27,681</i>	<i>11,718</i>	<i>27,681</i>
Council Tax Revenues	120,786	126,539	134,394	141,104	148,129	155,485	20,318	34,699
Baseline Business Rates Income	47,221	47,221	48,165	49,128	50,111	51,113	1,907	3,892
Retained Business Rates Growth	8,784	7,884	8,042	8,203	8,367	8,534	(581)	(250)
Business Rates Income	56,005	55,105	56,207	57,331	58,478	59,647	1,326	3,642
Revenue Support Grant	6,763	6,801	6,939	7,078	7,219	7,364	315	601
Other Central Government Funding	43,072	43,271	43,189	43,091	42,891	42,691	19	(381)
Corporate Grant Income	49,835	50,072	50,128	50,169	50,110	50,055	334	220
Total Recurrent Funding	226,626	231,716	240,729	248,604	256,717	265,187	21,978	38,561
Movement in Recurrent Funding	3,146	5,090	9,013	7,875	8,113	8,470		
Collection Fund Surplus / (Deficit)	459	(928)	(1,958)	(1,958)	0	0	(2,417)	(459)
Collection Fund Deficit Govt Funding	0	1,468	1,468	1,468	0	0	1,468	0
Local Council Tax Support Grant	0	2,734	0	0	0	0	0	0
Additional Yield from London Pool	865	0	0	0	0	0	(865)	(865)
Release of COVID-19 Reserves	0	834	1,507	1,535	0	0	1,535	0
Planned Use of General Balances	6,334	2,421	1,000	0	0	0	(6,334)	(6,334)
Total One-Off Funding	7,658	6,529	2,017	1,045	0	0	(6,613)	(7,658)
Total Resources	234,284	238,245	242,746	249,649	256,717	265,187	15,365	30,903
Movement in Resources	9,597	3,961	4,501	6,903	7,068	8,470		

The Council's Budget (2021/22 - 2025/26) - Medium Term Financial Forecast

Appendix 1

General Fund Budget Corporate Summary	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Three Year Outlook £'000	Five Year Outlook £'000
General Balances								
Minimum Level of General Balances	15,000	15,000	15,000	15,000	15,000	15,000	0	0
Closing General Balances	31,337	28,916	27,916	27,916	27,916	27,916	(3,421)	(3,421)
Flexible General Balances	16,337	13,916	12,916	12,916	12,916	12,916	(3,421)	(3,421)
Budget Requirement								
Roll Forward Budget	229,928	234,284	238,245	246,618	262,459	274,961		
Inflation	6,222	4,700	6,342	6,497	6,654	6,816	17,539	31,009
Corporate Items	664	3,486	1,498	5,938	2,406	(383)	10,922	12,945
Contingency (Service Pressures)	4,260	3,779	3,330	3,406	3,442	3,442	10,515	17,399
Contingency (Management Action)	(677)	0	0	0	0	0	0	0
Priority Growth	23	50	0	0	0	0	50	50
Savings Proposals	(6,136)	(8,054)	(2,797)	0	0	0	(10,851)	(10,851)
Total Budget Requirement	234,284	238,245	246,618	262,459	274,961	284,836	28,175	50,552
Savings Requirement								
Underlying Savings Requirement	(9,792)	(9,936)	(10,302)	(13,228)	(11,040)	(7,341)	(33,466)	(51,847)
Unwind Prior Use of Balances	(7,776)	(6,334)	(2,421)	(1,000)	0	0	(6,334)	(6,334)
Total Savings Requirement	(17,568)	(16,270)	(12,723)	(14,228)	(11,040)	(7,341)	(39,800)	(58,181)
Savings & Management Action	6,813	8,054	2,797	0	0	0	10,851	10,851
Council Tax Increase	4,421	5,795	5,054	5,290	5,606	5,936	16,139	27,681
Planned Use of Balances	6,334	2,421	1,000	0	0	0	0	0
Remaining Budget (Gap) / Surplus	0	0	(3,872)	(8,938)	(5,434)	(1,405)	(12,810)	(19,649)

The Council's Budget (2021/22 - 2025/26) - Medium Term Financial Forecast

General Fund Budget Funding Projections	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Three Year Outlook £'000	Five Year Outlook £'000
Council Tax Base (Band D)								
Residential Properties	123,275	124,287	125,299	126,311	127,323	128,335	3,036	5,060
MOD Properties	683	683	683	683	683	683	0	0
Discounts & Exemptions	(11,317)	(11,317)	(11,317)	(11,317)	(11,317)	(11,317)	0	0
Empty Property Premium	85	85	85	85	85	85	0	0
Gross Council Tax Base	112,726	113,738	114,750	115,762	116,774	117,786	3,036	5,060
Council Tax Reduction Scheme	(9,588)	(10,636)	(9,256)	(9,056)	(8,856)	(8,656)	532	932
Collection Rate (%)	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	0.00%	0.00%
Allowance for Losses in Collection	(1,031)	(1,031)	(1,055)	(1,067)	(1,079)	(1,091)	(36)	(60)
Net Council Tax Base	102,107	102,071	104,439	105,639	106,839	108,039	3,532	5,932
Increase in Council Tax Base	1,400	(36)	2,368	1,200	1,200	1,200	3,532	5,932
Business Rates Revenues								
Inflationary Uplift (%)	1.70%	0.00%	2.00%	2.00%	2.00%	2.00%	0.30%	0.30%
Implied Multiplier (0.xxx)	0.499	0.499	0.509	0.519	0.529	0.540	0.020	0.041
Annual Change in Rating List	723	(12,000)	0	0	0	0	(723)	(723)
Cash Value of Annual Changes	361	(5,988)	0	0	0	0	(361)	(361)
Non-Domestic Rating Income	374,381	368,393	375,761	383,276	390,942	398,761	8,895	24,380
Local Share of Business Rates Yield	30%	30%	30%	30%	30%	30%	0	0
	112,314	110,518	112,728	114,983	117,283	119,628	2,669	7,314
Section 31 Grant Income	6,141	5,611	5,723	5,837	5,954	6,073	(304)	(68)
Forecast Business Rates Yield	118,455	116,129	118,451	120,820	123,237	125,701	2,365	7,246
Less: Baseline Business Rates Income	(47,221)	(47,221)	(48,165)	(49,128)	(50,111)	(51,113)	(1,907)	(3,892)
Less: Business Rates Tariff	(53,666)	(53,666)	(54,739)	(55,834)	(56,951)	(58,090)	(2,168)	(4,424)
Growth on Local Share	17,568	15,242	15,547	15,858	16,175	16,498	(1,710)	(1,070)
Less: Section 31 Grants Out of Scope	0	(527)	(538)	(549)	(560)	(571)	(549)	(571)
Levy Rate on Growth	50%	50%	50%	50%	50%	50%	0	0
Levy on Growth	(8,784)	(7,358)	(7,505)	(7,655)	(7,808)	(7,964)	1,129	820
Retained Growth	8,784	7,884	8,042	8,203	8,367	8,534	(581)	(250)

The Council's Budget (2021/22 - 2025/26) - Medium Term Financial Forecast

General Fund Budget Funding Projections	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Three Year Outlook £'000	Five Year Outlook £'000
Settlement Funding Assessment								
Baseline Business Rates Income	47,221	47,221	48,165	49,128	50,111	51,113	1,907	3,892
Revenue Support Grant	6,763	6,801	6,939	7,078	7,219	7,364	315	601
Settlement Funding Assessment	53,984	54,022	55,104	56,206	57,330	58,477	2,222	4,493
Other Central Government Funding								
Public Health Grant	17,651	17,810	17,810	17,810	17,810	17,810	159	159
Better Care Fund	6,973	7,173	7,273	7,375	7,375	7,375	402	402
Improved Better Care Fund	7,248	7,248	7,248	7,248	7,248	7,248	0	0
Additional Social Care Funding	5,896	6,873	6,873	6,873	6,873	6,873	977	977
New Homes Bonus	3,739	2,385	2,385	2,385	2,385	2,385	(1,354)	(1,354)
Housing Benefit Administration Subsidy	1,100	882	700	500	300	100	(600)	(1,000)
Lower Tier Services Grant	0	427	427	427	427	427	427	427
Council Tax Administration Grant	290	290	290	290	290	290	0	0
Local Voices & Community Reform	142	164	164	164	164	164	22	22
Lead Local Authority Flood Grant	17	0	0	0	0	0	(17)	(17)
Extended Rights to Free Travel	16	19	19	19	19	19	3	3
Other Central Government Funding	43,072	43,271	43,189	43,091	42,891	42,691	19	(381)

The Council's Budget (2021/22 - 2025/26) - Medium Term Financial Forecast

General Fund Budget Inflation Provision	Base Budget	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2021/22	2022/23	2023/24	2024/25	2025/26		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Inflation Rates</u>								
Workforce Expenditure (including Pension Contributions)	N/A	1.1%	2.5%	2.5%	2.5%	2.5%	6.2%	11.6%
Added Years Pension Costs	N/A	0.7%	2.0%	2.0%	2.0%	2.0%	4.6%	8.8%
Energy	N/A	8.0%	5.0%	5.0%	5.0%	5.0%	19.1%	31.3%
Vehicle Fuel	N/A	2.3%	5.0%	5.0%	5.0%	5.0%	12.8%	24.3%
Contracted Expenditure	N/A	2.9%	2.0%	2.0%	2.0%	2.0%	7.2%	11.8%
Homecare Provision (Adult Social Care)	N/A	3.0%	3.0%	3.0%	3.0%	3.0%	9.3%	15.9%
Care Placements (Adult Social Care)	N/A	2.4%	2.4%	2.4%	2.4%	2.4%	9.3%	15.8%
Care Placements (Children's Services)	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	7.9%	13.4%
Business Rates	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	4.6%	8.8%
Levies	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	6.1%	10.4%
<u>Inflation Projections</u>								
Workforce Expenditure (including Pension Contributions)	125,795	1,327	3,200	3,282	3,364	3,451	7,809	14,624
Added Years Pension Costs	1,900	10	38	39	40	41	87	168
Energy	2,617	210	141	148	155	164	499	818
Vehicle Fuel	1,053	24	54	57	59	62	135	256
Contracted Expenditure	42,807	1,241	915	939	965	992	3,095	5,052
Homecare Provision (Adult Social Care)	12,007	360	371	382	394	405	1,113	1,912
Care Placements (Adult Social Care)	50,848	1,535	1,571	1,609	1,648	1,687	4,715	8,050
Care Placements (Children's Services)	21,429	548	562	575	589	603	1,685	2,877
Business Rates	3,199	16	64	66	67	68	146	281
Levies	9,340	186	190	194	198	202	570	970
Gross Inflation Requirement	270,995	5,457	7,106	7,291	7,479	7,675	19,854	35,008
Less: Externally Funded Items	N/A	(757)	(764)	(794)	(825)	(859)	(2,315)	(3,999)
Total Inflation Provision	270,995	4,700	6,342	6,497	6,654	6,816	17,539	31,009

General Fund Budget Corporate Items	Annual Movement in Budget Requirement					Three Year Outlook £'000	Five Year Outlook £'000
	2021/22	2022/23	2023/24	2024/25	2025/26		
	£'000	£'000	£'000	£'000	£'000		
<u>New Burdens & Transfers of Responsibility</u>							
Additional Investment in Public Health	159	0	0	0	0	159	159
Troubled Families Programme	0	658	0	0	0	658	658
<u>Adjustments to Financing & Corporate Budgets</u>							
Capital Financing Costs	1,572	1,515	3,445	1,953	(378)	6,532	8,107
Cost of Older People Discount	1,521	(99)	(92)	(85)	(80)	1,330	1,165
Earmarked Reserves use for Older People Discount	(1,521)	99	1,422	0	0	0	0
Implement Council Tax Hardship Allowance	1,271	(1,271)	0	0	0	0	0
Addition to the COVID-19 Earmarked Reserve	1,207	0	0	0	0	1,207	1,207
Housing Benefit Subsidy (Recovery of Overpayments)	100	100	100	100	100	300	500
Flexible Use of Capital Receipts to finance Service Transformation	309	965	0	0	0	1,274	1,274
Movement in Added Years Pension Costs	(25)	(25)	(25)	(25)	(25)	(75)	(125)
Concessionary Fares Rebate	(1,107)	(444)	1,088	463	0	(463)	0
Total Corporate Items	3,486	1,498	5,938	2,406	(383)	10,922	12,945

General Fund Budget Development & Risk Contingency	2020/21	Annual Movement in Budget Requirement					Three Year	Five Year
	Provision	2021/22	2022/23	2023/24	2024/25	2025/26	Outlook	Outlook
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Pressures								
Waste Disposal Levy & Contracts	2,050	900	900	900	900	900	2,700	4,500
Support for Looked After Children	3,211	656	682	709	709	709	2,047	3,465
Support for Children with Disabilities	895	117	122	127	132	132	366	630
SEN Transport	2,723	495	523	553	584	584	1,571	2,739
Adult Social Care Placements	2,793	1,288	1,103	1,117	1,117	1,117	3,508	5,742
Demographic Growth Items	11,672	3,456	3,330	3,406	3,442	3,442	10,192	17,076
Homelessness Prevention	822	0	0	0	0	0	0	0
Asylum Funding Shortfall	1,063	0	0	0	0	0	0	0
Additional Investment Income	(400)	0	0	0	0	0	0	0
General Contingency	500	323	0	0	0	0	323	323
Risk Items	1,985	323	0	0	0	0	323	323
Total Service Pressures	13,657	3,779	3,330	3,406	3,442	3,442	10,515	17,399

General Fund Budget Priority Growth	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
	2021/22	2022/23	2023/24	2024/25	2025/26		
	£'000	£'000	£'000	£'000	£'000		
New Priority Growth	50	0	0	0	0	50	50
Available Priority Growth	50	0	0	0	0	50	50
<u>New Priority Growth Initiatives</u>							
Domestic Abuse Initiatives	(50)	0	0	0	0	(50)	(50)
Remaining Unallocated Priority Growth	0	0	0	0	0	0	0

General Fund Budget Savings Proposals	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
	2021/22	2022/23	2023/24	2024/25	2025/26		
	£'000	£'000	£'000	£'000	£'000		
<u>Savings Proposals by Directorate</u>							
Finance Directorate	(610)	(200)	0	0	0	(810)	(810)
Social Care	(1,750)	0	0	0	0	(1,750)	(1,750)
Environment, Education & Community Services	(1,960)	(787)	0	0	0	(2,747)	(2,747)
Building Services, Transport & Business Improvement	(1,635)	(760)	0	0	0	(2,395)	(2,395)
Corporate Resources & Services	(988)	(1,050)	0	0	0	(2,038)	(2,038)
Cross-Cutting Initiatives	(1,111)	0	0	0	0	(1,111)	(1,111)
Specific Savings Proposals	(8,054)	(2,797)	0	0	0	(10,851)	(10,851)
<u>Savings Proposals by Theme</u>							
Service Transformation	(2,393)	(1,867)	0	0	0	(4,260)	(4,260)
Effective Procurement	(370)	0	0	0	0	(370)	(370)
Managing Demand	(1,285)	(250)	0	0	0	(1,535)	(1,535)
Income Generation & Commercialisation	(1,976)	(650)	0	0	0	(2,626)	(2,626)
Zero Based Reviews	(1,530)	(30)	0	0	0	(1,560)	(1,560)
Policy Decisions	(500)	0	0	0	0	(500)	(500)
Specific Savings Proposals	(8,054)	(2,797)	0	0	0	(10,851)	(10,851)

General Fund Budget Savings Programme (Finance Directorate)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2021/22	2022/23	2023/24	2024/25	2025/26		
		£'000	£'000	£'000	£'000	£'000		
Savings Programme by Theme								
Service Transformation (T)		(300)	(200)	0	0	0	(500)	(500)
Effective Procurement (P)		(120)	0	0	0	0	(120)	(120)
Managing Demand (M)		0	0	0	0	0	0	0
Income Generation & Commercialisation (C)		0	0	0	0	0	0	0
Zero Based Reviews (Z)		(190)	0	0	0	0	(190)	(190)
Policy Decisions (D)		0	0	0	0	0	0	0
Total Finance Directorate Savings		(610)	(200)	0	0	0	(810)	(810)
Savings Proposals								
Robotics & Automation								
Implementation of Robotics and Automation within Revenues and Benefits Services		(T)	(162)	0	0	0	(162)	(162)
E&BAS Service Review								
Further BID reviews of Exchequer Services and Business Assurance		(T)	(138)	(200)	0	0	(338)	(338)
Fleet Repairs and Maintenance Contract								
A review of the current contract to ensure cost effective provision of repairs and maintenance		(P)	(120)	0	0	0	(120)	(120)
Fleet Service Review								
Zero Based Review of Fleet Budgets, including Fuel and Vehicle Damage		(Z)	(190)	0	0	0	(190)	(190)
Total Finance Directorate Savings		(610)	(200)	0	0	0	(810)	(810)

General Fund Budget Savings Programme (Social Care)	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook	
	2021/22	2022/23	2023/24	2024/25	2025/26			
	£'000	£'000	£'000	£'000	£'000			
Savings Programme by Theme								
Service Transformation (T)	(150)	0	0	0	0	(150)	(150)	
Effective Procurement (P)	(250)	0	0	0	0	(250)	(250)	
Managing Demand (M)	(1,000)	0	0	0	0	(1,000)	(1,000)	
Income Generation & Commercialisation (C)	(100)	0	0	0	0	(100)	(100)	
Zero Based Reviews (Z)	(250)	0	0	0	0	(250)	(250)	
Policy Decisions (D)	0	0	0	0	0	0	0	
Total Social Care Savings	(1,750)	0	0	0	0	(1,750)	(1,750)	
Savings Proposals								
BID Review of Children's Services								
<i>BID Review of Structures across Childrens Services to ensure resources are employed at the right level to strengthen processes to ensure a clear pathway for each child</i>	(T)	(150)	0	0	0	0	(150)	(150)
Zero Based Review of Asylum								
<i>Asylum Zero Based Review in line with revised grant income rates</i>	(Z)	(250)	0	0	0	0	(250)	(250)
Zero Based Review of Social Care Demand								
<i>Adults and Childrens Care Placements Zero Based Review of demographic and unit cost impacts</i>	(M)	(1,000)	0	0	0	0	(1,000)	(1,000)
Lease Income								
<i>Income generated from lease of Civic Centre Link 1A</i>	(C)	(100)	0	0	0	0	(100)	(100)
CNWL Contract Saving								
<i>Efficiencies achieved through contract negotiation with CNWL for provision of Public Health contracts</i>	(P)	(250)	0	0	0	0	(250)	(250)
Total Social Care Savings		(1,750)	0	0	0	0	(1,750)	(1,750)

General Fund Budget Savings Programme (Environment, Education & Community Services)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook	
		2021/22	2022/23	2023/24	2024/25	2025/26			
		£'000	£'000	£'000	£'000	£'000			
Savings Programme by Theme									
	Service Transformation (T)	(495)	(147)	0	0	0	(642)	(642)	
	Effective Procurement (P)	0	0	0	0	0	0	0	
	Managing Demand (M)	(250)	(250)	0	0	0	(500)	(500)	
	Income Generation & Commercialisation (C)	(715)	(390)	0	0	0	(1,105)	(1,105)	
	Zero Based Reviews (Z)	0	0	0	0	0	0	0	
	Policy Decisions (D)	(500)	0	0	0	0	(500)	(500)	
Total Environment, Education & Community Services Services Savings		(1,960)	(787)	0	0	0	(2,747)	(2,747)	
Savings Proposals									
Review of Libraries operating model									
	<i>Review the Libraries operating model to ensure maximisation of assets and resources, while delivering community services to residents</i>	(T)	(250)	(100)	0	0	0	(350)	(350)
Maximisation of Park & Courts Income									
	<i>Reviewing all options for the provision of parks, including fees & charges, support to clubs and organisations, donations and concession options, while ensuring a cost effective service delivery provision</i>	(C)	(205)	(200)	0	0	0	(405)	(405)
Review of Golf Delivery Model									
	<i>Ensure that courses are run efficiently and income maximised to remove subsidy requirement</i>	(C)	(137)	(130)	0	0	0	(267)	(267)
Review of Rural Activities Garden Centre									
	<i>Review the operating model to ensure strong links with Social Care to strengthen the breadth of residents supported at the site, in line with Public Health objectives in order to remove the Council subsidy</i>	(T)	(50)	(47)	0	0	0	(97)	(97)

General Fund Budget Savings Programme (Environment, Education & Community Services)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2021/22	2022/23	2023/24	2024/25	2025/26		
		£'000	£'000	£'000	£'000	£'000		
Review of Ruislip Lido Operating Model								
<i>Review of the Operating Model and renegotiation of leases at the site to ensure market rates are achieved</i>	(C)	0	(60)	0	0	0	(60)	(60)
Review of Adult Education								
<i>Critical review of course attendance to only run courses that are fully funded through either grant income or course fees.</i>	(C)	(123)	0	0	0	0	(123)	(123)
Review of Museums & Theatres Operating Model								
<i>To review the operation at museums and theatres to modernise processes and maximise use of resources with a view to reducing the Council subsidy</i>	(C)	(200)	0	0	0	0	(200)	(200)
Review of Universal Youth Services								
<i>Review of Universal Youth Services to create a improved operating model, maximising the use of assets and delivering the service in a cost effective way, linked with Social Care targeted programmes</i>	(T)	(100)	0	0	0	0	(100)	(100)
Introduction of Charges for FIESTA								
<i>Charging for FIESTA to recover the costs of delivery, while still providing a high quality service at vastly reduced rates from external holiday club provision and maintaining Council subsidised placements for vulnerable children</i>	(C)	(50)	0	0	0	0	(50)	(50)
Insourcing Planning Services Contract								
<i>Insourcing the Planning Service contract and restructuring of the Service to ensure efficiencies</i>	(T)	(95)	0	0	0	0	(95)	(95)

General Fund Budget Savings Programme (Environment, Education & Community Services)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook	
		2021/22	2022/23	2023/24	2024/25	2025/26			
		£'000	£'000	£'000	£'000	£'000			
Review of Temporary Accommodation									
<i>A number of initiatives covering the use of temporary accommodation, securing cost reductions on accommodation, maximising grant income and consideration of strategic property acquisitions which can be used for Temporary Accommodation.</i>		(M)	(250)	(250)	0	0	0	(500)	(500)
First Time Buyer's Initiative									
<i>Close the First Time Buyer's Initiative given the ongoing commitment of Central Government to Housing initiatives such as Help to Buy and Starter Homes, alongside the implementation of new schemes such as First Homes.</i>		(D)	(500)	0	0	0	0	(500)	(500)
Total Environment, Education & Community Services Savings			(1,960)	(787)	0	0	0	(2,747)	(2,747)

General Fund Budget Savings Programme (Building Services, Transport & Business Improvement)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2021/22	2022/23	2023/24	2024/25	2025/26		
		£'000	£'000	£'000	£'000	£'000		
Savings Programme by Theme								
	Service Transformation (T)	(460)	(470)	0	0	0	(930)	(930)
	Effective Procurement (P)	0	0	0	0	0	0	0
	Managing Demand (M)	(35)	0	0	0	0	(35)	(35)
	Income Generation & Commercialisation (C)	(150)	(260)	0	0	0	(410)	(410)
	Zero Based Reviews (Z)	(990)	(30)	0	0	0	(1,020)	(1,020)
	Policy Decisions (D)	0	0	0	0	0	0	0
Total Building Services, Transport & Business Improvement Savings		(1,635)	(760)	0	0	0	(2,395)	(2,395)
Savings Proposals								
Zero Based Review of Lease Income								
	Zero Based Review of all Lease income collected by the Council (Z)	(25)	0	0	0	0	(25)	(25)
Zero Based Review of Business Rates								
	Zero Based Review of the Business Rates that the Council is liable to pay (Z)	(35)	0	0	0	0	(35)	(35)
Zero Based Review of Repairs & Maintenance								
	Zero Based Review of Repairs DLO and share of costs borne by HRA (Z)	(50)	0	0	0	0	(50)	(50)
Zero Based Review of Energy Budgets								
	Zero Based Review of energy budgets and the Council's energy requirements. (Z)	(250)	0	0	0	0	(250)	(250)
BID Review of Printing, Postage and Mail								
	BID Review of Printing, Postage and Mail to streamline processes and maximise value for money (T)	(100)	0	0	0	0	(100)	(100)
Highways Capitalisation								
	Review of Capitalisation Practices across minor works, drainage and street lighting budgets (Z)	(250)	0	0	0	0	(250)	(250)
Hatton Cross Public Convenience								
	Closing Hatton Cross Public Convenience (M)	(35)	0	0	0	0	(35)	(35)

General Fund Budget Savings Programme (Building Services, Transport & Business Improvement)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2021/22	2022/23	2023/24	2024/25	2025/26		
		£'000	£'000	£'000	£'000	£'000		
Zero Based Review of Waste Disposal Costs								
<i>Zero based review of waste disposal costs - realignment of WLWA levy budgets and the various Hillingdon contracts to base budget and current activity levels.</i>	(Z)	(180)	0	0	0	0	(180)	(180)
Review of Food Waste & Recycling Initiatives								
<i>Reduction in on residual waste tonnages from implementation of food waste and other recycling initiatives</i>	(T)	(110)	(270)	0	0	0	(380)	(380)
Review of Bulky Waste Collection								
<i>Bulky waste collection and Fixed Penalty Notice income - review and realignment of waste income streams</i>	(Z)	(200)	(30)	0	0	0	(230)	(230)
Review of Recycling & Waste Bags								
<i>Recycling Bags and Waste Bags - review of distribution and usage</i>	(T)	(50)	0	0	0	0	(50)	(50)
Develop Commercial Trade Waste Service								
<i>Ongoing development of commercial trade waste service, linked to BID paper with investment proposal for additional staff.</i>	(C)	(150)	(260)	0	0	0	(410)	(410)
Review of Parking Service Structures								
<i>Initial Restructuring Proposals of the Parking Service</i>	(T)	(50)	0	0	0	0	(50)	(50)
BID Review of Parking								
<i>Further BID Review of Parking (incl. APCOA contract expiry in 2022/23)</i>	(T)	(150)	(200)	0	0	0	(350)	(350)
Total Building Services, Transport & Business Improvement Savings								
		(1,635)	(760)	0	0	0	(2,395)	(2,395)

General Fund Budget Savings Programme (Corporate Resources & Services)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2021/22	2022/23	2023/24	2024/25	2025/26		
		£'000	£'000	£'000	£'000	£'000		
Savings Programme by Theme								
	Service Transformation (T)	(988)	(1,050)	0	0	0	(2,038)	(2,038)
	Effective Procurement (P)	0	0	0	0	0	0	0
	Managing Demand (M)	0	0	0	0	0	0	0
	Income Generation & Commercialisation (C)	0	0	0	0	0	0	0
	Zero Based Reviews (Z)	0	0	0	0	0	0	0
	Policy Decisions (D)	0	0	0	0	0	0	0
Total Corporate Resources & Services Savings		(988)	(1,050)	0	0	0	(2,038)	(2,038)
Savings Proposals								
Review of Contact Centre Operating Model								
	<i>Reducing call volumes through migration to self-help on the web, alongside streamlining processes across Contact Centre and back office functions</i>	(T)	(138)	0	0	0	(138)	(138)
Review of Business Support Operating Model								
	<i>Review Business Support Teams across the Council, ensuring efficient allocation of resource to meet Service needs</i>	(T)	(320)	(100)	0	0	(420)	(420)
Review of Financial Processes								
	<i>Centralisation of Financial Processes, including Purchase Orders and invoicing, to create a core team to improve efficiency of delivery and a review of secondments across the Service</i>	(T)	(430)	(150)	0	0	(580)	(580)
Review of Tech Admin Operating Model								
	<i>Further review of Tech Admin with particular focus on automation of processes, enabling deletion of vacant posts as they arise</i>	(T)	0	(500)	0	0	(500)	(500)
Review of Training Budgets								
	<i>Review of Training Budgets and maximising use of Apprenticeship Levy</i>	(T)	(100)	0	0	0	(100)	(100)

General Fund Budget Savings Programme (Corporate Resources & Services)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2021/22	2022/23	2023/24	2024/25	2025/26		
		£'000	£'000	£'000	£'000	£'000		
Boundary Review (Basic Allowances)								
<i>Realignment of Members Basic Allowance budgets following the implementation of the Boundary review.</i>	(T)	0	(150)	0	0	0	(150)	(150)
Boundary Review (SRA & Back Office Support)								
<i>Further review of back office Member Support and SRAs following implementation of Boundary Review changes.</i>	(T)	0	(150)	0	0	0	(150)	(150)
Total Corporate Resources & Services Savings		(988)	(1,050)	0	0	0	(2,038)	(2,038)

General Fund Budget Savings Programme (Cross-Cutting)	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
	2021/22	2022/23	2023/24	2024/25	2025/26		
	£'000	£'000	£'000	£'000	£'000		
Savings Programme by Theme							
Service Transformation (T)	0	0	0	0	0	0	0
Effective Procurement (P)	0	0	0	0	0	0	0
Managing Demand (M)	0	0	0	0	0	0	0
Income Generation & Commercialisation (C)	(1,011)	0	0	0	0	(1,011)	(1,011)
Zero Based Reviews (Z)	(100)	0	0	0	0	(100)	(100)
Policy Decisions (D)	0	0	0	0	0	0	0
Total Cross-Cutting Savings	(1,111)	0	0	0	0	(1,111)	(1,111)
Savings Proposals							
Fees & Charges (FYE uplifts)							
<i>Fees & Charges uplifts proposed at February 2020 Cabinet</i>	(C)	(164)	0	0	0	(164)	(164)
Fees & Charges Review							
<i>The impact of the range of changes detailed in Appendix 8</i>	(C)	(847)	0	0	0	(847)	(847)
Ongoing Vacant Post Review							
<i>Ongoing review of the Councils recruitment needs, including a review of existing vacant posts</i>	(Z)	(100)	0	0	0	(100)	(100)
Total Cross-Cutting Savings		(1,111)	0	0	0	(1,111)	(1,111)

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Highways										
Minor Highways Fees										
Vehicle Crossings (Average crossing)	R	992.00	N/A	NB	1012.00	2.02%	N/A	N/A	01-Apr-20	01-Apr-21
Vehicle crossing application fee (non-refundable)	R	79.00	N/A	NB	87.00	10.13%	N/A	N/A	01-Apr-20	01-Apr-21
Non-Refundable application Fee(planned works crossovers)	R	79.00	N/A	NB	87.00	10.13%	N/A	N/A	01-Apr-20	01-Apr-21
Vehicle crossing supervision Fee	R	50.00	N/A	NB	149.00	198.00%	N/A	N/A	25-Jul-19	01-Apr-21
Street Naming & Numbering										
To name/Rename - To name/Rename of Builidng/Street numbering - First or single unit	M	100.00	N/A	NB	145.00	45.00%	N/A	0.00%	01-Apr-13	01-Apr-21
To name/Rename - To name/Rename of Builidng/Street numbering - Multiples 2 to 19 additional per unit	M	25.00	N/A	NB	54.00	116.00%	N/A	0.00%	01-Apr-13	01-Apr-21
Building Control										
Table 1 (Erection of New Housing & Flats) - Building Notice Charge -Plan charge 50% : Inspection charge 50% STANDARD FEES										
1	R	606.00	606.00	STD	990.00	63.37%	990.00	63.37%	01-Apr-11	01-Apr-21
2	R	727.20	727.20	STD	1250.00	71.89%	1250.00	71.89%	01-Apr-11	01-Apr-21
3	R	848.40	848.40	STD	1460.00	72.09%	1460.00	72.09%	01-Apr-11	01-Apr-21
4	R	969.60	969.60	STD	1710.00	76.36%	1710.00	76.36%	01-Apr-11	01-Apr-21

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Type
B-Business R-Resident
M-Mixed C-Concession

Vat Status
STD-Standard
EXP-Exempt RED-Reduced
NB-Non Business M-Mixed
OTS-Outside of Scope

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
5 to 10	R	1212.00	1212.00	STD	3140.00	159.08%	3140.00	159.08%	01-Apr-11	01-Apr-21
1 to 5 Flats	R	848.40	848.40	STD	1390.00	63.84%	1390.00	63.84%	01-Apr-11	01-Apr-21
6 to 10 Flats	R	1090.80	1090.80	STD	2830.00	159.44%	2830.00	159.44%	01-Apr-11	01-Apr-21
Table 1 (Erection of New Housing & Flats) - Building Notice Charge -Plan charge 50% : Inspection charge 50% REGULARISATION FEES (20% Penalty)										
1	R			NB	1188.00	NEW	1188.00	NEW	01-Apr-11	01-Apr-21
2	R			NB	1500.00	NEW	1500.00	NEW	01-Apr-11	01-Apr-21
3	R			NB	1752.00	NEW	1752.00	NEW	01-Apr-11	01-Apr-21
4	R			NB	2052.00	NEW	2052.00	NEW	01-Apr-11	01-Apr-21
5 to 10	R			NB	3768.00	NEW	3768.00	NEW	01-Apr-11	01-Apr-21
1 to 5 Flats	R			NB	1668.00	NEW	1668.00	NEW	01-Apr-11	01-Apr-21
6 to 10 Flats	R			NB	3396.00	NEW	3396.00	NEW	01-Apr-11	01-Apr-21
Table 2 (Domestic Extension(s)) - Plan charge 40% : Inspection charge 60% STANDARD FEES										
Less than 40m2	R	606.00	606.00	STD	670.00	10.56%	670.00	10.56%	01-Apr-11	01-Apr-21
40m2 to 60m2	R	606.00	606.00	STD	830.00	36.96%	830.00	36.96%	01-Apr-11	01-Apr-21
60m2 (up to 100m2)	R	727.20	727.20	STD	960.00	32.01%	960.00	32.01%	01-Apr-11	01-Apr-21
Table 2 (Domestic Extension(s)) - Plan charge 40% : Inspection charge 60% REGULARISATION FEES (20% Penalty)										
Less than 40m2	R			NB	804.00	NEW	804.00	NEW		01-Apr-21
40m2 to 60m2	R			NB	996.00	NEW	996.00	NEW		01-Apr-21
60m2 (up to 100m2)	R			NB	1152.00	NEW	1152.00	NEW		01-Apr-21
Domestic Loft Conversions STANDARD FEES										
Less than 40m2	R	606.00	606.00	STD	660.00	8.91%	655.00	8.09%	01-Apr-11	01-Apr-21
40m2 to 60m2	R	606.00	606.00	STD	700.00	15.51%	695.00	14.69%	01-Apr-11	01-Apr-21
Domestic Loft Conversions REGULARISATION FEES (20% Penalty)										
Less than 40m2	R			NB	792.00	NEW	792.00	NEW		01-Apr-21
40m2 to 60m2	R			NB	840.00	NEW	840.00	NEW		01-Apr-21
60m2 (up to 100m2)	R			NB	872.64	NEW	872.64	NEW		01-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Table 2 Other Domestic Buildings (Detached Garage/Carport or attached Conservatory) Plan charge 40% : Inspection charge 60% STANDARD FEES										
100m2 +	R	QUOTE	QUOTE	STD	QUOTE	NEW	QUOTE	NEW		01-Apr-21
Table 2 Other Domestic Buildings (Detached Garage/Carport or attached Conservatory) Plan charge 40% : Inspection charge 60% REGULARISATION FEES (20% Penalty)										
Less than 40m2	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
40m2 (up to 100m2)	R			NB	872.64	NEW	872.64	NEW		01-Apr-21
100m2 +	R			NB	QUOTE	NEW	QUOTE	NEW		01-Apr-21
Table 2 Other Works to Single Dwelling Plan charge 50% : Inspection charge 50% REGULARISATION FEE (20% Penalty)										
Installation of new WC/shower/bath or basin within existing room	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Removal of Chimney Breast(s)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Formation of Structural Opening in wall e.g. simple through lounge	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Formation of Structural Opening in wall with removal of chimney breast(s)	R			NB	435.60	NEW	435.60	NEW		01-Apr-21
Formation of Structural Opening in wall requiring new foundation, piers etc	R			NB	435.60	NEW	435.60	NEW		01-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Formation of Structural Opening in wall requiring new foundation, piers etc with removal of chimney breast(s)	R			NB	435.60	NEW	435.60	NEW		01-Apr-21
Replacement of roof weathering (Flat & Pitched)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Underpinning up to 6m	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
Replacement or installation of 5 or fewer new windows / rooflights)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
(Re-) plastering or (re-) rendering to walls (at least half of room and up to 50m2)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Electrical wiring (up to 4 bed dwelling - 12 circuits)	R			NB	436.32	NEW	436.32	NEW		01-Apr-21
Attached / detached Garage to habitable use	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
Conversion to habitable use (e.g. conservatory)	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
Conversion of existing building into 5 or fewer self contained flats	R			NB	872.64	NEW	872.64	NEW		01-Apr-21
Conversion of one flat / house into two	R			NB	872.64	NEW	872.64	NEW		01-Apr-21
Table 3 Commercial Charges - Shops & Offices (Small Extensions) Plan charge 50% : Inspection charge 50% STANDARD FEE										
Less than 40m2	R	606.00	606.00	STD	660.00	8.91%	660.00	8.91%	01-Apr-11	01-Apr-21
40m2 to 60m2	R	727.20	727.20	STD	860.00	18.26%	860.00	18.26%	01-Apr-11	01-Apr-21
60m2 (up to 100m2)	R	969.60	969.60	STD	1060.00	9.32%	1060.00	9.32%	01-Apr-11	01-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Table 3 Commercial Charges - Shops & Offices (Small Extensions) Plan charge 50% : Inspection charge 50% REGULARISATION FEE (20% Penalty)										
Less than 40m2	R			NB	792.00	NEW	792.00	NEW		01-Apr-21
40m2 to 60m2	R			NB	1032.00	NEW	1032.00	NEW		01-Apr-21
60m2 (up to 100m2)	R			NB	1272.00	NEW	1272.00	NEW		01-Apr-21
Table 3 Commercial Charges - Detached shed or covered yard Plan charge 50% : Inspection charge 50% REGULARISATION FEE (20% Penalty)										
Less than 40m2	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
40m2 (up to 100m2)	R			NB	872.64	NEW	872.64	NEW		01-Apr-21
Table 3 Commercial Charges - Other Minor works Plan charge 50% : Inspection charge 50% REGULARISATION FEE (20% Penalty)										
Other Minor Works	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Table 3 Commercial Charges (continued) - Fitting out works (including WC's, staff kitchen etc) Plan charge 50% : Inspection charge 50% REGULARISATION FEE (20% Penalty)										
Up to 500m2	R			NB	436.32	NEW	436.32	NEW		01-Apr-21
More than 500m2 (up to 1000m2)	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
Formation of commercial kitchen	R			NB	436.32	NEW	436.32	NEW		01-Apr-21
Formation of structural opening (1 opening)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Formation of structural openings (up to 5 openings)	R			NB	436.32	NEW	436.32	NEW		01-Apr-21
Formation of new WC / shower room / bathroom fit out	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
New partitions to form office / room(s) in existing building (up to 10m in length)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Works Valued at £1,000 - £5,000	R			NB	436.32	NEW	436.32	NEW		01-Apr-21
Works Valued at £5,001 - £10,000	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
Table 3 General to all commercial - New mezzanine floor - Plan charge 50% : Inspection charge 50% REGULARISATION FEE (20% Penalty)										
Up to 500m2	R			NB	436.32	NEW	436.32	NEW		01-Apr-21
More than 500m2 (up to 1000m2)	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
Replacement roof covering (flat or pitched roof up to 500m2)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Underpinning (up to 10m in length)	R			NB	872.64	NEW	872.64	NEW		01-Apr-21
New wall / partition (up to 10m in length)	R			NB	290.88	NEW	290.88	NEW		01-Apr-21
Table 3 Other Commercial - Plan charge 40% : Inspection charge 60% REGULARISATION FEE (20% Penalty)										
Factory (up to 2000m2)	R			NB	2908.80	NEW	2908.80	NEW		01-Apr-21
Warehouses (up to 1000m2)	R			NB	581.76	NEW	581.76	NEW		01-Apr-21
Schools (up to 2000m2)	R			NB	2908.80	NEW	2908.80	NEW		01-Apr-21
Assembly Buildings (up to 2000m2)	R			NB	2908.80	NEW	2908.80	NEW		01-Apr-21
Commercial Buildings (up to 2000m2)	R			NB	2908.80	NEW	2908.80	NEW		01-Apr-21
Public Houses (up to 2000m2)	R			NB	2908.80	NEW	2908.80	NEW		01-Apr-21
Hotels (up to 2000m2)	R			NB	2908.80	NEW	2908.80	NEW		01-Apr-21
Hospitals (up to 2000m2)	R			NB	2908.80	NEW	2908.80	NEW		01-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Licensing										
The Marriage Act 1994										
Application for Approval or renewal a premises which currently holds a Premises Licence under the Licensing Act 2003 - Up to 100 Capacity	B	500.80	500.80	NB	563.25	12.47%	563.25	12.47%	01-Apr-19	01-Apr-21
Application for Approval or renewal a premises which currently holds a Premises Licence under the Licensing Act 2003 - Up to 200 Capacity	B	580.80	580.00	NB	653.25	12.47%	653.25	12.63%	01-Apr-19	01-Apr-21
Trading Standards										
Weights & Measurements										
Verification / Calibration of weights & measurement equipment - charge per hour of Officer Time				NB	58.50	NEW	58.50	NEW		01-Apr-21
Additional staff cost per hour				NB	36.90	NEW	36.90	NEW		01-Apr-21
Food Hygiene										
Food Hygiene rating scheme, re-rating visit	B	192.50	N/A	STD	239.00	24.16%	N/A	N/A	06-Oct-17	01-Apr-21
Trade Refuse										
1100 litre capacity bulk bin (1-3 bins). Hire & empty	B	19.50	N/A	NB	20.00	2.56%	N/A	N/A	01-Jun-19	01-Apr-21
1280 litre capacity bulk bin. Hire & empty	B	22.00	N/A	NB	22.50	2.27%	N/A	N/A	01-Jun-19	01-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Parking										
On-Street Parking: (1) Town Centres										
West Drayton / Yiewsley, Hayes (Coldharbour Lane and Station Rd), Northwood Hills, Eastcote, Ruislip.										
<i>These schemes have various maximum stay durations of either 2 hours or 4 hours.:</i>										
1st 30 mins free then, up to 1 hour	M	0.00	0.00	NB	0.00	0.00%	0.00	0.00%	31-Jan-11	
up to 1.5 hours	M	0.20	0.90	NB	0.25	25.00%	1.50	66.67%	06-Apr-20	06-Apr-21
up to 2 hours, then per 20 mins up to maximum stay	M			NB	0.50	NEW	2.50	NEW		06-Apr-21
	M			NB	0.80	NEW	3.00	NEW		06-Apr-21
	M	0.20	0.90	NB	0.20	0.00%	0.90	0.00%	06-Apr-20	
On-Street Parking: (1) Local Centres and Parades Hillingdon Circus; Uxbridge Rd / Lees Rd; South Ruislip;										
North Hillingdon (Hercies RD); Crescent Parade; New Pond Parade; Ickenham, Dellfield Parade, Hillingdon Hill										
<i>These schemes have various maximum stay durations between 2 hrs and 4 hrs</i>										
1st 30 mins free then, up to 1 hour	M	0.00	0.00	NB	0.00	0.00%	0.00	0.00%	31-Jan-11	
up to 1.5 hours	M	0.20	0.90	NB	0.25	25.00%	1.50	66.67%	06-Apr-20	06-Apr-21
up to 2 hours, then per 20 mins up to maximum stay	M			NB	0.50	NEW	2.50	NEW		06-Apr-21
	M			NB	0.80	NEW	3.00	NEW		06-Apr-21
	M	0.20	0.90	NB	0.20	0.00%	0.90	0.00%	06-Apr-20	
On-Street Parking: (2) Local Centres and Parades										
Belmore Parade										
<i>This scheme has a duration of 10 hrs and 40 mins</i>										
1st 30 mins free then, up to 1 hour	M	0.00	0.00	NB	0.00	0.00%	0.00	0.00%	31-Jan-11	
up to 1.5 hours	M	0.20	0.90	NB	0.25	25.00%	1.50	66.67%	06-Apr-20	06-Apr-21
up to 2 hours, then per 20 mins up to maximum stay	M			NB	0.50	NEW	2.50	NEW		06-Apr-21
	M			NB	0.80	NEW	3.00	NEW		06-Apr-21
	M	0.20	0.90	NB	0.20	0.00%	0.90	0.00%	06-Apr-20	

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Parking Schemes										
Heathrow; Hayes (Mount Rd and Nield Rd); Longford; Uxbridge South; Hillingdon Hospital; Cowley (Station Rd and Huxley CI); Uxbridge North (Park Rd); West Drayton										
<i>These schemes have various maximum stay durations between 30 mins and 8 hrs</i>										
Outside shops:										
1st 30 mins free, then up to 1 hour	M	0.00	0.00	NB	0.00	0.00%	0.00	0.00%	31-Jan-11	
up to 1.5 hours	M	0.20	0.90	NB	0.25	25.00%	1.50	66.67%	06-Apr-20	06-Apr-21
up to 2 hours, then per 30 mins up to maximum stay	M			NB	0.50	NEW	2.50	NEW		06-Apr-21
	M			NB	0.80	NEW	3.00	NEW		06-Apr-21
	M	0.20	0.90	NB	0.20	0.00%	0.90	0.00%	06-Apr-20	
Parking permits										
Resident - first car	R	0.00	N/A	NB	0.00	0	N/A	0.00%	01-Apr-17	
Resident - second (per annum)	R	65.00	N/A	NB	100.00	53.85%	N/A	0.00%	06-Apr-20	06-Apr-21
Resident - third (per annum)	R			NB	120.00	NEW	N/A	NEW		06-Apr-21
Resident - fourth (per annum)	R			NB	150.00	NEW	N/A	NEW		06-Apr-21
Resident - fifth and subsequent (per annum)	R			NB	200.00	NEW	N/A	NEW		06-Apr-21
Per sheet of 10 Visitor Vouchers	R	8.00	N/A	NB	10.00	25.00%	N/A	N/A	06-Apr-20	06-Apr-21
Off Street Parking										
Kingsend South and Kingsend North, Ruislip - Limited Stay										
up to 1 hour (Kingsend South)	M	0.60	1.20	STD	0.75	25.00%	1.55	29.17%	06-Apr-20	06-Apr-21
up to 2 hours (Kingsend South)	M	1.00	1.70	STD	1.15	15.00%	2.05	20.59%	06-Apr-20	06-Apr-21
up to 30 mins (Kingsend North)	M	0.00	0.00	STD	0.00	0.00%	0.35	0.00%	31-Jan-11	

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
up to 1 hour (Kingsend North)	M	0.20	1.20	STD	0.35	75.00%	1.55	29.17%	06-Apr-20	06-Apr-21
up to 90 mins (Kingsend North)	M	0.40	1.70	STD	0.55	37.50%	2.05	20.59%	06-Apr-20	06-Apr-21
up to 2 hours (Kingsend North)	M	0.60	1.90	STD	0.75	25.00%	2.25	18.42%	06-Apr-20	06-Apr-21
Oaklands Gate, Northwood and Falling Lane, Yiewsley - Limited Stay										
Up to 30 mins	M	0.00	0.00	STD	0.00	0.00%	0.00	0.00%	31-Jan-11	
Up to 1 hour	M	0.20	1.20	STD	0.35	75.00%	1.55	29.17%	06-Apr-20	06-Apr-21
Up to 90 mins	M	0.40	1.50	STD	0.55	37.50%	1.85	23.33%	06-Apr-20	06-Apr-21
Up to 2 hours	M	0.60	1.90	STD	0.75	25.00%	2.25	18.42%	06-Apr-20	06-Apr-21
Up to 3 hours	M	1.00	2.70	STD	1.15	15.00%	3.05	12.96%	06-Apr-20	06-Apr-21
Up to 4 hours	M	1.80	4.60	STD	1.95	8.33%	4.95	7.61%	06-Apr-20	06-Apr-21
Rockingham Recreation Ground, Uxbridge, Sidmouth Drive car park, Ruislip Gardens, Harefield House - Limited Stay										
<i>This car park has a maximum stay of 4 hours</i>										
1st 30 mins, then	M	0.00	0.00	STD	0.00	0.00%	0.00	0.00%	31-Jan-11	
Up to 1 hour	M	0.20	1.20	STD	0.35	75.00%	1.55	20.00%	06-Apr-20	06-Apr-21
Up to 90 mins	M	0.40	1.90	STD	0.55	37.50%	2.25	11.76%	06-Apr-20	06-Apr-21
Up to 2 hours	M	0.60	2.60	STD	0.75	25.00%	2.95	8.33%	06-Apr-20	06-Apr-21
per 20 mins up to 4 hours	M	0.20	0.90	STD	0.35	75.00%	1.25	28.57%	06-Apr-20	06-Apr-21
Kingsend South, Ruislip - Long Stay										
Up to 1 hour	M	0.60	1.20	STD	0.75	25.00%	1.55	29.17%	06-Apr-20	06-Apr-21
Up to 2 hours	M	1.00	1.70	STD	1.15	15.00%	2.05	20.59%	06-Apr-20	06-Apr-21
Up to 3 hours	M	1.20	3.10	STD	1.35	12.50%	3.45	11.29%	06-Apr-20	06-Apr-21
Up to 4 hours	M	2.00	5.10	STD	2.15	7.50%	5.45	6.86%	06-Apr-20	06-Apr-21
Over 4 hours	M	2.20	5.70	STD	2.45	11.36%	6.05	6.14%	06-Apr-20	06-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Other Borough Car Parks: Blyth Road, Hayes; Community Close, Ickenham; Fairfield Rd, Yiewsley; Long Lane; Hillingdon; Civic Hall, Hayes; Linden Avenue, Ruislip Manor; Devon Parade, Eastcote; Devonshire Lodge, Eastcote; Green Lane, Northwood.										
Up to 30 mins	M	0.00	0.00	STD	0.00	0.00%	0.00	0.00%	31-Jan-11	
Up to 1 hour	M	0.20	0.90	STD	0.35	75.00%	1.25	38.89%	06-Apr-20	06-Apr-21
Up to 90 mins	M	0.40	1.60	STD	0.55	37.50%	1.95	21.88%	06-Apr-20	06-Apr-21
Up to 2 hours	M	0.60	2.30	STD	0.75	25.00%	2.65	15.22%	06-Apr-20	06-Apr-21
Up to 3 hours	M	1.00	3.20	STD	1.15	15.00%	3.55	10.94%	06-Apr-20	06-Apr-21
Up to 4 hours	M	2.00	5.40	STD	2.15	7.50%	5.75	6.48%	06-Apr-20	06-Apr-21
Up to 9 hours (Over 4 hours for Blyth Road)	M	3.70	8.90	STD	3.95	6.76%	9.25	3.93%	06-Apr-20	06-Apr-21
Over 9 hours	M	6.20	12.20	STD	6.45	4.03%	12.55	2.87%	06-Apr-20	06-Apr-21
Long Stay Reduced Charge: Long Drive, South Ruislip; Brandville Rd, West Drayton; Pembroke Gardens, Ruislip Manor; Pump Lane, Hayes; North View, Eastcote; St Martins Approach, Ruislip.										
Up to 30 mins	M	0.00	0.00	STD	0.00	0.00%	0.00	0.00%	31-Jan-11	
Up to 1 hour	M	0.20	0.90	STD	0.35	75.00%	1.25	38.89%	06-Apr-20	06-Apr-21
Up to 90 mins	M	0.40	1.60	STD	0.55	37.50%	1.95	21.88%	06-Apr-20	06-Apr-21
Up to 2 hours	M	0.60	2.30	STD	0.75	25.00%	2.65	15.22%	06-Apr-20	06-Apr-21
Up to 3 hours	M	1.00	3.70	STD	1.15	15.00%	4.05	9.46%	06-Apr-20	06-Apr-21
Up to 4 hours	M	1.80	5.40	STD	1.95	8.33%	5.75	6.48%	06-Apr-20	06-Apr-21
Over 4 hours	M	2.00	5.90	STD	2.25	12.50%	6.25	5.93%	06-Apr-20	06-Apr-21
Leisure Centre Car Parks: (Subject to agreement with the operators where relevant)										
Up to 30 mins	M	0.00	0.00	STD	0.00	0.00%	0.00	0.00%	31-Jan-11	
Up to 1 hour	M	0.20	0.70	STD	0.35	75.00%	1.05	50.00%	06-Apr-20	06-Apr-21
Up to 90 mins	M	0.40	1.20	STD	0.55	37.50%	1.55	29.17%	06-Apr-20	06-Apr-21
Up to 2 hours	M	0.60	1.70	STD	0.75	25.00%	2.05	20.59%	06-Apr-20	06-Apr-21
Up to 3 hours	M	1.00	2.50	STD	1.15	15.00%	2.85	14.00%	06-Apr-20	06-Apr-21
Up to 4 hours	M	2.00	4.70	STD	2.15	7.50%	5.05	7.45%	06-Apr-20	06-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Up to 6 hours	M	2.60	5.70	STD	2.85	9.62%	6.05	6.14%	06-Apr-20	06-Apr-21
Up to 9 hours	M	3.70	8.20	STD	3.95	6.76%	8.55	4.27%	06-Apr-20	06-Apr-21
Over 9 hours	M	6.20	11.20	STD	6.45	4.03%	11.55	3.13%	06-Apr-20	06-Apr-21
Uxbridge Multi-Storey car parks: Cedars car park, Uxbridge; Grainges car park, Uxbridge										
Up to 2 hours	M	1.00	2.10	STD	1.10	10.00%	2.40	14.29%	06-Apr-20	06-Apr-21
Up to 3 hours	M	2.00	3.00	STD	2.10	5.00%	3.30	10.00%	06-Apr-20	06-Apr-21
Up to 4 hours	M	2.50	3.90	STD	2.60	4.00%	4.20	7.69%	06-Apr-20	06-Apr-21
Up to 5 hours	M	3.20	4.30	STD	3.40	6.25%	4.60	6.98%	06-Apr-20	06-Apr-21
Up to 6 hours	M	4.50	6.80	STD	4.70	4.44%	7.10	0.00%	31-Jan-11	06-Apr-21
Up to 8 hours	M	6.50	11.00	STD	6.70	3.08%	11.30	0.00%	31-Jan-11	06-Apr-21
Over 8 hours	M	8.50	16.00	STD	8.70	2.35%	16.30	0.00%	31-Jan-11	06-Apr-21
Sunday (all day)	M	2.00	2.80	STD	2.10	5.00%	3.10	10.71%	06-Apr-20	06-Apr-21
Civic Centre car park (open on Saturdays only)										
Up to 2 hours	M	0.90	1.40	STD	1.05	16.67%	1.75	25.00%	06-Apr-20	06-Apr-21
Up to 4 hours	M	1.80	3.00	STD	1.95	8.33%	3.35	11.67%	06-Apr-20	06-Apr-21
Over 4 hours	M	3.50	5.50	STD	3.75	7.14%	5.85	6.36%	06-Apr-20	06-Apr-21
CCTV Requests										
Fee for production of evidence for insurance claim purposes				STD	120.00	NEW	120.00	NEW		01-Apr-21
Search Fee for CCTV recording - Officer time spent researching				STD	Full Cost	NEW	Full Cost	NEW		01-Apr-21
Tennis Court Bookings (Gated court sites)										
Per hour booking				EXP	5.00	NEW	5.00	NEW		01-Apr-21

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Type
B-Business R-Resident
M-Mixed C-Concession

Vat Status
STD-Standard
EXP-Exempt RED-Reduced
NB-Non Business M-Mixed
OTS-Outside of Scope

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
HMO (House in Multiple Occupation) Licensing										
Licensing	M	980.00	N/A	NB	1100.00	12.24%	N/A	0.00%	01-Apr-15	01-Apr-21
Renewal	M	735.00	N/A	NB	1100.00	49.66%	N/A	0.00%	01-Apr-15	01-Apr-21
PCN for Non-Compliance with Remdial Notice	M			NB	5000.00	NEW	N/A	N/A		01-Apr-21
Professional Advice to Landlords	M			STD	Full Cost	NEW	N/A	N/A		01-Apr-21
Improvement Notice	M			STD	389.25	NEW	N/A	N/A		01-Apr-21
Prohibition / Demolition Notice	M			STD	342.00	NEW	N/A	N/A		01-Apr-21
Emergency Notice	M			STD	337.50	NEW	N/A	N/A		01-Apr-21

General Fund Budget Capital Programme Summary	Annual Movement in Budget Requirement						TOTAL
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
Capital Expenditure							
Major Projects	23,037	47,243	49,400	29,829	10,800	3,392	163,701
Programme of Works	55,776	24,772	25,299	22,404	21,959	21,352	171,562
Contingency	557	1,500	1,500	1,500	1,500	1,500	8,057
Total Capital Expenditure	79,370	73,515	76,199	53,733	34,259	26,244	343,320
Capital Financing							
Grants & Contributions	(12,365)	(23,477)	(21,373)	(15,852)	(13,350)	(9,750)	(96,167)
Council Resourced Investment							
Community Infrastructure Levy	(2,000)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(19,500)
Capital Receipts	(2,656)	(16,448)	(2,821)	(2,352)	(17,184)	(18,871)	(60,332)
Prudential Borrowing	(62,349)	(30,090)	(48,505)	(32,029)	(225)	5,877	(167,321)

Prior Year Budget £'000	Project	2020-2026 Project Budget £'000	Total 2020-26 Grants and Contributions £'000	2020/21 to 2025/26 Capital Programme			Released Budget Month 9
				Council Resources - Self Financing Schemes £'000	Council Resources - for Invest to Save Schemes £'000	Council Resources - Service Provision £'000	
	Major Projects						
	<u>Education & Children Services</u>						
16,868	Secondary Schools Expansions	11,339	(665)	0	0	(10,674)	4,732
0	Additional Temporary Classrooms	3,800	0	0	0	(3,800)	0
458	Schools SRP	3,416	(3,416)	0	0	0	383
16,032	New Primary Schools Expansions	361		0	0	(361)	314
0	Meadow School	240		0	0	(240)	240
	<u>Community, Commerce and Regeneration</u>						
963	New Yiewsley Leisure Centre	29,037		0	0	(29,037)	485
773	Hillingdon Outdoor Activity Centre	25,727	(25,727)	0	0	0	4,282
0	New Museum	5,632	(750)	0	0	(4,882)	0
0	Shopping Parades Initiative	2,850	(745)	0	0	(2,105)	578
7,294	Hayes Town Centre Improvements	1,933	(1,634)	0	0	(299)	774
69	Yiewsley / West Drayton Community Centre	1,931		0	0	(1,931)	1,931
7	Uxbridge Mortuary Extension	1,900	(950)	0	0	(950)	1,893
93	Battle of Britain Underground Bunker	1,462		0	0	(1,462)	291
58	RAGC Expansion	1,356		0	0	(1,356)	402
2	1 & 2 Merrimans Housing Project	819		0	0	(819)	0
31	Uxbridge Cemetery Gatehouse	543		0	0	(543)	19
1,597	Uxbridge Change of Heart	492	(54)	0	0	(438)	492
0	Uniter Building Refurbishment	390		0	0	(390)	0
0	Botwell Leisure Centre Football Pitch	200		0	0	(200)	0
	<u>Planning, Transportation and Recycling</u>						
0	Cranford Park Heritage Lottery Project	2,750	(2,401)	0	0	(349)	215

Prior Year Budget £'000	Project	2020-2026 Project Budget £'000	Total 2020-26 Grants and Contributions £'000	2020/21 to 2025/26 Capital Programme			Released Budget Month 9
				Council Resources - Self Financing Schemes £'000	Council Resources - for Invest to Save Schemes £'000	Council Resources - Service Provision £'000	
	<u>Finance, Property and Business Services</u>						
6,871	Housing Company Financing	43,129		(43,129)	0	0	3,532
250	Yiewsley Site Development	15,970		(15,970)	0	0	745
0	Purchase of Uxbridge police station	5,000		0	0	(5,000)	0
0	Woodside Development	2,491		0	0	(2,491)	0
0	Refurbishment of Asha Day Centre	228		0	0	(228)	0
0	Battle of Britain Bunker & Visitor Centre Enhancements	272		0	0	(272)	172
0	Battle of Britain Visitor Centre Car Park Improvements	150		0	0	(150)	0
2,552	Cedars & Grainges Car Park Improvement Works	119		0	0	(119)	119
0	Appropriation of Townfield to General Fund	100		0	0	(100)	0
1,485	Bessingby Football/Boxing Clubhouse	56		0	0	(56)	111
6,761	Battle of Britain Education and Visitors Centre	8		0	0	(8)	20
62,164	Total Major Projects	163,701	(36,342)	(59,099)	0	(68,260)	21,730
	Programme of Works						
N/A	Highways Structural Works	45,684		0	0	(45,684)	13,158
N/A	Transport for London	18,338	(18,338)	0	0	0	1,134
N/A	Equipment Capitalisation - Social Care	13,967	(13,967)	0	0	0	n/a
N/A	Disabled Facilities Grant	11,755	(11,755)	0	0	0	668
N/A	School Building Condition Works	12,456	(10,475)	0	0	(1,981)	2,546
N/A	Property Works Programme	8,950	(25)	0	0	(8,925)	1,498
N/A	Corporate Technology and Innovation	8,077		0	(7,307)	(770)	3,575
N/A	Civic Centre Works Programme	8,112		0	(900)	(7,212)	1,891
N/A	Purchase of Vehicles	7,022		0	0	(7,022)	264
N/A	Chrysalis Programme	6,135	(8)	0	0	(6,127)	690
N/A	Sports Clubs Rebuild / Refurbishments	4,306		0	0	(4,306)	656
N/A	Equipment Capitalisation - General	3,660		0	0	(3,660)	309

Prior Year Budget	Project	2020-2026 Project Budget	Total 2020-26 Grants and Contributions	2020/21 to 2025/26 Capital Programme			Released Budget Month 9
				Council Resources - Self Financing Schemes	Council Resources - for Invest to Save Schemes	Council Resources - Service Provision	
£'000		£'000	£'000	£'000	£'000	£'000	
N/A	Youth Provision	3,620		0	0	(3,620)	125
N/A	Leisure Centre Refurbishment	3,097		0	0	(3,097)	182
N/A	Environmental and Recreational Initiatives	2,613	(1,715)	0	(310)	(588)	1,036
N/A	Street Lighting Replacement	2,366	(120)	0	0	(2,246)	781
N/A	Libraries Refurbishment Programme	2,320	(68)	0	0	(2,252)	1,729
N/A	Devolved Capital to Schools	1,779	(1,779)	0	0	0	n/a
N/A	CCTV Programme	1,367		0	0	(1,367)	350
N/A	Leader's Initiative	1,356		0	0	(1,356)	247
N/A	Road Safety	910		0	0	(910)	200
N/A	Car Park Pay & Display Machines Replacement	900		0	(900)	0	851
N/A	HS2 Road Safety Fund	645	(645)	0	0	0	106
N/A	Harlington Road Depot Improvements	586		0	0	(586)	294
N/A	Section 106 Projects	590	(590)	0	0	0	590
N/A	Playground Replacement Programme	336		0	0	(336)	170
N/A	PSRG / LPRG	325	(50)	0	0	(275)	0
N/A	Homeless Provision	190	(190)	0	0	0	0
N/A	Emergency Active Travel	100	(100)	0	0	0	0
	Total Programme of Works	171,562	(59,825)	0	(9,417)	(102,320)	33,050
	Development & Risk Contingency						
N/A	General Contingency	8,057	0	0	0	(8,057)	0
	Total Development & Risk Contingency	8,057	0	0	0	(8,057)	0
62,164	Total GF Capital Programme	343,320	(96,167)	(59,099)	(9,417)	(178,637)	54,780

General Fund Budget Capital Programme Summary	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Expenditure							
Major Projects							
<u>Education & Children Services</u>							
Secondary Schools Expansions	5,049	2,880	3,410	0	0	0	11,339
Additional Temporary Classrooms	0	1,000	2,800	0	0	0	3,800
Schools SRP	411	2,000	1,005	0	0	0	3,416
New Primary Schools Expansions	361	0	0	0	0	0	361
Meadow School	240	0	0	0	0	0	240
<u>Community, Commerce and Regeneration</u>							
New Yiewsley Leisure Centre	365	2,000	9,000	10,000	5,000	2,672	29,037
Hillingdon Outdoor Activity Centre	250	6,250	10,025	5,602	3,600	0	25,727
New Museum	50	1,275	2,500	1,607	200	0	5,632
Shopping Parades Initiative	457	808	1,585	0	0	0	2,850
Hayes Town Centre Improvements	437	1,496		0	0	0	1,933
Yiewsley / West Drayton Community Centre	1,500	431	0	0	0	0	1,931
Uxbridge Mortuary Extension	350	1,550	0	0	0	0	1,900
Battle of Britain Underground Bunker	288	1,000	174	0	0	0	1,462
RAGC Expansion	94	1,033	229	0	0	0	1,356
1 & 2 Merrimans Housing Project	10	519	290	0	0	0	819
Uxbridge Cemetery Gatehouse	0	450	93	0	0	0	543
Uxbridge Change of Heart	492	0	0	0	0	0	492
Uniter Building Refurbishment	20	350	20	0	0	0	390
Botwell Leisure Centre Football Pitch	0	200	0	0	0	0	200
<u>Planning, Transportation and Recycling</u>							
Cranford Park Heritage Lottery Project	308	2,188	254	0	0	0	2,750
<u>Finance, Property and Business Services</u>							
Housing Company Financing	11,750	15,000	10,000	6,379	0	0	43,129
Yiewsley Site Development	150	1,100	6,000	6,000	2,000	720	15,970
Purchase of Uxbridge police station	0	5,000	0	0	0	0	5,000
Woodside Development	0	250	2,000	241	0	0	2,491
Refurbishment of Asha Day Centre	0	228	0	0	0	0	228
Battle of Britain Bunker & Visitor Centre Enhancements	272	0	0	0	0	0	272
Battle of Britain Visitor Centre Car Park Improvements	0	135	15	0	0	0	150

General Fund Budget Capital Programme Summary	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Cedars & Grainges Car Park Improvement Works	119	0	0	0	0	0
Appropriation of Townfield to General Fund		100	0	0	0	0	100
Bessingby Football/Boxing Clubhouse	56	0	0	0	0	0	56
Battle of Britain Education and Visitors Centre	8	0	0	0	0	0	8
Total Major Projects	23,037	47,243	49,400	29,829	10,800	3,392	163,701
Programme of Works							
Highways Structural Works	15,684	6,000	6,000	6,000	6,000	6,000	45,684
Transport for London	1,463	3,178	3,278	3,473	3,473	3,473	18,338
Equipment Capitalisation - Social Care	2,172	2,359	2,359	2,359	2,359	2,359	13,967
Disabled Facilities Grant	1,025	2,146	2,146	2,146	2,146	2,146	11,755
School Building Condition Works	4,706	1,550	1,550	1,550	1,550	1,550	12,456
Property Works Programme	3,190	1,152	1,152	1,152	1,152	1,152	8,950
Corporate Technology and Innovation	3,757	864	864	864	864	864	8,077
Civic Centre Works Programme	5,092	604	604	604	604	604	8,112
Purchase of Vehicles	2,960	645	2,810	0	607	0	7,022
Chrysalis Programme	1,135	1,000	1,000	1,000	1,000	1,000	6,135
Sports Clubs Rebuild / Refurbishments	1,306	600	600	600	600	600	4,306
Equipment Capitalisation - General	600	612	612	612	612	612	3,660
Youth Provision	1,620	400	400	400	400	400	3,620
Leisure Centre Refurbishment	1,946	1,151	0	0	0	0	3,097
Environmental and Recreational Initiatives	1,038	575	500	500	0	0	2,613
Street Lighting Replacement	887	595	582	302	0	0	2,366
Libraries Refurbishment Programme	2,320	0	0	0	0	0	2,320
Devolved Capital to Schools	669	222	222	222	222	222	1,779
CCTV Programme	284	583	250	250	0	0	1,367
Leader's Initiative	356	200	200	200	200	200	1,356
Road Safety	310	120	120	120	120	120	910
Car Park Pay & Display Machines Replacement	900	0	0	0	0	0	900
HS2 Road Safety Fund	645	0	0	0	0	0	645
Harlington Road Depot Improvements	586	0	0	0	0	0	586
Section 106 Projects	590	0	0	0	0	0	590
Playground Replacement Programme	170	166	0	0	0	0	336
PSRG / LPRG	75	50	50	50	50	50	325

General Fund Budget Capital Programme Summary	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Homeless Provision	190	0	0	0	0	0	190
Emergency Active Travel	100	0	0	0	0	0	100
Total Programme of Works	55,776	24,772	25,299	22,404	21,959	21,352	171,562
General Contingency	557	1,500	1,500	1,500	1,500	1,500	8,057
Total Capital Expenditure	79,370	73,515	76,199	53,733	34,259	26,244	343,320
Capital Financing							
Grants & Contributions	(12,365)	(23,477)	(21,373)	(15,852)	(13,350)	(9,750)	(96,167)
Council Resourced Investment							
Community Infrastructure Levy	(2,000)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(19,500)
Capital Receipts	(2,656)	(16,448)	(2,821)	(2,352)	(17,184)	(18,871)	(60,332)
Prudential Borrowing	(62,349)	(30,090)	(48,505)	(32,029)	(225)	5,877	(167,321)

<u>Housing Revenue Account</u> <u>Corporate Summary</u>	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	<i>Five Year Outlook</i> £'000
Resources							
Increase / (Decrease) in average Weekly Rents (%)*	3.2%	1.7%	3.0%	3.0%	3.1%	3.0%	
Average Weekly Rent (£)	£110.73	£112.64	£116.00	£119.49	£123.15	£126.90	£16.17
Increase/(Decrease) in Number of Dwellings	34	13	53	69	32	28	(6)
Average Number of Dwellings	10,125	10,137	10,190	10,259	10,291	10,319	195
Gross Dwelling Rents	58,457	59,539	61,635	64,095	66,083	68,280	9,823
Void Risk Contingency	(585)	(595)	(616)	(641)	(661)	(683)	(98)
Net Dwelling Rents	57,872	58,944	61,019	63,454	65,422	67,597	9,725
Total Resources	57,872	58,944	61,019	63,454	65,422	67,597	9,725
Budget Requirement							
Roll Forward Budget	38,611	39,139	39,923	40,046	40,372	40,778	2,167
Inflation	482	380	363	326	406	388	1,863
Corporate Items	430	619	0	0	0	0	619
Contingency	0	0	0	0	0	0	0
Savings	(384)	(215)	(240)	0	0	0	(455)
Total Budget Requirement	39,139	39,923	40,046	40,372	40,778	41,166	2,027
Contribution to Finance Capital Programme	20,790	19,021	20,973	23,082	24,644	26,431	5,641
(Drawdown) / Contribution to Reserves	(2,057)	0	0	0	0	0	
Opening HRA General Balance		15,063	15,063	15,063	15,063	15,063	
Closing HRA General Balance		15,063	15,063	15,063	15,063	15,063	

* Rent figures quoted above are inclusive of new build rents, average rents for existing tenancies are projected to increase by CPI + 1% per annum from

<u>Housing Revenue Account - Corporate Items</u>	Annual Movement in Budget Requirement					Five Year Outlook
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	£'000
Realignment of Budgets to reflect current service needs	619	0	0	0	0	619
Capital Charges	0	0	0	0	0	0
Interest on Balances	0	0	0	0	0	0
Total Corporate Items	619	0	0	0	0	619

<u>Housing Revenue Account - Development & Risk Contingency</u>	Annual Movement in Budget Requirement					Four Year Outlook
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	£'000
<u>Potential Calls</u>						
Bad Debts Provision and Future Developments Provision	0	0	0	0	0	0
General Contingency including Housing Zone	0	0	0	0	0	0
Total Potential Calls	0	0	0	0	0	0
<u>Financing</u>						
Base Budget	0	0	0	0	0	0
Contingency released to Directorate Budgets	0	0	0	0	0	0
Increase / Decrease in Contingency	0	0	0	0	0	0
Total Financing	0	0	0	0	0	0
Managed Risk Gap in Contingency	0	0	0	0	0	0

<u>Housing Revenue Account (HRA) - Savings</u>	Annual Movement in Budget Requirement					Five Year Outlook
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £000s	£'000
<u>Full Year Effect of Prior Year Savings</u>						
<i>Cumulative Impact of Existing Savings Proposals</i>	(25)	0	0	0	0	(25)
Full Year Effect of Prior Year Savings	(25)	0	0	0	0	(25)
<u>New Savings Proposals</u>						
<u>Housing Service Efficiency Review</u>						
<i>Savings arising from implementation of reviews across the service</i>	(140)	(63)	0	0	0	(203)
<i>Energy efficiency savings across the HRA</i>	(50)	0	0	0	0	(50)
<u>HRA Zero Based Review</u>						
<i>Outputs from Zero Based Budgeting across the HRA</i>	0	(31)	0	0	0	(31)
<u>Further BID Reviews / Service Transformation</u>						
<i>BID Review - Tenancy Services and Management</i>	0	(146)	0	0	0	(146)
New Savings Proposals	(190)	(240)	0	0	0	(430)
Total HRA Savings	(215)	(240)	0	0	0	(455)

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
44. Housing Revenue Account										
Development & Assets										
Service Charges										
CCTV Maintenance (per week)	R	0.78	N/A	NB	0.78	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Laundry Machines in Sheltered Housing Units - Servicing and Maintenance (per week)	R	0.82	N/A	NB	0.82	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Estates & Tenancy Management										
Parking Rents										
Car Ports (Council Tenants) (per week)	R	8.54	N/A	NB	8.58	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Car Ports (Private) (per week)	R	10.25	10.25	STD	10.30	0.5%	10.30	0.5%	06-Apr-20	05-Apr-21
Hard Standings / Parking Spaces (Council Tenants) (per week)	R	4.90	N/A	NB	4.92	0.5%	N/A	N/A	06-Apr-20	05-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Hard Standings / Parking Spaces (Private) (per week)	R	5.89	5.89	STD	5.92	0.5%	5.92	0.5%	06-Apr-20	05-Apr-21
Grounds Maintenance and Gardening										
Grounds Maintenance (minimum) (per week)	R	1.34	N/A	NB	1.35	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Grounds Maintenance (maximum) (per week)	R	4.59	N/A	NB	4.61	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Hedge Cutting - Standard Frequency (per week - optional)	R	0.83	N/A	NB	0.83	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Lawn Mowing - Standard Frequency (per week - optional)	R	4.10	N/A	NB	4.12	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Bed Maintenance - Standard Frequency (per week - optional)	R	0.56	N/A	NB	0.56	0.5%	N/A	N/A	06-Apr-20	05-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Heating Charges										
Communal Electric (per week)	R	1.71	N/A	NB	1.72	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Sheltered Heating - Communal Element (per week)	R	3.72	N/A	NB	3.74	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Sheltered Heating - Property Element (Bedsit) (per week)	R	5.82	N/A	NB	5.85	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Sheltered Heating - Property Element (One Bedroom) (per week)	R	8.78	N/A	NB	8.82	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Sheltered Heating - Property Element (Two or More Bedrooms) (per week)	R	10.04	N/A	NB	10.09	0.5%	N/A	N/A	06-Apr-20	05-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
District Heating - Communal Element (minimum) (per week)	R	1.42	N/A	NB	1.43	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
District Heating - Communal Element (maximum) (per week)	R	4.50	N/A	NB	4.52	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
District Heating - Property Element (minimum) (per week)	R	6.43	N/A	NB	6.46	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
District Heating - Property Element (maximum) (per week)	R	15.53	N/A	NB	15.61	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Peachey Close - Electricity (per week)	R	11.61	N/A	NB	11.67	0.5%	N/A	N/A	06-Apr-20	05-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Other Services										
Electric Scooter Charging Point - Queen's Lodge, Cliftonville, Kent (per month)	R	N/A	6.14	STD	N/A	N/A	6.17	0.5%	06-Apr-20	05-Apr-21
HRA Freeholder consent for undertaking major works	R	50.00	50.00	STD	250.00	400%	250.00	400%	06-Apr-20	05-Apr-21
Leaseholder consent for improvements (lower rate)	R	60.00	50.00	STD	60.30	0.5%	50.25	0.5%	06-Apr-20	05-Apr-21
Leaseholder consent for improvements (higher rate)	R	180.00	180.00	STD	180.90	0.5%	180.90	0.5%	06-Apr-20	05-Apr-21
Leaseholder Solicitors Enquiries (lower rate)	R	112.30	112.30	STD	112.86	0.5%	112.86	0.5%	06-Apr-20	05-Apr-21
Leaseholder Solicitors Enquiries (higher rate)	R	N/A	N/A	STD	300.00	N/A	300.00	N/A	06-Apr-20	05-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Residents Services (Housing)										
Caretaking										
Caretaking - Band A (per week)	R	11.71	N/A	NB	11.77	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Caretaking - Band B (per week)	R	7.58	N/A	NB	7.62	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Caretaking - Band C (per week)	R	5.26	N/A	NB	5.29	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Caretaking - Band D (per week)	R	4.09	N/A	NB	4.11	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Caretaking - Band E (per week)	R	2.92	N/A	NB	2.93	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Caretaking - Band F (per week)	R	1.76	N/A	NB	1.77	0.5%	N/A	N/A	06-Apr-20	05-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Caretaking - Sheltered Housing (per week)	R	5.83	N/A	NB	5.86	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Caretaking - Queen's Lodge, Cliftonville, Kent (per week)	R	N/A	7.35	NB	N/A	N/A	7.39	0.5%	06-Apr-20	05-Apr-21
Extra Care Housing										
Triscott House - Management Support Charge (per week)	R	26.56	N/A	NB	26.69	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Triscott House - Cleaning Charge (per week)	R	10.10	N/A	NB	10.15	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Triscott House - Grounds Maintenance (per week)	R	2.32	N/A	NB	2.33	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Marlborough Crescent										
Enhanced housing management charge (per bed space per week)	R	2.42	N/A	NB	2.43	0.5%	N/A	N/A	06-Apr-20	05-Apr-21

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Electrical usage (per bed space per week)	R	4.73	N/A	NB	4.75	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Water usage Studio (per property type per week)	R	2.52	N/A	NB	2.53	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Water usage 1 Bed (per property type per week)	R	4.75	N/A	NB	4.77	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Water usage 3 Bed (per property type per week)	R	6.31	N/A	NB	6.34	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Water usage 4 Bed (per property type per week)	R	7.43	N/A	NB	7.47	0.5%	N/A	N/A	06-Apr-20	05-Apr-21
Caretaking (per bed space per week)	R	2.28	N/A	NB	2.29	0.5%	N/A	N/a	06-Apr-20	05-Apr-21
Furniture and furnishings (per property per week)	R	1.06	N/A	NB	1.07	0.5%	N/A	N/A	06-Apr-20	05-Apr-21

Project Total £'000	Project	2021/22 Draft Budget £'000	2022/23 Draft Budget £'000	2023/24 Draft Budget £'000	2024/25 Draft Budget £'000	2025/26 Draft Budget £'000
	Major Projects					
122,668	New General Needs Housing Stock	31,898	32,012	23,808	19,750	15,200
7,637	New Build - Shared Ownership	7,038	599	0	0	0
130,305	Total Major Projects	38,936	32,611	23,808	19,750	15,200
	HRA Programmes of Work					
59,661	Works to Stock programme	11,661	11,320	11,760	12,220	12,700
9,984	Major Adaptations to Property	1,881	1,974	2,043	2,043	2,043
69,645	Total Works to Stock	13,542	13,294	13,803	14,263	14,743
199,950	Total HRA Capital Programme	52,478	45,905	37,611	34,013	29,943
	Financed by:					
119,210	Revenue Contributions	25,128	20,973	23,082	24,644	25,383
38,977	Prudential Borrowing	17,021	11,125	7,387	3,444	0
760	GLA Grant	760	0	0	0	0
41,003	Capital Receipts	9,569	13,807	7,142	5,925	4,560
199,950	Total	52,478	45,905	37,611	34,013	29,943

Project Total £'000	Scheme	Unit Numbers	2021/22 Draft Budget £'000	2022/23 Draft Budget £'000	2023/24 Draft Budget £'000	2024/25 Draft Budget £'000	2025/26 Draft Budget £'000
115,213	Acquisitions & Internal developments	322	26,417	30,038	23,808	19,750	15,200
5,445	Maple and Poplar Day Centre	34	5,445	0	0	0	0
240	Nelson Road	6	240	0	0	0	0
3,004	Petworth Gardens	9	1,442	1,562	0	0	0
602	Willow Tree	10	490	112	0	0	0
4,415	Woodside Development	27	3,915	500	0	0	0
478	113-127 Moorfield Road	5	379	99	0	0	0
908	34-44 Sullivan Crescent	6	608	300	0	0	0
130,305		419	38,936	32,611	23,808	19,750	15,200

122,668	New General Needs Housing Stock	370	31,898	32,012	23,808	19,750	15,200
7,637	New Build - Shared Ownership	49	7,038	599	0	0	0
0	New Build - Supported Housing	0	0	0	0	0	0
130,305		419	38,936	32,611	23,808	19,750	15,200

Appendix 11 - Balances & Reserves Policy - Assessment of General Fund Reserves Requirement

Assessment of General Fund Reserves Requirement	Minimum Level 2021/22 (£ million)	Maximum Level 2021/22 (£ million)	Minimum Level 2020/21 (£ million)	Maximum Level 2020/21 (£ million)	Principal Reasons for Requirement
General financial climate to which the Council is subject	1.5	5.0 (+0.5)	1.5	4.5	In recent years the Local Government finance settlement has presented increases in funding for Local Government, with the Spending Review in 2019 announcing the end of austerity. However, as the Government continues to borrow for pandemic related pressures, it is possible Government will look to reduce funding in the future to finance the current level of borrowing.
The overall financial standing of the authority	1.0	2.0	1.0	2.0	To manage adverse movement in the Council's financial standing
Estimates of level of locally raised income	2.0	4.0 (+1.0)	2.0	3.0	Locally raised income accounts for approximately 80% of corporate funding, with the impacts of COVID-19 being felt across households and businesses, this requirement has been increased by £1.0m.
The treatment of planned efficiency savings / productivity gains	1.0	4.0	1.0	4.0	To manage risk around slippage of the Council's major savings programme, in response to a growing demographic and inflationary pressures.
The treatment of inflation and interest rates	2.0	2.5	2.0	2.5	Assumptions have been refreshed to reflect latest intelligence, however, an element of risk exists due to a level of inherent uncertainty in these areas.
The financial risk inherent in major contract arrangements	1.5	4.5	1.5	4.5	To manage any impact of services arising from supplier risk, particularly in respect of Social Care provision
The treatment of demand led pressures	2.0	4.0	2.0	4.0	Increased demand for services from an aging and increasing population
The financial risks inherent in any major capital developments	1.0	2.5	1.0	2.5	Inherent risks due to significant level of investment within the Capital Programme.
Estimates of the level and timing of capital receipts	1.0	2.0	1.0	2.0	Slippage on asset disposal programme could lead to increased borrowing
The availability of reserves and other funds to deal with major contingencies and pressures	2.0	4.5 (+1.5)	2.0	3.0	Cover for unforeseen or exceptional events over and above the budgeted provision for General Contingency, which would include any adverse impact linked to post-Brexit risks and any unfunded pressures arising from COVID-19, due to the level of uncertainty in these areas, this risk has been increased by 50%.
Unallocated GF Reserves	15.0	35.0 (+3.0)	15.0	32.0	

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CAPITAL AND INVESTMENT STRATEGY REQUIREMENTS 2021/22

Introduction

1. Under CIPFA's Prudential Code 2017 and Treasury Management Code 2017, the Council is required to publish four separate strategies or statements in addition to the revenue and capital medium term budget positions. These are contained within Appendix 12 to the budget report.

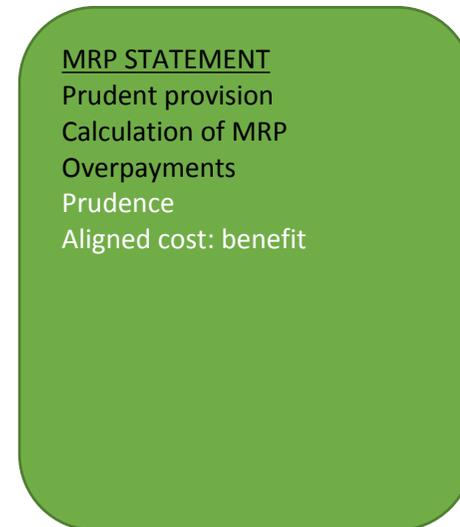
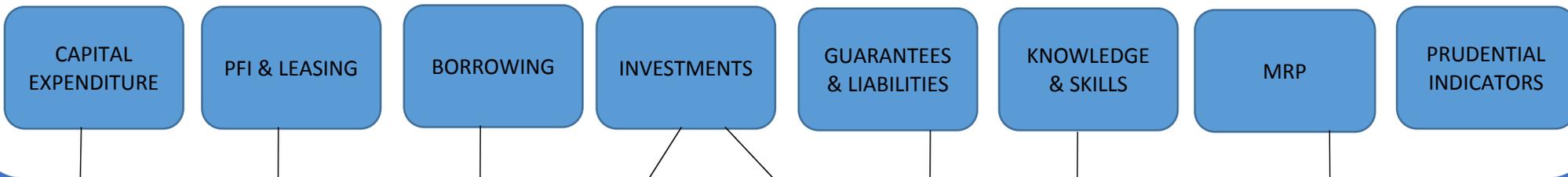
Strategy requirements

2. The Capital Strategy is an overarching document with a simple guide on the capital programme, borrowing investments and sets out the prudential indicators that the Council defines as parameters to work within setting a prudent and sustainable approach to its investment to meet service needs and any commercial activities.
3. The Capital Programme within the MTFP provides more comprehensive details on the Capital expenditure and financing from the information provided in the Capital Strategy.
4. The Treasury Management Strategy Statement provides further details on impact of the capital programme in relation to its cash flow forecast, need to borrow and strategy with parameters around methods in which it can invest Council money.
5. The Investment Strategy provides further detail from the Capital Strategy on Investment objectives and parameters, focused on service and commercial investment activities.
6. The MRP statement outlines the approach to calculating the minimum revenue contribution within the legislative framework which is a revenue cost resulting from borrowing to fund the capital programme.

Recommended Changes for 2021/22

7. In addition to refreshing all forecasts and Prudential Indicators to align to the budget proposals for the new financial year, it is proposed to increase the sector limit on Money Market Funds from 50% to 100%. Although it is recognised they all make similar underlying investments and therefore moving from 50% to 100% in MMFs may not increase underlying diversification, MMFs are a key tool to manage credit and liquidity risks and in the current economic climate diversification into other sectors may increase risk. It is also proposed to ensure liquid cash is spread over at least four institutions ensuring access to cash is maintained in the event a provider has operational difficulties.

CAPITAL STRATEGY: A short overview, accessible to non-financial specialist members, covering:



CAPITAL STRATEGY REPORT 2021/22

Introduction

8. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. The strategy also provides an overview of how associated risk is managed and the implications for future financial sustainability.
9. This strategy is integrated with other strategies; MTFE Capital Programme, Treasury Management Strategy, Investment Strategy and the MRP Statement where more detail is provided.

Capital Expenditure and Financing

10. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.
11. In 2021/22, the Council is planning capital expenditure of £126.1m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2026/27 budget £m
General Fund services	67.4	58.6	66.2	47.8	34.3	26.3
Housing Revenue Account (HRA)	63.1	52.5	46	37.7	34.1	30
Capital investments	12	15	10	6	0	0
TOTAL	142.5	126.1	122.2	91.5	68.4	56.3

12. The main General Fund capital programme includes the Hillingdon Outdoor Activity Centre, a new Leisure Centre in West Drayton, investment in local schools alongside ongoing investment in local infrastructure. In addition, the Council has a £15m budget to support investment in housing through Hillingdon First Limited.

13. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself be subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes the building of new general needs, shared ownership and supported housing as well as works to stock and major adaptations to existing properties.

Governance of Capital Expenditure

14. Specific capital projects are identified primarily through the Council's annual budget setting process which revises the approved capital programme for the following five years. Service managers submit proposals for new projects, outlining the reasons and benefits for the proposal and the estimated cost and method of financing. These proposals are reviewed at internal challenge sessions attended by senior managers across the organisation chaired by the Corporate Director of Finance. If proposals are deemed satisfactory at this stage they are included in a further submission to the Leader of the Council. There is then a public consultation period in December on the full budget and impact to Council Tax. Following any further feedback, the final revised five year capital programme is submitted to Cabinet and Council for approval in February each year.

15. Implications of existing and new capital investment proposals in terms of the future impact on prudential borrowing levels and capital financing costs are taken into account in setting the revenue budget which is also approved by Council in February each year. The various sources of finance for all existing and new capital projects and programmes are identified and included in the Council's budget.

16. Some capital projects arise which require more short-term implementation during the current financial year, and these are usually managed through existing programme budgets included in the five year programme where there is anticipated need for that type of investment. These projects would normally be managed within overall borrowing limits approved by Council.

17. In order to subsequently proceed with implementation, all individual capital expenditure projects require a formal democratic decision from the Leader of the Council and Cabinet Member for Finance, Property and Business Services to release the monies included within the capital programme budget. To obtain approval for the budget to be released, a formal report is submitted providing detailed information on the objectives of the project and including a cost plan.

18. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Appendix 12a - Capital Strategy Report 2021/22

Table 2: Capital financing

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
External Sources	16.3	23.8	20.9	15.4	13.4	9.8
Own Resources	54.6	55.1	41.6	36.6	51.3	52.4
Debt	71.6	47.2	59.7	39.5	3.7	-5.9
TOTAL	142.5	126.1	122.2	91.5	68.4	56.3

19. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. MRP is a statutory mechanism for General Fund borrowing and details on how this is calculated is included in the MRP Statement policy. The HRA also provide a regular contribution towards it financing of debt.

Table 3: Projected MRP and debt provision

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
General Fund services	6.7	7.7	8.6	10	11.1	11
Housing Revenue Account (HRA)	9.7	9.8	9.9	10.3	10.4	10.5

20. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £27.7m during 2021/22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
General Fund services	235.6	241.1	266.1	281	264.3	253.3
Housing Revenue Account (HRA)	173.2	180.4	181.6	178.8	171.9	161.5
Capital investments	19	34	44	50	50	50
TOTAL	427.8	455.5	491.7	509.8	486.2	464.8

Asset Management

21. The maintenance and improvement of the Council's property assets and wider infrastructure are managed and formally set out in the Council's organisational structure, with specific service teams in place to manage various parts of the Council's asset portfolio.
22. In general, assets are managed in accordance with the principles of good estate management. The Council seeks continuous improvement in the quality of assets used to deliver services and wherever possible use its ownership of assets to deliver service improvements.
23. Service teams with responsibility for managing Council assets include:
- Capital Programme team: responsible for delivery of major new construction projects and capital works on existing property assets.
 - Facilities Management and Planned Works: maintenance of existing assets including repairs to Council buildings, voids and renewal of existing housing stock.
 - Highways and Street Lighting: maintenance and improvement of the roads and footways infrastructure, and maintenance and enhancement of street lighting.
 - Property and Estates Management: provide a complete overview of all properties and land owned by the council, including management of leases, ensuring that the full potential is being gained from each property asset.
 - Fleet Management: manage the Council's vehicle requirements for areas such as waste management and various other services.
 - ICT: maintaining and improving the Council's ICT infrastructure for both internal business operations, front line services and enhancing residents' online interactions with the Council.
 - Green Spaces: maintain and enhance the various parks and green spaces sites across the Borough.

Asset Disposals

24. Assets are continually reviewed, to determine those that may be declared surplus to service requirements, with regular monitoring meetings. Proposals to change the purpose, to redevelop or to sell an asset are reported with options presented to the Council's property governance working group lead by the Council's Leader, Strategic Property Governance (SPG), to determine next steps on the most appropriate development or disposal route before recommendations are made to Cabinet. Progress on asset development and disposals is reported through monthly budget monitoring. Surplus assets may be sold to generate proceeds, known as capital receipts, which can be used to finance capital expenditure on new assets or enhancements to existing assets, or to repay debt. With the approval of

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Cabinet, surplus assets can also be appropriated between the General Fund and Housing Revenue Account (HRA) to reflect planned changes in use of the land where notional receipts are transferred between the funds.

25. Right to Buy Council housing sales, repayments of capital grants, loans and investments also generate capital receipts. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. The Council plans to invest £26.5m of capital receipts in the coming financial year (2021/22) on General Fund and HRA capital programmes and also transformation projects.

Table 5: Capital receipt financing applied

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
Capital Receipts	19.0	30.0	21.0	13.0	27.0	27.0

The Council's Flexible Use of Capital Receipts Policy, as set out in the Efficiency Strategy originally approved in September 2016 is available here:

<https://archive.hillingdon.gov.uk/budgetreports>

Treasury Management

26. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash is met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

27. As of 31 March 2021 the estimated borrowing is £330.6m and £40.0m treasury investments.

Borrowing strategy

28. The Council's chief objectives when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required; this is achieved using low cost short-term loans (currently available at around 0.31%) and long term fixed rate loans where the future cost are known but higher (currently 1.52%). The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

29. Projected levels of the Council’s total current outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the projected capital financing requirement (see details above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
Debt (including PFI and leases)	330.7	282.9	222.1	206.2	200.4	194.6
Capital Financing Requirement	427.8	455.5	491.7	509.8	486.2	464.8

30. CIPFA’s Prudential Code for Capital Finance in Local Authorities recommends that the Authority’s total debt should be lower than its highest forecast CFR over the next three years. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. Looking at the existing levels of debt as shown in table 6, the Council expects to comply with this in the medium term. Planned Debt expected to meet this capital strategy, compared to the CFR can be seen in table 7 for the liability benchmark.

31. Liability benchmark: To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing compared to the CFR borrowing requirement. This assumes that internal resources such as reserves and working capital are utilised and that cash and investment balances are kept to £25m at each year-end.

Table 7: Borrowing and the Liability Benchmark

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
Outstanding Borrowing	330.6	282.8	222.0	206.1	200.3	194.5
Borrowing Required to meet CFR	97.2	172.7	269.7	303.7	285.9	270.3
Borrowing Required to meet Liability Benchmark	-23.8	115.1	216.2	252.1	236.7	223.6

32. Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line

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with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. Further details on borrowing can be found in the Treasury Management Strategy.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt

	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m
Authorised Limit - Borrowing	515.7	533.8	533.8	533.8	510.2	488.8
Authorised Limit - PFI and Leases	3.0	11.0	11.0	11.0	11.0	11.0
Authorised Limit - Total External Debt	518.7	544.8	544.8	544.8	521.2	499.8
Operational Boundary - Borrowing	485.7	503.8	503.8	503.8	480.2	458.8
Operational Boundary - PFI and Leases	3.0	6.0	6.0	6.0	6.0	6.0
Operational Boundary - Total External Debt	488.7	509.8	509.8	509.8	486.2	464.8

Treasury Investment Strategy

33. Treasury investments arise from receiving cash before it is paid out again. Investments made for service purposes or for commercial profit are not generally considered to be part of treasury management.
34. The Council’s policy on treasury investments is to invest its treasury funds prudently and to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely to minimise risk of loss, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Cash balances that will be held for longer terms is invested more widely in funds including in bonds and shares, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

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35. The Council will aim to hold a level of short-term investment balances which are not excessive but will ensure sufficient liquidity to manage the day-to-day activities of the Council. Longer-term investments are forecast at £15m over the next 5 years.
36. Further details on treasury investments can be found in the Treasury Management Strategy.
37. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Finance and staff, who must act in line with the Treasury Management Strategy. The Treasury Management Strategy Statement is agreed by Cabinet in February prior to agreement at full Council before the start of each financial year. Amendments to the Treasury Management Strategy during the year are only done with Cabinet approval.
38. Treasury activity is monitored and reported to senior management on a daily and weekly basis. Monthly reports on treasury management activity, including compliance with prudential indicators, are provided to Cabinet as part of the budget monitoring process.

Investments for Service Purposes

39. The Council lends money to, and has a 100% shareholding in one subsidiary, Hillingdon First Ltd. The twin objectives are to deliver a financial return to the Council and provide housing for sale or rent. It will achieve this by generating of long-term sustainable revenue streams through the delivery of high quality housing to meet the need of Hillingdon's residents.
40. The Hillingdon First Limited shareholder agreement and memorandum of association sets out in detail the governance arrangements and provides details of the operating framework, controls and reporting requirements.

Commercial Activities

41. The Council has a £5.5m historic portfolio of investment properties which are managed through the Council's organisation structure. These assets are not held for normal operational activity but held under long-term commercial leases. Net Income generated from these assets is approximately £350k per annum.

Liabilities

42. In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit and has made provisions to cover risks

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such as insurance claims and non-domestic rates appeal losses. The Council is also at risk of having to pay for claims following legal proceedings but has not put aside any money because the claims are denied and will be defended, and in some instances, counterclaims pursued.

Revenue Budget Implications

43. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
Financing Costs (£m)	7.9	9.5	11.1	14.5	16.5	16.1
Proportion of Net Revenue Stream*	3%	4%	5%	6%	6%	6%

*Net revenue stream is the general fund budget requirement, which is funded through Council Tax Business Rates and Government Grants.

Sustainability

44. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 35 years into the future. The Corporate Director of Finance is satisfied that both the proposed individual schemes and the overall programme are tested for affordability, sustainability and prudence.

45. Projects to be financed from planned borrowing fall into three broad financing strategies, with a fourth category of investment to be financed from future Council Tax revenues. The broad financing strategies are: investment projects where specific capital receipts are recognised on completion of the project to cover costs; commercial activity with full funding through dividends, interest and principle repayments; and invest to save projects where borrowing costs are offset by ongoing revenue savings. The fourth category are projects linked to service delivery, with associated ongoing financing costs driving an element of future savings requirements.

46. Given the intrinsic link between this fourth category of investment and the level of savings necessary to deliver balanced budgets over the medium to long term, prioritisation of projects to be funded from general resources should therefore be considered in the context of the overall budget rather than within the capital programme alone.

Knowledge and Skills

47. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

48. The Council adopts a continuous performance and development programme to ensure officers are regularly appraised and any training needs identified. Where appropriate, officers will attend training sessions, seminars and workshops to ensure their knowledge is up to date and relevant. Council Members are provided access to additional training where required.

49. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field.

TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

Summary

50. The Treasury Management Strategy represents the Council's operating guidelines on the daily management of cash, investments, borrowing and associated risks. Through daily cash flow management, surplus cash is invested with security of investments being the prime consideration; only then are the liquidity and yield of investments, within the Council's risk parameters, considered.
51. Over the longer term, the Council considers the need to borrow money to fund its major capital projects and when the best time is to do this. The strategy aims to minimise borrowing and make use of internal funds where viable. Currently, there is an expectation that new borrowing will be required during 2021/22 of £106.5m. New borrowing to fund the capital financing requirement will be taken for cash flow purposes or where there is a positive budget impact in terms of the cost of carry. With short-term interest rates currently much lower than long-term rates, new debt will be a mixture of short and medium-term durations designed to minimise cost without having a detrimental effect on refinancing risk.
52. Interest rates are forecast to stay relatively low and as such investment returns will remain subdued for short-term and liquid cash. The COVID-19 Pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through negative interest rates on all low risk, short-term investment options. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
53. This report details the Council's approach and strategy towards borrowing and investing and provides details on sources of debt and investment instruments in which the Council can invest. All institutions on the counterparty list are regularly monitored, assessing risk and determining the limits of duration and value of investments.
54. For 2021/22, Treasury Management Strategy Statement (TMSS) follows the revised 2017 Code of Practice guidance. Other specific changes include:
55. The Council has previously raised the majority of its long term borrowing from the PWLB, but will consider long-term loans from other sources and will investigate the possibility of accessing other lenders, issuing bonds and similar instruments, in order to lower interest rate costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

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Introduction

56. Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code). This requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. The strategy is developed as part of the Council's MTFF process.
57. Investments held for service purposes or for commercial profit are considered in a separate report; the 'Investment Strategy'.
58. The Council, by having significant investments and borrowing, is exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. As such treasury management operations are fundamentally concerned with managing risk. Whilst there are regulations and controls in place designed to minimise or neutralise risk, some risk exposure remains, due to the nature of managing loan and investment portfolios and cash flow activities. Active monitoring of the economic outlook, as well as changes in regulation, is undertaken where it impacts on the Council's treasury management strategy and risk parameters.
59. The major external influences on the Council's Treasury Management Strategy for 2021/22 will be the impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, and new trading arrangements with the European Union (EU). The global economic outlook has improved in the medium term with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
60. The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Also forecasting it will take until Q1 2022 to reach its pre-pandemic level. The combined effect of Brexit and the aftereffects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
61. Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22. Longer term yields will remain depressed with expectations for potentially even lower rates and insipid longer-term inflation expectations, depending on investor perceptions of growth

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and inflation, or the deployment of vaccines.

Balance Sheet and Treasury Position

62. The Council's borrowing strategy is driven by the estimated Balance Sheet position in the medium-term and capital programme expectations. The underlying need to borrow for capital purposes is reflected by the Capital Financing Requirement (CFR) which measures the cumulative capital expenditure that has not been financed from other Council resources such as capital grants, revenue contributions or financed from reserves. The CFR will generally be higher than the actual debt held due to timing requirements for cash flow purposes. This is called "internal borrowing".

63. Estimates of the CFR, based on the projected capital programme over the next five years are shown in table 10. The Council's opening CFR is estimated at £427.8m for 2021/22, based on the closing 2020/21 figures. This CFR, less outstanding loans and other long-term liabilities of £330.6m, results in an opening gross borrowing requirement of £97.2m. Existing borrowing is identified into separate loan pools for GF and HRA. GF debt is £159.6m and HRA £168.1m, with £3m liabilities under PFI and finance leases.

Table 10

	2020/21 forecast £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
General Fund CFR	254.6	275.1	310.1	331.0	314.3	303.3
HRA CFR	173.2	180.4	181.6	178.8	171.9	161.5
Total CFR	427.8	455.5	491.7	509.8	486.2	464.8
Existing Borrowing*	-330.6	-282.8	-222.0	-206.1	-200.3	-194.5
Gross External Borrowing Required to meet CFR	97.2	172.7	269.7	303.7	285.9	270.3
Projected Useable Reserves**	-84.1	-63.0	-57.6	-55.6	-53.2	-50.8
Projected Working Capital	-62.0	-20.0	-20.0	-20.0	-20.0	-20.0
Investments / (New Borrowing Required)	-48.9	89.7	192.1	228.1	212.7	199.5
Plus Minimum Investments	25.0	25.0	25.0	25.0	25.0	25.0
Liability Benchmark	-23.9	114.7	217.1	253.1	237.7	224.5

*Borrowing profile does not include potential calls on LOBO borrowing. Amount includes PFI

** Council controllable reserves only

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64. The increasing General Fund CFR is due to the Council's programme of capital investment funded by Council resources, with investment in local infrastructure and housing supply leading this requirement.
65. To compare the Council's actual borrowing against an alternative strategy, table 1 also shows a liability benchmark which calculates the lowest risk level of borrowing. This assumes the same CFR forecasts, but that cash and investment balances are kept to a minimum level of £15m at each year-end.

Borrowing Strategy

66. The Council's external debt including PFI at 31 March 2021 will be £330.7m, an increase of £18.8m on the previous year, as part of its strategy for funding previous year's capital programmes. This is due to £115.0m of new temporary borrowing being taken out during 2020/21, less £96.2m as a result of naturally maturing debt. There were no opportunities to repay debt early in 2020/21. A further £50.8m is scheduled for repayment in 2021/22. Over 2020/21 the Council's loan portfolio had an average interest rate of 2.64%. The Council may also borrow additional sums to pre-fund future year' requirements where this offers better value for money, providing this does not exceed the authorised limit for borrowing of £518.7m.
67. Projected capital expenditure levels, market conditions and interest rate levels are monitored throughout the year. This enables the Council to adapt borrowing strategies to minimise borrowing costs over the medium to longer term whilst maintaining financial stability. Table 1 above shows the Council is expecting it will need to borrow in 2021/22 based on the full capital programme and debt maturity profile.
68. Where prudent the Council will take short-term borrowing to offset its current internal borrowing to retain an element of cash reserves for long-term strategic investment purposes. It is forecast that over the TMSS period £15m will be sourced from other Local Authorities for this purpose. This will enable the Council to meet the MiFID II minimum investment balance criteria with the subsequent long-dated investments contributing to the income target.
69. Taking new fixed rate borrowing would not normally be cost effective when compared to utilising internal balances, due to the differential between debt costs and investment earnings; despite long term borrowing rates being at low levels. Additionally, short-term interest rates are currently much lower than long term rates. Thus, by utilising internal balances and deferring long term borrowing into future years when long term borrowing rates are forecast to rise moderately, borrowing costs will be reduced, allowing the Council to lower credit risk and take pressure off the investment Counterparty list. This approach will be adopted throughout 2021/22 where cash balances allow, however due to overall borrowing

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requirement shown in table 1 an element of new and refinancing of debt will need to take place during the year with a view to keeping future interest costs low.

70. The Council may arrange forward starting loans during 2021/22, where the interest rate is fixed in advance, but the cash is received in the later years. This would enable certainty of cost to be achieved without suffering a cost of carry (borrowing costs before the debt is physically required for cash flow purposes) in the intervening period.

71. If the Council takes out new borrowing the Council will consider the following approved sources of borrowing:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any institution approved for investments
- UK local authorities
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- UK public and private sector pension funds (except Hillingdon Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc (subject to Cabinet approval)
- Other special purpose companies created to enable local authority bond issues

Other sources of debt finance: in addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire Purchase
- Sale and Leaseback

72. The Authority has previously raised the majority of its long term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over reliance on one source of borrowing in line with the CIPFA code.

73. On 25th November 2020, the outcome of the PWLB consultation was announced and the PWLB reduced their margin over gilts by 1% to 0.8%, which now makes the PWLB a more attractive form of borrowing. However, PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

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74. To cover unexpected cash flow shortages or short term borrowing requirements, the Council may borrow short term, which would mainly be sourced from other local authorities. However, short term borrowing leaves the Council exposed to the risk of short term interest rate rises and are therefore subject to interest rate exposure limits in the treasury management indicators in table 2. Financial derivatives may be used to manage this interest rate risk.
75. Where borrowing is required this will be attributed directly to either the GF or HRA loan pools. Interest costs will be separated between the two pools and allocated accordingly.

Interest Rate Risk

76. The Council has fixed rate loans of £317.7m which protect against interest rate rises. There are variable rate loans totalling £10m which are LOBO loans in their call period during 2021/22. Although variable rate loans are exposed to increases in rates, any additional loan costs would be offset by a corresponding increase in investment income.
77. Within the loan portfolio, the Council holds market loans of £48m of which £36m are Lender's Option Borrower's Option (LOBO) loans. The remaining £12m are classified as fixed rate debt. In 2021/22, two loans, of £5m each, will be in their call period and so are reclassified for the period as variable. It is highly unlikely that the loans will be called given interest rates are now lower than those at the inception of the loan. In the event the lender exercises the option to change the rate or terms of the loan, the Council will consider the new terms and the option of repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan by borrowing from the approved sources. The default position however will be early repayment without penalty. The Council will not utilise LOBO loans for any new borrowing.

Interest rate exposures

78. In order to manage interest rate risk, the Council will aim to balance variable rate debt with its exposure to variable rate investments. This approach will offset any increase or decrease in borrowing costs with comparable changes in investment income.
79. The Council is required to set an indicator to control the Council's exposure to interest rate risk. Table 11 shows upper limits on the one-year revenue impact of a 1% rise or fall in interest rates.

Table 11

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£1.0m
Upper limit on one-year revenue impact of a 1% fall in interest rates	£(1.0m)

The impact of a change in interest rates is calculated both on the assumption that fixed-rate maturing loans and investments will be replaced at their existing fixed rates and with a forecast maximum variable rate net investment and debt position of £100m.

Debt Rescheduling

80. The PWLB allows authorities to repay loans before maturity at a premium or discount. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans or repay early without replacement. The rationale for rescheduling is to provide an overall cost saving and, or reduce risk; balance the volatility profile (i.e. the ratio of fixed to variable rate debt); or amend the profile of maturing debt to reduce any inherent refinancing risks.
81. Rates and markets are regularly monitored to identify opportunities for rescheduling and any borrowing and rescheduling activity is reported monthly to Cabinet. However, current market conditions are resulting in significant early redemption costs for fixed rate debt and unless these are significantly reduced, it is unlikely any debt rescheduling will be undertaken in 2021/22.
82. The Council will limit and monitor large concentrations of debt needing to be replaced through the prudential indicator in table 12. The upper and lower percentage limits are intended to control excessive exposure to volatility in interest rates on refinancing of maturing debt by setting a structure for borrowing maturity profiles. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The first scheduled LOBO call option is included as the maturity date within this indicator.

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Table 12

Maturity Structure of Borrowing	% Fixed Term loans maturity profile at 31/03/21	% Market LOBO loans 1 st call option profile at 31/03/21	Lower Limit for 2021/22 %	Upper Limit for 2021/22 %
Under 12 months	15.50	3.05	0	50
12 months and within 24 months	18.57	1.53	0	50
24 months and within 5 years	8.39	4.88	0	50
5 years and within 10 years	12.87	1.53	0	100
10 years and within 20 years	18.21	0	0	100
20 years and within 30 years	3.07	0	0	100
30 years and within 40 years	8.73	0	0	100
40 years and within 50 years	2.44	0	0	100
50 years and above	1.22	0	0	100
Total	89.01	10.99	0	100

Investment Strategy

83. The CIPFA Code requires the Council to invest funds prudently and have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.
84. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves. For 2020/21, the Council's investment ranged between £15m and £121m – with higher balances primarily being driven by the range of business and household support funds routed through local authorities by the Government in response to COVID-19. As a result of the capital programme expenditure, investment balances are expected to be lower during 2021/22.
85. When investing funds, the Council looks to balance risk and return, minimising the risk of incurring losses from defaults, and the risk receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
86. The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually

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agreed amount at maturity, even though this may be less than the amount originally invested.

87. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will continue with the strategy adopted in 2018/19 of investing £15m in strategic pooled funds as they target higher yields and aim to enhance investment income.
88. The Corporate Director of Finance under delegated powers will, on a daily basis, determine the most appropriate form of investments, in keeping with investment objectives, income and risk management requirements. Investments will also be made with reference to the approved investments detailed in table 6. Activity concerning the core strategic investment portfolio will be reported monthly to Cabinet.

Bail-In Risk

89. Banking reform legislation was incorporated into UK law from January 2015 and exposes the Council to bail-in risk on all unsecured bank deposits. The risk of bail-in is effective at the point when banks are considered underperforming rather than once, they have failed. With most large entities either exempt or not exposed, local authorities will be one of the primary bail-in targets with a potential loss of 100% of the deposit.
90. There are several secure deposits available to the Council to reduce bail-in exposure. Secure deposits include Covered Bonds (fixed and floating rate notes) and Repurchase Agreements (REPO's). Secure deposits are longer in duration and can be difficult to invest as a result. An element of the Council's investments must remain liquid to fund cash flow requirements, resulting in bail-in risk being inherent in the Council's investment portfolio.
91. Covered Bonds are bail-in exempt and are issued in their own right rather than in the name of the counterparty, with each issue having its own credit rating. The covered bond has security of underlying assets which can be called upon in the event of default of the issuing counterparty. The decision to invest in a covered bond will be based on the individual bond issue rather than an agreed list of specific counterparties, as each bond is standalone from the issuing counterparty and should be assessed individually. Duration and exposure limits will be aligned with the credit rating of the bond issue with consideration to other investment factors. The Council will only invest in a covered bond which is rated AA or above.
92. Repurchase Agreements (REPO's) require the use of either a tri-party facilitator to negotiate and hold the instrument or a custodian and broker if a bi-lateral arrangement is in place. REPO's are ring-fenced and not subject to the failure of

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the issuing counterparty, making them bail-in exempt instruments; however, unlike Covered Bonds, REPO's are issued in the name of the counterparty. Where there is no investment specific credit rating for covered bonds and REPOs, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Funds

93. Money Market Funds (MMF's) remain an important vehicle for instant access deposits. Money Market Funds reduce the risk of bail-in as the funds are diversified with limits on the exposure to any specific institution, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will diversify over a variety of MMF providers to ensure access to cash at all times. Where MMF's participate, the Council utilises the facilities of a MMF portal to make subscriptions and redemptions. The portal procedure involves the use of a clearing agent; however, the Council's funds are ring-fenced throughout the process.

94. Strategic Pooled Funds provide the Council with the facility to access a diversified pool of longer duration investments other than cash which the Council could not utilise on a segregated basis. These funds have a variable net asset value and offer the potential of greater risk adjusted returns over the longer term. These funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Credit Risk

95. Credit ratings remain an important element of assessing credit risk, but they are not the sole feature in the assessment of counterparties. The Council also considers alternative assessments of credit strength and information including corporate intelligence, market sentiment and pricing as well as any overriding doubts regarding security.

96. The Council's in-house investments are made with reference to the outlook for the UK Bank Rate, money market rates and other macroeconomic factors. In any period of significant stress in the markets or heightened counterparty risk, the fallback position is for investments to be placed with central government's Debt Management Office (DMO), to purchase UK Treasury Bills or deposits with other local authorities. The rates of interest from the DMO are below the equivalent money market rates in most cases, but this is an acceptable counterbalance for the guarantee that the Council's principal sum invested is secure.

High Credit Quality

97. The Council has defined "high credit quality" for deposits and investments in organisations and securities as those having a minimum credit rating of A- for UK counterparties, A+ for overseas counterparties and AA+ for non-UK sovereigns. Covered Bonds will be restricted to bond issues of AA or above.
98. When determining the minimum acceptable credit quality, the Council will not only consider the credit rating criteria above but also advice from Arlingclose, information on corporate developments and market sentiment towards investment counterparties. For credit rated counterparties, the minimum criteria will be the lowest equivalent long term ratings assigned by Fitch, Moody's and Standard & Poor's (where assigned). Long term minimum: A- (Fitch); A3 (Moody's); A- (S&P). The Council will aim to have a weighted average credit score of A- for the rated element of its investment portfolio and treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. The Council's portfolio average credit rating as at 31 March 20210 is forecast at AA-.
99. In order to diversify investments within the portfolio, funds will be placed with a range of counterparties which meet agreed minimum credit risk requirements. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria. Diversification will be achieved by applying individual limits with each counterparty; for unsecured deposits this is capped to £6.5m. Varying instruments and investment periods will be utilised to meet liquidity requirements and mitigate risks. Table 6 shows investment limits and allowable instruments.

Investment limits:

100. The Authority's revenue reserves available to cover investment losses are forecast to be £29m on 31st March 2022. In order that no more than 50% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £6.5m. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £15m in operational bank accounts count against the relevant investment limits. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as shown in table 15. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Risk Assessment and Credit Ratings

101. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made;
 - any existing investments that can be recalled or sold at no cost will be; and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
102. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch” so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Liquidity Risk

103. The Council will ensure it has liquid funds available to settle its payment obligations when they fall due and uses cash flow modelling techniques to determine the maximum term for which funds may be prudently committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. It will utilise instant access facilities including call accounts and MMFs for core working capital balances and structure longer term maturities to correspond to large cash outflows with reference to the Council's capital programme.
104. The Council will spread its liquid cash over at least four providers (e.g bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.
105. The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within 1 day, without additional borrowing.

Table 13

Liquidity Risk Indicator	Target
Total cash available within 1 day	£10m

Principal sums invested for periods longer than a year

106. The Council has placed an upper limit for principal sums invested for periods longer than a year. This limit is to control the Council's exposure to the risk of incurring losses by seeking early repayment of the sums invested. The limits on the long term principal sum invested to final maturities beyond the period end will be:

Table 14

Price Risk Indicator	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
	35	35	35	35	35	35

Return on Invested Sums

107. The Council's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until the first quarter of 2024. The COVID-19 Pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through negative interest rates on all low risk, short-term investment options. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested. As interest rates are forecast to remain low on liquid balances, the investment strategy is aiming to lengthen investment periods, where cash flow and credit conditions permit, in order to achieve higher rates of acceptable risk adjusted returns. Longer term investments will typically be through deposits with local authority entities, the use of secured deposits and strategic and long-dated pooled funds.

Council's Bank Account

108. The Council's bank account is held with NatWest plc and is currently rated above the Council's agreed minimum A- rating at A. Should the credit rating fall below A- the Council may continue to deposit surplus cash on condition that investments can be withdrawn on the next working day, and the bank maintains a credit rating no lower than BBB-.

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Approved investment counterparties and limits

Table 15

Instruments	Counterparty	Maximum Exposure Limits	Maximum Duration Limits
Term Deposits	DMADF, DMO	No Limit	No Limit
Term Deposits	Other UK Local Authorities	£35m per Local Authority / No total limit	No Limit
Instant Access Accounts / Notice Accounts / Term Deposits / Certificates of Deposit / REPO's	UK Banks and Building Societies	Unsecured Deposits £6.5m Secured Deposit - REPO's (In addition to unsecured limits) £15m	13 Months
Instant Access Accounts / Notice Accounts / Term Deposits / Certificates of Deposit	Overseas Banks	Unsecured Deposits £6.5m Overseas Bank Total - 50% in aggregate Secured Deposit - REPO's (In addition to unsecured limits) £15m	13 Months
Registered Secured Deposits (including Covered Bonds)	Bond issue minimum AA Rated	£15m (Per issue)	5 Years
Gilts	DMO	No Limit	No Limit
Treasury Bills	DMO	No Limit	No Limit
Local Authority Bonds	Other UK Local Authorities	No Limit	No Limit
Money Market Funds	Money Market Funds(LVNAV)	£5m per fund. Maximum MMF exposure 100%	Instant Access
Strategic Pooled Funds	Pooled Funds (Cash Plus & Short-Bond Funds with investment horizons < 1year)	£5m per fund. Maximum Pooled Fund exposure £15m	2 Years
Strategic Pooled Funds	Pooled Funds (Strategic & Long-Dated Funds with investment horizons > 1year)	£5m per fund. Maximum Pooled Fund exposure £15m	5 Years

109. Specific duration limits will be based on guidance from the Council's treasury advisers and with an additional overlay of prudence applied by the Council. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty. Instruments and limits would be amended on notification of any potential risk concerns.

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110. For 2021/22 the limits for investments with counterparties have been set with reference to a cash limit only, rather than a cash limit and percentage of the Council's overall investment balance. This change is intended to minimise volatility in holding limits throughout the year.

Other Items

Policy on Use of Financial Derivatives

111. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removed much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

112. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks to which the Council is exposed. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

113. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

Policy on Apportioning Interest to the Housing Revenue Account (HRA)

114. With the introduction of HRA self-financing in March 2012 the Council allocated specific loans to both the General Fund and the HRA. In the future, new long term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs applicable to each loan are charged directly to the respective revenue account.

115. Interest earned on HRA balances will be calculated and distributed in accordance with MHCLG guidelines and based on a DMADF risk free rate of return to match

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the risk free credit exposure applicable to the HRA. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.

Balanced Budget Requirement

116. The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

Monitoring and Reporting

117. Treasury activity is monitored and reported to senior management on a daily and weekly basis. Monthly updates including compliance with Prudential Indicators are provided to Cabinet as part of the budget monitoring process.

118. The Treasury Management Strategy Statement is agreed by Cabinet prior to agreement at full Council in February each year. Amendments to the TMSS during the year are only done with Cabinet approval.

Financial Implications

119. The proposed budget for investment income in 2021/22 is £0.4m and debt interest payable of £8.1m (2.5m GF, £5.6m HRA). If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different and split into General Fund and HRA budgets if applicable.

Market in Financial Instruments Directive II (MiFID II)

120. The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status. In order to maintain an ongoing professional status, the Council must always hold as a minimum £10m of investments. The allocation to strategic pooled funds and minimum cash requirements will ensure compliance with this criterion.

INVESTMENT STRATEGY REPORT 2020/21

Introduction

121. The Council invests money for two broad purposes:
- because it has surplus cash as a result of its day-to-day activities, (**treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**).
122. This investment strategy is a new report for 2020/21, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second of these categories.

Treasury Management Investments

123. The Council typically receives its income in cash before it pays for its expenditure in cash. It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. Treasury management investments can be made on either a short-term or long-term basis. The balance of treasury management investments is expected to fluctuate between £15m and £121m during the 2020/21 financial year.
124. The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.
125. Full details of the Council's policies and its plan for 2021/22 for treasury management investments are covered in a separate document; the Treasury Management Strategy.

Service Investments: Loans & Shares

126. The Council lends money to, and has a 100% shareholding in one subsidiary, Hillingdon First Ltd, which was incorporated during 2018/19. The objective is to deliver a financial return to the Council and provide housing for sale or rent. It will achieve this by generating of long-term sustainable revenue streams through the delivery of high quality housing to meet the need of Hillingdon's residents. Both loans and share holdings commenced during 2019/20.
127. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. While one of the risks of investing

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in shares is that they fall in value meaning that the initial outlay may not be recovered.

128. In order to limit these risks, upper limits on the sums invested in each category have been set in table 16 below. Furthermore, the Council is protected against any loss through a charge over the assets of Hillingdon First Ltd.

Table 16: Loans & Shares for service purposes

Hillingdon First Ltd	2021/22 Approved Limit £m
Loans	0-35
Shares	0-50
TOTAL	50

129. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2019/20 onwards will be shown net of this loss allowance.
130. The Council assesses the risk of loss before entering into and whilst holding service loans. The sales property market across Hillingdon and London has seen positive price growth in during 2020/21, supported by the stamp duty holiday, furlough scheme and wider Government interventions in response to COVID-19. Should such measures be stepped down in the new financial year, there is a risk that growth in demand may not keep up with the supply of homes for sale. As such, continued development across the borough will ensure this demand continues to met.
131. The Council aligns loan durations with each specific development. A specific loan agreement will be drawn up for each development using the agreed schedule as a framework. Hillingdon First Ltd will be required to provide full development scheme details to the Shareholder Committee (acting on behalf of the Council as the shareholder) before the loan facility can be drawn down for specific expenditure on that development.
132. The Council will ensure it remains within the limits shown in table 1 for service loans and shares through monthly monitoring and reporting to senior management. Compliance with limits will also form part of the monthly reporting to Cabinet.
133. Shares are the only investment type classified as non-specified investment, the limits above in table 1 on share investments are therefore also the Council's upper limits on non-specified investments.

Loan Commitments and Financial Guarantees

134. Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.
135. The Council has a contractual agreement in place to enable it to make up to £35m of loans, in total, to Hillingdon First Ltd should it request it. The Council has powers to terminate this agreement. The Council has no loan guarantees in place.

Proportionality

136. In the 2020/21 budget plan the Council does not intend to be dependent on profit generating investment activity to achieve a balanced revenue budget. The primary role of Hillingdon First Ltd is to contribute to delivering more quality housing to meet the needs of Hillingdon's residents and towards improving long-term revenue income, which it is anticipated be a more efficient route than the disposal of surplus assets.

Borrowing in Advance of Need

137. In accordance with government guidelines, the Council does not intend to borrow more than or in advance of need purely in order to profit from investment of the extra sums borrowed.

Capacity, Skills and Culture

138. Elected members and Officers receive training and undergo continuous professional development to ensure their knowledge is current and relevant. Where required, Officers and Members are supported by specialists on technical, commercial and regulatory matters.
139. The Council's investment strategy to date has been approved by Cabinet and full Council as part of the Treasury Management Strategy statement. Under delegated powers, the Corporate Director of Finance will, on a daily basis, determine the most appropriate form of investments in accordance with the Council's investment objectives, income and risk management requirements.
140. The Council's investment position, including compliance with prudential indicators, is reported to Cabinet on a monthly basis as part of the monitoring process.

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141. The shareholder agreement and memorandum of association sets out in detail the governance arrangements and provides details of the operating framework, controls and reporting requirements for Hillingdon First Ltd. No actions should cause the company or the Council to breach the Local Authorities (Companies) Order 1995.

Investment Indicators

142. The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

143. The indicator in table 17 shows the Council's total exposure to potential investment losses. This includes amounts the Council has agreed it could lend to Hillingdon First Ltd, but have yet to be drawn down.

Table 17: Total investment exposure

Total investment exposure	31.03.2020 Actual £m	31.03.2021 Forecast £m	31.03.2022 Forecast £m
Treasury management investments	31.5	25.0	25.0
Service investments: Loans	0	6.5	16.2
Service investments: Shares	0	3.5	8.8
Total Exposure	31.5	35.0	45.0

144. Service loans and shares in Hillingdon First Ltd are classified as capital expenditure and can be described as being funded by borrowing. The remainder of the Council's investments are financed by usable reserves and income received in advance of expenditure.

Table 18: Investments funded by borrowing

Investments funded by borrowing	31.03.2020 Forecast £m	31.03.2021 Forecast £m
Treasury management investments	0.0	0.0
Service investments: Loans	6.5	16.2
Service investments: Shares	3.5	8.8
Total funded by borrowing	10.0	25.0

145. The Rate of return received indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 19: Investment rate of return (net of all costs)

Investments net rate of return	2019/20 Actual	2020/21 Forecast	2021/22 Forecast
Treasury management investments	0.65%	0.11%	0.01%
Strategic Long-Term Investments	3.5%	2.9%	2.8%
Service investments: Loans	5.1%	5.1%	5.1%
Service investments: Shares	0%	0%	11.9%

2021/22 MRP STATEMENT

146. Where the Council finances its capital programme through borrowing it must set aside resources annually through a Minimum Revenue Provision. This is within the revenue budget to repay the debt in later years. The Local Government Act 2003 requires the Council to have regard to Guidance on Minimum Revenue Provision issued by the Department of Housing, Communities and Local Government.
147. The four options available to establish a prudent amount of MRP are:
- Option 1: Regulatory Method
 - Option 2: CFR Method (4%)
 - Option 3: Asset Life Method (equal instalment or annuity method)
 - Option 4: Depreciation Method
148. This does not preclude other prudent methods to provide for the repayment of debt principal.
149. Options 1 and 2 are only available options for GF supported borrowing prior to 31 March 2008
150. MRP in 2021/22: MRP will generally be charged over the useful life of the assets, beginning in the year after the asset becomes operational. In all cases we will consider the most prudent method of providing for debt repayment. The HRA will make a form of MRP to pay down its self-financing settlement debt over the 30 year business cycle on which the settlement is based.
151. Capital expenditure incurred during 2021/22 is not subject to an MRP charge until 2022/23.



HILLINGDON

LONDON

PAY POLICY STATEMENT - April 2021

1. Purpose

- 1.1. The Localism Act 2011 requires relevant authorities (including London Boroughs) to prepare and publish an annual pay policy statement.
- 1.2. The Local Government Transparency Code outlines the mandatory requirement for local authorities to publish an organisational chart of the top three management tiers together with details of senior employee salaries above £50,000.
- 1.3. This pay policy statement responds to the recommendations of the Hutton Review of Fair Pay in the Public Sector (March 2011) by ensuring transparency of pay policies within the Council to residents.

2. Approval

- 2.1. The pay policy statement must be approved annually by a Full Council meeting of democratically accountable members.

3. Scope

- 3.1. The pay policy applies to the Council's employees only and schools may have separate arrangements. An additional pay policy for teachers employed and working directly for the Council will be published on the Council's website.

4. Communication

- 4.1. The approved pay policy statement will be published on the Council's website as soon as is reasonably practicable once approved or amended by Full Council.

5. Publication & Access to Data

- 5.1. Details of all Chief Officers' remuneration will be published on the Council's website and updated annually. This information will also be included in the Council's annual statement of accounts which will also be published on the Council's website.

5.2. This information will be provided in an open 'machine-readable' format such as MS Excel, allowing for open re-use, including commercial and research activities, in order to maximise value to the public.

6. Definitions

Chief Officers

6.1. The definition of Chief Officers used in this pay policy, as set out in section 43(2) of the Localism Act (2011) includes the Council's Chief Executive Officer and Corporate Directors, as well as their direct reports.

Lowest Paid Employees

6.2. The Council operates a nationally agreed job evaluation scheme, and nationally agreed pay rates are linked to this scheme. Roles falling within the nationally negotiated APT&C framework are evaluated using the Greater London Provincial Council (GLPC) Job Evaluation Scheme.

6.3. The lowest graded roles in the Council are those evaluated at Scale 1, therefore our lowest paid employees are defined as those performing roles at this evaluated grade. The Council's commitment to this grading scheme, and nationally negotiated pay rates, constitutes our policy towards our lower paid workers. However, the Council is also committed to paying the London Living Wage as a minimum (see section 8 below).

Remuneration

6.4. Remuneration is defined as the total of all payments made to an individual officer including salary, expenses, bonuses if applicable, performance related pay, recruitment or retention premia, additional responsibility payments, together with any other additional payments, including charges, fees, allowances and enhancements to pension entitlement made to the officer.

Pay Multiples

6.5. Pay multiples refer to the ratios between 2 salaries (e.g. the pay multiple between a salary of £60,000 and £20,000 would be 3).

7. Job Evaluation

7.1. All job roles within the Council (apart from those subject to national grading prescription) are graded using nationally recognised job evaluation schemes. The purpose of job evaluation is to ensure that remuneration is set at an appropriate level in line with the responsibilities of the job role.

7.2. All roles graded within the local government pay spine negotiated by the National Joint Council for Local Government Services (salaries between £20,658 and £64,704¹) are evaluated using the Greater London Provincial Council (GLPC) Job Evaluation Scheme.

¹ The salary ranges quoted cover the period to 31 March 2021.

7.3. Roles falling within scope of the JNC framework (salaries between £64,738 and £156,253) and those of the Chief Executive Officer and Corporate Directors are evaluated using the Local Government Employers (LGE) Senior Manager Job Evaluation Scheme.

8. London Living Wage

8.1. The Council is committed to paying, as a minimum, the London Living Wage (LLW) to all directly employed staff (excluding some apprenticeships). Where basic pay, together with any pay supplements, falls below the LLW an additional allowance will be paid to bring that employee's pay up the LLW.

8.2. Any annual increases related to the LLW will be applied on the 1 April.

9. Appointments to Chief Officer posts and remuneration levels

9.1. All Chief Officer appointment and remuneration decisions are subject to the approval of an Appointments Committee consisting of cross party Council members.

9.2. Appointment to the post of Chief Executive Officer is also subject to the approval of full Council, in accordance with the Council's constitution.

9.3. Remuneration levels are set within the relevant pay scale as follows:

Internal Appointments

- i) Chief Officers promoted to a new role at a higher grade will be appointed at a point on the new salary band that demonstrates a substantive increase on their current salary reflecting the new and additional responsibilities, as determined by the Appointments Committee.
- ii) Chief Officers moving to a new role evaluated at a minimum of one grade lower than their current grade will be appointed on a salary at the maximum of the new, lower salary band.

External Appointments

9.4. External appointees to Chief Officer roles will normally be appointed at the lowest point of the salary range for the post. However the Appointments Committee may be required to consider the applicants current salary and other market factors to determine an appropriate salary offer. Where it is necessary to offer a salary higher than the lowest point on the salary scale the Appointments Committee will evidence an objective rationale for this decision.

9.5. The terms of reference for the Appointments Committee includes all remuneration decisions on new Chief Officer appointments.

10. Salary Benchmarking

- 10.1. The Council completes an annual benchmarking review of Chief Officer pay using available information across all London Boroughs. This exercise is used to ensure that the Council's approach to reward of Chief Officers fairly reflects the conditions within the local recruitment market.
- 10.2. The Council's objective is to position its remuneration of Chief Officers to ensure that the Council can remain competitive within the local recruitment market whilst ensuring that high calibre leaders can be recruited and retained.

11. Remuneration Levels

- 11.1. This pay policy statement sets out the Council's current approach to Chief Officer Pay, and any in year changes to the policy will require full Council approval.
- 11.2. Through approval of this pay policy statement full Council approves new appointments to existing Senior Chief Officers posts which attract potential salary packages (including salary, any bonuses, fees, allowances or benefits in kind routinely payable to the appointee) of over £100,000.
- 11.3. All Tier 1/2 and some Tier 3 officers have the potential to be paid at this remuneration level. These posts are -
- 11.4. Tier 1/2 (where pay ranges of over £100k are paid)
- Chief Executive
 - Corporate Director, Finance
 - Corporate Director, Social Care
 - Director, Planning, Environment, Education & Community Services
 - Director, Infrastructure, Transport & Building Services
 - Director, Corporate Resources & Services
- 11.5. Tier 3 (where pay ranges of over £100k can potentially be paid²)
- Deputy Director, Planning & Regeneration
 - Head of Green Spaces, Sport & Culture
 - Head of Housing
 - Deputy Director, Education
 - Director of Public Health
 - Head of Property & Estates
 - Head of Capital Programme
 - Head of Repairs & Engineering
 - Head of Information & Communication Technology
 - Head of Legal Services (Borough Solicitor)
 - Head of Democratic Services
 - Head of Human Resources
 - Head of Business Improvement Delivery (BID) Programme
 - Director, Children's Social Care
 - Director, Provider & Commissioned Care

² Not all of these officers are currently paid at this level but the posts are evaluated in a pay range which can exceed £100k.

- Deputy Director, Adult Social Work
- Assistant Director, Partnerships & Quality Assurance
- Head of SEND
- Head of Health Integration & Voluntary Sector Liaison
- Deputy Director, Corporate Finance
- Deputy Director, Exchequer & Business Assurance Services
- Head of Procurement & Commissioning

12. Additional Payments

Recruitment & Retention premia

- 12.1. The Council's nationally agreed pay structures normally allow for the competitive recruitment and retention of high calibre Chief Officers.
- 12.2. Exceptionally the Council may need to respond to external market conditions when recruiting or retaining employees with specific skills, knowledge or capabilities. In order to respond to short to mid-term shortages within the employment market the Council can apply a recruitment and retention premia payment to Chief Officer roles through the application of the Council's Market Factor Supplements policy.
- 12.3. All such premia payments must be supported by benchmarking data to determine genuine scarcity within the market and to determine the level of any agreed additional payments. The Appointments Committee must ratify all recruitment and retention premia. These payments should be reviewed on at least an annual basis to ensure the prevalent market conditions that form the basis of payment remain in force.
- 12.4. Any such payments to Chief Officers will be published annually on the Council's website together with the annual pay policy statement.

Additional Responsibility payments

- 12.5. Where a Chief Officer assumes substantive additional responsibilities, for example covering the duties of another vacant role, then an additional responsibility payment (an honorarium) can be made. These payments must be approved by the Chief Executive and the Leader of the Council and ratified by the Appointments Committee.

Car Allowances

- 12.6. No essential user allowances are paid to Chief Officers for travel or using a car.

Expenses incurred

- 12.7. The Council provides all staff required to travel with access to Oyster Cards and Payment Cards to ensure expenses claims are only made in exceptional circumstances. Any claims for expenses and mileage are receipted and limited to the levels set out in the NJC for Local Government Services agreement. HMRC rates are applied for any business-related fuel reimbursement.

13. Salary Progression & Performance Related Pay

- 13.1. Chief Officer salary progression is subject to performance and is assessed annually as part of the Council's performance appraisal process. There is no pay progression for Chief Officers who do not demonstrate the required standards within their role.
- 13.2. Chief Officers who fully meet the expected performance standards of their role can progress along their pay scale annually.
- 13.3. Chief Officers who demonstrate exceptional performance which exceeds the standards required, can progress by an additional amount determined annually.
- 13.4. The Council does not operate an "earn back" pay system for its officers, but Chief Officer incremental salary progression is subject to performance assessment.

14. Payments for local election duties

- 14.1. Council staff can be employed on election duties of varying types. The fees paid to Council employees for undertaking these election duties vary according to the type of election they participate in, and the nature of the duties they undertake.
- 14.2. Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements, and fees paid to them for national elections/referendums are paid in accordance with the appropriate Statutory Fees and Charges Order and are paid by the body responsible for the conduct of the election.

15. Bonus Payments

- 15.1. No bonus payments are made to employees of the Council, including Chief Officers.

16. Redundancy and Severance Payments

- 16.1. The Council's policy on levels of redundancy payments are set out in Early Termination of Employment Compensation Payments Policy.
- 16.2. In instances where a candidate for a vacant position within the Council has received a severance payment from the London Borough of Hillingdon (including any redundancy payment) within the last year, the Chief Executive Officer must approve any proposed appointment.
- 16.3. Section 18 outlines the impact of re-employment and effect upon LGPS pensions.

17. Chief Officer Pay Multiples

- 17.1. The pay multiple between the salary of the Council's lowest paid employees and the Chief Executive officer, together with that between the chief executive's salary and the Council's median salary, will be published annually. An explanation will be provided to account for any changes in the pay multiples from those previously reported.

- 17.2. The pay multiple between the salary of the lowest paid employees (£20,658) and the Chief Executive officer is 12.1 (no change from previous year)³.
- 17.3. The current pay multiple between the Council's median salary (£30,213) and that of the Chief Executive officer is 7.9 (reduction of 0.2 from previous year)³.

18. Pensions

- 18.1. The Council's policy covering re-employment to a position with eligibility to join the Local Government Pension Scheme (LGPS), states that the total of the pension and salary from the re-employment, should not exceed the index linked value of the salary on leaving employment. Should earnings exceed this level, then the pension will be subject to a temporary reduction of the excess, for the duration of re-employment.
- 18.2. Further information regarding the impact on previous employees with a LGPS pension and re-employment is available on the Council's website at the following web address - <http://www.hillingdon.gov.uk/index.jsp?articleid=6487>

19. Management of Workforce Costs

- 19.1. The latest projections for workforce costs are presented monthly by the Council's Chief Finance Officer to the Cabinet as part of the Monthly Budget Monitoring Report.

³ This pay multiple is based on salaries as at 31 March 2021

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HILLINGDON
LONDON

Equality and Human Rights Impact Assessment

STEP A) Description of what is to be assessed and its relevance to equality

What is being assessed? Please tick ✓

Review of a service Staff restructure Decommissioning a service

Changing a policy ✓ Tendering for a new service A strategy or plan

The London Borough of Hillingdon has reviewed its current Older People's Discount Scheme for Council Tax and are recommending closing the scheme to new entrants as part of the consideration of setting the Council's budget and the overall level of Council Tax from 1st April 2021 for the financial year 2021/22. Those households already receiving discounts will not be affected and will continue to receive the same level of cash discount in 2021/22 as they received in 2020/21.

Who is accountable? E.g. Head of Service or Corporate Director

Corporate Director of Finance

Date assessment completed and approved by accountable person

9 December 2020

Names and job titles of people carrying out the assessment

Iain Watters, Financial Planning Manager, Corporate Finance

A.1) What are the main aims and intended benefits of what you are assessing?

In February 2020 the Council confirmed the continuation of the Older People's Discount (OPD) for a further year into 2020/21, offered to residents aged over 65 who do not qualify for the Council Tax Reduction Scheme (CTRS). The CTRS provides approximately £4.8m of support to the most financially vulnerable with the OPD offering a further £1.7m of support. Given the ongoing COVID-19 pandemic the proposed budget for 2021/22 is predicated on closing the OPD to new entrants and freezing the cash value of discounts for those already in receipt of discounts in 2020/21 to reduce the ongoing cost of the scheme.

In 2020/21 the freeze on Council Tax increases for the over 65s was continued for one further year, with those turning 65 on or before 31 March 2019 receiving a 6.71% discount (£101.66 per annum for a Band D household) hereby referred to as Scheme 1, those turning 65 from 1 April 2019 onwards receiving a 3.12% discount (£47.27 per annum for a Band D household) hereby referred to as Scheme 2, and those turning 65 from 1 April 2020 onwards receiving a 1.36% discount (£20.60 per annum for a Band D household) hereby referred to as Scheme 3.

The CTRS supports the most financially vulnerable over 65 residents in the borough, applications to the OPD are only accepted by residents that are not eligible for the CTRS and therefore applicants for the OPD are not in the most financially vulnerable group. In addition, over 65 residents also benefit from other Government initiatives, such as the Triple Lock on the State Retirement Pension and the Freedom Pass within London.

The cost of the scheme was being covered by an Earmarked Reserve, with current projections forecasting the reserve to be depleted by the end of the current year, meaning any further costs associated with the continuation of the scheme would impact on the Council's Saving Requirement. Based on the current level of demand, this would increase the Saving Requirement by £2,009k and would need to be covered by either:

- additional savings
- a drawdown from General Balances
- an increase in Council Tax
- a drawdown from other repurposed earmarked reserves

These approaches have been considered as follows:

- the draft savings programme reflects the output of a programme of work to develop proposals, while dealing with the challenging impacts of COVID-19 on the Council, with limited scope to identify and implement additional savings in the time frame required for the 2021/22 or 2022/23 budgets. However, further savings could be identified from 2023/24 onwards.
- the use of General Balances would reduce the capacity of the Council to respond to emerging risks or pressures.
- The Council does have the option to move away from its current approach of increasing Council Tax to 90% of the uplifts applied by neighbouring

boroughs, however, increasing to 100% would only secure an additional £245k, which would not be sufficient to fund this discount.

- The Council does have the capacity to repurpose some earmarked reserves to fund the discounts for a defined period of time but as this would deplete finite resources does not represent a long term solution.

Having considered the options available, the Council is proposing to close the scheme to new entrants from 1 April 2021 but maintain the current cash discounts for those already in receipt of Council Tax discounts. By discontinuing the Scheme but protecting existing beneficiaries at 2020/21 levels the cost of the scheme in 2021/22 is reduced by £488k to £1,521k and will decline thereafter. It is proposed that the cost in 2021/22 and 2022/23 be funded from repurposed earmarked reserves and thereafter from efficiency savings.

A.2) Who are the service users or staff affected by what you are assessing? What is their equality profile?

In 2020, the population of London Borough of Hillingdon is projected to be 316,200, including 207,300 residents in the age group 15-64 and 42,500 aged 65 years and older. It is forecast that the 65-year plus group is likely to increase by 1,000 residents per year going into 2021. With approximately 5,300 residents aged over 65 being eligible for the CTRS, the most financially vulnerable residents of the borough are supported with their Council Tax liability.

In 2021/22, the gross Council Tax base is forecast to be 113,738 households who will be billed for Council Tax representing approximately 2.2 adults per household.

The Council Tax Discount for Older People under the current schemes per household amounts to £101.66 for a Band D property per annum for those in Scheme 1, £47.27 per annum for those in Scheme 2 and £20.60 per annum for those in Scheme 3 with the total cost of the annual scheme estimated to be £1,726k in 2020/21.

This equates to approximately 16,000 (15,100 in Scheme 1, 500 in Scheme 2 and 400 in Scheme 3) Band D equivalent households in the Borough currently receiving the OPD. These 16,000 households will see their existing cash discounts maintained for 2021/22 Council Tax bills, although they will see an uplift in their Council Tax in line with all other residents in the borough.

In addition to those already on the scheme, households who would have become eligible for the scheme in 2021/22 had it been continued will see the uplift in Council Tax bills consistent with all other residents in the borough.

As this discount is based upon only age as a determinant of receipt of the discount, no other groups fall within the assessment.

A.3) Who are the stakeholders in this assessment and what is their interest in it?

Stakeholders	Interest
The Leader of the Council, Mayor, Cabinet Members, all Councillors.	To deliver a balanced budget for 2021/22 in a fair and transparent way that does not place older people with a Council Tax liability into financial hardship.
Corporate Director of Finance.	To prepare a balanced budget for 2021/22 in a fair and transparent way that does not place older people with a Council Tax liability into financial hardship.
Residents aged over 65 who have a Council Tax liability	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents who will be 65 years or over on 31 st March 2018 who have a Council Tax liability.	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents who will be 65 years or over on 31 st March 2019 who have a Council Tax liability.	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents who will become 65 by 31 st March 2020 who have a Council Tax liability.	That discontinuing the OPD Scheme does not place this group into financial hardship.
Residents in the age group 16 to 64 years who have a Council Tax liability.	These residents do not receive the OPD, as they have not reached the age of 65 years on 31 st March 2020 and are therefore not eligible, however they would receive the discount when they reach 65 if the scheme continued.

A.4) Which protected characteristics or community issues are relevant to the assessment? ✓ in the box.

Age	✓	Sex	
Disability		Sexual Orientation	
Gender reassignment			

Marriage or civil partnership		Carers	
Pregnancy or maternity		Community Cohesion	
Race/Ethnicity		Community Safety	
Religion or belief		Human Rights	

STEP B) Consideration of information; data, research, consultation, engagement

B.1) Consideration of information and data - what have you got and what is it telling you?

As the OPD is based upon age and the applicant not qualifying for CTRS, the closure of the scheme to new applications will not impact on any other group.

The negative impact will be upon Council Tax payers who are 65 years or older at 31 March 2021, who will no longer be protected from Council Tax increases levied on all other households in the borough. For the 2021/22 financial year this increase equates to £21.29 per annum for the LBH share of Council Tax on a Band D Property. Those households already enrolled in the scheme will maintain their existing cash discounts, ranging from £20.60 per annum to £101.66 per annum for a Band D property.

The CTRS currently supports approximately 5,300 claimants at a cost of £4,837k.

A prerequisite of awarding the OPD is that the resident is not eligible for Council Tax Support.

This implies that the recipients of the benefit are not deemed to be the most financially vulnerable residents, with 52% of the recipients in a Band E property or higher (a more expensive property), compared to 30% of total households across the borough.

The closure of this scheme to new entrants is therefore considered to have a potentially limited negative impact on the financial wellbeing of the recipients of this benefit, particularly given that existing discounts will be continued.

Consultation

B.2) Did you carry out any consultation or engagement as part of this assessment?

Please tick ✓

NO

YES ✓

The Council will publish its 2021/22 budget proposals, predicated on the cessation of the OPD following agreement by the Cabinet Meeting on the 10 December 2020 to consult with the wider public on these proposals during the remainder of December 2020 and January 2021. Any comments / feedback on these proposals will be reported to Cabinet in February 2021 prior to the full Council meeting that will set the Band D Council Tax level for 2021/22.

B.3) Provide any other information to consider as part of the assessment

Legal context

Councillors have a legal requirement to set a balanced budget for the Council in each financial year including a Band D equivalent Council Tax amount that will contribute to the funding of expenditure and enable the agreement of a balanced budget. The proposed budget for 2021/22 is predicated on the closure of the discount to new entrants from 1 April 2021.

National and statutory discounts

The CTRS is statutory for over 65's but The OPD is neither statutory nor a national requirement.

C) Assessment

What did you find in B1? Who is affected? Is there, or likely to be, an impact on certain groups?

C.1) Describe any **NEGATIVE** impacts (actual or potential):

Equality Group	Impact on this group and actions you need to take
Residents not meeting the criteria for the means tested CTRS who will be 65 years or over on 31 March 2021 and who have a Council Tax liability	This group of residents will be liable to pay the proposed 2021/22 Council Tax increase in line with all other residents. However, any financially vulnerable resident will have the Council Tax Support Scheme available to them, offering a discount of up to 100%.

C.2) Describe any **POSITIVE** impacts

Equality Group	Impact on this group and actions you need to take
None	No positive impacts have been identified for any other group

D) Conclusions

The proposal to cease the OPD will result in approximately 16,000 households occupied by residents over 65 who will become liable for the annual increase in Council Tax in line with other residents in the borough.

A safety net in the form of the CTRS exists to support any residents who may be potentially financially negatively affected by this proposal.

Continuing to bring new households into the scheme and increasing the level of discount available would increase the Council's Saving Requirement, which will need to be addressed through further savings and/or an increased drawdown against General Balances, neither of which are deemed financially viable in the longer term, particularly given the ongoing financial impacts of COVID-19 on the Council.

Signed and dated: *Ian Watters* 9 December 2020

Name and position: Iain Watters, Financial Planning Manager

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Comments from the Policy Overview Committees on the Cabinet's budget proposals.

As part of the Constitution (Budget and Policy Framework Procedure), Policy Overview Committees have a role to review the Cabinet's draft budget proposals, which were set out at Cabinet on 10 December 2020 and then to submit their comments to the Cabinet for consideration before the final budget is recommended to full Council.

At Policy Overview Committee meetings in January 2021 consideration was given to reports which provided details of draft budget proposals relating to the remit of each committee. The Corporate Services, Commerce and Communities Policy Overview Committee then reviewed the comments submitted at their meeting on 3 February 2021 and agreed to submit the combined set of comments to Cabinet as set out below:

	Comments
Corporate Services, Commerce & Communities 12 January 2021 & 3 February 2021	<p>The Committee notes and congratulates officers on their ongoing work in delivering a balanced budget across the Council year after year, particularly during the challenging year we have just experienced.</p> <p>With particular note to the areas within this Committee's remit, it is pleasing to see the BID process being revisited across a number of departments to continually look at ways that processes can be improved and delivered. This includes the use of technological advancements alongside automation and robotics in terms of software developments. This is a positive and forward-looking step that the Council is taking, which not only delivers savings, but also improves efficiencies in services.</p>
Social Care, Housing & Public Health – 19 January 2021	<p>The Social Care, Housing and Public Health Policy Overview Committee commends officers on the budget proposals, maintaining services for residents, with appropriate contingency provision for service pressures. Proposals for priority growth within Domestic Abuse are welcomed, as are proposals within the capital programme for autism respite accommodation and the investment in general needs housing within the HRA. The Committee also welcomes the approach to innovation, delivering service transformation.</p> <p>A question in relation to budget setting was raised, with reference to the impact of the pandemic. Officers advised that the base budgets and contingency is set using the same approach as all other years and any impact that Covid-19 may have on the base budgets for 2021/22 will be managed using the Council's Covid-19 contingency budget. This is a clearer way of understanding the base position and the distinct impact of the pandemic.</p>
Residents', Education & Environmental Services 27 January 2021	<p>The Committee welcomes the budget report which contains an ambitious investment plan despite challenging and uncertain times.</p>

	<p>The Committee acknowledges the need to raise Council Tax, however, the Committee is reassured to note that the 4.8% increase to be raised is no more than necessary to protect front line services.</p> <p>The Administration's policy of sound financial management has continued to protect residents in this budget proposal, with reserves being utilised that have been built up in previous years. The policy of zero-based reviews has also resulted in many departments coming in under budget, which has kept costs under control.</p> <p>With the concerning increase in domestic violence due to the pandemic, the Committee warmly welcomes the £50k of new funding for domestic abuse initiatives.</p> <p>Due to the uncertainty of the last year and indeed the near future, the Committee also endorses the Administration's cautious approach in allocating £1,038k of priority growth earmarked reserves for any new and emergency issues that may arise in the new financial year.</p> <p>With health and wellbeing being placed under strain during the pandemic, the Committee welcomes the continued investment program to rebuild/refurbish sports clubs, a renewed library refurbishment programme, provision for investment in youth infrastructure, and a commitment to build a new leisure centre in the Yiewsley and West Drayton area.</p>
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BACKGROUND PAPERS:

[Minutes of the Policy Overview Committee meetings](#)



2021/22 Budget Consultation Feedback

Overview of Consultation Process

- This report highlights the key findings of the Budget Consultation 2021-22 conducted by the London Borough of Hillingdon from 11 December 2020 to 24 January 2021.
- The purpose of the consultation was to seek views from residents and local businesses on Hillingdon Council's budget proposals for 2021-22.
- The consultation was publicised:
 - On Hillingdon Council's website
 - Through the Council's social media platforms
- Information about the consultation was also sent directly to:
 - Residents on the Council's Customer Engagement database;
 - Residents associations in the borough.
- The survey received 30 responses, a decrease on the 60 responses last year.
- The total number of responses and **key themes** from all open questions are shown in the Survey results.
- All results are unweighted.
- Results are based on all respondents unless otherwise stated.

Summary of key findings

- 93% of the respondents are residents, 7% are local businesses or organisations.
- The majority (70%) of respondents are satisfied with the budget proposals, 7% are neither satisfied nor dissatisfied which leaves just 23% dissatisfied with the Council's budget proposals.
- 60% of the respondents agree that the budget proposals give residents and local businesses value for money, with 20% neither agreeing nor disagreeing, leaving just 20% disagreeing that the budget proposals give value for money.
- 76% of respondents feel well informed about the budget proposals, leaving 24% feeling not informed.

The document is structured by firstly presenting the survey results and secondly presenting the demographic and background information on respondents.

Survey results

Q1: How satisfied are you with the Council's budget proposals for 2021/22?

Response	Number of Responses	Percentage of Responses
Very Satisfied	14	47%
Somewhat Satisfied	7	23%
Neither Satisfied nor Dissatisfied	2	7%
Dissatisfied	3	10%
Very Dissatisfied	4	13%
Total	30	100%

Q1a. Please tell us why:

Positive

The respondents that indicated they are either **fairly satisfied or very satisfied** with the council's budget proposals cite the following reasons:

- A common theme was the Council Tax increase in the respondents aged 65 or over.
- One complimented the budget in relation to COVID-19.
- One response praised the balanced budget proposals in light of a difficult year.
- One commended the continuation of services given by the Council.

Negative

The respondents that have indicated **dissatisfaction** with the council's budget proposals cite the following common concerns:

- The Council Tax increase due to the current financial climate around the pandemic and Brexit.
- The Older People's discount being discontinued.
- One response highlighted traffic noise and road conditions.
- One response was concerned with the condition of paving when using their mobility scooter and the use of bicycles on the pavement.
- One response was dissatisfied with contributions to the Greater London Authority; however this is outside of the control of the Council.

From organisations:

- One response wanted a provision to deliver on the declaration of a climate emergency, to ensure it is properly funded.

Q2: To what extent do you agree or disagree that the budget proposals give value for money to local people and businesses?

Response	Number of Responses	Percentage of Responses
Strongly Agree	11	37%
Tend to Agree	7	23%
Neither Agree nor Disagree	6	20%
Tend to Disagree	3	10%
Strongly Disagree	3	10%
Total	30	100%

Q2a: Please tell us why:

Positive

Comments suggest that respondents agree for the following reasons:

- No reduction in service delivery or facility closures.
- Free-to-use weekly refuse and recycling collection.
- Investment in roads and pavement resurfacing.
- One praised the services currently received.

Negative

- One commented on expensive plastic bags for recycling and suggested wheelie bins.
- One mentioned the cleanliness of the streets.
- One commented on the retention of benefit from the Older People’s Discount.
- One stated that the State Pension has not increased in line with other increases, however this is outside of the control of the Council.

Q3: How well informed, if at all, do you feel about the budget proposals?

Response	Number of Responses	Percentage of Responses
Very Well Informed	16	53%
Fairly Well Informed	7	23%
Not Very Well Informed	5	17%
Not Informed At All	2	7%
Total	30	100%

Q3a: Are there any other comments you would like to make about the council's budget proposals for 2021-22?

Common themes include:

- Multiple respondents praised the Council, saying they were content with the budget proposals and services given.
- There were mixed responses regarding the Council Tax increase. Some commended the Council for the modest rise considering the current pressures, whereas other respondents want Council Tax frozen or reduced due to the pandemic.

Other (single) responses include:

- A respondent mentioned they hope support is given in regards to Heathrow Business Rates, should this materialise.
- One stated they would be happy to pay a higher Council Tax to support services for younger people.
- One wanted expenditure to be reduced (did not state the outcome of this should be).
- One is concerned that there will be more deficits in the future due to an increase in population.
- One wanted to see a reduction in the Social Care Precept for older residents.

From organisations:

- One is pleased that the Council is committed to achieving carbon neutrality and 100% clean energy by 2030. They state the importance of flexibility within the budget to undertake actions as a result of a public consultation.

Survey Results – Demographic and Background Information

Q4. Are you completing this survey...?

Response	Number of Responses	Percentage of Responses
As a resident	28	93%
On behalf of a local	2	7%
Total	30	100%

Q5. Please tell us your postcode:

Response	Number of Responses	Percentage of Responses
HA4	3	11%
HA5	3	11%
HA6	6	19%
UB10	1	4%
UB3	3	11%
UB4	2	7%
UB5	1	4%
UB7	3	11%
UB8	5	18%
UB9	1	4%
Total	28	100%

Q6. Please tell us the name of your business or organisation:

Response	Number of Responses	Percentage of Responses
Hillingdon Friends of the Earth	1	
Anonymous	1	
Total	2	7%

Q7. Please tell us the postcode of your business or organisation:

Response	Number of Responses	Percentage of Responses
HA4	1	50%
UB3	1	50%
Total	2	100%

Q8: Are you:

Response	Number of Responses	Percentage of Responses
Male	20	67%
Female	9	30%
Prefer Not To Say	1	3%
Total	30	100%

Q9: How old are you?

Response	Number of Responses	Percentage of Responses
Under 18	0	0%
18 to 24	3	10%
25 to 34	6	20%
35 to 44	3	10%
45 to 54	7	24%
55 to 64	1	3%
65+	10	33%
Total	30	100%

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Local Discretionary Rate Relief Policy

Section 69 of the Localism Act 2011 amends Section 47 of the 1988 Local Government Finance Act to allow local authorities the discretion to grant discretionary local business rate discounts to all types of businesses in order to help attract firms, investment and jobs to the area. There is cost to the Council in awarding this relief and the Council may decide that the immediate cost of the discount is outweighed by the long-term benefit of attracting growth and jobs to the area.

Up to 100% discretionary relief may be awarded for up to one year to any qualifying business. It will only be paid to large businesses relocating to the borough, not to existing businesses in hardship.

Applications under this section will only be considered after consideration of any other forms of rate relief to which the applicant may be eligible. Awards will only be made in exceptional circumstances.

It is at the discretion of the local authority whether to grant relief or not.

How to apply

You can apply by filling in the attached application form and email it to businessrates@hillington.gov.uk. The application form seeks applicants to provide sufficient detail for the Council to consider the application as set out in the process section below. Applicants may need to provide further information as necessary for the Council to assess the application.

The process

In assessing the application, the Council will consider the following:

- Each application will be considered on its own merits
- The level of discount being requested
- The reason for the request
- The interests of the Council tax payers and the cost to the Council
- The value of any previous discounts/reliefs granted to the business and previous benefits to council tax payers
- Overall viability of the business
- The effect of awarding/not awarding the relief (for example business unable to relocate into area)
- Consideration will be given as to the number of properties occupied by the applicant
- Consideration will be given to Government guidance and advice regarding the Council's discretionary powers under the Localism Act
- The Council will have full regard to any State Aid Rules in place at the time when assessing the application for discretionary relief

If one or more of the following criteria is met relief may be granted:

- A large business relocating into the Borough.
- The award of a discount will have a substantive, positive benefit for residents and the community
- The award of a discount will contribute to the achievement of the council's corporate priorities
- There are long term benefits to council tax payers
- The award will directly result in attracting business, investment or jobs
- Steps have been taken to meet or mitigate the business rates liability Relief will not be granted where there are other sources of funding available.

If your application is successful, you will be notified in writing, and a revised bill or refund will be issued. If your application is unsuccessful, you will be notified in writing.

Length of relief

Relief may only be given for a temporary period of up to 12 months.

Backdating

Relief will only apply from the date on which the application has been approved by the Council.

Appeals

You can appeal within 21 days of being notified of a decision.

Any appeal must be sent in writing to businessrates@hillingdon.gov.uk with your reasons for appeal.

Appeals will be considered by the Cabinet Member for Finance, whose decision is final.

The Council reserves the right to review the policy from time to time.