



HILLINGDON  
LONDON



# Cabinet

## Councillors in the Cabinet

**Date:** THURSDAY, 20 OCTOBER  
2016

Ray Puddifoot MBE (Chairman)  
*Leader of the Council*

**Time:** 7.00 PM

David Simmonds CBE (Vice-Chairman)  
*Deputy Leader / Education & Children's Services*

**Venue:** COMMITTEE ROOM 6 -  
CIVIC CENTRE, HIGH  
STREET, UXBRIDGE UB8  
1UW

Jonathan Bianco  
*Finance, Property & Business Services*

Keith Burrows  
*Planning, Transportation & Recycling*

Philip Corthorne  
*Social Services, Housing, Health & Wellbeing*

**Meeting  
Details:** Members of the Public and  
Press are welcome to attend  
this meeting.

Douglas Mills  
*Community, Commerce & Regeneration*

Richard Lewis  
*Central Services, Culture & Heritage*

**Published:** Wednesday, 12 October 2016

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[www.hillingdon.gov.uk](http://www.hillingdon.gov.uk)

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***Putting our residents first***

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# Notice

## **Notice of meeting and any private business**

The London Borough of Hillingdon is a modern, transparent Council and through effective Cabinet governance, it seeks to ensure the decisions it takes are done so in public as far as possible. Much of the business on the agenda for this Cabinet meeting will be open to residents, the wider public and media to attend. However, there will be some business to be considered that contains, for example, confidential, commercially sensitive or personal information. Such business is shown in Part 2 of the agenda and is considered in private. Further information on why this is the case can be sought from Democratic Services.

This is formal notice under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to confirm that the Cabinet meeting to be held on:

*20 October 2016, 7pm in Committee Room 6, Civic Centre, Uxbridge*

will be held partly in private and that 28 clear days public notice of this meeting has been given. The reason for this is because the private (Part 2) reports listed on the agenda for the meeting will contain either confidential information or exempt information under Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. An online and a hard copy notice at the Civic Centre in Uxbridge indicates a number associated with each report with the reason why a particular decision will be taken in private under the categories set out below:

- (1) information relating to any individual
- (2) information which is likely to reveal the identity of an individual
- (3) information relating to the financial or business affairs of any particular person (including the authority holding that information)
- (4) information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
- (5) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
- (6) Information which reveals that the authority proposes (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment.
- (7) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

## **Notice of any urgent business**

To ensure greater transparency in decision-making, 28 clear days public notice of the decisions to be made both in public and private has been given for these agenda items.

## **Notice of any representations received**

No representations from the public have been received regarding this meeting.

## **Date notice issued and of agenda publication**

12 October 2016  
London Borough of Hillingdon

# Agenda

- 1 Apologies for Absence
- 2 Declarations of Interest in matters before this meeting
- 3 To approve the minutes of the last Cabinet meeting 1 - 10
- 4 To confirm that the items of business marked Part 1 will be considered in public and that the items of business marked Part 2 in private

## **Cabinet Reports - Part 1 (Public)**

- 5 Proposed Article 4 Direction to protect strategic employment land in the Borough (Cllr Keith Burrows) 11 - 18
- 6 Monthly Council Budget Monitoring Report - Month 5 (Cllr Jonathan Bianco) 19 - 62
- 7 School Capital Programme Update (Cllr David Simmonds CBE & Cllr Jonathan Bianco) 63 - 70
- 8 Charville & Cowley St Laurence Children's Centres - Lease (Cllr Jonathan Bianco) 71 - 78

## **Cabinet Reports - Part 2 (Private and Not for Publication)**

<b>9</b>	The Provision of Laboratory Analysis for the London Borough of Hillingdon Imported Food Office (Cllr Douglas Mills)	79 - 88
<b>10</b>	Disabled Adaptations & Essential Repairs Grant Contract (Cllr Jonathan Bianco & Cllr Philip Corthorne)	89 - 102
<b>11</b>	Tender for the removal of graffiti & fly postings and street-wash services (Councillor Douglas Mills and Councillor Keith Burrows)	103 - 112
<b>12</b>	Development of Belmore Allotments and Melrose Close Car Park (Cllr Jonathan Bianco)	113 - 130
<b>13</b>	Voluntary Sector Leases (Cllr Jonathan Bianco)	131 - 144

*The reports listed above in Part 2 are not made public because they contains exempt information under Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it.*

**14** Any other items the Chairman agrees are relevant or urgent

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## Minutes

### Cabinet

Thursday, 22 September 2016

Meeting held at Committee Room 6 - Civic Centre,  
High Street, Uxbridge UB8 1UW



Published on: 23 September 2016

Decisions come into effect: from 30 September 2016 \*

#### **Cabinet Members Present:**

Ray Puddifoot MBE (Chairman)  
David Simmonds CBE (Vice-Chairman)  
Douglas Mills  
Jonathan Bianco  
Richard Lewis  
Keith Burrows  
Philip Corthorne

#### **Members also Present:**

Mo Khursheed  
Edward Lavery  
Beulah East  
John Riley  
Wayne Bridges  
Tony Eginton  
Duncan Flynn  
Henry Higgins  
Jan Sweeting  
John Oswell

#### **1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Susan O'Brien, ex-officio member of the Cabinet.

#### **2. DECLARATIONS OF INTEREST IN MATTERS BEFORE THIS MEETING**

No interests were declared by Members present.

#### **3. TO APPROVE THE MINUTES OF THE LAST CABINET MEETING**

The decisions and minutes of the Cabinet meeting held on 21 July 2016 were agreed as a correct record.

#### **4. TO CONFIRM THAT THE ITEMS OF BUSINESS MARKED PART 1 WILL BE CONSIDERED IN PUBLIC AND THAT THE ITEMS OF BUSINESS MARKED PART 2 IN PRIVATE**

This was confirmed, noting that items 14 and 15 would be considered at a future Cabinet meeting.

**5. LOCAL SAFEGUARDING CHILDREN BOARD: ANNUAL REPORT 2015-2016**

**RESOLVED:**

**That Cabinet notes the report and takes account of its conclusions in future planning for children's services.**

**Reasons for decision**

Cabinet noted the annual report, which was a statutory requirement and expressed the Council's commitment to the safeguarding of children. Cabinet welcomed the report from the Chairman of the Safeguarding Board who had led a number of improvements around its functioning and effectiveness, complimenting the significant investment in and re-modelling of Children's Services by the Council.

The Cabinet Member for Education and Children's Services indicated efforts to ensure all agencies contribute sufficient funds towards the operation of the Board, particularly the Metropolitan Police.

**Alternatives considered and rejected**

None.

**Officers to action:**

Stephen Ashely (Independent Chairman, LSCB)  
Tony Zaman, Social Care

**Classification: Public**

*The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.*

**6. SAFEGUARDING ADULTS PARTNERSHIP BOARD: ANNUAL REPORT 2015-2016**

**RESOLVED:**

**That Cabinet notes the annual report of the Hillingdon Safer Adults Partnership Board for 2015/16.**

**Reasons for decision**

Cabinet noted the annual report, which was confirmed as a statutory requirement and expressed the Council's commitment to the safeguarding of adults and older people. It was



acknowledged that The Care Act 2014 had been a significant factor in the way adult safeguarding was regarded amongst both agencies and the public.

It was welcomed that safeguarding activity was progressing well and that Hillingdon's Board had clear agreement on the strategic priorities to take forward.

#### **Alternatives considered and rejected**

None.

#### **Officers to action:**

Stephen Ashely (Independent Chairman, LSCB)  
Tony Zaman, Social Care

#### **Classification: Public**

*The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.*

## **7. TRANSPORT FOR LONDON INTERIM LOCAL IMPLEMENTATION PLAN - ANNUAL SPENDING SUBMISSION 2017/18**

#### **RESOLVED:**

#### **That Cabinet:**

- 1. Agrees the principles of the Council's Local Implementation Plan 2017/18 Annual Spending Submission to Transport for London, set out in the report;**
- 2. Delegates authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and Cabinet Member for Planning, Transportation and Recycling, to agree the final Plan before submission to Transport for London;**
- 3. Notes that the subsequent progression of any individual scheme or programme in the Plan and funded by Transport for London budgets, will also be subject to the Council's democratic capital release procedures requiring final sign-off by the Leader of the Council and Cabinet Member for Finance, Property and Business Services.**

#### **Reasons for decision**

Cabinet agreed to prepare and submit to Transport for London an Interim Local Implementation Plan Annual Spending Submission, which would bid for and set out the proposed expenditure on transport schemes on a project-by-project basis for the coming financial year. It was noted that the Submission was interim, following the election of the new Mayor for London who had indicated a review of spend.

Projects would be grouped under themes, previously used, to focus on transportation improvements for residents and businesses, including transport interchanges, public realm, school travel, road safety, parking management schemes, public footpaths and travel advice and education.

#### **Alternative options considered and rejected**

The Cabinet could have decided not to submit an Annual Spending Submission, which would have put at risk a significant amount of funding from Transport for London on local projects.

#### **Officer to action:**

Alan Tilly, Residents Services

#### **Classification: Public**

*The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.*

## **8. COMMUNITY PROTECTION NOTICES AS AN ANTI-SOCIAL BEHAVIOUR ENFORCEMENT TOOL**

#### **RESOLVED:**

**That Cabinet delegates authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Cabinet Member for Community, Commerce and Regeneration, to use powers available under Part 4 of the Anti-social Behaviour, Crime and Policing Act 2014 in the form of Community Protection Notices to enforce against anti social behaviour that is having a detrimental effect on the quality of life for those in a locality, and is unreasonable, and is of a persistent or continuing nature.**

#### **Reasons for decision**

Cabinet agreed to provide an additional tool for officers to enforce against a wider range of anti social behaviours, where a statutory nuisance would not exist under other legislation, yet where behaviour was persistent and had a negative effect on a locality. It was noted that new Community Protection Notices could apply to the likes of untidy domestic gardens.

#### **Alternative options considered and rejected**

Cabinet could have decided not to make use of Community Protection Notices, but agreed that it would be a powerful tool available to the Council to tackle issues raised by residents of an anti-social nature.

#### **Officers to action:**

Nigel Dicker, Residents Services

Bill Hickson, Residents Services

**Classification: Public**

*The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.*

**Urgency**

*The decision was taken under urgency procedures and was not notified in advance on the Council's Forward Plan. This was to ensure the new powers could be implemented as swiftly as possible to benefit residents.*

**9. QUARTERLY PLANNING OBLIGATIONS MONITORING REPORT**

**RESOLVED:**

**That the Cabinet notes the updated financial information.**

**Reasons for decision**

Cabinet noted the report which detailed the financial planning obligations held by the Council and what progress had, and was, being made.

**Alternative options considered and rejected**

To not report to Cabinet. However, Cabinet believed it was an example of good practice to monitor income and expenditure against specific planning agreements.

**Officer to action:**

Nicola Wyatt, Residents Services

**Classification: Public**

*The report relating to this decision by the Cabinet is available to view on the Council's website or by visiting the Civic Centre, Uxbridge.*

**10. MONTHLY COUNCIL BUDGET - MONITORING REPORT**

**RESOLVED:**

**That Cabinet:**

- 1. Note the forecast budget position as at July 2016 (Month 4).**
- 2. Continue the delegated authority up until the October 2016 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k**

approved under delegated authority between the 21 July 2016 and 22 September 2016 Cabinet meetings, detailed at Appendix F.

3. Endorses the Council's Efficiency Plan as presented in Appendix G.
4. Agree to the appropriation of land at Acol Crescent in South Ruislip from the General Fund to the Housing Revenue Account to be developed as general needs and supported housing.
5. Agree to the appropriation of land at Fir Tree Avenue in West Drayton from the General Fund to the Housing Revenue Account to be developed as general needs housing.
6. Approve the re-phasing of £2,000k for the New General Needs Housing Stock budget from 2017/18 to 2016/17 for the purchase of additional Buy-Back properties and request the Chairman of the Executive Scrutiny Committee waive the scrutiny call-in period on this matter to ensure the Council can purchase some immediate properties w/c 26 September.

### **Reasons for decisions**

Cabinet was informed of the latest forecast revenue, capital and treasury position (Month 4) for the current year 2016/17 to ensure the Council achieved its budgetary and service objectives.

Cabinet made a range of decisions including endorsement of the Efficiency Plan for submission to Government, a technical transfer of land assets between the General Fund and Housing Revenue Accounts held by the Council and re-phasing of expenditure to purchase additional Right-to-Buy properties from owners willing to sell them to the Council for re-use as affordable accommodation.

### **Alternative options considered and rejected**

None.

### **Officer to action:**

Paul Whaymand, Finance Directorate

### **Classification: Public**

*The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.*

## **11. SCHOOL CAPITAL PROGRAMME UPDATE**

### **RESOLVED:**

**That Cabinet note the progress made with primary and secondary school expansions, the school condition programme and other school capital projects.**

### **Reasons for decision**

Cabinet received its monthly update, tracking progress on London's largest school building programme which has continued to invest significant resources in new local education facilities over the last few years and into the coming years. This would ensure that every child in the London Borough of Hillingdon would have a quality place at a local school - primary or secondary.

### **Alternative options considered and rejected**

None.

### **Officer to action:**

Bobby Finch, Residents Services

### **Classification: Public**

*The report and any background papers relating to this decision by the Cabinet are available to view on the Council's website or by visiting the Civic Centre, Uxbridge.*

## **12. CONTRACT AWARD: RESIDENTIAL, NURSING AND SUPPORTED LIVING FRAMEWORK**

### **RESOLVED:**

#### **That Cabinet:**

- 1. Authorises the Council's use of the Dynamic Purchasing System (DPS) as a tool to purchase care home or supported living placements for adults to assist with managing the market for these services, endorsing the Memorandum of Understanding attached.**
- 2. Approves, that in meeting statutory need, the direct award of placements for vulnerable adults on a spot contract basis may be necessary where suitable arrangements cannot be made on the DPS; or where crisis or emergency circumstances dictate that it is not possible to do so via the DPS.**
- 3. Notes that the DPS is a WLA procurement initiative with Ealing Council acting as the contracting body on behalf of the London Boroughs of Hillingdon, Brent, Barnet, Hounslow, Hammersmith & Fulham, Westminster & Royal Borough of Kensington & Chelsea.**

### **Reasons for decision**

Cabinet made the necessary decisions to source appropriate accommodation based placements to meet a range of eligible care and support needs for residents, by signing up to procurement initiative with other West London boroughs.

### **Alternative options considered and rejected**

Cabinet could have decided to continue to source care home and supported living placements through existing methods or where known vacancies exist, but considered a strategic approach more efficient and flexible to ensure residents' accommodation needs were met.

#### **Officers to action:**

Tony Zaman, Social Care  
Clare Harris, Finance

#### **Classification: Private**

*Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended).*

## **13. VOLUNTARY SECTOR LEASES**

#### **RESOLVED:**

**That Cabinet approves the terms set out in the report, which is subject to negotiation with the voluntary sector organisation detailed in this report, and instructs the Deputy Chief Executive and Corporate Director of Residents Services to then commission the Borough Solicitor to complete the appropriate legal documentation.**

#### **Reasons for decision**

Cabinet agreed to the grant of a new 15 year lease of the William Byrd Swimming Pool to the William Byrd Pool Trust Limited. Cabinet's decision enabled the organisation to benefit from discounted rents as part of the Council's Voluntary Sector Leasing Policy and wider commitment to the voluntary sector.

### **Alternative options considered and rejected**

Cabinet could have chosen not to apply the Voluntary Sector Leasing Policy.

#### **Officer to action:**

Susan Williams-Joseph; Residents Services

## **Classification: Private**

*Whilst the Cabinet's decisions above are always made public, the officer report relating to this matter is not because it was considered in the private part of the meeting and contained information relating to the financial or business affairs of any particular person (including the Authority holding that information) and the public interest in withholding the information outweighed the public interest in disclosing it (exempt information under paragraph 3 of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 as amended).*

### **14. STREET LIGHTING AND MAINTENANCE CONTRACT**

It was noted that a report on this matter would be considered at a future Cabinet meeting.

### **15. HIGHWAYS CONTRACT VARIATION**

It was noted that a report on this matter would be considered at a future Cabinet meeting.

### **16. ANY OTHER ITEMS THE CHAIRMAN AGREES ARE RELEVANT OR URGENT**

No additional items were considered by the Cabinet.

The meeting closed at 7.24pm.

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## **\* IMPLEMENTATION OF CABINET'S DECISIONS**

**Meeting after Cabinet, the Executive Scrutiny Committee did not call-in any of the Cabinet's decisions.**

**Recommendation 6 on Item 10, the Budget Monitoring Report, will take immediate effect after the Chairman of the Executive Scrutiny Committee waived the call-in period to ensure the immediate purchase of properties by the Council.**

**The remaining decisions of the Cabinet can be implemented from 5pm, Friday 30th September 2016, upon the expiry of the scrutiny call-in period, unless notified otherwise by Democratic Services.**

**The officers to implement the decisions are indicated in the minutes.**

**The public part of this Cabinet meeting was filmed live on the Council's YouTube Channel to increase transparency in decision-making. These minutes remain the official definitive record of proceedings.**

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## PROPOSED ARTICLE 4 DIRECTION TO PROTECT STRATEGIC EMPLOYMENT LAND IN THE BOROUGH

<b>Cabinet Member</b>	Councillor Keith Burrows
<b>Cabinet Portfolio</b>	Planning, Transportation and Recycling
<b>Officer Contact</b>	James Rodger, Residents Services
<b>Papers with report</b>	Two plans showing office and industrial land to be included in the Article 4 Direction

### 1. HEADLINE INFORMATION

<b>Summary</b>	The Government has introduced various 'prior approval processes' where simplified planning exists for changes of use of buildings to a residential use. Legislation has been passed to introduce a further right of prior approval for light industrial buildings of up to 500 square metres. These rights will come into effect on 1 October 2017 (but will apply 56 days after that date). To prevent the rights applying it is proposed that the Council should introduce an 'Article 4 Direction' to protect strategic industrial floor-space. It is also proposed that this include strategic office floor-space.
<b>Putting our Residents First</b>	This report supports the following Council objectives of: <i>Our People and Our Built Environment</i> . It also supports delivery of the Councils Local Plan.
<b>Financial Cost</b>	There would be a limited financial cost of publicising an Article 4 Direction (less than £5k). There would also be loss of fee income, but at £80 a prior approval application this would also be limited given the likely relatively small scale of such applications.
<b>Relevant Policy Overview Committee</b>	Residents' and Environmental Services Policy Overview Committee
<b>Ward(s) affected</b>	All

### 2. RECOMMENDATION

**That the Cabinet agrees that officers should write a report for Full Council concerning whether Hillingdon should have an Article 4 Direction to protect key strategic office and light industrial floor-space, to prevent it being converted to residential use through prior approval processes.**

## **Reasons for recommendation**

To protect key employment land in the Borough from changes to planning regulations which would enable strategic office and light industrial floor-space to be converted to residential use through a simplified planning process. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 states that approval to make an Article 4 Direction is not a Cabinet function and therefore must be carried out by full Council or another appropriate Council Committee.

## **Alternative options considered / risk management**

Cabinet could take the view that the Councils ability to refuse inappropriate prior approvals through the identified determination criteria will be sufficient to prevent potentially harmful development proposals. Alternatively the Cabinet could seek protection of a greater amount of employment floor-space (re: All office and light industrial floor-space in Hillingdon), however officers would strongly caution such an approach given the Government's already strict approach to accepting Article 4 Directions. The Article 4 Direction would have to be agreed by the Secretary of State and the Government has refused to agree Council wide Article 4 directions seeking to give blanket protection at other Councils.

## **Policy Overview Committee comments**

None at this stage.

## **3. INFORMATION**

### **Supporting Information**

3.1 The Council has seen a growing number of 'office to residential' prior approval conversions submitted, with over 30 such prior approval applications each year for the last two years. These prior approvals have in many cases seen the conversion of small redundant or unviable office buildings, introducing new housing, with limited concern being raised by local residents. However, officers have recently noted that more strategic and larger office floor-space is being targeted by developers. A very recent prior approval application (lodged on 26 September 2016) near Heathrow airport typifies this change in the type of prior approval application. Q3, Mondial Way is a very modern office building (19,440 sq.ft or 1852 sq.m floor area) which forms part of the 'Quartet', which is a well established office development situated on the north side of Bath Road (A4). The property is very close to Heathrow Airport and served by airport bus services. It is a recently modernised office building that is fully air conditioned, fully accessible, would meet all modern ICT requirements and has generous floor to ceiling heights. It has extensive parking and a large feature glass atrium/entrance that means the building is visually read as an office building. It is in a designated locally significant employment area. It is not the sort of building officers would wish to see converted to housing (42 flats are proposed). Nonetheless the existing prior approval process does not protect buildings like this from residential conversion.

3.2 There are already in place various prior approval regimes including that which allows office to residential prior approval conversions. This April (2016), the Government introduced a further right (Class PA) in respect of all light industrial buildings (B1c, which is basically employment buildings which do not house heavy ) up to 500 square metres (an automatic exemption will apply for listed buildings). As set out in the General Permitted Development Order (amended April 2016) these rights will come into effect on 1 October 2017 to enable local planning

authorities to consider whether to bring forward an Article 4 direction in place beforehand. The change of use itself will be permanent when granted.

3.3 To prevent a right to compensation, the Article 4 Direction must be advertised at least 12 months in advance of it becoming operational. It should be noted that on the 2<sup>nd</sup> October 2017 a landowner will not be able to start immediately converting a light industrial building to residential use as they would first need a prior approval consent which could take up to 56 days. Therefore to ensure an Article 4 Direction is effective prior to the Legislation becoming enacted, the Council must ensure an Article 4 Direction is advertised during November 2016 and in place by the end of November 2017.

3.4 Hillingdon contains a number of extremely important employment sites. Hillingdon is part of the Thames Valley market, which attracts global investment, and the 'Western Wedge', which is a development corridor of regional importance. The corridor extends from Paddington to Hillingdon where it includes the area from Uxbridge southwards to Heathrow Airport. Hillingdon has sources of economic growth which function above the sub-regional level, including logistics, transport-related sectors, leisure/ tourism and education. The growth of these sectors is encouraged in the Mayor's London Plan through strategic outer London development centres. The London Plan requires most of West London's employment growth to be located within the Western Wedge and the Hillingdon Local Plan: Part 1- Strategic Policies helps direct new economic development to this area. The London Office Policy Review 2009 identified three core office locations of Uxbridge, Stockley Park and the Heathrow Perimeter for office growth. These are called Locally Significant Employment Locations in the Councils local Plan.

3.5 Hillingdon has regionally important Strategic Industrial Locations (SILs) totalling around 270 hectares. These are designated through the London Plan. These include Uxbridge Industrial Estate. They also include the Industrial Business Park (IBP) at North Uxbridge which is more suitable for activities that need better quality surroundings including research and development and light industrial. To complement the Strategic Industrial Locations, the Hillingdon Local Plan: Part 1- Strategic Policies proposes designations for two types of employment land; Locally Significant Industrial Sites (LSIS) where industrial and warehousing activities can operate, and Locally Significant Employment Locations (LSEL) that have a light industrial, office and research role. The purpose of this is to ensure that new office development, which has a high trip generating capacity, is located where public transport accessibility is strongest, thereby reducing the need for car trip generation.

3.6 Uxbridge has an office stock of around 205,000 sq.m; the fourth largest concentration in outer London. It is a key centre for the office market in West London. A number of operators have their headquarters or European headquarters in Uxbridge which has cluster strengths of pharmaceuticals and IT companies, business support services and food sectors. Stockley Park is an important contributor to the local economy and prestige of the borough through its high quality offices. With 175,000 sq.m of office stock, it is the largest concentration of office space in Outer London. It is described by the London Office Policy Review 2009 as "perhaps the most iconic business park in the UK" and has a particular draw for prestigious national and European headquarters. The Park is home to IT, pharmaceutical and communications sector businesses as well as many other blue chip companies. Heathrow Airport is the UK's biggest airport and has a substantial impact on the economy of West London. Activities related to the operation of Heathrow, such as passenger terminals and maintenance facilities, take place inside the airport boundary while many associated businesses rely on locations around the perimeter just outside the airport boundary (hence the importance of the Bath Road corridor for office and light industrial floor-space for an efficient airport operation). Many businesses are

reliant on the airport and proximity is a key driver for the continued demand for commercial floor-space near Heathrow. There is a wide variety of office space from small to very large operators.

3.7 A balance must be struck between the delivery of new housing and the retention of key employment floor-space. The Council's Local Plan seeks to ensure that housing growth to meet strategic housing targets is provided whilst protecting important local, regional and nationally strategic employment floor-space (which given high land values for residential use of land than employment use would otherwise be lost to housing). It should also be noted that there is the planned release of some employment land in the Hayes Housing Zone, although this needs to occur in a planned way so that local infrastructure needs can be properly considered. It is important that housing growth in Hayes does not lead to a subsequent loss of designated industrial land outside the Housing Zone, this is to ensure sufficient light industrial floorspace is maintained to meet local and regional demand.

3.8 It is therefore suggested that the following sites (see plan attached as Appendix 1) should be protected from prior approval conversions to residential use as identified in the Hillingdon Local Plan: Part 1- Strategic Policies (Adopted 2012).

### **Areas proposed to for prevention of light industrial to residential conversions**

#### **Strategic Industrial Locations - Preferred Industrial Locations**

Uxbridge Industrial Area

Hayes Industrial Area - designated areas of PIL outside the Housing Zone

#### **Strategic Industrial Locations: Industrial Business Parks**

North Uxbridge Industrial Estate

#### **Proposed Locally Significant Employment Locations**

Stockley Park

Bath Road Sites

#### **Proposed Locally Significant Industrial Sites**

Packet Boat Lane LSIS

### **Areas for prevention of office to residential conversions**

Uxbridge Town Centre

Heathrow Perimeter

Stockley Park

3.9 Under the proposed Light industrial to residential prior approval process the Council will be able to consider four criteria:

(i) Transport and highways impacts of the development (this usually cannot be used to refuse conversions given the scale of car-parking facilities that accompany most employment sites and the fact that residential uses often don't have a materially worse impact on the highway network than office uses).

(ii) Contamination risks in relation to the building (sites can be de-contaminated and conversions are often to flatted development where back gardens are not included)

(iii) Flooding risks in relation to the building (residential use is seen as more sensitive than other uses with respect to flood protection, nonetheless most key strategic office and industrial floor-space is not in floodplain's).

(iv) Employment impacts which are defined as follows: *'Where the authority considers the building to which the development relates is within an area that is important for providing industrial services or storage or distribution services or a mix of those services (which includes,*

*where the development relates to part of a building, services provided from any other part of the building), whether the introduction of, or an increase in, a residential use of premises in the area would have an adverse impact on the sustainability of the provision of those services' (As explained earlier in this report Government Inspectors have sought to support the principles behind earlier Government prior approvals as much as possible and officers are not optimistic that refusals under this criteria will be upheld at appeal).*

## **Financial Implications**

Direct costs associated with implementation of an Article 4 direction to protect key strategic office and light industrial floor-space would be limited to advertising the new arrangements, which is estimated to cost no more than £5k and would be managed within existing Residents Services' operating budgets. As noted within the body of this report there would be a de minimus loss of fee income (less than £5k over the previous two years) from implementation of this Article 4, however this can again be managed within existing budgets where planning income streams continue to outperform MTFE assumptions.

## **4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

### **What will be the effect of the recommendation?**

It will enable full Council to determine whether an Article 4 Direction should be created. With respect to wider local resident impacts the key implication will be to enable the Council to maintain the right amount of employment floor-space to ensure a prosperous Borough. It is not considered that this will be to the detriment of those residents who would favour additional housing, as the Council will meet its strategic housing targets through allocated housing sites.

### **Consultation Carried Out or Required**

If an Article 4 Direction is implemented then there would need to be extensive consultation within the areas identified for inclusion within the Article 4 Direction.

## **5. CORPORATE IMPLICATIONS**

### **Corporate Finance**

Corporate Finance has reviewed this report and confirms the financial implications outlined above, noting that the proposed Article 4 direction is intended to maintain employment floor space within the borough. The impact of the proposed Article 4 direction on the Council's broader Medium Term Financial Forecast will be de minimus.

### **Legal**

An article 4 direction is a direction under article 4 of the General Permitted Development Order which enables the Secretary of State or the local planning authority to withdraw specified permitted development rights across a defined area.

Provided that there is justification for both its purpose and extent, an article 4 direction can cover a specific site to a local authority-wide area.

The use of Article 4 directions to remove national permitted development rights should be limited to situations where this is necessary to protect local amenity or the wellbeing of the area.

The potential harm that the direction is intended to address should be clearly identified and the Council must show strong justification for the withdrawal of permitted development rights relating to cases where prior approval powers are available to control permitted development.

The report sets out that there are a number of important employment sites in Hillingdon, and the Council must be able to show that there is a need to protect these employment sites in the borough.

The right to compensation has been accurately set out within the report.

### **Corporate Property and Construction**

There are no property and construction implications from the recommendations in this report. Should full Council decide that an Article 4 direction should be created then there may be some implications for Council owned office and industrial premises in the proposed areas. The Council's ownership of industrial property is limited to just one small property on Uxbridge Industrial Estate. The Council also owns a limited number of office properties in the proposed areas, the most notable of which is the Civic Centre.

### **Relevant Service Groups**

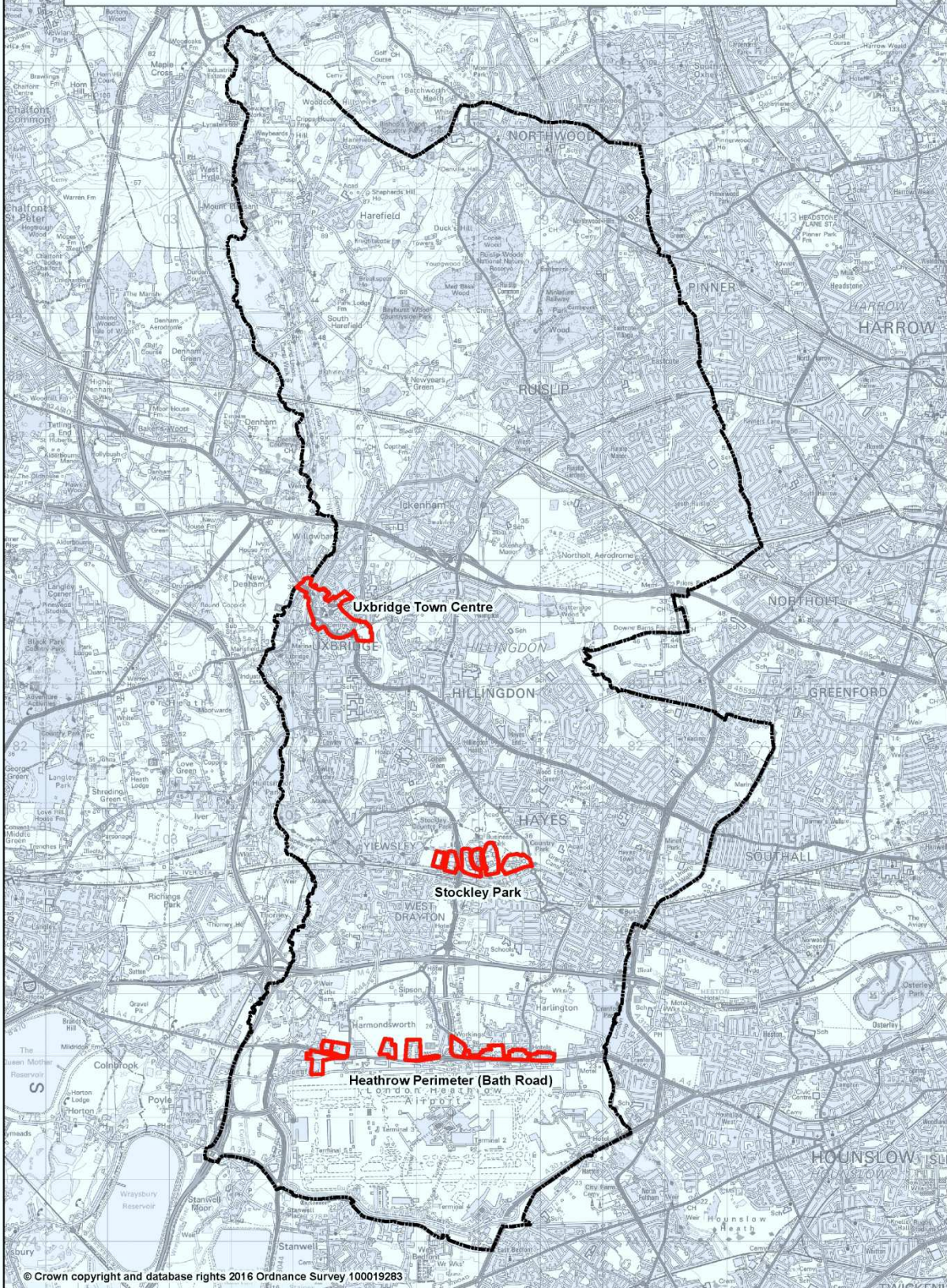
Where reports span across other service areas relevant service Groups should be consulted.

## **6. BACKGROUND PAPERS**

Hillingdon Local Plan: Part 1- Strategic Policies (Adopted 2012).



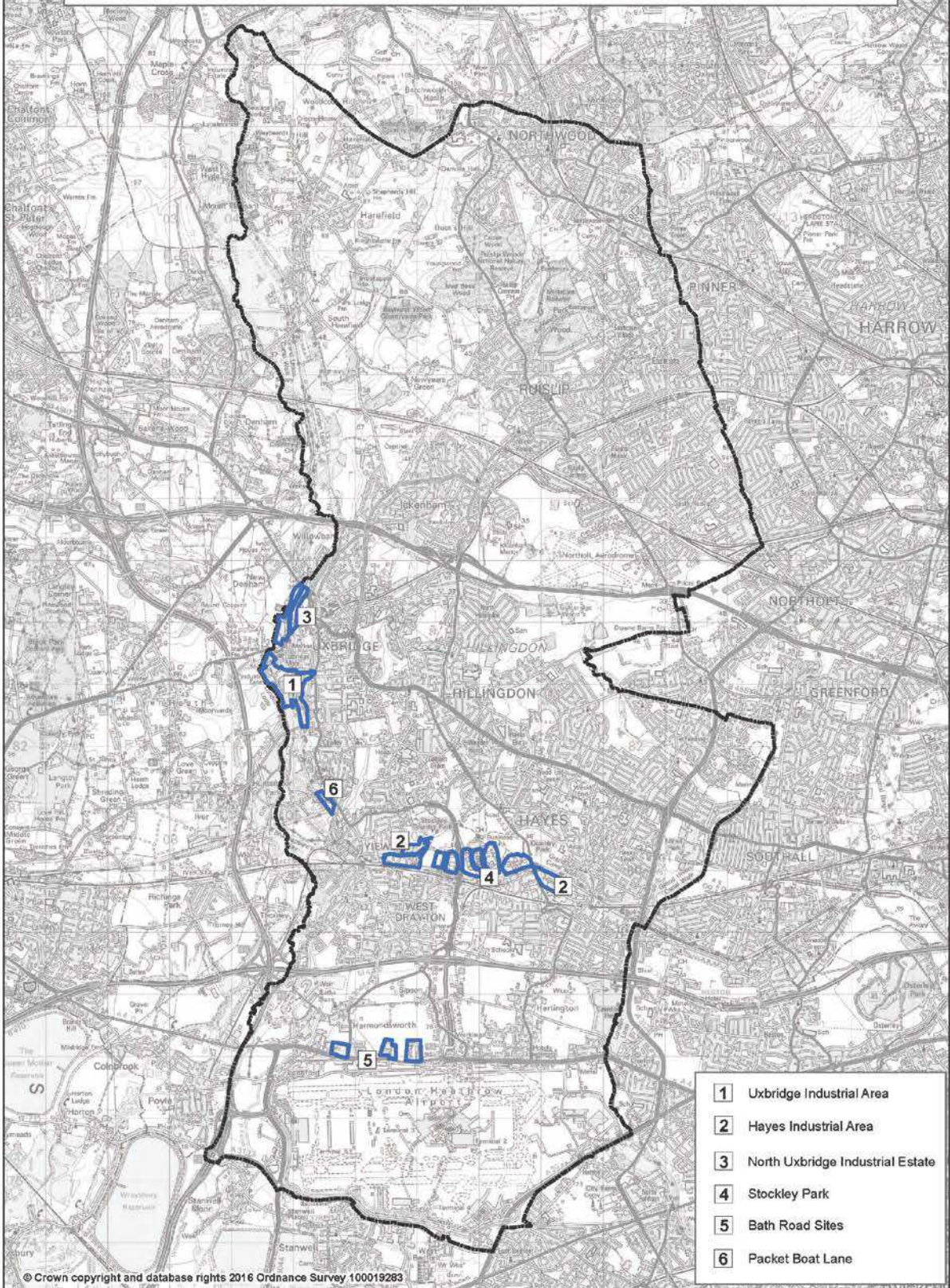
**Areas where we should seek to prevent permitted development rights for changes of use from office to residential**



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**Areas where we should seek to prevent permitted development rights for changes of use from industrial to residential**





## COUNCIL BUDGET - 2016/17

### MONTH 5 REVENUE AND CAPITAL BUDGET MONITORING

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

#### HEADLINE INFORMATION

<b>Purpose of report</b>	<p>This report provides the Council's forecast financial position and performance against the 2016/17 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £1,145k is projected against 2016/17 General Fund revenue budgets as of August 2016 (Month 5), representing an improvement of £416k from the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
<b>Putting our Residents First</b>	<p>This report supports the following Council objectives of: <i>Strong Financial Management; Our People; Our Built Environment; Our Natural Environment; Our Heritage and Civic Pride</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

#### RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position as at August 2016 (Month 5).
2. Continue the delegated authority up until the November 2016 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 22 September 2016 and 20 October 2016 Cabinet meetings, detailed at Appendix F.

3. **Extend the appointment CBRE consultants to advise the Council on the Southall Gas Works site up to the value of £150k revenue.**
4. **Approve acceptance of Planning Performance Agreement income in respect of the following applications:**
  - a) **St Andrew's Park Phase 6, Uxbridge (£18,500)**
  - b) **St Andrew's Park Dice and TCE Residential (£30,000)**
  - c) **Silverdale Road Residential, Hayes (£23,000)**
5. **Ratify a Cabinet-level decision taken by the Leader of the Council and the Cabinet Member for Planning, Transportation and Recycling on 3 October 2016 under special urgency rules to:**
  - a) **agree to externalise the Street Lighting Installation and Maintenance Service and that the Council embarks upon a major investment programme for Street Lighting including the replacement of all lights across the Borough with modern, efficient LED lighting.**
  - b) **agree to award the Street Lighting Works Term Services contract for installation, maintenance and test works; effective from November 2016 (with the commencement of the 18 month LED street lamp replacement programme in January 2017) to JMcCann Limited.**
  - c) **agree the Street Lighting Works Term Services contract is awarded for an initial period of 5 years, commencing November 2016, with the possibility of extending the contract for a further two years, subject to contractor performance and commercial terms.**
  - d) **authorise the grant of a 5 year lease to JMcCann Limited for a workshop at Harlington Road Depot. This lease will be outside the security of tenure provisions and will enable the Council to terminate concurrently with the commercial contract as detailed in this report and instructs Legal Services to complete the appropriate lease documentation.**

## **INFORMATION**

### **Reasons for Recommendations**

1. The reason for the monitoring recommendation is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at outturn against budgets approved by Council on 25 February 2016.
2. Recommendation 3 seeks to approve and extension of the current appointment of CBRE to advise the Council on the Southall Gas Works site up to a fee of £150k from the £100k previously approved by Cabinet in October 2015. This appointment relates to the valuation of access rights across Council owned land and the negotiation of payments to the Council of capital sums for these rights. This will be funded from the ultimate receipt once secured.
3. Recommendation 4 seeks authority to accept Planning Performance Agreement income in order to expedite the processing of three major planning applications, gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support these.
4. Recommendation 5 - A urgent decision was made to award a contract for the provision of the Street Lighting Term Services Contract within the Borough, commencing November 2016, following receipt of a tender offering best value to the Council. Members also agreed proposals to restructure and transform the Service, previously delivered in-house, to achieve cost efficiencies and service quality improvements for residents, including a 24 hour service.

In the absence of a Cabinet meeting, the Leader of the Council is authorised in the Council's Constitution to take such decisions, where deemed urgent, which will be reported to a subsequent Cabinet meeting for ratification. Full details are in the confidential report issued by Democratic Services on 3 October, available for Members only on request. This recommendation is not subject to scrutiny call-in as the decision has previously been made.

#### **Alternative options considered**

5. There are no other options proposed for consideration.

**FURTHER INFORMATION**  
**General Fund Revenue Budget**

6. An underspend of £1,145k is reported on normal operating activities at Month 5. This position incorporates a £1,703k net underspend across Directorate Operating Budgets and an underspend of £800k across Corporate Operating Budgets, offset by contingency pressures of £1,358k, primarily relating to Looked After Children placement expenditure and Deprivation of Liberty Safeguards (DoLS) assessments. There are no exceptional items reported at this stage in the financial year.
7. The headline underspend of £1,145k represents an improvement of £416k on the position reported at Month 4, consisting of a £101k improvement on Social Care operating budgets; a net £10k improvement across other Directorate budgets; a £50k contingency reduction in the cost of waste disposal and a £255k improvement on Looked After Children contingency due to stepping down of high cost placements.
8. The Council's General Fund revenue budget contains £13,309k savings, with £8,037k already banked and £3,409k on track for delivery. Those savings classed as amber due to being at an early stage of implementation total £1,863k at Month 5, representing an improvement of £579k from Month 4. The reported position on operating budgets reflects the status of these savings.

**Table 1: General Fund Overview**

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
			Revised Budget £'000	Forecast Outturn £'000			
178,502	843	Directorate Operating Budgets	179,345	177,642	(1,703)	(1,592)	(111)
2,420	1,038	Corporate Operating Budgets	3,458	2,658	(800)	(800)	0
18,453	(1,881)	Development & Risk Contingency	16,572	17,930	1,358	1,663	(305)
1,134	0	Priority Growth	1,134	1,134	0	0	0
<b>200,509</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>200,509</b>	<b>199,364</b>	<b>(1,145)</b>	<b>(729)</b>	<b>(416)</b>
		-					
<b>200,509</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>200,509</b>	<b>199,364</b>	<b>(1,145)</b>	<b>(729)</b>	<b>(416)</b>
(196,293)	0	Budget Requirement	(196,293)	(196,293)	0	0	0
<b>4,216</b>	<b>0</b>	<b>Net Total</b>	<b>4,216</b>	<b>3,071</b>	<b>(1,145)</b>	<b>(729)</b>	<b>(416)</b>
(39,005)	0	Balances b/fwd	(39,005)	(39,005)			
<b>(34,789)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2017</b>	<b>(34,789)</b>	<b>(35,934)</b>			

9. At 31 March 2016 General Fund Balances totalled £39,005k. With the budgeted drawdown of £4,216k and the projected £1,145k surplus, the forecast closing balance at 31 March 2017 is £35,934k. The Council's current MTFF assumes that balances will remain between £15,000k and £31,000k to manage emergent risks, with sums above that level earmarked for use to smooth the impact of government funding cuts.

## Directorate Operating Budgets (£1,703k underspend, £111k improvement)

10. An overview of the forecast outturn on Directorate Operating Budgets is contained in Table 2, with further detail for each directorate contained within Appendix A. Variances relating to those more volatile areas of activity being managed through Development and Risk Contingency are expanded upon below.
11. From 1 April 2016 the Council is able to utilise Capital Receipts, rather than revenue resources, to finance the costs of service reform, both one-off implementation costs and transformation staffing costs. Across the Council, all staff working on transformation have been assigned to the BID team and at this stage it is proposed to capitalise £996k of that staffing cost; resulting in staffing underspends across various services. In addition, £816k of further transformation costs are forecast to be met from Capital, although this position will be refreshed as the year progresses.

**Table 2: Directorate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
10,762 (1,288)	183 (72)	Admin.	Expenditure	10,945	10,815	(130)	(126)	(4)
			Income	(1,360)	(1,342)	18	12	6
<b>9,474</b>	<b>111</b>		<b>Sub-Total</b>	<b>9,585</b>	<b>9,473</b>	<b>(112)</b>	<b>(114)</b>	<b>2</b>
15,189 (2,475)	363 0	Finance	Expenditure	15,552	15,383	(169)	(168)	(1)
			Income	(2,475)	(2,520)	(45)	(43)	(2)
<b>12,714</b>	<b>363</b>		<b>Sub-Total</b>	<b>13,077</b>	<b>12,863</b>	<b>(214)</b>	<b>(211)</b>	<b>(3)</b>
109,096 (56,005)	859 (224)	Residents Services	Expenditure	109,955	108,930	(1,025)	(1,117)	92
			Income	(56,229)	(56,135)	94	195	(101)
<b>53,091</b>	<b>635</b>		<b>Sub-Total</b>	<b>53,726</b>	<b>52,795</b>	<b>(931)</b>	<b>(922)</b>	<b>(9)</b>
141,576 (38,353)	(21) (245)	Social Care	Expenditure	141,555	142,996	1,441	1,431	10
			Income	(38,598)	(40,485)	(1,887)	(1,776)	(111)
<b>103,223</b>	<b>(266)</b>		<b>Sub-Total</b>	<b>102,957</b>	<b>102,511</b>	<b>(446)</b>	<b>(345)</b>	<b>(101)</b>
<b>178,502</b>	<b>843</b>	<b>Total Directorate Operating Budgets</b>		<b>179,345</b>	<b>177,642</b>	<b>(1,703)</b>	<b>(1,592)</b>	<b>(111)</b>

12. Within the Administration Directorate an underspend of £112k is reported at Month 5, representing a marginal £2k adverse movement on prior month projections. This position consists of staffing underspends arising from vacant posts, with pressures reported on income being offset by favourable variances on non-staffing budgets.
13. An underspend of £214k is reported on Finance operating budgets at Month 5, representing a small £3k improvement on Month 4. This variance consists of staffing underspends across the group arising from vacant posts and additional income within the Revenues & Benefits Service.
14. An underspend of £931k is reported within Residents Services at Month 5, with £1,475k staffing underspends from vacant posts and the capitalisation of transformation resource, and pressures of £544k across non-staffing and income budgets. Reported pressures include a shortfall in income from the Cedars & Grainges car parks, estates income and Imported Food sampling, with non-staffing pressures from increased recycling volumes, fleet hire & maintenance and the adaptations budget within Development & Assets. The £9k improvement from Month 4 represents the net effect of a £140k pressure of vehicle hire and maintenance being offset by favourable movements on income forecasts across the Directorate.

15. An improvement of £101k is reported on Social Care group budgets, reflecting a reduction in the cost of support for young adults in semi-independent accommodation. Removal of legacy income targets has resulted in this movement showing under income. Overall the group is reporting a £446k underspend, inclusive of net staffing underspends of £1,226k from posts being held vacant and capitalisation of transformation workforce costs. Within this reported position, there is an emerging risk around supplier inflation on care placements which will remain under review over the coming months.

### Progress on Savings

16. The Council's 2016/17 General Fund revenue budget contains £13,309k savings, with all prior year savings delivered in full during 2015/16. An improved outlook for savings delivery is reported at Month 5, with banked savings increasing by £2,679k to £8,037k and a £579k reduction in those items continuing to be reported as at risk. £11,446k savings are now reported as being banked or on track for delivery in full during 2016/17, with the remaining £1,863k or 14% remaining at an earlier stage of delivery and no savings being identified as having a serious risk of non-delivery.

**Table 3: Savings Tracker**

2016/17 General Fund Savings Programme	Admin.	Finance	Residents Services	Social Care	Total Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	(635)	(452)	(2,829)	(4,121)	<b>(8,037)</b>	<b>60.4%</b>
G On track for delivery	(130)	(615)	(2,512)	(152)	<b>(3,409)</b>	<b>25.6%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	(142)	(60)	(441)	(1,220)	<b>(1,863)</b>	<b>14.0%</b>
R Serious problems in the delivery of the saving	0	0	0	0	<b>0</b>	<b>0.0%</b>
<b>Total 2015/16 Savings</b>	<b>(907)</b>	<b>(1,127)</b>	<b>(5,782)</b>	<b>(5,493)</b>	<b>(13,309)</b>	<b>100.0%</b>

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

17. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, externally set levies and income arising from the provision of support services to other funds and ring-fenced budgets. An £800k underspend has been identified against Interest and Investment Income as a result of continuing work in reviewing financing options, representing early delivery of a potential 2017/18 saving. Forecasts for all other corporately managed budgets are consistent with budget assumptions.
18. The reduction in the Bank of England base rate from 0.5% to 0.25% will reduce the gross yield from investments from August 2016, however, this is not expected to impact upon income received by the Council's General Fund as a combination of fixed term investments entered into prior to the rate cut and the resulting movement in the HRA's share of investment income are expected to offset any loss in revenue.

**Table 4: Corporate Operating Budgets**

Original Budget	Budget Changes	Service	Month 5		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4	
			Revised Budget	Forecast Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
5,386	(195)		Non-Sal Exp	5,191	4,391	(800)	(800)	0
(405)	0		Income	(405)	(405)	0	0	0
<b>4,981</b>	<b>(195)</b>		<b>Sub-Total</b>	<b>4,786</b>	<b>3,986</b>	<b>(800)</b>	<b>(800)</b>	<b>0</b>
431	0	Levies and Other Corporate Budgets	Salaries	431	431	0	0	0
9,958	1,564		Non-Sal Exp	11,522	11,522	0	0	0
(12,390)	(331)		Income	(12,721)	(12,721)	0	0	0
<b>(2,001)</b>	<b>1,233</b>		<b>Sub-Total</b>	<b>(768)</b>	<b>(768)</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	0
142,055	0		Non-Sal Exp	142,055	142,055	0	0	0
(142,615)	0		Income	(142,615)	(142,615)	0	0	0
<b>(560)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(560)</b>	<b>(560)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2,420</b>	<b>1,038</b>	<b>Total Corporate Operating Budgets</b>		<b>3,458</b>	<b>2,658</b>	<b>(800)</b>	<b>(800)</b>	<b>0</b>

## Development & Risk Contingency (£1,358k pressure, £305k improvement)

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

**Table 5: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
341	0	Fin.	Uninsured Claims	341	291	(50)	(50)	0
2,025	0	Residents Services	Impact of welfare reform on homelessness	2,025	2,025	0	0	0
2,728	0		Waste Disposal Levy	2,728	2,580	(148)	(98)	(50)
200	0		High Speed 2 Challenge Fund	200	200	0	0	0
200	0		Heathrow Expansion Challenge Fund	200	200	0	0	0
2,212	0	Social Care	Asylum Service	2,212	1,936	(276)	(276)	0
3,734	0		Demographic Growth - Looked After Children	3,734	5,822	2,088	2,343	(255)
277	0		Social Worker Agency	277	277	0	0	0
1,699	0		Demographic Growth - Transitional Children	1,699	1,449	(250)	(250)	0
432	0		Demographic Growth - Adults	432	432	0	0	0
393	0		Winterbourne View	393	78	(315)	(315)	0
0	0		Deprivation of Liberty Safeguards	0	809	809	809	0
1,331	0	Care Act New Burdens Funding	1,331	1,331	0	0	0	
1,881	(1,881)	Corp. Items	Increased National Insurance Contributions	0	0	0	0	0
1,000	0		General Contingency	1,000	500	(500)	(500)	0
<b>18,453</b>	<b>(1,881)</b>	<b>Total</b>		<b>16,572</b>	<b>17,930</b>	<b>1,358</b>	<b>1,663</b>	<b>(305)</b>

20. Movement from Month 4 on reported positions is limited to the Waste Disposal Levy and Looked After Children, with projections across all other areas having been reviewed. The reduction on Waste Disposal relates to further reductions in tonnage volumes since Month 4, with continuation of current trends expected to deliver further improvement over the remainder of the financial year.
21. An improved outlook is reported on Looked After Children, where management action to step down a number of high cost placements has reduced the reported pressure by £255k to £2,088k above the £3,734k contingency. The remaining pressure being reported in this area relates to the high levels of complexity in the current caseload of Looked After Children.



22. To date there have been no calls on General Contingency, with the reported position assuming that £500k will be required later in the financial year.

### Priority Growth

23. The 2016/17 General Fund revenue budget approved by Council in February 2016 set aside £734k of unallocated Priority Growth, in addition to £400k of specific growth monies to support HIP Initiatives. The 2016/17 HIP budget is supplemented by £820k brought forward balances.
24. As at Month 5, no Priority Growth has been allocated to services. The corporate monitoring position assumes all budgeted growth will be spent or committed during the current financial year. Release of £125k from HIP monies has been approved to support new initiatives from the £1,220k available resources, leaving £1,095k available for further allocations in year.

**Table 6: Priority Growth**

Original Budget	Budget Changes	Priority Growth	Month 5		
			Revised Budget	Approved Allocations	Unallocated Balance
£'000	£'000		£'000	£'000	£'000
400	0	HIP Initiatives Budgets	400	0	(400)
0	820	B/fwd Funds	820	125	(695)
734	0	Unallocated Priority Growth	734	0	(734)
<b>1,134</b>	<b>820</b>	<b>Total Priority Growth</b>	<b>1,954</b>	<b>125</b>	<b>(1,829)</b>

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

25. The latest forecasts on other funds indicate favourable positions at year end and therefore will not adversely impact upon the General Fund in 2016/17.
26. The projected drawdown from Dedicated Schools Grant balances for the Schools Budget has reduced by £369k to £483k at Month 5, reflecting slippage in the capacity building programme for two year old provision for which balances were earmarked during 2015/16. The overall drawdown from balances includes the planned release of earmarked balances to support the roll out of two year old childcare provision and release of £451k additional funding to schools through their formula allocations. A number of compensatory variances are reported within the Schools Budget; including £83k underspend across centrally retained expenditure. Remaining balances are projected to total £383k at 31 March 2017.
27. A £21k surplus is reported on the Parking Revenue Account at Month 4, representing an adverse movement of £12k from Month 4, reflecting projected growth in use of agency staff to cover vacant posts and improve the efficiency of the appeals process.
28. A surplus of £2,000k is projected on the Council's share of Business Rates revenues at Month 5, with a breakeven position on Council Tax in line with the Month 4 outlook. The favourable position on Business Rates is principally driven by the 2015/16 outturn surplus, which included significant backdated increases in Rateable Value at Heathrow Airport.

### Housing Revenue Account

29. The Housing Revenue Account (HRA) is currently forecasting an in-year overall surplus of £11,136k, £1,874k more than the budgeted surplus of £9,262k. This represents a £38k improvement on the position reported at Month 4. This variance includes underspends against Planned Maintenance & Tenant Services, partially offset by a forecast shortfall on the

budgeted income contribution from Leaseholders towards the cost of improvement works to Council housing stock. In addition, rental income remains strong, with lower than anticipated numbers of void properties contributing towards a £329k overachievement of income. As a result, HRA General Balances are projected to increase to £45,080k by 31 March 2017, with a significant element of this sum earmarked to support investment in new housing stock.

30. 40 properties have been sold under Right to Buy arrangements as at Month 5, with a total of 115 sales forecast for 2016/17. Sufficient expenditure was incurred on the acquisition of new properties during Quarter 1 to avoid repayment of Right to Buy Receipts to DCLG, with projects underway to avoid repayment during Quarter 2.

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

31. Appendix D outlines the forecast outturn on the 2016/17 to 2020/21 Capital Programme, with a £2,270k underspend projected over the five year programme, representing a £273k improvement from Month 4. Prudential Borrowing required to support the Council's Capital Programme is projected to be £5,068k lower than the £164,469k revised budget, as a result of this projected underspend and £6,528k additional assumed grant income for school expansions and Disabled Facilities Grants being sufficient to offset a £3,730k fall in projected Capital Receipts.
32. This favourable variance on borrowing would result in a marginal reduction in future revenue costs of approximately £260k per annum, however given that £14,990k of projected grant income is yet to be confirmed by awarding bodies and asset sales remain a volatile income stream this position will remain under review.
33. Further reductions in 2016/17 capital expenditure are reported at Month 5 with a £9,213k increase in slippage to reach a £17,873k underspend in the current financial year. This is an underspend against the £96,350k budget, which had already been amended downwards from initial estimates, indicating that the Council will be able to defer new borrowing into later years and therefore deliver savings against capital financing budgets in 2017/18. Slippage in delivery of Capital Receipts will reduce any such saving, with current forecasts showing that £15,072k of the planned £22,038k will be secured during 2016/17, in line with the position reported at Month 4.

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

### ADMINISTRATION (£112k underspend, £2k adverse movement)

34. The Administration group is forecasting an underspend of £112k at Month 5, mainly due to staffing costs with vacancies across Democratic Services and Legal Services where recruitment is ongoing, and in Partnerships and Policy due to maternity leave. A minor adverse movement of £2k is reported from Month 4. The movement relates to regarding of staff in the new structures in HR and Democratic Services.

**Table 7: Administration Operating Budgets**

Original Budget	Budget Changes	Service		Month 5		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
				Revised Budget	Forecast Outturn			
£'000	£'000			£'000	£'000	£'000	£'000	£'000
1,490	0	Democr. Services	Salaries	1,490	1,457	(33)	(37)	4
1,645	111		Non-Sal Exp	1,756	1,697	(59)	(59)	0
(629)	(113)		Income	(742)	(684)	58	58	0
<b>2,506</b>	<b>(2)</b>		<b>Sub-Total</b>	<b>2,504</b>	<b>2,470</b>	<b>(34)</b>	<b>(38)</b>	<b>4</b>
2,307	0	Human Resources	Salaries	2,307	2,290	(17)	(21)	4
534	74		Non-Sal Exp	608	651	43	43	0
(248)	0		Income	(248)	(270)	(22)	(22)	0
<b>2,593</b>	<b>74</b>		<b>Sub-Total</b>	<b>2,667</b>	<b>2,671</b>	<b>4</b>	<b>0</b>	<b>4</b>
1,979	0	Legal Services	Salaries	1,979	1,953	(26)	(30)	4
87	(1)		Non-Sal Exp	86	79	(7)	2	(9)
(341)	41		Income	(300)	(306)	(6)	(12)	6
<b>1,725</b>	<b>40</b>		<b>Sub-Total</b>	<b>1,765</b>	<b>1,726</b>	<b>(39)</b>	<b>(40)</b>	<b>1</b>
579	0	Policy & Partnership s	Salaries	579	547	(32)	(26)	(6)
2,141	(1)		Non-Sal Exp	2,140	2,141	1	2	(1)
(70)	0		Income	(70)	(82)	(12)	(12)	0
<b>2,650</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>2,649</b>	<b>2,606</b>	<b>(43)</b>	<b>(36)</b>	<b>(7)</b>
6,355	0	Admin. Directorate	Salaries	6,355	6,247	(108)	(114)	6
4,407	183		Non-Sal Exp	4,590	4,568	(22)	(12)	(10)
(1,288)	(72)		Income	(1,360)	(1,342)	18	12	6
<b>9,474</b>	<b>111</b>		<b>Total</b>	<b>9,585</b>	<b>9,473</b>	<b>(112)</b>	<b>(114)</b>	<b>2</b>

## FINANCE (£214k underspend, £3k improvement)

35. The Finance group is forecasting an underspend of £214k at Month 5, a £3k favourable movement from month 4. This is due to staffing vacancies in Operational and Strategic Finance. The small adverse movement in Procurement relates to the utilisation of agency resources, whilst permanent staff are recruited.

**Table 8: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
519	50	Internal Audit	Salaries	569	579	10	20	(10)
30	0		Non-Sal Exp	30	30	0	0	0
(10)	0		Income	(10)	(10)	0	0	0
<b>539</b>	<b>50</b>		<b>Sub-Total</b>	<b>589</b>	<b>599</b>	<b>10</b>	<b>20</b>	<b>(10)</b>
1,555	0	Procurement	Salaries	1,555	1,570	15	0	15
92	(1)		Non-Sal Exp	91	93	2	0	2
0	0		Income	0	(2)	(2)	0	(2)
<b>1,647</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>1,646</b>	<b>1,661</b>	<b>15</b>	<b>0</b>	<b>15</b>
3,321	142	Operation. Finance	Salaries	3,463	3,276	(187)	(187)	0
611	0		Non-Sal Exp	611	611	0	0	0
(158)	0		Income	(158)	(158)	0	0	0
<b>3,774</b>	<b>142</b>		<b>Sub-Total</b>	<b>3,916</b>	<b>3,729</b>	<b>(187)</b>	<b>(187)</b>	<b>0</b>
4,101	(113)	Revenues & Benefits	Salaries	3,988	4,033	45	45	0
1,634	(5)		Non-Sal Exp	1,629	1,627	(2)	(2)	0
(2,023)	0		Income	(2,023)	(2,066)	(43)	(43)	0
<b>3,712</b>	<b>(118)</b>		<b>Sub-Total</b>	<b>3,594</b>	<b>3,594</b>	<b>0</b>	<b>0</b>	<b>0</b>
1,348	0	Strategic Finance	Salaries	1,348	1,296	(52)	(44)	(8)
1,978	290		Non-Sal Exp	2,268	2,268	0	0	0
(284)	0		Income	(284)	(284)	0	0	0
<b>3,042</b>	<b>290</b>		<b>Sub-Total</b>	<b>3,332</b>	<b>3,280</b>	<b>(52)</b>	<b>(44)</b>	<b>(8)</b>
10,844	79	Finance Directorate	Salaries	10,923	10,754	(169)	(166)	(3)
4,345	284		Non-Sal Exp	4,629	4,629	0	(2)	2
(2,475)	0		Income	(2,475)	(2,520)	(45)	(43)	(2)
<b>12,714</b>	<b>363</b>		<b>Total</b>	<b>13,077</b>	<b>12,863</b>	<b>(214)</b>	<b>(211)</b>	<b>(3)</b>

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

**Table 9: Insurance Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 5		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
341	0	Uninsured Claims	341	291	(50)	(50)	0
<b>341</b>	<b>0</b>	<b>Current Commitments</b>	<b>341</b>	<b>291</b>	<b>(50)</b>	<b>(50)</b>	<b>0</b>

**RESIDENTS SERVICES GENERAL FUND (£931k underspend, £9k improvement)**

37. Residents Services directorate is forecasting an underspend of £931k at Month 5, excluding pressure areas that have identified contingency provisions.

**Table 10: Residents Services Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
15,008	(937)	Deputy Director Residents Services	Salaries	14,071	13,865	(206)	(233)	27
15,752	1,176		Non-Sal Exp	16,928	17,237	309	169	140
(7,981)	240		Income	(7,741)	(7,711)	30	(41)	71
<b>22,779</b>	<b>479</b>		<b>Sub-Total</b>	<b>23,258</b>	<b>23,391</b>	<b>133</b>	<b>(105)</b>	<b>238</b>
4,951	228	Development and Assets	Salaries	5,179	5,157	(22)	(22)	0
11,174	(45)		Non-Sal Exp	11,129	11,294	165	167	(2)
(5,072)	(339)		Income	(5,411)	(5,340)	71	71	0
<b>11,053</b>	<b>(156)</b>		<b>Sub-Total</b>	<b>10,897</b>	<b>11,111</b>	<b>214</b>	<b>216</b>	<b>(2)</b>
487	(53)	Estates and Tenancy Management	Salaries	434	362	(72)	(77)	5
1,154	(3)		Non-Sal Exp	1,151	1,084	(67)	(15)	(52)
(3,279)	0		Income	(3,279)	(3,174)	105	184	(79)
<b>(1,638)</b>	<b>(56)</b>		<b>Sub-Total</b>	<b>(1,694)</b>	<b>(1,728)</b>	<b>(34)</b>	<b>92</b>	<b>(126)</b>
1,730	(47)	Planning, Transport and Community Projects	Salaries	1,683	1,461	(222)	(243)	21
1,534	(480)		Non-Sal Exp	1,054	1,054	0	0	0
(10,706)	0		Income	(10,706)	(10,801)	(95)	(95)	0
<b>(7,442)</b>	<b>(527)</b>		<b>Sub-Total</b>	<b>(7,969)</b>	<b>(8,286)</b>	<b>(317)</b>	<b>(338)</b>	<b>21</b>
1,774	0	Planning and Enforcement	Salaries	1,774	1,604	(170)	(170)	0
854	(50)		Non-Sal Exp	804	804	0	0	0
(2,782)	0		Income	(2,782)	(3,088)	(306)	(265)	(41)
<b>(154)</b>	<b>(50)</b>		<b>Sub-Total</b>	<b>(204)</b>	<b>(680)</b>	<b>(476)</b>	<b>(435)</b>	<b>(41)</b>
11,739	19	Green Spaces, Sport & Culture	Salaries	11,758	11,797	39	25	14
7,567	(303)		Non-Sal Exp	7,264	7,296	32	21	11
(9,916)	92		Income	(9,824)	(9,966)	(142)	(156)	14
<b>9,390</b>	<b>(192)</b>		<b>Sub-Total</b>	<b>9,198</b>	<b>9,127</b>	<b>(71)</b>	<b>(110)</b>	<b>39</b>
7,994	(2,497)	Digital Strategy & Communications	Salaries	5,497	5,510	13	(7)	20
5,714	89		Non-Sal Exp	5,803	5,700	(103)	(73)	(30)
(3,058)	767		Income	(2,291)	(2,148)	143	143	0
<b>10,650</b>	<b>(1,641)</b>		<b>Sub-Total</b>	<b>9,009</b>	<b>9,062</b>	<b>53</b>	<b>63</b>	<b>(10)</b>
6,027	2,899	Business and Technical Support	Salaries	8,926	8,340	(586)	(562)	(24)
1,051	(8)		Non-Sal Exp	1,043	1,178	135	135	0
(4,197)	(919)		Income	(5,116)	(4,772)	344	354	(10)
<b>2,881</b>	<b>1,972</b>		<b>Sub-Total</b>	<b>4,853</b>	<b>4,746</b>	<b>(107)</b>	<b>(73)</b>	<b>(34)</b>
4,131	277	Standards - Education, Housing and Public	Salaries	4,408	4,159	(249)	(211)	(38)
10,455	594		Non-Sal Exp	11,049	11,028	(21)	(21)	0
(9,014)	(65)		Income	(9,079)	(9,135)	(56)	0	(56)
<b>5,572</b>	<b>806</b>		<b>Sub-Total</b>	<b>6,378</b>	<b>6,052</b>	<b>(326)</b>	<b>(232)</b>	<b>(94)</b>
53,841	(111)	Residents Services	Salaries	53,730	52,255	(1,475)	(1,500)	25
55,255	970		Non-Sal Exp	56,225	56,675	450	383	67
(56,005)	(224)		Income	(56,229)	(56,135)	94	195	(101)
<b>53,091</b>	<b>635</b>		<b>Total</b>	<b>53,726</b>	<b>52,795</b>	<b>(931)</b>	<b>(922)</b>	<b>(9)</b>

38. The overall variance results from staffing underspends across the group and favourable income projections in planning, offset mainly by pressure on the adaptations backlog in Development & Assets and in Fleet Management. In addition there are continuing income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.
39. The Council's 2016/17 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 11 below. At Month 5 projected calls on contingency are £148k below the budgeted provision (£50k favourable), following a revision to a projected levy rebate from WLWA.

**Table 11: Development and Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
			Revised Budget £'000	Forecast Outturn £'000			
2,025	0	Impact of welfare reform on homelessness	2,025	2,025	0	0	0
2,728	0	Waste Disposal Levy	2,728	2,630	(148)	(98)	(50)
200	0	High Speed 2 Challenge Fund	200	200	0	0	0
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
<b>5,153</b>	<b>0</b>	<b>Current Commitments</b>	<b>5,153</b>	<b>5,092</b>	<b>(148)</b>	<b>(98)</b>	<b>(50)</b>

40. Experience in the 2016/17 financial year continues to see the numbers of temporary accommodation requirements consistently above the original MTFE forecast.

**Table 12: Housing Needs performance data**

	2016		
	June	July	August
Homeless Threat, Priority Need & Eligible	110	138	80
Presenting As Homeless	38	32	41
Duty Accepted	28	13	23
Households in Temporary Accommodation	590	600	595
Households in B&B	217	211	205

41. As in previous years, contingency has been set aside in 2016/17 to resource the need for temporary accommodation in the borough. The call on contingency relating to homelessness at this early stage of the financial year is currently projected to be £2,025k, which is as per the budgeted provision.
42. Given the continuing high levels of households in high cost B&B and challenges in procuring affordable private rental sector accommodation, this risk will be closely monitored throughout the year. There is the option to utilise earmarked reserves should the position deteriorate.

43. A contingency of £2,728k has been set aside to fund estimated increases in waste tonnages via the levy. West London Waste Authority (WLWA) had previously indicated potential disbursement of excess reserves, further to finalisation of their 2015/16 year end position.
44. At the latest partnership meeting of the authority, boroughs were given a status update to the commencement of full services at Severnside Energy Recovery Facility (SERC). The latest estimate of full service commencement is 17 November 2016, owing to disputes between various contractors working on the site. The financial impact to WLWA remains unchanged at £5.2m. As previously indicated, any future unforeseen closures of the SERC during commissioning could result in additional costs of a smaller magnitude.
45. The impact on boroughs is that the disbursement of excess reserves remains not appropriate in the view of WLWA, as the additional reserves of circa £3,000k from the 2015/16 surplus are required to manage the impact of the delay at the SERC. WLWA have assured officers that they will not ask for further resources from boroughs should further delays to full service commencement materialise.

#### **Deputy Director Residents Services (£133k overspend, £238k adverse movement)**

46. There is a forecast underspend of £206k (£27k adverse) relating to staffing budgets across the service, netted down by a forecast pressure of £169k on non-staffing costs, owing to increased expenditure on tipping costs via the Grundon recycling contract (£126k) and projected refuse bag costs (£43k).
47. Current projections show the fleet management budget position to be forecasting an emerging pressure of £140k, from increases in contract hire and maintenance costs. Work is underway to alleviate this one-off pressure.
48. There is a forecast favourable income variance of £236k relating to improved income projections at New Years Green Lane (NYGL) following a review of first quarter income. Year to date income is already at £234k against a full year income target of £384k. The service now forecasts full year income of £620k.
49. There continues to be an income pressure within the Imported Food service (£266k, £71k adverse) with forecast pressures resulting from regular legislative changes and seasonal variations. Part of the pressure experienced this year results from a reduction in Kenyan imports and the removal of Kenyan beans from the high risk list, such that no inspections are required.
50. As reported throughout 2015/16, short-term funding in support of weekly recycling and food waste collections has been built up in an earmarked reserve. Following drawdown of approximately 50% of this reserve during 2015/16, the remaining resource of £327k is expected to be drawdown in full at the end of this financial year (2016/17).

#### **Development and Assets (£214k overspend, £2k improvement)**

51. At Month 5 the service continues to report an overspend of £195k on additional resources being deployed to cover the backlog of work for home adaptations. The pressure relates to additional interim arrangements to cover backlog of work including a financial assessment officer and a consultant.
52. The service is also reporting a minor favourable movement of £2k for non-staffing costs across the service at Month 5.

### **Estates and Tenancy Management (£34k underspend, £126k improvement)**

53. The service is reporting an improvement of £126k at Month 5 in relation to a revised staffing projection, after factoring in agency costs against the vacant posts currently held within the service.
54. The non-staffing forecast has been revised to show a net £52k favourable movement following the handback of Warnford Industrial Estate at the end of September 2016.
55. The service is forecasting an improvement in the garages income pressure of £79k, reducing the pressure to £105k with any further improvement in the position to be closely monitored during the second half of the financial year as work continues to improve the condition of garages across the borough.

### **Planning, Transportation and Community Projects (£317k underspend, £21k adverse movement)**

56. At Month 5, the service is reporting a favourable salary projection of £222k (£21k adverse), relating to revised salary forecasts in Planning Specialists (£10k), LDF Planning (£8k) and Road Safety (£8k).
57. There is a forecast overachievement on income of £95k relating to a favourable position on grants, with the main movement relating to notification of the final New Homes Bonus refund from DCLG.

### **Planning and Enforcement (£476k underspend, £41k improvement)**

58. The recently approved BID review for planning services has now been approved by the Leader of the Council and the relevant steps to implement the new structure are underway.
59. A number of posts continue to be funded from gift funding income, with additional resources in an earmarked reserve to be utilised dependent on the final value of gift funding received.
60. Income streams across the planning service remain robust, with income targets expected to be exceeded by £306k (£41k favourable).

### **Green Spaces, Sport & Culture (£71k underspend, £39k adverse movement)**

61. The service is projecting a staffing overspend of £39k (£14k adverse) within the group, reflecting revised forecasts across the group at Month 5.
62. There is an £11k adverse movement in non-staffing costs following additional costs incurred for purchase and maintenance of musical instruments within the Music service.
63. The service is forecasting overachievement of income targets at Month 5 of £142k (£14k adverse).

### **ICT & Communications (£53k overspend, £10k improvement)**

64. At Month 5 the Communications team is reporting an overspend of £5k, comprised of a £3k underspend on staffing and a £8k pressure on non-staffing costs.
65. The ICT service is currently forecasting a net pressure of £48k, resulting from the current transition from the phase 1 restructure and the net residual pressure from the winding down of the HGfL service.



**Business and Technical Support (£107k underspend, £34k improvement)**

66. The off-street parking income at the Cedars and Grainges multi-storey car parks continues to experience pressure relating to the loss of season ticket income at both car parks. The most recent income projection forecasts a pressure of £344k (£10k favourable).
67. There is a revised projected underspend of £586k (£24k favourable) on staffing budgets relating to delays in recruitment following the restructure in Technical Admin and Business Support.

**Policy and Standards - Education, Housing and Public Health (£326k underspend, £94k improvement)**

68. Month 5 forecasts for the staffing costs in this service, project an underspend of £249k (£38k favourable) as a result of vacant posts across a number of services.
69. There is a forecast favourable variance of £56k at Month 5 owing to over recovery of rental income within the Housing service.

## **SOCIAL CARE (£446k underspend, £101k improvement)**

70. Social Care is projecting an underspend of £446k as at Month 5, an improvement of £101k from Month 4, due to a projected reduced cost of providing support for young adults in semi independent accommodation. The service continues to experience and has to manage a number of ongoing challenges including staff recruitment, especially Social Workers, providing housing accommodation and support for Section 17 designated families and pressures relating to the cost of transport within the Social Care Budget. Over the last few months the service has seen a growing number of requests from external providers for above inflation price uplifts, with some exceeding 14% and backdated to 1 April 2016. The service is working with Category Management to address these and assess the extent of mitigation that can be achieved given the underlying pressures in the Social Care market.

**Table 13: Social Care Operating Budgets**

Original Budget	Budget Changes	Service	Month 5		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4	
			Revised Budget	Forecast Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,826	(60)	Safeguarding Children	Salaries	1,766	1,766	0	1	(1)
1,612	12		Non-Sal Exp	1,624	1,639	15	102	(87)
(165)	0		Income	(165)	(237)	(72)	(71)	(1)
<b>3,273</b>	<b>(48)</b>		<b>Sub-Total</b>	<b>3,225</b>	<b>3,168</b>	<b>(57)</b>	<b>32</b>	<b>(89)</b>
4,678	(337)	Early Intervention Services	Salaries	4,341	4,090	(251)	(286)	35
3,406	(209)		Non-Sal Exp	3,197	3,359	162	112	50
(1,712)	216		Income	(1,496)	(1,550)	(54)	36	(90)
<b>6,372</b>	<b>(330)</b>		<b>Sub-Total</b>	<b>6,042</b>	<b>5,899</b>	<b>(143)</b>	<b>(138)</b>	<b>(5)</b>
4,293	0	Looked After Children	Salaries	4,293	4,638	345	269	76
608	(29)		Non-Sal Exp	579	516	(63)	(24)	(39)
(8)	0		Income	(8)	(8)	0	0	0
<b>4,893</b>	<b>(29)</b>		<b>Sub-Total</b>	<b>4,864</b>	<b>5,146</b>	<b>282</b>	<b>245</b>	<b>37</b>
7,595	(142)	Children's Resources	Salaries	7,453	7,678	225	245	(20)
9,388	642		Non-Sal Exp	10,030	10,910	880	829	51
(6,891)	0		Income	(6,891)	(7,566)	(675)	(665)	(10)
<b>10,092</b>	<b>500</b>		<b>Sub-Total</b>	<b>10,592</b>	<b>11,022</b>	<b>430</b>	<b>409</b>	<b>21</b>
8,669	299	All-Age Disabilities	Salaries	8,968	8,145	(823)	(777)	(46)
44,634	294		Non-Sal Exp	44,928	45,352	424	433	(9)
(9,536)	(206)		Income	(9,742)	(9,523)	219	196	23
<b>43,767</b>	<b>387</b>		<b>Sub-Total</b>	<b>44,154</b>	<b>43,974</b>	<b>(180)</b>	<b>(148)</b>	<b>(32)</b>
4,460	118	Social Work	Salaries	4,578	4,485	(93)	(93)	0
28,082	389		Non-Sal Exp	28,471	29,517	1,046	1,040	6
(8,570)	(607)		Income	(9,177)	(10,168)	(991)	(981)	(10)
<b>23,972</b>	<b>(100)</b>		<b>Sub-Total</b>	<b>23,872</b>	<b>23,834</b>	<b>(38)</b>	<b>(34)</b>	<b>(4)</b>
8,873	(471)	Early Intervention & Prevention	Salaries	8,402	7,973	(429)	(461)	32
3,067	6		Non-Sal Exp	3,073	3,217	144	182	(38)
(10,897)	320		Income	(10,577)	(10,576)	1	10	(9)
<b>1,043</b>	<b>(145)</b>		<b>Sub-Total</b>	<b>898</b>	<b>614</b>	<b>(284)</b>	<b>(269)</b>	<b>(15)</b>
2,574	(135)	Safeguarding Quality & Partnerships	Salaries	2,439	2,470	31	12	19
6,531	(46)		Non-Sal Exp	6,485	6,697	212	231	(19)
(541)	82		Income	(459)	(774)	(315)	(301)	(14)
<b>8,564</b>	<b>(99)</b>		<b>Sub-Total</b>	<b>8,465</b>	<b>8,393</b>	<b>(72)</b>	<b>(58)</b>	<b>(14)</b>
631	0	Directorate & Support Services	Salaries	631	400	(231)	(231)	0
649	(352)		Non-Sal Exp	297	144	(153)	(153)	0
(33)	(50)		Income	(83)	(83)	0	0	0
<b>1,247</b>	<b>(402)</b>		<b>Sub-Total</b>	<b>845</b>	<b>461</b>	<b>(384)</b>	<b>(384)</b>	<b>0</b>
43,599	(728)	Social Care Directorate Total	Salaries	42,871	41,645	(1,226)	(1,321)	95
97,977	707		Non-Sal Exp	98,684	101,351	2,667	2,752	(85)
(38,353)	(245)		Income	(38,598)	(40,485)	(1,887)	(1,776)	(111)
<b>103,223</b>	<b>(266)</b>		<b>Total</b>	<b>102,957</b>	<b>102,511</b>	<b>(446)</b>	<b>(345)</b>	<b>(101)</b>

**SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£2,056k overspend, £255k improvement)**

71. The Council's 2016/17 Development and Risk Contingency includes a provision for areas of expenditure within Social Care for which there is a greater degree of uncertainty. In part, this is caused by in year demographic changes in the number of adults and children requiring care and support for a range of care needs, including Asylum seekers and SEN Transport. Table 14 sets out the forecast spend against the Development and Risk Contingency, which is projecting an overspend of £2,056k, an improvement of £255k on the Month 4 projections, due to an improvement in the projected cost of Looked After Children placements.

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

Original Budget	Budget Changes	Development & Risk Contingency	Month 5		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
2,212	0	Asylum Service	2,212	1,936	(276)	(276)	0
3,734	0	Demographic Growth - Looked After Children	3,734	5,822	2,088	2,343	(255)
277	0	Social Worker Agency	277	277	0	0	0
1,699	0	Demographic Growth - Transitional Children	1,699	1,449	(250)	(250)	0
432	0	Demographic Growth - Adults	432	432	0	0	0
393	0	Winterbourne View	393	78	(315)	(315)	0
0	0	Deprivation of Liberty Safeguards	0	809	809	809	0
1,331	0	Care Act New Burdens Funding	1,331	1,331	0	0	0
<b>10,078</b>	<b>0</b>	<b>Current Commitments</b>	<b>10,078</b>	<b>12,134</b>	<b>2,056</b>	<b>2,311</b>	<b>(255)</b>

**Asylum Service (£276k underspend, nil movement)**

72. This service continues to project a drawdown of £1,936k from the contingency, £276k below the budget. This reflects the benefits that the service expects to deliver through undertaking a major review of the support provided to Unaccompanied Asylum Seeking Children (UASC) to ensure that individual UASC are accessing all available funding sources from a range of Central Government departments. The service is also undertaking a major review of all financial policies relating to the provision of allowances, to ensure that there is a consistent approach to the financial support provided. Early indications are that these reviews will reduce the cost to the Council, but not necessarily reduce the amount of funding that the individual will receive, as they will be able to access levels of financial support from Central Government departments.
73. The National Transfer arrangements for UASC have now been in operation for 2 months. Hillingdon continues to receive new applications but it is now apparent that a number of UASC are being successfully transferred to other local authorities, where in total Hillingdon has been able to transfer two UASC. However, it should be noted that this is currently a voluntary scheme and was effective from 1 July 2016, applicable only to new entrants. This agreement proposes a cap on the number of UASC that any authority should be looking after at any given time, which has been set at 0.07% of the child population. For Hillingdon, this equates to 48 children, however, Hillingdon currently provides support for 113 UASC, which is 65 above the cap. This would imply that Hillingdon would not have to take on any new UASC with effect from 1 July 2016.

**Demographic Growth - Looked After Children (£2,088k overspend, £255k improvement)**

74. The service is projecting a drawdown of £5,822k from the Contingency, £2,088k above budget, an improvement of £255k on the Month 4 projections, due to a continued and planned reduction in the use of high cost residential placements. There are a number of reasons for this projected overspend, which are explained in the following paragraphs.

Additionally, the service has implemented a number of changes to the approval and review process, which provide a much stronger challenge in the decision making process, and is now being reflected in the projected cost of placements.

75. Looked After Children numbers have been consistently within the range of 340 to 360 placements over the months from May 2015 to April 2016, but are starting to show signs of reducing, where at the end of August 2016, there were 319 Looked After Children. Those with a Child Protection Plan are consistently within the range of 340 to 380 placements, and those where children have been identified as Children in Need is relatively consistent standing at approximately 645 cases. It should be noted that this consistent picture has been maintained despite the number of contacts and referrals increasing by 164 cases per month from an average of 1,724 per month in the period between August 2015 and March 2016, to 1,888 per month in the period between April 2016 and August 2016.
76. The main saving built into the base budget relates to the change in the number of children placed through an Independent Fostering Agency (IFA), linked to the October 2015 Foster Care recruitment initiative. The service is continuing to manage the pressure on this saving within the wider placements budget as the actual recruitment has slipped from the profile included in the saving. The number of IFA placements are expected to increase, as they represent a key element of the strategy for stepping down high cost placements, although the age profile and needs of the cases forecasts these to be at a higher average cost than other IFA placements. However, the current split for foster care placements has remained constant throughout this financial year and stands at 46% IFA and 54% In-House.
77. The projected outturn position also assumes that a proportion of the cost of placements will be met from Health contributions and to a lesser extent from the Dedicated School Grant (DSG), where additional education costs are incurred. Based on the current placement profile, there is a gross projected shortfall in income of £332k. A number of cases have now been discussed at the Education, Health and Care Plan Panel, where the CCG agreed health contributions towards the cost of placements, totalling £115k. A number of new cases will be presented to this panel over the coming months, and it is anticipated that further agreements will be reached.

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

78. The contingency to provide funding to cover the additional cost of using agency staff whilst the service undertakes recruitment activity, assumed that the service will operate at a level of 90% of posts filled by permanent staff and 10% filled by agency staff. Currently, the service is projecting to be at 80% permanency (currently it stands at approximately 77.5%) and so it is anticipated that the full drawdown of this contingency will be required.

### **Demographic Growth - Transitional Children (£250k underspend, nil movement)**

79. The number of children who transferred to adult care services for 2015/16 was lower than anticipated and based on this reduced number it is currently estimated that £250k of this contingency will not be needed in the current financial year, no change from the Month 4 projections. The number transferred to date in 2016/17 is 16 clients with further transfers expected during the rest of the year. This will be closely monitored and any changes to anticipated spend reflected in future forecasting.

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

80. At Month 5 it is forecast that the full drawdown of the £432k contingency for Adult Demographic changes will be required, no change from the Month 4 projections. The demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review.

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

81. At Month 5 it is forecast that only £78k of the contingency will need to be drawn down in respect of the Winterbourne View transfer cases, resulting in an underspend of £315k, no change from Month 4.

### **Deprivation of Liberty Safeguards (DoLS) (£809k overspend, nil movement)**

82. The number of DoLS referrals received to the end of August is 557 (472 in July). This is an average of 26 per week. From 1 September 2016, the Council has entered into a contract with a provider to undertake this task. The forecast for Month 5 remains unchanged from Month 4 and will be kept under close review during the year. It should be noted that central government has provided no new specific grant funding to cover this pressure, which was anticipated when the budget was set.

## **DIRECTORATE OPERATING BUDGETS: CHILDREN'S SERVICES (£512k overspend, £36k improvement)**

### **Safeguarding Children (£57k underspend, £89k improvement)**

83. The service is reporting an underspend of £57k, an improvement of £89k on the Month 4 projections, due to a review of the projected costs of the Supported Living contract. The underspend relates to the receipt of additional income from a recharge to Adult Services for the cost of running a joint safeguarding board operation covering both children's and adults, netted down by a slight overspend in non-staffing costs, which relates predominantly to the increased cost of Family Group Conferences and Safeguarding activity.

### **Children's Early Intervention & Prevention Services (£143k underspend, £5k improvement)**

84. The service is reporting an underspend of £143k, an improvement of £5k on the Month 4 projections. The underspend reported relates to staffing costs, which are projecting an

underspend of £251k across the whole service and in particular within the local authority run Children Centre budgets and the Targeted Support Programme, where these services have a number of vacant posts. This reflects the management action that has been taken over the last few months, to ensure that the Social Care Directorate budget operates within its allocated base budget.

85. This is netted down by a projected overspend of £162k on non staffing costs, predominantly relating to the Children Centre review savings proposal of £215k, which has been slightly delayed, but through management action will be covered by delivering underspends across the rest of the service and in particular the Targeted Support Programme budgets.

#### **Looked After Children (£282k overspend, £37k adverse movement)**

86. This service is reporting an overspend of £282k, an adverse movement of £37k on the Month 4 projections, reflecting the latest projections on timing of permanent recruitment and resulting use of agency staff, where the latest forecast indicates that the profile is more likely to be weighted towards the end of the 2016 calendar year, reflecting the very competitive Social Worker recruitment market. The service continues to work very closely with the HR Service, to review recruitment progress and identify further opportunities to engage with the recruitment market that will attract the right calibre of staff. The use of agency staff is also being limited to the cover for essential posts.
87. There is an overspend of £345k on staffing costs, an adverse movement of £76k. This is due to the continuation of the Skylakes managed service for longer than originally expected, which ended at the beginning of June 2016 and the time taken to recruit permanent staff to the newly established duty team that replaced the Skylakes managed. The assumption is that this delivery model will need to run for a few months to retain stability and enable the service to undertake a targeted recruitment campaign, which will be launched in October 2016. It is then anticipated that permanent staff will not be recruited until the start of the new year.
88. The one-off cost of the Skylakes managed service will be met by drawing down £216k from earmarked reserves, which has been reflected in the monitoring report by grossing up the salary and income budgets.

#### **Children's Resources (£430k overspend, £21k adverse movement)**

89. The service is reporting an overspend of £430k at Month 5, an adverse movement of £21k on the Month 4 projections, due to a projected increase in the cost of providing emergency support for Section 17 families. The adverse movement reflects the difference between the original assumptions built in for staff recruitment in Month 2, which assumed a monthly recruitment profile spread evenly across the year, where the reality indicates that the actual profile is more likely to be weighted towards the end of the 2016 calendar year, reflecting the very competitive Social Worker recruitment market. The service continues to work very closely with the HR Service, to review recruitment progress and identify further opportunities to engage with the recruitment market that will attract the right calibre of staff. The use of agency staff is also being limited to the cover for essential posts.
90. The service is projecting an overspend of £225k on staffing costs, due to the use of agency staff to cover essential posts, whilst the service continues its recruitment campaign. However, it is proposed that £132k of staffing costs will be capitalised to reflect the work that staff are undertaking on transformation projects.
91. Additionally, the service has an overspend of £880k on non-staffing costs, which relates primarily to the cost of staff recruitment (an additional cost of £250k), where the service is using a range of services to access the market place, including temp-to-perm arrangements,

a major recruitment campaign through Penna and overseas recruitment through HCL; the cost of providing support for families under Section 17 regulations or who have No Recourse to Public Funds (NRPF) relating to temporary Bed and Breakfast accommodation (an additional cost of £396k) and ad-hoc crisis support (an additional cost of £69k). These costs will be met from a drawdown of £715k from the earmarked reserves.

#### **ADULT SOCIAL CARE (£958k underspend, £65k improvement)**

92. Over the last few months it has become evident that the sustainability of the employment market within the Adult Social Care Sector is leading to significant price increase requests from providers, which exceed the inflation allocation within the current budget. Service Managers are working through these with Category Management to try to contain these pressures within the current budget but due to the significant increased rates being requested (one provider has requested an increase of 14.7%) it may not be possible to contain price increases within the budget. It should be noted that this emerging pressure has not been included in the current forecast and is being kept under close review.

#### **All Age Disabilities (AAD) (£180k underspend, £32k improvement)**

93. The service is reporting an underspend of £180k, an improvement of £32k on the Month 4 projections, predominantly due to a reduction in the projected staffing costs, where the service has a number of staff vacancies.
94. The salaries budget for AAD is currently forecast to underspend by £823k, due to vacancies being held during the year and management action being taken to manage the overall budget of the directorate. Of this, the transport service is forecast to underspend against staffing by £151k, which is being delivered as part of the ongoing review of the service and the Special Educational Needs staffing is projected to underspend by £295k. Additionally the Social Work Teams are forecasting an underspend of £249k, with the remaining balance of £128k relating to the capitalisation of transformation costs. However, it should be noted that £135k of the total underspend is offset by reduced DSG income recharges.
95. The service is currently managing down a pressure within the transport service across both Special Educational Needs children and adult care users through a range of management actions including an in-depth review of contracts, routes and use of vehicles. The Month 5 forecast assumes that this action will bring the service costs close to budget by the year end.
96. The non-staffing budget is forecasting a pressure of £424k, an improvement of £9k from the Month 4 projection. The placements budget remains under pressure due to a number of Independent Living Fund (ILF) cases that transferred in July 2015 (approximately £100k) which was not fully funded by Government Grant. Additionally it is evident that pressures are emerging from an increase in unit costs for placements.
97. The income budget is forecasting a pressure of £219k, an adverse movement of £23k on the Month 4 projections. £135k of this is from reduced DSG income in respect of SEN staff which is offset by an underspend on salaries, as noted above. The balance is from reduced income forecast for Transport from contributions from other Local Authorities and reduced client contributions.



### **Social Work (£38k underspend, £4k improvement)**

98. The service is reporting an underspend of £38k, an improvement of £4k on the Month 4 projections. The staffing budget is forecast to underspend by £93k, no change from the Month 4 forecast and reflects the management action being taken to offset pressures within the Social Care budget.
99. The non-staffing and income budgets are forecast to overspend by a net £55k, which relates to pressures emerging within the placements and homecare budgets, which in part are being offset by additional income from Health in respect of joint S117 Mental Health Act placements (these are currently being contained within the overall position of the service but will be kept under close review). These pressures are netted down by a net underspend of £107k in the community equipment budget, reflecting the management controls that have been put in place in the service. Within this there is also an increase in Homecare inflation equating to £134k (this was agreed with providers in February 2016) and a pressure of £60k for the Telecareline savings, which are unlikely to be delivered, which will be funded by drawing down £194k from earmarked reserves.
100. It should be noted that the service is starting to see an increase in unit costs as the demand for residential and nursing care across the sector is high which is leading to price increases.

### **Adults Early Intervention & Prevention (£284k underspend, £15k improvement)**

101. The service is reporting an underspend of £284k, an improvement of £15k on the Month 4 projections. The overall underspend is as a direct result of management action being taken across Social Care to manage the identified pressures in the service.
102. The salary budget is forecast to underspend by £429k, an adverse movement of £32k on the Month 4 projections. The adverse position is offset by an improved position in the non staffing budget as the savings relating to the transfer of the Asha Day Service to the Wren Centre has now been reflected in the budget.
103. There is a pressure of £144k forecast on the non-staffing budget, which relates to delays in delivering the preventative savings target, where there is an ongoing review. It is anticipated that savings can be delivered, but it is currently uncertain how much of this can be delivered in the current year. This cost pressure is offset by the underspend against staffing and an underspend against meals purchased.

### **Safeguarding Quality & Partnerships (£72k underspend, £14k improvement)**

104. The service is reporting an underspend of £72k at Month 5, an improvement of £14k on the Month 4 projections. The staffing budget is forecasting an overspend of £31k, an adverse movement of £19k from Month 4. This is due to a number of Approved Mental Health Practitioner (AMP) posts that are being covered by agency staff and the premium rate for these posts is resulting in this pressure on the budget.
105. The non staffing budget has a net pressure of £212k. This relates to the cost of Placements, which are forecast to overspend by £301k, although these costs are offset by the receipt of £343k on Health contributions to S117 Mental Health Act joint placements, and a £100k pressure relating to the savings target in respect of the review of the Complex Care Service. This service is still under review and at present the saving that can be delivered from changing the delivery model of this service in the current year is uncertain. These pressures are offset by a reduced recharge of £159k against the combined adults and children's safeguarding structure.

106. Additional income of £315k is forecast, £345k of this additional income is from Health for joint S117 placements as referred to above, which is netted down by a pressure from reduced client contributions.

**Directorate & Support (£384k underspend, nil movement)**

107. The Directorate budget is forecast to underspend by £384k, no change from the Month 4 position. £345k of this underspend relates to expenditure on transformational work, which it is anticipated will be capitalised. The balance of the underspend is from a reduced forecast for equipment purchase.

**Better Care Fund (£45k underspend, £45k improvement)**

108. The latest forecast for the Pooled Better Care Fund is an underspend of £45k.

109. The CCG are forecasting an underspend of £110k against Scheme 5: Integrated Community based Care and Support.

110. The pressure from Social Care in the main is against Scheme 3: Rapid response and joined up intermediate care, £98k. This pressure is from Care placements and is being in part offset by an underspend of £37k against Scheme 5. Each party within the pooled budget are responsible for their own risks and the Social Care pressure is contained within the overall forecast reported above.

## Appendix B – Other Funds

### SCHOOLS BUDGET

#### Dedicated Schools Grant (£32k overspend, £369k improvement)

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

**Table 15: Schools Budget**

Original Budget	Budget Changes	Funding Block	Month 5		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(140,664)	0	<b>Dedicated Schools Grant Income</b>	(140,664)	(140,697)	(33)	(33)	0
105,361	451	<b>Delegated to Schools</b>	105,812	105,812	0	0	0
4,805	0	<b>Early Years</b>	4,805	4,802	(3)	452	(455)
3,740	0	<b>Centrally Retained</b>	3,740	3,657	(83)	(52)	(31)
26,758	0	<b>Special Needs</b>	26,758	26,909	151	34	117
<b>0</b>	<b>451</b>	<b>Total Schools Budget</b>	<b>451</b>	<b>483</b>	<b>32</b>	<b>401</b>	<b>(369)</b>
0	0	Balance Brought Forward 1 April 2016	(866)	(866)			
	(451)	Use of Balances	(451)	(483)			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2017</b>	<b>415</b>	<b>383</b>			

#### Dedicated Schools Grant Income (£33k underspend, no movement)

112. The projected £33k surplus relates to the Early Years Pupil Premium where Early Years settings have so far identified less children eligible for payment of early years pupil premium than we have been funded for. The funding allocation for 2016/17 has now been adjusted by the DfE, however we still expect a small underspend unless additional eligible children are identified throughout the year.

#### Delegated to Schools (nil variance, no movement)

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

#### Early Years (£3k underspend, £455k improvement)

114. The £455k improvement in the Early Years projected spend predominantly relates to the capacity building programme for two year old provision. The funding was agreed for a number of projects last financial year, but works did not actually begin till the current year. £610k of the DSG underspend from 2015/16 was allocated for these projects and it is expected that no additional large projects will be agreed this financial year.

### **Centrally Retained (£83k underspend, £31k improvement)**

115. £55k of the underspend in the Centrally Retained relates to a vacant Procurement Officer post, where funding has been agreed for two posts but only one is currently filled. There is also an underspend projected in the Admissions budget.
116. These underspends are offset by a projected £14k overspend on the cost of the Courier Service to schools which is to be reviewed by Schools Forum in the coming months as part of their review of all centrally retained DSG budgets.

### **High Needs: (£151k overspend, £117k adverse movement)**

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

### **School Academy Conversions**

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

### **Maintained School Balances & Budgets**

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

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

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

#### **PARKING REVENUE ACCOUNT (£21k in year surplus, £12k adverse movement)**

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

**Table 16: Parking Revenue Account**

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (+ adv / - fav)		
			Revised Budget £'000	Forecast Outturn £'000	Month 5 £'000	Month 4 £'000	Movement £'000
(4,079)	0	Income	(4,079)	(4,097)	(18)	(19)	1
4,079	0	Expenditure	4,079	4,076	(3)	(14)	11
<b>0</b>	<b>0</b>	<b>In-year (Surplus) / Deficit</b>	<b>0</b>	<b>(21)</b>	<b>(21)</b>	<b>(33)</b>	<b>12</b>
		Unallocated Balances b/fwd			0	0	0
<b>0</b>	<b>0</b>	<b>Unallocated Balances C/fwd</b>	<b>0</b>	<b>(21)</b>	<b>(21)</b>	<b>(33)</b>	<b>12</b>

126. An in-year surplus of £21k is forecast for the 2016/17 financial year. There is a total income surplus of £18k (£1k adverse). The £18k overachievement forecast for PRA income is attributable to a favourable £127k variance re bailiff payments (the projection reflecting actual receipts to date), partly offset by anticipated shortfalls of £81k re on-street PCN income and £28k re pay and display income (the latter projected based on pro-rating actual receipts for weeks 1-21).

127. There is a net £152k projected underspend in relation to PRA staff costs, attributable to vacant post savings across the Traffic Management, Parking Management and Parking Admin areas, partly offset by a £23k forecast for agency staff employed on a project to reduce the current PCN backlog. The key components of the adverse non-staff variance are (a) the parking enforcement contract with APCOA, £88k over-budget (b) unbudgeted costs of £13k and £11k relating to the renewal of ParkMap the Videalert unattended CCTV system at Sidmouth Drive respectively and (c) a £14k pressure re parking signs and road-marking.

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

128. The collection of local taxes is managed through the Council's Collection Fund in order to avoid short-term volatility in income impacting on provision of services. Sums quoted relate to the Council's own share of income and disregard monies collected on behalf of the Greater London Authority and Central Government. The projected surplus will be available to support the Council's General Fund revenue budget in 2017/18.

**Table 17: Collection Fund**

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

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

130. A surplus of £2,000k is projected on Business Rates Revenues for 2016/17, including £1,507k brought forward from 2015/16 in respect of the significant backdated increases in Rateable Value at Heathrow Airport. As at Month 5 it is expected that lower than budgeted levels of empty property relief and growth in the taxbase will deliver an additional £495k income to the General Fund by outturn.

## Appendix C – HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) is forecasting an in-year surplus of £11,136k, £1,874k more favourable than the budgeted surplus of £9,262k. As a result, 2016/17 closing HRA General Balance is forecast to be £45,080k. The Month 5 forecast shows an increase in underspend of £38k compared to the reported Month 4 forecast. The table below presents key variances by service area:

**Table 18: Housing Revenue Account**

Service	Month 5		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
	£'000	£'000	£'000	£'000	£'000
Rent Income	(56,215)	(56,544)	(329)	(296)	(33)
Other Income	(5,272)	(5,137)	135	225	(90)
<b>Net Income</b>	<b>(61,487)</b>	<b>(61,681)</b>	<b>(194)</b>	<b>(71)</b>	<b>(123)</b>
Housing Management	11,081	11,073	(8)	(55)	47
Tenant Services	5,225	4,836	(389)	(386)	(3)
Repairs	5,249	5,249	0	0	0
Planned Maintenance	4,666	3,367	(1,299)	(1,324)	25
Capital Programme Funding	9,199	9,199	0	0	0
Interest & Investment Income	15,067	15,083	16	0	16
Development & Risk Contingency	1,738	1,738	0	0	0
<b>Operating Costs</b>	<b>52,225</b>	<b>50,545</b>	<b>(1,680)</b>	<b>(1,765)</b>	<b>85</b>
<b>(Surplus) / Deficit</b>	<b>(9,262)</b>	<b>(11,136)</b>	<b>(1,874)</b>	<b>(1,836)</b>	<b>(38)</b>
General Balance 01/04/2016	(33,944)	(33,944)	0	0	0
<b>General Balance 31/03/2017</b>	<b>(43,206)</b>	<b>(45,080)</b>	<b>(1,874)</b>	<b>(1,836)</b>	<b>(38)</b>

### Income

131. Rental income is forecast to be favourable by £329k, an improvement of £33k from the position in Month 4. This is due to a lower than forecast loss of income from voids (£14k), RTB (£16k) and income from buybacks (£3k).
132. Other Income is forecast to be under recovered by £135k. This is a £90k improvement compared to Month 4 as this includes the updated leaseholders' service charges 2016/17 estimates.
133. The number of RTB applications received in August was 20. The first five months RTB applications total 113 compared to 87 for the same period last year. There have been 40 RTB completions so far in the first five months of 2016/17 compared to 63 for the same period last year. The MTFF assumed 115 RTB sales and the latest forecast assumes the same.

### Expenditure

134. The housing management service is forecast to underspend by £8k, an adverse movement of £47k on Month 4. The key changes in Month 5 include staffing costs (£28k), redundancy costs (£37k) and ICT (£38k).
135. Tenant services overall forecast is an underspend of £389k, an improvement of £3k on Month 4 due to staffing.

136. The overall repairs budget is currently forecast to be breakeven. It should be noted however that the responsive repairs and voids budget line is forecasting an overspend of £318k, redundancies £311k and other non salary costs £31k. This is being offset by key underspends on staffing - vacancies and delays in recruitment (£155k), consultancy fees (£85k), materials (£130k), savings on pooled transport (£170k) and higher than budgeted income on rechargeable repairs (£120k).
137. Planned Maintenance is forecast to underspend by £1,299k, which represents an adverse movement of £25k compared to Month 4, due to service contracts. Full year variances relate to External Cyclical Decorations (£726k), fencing (£98k), service contracts and surveys (£194k) and gas servicing and breakdowns (£281k).
138. Development and Risk Contingency - there are significant legal and consultancy costs arising from the Triscott House dispute, however this is covered by a provision of £729k, which was included in the accounts for costs relating to specialist consultants and legal fees. At this stage it is not expected that costs will rise above the provision value. This budget will also be used, if required, to increase the level of the bad debt provision, which will be reviewed later in the year.

## HRA Capital Expenditure

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

**Table 19 - HRA Capital Expenditure**

Prior Years Cost	Programme	Revised Budget	Forecast	Cost Variance Forecast V Budget	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-21	Total Project Variance
		2016/17				2016-2021		
		£000	£000	£000	£000	£000	£000	£000
	<b>Major Projects</b>							
9,370	New General Needs Housing Stock	9,420	9,420	0	0	43,830	43,830	0
3,878	New Build - Appropriation of Land	1,400	1,400	0	0	1,400	1,400	0
778	New Build - Supported Housing Provision	21,046	9,366	(400)	(11,280)	44,733	44,333	(400)
N/A	HRA General Capital Contingency	9,467	9,467	0	0	9,467	9,467	0
<b>14,026</b>	<b>Total Major Projects</b>	<b>41,333</b>	<b>29,653</b>	<b>(400)</b>	<b>(11,280)</b>	<b>99,430</b>	<b>99,030</b>	<b>(400)</b>
	<b>Works to Stock</b>							
N/A	Works to stock programme	13,092	8,641	0	(4,451)	40,103	40,103	0
N/A	Major Adaptations to Property	1,560	1,110	0	(450)	6,252	6,252	0
	<b>Total Works to Stock</b>	<b>14,652</b>	<b>9,751</b>	<b>0</b>	<b>(4,901)</b>	<b>46,355</b>	<b>46,355</b>	<b>0</b>
	<b>Total HRA Capital</b>	<b>55,985</b>	<b>39,404</b>	<b>(400)</b>	<b>(16,181)</b>	<b>145,785</b>	<b>145,385</b>	<b>(400)</b>

## Major Projects

139. The Revised budget for the 2016/17 HRA Major Projects programme is £41,333k, inclusive of £162k re-phasing from 2015/16 as approved by Cabinet in June 2016. It also includes the capital release decision taken in July 2016 to fund £5,533k of the New Build Supported Housing (Grassy Meadow and Parkview schemes) from the HRA General Capital Contingency. The budget has also increased by £2,000k following Cabinet approval in



September 2016 to re-phase the New General Needs Housing Stock budget from 2017/18 for the purchase of additional buy-back properties.

140. As at Month 5 the Major Projects programme is forecast to underspend by £400k in 2016/17 and over the period 2016-2021 as a result of main contract expenditure for both the aforementioned Supported Housing schemes reducing following a value engineering exercise to reduce the total project costs.
141. Following revised cashflow projections received from the consultants overseeing the Supported Housing Programme, £11,280k will require re-phasing into future years, an increase in the re-phasing variance of £8,144k compared to Month 4. This is resulting from a substantial element of the construction works being undertaken in 2017/18 and 2018/19

### **New General Needs Housing Stock**

142. The 2016/17 budget is expected to be fully utilised with regular approval being obtained for the purchase and repair of housing stock. Currently 6 properties have been purchased with a further 23 approved for completion. The remaining budget is anticipated to be absorbed as works commence on the two schemes that have been approved to date (Acol Crescent and 7 new build / 5 extensions).
143. Previously £3,888k was approved for the delivery of 19 units of General Needs Housing stock at the Acol Crescent site to be delivered by 2018/19. Consultants for professional, technical and construction services have been appointed to take the scheme to tender. Approval is currently being sought to appoint specialist design consultants for architectural services up to the planning stage.
144. Cabinet in July 2016 approved a budget of £2,139k to meet the costs associated with the construction of a housing programme comprising 7 units of new build properties and 5 extensions / conversions at various sites. This will be funded from the General Needs Housing Stock budget of £43,830k. Following the appointment of consultants the scheme is progressing to scheduled timescale with an estimated project completion date of June 2017.
145. The remaining budget is anticipated to be absorbed as and when approval is obtained for new housing developments to meet the overall general needs housing strategy.

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

146. The £1,400k budget provides for the appropriation to the HRA of the Acol Crescent site in order to develop both supported housing units and general needs units.

### **New Build - Supported Housing**

147. The Supported Housing Programme comprises the build of 186 mixed client group units across five different sites. Developments of the housing units are at various different stages of the project lifecycles. The tendered prices were significantly higher than pre-tender estimates for Grassy Meadow and Parkview Day Centre. Following a value engineering exercise the costs of the main contracts have reduced by £400k. The cost has reduced by £289k for the project at Grassy Meadow with a further £111k reduction being attributed towards the Parkview project.
148. The Supported Housing Development at Acol Crescent is being undertaken concurrently with the General Needs Housing Units at the same site and consultants have been appointed to progress the scheme to tender stage.

## **HRA General Capital Contingency**

149. It is expected that the £9,467k contingency budget will be absorbed to meet the cost of emerging risks stemming from the overall Major Projects programme.
150. Approval has been given for the budget to be utilised to meet the purchase costs of 217 & 219 Horton Road, estimated to be £360k.
151. A further £81k from the contingency budget will be required towards the appropriation of the land at Fir Tree Avenue to the Council's Housing Revenue Account.

## **Works to Stock**

152. The Works to Stock programme has an overall forecast re-phasing variance of £4,451k, an increased re-phasing movement of £1,337k compared to Month 4 due to kitchens and bathrooms.
153. Elements of the Works to Stock programme contributing to the £4,451k re-phasing variance include lift renewals (£976k), external doors (£120k), kitchens and bathrooms (£2,173k), electrical upgrades (£446k) and windows replacement (£736k), due to the validation, procurement and consultation timetables required to deliver these works.
154. Major Adaptations - this has a forecast re-phasing variance in 2016/17 of £450k due to delays in the tendering process.

## **HRA Capital Receipts**

155. There have been 40 Right to Buy sales of council dwellings as at end of August 2016 for a total sales value of £5,899k and a total of a further 75 sales are forecast to bring the yearly total to 115, totalling approximately £17,000k in 2016/17.
156. The Council has signed an agreement with Department for Communities & Local Government to re-invest the proceeds in housing stock regeneration. This enables the Council to retain a higher level of receipts because of reduced pooling, however the terms of the agreement stipulate that receipts must be spent within three years or otherwise are returned to government with the addition of punitive interest. The revised General Needs housing programme for 2015-2021 approved by Cabinet in February has been phased to utilise these receipts within the allowed timescales.
157. As at the end of June 2016 there have cumulatively been £48,136k retained Right to Buy receipts retained for allowable debt purposes and 1 for 1 housing replacement of which £3,044k has been applied as capital financing. In the current 2016/17 financial year, the deadline for utilisation of 1 for 1 receipts will now fall quarterly as the receipts from 2013/14 begin to hit their 3 year deadline.
158. The use of retained Right to Buy receipts are limited by the regulations to the agreement to a maximum 30% of the cost of replacement housing although regulations also allow 50% of the cost of purchase and repairs expenditure to be financed from retained receipts however this is capped at 6.5% of the total level of receipts in that quarter. Therefore in order to utilise the £5,712k retained receipts from 2013/14 a minimum of £19,040k is required to be spent on 1 for 1 replacement. The target spend requirement for each quarter falling due is as follows: Q1 £2,063k, Q2 £6,800k, Q3 £4,400k and Q4 £5,777k. It is anticipated that the cumulative spend requirement for the quarterly deadline for September 2016 will be met.

## Appendix D - GENERAL FUND CAPITAL PROGRAMME

159. As at Month 5 an underspend of £17,873k is reported on the £96,350k General Fund Capital Programme for 2016/17, with £2,270k favourable cost variances and £15,603k slippage on project expenditure. The forecast outturn variance over the life of the 2016/17 to 2020/21 programme is £2,270k net underspend relating to various schemes.
160. General Fund Capital Receipts of £14,911k are forecast for 2016/17, with total receipts to 2020/21 expected to reach £71,837k, representing an adverse variance of £3,730k against budget.
161. Overall, Prudential Borrowing required to support the 2016/17 to 2020/21 capital programmes is forecast to be within budget by £5,068k due to additional available capital grants of £6,528k and scheme cost under spends of £2,270k, partly offset by the shortfall of £3,730k in forecast Capital Receipts.

### Capital Programme Overview

162. Table 21 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - C to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2016.

**Table 21: General Fund Capital Programme Summary**

	Revised Budget 2016/17	Forecast 2016/17	Cost Variance Forecast vs Budget	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance	Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	36,181	33,578	(898)	(1,705)	158,997	158,099	(898)	(137)
Main Programme	32,558	22,133	(781)	(9,644)	97,247	96,466	(781)	(47)
Programme of Works	25,747	20,902	(591)	(4,254)	72,408	71,817	(591)	(89)
<b>Total Main Programme</b>	<b>94,486</b>	<b>76,613</b>	<b>(2,270)</b>	<b>(15,603)</b>	<b>328,652</b>	<b>326,382</b>	<b>(2,270)</b>	<b>(273)</b>
Development & Risk Contingency:								
Capital Priority Growth	965	965	-	-	965	965	-	-
General Contingency	899	899	-	-	6,899	6,899	-	-
<b>Total Capital Programme</b>	<b>96,350</b>	<b>78,477</b>	<b>(2,270)</b>	<b>(15,603)</b>	<b>336,516</b>	<b>334,246</b>	<b>(2,270)</b>	<b>(273)</b>
<b>Movement</b>	<b>-</b>	<b>(9,213)</b>	<b>(273)</b>	<b>(8,940)</b>	<b>-</b>	<b>(273)</b>	<b>(273)</b>	<b>-</b>

163. The Schools Programme reports a cost underspend of £898k which is partly due to release of contingencies on the completed Primary Schools expansions programme. This is an improvement of £137k from the previous month. Further information on the performance of the Schools Programme is provided in the Cabinet School Capital Programme Update Report.
164. The main programme forecasts a phasing underspend of £9,644k on a number of major developments which are in early stages, such as the Battle of Britain Heritage Pride and new Theatre and Museum projects. Slippage has increased by £5,208k on numerous schemes

including revised profiling of the Street Lighting replacement programme and various Town Centre Initiative projects. There is a forecast net cost under spend of £734k over the life of the programme which is mainly due to a forecast underspend on CCTV enforcement (School Keep Clear Zones) following receipt of tenders where the price was under pre-tender estimates.

165. Programmes of Works are forecast to underspend by £591k on several schemes which is partly due to expenditure on Road Safety and School Keep Clear Zones being eligible to be funded from Transport for London grant resulting in a saving on Council resources. It is also anticipated that an element of the Private Sector Renewal Grant will be uncommitted. Projected re-phasing has increased by £2,886k due mainly to unallocated Highways programme funding and some schemes within the Civic Centre works programme which are now forecast to be completed next financial year.
166. As at the end of August an amount of £601k has been allocated from the General Fund capital contingency budget to support projects including the provision of a new dementia centre at Grassy Meadow, which now forecasts an under spend of £47k after completion of a value engineering exercise. There remain £6,899k unallocated contingency funds over the life of the five year programme which at this stage are forecast to be fully utilised as and when risk issues emerge. The 2016/17 programme also contains a £965k Capital Priority Growth budget for new developments and is unallocated.

### Capital Financing - General Fund

167. Table 22 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £5,068k reported on Prudential Borrowing, due mainly to an increase in grant funding partially offset by a forecast shortfall in capital receipts.

**Table 22: General Fund Capital Programme Financing Summary**

	Revised Budget 2016/17 £'000	Forecast 2016/17 £'000	Variance £'000	Total Financing Budget 2016-2021 £'000	Total Financing Forecast 2016-2021 £'000	Total Variance £'000	Movement £'000
Council Resource Requirement	76,566	60,063	(16,503)	265,116	256,318	(8,798)	(273)
Financed by							
Capital Receipts	22,038	14,911	(7,712)	75,567	71,837	(3,730)	-
CIL	3,580	3,580	-	25,080	25,080	-	-
Prudential Borrowing	50,948	41,572	(9,376)	164,469	159,401	(5,068)	(273)
<b>Total Council Resources</b>	<b>76,566</b>	<b>60,063</b>	<b>(16,503)</b>	<b>265,116</b>	<b>256,318</b>	<b>(8,798)</b>	<b>(273)</b>
Grants & Contributions	19,784	18,414	(1,370)	71,400	77,928	6,528	-
<b>Total Programme</b>	<b>96,350</b>	<b>78,477</b>	<b>(17,873)</b>	<b>336,516</b>	<b>334,246</b>	<b>(2,270)</b>	<b>(273)</b>

168. The 2016/17 Capital Receipts forecast is £7,127k below budget which reflects increased degree of risk in the timing of receipts with some sale completions likely to fall into next year. Overall there is an adverse variance of £3,730k which is due to a forecast reduction in the General Fund share of Right to Buy (RTB) receipts as the number of RTB sales has fallen

since the original budget estimates were set and the forecast attribution of the RTB receipt available to the General Fund has reduced based on the latest pooling return calculation.

169. As at the end of August a total of £2,771k CIL receipts (after administration fees) have been invoiced or received by the Council this financial year which represents a movement of £94k in month. At this stage the income budget for the year is expected to be fully achieved. Spend to date on eligible activity exceeds the receipts to date, with spend on Highways investment and community assets through the Chrysalis Programme meeting the criteria for application of CIL monies. Budgeted expenditure across these projects totals £7,907k for 2016/17, with scope to apply funds in support of schools, libraries and other major community investment in the event of substantial slippage in these areas.
170. Grant announcements from the Department for Education in respect of Basic Needs grant and Capital Maintenance grant are £3,971k higher than the original budget estimate over the life of the programme and this has been reflected in the financing forecast with the grant increase largely resulting in a reduction in prudential borrowing for the Schools Expansions Programme. However there remains £14,990k in assumed Schools grants in future years that are not yet confirmed.
171. The grant announcement for 2016/17 Disabled Facilities Grant (DFG) within the Better Care Fund is substantially higher than the original budget assumption meaning that the approved Council resources allocated to the DFG programme of £531k per annum can be financed by grant instead. It is assumed in the forecast that this will also be the case in future years.
172. The revised prudential borrowing budget reports a favourable variance of £5,068k due to the increase in available Schools and DFG grants and scheme cost under spends partially offset by the shortfall on forecast capital receipts.

## ANNEX A - Schools Programme

Prior Year Cost	Project	2016/17 Revised Budget	2016/17 Forecast	2016/17 Cost Variance	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance 2016-2021	Project Forecast Financed by:		
									Council Resources		
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Education and Children Services</b>										
136,118	Primary Schools Expansions	3,446	2,157	(443)	(846)	3,501	3,058	(443)	3,030	0	28
265	New Primary Schools Expansions	1,225	1,225	0	0	27,135	27,135	0	27,135	0	0
198	Secondary Schools Expansions	2,314	2,314	0	0	95,702	95,702	0	66,485	28,019	1,198
17,405	Secondary Schools New Build	28,986	27,667	(460)	(859)	30,849	30,389	(460)	27,862	2,527	0
184	Hearing Impaired Resource Base (Vyners)	10	15	5	0	10	15	5	15	0	0
0	Additional Temporary Classrooms	200	200	0	0	1,800	1,800	0	1,800	0	0
<b>154,171</b>	<b>Total Schools Programme</b>	<b>36,181</b>	<b>33,578</b>	<b>(898)</b>	<b>(1,705)</b>	<b>158,997</b>	<b>158,099</b>	<b>(898)</b>	<b>126,327</b>	<b>30,546</b>	<b>1,226</b>

## ANNEX B - Main Programme

Prior Year Cost	Project	2016/17 Revised Budget £'000	2016/17 Forecast £'000	2016/17 Cost Variance £'000	Project Re-phasing £'000	Total Project Budget 2016-21 £000	Total Project Forecast 2016-21 £000	Total Project Variance 2016-21 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
	<b>Community, Commerce and Regeneration</b>										
0	CCTV Enforcement (SKC's)	2,657	1,929	(728)	0	2,657	1,929	(728)	1,519	410	0
79	Gateway Hillingdon	1,747	1,747	0	0	2,411	2,411	0	2,411	0	0
1,470	Hayes Town Centre Improvements	3,533	3,033	0	(500)	3,533	3,533	0	330	3,040	163
136	Inspiring Shopfronts	786	200	0	(586)	1,221	1,221	0	1,221	0	0
12	Uxbridge Cemetery Gatehouse	638	150	0	(488)	988	988	0	988	0	0
0	Uxbridge Change of Heart	525	150	0	(375)	1,996	1,996	0	1,109	800	87
	<b>Central Services, Culture and Heritage</b>										
38	Bowls Club Refurbishments	812	730	0	(82)	812	812	0	150	0	662
156	Harlington/Pinkwell Bowls & Pavillion	162	139	(23)	0	162	139	(23)	0	0	139
0	Haste Hill Golf Club	280	280	0	0	280	280	0	280	0	0
32,198	Hillingdon Sports & Leisure Centre	862	100	0	(762)	862	862	0	862	0	0
0	Mobile Library	117	117	0	0	117	117	0	117	0	0
	<b>Finance, Property and Business Services</b>										
31	Battle of Britain Heritage Pride Project	2,980	2,500	0	(480)	4,912	4,912	0	4,912	0	0
0	Battle of Britain Underground Bunker	500	400	0	(100)	1,053	1,053	0	53	1,000	0
0	Bessingby FC Boxing Clubhouse	950	500	0	(450)	950	950	0	950	0	0
0	New Museum	1,000	300	0	(700)	5,000	5,000	0	4,250	0	750
0	New Theatre	1,625	300	0	(1,325)	44,000	44,000	0	42,950	0	1,050
0	Yiewsley Site Development	500	250	0	(250)	4,302	4,302	0	4,302	0	0
97	Youth Centre Projects x 3	2,200	1,800	0	(400)	5,003	5,003	0	5,003	0	0
0	231 Swakeleys Road Land Purchase	25	25	0	0	25	25	0	25	0	0
	<b>Planning, Transportation and Recycling</b>										
0	Car Park Resurfacing	250	250	0	0	250	250	0	250	0	0
1,720	Cedars & Grainges Car Park	951	932	0	(19)	951	951	0	951	0	0
1,284	Harlington Road Depot Refurbishment	227	227	0	0	227	227	0	227	0	0
5,620	Purchase of Vehicles	1,204	1,204	0	0	4,072	4,072	0	4,072	0	0
0	RAGC Car Park	250	125	0	(125)	250	250	0	250	0	0
0	Street Lighting - Invest to Save	3,000	900	0	(2,100)	5,500	5,500	0	5,500	0	0
	<b>Social Services, Housing, Health and Wellbeing</b>										
0	1 & 2 Merrimans Housing Project	620	620	0	0	620	620	0	620	0	0
47	Dementia Centre	1,576	627	(47)	(902)	2,512	2,465	(47)	2,465	0	0
	<b>Cross Cabinet Member Portfolios</b>										
	Environmental Recreational Initiatives	1,000	1,000	0	0	1,000	1,000	0	1,000	0	0
16,711	Projects Completing in 2016/17	1,581	1,598	17	0	1,581	1,598	17	1,534	0	64
<b>59,599</b>	<b>Total Main Programme</b>	<b>32,558</b>	<b>22,133</b>	<b>(781)</b>	<b>(9,644)</b>	<b>97,247</b>	<b>96,466</b>	<b>(781)</b>	<b>88,301</b>	<b>5,250</b>	<b>2,915</b>

## ANNEX C - Programme of Works

Prior Year Cost	Project	2016/17 Revised Budget	2016/17 Forecast	2016/17 Cost Variance	Project Re-phasing	Total Project Budget 2016-2021	Total Project Forecast 2016-2021	Total Project Variance 2016-2021	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Leaders Initiative	526	400	0	(126)	1,326	1,326	0	1,326	0	0
	<b>Community, Commerce and Regeneration</b>										
N/A	Chrysalis Programme	1,275	1,275	0	0	5,275	5,275	0	5,275	0	0
N/A	Playground Replacement Programme	250	250	0	0	1,250	1,250	0	1,250	0	0
	<b>Education and Children Services</b>										
N/A	Formula Devolved Capital to Schools	1,033	1,033	0	0	2,147	2,147	0	0	1,981	166
N/A	Urgent Building Condition Works	3,775	3,583	0	(192)	5,916	5,916	0	2,557	2,532	827
	<b>Finance, Property and Business Services</b>										
N/A	Civic Centre Works Programme	1,969	1,300	(139)	(530)	3,969	3,830	(139)	3,830	0	0
N/A	ICT Single Development Plan	824	632	0	(192)	2,424	2,424	0	2,424	0	0
N/A	Property Works Programme	480	480	0	0	2,400	2,400	0	2,400	0	0
N/A	<b>Planning, Transportation and Recycling</b>										
N/A	Highways Localities Programme	206	206	0	0	1,030	1,030	0	1,030	0	0
N/A	Highways Structural Works	4,032	2,169	0	(1,863)	7,208	7,208	0	7,095	113	0
N/A	Pavement Priority Growth	2,000	2,000	0	0	2,000	2,000	0	2,000	0	0
N/A	Road Safety	203	203	0	0	803	803	0	774	29	0
N/A	Street Lighting	191	97	0	(94)	567	567	0	567	0	0
N/A	Transport for London	5,571	4,010	(352)	(1,209)	20,881	20,529	(352)	0	19,699	830
	<b>Social Services, Housing, Health and Wellbeing</b>										
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	0	11,500	0
N/A	Adaptations for Adopted Children	200	200	0	0	1,000	1,000	0	1,000	0	0
N/A	Private Sector Renewal Grant	450	350	(100)	0	2,250	2,150	(100)	2,150	0	0
N/A	Landlord Property Renovation Grant	148	100	0	(48)	148	148	0	148	0	0
	<b>Cross Cabinet Member Portfolios</b>										
N/A	Section 106 Projects	314	314	0	0	314	314	0	0	0	314
	<b>Total Programme of Works</b>	<b>25,747</b>	<b>20,902</b>	<b>(591)</b>	<b>(4,254)</b>	<b>72,408</b>	<b>71,817</b>	<b>(591)</b>	<b>33,826</b>	<b>35,854</b>	<b>2,137</b>
	Capital Priority Growth	965	965	0	0	965	965	0	965	0	0
N/A	General Contingency	899	899	0	0	6,899	6,899	0	6,899	0	0
	<b>Total GF Capital Programme</b>	<b>96,350</b>	<b>78,477</b>	<b>(2,270)</b>	<b>(15,603)</b>	<b>336,516</b>	<b>334,246</b>	<b>(2,270)</b>	<b>256,318</b>	<b>71,650</b>	<b>6,278</b>



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

**Table 23: Outstanding Deposits - Average Rate of Return on Deposits: 0.62%**

	Actual (£m)	Actual (%)	Bench-mark (%)
Up to 1 Month	53.4	32.97	40.00
1-2 Months	21.0	12.96	5.00
2-3 Months	17.5	10.80	10.00
3-6 Months	27.5	16.98	20.00
6-9 Months	15.0	9.26	10.00
9-12 Months	10.0	6.17	5.00
12-18 Months	12.4	7.65	5.00
18-24 Months	5.0	3.09	5.00
<b>Subtotal</b>	<b>161.8</b>	<b>99.88</b>	<b>100.00</b>
Unpaid Maturities	0.2	0.12	0.00
<b>Grand Total</b>	<b>162.0</b>	<b>100.00</b>	<b>100.00</b>

173. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA-rated Money Market Funds, Pooled Funds, Blaenau Gwent CBC, Birmingham CC, Enfield Council, Guildford Council, Herefordshire Council, Lancashire CC, Monmouthshire CC, North Tyneside Council, Northumberland CC, Salford CC, Stockport BC, Woking BC, Wolverhampton CC, Coventry Building Society, Nationwide Building Society, Close Brothers, Goldman Sachs International, Lloyds Bank and Santander UK plc. Overseas deposits are held with Svenska Handelsbanken, DBS Bank Ltd and National Australia Bank. The Council also holds a Certificate of Deposit with Nordea Bank and a Covered Bond with Bank of Scotland (Lloyds Banking Group).
174. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risk. Currently 43% of the Council's total funds have exposure to bail-in risk compared to a June benchmark average of 64% in the Local Authority sector (latest benchmark provided quarterly by the Council's Treasury Advisors Arlingclose). The Council's exposure reduces to 26% once instant access facilities are removed from the bail-in total.
175. During the month cash was placed and withdrawn from instant access accounts. Two forward dated fixed term investments with Birmingham City Council and London Borough of Enfield, which were placed in July, reached settlement date. There were also two maturing fixed term deposits with OCBC and Leeds City Council.

**Table 24: Outstanding Debt - Average Interest Rate on Debt: 3.01%**

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

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

177. In order to maintain liquidity for day-to-day business operations, daily cash balances will either be placed in instant access accounts or short term deposits. Opportunities to place longer term deposits will be monitored and placed if viable.
178. At its meeting in August, the Monetary Policy Committee voted to cut the Base Rate to 0.25%, increase its stock of purchases of gilts to £425bn and purchase £10bn of corporate bonds.

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

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

**Table 24: Consultancy and agency assignments**

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
<b>Residents Services</b>						
Project Engineer	10/06/2013	12/09/2016	11/12/2016	208	19	227
Development Manager	01/10/2016	01/10/2016	24/03/2017	0	52	52
ASBIT Officer	05/07/2015	09/09/2016	25/11/2016	48	10	58
Building Control Surveyor	02/09/2012	26/09/2016	23/12/2016	127	9	136
Architect	01/07/2013	19/09/2016	09/12/2016	158	12	170
Financial Assessment Officer	20/04/2015	17/10/2016	14/04/2017	44	17	61
<b>Social Care</b>						
Early Years Practitioner	12/01/2015	03/10/2016	06/11/2016	48	3	51
Team Manager	03/04/2016	03/10/2016	06/11/2016	45	9	54
Early Years Practitioner	06/10/2014	03/10/2016	06/11/2016	52	3	55
Early Years Practitioner	30/03/2015	03/10/2016	06/11/2016	56	2	58
LSCB Training & Quality Assurance Officer	01/12/2015	03/10/2016	06/11/2016	60	8	68
Social Worker	04/05/2015	03/10/2016	06/11/2016	73	7	80
Social Worker	04/05/2015	03/10/2016	06/11/2016	74	6	80
Child Protection Chair	01/07/2015	03/10/2016	06/11/2016	72	9	81
Independent Domestic Violence Advisor	12/01/2015	03/10/2016	06/11/2016	77	5	82
Independent Reviewing Officer	05/10/2015	03/10/2016	06/11/2016	73	9	82
Quality Assurance Manager	01/02/2016	03/10/2016	06/11/2016	69	14	83
Participation Worker YOS - NEET	15/06/2014	03/10/2016	06/11/2016	86	3	89
Early Years Practitioner	01/05/2015	03/10/2016	06/11/2016	90	3	93
Social Worker	04/02/2015	03/10/2016	06/11/2016	94	6	100
Panel Advisor	10/08/2015	03/10/2016	06/11/2016	92	9	101
Child Protection Chair	20/07/2015	03/10/2016	06/11/2016	94	9	103
Social Worker	27/10/2014	03/10/2016	06/11/2016	101	7	108
Social Worker	01/10/2013	03/10/2016	06/11/2016	103	6	109
Social Worker	13/04/2015	03/10/2016	06/11/2016	108	7	115
Social Worker	06/01/2015	03/10/2016	06/11/2016	112	7	119
Practice Improvement Practitioner	08/05/2014	03/10/2016	06/11/2016	128	8	136
Social Worker	13/05/2014	03/10/2016	06/11/2016	145	7	152
Social Worker	19/06/2014	03/10/2016	06/11/2016	146	7	153
Social Worker	05/09/2014	03/10/2016	06/11/2016	156	7	163
Social Worker	11/08/2014	03/10/2016	06/11/2016	168	8	176
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	03/10/2016	06/11/2016	170	8	178
Social Worker	02/12/2013	03/10/2016	06/11/2016	177	7	184
Senior Social Worker	30/04/2012	03/10/2016	06/11/2016	182	7	189

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Team Manager - MASH	28/09/2014	03/10/2016	06/11/2016	183	9	192
Independent Reviewing Officer	27/05/2014	03/10/2016	06/11/2016	186	8	194
Social Worker	01/04/2013	03/10/2016	06/11/2016	210	7	217
Social Worker	01/01/2013	03/10/2016	06/11/2016	212	6	218
Social Worker	01/01/2013	03/10/2016	06/11/2016	218	7	225
Case Progression Manager	07/04/2014	03/10/2016	06/11/2016	218	8	226
Advanced Practitioner	19/12/2011	03/10/2016	06/11/2016	239	7	246
Social Worker	19/12/2011	03/10/2016	06/11/2016	261	7	268
Team Manager	01/01/2013	03/10/2016	06/11/2016	267	9	276
MASH Manager	13/01/2014	03/10/2016	06/11/2016	271	13	284
Social Worker	19/12/2011	03/10/2016	06/11/2016	282	7	289
Social Worker	05/03/2012	03/10/2016	06/11/2016	295	7	302
Residential Care Worker	01/04/2012	03/10/2016	30/10/2016	121	2	123
Approved Mental Health Worker	01/03/2014	03/10/2016	30/10/2016	130	6	136
Lead Approved Mental Health Practitioner	01/06/2012	03/10/2016	30/10/2016	190	5	195
Occupational Therapist	07/10/2013	03/10/2016	30/10/2016	184	5	189
Special Needs Officer	05/01/2015	03/10/2016	30/10/2016	65	2	67
Occupational Therapist	01/04/2015	03/10/2016	30/10/2016	101	5	106
Contract Management Officer	24/08/2015	03/10/2016	30/10/2016	140	9	149
OT (Childrens)	07/09/2015	03/10/2016	30/10/2016	63	6	69
AMHP	01/06/2015	03/10/2016	30/10/2016	99	6	105
Maingrade Educational Psychologist	15/11/2015	03/10/2016	30/10/2016	107	2	109
Principle Educational Psychologist	01/06/2015	03/10/2016	30/10/2016	138	12	150
Senior Social Worker	01/08/2015	03/10/2016	30/10/2016	71	5	76
LD Programme Review	29/07/2015	03/10/2016	30/10/2016	140	10	150
Occupational Therapist	03/12/2015	03/10/2016	30/10/2016	55	6	61
Senior Social Worker	06/01/2016	03/10/2016	30/10/2016	48	5	53
Advanced Practitioner	29/02/2016	03/10/2016	30/10/2016	53	6	59
Educational Psychologist	01/03/2016	03/10/2016	30/10/2016	61	12	73
Safeguarding and DOLS Co-ordinator	19/10/2014	03/10/2016	30/10/2016	102	6	108
AMPH Social Worker	18/08/2015	03/10/2016	30/10/2016	75	7	82
<b>Administration and Finance</b>						
Senior Category Manager	11/05/2015	19/09/2016	02/12/2016	161	27	188
Benefit Officer	11/08/2015	03/11/2016	01/01/2017	58	13	71
Benefit Officer	23/09/2015	03/11/2016	01/01/2017	51	12	63
Benefit Officer	03/08/2015	03/11/2016	01/01/2017	67	15	82
Benefit Officer	03/08/2015	03/11/2016	01/01/2017	66	14	80
Housing Lawyer	01/10/2015	10/10/2016	08/01/2017	55	13	68
Benefit Officer	01/12/2014	03/11/2016	01/01/2017	92	13	105

## SCHOOL CAPITAL PROGRAMME - UPDATE

<b>Cabinet Members</b>	Councillor David Simmonds CBE Councillor Jonathan Bianco
<b>Cabinet Portfolio(s)</b>	Deputy Leader of the Council / Education & Children's Services Finance, Property & Business Services
<b>Officer Contact(s)</b>	Bobby Finch, Residents Services.
<b>Papers with report</b>	Appendix 1: Summary of current school expansion projects.

### 1. HEADLINE INFORMATION

<b>Summary</b>	This report provides an update on the primary and secondary school expansions, the school condition works programme and other school capital works.
<b>Putting our Residents First</b>	This report supports the Council's objectives of: <i>Our Built Environment; Our People; Financial Management</i>  Investment in schools to adequately address the impact of the population increase within the London Borough of Hillingdon on existing school places. This project also forms part of the Hillingdon Improvement Programme.
<b>Financial Cost</b>	The forecast of the existing Primary Schools capital programme is £139,176k including prior years. The approved budget for the new Primary Schools expansions programme is £27,400k. The Secondary Schools expansion and replacement programme forecast is a total of £143,694k and there is an additional £199k forecast for the Hearing Impairment Resource Base at Vyners School and £1,800k for additional temporary classrooms.
<b>Relevant Policy Overview Committee</b>	Children, Young People and Learning.
<b>Ward(s) affected</b>	All wards.

### 2. RECOMMENDATION

**That Cabinet note the progress made with primary and secondary school expansions, the school condition programme and other school capital projects.**

## **Policy Overview Committee comments**

None at this stage.

### **3. INFORMATION**

#### **3.1 PRIMARY SCHOOLS**

##### School Places Forecast

The demand for school places in Hillingdon has been rising in recent years and is forecast to continue to rise in line with national and London-wide predictions. Demand for reception places at primary school level is being driven in part by rising birth rates, new house building and families moving into the Borough. Overall, at primary school level, the need for additional school places has largely been met by the successful school places expansion programme to date, with some excess demand forecast in future years, in the north of the borough and in the Hayes / surrounding areas. All on-time applicants were offered Reception places on Offer Day (18 April 2016).

The updated forecast shows that demand for primary places in the north of the Borough appears to be reaching a plateau. However, there remains a residual need for a small number of additional forms of entry. Thirty additional Reception places have been provided at Hillside Infant School for September 2016. Demand for places in the south of the Borough is still forecast to grow, particularly in the Hayes area where there has been significant housing development, with more expected in the future. For 2016, Guru Nanak Academy offered an additional 30 Reception places. However, a decision is still awaited from the Education Funding Agency regarding future intakes to Nanaksar Primary.

##### Phase 4 - Permanent School Expansions

Arcadis LLP the appointed multi-disciplinary consultants for the phase 4 expansion projects (Hillside Infant and Junior Schools and Warrender Primary School) are continuing to progress the designs for the 1 form of entry (FE) expansions to a stage which will allow the planning application to be submitted.

Given the plateauing demand for primary school places in the north of the borough, the need to expand Newnham Infants and Junior Schools will be subject to review, with the option to progress the expansion at a later date, should the need arise.

#### **3.2 SECONDARY SCHOOLS**

##### School Places Forecast

The rising demand for school places is now moving into secondary schools. The latest forecast shows a longer-term sustained pressure for additional secondary school places, albeit with pressure building at a slower pace than indicated in the 2015 forecast. Over the next five years, it is expected that there will be a need for an additional 11-13 forms of entry. This is in addition to the existing programme of expansions (Northwood, Abbotsfield and Swakeleys schools, which will add 5.5 forms of entry capacity). A new free school, Pinner High School, has opened in Harrow, close to the border with Hillingdon and this has offered an additional choice for Hillingdon residents. All on-time applicants were offered places for September 2016, despite an 8% rise in applications.

## Secondary School Expansions

Discussions with a number of secondary schools regarding expansion are progressing. Arcadis LLP have been appointed as multi-disciplinary consultants for these projects and are working with Officers to take these projects forward through the design stages.

## Priority Schools Building Programme (PSBP)

The school buildings at Abbotsfield, Swakeleys and Northwood Secondary Schools required improvement and have attracted funding from the Education Funding Agency (EFA) Priority School Building Programme for all three schools to be rebuilt. The Abbotsfield and Swakeleys rebuild projects are being managed by the EFA with the exception of the offsite highways works which will be carried out by the Council. The Northwood rebuild project has been managed by the Council.

**Northwood School:** Phase 1 of the construction works at Northwood Secondary School (new school building, new sports hall and car park) was successfully completed as scheduled on the 30 September 2016.

The Leader of the Council will be officially opening the new school building and sports hall on the 13 October 2016 with the school holding their own opening event during the same week. The school will commence teaching from the new school building from the 17 October 2016.

Phase 2 of the works (demolition of old school buildings and the provision of sports pitches) will commence on the 31 October 2016 with a scheduled completion date of July 2017.

**Abbotsfield and Swakeleys Schools:** The Education Funding Agency appointed contractor has commenced works on the site. It is understood that works are progressing to the planned EFA timetable.

## Free School Proposals

Within its announcement of 16 September 2016 on its free school programme, two secondary school proposals (sites to be identified) and one special school proposal for Hillingdon have been approved to go forward to pre-opening stage.

## **3.3. SCHOOLS CONDITION PROGRAMME**

### School Condition Programme Phase 1

In January 2016 Cabinet approved the current school condition programme of works. The programme was split into 2 tranches as outlined in table 1.

**Table 1:** School Condition Programme Phase 1 - Projects Approved at January 2016 Cabinet

School	Summary of Proposed Works	Date of Works
<b>Tranche 1</b>		
Heathrow Primary	New roofing	Complete
Minet Infant and Junior	New hot water generator.	Complete
Hayes Park Primary	Replacement heating and hot water systems	Jul - Oct 2016
Yeading Junior	Boiler and window replacement.	Aug - Nov 2016

<b>Tranche 2</b>		
Coteford Infant	Partial roof renewal, new internal lighting in the roof void areas and new external lighting	Jul - Oct 2016
Colham Manor Primary	Replacement heating and hot water systems	Jul - Oct 2016
Warrender Primary	Fire safety upgrade, boiler replacement plant and front entrance adaptation works	Jul - Oct 2016
Field End Junior	New roofing	Jul - Oct 2016
Newnham Infant & Junior	Replacement heating and hot water systems	TBC

The roofing works at Heathrow Primary were completed during September 2016 which followed the completion of the works at Minet Infant and Junior in July 2016. The remaining projects are progressing well and are scheduled to be completed later in the autumn.

**Newnham Infant and Junior:** Whilst the designs for the proposed 1FE expansion works were being completed the requirement to carry out condition works at this school was being kept under review. As the expansion project at these schools is subject to review, the proposed condition works required at the site will now be reconsidered for implementation, subject to agreement from Members.

### School Condition Programme Phase 2

Work has continued on developing the next phase of the programme and a number of potential projects for inclusion have been identified. These potential projects will be considered in the first instance by Members and details will be included in a future Cabinet Report.

## **3.4. FINANCIAL IMPLICATIONS**

### Month 5 Monitoring - Financial Summary

The total Schools Expansion Capital Programme revised budget is £313,571k for the period up to 2020/21 including prior years. This includes £140,023k for existing primary school expansions, £27,400k for new primary school expansions and £144,154k for secondary school expansions and replacements. An additional £194k was added for the provision of a Hearing Impairment Resource Base at Vyners School with a further £1,800k included for additional temporary classrooms as and when the need arises during construction.

At this stage of the financial year, the forecast over the life of the schools expansion programme is an under spend of £898k. This is partly in relation to released project contingency budgets amounting to £306k that are no longer required on completed schemes within the Primary Schools Phase 2 programme. In addition an under spend of £460k is reported on replacement of Northwood School under the Secondary Schools New Build Programme.

A further £137k has been reported as a cost underspend within the overall programme as a result of the minor works budget in place to meet the costs of legacy schemes no longer being required.

### Phase 4 - Temporary Modular Classroom Installation

The residual short term need for primary school places in the Ruislip area has been met through the provision of a bulge class. Silwood Facilities Ltd have completed the installation of modular classrooms at both Hillside and Newnham over the 2016/17 school summer holidays. The bulge class at Newnham will remain non-operational whilst pupil numbers within the planning area are



kept under review. The total project cost for both installations is forecast to be £369k and will be funded from the £1,716k Phase 3A budget that currently remains unallocated.

#### Phase 4 - Permanent School Expansions

Members have now reviewed the proposed options to meet the permanent expansion needs in Primary Schools and have confirmed the potential expansion of three schools. This will be funded from the initial £27,400k set aside for Phase 4 permanent expansions. The 1 FE expansions at both Hillside and Warrender will proceed as planned whilst the proposed expansion at Newnham will remain under review with the option to expand at a later date, should the need arise.

The demand for places in the South of the borough is still forecast to grow due the intensification of housing developments in addition to the potential loss of pupil places at Nanaksar School. The implications of this are being considered as part of the ongoing capital MTF process.

Approval has been received for Arcadis Ltd to be appointed as the Multi-Disciplinary consultants up to the design stage which will allow planning application to be submitted.

#### Secondary School Expansion

The revised forecast for secondary school places shows a longer term sustained pressure for additional school places however this is at a slower pace than indicated previously. The additional need of 11-13 FE's is a reduction on the prior reported position.

Discussions have been ongoing with a number of secondary schools regarding expansion and Arcadis Ltd has been appointed as Multi disciplinary consultants to undertake the initial design work for possible expansions.

Costs associated with the expansion of secondary schools to meet future demand (excluding Northwood and Abbotsfield) have been reflected in the revised budget of £95,900k approved by Council in February 2016. The budgetary requirement will be reviewed in light of the revised school places forecast.

#### Free School Proposals

In September 2016 the EFA announced the successful application of two Free Secondary Schools in the north of the Borough. The progress of the proposals would be dependent on the availability of suitable sites. These schools can assist in meeting the aforementioned secondary school places with the potential to have a favourable impact on the existing capital investment programme.

#### Priority Schools Building Programme Phase 1 (Secondary Schools Replacement)

Northwood - Phase 1 of the construction works at Northwood Secondary School were completed at the end of September 2016. As noted above the forecast outturn is an under spend of £460k on the approved budget of £35,184k with officers now closely monitoring the progress of the phase 2 of the works. The project is scheduled to complete to current milestones.

Abbotsfield / Swakeley's School - The Education Funding Agency (EFA) are managing the re-building of Abbotsfield school through the Priority Schools Building Programme (PSBP) with the Council making a contribution of £13,070k covering an additional 2.5 forms of entry, FF&E and highways works, a vocational centre and additional SRP provision for Abbotsfield School.

The highways works will include the provision of 50 drop-off places (£460k) and a S106 contribution to Transport for London (£375k) in relation to the cost impact of increased bus services for higher pupil numbers arising from the Abbotsfield expansion. The Council will also fund the provision of photovoltaic panels for the additional 2.5 FE and the vocational centre at a combined cost of £141k.

Swakeley's School is an approved rebuild project being managed 100% by the EFA following an independent application by the school to be considered for the PSBP programme. However following negotiations with the EFA the Council has agreed to fund up to one third of the S106 TFL contribution for Swakeleys estimated to be £75k.

At this stage of the project, officers are confident that the above costs in addition to those for FFE and S278 highway works will be contained within the overall approved budget of £13,070k.

### Schools Condition Programme

The 2016/17 revised capital programme budget for the Schools Conditions Building Programme is £3,775k which is financed from a combination of internal and external resources including school contributions.

The revised budget is required to fund nine Phase 1 priority schemes approved by Cabinet in January 2016. The budget is also required to meet the retention and legacy costs of prior year schemes whilst also setting aside provision for winter contingency should the need arise for reactive capital maintenance.

Contractors are now on site at seven of the nine schools that comprise the Phase 1 main School Conditions Programme. The heating and boiler works at Minet Infants & Junior School has been completed whilst potential work at Newnham School remains under review. Works on the seven live schemes are expected to complete to revised timescales by the end of October 2016.

The 2016/17 Phase 2 programme is yet to be approved although officers are currently working on finalising proposals for potential inclusion. These projects will be forwarded to Members for consideration in the first instance.

## **4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

### **What will be the effect of the recommendation?**

Completion of the school expansion projects will result in additional school places needed for local children, which the Council has a statutory duty to provide. In addition the completion of the other school capital projects will result in the provision of quality fit for purpose school facilities.

### **Consultation Carried Out or Required**

As previously reported, in 2014, the Department for Education (DfE) published revised statutory guidance on making organisational changes to maintained schools, which meant that (subject to certain conditions) governing bodies of all categories of maintained schools were able to enlarge their premises (expand) without a statutory process.

However, in April 2016, revised statutory guidance was published by the DfE, which means that a statutory process will now be required for expansion of premises that would increase the capacity

of a school by more than 30 pupils; and by 25% or 200, whichever is the lesser (as was previously the case). This will need to be built into the timetable for expansion projects.

The statutory process includes publication of proposals, statutory consultation and a Cabinet or Cabinet Member decision. A statutory process is still required for proposals to establish special educational needs provision (e.g. Specialist Resourced Provision - SRP).

Under the School Admissions Code, the local authority as admissions authority for community schools must consult at least the school governing body on the admission number. Foundation schools and academies are their own admissions authority and set their own admission number.

## **5. CORPORATE IMPLICATIONS**

### **Corporate Finance**

Corporate Finance has reviewed this report and confirms the budgetary position outlined above, noting that the Council's significant programme of investment in school places is funded from a combination of Department for Education grants, developer contributions and locally financed Prudential Borrowing. As the Council's Medium Term Financial Forecast is developed over the coming year, latest intelligence on demand for school places, available funding and options for delivery will be captured as appropriate.

### **Legal**

The Borough Solicitor confirms that there are no specific legal implications arising from this report. Legal advice is provided whenever necessary, in particular cases, to ensure that the Council's Interests are protected.

### **Corporate Property and Construction**

Corporate Property and Construction authored this report.

## **6. BACKGROUND PAPERS**

NIL

## APPENDIX 1

### Summary of current school expansion projects

School Name	Summary of Works	Status
<b>PRIMARY SCHOOL EXPANSION PROGRAMME - PHASE 4</b>		
Hillside Infant & Newnham Infant	Installation of a double temporary modular classroom units.	Complete.
Hillside Infant Hillside Junior	1 FE Expansion.	Pre-construction.
Warrender Primary	1 FE Expansion.	Pre-construction.
<b>SECONDARY SCHOOLS (PRIORITY SCHOOL BUILDING PROGRAMME)</b>		
Northwood School	1 FE Expansion: Demolition of existing school and construction of a new 6 FE school.	Phase 1 complete Phase 2 will be completed in July 2017.
Abbotsfield School	2.5 FE Expansion: Demolition of existing school and construction of a new 9 FE school.	Construction (works scheduled to be completed in 2017).
Swakeleys School for Girls	2 FE Expansion: Demolition of existing school and construction of a new 8 FE school.	Construction (works scheduled to be completed in 2017).

Note: A Form of Entry (FE) is a group of 30 pupils. Expanding a school by 1 FE will add accommodation sufficient for 30 additional pupils to every year group.

## CHARVILLE CHILDREN'S CENTRE & COWLEY ST. LAURENCE CHILDREN'S CENTRE

<b>Cabinet Member</b>	Councillor Jonathan Bianco
<b>Cabinet Portfolio</b>	Finance, Property and Business Services
<b>Officer Contact(s)</b>	M Paterson, Residents Services
<b>Papers with report</b>	Site plans

### 1. HEADLINE INFORMATION

<b>Summary</b>	This report seeks approval to the Council taking a lease at Charville Children's Centre and Cowley St Laurence Children's Centre to formalise a position which has existed since the centres were built in 2009. The centres were built with the agreement of the landowners but without a formal lease having been put in place. Negotiations have since taken place and the two landowners are now ready to complete leases for the respective centres. The council will be entering into these leases as tenant and will be bound by the liabilities and obligations included under the terms of the leases.
<b>Putting our Residents First</b>	This report supports the following Council objectives of: <i>Our People and Our Built Environment</i>
<b>Financial Cost/Benefit</b>	None
<b>Relevant Policy Overview Committee</b>	Children, Young People and Learning / Corporate Services & Partnerships
<b>Ward(s) affected</b>	Charville & Uxbridge South/Brunel Ward borders

### 2. RECOMMENDATIONS

That Cabinet:

1. Approves the Council entering into a lease, as tenant, of Charville Children's Centre on the main terms set out in this report.
2. Approves the Council entering into a lease, as tenant, of Cowley St Laurence Children's Centre on the main terms set out in this report.

## **Reasons for recommendation**

The Council's tenure of these children's centres is at risk and can only be secured by entering into a lease of each centre where agreement is reached with the individual landowners.

## **Alternative options considered / risk management**

If leases are not completed this could present difficulties for the Council should it wish to vary the current delivery model.

## **Policy Overview Committee comments**

None.

## **3. INFORMATION**

### **Supporting Information**

1. These children's centres were built with grant funding from the Department for Education (DfE) and payment of grant was dependent on compliance with DfE requirements. The DfE did not issue a template lease for centres built on land which was not owned by councils and the guidance issued at the time only indicated that a lease for freehold land and buildings would normally be for a minimum of 25 years. There was no other guidance provided on lease terms from the DfE.
2. Whilst agreement was reached between the landowners and the Council's project managers responsible for the children's centre programme to build these centres on land which was not owned by the council, no formal lease was put in place prior to completion of the centres. Attempts have been made to complete leases subsequently and the landowners at Charville Children's Centre and Cowley St Laurence Children's Centre are now ready to complete leases for the respective centres.
3. The initial template lease sent to the landowners proposed Heads of terms for a 60 year full repairing and insuring lease at a peppercorn rent with the use of the building restricted to use as a children's centre and other associated community use. Following responses received from the landowners, the Heads of terms were amended and a revised template lease has been agreed on the following main terms -
  - Term - A 25 year term from the date of the opening of the centre in 2009
  - Rent - A peppercorn rent with no rent review
  - Break option - A landlord break option which permits the landlord to terminate the lease should it cease to be used as a Children's Centre
  - Repairs - The tenant is to be responsible for repairs and decoration
  - Use - The use to be limited to a Children's Centre & other associated community use. It will also allow out of hours use by the landlord.
  - Alterations - The landlord's consent will be required for structural and external alterations
  - Insurance - The landlord to insure and recover the costs from the tenant

- Alienation - the whole centre only can be assigned and there is no subletting permitted, sharing within the limits of the users is however permitted
- The leases will be contracted out of the Landlord and Tenant Act 1954 security of tenure provisions. The council will not therefore have a statutory right of renewal at the expiry of the lease.
- Fees - The Council will bear the landowners reasonable fees

## **Financial Implications**

Following the amendments to the Heads of Terms as shown above there is a risk that additional costs could be recharged to the landlord (LB Hillingdon). These risks will be managed through the annual review of the SLA(s) with the providers(s).

The risk of clawback of the capital grant from the DfE remains should services cease, irrespective of the recommendations contained in this report.

## **4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

### **What will be the effect of the recommendation?**

The recommendation will secure the tenure of the Children's Centres to the expiry of the 25 year lease term.

### **Consultation Carried Out or Required**

Not applicable

## **5. CORPORATE IMPLICATIONS**

### **Corporate Finance**

Corporate Finance has reviewed this report, noting that the recommended leases have limited financial implications as these formalise existing ad hoc arrangements for use of the Children's Centre buildings at Charville and Cowley St Laurence schools. In the first instance, any building costs associated with these properties which fall to the Council will be managed within the Council's broader Children's Centre operating budgets.

### **Legal**

The report shows that the proposed leases will be on reasonable terms and by entering into them will provide the Council with the security that its occupation will continue for a further 18 year period and ensure that the Council has complied with the DFE's funding requirements.

It should be noted that by approving the recommendation the Council will be entering into new leases which will set out the obligations and rights to be accepted by the Council as tenant and the obligations and rights to be accepted by the landlords. In the event of any disputes, regard will have to be had to the legal documentation to determine what rights exist in respect of either party and any future dealings with the landlords in question will be regulated by such leases.

The officers responsible for negotiating the terms of the new leases on behalf of the Council should ensure that such terms are reasonable and all necessary legal documentation should be considered by officers in Legal Services for legal consideration to be given to such terms. There are no legal impediments to the Council entering into the leases.

### **Corporate Property and Construction**

Corporate Property and Construction has authored this report.

### **Relevant Service Groups**

Children and Young People's Services have been consulted in preparing this report.


## **6. BACKGROUND PAPERS**

NIL



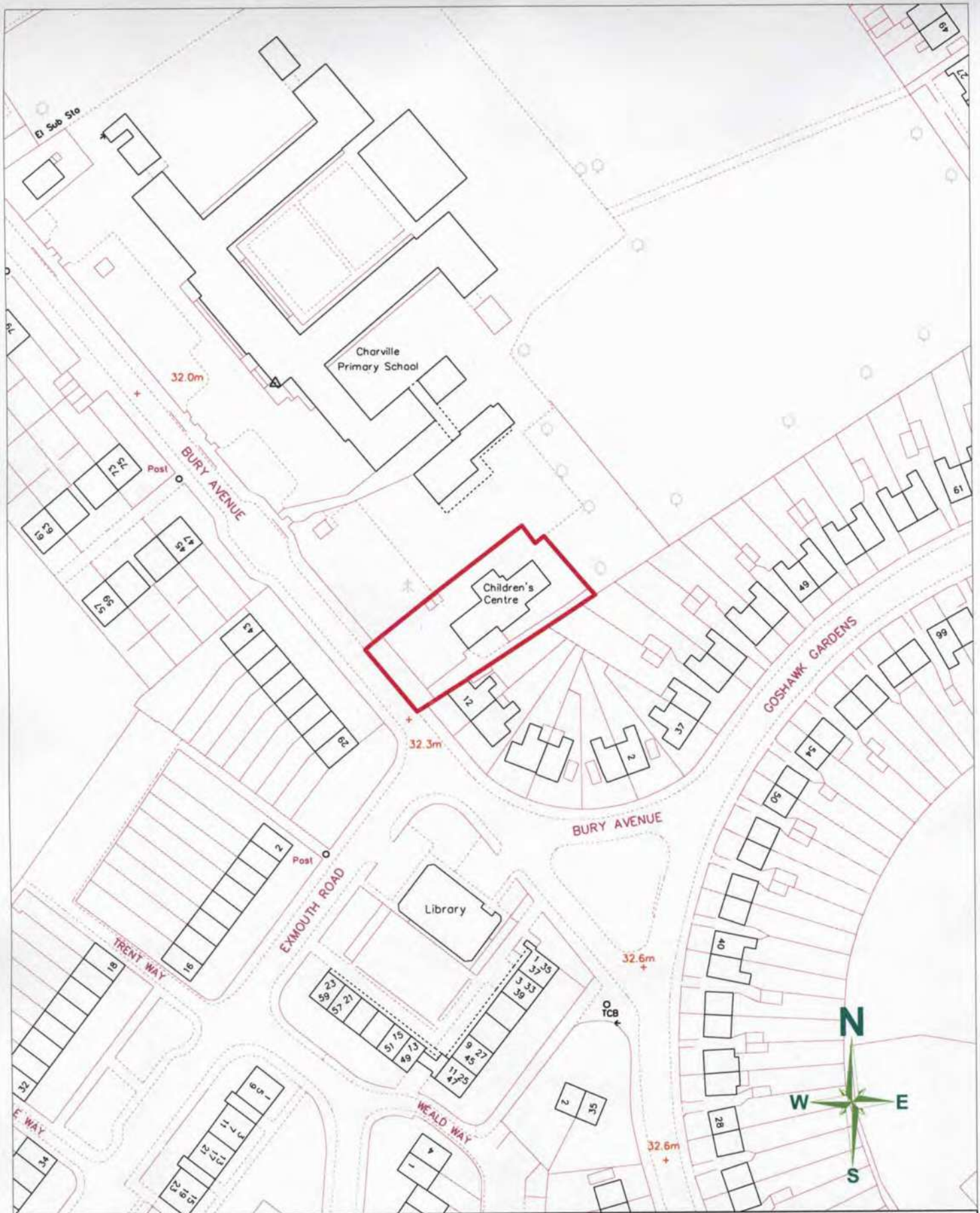


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PROPERTY SERVICES   TITLE	DRG No	G1090/1/MP
CIVIC CENTRE, HIGH STREET, UXBRIDGE, MIDDLESEX, UB8 1UW	SCALE	1:1250
 HILLINGDON LONDON	DATE	01.08.2014
<h2>Cowley St Laurence Children's Centre</h2> <h3>Worcester Road Cowley</h3>		

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PROPERTY SERVICES  
CIVIC CENTRE,  
HIGH STREET  
UXBRIDGE,  
MIDDLESEX,  
UB8 1UW

TITLE  
Charville Children's Centre  
Charville Primary School  
Bury Avenue  
Hayes

DRG No	GEN 1057/1
SCALE	1:1250
DATE	01.05.2013

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