



HILLINGDON  
LONDON



# CABINET

## To all Members of the Cabinet:

**Date:** THURSDAY, 13 FEBRUARY  
2020

**Time:** 7.00 PM

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

**Meeting  
Details:** Members of the Public and  
Media are welcome to attend  
this meeting and observe the  
public business discussed.

This meeting will also be  
broadcast live on the  
Council's YouTube Channel.

You can view the agenda  
at [www.hillingdon.gov.uk](http://www.hillingdon.gov.uk) or use a smart  
phone camera and scan the code below:



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

Jonathan Bianco (Vice-Chairman)  
*Deputy Leader of the Council*  
*Finance, Property & Business Services*

Susan O'Brien  
*Education, Children and Youth Services*

Keith Burrows  
*Planning and Transportation*

Jane Palmer  
*Social Care, Health & Wellbeing*

Philip Corthorne  
*Housing and the Environment*

Douglas Mills  
*Community, Commerce & Regeneration*

Richard Lewis  
*Central Services, Culture & Heritage*

**Published:**  
Wednesday, 5 February 2020

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**Putting our residents first**

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

# Useful information for residents and visitors

## *Watching & recording this meeting*

You can watch the public part of this meeting on the Council's YouTube channel, live or archived after the meeting. Residents and the media are also welcome to attend in person, and if they wish, report on the public part of the meeting. Any individual or organisation may record or film proceedings as long as it does not disrupt proceedings.

Watch a **LIVE** broadcast of this meeting on the Council's YouTube Channel: *Hillingdon London*

Those attending should be aware that the Council will film and record proceedings for both official record and resident digital engagement in democracy.



It is recommended to give advance notice of filming to ensure any particular requirements can be met. The Council will provide seating areas for residents/public, high speed WiFi access to all attending and an area for the media to report. The officer shown on the front of this agenda should be contacted for further information and will be available to assist. When present in the room, silent mode should be enabled for all mobile devices.

## *Travel and parking*

Bus routes 427, U1, U3, U4 and U7 all stop at the Civic Centre. Uxbridge underground station, with the Piccadilly and Metropolitan lines, is a short walk away. Limited parking is available at the Civic Centre. For details on availability and how to book a parking space, please contact Democratic Services.

Please enter via main reception and visit the security desk to sign-in and collect a visitors pass. You will then be directed to the Committee Room.

## *Accessibility*

For accessibility options regarding this agenda please contact Democratic Services. For those hard of hearing an Induction Loop System is available for use.

## *Emergency procedures*

If there is a FIRE, you will hear a continuous alarm. Please follow the signs to the nearest FIRE EXIT and assemble on the Civic Centre forecourt.

Lifts must not be used unless instructed by a Fire Marshal or Security Officer. In the event of a SECURITY INCIDENT, follow instructions issued via the tannoy, a Fire Marshal or a Security Officer. Those unable to evacuate using the stairs, should make their way to the signed refuge locations.



# 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:

*13 February 2020 at 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 exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (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. Any exceptions to this rule are the urgent business items on the agenda marked \*. For such items it was impracticable to give sufficient notice for a variety of business and service reasons. The Chairman of the Executive Scrutiny Committee has been notified in writing about such urgent business.

## **Notice of any representations received**

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

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

5 February 2020  
London Borough of Hillingdon

# Agenda

## **Public Notice & Advisory**

- 1 Apologies for Absence
- 2 Declarations of Interest in matters before this meeting
- 3 To approve the minutes of the last Cabinet meeting 5 - 12
- 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 Monthly Council Budget Monitoring Report: Month 9 13 - 56
- 6 The Council's Budget: Medium Term Financial Forecast 2020/21-2024/25 57 - 214
- 7 The Schools Budget 2020/21 215 - 244

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

<b>8</b>	Procurement of Library Books and Audiovisual Supply for the Borough's Libraries	245 - 252
<b>9</b>	Postal Services Procurement	253 - 258
<b>10</b>	Passenger Transport Managed Service	259 - 266
<b>11</b>	Contract Extension for Provision of Managed Service Supply of Agency Workers	267 - 272
<b>12</b>	Voluntary Sector Lease	273 - 280
<b>13</b>	Any other items the Chairman agrees are relevant or urgent	

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## Cabinet 13 February 2020

### Advisory about attending this meeting & Public Notices



#### About this Cabinet meeting

This is a meeting of Hillingdon Council's [Cabinet](#), the body responsible for making all the key decisions in the Borough, putting residents first. It is chaired by the Leader of the Council, [Councillor Ray Puddifoot MBE](#). Cabinet meets on a monthly basis.

#### Attending the Cabinet Meeting

Residents, the Public and the media are welcome to attend for the public items on the agenda (see below). You will kindly be asked to leave when the Cabinet reaches the private items listed. If you attend Cabinet, you will not be able to directly speak, present to or lobby Councillors during the actual meeting, however, you are welcome to observe and listen to the proceedings quietly. If you are a resident and there is a particular local matter that you wish to raise with a Cabinet Member, then we recommend you to take part in our well established [Petitions Scheme](#) in which thousands of residents each year participate in. Contact Democratic Services for more information on 01895 250636 or email us at [petitions@hillingdon.gov.uk](mailto:petitions@hillingdon.gov.uk)

#### Watching, recording and reporting of this meeting

Please note that the Council may live broadcast this meeting to enable wider resident engagement in the way local decisions are made. Whilst cameras will be mainly aimed at the Councillors making the decisions, they may also capture those present in the room. Residents will also be able to watch the meeting afterwards on our [YouTube](#) channel: *Hillingdon London*. Any individual or organisation may also record or film proceedings as long as it does not disrupt the meeting. It is recommended to give advance notice of any filming to ensure any particular requirements can be met. The Council will provide seating areas for residents/public, high speed WiFi access and an area for the media to report. The officer shown on the front of this agenda should be contacted for further information and will be available to assist. When present in the room, silent mode should be enabled for all mobile devices. To find out more about the Council's [Policy](#) in this regard, speak to the Democratic Services Officer at the meeting or call us beforehand on 01895 250636.

#### What's on the agenda?

When you arrive at a Cabinet meeting, the Chairman will undertake some initial housekeeping matters and then go through a list of agenda items (reports) to make official decisions on them as set out in the table below. The meeting will first start with public items and then move to any private items (called Part 2), where the Public will be asked to kindly leave the room. This is because these items often involve, for example, commercially sensitive information like competitive tender bids from private companies. The items and reports on this agenda are:

Agenda Item	Private reason
1 Apologies for Absence	
2 Declarations of Interest in matters before this meeting	
3 To approve the public decisions and minutes of the last Cabinet meeting	
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	
<b>Cabinet Reports - Part 1 (Public)</b>		
5	Monthly Council Budget Monitoring Report: Month 9	Public
6	The Council's Budget: Medium Term Financial Forecast 2020/21-2024/25	Public
7	The Schools Budget 2020/21	Public
<b>Cabinet Reports - Part 2 (private)</b>		
5	Procurement of Library Books and Audiovisual Supply for the Borough's Libraries	Private (3)
6	Postal Services Procurement	Private (3)
7	Passenger Transport Managed Service	Private (4)
8	Contract Extension for Provision of Managed Service Supply of Agency Workers	Private (3)
9	Voluntary Sector Lease	Private (3)

*\*if applicable, this denotes urgent business item (see notice below)*

## After the Cabinet meeting / the decisions made

Once you have left the meeting at the end of the public session, the decisions of the Cabinet will be published on the Council's website the next day, usually the Friday after the meeting. This will also include decisions on those matters discussed in private, so the Council is as open as possible and the public can see every decision made. If you have any queries about a particular decision, use the contact on the Council's website for further information. You can view [Cabinet's decisions here](#) - just select the appropriate meeting.

## Public Notices (5 days)

This is the formal (legal) bit of this advisory notice. The Council is required by law to give advance public notices of the decisions to be made by the Cabinet, the date the Cabinet meets and whether the decisions will be taken in public or private and the reasons why. This assists with making decision-making more transparent and accountable for local residents and taxpayers. Up to 5 months in advance (and a minimum of 28 days in advance), a notice of upcoming decisions and Cabinet meetings will be given on the [Forward Plan](#) - this is a key document available for viewing online or at the Civic Centre. A second notice is then given about 1 week before a particular Cabinet meeting when the agenda is published (a 5 day notice). Further notices may be given if urgent decisions are tabled at the meeting at short 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.

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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:

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- (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 the Chairman of the Executive Scrutiny Committee**

There is no urgent business currently scheduled for this meeting.

### **Notice of any representations received**

No representations from the public have been received regarding this meeting at this time. There are no reports currently scheduled to be considered in private.

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

5 February 2020

## **POLICY ON FILMING, RECORDING & REPORTING OF MEETINGS**

*Agreed 11 September 2014 by full Council*

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law. Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place, is not permitted to carry out an oral commentary or report and must remain seated throughout the meeting. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise the Head of Democratic Services that they wish to report on the meeting and how they wish to do so. This is to enable Democratic Services staff to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Any person present to film the proceedings of a meeting must respect the wishes of members of the public who do not wish to have their image recorded.

For meetings held at the Civic Centre, members of the public are welcome to use the Council's public Wi-Fi facilities. Occasionally, meetings take place in venues not run by the Council and in such circumstances members of the public are advised to check with the venue whether Wi-Fi is available.

## Minutes

### **CABINET**

**Thursday, 23 January 2020**

**Meeting held at Committee Room 6 - Civic Centre,  
High Street, Uxbridge**



**HILLINGDON**  
LONDON

**Decisions published on: 24 January 2020**

**Decisions come into effect from: 31 January 2020**

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

Ray Puddifoot MBE (Chairman)

Jonathan Bianco (Vice-Chairman)

Philip Corthorne

Douglas Mills

Keith Burrows

Susan O'Brien

Jane Palmer

Duncan Flynn (Ex-Officio Member of the Cabinet)

The Leader of the Council welcomed Councillor Jonathan Bianco as the new Deputy Leader of the Council and new Cabinet Members, Councillor Susan O'Brien and Councillor Jane Palmer, along with Councillor Duncan Flynn as the new Majority Chief Whip.

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

Apologies were received from Councillor Richard Lewis.

#### **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 17 December 2019 were agreed as a correct record.

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

All matters considered by the Cabinet at the meeting were held in public.

**5. REVIEW BY THE EXTERNAL SERVICES SELECT COMMITTEE: GP PRESSURES**

*The Chairman of the External Services Select Committee, Councillor John Riley, introduced the review report on GP Pressures, which was warmly endorsed by the Cabinet.*

**RESOLVED:**

**That Cabinet:**

- 1. Welcomes the Select Panel report from the External Services Select Committee regarding its review of GP Pressures and endorses those recommendations which fall within the Council's remit, as set out overleaf; and**
- 2. Requests that officers, in consultation with the Cabinet Member, liaise with Hillingdon Health and Care Partners to progress the implementation of those recommendations, as set out overleaf, which fall outside the Council's direct control.**

**Findings and Recommendations agreed:**

- *That Hillingdon Health and Care partners explore the establishment of a single online directory of health, care and wellbeing services (delivered and maintained / updated by Hillingdon Health and Care Partners) to be utilised across the partnership, particularly by GPs, and to link into emerging NHS digital applications being promoted nationally for patients. \**
- *That Hillingdon Health and Care Partners work with the Citizens Advice Bureau (CAB) to explore the simplification of processes in relation to GP referrals to CAB services. \**
- *That Hillingdon Health and Care Partners improve signposting for patients to CAB services and to emerging digital applications via information screens in GP surgeries. \**
- *That Cabinet requests Adult Social Care officers make available information sessions to the emerging Neighbourhood Teams on the scope of the Council's Adult Social Care duties.*
- *That Hillingdon Health and Care partners explore affordable options to enable homecare to be triaged and deployed more flexibly by the Neighbourhood Teams to support the independence of residents and prevent GP visits and hospital admissions that are avoidable. \**
- *That Cabinet welcomes the pilot work by Council officers to streamline GP administrative procedures in relation to patient requests for medical*

*information to support their housing assessments, and requests that this be rolled out across the Borough.*

- *That planning officers be asked to notify Hillingdon CCG when processing any planning applications relating to accommodation for the elderly that are subject to CIL.*
- *That Cabinet note that the External Services Select Committee will continue to closely monitor any implementation of the above recommendations, along with GP training programmes and the recruitment of new GPs, particularly in the South of the Borough.*

*\* recommendations to be progressed externally.*

### **Reasons for decision**

Cabinet considered a report from the Committee, which had established a Select Panel to review pressures on local GPs. These include factors such as an ageing population, challenging and more diverse workloads and difficulties in recruiting and retaining staff.

Considering the evidence of a wide variety of expert stakeholders, the Committee made eight recommendations which sought to recognise the positive work already being undertaken by the Council and partners, yet also had identified areas that could be strengthened further to assist in reducing pressures on local GPs and improve resident experience. Cabinet endorsed the recommendations and, along with the Committee Chairman, thanked the Members of the Select Panel and Officers supporting it.

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

Cabinet could have decided to reject some, or all, of the Committee's recommendations, or pursue alternative routes to progress the objectives of the review.

### **Officers to action:**

Nikki O'Halloran / Liz Penny – Chief Executive's Office (monitoring)  
Tony Zaman – Social Care (implementation)

### **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. REQUEST FROM COUNCIL: PROMOTING STRONGER COMMUNITIES AND EQUALITY IN HILLINGDON - OUR APPROACH**

**RESOLVED:**

**That the Cabinet:**

- 1. Notes the legal, national and local context to stronger communities and equality in Hillingdon;**
- 2. Notes the good work and approach taken across the Borough, to support stronger communities and equality in Hillingdon and;**
- 3. Adopts the revised policy statement for stronger communities and equality for the London Borough of Hillingdon.**

**Reasons for decision**

As part of a regular policy review of stronger communities and equality, and following a motion from full Council in 2019, Cabinet reviewed how the Council was delivering against the relevant legislation and duties for cohesion, preventing violent extremism, equality and harassment. Cabinet agreed a revised policy statement for adoption Council-wide that put all residents first.

**Alternative options considered and rejected**

None.

**Officers to action:**

Vicky Trott / Fiona Gills – Chief Executive’s Office

**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. REQUEST FROM COUNCIL: MODERN SLAVERY UPDATE**

**RESOLVED:**

**That the Cabinet:**

- 1. Notes the statutory requirements placed on the local authority to help tackle modern slavery and support victims to exit such situations;**
- 2. Notes the good work and approach taken across the Borough working with partners, to help prevent and tackle modern slavery;**
- 3. Agree that the Corporate Management Team, in consultation with the Leader/Cabinet Members, review implementation of the Modern Slavery Act 2015 annually and publish a report on that.**

## **Reasons for decision**

Following a full Council motion in 2019, Cabinet received a report on the modern slavery and work the Council was undertaking across service areas to tackle modern slavery and meet statutory requirements. It was noted that the council worked with a range of partners to tackle this injustice and to support victims of exploitation to rebuild their lives. Cabinet Members detailed the importance of safeguarding as part of this. It was agreed an annual report be published corporately to be transparent and show progress.

## **Alternative options considered and rejected**

None.

## **Officer to action:**

Dan Kennedy, 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. BETTER CARE FUND SECTION 75 AGREEMENT**

### **RESOLVED:**

**That Cabinet agree to enter into a pooled budget arrangement for the Better Care Fund with Hillingdon Clinical Commissioning Group (known as NHS Hillingdon) under section 75 of the National Health Service Act, 2006, at a total value of £92,952k for the period 1st April 2019 to 31st March 2020.**

## **Reasons for decision**

Cabinet agreed joint funding budgets with NHS Hillingdon as part The Better Care Fund which would reallocate monies that integrate health and social care and lead to improved outcomes for residents. Officers leading on the integration efforts were praised by Cabinet.

## **Alternative options considered and rejected**

Cabinet could have decided not to enter the agreement which would have meant that the Council would not achieve the necessary integration between these two essential public service areas.

## **Officer to action:**

Gary Collier, 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.*

## **9. MONTHLY COUNCIL BUDGET MONITORING REPORT: MONTH 8**

### **RESOLVED:**

#### **That Cabinet:**

- 1. Note the budget position as at November 2019 (Month 8) as outlined in Table 1.**
- 2. Note the Treasury Management update as at November 2019 at Appendix E.**
- 3. Continue the delegated authority up until the February 2019 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 17 December 2019 and 23 January 2019 Cabinet meetings, detailed at Appendix F.**
- 4. Resolves to enter into a Memorandum of Understanding to participate in the London Business Rates Pool from 1 April 2020 to 31 March 2021, and to delegate authority to the Corporate Director of Finance, in consultation with the Leader of the Council and Cabinet Member for Finance, Property & Business Services to negotiate, finalise and execute the Memorandum of Understanding.**
- 5. Ratify the four decisions taken on 6 December 2019 & 7 January by the Leader of the Council and Cabinet Member for Finance, Property and Business Services detailed in Appendix G.**
- 6. Ratify a decision taken on 14 January 2020 by the Leader of the Council and [the previous portfolio] Cabinet Members for Education & Children's Services and Social Services, Housing, Health & Wellbeing to agree a 1 year contract extension at a cost of £4,798,158 to enable Central and North West London NHS Foundation Trust to continue to deliver an integrated Healthy Child Service which meets the mandated requirements of the Healthy Child Programme.**

#### **Reasons for decision**

Cabinet was informed of the latest forecast revenue, capital and treasury position for the current year 2019/20 to ensure the Council achieved its budgetary and service objectives. Additionally, Cabinet entered into agreements to benefit from the London Business Rate Pool, which seeks to provide funding for investment projects London-wide. Cabinet also ratified five recent decisions taken under the Leader of the Council's delegated authority.

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

None.

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



Paul Whaymand, Finance

**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.*

**10. 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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**\*Internal Use only - implementation of decisions**

**When the Cabinet's decisions come into effect**

Meeting after Cabinet, the Executive Scrutiny Committee did not call-in any of the Cabinet's decisions. These, therefore, can be implemented by officers upon the expiry of the scrutiny call-in period which is:

**from 5pm, Friday 31 January 2020.**

Officers to action the decisions are indicated in the minutes.

The minutes are the official notice for any subsequent internal process approvals required by officers to action the Cabinet's decisions.

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The public part of this meeting was broadcast on the Council's YouTube channel [here](#). Please note that these minutes and decisions are the definitive record of proceedings by the Council of this meeting.

If you would like further information about the decisions of the Cabinet, please contact the Council below:

[democratic@hillingdon.gov.uk](mailto:democratic@hillingdon.gov.uk)

Democratic Services: 01895 250636

Media enquiries: 01895 250403

To find out more about how the Cabinet works to put residents first, visit [here](#).

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## COUNCIL BUDGET - 2019/20 REVENUE AND CAPITAL MONTH 9 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 2019/20 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £1,671k is reported against 2019/20 General Fund revenue budgets as of December 2019 (Month 9), representing an improvement of £458k on the position reported to Cabinet at Month 8. Unallocated reserves are projected to total £34,239k at 31 March 2020.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
<b>Contribution to our plans and strategies</b>	<p><b>Putting our Residents First: <i>Financial Management</i></b></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services, Commerce and Communities
<b>Ward(s) affected</b>	All

### RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at December 2019 (Month 9) as outlined in Table 1.
2. Note the Treasury Management update as at December 2019 at Appendix E.
3. Continue the delegated authority up until the March 2019 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 23 January 2019 and 13 February 2019 Cabinet meetings, detailed at Appendix F.

4. Approve acceptance of gift funding in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for;
  - a. Land at Bulls Bridge Estate - £40k.
  - b. Land at Guru Nanak School, Springfield Road, Hayes - £32k.
  - c. Marriott Hotel, Heathrow - £23k.
  - d. Land South of Ballinger Way & East of Broadmead Road, Northolt - £32k.
  - e. 1 Vinyl Square - £15k.
  - f. 42 & 44 Mahlon Avenue - £10k.

## INFORMATION

### Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 9 against budgets approved by Council on 21 February 2019. An update on the Council's Treasury Management activities is signposted in **Recommendation 2**.
2. **Recommendation 3** is intended to enable continued delegation of approval for appointment of consultancy and agency appointments over £50k to the Chief Executive, with final sign-off from the Leader of the Council. In addition, Appendix F reports back on use of this delegated authority previously granted by Cabinet.
3. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 4** seeks authority from Cabinet to approve the acceptance of £152k, in relation to a number of major developments.

### Alternative options considered

4. There are no other options proposed for consideration.

## SUMMARY

### REVENUE

5. General Fund revenue budgets are projected to underspend by £1,671k at Month 9, an improvement of £458k on the position reported at Month 8. An underspend of £369k is projected against Directorate Operating Budgets with a number of reported pressures being offset by compensating underspends. An underspend across Corporate Operating Budgets of £606k and a £694k reduction in Development and Risk drawdown is forecast. Grant income is in line with budget, with a minor £2k favourable variance as grant allocation have been confirmed.
6. Within Development and Risk Contingency, the previously reported pressure on SEN Transport has reduced with further improvements on Asylum, Homelessness and Waste Disposal costs. There have been additional calls on contingency in Month 9 in relation to Development Control income shortfall, Looked after Children and Housing legal challenges. There remains £250k uncommitted General Contingency within the reported monitoring position to manage any emerging risks over the remainder of this financial year.
7. General Fund Balances are expected to total £34,239k at 31 March 2020, under the assumption that the balance of General Contingency and Unallocated Priority Growth monies are released in-year. This is a reduction of £6,105k from the opening balance of £40,344k, an improvement on the planned release of £7,776k from reserves to support the 2019/20 budget.
8. Of the £8,141k savings being managed in year, £7,421k are either banked in full or classed as 'on track for delivery', while £720k classified as either higher risk or in the early stages of delivery. Within the position reported, £532k has moved in Month 9 from on track to being banked and £150k has moved from early stage of delivery to on track. Ultimately, all £8,141k of the savings are expected to be delivered in full, with any items with potential issues being covered by alternative in-year savings proposals and management actions.
9. A surplus of £459k is reported within the Collection Fund relating to favourable positions on both Council Tax and Business Rates, which are predominantly driven by a carry forward surplus from 2018/19. This surplus will be released to support the 2020/21 General Fund budget.
10. The Dedicated Schools Grant is projecting an in-year overspend of £5,160k at Month 9, a £81k adverse movement from Month 8. The overspend is predominantly due to continuing unfunded pressures in the cost of High Needs and results in a forecast carry forward cumulative deficit at 31 March 2020 of £13,652k

### CAPITAL

11. At Month 9 the projected underspend against the 2019/20 General Fund Capital Programme is £17,764k, predominantly as a result of rephasing of project expenditure. The forecast outturn over the life of the programme to 2023/24 is an underspend of £104k. The planned investment will require £224,321k Prudential Borrowing, £750k lower than anticipated at budget setting in February 2019. This results from increased grants, contributions and capital receipts, although is not expected to materially impact upon the £11,788k per annum revenue financing charges ultimately required to support this level of investment.

## FURTHER INFORMATION

### General Fund Revenue Budget

12. An underspend of £1,669k is reported across normal operating activities at Month 9, an improvement of £458k on Month 8, which is primarily linked to an improvement in Directorate Operating budgets of £227k and a favourable movement in Development and Risk budgets of £228k. There remain recurrent pressures relating to Early Years Centres, Education and ICT, which are offset primarily by staffing underspends to deliver a net £369k underspend on Directorate Operating Budgets.
13. Development Risk and Contingency is currently benefitting from three windfall income streams, consisting of additional Better Care Fund monies, Asylum Grant funding and a rebate from the West London Waste Authority, which is mitigating pressures on specific contingencies of £1,137k on SEN Transport, £750k on Adult Social Care placements, £450k Housing Legal Challenges and £571k on Development Control income.
14. The net adverse movement of £324k on specific contingency including Development Control Income, Housing Legal Challenges, with release of £250k General Contingency and £227k improvement in the base budget delivering £458k improvement.
15. Savings of £8,141k are being managed within the 2019/20 budget. Currently £6,790k savings are banked, delivery is currently on track against £1,101k of savings, and £250k are either in the early stages of delivery or deemed higher risk although all savings are expected to ultimately be delivered in full. This is an improvement on the position reported in Month 8 with £712k being moved from on track for delivery to being banked and £620k improvement from early stages of delivery to on track.

**Table 1: General Fund Overview**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
210,620	1,989	Directorate Operating Budgets	212,758	212,389	(369)	(142)	(227)
7,436	0	Corporate Operating Budgets	7,436	6,830	(606)	(603)	(3)
12,863	(2,789)	Development & Risk Contingency	10,074	9,380	(694)	(466)	(228)
(991)	800	Unallocated Budget Items	(340)	(340)	0	0	0
<b>229,928</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>229,928</b>	<b>228,259</b>	<b>(1,669)</b>	<b>(1,211)</b>	<b>(458)</b>
(222,152)	0	Corporate Funding	(222,152)	(222,154)	(2)	(2)	0
<b>7,776</b>	<b>0</b>	<b>Net Total</b>	<b>7,776</b>	<b>6,105</b>	<b>(1,671)</b>	<b>(1,213)</b>	<b>(458)</b>
(40,344)	0	Balances b/fwd	(40,344)	(40,344)			
<b>(32,568)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2020</b>	<b>(32,568)</b>	<b>(34,239)</b>			

16. General Fund Balances are expected to total £34,239k at 31 March 2020 as a result of the forecast position detailed above, £1,671k higher than projected at budget setting in February 2019. The Council's Medium Term Financial Forecast assumes that unallocated balances will

remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of Government funding cuts.

## Directorate Operating Budgets

17. Directorate Operating Budgets represent the majority of the Council's investment in day-to-day services for residents, with more volatile or demand-led areas of activity tracked separately through the Development and Risk Contingency. Further information on latest projections for each service is contained within Appendix A to this report, with salient risks and variances within this position summarised in the following paragraphs.

**Table 2: Directorate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
8,110 (1,207)	0 (1)	Chief Executive's Office	Expenditure	8,110	8,128	18	28	(10)
			Income	(1,208)	(1,222)	(14)	(29)	15
<b>6,903</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>6,902</b>	<b>6,906</b>	<b>4</b>	<b>(1)</b>	<b>5</b>
19,069 (3,221)	56 (175)	Finance	Expenditure	19,125	19,232	107	120	(13)
			Income	(3,396)	(3,555)	(159)	(165)	6
<b>15,848</b>	<b>(119)</b>		<b>Sub-Total</b>	<b>15,729</b>	<b>15,677</b>	<b>(52)</b>	<b>(45)</b>	<b>(7)</b>
116,482 (43,966)	2,149 (1,313)	Residents Services	Expenditure	118,631	119,113	482	442	40
			Income	(45,279)	(45,699)	(420)	(350)	(70)
<b>72,516</b>	<b>836</b>		<b>Sub-Total</b>	<b>73,352</b>	<b>73,414</b>	<b>62</b>	<b>92</b>	<b>(30)</b>
148,761 (33,408)	666 756	Social Care	Expenditure	149,427	150,060	633	288	345
			Income	(32,652)	(33,668)	(1,016)	(476)	(540)
<b>115,353</b>	<b>1,422</b>		<b>Sub-Total</b>	<b>116,775</b>	<b>116,392</b>	<b>(383)</b>	<b>(188)</b>	<b>(195)</b>
<b>210,620</b>	<b>2,138</b>	<b>Total Directorate Operating Budgets</b>		<b>212,758</b>	<b>212,389</b>	<b>(369)</b>	<b>(142)</b>	<b>(227)</b>

18. An overspend of £4k is reported on Chief Executive's Office budgets at Month 9, a £5k adverse movement on Month 8. Across Finance, a net underspend of £52k is projected on the Month 8 previously reported position, reflecting a combination of vacancies and use of grant funding to support additional staff.
19. At Month 9, a net pressure of £62k is reported across Residents Services, representing an £30k favourable movement from Month 8 as a result of increased staffing underspends. The headline position includes a £365k pressure on ICT contract costs, £295k pressures across Education functions, which are partially offset through a combination of staffing underspends and other favourable variances. In addition £385k is being released from Earmarked Reserves to support current levels of investment in waste services.
20. A net underspend of £195k is reported across Social Care budgets, the Month 9 favourable movement of £195k linked to increased staffing underspends. There are a number of variances in the position including pressures relating to delays in securing additional health contributions towards placements meeting both social care and health needs, alongside the deficit on Early Years Centres transferred from the schools budget. These are being offset through additional Troubled Families Grant, settlement of a long running case in the Council's favour and more efficient use of the Better Care Fund.

21. The Council is permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £2,733k for such costs, which will remain under review over the remainder of the year and have been excluded from reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

### Progress on Savings

22. The savings requirement for 2019/20 is £6,609k. In addition, there are savings of £700k brought forward from 2018/19 which gives an overall total of £7,309k. Within this position there are £832k of funding requirements, covering Troubled Families, Fleet and Parking Services. For reporting from Month 4 onwards the savings have been adjusted to remove the £832k of funding requirements, giving a restated gross savings target of £8,141k with the aim of improving the transparency on the progress of savings.
23. Of this sum £7,891k are either banked or on track for delivery in full during 2019/20. £250k savings are in the early stages of delivery or potentially subject to greater risk to delivery, however, ultimately all £8,141k is expected to be delivered in full, with any items with potential issues being covered by alternative in-year savings proposals and management actions. This represents an improvement on the position at Month 8, with £712k moving from on track to being banked, and £620k moving from early stage of delivery to on track for delivery.

**Table 3: Savings Tracker**

2019/20 General Fund Savings Programme	CEOs	Finance	Residents Services	Social Care	Cross-Cutting	Total 2019/20 Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	%
B Banked	(387)	(501)	(1,601)	(2,369)	(1,932)	<b>(6,790)</b>	<b>83.40%</b>
G On track for delivery	0	(229)	(95)	(554)	(223)	<b>(1,101)</b>	<b>13.52%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	0	0	(250)	<b>(250)</b>	<b>3.07%</b>
R Serious problems in the delivery of the saving	0	0	0	0	0	<b>0</b>	<b>0.00%</b>
<b>Total 2019/20 Savings</b>	<b>(387)</b>	<b>(730)</b>	<b>(1,696)</b>	<b>(2,923)</b>	<b>(2,405)</b>	<b>(8,141)</b>	<b>100.00%</b>

### Corporate Operating Budgets

24. Corporate Operating Budgets are currently forecasting a £606k favourable variance, which is a favourable movement of £3k on the Month 8 position with the Housing Benefit Subsidy continuing to be forecast to budget. In addition to the favourable position on Corporate Operating Budget, Corporate Funding has a £2k favourable variance. Included in this report are updates to the unallocated growth, inflation and savings budgets.
25. As a result of anticipated capital expenditure and associated borrowing being slipped from 2018/19, alongside proactive use of capital grants and alternative funding, a £288k underspend is reported on the revenue costs of debt financing. An ongoing review of the Council's balance sheet has identified up to £357k of historic credit balances, which are expected to be written



on during 2019/20, delivering a one-off windfall underspend. Housing Benefit remains on budget with no variance being reported. No material variances are reported across the remainder of Corporate Budgets, with a headline underspend of £606k.

**Table 4: Corporate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0
7,777	0		Non-Sal Exp	7,777	7,489	(288)	(286)
(87)	0		Income	(87)	(47)	40	40
<b>7,690</b>	<b>0</b>		<b>Sub-Total</b>	<b>7,690</b>	<b>7,442</b>	<b>(248)</b>	<b>(246)</b>
490	0	Levies and Other Corporate Budgets	Salaries	490	492	2	(4)
12,570	0		Non-Sal Exp	12,570	12,567	(3)	4
(12,289)	0		Income	(12,289)	(12,646)	(357)	(357)
<b>771</b>	<b>0</b>		<b>Sub-Total</b>	<b>771</b>	<b>413</b>	<b>(358)</b>	<b>(357)</b>
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0
147,629	0		Non-Sal Exp	147,629	147,629	0	0
(148,654)	0		Income	(148,654)	(148,654)	0	0
<b>(1,025)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(1,025)</b>	<b>(1,025)</b>	<b>0</b>	<b>0</b>
<b>7,436</b>	<b>0</b>	<b>Total Corporate Operating Budgets</b>		<b>7,436</b>	<b>6,830</b>	<b>(606)</b>	<b>(603)</b>

## Development & Risk Contingency

26. For 2019/20 £12,863k was set aside to manage uncertain elements of budgets within the Development & Risk Contingency, which included £12,031k in relation to specific risk items and £832k as General Contingency to manage unforeseen issues. With £2,789k release to service budget £10,074k remains available to manage the full range of issues facing the council. As at Month 9, a £694k underspend is reported against this sum, representing a £228k improvement on Month 8.

**Table 5: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,072	0	Residents Services	Impact of Welfare Reform on Homelessness	1,072	682	(390)	(328)	(62)
1,972	(772)		Waste Disposal Levy & Associated Contracts	1,200	19	(1,181)	(781)	(400)
0	0		Development Control - Major Applications	0	571	571	300	271
0	0		Housing Legal Challenges	0	450	450	0	450
1,885	0	Social Care	Asylum Service	1,885	700	(1,186)	(940)	(245)
3,273	(403)		Demographic Growth - Looked After Children	2,870	2,748	(122)	(267)	145
1,017	(367)		Demographic Growth - Children with Disabilities	650	895	245	282	(36)
277	0		Social Worker Agency Contingency	277	221	(56)	(56)	0
997	(259)		SEN transport	738	1,875	1,137	1,237	(100)
1,938	(988)		Demographic Growth - Adult Social Care	950	1,700	750	750	0
0	0		Additional BCF Income	0	(331)	(331)	(331)	0
(400)	0	Corp. Items	Additional Investment Income	(400)	(400)	0	0	0
832	0		General Contingency	832	250	(582)	(332)	(250)
<b>12,863</b>	<b>(2,789)</b>	<b>Total Development &amp; Risk Contingency</b>		<b>10,074</b>	<b>9,380</b>	<b>(694)</b>	<b>(466)</b>	<b>(228)</b>

27. Within Residents Services, Development Risk and Contingency is showing a reported underspend of £550k, a movement of £258k from Month 8 primarily linked to Development Control Income shortfall requiring a £571k call on contingency, a £271k movement in Month 9 and Housing Legal Challenges £450k being declared as a call on contingency. These are being offset by waste disposal costs reporting a £400k reduction in the call on contingency. The overall underspend includes £390k in relation to lower homelessness costs from reduced reliance upon Bed and Breakfast accommodation and a £330k rebate from the West London waste Authority.
28. Within Social Care there is forecast a £1,186k reduced call on contingency in Asylum Service due to an uplift in grant income following a Home Office review of funding rates and the Month 9 favourable movement of £245k of increased income relating to rental income as more UASC contribute towards their rental costs. There was significant growth built into the Looked After Children budget in 2019/20 and this has seen an adverse movement in Month 9, which still delivers an underspend of £122k against contingency. The demand has remained stable,

however there is an increased cost of Semi-Independent placements. There has been a minor improvement in position for Children with Disabilities of £36k in Month 9.

29. Social Worker Agency Contingency has a £221k call on contingency, £56k less than budget, reflecting assumed recruitment to permanent posts and changes to agency arrangements. Adult Placements has a £1,700k call on contingency, which is £750k over contingency budget. This reflects the increase in the number of placements particularly in Mental Health. This position is partially funded through a contribution to contingency from additional Better Care Fund grant announced in July 2019.
30. SEN Transport is reporting a £1,875k call on contingency, £1,137k higher than the budgeted amount. This is reflecting the continued growth in the number of children that have an Education, Health and Care Plan (EHCP), which is currently running at approximately 11%, and is reflected in the MTFE for 2020/21.
31. The above specific calls on contingency result in a net underspend of £112k, with a further £582k underspend projected against General Contingency to deliver an overall favourable variance of £694k. Within this position there remains £250k General Contingency available to respond to emerging risks and issues, which is not required would further improve General Balances at outturn.

### **Unallocated Priority Growth and HIP Initiatives**

32. There was a budget of £250k Unallocated Priority Growth in 2019/20, following allocation of £40k for CCTV in the Borough and £60k for Little Britain Lake Patrol Officers, there remains £150k available to support investment in services. There is £200k of HIP Initiative funding included in the 2019/20 budget, funded from Earmarked Reserves, which is supplemented by £718k brought forward balances, to provide total resources of £918k. £342k of projects have been approved for funding from HIP resources, with £104k underspend relating to projects completed in 2018/19, there is £680k available for future releases.

### **Schools Budget**

33. At Month 8 the Dedicated Schools Grant position is an in-year overspend of £5,160k. This is an adverse movement of £81k on the Month 8 position with the overspend being predominantly due to increasing pressures in the cost of High Needs. The High Needs Block is now funding Early Support Funding with a current forecast of £400k in year. The total deficit carry forward is currently forecast at £13,652k, which almost entirely relates to the widely publicised funding shortfall for High Needs and SEND provision.

### **Collection Fund**

34. A £459k surplus is reported against the Collection Fund at Month 9, which is made up of a £39k deficit on Council Tax and a £498k surplus on Business Rates. The reported variance is primarily driven by the brought forward surplus on Business Rates with no material movements in 2019/20. This surplus will be released to support the 2020/21 General Fund budget.

### **Housing Revenue Account**

35. The Housing Revenue Account is currently forecasting a £42k favourable position, a £10k improvement from Month 8, resulting in a drawdown of reserves of £1,203k. This results in a projected 2019/20 closing HRA General Balance of £17,057k. The use of reserves is funding investment in new housing stock.

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

36. Appendix D to this report outlines the forecast outturn on the 2019/20 to 2023/24 Capital Programme, with a balanced position over the five-year programme. Alongside marginal variances on Government Grant income and Capital Receipts, Prudential Borrowing is projected to be £745k lower than budgeted. The reduction in the borrowing requirement would result in a £40k per annum saving to revenue, which represents a minor variance when set in the context of the current MTFF position on capital financing costs.

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

### CHIEF EXECUTIVE'S OFFICE

37. The overall position for Chief Executive's Office at Month 9 is a forecast pressure of £4k. This position is an adverse movement of £5k relating primarily to a shortfall on the income target within the Registrars service.
38. Income across the Group will continue to be closely monitored following statutory uplifts to existing fees and charges at the start of the financial year as well as the introduction of new fees within Democratic Services, to further determine the impact of the changes upon demand.

**Table 6: Chief Executive's Office Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,479	0	Democratic Services	Salaries	1,479	1,492	13	15	(2)
1,721	1		Non-Sal Exp	1,722	1,703	(19)	(16)	(3)
(701)	(1)		Income	(702)	(693)	9	(6)	15
<b>2,499</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,499</b>	<b>2,502</b>	<b>3</b>	<b>(7)</b>	<b>10</b>
1,900	(146)	Human Resources	Salaries	1,754	1,781	27	33	(6)
830	145		Non-Sal Exp	975	983	8	7	1
(230)	0		Income	(230)	(253)	(23)	(23)	0
<b>2,500</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>2,499</b>	<b>2,511</b>	<b>12</b>	<b>17</b>	<b>(5)</b>
2,124	0	Legal Services	Salaries	2,124	2,110	(14)	(13)	(1)
56	0		Non-Sal Exp	56	59	3	2	1
(276)	0		Income	(276)	(276)	0	0	0
<b>1,904</b>	<b>0</b>		<b>Sub-Total</b>	<b>1,904</b>	<b>1,893</b>	<b>(11)</b>	<b>(11)</b>	<b>0</b>
5,503	(146)	Chief Executive's Office Directorate	Salaries	5,357	5,383	26	35	(9)
2,607	146		Non-Sal Exp	2,753	2,745	(8)	(7)	(1)
(1,207)	(1)		Income	(1,208)	(1,222)	(14)	(29)	15
<b>6,903</b>	<b>(1)</b>		<b>Total</b>	<b>6,902</b>	<b>6,906</b>	<b>4</b>	<b>(1)</b>	<b>5</b>

## FINANCE

39. The overall position for Finance at Month 9 is a forecast underspend of £52k due mainly to the benefit of additional external grant funding for revenues inspections and Fleet asset disposals partly offset by increased expenditure within the Fleet Service. This position is in line with that reported throughout the year.

**Table 7: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service		Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
				Revised Budget £'000	Forecast Outturn £'000			
6,021	37	Exchequer and Business Assurance Services	Salaries	6,058	6,018	(40)	(52)	12
3,505	12		Non-Sal Exp	3,517	3,542	25	42	(17)
(2,683)	(174)		Income	(2,857)	(2,933)	(76)	(76)	0
<b>6,843</b>	<b>(125)</b>		<b>Sub-Total</b>	<b>6,718</b>	<b>6,627</b>	<b>(91)</b>	<b>(86)</b>	<b>(5)</b>
1,743	0	Procurement	Salaries	1,743	1,712	(31)	(20)	(11)
3,243	8		Non-Sal Exp	3,251	3,361	110	105	5
(93)	(1)		Income	(94)	(155)	(61)	(68)	7
<b>4,893</b>	<b>7</b>		<b>Sub-Total</b>	<b>4,900</b>	<b>4,918</b>	<b>18</b>	<b>17</b>	<b>1</b>
3,724	4	Corporate Finance	Salaries	4,119	4,119	0	1	(1)
136	93		Non-Sal Exp	437	480	43	44	(1)
(170)	0		Income	(445)	(467)	(22)	(21)	(1)
<b>3,690</b>	<b>97</b>		<b>Sub-Total</b>	<b>4,111</b>	<b>4,132</b>	<b>21</b>	<b>24</b>	<b>(3)</b>
489	(98)	Pensions, Treasury & Statutory Accounting	Salaries	0	0	0	0	0
208	0		Non-Sal Exp	0	0	0	0	0
(275)	0		Income	0	0	0	0	0
<b>422</b>	<b>(98)</b>		<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
11,977	(57)	Finance Directorate	Salaries	11,920	11,849	(71)	(71)	0
7,092	113		Non-Sal Exp	7,205	7,383	178	191	(13)
(3,221)	(175)		Income	(3,396)	(3,555)	(159)	(165)	6
<b>15,848</b>	<b>(119)</b>		<b>Total</b>	<b>15,729</b>	<b>15,677</b>	<b>(52)</b>	<b>(45)</b>	<b>(7)</b>

## RESIDENTS SERVICES

40. Residents Services directorate is showing a projected outturn overspend of £62k at Month 9, excluding pressure areas that have identified contingency provisions. The overall variance is a result of pressures across Residual Education and ICT partially netted down by an underspend in Administrative, Technical and Business Services.

**Table 8: Residents Services Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
17,619	(43)	Infrastructure, Waste and ICT	Salaries	17,576	17,663	87	302	(215)
32,237	772		Non-Sal Exp	33,009	33,504	495	154	341
(10,590)	(58)		Income	(10,648)	(10,826)	(178)	(45)	(133)
<b>39,266</b>	<b>671</b>		<b>Sub-Total</b>	<b>39,937</b>	<b>40,341</b>	<b>404</b>	<b>411</b>	<b>(7)</b>
19,221	862	Housing, Environment, Education, Health & Wellbeing	Salaries	20,083	20,007	(76)	(2)	(74)
24,490	337		Non-Sal Exp	24,827	25,091	264	235	29
(18,024)	(927)		Income	(18,951)	(18,833)	118	65	53
<b>25,687</b>	<b>272</b>		<b>Sub-Total</b>	<b>25,959</b>	<b>26,265</b>	<b>306</b>	<b>298</b>	<b>8</b>
4,324	25	Planning, Transportation & Regeneration	Salaries	4,349	4,274	(75)	(17)	(58)
1,240	174		Non-Sal Exp	1,414	1,508	94	76	18
(4,534)	(206)		Income	(4,740)	(4,727)	13	(3)	16
<b>1,030</b>	<b>(7)</b>		<b>Sub-Total</b>	<b>1,023</b>	<b>1,055</b>	<b>32</b>	<b>56</b>	<b>(24)</b>
13,486	50	Administrative, Technical & Business Services	Salaries	13,536	13,158	(378)	(368)	(10)
3,865	(28)		Non-Sal Exp	3,837	3,908	71	62	9
(10,818)	(122)		Income	(10,940)	(11,313)	(373)	(367)	(6)
<b>6,532</b>	<b>(100)</b>		<b>Sub-Total</b>	<b>6,433</b>	<b>5,753</b>	<b>(680)</b>	<b>(673)</b>	<b>(7)</b>
54,650	894	<b>Residents Services Directorate</b>	Salaries	55,544	55,102	(442)	(85)	(357)
61,832	1,255		Non-Sal Exp	63,087	64,011	924	527	397
(43,966)	(1,313)		Income	(45,279)	(45,699)	(420)	(350)	(70)
<b>72,515</b>	<b>836</b>		<b>Total</b>	<b>73,352</b>	<b>73,414</b>	<b>62</b>	<b>92</b>	<b>(30)</b>

41. The Council's 2019/20 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. At Month 9, projected calls on contingency are forecast to be £550k less than the budgeted provision, a £258k favourable movement from Month 8. The following table shows the breakdown for each contingency item.

**Table 9: Development and Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Month 9		Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,072	0	Impact of Welfare Reform on Homelessness	1,072	682	(390)	(328)	(63)
1,972	(772)	Waste Disposal Levy & Associated Contracts	1,200	19	(1,181)	(781)	(400)
0	0	Development Control – Income	0	571	571	300	271
0	0	Housing Legal Challenges	0	450	450	0	450
<b>3,044</b>	<b>(772)</b>	<b>Current Commitments</b>	<b>2,272</b>	<b>1,722</b>	<b>(550)</b>	<b>(808)</b>	<b>258</b>

42. The Month 9 data in the table below shows the use of Temporary Accommodation. The first 3 months of the financial year saw an increase in the number of Households in higher cost Bed & Breakfast placements, continuing the trend from quarter four of 2018/19. At Month 9, there has been a reduction in the use of Temporary Accommodation from the high recorded at the end of quarter 1. The total number accommodated in Bed and Breakfast is still currently higher than budgeted for in 2019/20, however, management actions to meet the targets continue to be implemented.

**Table 10: Housing Needs performance data**

	October 19	November 19	December 19
All Approaches	263	238	180
Full Assessment Required	183	168	126
New into Temporary Accommodation (Homeless and Relief)	23	37	36
Households in Temporary Accommodation	435	429	421
Households in B&B	144	139	138

43. As in previous years, a contingency has been set aside in 2019/20 to resource the procurement of Private Sector placements or the need for Temporary Accommodation in the borough. The call on contingency relating to homelessness is forecast at £682k, £390k below the budgeted provision. The service is forecasting the number of clients in B&B accommodation will average 157 over the financial year. A planned reduction in numbers through increased non-cost prevention and move-on activity has resulted in a projected favourable outturn on accommodation budgets. The Month 9 position also reflects the benefit of reduced unit costs.
44. The Council will continue to closely monitor this risk, as following the introduction of the Homeless Reduction Act in April 2018, there are emerging pressures on the demand for Housing assistance. Specific funding is retained within an earmarked reserve to manage this risk.
45. The call on the Waste contingency is £19k, to fund estimated population driven increases in the cost of disposal via the West London Waste Authority (WLWA) levy and associated waste disposal contracts. This reflects a reduction of £1181k compared with budget, comprising the following elements:
- The WLWA has disbursed excess reserves to boroughs, with Hillingdon having received £331k at the end of July.



- The retendering of the Council's contract for the collection and processing of highways arising, bulky items and street litter has resulted in the appointment of a new supplier for that element relating to highways arisings and street sweepings, at a reduced cost.
  - Aggregate Pay as you Throw tonnage projections and other Waste Disposal Contract costs are now falling below budgeted levels.
46. Whilst market conditions are affecting sales prices for recyclables, impacting on costs of the Council's mixed dry recycling contract with Biffa (with some additional risk arising as a result of high contamination levels) and significant costs have been incurred in relation to fly tipping clearance and disposal, current projections indicate that these factors can be managed within the remaining contingency sum.
47. There was a marked downturn in volumes of major planning applications submitted to the Council during the first half of 2019/20, with income over this period £300k lower than that secured in the first half of 2018/19. This trend has continued in quarter three and is anticipated to continue into quarter four, with a further £271k pressure being reported for the second half of the year. It is unlikely that income over the remaining three months will be sufficient to offset this pressure and therefore additional pressure is reported against General Contingency. This major revenue stream will continue to be closely monitored over the remainder of this financial year.
48. The Housing Service has incurred significant legal costs defending challenges against the Housing Allocation Policy. Projected expenditure above budgeted levels is reported against General Contingency. The Allocation Policy has since been updated and this should mitigate the risk of further legal challenges.

**Infrastructure, Waste and ICT (£404k overspend, £7k favourable movement)**

49. At Month 9, there is a £404k forecast overspend, a favourable movement of £7k from Month 7 arising from a number of material variances across Waste, ICT and Highways, reflecting a combination of ongoing staffing and non-staffing pressures. The overall forecast encompasses a number of management actions, which will be closely monitored during the remainder of the financial year.
50. Earmarked reserve drawdowns totalling £385k are offsetting the gross pressure on Waste Services of £396k. The projected underlying pressure includes a staffing overspend of £802k due to additional agency usage within Street Cleansing, high levels of overtime and an unachievable managed vacancy factor owing to the need to cover permanent staff absences across front-line teams.
51. Overspends on refuse sacks, staff training costs and on public convenience costs owing to the timing of removal of several JCDecaux units are largely netted down by an underspend on the budget for a second CA site, given that the current monthly waste weekend operation increased to a weekly basis with effect from early January 2020 only. Offsetting the cost pressures is an anticipated £381k income over-achievement, largely reflecting buoyant trade tipping activity at the New Years Green Lane CA site.
52. The Highways overspend at Month 9 is £225k, largely resulting from staffing pressures associated with unachievable vacancy factor (staff turnover levels being very low) and a

shortfall in London Permit Scheme income, the service having reported that levels of major permit applications from utility companies have decreased.

53. ICT is reporting a net overspend of £130k. There is a forecast pressure on contract costs of £419k, though this is partly netted down by a £290k staff costs underspend, due to vacancies and recruitment delays whilst the service progresses a recently approved restructure and more general staff turnover. The service continues to review contracts and the impact of the cloud migration in order to manage down the net pressure.

#### **Housing, Environment, Education, Health & Wellbeing (£306k overspend, £8k adverse movement)**

54. At Month 9 there is an overspend position of £306k across the service, primarily from pressures within the Residual Education function and Greenspaces.
55. Green Spaces is showing a forecast overspend against budget of £27k at month 9, including a drawdown of £7k earmarked reserve from the Youth Fund and capitalisation of transformation costs £11k. Non staffing pressures are driven by the delay in the planned closure of Ruislip Golf from May to September when the next phase of HS2 works commences, in addition there are pressure in grounds maintenance for equipment maintenance and repair. The position is mitigated by additional income and HS2 compensation at Ruislip Golf course, under spends from hard to recruit vacant posts within Youth Centres, and forecast income to exceed targets at Battle of Britain Bunker and Visitor Center.
56. There is a £266k pressure within the Residual Education service, a £29k favourable movement from Month 8. The delivery of these functions is currently being reviewed as part of a BID workstream.
57. The Housing Options, Homelessness and Standards team is projecting an overspend of £42k, an adverse movement of £28k from Month 8. The movement is a result of reduced enforcement income.

#### **Planning, Transportation & Regeneration (£32k overspend, £24k improvement)**

58. During 2019/20, external consultants have been commissioned to provide legal and other specialist technical support where posts have been vacant, accounting for the adverse variance across staffing and non-staffing expenditure of £56k. With the exception of Development Control income where a shortfall is reported against General Contingency, there are no material variances on income across the service.

#### **Administrative, Technical & Business Services (£680k underspend, £7k improvement)**

59. There is an overall improvement of £7k across the service in Month 9. This is as a result of a £52k favourable movement within staffing, mainly across Tech Admin and a £4k favourable movement in Contact Centre agency projections, partly offset by revised agency assumptions to the end of the financial year including £20k in Parking Services and £29k in Food Health and Safety. Income forecasts are holding steady on the Month 8 forecast position.

## SOCIAL CARE (£383k underspend, £195k improvement)

60. Social Care is projecting an underspend of £383k as at Month 9, an improvement of £195k on the Month 8 projections, largely due to a reduction in staffing costs across the service. However, within this position, there are some offsetting larger movements including; a projected underspend in Children's Services staffing costs, additional Troubled Families Grant income through improved Payment by Results submissions and a projected reduction in income from the CCG relating to a number of clients previously fully funded by the CCG for Continuing Health Care needs.
61. This position also includes a number of ongoing pressures, which are being managed by the Service. These relate to; a £629k net pressure in the running costs of the Early Years Centres, ongoing pressures on the cost of Legal Counsel, the provision of Temporary Accommodation for Section 17 cases and the above inflation increase in the cost of agency staff in the SEN Transport Service in both 2018/19 and 2019/20.

**Table 11: Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
18,442	(1,201)	Children's Services	Salaries	17,241	16,899	(563)	(283)	(280)
17,704	1,087		Non-Sal Exp	18,791	19,403	833	647	186
(7,656)	(30)		Income	(7,686)	(8,380)	(694)	(755)	61
<b>28,490</b>	<b>(144)</b>		<b>Sub-Total</b>	<b>28,346</b>	<b>27,922</b>	<b>(424)</b>	<b>(391)</b>	<b>(33)</b>
2,051	(652)	SEND	Salaries	1,399	1,603	204	126	78
186	272		Non-Sal Exp	458	545	87	85	2
(427)	337		Income	(90)	(241)	(151)	(150)	(1)
<b>1,810</b>	<b>(43)</b>		<b>Sub-Total</b>	<b>1,767</b>	<b>1,907</b>	<b>140</b>	<b>61</b>	<b>79</b>
7,720	171	Adult Social Work	Salaries	7,891	7,874	(17)	127	(144)
72,847	247		Non-Sal Exp	73,094	73,109	15	(550)	565
(21,829)	722		Income	(21,107)	(20,583)	524	1,105	(581)
<b>58,738</b>	<b>1,140</b>		<b>Sub-Total</b>	<b>59,878</b>	<b>60,400</b>	<b>522</b>	<b>682</b>	<b>(160)</b>
18,286	116	Provider and Commissioned Care	Salaries	18,402	17,560	(842)	(786)	(56)
11,525	626		Non-Sal Exp	12,151	13,067	916	922	(6)
(3,496)	(273)		Income	(3,769)	(4,464)	(695)	(676)	(19)
<b>26,315</b>	<b>469</b>		<b>Sub-Total</b>	<b>26,784</b>	<b>26,163</b>	<b>(621)</b>	<b>(540)</b>	<b>(81)</b>
46,499	(1,566)	Social Care Directorate Total	Salaries	44,933	43,936	(997)	(816)	(181)
102,262	2,232		Non-Sal Exp	104,494	106,124	1,630	1,104	526
(33,408)	756		Income	(32,652)	(33,668)	(1,016)	(476)	(540)
<b>115,353</b>	<b>1,422</b>		<b>Sub-Total</b>	<b>116,775</b>	<b>116,392</b>	<b>(383)</b>	<b>(188)</b>	<b>(195)</b>

**SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£437k overspend, £237k Improvement)**

62. The Council's 2019/20 Development and Risk Contingency includes provisions for areas of expenditure within Social Care for which there is a greater degree of uncertainty and relates to in-year demographic changes across Adults and Children's, including Asylum Seekers and SEN Transport. Table 12 sets out the Month 9 projected position for the Development and Risk Contingency, which is reporting a pressure of £437k, an improvement of £237k on the Month 8 position due to an increase in the call on contingency for Demographic Growth and a reduced call on contingency for Asylum and SEN Transport.
63. The overspend is due to pressures in the cost of Adult placements, where there is growth across Older People and Mental Health placements. The service have put in place a range of management action, including a further review of all high cost placements, a review of all of the block contracts to maximise occupancy rates and a review of all external income. Additionally, the service are also experiencing a significant and growing pressure in SEN Transport requirements, where more single occupancy or lower occupancy routes are being required, due to a continued high level of growth in the number of children that have an Education, Health and Care Plan, most of whom cannot be placed in local schools as they are at full capacity. This reflects the growing pressure that is also being reported in the Dedicated Schools Grant Month 9 position later in this report.

**Table 12: Social Care Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,885	0	Asylum Service	1,885	700	(1,186)	(940)	(245)
3,273	(403)	Demographic Growth - Looked After Children	2,870	2,748	(122)	(267)	145
1,017	(367)	Demographic Growth - Children with Disabilities	650	895	245	282	(36)
277	0	Social Worker Agency Contingency	277	221	(56)	(56)	0
997	(259)	SEN Transport	738	1,875	1,137	1,237	(100)
1,938	(988)	Demographic Growth - Adult Social Care	950	1,700	750	750	0
0	0	Additional BCF Income	0	(331)	(331)	(331)	0
<b>9,387</b>	<b>(2,017)</b>	<b>Current Commitments</b>	<b>7,370</b>	<b>7,807</b>	<b>437</b>	<b>674</b>	<b>(237)</b>

**Asylum Service (£1,886k underspend, £245k favourable movement)**

64. The service is projecting a drawdown of £940k from the contingency as at Month 9, an improvement of £245k on the Month 8 position which is due to the service tightening up processes and controls, resulting in an increase in the level of rental income being paid as more UASC contribute towards their rental costs (where they can afford to do so), an increase in the level of grant funding, where there has been an agreed increase in the funding rate for all UASC aged 16 to 17, which has been increased from £91 per day to £114 per day with effect from 1 April 2019 and better use of the block contracts.

### **Demographic Growth - Looked After Children (£164k underspend, £103k adverse movement)**

65. The service is projecting a drawdown of £2,748k from the Contingency, an underspend of £122k as at Month 9, an adverse movement of £145k on the Month 8 position, primarily as a result of an increase in the cost of Semi-Independent placements, with the number of Looked After Children remaining quite stable. However, this budget can be very volatile, due to the requirement for the service to place children in Residential placements and it is evident that the length of stay in a Residential placement has increased, where most are now likely to be in their placement for a year or more. In order to try to mitigate significant increases in costs, the service are placing children in Council run Children's Homes, where no other viable option is available, thereby reducing the need to place in out of borough high cost residential placements.
66. The service continues to monitor this position through regular reviews of individual cases, and where possible children are stepped down when it is safe to do so. Additionally, the service has implemented new ways of working, with the use of a grant of £400k, to support vulnerable children and prevent them from entering the care system. Early Indications are that this is having a significant impact on supporting young people and families to remain in their existing environment rather than being brought into the care system.

### **Demographic Growth – Children with Disabilities (£245k overspend, 36k favourable)**

67. The service is projecting a drawdown of £895k from the Contingency as at Month 9, an adverse movement of £36k on the Month 8 position. The service is having to support an increase in the number of cases that have more complex needs, which in most cases, require a residential placement or more respite care. As a result, the service is planning a major review of the support being provided and the range of services on offer for Children with Disabilities, to identify opportunities to reduce the cost of placements. A number of new initiatives have been introduced, including more respite care over the school holidays and weekends.

### **Social Worker Agency (Children's) (£56k underspend, no change)**

68. The service is projecting a drawdown of £221k from the contingency as at Month 9, no change on the Month 8 position. The underspend reported reflects a reduced use of agency staff, where the cost has reduced by £1,034k when compared to the 2018/19 outturn position.
69. However, the service continue to have a number of vacancies, which are being covered by agency staff, where the cost is approximately £18k higher than a permanent member of staff, reflecting that the recruitment of Social Workers continues to be very competitive.
70. At its meeting on 22 July 2019, Cabinet agreed to enter into a contract with Sanctuary Ltd for a specialist agency provision for qualified Social Workers and SEND staff. Based on the new rates proposed in this new contract, the premium cost of an agency worker reduces from an average of approximately £18k to £13k. This position will be closely monitored as the Social Care market remains highly competitive.

### **Demographic Growth - SEN Transport (£1,137k overspend, £100k improvement)**

71. The service is projecting a drawdown of £1,875k from the SEN Transport contingency as at Month 9, an improvement of £100k on the Month 8 position, as the service continues to take management action to review the use of Passenger Assistants and continually monitors route planning. The overspend reported reflects the continued growth in the number of children that have an Education, Health and Care Plan (EHCP), which is currently running at approximately

11% (the actual growth between March 2019 and November 2019 was 197, an increase of 8.4% over that period) and having a major financial impact on the Dedicated Schools Grant budget.

72. Additionally, it is becoming more challenging to avoid having to procure single occupancy or lower occupancy routes, as children are having to be placed in out of borough placements. These are predominantly Independent and Non Maintained Special Schools as local provision is at full capacity, as is most other local authority provision, given that they are experiencing significant and continued growth in the number of pupils with an EHCP. The latest data indicates that 17 children started a new placement in an Independent or Non-maintained special school in September 2019, where these children have not been able to be placed on an existing route.

#### **Demographic Growth - Adult Social Care (£750k overspend, no change)**

73. The service is projecting a drawdown of £1,700k from the Adult Social Care contingency, an overspend of £750k as at Month 9, no change on the Month 8 position. The overspend is due to pressures in the cost of Adult placements, where there is an emerging growth across Older People and Mental Health placements. The service have put in place a range of management action, including a further review of all high cost placements, a review of all of the block contracts to maximise occupancy rates and a review of all external income, to mitigate some of the gross pressure emerging.

#### **Additional Better Care Fund Income (£331k, no movement)**

74. Additional Better Care Fund Income of £331k is being reflected in the contingency position for Social Care, to enable Social Care to manage the pressures outlined.

#### **SOCIAL CARE DIRECTORATE OPERATING BUDGETS (£383k underspend, £195k improvement)**

##### **Children's Services (£424k underspend, £33k improvement)**

75. The service is projecting an underspend of £424k, as at Month 9, an improvement of £33k on the Month 8 position. The improvement in the staffing (£280k) and adverse movement in non-staffing (£186k) relates to a statutory requirement to re-provision adoption services from an in-house service to contracted expenditure through the Regional Adoption Agency, with the net improvement (£94k) relating to the delay in the contract start date. This favourable movement has been offset by a £61k reduction in Section 17 income related to historical debt. The salary budget is projecting an underspend of £563k, which reflects the success of the recruitment of newly qualified Social Workers and less reliance on agency staff. However, the service are still having difficulties recruiting and retaining Senior Social Workers and will explore the best approach to addressing this over the coming months.

##### **Special Educational Needs & Disabilities (£140k overspend, £79k adverse movement)**

76. The service is projecting an overspend of £140k as at Month 9, an adverse movement of £80k on the Month 8 position.. The overspend is due to the service having to employ agency staff to cover a number of critical roles in the SEND Team, as the service is coming to the end of recruitment to the new staffing structure.

##### **Adult Social Work (£552k overspend, £160k improvement)**

77. The service is projecting an overspend of £522k as at Month 9, a favourable movement of £161k on the Month 8 position, due to an in depth review of staffing costs. The overspend includes the impact of a reduction in the amount of income that the Council will receive from a

number of clients funded fully or partially from the CCG. There are a number of clients previously meeting the Continuing Health Care (CHC) threshold, where a recent assessment has indicated that these clients no longer meet the CHC criteria, but are now funded under other less generous health funding mechanisms. Additionally, a review of all S117 clients (including those not previously funded by the CCG), has indicated that there will be a shortfall in the additional income generated when compared to the saving proposal. However, it has been agreed that this shortfall can be covered by implementing the new approach to managing the Better Care Fund capital grant.

**Provider and Commissioned Care (£621k underspend, £81k improvement)**

78. The service is projecting an underspend of £621k as at Month 9, an improvement of £81k on the Month 8 position. However, it should be noted that this position includes a projected overspend of £650k on the Early Years Centres and an overspend of £194k on SEN Transport agency staffing costs, which is being mitigated by underspends across the Children's Centres, the cost of catering and through implementing a new approach to managing the Better Care Fund capital grant, where the reported position reflects a £919k positive revenue impact in 2019/20.

## Appendix B – Other Funds

### SCHOOLS BUDGET

#### Dedicated Schools Grant (£5,160k overspend, £81k adverse)

79. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £5,160k at Month 9, an adverse movement of £81k on the Month 8 position. This overspend is due to continuing pressures in the cost of High Needs placements, where growth remains at between 10% and 11%. Where pupils cannot be placed in borough, as local provision is at capacity, they are now more likely to be placed in more costly, Independent and Non Maintained Special Schools. This growing pressure is also evident in the cost of SEN Transport. When the £8,492k deficit brought forward from 2018/19 is taken into account, the cumulative deficit carry forward to 2020/21 is £13,652k.

**Table 13: DSG Income and Expenditure 2019/20**

Original Budget	Budget Changes	Funding Block	Month 9			Variance	
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (at Month 8)	Change from Month 8
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(278,655)	(414)	<b>Dedicated Schools Grant Income</b>	(279,069)	(279,069)	0	0	0
215,155	0	<b>Schools Block</b>	215,155	215,077	(78)	(78)	0
24,821	107	<b>Early Years Block</b>	24,928	24,872	(56)	(56)	0
3,173	14	<b>Central School Services Block</b>	3,187	3,932	745	747	(2)
35,506	293	<b>High Needs Block</b>	35,799	40,348	4,549	4,466	83
<b>0</b>	<b>0</b>	<b>Total Funding Blocks</b>	<b>0</b>	<b>5,160</b>	<b>5,160</b>	<b>5,079</b>	<b>81</b>
0	0	Balance Brought Forward 1 April 2018	8,492	8,492			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2019</b>	<b>8,492</b>	<b>13,652</b>			

#### Dedicated Schools Grant Income (no variance, no movement)

80. The DSG has been adjusted to reflect the actual uptake of the free entitlement for eligible two, three and four year olds. This adjustment was based on the January 2019 census and includes a retrospective change to the 2018/19 funding, as well as a recalculation of the 2019/20 Early Years block funding. This has resulted in an increase to the Early Years block allocation following an uptake in the number of eligible children accessing the additional hours free entitlement. There has also been an amendment to the High Needs block allocation following confirmation of the import/export adjustment for 2019/20 which updates funding to reflect the local authority in which pupils with SEND are resident.

#### Schools Block (£78k underspend, no movement)

81. The Schools Block includes all funding paid directly to mainstream schools as part of their delegated budget share, including the funding recouped by the ESFA and paid to mainstream academies.
82. There is also a growth contingency fund which is funded from the Schools Block. Schools that are expanding, in agreement with the local authority, to meet basic need pupil population growth, receive additional funding to provide financial recompense to schools throughout the relevant financial year to cover the cost of this agreed and planned growth.



83. Schools Forum took the decision to withhold growth contingency allocations for two schools due to insufficient projected pupil growth in September 2019. Based on projected Reception class numbers for September, it is therefore anticipated that there will be an underspend relating to this allocation, however, officers are still in negotiation with one school on the level of diseconomies of scale funding that is being requested, which could significantly affect this position.

#### **Early Years Block (£56k underspend, no change)**

84. Two year old funding has been adjusted to reflect the number of children accessing the free entitlement recorded on the January 2019 census. This has resulted in a decrease in funding of £140k relating to 2019/20. This potentially could cause an additional pressure in the Early Years block if the number of children accessing the free entitlement increases, as any funding adjustment will be based on numbers recorded in the January 2020 census.
85. The 3 and 4 year old funding for both the universal and the additional free entitlement has also been adjusted in July following the January 2019 census. As anticipated the funding allocation has increased as the number of children accessing the additional free entitlement has increased significantly over the past year. There was also a retrospective adjustment relating to 2018/19, however, this was lower than anticipated.

#### **Central School Services Block (£745k overspend, £2k favourable)**

86. The overspend is predominantly as the result of an increase in the number of placements of looked after children. These placements are generally high cost out of borough residential placements, and if the setting is providing education, a proportion of the cost is funded from the DSG.
87. There is also a projected overspend in relation to the number of young people accessing alternative provision. The local authority currently commissions fifty places at the in-borough alternative provision setting and the historic trend is for numbers at the start of the academic year to be below this number before gradually building up. Currently numbers are projected to be in excess of the commissioned number, resulting in an additional cost pressure. As a result of this, the local authority are working with the provider to review the number of commissioned places.
88. There is also a projected £10k overspend in the Admissions team, where the additional workload as a result of the growth in the secondary pupil population along with a secondment covering a maternity, has resulted in a cost pressure.

#### **High Needs Block (£4,549k overspend, £83k adverse)**

89. There continues to be significant pressure in the High Needs Block in 2019/20, with an overspend of £4,549k being projected at Month 9. The adverse movement from Month 8 follows a review of SEN placements where there was an expectation that health would make a contribution. The CCG have disputed a number of these contributions going back to 2016/17 and in several cases have not agreed to pay towards the placements and the projections have now been revised to reflect this.
90. It is becoming evident that the growth in the number of pupils with an EHCP is continuing to grow at a significant rate and it is becoming increasingly more difficult to place in borough as local provision is at full capacity. This then restricts the level of choice, where the Council is now having to place in Independent and Non Maintained Special Schools, who themselves are starting to reach full capacity.

91. Putting this into context, the latest SEN 2 Data analysis indicates that across England the number of pupils with a plan has grown from a baseline of 287,290 plans in 2016/17 to 353,995 plans in 2018/19, an increase of 66,705 plans over the two year period, equivalent to an increase of 23%. Additionally, the proportion of the pupil population that have a plan has increased from 3.31% in 2016/17 to 4.1% in 2018/19. There is an expectation that this trend will continue into 2019/20.
92. Due to a continuing lack of capacity in-borough and across other local authority provision, there is a requirement to place pupils in more costly school placements, with an increase in the number of children that commenced new placements in Independent special schools in the current academic year. This is resulting in significant additional pressure on the High Needs block. There is an expectation that this will become the only route that the Council will be able to take until more provision is created locally.
93. The new academic year has seen a further increase in the number of in-borough special schools that are now over their commissioned place number. Where a special school is over its planned place number there is a requirement to fund £10k per place plus the agreed top-up funding which is placing additional pressure on the High Needs block.
94. There was a further increase in the cohort of post-16 SEN placements in 2018/19. This increase is expected to continue in the current year and has also been factored in to the Month 8 projections.
95. There has been an increase in the number of mainstream schools applying for exceptional SEN funding to address the needs of pupils before and during the EHCP process. The increase is a consequence of the increasing complexity being seen in some cases with schools needing additional resource in order to maintain the placement in mainstream provision.
96. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Early Support Funding (ESF) as an alternative to the allocation of statutory funding for children with SEN who experience significant barriers to learning. This funding allows schools to access funding quicker to enable them to intervene early and have the greatest impact. The current projected spend on ESF in 2019/20 is £400k.

## COLLECTION FUND

97. A surplus of £459k is reported within the Collection Fund relating to a favourable position on Business Rates, which is predominantly driven by a carry forward surplus, alongside a small surplus within Council Tax. Any surplus realised at outturn will be available to support the General Fund budget in 2021/21.
98. The Council is participating in the 75% Business Rates Retention Pilot Pool for London, which provides scope for retaining additional growth while guaranteeing the level of income the Council would have received under the existing 50% Retention system. Business Rates projections below reflect this guaranteed minimum level of surplus, with any additional funds available from the pool to be captured separately in budget setting reports as appropriate.

**Table 16: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Revised Budget £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(125,113)	0	Council Tax	Gross Income	(125,113)	(125,360)	(247)	(335)	88
10,613	0		Council Tax Support	10,613	10,757	144	180	(36)
(734)	0		B/fwd Surplus	(734)	(592)	142	142	0
<b>(115,234)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(115,234)</b>	<b>(115,195)</b>	<b>39</b>	<b>(13)</b>	<b>52</b>
(110,633)	0	Business Rates	Gross Income	(110,633)	(111,408)	(775)	(742)	(33)
(5,286)	0		Section 31 Grants	(5,286)	(5,107)	179	192	(13)
51,960	0		Less: Tariff	51,960	51,960	0	0	0
8,549	0		Less: Levy	8,549	9,229	680	657	23
(302)	0		B/fwd Surplus	(302)	(884)	(582)	(582)	0
<b>(55,712)</b>	<b>0</b>	<b>Sub-Total</b>	<b>(55,712)</b>	<b>(56,210)</b>	<b>(498)</b>	<b>(475)</b>	<b>(23)</b>	
<b>(170,946)</b>	<b>0</b>	<b>Total Collection Fund</b>		<b>(170,946)</b>	<b>(171,405)</b>	<b>(459)</b>	<b>(488)</b>	<b>29</b>

99. At Month 9 a deficit of £39k is projected against Council Tax, which is an adverse movement of £52k from Month 8, the movement includes an adverse position reported against Gross Income of £88k, which is being driven by a smaller than forecast growth in the taxbase in December 2019, with a smaller improvement of £36k in Council Tax Support. A strong surplus against in year activity is being offset by the deficit of £142k relating to the brought forward surplus. In line with previous months, potential volatility in Discounts, Exemptions and the Council Tax Reduction Scheme continue to be closely monitored.
100. A £498k surplus is reported across Business Rates at Month 9, which is a favourable movement of £23k from Month 8, the movement is being driven by an improvement in Gross Rates, alongside a favourable movement across Section 31 Grants of £13k and an adverse movement in the pressure on the Levy Adjustment of £23k. Despite the recent movement, there remains a net surplus of £498k, which is driven by growth due to a number of new developments in the borough being brought into rating. Within this position, potential volatility in respect of Reliefs and Appeals continues to be closely monitored.

## Appendix C – HOUSING REVENUE ACCOUNT

101. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £1,203k, which is £42k more favourable than the budgeted position, with a small favourable movement of £1k on Month 8. The 2019/20 closing HRA General Balance is forecast to be £17,057k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area:

**Table 17: Housing Revenue Account**

Service	Month 9		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month8)	Movement from Month 8
	£'000	£'000	£'000	£'000	£'000
Rent Income	(56,186)	(55,434)	752	752	0
Other Income	(5,224)	(5,397)	(173)	(173)	0
<b>Net Income</b>	<b>(61,410)</b>	<b>(60,831)</b>	<b>579</b>	<b>579</b>	<b>0</b>
Housing Management	13,230	13,254	24	(8)	32
Tenant Services	4,411	4,561	150	165	(15)
Repairs	5,294	5,554	260	229	31
Planned Maintenance	4,255	3,200	(1,055)	(997)	(58)
Capital Programme Funding	18,820	18,615	(205)	(183)	(22)
Interest & Investment Income	15,385	15,590	205	183	22
Development & Risk Contingency	1,260	1,260	0	0	0
<b>Operating Costs</b>	<b>62,655</b>	<b>62,034</b>	<b>(621)</b>	<b>(611)</b>	<b>(10)</b>
<b>(Surplus) / Deficit</b>	<b>1,245</b>	<b>1,203</b>	<b>(42)</b>	<b>(32)</b>	<b>(10)</b>
General Balance 01/04/2019	(18,260)	(18,260)	0	0	0
<b>General Balance 31/03/2020</b>	<b>(17,015)</b>	<b>(17,057)</b>	<b>(42)</b>	<b>(32)</b>	<b>(10)</b>

### Income

102. As at Month 9 the rental income is forecast to under recover by £752k and other income is forecast to over recover by £173k, both showing nil movement on the Month 8 position.

103. The number of RTB applications received in the first nine months of 2019/20 was 130 compared to 121 for the same period in 2018/19, an increase of 7%. There have been 39 RTB completions in the first nine months of 2019/20 compared to 34 for the same period in 2018/19. The 2019/20 RTB sales forecast for the year has been reduced from 60 to 50 taking into account the 39 completed sales and the work in progress RTB sales currently with legal services.

### Expenditure

104. The Housing management service is forecast to overspend by £24k, an adverse movement of £32k on Month 8 due to the reduction in RTB sales administration income of £29k and £3k due to running costs.

105. Tenant services is forecast to overspend by £150k, an adverse movement of £15k on Month 8 due to increased forecast spend on running costs.

106. The repairs budget is forecast to overspend by £260k, an adverse movement of £31k on Month 8 due to increased forecast spend on specialist consultancy services £18k, overtime £5k and a reduction in forecast income of £8k. The planned maintenance budget is forecast to underspend by £1,055k, a favourable movement of £58k on Month 8 due to reduced forecast spend on surveys and works for subsidence £40k and gas maintenance £18k.
107. As at Month 9 the forecast for the capital programme funding is an underspend of £205k and this is funding the overspend on interest and investment income of £205k. This relates to the interest payable to MHCLG on the 2019/20 quarter 1 and quarter 3 repayable RTB 1-4-1 capital receipts, £183k and £22k respectively.
108. As at Month 9 there is nil movement compared to Month 8 on the capital programme funding, interest and investment income and the development and risk contingency budgets.

## HRA Capital Expenditure

109. The HRA capital programme is set out in the table below. The 2019/20 revised budget is £75,119k. The 2019/20 forecast expenditure is £49,135k with a net variance of £25,984k of which £24,984k is due to re-phasing and £1,000k due to a cost underspend. The net movement from Month 8 is a reduction of £1,151k due to an increase in the underspend of £741k and an increase in re-phasing of £410k.

**Table 18: HRA Capital Expenditure**

Programme	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance Forecast V Revised Budget	2019/20 Project Re-Phasing	Total Project Budget 2019-24	Total Project Forecast 2019-24	Total Project Variance 2019-24	Movement 2019-24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Major Projects (Note 1)</b>								
New General Needs Housing Stock	40,146	31,009	0	(9,137)	144,495	144,736	241	0
New Build - Shared Ownership	10,607	2,623	0	(7,984)	15,377	15,377	0	0
New Build - Supported Housing Provision	3,960	1,918	(500)	(1,542)	6,418	5,918	(500)	0
<b>Total Major Projects</b>	<b>54,713</b>	<b>35,550</b>	<b>(500)</b>	<b>(18,663)</b>	<b>166,290</b>	<b>166,031</b>	<b>(259)</b>	<b>0</b>
<b>HRA Programmes of Work</b>								
Works to stock programme	17,755	12,123	0	(5,632)	59,501	59,501	0	0
Major Adaptations to Property	2,489	1,300	(500)	(689)	10,204	9,704	(500)	(500)
ICT	162	162	0	0	162	162	0	0
<b>Total HRA Programmes of Work</b>	<b>20,406</b>	<b>13,585</b>	<b>(500)</b>	<b>(6,321)</b>	<b>69,867</b>	<b>69,367</b>	<b>(500)</b>	<b>0</b>
<b>Total HRA Capital</b>	<b>75,119</b>	<b>49,135</b>	<b>(1,000)</b>	<b>(24,984)</b>	<b>236,157</b>	<b>235,398</b>	<b>(759)</b>	<b>0</b>
Movement on Month 7	0	(1,151)	(741)	(410)	0	(500)	(500)	

**Note 1: see Annex A for a detailed breakdown of the major projects by scheme**

## Major Projects

110. The 2019/20 Major Projects programme revised budget is £54,713k after including GLA grant funding of £1,700k approved by Cabinet in November. Forecast expenditure is £35,550k, with a re-phasing of £18,663k and a cost underspend of £500k forecast in 2019/20, and a net underspend of £259k during the period 2019-2024.

## New General Needs Housing Stock

111. The 2019/20 General Needs Housing Stock revised budget is £40,146k. There is a forecast re-phasing of £9,137k across the General Needs programme partly due to the commencement of some projects being later than initially expected. There has been a decrease in re-phasing of forecasts of £1,604k compared to Month 8 mainly due to additional buybacks being completed in the current year to avoid the repayment of unused retained Right to Buy receipts along with interest. Furthermore there is a reduction in the cost overspend in 2019/20 as the appropriation cost of £241k for Bartram Close has been moved into 2020/21.
112. Construction works in respect of the redevelopment of Maple and Poplar Day Centres are expected to commence in June 2020 with some preliminary and design works taking place beforehand. A total of 34 units will be constructed comprising 50% general needs social housing and the remainder being shared ownership.
113. The main contractor and external consultants have been appointed for the redevelopment of the former Willow Tree depot into general needs housing. Construction works are expected to start in March.
114. Currently 50 buybacks have been approved, 44 in 2019/20 and 6 carried forward from 2018/19, with each acquisition at different stages of completion. The potential buybacks are estimated to cost up to £16,457k inclusive of stamp duty, legal fees & expected void repairs costs.
115. The forecast includes the approved purchase of 7 new properties on the Coleridge Way development for a combined acquisition cost of £3,289k. The legal exchange is now complete and deposit has been paid with the acquisition being completed in January 2020. Also included in the forecast is the 15% deposit of £1,307k for the acquisition of the freehold interest in a block of 28 units for use as a hostel and £584k for the acquisition of 2 new build apartments in Uxbridge.
116. A total budget of £5,665k has been allocated for the acquisition of 17 new build apartments over 3 sites. The acquisition of the 6 units at Meadowfield House and the 5 units at West End Road have now completed with the purchase of the 6 units at Otterfield Road completing in February 2020.

## New Build - Shared Ownership

117. The New Build Shared Ownership 2019/20 revised budget is £10,607k. The forecast expenditure is £2,623k with a projected re-phasing of £7,984k. This is predominantly stemming from the later than anticipated construction commencement date with respect to the Woodside and Belmore developments.
118. The new build shared ownership budget comprises schemes being delivered across five sites. These are expected to deliver 116 units in total.

## New Build - Supported Housing

119. The Supported Housing Programme comprises the build of 160 mixed client group units across three different sites. The approved scheme at Yiewsley is currently under review. The scheme at Parkview was handed over to the Council in October. Liquidated damages continue to be held against the contractor for delays with a legal adjudication process ongoing. Currently the total project costs are expected to come in within the revised budget pending any appeals from the contractor.

120. The scheme at Grassy Meadow requires further works to be carried out to the entrance to improve access for residents. The additional costs are expected to be covered by the budget set aside for project contingency, however inclusive of this the project is forecast to underspend by £500k.

### **HRA Programmes of Work**

121. The Works to Stock revised budget is £17,755k. The forecast expenditure is £12,123k with a re-phasing variance of £5,632k, across various work streams due to the validation, procurement and consultation timetables required to deliver these works.
122. The major adaptations revised budget is £2,489k and there is forecast re-phasing of £689k for works expected to complete in 2020/21. As the budget is partly uncommitted at this stage of the financial year, the budget is also forecast to underspend by £500k.
123. The HRA ICT revised budget is £162k and the budget is forecast to be fully spent.

### **HRA Capital Receipts**

124. There have been 39 Right to Buy (RTB) sales of council dwellings as at the end of December 2019 for a total gross sales value of £7,050k and a further 11 sales are forecast to bring the yearly total to 50, totalling £9,000 in 2019/20.
125. During 2019/20, the £11,042k retained RTB receipts generated in 2016/17 could potentially become repayable unless the following expenditure profile is achieved: Q1 £11,710k, Q2 £5,675k, Q3 £8,960k and Q4 £10,462k. Cumulative expenditure on 1 for 1 replacement from previous quarters above the minimum requirement can be carried forward.
126. The cumulative spend requirement for 2019/20 Q3 was not met. The finalised Q3 expenditure shortfall was £497k resulting in £149k (30% of £497k) repayable to MHCLG along with interest charges of £22k. These monies can be reclaimed from the GLA as Hillingdon Council has opted in to the Mayor of London's Right to Buy Ring-Fence Offer. Under this offer, Right to Buy 1-4-1 capital receipts and interest returned to MHCLG, is re-routed back to individual councils through the GLA as a grant to be spent on the delivery of new build developments for social tenants.

## Annex A: HRA Capital Expenditure – Major Projects breakdown by scheme

Prior Years	Scheme	Unit Numbers	2019/20 Total Revised Budget	2019/20 Total Revised Forecast	2019/20 Variance	2019/20 Cost Variance	Proposed Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024
£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1,347	Acol Crescent Development	33	5,504	5,564	60	0	60	6,223	6,223	(0)
2,486	Housing Programme	7	35	35	(0)	(0)	0	35	35	(0)
262	Belmore Allotments	86	5,075	81	(4,994)	0	(4,994)	10,556	10,556	(0)
271	Maple and Poplar Day Centre	34	4,565	25	(4,540)	0	(4,540)	6,116	6,116	0
181	Willow Tree	10	2,488	132	(2,356)	0	(2,356)	2,761	2,761	0
84	Housing Programme - Tranche 4	14	2,286	29	(2,257)	0	(2,257)	2,617	2,617	(0)
107	Nelson Road	6	1,938	395	(1,543)	0	(1,543)	2,201	2,201	(0)
0	Great Benty ( <b>Note 1</b> )	2	756	277	(479)	0	(479)	756	756	0
0	Coleridge Way Acquisition	7	3,289	3,289	0	0	0	3,289	3,289	0
0	TCM House Acquisition	28	1,307	1,307	0	0	0	1,307	1,307	0
0	191 Harefield Road Acquisition	2	584	584	0	0	0	584	584	0
0	Acquisition of 3 Sites	17	5,665	5,395	(270)	0	(270)	5,665	5,665	0
0	Acquisitions Including Buybacks	TBC	14,666	16,457	1,791	0	1,791	64,675	64,675	0
0	Internal Developments	TBC	0	(0)	(0)	0	(0)	50,009	50,009	0
0	Bartram Close ( <b>Note 2</b> )	N/A	0	0	0	0	0	0	241	241
343	Woodside Development	27	2,594	65	(2,529)	0	(2,529)	3,077	3,077	0
20,149	Grassy Meadow	88	990	490	(500)	(500)	0	990	490	(500)
12,746	Parkview	60	2,641	1,426	(1,215)	0	(1,215)	2,641	2,641	(0)
3	Yiewsley	12	330	0	(330)	0	(330)	2,787	2,787	0
<b>37,979</b>		<b>433</b>	<b>54,713</b>	<b>35,550</b>	<b>(19,163)</b>	<b>(500)</b>	<b>(18,663)</b>	<b>166,290</b>	<b>166,031</b>	<b>(259)</b>
4,120	New General Needs Housing Stock	157	40,146	31,009	(9,137)	0	(9,137)	144,495	144,737	241
960	New Build - Shared Ownership	116	10,607	2,623	(7,984)	0	(7,984)	15,377	15,377	0
32,899	New Build - Supported Housing	160	3,960	1,918	(2,042)	(500)	(1,542)	6,418	5,918	(500)
<b>37,979</b>		<b>433</b>	<b>54,713</b>	<b>35,550</b>	<b>(19,163)</b>	<b>(500)</b>	<b>(18,663)</b>	<b>166,290</b>	<b>166,031</b>	<b>(259)</b>

Note 1: Includes £276k appropriation cost for the Great Benty Site

Note 2: Includes £241k appropriation cost for Bartram Close



## Appendix D - GENERAL FUND CAPITAL PROGRAMME

127. As at Month 9 an under spend of £17,764k is reported on the 2019/20 General Fund Capital Programme of £85,175k, due mainly to re-phasing of project expenditure into future years. The forecast outturn variance over the life of the 2019/20 to 2023/24 programme is an over spend of £104k.
128. General Fund Capital Receipts of £6,003k are forecast for 2019/20, with a surplus of £552k in total forecast receipts to 2023/24.
129. Overall, Prudential Borrowing required to support the 2019/20 to 2023/24 capital programmes is forecast to be within budget by £750k. This is due to a net surplus of £302k on other sources of funding (capital receipts and CIL) and an increase in grants and contributions applied of £344k, and net cost under spends of £104k.

### Capital Programme Overview

130. Table 19 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in Annexes A-D to this report. Forecast for future years include capital projects and programmes of work approved by Cabinet and Council in February 2019.

**Table 19: General Fund Capital Programme Summary**

	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance	Movement
	£'000	£'000	£'000	£'000
Schools Programme	52,607	52,607	-	-
Self Financing Developments	79,490	79,490	-	-
Main Programme	114,682	114,982	300	-
Programme of Works	153,048	152,644	(404)	(285)
General Contingency	7,500	7,500	-	-
<b>Total Capital Programme</b>	<b>407,327</b>	<b>407,223</b>	<b>(104)</b>	<b>(285)</b>
<b>Movement</b>	<b>99</b>	<b>(186)</b>	<b>(285)</b>	

131. The revised budget has increased due to three recently approved new Section 106 funded projects.
132. The Schools programme includes works on two primary schools expansions at Hillside and Warrender primary schools. The new buildings are complete including external works and final accounts with the contractor are under negotiation. The new building at Vyners Secondary School is complete with the re-modelling of the existing school finished in December. Works at Ruislip High are in progress and expected to be completed in the summer of 2020.
133. SEND grant payments to three schools or educational establishments have been approved totalling £455k for the provision of extra places. Other identified plans are in various stages of development and will be completed in future years.

134. The Self-Financing development programme includes £50,000k prudential borrowing to finance the housing company Hillingdon First with construction work in progress at the residential development site in South Ruislip. Construction works on other development sites are expected to commence in future years. The programme also includes two major mixed residential developments at the former Belmore Allotments and Yiewsley pool sites. Architects have undertaken design work on the Yiewsley sites redevelopment, which includes residential housing and the provision of a new library and community centre. A revised planning application has been approved for the mixed residential scheme at the former Belmore Allotments site and works are anticipated to commence on site in the second half of 2020, following completion of the tender process.
135. The future year budget includes £1,939k in respect of Woodside Surgery, as part of a wider residential housing project. As noted in the December Cabinet budget report, it is expected that the surgery element of the project will no longer be required.
136. The Main programme includes major schemes such as the re-provision of Hillingdon Outdoor Activity Centre, for which options are being considered and works will not commence on site this year. Planning applications are awaiting approval for the provision of a new leisure centre in Yiewsley and West Drayton and for the expansion of the Rural Activities Garden Centre. Works will commence on site next year following planning approval and completion of the tendering process for both projects. Remedial works at the Battle of Britain bunker will also commence next year with the initial package of protective works being tendered in the new year.
137. Programmes of Works include £3,000k for the new libraries refurbishment programme that is underway at Ruislip Manor and Charville libraries and works at Harefield library are commencing shortly. Refurbishment or rebuild of other sites will be completed in future years. There is an under spend of £250k reported on the Civic Centre Works Programme based on the forecast level of uncommitted funding this financial year, with future schemes able to be funded from 2020/21 budget. An under spend of £25k is also forecast on the uncommitted element of the Road Safety budget.
138. An under spend of £30k is reported on two completed schemes within the Schools Conditions Building Programme, with a number of other schemes within this programme in various stages of progress. Works are in progress on further carriageway refurbishments within the Highways improvement programme and additional works to be approved are anticipated to commence this financial year. Refurbishment works at several bowls clubs are expected to be completed in time for the summer bowling season.
139. Numerous schemes within the Property Works Programme are in progress with some projects continuing into next year. There is a net under spend of £39k on completed schemes within the Environmental and Recreational Initiatives budget, which may be reallocated to new works. An under spend of £55k is reported on the PSRG/LPRG budget as this budget is partly uncommitted.
140. An under spend of £919k is forecast on the Disabled Facilities Grant adaptations budget based on the forecast level of commitments this financial year. It is anticipated that the grant will be utilised for additional Social Care equipment capitalisation within the Better Care Fund. Within Corporate Technology and Innovation, the project to upgrade computer hardware and transition to Windows 10/Microsoft 365 is commencing in January 2020
141. There are £1,500k contingency funds per annum over the period 2019-24 available as and when risk issues emerge.

## Capital Financing - General Fund

142. Table 20 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £750k reported on Prudential Borrowing.

**Table 20: General Fund Capital Programme Financing Summary**

	Revised Budget 2019/20 £'000	Forecast 2019/20 £'000	Variance £'000	Total Financing Budget 2019-2024 £'000	Total Financing Forecast 2019-2024 £'000	Total Variance £'000	Movement
Council Resource Requirement	55,550	40,590	(14,960)	297,672	297,224	(448)	(275)
<b>Financed By Prudential Borrowing</b>							
Self Financing	11,000	8,500	(2,500)	77,946	77,946	-	
Invest to Save projects	3,670	2,295	(1,375)	8,090	8,085	(5)	
Service Delivery	28,082	19,542	(8,540)	139,035	138,290	(745)	(282)
<b>Total Borrowing</b>	<b>42,752</b>	<b>30,337</b>	<b>(12,415)</b>	<b>225,071</b>	<b>224,321</b>	<b>(750)</b>	<b>(282)</b>
<b>Financed By Other Council Resources</b>							
Capital Receipts	8,298	6,003	(2,295)	47,101	47,653	552	7
CIL	4,500	4,250	(250)	25,500	25,250	(250)	
<b>Total Council Resources</b>	<b>55,550</b>	<b>40,590</b>	<b>(14,960)</b>	<b>297,672</b>	<b>297,224</b>	<b>(448)</b>	<b>(275)</b>
Grants & Contributions	29,625	26,821	(2,804)	109,655	109,999	344	(10)
<b>Capital Programme</b>	<b>85,175</b>	<b>67,411</b>	<b>(17,764)</b>	<b>407,327</b>	<b>407,223</b>	<b>(104)</b>	<b>(285)</b>
Movement	99	(3,937)	(4,036)	99	(186)	(285)	

143. Forecast capital receipts in 2019/20 amount to £6,003k, a reduction of £445k from last month as some sales are now likelier to be completed next financial year. This year's forecast includes £1,680k General Fund share of Right to Buy (RTB) sales based on a reduced forecast of 50 RTB sales this year. Income of £411k has been received in respect of two sites, with another site sold at auction in December, for which the deposit has been received. Offers have also recently been received on two marketed residential properties.

144. As at the end of December, a total of £3,961k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year, a movement of £5k from last month. Budgeted eligible activity exceeds the CIL forecast with spend on Highways investment, community assets through the Chrysalis Programme and other major community infrastructure such as schools meeting the criteria for application of CIL monies.

145. Forecast grants and contributions are £344k higher than the revised budget, due mainly to Capital Maintenance grant award being higher than original budget assumptions. There are £7,500k assumed Basic Needs grant for the period 2021-24 in the financing budget that are not yet confirmed.

146. Prudential borrowing in 2019/20 has reduced by £3,088k due mainly to reduced forecast expenditure this year on projects and programmes continuing into future years.

## ANNEX A - Schools Programme

Prior Year Cost	Project	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance	Forecast Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Education and Children Services</b>										
137,159	Former Primary School Expansions	10	10	0	0	10	10	0	10	0	0
12,952	New Primary Schools Expansions	2,889	2,937	0	48	3,592	3,592	0	1,430	2,144	18
5,097	Secondary Schools Expansions	12,292	12,292	0	0	40,688	40,688	0	21,437	19,251	0
0	Additional Temporary Classrooms	0	0	0	0	4,000	4,000	0	4,000	0	0
0	Schools SRP	500	455	0	(45)	3,958	3,958	0	0	3,874	84
45,742	Secondary Schools Replacement	119	119	0	0	119	119	0	119	0	0
0	Meadow School	240	240	0	0	240	240	0	240	0	0
<b>200,950</b>	<b>Total Schools Programme</b>	<b>16,050</b>	<b>16,053</b>	<b>0</b>	<b>3</b>	<b>52,607</b>	<b>52,607</b>	<b>0</b>	<b>27,236</b>	<b>25,269</b>	<b>102</b>

## ANNEX B - Self Financing Developments

Prior Year Cost	Project	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance	2019/20 Forecast Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Self Financing Developments</b>										
68	Yiewsley Site Development	1,000	500	0	(500)	22,946	22,946	0	22,946	0	0
0	Belmore Allotments Development	0	0	0	0	4,605	4,605	0	3,061	0	1,544
0	Housing Company Financing	10,000	8,000	0	(2,000)	50,000	50,000	0	50,000	0	0
0	Woodside GP Surgery	0	0	0	0	1,939	1,939	0	1,939	0	0
<b>68</b>	<b>Total Main Programme</b>	<b>11,000</b>	<b>8,500</b>	<b>0</b>	<b>(2,500)</b>	<b>79,490</b>	<b>79,490</b>	<b>0</b>	<b>77,946</b>	<b>0</b>	<b>1,544</b>

## ANNEX C - Main Programme

Prior Year Cost	Project	2019/20 Revised Budget £'000	2019/20 Forecast £'000	2019/20 Cost Variance £'000	2019/20 Forecast Re-phasing £'000	Total Project Budget 2019-24 £000	Total Project Forecast 2019-24 £000	Total Project Variance 2019-24 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
	<b>Community, Commerce and Regeneration</b>										
7,294	Hayes Town Centre Improvements	980	840	0	(140)	1,980	1,980	0	306	318	1,356
542	Inspiring Shopfronts	145	145	0	0	353	353	0	282	0	71
3,092	Gateway Hillingdon	58	358	300	0	58	358	300	358	0	0
1,466	Uxbridge Change of Heart	530	530	0	0	530	530	0	530	0	0
27	Uxbridge Cemetery Gatehouse	10	0	0	(10)	547	547	0	547	0	0
0	New Museum	50	0	0	(50)	5,632	5,632	0	4,882	0	750
0	New Theatre	0	0	0	0	44,000	44,000	0	42,950	0	1,050
57	Battle of Britain Underground Bunker	200	30	0	(170)	997	997	0	997	0	0
0	Botwell Leisure Centre Football Pitch	0	0	0	0	200	200	0	200	0	0
0	Yiewsley and West Drayton Pool	900	600	0	(300)	32,000	32,000	0	31,512	0	488
723	Hillingdon Outdoor Activity Centre	50	50	0	0	25,777	25,777	0	0	0	25,777
23	RAGC Expansion	100	25	0	(75)	1,391	1,391	0	1,391	0	0
2	1 & 2 Merrimans Housing Project	20	0	0	(20)	619	619	0	619	0	0
10,879	Projects Completing in 2019/20:	559	397	0	(162)	598	598	0	598	0	0
<b>24,105</b>	<b>Total Main Programme</b>	<b>3,602</b>	<b>2,975</b>	<b>300</b>	<b>(927)</b>	<b>114,682</b>	<b>114,982</b>	<b>300</b>	<b>85,172</b>	<b>318</b>	<b>29,492</b>

## ANNEX D - Programme of Works

Prior Year Cost	Project	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance	Forecast Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Leader's Initiative	329	192	0	(137)	1,129	1,129	0	1,129	0	0
N/A	Chrysalis Programme	1,124	1,124	0	0	5,124	5,124	0	5,124	0	0
N/A	Playground Replacement Programme	250	313	0	63	750	750	0	750	0	0
N/A	Libraries Refurbishment Programme	1,000	690	0	(310)	3,000	3,000	0	3,000	0	0
N/A	Leisure Centre Refurbishment	500	80	0	(420)	3,101	3,101	0	3,101	0	0
N/A	Devolved Capital to Schools	925	925	0	0	1,862	1,862	0	0	1,752	110
N/A	School Building Condition Works	4,358	1,474	(30)	(2,854)	10,758	10,728	(30)	2,401	7,333	994
N/A	Civic Centre Works Programme	2,686	1,000	(250)	(1,436)	5,428	5,178	(250)	5,178	0	0
N/A	Corporate Technology and Innovation	4,289	4,799	(5)	515	8,645	8,640	(5)	8,640	0	0
N/A	Property Works Programme	1,805	1,360	0	(445)	4,527	4,527	0	4,327	200	0
N/A	Car Park Pay & Display Machines	520	0	0	(520)	1,040	1,040	0	1,040	0	0
N/A	Highways Structural Works	11,537	9,854	0	(1,683)	43,537	43,537	0	41,263	0	2,274
N/A	Road Safety	189	164	(25)	0	789	764	(25)	764	0	0
N/A	Transport for London	4,697	2,700	0	(1,997)	18,589	18,589	0	0	17,843	746
N/A	HS2 Road Safety Fund	645	0	0	(645)	645	645	0	0	0	645
N/A	Disabled Facilities Grant	2,852	1,933	(919)	0	14,560	13,641	(919)	0	13,641	0
N/A	PSRG / LPRG	100	45	(55)	0	500	445	(55)	230	215	0
N/A	Equipment Capitalisation - Social Care	1,172	2,091	919	0	5,860	6,779	919	0	6,779	0
N/A	Equipment Capitalisation - General	921	550	0	(371)	3,721	3,721	0	3,721	0	0
N/A	Public Health England Alcohol Fund	70	70	0	0	70	70	0	0	70	0
N/A	Bowls Club Refurbishments	1,034	842	0	(192)	1,034	1,034	0	1,034	0	0
N/A	CCTV Programme	503	900	0	397	1,153	1,153	0	1,153	0	0
N/A	Youth Provision	1,425	291	0	(1,134)	1,425	1,425	0	1,425	0	0
N/A	Harlington Road Depot Improvements	439	49	0	(390)	639	639	0	639	0	0
N/A	Purchase of Vehicles	7,585	5,240	0	(2,345)	10,765	10,765	0	10,765	0	0
N/A	Street Lighting Replacement	547	547	0	0	2,876	2,876	0	2,876	0	0
N/A	Environmental/Recreational Initiatives	889	686	(39)	(164)	889	850	(39)	810	40	0
N/A	Section 106 Projects	632	464	0	(168)	632	632	0	0	0	632
	<b>Total Programme of Works</b>	<b>53,023</b>	<b>38,383</b>	<b>(404)</b>	<b>(14,236)</b>	<b>153,048</b>	<b>152,644</b>	<b>(404)</b>	<b>99,370</b>	<b>47,873</b>	<b>5,401</b>





## Appendix E – Treasury Management Report as at 31<sup>st</sup> December 2019

**Table 21: Outstanding Deposits – Average Rate of Return 0.66%**

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	27.3	64.54	70.00
Up to 1 Month Fixed-Term Deposits	0.0	0.00	0.00
Over 1 Month Fixed-Term Deposits	0.0	0.00	0.00
<b>Total</b>	<b>27.3</b>	<b>64.54</b>	<b>70.00</b>
Strategic Pooled Funds	15.0	35.46	30.00
<b>Total</b>	<b>42.3</b>	<b>100.00</b>	<b>100.00</b>

\*Money Market Funds

147. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating and AAA rated Money Market funds. UK deposits are currently held in Lloyds Bank plc. There is also an allocation to Strategic Pooled Funds.
148. The average rate of return on day-to-day operational treasury balances is 0.66%. As part of the Council's investment strategy for 19/20 the Council continues to hold a total of £15m in three long-dated strategic pooled funds (£5m in each). The strategic pooled funds have a 3-5 year investment horizon with dividends being distributed periodically.
149. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, with average balances being lower than historic levels, the majority of funds need to be held in instant access facilities to manage daily cashflow. It is therefore not possible to fully protect Council funds from bail-in risk. At the end of November, 100% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a September benchmark average of 62% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 0% once instant access facilities are excluded from the total bail-in percentage.
150. Liquidity was maintained throughout December by placing surplus funds in instant access accounts and making short-term deposits with the DMADF. To ensure minimum cash levels were maintained a further £10m of short-term temporary borrowing was arranged. Cash-flow was managed by ensuring deposit maturities with the DMADF were matched to outflows and where required, funds were withdrawn from instant access facilities.

**Table 22: Outstanding Debt - Average Interest Rate on Debt: 3.23%**

**Average Interest Rate on Temporary Borrowing: 0.84%**

	Actual (£m)	Actual (%)
<b>General Fund</b>		
PWLB	48.57	18.20
Long-Term Market	15.00	5.62
Temporary	20.00	7.49
<b>HRA</b>		
PWLB	150.32	56.32
Long-Term Market	33.00	12.37
<b>Total</b>	<b>266.89</b>	<b>100.00</b>

151. There were two scheduled EIP debt repayments during December of £0.75m and £0.33m. Gilt yields moved up slightly during the month. With the ongoing need to take further borrowing and with restrictive premiums, early repayment of debt remains unfeasible.

152. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices. In order to maintain liquidity for day-to-day business operations during December, cash balances will be placed in instant access accounts and short-term deposits. In addition, opportunities to take further borrowing will be monitored and taken if required.

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

154. 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 31: Consultancy and agency assignments**

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
<b>Chief Executive's Office and Finance Directorate</b>						
Public Health Procurement Consultant	01/02/2020	31/07/2020	31/07/2020	0	78	78
<b>Residents Services</b>						
Private Sector Housing Officer*2	04/02/2019	13/01/2020	05/04/2020	142	44	185
Programme Manager (HOAC)	06/11/2017	06/01/2020	05/04/2020	146	22	167
Major Application (PPA) Planner	20/03/2017	27/10/2019	26/01/2020	284	26	310
Transformation Manager	01/01/2019	02/01/2020	31/03/2020	183	24	207
Customer Service Advisor	03/04/2018	03/02/2020	03/05/2020	47	8	54
CME Tracker	01/08/2018	07/02/2020	34/02/2020	78	9	88
Education Strategy & Quality Assurance Mgr	29/04/2015	10/01/2020	08/05/2020	653	41	694
<b>Social Care</b>						
Senior Residential Worker	03/09/2018	03/02/2020	01/03/2020	64	3	67
Support Worker	03/04/2017	03/02/2020	01/03/2020	98	3	101
Support Worker	03/10/2016	03/02/2020	01/03/2020	79	2	81
Support Planner	03/09/2018	03/02/2020	01/03/2020	48	3	51
Care Worker	06/07/2016	03/02/2020	01/03/2020	103	2	105
AMHP	04/02/2019	03/02/2020	01/03/2020	63	6	69
Approved Mental Health Worker	05/02/2018	03/02/2020	01/03/2020	104	4	108
Care Worker	06/03/2017	03/02/2020	01/03/2020	83	2	85
Social Worker/Senior Social Worker	04/09/2017	03/02/2020	01/03/2020	157	6	163
AMHP	04/02/2019	03/02/2020	01/03/2020	77	6	83
Online Services Co-ordinator	04/03/2019	03/02/2020	01/03/2020	62	5	67
Nursery Practitioner	01/10/2017	03/02/2020	01/03/2020	75	2	78
Early Years Practitioner	12/09/2014	03/02/2020	01/03/2020	72	1	73
SENDIASS Manager	29/04/2019	03/02/2020	01/03/2020	69	7	76
Early Years Practitioner	24/02/2014	03/02/2020	01/03/2020	85	1	86
Early Years Practitioner	01/04/2018	03/02/2020	01/03/2020	50	2	52
Early Years Practitioner	06/02/2017	03/02/2020	01/03/2020	76	2	78
Early Years Practitioner	01/04/2018	03/02/2020	01/03/2020	49	2	51
Early Years Practitioner	01/04/2018	03/02/2020	01/03/2020	49	2	51

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Early Years Practitioner	25/03/2016	03/02/2020	01/03/2020	83	2	86
Nursery Officer	05/09/2016	03/02/2020	01/03/2020	78	2	80
Early Years Practitioner	23/02/2015	03/02/2020	01/03/2020	109	2	111
Service Development & Quality Assurance Officer	01/04/2019	03/02/2020	01/03/2020	99	9	108
FIS Officer	01/04/2018	03/02/2020	01/03/2020	56	3	59
AMHP	03/06/2019	03/02/2020	01/03/2020	52	6	58
Senior Business Analyst	01/07/2019	03/02/2020	01/03/2020	51	7	58
Senior Business Analyst	01/07/2019	03/02/2020	01/03/2020	51	7	58
Project Manager/Senior Business Analyst	01/07/2019	03/02/2020	01/03/2020	54	7	61
Social Worker POA	01/07/2019	03/02/2020	01/03/2020	46	6	52
AMHP	01/07/2019	03/02/2020	01/03/2020	46	6	52
Social Worker (CHC)	03/01/2017	03/02/2020	01/03/2020	149	4	153
Team Manager	17/07/2017	03/02/2020	01/03/2020	264	8	272
Senior Social Worker	01/04/2013	03/02/2020	01/03/2020	216	6	222
Social Worker	06/04/2017	03/02/2020	01/03/2020	132	6	138
Social Worker	23/10/2017	03/02/2020	01/03/2020	160	5	165
Social Worker	16/12/2016	03/02/2020	01/03/2020	243	6	249
Social Worker	21/08/2016	03/02/2020	01/03/2020	245	6	251
Social Worker	10/07/2017	03/02/2020	01/03/2020	175	6	181
Social Worker	07/11/2016	03/02/2020	01/03/2020	254	6	260
Social Worker	04/05/2015	03/02/2020	01/03/2020	303	5	308
Social Worker	13/04/2015	03/02/2020	01/03/2020	340	6	346
Social Worker	11/07/2016	03/02/2020	01/03/2020	267	6	273
Social Worker	01/08/2015	03/02/2020	01/03/2020	302	7	309
Team Manager	27/03/2017	03/02/2020	01/03/2020	250	7	257
Social Worker	27/10/2016	03/02/2020	01/03/2020	237	6	243
Social Worker	01/12/2016	03/02/2020	01/03/2020	191	6	197
Educational Psychologist	04/02/2019	03/02/2020	01/03/2020	146	11	157
Educational Psychologist	15/11/2015	03/02/2020	01/03/2020	342	8	350
Special Needs Officer	01/12/2016	03/02/2020	01/03/2020	207	6	213
Social Worker	11/08/2014	03/02/2020	01/03/2020	437	6	443
Social Worker	01/01/2013	03/02/2020	01/03/2020	456	6	462
Social Worker	01/04/2013	03/02/2020	01/03/2020	252	6	258
Social Worker	26/08/2016	03/02/2020	01/03/2020	236	6	242
Support Worker	20/12/2015	03/02/2020	01/03/2020	113	3	116
Social Worker	04/07/2016	03/02/2020	01/03/2020	290	6	296
Social Worker	03/07/2016	03/02/2020	01/03/2020	290	7	297
Social Worker	21/11/2016	03/02/2020	01/03/2020	228	6	234
Social Worker	01/01/2013	03/02/2020	01/03/2020	453	6	459
Senior Social Worker	29/06/2017	03/02/2020	01/03/2020	218	6	224
Education Health and Care Officer	01/07/2017	03/02/2020	01/03/2020	127	5	132

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Principal Educational Psychologist	01/08/2015	03/02/2020	01/03/2020	317	11	328
Senior Educational Psychologist	15/08/2016	03/02/2020	01/03/2020	286	11	297
Educational Psychologist	01/03/2016	03/02/2020	01/03/2020	343	12	355
Social Worker	02/07/2017	03/02/2020	01/03/2020	169	6	175
Independent Domestic Violence Advocate	01/10/2018	03/02/2020	01/03/2020	69	4	73
Senior Social Worker	30/04/2012	03/02/2020	01/03/2020	258	6	264
Education Health and Care Officer	04/03/2019	03/02/2020	01/03/2020	54	5	59
Child Protection Chair	01/07/2015	03/02/2020	01/03/2020	179	7	186
Senior Social Worker	21/11/2017	03/02/2020	01/03/2020	72	7	79
Senior Social Worker	19/12/2011	03/02/2020	01/03/2020	76	7	83
Social Worker	01/04/2018	03/02/2020	01/03/2020	146	6	152
SEND Team Manager - Primary	29/07/2019	03/02/2020	01/03/2020	52	8	60
Social Worker	01/04/2013	03/02/2020	01/03/2020	68	6	74

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## THE COUNCIL'S BUDGET: MEDIUM TERM FINANCIAL FORECAST 2020/21 - 2024/25

<b>Cabinet Members</b>	Councillor Ray Puddifoot MBE Councillor Jonathan Bianco
<b>Cabinet Portfolios</b>	Leader of the Council Finance, Property & Business Services
<b>Officer Contact(s)</b>	Paul Whaymand, Finance
<b>Papers with report</b>	Appendices 1 to 16

### HEADLINES

<b>Summary</b>	<p>This report sets out the Medium Term Financial Forecast (MTFF), which includes draft General Fund and Housing Revenue Account budgets for 2020/21, along with indicative projections for the following four years.</p> <p>Budget proposals for 2020/21 include a 3.8% increase in the headline rate of Council Tax. This comprises a core Council Tax increase of 1.8% based on 90% of the 2% anticipated increase across London alongside a 2% increase relating to an Adult Social Care Precept to fund ongoing pressures within Adult Social Care.</p> <p>The budget proposals also include protection for the over 65's from the 1.8% increase in core Council Tax through the continuation of the Older Person's Council Tax Discount for the fourteenth successive year.</p> <p>Cabinet are requested to recommend their budget proposals to Council on 20 February 2020. This is in order to formally set the General Fund revenue budget, the Housing Revenue Account budget, the Capital Programme and Council Tax for the 2020/21 financial year.</p>
<b>Putting our Residents First</b>	<p>This report supports the following Council objectives of: <i>Our People; Our Natural Environment; Our Built Environment; Our Heritage and Civic Pride; Strong Financial Management.</i></p> <p>The Medium Term Financial Forecast is the financial plan for the Council and contains the funding strategy for delivering the Council's objectives.</p>
<b>Financial Cost</b>	<p>A 3.8% Council Tax increase, utilising the Social Care Precept to fund ongoing demand in this area, with a cash discount available for the over 65s protecting this group for a fourteenth consecutive year, with additional support being continued via the Council Tax Reduction Scheme to support eligible residents.</p>

<b>Relevant Policy Overview Committee</b>	Corporate Services, Commerce & Communities Residents, Education and Environmental Services Social Care, Housing and Public Health
<b>Relevant Ward(s)</b>	All

## RECOMMENDATIONS

That Cabinet approves for recommendation to Council:

- 1) The General Fund and Housing Revenue Account budgets and Capital Programmes, along with proposed amendments to Fees & Charges as outlined in appendices 1 to 10, and having taken the consultation responses outlined in Appendix 16 conscientiously into account;
- 2) The proposals for continuing the Council Tax Older People's Discount into 2020/21, having due regard to the completed Equalities and Human Rights Impact Assessment at Appendix 14;
- 3) The Capital Strategy, Treasury Management Strategy Statement, Investment Strategy, and Minimum Revenue Provision Statement for 2020/21 to 2024/25 as detailed at Appendix 12 for implementation with effect from 1 March 2020;
- 4) The proposed London Borough of Hillingdon Pay Policy Statement for 2020/21 set out at Appendix 13;
- 5) That it resolves that Cabinet may utilise the general reserves or balances during 2020/21 in respect of those functions which have been reserved to the Cabinet in Article 7 of the Constitution (as set out in Schedule G of the Constitution - Budget and Policy Framework Procedure Rules).

That Cabinet notes:

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

### Reasons for recommendation

The recommendations have been framed to comply with the Budget and Policy Framework rules. They allow the presentation to Council of recommended budgets for 2020/21. This includes the impact on Council Tax, alongside housing rents and service charges.



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

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

The Treasury Management Strategy has been reviewed to reflect the need to source borrowing from a broader range of sources following the Government's decision in October to raise the cost of PWLB loans by 1%. As alternative sources of borrowing have longer lead in times than borrowing from the PWLB, it is recommended that the upper limit for the proportion of borrowing repayable within two years is increased from 25% to 50% of the Council's portfolio. This will allow short term borrowing to be secured in advance of more financially attractive longer term debt from other parties, and it is recommended that this change come into effect from 1 March 2020.

Both Cabinet and Council should give full consideration to the Corporate Director of Finance's comments under the Local Government Act 2003 and the need to ensure sufficient resources are available in balances and contingencies in the event of any significant adverse changes in the Council's funding environment. These comments are set out from paragraph 162 of this report.

The Localism Act 2011 requires local authorities to publish a Pay Policy Statement annually. This Pay Policy Statement must set out the authorities' policies for the financial year relating to remuneration of its Chief Officers; remuneration of its lowest paid employees; and the relationship between the remuneration of its Chief Officers and the remuneration of those employees who are not Chief Officers. The proposed 2020/21 policy is included as Appendix 13 to this report.

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

Growth proposals included in the budget could be removed and either the Council Tax requirement reduced or alternative items substituted for them. Similarly, further items could be added either to the budget requirement through additional growth, increased provision for risk, or by reducing the package of savings. Council Tax could then be increased accordingly within the constraints imposed by the Government's referendum regime, which would limit any increase to 1.99% of general Council Tax before triggering the need for a referendum and a further 2.00% in the form of a Social Care Precept. The current budget proposals reflect a 1.8% increase in the Hillingdon share of Council Tax for under 65s, alongside introducing a Social Care Precept of 2%, as it becomes clear that this is the Governments intended way to raise funding for Social Care

pressures. A change in the budget requirement of £1,164k either way (increase or decrease) will result in an increase or decrease of 1.0% in the level of the Council Tax, equivalent to £11.40 per annum at Band D level.

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

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

The Council may choose to set rents lower than those proposed, however between 2016/17 and 2019/20 Government directed local authorities to decrease rents by at least 1%, thereby removing the option to increase rents, with 2020/21 being the first year of a return to rent increases. Lowering rents for a further year, or reducing the increase proposed, would result in less income and a detrimental impact upon HRA balances.

The Development and Risk Contingency identifies the key risks and uncertain items for which provision is contained within the revenue budget. Reduction of this provision is not recommended. This would otherwise increase the likelihood of unfunded pressures emerging into budget monitoring in the 2020/21 financial year. The Capital Programme also includes a contingency sum to manage financial risk on key schemes. In addition, unallocated balances are held within the range recommended by the Corporate Director of Finance. Whilst further contributions from balances could be made, any reduction in balances to below the lower limit of this range is not recommended.

### **Policy Overview Committee comments**

Full report on the budget process, financial strategy and detailed budget proposals for services within the remit of each Policy Overview Committees were presented for review at meetings during January 2020, with comments from each committee presented in Appendix 15 to this report.

## SUPPORTING INFORMATION

### SUMMARY

1. This is the second report to Cabinet on the development of the Council's 2020/21 budget, which is presented in the context of a challenging medium term outlook requiring total savings of £41,862k over the three years to 2022/23. This report outlines the proposals for 2020/21, alongside a refreshed medium term budget strategy for the three years to 2022/23 and longer term forecasts for budgets in the subsequent two years.
2. Budget proposals for 2020/21 have been developed to deliver a fourteenth successive Council Tax freeze for the over 65's whilst meeting a £17,568k savings requirement through a savings programme delivering £6,813k, a draft 3.8% uplift in Council Tax securing £4,421k, and the release of £6,334k from General Balances. This represents an increased call on reserves above the £5,000k set out in the budget strategy presented to Cabinet and Council in February 2019. However, an improved outturn for 2018/19 and a projected underspend in 2019/20 result in the forecast balances at the end of 2020/21 being £1,241k higher than assumed in the February 2019 MTFE report (£27,905k compared to £26,664k).
3. This position takes into account the favourable outcome of Spending Review 2019, which broadly secures the previously anticipated £10m uplift in funding over the medium term with significant front-loading of new social care grants in 2020/21. The Spending Review and subsequent Queen's Speech indicated that the Government is minded to progress the long awaited review of social care funding, with continuation of the precept representing a key element of their funding strategy.
4. In light of this clear direction of travel from the Government, this draft budget has been prepared around the assumption that Hillingdon adopt the Social Care Precept from 2020/21 at the recommended 2% level. In addition to the precept, it is proposed to maintain the approach of benchmarking core Council Tax increases to 90% of the London average, which is expected to equate to a 1.8% uplift for 2020/21. The combined effect of these two measures would secure £4,421k of additional income for the Council.
5. The combined effect of changes to funding projections, Council Tax assumptions and the savings programme leaves an unfunded budget gap of £6,334k in 2020/21, rising to £19,987k over the medium term. It is therefore proposed that £6,334k of General Balances are released in 2020/21 to deliver a balanced budget in the context of the budget strategy presented below.

**Table 1: Draft Budget Strategy 2020/21 to 2022/23**

	2019/20	2020/21	2021/22	2022/23	2020/21 - 23
	£'000	£'000	£'000	£'000	£'000
<b>Underlying Savings Requirement</b>	<b>16,119</b>	<b>9,792</b>	<b>12,765</b>	<b>11,529</b>	<b>34,086</b>
Unwind Prior Use of Balances	950	7,776	6,334	3,000	7,776
<b>Total Savings Requirement</b>	<b>17,069</b>	<b>17,568</b>	<b>19,099</b>	<b>14,529</b>	<b>41,862</b>
Current Savings Proposals	(6,609)	(6,813)	(760)	(203)	(7,776)
Proposed 3.8% Council Tax Increase	(2,684)	(4,421)	(4,695)	(4,983)	(14,099)
In-year Call on General Balances	(7,776)	(6,334)	(3,000)	0	N/A
<b>Savings to be identified</b>	<b>0</b>	<b>0</b>	<b>10,644</b>	<b>9,343</b>	<b>19,987</b>
<b>Closing General Balances</b>	<b>(34,239)</b>	<b>(27,905)</b>	<b>(24,905)</b>	<b>(24,905)</b>	<b>N/A</b>

6. The above strategy continues to include the planned release of General Balances while maintaining unallocated reserves within the recommended range for Hillingdon of £15,000k to £32,000k. While a review of the range of risks facing the Council does not indicate a change to this range will be necessary at the moment, there remains a level of uncertainty around treatment of historic retained DSG deficits, which is expanded upon later in this report.
7. Alongside the General Fund budget position, this report refreshes Housing Revenue Account budgets to deliver rent increases of CPI+1% per annum from 2020/21 to 2024/25 to reflect Government policy, whilst providing for substantial investment in new General Needs and Supported Living units. This includes 495 new homes for residents by 2024/25, partly financed through the reinvestment of Right to Buy sale proceeds.
8. An update of the Council's capital programme is also presented in this report, with £444,263k of planned investment in local infrastructure over the period 2019/20 to 2024/25. This includes a new Leisure centre in West Drayton, a major programme of investment in the borough's highways, a programme of sports club rebuild/refurbishments, a libraries refurbishment programme, provision for investment in Youth infrastructure and the potential purchase of Uxbridge police station. The programme is supported by £120,931k of external funding, £77,883k of capital receipts from the disposal of surplus assets and Community Infrastructure levy alongside £245,592k of Prudential Borrowing.

## CHANGES SINCE REPORT TO CABINET ON 17 DECEMBER 2019

9. Following December Cabinet on 17 December 2019, a number of funding assumptions have been firmed up, including announcements following the publication of the Provisional Local Government Finance Settlement, updates on the London Pilot Pool and a refreshed forecast against the Council's local tax raising funding, alongside new Priority Growth and an additional saving bringing a net benefit to the Council's budget gap of £53k, reducing the General Reserves Drawdown required for 2020/21 by this value to £6,334k. In addition to this, a new item has been added to the Capital Programme, adding £100k to Council's General Fund Capital Programme, funded through Prudential borrowing.
10. The table and narrative below outlines the changes to the recommended budget proposals from the report considered by Cabinet on 17 December 2019, with improvements in funding projections and a reduced use of General Balances. Each of these items is also considered in the relevant section of this report.

**Table 2: Changes since December Cabinet**

	Movement from December 2019 2020/21 Draft Budget	
	£'000	£'000
<b>Planned Use of General Balances at December Cabinet</b>		<b>6,387</b>
<b>Funding Changes</b>		
New Homes Bonus	(127)	
Additional Yield from London Pool	(40)	
Projected Collection Fund Surplus	84	<b>(83)</b>
<b>Priority Growth and Savings Changes</b>		
Additional Support for Conservation	30	
Live Interpretation for the Battle of Britain Bunker	100	
Senior Management Restructure	(100)	<b>30</b>
<b>Contingency Changes</b>		
Increase in Support for Children with Disabilities Contingency	133	
Decrease in Asylum Funding Shortfall Contingency	(133)	<b>0</b>
<b>Planned Use of General Reserves Drawdown</b>		<b>6,334</b>

11. Following approval of the draft 2020/21 budget by Cabinet in December 2019, a net £83k favourable movement has been included in the Council's funding, including an £84k adverse movement in the projected Collection Fund surplus, plus a number of external funding announcements resulting in a £167k favourable movement in resources available to support local services. This £167k favourable movement includes:

- i. New Homes Bonus – The provisional allocation for 2020/21 totals £3,739k, which is £127k higher than local estimates included in the December Cabinet report – with £51k of this gain being driven by the Government using a higher than expected Council Tax figure with £76k additional funding being received for affordable housing. Included in the settlement was confirmation that the Government are planning to consult on the future of this grant in spring 2020, with a Ministerial Statement saying this will move to a more targeted approach.
  - ii. London Business Rates Pool – Following analysis of the latest monitoring position across London, (the City of London in their capacity as host authority) have circulated their projections for the net benefit of the pool for each authority, with Hillingdon's net benefit forecast to be £865k, which is an improvement on the December Cabinet position of £40k.
12. Alongside additional funding, two new Priority Growth items have been added to the Council's budget proposals, being partially offset by one new saving proposal, adversely impacting on the Council's budget position by a net £30k detailed below:
  - i. Live Interpretation for the Battle of Britain Bunker – To maximise the visitor experience at the Bunker, the Council is planning to invest £100k to offer live interpretation at the Bunker.
  - ii. Additional Support for Conservation – £30k of growth has been included in this budget to ensure sufficient funding is in place to commission conservation studies as necessary to protect the character of neighbourhoods in the borough.
  - iii. Senior Management Restructure – As part of the Council's Business Improvement Delivery (BID) programme, the Council are planning on reviewing the senior management structure across the authority, with the expectation that costs can be reduced without affecting frontline services.
13. Within the Council's Development and Risk Contingency items, the 2020/21 budget proposals include a realignment between demographic and risk items, as detailed below:
  - i. Support for Children with Disabilities – The update of the Month 9 position is showing a further pressure in the Children with Disabilities budget, with a £133k increased pressure emerging since December Cabinet, the Council is fully committed to funding this vulnerable group of residents and have therefore increased the contingency to ensure the budget is sufficient to meet this increase in demand.
  - ii. Asylum Funding Shortfall – The Month 9 update within budget monitoring continues to demonstrate that there is sufficient headroom within this contingency to absorb the increase in the support provided to Children with Disabilities, this favourable position will be closely monitored throughout the 2020/21 financial year.

14. In addition to the above, revised Fees and Charges have been proposed around the Council's golf offer, to incentivise participation, with the changes expected to be revenue neutral against the Council's budget position. Further proposals have been included to increase Pre-Application Planning Fees for developments including more than one dwelling.
15. The Council's General Fund Capital Programme has been updated to include a £100k investment for the enhancement of the Battle of Britain Bunker.

## **BACKGROUND**

16. The Council continues to operate within the constraints of Government's deficit reduction programme, which has seen a sweeping reduction in central government funding since 2010/11. Alongside this reduction in funding, continuing demographic and demand pressures and a return to an inflationary environment over the medium term will necessitate delivery of further substantial savings. This report to Cabinet on the budget for 2020/21 quantifies the financial challenge faced by the Council over the medium term, and outlines an approach to meeting this challenge whilst continuing to 'Put Residents First'.
17. This report to Cabinet on the budget for 2020/21, refreshes the position outlined in the draft budget approved by Cabinet in December 2019. In February 2019 the savings requirement for 2020/21 was estimated to be £21,604k, which has been revised downwards to reflect the announcement of £4,117k additional Social Care funding in the Chancellor's September 2019 Spending Review and the favourable impact of deferring planned borrowing alongside a range of smaller adjustments to estimates. The resulting budget gap for 2020/21 therefore stands at £17,568k after unwinding the planned £7,776k draw down from balances for 2019/20, which is to be managed through a combination of £4,421k additional revenue from the proposed Council Tax increase, £6,813k savings and £6,334k release from General Balances to meet the residual gap.
18. Over the three year MTF period the total budget gap stands at £41,862k, with a budget strategy to manage this through a combination of Council Tax increases, use of General Balances and £27,763k of existing and future savings proposals as set out in the Medium Term section of this report. Longer term projections covering the following two years are included in the report appendices to provide context for decision making and align to the five year outlook for capital investment plans.
19. Groups have been developing savings proposals sufficient to meet this externally driven budget gap and respond to increases in cost pressures. In addition to this work across directorates, a comprehensive review of the corporate elements of the budget has been undertaken since February 2019, capturing funding, inflation and capital financing. During the early summer and again in the autumn, a series of challenge sessions were held to affirm the budget position. Each session followed a similar format reviewing:

- The 2018/19 outturn, particularly any ongoing issues arising.
  - The current position in 2019/20 - both monitoring and savings delivery.
  - Existing and emerging pressures that need to be addressed in the 2020/21 budget and forecasts for future years.
  - Progress on the development of savings proposals for 2020/21 and beyond.
  - Identification of any potential growth or invest-to-save bids.
  - Capital programme requirements.
20. Alongside the outputs from these sessions which form the basis of this report, development of the 2020/21 budget builds upon the 2019/20 budget and therefore the current monitoring position provides a useful context as many of the same challenges are expected to continue into the new financial year. In addition, progress towards delivery of existing savings targets is of vital importance in considering both the feasibility of future savings initiatives and the potential need to identify alternative measures in the event that planned savings cannot be secured.

## **2020/21 GENERAL FUND REVENUE BUDGET**

### **UPDATE ON 2019/20 BUDGET MONITORING POSITION**

21. An underspend of £1,671k is projected across normal operating activities for 2019/20 at Month 9, with no exceptional items identified at this stage. An underspend of £369k is projected against Directorate Operating Budgets with reported pressures being largely offset by compensating underspends. An underspend of £606k across Corporate Operating Budgets relating predominantly to two areas, firstly a favourable variance against capital financing costs of £356k and secondly, the release of historic credit balances held on the Council's Balance Sheet, offsets the small pressure on Directorate Operating Budgets. Grant income is in line with budget, with minor variances as grant allocation amounts are confirmed leading to a minor £2k favourable variance.
22. Within the budget monitoring position, £582k of the £1,000k General Contingency remains uncommitted at Month 9 which remains broadly consistent with the call on this funding stream in previous years. Within the broader contingency position, favourable movements on waste disposal, social care funding, looked after children and asylum are sufficient to contain emerging pressures on mental health placements and SEND transport provision. These demand-led pressures are expected to continue into the new financial year and are expanded upon in the contingency section of this report.
23. Outside core General Fund activity, the only area of activity with scope to materially impact upon the Council's budget strategy is the growing pressure within the Dedicated Schools Grant. As at Month 9, an in-year pressure of £5,160k is reported, resulting in a cumulative deficit of £13,652k by 31 March 2020. While the Department for Education are clear that



they do not expect any such deficit to be financed from General Reserves, local authorities are awaiting further detailed guidance from CIPFA and the Government on how this expectation can be delivered in practice. In the meantime the Council will continue to comply with directions from the Government and await clarification on how the DSG deficit will be dealt with going forward.

24. Strong progress is reported on delivery of the £8,141k 2019/20 savings, with £6,790k savings already banked, £1,101k on track for delivery in full and £250k tracked at amber due to either being in the early stages of delivery or deemed higher risk. All savings are ultimately expected to be banked in full or alternative savings achieved.
25. The current budget monitoring position therefore suggests that the MTFF is starting from a solid baseline, with no significant issues – other than the DSG deficit - within the 2019/20 position unaccounted for within the Budget Strategy.

## BUDGET REQUIREMENT

26. The movement from the 2019/20 baseline to the 2020/21 budget requirement is summarised in the following table, incorporating the latest estimates for funding, inflation and growth in demand for services to reach a savings requirement of £17,568k alongside a programme of savings totalling £6,813k, leaving a remaining budget gap of £6,334k after allowing for a 3.8% uplift in Council Tax, which is being addressed by a planned use of balances.

**Table 3: 2020/21 Budget Requirement**

	<b>Movement from 2019/20 £'000</b>	<b>2020/21 Budget Requirement £'000</b>
Recurrent Funding	(7,689)	(222,205)
Council Tax Increase (3.8%)		(4,421)
One-Off Funding	6,312	(1,324)
Planned Use of General Balances		(6,334)
<b>Total Resources</b>	<b>(1,377)</b>	<b>(234,284)</b>
Roll Forward Budget		229,928
Inflation	6,222	
Corporate Items	664	
Contingency (Service Pressures)	4,260	
Priority Growth	23	11,169
<b>Budget Requirement</b>		<b>241,097</b>
<b>Gross Savings Requirement</b>		<b>6,813</b>
Contingency (Management Action)	(677)	
Savings	(6,136)	<b>(6,813)</b>
<b>Net Budget Gap</b>		<b>0</b>

27. This 2020/21 draft budget has been developed in the context of an estimated savings requirement of £41,862k over the three year period to 2022/23 driven by a combination of inflationary cost pressures, growing demand for services and the financing costs arising from the Council's Capital Programme. Appendix 1 presents the medium term outlook with additional commentary later in this report.

## FUNDING SOURCES

28. Recurrent funding available to support the budget requirement is projected to total £226,626k in 2020/21. This recurrent funding is supplemented by £7,658k of one-off funding, to provide £234,284k funding for services after considering the proposed Council Tax increase, but before the use of balances. Total funding is projected to increase by £4,356k, with £4,421k of this coming from the proposed Council Tax increase and the benefits of the latest funding increases announced as part of the 2019 Spending Review and other sources, being netted down to a reduction of £65k as a result of the decision to end the Pilot status of the London Rating Pool which has cost the Council £5,735k net.

**Table 4: Funding Projections**

	2019/20 £'000	(Increase) / Decrease £'000	2020/21 £'000
Council Tax Base	(114,500)	(1,865)	(116,365)
Council Tax Increase (3.8%)	0	(4,421)	(4,421)
Business Rates Income	(55,859)	(146)	(56,005)
Revenue Support Grant	(5,809)	(954)	(6,763)
Other Government Grants	(38,348)	(4,724)	(43,072)
<b>Recurrent Funding</b>	<b>(214,516)</b>	<b>(12,110)</b>	<b>(226,626)</b>
Collection Fund Surplus	(1,036)	577	(459)
Business Rates Pilot Pool	(6,600)	5,735	(865)
Planned Use of General Balances	(7,776)	1,442	(6,334)
<b>One-Off Funding</b>	<b>(15,412)</b>	<b>7,754</b>	<b>(7,658)</b>
<b>Total Funding</b>	<b>(229,928)</b>	<b>(4,356)</b>	<b>(234,284)</b>

29. The rationale behind current funding assumptions and associated risks are discussed for each revenue stream in turn below. Local income projections reflect latest intelligence around new economic and residential development in the borough, with recent experience indicating limited scope for material variation in these estimates. Projections for grant funding for 2020/21 are primarily based on the Provisional Local Government Finance Settlement published on 20 December 2020 alongside interpretation of the 2019 Spending Review and figures quoted in the MHCLG allocation consultation, including the confirmed £4,117k of new Social Care funding announced by the Chancellor in the Spending Review. Income projections for the London Business Rates Pilot Pool have been replaced with the anticipated benefit of a Non-Pilot Pool across London, with a net benefit of £865k for the Council.

### Council Taxbase Projections

30. Income from Council Tax is projected to grow by £1,865k through a 1,637 Band D equivalent or 1.0% growth in the taxbase as a result of continuing residential development across the borough and the reducing cost of the local Council Tax Reduction Scheme as transitional protections are unwound through natural turnover. This taxbase growth provides a mechanism to contribute towards funding the growing demand for services linked to an expanding local population.

**Table 5: Council Taxbase Projections**

	2019/20 Band D	Change Band D	2020/21 Band D
Residential Properties	122,061	1,214	123,275
MOD Properties	683	0	683
Discounts & Exemptions	(11,556)	239	(11,317)
Empty Property Premium	85	0	85
<b>Gross Council Taxbase</b>	<b>111,273</b>	<b>1,453</b>	<b>112,726</b>
Council Tax Reduction Scheme	(9,788)	200	(9,588)
Allowance for Losses in Collection	(1,015)	(16)	(1,031)
<b>Net Council Taxbase</b>	<b>100,470</b>	<b>1,637</b>	<b>102,107</b>
<b>Council Tax Revenues (£'000)</b>	<b>114,500</b>	<b>1,865</b>	<b>116,365</b>

31. New residential development is expected to deliver a net 1,214 Band D equivalent properties after allowing for maintenance of the current 99% collection rate, with 947 of these properties specifically identified from the pipeline of major developments and the remaining 267 expected to be secured through smaller developments. A further 200 Band D equivalent growth in the taxbase is forecast to be met from a continuation of the trend for reduced uptake of the Council Tax Reduction Scheme through the unwinding of historic protections through normal attrition rates. All of which is netted down by a reduction in Band D equivalents of 16 properties, representing the allowance for the loss of collection, as the Council currently achieves a 99% collection rate.
32. The remaining 239 Band D equivalent growth in the taxbase comes from the cessation of the 21 Day Discounts offered for unoccupied and substantially unfurnished homes. The value of the discount is not deemed to be material against a household's liability and as such, it is proposed to cease the 21 Day Discount from 1 April 2020, which helps the Council to redirect resources within the wider context of the budget strategy, to areas where a greater need exists by maximising funding available to the Council to deploy to frontline services.

### **Council Tax Increases and the Social Care Precept**

33. This draft budget includes a 3.8% increase in the headline rate of Council Tax, securing £4,421k additional funding to support local services at a cost of £43.31 per annum for a Band D household. The 3.8% uplift is based on 90% of the 2% anticipated increase across London (1.8%), plus making full use of the 2% Adult Social Care Precept.
34. Following the Spending Review 2019 and updated regulations, the Council has the option to increase basic Council Tax by 2% per annum without triggering a referendum with a steer from Government to implement a Social Precept of up to a further 2% for 2020/21. A 1% movement in Council Tax would represent £11.40 per annum on the Council's share of a Band D household and generate £1,164k additional revenue.

35. This proposed uplift includes introducing the Social Care Precept for the first time as it becomes apparent from the Spending Review that this is one of the Government's preferred mechanisms to fund growth within Social Care, with one third of the £1.5bn additional funding announced by the Chancellor to come from this source. In addition, a consultation on the continuation of the precept is due from Government, which would underline their commitment to this being a key funding stream for future growth in the cost of social care.
36. The remaining 1.8% reflects Hillingdon's ongoing policy of differentiation across neighbouring boroughs against a likely 2% uplift across London. This uplift is intended to provide a mechanism to contribute towards inflationary (£6,222k) and demand-led growth in the cost of services (£4,260k) projected to total £10,482k in 2020/21.
37. The Council will be continuing the Older People's Discount into 2020/21, increasing discounts awarded in 2019/20 to cover the 1.8% increase in the local Council Tax in 2020/21. This represents the fourteenth year of this scheme.

### **Business Rates Income**

38. Under the current 50% Business Rates Retention system, the Council is projecting to retain £56,005k or 14% of the £394,849k expected to be collected from commercial property across the Borough in 2020/21, which includes a forecast increase in the Rating List of £723k yielding an additional £361k of gross Business Rates income. Income retained through the 50% system has grown by £146k from 2019/20.
39. The Council receives 15% of additional income generated through expansion of the taxbase, which accounts for the remaining £235k uplift in income and increases total retained growth to £8,784k for 2020/21. Together with the £47,221k baseline level of income to be retained locally, this delivers £56,005k to support local services.
40. The remainder of the £394,849k to be collected in 2020/21 is redistributed between Central Government, the Greater London Authority (GLA) and local authorities across England through the Tariff and Levy mechanisms, although continuation of the London Business Rates Retention Pool, even without the pilot status, would see additional sums retained over and above this amount. Assumptions regarding income from the pool are discussed below.

### **London Business Rates Retention Pool**

41. Confirmation has been received that the London Business Rates Retention Pool will lose its Pilot status at the end of 2019/20, moving the Pool's retention rate from 75% to 50% effective from 1 April 2020, despite the Government's continued commitment to move to a national 75% retention rate.
42. Following the London Council's Leaders Committee meeting on 8 October 2019, London Leaders have decided to operate a London wide Business Rates Retention Pool without the Pilot status, thereby benefiting Councils across London by maximising the Top Up and Tariff

mechanisms under the 50% retention scheme, benefiting Hillingdon by an estimated £865k. This represents a reduction of £5,735k from the level of income secured in 2019/20, with £3,135k of the reduction being directly attributable to the reduction in retention rate from 75%.

### **Collection Fund Surpluses**

43. In addition to the benefits of the London Pool, a surplus of £459k is projected across the Council's share of the 2019/20 Collection Fund, incorporating a £39k deficit on Council Tax and £498k additional retained Business Rates income. In line with local government accounting requirements, this assessment of the likely surplus will be released to support the General Fund in 2020/21.

### **Central Government Grant**

44. The position presented in the February 2019 budget report assumed a £1,500k benefit from the 2019 Spending Review. Following the announcement from the Chancellor, this benefit was removed from budget assumptions and replaced with the specific outcomes of the announcement. The announcement included a number of increases to Local Government funding with an additional £5,678k against Government Grants. Projected Government grant income for 2020/21 totals £49,835k, representing around 22% of the £226,626k recurrent funding with the remainder raised locally through Council Tax and Business Rates.
45. The current year, 2019/20, is the fourth and final year of the multi-year settlement entered into in 2016/17. From 2020/21 onwards initial assumptions at the time of setting the 2019/20 budget in February 2019 was for a new multi-year settlement via the 2019 Spending Review and a Fair Funding Review to look at distribution methodology across Local Government. Due to the uncertainty around Brexit, the Government announced a one year settlement, with both the multi-year settlement and Fair Funding Review being delayed, meaning the earliest these two reviews will impact on Local Government funding is 2021/22.
46. The Council's £5,809k Revenue Support Grant allocation for 2019/20 was set out in the multi-year settlement in 2016/17, with budget assumptions in February 2019 assuming continuing reduction into 2020/21. However, as part of the Spending Review, the Chancellor announced a real terms increase, included in this, was a £1,900k increase in the Revenue Support Grant as confirmed in the Provisional Local Government Finance Settlement. Under the current Business Rates Retention system, the Revenue Support Grant and baseline Business Rates income are calculated from the Settlement Funding Assessment, which increased by 1.63%.
47. The Public Health Grant is expected to increase to £17,651k for 2020/21, with this increase of £580k being announced as part of the Spending Review. It is anticipated that this additional funding will be reinvested back into the service, with a net nil impact on the overall

budget gap, with £118k required to meet inflationary pressures within the service, leaving £462k available for new investment.

48. Better Care Fund projections for 2020/21 total £6,973k, incorporating an additional £250k above February 2019 assumptions following a favourable announcement within the Spending Review. In addition to this, the Improved Better Care Fund (iBCF) has been confirmed to be remaining consistent with the 2019/20 position at £6,207k, the Local Government Finance Settlement has also confirmed that the Social Care Winter Pressures Grant will be rolled into the iBCF, adding £1,041k to the allocation taking the total up to £7,248k. In addition, the Council's share of the new Social Care Grant confirmed as part of Spending Review 2019 has been published by the Government, delivering £5,896k.
49. New Homes Bonus income of £3,739k is expected for 2020/21, representing an increase of £74k on the 2019/20 allocation, primarily resulting from an increase in affordable homes in the Borough. As part of the Spending Review 2019, the Government confirmed that the 0.4% baseline remains unchanged for 2020/21. This represents an improvement on the February 2019 budget assumptions by £439k as a result of strong growth in the taxbase and a reduction in long term empty properties.
50. Other corporately managed grants are projected to total £1,565k for 2020/21, representing a decrease of £722k on 2019/20 allocations due to the falling out of the one off levy surplus refund. Within this sum, £1,100k relates to the Housing Benefit Administration Subsidy and £290k funding for the administration of the local Council Tax Support scheme.

### **Balances and Reserves**

51. As of Month 7 budget monitoring, General Balances are projected to total £34,239k at 31 March 2020, assuming unallocated contingency and growth are committed in full. This draft budget proposes to release £6,334k of this sum in 2020/21 and £3,000k over the subsequent two years to smooth the savings requirement. This strategy would therefore apply £9,334k of General Balances, leaving £24,905k uncommitted over the medium term. This is in line with the £23,664k assumed in the February 2019 budget and consistent with the current budget strategy.
52. The Balances and Reserves Policy approved by Cabinet and Council in February 2019 outlined a recommended range of £15,000k to £32,000k for uncommitted General Balances, with the proposed budget strategy meeting this requirement. At this time, no amendment to this headline reserves requirement is proposed although the broad range of risks facing the authority will continue to be monitored. It should be noted that this recommended range has been calculated on the assumption that the Department for Education will ultimately fund cumulative deficits on the Schools Budget, in line with stated policy and guidance.
53. In addition to General Balances, the Council held £28,416k Earmarked Reserves available for general application at 31 March 2019, with the current monitoring position reflecting a

net £5,750k release during the current year to leave a balance of £21,666k at outturn. This balance is held to manage a range of specific projects and risk items – such as the insurance reserve – with a number of releases planned for 2020/21, including £1,694k to finance the continuation of the Council Tax Older People’s Discount and £633k monies earmarked to manage the costs of responding to Heathrow Airport Development Consent Orders.

## INFLATION

54. An inflation requirement of £6,222k has been estimated for 2020/21, with £6,878k of cost increases across £265,813k expenditure budgets subject to inflationary pressures and a corresponding £656k uplift on associated income budgets. The most significant items within this provision are £3,211k on workforce budgets, £2,326k on care placement budgets and £851k on contracted services.

**Table 6: Inflation Provision**

	2019/20 Baseline £'000	Inflation Rate %	2020/21 Inflation £'000
Workforce Expenditure (including Pension Contributions)	120,646	2.0%	3,211
Added Years Pension Costs	1,892	1.7%	32
Energy	2,306	7.9%	185
Vehicle Fuel	1,100	2.3%	25
Contracted Expenditure	42,591	2.0%	851
Homecare Provision (Adult Social Care)	11,765	3.0%	369
Care Placements (Adult Social Care)	50,848	2.4%	1,444
Care Placements (Children's Services)	21,429	2.0%	513
Business Rates	3,143	2.0%	63
Levies	10,093	2.0%	185
<b>Gross Inflation Provision</b>	<b>265,813</b>		<b>6,878</b>
Less: Externally Funded Items	N/A	Various	(656)
<b>Net Inflation Provision</b>	<b>265,813</b>		<b>6,222</b>

55. The annual Workforce Expenditure uplift has been estimated at 2% based on recent pay awards, which at the time of writing this report is above CPI (1.4% in December 2019) and will be updated as more intelligence becomes available. Whilst payroll uplifts are based on the projected 2% pay award, agency uplifts vary across the services, but are expected to be broadly in line the anticipated pay award. Alongside this, the Employer’s Pension Contribution rate has been set to 0% following the 2019 Triennial Valuation of the Pension Fund. Where staff costs are financed from a targeted government grant, or recharged to capital or other funding streams, associated income targets have been updated.
56. Added Years Pension costs, reflecting historic commitments above standard pension entitlements to former employees, are updated annually in line with CPI from the preceding



September. As this has now been published, the final figure of £32k has been built into the position against a £1,892k base budget.

57. Energy inflation has been applied to the Council's electricity and gas budgets in line with recent experience, with an uplift of 7.9% or £185k included for 2020/21. Vehicle fuel has been uprated by 2.3% or £25k, fuel inflation has been decreasing since April 2019, the rate applied is the average of the last few months to smooth out volatility in the market.
58. Provision of £851k has been included for the Council's £42,591k of externally contracted expenditure, representing a 2.0% uplift on expenditure in line with expectations that CPI will revert back to the Bank of England target and continue to track at that rate by the time contract negotiations begin. As in previous years, it is not expected that this inflation requirement will fall evenly across contracted spend and where appropriate providers will be expected to secure efficiencies where possible, it is therefore proposed that the Director of Finance will continue to approve releases from this provision.
59. In addition to general contracted expenditure, care placement costs across Adult and Children's Social Care of £84,042k are expected to be subject to inflationary pressures. As in previous years, inflation projections are based on an assumption that the salaries-based elements of contracts will be uprated at least in line with the London Living Wage, which saw a 1.9% increase to £10.75 per hour in November 2019. Given the potential challenges in post-Brexit recruitment and retention for a sector heavily reliant on European Union nationals, wage growth of 4% has been assumed in this draft budget, which equates to an inflationary uplift of £2,326k. In line with other contracted expenditure, the Director of Finance will continue to approve releases from this provision on a case by case basis.
60. In addition to the above, inflation has been applied to Health contributions to care packages in line with expenditure uplifts offered to suppliers, this is on the basis that Health contribute fixed percentages to care costs on a client by client basis, with uplifts offered to suppliers translating into increased income from the CCG. The uplift applied to these budgets equates to £322k in 2020/21 and is included in the Externally Funded items in table 6.
61. Provision of £63k is included to support inflationary uplifts and unwinding of transitional relief on Business Rates for the Council's own properties in 2020/21. In addition, £185k inflation has been included on the £10,093k levies budget, reflecting a 2% uplift against Concessionary Fares of £8,335k to fund both growth in demand and limited increases in travel card costs, with the remaining levies being uplifted in line with the Council Tax referendum threshold, which from 2020/21 onwards are now in alignment with one another.
62. Where specific income streams are linked to expenditure budgets subject to inflationary pressures, these have been uprated to avoid overstating the net inflation requirement for 2020/21. This £656k includes £323k of Health contributions within Social Care and the impact of inflationary increases in care package costs affecting incomes for those clients

contributing to the cost of their care and workforce costs rechargeable to dedicated funding streams.

## CORPORATE ITEMS

63. There are a range of issues impacting upon the Council's overall budget and are therefore managed corporately, including movements in the Added Years Pension Costs, Capital Financing Costs, the use of Earmarked Reserves and some smaller items shown in the table below. It is projected that the net cost of these items will increase by £664k in 2020/21.

**Table 7: Corporate Items**

	<b>2020/21 Corporate Items £'000</b>
Capital Financing Costs	812
Housing Benefit Subsidy (Recovery of Overpayments)	100
Movement in Added Years Pension Costs	(25)
Planned Use of Earmarked Reserves	(285)
Hillingdon First Limited Dividend	(400)
<b>Adjustments to Corporate Budgets</b>	<b>202</b>
Additional Investment in Public Health	462
<b>Total Corporate Items</b>	<b>664</b>

64. An uplift of £812k in respect of capital financing costs is included in this 2020/21 consultation budget. In recent years, the costs of capital financing have been minimised as the Council was able to support investment from internal borrowing of reserves. However, the combination of significant capital investment and anticipated releases from Earmarked Reserves (currently utilised for internal borrowing) are expected to necessitate external borrowing continuing through 2019/20 and beyond.
65. The uplift in capital financing costs in 2020/21 is driven by the requirement for £70m new physical borrowing, with £20m of this sum refinancing maturing debt and £50m linked to supporting new capital investment. With the recently announced uplift in the cost of borrowing from the Public Works Loan Board driving a £2,043k uplift in the cost of financing current capital commitments over the medium term, it is proposed to finance £25m of 2020/21 borrowing through local authority markets. This approach will allow short term borrowing at a cost of 1% per annum, rather than higher cost longer term debt at 2.7% per annum, deferring the impact of rising costs into later years.
66. Broader implications of current capital commitments are outlined in the Medium Term Outlook section of this report but essentially any capital expenditure from 2019/20 onwards not fully funded through grant or capital receipts will necessitate physical borrowing and therefore contributes towards the headline savings requirement over the medium term.

67. Within the Housing Benefit Subsidy system, declining levels of outstanding overpayments and associated requirement for doubtful debt provisions, as initiatives such as RTI and FERIS enable more timely changes to benefit awards, are expected to reduce income secured from Government through this route by £100k in 2020/21. Ongoing work reviewing the transition from Housing Benefit to Universal Credit is being reviewed in light of the latest intelligence and demand metrics.
68. This draft budget includes a net reduction of £285k in the use of Earmarked Reserves to support base budget activity, representing the unwinding of the £1,095k of such support included in 2019/20 budgets and financing the cost of the Older People's Discount.
69. In addition, £400k dividend towards support services costs from the Council's property trading company, Hillingdon First Limited has been reflected in this draft budget.
70. Investment in Public Health activity of £462k has been built into the position, after funding £118k of inflationary uplifts in this area, has been reflected in this draft budget in line with the additional funding announced as part of the 2019 Spending Review.

#### **DEVELOPMENT AND RISK CONTINGENCY**

71. The Development and Risk Contingency is used to manage budgets relating to volatile or demand-led budgets, where there will remain uncertainty as to the level of resources required until actual demand for services is known at outturn. Rather than inflating Directorate Operating Budgets to cover all potential risk items, these are collated and budgeted for in the round.
72. The following table provides an overview of projections across Development and Risk Contingency, with £5,281k of anticipated increases in demand for services linked to demographic / population-led drivers and a net £1,021k reduction in provision for risk items resulting in a net £4,260k uplift in the 2020/21 budget requirement. Offsetting these pressure items, a number of management actions totalling £677k have been built into the position covering the Social Worker Agency Contract and relating to demand management in Homelessness Prevention.

**Table 8: Development and Risk Contingency**

	<b>2020/21 Development &amp; Risk Contingency Items £'000</b>
<b>Revised 2019/20 Development and Risk Contingency</b>	<b>10,074</b>
Movement in Demographic Growth Items	5,414
Movement in Risk Items	(1,154)
Proposed Management Action	(677)
<b>Projected 2020/21 Development and Risk Contingency</b>	<b>13,657</b>

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

#### **Service Pressures – Demographic Growth Items**

74. Waste Disposal Levy and Contracts (£2,407k provision, £850k growth from 2019/20) – Projected costs in respect of waste disposal reflect projected residential development in the borough, alongside increases in the cost of disposal linked to rising landfill taxes and broader market forces with scope for volatility in both volumes and cost during 2020/21.
75. Support for Looked after Children (£3,211k provision, £341k growth from 2019/20) – Growth in numbers of Looked after Children continues to outstrip broader population trends with projected numbers of placements rising from 231 on 1 April 2019 to 239 during 2020/21. Given the high unit cost and complexity of reasons for entering care, this is expected to remain a volatile area going forward.
76. Support for Children with Disabilities (£895k provision, £245k growth from 2019/20) – Alongside Looked after Children, Children with Disabilities continues to see growth in placement numbers necessitating a £245k uplift in the contingency requirement for 2020/21.
77. SEN Transport (£2,873k provision, £2,135k growth from 2019/20) – As evidenced through 2019/20 budget monitoring, there has been a significant increase in the cost of SEN Transport during the current financial year, with an increasing reliance on low occupancy routes reflecting a lack of capacity of in borough SEN Provision. With annual growth of around 10% in numbers of Education, Health and Care Plans, including significant growth in the pre-school and post-18 age groups, further pressure on this service is anticipated.
78. Adult Social Care Placements (£3,842k provision, £1,843k growth from 2019/20) – An uplift in the cost of care placements is projected for 2020/21. The main area of growth is within the Mental Health service, where demand is currently exceeding 2019/20 budget

assumptions. Growth in this area, in part, relates to Government initiatives to put mental health on a par with physical health as well as greater awareness of mental health issues nationally. In addition to this, underlying growth of 1.9% in the over 65 population and 2.3% in the population with moderate to severe learning difficulties has been built into the position.

79. This underlying growth in demand is expected to translate into an additional £1,843k net expenditure on care placements as new working age clients transition into the service, with effective management of the front door and service delivery models continuing to support independence and avoiding any uplift in the cost of Older People's Care placements.

### **Service Pressures – Risk Items**

80. Homelessness Prevention (£1,736k provision, no change from 2019/20) – Over the first five months of 2019/20 the use of temporary accommodation (TA) has increased, with a higher percentage increase in the number of clients placed in Bed and Breakfast (B&B) accommodation due to the handback of properties on alternative TA schemes. The average number of clients in B&B in year to date is 180, 50 above the original budget assumptions that set a target of 130 clients. However, measures have been implemented to recover the position in year, resulting in a current year forecast underspend against contingency. Actions include: maximising supply at zero cost to the General Fund through the use of shortlife, ring-fenced and general needs properties held in the HRA which will reduce expenditure on B&B and Private Sector Placements. Demand levels are projected to be managed through additional prevention casework.
81. Asylum Funding Shortfall (£1,063k provision, £822k decrease from 2019/20) – Home Office funding available to the Council to support Unaccompanied Asylum Seeking Children remains insufficient to meet the full cost of this demand, with £1,196k costs falling to the local taxpayer. The improvement in this position relates to changes in Home Office funding rates.
82. General Contingency (£500k provision, £332k decrease from 2019/20) – In order to manage emerging pressures or other volatility, it is proposed to retain a General Contingency of £500k. Given the substantial growth proposed for specific risk items in 2020/21 and reflecting experience in recent years, it is recommended that this provision be reduced from its 2019/20 level of £832k.

## Management Action

83. Homelessness Prevention (£914k management action, £250k favourable from 2019/20) – The Council has been successful in minimising reliance upon more expensive Bed and Breakfast accommodation during 2018/19, which in addition to the service benefits contributes towards a substantial reduction in the net cost of homeless prevention. In addition, continuing use of incentives to secure sustainable tenancies contributes towards this expected saving which will continue to be closely monitored into 2019/20.
84. Social Worker Agency (£0k management action, £277k favourable from 2019/20) – The contracting arrangements for the provision of interim Social Workers and other professionally qualified workers has resulted in a significant drop in the premium paid per worker. In addition to this, the department's outturn position for 2018/19 suggests that staffing budgets are sufficient in this area to cover the cost of agency staff, with budget monitoring in 2019/20 supporting this view, it is therefore being proposed that this item is no longer required.
85. SEN Transport (£150k management action, £150k favourable per annum from 2019/20) – This proposal aims to reduce the overall impact on the Council of the pressures within SEN Transport by contracting a consultant to manage the service, with an anticipated net benefit of £150k reduction in spend through using a more commercial approach.

## PRIORITY GROWTH

86. This draft budget includes £677k of funding for Priority Growth items based on new growth proposals identified, with funding held in Earmarked Reserves being available for any new and emerging Priority Growth proposals during the year, proposals incorporated in the budget at this time are:
- i. £130k for three new officers in the Anti-Social Behaviour and Environment Team (ASBET).
  - ii. £113k for a Planning Lawyer.
  - iii. £100k for Live Interpretation for the Battle of Britain Bunker.
  - iv. £79k for a lead officer to support the Council deliver its additional duties as a result of the Environment Bill.
  - v. £60k for Patrol Officers at Little Britain Lake.
  - vi. £56k for a Military History Curator to support work at both the Battle of Britain Bunker and across the Borough.
  - vii. £55k for the Licensing Team to support Animal Welfare as a result of changes in legislation.
  - viii. £50k to strengthen the Council's Domestic Violence support.
  - ix. £30k for additional support for conservation.

## SAVINGS PROGRAMME

87. Taking into account the uplift in funding of £4,355k, the £6,334k drawdown from General Balances and £677k management action on contingency items, savings of £6,136k are proposed from Directorate Operating Budgets. Table 9 provides a summary of these proposals by Directorate and type of saving.

**Table 9: Savings Proposals**

	Chief Executive's Office	Finance Directorate	Residents Services	Social Care	Cross-Cutting Initiatives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Service Transformation	(31)	(228)	(625)	(1,146)	(100)	(2,130)
Effective Procurement	0	0	(1,186)	(732)	0	(1,918)
Income Generation & Commercialisation	0	0	(981)	0	0	(981)
Zero Based Reviews	0	0	0	(617)	(490)	(1,107)
<b>Savings Proposals</b>	<b>(31)</b>	<b>(228)</b>	<b>(2,792)</b>	<b>(2,495)</b>	<b>(590)</b>	<b>(6,136)</b>

88. The following paragraphs provide an overview of savings proposals included in this draft budget. These include efficiency savings and other measures reducing the cost of service delivery without impacting upon service. As in previous years, savings measures fall into four broad themes:

- i. Service Transformation represents the majority of proposed savings, with items presented in this category ranging from the full year effect of previously implemented proposals, the implementation of recently agreed BID Reviews and the expected benefits arising from potential new BID Reviews.
- ii. Effective Procurement savings are similarly made up of full year effect items and proposed reviews of delivery models in a number of areas.
- iii. Income Generation & Commercialisation proposals include brought forward items for which plans are already in place, and proposed amendments to Fees and Charges discussed in the dedicated section below.
- iv. Savings proposals from Zero Based Reviews represent budgets, which have been identified as being surplus to requirements through the line-by-line review of outturn 2018/19 and similar exercises being undertaken by Finance.

### Pump Priming Savings and Flexible Use of Capital Receipts

89. The Council is currently permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. This draft budget has been prepared on the basis that such implementation costs for the

2020/21 savings programme, estimated at £3,750k, will be financed from a combination of Capital Receipts and Earmarked Reserves as appropriate.

### **Chief Executive's Office**

90. A total of £31k service transformation savings proposals have been presented in relation to the Chief Executive's Office for 2020/21 from a remodelling of Human Resources. Full year effects from the proposal are expected to increase these savings in future years to deliver £49k by 2021/22.

### **Finance**

91. Within Finance, £228k of proposals are presented for 2020/21 through service transformation from the Exchequer and Business Assurances Services service review. A further £190k full year effect is expected from the Exchequer and Business Assurances Services service review, taking the total full year effect saving for Finance to £418k.

### **Residents Services**

92. Savings proposals totalling £2,792k are presented for Residents Services in 2020/21, including £625k service transformation items, £1,186k from procurement efficiencies and £981k from income generation and commercialisation. Further proposals with longer implementation times are expected to secure an additional £355k saving in 2020/21, bringing the total savings proposals for Residents Services to £3,147k.
93. Service Transformation proposals include a £400k reduction in spend against waste and recycling disposal costs through increasing the percentage of waste collected for recycling. A further £125k is expected from the BID review for Digital Strategy, increasing to £263k by 2021/22 through channel shift of calls and face-to-face contacts to an online platform. The remaining £100k balance of the £625k Transformation savings comes from a proposal to introduce a Selective Landlord Licensing Scheme to be applied to designated areas of the Borough to promote improved standards in the private rented sector.
94. The £986k procurement efficiency saving presented within this report relates to the tendering of the Leisure Management Contract and the anticipated uplift in the management fee from the preferred bidder. An additional £200k has been built into the position from the transitioning from running dual applications across Microsoft Office and Google as the Council transitions to a single product, Microsoft Office 365.
95. Income generation and commercialisation proposals totalling £981k for 2020/21 include an anticipated £901k increase in Fees & Charges from the annual benchmarking exercise which is expanded upon below, a further £80k net income from invest to save schemes proposed to increase Cemeteries income by increasing the availability of niches and plaques.



## Social Care

96. Across Social Care, savings proposals totalling £2,495k have been put forward, with £1,146k of these proposals relating to Service Transformation, with a further £732k coming from Effective Procurement and the remaining £617k being delivered by Zero Based Reviews. In addition to the £2,495k of proposals in 2020/21, a further £100k of full year effect saving is included for 2021/22.
97. Within Service Transformation, 2 BID reviews are proposed for consideration including a review of Children and Family Development Services (£213k) to come from reshaping service delivery, with a full year effect of £313k achieved by 2021/22 and a review of the Occupational Therapy service delivery model (£269k) indicating efficiencies from moving to a mixed service delivery with a part outsourced, part in-house service model.
98. Two further savings are proposed within Service Transformation including a SEND review targeting early intervention and support (£161k) with a transfer of posts from the General Fund to the Dedicated Schools Grant (DSG), with efficiencies within the DSG expected to absorb the additional cost and a transfer of the Mental Health Service's team to be managed in-house (£123k) with £110k relating to the impact of withdrawing from the Section 75 Agreement and a minor £13k relating to staffing costs.
99. The final element within the Service Transformation total is a £380k saving expected to come from a BID review of the Social Care support function, which has been broken down into 4 workstreams covering:
  - i. the Early Intervention and Prevention Service;
  - ii. Brokerage;
  - iii. the impact of the roll out of the new Liquid Logic system (with the main focus starting on the SEND service);
  - iv. Continuous review of Social Care structures to be considered as part of the Social Care Programme Board workload.
100. The £732k Effective Procurement saving centres around the review of the Children's semi-independent living provision and contracts, with the rationalisation of existing contracts including the decommissioning of Olympic House (£424k), more effective use of existing provision, releasing Ventura House to be fully utilised by Housing (£295k) and maximising the use of block contracts, thereby producing an efficiency against spot purchases (£13k).
101. Zero Based Review savings reflect £617k spend on client equipment that will be funded from capital grant within the broader Better Care Fund, producing a net benefit for the department's revenue position.

## Cross Cutting

102. Cross cutting initiatives include a transformation saving of £100k for a Senior Management Restructure, based on the anticipated benefit of an upcoming review of the Council's senior management structure through the Business Improvement Delivery (BID) programme. In addition to this, the recently completed review of the Managed Vacancy Factor that has identified £490k of zero based budgeting savings where high turnover in certain areas of the Council mean that the Managed Vacancy Factor can be increased. Both saving proposals can be delivered without impacting on service standards.

## FEES AND CHARGES

103. The Council is empowered to seek income from Fees and Charges to service users across a wide range of activities. Some of these Fees and Charges are set by the Government or other stakeholders, but many others are set at the discretion of the Council, based on Cabinet's recommendations. The Council continues to operate a system of differential charges through the Hillingdon First card, which enables preferential rates to be offered to local residents.

104. The Council continues to benchmark Fees and Charges against those of neighbouring authorities and other service providers, with charges being set at a maximum of 90% of the relevant benchmark for residents, and at benchmark for non-residents where applicable. As the Council has frozen many charges since 2011, while other providers apply annual uplifts, periodic benchmarking at 90% can result in larger rises in a single year than seen in other authorities. This realignment of charges incorporates £901k additional income, with £492k of this sum already agreed earlier in 2019/20 and £409k of new proposals for implementation in 2020/21.

105. Proposals already agreed and contributing £492k towards the Income Generation & Commercialisation savings total include:

- i. Licensing - October Cabinet approved revisions to Shop Front Tables and Chairs fees and Temporary Street Trading Pitches, with these changes forecast to deliver £20k in 2020/20, increasing to £24k by 2022/23.
- ii. Highways Crossovers - A new charging structure for vehicle crossover fees and charges was approved as part of July 2019 Cabinet, generating increased income of £98k. The agreed proposals included the introduction of two new charges for crossover application fees for planned works and Supervision fees for ad-hoc crossovers, with uplifts applied to two existing charges.
- iii. Bay Suspensions: Revised rates became effective from mid-October following approval in September's Cabinet to increase fees to match the Council's three nearest neighbours of Ealing, Hounslow and Harrow is expected to deliver a £213k saving, with

the majority of parking bay suspensions being for essential works, including utility and telecommunications works, or for commercial purposes including construction and large deliveries.

- iv. Season Tickets - Revisions to the Council's season ticket offer in Grainges and Cedars car parks, particularly in consideration of promotion and marketing opportunities, setting of maximum season ticket allocations per site, and the review of fees and charge was agreed in November Cabinet, with additional income built into the fees and charges saving of £104k.
- v. Pay by Phone / New Pay & Display Machines - Following the introduction of Pay by Phone technology earlier this year, and, although difficult to estimate the potential impact, income lost through parking suspensions following theft and vandalism to machines totalled £113k in 2018/19, with £57k of this value being built into the savings proposals for 2020/21, with the remaining £56k forecast to be achieved by 2021/22.

106. New proposals presented as part of this budget report contribute £409k and include:

- i. Breakspear Crematorium & Cemeteries – Following a benchmarking review of our nearest neighbours and following Hillingdon's approach to charging at 90% of the Borough's nearest neighbours, charges have been increased to reflect this approach. This will increase income by £29k per annum, but the Crematorium increases will be phased over three years to limit the impact in year.
- ii. New Years Green Lane Civic Amenities Site – A similar benchmarking approach has been taken to Trade and DIY waste charges, with a 90% benchmark approach expected to yield an additional £18k of income.
- iii. Parking – A number of increases are being proposed to parking charges across the Borough for non residents including incremental uplifts at the Cedars and Grainges car parks, on-street and off-street parking, resident permits and visitor vouchers, all of which are projected to increase income by £219k in year 1, increasing to £376k by 2022/23. Parking charges will again remain frozen for residents.
- iv. Temporary Traffic Regulation Orders - The Council authorises Temporary Traffic Regulation Orders (TTROs) when it is necessary to prohibit or control vehicular and/or pedestrian traffic along a highway because of planned works or public events, which are on or near a road. Increasing charges in line with the Council's three nearest neighbouring boroughs would increase income by £107k in 2020/21.
- v. Highway Crossovers - In addition to the uplifts approved by Cabinet in July 2019, further incremental uplifts are proposed as part of a second phase of uplifts to deliver £36k in new income for 2020/21, with application fees being in line with the 90% benchmark approach and other recharges being based on standard indexation and inflationary uplifts.

107. In addition to the above proposals included in the December draft budget, a number of changes to Golf fees and charges are proposed to incentivise participation, although it is not expected that these changes will impact overall levels of revenue for the service.
108. Finally, a benchmarking exercise has been completed for Development Control Pre-Application Fees, last reviewed in January 2014, which are charged for technical and detailed planning advice on potential developments. This exercise identified scope for increases across developments including two or more units while maintaining charges at 90% of the neighbouring borough average. This exercise is expected to secure up to £292k additional income, which will off-set an element of the pressure reported across Development Control income. The pre-application fees will not generate a surplus in operations but are considered to be cost neutral for the work undertaken. The Council will continue to provide a Duty Planning Service free of charge to local residents and small businesses.

## 2018/19 to 2024/25 CAPITAL PROGRAMME

### Proposed Changes to Capital Programme and Funding

109. This report outlines a number of proposed changes to the Council's Capital Programme over the period 2019/20 to 2024/25, which would increase total investment to £444,263k to be funded through a combination of grants, developer contributions, capital receipts and £245,592k of borrowing – with this borrowing representing 55% of capital investment. The following table provides an overview of proposed amendments to the programme, with further detail on major changes provided in the following paragraphs and an overview of the programme set out in Appendix 9.

**Table 10: Proposed Capital Programme Updates**

2019/20 to 2024/25 Capital Programme	Capital Expenditure £'000	Capital Financing		
		Grants & Conts £'000	Capital Receipts & CIL £'000	Prudential Borrowing £'000
Approved Capital Programme	407,327	109,655	72,601	225,071
Month 6 Variance	(104)	344	302	(750)
<b>MTFF Changes</b>				
Purchase of Uxbridge police station	5,000			5,000
Property Works Programme	4,848			4,848
Social Care Equipment	4,448	1,324		3,124
Sports Clubs Refurbishments	3,750			3,750
Cranford Park	2,597	2,382		215
Youth Provision	2,500			2,500
Civic Centre Programme	2,442			2,442
Corp Tech & Innovation	2,284			2,284
Environmental Projects	2,151	1,750		401
Shopping Parades Initiative	2,098	113		1,985
Highways Structural Works	2,000			2,000
Uxbridge Mortuary Extension	1,231	615		616
Purchase of Vehicles	649			649
Battle of Britain bunker increase	560			560
Uniter Building Refurbishment	390		390	0
CCTV Programme	342			342
Equipment Capitalisation	260			260
Battle of Britain Bunker enhancements	100			100
Transport for London confirmed LIP allocation	(650)	(650)		0
Woodside GP surgery	(1,939)			(1,939)
Yiewsley Development	(6,779)		(5,982)	(797)
Secondary Schools Expansions	(16,866)	(5,250)		(11,616)
Add 2024/25 Programmes of Works & Contingency	25,624	10,000	14,874	750
Refresh of Capital Receipts, CIL & S106		248	(4,045)	3,797
<b>Revised Capital Programme</b>	<b>444,263</b>	<b>120,531</b>	<b>78,140</b>	<b>245,592</b>
<b>Movement from Approved Programme</b>	<b>36,936</b>	<b>10,876</b>	<b>5,539</b>	<b>20,521</b>

- i. Uxbridge Police Station – Purchase of the Uxbridge Police Station at a cost of £5,000k.
- ii. Property Works Programme – Additional investment required of £4,848k for the upkeep of various Council properties across the borough over the next five years.
- iii. Social Care Equipment – This proposal is centred around making more effective use of the Better Care Fund (BCF) and Disabled Facilities Grant (DFG) by switching this capital resource for revenue monies currently managed by the CCG. This approach sees £4,448k additional expenditure routed through the Council's capital programme, ensuring that the grant is fully deployed and delivering a £617k saving to the General Fund on top of banking the £570k at risk element of the 2018/19 saving for maximising CCG income.
- iv. With agreement from the CCG in place, this proposal has been made to add £4,448k to Capital budgets, and will also ensure the Council maximise its use of the DFG, reducing the net increase in the Capital Programme by £1,324k.
- v. Sports Club Refurbishment – Proposed investment of £3,750k in Sports Clubs across the Borough to promote the health and wellbeing of the Borough's residents.
- vi. Cranford Park – The bid entails the repair and regeneration of the historic buildings and landscape at Cranford Park along with the introduction of visitor facilities at a total cost to the Capital Programme of £2,597k, attracting £2,382k of National Lottery Heritage Funding.
- vii. Youth Provision – Due to the success of this programme that was originally planned to finish in 2019/20, an additional investment of £500k per annum has been built into the Capital Programme over the next five years, adding a total of £2,500k to the budget.
- viii. Civic Centre Programme – Increased investment required for continuing upkeep of Civic Centre based on identified works over next five years adds £2,442k.
- ix. Corporate Technology & Innovation – A £2,284k additional ICT investment is required to fund a desktop and laptop refresh project, associated Windows 10 licenses and Cloud migration costs.
- x. Environmental Projects - a £1,750k programme of investment including pollution screens for the borough's schools. Plus an additional £401k for other projects including additional columbaria chambers at Northwood Cemetery, increased burial plots at Cherry Lane and additional Garden niches and memorial mushrooms at Breakspear Crematorium.
- xi. Shopping Parade Initiatives – Future rollout of the popular shop front grant scheme to local neighbourhood parades, with new initiatives at 8 different sites, adding £2,098k to the Capital Programme. This is partly funded by £703k income (£590k TfL grant

transferred from within the current programme and £113k contribution from shopkeepers).

- xii. Highways Structural Works – It is planned to increase investment in Highways Structural Work by an additional £2,000k, taking planned investment to £10,000k for the 2020/21 financial year.
- xiii. Uxbridge Mortuary Extension – It is planned to extend the building, increasing space for training, post mortems, body reception and fridges at a cost of £1,231k, with a 50% contribution being sought from the London Borough of Ealing generating £615k towards the project as the mortuary covers both authorities' populations.
- xiv. Purchase of Vehicles – £649k is added for the latest estimates of the rolling vehicle replacement programme requirement from 2019-25.
- xv. Battle of Britain Bunker – A review of potential risks around the refurbishment of this heritage building has indicated the need for additional contingency provision to manage risks such as water ingress, £500k has been included in this draft programme to provide this contingency. In addition, £60k has been provided for the purchase of equipment for the Battle of Britain museum. With these additional investments increasing the total budget to £1,557k in the Capital Programme.
- xvi. Uniter Building Refurbishment – £390k investment in a refurbish programme at the Uniter Building.
- xvii. CCTV – The existing programme has been increased by £342k to support the ongoing CCTV programme across the Borough.
- xviii. Equipment Capitalisation – Increase in equipment capitalisation budget required as forecast demand for the supply of bulk waste and recycling bins to customers of the Business Waste Service is expected to increase in 2020/21 adding £260k.
- xix. Battle of Britain Bunker and Visitor Centre Enhancements – Investing £100k for further enhancements at the Battle of Britain Bunker and Visitor Centre. Following its success at Local Authority Building Control (LABC) Awards (London region), the Council is looking to further enhance this heritage site to continue to attract new and repeat visitors.
- xx. Transport for London confirmed LIP allocation – a net reduction of £650k in Transport for London grant following confirmation on 18th December 2019 from TFL of the Local Implementation Plan (LIP) funding allocations for next year.
- xxi. Woodside Surgery – Following feedback from Hillingdon Clinical Commissioning Group, it is being proposed that the Woodside Surgery is removed from the Capital

Programme, reducing the overall spend by £1,939k, with evidence suggesting that there is sufficient level of supply in the area.

- xxii. Yiewsley Development – The approved budget is based on original plans for 72 discounted market sale units (General Fund) and 12 supported housing units (HRA) at two development sites, Falling Lane and Otterfield Road. Further investigation of options for these two developments has identified scope to intensify the development to include 107 units and potentially deliver an element through a development partner, resulting in a net £797k increase in the projected surplus on the project.
  - xxiii. Secondary Schools Expansions – A £16,866k reduction in expenditure projections for new secondary provision based upon the latest pupil place planning forecasts, with a corresponding £5,250k reduction in Government Grant support. As with all aspects of the Capital Programme, this item is subject to a level of volatility due to levels of demand, market forces and the risks inherent in projects managed by third parties.
110. Changes to the recommended budget proposals from the report considered by Cabinet on 17 December 2019 relate to the updating of the reported variances from the Month 7 position to Month 9 and the inclusion of an additional £650k for Transport for London confirmed LIP allocations.
111. In addition to these service-led proposals for additions to the Capital Programme, the above table also outlines changes to funding assumptions and incorporates the impact of extending commitments into the 2024/25 financial year. In considering the funding strategy for the Capital Programme and its associated revenue implications, it is necessary to include commitments in the current financial year in order to capture a comprehensive view of the Council's programme of investment. The following table sets out the latest funding strategy for this draft Capital Programme.



**Table 11: Capital Programme Funding Strategy**

	2019/20 £'000	2020/21 £'000	2021/22 to 2024/25 £'000	Total £'000
<b>Capital Expenditure</b>	<b>85,516</b>	<b>87,568</b>	<b>271,179</b>	<b>444,263</b>
Prudential Borrowing	45,336	60,018	140,238	245,592
Capital Receipts	6,003	6,998	43,389	56,390
Community Infrastructure Levy	4,250	3,500	14,000	21,750
<b>Council Resources</b>	<b>55,589</b>	<b>70,516</b>	<b>197,627</b>	<b>323,732</b>
Government Grants & Other Contributions	29,927	17,052	73,552	120,531
<b>Capital Financing</b>	<b>85,516</b>	<b>87,568</b>	<b>271,179</b>	<b>444,263</b>

112. The Council will seek to minimise reliance upon Prudential Borrowing by prioritising use of grants and other third party funding, maximising application of developer contributions and where possible utilising capital receipts. The following paragraphs outline the approach taken to managing the ongoing costs associated with the planned use of Prudential Borrowing.

#### **Prudential Borrowing and Impact upon Revenue Budget**

113. In approving a Capital Programme, the Council is required to operate within the Prudential Framework requiring that both individual schemes and the overall programme are tested for affordability, sustainability and prudence. Projects to be financed from the planned £245,592k borrowing fall into three broad financing strategies, with a fourth category of investment to be financed from future Council Tax revenues:

- i. £19,228k investment linked to the generation of specific capital receipts on completion of the project, such as the Yiewsley Development;
- ii. £50,000k investment in the Council's wholly owned property trading company, Hillingdon First Limited, with ongoing debt financing costs to be funded through dividends, interest and principal payments to the Council;
- iii. £11,354k invest-to-save projects intended to deliver revenue efficiencies sufficient to fully fund associated debt financing costs, such projects include investment in transformational ICT projects, and;
- iv. £165,010k investment in assets linked to service delivery, with significant elements of this sum including £44,000k for a theatre on the former RAF Uxbridge site, £53,537k for Highways Structural Works, £35,741k to meet demand for school places and £32,000k for a new West Drayton Leisure Centre.

114. Debt financing costs and any associated revenue savings will be reflected in the Council's revenue budgets as appropriate, with the £165,010k investment in assets linked to service

delivery representing the most significant element of the £12,445k uplift in capital financing costs captured in the MTFE over the period to 2024/25. This sum will rise from a total cost of £5,700k in 2019/20 to £17,885k by 2024/25 as the full borrowing requirement feeds through into revenue. There is scope to minimise this future revenue cost through rationalisation of programme commitments, securing alternative funding or increasing capital receipts, with a £10,000k reduction in the borrowing requirement equating to £575k per annum of financing savings to revenue.

## **BUDGET STRATEGY 2020/21 TO 2022/23**

### **MEDIUM TERM OUTLOOK**

115. In line with the position for 2020/21, the medium term savings requirement is driven primarily by inflation, demand-led pressures managed through contingency and capital financing costs. The uplift in funding is projected over this period as a result of steady growth in the Council Tax base and the front loaded additional resources announced in Spending Review 2019. Latest projections for this period indicate a £34,086k overall savings requirement as set out below, which is to be managed through a combination of savings and Council Tax increases.

**Table 12: Medium Term Outlook**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2020/21 - 23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Changes in Recurrent Funding	(7,689)	(1,019)	(2,545)	(11,253)
Changes in One-Off Funding	6,312	1,324	0	7,636
Inflation	6,222	5,861	6,198	18,281
Corporate Items	664	3,193	4,396	8,253
Contingency (Service Pressures)	4,260	3,406	3,480	11,146
Priority Growth	23	0	0	23
<b>Underlying Savings Requirement</b>	<b>9,792</b>	<b>12,765</b>	<b>11,529</b>	<b>34,086</b>

116. Anticipated growth in recurrent funding of £11,253k over the period to 2022/23 reflects £4,599k additional Council Tax coming from a 3.1% growth in residential properties. In addition, the medium term outlook includes an expected £2,447k additional income from locally retained business rates driven by £1,818k from assumed inflationary uplifts and £629k from growth in the Rating List. Other movements within recurrent funding include an anticipated £4,207k increase in grants in line with indications with Spending Review 2019.

117. As a result of the above growth assumptions, the Council is expecting to be in receipt of £48,364k grant funding alongside £49,128k of baseline business rates giving a total of £97,492k of Government-directed funding. This includes £56,167k allocated through the Settlement Funding Assessment, £20,309k of dedicated social care funding through mechanisms such as the Better Care Fund, £17,651k of Public Health monies and £3,365k of other smaller grants. As with all areas of the MTF, there remain a number of potential risks around these funding streams:

- i. In line with the direction of travel outlined in Spending Review 2019, projections assume inflationary uplifts will be awarded across the majority of funding streams. These uplifts represent £3,048k of 2022/23 projections.
- ii. The upcoming Fair Funding Review will refresh relative shares of all major funding streams, including social care monies, and although indications are that this exercise

will result in a general transfer of resources from urban to rural authorities this effect is likely to be less severe for Hillingdon given its position on the edge of the capital. It is expected that this exercise will see a net uplift in Hillingdon's core funding to reflect the relative growth in population – although this will likely be required to offset the impact of resetting the Business Rates Retention system.

- iii. The reset of the Business Rates Retention system will put the Council's £9,178k per annum growth by 2022/23 at risk as these monies are clawed back from authorities increasing their taxbase since 2013/14 and recycled into formula funding. As noted above, it is anticipated that this loss will be mitigated through population gains in the main funding formula.
118. The decline in one-off funding reflects the decision of Government to terminate the London Business Rates Pilot Pool on 31 March 2020, reducing one-off funding by £6,600k in 2020/21. This impact has been partially mitigated by £865k from the proposal to form a Non-Pilot Pool across London. Alongside this, other movements in one-off funding include the 2019/20 Collection Fund surplus (£459k).
119. Inflationary growth of £18,281k is anticipated over the period to 2022/23, with workforce costs, social care placements and other contracted expenditure representing the key components. Pay awards of 2.0% per annum from 2020/21 have been built into the position over the 3 year period alongside a 0.5% uplift in pension contributions in the final year of the MTFF contributing £8,736k to the savings requirement. With expected London Living Wage growth of 4.0% per annum over the medium term being the key driver behind an expected £7,155k uplift in the cost of care placements. The remainder of this pressure reflects 2% per annum uplift on contracted services, alongside continuation of current trends in energy costs.
120. As noted earlier in this report, the uplift in financing costs necessary to support historic and current capital investment plans represents the single largest element of the £8,253k provided for corporate items over the period to 2022/23. Total forecast borrowing of £245,592k includes £165,010k in support of schemes without specific funding strategies in place. This equates to financing costs of £11,499k per annum by 2022/23, rising to £17,625k beyond the current MTFF period.
121. Increased demand for services linked to a growing population is expected to require £11,146k additional expenditure by 2022/23, including £4,034k of funding for Adult Social Care, £3,003k uplift in the cost of SEN Transport, £2,030k of growth in support for children in care, and £2,650k additional waste disposal costs, and being offset by reductions in other contingency provisions.
122. The combined effect of these forecasts would be a budget gap of £34,086k, with proposals for Council Tax increases over the medium term and savings already identified during the

2020/21 budget cycle reducing the remaining savings requirement for the financial years 201/22 and 2022/23 to £19,987k as outlined below.

### **2019/20 to 2022/23 BUDGET STRATEGY**

123. Budget proposals for 2020/21 and capital investment plans have been developed in the context of the medium term outlook for the Council's finances, with the combined impact of inflationary pressures, growing demand for services and increasing capital financing costs generating a £34,086k saving requirement over the period to 2022/23. In addition to this new savings requirement, the £7,776k use of reserves to support the 2019/20 base budget will be unwound to increase the headline gap of £41,862k.
124. The Council's draft budget strategy aims to meet this requirement over the medium term through delivery of efficiency savings under the banner of the Business Improvement Delivery (BID) Programme and Council Tax increases below the London average. General Balances will be applied to align the profile of growth and savings to deliver balanced budgets, while maintaining unallocated reserves between £15,000k and £32,000k.
125. The following table sets out this draft budget strategy, with £7,776k already identified savings and an assumed £14,099k additional income from Council Tax uplifts leaving a residual savings target of £19,987k to be bridged in 2021/22 and 2022/23. In addition, £9,334k General Balances will be released to smooth this savings requirement, leaving £24,905k uncommitted General Balances – in line with the £23,664k projection arising from the February 2019 budget strategy.

**Table 13: Draft Budget Strategy 2019/20 to 2022/23**

	2019/20	2020/21	2021/22	2022/23	2020/21 – 23
	£'000	£'000	£'000	£'000	£'000
<b>Underlying Savings Requirement</b>	<b>16,119</b>	<b>9,792</b>	<b>12,765</b>	<b>11,529</b>	<b>34,086</b>
Unwind Prior Use of Balances	950	7,776	6,334	3,000	7,776
<b>Total Savings Requirement</b>	<b>17,069</b>	<b>17,568</b>	<b>19,099</b>	<b>14,529</b>	<b>41,862</b>
Current Savings Proposals	(6,609)	(6,813)	(760)	(203)	(7,776)
Proposed 3.8% Council Tax Increase	(2,684)	(4,421)	(4,695)	(4,983)	(14,099)
In-year Call on General Balances	(7,776)	(6,334)	(3,000)	0	N/A
<b>Savings to be identified</b>	<b>0</b>	<b>0</b>	<b>10,644</b>	<b>9,343</b>	<b>19,987</b>
<b>Closing General Balances</b>	<b>(34,239)</b>	<b>(27,905)</b>	<b>(24,905)</b>	<b>(24,905)</b>	<b>N/A</b>

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

## **COUNCIL TAX POLICY AND THE SOCIAL CARE PRECEPT**

127. This draft budget includes a 3.8% increase in the headline rate of Council Tax over the MTFF period, securing £14,099k additional funding to support local services. In line with the recommended approach for 2020/21, this uplift is based on 90% of the 2% anticipated increase across London (1.8%), plus making full use of the 2% Social Care Precept.
128. As previously noted, it is becoming increasingly apparent that the Social Care precept is part of the Government's approach to financing growing demand for Social Care. Given the limited scope for any Government to repeat the substantial uplift in grant funding announced for 2020/21, it is likely that the precept could be the only uplift for care funding available over the following two years – although the forthcoming consultation and policy paper are expected to clarify this.

## **BALANCES AND RESERVES STRATEGY**

129. The Balances and Reserves Policy approved by Cabinet and Council in February 2019 outlined a recommended range of £15,000k to £32,000k for uncommitted General Balances, with the proposed budget strategy meeting this requirement. At this time, no amendment to this headline reserves requirement is proposed although the broad range of risks facing the authority will continue to be monitored.
130. Given that General Balances are projected to total £34,239k at 31 March 2020 this provides up to £19,239k of capacity to defer savings into later years where this is necessary. The draft budget strategy above proposes releasing a further £9,334k of this sum to enable the majority of the savings requirement to be reprofiled into 2021/22 and 2022/23, leaving £24,905k General Balances available to manage emerging risks.
131. In terms of the Schools Budget, the Department for Education have indicated that the intention is to not finance deficits from general resources, and have gone so far as to make this explicit in the Dedicated School Grant conditions for 2020/21. Officers are awaiting detailed guidance on how this will be managed in practice and how this will address the DSG deficit going forward.
132. Earmarked Reserves are projected to total £22,666k at 31 March 2020, with monies earmarked for a range of specific purposes including unapplied grants, member initiatives and other funds to manage individual projects or risks. While there is a level of variability in the usage of Earmarked Reserves, the 2020/21 budget is predicated upon the use of £2,147k of these monies – primarily to fund the Older People's Discount for Council Tax, HIP projects and Leaders' Initiatives for Older People – with the remaining £20,519k expected to be depleted over the medium to longer term.

## SAVINGS REQUIREMENT AND BUSINESS IMPROVEMENT DELIVERY (BID) PROGRAMME

133. On the basis of the current medium term outlook and assuming that the approaches to Council Tax increases and use of General Balances outlined above are approved, this would leave a savings requirement of £27,763k over the period to 2022/23. The full year effect of proposals outlined in the 2020/21 section of this report would secure £7,776k of this sum, leaving £19,987k to be identified.
134. Successfully identifying this level of savings over the next two years will necessitate a significant increase in the savings programme, with savings for 2019/20 and 2020/21 only totalling £13,422k. Given that the step change in Central Government is now already factored into the MTF, the likelihood of needing to make this level of savings is now much higher. However, total savings delivered since 2010 are in the order of £140m, which suggests that further savings of £19,987k from a Council of this size should be deliverable.

**Table 14: Savings Programme (2017/18 to 2020/21)**

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Service Transformation	7,222	3,936	2,816	2,130	<b>16,104</b>
Effective Procurement	2,171	1,385	0	1,918	<b>5,474</b>
Zero Based Reviews	4,691	2,536	1,470	1,107	<b>9,804</b>
Preventing Demand	407	2,695	1,281	677	<b>5,060</b>
Commercialisation & Maximising Income	1,017	103	1,874	981	<b>3,975</b>
Policy Decisions	0	0	0	0	<b>0</b>
<b>Gross Savings Programme</b>	<b>15,508</b>	<b>10,655</b>	<b>7,441</b>	<b>6,813</b>	<b>40,417</b>
Rebasing Legacy Items	0	0	(832)	0	(832)
<b>Net Savings Programme</b>	<b>15,508</b>	<b>10,655</b>	<b>6,609</b>	<b>6,813</b>	<b>39,585</b>

## **HOUSING REVENUE ACCOUNT**

135. The budget proposals for 2020/21 are based on the ninth full year of self-financing for the Housing Revenue Account. Under self-financing, the regulations maintain a ring-fence around the Council's provision of housing, the cost of which is fully supported by rental income.
136. This budget includes rent increases of CPI+1% per annum from 2020/21 to 2024/25 to reflect Government policy, whilst providing for substantial investment in new General Needs and Supported Living units. There is also no change to the HRA rent policy.
137. The position presented in this report includes a £16k favourable movement within 2019/20 from the December report, with this sum being paid into an Earmarked Reserve, as per table 15, this movement is driven by a minor decrease in planned maintenance.

### **Update on 2019/20 Budget**

138. Development of the 2020/21 Housing Revenue Account budget builds upon the 2019/20 budget and therefore the current monitoring position provides a useful context, highlighting areas of uncertainty which will impact upon the future of the HRA. As at Month 9, a drawdown from HRA General Balances of £1,203k is projected in the HRA, a favourable variance of £42k compared to the budget, giving forecast HRA General Balances of £17,057k at 31st March 2020, with the use of reserves funding investment in new housing stock.
139. The headline monitoring position at Month 9 incorporates underspends of £621k mainly in relation to planned works offsetting a £579k adverse variance predominantly from rental income. The latter reflecting slippage on income streams from new stock.

### **Budget Requirement 2020/21**

140. The movement from the 2019/20 baseline to the 2020/21 budget requirement is summarised below, with rental income projections and budget requirement levels updated and refreshed. The budget includes a contribution to support in-year capital investment of £18,733k. This secures increased investment in new housing stock, with the underlying financial position of the HRA remaining robust.



**Table 15: HRA Budget Requirement**

	£'000	£'000
<u>Funding Sources</u>		
Rental Income	57,872	
<b>Total Resources</b>		<b>57,872</b>
Budget Requirement 2019/20	38,611	
Inflation	482	
Corporate Items	430	
Savings	(384)	
<b>Budget Requirement 2020/21</b>		<b>39,139</b>
<b>Contribution to Finance Capital Programme</b>		<b>18,733</b>
<b>Contribution to Earmarked Reserves</b>		<b>2,057</b>
<b>Surplus / (Deficit)</b>		<b>(2,057)</b>

141. Appendix 10a to this report shows the 2019/20 approved budget and the 2020/21 draft budget. The rental income shows an increase of £1,686k from £56,186k in 2019/20 to £57,872k in 2020/21 due to a modest increase in stock and annual rent. The rental increase funds inflation on operational budgets of £482k and corporate items of £430k in 2020/21. The remaining balance from the increase in rental income is £774k and alongside 2020/21 savings of £384k helps to finance the capital programme, whilst holding £2,057k in an Earmarked Reserve and maintaining the HRA General Balances at £15,000k.
142. Appendix 10a to this report continues this presentation over the MTFP period 2020/21 - 2024/25, with unallocated HRA General Balances maintained at a minimum level of £15,000k – with an additional £2,057k balances held as an Earmarked Reserve to manage risks in the Works to Stock programme. Rental income assumptions for 2024/25 are expected to achieve £64,862k, meeting repayment of debt under self-financing of £15,407k, contribution to fund capital expenditure on existing and new stock of £18,733k and repairs & management costs of £30,722k.

## Rental Income

143. Rental income projections have been fully refreshed to take account of revised estimates for the movement in the numbers of properties due to new builds, properties being sold under the RTB scheme. This budget has been prepared on the assumption that the RTB sales are 50 per annum from 2020/21 to 2023/24 and 40 for 2024/25.
144. Rental increases revert to CPI+1% in 2020/21 in line with the MHCLG confirmation in October 2018 of a 5 year rent settlement whereby the social housing rent increase will be limited to CPI+1% per annum between 2020/21 to 2024/25. At this stage, it is assumed that the 1% provision for income losses arising from void properties will remain at this level, resulting in net dwelling rents of £57,872k in 2020/21.

## Balances and Reserves

145. HRA General Balances are projected to reach £17,057k by 31<sup>st</sup> March 2020, representing 29% of total resources for 2020/21. It is proposed to keep the minimum level of HRA balances set at £15,000k with sums over and above this amount earmarked to provide a contingency for managing the Works to Stock programme. The minimum level of balances is approximately 26% of total resources. The Major Repairs Reserve (MRR) will be utilised to support capital investment and it is not planned to retain any uncommitted MRR balances over the medium term.

## Inflation

146. A net inflation provision of £482k is included in the 2020/21 budget. This relates to inflation of £373k on salary and operating costs of which £150k is for agency worker regulations, £299k on repairs and planned maintenance and £190k inflation on charges to tenants and leaseholders. The impact of inflationary increases on charges to tenants and leaseholders has been incorporated into Appendix 10d of this report.

## Corporate Items

147. Movements contained within Corporate Items total £430k in 2020/21 as shown in Appendix 10a. This consists of realignment of budgets relating to building safety £131k, caretaking provision of £129k, tenancy services provision of £91k, HRA waste recycling costs of £44k and extra care sites cleaning contracts of £35k.

## Development & Risk Contingency

148. The HRA budget includes contingency budgets totalling £1,260k to meet emerging risks and pressures during 2020/21. This budget remains unchanged and is for future development provision of £180k; General Contingency of £680k which includes £500k for housing regeneration costs; and bad debts provision of £400k.

## Savings

149. The 2020/21 proposed savings totalling £384k are shown in Appendix 10c and relate to housing service efficiency reviews £196k; zero based reviews £140k and the full year effect of prior year BID review savings £48k.

## Medium Term Outlook

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

151. Rental income is projected to remain reasonably steady over the period to 2024/25, reaching £64,862k as a result of CPI+1% per annum increases in headline rents for sitting tenants.

This projection assumes that void rates will remain at 1%, with property numbers increasing by 255 as 240 properties are sold and 495 developed or acquired over the MTFF period.

**Table 16: Projected Movement in Housing Stock**

	2020/21	2021/22	2022/23	2023/24	2024/25	Change
Projected Opening Stock	10,103	10,146	10,226	10,326	10,330	N/A
Forecast Right-to-Buy Sales	(50)	(50)	(50)	(50)	(40)	(240)
New General Needs Units	79	69	97	54	68	367
New Supported Housing Units	0	12	0	0	0	12
Shared Ownership	14	49	53	0	0	116
<b>Projected Closing Stock</b>	<b>10,146</b>	<b>10,226</b>	<b>10,326</b>	<b>10,330</b>	<b>10,358</b>	<b>255</b>
Projected Average Stock	10,125	10,186	10,276	10,328	10,344	N/A

152. Projected property sales relate to the continuation of existing RTB discounts, with numbers of sales expected to be 50 per annum from 2020/21 to 2023/24 and then reducing to 40 in 2024/25, although volumes of sales will be dependent upon market conditions.
153. By 2024/25 inflationary growth in workforce repairs and other costs, alongside other movements in the cost of delivering revenue services within the HRA will result in a £40,943k budget requirement. Taking account of the ongoing capital investment in maintaining existing stock estimated at £12,943k, this would leave a balance of £10,976k from annual rental income available to finance investment in new stock while maintaining the HRA General Balances at current levels to meet any emerging pressures.
154. The draft capital programme set out below outlines £137,739k of investment to deliver the 495 assumed new build properties or acquisitions over the MTFF. Under the current 1:1 replacement scheme, the Council is able to finance up to 30% of this investment from the proceeds of Right to Buy sales, currently within a three year period after the sale, although at this stage local authorities are still awaiting the outcome of the Government's consultation on the use of RTB receipts and the timescales to consume the receipts. Capital Receipts including from Right-to-Buy sales provide £49,236k towards this investment, with £46,228k financed from direct revenue contributions, £2,039k from GLA grant and the remaining £42,277k to be met from Prudential Borrowing.
155. The HRA was subject to a cap on the overall level of borrowing. As part of the Government's Budget on 29<sup>th</sup> October 2018, the HRA borrowing cap was abolished with immediate effect. However as before, the primary constraint on borrowing to support further investment in new stock remains the affordability and sustainability tests within the Prudential Code, whereby it is necessary to demonstrate that future rental income and growth in asset values will be sufficient to repay borrowing related to specific new projects.
156. Borrowing of £42,277k is forecasted to be required to fund the 2020/21 -2024/25 HRA capital programme, as shown in the table below. The borrowing would be undertaken with reference to the Prudential Framework, with proposed schemes being tested for affordability,

sustainability and prudence over the 30 year business plan period. The forecast cost of the £42,277k borrowing is anticipated to be contained within existing budgets.

**Table 17: Projected Borrowing**

	2020/21	2021/22	2022/23	2023/24	2024/25	Total 2020/21- 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Projected Borrowing	21,860	6,093	4,950	6,525	2,849	42,277

## HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

### Background to Capital Programme

157. The HRA Capital Programme remains focused on the twin objectives of maintaining existing stock and construction of new dwellings. An overview of the revised programme is contained in Appendix 10e.

### 2020/21 - 2024/25 CAPITAL PROGRAMME

158. The HRA Capital programme budget includes £63,457k for the other HRA programmes of work including provision for investment in existing housing stock of £53,699k and £9,758k of funding for major adaptations to properties. This level of provision reflects the latest programme of works proposals including inflation aligned to BCIS indices.

159. The capital programme contains provision of £137,739k to fund delivery of 495 new homes within the HRA over the period to 2024/25 and a further breakdown by project is shown in Appendix 10f. These new build units will be financed from a combination of Capital Receipts from Right-to-Buy property sales retained under the 1:1 Replacement Agreement and non Right-to-Buy receipts, direct revenue contributions from the HRA, GLA grant and borrowing. This new build programme consists of the following elements:

- i. For general needs housing (HRA), a provision of £118,291k is included to support the construction or purchase of 367 new properties within the HRA, funded through 30% Right-to-Buy proceeds £35,487k, and 70% from revenue contributions £40,527k and borrowing £42,277k.
- ii. This programme provides broad provision for both schemes that are internally developed and acquisitions of new build houses from private developers and buy-backs of ex Council stock previously sold through Right-to-Buy. A number of these acquisitions and developments are yet to be identified but there are a number of schemes that are being actively progressed. Some of the key projects include: 19 units at Acol Crescent, 33 units at the mixed tenure site at Belmore Allotments which also includes a further 53 shared ownership units, 27 new units across Maple & Popular and the Willow tree site plus 15 units across a range of 4 smaller sites.

- iii. A budget of £15,673k has been built into the programme for New Build Shared Ownership, funded from capital receipts of £12,616k, revenue contribution of £1,018k and GLA grant of £2,039k, to deliver 116 units; which includes 27 new units at the Woodside Day Centre site, the 53 units at Belmore noted above, a further 17 units at Maple & Popular, 14 units at Acol Crescent and 5 units at Moorfield Road.
  - iv. A budget of £3,775k includes funding the 12 units that are planned for the Yiewsley site and final year costs for the Parkview site. These will be funded from Capital receipts of £1,133k and revenue contributions of £2,642k.
160. The feasibility of a major Estate Regeneration Programme is currently being worked up and if viable will be added to the HRA Capital Programme for February Cabinet.

### **2020/21 SCHOOLS BUDGET PROPOSALS**

161. The Council receives funding for Schools' Budgeted Expenditure through the Dedicated Schools Grant (DSG), which is a ring fenced grant. The DSG funds both the delegated individual schools budget and items which the School and Early Years Finance (England) Regulations allow to be retained centrally by the Council, including Special Educational Needs, Alternative Education provision and Early Years provision. Schools budget proposals for 2020/21 are presented to Cabinet in a separate report on this agenda.
162. As highlighted in the monthly budget monitoring reports to Cabinet throughout 2019/20 and reiterated in the Schools budget report, funding provided by the Department for Education through the DSG has failed to keep pace with growing demand on High Needs following the introduction of the 2014 Children's and Families Act. For 2019/20 this contributes towards a £7,175k deficit within current proposals, which would result in the cumulative deficit on the DSG reaching £20,827k by 31 March 2021.
163. The Council submitted a disapplication request to the Secretary of State in regard to the Schools Budget proposals, seeking to transfer 3.1% of funding from individual school budgets to high needs to mitigate the £7,175k deficit. This request was rejected on 4 February, although Dedicated Schools Grant conditions for the 2020/21 financial year clearly state that any such deficit can only be covered from the General Fund with specific approval from the Secretary of State for Education. The Council will not be seeking any such authority to finance the in-year or cumulative deficit locally, as the national scope and systemic nature of these deficits would require action on the part of the Government.

## **OVERALL BUDGET FOR COUNCIL TAX SETTING 2019/20**

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

164. Under Section 25 of the Local Government Act 2003 the Corporate Director of Finance as the Council's nominated section 151 officer, has a responsibility to comment on:
- i. The robustness of the estimates for the coming year.
  - ii. The adequacy of the Council's reserves.
165. The Corporate Director of Finance is able to give positive assurances on the robustness of the estimates in general for the coming year. This view is based on:
- i. The use of an established, rigorous process for developing the budget through the Medium Term Financial Forecast (MTFF) process. This includes close alignment with the service planning process. This has been further strengthened through the continued development of the Business Improvement Delivery programme.
  - ii. A robust approach to tracking delivery of budgeted savings through a monthly savings tracker presented to HIP Steering Group alongside proposals for mitigation of any adverse movements.
  - iii. A series of robust, internally peer-reviewed financial models supporting forecasting in more volatile and/or material elements of the budget, providing reliable projections for both in year performance and the overall savings requirement over the medium term.
  - iv. The effective integration of capital investment plans and associated financing costs into the Council's Medium Term Financial Forecast, ensuring that the sustainability of investment decisions can be considered in the context of the overall budget position.
  - v. The use of a locally developed budget management system to capture up to date projections across all areas of the Council, which enables effective challenge and scrutiny of the Council's financial position from individual budget managers, through to Corporate Directors and Cabinet.
  - vi. A proactive process of Zero Based Budgeting undertaken annually to ensure that departmental base budgets appropriately effect the current cost of service delivery, rather than being determined on a strictly roll forward or cash limited basis.
166. The Corporate Director of Finance also has a duty to comment on the adequacy of the Council's reserves when the budget is being set. At the time of budget setting for 2020/21, the Corporate Director of Finance set a recommended range of balances of between £15,000k and £32,000k, which remains unchanged from that determined for the 2019/20 budget setting cycle. The following paragraphs outline the approach taken in determining this recommended range.

## Statement on Balances and Reserves

167. The Corporate Director of Finance has undertaken a review of the risks currently facing the Council. This has enabled an update to the recommended range of balances that the Council should hold. This forms the basis of the guidance provided above in relation to his responsibilities under the Local Government Act 2003.
168. To assess the adequacy of general reserves, the Corporate Director of Finance has taken into account the strategic, operational and financial risks facing the Council. The Council should retain adequate reserves to cover unexpected expenditure and avoid costly short-term borrowing. Equally, the Council wishes to utilise the maximum resources available to achieve its objectives, therefore it plans to maintain reserves at the lowest prudent level.
169. To determine the recommended level of reserves the Council has assessed risk against the criteria as specified in Local Authority Accounting Panel (LAAP) Bulletin 99 (July 2014). This assessment includes the following:
- The robustness of the financial planning process (including the treatment of inflation and interest rates and the timing of capital receipts).
  - How the Council manages demand led service pressures.
  - The treatment of planned efficiency savings / productivity gains.
  - The financial risks inherent in any major capital projects, outsourcing arrangements or significant new funding partnerships.
  - The strength of the financial monitoring and reporting arrangements.
  - Cashflow management and the need for short term borrowing.
  - The availability of reserves, Government grants and other funds to deal with major contingencies and the adequacy of provisions.
  - The general financial climate to which the Council is subject and its track record in budget and financial management.
170. The assessment, although based on the Council's procedures and structures, has an element of subjectivity and to allow for this the optimum level of reserves incorporates a range. The recommended range has been maintained at £15,000k to £32,000k following a review of the risks facing the Council. A fuller rationale for the recommended range of balances is provided in Appendix 11 of this report, with budget proposals contained within this report having been structured to maintain balances within this recommended range.

## **THE COUNCIL TAX REQUIREMENT FOR 2020/21**

171. Budget proposals for 2020/21 include a 3.8% increase in the headline rate of Council Tax. This comprises a core Council Tax increase of 1.8% based on 90% of the 2% anticipated increase across London alongside a 2% increase relating to an Adult Social Care Precept to fund ongoing pressures within Adult Social Care.
172. The budget proposals also include protection for the over 65's from the 1.8% increase in core Council Tax through the continuation of the Older Person's Council Tax Discount for the fourteenth successive year.

### **Council Tax Referendum**

173. The Localism Act 2011 introduced a power for the Secretary for Communities and Local Government to issue principles that define what should be considered as excessive Council Tax including proposed limits. If the Council proposes to raise its Council Tax above the proposed limits set, a referendum will need to be held. The result of the referendum will be binding upon the Council.
174. The general Council Tax increase at which local authorities would be required to hold a referendum for 2020/21 as directed by the Secretary of State for Communities and Local Government is 2%. As the budget proposals outlined in this report maintain Council Tax increases below this level, the referendum threshold will not be triggered for the financial year 2020/21.
175. For 2017/18 additional flexibility to levy a precept in support of Social Care expenditure was introduced by the Government, with the 2020/21 threshold being set at 2% therefore enabling Hillingdon to raise the Council Tax payable by residents by up to 4% without triggering a referendum.

### **Greater London Authority Precept**

176. The Mayor of London's final budget proposals for 2020/21 are scheduled for consideration and approval by the London Assembly on 24 February 2020. The proposals result in a 3.6% increase in the element of Council Tax relating to GLA functions, equivalent to a £11.56 increase in annual bills for Band D Households.



## RESIDENT BENEFIT & CONSULTATION

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

177. The Medium Term Financial Forecast sets out the resources available for delivering the Council's objectives. The effects on residents, service users and communities are therefore extremely wide ranging and managed through the performance targets and outcomes that will be delivered through the resources approved through the budget setting process. The budget proposals for 2020/21 have been developed to maintain service provision through a 3.8% increase in the headline rate of Council Tax (including levying the social care precept for the first time), whilst continuing the value of the Council Tax discount for over 65s for the fourteenth successive year.
178. This draft budget has been developed with due regard to growing demand and the impacts ongoing reductions in Government support for local services since the Government's austerity measures began in 2010, while minimising the impact on the level of service provision to residents. Overall, the package of proposals is designed to secure the most effective combination of service outcomes across the whole of the Council's business by improving Value for Money in delivery and maximising funding, procurement, efficiency and service gains where possible.
179. Given that proposals to amend the Council Tax Older People's Discount Scheme to operate with three tiers of discount will be implemented should both Cabinet and Council approve the proposals outlined in this report, an Equalities and Human Rights Impact Assessment has been attached at Appendix 14 to support Cabinet and Council in considering this proposal.

### Consultation carried out or required

180. Each of the Policy Overview Committees has received reports setting out the proposed revenue budget and Capital Programme proposals relevant to their remit. This was approved by Cabinet on 17 December 2019 for consultation at the January 2020 round of meetings. Comments on the budget from each of the service Policy Overview Committees were referred to the Corporate Services, Commerce and Communities Policy Overview Committee, who met on 4 February 2020 to consider the comments received from the other Policy Overview Committees on the budget proposals relevant to their remit. The combined Policy Overview Committee comments are presented to Cabinet in Appendix 15.
181. The Council also has a statutory responsibility to consult on its budget proposals with business ratepayers and residents in the Borough. A budget consultation survey was published on the Council's website in relation to the Cabinet's budget proposals after the meeting on 17 December 2019, with the full report to December Cabinet also being available to view. Analysis of responses to this consultation is available on the Council's website and presented as Appendix 16 to this report for information.

182. The Council received 60 responses from residents, representing a substantial 356 decrease on the volume of responses received to the consultation launched in December 2018, although that year saw 112 responses particularly focusing on the issues around the third runway.
183. Of those responses 75% of respondents were satisfied with the budget proposals 50% agree that they represent Value for Money and 63% felt well informed about the proposals. Where respondents expressed dissatisfaction with budget proposals, these primarily related to the Council Tax increase, with no other reason attracting more than one response. Positive comments focused upon well run services, with the proposed Council Tax uplift being fair, whilst continuing to offer Council Tax support for the over 65s.

## CORPORATE CONSIDERATIONS

### Corporate Finance

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

### Legal

185. The Cabinet is responsible for the preparation of the Council's Budget. Therefore, the Budget and Policy Framework Procedure Rules, as set out in the Constitution, require it to make proposals on its budgets in accordance with the timetable which it has publicised.

186. The Cabinet is free to amend the proposals in this report as it wishes. It must nevertheless have regard to the need for the budget to be soundly based, adequate to fund the expected level of service provision next year, and to provide for unexpected events through contingencies and balances.

187. Following this meeting, the Cabinet's proposals will be published and will form the basis of consultation with Policy Overview Committees and other consultees such as business ratepayers in the Borough and the Schools Forum who will have a period of six weeks to put forward their views.

188. The Cabinet will ultimately consider any responses from the Policy Overview Committees and other consultees and take them into account in drawing up firm proposals for submission to full Council at its meeting on 20 February 2020. Its report will reflect the comments made by consultees and its response to them.

189. With regard to the proposed amendments to the Council Tax Reduction Scheme, the Borough Solicitor confirms that the Council's consultation has complied with Schedule 1A to the Local Government Finance Act 1992 and that the proposed amendments also comply with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2013. In considering whether to agree the amendments, the Council must have regard to the Equalities Impact Assessment and the summary of consultation responses as set out in the report as well as the overall impact of the changes to Borough residents.

### Comments from other relevant service areas

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

## APPENDICES

Appendices 1 - 7 - 2020/21 to 2024/25 General Fund MTFF (Corporate Summary) 2020/21, including schedules of Development & Risk Contingency, Priority Growth and Savings;

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

Appendix 9 – 9b - 2019/20 to 2024/25 General Fund Capital Programme;

Appendix 10 - 2020/21 to 2024/25 Housing Revenue Account MTFF, Amendments to Fees & Charges Schedule and Capital Programme;

Appendix 11 - Assessment of General Fund Reserves Requirement;

Appendix 12 - Capital Strategy (12a), Treasury Management Strategy (12b), Annual Investment Strategy (12c) and Minimum Revenue Provision Statement (12d) for 2020/21 to 2024/25;

Appendix 13 - Pay Policy Statement for 2020/21;

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

Appendix 15 - Policy Overview Committee Comments on Budget Proposals

Appendix 16 - 2020/21 Budget Consultation Feedback

## BACKGROUND PAPERS

Report to Cabinet (14 February 2019) and Council (21 February 2019) - The Council's Budget: Medium Term Financial Forecast 2019/20 - 2022/23

Report to Cabinet (17 December 2019) - The Council's Budget: Medium Term Financial Forecast 2020/21 - 2024/25

The Council's Budget (2020/21 - 2024/25) - Medium Term Financial Forecast

Appendix 1

General Fund Budget Corporate Summary	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Three Year Outlook £'000	Five Year Outlook £'000
<b>Resources</b>								
Increase in Council Tax (%)	2.40%	1.80%	1.80%	1.80%	1.80%	1.80%		
Increase in Social Care Precept (%)	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%		
<b>Band D Council Tax (£)</b>	<b>£1,139.64</b>	<b>£1,182.94</b>	<b>£1,227.89</b>	<b>£1,274.55</b>	<b>£1,322.98</b>	<b>£1,373.25</b>	<b>£134.91</b>	<b>£233.61</b>
Increase in Council Tax Base (Band D)	1,400	1,637	1,199	1,200	1,200	1,200		
Council Tax Base (Band D)	100,470	102,107	103,306	104,506	105,706	106,906	4,036	6,436
<i>Change from Tax Base (£'000)</i>		1,865	3,232	4,599	5,967	7,334	4,599	7,334
<i>Change from Tax Increase (£'000)</i>	0	4,421	9,116	14,099	19,380	24,975	14,099	24,975
<b>Council Tax Revenues</b>	<b>114,500</b>	<b>120,786</b>	<b>126,848</b>	<b>133,198</b>	<b>139,847</b>	<b>146,809</b>	<b>18,698</b>	<b>32,309</b>
Baseline Business Rates Income	47,310	47,221	48,165	49,128	50,111	51,113	1,818	3,803
Retained Business Rates Growth	8,549	8,784	8,998	9,178	9,361	9,548	629	999
<b>Business Rates Income</b>	<b>55,859</b>	<b>56,005</b>	<b>57,163</b>	<b>58,306</b>	<b>59,472</b>	<b>60,661</b>	<b>2,447</b>	<b>4,802</b>
Revenue Support Grant	5,809	6,763	6,901	7,039	7,179	7,325	1,230	1,516
Other Central Government Funding	38,348	43,072	41,428	41,325	41,223	41,023	2,977	2,675
<b>Corporate Grant Income</b>	<b>44,157</b>	<b>49,835</b>	<b>48,329</b>	<b>48,364</b>	<b>48,402</b>	<b>48,348</b>	<b>4,207</b>	<b>4,191</b>
<b>Total Recurrent Funding</b>	<b>214,516</b>	<b>226,626</b>	<b>232,340</b>	<b>239,868</b>	<b>247,721</b>	<b>255,818</b>	<b>25,352</b>	<b>41,302</b>
<b><i>Movement in Recurrent Funding</i></b>	<b>3,146</b>	<b>12,110</b>	<b>5,714</b>	<b>7,528</b>	<b>7,853</b>	<b>8,097</b>		
Collection Fund Surplus / (Deficit)	1,036	459	0	0	0	0	(1,036)	(1,036)
Additional Yield from London Pool	6,600	865	0	0	0	0	(6,600)	(6,600)
Planned Use of General Balances	7,776	6,334	3,000	0	0	0	(7,776)	(7,776)
<b>Total One-Off Funding</b>	<b>15,412</b>	<b>7,658</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,412)</b>	<b>(15,412)</b>
<b>Total Resources</b>	<b>229,928</b>	<b>234,284</b>	<b>235,340</b>	<b>239,868</b>	<b>247,721</b>	<b>255,818</b>	<b>9,940</b>	<b>25,890</b>
<b><i>Movement in Resources</i></b>	<b>9,597</b>	<b>4,356</b>	<b>1,056</b>	<b>4,528</b>	<b>7,853</b>	<b>8,097</b>		

The Council's Budget (2020/21 - 2024/25) - Medium Term Financial Forecast

Appendix 1

General Fund Budget Corporate Summary	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Three Year Outlook £'000	Five Year Outlook £'000
<b>General Balances</b>								
Minimum Level of General Balances	15,000	15,000	15,000	15,000	15,000	15,000	0	0
<b>Closing General Balances</b>	<b>34,239</b>	<b>27,905</b>	<b>24,905</b>	<b>24,905</b>	<b>24,905</b>	<b>24,905</b>	<b>(9,334)</b>	<b>(9,334)</b>
Flexible General Balances	19,239	12,905	9,905	9,905	9,905	9,905	(9,334)	(9,334)
<b>Budget Requirement</b>								
<b>Roll Forward Budget</b>	<b>220,336</b>	<b>229,928</b>	<b>234,284</b>	<b>245,984</b>	<b>259,855</b>	<b>272,937</b>		
Inflation	7,352	6,222	5,861	6,198	6,351	6,504	18,281	31,136
Corporate Items	1,200	664	3,193	4,396	3,325	2,951	8,253	14,529
Contingency (Service Pressures)	6,207	4,260	3,406	3,480	3,556	3,592	11,146	18,294
Contingency (Management Action)	(1,281)	(677)	(150)	(150)	(150)	(150)	(977)	(1,277)
Priority Growth	1,442	23	0	0	0	0	23	23
Savings Proposals	(5,328)	(6,136)	(610)	(53)	0	0	(6,799)	(6,799)
<b>Total Budget Requirement</b>	<b>229,928</b>	<b>234,284</b>	<b>245,984</b>	<b>259,855</b>	<b>272,937</b>	<b>285,834</b>	<b>29,927</b>	<b>55,906</b>
<b>Savings Requirement</b>								
<b>Underlying Savings Requirement</b>	<b>(16,119)</b>	<b>(9,792)</b>	<b>(12,765)</b>	<b>(11,529)</b>	<b>(10,660)</b>	<b>(10,545)</b>	<b>(34,086)</b>	<b>(55,291)</b>
Unwind Prior Use of Balances	(950)	(7,776)	(6,334)	(3,000)	0	0	(7,776)	(7,776)
<b>Total Savings Requirement</b>	<b>(17,069)</b>	<b>(17,568)</b>	<b>(19,099)</b>	<b>(14,529)</b>	<b>(10,660)</b>	<b>(10,545)</b>	<b>(41,862)</b>	<b>(63,067)</b>
Savings & Management Action	6,609	6,813	760	203	150	150	7,776	8,076
Council Tax Increase	2,684	4,421	4,695	4,983	5,281	5,595	14,099	24,975
Planned Use of Balances	7,776	6,334	3,000	0	0	0	0	0
<b>Remaining Budget (Gap) / Surplus</b>	<b>0</b>	<b>0</b>	<b>(10,644)</b>	<b>(9,343)</b>	<b>(5,229)</b>	<b>(4,800)</b>	<b>(19,987)</b>	<b>(30,016)</b>

The Council's Budget (2020/21 - 2024/25) - Medium Term Financial Forecast

General Fund Budget Funding Projections	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Three Year Outlook £'000	Five Year Outlook £'000
<b>Council Tax Base (Band D)</b>								
Residential Properties	122,061	123,275	124,287	125,299	126,311	127,323	3,238	5,262
MOD Properties	683	683	683	683	683	683	0	0
Discounts & Exemptions	(11,556)	(11,317)	(11,317)	(11,317)	(11,317)	(11,317)	239	239
Empty Property Premium	85	85	85	85	85	85	0	0
<b>Gross Council Tax Base</b>	<b>111,273</b>	<b>112,726</b>	<b>113,738</b>	<b>114,750</b>	<b>115,762</b>	<b>116,774</b>	<b>3,477</b>	<b>5,501</b>
Council Tax Reduction Scheme	(9,788)	(9,588)	(9,388)	(9,188)	(8,988)	(8,788)	600	1,000
Collection Rate (%)	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	0.00%	0.00%
Allowance for Losses in Collection	(1,015)	(1,031)	(1,044)	(1,056)	(1,068)	(1,080)	(41)	(65)
<b>Net Council Tax Base</b>	<b>100,470</b>	<b>102,107</b>	<b>103,306</b>	<b>104,506</b>	<b>105,706</b>	<b>106,906</b>	<b>4,036</b>	<b>6,436</b>
<b>Increase in Council Tax Base</b>	<b>1,400</b>	<b>1,637</b>	<b>1,199</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>4,036</b>	<b>6,436</b>
<b>Business Rates Revenues</b>								
Inflationary Uplift (%)	2.30%	1.70%	2.00%	2.00%	2.00%	2.00%	-0.30%	-0.30%
Implied Multiplier (0.xxx)	0.491	0.499	0.509	0.519	0.529	0.540	0.028	0.049
Annual Growth in Rating List	3,367	723	500	0	0	0	(3,367)	(3,367)
Cash Value of Annual Growth	1,653	361	255	0	0	0	(1,653)	(1,653)
Non-Domestic Rating Income	368,774	374,381	382,124	389,766	397,561	405,512	20,992	36,738
Notional Section 31 Grant Income	19,120	20,468	20,877	21,295	21,721	22,155	2,175	3,035
<b>Forecast Business Rates Yield</b>	<b>387,894</b>	<b>394,849</b>	<b>403,001</b>	<b>411,061</b>	<b>419,282</b>	<b>427,667</b>	<b>23,167</b>	<b>39,773</b>
Local Share of Business Rates Yield	30%	30%	30%	30%	30%	30%	0	0
	116,368	118,455	120,900	123,318	125,785	128,300	6,950	11,932
Less: Baseline Business Rates Income	(47,310)	(47,221)	(48,165)	(49,128)	(50,111)	(51,113)	(1,818)	(3,803)
Less: Business Rates Tariff	(51,960)	(53,666)	(54,739)	(55,834)	(56,951)	(58,090)	(3,874)	(6,130)
<b>Growth on Local Share</b>	<b>17,098</b>	<b>17,568</b>	<b>17,996</b>	<b>18,356</b>	<b>18,723</b>	<b>19,097</b>	<b>1,258</b>	<b>1,999</b>
Levy on Growth	50%	50%	50%	50%	50%	50%	0	0
	(8,549)	(8,784)	(8,998)	(9,178)	(9,362)	(9,549)	(629)	(1,000)
<b>Retained Growth</b>	<b>8,549</b>	<b>8,784</b>	<b>8,998</b>	<b>9,178</b>	<b>9,361</b>	<b>9,548</b>	<b>629</b>	<b>999</b>

The Council's Budget (2020/21 - 2024/25) - Medium Term Financial Forecast

General Fund Budget Funding Projections	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Three Year Outlook £'000	Five Year Outlook £'000
<b>Settlement Funding Assessment</b>		1,080	1,101	1,123	1,146	1,169		
Baseline Business Rates Income	47,310	47,221	48,165	49,128	50,111	51,113	1,818	3,803
Revenue Support Grant	5,809	6,763	6,901	7,039	7,179	7,325	1,230	1,516
<b>Settlement Funding Assessment</b>	<b>53,119</b>	<b>53,984</b>	<b>55,066</b>	<b>56,167</b>	<b>57,290</b>	<b>58,438</b>	<b>3,048</b>	<b>5,319</b>
<b>Other Central Government Funding</b>								
Public Health Grant	17,071	17,651	17,651	17,651	17,651	17,651	580	580
Better Care Fund	6,298	6,973	7,068	7,165	7,263	7,263	867	965
Improved Better Care Fund	6,207	7,248	7,248	7,248	7,248	7,248	1,041	1,041
Additional Social Care Funding	2,820	5,896	5,896	5,896	5,896	5,896	3,076	3,076
New Homes Bonus	3,665	3,739	2,200	2,200	2,200	2,200	(1,465)	(1,465)
Housing Benefit Administration Subsidy	1,114	1,100	900	700	500	300	(414)	(814)
Release of Levy Account Surplus	713	0	0	0	0	0	(713)	(713)
Council Tax Administration Grant	290	290	290	290	290	290	0	0
Local Voices & Community Reform	142	142	142	142	142	142	0	0
Lead Local Authority Flood Grant	17	17	17	17	17	17	0	0
Extended Rights to Free Travel	11	16	16	16	16	16	5	5
<b>Other Central Government Funding</b>	<b>38,348</b>	<b>43,072</b>	<b>41,428</b>	<b>41,325</b>	<b>41,223</b>	<b>41,023</b>	<b>2,977</b>	<b>2,675</b>



General Fund Budget Inflation Provision	Base Budget	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2020/21	2021/22	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Inflation Rates</u></b>								
Workforce Expenditure (including Pension Contributions)	N/A	2.0%	2.0%	2.5%	2.5%	2.5%	6.5%	11.5%
Added Years Pension Costs	N/A	1.7%	2.0%	2.0%	2.0%	2.0%	5.7%	9.7%
Energy	N/A	7.9%	5.0%	5.0%	5.0%	5.0%	17.9%	27.9%
Vehicle Fuel	N/A	2.3%	5.0%	5.0%	5.0%	5.0%	12.3%	22.3%
Contracted Expenditure	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	6.0%	10.0%
Homecare Provision (Adult Social Care)	N/A	3.0%	3.0%	3.0%	3.0%	3.0%	9.0%	15.0%
Care Placements (Adult Social Care)	N/A	2.4%	2.4%	2.4%	2.4%	2.4%	7.2%	12.0%
Care Placements (Children's Services)	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	6.0%	10.0%
Business Rates	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	6.0%	10.0%
Levies	N/A	2.0%	2.0%	2.0%	2.0%	2.0%	6.0%	10.0%

General Fund Budget Inflation Provision	Base Budget	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2020/21	2021/22	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Inflation Projections</b>								
Workforce Expenditure (including Pension Contributions)	120,646	3,211	2,449	3,076	3,154	3,232	8,736	15,122
Added Years Pension Costs	1,892	32	39	39	40	41	110	191
Energy	2,306	185	126	131	139	145	442	726
Vehicle Fuel	1,100	25	56	59	62	65	140	267
Contracted Expenditure	42,591	851	1,223	905	928	952	2,979	4,859
Homecare Provision (Adult Social Care)	11,765	369	380	391	403	414	1,140	1,957
Care Placements (Adult Social Care)	50,848	1,444	1,480	1,515	1,552	1,589	4,439	7,580
Care Placements (Children's Services)	21,429	513	525	538	550	564	1,576	2,690
Business Rates	3,143	63	64	66	67	68	193	328
Levies	10,093	185	188	192	196	200	565	961
<b>Gross Inflation Requirement</b>	<b>265,813</b>	<b>6,878</b>	<b>6,530</b>	<b>6,912</b>	<b>7,091</b>	<b>7,270</b>	<b>20,320</b>	<b>34,681</b>
Less: Externally Funded Items	N/A	(656)	(668)	(713)	(739)	(765)	(2,037)	(3,541)
Less: Adjustments to Inflation Provision	N/A	0	(1)	(1)	(1)	(1)	(2)	(4)
<b>Total Inflation Provision</b>	<b>265,813</b>	<b>6,222</b>	<b>5,861</b>	<b>6,198</b>	<b>6,351</b>	<b>6,504</b>	<b>18,281</b>	<b>31,136</b>

General Fund Budget Corporate Items	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
	2020/21	2021/22	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000		
<b><u>New Burdens &amp; Transfers of Responsibility</u></b>							
Additional Investment in Public Health	462	0	0	0	0	462	462
Troubled Families Programme	0	658	0	0	0	658	658
<b><u>Adjustments to Financing &amp; Corporate Budgets</u></b>							
Capital Financing Costs	812	2,460	3,047	3,250	2,876	6,319	12,445
Housing Benefit Subsidy (Recovery of Overpayments)	100	100	100	100	100	300	500
Flexible Use of Capital Receipts to finance Service Transformation	0	0	1,274	0	0	1,274	1,274
Movement in Added Years Pension Costs	(25)	(25)	(25)	(25)	(25)	(75)	(125)
Planned Use of Earmarked Reserves	(285)	0	0	0	0	(285)	(285)
Hillingdon First Limited Dividend	(400)	0	0	0	0	(400)	(400)
<b>Total Corporate Items</b>	<b>664</b>	<b>3,193</b>	<b>4,396</b>	<b>3,325</b>	<b>2,951</b>	<b>8,253</b>	<b>14,529</b>

General Fund Budget Development & Risk Contingency	2019/20	Annual Movement in Budget Requirement					Three Year	Five Year
	Provision	2020/21	2021/22	2022/23	2023/24	2024/25	Outlook	Outlook
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Service Pressures</b>								
Waste Disposal Levy & Contracts	1,557	850	900	900	900	900	2,650	4,450
Support for Looked After Children	2,870	341	656	682	709	709	1,679	3,097
Support for Children with Disabilities	650	245	117	122	127	132	484	743
SEN Transport	738	2,135	645	673	703	734	3,453	4,890
Adult Social Care Placements	1,999	1,843	1,088	1,103	1,117	1,117	4,034	6,268
<b>Demographic Growth Items</b>	<b>7,814</b>	<b>5,414</b>	<b>3,406</b>	<b>3,480</b>	<b>3,556</b>	<b>3,592</b>	<b>12,300</b>	<b>19,448</b>
Homelessness Prevention	1,736	0	0	0	0	0	0	0
High Speed 2 & Heathrow Expansion Challenge Funds	0	0	0	0	0	0	0	0
Asylum Funding Shortfall	1,885	(822)	0	0	0	0	(822)	(822)
Social Worker Agency	0	0	0	0	0	0	0	0
Additional Investment Income	(400)	0	0	0	0	0	0	0
Agency Worker Regulations	0	0	0	0	0	0	0	0
General Contingency	832	(332)	0	0	0	0	(332)	(332)
<b>Risk Items</b>	<b>4,053</b>	<b>(1,154)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,154)</b>	<b>(1,154)</b>
<b>Total Service Pressures</b>	<b>11,867</b>	<b>4,260</b>	<b>3,406</b>	<b>3,480</b>	<b>3,556</b>	<b>3,592</b>	<b>11,146</b>	<b>18,294</b>
<b>Management Action</b>								
Waste Disposal Levy & Contracts	(357)	0	0	0	0	0	0	0
SEN Transport	0	(150)	(150)	(150)	(150)	(150)	(450)	(750)
Homelessness Prevention	(664)	(250)	0	0	0	0	(250)	(250)
Social Worker Agency Contract	277	(277)	0	0	0	0	(277)	(277)
Adult Social Care Placements	(1,049)	0	0	0	0	0	0	0
<b>Total Management Action</b>	<b>(1,793)</b>	<b>(677)</b>	<b>(150)</b>	<b>(150)</b>	<b>(150)</b>	<b>(150)</b>	<b>(977)</b>	<b>(1,277)</b>
<b>Net Contingency Requirement</b>	<b>10,074</b>	<b>3,583</b>	<b>3,256</b>	<b>3,330</b>	<b>3,406</b>	<b>3,442</b>	<b>10,169</b>	<b>17,017</b>

General Fund Budget Priority Growth	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
	2020/21	2021/22	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000		
Brought Forward Unallocated Priority Growth	210	0	0	0	0	210	210
Write Back One-off 2019/20 Growth	440	0	0	0	0	440	440
New Priority Growth	23	0	0	0	0	23	23
<b>Available Priority Growth</b>	<b>673</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>673</b>	<b>673</b>
<b><u>New Priority Growth Initiatives</u></b>							
Anti-Social Behaviour and Environment Team Investment	(130)	0	0	0	0	(130)	(130)
Planning Lawyer	(113)	0	0	0	0	(113)	(113)
Live Interpretation for the Battle of Britain Bunker	(100)	0	0	0	0	(100)	(100)
Lead Officer for the Environmental Bill	(79)	0	0	0	0	(79)	(79)
Patrol Officers at Little Britain Lake	(60)	0	0	0	0	(60)	(60)
Military History Curator	(56)	0	0	0	0	(56)	(56)
Licensing Review	(55)	0	0	0	0	(55)	(55)
Domestic Violence Support	(50)	0	0	0	0	(50)	(50)
Additional Support for Conservation	(30)	0	0	0	0	(30)	(30)
<b>Remaining Unallocated Priority Growth</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

General Fund Budget Savings Proposals	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
	2020/21	2021/22	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000		
<b><u>Savings Proposals by Directorate</u></b>							
Chief Executive's Office	(31)	(18)	0	0	0	(49)	(49)
Finance Directorate	(228)	(190)	0	0	0	(418)	(418)
Residents Services	(2,792)	(302)	(53)	0	0	(3,147)	(3,147)
Social Care	(2,495)	(100)	0	0	0	(2,595)	(2,595)
Cross-Cutting Initiatives	(590)	0	0	0	0	(590)	(590)
<b>Specific Savings Proposals</b>	<b>(6,136)</b>	<b>(610)</b>	<b>(53)</b>	<b>0</b>	<b>0</b>	<b>(6,799)</b>	<b>(6,799)</b>
<b><u>Savings Proposals by Theme</u></b>							
Service Transformation	(2,130)	(446)	0	0	0	(2,576)	(2,576)
Effective Procurement	(1,918)	0	0	0	0	(1,918)	(1,918)
Income Generation & Commercialisation	(981)	(164)	(53)	0	0	(1,198)	(1,198)
Zero Based Reviews	(1,107)	0	0	0	0	(1,107)	(1,107)
Policy Decisions	0	0	0	0	0	0	0
<b>Specific Savings Proposals</b>	<b>(6,136)</b>	<b>(610)</b>	<b>(53)</b>	<b>0</b>	<b>0</b>	<b>(6,799)</b>	<b>(6,799)</b>

General Fund Budget Savings Programme (Chief Executive's Office)	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook	
	2020/21	2021/22	2022/23	2023/24	2024/25			
	£'000	£'000	£'000	£'000	£'000			
<b>Savings Programme by Theme</b>								
Service Transformation (T)	(31)	(18)	0	0	0	(49)	(49)	
Effective Procurement (P)	0	0	0	0	0	0	0	
Income Generation & Commercialisation (C)	0	0	0	0	0	0	0	
Zero Based Reviews (Z)	0	0	0	0	0	0	0	
Policy Decisions (D)	0	0	0	0	0	0	0	
<b>Total Chief Executive's Office Savings</b>	<b>(31)</b>	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(49)</b>	<b>(49)</b>	
<b>Savings Proposals</b>								
<b>BID Review of Human Resources</b>								
<i>Restructure of HR, Payroll and L&amp;D services to flatten management structures and realignment of team resources to meet work demands produced by each directorate.</i>	(T)	(31)	(18)	0	0	0	(49)	(49)
<b>Total Chief Executive's Office Savings</b>	<b>(31)</b>	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(49)</b>	<b>(49)</b>	

General Fund Budget Savings Programme (Finance Directorate)	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook	
	2020/21	2021/22	2022/23	2023/24	2023/24			
	£'000	£'000	£'000	£'000	£'000			
<b>Savings Programme by Theme</b>								
Service Transformation (T)	(228)	(190)	0	0	0	(418)	(418)	
Effective Procurement (P)	0	0	0	0	0	0	0	
Income Generation & Commercialisation (C)	0	0	0	0	0	0	0	
Zero Based Reviews (Z)	0	0	0	0	0	0	0	
Policy Decisions (D)	0	0	0	0	0	0	0	
<b>Total Finance Directorate Savings</b>	<b>(228)</b>	<b>(190)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(418)</b>	<b>(418)</b>	
<b>Savings Proposals</b>								
<b>E&amp;BAS Service Review</b>								
Further BID reviews of Exchequer Services and Business Assurance	(T)	(228)	(190)	0	0	0	(418)	(418)
<b>Total Finance Directorate Savings</b>		<b>(228)</b>	<b>(190)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(418)</b>	<b>(418)</b>



General Fund Budget Savings Programme (Residents Services)	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
	2020/21	2021/22	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000		
<b>Savings Programme by Theme</b>							
Service Transformation (T)	(625)	(138)	0	0	0	(763)	(763)
Effective Procurement (P)	(1,186)	0	0	0	0	(1,186)	(1,186)
Income Generation & Commercialisation (C)	(981)	(164)	(53)	0	0	(1,198)	(1,198)
Zero Based Reviews (Z)	0	0	0	0	0	0	0
Policy Decisions (D)	0	0	0	0	0	0	0
<b>Total Residents Services Savings</b>	<b>(2,792)</b>	<b>(302)</b>	<b>(53)</b>	<b>0</b>	<b>0</b>	<b>(3,147)</b>	<b>(3,147)</b>
<b>Savings Proposals</b>							
<b>Waste &amp; Recycling - Disposal Costs</b>							
<i>Reflection of a range of initiatives to boost recycling rates, expected to result in a sustained reduction in disposal costs</i>	(T) (400)	0	0	0	0	(400)	(400)
<b>Digital Strategy</b>							
<i>The second phase of the planned implementation of the BID Digital Transformation strategy, expanding on the success of the new website and increasing the opportunities for residents to undertake online transactions, thus reducing the level of calls and face to face contacts required and in turn reducing staffing volumes within the Contact centre and back office.</i>	(T) (125)	(138)	0	0	0	(263)	(263)
<b>Selective Landlord Licensing scheme</b>							
<i>A Selective Licensing scheme applied in a designated area(s) of the Borough will be a driver for improving standards of tenancy and property management in the private rented sector. Fees charged will fund an inspection and enforcement regime which will be backed by penalty charges for substandard housing.</i>	(T) (100)	0	0	0	0	(100)	(100)

General Fund Budget Savings Programme (Residents Services)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2020/21	2021/22	2022/23	2023/24	2024/25		
		£'000	£'000	£'000	£'000	£'000		
<b>Leisure Management Contract Tender</b>								
<i>Uplift in Council fee income for provision of Sport &amp; Leisure Facilities Management</i>	(P)	(986)	0	0	0	0	(986)	(986)
<b>ICT</b>								
<i>ICT procurement efficiency of migration from Google Gsuite to Office 365</i>	(P)	(200)	0	0	0	0	(200)	(200)
<b>Fees and Charges</b>								
<i>Annual inflationary review of Fees and Charges, within existing policy parameters. Details on specific proposals are included within the attached briefing note.</i>	(C)	(901)	(164)	(53)	0	0	(1,118)	(1,118)
<b>Invest to Save - Cemeteries income generation</b>								
<i>Installation of memorial internment areas including Garden Niches at Breakspear Crematorium, Memorial Mushrooms for children's Peter Pan garden.</i>	(C)	(80)	0	0	0	0	(80)	(80)
<b>Total Residents Services Savings</b>		<b>(2,792)</b>	<b>(302)</b>	<b>(53)</b>	<b>0</b>	<b>0</b>	<b>(3,147)</b>	<b>(3,147)</b>

General Fund Budget Savings Programme (Social Care)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2020/21	2021/22	2022/23	2023/24	2024/25		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Savings Programme by Theme</b>								
Service Transformation (T)		(1,146)	(100)	0	0	0	(1,246)	(1,246)
Effective Procurement (P)		(732)	0	0	0	0	(732)	(732)
Income Generation & Commercialisation (C)		0	0	0	0	0	0	0
Zero Based Reviews (Z)		(617)	0	0	0	0	(617)	(617)
Policy Decisions (D)		0	0	0	0	0	0	0
<b>Total Social Care Savings</b>		<b>(2,495)</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,595)</b>	<b>(2,595)</b>
<b>Savings Proposals</b>								
<b>Optimum Services Delivery Model For Children &amp; Family Development Services</b>								
To undertake a BID Review of Children & Families Development Services		(213)	(100)	0	0	0	(313)	(313)
<b>Review of Occupational Therapy Service Delivery Model</b>								
To undertake a major review of the Occupational Therapy Service processes and practice and market test against external providers		(269)	0	0	0	0	(269)	(269)
<b>SEND – Improved Early Intervention &amp; Support</b>								
To undertake a major review of the SEND Staffing structure to support the delivery of a new SEND Pathway model		(161)	0	0	0	0	(161)	(161)
<b>Mental Health Team to be Managed In-House</b>								
To undertake a review of the Mental Health staffing structure and transfer Social Workers back In House from the S75 Agreement with the Central and North West London (CNWL) Mental Health Trust		(123)	0	0	0	0	(123)	(123)
<b>Improved Efficiency of Social Care Support Function</b>								
To undertake a further BID Reviews across Social Care Staffing structures, through a planned and managed approach		(380)	0	0	0	0	(380)	(380)

General Fund Budget Savings Programme (Social Care)		Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook
		2020/21	2021/22	2022/23	2023/24	2024/25		
		£'000	£'000	£'000	£'000	£'000		
<b>Review of Children's Semi-Independent Living Provision and Contracts</b>								
<i>To undertake a review of all Semi-Independent Living provision and contracts with a view to rationalising the accommodation and improving the throughput pathway model.</i>	(P)	(732)	0	0	0	0	(732)	(732)
<b>Effective use of Disabled Facilities Grant</b>								
<i>To maximise the use of the Disabled Facilities Capital Grant allocation through an agreed joint approach with Hillingdon Clinical Commissioning Group (CCG)</i>	(Z)	(617)	0	0	0	0	(617)	(617)
<b>Total Social Care Savings</b>		<b>(2,495)</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,595)</b>	<b>(2,595)</b>

General Fund Budget Savings Programme (Cross-Cutting)	Annual Movement in Budget Requirement					Three Year Outlook	Five Year Outlook	
	2020/21	2021/22	2022/23	2023/24	2024/25			
	£'000	£'000	£'000	£'000	£'000			
<b>Savings Programme by Theme</b>								
Service Transformation (T)	(100)	0	0	0	0	(100)	(100)	
Effective Procurement (P)	0	0	0	0	0	0	0	
Income Generation & Commercialisation (C)	0	0	0	0	0	0	0	
Zero Based Reviews (Z)	(490)	0	0	0	0	(490)	(490)	
Policy Decisions (D)	0	0	0	0	0	0	0	
<b>Total Cross-Cutting Savings</b>	<b>(590)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(590)</b>	<b>(590)</b>	
<b>Savings Proposals</b>								
<b>Senior Management Restructure</b>								
<i>A review of the Council's senior management structure (with no impact on frontline services).</i>	(T)	(100)	0	0	0	0	(100)	(100)
<b>Managed Vacancy Factor (MVF) Review</b>								
<i>A review of the Council's staffing position indicates that actual spend against plan is lower than currently budgeted for due to high turnover in certain areas and that this saving can be delivered with no impact on frontline services.</i>	(Z)	(490)	0	0	0	0	(490)	(490)
<b>Total Cross-Cutting Savings</b>		<b>(590)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(590)</b>	<b>(590)</b>

Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
<b>6. Highways</b>										
<b>Minor Highways Fees</b>										
Vehicle Crossings (Average crossing)	R	945.00	N/A	NB	992.00	4.97%	N/A	N/A	01-Apr-19	01-Apr-20
Vehicle crossing application fee (non-refundable)	R	72.00	N/A	NB	79.00	9.72%	N/A	N/A	01-Apr-19	01-Apr-20
Non-Refundable application Fee (planned works crossovers)	R	72.00	N/A	NB	79.00	9.72%	N/A	N/A	25-Jul-19	01-Apr-20
<b>Traffic Management</b>										
<b>Complete Road Closure - by notice</b>										
24 hours	B	200.00	200.00	STD	1,150.00	475.00%	1,150.00	475.00%	01-Apr-11	01-Apr-20
<b>Complete Road Closure - by order</b>										
7 days	B	1,000.00	1,000.00	STD	2,680.00	168.00%	2,680.00	168.00%	01-Apr-11	01-Apr-20
<b>14. Golf Courses</b>										
<b>Golf Courses - Season Tickets</b>										
7 day season ticket	R	590.00	595.00	STD	520.00	-11.86%	595.00	0.00%	01-Apr-17	01-Apr-20
5 day season ticket	R	420.00	425.00	STD	400.00	-4.76%	425.00	0.00%	01-Apr-17	01-Apr-20
Junior concession	C	120.00	120.00	STD	N/A	N/A	N/A	N/A	01-Apr-13	01-Apr-20
Junior(Under 16)	C				0.00	N/A	0.00	N/A		01-Apr-20
Intermediate(16-17 years)	C				80.00	N/A	80.00	N/A		01-Apr-20
Full 7Day (18-35 years)	C				325.00	N/A	325.00	N/A		01-Apr-20
<b>15. Breakspear Crematorium</b>										
<b>Cremation of retained organs</b>										
Scattering of Ashes	R	51.00	51.00	EXP	69.50	36.27%	57.00	11.76%	01-Apr-17	01-Apr-20
Trees & Shrubs - rose trees inc 5 years lease	R	307.00	307.00	STD	441.00	43.65%	352.00	14.66%	01-Apr-17	01-Apr-20
Trees & Shrubs - ornamental trees (10 years)	R	416.00	416.00	STD	467.00	12.26%	433.00	4.09%	01-Apr-17	01-Apr-20

Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
Memorial Cards - 2 line entry	R	42.00	42.00	STD	58.00	38.10%	47.00	11.90%	01-Apr-17	01-Apr-20
Memorial Cards - 5 line entry	R	63.00	63.00	STD	78.50	24.60%	68.00	7.94%	01-Apr-17	01-Apr-20
<b>16. Cemeteries</b>										
<b>Adult Interments ( persons exceeding 17 years of age at death ) - In New Private Graves</b>										
Depth for 1 interment	R	695.50	1,282.50	EXP	707.00	1.65%	1,305.00	1.75%	01-Apr-17	01-Apr-20
Depth for 2 interment	R	760.00	1,397.00	EXP	780.00	2.63%	1,438.00	2.93%	01-Apr-17	01-Apr-20
<b>Adult Interments ( persons exceeding 17 years of age at death ) - In Re-Opened Private Graves</b>										
Depth for 1 interment	R	873.00	1,626.00	EXP	918.00	5.15%	1,716.00	5.54%	01-Apr-19	01-Apr-20
Depth for 2 interment	R	940.00	1,729.00	EXP	963.00	2.45%	1,775.00	2.66%	01-Apr-17	01-Apr-20
<b>Interment of Cremated Remains (within full private graves)</b>										
When the grave is closed to full interments	R	320.00	600.00	EXP	336.00	5.00%	631.00	5.17%	01-Apr-19	01-Apr-20
<b>Exclusive rights of burial (Conventional Graves)</b>										
Grave space measuring 9 feet by 4 feet	R	2,270.00	5,157.00	EXP	2,544.00	12.07%	5,704.00	10.61%	01-Apr-19	01-Apr-20
<b>Exclusive rights of burial (Lawn Section Graves)</b>										
Grave space measuring 9 feet by 4 feet	R	1,726.00	3,659.00	EXP	1,808.00	4.75%	3,822.00	4.45%	01-Apr-19	01-Apr-20

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

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

Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
<b>17. Development Control</b>										
<b>Planning Fees - in addition to the statutory charges detailed on the Planning Portal</b>										
Pre Application Fees - Category A Development	M	4,200.00	N/A	STD	12,450.00	196.43%	N/A	0.00%	01-Jan-14	01-Apr-20
Pre Application Fees - Category B Development	M	3,000.00	N/A	STD	9,350.00	211.67%	N/A	0.00%	01-Jan-14	01-Apr-20
Pre Application Fees - Category C Development	M	2,280.00	N/A	STD	6,070.00	166.23%	N/A	0.00%	01-Jan-14	01-Apr-20
Pre Application Fees - Category D Development	M	1,000.00	N/A	STD	2,370.00	137.00%	N/A	0.00%	01-Jan-14	01-Apr-20
Pre Application Fees - Category E Development	M	600.00	N/A	STD	1,930.00	221.67%	N/A	0.00%	01-Jan-14	01-Apr-20
<b>28. Trade Refuse</b>										
Trade waste at CA sites	B	197.00	197.00	NB	209.00	6.09%	209.00	6.09%	01-Apr-19	01-Apr-20
<b>34. Parking</b>										
<b>On-Street Parking: (1) Town Centres</b>										
<i>The maximum stay period on-street in Uxbridge is 2 hrs. All of the existing and proposed charges are based on the cost of parking for each 15 mins</i>										
<b>Uxbridge</b>										
Per 15 mins up to 2 hours	M	0.30	0.80	NB	0.30	0.00%	1.00	25.00%	31-Jan-11	06-Apr-20



Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
<b>West Drayton / Yiewsley, Hayes (Coldharbour Lane and Station Rd), Northwood Hills, Eastcote, Ruislip.</b>										
<i>These schemes have various maximum stay durations of either 2 hours or 4 hours.:</i>										
30 mins up to 2hrs, then per 20 mins up to maximum stay	M	0.20	0.70	NB	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
	M	0.20	0.70	NB	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
<b>On-Street Parking: (1) Local Centres and Parades Hillingdon Circus; Uxbridge Rd / Lees Rd; South Ruislip; North Hillingdon (Hercies RD); Crescent Parade; New Pond Parade; Ickenham, Dellfield Parade, Hillingdon Hill</b>										
<i>These schemes have various maximum stay durations between 2 hrs and 4 hrs</i>										
per 30 mins up to 2 hrs, then per 20 mins up to maximum stay	M	0.20	0.70	NB	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
	M	0.20	0.70	NB	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
<b>On-Street Parking: (2) Local Centres and Parades</b>										
<b>Belmore Parade</b>										
<i>This scheme has a duration of 10 hrs and 40 mins</i>										
per 30 mins up to 2 hrs, then per 20 mins up to 4 hrs, then per 20 mins up to maximum stay	M	0.20	0.70	NB	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
	M	0.20	0.70	NB	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
	M	0.20	0.60	NB	0.20	0.00%	0.80	33.33%	31-Jan-11	06-Apr-20
<b>Parking Schemes</b>										
<b>Heathrow; Hayes (Mount Rd and Nield Rd); Longford; Uxbridge South; Hillingdon Hospital; Cowley (Station Rd and Huxley Cl); Uxbridge North (Park Rd); West Drayton</b>										
<i>These schemes have various maximum stay durations between 30 mins and 8 hrs</i>										
<b>Outside shops:</b>										
per 30 mins up to maximum stay	M	0.20	0.70	NB	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
<b>Other Places:</b>										
per 20 mins up to maximum stay	M	0.20	0.60	NB	0.20	0.00%	0.80	33.33%	31-Jan-11	06-Apr-20
<b>Parking permits</b>										
Resident - second and other cars	R	40.00	N/A	NB	65.00	62.50%	N/A	0.00%	31-Jan-11	06-Apr-20
Per sheet of 10 Visitor Vouchers	R	5.00	0.00	NB	11.00	120.00%	N/A	0.00%	31-Jan-11	06-Apr-20
<b>Off Street Parking</b>										
<b>Kingsend South and Kingsend North, Ruislip - Limited Stay</b>										
up to 1 hour (Kingsend South)	M	0.60	1.00	STD	0.60	0.00%	1.20	20.00%	31-Jan-11	06-Apr-20
up to 2 hours (Kingsend South)	M	1.00	1.50	STD	1.00	0.00%	1.70	13.33%	31-Jan-11	06-Apr-20
up to 1 hour	M	0.20	1.00	STD	0.20	0.00%	1.20	20.00%	31-Jan-11	06-Apr-20
up to 90 mins	M	0.40	1.50	STD	0.40	0.00%	1.70	13.33%	31-Jan-11	06-Apr-20
up to 2 hours	M	0.60	1.70	STD	0.60	0.00%	1.90	11.76%	31-Jan-11	06-Apr-20
<b>Oaklands Gate, Northwood and Falling Lane, Yiewsley - Limited Stay</b>										
Up to 1 hour	M	0.20	1.00	STD	0.20	0.00%	1.20	20.00%	31-Jan-11	06-Apr-20
Up to 90 mins	M	0.40	1.30	STD	0.40	0.00%	1.50	15.38%	31-Jan-11	06-Apr-20
Up to 2 hours	M	0.60	1.70	STD	0.60	0.00%	1.90	11.76%	31-Jan-11	06-Apr-20
Up to 3 hours	M	1.00	2.50	STD	1.00	0.00%	2.70	8.00%	31-Jan-11	06-Apr-20
Up to 4 hours	M	1.80	4.40	STD	1.80	0.00%	4.60	4.55%	31-Jan-11	06-Apr-20
<b>Rockingham Recreation Ground, Uxbridge, Sidmouth Drive car park, Ruislip Gardens, Harefield House - Limited Stay</b>										
<i>This car park has a maximum stay of 4 hours</i>										
1st 30 mins, then	M	0.00	0.00	STD	0.00	0.00%	0.00	0.00%	31-Jan-11	06-Apr-20
Up to 1 hour	M	0.20	1.00	STD	0.20	0.00%	1.20	20.00%	31-Jan-11	06-Apr-20
Up to 90 mins	M	0.40	1.70	STD	0.40	0.00%	1.90	11.76%	31-Jan-11	06-Apr-20
Up to 2 hours	M	0.60	2.40	STD	0.60	0.00%	2.60	8.33%	31-Jan-11	06-Apr-20
per 20 mins up to 4 hours	M	0.20	0.70	STD	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
<b>Kingsend South, Ruislip - Long Stay</b>										
Up to 1 hour	M	0.60	1.00	STD	0.60	0.00%	1.20	20.00%	31-Jan-11	06-Apr-20
Up to 2 hours	M	1.00	1.50	STD	1.00	0.00%	1.70	13.33%	31-Jan-11	06-Apr-20
Up to 3 hours	M	1.20	2.90	STD	1.20	0.00%	3.10	6.90%	31-Jan-11	06-Apr-20
Up to 4 hours	M	2.00	4.90	STD	2.00	0.00%	5.10	4.08%	31-Jan-11	06-Apr-20
Over 4 hours	M	2.20	5.50	STD	2.20	0.00%	5.70	3.64%	31-Jan-11	06-Apr-20
<b>Other Borough Car Parks: Blyth Road, Hayes; Community Close, Ickenham; Fairfield Rd, Yiewsley; Long Lane; Hillingdon; Civic Hall, Hayes; Linden Avenue, Ruislip Manor; Devon Parade, Eastcote; Devonshire Lodge, Eastcote; Green Lane, Northwood.</b>										
Up to 1 hour	M	0.20	0.70	STD	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
Up to 90 mins	M	0.40	1.40	STD	0.40	0.00%	1.60	14.29%	31-Jan-11	06-Apr-20
Up to 2 hours	M	0.60	2.10	STD	0.60	0.00%	2.30	9.52%	31-Jan-11	06-Apr-20
Up to 3 hours	M	1.00	3.00	STD	1.00	0.00%	3.20	6.67%	31-Jan-11	06-Apr-20
Up to 4 hours	M	2.00	5.20	STD	2.00	0.00%	5.40	3.85%	31-Jan-11	06-Apr-20
Up to 9 hours (Over 4 hours for Blyth Road)	M	3.70	8.70	STD	3.70	0.00%	8.90	2.30%	31-Jan-11	06-Apr-20
Over 9 hours	M	6.20	12.00	STD	6.20	0.00%	12.20	1.67%	31-Jan-11	06-Apr-20
<b>Long Stay Reduced Charge: Long Drive, South Ruislip; Brandville Rd, West Drayton; Pembroke Gardens, Ruislip Manor; Pump Lane, Hayes; North View, Eastcote; St Martins Approach, Ruislip.</b>										
Up to 1 hour	M	0.20	0.70	STD	0.20	0.00%	0.90	28.57%	31-Jan-11	06-Apr-20
Up to 90 mins	M	0.40	1.40	STD	0.40	0.00%	1.60	14.29%	31-Jan-11	06-Apr-20
Up to 2 hours	M	0.60	2.10	STD	0.60	0.00%	2.30	9.52%	31-Jan-11	06-Apr-20
Up to 3 hours	M	1.00	3.50	STD	1.00	0.00%	3.70	5.71%	31-Jan-11	06-Apr-20
Up to 4 hours	M	1.80	5.20	STD	1.80	0.00%	5.40	3.85%	31-Jan-11	06-Apr-20
Over 4 hours	M	2.00	5.70	STD	2.00	0.00%	5.90	3.51%	31-Jan-11	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
<b>Leisure Centre Car Parks: (Subject to agreement with the operators where relevant)</b>										
Up to 1 hour	M	0.20	0.50	STD	0.20	0.00%	0.70	40.00%	31-Jan-11	06-Apr-20
Up to 90 mins	M	0.40	1.00	STD	0.40	0.00%	1.20	20.00%	31-Jan-11	06-Apr-20
Up to 2 hours	M	0.60	1.50	STD	0.60	0.00%	1.70	13.33%	31-Jan-11	06-Apr-20
Up to 3 hours	M	1.00	2.30	STD	1.00	0.00%	2.50	8.70%	31-Jan-11	06-Apr-20
Up to 4 hours	M	2.00	4.50	STD	2.00	0.00%	4.70	4.44%	31-Jan-11	06-Apr-20
Up to 6 hours	M	2.60	5.50	STD	2.60	0.00%	5.70	3.64%	31-Jan-11	06-Apr-20
Up to 9 hours	M	3.70	8.00	STD	3.70	0.00%	8.20	2.50%	31-Jan-11	06-Apr-20
Over 9 hours	M	6.20	11.00	STD	6.20	0.00%	11.20	1.82%	31-Jan-11	06-Apr-20
<b>Uxbridge Multi-Storey Car Parks: Cedars Car Park, Uxbridge; Grainges Car Park, Uxbridge</b>										
Up to 2 hours	M	1.00	2.00	STD	1.00	0.00%	2.10	5.00%	01-Apr-19	06-Apr-20
Up to 3 hours	M	2.00	2.90	STD	2.00	0.00%	3.00	3.45%	01-Apr-19	06-Apr-20
Up to 4 hours	M	2.50	3.80	STD	2.50	0.00%	3.90	2.63%	01-Apr-19	06-Apr-20
Up to 5 hours	M	3.20	4.20	STD	3.20	0.00%	4.30	2.38%	01-Apr-19	06-Apr-20
Sunday (all day)	M	2.00	2.70	STD	2.00	0.00%	2.80	3.70%	31-Jan-11	06-Apr-20
<b>Civic Centre Car Park (open on Saturdays only)</b>										
Up to 2 hours	M	0.90	1.40	STD	0.90	0.00%	1.60	14.29%	31-Jan-11	06-Apr-20
Up to 4 hours	M	1.80	3.00	STD	1.80	0.00%	3.20	6.67%	31-Jan-11	06-Apr-20
Over 4 hours	M	3.50	5.50	STD	3.50	0.00%	5.70	3.64%	31-Jan-11	06-Apr-20

General Fund Budget Capital Programme Summary	Annual Movement in Budget Requirement						TOTAL
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Capital Expenditure</b>							
Major Projects	31,397	45,807	59,629	58,344	28,234	11,000	234,411
Programme of Works	52,619	40,261	28,435	28,799	25,614	25,124	200,852
Contingency	1,500	1,500	1,500	1,500	1,500	1,500	9,000
<b>Total Capital Expenditure</b>	<b>85,516</b>	<b>87,568</b>	<b>89,564</b>	<b>88,643</b>	<b>55,348</b>	<b>37,624</b>	<b>444,263</b>
<b>Capital Financing</b>							
Grants & Contributions	(29,927)	(17,052)	(22,942)	(21,833)	(16,377)	(12,400)	(120,531)
<b>Council Resourced Investment</b>							
Community Infrastructure Levy	(4,250)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(21,750)
Capital Receipts	(6,003)	(6,998)	(2,444)	(11,368)	(18,203)	(11,374)	(56,390)
<b>Prudential Borrowing</b>	<b>(45,336)</b>	<b>(60,018)</b>	<b>(60,678)</b>	<b>(51,942)</b>	<b>(17,268)</b>	<b>(10,350)</b>	<b>(245,592)</b>

Prior Year Budget £'000	Project	2019-2025 Project Budget £'000	Total 2019-25 Grants and Contributions £'000	2019/20 to 2024/25 Capital Programme			Contribution to Revenue Financing Costs £'000
				Council Resources - Self Financing Schemes £'000	Council Resources - for Invest to Save Schemes £'000	Council Resources - Service Provision £'000	
	<b>Major Projects</b>						
	<u>Education &amp; Children Services</u>						
5,097	Secondary Schools Expansions	21,172	(11,664)	0	0	(9,508)	546
0	Additional Temporary Classrooms	6,650	(2,250)	0	0	(4,400)	253
0	Schools SRP	3,958	(3,958)	0	0	0	0
12,952	New Primary Schools Expansions	3,592	(2,162)	0	0	(1,430)	82
0	Meadow School	240	0	0	0	(240)	14
45,742	Secondary Schools Replacement	119	0	0	0	(119)	7
137,159	Former Primary School Expansions	10	0	0	0	(10)	1
	<u>Community, Commerce and Regeneration</u>						
0	New Theatre	44,000	(1,050)	0	0	(42,950)	2,467
0	New Yiewsley Leisure Centre	32,000	(488)	0	0	(31,512)	1,810
723	Hillingdon Outdoor Activity Centre	25,777	(25,777)	0	0	0	0
0	New Museum	5,632	(750)	0	0	(4,882)	280
542	Shopping Parades Initiative	3,041	(774)	0	0	(2,267)	130
7,294	Hayes Town Centre Improvements	2,330	(2,024)	0	0	(306)	18
57	Battle of Britain Underground Bunker	1,557	0	0	0	(1,557)	89
23	RAGC Expansion	1,391	0	0	0	(1,391)	80
0	Uxbridge Mortuary Extension	1,231	(615)	0	0	(616)	35
2	1 & 2 Merrimans Housing Project	619	0	0	0	(619)	36
27	Uxbridge Cemetery Gatehouse	547	0	0	0	(547)	31
1,466	Uxbridge Change of Heart	530	0	0	0	(530)	30
0	Uniter Building Refurbishment	390	0	0	0	(390)	22
3,092	Gateway Hillingdon	358	0	0	0	(358)	21
0	Botwell Leisure Centre Football Pitch	200	0	0	0	(200)	11
	<u>Planning, Transportation and Recycling</u>						
0	Cranford Park Heritage Lottery Project	2,597	(2,382)	0	0	(215)	12

Prior Year Budget £'000	Project	2019-2025 Project Budget £'000	Total 2019-25 Grants and Contributions £'000	2019/20 to 2024/25 Capital Programme			Contribution to Revenue Financing Costs £'000
				Council Resources - Self Financing Schemes £'000	Council Resources - for Invest to Save Schemes £'000	Council Resources - Service Provision £'000	
	<u>Finance, Property and Business Services</u>						
0	Housing Company Financing	50,000	0	(50,000)	0	0	0
68	Yiewsley Site Development	16,167	0	(16,167)	0	0	0
0	Belmore Allotments Development	4,605	(1,544)	(3,061)	0	0	0
0	Purchase of Uxbridge police station	5,000	0	0	0	(5,000)	287
1,163	Bessingby Football/Boxing Clubhouse	432	0	0	0	(432)	25
2,550	Cedars & Grainges Car Park Improvement Works	121	0	0	0	(121)	7
0	Battle of Britain Bunker & Visitor Centre Enhancements	100	0	0	0	(100)	6
6,749	Battle of Britain Education and Visitors Centre	32	0	0	0	(32)	2
417	Ruislip Lido Railway Society Workshop Replacement	13	0	0	0	(13)	1
<b>225,123</b>	<b>Total Major Projects</b>	<b>234,411</b>	<b>(55,438)</b>	<b>(69,228)</b>	<b>0</b>	<b>(109,745)</b>	<b>6,302</b>
	<b>Programme of Works</b>						
N/A	Highways Structural Works	53,537	(2,274)	0	0	(51,263)	2,944
N/A	Transport for London	20,472	(20,472)	0	0	0	0
N/A	Disabled Facilities Grant	16,193	(16,193)	0	0	0	0
N/A	Equipment Capitalisation - Social Care	13,886	(10,356)	0	0	(3,530)	203
N/A	School Building Condition Works	12,278	(10,144)	0	0	(2,134)	123
N/A	Purchase of Vehicles	12,021	0	0	0	(12,021)	690
N/A	Corporate Technology and Innovation	11,788	0	0	(9,179)	(2,609)	150
N/A	Property Works Programme	10,442	(100)	0	0	(10,342)	594
N/A	Civic Centre Works Programme	8,285	0	0	(900)	(7,385)	424
N/A	Chrysalis Programme	6,124	0	0	0	(6,124)	352
N/A	Sports Clubs Rebuild / Refurbishments	4,784	0	0	0	(4,784)	275

Prior Year Budget £'000	Project	2019-2025 Project Budget £'000	Total 2019-25 Grants and Contributions £'000	2019/20 to 2024/25 Capital Programme			Contribution to Revenue Financing Costs £'000
				Council Resources - Self Financing Schemes £'000	Council Resources - for Invest to Save Schemes £'000	Council Resources - Service Provision £'000	
N/A	Equipment Capitalisation - General	4,746	0	0	0	(4,746)	273
N/A	Environmental and Recreational Initiatives	3,251	(2,040)	0	(235)	(976)	56
N/A	Leisure Centre Refurbishment	3,101	0	0	0	(3,101)	178
N/A	Libraries Refurbishment Programme	3,000	(68)	0	0	(2,932)	168
N/A	Street Lighting Replacement	2,876	0	0	0	(2,876)	165
N/A	Devolved Capital to Schools	2,084	(2,084)	0	0	0	0
N/A	CCTV Programme	1,495	0	0	0	(1,495)	86
N/A	Youth Provision	3,925	0	0	0	(3,925)	225
N/A	Leader's Initiative	1,329	0	0	0	(1,329)	76
N/A	Car Park Pay & Display Machines Replacement	1,040	0	0	(1,040)	0	0
N/A	Road Safety	914	0	0	0	(914)	52
N/A	Playground Replacement Programme	750	0	0	0	(750)	43
N/A	HS2 Road Safety Fund	645	(645)	0	0	0	0
N/A	Harlington Road Depot Improvements	639	0	0	0	(639)	37
N/A	PSRG / LPRG	545	(15)	0	0	(530)	30
N/A	Section 106 Projects	632	(632)	0	0	0	0
N/A	Public Health England Capital Grant - Alcohol Fund	70	(70)	0	0	0	0
	<b>Total Programme of Works</b>	<b>200,852</b>	<b>(65,093)</b>	<b>0</b>	<b>(11,354)</b>	<b>(124,405)</b>	<b>7,144</b>
	<b>Development &amp; Risk Contingency</b>						
N/A	General Contingency	9,000	0	0	0	(9,000)	517
	<b>Total Development &amp; Risk Contingency</b>	<b>9,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9,000)</b>	<b>517</b>
225,123	<b>Total GF Capital Programme</b>	<b>444,263</b>	<b>(120,531)</b>	<b>(69,228)</b>	<b>(11,354)</b>	<b>(243,150)</b>	<b>13,964</b>
	Of which; Community Infrastructure Levy			0	0	(21,750)	(1,249)
	Of which; Capital Receipts for General Purposes			0	0	(33,424)	(1,919)
	Of which; Capital Receipts from Self-financing Schemes			0	0	(22,966)	(1,319)
	<b>Of which; Prudential Borrowing</b>			<b>(69,228)</b>	<b>(11,354)</b>	<b>(165,010)</b>	<b>9,476</b>
	Add: Financing costs from previous Capital Investment						2,969
	<b>Projected Growth in Capital Financing Charges (2020/21 to 2024/25)</b>						<b>12,445</b>



Prior Year Budget	Project	2019/20 Project Budget	2020/21 Project Budget	2021/22 Project Budget	2022/23 Project Budget	2023/24 Project Budget	2024/25 Project Budget	2019-2025 Project Budget
£'000								£'000
	<b>Major Projects</b>							
	<u>Education &amp; Children Services</u>							
5,097	Secondary Schools Expansions	12,292	5,000	2,880	1,000	0	0	21,172
0	Additional Temporary Classrooms	0	2,850	3,800	0	0	0	6,650
0	Schools SRP	500	2,000	1,458	0	0	0	3,958
12,952	New Primary Schools Expansions	2,889	703	0	0	0	0	3,592
0	Meadow School	240	0	0	0	0	0	240
45,742	Secondary Schools Replacement	119	0	0	0	0	0	119
137,159	Former Primary School Expansions	10	0	0	0	0	0	10
	<u>Community, Commerce and Regeneration</u>							
0	New Theatre	0	1,000	7,500	15,000	15,000	5,500	44,000
0	New Yiewsley Leisure Centre	900	3,000	10,000	10,000	5,250	2,850	32,000
723	Hillingdon Outdoor Activity Centre	50	2,000	6,000	10,000	5,077	2,650	25,777
0	New Museum	50	500	1,275	2,500	1,307	0	5,632
542	Shopping Parades Initiative	145	600	711	1,585	0	0	3,041
7,294	Hayes Town Centre Improvements	980	1,350	0	0	0	0	2,330
57	Battle of Britain Underground Bunker	260	1,247	50	0	0	0	1,557
23	RAGC Expansion	100	850	441	0	0	0	1,391
0	Uxbridge Mortuary Extension	0	1,000	231	0	0	0	1,231
2	1 & 2 Merrimans Housing Project	20	470	129	0	0	0	619
27	Uxbridge Cemetery Gatehouse	10	100	350	87	0	0	547
1,466	Uxbridge Change of Heart	530	0	0	0	0	0	530
0	Uniter Building Refurbishment	285	105	0	0	0	0	390
3,092	Gateway Hillingdon	358	0	0	0	0	0	358
0	Botwell Leisure Centre Football Pitch	0	0	200	0	0	0	200
	<u>Planning, Transportation and Recycling</u>							
0	Cranford Park Heritage Lottery Project	0	493	2,104	0	0	0	2,597

Prior Year Budget	Project	2019/20 Project Budget	2020/21 Project Budget	2021/22 Project Budget	2022/23 Project Budget	2023/24 Project Budget	2024/25 Project Budget	2019-2025 Project Budget
£'000								£'000
	<b>Finance, Property and Business Services</b>							
0	Housing Company Financing	10,000	15,000	15,000	10,000	0	0	50,000
68	Yiewsley Site Development	1,000	2,500	7,500	3,567	1,600	0	16,167
0	Belmore Allotments Development	0	0	0	4,605	0	0	4,605
0	Purchase of Uxbridge police station	0	5,000	0	0	0	0	5,000
1,163	Bessingby Football/Boxing Clubhouse	393	39	0	0	0	0	432
2,550	Cedars & Grainges Car Park Improvement Works	121	0	0	0	0	0	121
0	Battle of Britain Bunker & Visitor Centre Enhancements	100						100
6,749	Battle of Britain Education and Visitors Centre	32	0	0	0	0	0	32
417	Ruislip Lido Railway Society Workshop Replacement	13	0	0	0	0	0	13
<b>225,123</b>	<b>Total Major Projects</b>	<b>31,397</b>	<b>45,807</b>	<b>59,629</b>	<b>58,344</b>	<b>28,234</b>	<b>11,000</b>	<b>234,411</b>
	<b>Programme of Works</b>							
N/A	Highways Structural Works	11,537	10,000	8,000	8,000	8,000	8,000	53,537
N/A	Transport for London	4,697	2,373	3,178	3,278	3,473	3,473	20,472
N/A	Disabled Facilities Grant	1,933	2,852	2,852	2,852	2,852	2,852	16,193
N/A	Equipment Capitalisation - Social Care	2,091	2,359	2,359	2,359	2,359	2,359	13,886
N/A	School Building Condition Works	4,328	1,750	1,550	1,550	1,550	1,550	12,278
N/A	Purchase of Vehicles	7,585	374	645	2,810	0	607	12,021
N/A	Corporate Technology and Innovation	4,284	4,048	864	864	864	864	11,788
N/A	Property Works Programme	1,805	2,878	1,898	1,527	1,267	1,067	10,442
N/A	Civic Centre Works Programme	2,436	2,828	806	790	760	665	8,285
N/A	Chrysalis Programme	1,124	1,000	1,000	1,000	1,000	1,000	6,124
N/A	Sports Clubs Rebuild / Refurbishments	1,034	750	750	750	750	750	4,784

Prior Year Budget	Project	2019/20 Project Budget	2020/21 Project Budget	2021/22 Project Budget	2022/23 Project Budget	2023/24 Project Budget	2024/25 Project Budget	2019-2025 Project Budget
£'000								£'000
N/A	Equipment Capitalisation - General	921	765	765	765	765	765	4,746
N/A	Environmental and Recreational Initiatives	850	901	500	500	500	0	3,251
N/A	Leisure Centre Refurbishment	500	1,450	1,151	0	0	0	3,101
N/A	Libraries Refurbishment Programme	1,000	2,000	0	0	0	0	3,000
N/A	Street Lighting Replacement	547	850	595	582	302	0	2,876
N/A	Devolved Capital to Schools	925	271	222	222	222	222	2,084
N/A	CCTV Programme	503	892	100	0	0	0	1,495
N/A	Youth Provision	1,425	500	500	500	500	500	3,925
N/A	Leader's Initiative	329	200	200	200	200	200	1,329
N/A	Car Park Pay & Display Machines Replacement	520	520	0	0	0	0	1,040
N/A	Road Safety	164	150	150	150	150	150	914
N/A	Playground Replacement Programme	250	250	250	0	0	0	750
N/A	HS2 Road Safety Fund	645	0	0	0	0	0	645
N/A	Harlington Road Depot Improvements	439	200	0	0	0	0	639
N/A	PSRG / LPRG	45	100	100	100	100	100	545
N/A	Section 106 Projects	632	0	0	0	0	0	632
N/A	Public Health England Capital Grant - Alcohol Fund	70	0	0	0	0	0	70
	<b>Total Programme of Works</b>	<b>52,619</b>	<b>40,261</b>	<b>28,435</b>	<b>28,799</b>	<b>25,614</b>	<b>25,124</b>	<b>200,852</b>
	<b>Development &amp; Risk Contingency</b>							
N/A	General Contingency	1,500	1,500	1,500	1,500	1,500	1,500	9,000
	<b>Total Development &amp; Risk Contingency</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>9,000</b>
<b>225,123</b>	<b>Total GF Capital Programme</b>	<b>85,516</b>	<b>87,568</b>	<b>89,564</b>	<b>88,643</b>	<b>55,348</b>	<b>37,624</b>	<b>444,263</b>

<u>Housing Revenue Account</u> <u>Corporate Summary</u>	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Five Year Outlook £'000
<b>Resources</b>							
Increase / (Decrease) in average Weekly Rents (%)*	0.4%	3.2%	2.9%	2.0%	2.0%	2.1%	
Average Weekly Rent (£)	£106.90	£110.73	£113.99	£116.27	£118.63	£121.14	£14.24
Increase/(Decrease) in Number of Dwellings	44	34	58	87	52	16	(28)
Average Number of Dwellings	10,154	10,125	10,186	10,276	10,328	10,344	190
<b>Gross Dwelling Rents</b>	<b>56,754</b>	<b>58,457</b>	<b>60,543</b>	<b>62,300</b>	<b>63,886</b>	<b>65,517</b>	<b>8,763</b>
Void Risk Contingency	(568)	(585)	(605)	(623)	(639)	(655)	(87)
<b>Net Dwelling Rents</b>	<b>56,186</b>	<b>57,872</b>	<b>59,938</b>	<b>61,677</b>	<b>63,247</b>	<b>64,862</b>	<b>8,676</b>
<b>Total Resources</b>	<b>56,186</b>	<b>57,872</b>	<b>59,938</b>	<b>61,677</b>	<b>63,247</b>	<b>64,862</b>	<b>8,676</b>
<b>Budget Requirement</b>							
Roll Forward Budget	38,641	38,611	39,139	39,510	39,961	40,399	1,758
Inflation	313	482	396	451	438	544	2,311
Corporate Items	552	430	0	0	0	0	430
Contingency	(480)	0	0	0	0	0	0
Savings	(415)	(384)	(25)	0	0	0	(409)
<b>Total Budget Requirement</b>	<b>38,611</b>	<b>39,139</b>	<b>39,510</b>	<b>39,961</b>	<b>40,399</b>	<b>40,943</b>	<b>2,332</b>
Contribution to Finance Capital Programme	18,820	20,790	20,428	21,716	22,848	23,919	5,099
<b>(Drawdown) / Contribution to Reserves</b>	<b>(1,245)</b>	<b>(2,057)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Opening HRA General Balance</b>	<b>18,260</b>	<b>17,057</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>(3,260)</b>
<b>Closing HRA General Balance</b>	<b>17,057</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>(2,057)</b>

\* Rent figures quoted above are inclusive of new build rents, average rents for existing tenancies are projected to increase by CPI + 1% per annum from 2020/21 to 2024/25.

<u>Housing Revenue Account - Corporate Items</u>	Annual Movement in Budget Requirement					<i>Five Year Outlook</i> £'000
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	
Realignment of Budgets to reflect current service needs	430	0	0	0	0	430
Capital Charges	0	0	0	0	0	0
Interest on Balances	0	0	0	0	0	0
<b>Total Corporate Items</b>	<b>430</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>430</b>

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

<b><u>Housing Revenue Account (HRA) - Savings</u></b>	<b>Annual Movement in Budget Requirement</b>					<i>Five Year Outlook</i>
	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £(000s)</b>	<b>£'000</b>
<b><u>Full Year Effect of Prior Year Savings</u></b>						
<i>Cumulative Impact of Existing Savings Proposals</i>	(48)	0	0	0	0	(48)
<b>Full Year Effect of Prior Year Savings</b>	<b>(48)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(48)</b>
<b><u>New Savings Proposals</u></b>						
<b><u>Housing Service Efficiency Review</u></b>						
<i>Savings arising from implementation of reviews across the service</i>	(196)	(25)	0	0	0	(221)
<b><u>HRA Zero Based Review</u></b>						
<i>Outputs from Zero Based Budgeting across the HRA</i>	(140)	0	0	0	0	(140)
<b><u>Further BID Reviews / Service Transformation</u></b>						
<i>Full year effect of BID Reviews and Service Transformation activity undertaken during 2019/20 &amp; 2020/21 and initial impact of new BID Programme Initiatives</i>	0	0	0	0	0	0
<b>New Savings Proposals</b>	<b>(336)</b>	<b>(25)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(361)</b>
<b>Total HRA Savings</b>	<b>(384)</b>	<b>(25)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(409)</b>

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
<b>44. Housing Revenue Account</b>										
<b>Development &amp; Assets</b>										
<b>Service Charges</b>										
CCTV Maintenance (per week) Laundry Machines in Sheltered Housing Units - Servicing and Maintenance (per week)	R	0.77	N/A	NB	0.78	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Housing Units - Servicing and Maintenance (per week)	R	0.81	N/A	NB	0.82	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
<b>Estates &amp; Tenancy Management</b>										
<b>Parking Rents</b>										
Car Ports (Council Tenants) (per week)	R	8.40	N/A	NB	8.54	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Car Ports (Private) (per week)	R	10.08	10.08	STD	10.25	1.7%	10.25	1.7%	01-Apr-19	06-Apr-20
Hard Standings / Parking Spaces (Council Tenants) (per week)	R	4.82	N/A	NB	4.90	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Hard Standings / Parking Spaces (Private) (per week)	R	5.79	5.79	STD	5.89	1.7%	5.89	1.7%	01-Apr-19	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
<b>Grounds Maintenance and Gardening</b>										
Grounds Maintenance (minimum) (per week)	R	1.32	N/A	NB	1.34	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Grounds Maintenance (maximum) (per week)	R	4.51	N/A	NB	4.59	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Hedge Cutting - Standard Frequency (per week - optional)	R	0.82	N/A	NB	0.83	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Lawn Mowing - Standard Frequency (per week - optional)	R	4.10	N/A	NB	4.17	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Bed Maintenance - Standard Frequency (per week - optional)	R	0.55	N/A	NB	0.56	1.7%	N/A	N/A	01-Apr-19	06-Apr-20



Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
<b>Heating Charges</b>										
Communal Electric (per week)	R	1.68	N/A	NB	1.71	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Sheltered Heating - Communal Element (per week)	R	3.66	N/A	NB	3.72	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Sheltered Heating - Property Element (Bedsit) (per week)	R	5.72	N/A	NB	5.82	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Sheltered Heating - Property Element (One Bedroom) (per week)	R	8.63	N/A	NB	8.78	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Sheltered Heating - Property Element (Two or More Bedrooms) (per week)	R	9.87	N/A	NB	10.04	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
District Heating - Communal Element (minimum) (per week)	R	1.40	N/A	NB	1.42	1.7%	N/A	N/A	01-Apr-19	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
District Heating - Communal Element (maximum) (per week)	R	4.42	N/A	NB	4.50	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
District Heating - Property Element (minimum) (per week)	R	6.32	N/A	NB	6.43	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
District Heating - Property Element (maximum) (per week)	R	15.27	N/A	NB	15.53	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Peachey Close - Electricity (per week)	R	11.42	N/A	NB	11.61	1.7%	N/A	N/A	01-Apr-19	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
<b>Other Services</b>										
Electric Scooter Charging Point - Queen's Lodge, Cliftonville, Kent (per month)	R	N/A	6.04	STD	N/A	N/A	6.14	1.7%	01-Apr-19	06-Apr-20
Leaseholder Solicitors Enquiries	R	110.42	N/A	STD	112.30	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
<b>Residents Services (Housing)</b>										
<b>Caretaking</b>										
Caretaking - Band A (per week)	R	11.51	N/A	NB	11.71	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Caretaking - Band B (per week)	R	7.45	N/A	NB	7.58	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Caretaking - Band C (per week)	R	5.17	N/A	NB	5.26	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Caretaking - Band D (per week)	R	4.02	N/A	NB	4.09	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Caretaking - Band E (per week)	R	2.87	N/A	NB	2.92	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Caretaking - Band F (per week)	R	1.73	N/A	NB	1.76	1.7%	N/A	N/A	01-Apr-19	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Caretaking - Sheltered Housing (per week)	R	5.73	N/A	NB	5.83	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Caretaking - Queen's Lodge, Cliftonville, Kent (per week)	R	N/A	7.23	NB	N/A	N/A	7.35	1.7%	01-Apr-19	06-Apr-20
<b>Extra Care Housing</b>										
Triscott House - Management Support Charge (per week)	R	26.12	N/A	NB	26.56	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Triscott House - Cleaning Charge (per week)	R	9.93	N/A	NB	10.10	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Triscott House - Grounds Maintenance (per week)	R	2.28	N/A	NB	2.32	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
<b>Marlborough Crescent</b>										
Enhanced housing management charge (per bed space per week)	R	2.38	N/A	NB	2.42	1.7%	N/A	N/A	01-Apr-19	06-Apr-20

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non-Residents £	Increase %	Date of last change to charge	Effective Date
Electrical usage (per bed space per week)	R	4.65	N/A	NB	4.73	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Water usage Studio (per property type per week)	R	2.48	N/A	NB	2.52	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Water usage 1 Bed (per property type per week)	R	4.67	N/A	NB	4.75	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Water usage 3 Bed (per property type per week)	R	6.20	N/A	NB	6.31	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Water usage 4 Bed (per property type per week)	R	7.31	N/A	NB	7.43	1.7%	N/A	N/A	01-Apr-19	06-Apr-20
Caretaking (per bed space per week)	R	2.24	N/A	NB	2.28	1.7%	N/A	N/a	01-Apr-19	06-Apr-20
Furniture and furnishings (per property per week)	R	1.04	N/A	NB	1.06	1.7%	N/A	N/A	01-Apr-19	06-Apr-20

Project Total £'000	Project	2020/21 Draft Budget £'000	2021/22 Draft Budget £'000	2022/23 Draft Budget £'000	2023/24 Draft Budget £'000	2024/25 Draft Budget £'000
	<b>Major Projects</b>					
118,291	New General Needs Housing Stock	24,445	24,081	26,543	23,472	19,750
15,673	New Build - Shared Ownership	12,027	2,384	1,262	0	0
3,775	New Build - Supported Housing Provision	3,775	0	0	0	0
<b>137,739</b>	<b>Total Major Projects</b>	<b>40,247</b>	<b>26,465</b>	<b>27,805</b>	<b>23,472</b>	<b>19,750</b>
	<b>HRA Programmes of Work</b>					
53,699	Works to Stock programme	9,338	11,661	10,900	10,900	10,900
9,758	Major Adaptations to Property	1,817	1,881	1,974	2,043	2,043
<b>63,457</b>	<b>Total Works to Stock</b>	<b>11,155</b>	<b>13,542</b>	<b>12,874</b>	<b>12,943</b>	<b>12,943</b>
<b>201,196</b>	<b>Total HRA Capital Programme</b>	<b>51,402</b>	<b>40,007</b>	<b>40,679</b>	<b>36,415</b>	<b>32,693</b>
	<b>Financed by:</b>					
107,644	Revenue Contributions	18,733	20,428	21,716	22,848	23,919
42,277	Prudential Borrowing	21,860	6,093	4,950	6,525	2,849
2,039	GLA Grant	589	1,450	0	0	0
49,236	Capital Receipts	10,220	12,036	14,013	7,042	5,925
<b>201,196</b>	<b>Total</b>	<b>51,402</b>	<b>40,007</b>	<b>40,679</b>	<b>36,415</b>	<b>32,693</b>

Project Total	Scheme	Unit Numbers	2020/21 Draft Budget	2021/22 Draft Budget	2022/23 Draft Budget	2023/24 Draft Budget	2024/25 Draft Budget
£'000			£'000	£'000	£'000	£'000	£'000
663	Acol Crescent Development	33	663	0	0	0	0
0	Housing Programme	0	0	0	0	0	0
9,700	Belmore Allotments	86	8,438	0	1,262	0	0
3,586	Maple and Poplar Day Centre	34	3,287	299	0	0	0
1,862	Willow Tree	10	1,690	172	0	0	0
2,255	Housing Programme - Tranche 4	14	1,849	346	60	0	0
1,560	Nelson Road	6	1,511	49	0	0	0
257	Great Benty (Note 1)	2	257	0	0	0	0
0	Coleridge Way Acquisition	0	0	0	0	0	0
108,935	Acquisitions & Internal developments	254	15,631	23,599	26,483	23,472	19,750
0	Bartram Close (Note 2)	0	0	0	0	0	0
4,876	Woodside Development	27	2,876	2,000	0	0	0
270	3 sites (Meadowfield, West End Rd and Otterfield Rd)	17	270	0	0	0	0
0	Grassy Meadow	0	0	0	0	0	0
988	Parkview	0	988	0	0	0	0
2,787	Yiewsley	12	2,787	0	0	0	0
<b>137,739</b>		<b>495</b>	<b>40,247</b>	<b>26,465</b>	<b>27,805</b>	<b>23,472</b>	<b>19,750</b>
118,291	New General Needs Housing Stock	367	24,445	24,081	26,543	23,472	19,750
15,673	New Build - Shared Ownership	116	12,027	2,384	1,262	0	0
3,775	New Build - Supported Housing	12	3,775	0	0	0	0
<b>137,739</b>		<b>495</b>	<b>40,247</b>	<b>26,465</b>	<b>27,805</b>	<b>23,472</b>	<b>19,750</b>

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

Assessment of General Fund Reserves Requirement	Minimum Level 2020/21 (£ million)	Maximum Level 2020/21 (£ million)	Minimum Level 2019/20 (£ million)	Maximum Level 2019/20 (£ million)	Principal Reasons for Requirement
General financial climate to which the Council is subject	1.5	4.5	1.5	4.5	A period of sustained reductions in funding is set to continue into 2019/20
The overall financial standing of the authority	1.0	2.0	1.0	2.0	To manage adverse movement in the Council's financial standing
Estimates of level of locally raised income	2.0	3.0	2.0	3.0	Locally raised income accounts for approximately 80% of corporate funding
The treatment of planned efficiency savings / productivity gains	1.0	4.0	1.0	4.0	To manage risk around slippage of the Council's major savings programme, in response to funding reductions
The treatment of inflation and interest rates	2.0	2.5	2.0	2.5	Assumptions have been refreshed to reflect latest intelligence, and further provision included within this analysis
The financial risk inherent in major contract arrangements	1.5	4.5	1.5	4.5	To manage any impact of services arising from supplier risk, particularly in respect of Social Care provision
The treatment of demand led pressures	2.0	4.0	2.0	4.0	Increased demand for services from an aging and increasing population
The financial risks inherent in any major capital developments	1.0	2.5	1.0	2.5	Inherent risks due to significant level of investment required for school places
Estimates of the level and timing of capital receipts	1.0	2.0	1.0	2.0	Slippage on asset disposal programme could lead to increased borrowing
The availability of reserves and other funds to deal with major contingencies and pressures	2.0	3.0	2.0	3.0	Cover for unforeseen or exceptional events over and above the budgeted provision for General Contingency, which would include any adverse impact linked to Brexit
<b>Unallocated GF Reserves</b>	<b>15.0</b>	<b>32.0</b>	<b>15.0</b>	<b>32.0</b>	

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## **CAPITAL AND INVESTMENT STRATEGY REQUIREMENTS 2020/21**

### **Introduction**

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

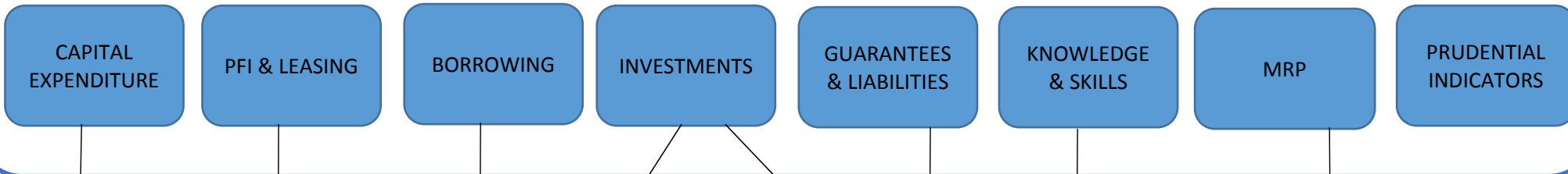
### **Strategy requirements**

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

### **Recommended Changes for 2020/21**

7. In addition to refreshing all forecasts and Prudential Indicators to align to the budget proposals for the new financial year, it is recommended that the upper limits of the Council's debt maturing within two years are increased from 25% to 50% of total borrowing. This will provide greater flexibility to pursue alternative, more cost effective borrowing than available from PWLB following the 1% increase in borrowing rates. In addition, it is proposed to simplify investment holding limits by presenting these as a cash sum only, rather than both cash and percentage holding as in previous years.

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



**CAPITAL PROGRAMME WITHIN THE MTFF**  
 Capital expenditure  
 Capital financing  
 Capital receipts  
 Prudence  
 Affordability  
 Sustainability

**TREASURY STRATEGY STATEMENT**  
 Interest rate forecast  
 Cash flow forecast  
 Borrowing strategy  
 Investment strategy  
 TM indicators  
 Risk management

**INVESTMENT STRATEGY**  
 Contribution  
 Security  
 Liquidity  
 Investment and indicators  
 Capacity and skill  
 Proportionality

**MRP STATEMENT**  
 Prudent provision  
 Calculation of MRP  
 Overpayments  
 Prudence  
 Aligned cost: benefit

## CAPITAL STRATEGY REPORT 2020/21

### Introduction

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

### Capital Expenditure and Financing

3. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.
4. In 2020/21, the Council is planning capital expenditure of £139.8m as summarised below:

**Table 1: Prudential Indicator: Estimates of Capital Expenditure**

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
General Fund services	75.5	73.3	74.6	78.7	55.4	37.7
Housing Revenue Account (HRA)	59.6	51.5	40.1	40.7	36.5	32.7
Capital investments	10.0	15.0	15.0	10.0	0.0	0.0
<b>TOTAL</b>	<b>145.1</b>	<b>139.8</b>	<b>129.7</b>	<b>129.4</b>	<b>91.9</b>	<b>70.4</b>

5. The main General Fund capital programme includes a new Leisure Centre in West Drayton, a major programme of investment in the borough's highways, a programme of sports club rebuild/refurbishment, a libraries refurbishment programme, provision for investment in youth infrastructure and the potential purchase of Uxbridge Police Station. In addition the Council has a £50m budget to support investment in housing through Hillingdon First Limited.

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

### **Governance of Capital Expenditure**

7. Specific capital projects are identified primarily through the Council's annual budget setting process which revises the approved capital programme for the following five years. Service managers submit proposals for new projects, outlining the reasons and benefits for the proposal and the estimated cost and method of financing. These proposals are reviewed at internal challenge sessions attended by senior managers across the organisation chaired by the Corporate Director of Finance. If proposals are deemed satisfactory at this stage they are included in a further submission to the Leader of the Council. There is then a public consultation period in December on the full budget and impact to Council Tax. Following any further feedback the final revised five year capital programme is submitted to Cabinet and Council for approval in February each year.
8. Implications of existing and new capital investment proposals in terms of the future impact on prudential borrowing levels and capital financing costs are taken into account in setting the revenue budget which is also approved by Council in February each year. The various sources of finance for all existing and new capital projects and programmes are identified and included in the Council's budget.
9. Some capital projects arise which require more short-term implementation during the current financial year and these are usually managed through existing programme budgets included in the five year programme where there is anticipated need for that type of investment. These projects would normally be managed within overall borrowing limits approved by Council.
10. In order to subsequently proceed with implementation, all individual capital expenditure projects require a formal democratic decision from the Leader of the Council and Cabinet Member for Finance, Property and Business Services to release the monies included within the capital programme budget. To obtain approval for the budget to be released, a formal report is submitted providing detailed information on the objectives of the project and including a cost plan.
11. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private

## Appendix 12a - Capital Strategy Report 2020/21

Finance Initiative). The planned financing of the above expenditure is as follows:

**Table 2: Capital financing**

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
External Sources	31.6	18.3	24.4	21.9	16.4	12.4
Own Resources	68.2	39	38.5	50.6	51.6	44.8
Debt	45.3	82.5	66.8	56.9	23.8	13.2
<b>TOTAL</b>	<b>145.1</b>	<b>139.8</b>	<b>129.7</b>	<b>129.4</b>	<b>91.8</b>	<b>70.4</b>

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

**Table 3: Projected MRP and debt provision**

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
General Fund services	5.5	7.3	9.8	12.2	14.3	15.1
Housing Revenue Account (HRA)	9.2	9.2	9.2	9.2	9.2	9.2

13. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £88.8m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

**Table 4: Prudential Indicator: Estimates of Capital Financing Requirement**

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
General Fund services	242.2	303.3	339.3	369.1	372.1	367.4
Housing Revenue Account (HRA)	182.8	195.5	192.5	188.3	185.7	179.4
Capital investments	10.0	25.0	40.0	50.0	50.0	50.0
<b>TOTAL</b>	<b>435.0</b>	<b>523.8</b>	<b>571.8</b>	<b>607.4</b>	<b>607.8</b>	<b>596.8</b>

## Asset Management

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



## Asset Disposals

17. Assets are continually reviewed, to determine those that may be declared surplus to service requirements, with regular monitoring meetings. Proposals to change the purpose, to redevelop or to sell an asset are reported with options presented to the Councils property governance working group lead by the Council's Leader, Strategic Property Governance (SPG), to determine next steps on the most appropriate development or disposal route before recommendations are made to Cabinet. Progress on asset development and disposals is reported through monthly budget monitoring. Surplus assets may be sold to generate proceeds, known as capital receipts, which can be used to finance capital expenditure on new assets or enhancements to existing assets, or to repay debt. With the approval of Cabinet, surplus assets can also be appropriated between the General Fund and Housing Revenue Account (HRA) to reflect planned changes in use of the land where notional receipts are transferred between the funds.
18. Right to Buy Council housing sales, repayments of capital grants, loans and investments also generate capital receipts. The Council is currently also permitted to spend capital receipts on service transformation projects until 2020/21. The Council plans to invest £17.5m of capital receipts in the coming financial year (2020/21) on General Fund and HRA capital programmes and also transformation projects.

**Table 5: Capital receipt financing applied**

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Capital Receipts	19.0	17.5	14.5	25.5	25.5	17.5

The Council's Flexible Use of Capital Receipts Policy, Efficiency Strategy is available here: <https://www.hillingdon.gov.uk/budgetreports>

## Treasury Management

19. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
20. As at the 31 March 2020 the estimated borrowing is £296.6m and £25.0m treasury investments.

## Borrowing strategy

21. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance low cost short-term loans (currently available at around 0.75%) and long-term fixed-rate loans where the future cost is known but higher (currently 2.0 to 3.0%).
22. Projected levels of the Council's total current outstanding debt (which comprises borrowing, PFI liabilities, leases) are shown below, compared with the projected capital financing requirement (see details above).

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

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Debt (including PFI and leases)	296.6	251.8	245.3	228.8	222.3	215.8
Capital Financing Requirement	435.0	523.8	571.8	607.4	607.8	596.8

23. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, with the existing levels of debt the Council expects to comply with this in the medium term. Planned Debt expected to meet this capital strategy, compared to the CFR can be seen in table 7 for the liability benchmark.
24. Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing compared to the CFR borrowing requirement. This assumes that internal resources such as reserves and working capital are utilised and that cash and investment balances are kept to £15m at each year-end.

**Table 7: Borrowing and the Liability Benchmark**

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Outstanding Borrowing	296.6	251.8	245.3	228.8	222.3	215.8
Borrowing Required to meet CFR	138.4	272.0	326.5	378.6	385.5	381.0
Borrowing Required to meet Liability Benchmark	36.7	195.7	258.1	311.5	317.1	312.6

25. Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. Further details on borrowing can be found in the Treasury Management Strategy.

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

	2019/20 limit £m	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m
Authorised Limit - Borrowing	576.8	612.4	612.8	612.8	612.8	601.8
Authorised Limit - PFI and Leases	3.0	30.0	30.0	30.0	30.0	30.0
<b>Authorised Limit - Total External Debt</b>	<b>579.8</b>	<b>642.4</b>	<b>642.8</b>	<b>642.8</b>	<b>642.8</b>	<b>631.8</b>
Operational Boundary - Borrowing	546.8	582.4	582.8	582.8	582.8	571.8
Operational Boundary - PFI and Leases	3.0	25.0	25.0	25.0	25.0	25.0
<b>Operational Boundary - Total External Debt</b>	<b>549.8</b>	<b>607.4</b>	<b>607.8</b>	<b>607.8</b>	<b>607.8</b>	<b>596.8</b>

### Treasury Investment Strategy

26. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

27. The Council's policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely in funds including in bonds and shares, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.
28. The Council will aim to hold a level of short-term investment balances which are not excessive, but will ensure sufficient liquidity to manage the day-to-day activities of the Council. Longer-term investments are forecast at £15m over the next 5 years.
29. Further details on treasury investments can be found in the Treasury Management Strategy.
30. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Finance and staff, who must act in line with the treasury management strategy. The treasury management strategy statement is agreed by Cabinet in February prior to agreement at full Council before the start of each financial year. Amendments to the Treasury Management Strategy during the year are only done with Cabinet approval.
31. Treasury activity is monitored and reported to senior management on a daily and weekly basis. Monthly reports on treasury management activity, including compliance with prudential indicators, are provided to Cabinet as part of the budget monitoring process.

### **Investments for Service Purposes**

32. The Council lends money to, and has a 100% shareholding in one subsidiary, Hillingdon First Ltd. The objective is to deliver a financial return to the Council and provide housing and or a commercial unit for sale or rent. It will achieve this by generating of long-term sustainable revenue streams through the delivery of high quality housing to meet the need of Hillingdon's residents.

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33. The Hillingdon First Ltd shareholder agreement and memorandum of association sets out in detail the governance arrangements and provides details of the operating framework, controls and reporting requirements.

### Commercial Activities

34. The Council has a £4.6m historic portfolio of investment properties which are managed through the Council's organisation structure. These assets are not held for normal operational activity but held under long-term commercial leases. Net Income generated from these assets is approximately £350k per annum.

### Liabilities

35. In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit and has made provisions to cover risks such as insurance claims and non-domestic rates appeal losses. The Council is also at risk of having to pay for claims following legal proceedings but has not put aside any money because the claims are denied and will be defended, and in some instances, counterclaims pursued.

### Revenue Budget Implications

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

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

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
Financing Costs (£m)	7.3	8.2	10.7	13.8	17.1	20.0
Proportion of Net Revenue Stream	3%	3%	5%	6%	7%	8%

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

### Sustainability

37. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 35 years into the future. The Corporate Director of Finance is

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satisfied that both the proposed individual schemes and the overall programme are tested for affordability, sustainability and prudence.

38. Projects to be financed from planned borrowing fall into three broad financing strategies, with a fourth category of investment to be financed from future Council Tax revenues. The broad financing strategies are: investment projects where specific capital receipts are recognised on completion of the project to cover costs; commercial activity with full funding through dividends, interest and principle repayments; and invest to save projects where borrowing costs are offset by ongoing revenue savings. The fourth category are projects linked to service delivery, with associated ongoing financing costs driving an element of future savings requirements.
39. Given the intrinsic link between this fourth category of investment and the level of savings necessary to deliver balanced budgets over the medium to long term, prioritisation of projects to be funded from general resources should therefore be considered in the context of the overall budget rather than within the capital programme alone.

### **Knowledge and Skills**

40. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
41. The Council adopts a continuous performance and development programme to ensure officers are regularly appraised and any training needs identified. Where appropriate, officers will attend training sessions, seminars and workshops to ensure their knowledge is up to date and relevant. Council Members are provided access to additional training where required.
42. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field.

### TREASURY MANAGEMENT STRATEGY STATEMENT 2020/21

#### Summary

1. The Treasury Management Strategy represents the Council's operating guidelines on the daily management of cash, investments, borrowing and associated risks. Through daily cash flow management, surplus cash is invested with security of investments being the prime consideration; only then are the liquidity and yield of investments, within the Council's risk parameters, considered.
2. Over the longer term, the Council considers the need to borrow money to fund its major capital projects and when the best time is to do this. The strategy aims to minimise borrowing and make use of internal funds where viable. Currently, there is an expectation that new borrowing will be required during 2020/21 of £195.7m. New borrowing to fund the capital financing requirement will be taken for cash flow purposes or where there is a positive budget impact in terms of the cost of carry. New debt will be a mixture of short and medium-term durations designed to minimise cost without having a detrimental effect on refinancing risk.
3. Interest rates are forecast to stay relatively low and as such investment returns will remain subdued for short-term and liquid cash.
4. This report details the Council's approach and strategy towards borrowing and investing and provides details on sources of debt and investment instruments in which the Council can invest. All institutions on the counterparty list are regularly monitored assessing risk and determining the limits of duration and value of investments.
5. For 2020/21, Treasury Management Strategy Statement (TMSS) follows the revised 2017 Code of Practice guidance. Other specific changes include:
6. In October 2019 the government increased PWLB rates by 1% making it now a relatively expensive option. As a result, the Council will look to borrow any long-term loans from alternative sources including banks, pensions and local authorities in order to lower interest costs and reduce over reliance on one source of borrowing in line with the CIPFA code.
7. Given the longer lead in times for sourcing debt for counterparties other than the PWLB and in light of a general expectation that interest rates will remain low, it is proposed to increase the upper limits of borrowing held for periods of less than two years from 25% to 50%. This will allow the flexibility to pursue more cost effective borrowing options than those available from the PWLB.

### Introduction

8. Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code). This requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. The strategy is developed as part of the Council's MTFF process.
9. Investments held for service purposes or for commercial profit are considered in a separate report; the 'Investment Strategy'.
10. The Council, by having significant investments and borrowing, is exposed to financial risks, including the loss of invested funds and the revenue effect of changing interest rates. As such treasury management operations are fundamentally concerned with managing risk. Whilst there are regulations and controls in place designed to minimise or neutralise risk, some risk exposure remains, due to the nature of managing loan and investment portfolios and cash flow activities. Active monitoring of the economic outlook, as well as changes in regulation, is undertaken where it impacts on the Council's treasury management strategy and risk parameters.
11. The major external influence on the Council's Treasury Management Strategy for 2020/21 will be the UK's progress in negotiating its exit from the European Union together with its future trading arrangements. The global economy has entered a period of weaker growth in response to political issues. The UK economy continues to experience slower growth due to Brexit uncertainty and the down turn in global activity. In response global and UK interest rate expectations are low. Some improvement in global economic data and a more positive outlook for US/China trade negotiations has prompted worst case scenarios to be pared back.
12. The new Conservative UK government will progress with achieving Brexit on 31<sup>st</sup> January 2020. The more stable political environment will prompt a partial return in business and household confidence in the short term, but the subsequent limited Brexit transitional period, which the government is seeking to enforce, will create additional economic uncertainty. The weak outlook for the UK economy and current low inflation have placed pressure on the MPC to loosen monetary policy and the market is indicating possible rate cuts in Spring 2020.



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### Balance Sheet and Treasury Position

13. The Council's borrowing strategy is driven by the estimated Balance Sheet position in the medium-term and capital programme expectations. The underlying need to borrow for capital purposes is reflected by the Capital Financing Requirement (CFR) which measures the cumulative capital expenditure that has not been financed from other Council resources such as capital grants, revenue contributions or financed from reserves. The CFR will generally be higher than the actual debt held due to timing requirements for cash flow purposes. This is called "internal borrowing".
14. Estimates of the CFR, based on the projected capital programme over the next five years are shown in table 1. The Council's opening CFR is estimated at £435m for 2020/21, based on the closing 2019/20 figures. This CFR, less outstanding loans and other long term liabilities of £296.6m, results in an opening gross borrowing requirement of £138.4m. Existing borrowing is identified into separate loan pools for GF and HRA. GF debt is £112.3m and HRA £181.6m, with £2.7m liabilities under PFI and finance leases.

**Table 1**

	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m
General Fund CFR	252.2	328.3	379.3	419.1	422.1	417.4
HRA CFR	182.8	195.5	192.5	188.3	185.7	179.4
<b>Total CFR</b>	<b>435.0</b>	<b>523.8</b>	<b>571.8</b>	<b>607.4</b>	<b>607.8</b>	<b>596.8</b>
Existing Borrowing*	-296.6	-251.8	-245.3	-228.8	-222.3	-215.8
<b>Gross External Borrowing Required to meet CFR</b>	<b>138.4</b>	<b>272.0</b>	<b>326.5</b>	<b>378.6</b>	<b>385.5</b>	<b>381.0</b>
Projected Useable Reserves**	-96.7	-71.3	-63.4	-62.1	-63.4	-63.4
Projected Working Capital	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0
<b>Investments / (New Borrowing Required)</b>	<b>21.7</b>	<b>180.7</b>	<b>243.1</b>	<b>296.5</b>	<b>302.1</b>	<b>297.6</b>
Plus Minimum Investments	15.0	15.0	15.0	15.0	15.0	15.0
<b>Liability Benchmark</b>	<b>36.7</b>	<b>195.7</b>	<b>258.1</b>	<b>311.5</b>	<b>317.1</b>	<b>312.6</b>

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\*Borrowing profile does not include potential calls on LOBO borrowing.

\*\* Council controllable reserves only

15. The increasing General Fund CFR is due to the Council's programme of capital investment funded by Council resources, with investment in local infrastructure and housing supply leading this requirement. In addition, the CFR will rise in 2020/21 as changes in accounting standards require all lease liabilities to be brought onto the Council's balance sheet. This technical change has no practical implications for treasury management.
16. To compare the Council's actual borrowing against an alternative strategy, table 1 also shows a liability benchmark which calculates the lowest risk level of borrowing. This assumes the same CFR forecasts, but that cash and investment balances are kept to a minimum level of £15m at each year-end.

### Borrowing Strategy

17. The Council's external debt at 31 March 2020 will be £294m, an increase of £30m on the previous year. This is due to £75m of new borrowing being taken out during 19/20, which consisted of £55m of temporary borrowing and refinancing of a maturing £20m PWLB loan, less £45m as a result of naturally maturing debt. There were no opportunities to repay debt early in 2019/20. A further £66m is scheduled for repayment in 2020/21. Over 2019/20 the Council's loan portfolio had an average interest rate of 3.10%.
18. Projected capital expenditure levels, market conditions and interest rate levels are monitored throughout the year. This enables the Council to adapt borrowing strategies to minimise borrowing costs over the medium to longer term whilst maintaining financial stability. Table 1 above shows the Council is expecting it will need to borrow in 2020/21 based on the full capital programme and debt maturity profile.
19. Where prudent the Council will take short-term borrowing to offset its current internal borrowing to retain an element of cash reserves for long-term strategic investment purposes. It is forecast that over the TMSS period £15m will be sourced from other Local Authorities for this purpose. This will enable the Council to meet the MiFID II minimum investment balance criteria with the subsequent long-dated investments contributing to the income target.
20. Taking new fixed rate borrowing would not normally be cost effective when compared to utilising internal balances, due to the differential between debt costs and investment earnings; despite long term borrowing rates being at low

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levels, however this position may change with changes in interest rates. By utilising internal balances and delaying borrowing until required for cash flow purposes, borrowing costs will be reduced whilst also allowing the Council to lower credit risk and take pressure off the investment Counterparty list. This approach will be adopted throughout 2020/21 where cash balances allow, however due to overall borrowing requirement shown in table 1, an element of new and refinancing of debt will need to take place during the year.

21. The Council may arrange forward starting loans during 2020/21, where the interest rate is fixed in advance, but the cash is received in the later years. This would enable certainty of cost to be achieved without suffering a cost of carry (borrowing costs before the debt is physically required for cash flow purposes) in the intervening period.
22. If the Council takes out new borrowing the Council will consider the following approved sources of borrowing:
  - Public Works Loan Board (PWLB) and any successor body
  - Any institution approved for investments
  - UK local authorities
  - Any other bank or building society authorised to operate in the UK
  - Any other UK public sector body
  - UK public and private sector pension funds (except Hillingdon Pension Fund)
  - Capital market bond investors
  - Municipal Bonds Agency (subject to Cabinet approval)
  - Other special purpose companies created to enable local authority bond issues
  - Leasing, Hire Purchase and, Sale and Leaseback
23. The Authority has previously raised the majority of its long term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Authority will now look to borrow any long-term loans from other sources including banks, pensions and local authorities in order to lower interest costs and reduce over reliance on one source of borrowing in line with the CIPFA code.
24. To cover unexpected cash flow shortages or short term borrowing requirements, the Council may borrow short term, which would mainly be sourced from other local authorities. However, short term borrowing leaves the Council exposed to the risk of short term interest rate rises and are therefore subject to interest rate exposure limits in the treasury management indicators in table 2.

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25. Where borrowing is required this will be attributed directly to either the GF or HRA loan pools. Interest costs will be separated between the two pools and allocated accordingly.

### **Interest Rate Risk**

26. The Council's has fixed rate loans of £288.9m which protect against interest rate rises. There are variable rate loans totalling £5m which are LOBO loans in their call period during 2020/21. Although variable rate loans are exposed to increases in rates, any additional loan costs would be offset by a corresponding increase in investment income.
27. Within the loan portfolio, the Council holds market loans of £48m of which £36m are Lender's Option Borrower's Option (LOBO) loans. The remaining £12m are classified as fixed rate debt. In 2020/21 one £5m loan will be in its call period and so are reclassified for the period as variable. It is highly unlikely that the loans will be called given interest rates are now lower than those at the inception of the loan. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the new terms and also the option of repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan by borrowing from the approved sources. The default position however will be early repayment without penalty. The Council will not utilise LOBO's for any new borrowing.

### **Interest rate exposures**

28. In order to manage interest rate risk the Council will aim to balance variable rate debt with its exposure to variable rate investments. This approach will offset any increase or decrease in borrowing costs with comparable changes in investment income.
29. The Council is required to set an indicator to control the Council's exposure to interest rate risk. Table 2 shows upper limits on the one-year revenue impact of a 1% rise or fall in interest rates.

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Table 2

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

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

### Debt Rescheduling

30. The PWLB allows authorities to repay loans before maturity at a premium or discount. The Council may take advantage of this and replace some loans with new loans or repay early without replacement. The rationale for rescheduling is to reduce interest costs with minimal risk; balance the volatility profile (i.e. the ratio of fixed to variable rate debt); or amend the profile of maturing debt to reduce any inherent refinancing risks.
31. Rates and markets are regularly monitored to identify opportunities for rescheduling and any borrowing and rescheduling activity is reported monthly to Cabinet. However, current market conditions are resulting in significant early redemption costs for fixed rate debt and unless these are significantly reduced, it is unlikely any debt rescheduling will be undertaken in 2020/21.
32. The Council will limit and monitor large concentrations of debt needing to be replaced through the prudential indicator in table 3. The upper and lower percentage limits are intended to control excessive exposure to volatility in interest rates on refinancing of maturing debt by setting a structure for borrowing maturity profiles. The first scheduled LOBO call option is included as the maturity date within this indicator.
33. In light of the requirement to source borrowing from a broader range of sources than the PWLB, it is proposed to increase the upper limits of borrowing held for periods of less than two years from 25% to 50%. This will allow the flexibility to pursue more cost effective borrowing options than those available from the PWLB.

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Table 3

Maturity structure of borrowing	% PWLB maturity profile at 31/03/20	% Market LOBO 1 <sup>st</sup> call option profile at 31/03/20	Lower Limit for 2019/20 %	Upper Limit for 2019/20 %
Under 12 months	22.53	1.70	0	50
12 months and within 24 months	1.99	3.40	0	50
24 months and within 5 years	9.36	5.44	0	50
5 years and within 10 years	14.69	1.70	0	100
10 years and within 20 years	21.44	0	0	100
20 years and within 30 years	3.94	0	0	100
30 years and within 40 years	9.73	0	0	100
40 years and within 50 years	2.72	0	0	100
50 years and above	1.36	0	0	100
Total	87.76	12.24	0	100

### Investment Strategy

34. The CIPFA Code requires the Council to invest funds prudently, and have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.
35. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves. For 2019/20, the Council's investment ranged between £15m and £84m. As a result of the capital programme expenditure, investment balances are expected to be lower during 2020/21.
36. When investing funds the Council looks to balance risk and return, minimising the risk of incurring losses from defaults, and the risk receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
37. If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation continues to exist in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

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

### Bail-In Risk

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

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arrangement is in place. REPO's are ring-fenced and not subject to the failure of the issuing counterparty, making them bail-in exempt instruments; however unlike Covered Bonds REPOs are issued in the name of the counterparty.

### **Funds**

44. Money Market Funds (MMF's) remain an important vehicle for instant access deposits. Money Market Funds reduce the risk of bail-in as the funds are diversified with limits on the exposure to any specific institution. The Council also utilises more than one MMF to further diversify exposure. Where MMF's participate, the Council utilises the facilities of a MMF portal to make subscriptions and redemptions. The portal procedure involves the use of a clearing agent; however the Council's funds are ring-fenced throughout the process.
45. Pooled Funds provide the Council with the facility to access a diversified pool of longer duration investments which the Council could not utilise on a segregated basis. These funds have a variable net asset value and offer the potential of greater risk adjusted returns over the longer term.

### **Credit Risk**

46. Credit ratings remain an important element of assessing credit risk but they are not the sole feature in the assessment of counterparties. The Council also considers alternative assessments of credit strength and information including corporate intelligence, market sentiment and pricing as well as any overriding doubts regarding security.
47. The Council's in-house investments are made with reference to the outlook for the UK Bank Rate, money market rates and other macroeconomic factors. In any period of significant stress in the markets or heightened counterparty risk, the fallback position is for investments to be placed with central government's Debt Management Office (DMO), to purchase UK Treasury Bills or deposits with other local authorities. The rates of interest from the DMO are below the equivalent money market rates in most cases, but this is an acceptable counterbalance for the guarantee that the Council's capital is secure.



### High Credit Quality

48. The Council has defined "high credit quality" for deposits and investments in organisations and securities as those having a minimum credit rating of A- for UK counterparties, A+ for overseas counterparties and AA+ for non-UK sovereigns. Covered Bonds will be restricted to bond issues of AA or above.
49. When determining the minimum acceptable credit quality the Council will not only consider the credit rating criteria above but also advice from Arlingclose, information on corporate developments and market sentiment towards investment counterparties. For credit rated counterparties, the minimum criteria will be the lowest equivalent long term ratings assigned by Fitch, Moody's and Standard & Poor's (where assigned). Long-term minimum: A- (Fitch); A3 (Moody's); A- (S&P). The Council will aim to have a weighted average credit score of A- for the rated element of its investment portfolio. The Council's portfolio average credit rating as at 31 March 2020 is forecast at AA-.
50. In order to diversify investments within the portfolio, funds will be placed with a range of counterparties which meet agreed minimum credit risk requirements. Diversification will be achieved by applying individual limits with each counterparty; for unsecured deposits this is capped at 5% of the total portfolio. Varying instruments and investment periods will be utilised to meet liquidity requirements and mitigate risks. Table 6 shows investment limits and allowable instruments.

### Investment limits:

51. The maximum that will be lent to any one organisation (other than the UK Government) will be £6.5m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

### Risk Assessment and Credit Ratings

52. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded resulting in it failing to continue to meet the approved investment criteria then:

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- no new investments will be made;
  - any existing investments that can be recalled or sold at no cost will be;
- and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
53. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only new investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

### Liquidity Risk

54. The Council will ensure it has liquid funds available to settle its payment obligations when they fall due and uses cash flow modelling techniques to determine the maximum term for which funds may be prudently committed. It will utilise instant access facilities including call accounts and Money Market Funds (MMF's) for core working capital balances and structure longer term maturities to correspond to large cash outflows with reference to the Council's capital programme.
55. The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within 1 day, without additional borrowing.

Table 4

Liquidity risk indicator	Target
Total cash available within 1 day	£10m

### Principal sums invested for periods longer than a year

56. The Council has placed an upper limit for principal sums invested for periods longer than a year. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

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Table 5

Price Risk Indicator	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
	35	35	35	35	35	35

### Return on Invested Sums

57. As interest rates are forecast to remain low on liquid balances, the investment strategy is aiming to lengthen investment periods, where cash flow and credit conditions permit, in order to achieve higher rates of acceptable risk adjusted returns. Longer term investments will typically be through deposits with local authority entities, the use of secured deposits and strategic and long-dated pooled funds.

### Council's Bank Account

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

## Appendix 12b - Treasury Management Strategy Statement 2020/21

### Approved investment counterparties and limits

Table 6: Limits for investments

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

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

## **Appendix 12b - Treasury Management Strategy Statement 2020/21**

60. For 2020/21 the limits for investments with counterparties have been set with reference to a cash limit only, rather than a cash limit and percentage of the Council's overall investment balance. This change is intended to minimise volatility in holding limits throughout the year.

### **Other Items**

#### **Policy on Use of Financial Derivatives**

61. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). However, the general power of competence in Section 1 of the Localism Act 2011 removed much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
62. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks to which the Council is exposed. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
63. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

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

64. With the introduction of HRA self financing in March 2012 the Council allocated specific loans to both the General Fund and the HRA. Interest costs applicable to each loan are charged directly to the respective revenue account.

## **Appendix 12b - Treasury Management Strategy Statement 2020/21**

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

### **Balanced Budget Requirement**

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

### **Monitoring and Reporting**

67. Treasury activity is monitored and reported to senior management on a daily and weekly basis. Monthly updates including compliance with Prudential Indicators are provided to Cabinet as part of the budget monitoring process.
68. The Treasury Management Strategy Statement is agreed by Cabinet prior to agreement at full Council in February each year. Amendments to the TMSS during the year are only done with Cabinet approval.

### **Financial Implications**

69. The proposed budget for investment income in 2019/20 is £0.6m and debt interest payable of £9.5m (£3.3m GF, £6.2m HRA). If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different and split into General Fund and HRA budgets if applicable.

### **Market in Financial Instruments Directive II (MiFID II)**

70. In January 2018 a revised European directive, MiFID II, required the Council to meet certain criteria in order to attain professional investor status and subsequently avail itself of the services required to perform its treasury management function. The Council successfully attained this classification with all relevant suppliers and counterparties. In order to maintain an ongoing professional status the Council must hold as a minimum £10m of investments at all times. The allocation to strategic pooled funds and minimum cash requirements will ensure compliance with this particular criterion.

## INVESTMENT STRATEGY REPORT 2020/21

### Introduction

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

### Treasury Management Investments

3. The Council typically receives its income in cash before it pays for its expenditure in cash. It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. Treasury management investments can be made on either a short-term or long-term basis. The balance of treasury management investments is expected to fluctuate between £15m and £84m during the 2020/21 financial year.
4. The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.
5. Full details of the Council's policies and its plan for 2020/21 for treasury management investments are covered in a separate document; the Treasury Management Strategy.

### Service Investments: Loans & Shares

6. The Council lends money to, and has a 100% shareholding in one subsidiary, Hillingdon First Ltd, which was incorporated during 2018/19. The objective is to deliver a financial return to the Council and provide housing and or a commercial unit for sale or rent. It will achieve this by generating of long-term sustainable revenue streams through the delivery of high quality housing to meet the need of Hillingdon's residents. Both loans and share holdings commenced during 2018/19.

## Appendix 12c - Investment Strategy Report 2020/21

7. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. While one of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered.
8. In order to limit these risks, upper limits on the sums invested in each category have been set in table 1 below. Furthermore, the Council is protected against any loss through a charge over the assets of Hillingdon First Ltd.

Table 1: Loans & Shares for service purposes

Hillingdon First Ltd	2020/21 Approved Limit £m
Loans	0-35
Shares	0-50
<b>TOTAL</b>	<b>50</b>

9. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2018/19 onwards will be shown net of this loss allowance.
10. The Council assesses the risk of loss before entering into and whilst holding service loans. While the property market across Hillingdon and London has entered a period of downward price pressure, in contrast to substantial year-on-year growth seen in recent years, continued development and demand across the borough indicates the market for high quality new properties continues to exist.
11. The Council aligns loan durations with each specific development. A specific loan agreement will be drawn up for each development using the agreed schedule as a framework. Hillingdon First Ltd will be required to provide full development scheme details to the Shareholder Committee (acting on behalf of the Council as the shareholder) before the loan facility can be drawn down for specific expenditure on that development.
12. The Council will ensure it remains within the limits shown in table 1 for service loans and shares through monthly monitoring and reporting to senior management. Compliance with limits will also form part of the monthly reporting to Cabinet.
13. Shares are the only investment type classified as non-specified investment, the limits above in table 1 on share investments are therefore also the Council's upper limits on non-specified investments.



### **Loan Commitments and Financial Guarantees**

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

### **Proportionality**

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

### **Borrowing in Advance of Need**

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

### **Capacity, Skills and Culture**

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

## Appendix 12c - Investment Strategy Report 2020/21

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

### Investment Indicators

22. The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
23. The indicator in table 2 shows the Council's total exposure to potential investment losses. This includes amounts the Council has agreed it could lend to Hillingdon First Ltd, but have yet to be drawn down.

*Table 2: Total investment exposure*

Total investment exposure	31.03.2019 Actual £m	31.03.2020 Forecast £m	31.03.2021 Forecast £m
Treasury management investments	46.4	25.0	25.0
Service investments: Loans	0	6.5	16.2
Service investments: Shares	0	3.5	8.8
<b>Total Exposure</b>	<b>46.4</b>	<b>35.0</b>	<b>45.0</b>

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

*Table 3: Investments funded by borrowing*

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

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

## Appendix 12c - Investment Strategy Report 2020/21

*Table 4: Investment rate of return (net of all costs)*

<b>Investments net rate of return</b>	<b>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 Forecast</b>
Treasury management investments	0.62%	0.66%	0.60%
Strategic Long-Term Investments	2.6%	2.8%	2.7%
Service investments: Loans	n/a	5.1%	5.1%
Service investments: Shares	n/a	0%	0%

**2020/21 MRP STATEMENT**

1. Where the Council finances its capital programme through borrowing it must set aside resources annually through a Minimum Revenue Provision. This is within the revenue budget to repay the debt in later years. The Local Government Act 2003 requires the Council to have regard to Guidance on Minimum Revenue Provision issued by the Department of Communities and Local Government.
2. The four options available to establish a prudent amount of MRP are:
  - Option 1: Regulatory Method
  - Option 2: CFR Method (4%)
  - Option 3: Asset Life Method (equal instalment or annuity method)
  - Option 4: Depreciation Method
3. This does not preclude other prudent methods to provide for the repayment of debt principal.
4. Options 1 and 2 are only available options for GF supported borrowing prior to 31 March 2008
5. MRP in 2020/21: MRP will generally be charged over the useful life of the assets, beginning in the year after the asset becomes operational. In all cases we will consider the most prudent method of providing for debt repayment. The HRA will make a form of MRP to pay down its self-financing settlement debt over the 30 year business cycle on which the settlement is based.
6. Capital expenditure incurred during 2020/21 is not subject to an MRP charge until 2021/22.



# HILLINGDON

LONDON

## **PAY POLICY STATEMENT - April 2020**

### **1. Purpose**

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

### **2. Approval**

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

### **3. Scope**

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

### **4. Communication**

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

### **5. Publication & Access to Data**

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

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

## **6. Definitions**

### *Chief Officers*

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

### *Lowest Paid Employees*

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

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

### *Remuneration*

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

### *Pay Multiples*

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

## **7. Job Evaluation**

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

7.2. All roles graded within the local government pay spine negotiated by the National Joint Council for Local Government Services (salaries between £20,103 and £62,970<sup>1</sup>) are evaluated using the Greater London Provincial Council (GLPC) Job Evaluation Scheme.

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<sup>1</sup> The salary ranges quoted cover the period to 31 March 2020.

7.3. Roles falling within scope of the JNC framework (salaries between £63,005 and £152,071) and those of the Chief Executive Officer and Corporate Directors are evaluated using the Local Government Employers (LGE) Senior Manager Job Evaluation Scheme.

## **8. London Living Wage**

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

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

## **9. Appointments to Chief Officer posts and remuneration levels**

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

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

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

### *Internal Appointments*

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

### *External Appointments*

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

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

## 10. Salary Benchmarking

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

## 11. Remuneration Levels

- 11.1. This pay policy statement sets out the Council's current approach to Chief Officer Pay, and any in year changes to the policy will require full Council approval.
- 11.2. Through approval of this pay policy statement full Council approves new appointments to existing Senior Chief Officers posts which attract salary packages (including salary, any bonuses, fees, allowances or benefits in kind routinely payable to the appointee) of over £100,000.
- 11.3. All appointments to Senior Chief Officer posts where salaries may exceed £100,000 are subject to the approval of an Appointments Committee consisting of cross party Council members.
- 11.4. All Tier 1/2 and some Tier 3 officers have the potential to be paid at this remuneration level. These posts are -
- 11.5. Tier 1/2 (where salaries of over £100k are paid)
- The Chief Executive (Tier 1)
  - The Corporate Management Team (Tier 2)
- 11.6. Tier 3 (where pay salaries of over £100k are paid)
- Chief Officer roles at grade CO5 (Tier 3)
  - Chief Officer roles at grade CO6 (Tier 3)
- 11.7. Tier 3 (where pay ranges of over £100k can potentially be paid<sup>2</sup>)
- All Chief Officer roles at grade CO4 (Tier 3)

## 12. Additional Payments

### *Recruitment & Retention premia*

- 12.1. The Council's nationally agreed pay structures normally allow for the competitive recruitment and retention of high calibre Chief Officers.

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<sup>2</sup> Not all of these officers are currently paid at this level but the posts are evaluated in a pay range which spans £100k. Actual pay rates can be found at <http://www.hillingdon.gov.uk/article/24490/Chief-officers-pay-policy-and-responsibilities>



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

*Additional Responsibility payments*

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

*Car Allowances*

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

*Expenses incurred*

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

**13. Salary Progression & Performance Related Pay**

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

## 14. Payments for local election duties

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

## 15. Bonus Payments

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

## 16. Redundancy and Severance Payments

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

## 17. Chief Officer Pay Multiples

- 17.1. The pay multiple between the salary of the Council's lowest paid employees and the Chief Executive officer, together with that between the chief executive's salary and the Council's median salary, will be published annually. An explanation will be provided to account for any changes in the pay multiples from those previously reported.
- 17.2. The pay multiple between the salary of the lowest paid employees (£19,611) and the Chief Executive officer is 12.1<sup>3</sup>.
- 17.3. The current pay multiple between the Council's median salary (£30,213) and that of the Chief Executive officer is 8.1<sup>3</sup>.

## 18. Pensions

- 18.1. The Council's policy covering re-employment to a position with eligibility to join the Local Government Pension Scheme (LGPS), states that the total of the pension and salary from the re-employment, should not exceed the index linked value of the salary on leaving employment. Should earnings exceed this level, then the pension will be subject to a temporary reduction of the excess, for the duration of re-employment.

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<sup>3</sup> This pay multiple is based on salaries as at 31 March 2020

- 18.2. Further information regarding the impact on previous employees with a LGPS pension and re-employment is available on the Council's website at the following web address - <http://www.hillingdon.gov.uk/index.jsp?articleid=6487>

## **19. Management of Workforce Costs**

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

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## Equality and Human Rights Impact Assessment

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

What is being assessed? Please tick ✓

Review of a service  Staff restructure  Decommissioning a service

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

The London Borough Of Hillingdon has reviewed its current Older People's discount scheme for Council Tax and are recommending a revised scheme as part of the consideration of setting the Council's budget and the level of Council Tax from 1st April 2020 for the financial year 2020/21.

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

Corporate Director of Finance

Date assessment completed and approved by accountable person

6 December 2019

Names and job titles of people carrying out the assessment

Iain Watters, Financial Planning Manager, Corporate Finance

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

The review of the Older People's Council Tax Discount to appraise both the ongoing cost and eligibility for the discount for those residents reaching the age of 65 on or before 31<sup>st</sup> March 2020.

In 2019/20 the Older People's Discount was split into 2 schemes, with those turning 65 on or before 31 March 2019 receiving a 5.55% discount (£81.04 per annum for a Band D household) hereby referred to as Scheme 1, and those turning 65 from 1 April 2019 onwards receiving a 1.83% discount (£26.72 per annum for a Band D household) hereby referred to as Scheme 2.

The cost of the Older People's Council Tax Discount had been declining in recent years, with an increase in demand and cost in 2019/20, being driven by the first increase in Council Tax for some years, with the trend projected to return to a decline in demand for the remainder of the year bringing total cost in line with the budgeted assumption of £1,380k.

There are a number of potential options available to Members in considering the future of the scheme, which would impact upon both the projected cost of the scheme and the eligibility for residents reaching the age of 65 by 31<sup>st</sup> March 2020.

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

In 2020, the population of London Borough of Hillingdon is projected to be 316,200, including 207,300 residents in the age group 15-64 and 42,500 aged 65 years and older. It is forecast that the 65-year plus group is likely to increase by 1,000 residents per year going into 2021.

In 2020/21, the gross Council Tax base is forecast to be 112,726 households who will be billed for Council Tax representing approximately 2.22 adults per household.

The Council Tax Discount for Older People under the current schemes per household amounts to £81.04 per annum for those in Scheme 1 and £26.72 per annum for those in Scheme 2 with the total cost of the annual scheme estimated to be £1,380k.

This equates to approximately 17,300 Band D (17,000 in Scheme 1 and 300 in Scheme 2) equivalent households in the Borough currently receiving the Older People's Discount.

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

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

<b>Stakeholders</b>	<b>Interest</b>
The Leader of the Council, Mayor, Cabinet Members, all Councillors.	To consider the proposals for a revised Older Person's Council Tax Discount Scheme and agree a scheme that contributes to a balanced budget for 2020/21 and delivers value for money.
Corporate Director of Finance.	Recommend options for a revised scheme that contributes to a balanced budget for 2020/21 and delivers value for money.
Residents who will be 65 years or over on 31 <sup>st</sup> March 2018 who have a Council Tax liability.	These residents are entitled currently to receive a Council Tax Discount of up to £81.04 per annum on their 2019/20 Band D Council Tax liability.
Residents who will be 65 years or over on 31 <sup>st</sup> March 2019 who have a Council Tax liability.	These residents are entitled currently to receive a Council Tax Discount of up to £26.72 per annum on their 2019/20 Band D Council Tax liability.
Residents who will become 65 by 31 <sup>st</sup> March 2020 who have a Council Tax liability.	These residents will become potentially eligible to receive a Council Tax Discount of up to £20.51 on their 2020/21 Band D Council Tax liability.
Adult Residents in the age group 16 to 64 years who have a Council Tax liability.	These residents do not receive an older person's discount, as they have not reached the age of 65 years on 31 <sup>st</sup> March 2020 and are therefore not eligible.

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

Age	✓	Sex	
Disability		Sexual Orientation	
Gender reassignment			
Marriage or civil partnership		Carers	
Pregnancy or maternity		Community Cohesion	
Race/Ethnicity		Community Safety	
Religion or belief		Human Rights	

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

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

As the proposed Council Tax discount scheme is based upon only age as a determinant of receipt of the discount, no other groups are deemed to have an impact and therefore do not fall within the Equalities Impact Assessment.

The positive impact will be upon Council tax payers who are 65 years or more by the 31 March 2018 who will continue to receive a financial discount on their Council Tax liability of up to £81.04 at a Band D Equivalent for financial years up to 2019/20 and up to an additional £1.46 at a Band D equivalent for the financial year 2020/21.

A further positive impact will be upon Council Tax payers who are 65 years or more by the 31 March 2019 who will continue to receive a financial discount on their Council Tax liability of up to £26.72 at a Band D Equivalent for financial years up to 2019/20 and up to an additional £0.49 at a Band D equivalent for the financial year 2020/21.

There will also be a positive impact upon Council Tax payers who turn 65 years in the financial year 2019/20 by 31 March 2020 who will receive a discount of up to £20.51 at a Band D equivalent for the financial year 2020/21.



There is a neutral impact on Adult residents who are aged 16-64 who are not eligible for a Council Tax discount because of age.

## Consultation

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

Please tick  NO  YES

The Council will publish its 2020/21 budget proposals, which includes the recommended option for the Older People's Council Tax Discount following agreement by the Cabinet Meeting 17 December 2019 to consult with the wider public on these proposals during the remainder of December 2019 and January 2020. Any comments /feedback on these proposals will be reported to Cabinet in February prior to the full Council meeting that will set the Band D Council Tax level for 2020/21.

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

### Legal context

Councillors have a legal requirement to set a balanced budget for the Council in each financial year including a Band D equivalent Council Tax amount that will contribute to the funding of expenditure to contribute to agreeing a balanced budget. The revised proposals for the Older People's Council Tax Discount form part of the Budget proposals for the financial year 2020/21.

## C) Assessment

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

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

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

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

<b>Equality Group</b>	<b>Impact on this group and actions you need to take</b>
Residents who will be 65 years or over on 31 March 2018 and who have a Council Tax liability	If the new scheme is approved, this group of residents will be entitled to receive a council tax discount of up to £82.50 at Band D equivalent from their full Council Tax liability.
Residents who will be 65 years or over on 31 March 2019 and who have a Council Tax liability	If the new scheme is approved, this group of residents will be entitled to receive a council tax discount of up to £27.21 at Band D equivalent from their full Council Tax liability.
Residents who will become 65 by 31 March 2020 who have a Council Tax liability.	If the new scheme is approved, this group of residents will be entitled to receive a council tax discount of up to £20.51 at Band D equivalent from their full Council Tax liability.

## D) Conclusions

The change proposed to the Older People's Council Tax Scheme will result in all residents over the age of 65 on 31<sup>st</sup> March 2020 receiving a financial discount on their Council Tax Liability from 1<sup>st</sup> April 2020. This will be a positive impact upon this group of residents for the financial year 2020/21.

No other groups have been identified who are negatively impacted by this change in policy.

Signed and dated: *Ian Watters* 6 December 2019

Name and position: Iain Watters, Financial Planning Manager

	<b>Departmental Budget remit</b>	<b>Comments</b>
<p><b>Corporate Services, Commerce &amp; Communities</b></p> <p><b>14 January 2020 &amp; 4 February 2020</b></p>	<p><i>Chief Executive's Office</i></p> <p><i>Finance</i></p> <p><i>Residents Services (certain service areas).</i></p>	<p>The Committee reviewed the budget projections and the combined budget proposals put forward by the Chief Executive's Office and Finance Group for the financial year 2020/21 in detail, and note the work achieved through service transformation and ongoing BID reviews without impacting on levels of service. Members also noted their appreciation for the work that has been carried out by officers in producing the budget.</p>
<p><b>Social Care, Housing &amp; Public Health –</b></p> <p><b>15 January 2020</b></p>	<p><i>Social Care</i></p> <p><i>Residents Services (Housing, Public Health)</i></p> <p><i>Finance (Benefits)</i></p>	<p>The Social Care, Housing and Public Health Policy Overview Committee supported the budget proposals and commended officers for producing a well balanced budget without cutting services. The Committee welcomed the way officers were delivering change and improvements and the innovation demonstrated in the budget was recognised. The Committee hoped that the Council would continue to provide the best service for residents.</p>
<p><b>Residents', Education &amp; Environmental Services –</b></p> <p><b>21 January 2020</b></p>	<p><i>Residents Services (various service areas)</i></p>	<p>That it was gratifying to see that, despite the financial pressures faced by the Council, the Capital Programme was able to provide adequate funds for projects to maintain and improve services for residents, such as the resurfacing of roads and footpaths, an increase in youth provision, and new leisure and sports facilities. In addition, the Committee was pleased to recognise the Council's recruitment of additional ASBET enforcement officers, its support for additional duties from the Environment Bill, and the allocation of resource aligned to animal welfare, and supported and endorsed the Council's approach when reviewing fees and charges with a view to keeping within 90% of that of neighbouring boroughs.</p>

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## 2020/21 Budget Consultation Feedback

### Overview of Consultation Process

- This report highlights the key findings of the Budget Consultation 2020-21 conducted by the London Borough of Hillingdon from 18 December 2019 to 26 January 2020.
- The purpose of the consultation was to seek views from residents and local businesses on Hillingdon Council's budget proposals for 2020-21.
- The consultation was publicised:
  - In Hillingdon People magazine;
  - On Hillingdon Council's website and social media platforms
  - Through the Council's All Staff email.
- Information about the consultation was also sent directly to:
  - Residents on the Council's Customer Engagement database;
  - The Council's Street Champions;
  - Residents associations in the borough.
- The survey received 60 responses, a significant decrease on the 416 received last year, although that year saw 112 responses particularly focusing on the issues around the third runway.
- The total number of responses and **key themes** from all open questions are shown in the Survey results.
- All results are unweighted.
- Results are based on all respondents unless otherwise stated.

## Summary of key findings

- 100% of the respondents are residents.
- 48% of respondents are satisfied with the budget proposals, with a further 27% neither satisfied or dissatisfied, leaving just 25% dissatisfied with the Council's budget proposals.
- 50% of respondents agree that the budget proposals give value for money to local people and businesses, with a further 32% neither agreeing or disagreeing, leaving just 18% disagreeing that the budget proposals represent value for money.
- The majority of respondents (63%) feel well informed about the budget proposals.

This document has been structured in two parts to present firstly the survey results and secondly demographic and background information on respondents.

## Survey results

Q1: How satisfied are you with the Council's budget proposals for 2020/21?

Response	Number of Responses	Percentage of Responses
Very Satisfied	17	28%
Satisfied	12	20%
Neither Satisfied nor Dissatisfied	16	27%
Dissatisfied	6	10%
Very Dissatisfied	9	15%
<b>Total</b>	<b>60</b>	<b>100%</b>

Q1a. Please tell us why:

### Positive

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

- Efficiently run services.
- A fair increase in Council Tax.
- Continuing to supporting the over 65s with their Council Tax liability.
- One response was happy to see the Social Care Precept implemented
- One response commended the parking charges and a good library service.
- One response complemented the Council's waste disposal service.
- One response complemented the budget in the face of Central Government austerity measure.

### Negative

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

- The Council Tax increase.
- One response suggested a higher Council Tax increase.
- One response highlighted a national Social Care issue around the statutory charging framework
- One response highlighted the report didn't define what services came under Social Care.

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

Response	Number of Responses	Percentage of Responses
Strongly Agree	16	27%
Agree	14	23%
Neither Agree nor Disagree	19	32%
Disagree	6	10%
Strongly Disagree	5	8%
<b>Total</b>	<b>60</b>	<b>100%</b>

Q2a: Please tell us why:

### Positive

Comments suggest that respondents agree for the following reasons:

- Residents are provided with well-run services, e.g. waste disposal, libraries and schools were mentioned.
- The proposals and Council Tax uplift are fair and remain lower than most.
- Hillingdon is in a good financial position.
- In the context of the ten year freeze, proposed uplifts still show sound financial management, and therefore value for money.

### Negative

Of the respondents that disagree, no one reason was cited by more than one response with details as follows:

- The increase for Social Care should be through normal taxation by Central Government.
- One response mentioned poor quality of service provided, but then went on to discuss Policing, which is out of scope of the Council's remit.
- One response stated that Brexit needed to be considered.
- One response stated that no one in their family had added value from the Council.



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

<b>Response</b>	<b>Number of Responses</b>	<b>Percentage of Responses</b>
Very Well Informed	11	18%
Fairly Well Informed	27	45%
Not Very Well Informed	20	33%
Not Informed At All	2	3%
<b>Total</b>	<b>60</b>	<b>100%</b>

Q3a: Are there any other comments you would like to make about the council's budget proposals for 2019-20?

Common themes include:

- There were only two themes that fell into more than one response and that was, firstly, compliments to the Council on the good work being done.
- Secondly, that some responders found the report confusing and hard to follow.

Other (single) responses include:

- A desire to see more Central Government funding for Social Care.
- A request for more information on funding for Youth Services.
- A request for more information on where funds are being spent.
- Further information on the Zero Based Review savings.
- A comment on how the 'Brexit Bonus' will be distributed.
- A question on how the benefits of a third runway will be distributed.

## Survey Results – Demographic and Background Information

Q4. Are you completing this survey...?

Response	Number of Responses	Percentage of Responses
As a resident	60	100%
On behalf of a local business	0	0%
<b>Total</b>	<b>60</b>	<b>100%</b>

Q5. Please tell us your postcode:

Response	Number of Responses	Percentage of Responses
HA2	1	2%
HA4	11	18%
HA5	1	2%
HA6	6	10%
UB10	14	23%
UB3	5	8%
UB4	3	5%
UB7	4	7%
UB8	9	15%
UB9	5	8%
Other	1	2%
<b>Total</b>	<b>60</b>	<b>100%</b>

Q6: Are you:

Response	Number of Responses	Percentage of Responses
Male	30	50%
Female	25	42%
Prefer Not To Say	5	8%
<b>Total</b>	<b>60</b>	<b>100%</b>

Q7: How old are you?

<b>Response</b>	<b>Number of Responses</b>	<b>Percentage of Responses</b>
Under 18	0	0%
18 to 24	1	2%
25 to 34	2	3%
35 to 44	9	15%
45 to 54	12	20%
55 to 64	11	18%
65 to 74	15	25%
75+	10	17%
<b>Total</b>	<b>60</b>	<b>100%</b>

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## THE SCHOOLS BUDGET 2020/21

<b>Cabinet Member(s)</b>	Councillor Ray Puddifoot MBE Councillor Susan O'Brien Councillor Jonathan Bianco
<b>Cabinet Portfolio(s)</b>	Leader of the Council Education, Children and Youth Services Finance, Property and Business Services
<b>Officer Contact(s)</b>	Graham Young, Lead Finance Business Partner, Schools/DSG
<b>Papers with report</b>	Schools and High Needs Block Funding 2020/21 Consultation Papers

## HEADLINES

<b>Summary</b>	The purpose of this report is to seek Cabinet's approval for the size and distribution of the schools budget for 2020/21, following consultation with school Headteachers, Governors and Early Years providers having regard to the advice of the Schools Forum.
<b>Putting our Residents First</b>	This report supports the following Council objectives of: <i>Our People; Our Built Environment; Financial Management</i>  Schools are a key frontline service in the Borough and are the largest service providing investment in residents' children's and young people's future life chances. The distribution of funding to schools supports these strategic aims.
<b>Financial Cost</b>	Funding for schools and school related expenditure is provided through the Dedicated Schools Grant (DSG) and the Pupil Premium and as such has no impact on the Council's budget requirement. However, having considered the DSG Budget for 2020/21, and the views of all relevant stakeholders, a deficit DSG Budget has been submitted for approval, totalling £7,175k.  The Department for Education did not approve the Council's disapplication request to transfer the required funds from the Schools Funding Block, which if agreed, would have allowed the Council to set a balanced DSG Budget.
<b>Relevant Policy Overview Committee</b>	Residents, Education and Environmental Services
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

### That Cabinet:

1. **Agrees that the total Schools Budget for 2020/21 be set with an overall deficit of £7,175k when compared to the total of the Dedicated Schools Grant provided to the Council (as set out in paragraphs 63 to 65), following the rejection of the Council's disapplication request by the DfE.**
2. **Approve the Primary and Secondary schools funding formula as agreed by schools and the Schools Forum, as set out in paragraphs 27 to 31.**
3. **Approve the Early Years Single Funding Formula, as set out in paragraphs 32 to 41.**
4. **Approve the base rate of funding for the Two Year Old Free Entitlement Offer, as set out in paragraph 42.**
5. **Approve the Early Years Centrally Retained budget as agreed by the Schools Forum, as set out in paragraphs 43 to 47.**
6. **Approve the Central School Services budget as agreed by the Schools Forum, as set out in paragraphs 48 to 53.**
7. **Approve the High Needs budget as agreed by the Schools Forum, as set out in paragraphs 54 to 62.**

### Reasons for recommendation

1. Cabinet is the decision making body for school funding issues and decisions are required on the arrangements to allow for final funding allocations to be provided to schools by no later than 29 February 2020.
2. The School and Early Years Finance (England) Regulations 2018 requires the Council to consult the Schools Forum on a range of financial matters prior to making decisions on them. Each year the Council consults with schools on the following years funding and school funding formulas. For 2020/21 budgets, the consultation ended on 8 December 2019 and the responses to this consultation were considered at the Schools Forum meeting on 12 December 2019. Additionally, Schools Forum are required to set and agree the DSG budget for 2020/21, taking into account any accumulated surplus/deficit balances, this was agreed at the Schools Forum meeting on 16 January 2020. The results of these decisions are reflected in the recommendations of this report.
3. The Council and Hillingdon's Schools Forum have undertaken a major review of the DSG Budget over the last few years and have closely monitored the increased growth in the cost of high needs placements and where practical and safe to do so, have made savings to centrally retained budgets to offset the growing pressures. However, the review of the budgets for 2020/21 identified that no further savings could be made without having a detrimental effect on those resources provided to support vulnerable and disadvantaged children and in fact potentially could result in additional costs being incurred should services be ceased. The only option available to the Council to set a balanced in year DSG Budget for 2020/21 was to consult with schools on a proposed transfer of £7,175k (equivalent to 3.1%) from the Schools Funding Block. However, even if schools and Schools Forum had agreed to this, the final decision rests with the DfE, as the Secretary of State has to sign off all requests, which exceed 0.5% of the total Schools Funding Block.

To set a balanced in-year DSG budget, Council submitted its disapplication request to the DfE on 30 November 2019, requesting approval for the 3.1% transfer from the Schools Funding Block to the High Needs Block. On the 4<sup>th</sup> February the Council were informed that the Secretary of State had not approved this request.

The DfE issued an updated DSG Conditions of Grant document for 2019/20 including updated conditions relating to DSG deficits and how these can be funded. This strengthens the previous direction that such deficits should not be financed from General Reserves and goes further to state that on a statutory basis a deficit must be carried forward to be dealt with from future DSG income. At this stage the detailed guidance on how this can be delivered in practice, expected to come from CIPFA and necessary to provide External Audit assurance, has not yet been issued.

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

4. Cabinet could decide to recommend that the Schools Forum reconsider the proposed Primary and Secondary schools funding formula, the Early Years Single Funding Formula and the High Needs Funding Formula.
5. The recommended Schools Budget 2020/21 contains a contingency for in year growth for expanding schools and for the diseconomies of scale funding for the three Basic Need Primary Academy schools. There is also some contingency for future growth in the placement of children with Special Educational Needs.
6. The recommended Schools Budget no longer contains a general reserve to cover unforeseen costs and does not provide surplus resources to offset the cumulative deficit accruing on the Dedicated Schools Grant Budget in 2019/20.

### **Policy Overview Committee comments**

7. None at this stage.

## **SUPPORTING INFORMATION**

8. The Government have confirmed the 'hard' implementation of the Schools National Funding Formula will be further delayed until at least 2021/22. Therefore, in 2020/21 the 'soft' implementation of the formula will continue with local authorities and Schools Forum still having the ability to set a local funding formula.
9. The schools block will continue to be ring-fenced in 2020/21 but local authorities will be able to transfer up to 0.5% of their schools block funding, with the agreement of Schools Forum. If a local authority wishes to transfer more than 0.5% to address funding pressures in other blocks then approval must be sought from the Secretary of State.
10. The Government have confirmed that the Early Years National Funding Formula (EYNFF) will continue in 2020/21. 2020/21 will also see the continuation of the additional 15-hour

free entitlement for 3 & 4 year olds of eligible working parents which was introduced from September 2017.

11. The number of schools converting to Academy status, following the introduction of the Academies Act 2010, has slowed down, where the current picture in Hillingdon is that 46 schools are now academies (20 primary, 19 secondary, 1 all-age, 5 special and the Pupil Referral Unit). The Council is not currently aware of any schools with a plan to convert in 2020/21.
12. The following sets out the arrangements that the DfE are making to the schools funding system for 2020/21:
  - i) Funding has been provided for at least a 1.84% per pupil increase for each school in 2020/21 through the national funding formula.
  - ii) The minimum per-pupil levels will be set at £3,750 for primary schools and £5,000 for secondary schools.
  - iii) Minimum Funding Guarantee (MFG) protection can now be set at between +0.5% and +1.84% per pupil.
  - iv) The DfE has guaranteed at least an 8% overall increase in High Needs funding in 2020/21 to reflect some of the growth being seen in the number of pupils with SEN.
  - v) Pupil Premium rates have been retained at the 2019/20 rates.
  - vi) Universal Infant Free School Meals (UIFSM) rate will stay at £2.30 per meal.
  - vii) A continuation of the additional funding for early years, through the early years pupil premium to provide nurseries, schools and other providers of Government funded early education with additional funding of £302.10 per eligible child for disadvantaged three and four year olds.

### **Early Years (3 and 4 Year Old Provision)**

13. Early Years Funding provides funds for schools, Private, Voluntary and Independent Nursery providers and Childminders for 3 and 4 year old placements.
14. From April 2017 the Early Years National Funding Formula (EYNFF) was implemented with a new requirement on the amount of funding that local authorities must pass to providers. In 2020/21 local authorities must plan to spend at least 95% of the Early Years funding they receive directly on providers, with at least 90% of this being paid through a universal base rate. It is proposed that for 2020/21 no changes are made to the Early Years funding formula in Hillingdon. The formula is made up of the following factors:
  - A base rate per hour for all pupils set at 91% of the funds available to providers (maintained at £4.92 per hour per pupil),



- Deprivation funding, based on the Income Deprivation Affecting Children Index (IDACI), set at 7% of the funds available to providers,
  - The remaining 2% paid through an additional needs supplement, payable to those providers with an above average IDACI ranking,
  - Maintained Nursery School supplementary funding (only applies to McMillan Nursery).
15. The Free Entitlement offer for three and four year olds increased to 30 hours per week from September 2017, for those children whose parents are both working and meet other specific criteria. Previously Schools Forum have agreed to continue to fund the additional 15 hours at the same rate as the universal free entitlement and there is no proposal to change this in 2020/21.

### **Early Years (Two Year Old Free Entitlement Provision)**

16. This new provision came into force on 1 September 2013 and was extended further on 1 September 2014, to cover the 40% most disadvantaged families across the country.
17. The DfE strongly recommended that all councils put in place a simple funding formula for the two year old free entitlement offer, which Hillingdon followed, having only a base rate of funding, which has been set at £6.00 per hour per pupil. Schools Forum agreed to maintain this formula and level of funding in 2020/21.

### **Primary and Secondary Schools**

18. The Schools Block provides funding for Primary and Secondary schools (including academies and free schools) and a limited range of retained budgets. The DfE's paper; Schools Revenue Funding for 2020 to 2021, sets out how local authorities and schools forums should plan for the local implementation of the funding system for the 2020/21 financial year. The final DSG has been determined based on the October 2019 census data.
19. All primary and secondary schools will be funded based on the approved and agreed funding model, this includes maintained, all academies, free schools, studio colleges and university technical colleges. For 2020/21, the funding will still be provided as is currently the case (i.e. maintained schools will receive funding from the local authority through the DSG and all other schools will receive funding directly from the Education and Skills Funding Agency (ESFA)).
20. The DfE have announced that implementation of the 'hard' National Funding Formula will be further delayed and therefore the local authority and Schools Forum will still be involved in the determination of the funding allocations to schools in 2020/21.
21. Within the Schools Block, the Government has provided for at least a 1.84% per pupil increase for each school in 2020/21 through the National Funding Formula. The Schools Block will be ring-fenced, however, local authorities will be able to transfer up to 0.5% of their schools block funding out, with agreement of Schools Forum, to offset ongoing funding pressures in the High Needs and Early Years blocks. In Hillingdon 0.5% equates

to approximately £1.2m. If a local authority wishes to transfer more than 0.5% then approval must be sought from the Secretary of State.

22. In order to set a balanced DSG budget, it was determined that a 3.1% funding transfer from the schools block would be needed in 2020/21 to cover the projected pressures in the High Needs block. This takes into account the additional high needs funding announced for 2020/21.
23. The Local Authority submitted a disapplication request to the DfE on 30 November 2019, requesting approval for the 3.1% transfer and as noted above this was rejected by on the DfE on the 4<sup>th</sup> February.
24. Following consultation with stakeholders in November 2019, and a further review of the DSG Budget for 2020/21, Schools Forum, after careful consideration, agreed not to transfer funds from the Schools Funding Block. As a consequence of this decision, the Council are unable to set an in year balanced DSG Budget for 2020/21, as there are not sufficient funds remaining in the retained budgets to deliver such a substantial level of savings.

### Dedicated Schools Grant Funding 2020/21

25. The Education and Skills Funding Agency (ESFA) published the draft authority level DSG allocations for the schools, central school services, early years and high needs blocks on 19 December 2019. The following table sets out the published baseline DSG budget for 2020/21, compared to the 2019/20 DSG allocation updated in November 2019

Funding Block	DSG Budget 2019/20 £m	DSG Budget 2020/21 £m	Change in Budget £m	Increase %
Schools	218,654	231,467	12,813	5.9%
High Needs	40,484	45,773	5,289	13.1%
Central Services	2,818	2,604	-214	-7.6%
Early Years	25,343	25,672	329	1.3%
<b>Total DSG Budget</b>	<b>287,299</b>	<b>305,516</b>	<b>18,217</b>	<b>6.3%</b>

26. In determining the final distribution of the DSG funds available, it is usually a requirement that predicted year end balances are built into the final determination. For 2019/20, there is an in-year deficit on the DSG, which for month 9 is estimated to be £5.1m. When added to the DSG opening deficit balance of £8.5m, which was carried forward from 2018/19, it is projected that there will be a cumulative deficit of £13.6m carried forward to 2020/21. Given the on-going pressures in High Needs and the Central Schools Services Block it will not be possible to set an in-year balanced DSG budget for 2020/21 without a transfer of funds from the Schools block. There is, therefore, no scope to contribute towards reducing the brought forward cumulative deficit.

## Proposals for Use of DSG in 2020/21

### Schools Block

#### Transfer of Schools Block funds

27. The Schools Block will continue to be ring-fenced in 2020/21, however, local authorities will be able to transfer up to 0.5% of their schools block funding to address funding pressures in other areas with agreement of Schools Forum. In November 2019, schools were consulted on proposals to transfer funds over and above 0.5% to address the on-going pressures in High Needs. The first proposal was the transfer of 1.6% from the schools block, as was agreed in 2019/20. The second proposal was a further transfer of 1.5% which would cover in full the projected High Needs in-year deficit in 2020/21. Schools Forum were not in support of any schools block transfer and the decision from the Secretary of State to reject the Council's disapplication request was consistent with this position.

#### Schools Funding Formula Factors

28. At the Schools Forum meeting on 12 December, Schools Forum members voted to distribute the additional Schools Block funding by increasing pupil led factors by 4% (except for the free school meals factor which will be increased by 1.84%) in line with the changes to the NFF. Age Weighted Pupil Unit (AWPU) will then be the balancing factor for any surplus funds, as in previous years.

#### Minimum Funding Guarantee (MFG)

29. For 2020/21 there is a requirement that the MFG will need to be set at between +0.5% and +1.84%. The proposal is that Hillingdon will set this at +0.5%, which will ensure that every school will receive a minimum of 0.5% increase in per pupil funding in 2020/21.

30. On review of the 2019/20 school funding formula it is apparent that there are a few schools that have received historic over-protection through the MFG. The Schools Revenue Funding Operational Guide does allow for technical adjustments to the calculation of the MFG where over protection would otherwise occur. It was therefore considered that a disapplication request should be submitted to the ESFA to re-baseline the MFG for 2020/21. The ESFA rejected this application in January 2020, on the basis that it would have an adverse unexpected impact on schools and therefore the over-protection will continue in 2020/21 and beyond.

#### Growth Fund Contingency

31. A review of the Growth Fund Contingency requirement, which provides funding for expanding schools, diseconomies funding for new Basic Need Academies and funding for significant in-year growth, estimates that the budget in 2020/21 should be £1,775k. This is an increase of £321k from the previous year.

## Early Years Block

32. Early Years funding rates were published on 31 October 2019 with increases in the funding rates for 2 years olds and 3 & 4 year olds for most local authorities. The following funding rates will be used to generate the Hillingdon Early Years Block funding in 2020/21;

	2019/20 £ (per hr)	2020/21 £ (per hr)	Increase £ (per hr)	Increase %
<b>2 Year olds</b>	5.92	6.00	0.08	1.4%
<b>3 &amp; 4 Year olds</b>	5.83	5.91	0.08	1.4%

33. The Early Years Single Funding Formula for the provision of the 15 hours free entitlement for 3 & 4 year olds will be calculated based on 5/12ths of the January 2020 census numbers and 7/12ths of the January 2021 census numbers. The allocation is therefore draft as there will be further adjustments in July 2020 and July 2021. It is worth noting that approximately two thirds of this funding is delegated directly to schools for three and four year old provision.

34. There are a number of requirements on how local authorities are able to allocate Early Years funding to providers. These requirements are intended to ensure that funding provided is fairly distributed to providers. Schools Forum has not proposed to make any changes to the calculation of the Early Years funding formula.

### Universal Free Entitlement - Base Rate

35. Local authorities are required to pass 95% of early years funding directly to. There is a requirement to set a universal base rate for all providers, and additionally the guidance states that the level of supplements should be capped at 10% of the total funding given to providers, with the remaining 90% distributed through the base rate. Given the limits on supplements, the Hillingdon base rate is set at 91% of available funding as used in 2019/20.

### Universal Free Entitlement - Funding Supplements

36. The Government allows supplements up to a maximum of 10% of the total funding passed to providers. Local authorities will continue to be required to have a mandatory deprivation supplement but will have discretion over the metric used. The following sets out what Hillingdon uses in the early years funding formula;

### *Deprivation Supplement*

37. In 2019/20 the deprivation factor within the Hillingdon early years formula was 7% with IDACI as the distribution driver, as this appears to be the best indicator of deprivation for 3 & 4 year olds. The proposal is that for 2020/21 this is retained at the same percentage.

### *IDACI Threshold Supplement*

38. IDACI is a measure of deprivation based on the home postcode of the child. Each postcode is given a rank from 0 to 1, with 0 being least deprived and 1 the most. Analysis of the IDACI dataset for 3 and 4 year olds accessing the free entitlement indicates that the average IDACI rank for Early Years settings in Hillingdon is 0.2. The highest ranking that a setting has is 0.365. There are clear links between deprivation and additional need, and this is currently the most robust data set held to distribute additional needs funding. It is therefore proposed to retain the 2% supplement to distribute additional resource to those providers with an average IDACI rank which is higher than 0.25.

### Maintained Nursery School Supplementary Funding

39. The Government recognises that maintained nursery schools have additional costs and has confirmed that it will continue to provide supplementary funding to local authorities for maintained nursery schools in 2020/21. The supplementary funding for Hillingdon in 2020/21 is £230k and the proposal is that this will be passed to McMillan Nursery school in full to reduce the impact of the removal of the lump sum as a supplement for maintained nursery schools.

### Additional 15 hours Free Entitlement

40. Hillingdon has received £4,637k to fund the additional 15 hours free entitlement for eligible children in 2020/21. This funding will be adjusted to reflect actual numbers accessing the entitlement and therefore this funding will be earmarked in full for the delivery of the additional 15 hours free entitlement.

### Disability Access Funding

41. The Government introduced a new targeted early years Disability Access Fund in 2017/18, to enable a fixed lump sum payment of £615 per eligible child per year to be paid to early years settings that are providing a free entitlement place for 3 & 4 year olds. The funding is ring-fenced with the purpose of aiding access to places for those children with a disability. Funding will be passed straight to providers with eligible children and the provider is then responsible for the use of the funding. The Hillingdon allocation of this funding in 2020/21 is £92k.

### Two Year Old Provision

42. The funding rate to local authorities for disadvantaged two year olds has increased to £6.00, which is now in line with the rate paid to providers so there is no proposed change to the hourly rate of £6.00 per hour. The current budget for Two Year Old provision is £2,217k, and based on the current numbers there is no proposed change to the current base budget for this.

### SEN Inclusion Fund

43. All local authorities were required to establish SEN inclusion funds for 3 & 4 year olds in their local funding systems from April 2017. The SEND Advisory service work with early years providers to determine how best this funding is distributed with the focus on children with lower level or emerging SEN. It is proposed that the £200k allocated to the SEN inclusion fund is retained and that this is taken from the early years block. The SEN inclusion funding will be included in the 95% pass through to providers and therefore does not count in the 5% that local authorities can centrally retain in 2020/21.

### **Early Years Centrally Retained**

#### Provision for Vulnerable Children Placements

44. The £139k budget for the placement of vulnerable early years children is again projected to underspend in 2019/20, due to a lower than expected number of referrals being made for additional funding. However, it is recognised that identification of the children is ongoing and therefore there is no proposal to reduce this budget in 2020/21.

#### Family Information Service

45. The Family Information Service (FIS) team helps parents to access the free early years provision that they are entitled to for their children. This relates to the universal entitlement to free early education for all three and four year olds and also covers the entitlement to free childcare for the most disadvantaged two year olds. The FIS consists of the FIS Manager, 4.0 (FTE) FIS Officers and a Parental Childcare Advisor and the proposed budget for 2020/21 is £252k.

#### Early Years Advisory Service

46. The Early Years Advisory service provides targeted support, advice and guidance to all early years settings (including schools and Private Voluntary and Independent Nursery providers). Given the need to find savings within the centrally retained DSG, a savings target was allocated against this budget in 2019/20 giving a budget of £195k. The majority of this saving has been achieved through vacant posts whilst a full review of the Education service is on-going.

#### Early Support Team

47. The Early Support team consists of 3.2 (FTE) Home Portage Visitors who support parents and carers helping to build resilience within families with children and young people with additional needs or disabilities. The proposed budget for this team in 2020/21 is £146k.

## Central School Services Block

### School Admissions

48. The School Placement and Admissions team has seen a continued increase in individuals accessing the service provided. This increased workload resulted in resources being over stretched in 2019/20 and Schools Forum therefore agreed in October 2019 to fund an increase in the team.

The changes were an additional 1 FTE post on a temporary basis along with the grades of two Senior Officer posts being increased to reflect that they are taking on more complex tasks. This has resulted in an additional budget requirement of £35k in 2020/21, increasing the budget to £340k.

### Non-statemented LAC placements

49. There is a continuing pressure linked to the number of looked after children who have been placed out of borough in residential provision. The DSG only funds the education element of these placements, but there is an on-going pressure resulting in a requirement to increase the current budget for these placements to £508k.

### Pupils Out of School

50. The local authority currently commissions fifty places at the in-borough alternative provision setting. The historic trend is for numbers at the start of the academic year to be below this number before gradually building up. However, current numbers are projected to be in excess of the commissioned number, resulting in an additional cost pressure and a requirement to increase the current budget. As a result of this, the local authority are working with the provider to review the number of commissioned places.

### Support Service Costs

51. A proportion of the total support services costs for central services at the Local Authority are charged to the DSG under a nationally agreed model, which has historically been capped at the current rate. It is not proposed to amend this budget for 2020/21, though this area will be subject to on-going review.

### ESG retained services

52. In the 2015 Spending Review, the DfE announced that ESG funding would cease in 2017/18 and that for those services defined as retained duties previously funded through the ESG, the funding and responsibility would be transferred into the DSG. The Schools Revenue Funding Operational Guide provides the definition of those services deemed to be retained duties. The DSG baseline includes a sum of £754k for retained duties, and it is proposed that this figure is retained in 2020/21 to fund these services.

### Copyright Licences

53. The ESFA procures copyright licences centrally for all schools and the cost is then charged to the DSG. The ESFA have informed that the cost for 2020/21 will be £233k, which is a £3k increase to the 2019/20 budget.

### **High Needs Block**

#### Planned Place Numbers

54. There have been a number of changes to planned place numbers as specified in the table overleaf (there is also funding set aside for estimated growth in Special School places during the year);

<b>Special School</b>	<b>Change in Place Number</b>	<b>Month Change Effective</b>	<b>Change in Funding 2020/21 £</b>
Moorcroft	10	Sep 2020	58,333
Hedgewood	5	Sep 2020	29,167
Estimated Growth	20		200,000
<b>Total Special Schools</b>	<b>35</b>		<b>287,500</b>
<b>SRP</b>	<b>Change in Place Number</b>	<b>Month Change Effective</b>	<b>Change in Funding 2020/21 £</b>
Oak Wood	4	Apr 2020	40,000
Ruislip High	6	Sep 2020	35,000
St Martin's	2	Sep 2020	11,667
<b>SRP Total</b>	<b>27</b>		<b>86,667</b>
<b>Grand Total</b>	<b>62</b>		<b>374,167</b>

55. Academies receive planned place funding directly from the ESFA. This funding is included in the amount recouped from the High Needs block.

#### SEN Top-up Funding

56. There is no proposal to make any changes to the banded funding model for the distribution of top-up funding in 2020/21. However, it is still on the High Needs sub-group work-plan to review the current model in order to identify opportunities for improving the effectiveness and efficiency of the resource allocation process for children with SEN. The 2020/21 budgets for top-up funding have been increased by £2,746k to reflect current expenditure.

#### Independent & Non-Maintained Special Needs

57. The Council has seen an increase in the number and total spend on SEN placements in Independent and Non-maintained schools in the last year, predominantly as a result of a lack of capacity within in-borough provision. In the last two years the budget has been reduced to reflect expected savings based on the pupil age profile, but these savings have not been achieved. For 2020/21 the budget has been increased by £2,000k to reflect the



current spend and some projected growth. There has also been an increase in the level of contributions from Health and Social Care towards these placements which has off-set some of the total increase.

#### Post-16 Special Educational Needs Placements

58. 2019/20 has seen continued growth in the number of post-16 pupils with special educational needs requiring college placements. Currently the budget for post-16 college placements is £3,732k (split between FE Colleges and Independent Specialist Providers). Assuming further growth in numbers from September 2020 the budget has been increased by £1,000k. Further detail on these placements will be reported to the High Needs sub-group throughout the year.

#### SEN Advisory Service

59. Following a full transformation of the SEND teams in 2019/20, the SEND Advisory Service has been created to provide advice and guidance to educational settings to ensure they are able to meet the needs of most children and young people within their own resources. This realignment of posts has created an additional £90k cost to the DSG, however the expectation is that over time this will be off-set by a reduction in the number of EHCPs issued, through early intervention and support.

#### 2% Threshold

60. The 2% threshold recognises those schools that have a disproportionate number of pupils with SEN and distributes an additional £6k funding for each pupil over the 2%. The threshold was set a number of years ago and when the mechanism was introduced the number of pupils with a Statement of SEN in a mainstream schools was on average 2% of the total school population. Given that the SEN 2019 data indicates that the average percentage of pupils with an EHCP is now closer to 3%, schools were consulted on whether to increase the threshold to 2.5% or 3%.

61. It was agreed at Schools Forum in December 2019 that the threshold would be increased to 2.5% for 2020/21, but that this would be dependent on the decision regarding the transfer of funds from the Schools Block (i.e. if a block transfer is agreed, then the threshold should stay at 2%).

#### SEN Exceptional Funding and SEN Tuition

62. Over the last year there has been a significant increase in the number of mainstream schools applying for exceptional SEN funding to address the needs of pupils before and during the EHCP process. The increase is a consequence of the increasing complexity being seen in some cases with schools needing additional resource in order to maintain the placement in mainstream provision. This has also had an impact on the number of pupils with SEN accessing specialist out of school tuition. The overall impact of this has resulted in a £250k increase to the budget requirement for 2020/21.

## Proposed DSG Budget for 2020/21

63. The following table summarises the final DSG Budget by funding block for 2020/21:

<b>Funding Block</b>		<b>£</b>
Schools Block	Income	(231,467)
	Expenditure	231,467
	<b>Net Total</b>	<b>0</b>
High Needs Block	Income	(45,773)
	HN Recoupment	8,624
	HN Recoupment adj	(33)
	Expenditure	43,207
	<b>Net Total</b>	<b>6,025</b>
Early Years Block	Income	(25,672)
	Expenditure	25,547
	<b>Net Total</b>	<b>(125)</b>
Central School Services Block	Income	(2,604)
	Expenditure	3,879
	<b>Net Total</b>	<b>1,275</b>
<b>Grand Total</b>		<b>7,175</b>

64. The following table details the final DSG Budget for 2020/21:

Funding Block	Cost Centre description	Proposed Budget £'000
Schools	Schools Block Funding	(231,467)
Schools	Individual Schools Budget	229,692
Schools	Growth Fund Contingency	1,775
	<b>Schools Block Total</b>	<b>0</b>
Early Years	Early Years Block Income	(25,672)
Early Years	Early Years Single Funding Formula	17,023
Early Years	Early Years Single Funding Formula (additional 15 hrs)	4,637
Early Years	Maintained Nursery School Supplementary Funding	230
Early Years	Disability Access Fund	92
Early Years	SEN Inclusion Fund	200
Early Years	Core Childcare & Early Years (FIS)	252
Early Years	Early Years Advisory Teachers	195
Early Years	Early Support Team	146
Early Years	Provision for Vulnerable Children Placements	139
Early Years	Early Years Overheads	293
Early Years	Early Years Pupil Premium	123
Early Years	2YO Funding	2,217
	<b>Early Years Block Total</b>	<b>(125)</b>
High Needs	High Needs Block Income	(45,773)
High Needs	High Needs Block Academy Recoupment	8,624
High Needs	Estimated HN Recoupment adjustment	(33)
High Needs	Maintained ASB	4,507
High Needs	Top-up funding	24,002
High Needs	Independent placement provision (pre-16)	6,561
High Needs	Independent placement provision (post-16)	1,502
High Needs	FE college top up funding	3,229
High Needs	Hospital Tuition	75
High Needs	SEN Therapies	542
High Needs	2.5% Threshold Mechanism	834
High Needs	Non-statemented pupils - exceptional funding	100
High Needs	Tuition - SEN out of school	275
High Needs	SEN Support Services	1,325
High Needs	High Needs Overheads	255
	<b>High Needs Block Total</b>	<b>6,025</b>
Central Schools	Central Schools Block Funding	(2,604)
Central Schools	DSG Funded Business Support	30
Central Schools	Schools Forum	5
Central Schools	School Placements & Admissions	340
Central Schools	Hillingdon Virtual School	599
Central Schools	Non-statemented LAC placements	508
Central Schools	Education Safeguarding	169
Central Schools	Pupils Out of School	931
Central Schools	Copyright Licences	233
Central Schools	ESG Funded Services	754
Central Schools	Central Schools Block Overheads	310
	<b>Central Schools Block Total</b>	<b>1,275</b>
	<b>Grand Total</b>	<b>7,175</b>

65. The following table details the proposed budget movements between 2019/20 and 2020/21:

Cost Centre description	2019/20 Budget £000	Movement £000	2020/21 Proposed Budget £000
Schools Block Funding	(218,649)	(12,818)	(231,467)
Individual Schools Budget	213,696	8,821	229,692
Growth Fund Contingency	1,454	321	1,775
<b>Schools Block Total</b>	<b>(3,499)</b>	<b>(3,676)</b>	<b>0</b>
Early Years Block Income	(25,343)	(329)	(25,672)
Early Years Single Funding Formula	16,490	533	17,023
Early Years Single Funding Formula (additional 15 hrs)	4,575	62	4,637
Maintained Nursery School Supplementary Funding	230		230
Disability Access Fund	104	(12)	92
SEN Inclusion Fund	200		200
Core Childcare & Early Years (FIS)	245	7	252
Early Years Advisory Teachers	182	13	195
Early Support Team	142	4	146
Provision for Vulnerable Children Placements	139		139
Early Years Overheads	293		293
Early Years Pupil Premium	123		123
2YO Funding	2,217		2,217
<b>Early Years Block Total</b>	<b>(403)</b>	<b>278</b>	<b>(125)</b>
High Needs Block Income	(40,484)	(5,289)	(45,773)
High Needs Block Academy Recoupment	8,529	95	8,624
High Needs Recoupment Adjustment	0	(33)	(33)
Maintained ASB	3,447	1,060	4,507
Top-up funding	21,256	2,746	24,002
Independent placement provision (pre-16)	4,561	2,000	6,561
Independent placement provision (post-16)	1,002	500	1,502
FE college top up funding	2,729	500	3,229
Hospital Tuition	75		75
SEN Therapies	472	70	542
2.5% Threshold	604	230	834
Non-statemented pupils - exceptional funding	32	68	100
Tuition - SEN out of school	93	182	275
SEN Support Services	1,235	90	1,325
High Needs Overheads	255		255
<b>High Needs Block Total</b>	<b>3,806</b>	<b>2,219</b>	<b>6,025</b>
Central Schools Block Funding	(2,818)	214	(2,604)
DSG Funded Business Support	30		30
Schools Forum	5		5
School Placements & Admissions	305	35	340
Hillingdon Virtual School	599		599
Non-statemented LAC placements	188	320	508
Education Safeguarding	166	3	169
Pupils Out of School	327	604	931
Copyright Licences	230	3	233
ESG Funded Services	754		754
Central Schools Block Overheads	310		310
<b>Central Schools Block Total</b>	<b>96</b>	<b>1,179</b>	<b>1,275</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>7,175</b>

## Financial Implications

This is a financial report dealing with funding issues affecting schools. The financial impact on Schools Delegated Funding, is that schools will see an increase in per pupil funding when compared with 2019/20 following the significant increase in the Schools Block funding. It should be noted that school budgets are protected by the Minimum Funding Guarantee level of 0.5% of per pupil funding.

The DSG has competing demands across the four funding blocks (Early Years, Schools, High Needs and Central School Services), with particular pressures in High Needs, where any increase in funding has not been sufficient to meet the cost of High Needs growth relating to the actual growth in pupil numbers along with complexity of need experienced over the period. The implementation of the ring fenced arrangement between the relevant funding blocks has resulted in a shortfall of funding in the High Needs block with a balanced budget only possible through transferring 3.1% of Schools Block funding. As noted in paragraph 3 of this report the Secretary of State refused the Council's disapplication request to affect this transfer.

The proposals in this report do not provide any additional resources that can be used to offset the cumulative deficit accruing on the DSG, which at Month 8 stands at a deficit of £13.6 million.

It is expected that the implementation of the 'hard' National Funding Formula will have a significant impact on the ability of Schools Forum to set a balanced budget in future years as the restrictions on the transfer of funds from the School Block will remain, at a time where there is an expectation that the cost of high needs placements will continue to grow.

As the Council has undertaken a major review of the funds centrally retained and made significant savings over the last few years, there is very limited, if no option to reduce the budgets further to cover the £7,175k budget deficit.

The proposals contained within this report do not affect the General Fund proposals that are considered elsewhere on this agenda, as the School Budget is funded from the ring-fenced Dedicated Schools Grant.

## RESIDENT BENEFIT & CONSULTATION

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

The approval of the recommendations as set out in this report will enable the distribution and confirmation of the funding arrangements for schools for 2020/21, including the final individual school budget shares, which have to be distributed to schools on or before 29 February 2020.

### Consultation Carried Out or Required

The Council is required to consult with the Schools Forum on any changes to the school funding formula and the Early Years Single Funding Formula as prescribed in the Schools Forums (England) Regulations 2012, which are covered in this consultation paper. The Schools Forum has a limited range of decision making powers with regards to school funding. In most aspects

the Schools Forum role is to advise the Council on decisions that rest with Cabinet, such as the school budget.

The main role of the Schools Forum is to consult with schools on proposed changes to funding arrangements, including any changes to the school funding formula. For 2020/21, the consultation with schools revolved around the transfer of funds out of the Schools Block and proposed changes in High Needs funding. The formal consultation ended on 8 December 2019.

## CORPORATE CONSIDERATIONS

### Corporate Finance

Corporate Finance notes that the Schools Budget is wholly funded through the Dedicated Schools Grant and that the Department for Education have been clear that they do not expect local authorities to finance deficit from the General Fund. As a result, the attached budget proposals and cumulative deficit, which could potentially reach £20,827k by 31 March 2021, are assumed to not impact on the Council's broader budget proposals and ultimately be funded by the Government.

The Council and Schools Forum have worked collaboratively on development of the 2020/21 budget, which despite previously securing significant savings in the centrally managed areas of the budget continues to show a material deficit for the forthcoming financial year. In order to make good this shortfall the Council submitted a disapplication request to the Government, which would have allowed up to 3.1% funds to be transferred from the Schools Block, and thereby eliminated the £7,175k budget deficit. This was not approved by the DfE, however at the same time they issued revised DSG Conditions of Grant which reiterated the position that such deficits and overspends should not be financed from general reserves.

In view of there being no transfer from the Schools funding block to the High Needs Funding block this draft budget includes a 4.1% uplift across all individual schools budgets.

### Legal

The Borough Solicitor confirms that this budget has been set in accordance with the Schools and Early Years Finance (England) Regulations 2018.

## BACKGROUND PAPERS

NIL



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## 1. Introduction

- 1.1 The schools funding settlement for 2020/21 will be announced by the Secretary of State for Education in December 2019 and will be updated by using the October 2019 census pupil data. In the run up to this, the Department for Education (DfE) have released a number of technical guidance updates in August 2019 and then again in October 2019.
- 1.2 The local authority is required to consult with the Schools Forum annually on the following matters prescribed in the Schools Forums (England) Regulations 2012;
  - (i) amendments to the school funding formula
  - (ii) arrangements for the education of pupils with special educational needs
  - (iii) arrangements for de-delegated budgets for maintained schools
- 1.4 This paper is being circulated widely to encourage engagement with schools and independent nursery providers, in order to assist Schools Forum in making a final decision on the use of the Dedicated Schools Grant (DSG) funding and the relevant funding formulas for early years and schools including special schools, prior to submitting the required details to the DfE (which has been set as 19 January 2018), who will advise on the suitability of the proposed funding formulas.
- 1.5 The release of this paper allows just a short period of time for consultation with stakeholders (approximately 4 weeks) as responses will be required to be returned by midnight on 8 December 2019. Schools Forum will then review the responses when they meet on 12 December 2019. However, it should be noted that the deadline for submitting any disapplication request to move funds between the Schools Block and the High Needs Block is 30 November 2019.

## 2. Schools Block Funding

### *School Funding Formula*

- 2.1 2020/21 is the third year of the National Funding Formula (NFF) for schools. Whilst it remains the government's intention that a school's budget share should be set on the basis of a single national formula, local authorities will continue to determine final funding allocations for schools through a local formula in 2020/21. The expectation remains that a 'hard' NFF will be implemented at some point in the future.
- 2.2 A key design principle of the NFF is that it maximises the proportion of funding allocated to pupil-led factors. This is to ensure that as much funding as possible is distributed in relation to pupils and their characteristics. At the beginning of October 2019, the Department for Education released a statement, setting out the funding settlement for Schools and High Needs. As a result, there are a number of changes to the NFF for 2020/21:
  - (i) The minimum per-pupil levels will be set at £3,750 for primary schools and £5,000 for secondary schools.

- (ii) There will be an increase of 4% to the formula's core factors. Exceptions to this are the free school meals factor, which will be increased by inflation, as it is intended to broadly reflect actual costs, and premises funding.
  - (iii) Local authorities will have the freedom to set the MFG in local formulae between +0.5% and +1.84% per pupil, as well as to use a gains cap.
  - (iv) Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. A disapplication will be required for transfers above 0.5%, or any amount without schools forum approval.
- 2.3 The indicative DSG Budget for 2020/21 confirms that the Schools Funding Block for Hillingdon will increase by £8,992k (equivalent to 4.15%). The expectation is that there will be a further £3.5m as a consequence of pupil growth.
- 2.4 One of the areas that the local authority and Schools Forum are required to consult on each year is any proposed changes to the local funding formula. For 2020/21, Schools Forum has decided that the only proposed changes to the formula are in relation to the distribution of the additional Schools Block funding. The consultation is asking stakeholders for views on the following two options:
- (i) To distribute the additional funding by increasing pupil led factors by 4% (except for the free school meals factor which will be increased by 1.84%) in line with the changes to the NFF,**
  - (ii) To distribute the additional funding by increasing the Age Weighted Pupil Unit (AWPU) rates and retaining all other factors at the 2019/20 LBH rates.**

### *Schools Block Transfer*

- 2.5 The Schools Block will again be ring-fenced in 2020/21, but there will remain some flexibility to transfer funding. Local authorities may transfer up to 0.5% of schools block funding into another block, with the approval of their Schools Forum. Any requests to transfer above 0.5% require a disapplication, regardless of any previously agreed transfer amounts. Where local authorities need to make any transfer for 2020/21, there must be new discussions with schools forum and consultation with schools. This includes cases where schools forums have agreed recovery plans, submitted to the department, assuming future year transfers. It is important that any consultation sets out the full amount of the proposed transfer, not just further transfers in addition to 0.5% or previous years' transfers.
- 2.6 Hillingdon is one of 32 local authorities that was required to submit a deficit recovery plan as it had a cumulative deficit of greater than 1% of the total DSG at the end of the 2018/19 financial year. This is attached in Appendix A to provide background and context. As part of the deficit recovery plan, the Council had to provide a financial analysis covering the period 2019/20 to 2021/22. This analysis has been updated based on the latest 2019/20 monitoring position as well as the additional funding of £4,906k that has been allocated to

the High Needs Block as part of the funding settlement announced at the beginning of October 2019 and is set out in Appendix B.

- 2.7 The latest 2019/20 monitoring position indicates that the DSG budget will overspend by £5,125k in 2019/20, resulting in a cumulative deficit on the DSG of £13,617k. It should be noted that this position includes the transfer of £3,499k from the Schools Block in 2019/20. The 2019/20 position has then been used to estimate the growth in the cost of High Needs placements for 2020/21 and 2021/22. This indicates that before any transfer of funds from the Schools Block is agreed, taking into account the additional funding of £4,906k and growth funding of £500k, the pressure on the DSG budget is estimated to be £6,959k in 2020/21 increasing to £10,391k in 2021/22.
- 2.8 This position assumes that the growth in the number of Education, Health and Care Plans increases at the current rate of between 10% and 11% and that a higher proportion of placements are made in Independent Non Maintained Special Schools.
- 2.9 As the amount required is above 0.5% of the DSG (the maximum level at which Schools Forum can agree a transfer) and in order for the Council to be in a position to set an in year balanced budget, it will need to submit a disapplication request to the Secretary of State on or before 30 November 2019. However, the Department for Education expect the Council to consult with schools.
- 2.10 The Council therefore wish to consult with schools on a planned transfer of funding from the Schools Funding Block to the High Needs Funding Block, to enable the Council to set a balanced in year Dedicated Schools Grant (DSG) budget for 2020/21. These funds are required to assist with supporting the significant growth experienced in Hillingdon in the number of Education, Health and Care Plans (EHCP) that have been issued and also to recognise the increase in the complexity of need that these children and pupils have.
- 2.11 The following proposals in relation to a Schools Block transfer are being consulted on, where it should be noted that the values are cumulative:
- (i) The transfer of 1.6% (£3,499k) as approved by the Secretary of State in 2019/20, where this would result in the full £8,992k being retained in the Schools Block,**
  - (ii) The transfer of an additional 1.6% (£3,460k), a total of £6,959k, in order to allow an in-year balanced High Needs budget for 2020/21 to be set, where this would result in a reduced increase of £5,532k being retained in the Schools Block,**
  - (iii) The transfer of an additional 1.25% (£2,800k), a total of £9,759k, in order to start recovering the cumulative deficit on the DSG, should no new additional funding be allocated by the Department for Education, where this would result in a reduced increase of £2,732k being retained in the Schools Block.**
  - (iv) No Schools Block transfer.**

## *Modelling of the Financial Impact*

2.12 Modelling has been completed in order to determine the potential financial impact of each of the above proposals. The impact by school and by sector of each of the proposals are summarised in the attached appendix. There are a few things to note when considering the results of this modelling;

- (i) The funding distribution is based on October 2018 pupil numbers, as we are still waiting on finalised numbers for 2019,
- (ii) The Minimum Funding Guarantee (MFG) has been set at +0.5% (so each school will see a minimum 0.5% per pupil funding increase)
- (iii) The modelling does not include the estimated additional £3.5m of funding as a consequence of pupil growth.
- (iv) The modelling assumes that the DfE has not approved the Minimum Funding Guarantee (MFG) disapplication submission.

## *Appendices*

**Appendix A** – Deficit Recovery Plan Submitted to the DfE in June 2019

**Appendix B** – Updated DSG Budget Estimate 2019/20 to 2021/22

**Appendix C** – Financial modelling of the impact of the different proposed options for the school funding formula in 2020/21.

## *Minimum Funding Guarantee (MFG) Disapplication 2020/21*

2.13 On review of the 2019/20 school funding formula it is apparent that there are a number of schools that have historic MFG protection that evidence suggests is no longer applicable as those schools have proportionately high levels of surplus balances, which have been increasing over the last few years. The Schools Revenue Funding Operational Guide does allow for technical adjustments to the calculation of the MFG where over protection would otherwise occur. It was therefore considered that a disapplication request be submitted to the ESFA to disapply and re-baseline the MFG for 2020/21, the deadline for which was 11 October 2019.

2.14 In 2019/20 the MFG was set at -1.5% meaning no school had a per pupil reduction of more than 1.5% per pupil. In 2019/20 the total MFG protection was £1.3m, distributed across 10 schools as per the table below;

<b>School</b>	<b>2019/20 MFG £</b>
Rosedale College	481,276
Northwood School	422,068
John Locke Academy	163,059
Laurel Lane Primary School	48,023
Parkside Studio College	44,757
Nanaksar Primary School	40,622
Hewens Primary School	28,148
Harlington School	16,173
De Salis Studio College	11,103
Oak Farm Infant School	971
<b>Total</b>	<b>1,256,202</b>

2.15 As can be seen, 72% of the MFG is paid to just two schools (Rosedale College and Northwood School). This MFG is historic protection that goes back a number of years.

	<b>2019/20 Average per Pupil Rate</b>	<b>2019/20 per Pupil Rate</b>	<b>2019/20 per Pupil Rate (with re- baselined MFG)</b>
<b>Primary Schools</b>	<b>£</b>	<b>£</b>	<b>£</b>
Laurel Lane	3,894.94	4,520.74	4,374.33
Hewens Primary	3,894.94	4,095.48	4,095.48
John Locke Primary	3,894.94	3,946.46	3,581.27
Oak Farm Infant	3,894.94	3,856.61	3,856.61
Nanaksar	3,894.94	3,736.58	3,736.58

	<b>2019/20 Average per Pupil Rate</b>	<b>2019/20 per Pupil Rate</b>	<b>2019/20 per Pupil Rate (with re- baselined MFG)</b>
<b>Secondary Schools</b>	<b>£</b>	<b>£</b>	<b>£</b>
Rosedale College	5,395.65	6,255.24 (1)	5,551.61
Harlington School	5,395.65	5,874.18 (2)	5,874.18
Northwood School	5,395.65	5,777.90 (4)	5,223.28

	<b>2019/20 Average per Pupil Rate £</b>	<b>2019/20 per Pupil Rate £</b>	<b>2019/20 per Pupil Rate (with re- baselined MFG) £</b>
<b>14-19 Schools</b>			
Parkside Studio College	6,134.44	7,126.88 (1)	6,313.11
De Salis Studio College	6,134.44	6,08.66 (2)	5,897.63

2.16 The tables above indicate that generally, the per pupil rates for those schools in receipt of an MFG are significantly higher than the average per pupil rates. If the per pupil funding was adjusted by re-baselining the MFG, then in most cases the per pupil funding rates would be brought more in line with average.

<b>School (Maintained)</b>	<b>Balance at 31.03.19 £</b>	<b>Balance at 31.03.18 £</b>	<b>In Year Increase/ Decrease £</b>
Oak Farm Infant	508,144	163,071	45,073
Harlington	508,922	488,297	60,625

<b>School (Academies)</b>	<b>Balance at 31.08.18 £</b>	<b>Balance at 31.08.17 £</b>	<b>In Year Increase/ Decrease £</b>
Laurel Lane Primary	519,000	631,000	-112,000
Hewens Primary	2,078,000	1,819,000	259,000
Nanaksar Primary	894,466	749,975	144,491
John Locke Primary	9,000	25,000	-16,000
Parkside Studio	-200,000	161,000	-361,000
De Salis Studio	-967,000	-738,000	-229,000
Northwood School	2,267,213	1,141,166	1,126,047
Rosedale College	4,599,000	4,315,000	284,000

2.17 The above tables provide information on the surplus balances in each of the schools and indicates that in the majority of cases the schools have significant balances which have increased in the last reported accounting period (except for the two Studio Colleges, although the financial stability of these facilities is being questioned). This would evidence that the MFG protection is not needed in these cases and the funding for the majority of schools has been over protected.

2.18 The analysis indicates that for the two schools with the highest level of MFG, they have healthy surplus balances and in fact have increased those balances when comparing 2017/18 to 2018/19. For 2020/21, the Minimum Funding Guarantee has to be set between +0.5% and +1.84%, which would protect the funding of these schools and increase the

level of the existing MFG at a time when it is evident that school balances are reducing. Additionally these two schools are in the top 4 when considering the per pupil level of funding.

2.19 As a consequence of the above, a disapplication request has been submitted to the ESFA. There is now a requirement to consult with schools in order to get views on this proposal.

2.20 Stakeholders are being asked to comment on the following:

- i) **A proposal to rebase the Minimum Funding Guarantee, effectively setting it at zero.**

### **3. High Needs Block Funding**

3.1 Local authorities are able to provide additional funding outside the main funding formula for mainstream schools on a consistent and fair basis where the number of pupils with SEND and/or high needs cannot be reflected adequately in the funding they receive through the local funding formula. In Hillingdon, the 2% threshold mechanism recognises those mainstream schools that have a disproportionate number of pupils with SEN. The mechanism distributes additional funding to schools where the number of pupils with an EHCP is more than 2% of the total pupil population. The additional funding allocated is £6k for each pupil over the 2%, which is funded from the High Needs Block.

3.2 The threshold was set a number of years ago and when the mechanism was introduced the number of pupils with a Statement of SEN in a mainstream schools was on average 2% of the total school population. Given that the recently published SEN 2019 data indicates that the average percentage of pupils with an EHCP is now closer to 3%, consideration needs to be given to whether the threshold is increased.

3.3 There has been increasing pressure on the High Needs budget and as the number of EHCPs in mainstream schools has grown, the budget requirement has increased. In 2019/20 a budget of £604k was allocated for the 2% threshold which was based on the total spend in the previous year. This was an increase of £155k (34%) when compared with the 2018/19 budget. The current projected spend on the 2% threshold in 2019/20 is £990k, an overspend of £386k. Increasing the threshold to 3% will better reflect the current percentage of the pupil population that have an EHCP that attend mainstream school and will result in a reduction to the pressure on this budget.

3.4 As the average number of pupils with an EHCP within secondary schools remains closer to 2%, further consideration is needed as to whether there should be a different threshold for Primary and Secondary. The financial impact of the proposed changes to the threshold have been modelled and are summarised in the table below;

Financial Year	Primary	Primary	Secondary	Secondary	Total	Budget	Variance
	%	£	%	£	£	£	£
2018/19	2.0%	394,000	2.0%	212,000	606,000	449,300	156,700
2019/20	2.0%	804,000	2.0%	186,000	990,000	604,000	386,000
2019/20	2.5%	426,000	2.5%	78,000	504,000	604,000	-100,000
2019/20	3.0%	180,000	3.0%	30,000	210,000	604,000	-394,000
2019/20	2.5%	426,000	2.0%	186,000	612,000	604,000	8,000
2019/20	3.0%	180,000	2.0%	186,000	366,000	604,000	-238,000

3.5 The number of schools that would attract the threshold for each of the models is detailed in the table below. This is compared with the 2013/14 baseline which is the year that the mechanism was first introduced. This demonstrates that the number and proportion of schools has increased significantly over time.

Financial Year	%	Primary	% of Total Primary	Secondary	% of Total Secondary	Total	% of Total
2013/14	2.0%	13	19%	6	27%	19	21%
2018/19	2.0%	31	45%	7	32%	38	42%
2019/20	2.0%	36	52%	5	23%	41	45%
2019/20	2.5%	25	36%	3	14%	28	31%
2019/20	3.0%	10	14%	1	5%	11	12%

3.6 The modelling indicates that by increasing the threshold, the budget requirement based on current numbers of pupils with an EHCP would reduce to £504k, if the threshold for both primary and secondary was set at 2.5%, highlighted in green and £210k, if the threshold for both primary and secondary was set at 3%, highlighted in yellow.

3.7 Alternatively, if a different threshold was implemented based on 3% for Primary and 2% for Secondary, the budget requirement would reduce to £366k, highlighted in blue. This would reduce the pressure on the High Needs block, though given the continuing increase in the number of pupils with an EHCP in mainstream schools the budget required is likely to increase in 2020/21.

3.8 The following proposal in relation to increasing the SEN Threshold funding is being consulted on:

- i) **To increase the Threshold to 3% for both Primary and Secondary**
- ii) **To increase the Threshold to 2.5% for Primary and Secondary**
- iii) **To increase the Threshold to 3% for Primary but retain Secondary at 2%**



#### **4. De-delegated Budget (Maintained Schools only)**

- 4.1 The Department for Education (DfE) requires local authorities to consult with primary and secondary LA maintained schools every year about the de-delegation of a number of central budgets. De-delegated funds are a deduction from a school's budget share and are held centrally to fund relevant services and can only apply to maintained primary and secondary school budgets.
- 4.2 Decisions on de-delegation have to be taken by Schools Forum and will be taken separately in respect of maintained primary and maintained secondary schools and in each case the decision requires the agreement of a majority of the maintained representatives for the relevant phase on the Schools Forum.
- 4.3 For all these budgets, the total amount de-delegated depends on the number of LA maintained schools in Hillingdon, and how many pupils they have on roll.
- 4.4 Following discussions at the Schools Forum meeting on 7<sup>th</sup> November 2019, it was agreed that maintained schools would be consulted on the following de-delegation proposals

#### *Trade Union duties staff supply cover*

- 4.4 Staff costs for trade union duties funds the salaries of officials of the various unions representing staff in schools. All schools and academies within Hillingdon are part of a Trade Union Recognition Agreement (TURA), and as such have a responsibility to provide facility time to union representatives. Under a Facilities Time arrangement, local secretaries are nominated and if de-delegation is agreed, time is paid for out of a centrally managed fund.
- 4.5 If the trade union facilities arrangements are not managed this way then schools would need to make local plans to cover the costs of trade union facilities directly from their budgets. The benefits of de-delegation is that it is a more efficient and cost effective way of managing facilities time with schools able to pool resources to cover the cost in a way that avoids costs falling unpredictably or unevenly across schools.
- 4.6 The proposal is that funding for this is de-delegated again in 2020/21. The financial impact of this for maintained schools is £2.19 per pupil (in line with previous years). The budget is supplemented by income from a traded service that enables academies to contribute to these costs.

#### *Teacher Pensions Administration*

- 4.7 Following the removal of the Education Services Grant (ESG) from 1 September 2017, local authorities needed to agree with maintained schools whether they wished funding to be retained to fund the continuation of services previously funded by the ESG with the mechanism for this through de-delegation.

- 4.8 Following consultation with all maintained schools in January 2017, Schools Forum agreed that funding should be de-delegated for Teachers Pensions Administration. The proposal is that this de-delegation continues in 2020/21 with the financial impact of this being approximately £1.24 per pupil (this is a 2% increase on 2019/20 to reflect the support staff pay award). This reflects a contribution to the cost of the post responsible for the maintenance and reconciliation of Teachers Pensions payments, the identification and follow-up of any queries with schools and payroll providers and the payment of deductions to the Teachers Pensions Agency.
- 4.9 Should this proposal not be supported by schools and Schools Forum do not agree to de-delegate, schools will be required to deal with any queries that the Council receives from Teachers' Pensions, as the Council will no longer be able to liaise directly with the Payroll provider.

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