

COUNCIL BUDGET - 2017/18 MONTH 2 REVENUE AND CAPITAL BUDGET MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance, Property and Business Services
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Papers with report	Appendices A - H

HEADLINES

Summary	This report provides the Council's forecast financial position and performance against the 2017/18 revenue budget and Capital Programme. A net in-year underspend of £127k is projected against 2017/18 General Fund revenue budgets as of May 2017 (Month 2). The latest positions on other funds and the Capital Programme are detailed within the body of this report.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People; Our Built Environment; Our Natural Environment; Our Heritage and Civic Pride; Financial Management</i> Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position as at May 2017 (Month 2).
2. Note the Treasury Management update as at May 2017 at Appendix E.
3. Continue the delegated authority up until the September 2017 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 22 June 2017 and 27 July 2017 Cabinet meetings, detailed at Appendix F.

4. Approve acceptance of £23,500 Planning Performance Agreement income in respect of the application for the Former Dairy Crest Site, Long Lane, Hillingdon.
5. Approve the Discretionary Rate Relief Scheme outlined in Appendix G for consultation with the Greater London Authority and subsequent implementation, alongside the implementation of Government-designed additional reliefs for small businesses and pubs.
6. Ratify the decisions taken by the Leader of the Council and relevant Cabinet Members, which would ordinarily be reserved to the Cabinet, as set out in Appendix H.

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 2 against budgets approved by Council on 23 February 2017. An update on the Council's Treasury Management activities is signposted in **Recommendation 2**.
2. **Recommendation 3** is intended to enable continued delegation of approval for appointment of consultancy and agency appointments over £50k to the Chief Executive, with final sign-off from the Leader of the Council. In addition, Appendix F reports back on use of this delegated authority previously granted by Cabinet.
3. 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 these sums in relation to Planning Performance Agreements.
4. **Recommendation 5** seeks Cabinet authority to implement a Local Discretionary Rates Scheme to make use of £849k funding available from Central Government in 2017/18 to offset 13.9% of increases in Business Rates bills following the 2017 Revaluation for approximately 1,600 local businesses with properties value below £200k and seeing increases in excess of 12.5% from 2016/17 bills. In order to access Government funding, it is necessary to consult upon scheme design with the Greater London Authority. In addition, further funding is available from Government to provide discounts of £600 to businesses losing small business rates relief as a result of the Revaluation and £1,000 for pubs with Rateable Value below £100k.
5. In the absence of a Cabinet meeting, the Leader of the Council is authorised in the Council's Constitution to take such decisions where deemed urgent, which will be reported to a subsequent Cabinet meeting for ratification. Details of the decisions taken by the Leader, with relevant Cabinet Members are set out in Appendix H, with **Recommendation 6** seeking ratification.

Alternative options considered

6. There are no other options proposed for consideration.

SUMMARY

REVENUE

7. An underspend on normal operating activities of £127k is projected at Month 2 for General Fund revenue budgets, with a net pressure of £366k on Directorate Operating Budgets being offset by a £400k underspend on corporately managed Capital Financing Costs and a £93k favourable variance across Development and Risk Contingency. The position on Directorate Budgets consists of a number of compensatory variances across all service areas at this early stage of the year, with a range of initiatives underway to contain these pressures both in-year and in future years.
8. In March 2017 the Government announced supplementary funding to the Improved Better Care Fund, frontloading resources previously anticipated to be available from 2018/19 and 2019/20 in order to support local authorities in stabilising the Social Care provider market. The Council's 2017/18 Budget included provision within inflation allocations of £4,903k for this very purpose, which was originally to be funded from a planned £5,000k drawdown from General Reserves. As funding of £4,054k is now available in year, the planned drawdown from reserves can therefore be reduced to £946k by this exceptional item.
9. As a result of the £127k underspend on normal activities and the remaining £946k planned drawdown from reserves, General Fund Balances are projected to total £37,919k at 31 March 2018. This position assumes that £254k unallocated Priority Growth and £750k unallocated General Contingency will be released in year to support new or unforeseen expenditure, which would otherwise be released into General Balances.
10. The 2017/18 revenue budget contains savings of £15,508k. At Month 2, £2,355k of savings are banked in full and £10,071k on track for delivery, with the remaining £3,082k reported as 'amber' primarily due to being at an early stage of delivery and are expected to be ultimately banked in full.
11. With the exception of the Collection Fund, there are no material variances on other funds affecting the General Fund position. Within the Collection Fund, a surplus of £2,618k is reported on Business Rates, principally relating to the favourable position on Council Tax, which is principally driven by the 2016/17 outturn surplus and would be available to support the General Fund budget in 2018/19.

CAPITAL

12. As at Month 2 an underspend of £10,779k is reported on the £78,157k General Fund Capital Programme for 2017/18 due largely to slippage on project expenditure. The forecast outturn variance over the life of the 2017/18 to 2021/22 programme is an under spend of £12k. General Fund Capital Receipts of £22,591k are forecast for 2017/18, with a shortfall of £3,153k in total forecast receipts to 2021/22.
13. Overall, Prudential Borrowing required to support the 2017/18 to 2021/22 capital programmes is forecast to be within budget by £8,625k. This is as a result of cost under spend of £12k and increases in grants and contributions of £11,766k due mainly to the confirmed Basic Needs grant allocation for 2019/20 being substantially higher than original budget estimates. However, this is partly offset by a forecast shortfall of £3,153k in capital receipts.

FURTHER INFORMATION

General Fund Revenue Budget

14. An underspend of £127k is reported on normal operating activities at Month 2. This position incorporates a £366k net overspend across Directorate Operating Budgets off-set by underspends across Corporate Operating Budgets of £400k and contingency of £93k. The Improved Better Care Fund grant item is being treated as an Exceptional Item as the announcement of the increase in funding was made in March 2017, after the budget was set. This funding represents an increase in Social Care funding of £4,054k for 2017/18 to be used to stabilise the Adult Social Care placement market.
15. Within the reported net underspend there remain a number of risk areas in which management action is in place to contain potential and emergent pressures. These risks are discussed in detail within the service appendices to this report, alongside narrative on the measures being taken to contain cost pressures, including acceleration of savings initiatives where appropriate. Projections within this report reflect initial assessments of the financial impact of such management actions, which will continue to be refined over the coming months.
16. The Council's General Fund revenue budget contains £15,508k savings, with £2,520k already banked and £9,888k on track for delivery, at this early stage of the financial year. The reported position on operating budgets reflects the status of these savings, which are ultimately expected to be banked in full with alternative measures in place to mitigate the financial impact of any slippage in implementation schedules.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
194,279	2,924	Directorate Operating Budgets	197,203	197,569	366
1,495	(325)	Corporate Operating Budgets	1,170	770	(400)
19,216	0	Development & Risk Contingency	19,216	19,123	(93)
254	0	Priority Growth	254	254	0
5,451	(2,599)	Unallocated Budget Items	2,852	2,852	0
220,695	0	Sub-total Normal Activities	220,695	220,568	(127)
0	(4,054)	<u>Exceptional Items</u> iBCF Allocation (announced March 2017)	(4,054)	(4,054)	0
220,695	(4,054)	Total Net Expenditure	216,641	216,514	(127)
(215,695)	0	Budget Requirement	(215,695)	(215,695)	0
5,000	(4,054)	Net Total	946	819	(127)
(38,738)	0	Balances b/fwd	(38,738)	(38,738)	
(33,738)	0	Balances c/fwd 31 March 2017	(37,792)	(37,919)	

17. At 31 March 2017 General Fund Balances totalled £38,738k, which are projected to fall to £37,919k at 31 March 2018. The Council's current MTFF assumes that unallocated balances will remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of Government funding cuts.

Directorate Operating Budgets (£366k overspend)

18. An overview of the forecast outturn on Directorate Operating Budgets is contained in Table 2, with further detail for each directorate contained within Appendix A. Variances relating to those more volatile areas of activity being managed through Development and Risk Contingency are expanded upon below.
19. The Council is currently permitted to finance the costs associated with service reform 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 £2,474k for such costs, which will remain under review over the remainder of the year and have been excluded from reported monitoring positions.

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000
9,764 (1,173)	0 0	Chief Executive's Office	Expenditure Income	9,764 (1,173)	9,773 (1,184)
8,591	0		Sub-Total	8,591	8,589
16,640 (3,517)	2 10		Expenditure Income	16,642 (3,507)	16,829 (3,750)
13,123	12	Finance	Sub-Total	13,135	13,079
107,418 (36,921)	42 (96)		Expenditure Income	107,460 (37,017)	107,799 (37,442)
70,497	(54)		Sub-Total	70,443	70,357
129,618 (27,550)	2,655 311	Residents Services	Expenditure Income	132,273 (27,239)	132,417 (26,873)
102,068	2,966		Sub-Total	105,034	105,544
194,279	2,924		Total Directorate Operating Budgets	197,203	197,569
					366

20. As at Month 2 an underspend of £2k is reported across the Chief Executive's Office, reflecting a number of minor variances within the Group's budgets.
21. Finance Directorate budgets are projected to underspend by £56k as a result of staffing underspends arising from restructures within Procurement and Operational Finance. Compensatory variances with the Directorate primarily relate to the use of targeted grant funding from the Department of Works and Pensions being available to support additional investment in reducing fraud and error in benefit claims.
22. An underspend of £86k is reported across Residents Services operating budgets with a staffing underspend of £1,043k arising from vacant posts, the expected tonnage-based rebate from the West London Waste Authority and a favourable outlook for Parking Revenue Account income sufficient to contain pressures identified across ICT, off-street parking and imported food income. A number of BID reviews and other initiatives are in progress across these areas, which are expected to contribute towards managing down pressures.

23. A headline pressure of £510k is reported across Social Care budgets at Month 2, with management action in place across workforce expenditure to contain the additional costs associated with the continued requirement for agency staff to cover a number of posts in Children's Social Care. Material issues within the group position includes £350k of non-staffing costs in relation to Children's Allowances and external legal counsel where initiatives to manage down these historic overspends are in progress, alongside a net £60k pressure arising from reduced income from the Dedicated Schools Grant arising from recruitment difficulties reducing capacity to provide Educational Psychology services.

Progress on Savings

24. The Council's 2017/18 General Fund revenue budget contains £15,508k savings, with all prior year savings delivered in full during 2016/17. At Month 2, £12,408k savings are reported as banked or on track for delivery, with the remaining £3,100k savings being classed as Amber. Items reported as Amber are at an early stage of delivery, and no items are being reported as having serious risks of non-delivery.

Table 3: Savings Tracker

2017/18 General Fund Savings Programme	CEO's Office & Finance					Total Savings	
		£'000	£'000	£'000	£'000	£'000	%
B Banked		(360)	(955)	(1,040)	(165)	(2,520)	16.2%
G On track for delivery		(717)	(3,482)	(5,689)	0	(9,888)	63.8%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;		0	(1,766)	(385)	(949)	(3,100)	20.0%
R Serious problems in the delivery of the saving		0	0	0	0	0	0.0%
Total 2015/16 Savings		(1,077)	(6,203)	(7,114)	(1,114)	(15,508)	100.0%

Corporate Operating Budgets (£400k underspend)

25. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, the net impact of Housing Benefit Subsidy arrangements on the Council externally set levies and income arising from the provision of support services to other funds and ring-fenced budgets.
26. A £400k underspend has been identified against interest and investment income, which relates to a £360k reduction in provision for debt repayment and external interest costs to reflect slippage in capital expenditure from 2016/17 and a £40k improvement in the outlook for investment income. No material variances are reported across other Corporate Operating Budgets at Month 2.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Change £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
0	0	Interest and Investment Income	Salaries	0	0
5,259	2		Non-Sal Exp	5,261	(360)
(104)	0		Income	(104)	(40)
5,155	2		Sub-Total	4,757	(400)
450	0	Levies and Other Corporate Budgets	Salaries	450	0
11,237	0		Non-Sal Exp	11,237	0
(14,788)	(327)		Income	(15,115)	0
(3,101)	(327)		Sub-Total	(3,428)	0
0	0	Housing Benefit Subsidy	Salaries	0	0
144,372	0		Non-Sal Exp	144,372	0
(144,931)	0		Income	(144,931)	0
(559)	0		Sub-Total	(559)	0
1,495	(325)	Total Corporate Operating Budgets		1,170	770
					(400)

Development & Risk Contingency (£133k pressure)

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

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
291	0	Fin.	Uninsured claims	291	291
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	1,736
3,522	0		Waste Disposal Levy & Associated Contracts	3,522	3,222
100	0		High Speed 2 Challenge Fund	100	100
200	0		Heathrow Expansion Challenge Fund	200	200
1,648	0	Social Care	Asylum Service	1,648	1,422
5,298	0		Demographic Growth - Looked After Children	5,298	5,862
277	0		Social Worker Agency Contingency	277	277
184	0		SEN transport - Contingency	184	184
2,910	0		Demographic Growth - Transitional Children	2,910	2,910
785	0		Demographic Growth - Adults	785	832
197	0		Winterbourne View	197	197
759	0		Deprivation of Liberty Safeguards	759	759
559	0	Corporation Item	Apprenticeship Levy	559	381
750	0		General Contingency	750	750
19,216	0	Total Development & Risk Contingency		19,216	19,123
					(93)

28. The headline cost of homelessness is projected to be contained within the £1,736k contingency provision for 2017/18. As at Month 2 there are 255 households in Bed and Breakfast accommodation which is expected to be managed down to budgeted levels over the financial year. This is forecast to require the deployment of Earmarked Reserves in addition to the full contingency provision, to secure appropriate and sustainable accommodation.
29. Waste volumes and associated costs remain consistent with budget assumptions at this early stage of the financial year, it is expected that the West London Waste Authority will confirm the disbursement of excess balances held at 31 March 2017 which would result in a windfall of £300k for the Council.
30. Following the successful implementation during 2016/17 of a number of measures to reduce the cost of supporting Unaccompanied Asylum Seeking Children, the net cost of this service to the local taxpayer is projected to be £226k below budget in 2017/18. While this area will continue to be closely monitored, it is expected that the National Transfer Agreement will avoid any growth in the number of under 18s being supported by the Council over the remainder of this financial year.
31. A headline pressure of £564k is reported on the cost of Looked After Children's placements at Month 2, which is wholly attributable to placements for Children with Disabilities (CWD). While it is too early to quantify the financial impact, it is expected that there is scope to manage down this pressure over the coming months through review of CWD placements.
32. Contingency requirements for both SEN Transport and children transitioning into adult social care placements are reported to reflect budget assumptions at Month 2, with a step change in costs from Month 6 (September) expected to feed into projections following the start of the new academic year.
33. Total expenditure on third party adult care placements is budgeted to exceed £65m in 2017/18, including £785k of the most recent demographic growth which is presented in

Development & Risk Contingency. A variance of £47k is projected at Month 2 on this more volatile element reflecting marginal increases in complexity across Learning Disability placements and growth above budget assumptions for Older People's placements.

34. An underspend of £178k is reported against budgeted apprenticeship levy payments, reflecting vacancies in the budgeted establishment.
35. As in previous years, the Council retains a General Contingency to meet the costs of exceptional or emerging pressures which had not been specifically provided for at the time of budget setting. To date there have been no calls on this £750k provision, which will be available to further supplement General Balances at outturn if requirements are not identified during 2017/18.

Priority Growth

36. The 2017/18 General Fund revenue budget approved by Council in February 2017 set aside £254k of unallocated Priority Growth, in addition to £200k of base budget is available to support HIP Initiatives. The 2017/18 HIP budget is supplemented by £954k brought forward balances, to provide £1,154k resources for HIP Initiatives. £42k of projects have been approved for funding from HIP resources, leaving £1,112k available for future release. As at Month 2, no priority growth has been allocated to services. The corporate monitoring position assumes all budgeted growth will be spent or committed during the current financial year.

Table 6: Priority Growth

Original Budget £'000	Budget Changes £'000	Priority Growth	Month 2		
			Revised Budget £'000	Approved Allocations £'000	Unallocated Balance £'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	954	B/fwd Funds	954	42	(912)
254	0	Unallocated Priority Growth	254	0	(254)
454	954	Total Priority Growth	1,408	42	(1,366)

Schools Budget and Collection Fund

37. An in-year underspend of £201k is projected against the Dedicated Schools Grant in 2017/18, which will contribute towards reducing the brought forward deficit on the centrally retained reserve to £935k. This position reflects pressures of £299k, including higher than budgeted costs in respect of SEN pupils and funding for growing Academies being off-set by £500k contingency provision held back to manage such emerging pressures. Any residual deficit on the retained reserve remaining at the time of budget setting in February 2018 will be funded through a topslice on the 2018/19 Dedicated Schools Grant and therefore not impact directly upon the General Fund position.
38. A surplus of £2,618k is reported on the Collection Fund at Month 2, consisting of £2,421k in relation to Council Tax and £197k on Business Rates receipts. The position on Council Tax includes £2,004k from the release of historic provisions for doubtful debt following the adoption of an improved accounting methodology from 2016/17, alongside an in-year surplus of £417k primarily attributable to strong collection performance. The Business Rates position reflects strong collection performance and reduced losses from properties being held vacant sufficient to off-set a brought forward deficit. The combined surplus of £2,618k is expected to be available for release to the General Fund in 2018/19 and will be reflected in future iterations of the Council's Medium Term Financial Forecast.

Housing Revenue Account

39. The Housing Revenue Account (HRA) is currently forecasting an in-year overall deficit of £11,658k, which is £6k less than the budgeted deficit of £11,664k. Therefore the 2017/18 closing HRA General Balance is forecasted to be £34,168k, this is above the £12,000k minimum level of HRA balances threshold, with sums over and above this minimum level earmarked for investment in new or existing stock.
40. 5 properties have been sold under Right to Buy arrangements as at Month 2, with a total of 85 sales forecast for 2017/18. Sufficient expenditure on the acquisition of new properties has been incurred to fully utilise the initial tranche of retained receipts and therefore avoid repayment to DCLG during Quarter 1. As of Month 2, slippage of £4,419k expenditure from 2017/18 HRA Capital Programme budgets is projected, with total investment over the period to 2021/22 expected to match the budgeted £152,085k expenditure.
41. These are Month 2 projections and do not at this stage include any financial implications relating to decisions being taken as a result of the Grenfell Tower fire. The necessary changes to the HRA Capital Programme will be reflected in future months.

Future Revenue Implications of Capital Programme

42. Appendix D to this report outlines the forecast outturn on the 2017/18 to 2021/22 Capital Programme, with a £12k underspend projected over the five year programme. Prudential Borrowing required to support the Council's Capital Programme is projected to be £8,625k lower than the £102,775k revised budget, primarily as a result of a £11,766k favourable variance on Government Grants being off-set by a £3,153k shortfall in Capital Receipt forecasts over the medium term. This favourable variance on borrowing would ultimately result in a reduction in future revenue costs of approximately £470k per annum.
43. 2017/18 capital expenditure is projected to be £10,779k lower than the £78,157k budget, indicating that the Council will be able to defer new borrowing into later years and therefore deliver savings against capital financing budgets in 2018/19. Slippage in delivery of capital receipts will reduce any such saving, with current forecasts showing that £22,591k of the planned £23,927k will be secured during 2017/18.

Appendix A – Detailed Group Forecasts (General Fund)

Chief Executive's Office (£2k underspend)

45. The overall position for the Chief Executive's Office at month 2 is an underspend of £2k. This includes covering an Managed Vacancy Factor (MVF) saving of £168k through vacant posts and non salary underspends across the group.

Table 7: Chief Executive's Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
1,466	0	Democr. Services	Salaries	1,466	12
1,669	0		Non-Sal Exp	1,669	2
(596)	0		Income	(596)	(11)
2,539	0		Sub-Total	2,539	3
1,940	(10)	Human Resources	Salaries	1,930	6
89	10		Non-Sal Exp	99	(3)
(247)	0		Income	(247)	0
1,782	0		Sub-Total	1,782	3
1,833	0	Legal Services	Salaries	1,833	16
83	0		Non-Sal Exp	83	(10)
(260)	0		Income	(260)	0
1,656	0		Sub-Total	1,656	6
571	0	Policy & Partnership s	Salaries	571	(5)
2,113	0		Non-Sal Exp	2,113	(9)
(70)	0		Income	(70)	0
2,614	0		Sub-Total	2,614	(14)
5,810	(10)	Chief Executive's Office Directorate	Salaries	5,800	29
3,954	10		Non-Sal Exp	3,964	(20)
(1,173)	0		Income	(1,173)	(11)
8,591	0		Total	8,591	(2)

46. Within Democratic Services, the overachievement of income relates to charges to the Pension Fund for the support provided to Pensions committees by Democratic Services Officers. Work has been undertaken to mitigate historic income pressures within Legal Services and the current projection is that this budget will breakeven as a result of management action. Income targets in both Legal Services and Democratic Services will continue to be monitored throughout the year to ensure that they remain on track for delivery.
47. For 2017/18, £221k of savings were presented by the Chief Executive's Office and as at Month 2, £195k of this has been banked, with the remaining £26k Zero Based review savings on track to being delivered.

FINANCE (£56k underspend)

48. The Finance Group is reporting an underspend position of £56k at month 2. This includes covering an MVF saving of £365k through vacant posts and non salary underspends across the Group.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
942	0	Business Assurance	Salaries	942	949
1,404	0		Non-Sal Exp	1,404	1,410
(659)	0		Income	(659)	(659)
1,687	0		Sub-Total	1,687	1,700
1,608	0	Procurement	Salaries	1,608	1,568
75	0		Non-Sal Exp	75	83
(31)	0		Income	(31)	(31)
1,652	0		Sub-Total	1,652	1,620
3,127	1	Operational Finance	Salaries	3,128	3,078
(7)	0		Non-Sal Exp	(7)	22
(127)	0		Income	(127)	(142)
2,993	1		Sub-Total	2,994	2,958
4,382	1	Revenues & Benefits	Salaries	4,383	4,594
1,841	0		Non-Sal Exp	1,841	1,857
(2,360)	0		Income	(2,360)	(2,588)
3,863	1		Sub-Total	3,864	3,863
1,034	0	Strategic Finance	Salaries	1,034	1,034
2,234	0		Non-Sal Exp	2,234	2,234
(340)	10		Income	(330)	(330)
2,928	10		Sub-Total	2,938	2,938
11,093	2	Finance Directorate	Salaries	11,095	11,223
5,547	0		Non-Sal Exp	5,547	5,606
(3,517)	10		Income	(3,507)	(3,750)
13,123	12		Total	13,135	13,079
					(56)

49. The underspend position is largely as a result of salary underspends in Procurement, as a result of the final stages of recruitment to complete the structure, and Operational Finance due to several posts being held vacant pending a review of the wider Finance structure, which will deliver savings later this year.
50. Within Revenues and Benefits, agency staff are employed and are funded through grant monies on a performance based scheme which aims to cut down fraud and reduce errors in Housing Benefit claims. Additional income from schools for finance support and recharges to the pension fund for an apprentice contribute to the over achievement of the income target.
51. At Month 2, £165k (19%) of the £856k savings proposed as part of the MTFF 2017/18 are classed as banked, with the remaining £691k classed as on track. Proposals are underway and good progress is being made against the targets.

Table 9: Finance Development & Risk Contingency

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

52. At this early stage in the financial year full draw down of the £291k insurance contingency is anticipated along with the base budget of £359k to cover the cost of the claim payments in year. It is expected that any payment amounts greater than the budget available will be managed from the Insurance reserve during 2017/18.

RESIDENTS SERVICES (£86k underspend)

53. Residents Services directorate is showing a projected outturn underspend of £86k at Month 2, excluding pressure areas that have identified contingency provisions.

Table 10: Residents Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2 Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000
15,219	3	Infrastructure, Waste and ICT	Salaries	15,222	15,141	(81)
31,833	0		Non-Sal Exp	31,833	32,221	388
(9,790)	0		Income	(9,790)	(10,175)	(385)
37,262	3		Sub-Total	37,265	37,187	(78)
16,632	49	Housing, Environment, Education, Health & Wellbeing	Salaries	16,681	16,011	(670)
20,911	(13)		Non-Sal Exp	20,898	21,813	915
(16,804)	(96)		Income	(16,900)	(17,151)	(251)
20,739	(60)		Sub-Total	20,679	20,673	(6)
7,263	2	Planning, Transport & Regeneration	Salaries	7,265	7,239	(26)
1,901	0		Non-Sal Exp	1,901	1,956	55
(6,397)	0		Income	(6,397)	(6,175)	222
2,767	2		Sub-Total	2,769	3,020	251
1,777	0	HR, Performance & Improvement	Salaries	1,777	1,845	68
160	0		Non-Sal Exp	160	171	11
(270)	0		Income	(270)	(330)	(60)
1,667	0		Sub-Total	1,667	1,686	19
10,713	1	Administrative, Technical & Business Services	Salaries	10,714	10,380	(334)
1,009	0		Non-Sal Exp	1,009	1,022	13
(3,660)	0		Income	(3,660)	(3,611)	49
8,062	1		Sub-Total	8,063	7,791	(272)
51,604	55	Residents Services	Salaries	51,659	50,616	(1,043)
55,814	(13)		Non-Sal Exp	55,801	57,183	1,382
(36,921)	(96)		Income	(37,017)	(37,442)	(425)
70,497	(54)		Total	70,443	70,357	(86)

54. The overall variance is a result of staffing underspends across the directorate offset by pressures in ICT as well as parking income shortfalls at Cedars and Grainges car parks and in Imported Food sampling.
55. The Council's 2017/18 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 11 below.
56. At Month 2 projected calls on contingency are £300k below the budgeted provision. The table below shows the breakdown for each contingency item.

Table 11: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2 Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000
1,736	0	Impact of Welfare Reform on Homelessness	1,736	1,736	0
3,522	0	Waste Disposal Levy & Associated Contracts	3,522	3,222	(300)
100	0	High Speed 2 Challenge Fund	100	100	0
200	0	Heathrow Expansion Challenge Fund	200	200	0
5,558	0	Current Commitments	5,558	5,258	(300)

57. Financial year 2017/18 continues to see the numbers of temporary accommodation requirements consistently above the original MTFF forecast. Within this increase, a higher proportion are in high cost Bed & Breakfast placements given the challenges on housing supply.

Table 12: Housing Needs performance data

	2017		
	March	April	May
Homeless Threat, Priority Need & Eligible	114	108	125
Presenting As Homeless	58	37	45
Duty Accepted	32	19	31
<u>Households in Temporary Accommodation</u>	660	660	656
<u>Households in B&B</u>	268	258	255

58. As in previous years, a contingency has been set aside in 2017/18 to resource the need for Temporary Accommodation in the Borough. In view of the current numbers and at this early stage of the financial year it is currently forecast that the provision of £1,736k will be required in full.
59. Given the continuing high levels of households in high cost B&B, and challenges in procuring affordable private rental sector accommodation, this risk will be closely monitored throughout the year. The current numbers and forecasting are indicating that in addition to the full release of the contingency, a drawdown from earmarked reserves will be required to manage the position.
60. A contingency of £3,522k has been set aside to fund estimated increases in waste tonnages via the levy. West London Waste Authority (WLWA) has indicated a one-off disbursement of excess reserves during 2017/18 in the sum of £300k to each of the six boroughs within the WLWA agreement, subsequent to finalisation of their 2016/17 year end position.

Infrastructure, Waste and ICT (£78k underspend)

61. At month 2 there is a forecast £78k underspend across the service, primarily as a result of revised staffing forecasts across a number of teams within the service area.
62. The overall forecast encompasses a number of management actions, mainly within ICT and Waste services, which will be closely monitored during the financial year.
63. The ICT service is currently implementing a BID review with an associated savings target. The recruitment phase of the new structure is almost complete and the new ways of working went live in June. Whilst the initial service assessments of contract & licensing spend commitments are significantly above budget, the work required to take out demand/rationalise systems and identify the non-salary savings is progressing. As part of this exercise the service is currently reviewing all contract and licensing spend alongside retendering of a number of contracts and specific system reviews, which should give scope to mitigate pressures as improvements are implemented.
64. Existing waste services pressures including those relating to agency and overtime costs and on refuse & recycling bags are being addressed as part of the recent Waste services review. As indicated above WLWA will pay each borough a one-off sum of £300k following a review of their reserves position, in addition to any tonnage-based rebate due at year end.

65. The reported breakeven position for fleet management reflects that the ongoing pressures from the last financial year are expected to be addressed via the recently completed external review of the service. The main drivers of the pressure are vehicle maintenance contracts, vehicle damage and vehicle contract hire.
66. Forecasts for the remaining services in Infrastructure (Estates, Building Services, Planned works, Property) are currently forecast to breakeven.

Housing, Environment, Education, Health & Wellbeing (£6k underspend)

67. At Month 2 the service is reporting an overall underspend of £6k. This variance is comprised of a number of variances within service areas.
68. There is an overspend of £38k on resources being deployed to cover the ongoing work for home adaptions which relates to interim staffing arrangements.
69. The Homelessness service is reporting a net overspend of £35k, with the main pressure accounted for by the loss Housing subsidy benefit, netted down by slippage in recruitment costs and capitalisation of interim resources. Within tenancy management there is a forecast pressure of £48k relating to a shortfall of telecare recharge income, in line with last year's outturn.
70. There are reported underspends in Community Safety of £104k relating to vacant posts and delays to recruitment. The remaining underspends of £23k relate to a number of minor variances with Greenspaces.

Planning, Transportation & Regeneration (£251k overspend)

71. At month 2 there is a projected overspend of £251k across the service area, with the main pressure relating to income in Imported Food sampling continuing the trend from previous years.
72. The overall income pressure on Imported Food Sampling is £584k, with the net pressure of £352k once consideration of reduced staffing and non-staffing expenditure expected to materialise following completion of the service review.
73. This pressure is netted down by forecast staffing underspends in remaining regulatory services (£38k), trading standards (£13k) and transport (£27k). The remaining net underspend is primarily attributable to staffing variances in Planning policy and planning and development.

Performance & Improvement (£19k overspend)

74. There is a forecast overspend in Corporate Communications of £16k at month 2, with £7k relating to higher printing costs following a move to better quality paper publications and a further £9k relating to staffing related overspends for the Communications unit.
75. Remaining adverse variance relates to non-staffing variances of £3k in Performance & Intelligence.

Administrative, Technical & Business Services (£272k underspend)

76. The service is reporting a £272k overspend at month 2.
77. Parking services continue to forecast pressures relating to income shortfalls at Uxbridge car parks with the latest forecast at £376k, plus further non-staffing pressures of £26k relating to

repairs and maintenance costs. These are netted down by wider parking income streams including the PRA.

78. These pressures are offset by staffing underspends across the service of £334k, primarily owing to vacant posts / delays to recruitment to Administrative roles (£290k), Customer Contact Centre (£64k) and Licensing (£32k) which are partly offset by a pressure on directorate costs (£52k).

SOCIAL CARE (£510k overspend)

79. Social Care is projecting an overspend of £510k as at Month 2, which includes remaining pressures on cost of Children's Allowances and external legal counsel where initiatives are in place to continue to tackle recurrent pressures and a pressure arising from reduced recharge income from the Schools Budget in light of difficulties in recruiting to Educational Psychologist posts. Across the group, a range of management actions are in place to contain potential pressures linked to the high cost of utilising agency staff in hard to fill posts and avoid a headline pressure on workforce budgets across the group.

Table 13: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2 Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 2) £'000
13,299	68	Children's Services	Salaries	13,367	13,529	162
12,635	4			12,639	12,989	350
(7,804)	(24)			(7,828)	(7,816)	12
18,130	48		Sub-Total	18,178	18,703	525
7,784	435		Salaries	8,219	8,002	(217)
6,257	12			6,269	6,268	(1)
(2,370)	38			(2,332)	(1,945)	387
11,671	485		Sub-Total	12,156	12,325	169
4,597	(14)		Salaries	4,583	4,619	36
34,209	1,411			35,620	35,626	6
(11,146)	152			(10,994)	(11,026)	(32)
27,660	1,549		Sub-Total	29,209	29,220	11
11,537	(143)	Older People & Physical Disabilities Service	Salaries	11,394	11,113	(281)
5,874	146			6,020	6,071	51
(590)	0			(590)	(575)	15
16,821	3		Sub-Total	16,824	16,609	(215)
4,341	(491)		Salaries	3,850	3,848	(2)
29,435	609			30,044	30,062	18
(5,264)	145			(5,119)	(5,123)	(4)
28,512	263		Sub-Total	28,775	28,788	13
320	46		Salaries	366	388	22
(670)	572			(98)	(98)	(0)
(376)	0			(376)	(390)	(14)
(726)	618		Sub-Total	(108)	(100)	8
41,878	(99)	Social Care Total	Salaries	41,779	41,499	(280)
87,740	2,754			90,494	90,918	424
(27,550)	311			(27,239)	(26,873)	366
102,068	2,966		Total	105,034	105,544	510

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£385k overspend)

80. The Council's 2017/18 Development and Risk Contingency includes provisions for areas of expenditure within Social Care for which there is a greater degree of uncertainty. In part, this is caused by in year demographic changes, including Asylum seekers and SEN Transport. Table 14 sets out the forecast spend against the Development and Risk Contingency, which is projecting an overspend of £385k.

Table 14: Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
1,648	0	Asylum Service	1,648	1,422	(226)
5,298	0	Demographic Growth - Looked After Children	5,298	5,862	564
277	0	Social Worker Agency Contingency	277	277	0
184	0	SEN transport - Contingency	184	184	0
2,910	0	Demographic Growth - Transitional Children	2,910	2,910	0
785	0	Demographic Growth - Adults	785	832	47
197	0	Winterbourne View	197	197	0
759	0	Deprivation of Liberty Safeguards	759	759	0
12,058	0	Current Commitments	12,058	12,443	385

Asylum Service (£226k underspend)

81. This service is projecting a drawdown of £1,422k from the contingency, an underspend of £226k, reflecting the impact of the work undertaken during 2016/17 to review the allowances that were being paid to all Unaccompanied Asylum Seeking Children (UASC). The drawdown of £1,422k from the contingency is required to cover the reduction in grant income as there are a high proportion of UASC who will turn 18 this year, where the grant funding is less than that provided for under 18's. Additionally, with the introduction of the National Transfer Agreement in 2016, the number of under 18 UASC is not anticipated to increase.

Demographic Growth - Looked After Children (£564k overspend)

82. The service is projecting a drawdown of £5,862k from the Contingency, £564k above the budget. The main reason for this relates to the cost of placements for Children with Disabilities, which the service is reviewing following the recent restructure of the Social Care service.
83. There have been a number of significant improvements made across the placements budget. In particular, a significant improvement has been achieved on the number of children placed in Residential placements, where the numbers have dropped, from a high of 36 at the beginning of 2016/17 to 21 as at the end of May 2017, following the introduction of a robust approval and monitoring system that was put in place at the beginning of the 2016/17 financial year by the new Deputy Director of Children's Services. Based on an annualised cost, this translates into a cost reduction and avoidance of £1,624k, reducing from £5,563k to £3,939k.

Social Worker Agency (Children's) (Nil variance)

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

Demographic Growth - SEN Transport (Nil variance)

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

Demographic Growth - Transitional Children (Nil variance)

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

Demographic Growth - Adults Placements (£47k overspend)

87. The service is projecting to draw down £832k from the Adults Placements contingency, an overspend of £47k, due to increased demand within the Learning Disability (LD) Service. Within LD there are a number of placements being made at a high cost due to increasing complexity. In addition placements have been made for clients who have previously been living at home and elderly carers who are no longer able to support their relatives. The demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review.

Winterbourne View (Nil variance)

88. The service is projecting the full draw down of £197k from the Winterbourne View contingency. However, although the current assumption is that these clients will be funded by dowry payments, recent discussions at the Transforming Care Partnership (TCP) meetings are indicating that there may not be sufficient funding to cover this from NHS England. This could result in a significant financial risk as the Winterbourne contingency for 2017/18 has been reduced based on the receipt of dowry funding, and will be kept under close review.

Deprivation of Liberty Safeguards (DoLS) (Nil variance)

89. The service is projecting the full draw down of £759k from the DoLS contingency. The number of DoLS referrals received to the end of May 2017 was 249, an average of 27.7 per week.

DIRECTORATE OPERATING BUDGETS

Children's Services (£525k overspend)

90. The service is reporting an overspend of £525k as at Month 2, which relates to an overspend of £162k on staffing costs due to the continued use of agency Social Workers to cover a number of hard to fill vacant posts across the service (although it should be noted that the Senior Management Team has now been permanently recruited to) and a forecast overspend of £350k on non staffing costs, due to the additional cost of legal advice provided by external Counsel and the cost of Allowances provided to Looked After Children.

Early Intervention, Prevention & SEND (£169k overspend)

91. The service is reporting an overspend of £169k as at Month 2. This is due to a projected shortfall of £386k in income from the Dedicated Schools Grant for the Educational Psychological Service. The service is finding it very difficult to recruit Educational

Psychologists and is currently unable to provide a non-statutory function for schools. Whilst this is netted down by a significant underspend of £326k on their staffing costs, there is also an overspend of £109k across the service due to most services now being fully staffed or working towards recruiting to all posts.

Older People and Physical Disabilities (£11k overspend)

92. The service is reporting a marginal overspend of £11k as at Month 2, which is due to a pressure on staffing of £36k from anticipated non delivery of Managed Vacancy Factor and a small pressure of £6k on the non staffing budget.
93. It should be noted that there are inflationary increases still being negotiated with providers and it is currently expected that the inflation provision included in the budget for this year will cover these increases.

Adult Social Care - Provider and Commissioned Care (£215k underspend)

94. The service is reporting an underspend of £215k as at Month 2, where the staffing budget is forecast to underspend by £281k, due to recruitment difficulties within the Reablement Team and further opportunities taken to capitalise staffing costs relating to the Transport Service major review. This is netted down by an overspend of £51k on non-staffing budgets, due to pressures within the transport budget, which includes the anticipated savings that will be delivered from the Management Action Plan which is now in place. There is also a small pressure of £15k on the income budget.

Learning Disability and Mental Health (£13k overspend)

95. The service is forecasting an overspend of £13k as at Month 2, due to marginal variances against Salaries, Non Staffing and Income.

Directorate & Support (£8k overspend)

96. The Directorate budget is forecasting a marginal pressure of £8k as at Month 2, which relates to the Managed Vacancy Factor.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£201k underspend)

97. The Dedicated Schools Grant (DSG) is projecting an in-year underspend of £201k, however, when the £1,136k deficit brought forward from 2016/17 is taken into account the deficit to carry forward to 2018/19 is £935k.

Table 15: DSG Income and Expenditure 2017/18

Original Budget	Budget Changes	Funding Block	Month 2		Variance (As at Month 2)
			Revised Budget £'000	Forecast Outturn £'000	
£'000	£'000				
(148,436)	0	Dedicated Schools Grant Income	(148,436)	(148,436)	0
112,811	0	Delegated to Schools	112,811	112,851	40
3,971	0	Early Years	3,971	3,908	(63)
3,889	0	Centrally Retained	3,889	4,092	203
27,265	0	High Needs	27,265	27,384	119
(500)	0	Total Funding Blocks	(500)	(201)	299
500	0	Retained Balance	500	0	(500)
(0)	0	Total Schools Budget	(0)	(201)	(201)
0	0	Balance Brought Forward 1 April 2017	1,136	1,136	
0	0	Balance Carried Forward 31 March 2018	1,136	935	

Dedicated Schools Grant Income (nil variance)

98. The DSG income includes an estimated increase in income due to anticipated adjustments relating to the actual numbers of 2, 3 and 4 year olds which accessed the free entitlement in 2016/17.

Delegated to Schools (£40k overspend)

99. The projected overspend is due to additional planned place funding that will be required for special schools that are currently above their planned place number.

Early Years (£63k underspend)

100. £46k of the underspend relates to the Early Years Psychology team where uncertainty remains regarding the delivery model. The current projection is based on the amount of educational psychology time that was allocated to Early Years in 2016/17.
101. There is a £8k underspend relating to the Early Years Advisory teacher where there is currently a vacancy that is yet to be recruited to. The expectation is that the recruitment process will conclude in the coming weeks.
102. There is also a projected underspend on the Early Years Centres which are forecasting less expenditure on equipment than currently budgeted.

Centrally Retained (£203k overspend)

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

High Needs (£119k overspend)

104. There is a continuing budget pressure linked to the transfer of pupils in special schools from statements to Education & Health Care plans (EHCPs). As pupils are transferred to an EHCP they move onto the new banded funding model often resulting in a higher resource requirement.
105. There is also an increase in the number and cost of pupils with special educational needs being placed in out of borough mainstream and special schools.
106. There is also a projected overspend relating to the cost of young people being temporarily educated in independent hospital settings. The Local Authority has very little control over these placements and they often occur with short notice following an emergency intervention.
107. The above budget pressures are off-set by a projected underspend in the DSG contribution to the non-statutory work of the Educational Psychology team. Currently recruiting and retaining Educational Psychologists is proving very difficult (there is a national shortage of qualified Educational Psychologists) making it a significant challenge to deliver anything other than statutory work.

School Academy Conversions

108. The Academies Act 2010, allows schools to convert to academy status and by doing so will receive funding directly from the Education Funding Agency (EFA). Schools can convert at any point in the year, once they have converted, a number of adjustments are required to realign the DSG income budget and the amount delegated to maintained schools.
109. It is anticipated that two schools will convert in 2017/18. It is also understood that there are a number of other schools which are currently considering whether or not to convert in the coming year.

Maintained School Balances & Budgets

110. A review of balances at the end of the 2016/17 financial year identified three schools which ended the year in deficit. Any schools that fall into deficit are subject to more focused monthly monitoring by LA officers to ensure that everything possible is being done to address the situation.

COLLECTION FUND (£2,618k surplus)

111. The collection of local taxes is managed through the Council's Collection Fund in order to avoid short-term volatility in income impacting on provision of services. Sums quoted relate to the Council's own share of income and disregard monies collected on behalf of the Greater London Authority and Central Government. The projected surplus will be available to support the Council's General Fund budget in 2018/19. A headline surplus of £2,618k is projected on the Council's share of Collection Fund activity for 2017/18, with a £2,421k surplus on Council Tax and £197k surplus on the retained share of Business Rates at Month 2.

Table 17: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
(119,465)	0	Council Tax	Gross Income	(119,465)	(119,893)
11,266	0		Council Tax Support	11,266	11,277
(500)	0		B/fwd Surplus	(500)	(2,504)
(108,699)	0		Sub-Total	(108,699)	(111,120)
(105,520)	0	Business Rates	Gross Income	(105,520)	(106,585)
(2,350)	772		Section 31 Grants	(1,578)	(1,649)
51,412	0		Less: Tariff	51,412	51,412
6,217	(772)		Less: Levy	5,445	5,976
(2,000)	0		B/fwd Deficit	(2,000)	(1,592)
(52,241)	0		Sub-Total	(52,241)	(52,438)
(160,940)	0		Total Collection Fund	(160,940)	(163,558)
					(2,618)

112. A surplus of £428k is reported on in-year Council Tax collection, with marginally lower than projected growth since setting the taxbase in January 2017 being off-set by continued strong collection performance and associated reductions in planned provision for doubtful debt. A minor £11k pressure is reported on the Council Tax Support Scheme, although overall claimant numbers and values remain broadly consistent with budget assumptions. The £2,004k brought forward surplus on Council Tax relates primarily to the release of historic provisions following the adoption of an improved methodology in accounting for doubtful debts, which brings the total projected surplus available for release in 2018/19 to £2,421k.

113. A favourable position is reported on Business Rates income at Month 2, with a surplus of £1,065k on gross income arising from a decline in numbers of empty properties from 2016/17 and strong collection performance in line with that experienced on Council Tax and further £71k arising from a more favourable outlook on Section 31 Grant income to compensate the Council for Government funded discounts. Under the current Business Rates Retention system, the Council is required to make increased levy payments against this surplus, reducing the net benefit to £568k for 2017/18. This position is predicated upon a number of larger office developments within the Borough being occupied during the financial year and will remain under review over the coming months.

114. The in-year surplus on Business Rates acitivity is sufficient to off-set the brought forward £408k deficit from an increase in Empty Property Relief awarded during 2016/17, delivering an overall £197k surplus on Business Rates that will be available for release in 2018/19.

Appendix C – HOUSING REVENUE ACCOUNT

115. The Housing Revenue Account (HRA) is currently forecasting an in-year overall deficit of £11,658k, which is £6k more favourable than the budgeted position. Therefore the 2017/18 closing HRA General Balance is forecasted to be £34,168k, this is above the £12,000k minimum level of HRA balances threshold, with sums over and above the minimum level earmarked for investment in new or existing stock. The table below presents key variances by service area:

Table 18: Housing Revenue Account

Original Budget	Budget Changes	Function	Month 2		
£'000	£'000		Revised Budget	Forecast Outturn	Variance (As at Month 2)
(55,064)	0	Rent Income	(55,064)	(55,064)	0
(5,494)	0	Other Income	(5,494)	(5,494)	0
(60,558)	0	Net Income	(60,558)	(60,558)	0
12,214		Housing Management	12,214	12,408	195
4,973		Tenant Services	4,973	4,747	(226)
5,033		Repairs	5,033	4,955	(78)
4,906	0	Planned Maintenance	4,906	4,906	0
28,237	0	Contribution to Works to Stock	28,237	28,237	0
15,121	0	Interest & Investment Income	15,121	15,224	103
1,738	0	Development & Risk Contingency	1,738	1,738	0
72,222	0	Operating Costs	72,222	72,216	(6)
11,664	0	(Surplus) / Deficit	11,664	11,658	(6)
(45,826)		General Balance 1 April 2016	(45,826)	(45,826)	0
(34,162)	0	General Balance 31 March 2017	(34,162)	(34,168)	(6)

Income

116. At this early stage in the financial year, rental and other income is forecast to be break even.

117. The number of RTB applications received in the first two months of 2017/18 was 27 compared to 57 in the first two months of 2016/17. There have been 5 RTB completions in the first two months of 2017/18 compared to 21 in the first two months of 2016/17. The MTFF assumed 115 RTB sales in 2016/17 and 2017/18, whilst the actual RTB sales in 2016/17 was 99. The Month 2 forecast assumes RTB sales of 85, this reflects officers' expectation of a reduction in the numbers of completed RTB sales, due to the ongoing increase in house prices and affordability issues for tenants.

Expenditure

118. The Housing management service is forecast to overspend by £195k, due to £150k estimated redundancy costs for the planned works team, £85k due to the reduction in RTB sales administration income and an underspend of £40k on running costs.

119. The overall forecast for Tenant Services is an underspend of £226k, including a £121k salary underspend on sheltered housing due to vacancies, £73k underspend on caretaking due to agency staff costing less than budgeted salaries, £41k underspend on Careline staff due to vacancies, which is netted down by other salary overspends of £9k.

120. The overall repairs budget is forecast to underspend by £78k, of which £52k is due to vacancies and £26k relates to S106 contribution towards the funding of apprentices in 2017/18. Planned maintenance and the expected contribution towards capital investment are expected to breakeven.
121. The Interest and Investment Income is forecast to be overspent by £103k, due to interest earned on HRA balances being lower than budget.
122. The Development and Risk contingency is forecast to break even at this early stage in the financial year. In addition to the £1,738k budget there is a provision of £729k carried forward from 2016/17 to 2017/18 for the Triscott House dispute, which is awaiting final settlement.

HRA Capital

123. The forecast HRA capital programme is set out in the table below and the revised budget includes the June Cabinet approved recommendation to re-phase £13,560k of HRA capital budgets from 2016/17 into future years and the £3,429k re-phasing of 2017/18 budget into subsequent years.
124. These are Month 2 projections and do not at this stage include any financial implications relating to decisions being taken as a result of the Grenfell Tower fire. The necessary changes to the HRA Capital Programme will be reflected in future months.

Table 19: HRA Capital Expenditure

Programme	2017/18 Original Budget	2017/18 Revised Budget	Forecast	Cost Variance Forecast V Revised Budget	Project Re- Phasing	Total Project Budget 2017- 2022	Total Project Forecast 2017-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects							
New General Needs Housing Stock	21,418	22,645	19,730	0	(2,915)	32,618	32,618
New Build - Appropriation of Land	8,635	8,635	8,635	0	0	8,635	8,635
New Build - Shared Ownership	1,720	1,720	1,206	0	(514)	7,948	7,948
New Build - Supported Housing Provision	21,434	26,293	25,303	0	(990)	37,506	37,506
ICT	0	0	0	0	0	162	162
HRA General Capital Contingency	9,500	9,500	9,500	0	0	9,500	9,500
Total Major Projects	62,707	68,793	64,374	0	(4,419)	96,369	96,369
Works to Stock							
Works to stock programme	7,626	10,929	10,929	0	0	48,996	48,996
Major Adaptations to Property	1,092	1,834	1,834	0	0	6,720	6,720
Total Works to Stock	8,718	12,763	12,763	0	0	55,716	55,716
Total HRA Capital	71,425	81,556	77,137	0	(4,419)	152,085	152,085

Major Projects

125. The 2017/18 Major Projects programme budget is £68,793k and the forecast spend is £64,374, with a forecast re-phasing of £4,419k.

New General Needs Housing Stock

126. The 2017/18 General Needs Housing Stock budget is expected to be largely utilised. Of the £22,645k budget, £4,029k has been earmarked towards the purchase and repair of buy back properties. To date 2 buybacks have been approved.
127. There is a forecast re-phasing of £2,915k which is resulting from a combination of the Acol redevelopment scheme currently being on hold pending further review and the Belmore redevelopment not commencing construction until quarter 4 of this financial year.
128. Contractors have been appointed for all 3 elements of the Housing programme. The buildings works with respect to the extensions and conversions are scheduled to be completed in quarter 2 whilst the 3 new builds are expected to complete by the end of the financial year.
129. Although approval has been obtained for the delivery of 19 units of General Needs Housing stock at Acol Crescent, some slippage is possible whilst the wider scheme is under review.
130. Lead Consultants and architects have been appointed to prepare full design proposals to stage 3+ for a number of schemes. These include the former Belmore allotments, Maple and Poplar Day Centre and Willow Tree redevelopments.
131. Contractors have now been appointed to undertake the adaptation works to some of the units at Marlborough Crescent. A number of flats have already been occupied following the transfer of families that were residing in temporary accommodation.

New Build - Appropriation of Land

132. £8,635k has been included for New Build appropriation of land for 2 sites at the former Belmore allotments and Maple / Poplar day centre.

New Build - Shared Ownership

133. New Build Shared Ownership - the £1,720k set aside for the shared ownership budget is with respect to the developments currently being undertaken at the former Belmore Allotments and Maple / Poplar day centre. The schemes include the construction of 60 shared ownership units and the budget is to cover the costs of this element of the overall developments. The forecast spend is £1,206k, with forecast re-phasing of £514k.

New Build - Supported Housing

134. The Supported Housing Programme comprises the build of 174 mixed client group units across four different sites. The developments of the housing units at both Acol Crescent and Yiewsley are currently under review resulting in a projected re-phasing of £3,092k into 2018/19. However this has been partly offset by the progress at Parkview based on revised cash flow projections, which gives an overall re-phasing sum of £990k.
135. Grassy Meadow and Parkview - The contractor is now undertaking design work, engaging their consultants and subcontractors, discharging planning conditions, liaising with statutory authorities and work on site is on-going.

HRA General Contingency

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

Works to Stock

137. A nil variance is reported against the revised Works to Stock 2017/18 programme budget approved by Cabinet in June 2017. The programme includes the delivery of safety works to sheltered housing schemes following fire risk assessments undertaken as part of the ongoing programme across all Council housing stock.

138. Major Adaptations - the revised budget of £1,834k is forecast to be fully spent.

HRA Capital Receipts

139. There have been 5 Right to Buy sales of council dwellings as at the end of May 2017 for a total sales value of £1m and a total of a further 80 sales are forecast to bring the yearly total to 85, with forecast total receipts of £13.5m in 2017/18.

140. The application of retained Right to Buy receipts are limited by the retention agreement to a maximum 30% of the cost of replacement housing, with the ability to apply a greater percentage towards the purchase and repair of existing units. In the event that expenditure does not meet these criteria, funds would be payable to the DCLG.

141. During 2017/18, the £11,733k receipts generated in 2014/15 could potentially become repayable unless the follow expenditure profile is achieved: Q1 £10,527k, Q2 £10,663k, Q3 £10,180k and Q4 £7,740k. Cumulative expenditure on 1 for 1 replacement from previous quarters above the minimum requirement can be carried-forward and has facilitated meeting the cumulative spend requirement for June 2017, which is Q1 in 2017/18.

Appendix D - GENERAL FUND CAPITAL PROGRAMME

142. As at Month 2 an under spend of £10,779k is reported on the £78,157k General Fund Capital Programme for 2017/18 due largely to slippage on project expenditure. The forecast outturn variance over the life of the 2017/18 to 2021/22 programme is an under spend of £12k.
143. General Fund Capital Receipts of £22,591k are forecast for 2017/18, with a shortfall of £3,153k in total forecast receipts to 2021/22.
144. Overall, Prudential Borrowing required to support the 2017/18 to 2021/22 capital programmes is forecast to be within budget by £8,625k. This is as a result of cost under spend of £12k and increases in grants and contributions of £11,766k due mainly to the confirmed Basic Needs grant allocation for 2019/20 being substantially higher than original budget estimates. However, this is partly offset by a forecast shortfall of £3,153k in capital receipts.

Capital Programme Overview

145. Table 23 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2017.

Table 23: General Fund Capital Programme Summary

	Revised Budget 2017/18	Forecast 2017/18	Cost Variance Forecast vs Budget	Project Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	22,747	13,238	-	(9,509)	90,783	90,783	-
Self Financing Developments	300	300	-	-	27,619	27,619	-
Main Programme	26,411	26,399	(12)	-	86,103	86,091	(12)
Programme of Works	27,199	25,941	-	(1,258)	81,569	81,569	-
Total Main Programme	76,657	65,878	(12)	(10,767)	286,074	286,062	(12)
General Contingency	1,500	1,500	-	-	7,500	7,500	-
Total Capital Programme	78,157	67,378	(12)	(10,767)	293,574	293,562	(12)

146. The revised budget has increased by £11,622k from the original budget approved by Council in February 2017, due mainly to re-phasing of unspent expenditure budgets from 2016/17 to continue various schemes and programmes, detailed in the Budget Outturn Report approved by Cabinet in June. There is also a technical adjustment from revenue to capital of £1,151k to fully recognise the Transport for London programme within the capital programme for budgeting purposes.
147. The Schools Programme reports a re-phasing under spend in 2017/18 of £9,509k which is mainly due to elements of the primary and secondary schools expansions programmes that are currently on hold. Construction works at two of the Primary Schools Phase 4 expansions sites are due to commence shortly.

148. The five year programme contains two major self financing developments which are in early stages. In May Cabinet approved draft proposals for the development of Yiewsley sites for a mixture of residential and leisure development. A large mixed tenure residential development is also planned at the former Belmore Allotments site with 30 units to be provided for private sale through the General Fund.
149. The main programme forecasts a small cost under spend of £12k on the capital costs of implementing the new Revenue & Benefits service contract. At this early stage of the financial year it is forecast that the other projects will be fully delivered within budget.
150. Programmes of Works are forecast to under spend by £1,258k in 2017/18. This is due to an element of slippage across financial years of the 2017/18 Transport for London Local Implementation Plan. At this stage of the financial year other programmes of works budgets are forecast to be fully spent in year.
151. There is an unallocated general contingency budget of £1,500k in 2017/18 with a further £6,000k contingency funding over the period 2018-22 which are forecast to be fully utilised as and when risk issues emerge.

Capital Financing - General Fund

152. Table 24 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £8,625k reported on Prudential Borrowing, due mainly to an increase in grant funding over original budget estimates.

Table 24: General Fund Capital Programme Financing Summary

	Revised Budget 2017/18 £'000	Forecast 2017/18 £'000	Variance £'000	Total Financing Budget 2017-2022 £'000	Total Financing Forecast 2017-2022 £'000	Total Variance £'000
Council Resource Requirement	59,046	48,823	(10,223)	213,069	201,291	(11,778)
Financed by						
Capital Receipts	23,927	22,591	(1,336)	83,393	80,240	(3,153)
CIL	5,151	4,000	(1,151)	26,901	26,901	-
Prudential Borrowing	29,968	22,782	(7,186)	102,775	94,150	(8,625)
Total Council Resources	59,046	49,373	(9,673)	213,069	201,291	(11,778)
Grants & Contributions	19,111	18,005	(1,106)	80,505	92,271	11,766
Total Programme	78,157	67,378	(10,779)	293,574	293,562	(12)

153. A capital receipt of £753k has recently been received for a lease extension which will be utilised towards meeting the £2,500k transformation financing target for 2017/18. The capital receipts forecast reports an under recovery of £3,153k which is due to a reduction in General Fund share of Right to Buy receipts. Forecast Right to Buy sales from 2017-2020 have been reduced by 95 from original budget estimates. The five year forecast includes £12,765k in future receipts that are yet to be identified and this remains a risk in terms of delivery. The future years' capital receipts budget also includes £28,948k from sales of residential units to be built within the Yiewsley and Belmore Allotments developments.

154. As at the end of May a total of £96k CIL receipts (after administration fees) have been invoiced or received by the Council this financial year. The current year income budget is forecast to be under recovered by £1,151k as there is some risk around the timing of receipts for existing and future planning applications, although this is currently expected to be recovered in future years. Budgeted eligible activity exceeds the CIL forecast, with spend on Highways investment, community assets through the Chrysalis Programme and other major community infrastructure such as schools meeting the criteria for application of CIL monies.
155. Grants and contributions are £11,766k higher than the revised budget due mainly to the confirmed Basic Needs award for 2019/20 being £11,615k higher than the original budget estimate set before the announcement, although there remain £8,850k in assumed Basic Needs grant for the period 2020-22 that are not yet confirmed. There is also £151k in recently allocated Section 106 monies to existing schemes.
156. A favourable variance of £8,625k is reported on prudential borrowing due to the increase in available Basic Needs grant and Section 106 contributions, partly offset by the shortfall in capital receipts.

ANNEX A - Schools Programme

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Proposed Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'n's
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Education and Children Services										
136,966	Primary Schools Expansions	1,066	200	0	(866)	1,565	1,565	0	1,565	0	0
786	New Primary Schools Expansions	12,599	7,798	0	(4,801)	26,614	26,614	0	11,673	14,941	0
482	Secondary Schools Expansions	6,073	2,231	0	(3,842)	55,418	55,418	0	35,621	19,798	0
42,721	Secondary Schools New Build	2,997	2,997	0	0	3,574	3,574	0	2,213	1,361	0
187	Hearing Impaired Resource Base (Vyners)	12	12	0	0	12	12	0	12	0	0
0	Additional Temporary Classrooms	0	0	0	0	2,400	2,400	0	2,400	0	0
0	Schools SRP	0	0	0	0	1,200	1,200	0	400	800	0
181,142	Total Schools Programme	22,747	13,238	0	(9,509)	90,783	90,783	0	53,884	36,900	0

ANNEX B - Self Financing Developments

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

ANNEX C - Main Programme

Prior Year Cost	Project	2017/18 Revised Budget £'000	2017/18 Forecast £'000	2017/18 Cost Variance £'000	Proposed Re-phasing £'000	Total Project Budget 2017-22 £'000	Total Project Forecast 2017-22 £'000	Total Project Variance 2017-22 £'000	Project Forecast Financed by:		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community, Commerce and Regeneration											
1,702	CCTV Enforcement (SKC's)	40	40	0	0	40	40	0	40	0	0
561	Gateway Hillingdon	2,377	2,377	0	0	2,590	2,590	0	2,590	0	0
4,897	Hayes Town Centre Improvements	1,785	1,785	0	0	4,387	4,387	0	342	2,519	1,526
136	Inspiring Shopfronts	397	397	0	0	471	471	0	471	0	0
15	Uxbridge Cemetery Gatehouse Chapel	672	672	0	0	985	985	0	985	0	0
100	Uxbridge Change of Heart	946	946	0	0	1,896	1,896	0	1,071	738	87
Central Services, Culture and Heritage											
38	Bowls Club Refurbishments	658	658	0	0	658	658	0	658	0	0
214	Haste Hill Golf Club	66	66	0	0	66	66	0	66	0	0
32,203	Hillingdon Sports & Leisure Centre	856	856	0	0	856	856	0	856	0	0
0	Ruislip Lido Railway Society Workshop	360	360	0	0	360	360	0	360	0	0
0	Mobile Library	117	117	0	0	117	117	0	117	0	0
Finance, Property and Business Services											
2,282	Battle of Britain Bunker Projects	3,405	3,405	0	0	3,705	3,705	0	3,705	0	0
29	Battle of Britain Underground Bunker	571	571	0	0	1,024	1,024	0	1,024	0	0
0	Bessingby FC and Boxing Clubhouse	1,300	1,300	0	0	1,370	1,370	0	1,370	0	0
0	Uniter Building Refurbishment	400	400	0	0	400	400	0	400	0	0
0	New Museum	1,280	1,280	0	0	5,632	5,632	0	4,882	0	750
0	New Theatre	1,000	1,000	0	0	44,000	44,000	0	42,950	0	1,050
0	Youth Provision	1,000	1,000	0	0	3,000	3,000	0	3,000	0	0
Planning, Transportation and Recycling											
57	Ruislip Lido Car Park Improvements	155	155	0	0	155	155	0	155	0	0
2,279	Cedars & Grainges Car Park	391	391	0	0	391	391	0	391	0	0
1,343	Harlington Road Depot Improvements	314	314	0	0	314	314	0	314	0	0
0	Purchase of Vehicles	1,390	1,390	0	0	3,390	3,390	0	3,390	0	0
0	RAGC Car Park	250	250	0	0	250	250	0	250	0	0
287	Street Lighting - Invest to Save	4,313	4,313	0	0	5,213	5,213	0	5,213	0	0
Social Services, Housing, Health and Wellbeing											
0	1 & 2 Merrimans Housing Project	620	620	0	0	620	620	0	620	0	0
47	Grassy Meadow Dementia Centre	0	0	0	0	2,465	2,465	0	2,465	0	0
Cross Cabinet Member Portfolios											
233	Environmental/ Recreational Initiatives	1,194	1,194	0	0	1,194	1,194	0	1,139	0	55
9,234	Projects Completing in 2017/18	554	542	(12)	0	554	542	(12)	542	0	0
55,657	Total Main Programme	26,411	26,399	(12)	0	86,103	86,091	(12)	79,366	3,257	3,468

ANNEX D - Programme of Works

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Forecast Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'n's
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
N/A	Leaders Initiative	436	436	0	0	1,236	1,236	0	1,236	0	0
	Community, Commerce and Regeneration										
N/A	Chrysalis Programme	1,512	1,512	0	0	5,512	5,512	0	5,512	0	0
N/A	Playground Replacement Programme	250	250	0	0	1,000	1,000	0	1,000	0	0
	Education and Children Services										
N/A	Formula Devolved Capital to Schools	758	758	0	0	1,931	1,931	0	0	1,931	0
N/A	School Condition Building Programme	3,269	3,269	0	0	6,269	6,269	0	1,908	3,426	935
	Finance, Property and Business Services										
N/A	Civic Centre Works Programme	1,610	1,610	0	0	3,610	3,610	0	3,514	0	96
N/A	ICT Single Development Plan	1,221	1,221	0	0	5,077	5,077	0	5,077	0	0
N/A	Property Works Programme	738	738	0	0	2,658	2,658	0	2,658	0	0
	Planning, Transportation and Recycling										
N/A	Highways Structural Works	5,518	5,518	0	0	9,518	9,518	0	9,518	0	0
N/A	Road Safety	150	150	0	0	750	750	0	750	0	0
N/A	Transport for London	7,757	6,499	0	(1,258)	24,536	24,536	0	0	24,131	405
	Social Services, Housing, Health and Wellbeing										
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	0	11,500	0
N/A	Adaptations for Adopted Children	17	17	0	0	17	17	0	17	0	0
N/A	PSRG / LPRG	225	225	0	0	1,125	1,125	0	1,125	0	0
N/A	Equipment Capitalisation - Adult Social Care	985	985	0	0	4,925	4,925	0	0	4,925	0
	Cross Cabinet Member Portfolios										
N/A	Section 106 Projects	90	90	0	0	90	90	0	0	0	90
N/A	Equipment Capitalisation - General	363	363	0	0	1,815	1,815	0	1,815	0	0
	Total Programme of Works	27,199	25,941	0	(1,258)	81,569	81,569	0	34,130	45,913	1,526
N/A	General Contingency	1,500	1,500	0	0	7,500	7,500	0	7,500	0	0
	Total GF Capital Programme	78,157	67,378	(12)	(10,767)	293,574	293,562	(12)	201,291	86,070	6,202

Appendix E – Treasury Management Report as at 31 May 2017

Table 25: Outstanding Deposits - Average Rate of Return on Deposits: 0.48%

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	43.2	44.17	40.00
1-2 Months	10.0	10.23	5.00
2-3 Months	5.0	5.11	5.00
3-6 Months	24.4	24.95	30.00
6-9 Months	5.0	5.11	10.00
9-12 Months	5.0	5.11	5.00
12-18 Months	5.0	5.11	5.00
18-24 Months	0.0	0.00	0.00
Subtotal	97.6	99.79	100.00
Unpaid Maturities	0.2	0.21	0.00
Grand Total	97.8	100.00	100.00

- 157. With the exception of the unpaid Heritable investments, deposits are currently only held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA rated Money Market Funds, Pooled Funds, Blaenau Gwent CBC, Birmingham CC, Dudley Metropolitan Borough Council, Guildford Council, Lancashire CC, Northumberland CC, Stockport BC, Goldman Sachs International, Lloyds Bank and Santander UK plc.
- 158. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities needed to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risk. Currently at the end of May, 49% of the Council's total funds have exposure to bail-in risk compared to a March benchmark average of 60% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 15% once instant access facilities are removed from the bail-in total.
- 159. During the month, surplus cash was only placed in instant access accounts to ensure liquidity was maintained throughout May. Fixed-term deposits with the DMADF, Cornwall County Council and London Borough of Enfield all reached maturity during May and were used to cover payments as they fell due. Also when required withdrawals were made from instant access accounts.

Table 26: Outstanding Debt - Average Interest Rate on Debt: 3.37%

		Actual (£m)	Actual (%)
General Fund	PWLB	59.93	22.44
	Long-Term Market	15.00	5.62
HRA	PWLB	159.07	59.58
	Long-Term Market	33.00	12.36
	Total	267.00	100.00

- 160. There were no scheduled debt repayments or early debt repayment opportunities during May. Gilts were down slightly this month, however premiums remained too high to make repayment feasible. There were no breaches of the prudential indicators or non-compliance with the treasury management policy and practices.
- 161. In order to maintain liquidity for day-to-day business operations during June, cash balances will be placed in instant access accounts. Looking forward, opportunities to place longer term deposits will be monitored.

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

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

Table 27: Consultancy and agency assignments

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Finance						
Benefit Officer	03/08/2015	26/06/2017	01/10/2017	106	13	119
Benefit Officer	01/12/2014	26/06/2017	01/10/2017	135	16	151
Residents Services						
Major Applications Team Leader	29/06/2016	08/06/2017	28/09/2017	71	23	94
Highway Engineer	05/05/2013	15/06/2017	01/09/2017	56	21	77
Development Programme Manager	31/10/2016	15/06/2017	24/09/2017	91	24	115
Licensing Officer	03/05/2016	20/06/2017	29/09/2017	44	11	55
Planning Enforcement Officer	06/10/2014	20/06/2017	29/09/2017	46	16	62
Network Administrator	14/12/2015	20/06/2017	29/09/2017	55	11	66
Project Engineer	10/06/2013	20/06/2017	30/09/2017	264	13	277
Project Engineer	10/06/2013	20/06/2017	30/09/2017	214	9	223
Major Applications Planner	29/06/2016	20/06/2017	30/09/2017	48	8	56
Social Care						
Advanced Practitioner	19/12/2011	03/07/2017	06/08/2017	295	7	302
Advanced Practitioner	02/11/2016	03/07/2017	06/08/2017	44	7	51
Case Progression Manager	07/04/2014	03/07/2017	06/08/2017	292	11	303
Child Protection Chair	01/07/2015	03/07/2017	06/08/2017	104	8	112
Child Protection Chair	20/07/2015	03/07/2017	06/08/2017	148	8	156
Child Sexual Exploitation (CSE) Co-ordinator	03/11/2014	03/07/2017	06/08/2017	151	10	161
Early Years Practitioner	24/02/2014	03/07/2017	06/08/2017	56	1	57
Early Years Practitioner	06/10/2014	03/07/2017	06/08/2017	71	2	73
Early Years Practitioner	12/01/2015	03/07/2017	06/08/2017	65	2	67
Early Years Practitioner	23/02/2015	03/07/2017	06/08/2017	49	2	51
Early Years Practitioner	02/03/2015	03/07/2017	06/08/2017	65	2	67

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Early Years Practitioner	30/03/2015	03/07/2017	06/08/2017	75	2	77
Early Years Practitioner	01/05/2015	03/07/2017	06/08/2017	123	2	125
Educational Psychologist	15/11/2015	03/07/2017	06/08/2017	164	9	173
Educational Psychologist	01/03/2016	03/07/2017	06/08/2017	165	15	180
Independent Domestic Violence Advisor	12/01/2015	03/07/2017	06/08/2017	109	4	113
Local Children & Adult Safeguarding Board Training & Quality Assurance Officer	01/12/2015	03/07/2017	06/08/2017	109	7	116
LSAB Coordinator Social Worker	24/11/2015	03/07/2017	06/08/2017	57	4	61
Placement Officer	18/03/2016	03/07/2017	06/08/2017	65	6	71
Practice Improvement Practitioner	08/05/2014	03/07/2017	06/08/2017	142	8	150
Receptionist/Administrative Assistant	01/09/2014	03/07/2017	06/08/2017	64	2	66
Senior Educational Psychologist	15/08/2016	03/07/2017	06/08/2017	55	4	59
Senior Social Worker	30/04/2012	03/07/2017	06/08/2017	232	7	239
Senior Social Worker	05/10/2015	03/07/2017	06/08/2017	65	8	73
Social Worker	01/01/2013	03/07/2017	06/08/2017	255	8	263
Social Worker	01/01/2013	03/07/2017	06/08/2017	269	8	277
Social Worker	01/04/2013	03/07/2017	06/08/2017	57	7	64
Social Worker	01/04/2013	03/07/2017	06/08/2017	70	7	77
Social Worker	01/04/2013	03/07/2017	06/08/2017	266	8	274
Social Worker	19/06/2014	03/07/2017	06/08/2017	165	6	171
Social Worker	11/08/2014	03/07/2017	06/08/2017	227	7	234
Social Worker	05/09/2014	03/07/2017	06/08/2017	219	7	226
Social Worker	27/10/2014	03/07/2017	06/08/2017	157	7	164
Social Worker	13/04/2015	03/07/2017	06/08/2017	159	7	166
Social Worker	04/05/2015	03/07/2017	06/08/2017	119	6	125
Social Worker	04/05/2015	03/07/2017	06/08/2017	123	6	129
Social Worker	01/08/2015	03/07/2017	06/08/2017	96	7	103
Social Worker	28/03/2016	03/07/2017	06/08/2017	80	6	86
Social Worker	03/07/2016	03/07/2017	06/08/2017	62	7	69
Social Worker	04/07/2016	03/07/2017	06/08/2017	76	9	85
Social Worker	11/07/2016	03/07/2017	06/08/2017	63	6	69
Social Worker	21/08/2016	03/07/2017	06/08/2017	70	8	78
Social Worker	26/08/2016	03/07/2017	06/08/2017	57	7	64
Social Worker	01/09/2016	03/07/2017	06/08/2017	64	6	70

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker	26/09/2016	03/07/2017	06/08/2017	55	7	62
Social Worker	27/10/2016	03/07/2017	06/08/2017	51	7	58
Social Worker	07/11/2016	03/07/2017	06/08/2017	51	7	58
Social Worker	07/11/2016	03/07/2017	06/08/2017	53	9	62
Social Worker	13/11/2016	03/07/2017	06/08/2017	44	7	51
Social Worker	21/11/2016	03/07/2017	06/08/2017	47	7	54
Special Needs Officer	05/01/2015	03/07/2017	06/08/2017	89	9	98
Team Manager	03/04/2016	03/07/2017	06/08/2017	114	10	124
Team Manager - MASH	28/09/2014	03/07/2017	06/08/2017	256	11	267
AMPH Social Worker	18/08/2015	06/08/2017	31/07/2017	125	6	131
Approved Mental Health Worker	01/03/2014	06/08/2017	31/07/2017	176	8	184
Approved Mental Health Worker	01/06/2015	06/08/2017	31/07/2017	176	7	183
Approved Mental Health Worker	12/09/2015	06/08/2017	31/07/2017	131	7	138
Approved Mental Health Worker	29/05/2016	06/08/2017	31/07/2017	71	8	79
Lead Approved Mental Health Practitioner	01/06/2012	06/08/2017	31/07/2017	237	6	243
MASH Service Manager	13/01/2014	03/07/2017	06/08/2017	369	13	382
Occupational Therapist	07/10/2013	06/08/2017	30/09/2017	230	7	237
Occupational Therapist	01/04/2015	06/08/2017	31/08/2017	152	7	159
Occupational Therapist	03/12/2015	06/08/2017	30/09/2017	102	7	109
Occupational Therapist	06/06/2016	06/08/2017	30/09/2017	75	7	82
Residential Care Worker	01/04/2012	06/08/2017	31/08/2017	142	3	144
Senior Social Worker	29/05/2016	06/08/2017	03/07/2017	44	6	50
Team Manager	18/03/2016	06/08/2017	03/07/2017	63	8	71

Appendix G - LOCAL DISCRETIONARY RATE RELIEF SCHEME

Summary

163. The purpose of this appendix outline of a Local Discretionary Rate Relief Scheme to utilise grant funding announced by the Government in March 2017 following increases in Rateable Value for businesses following the 2017 Revaluation for approval by Cabinet. In addition, this report recommends the implementation of further reliefs for small businesses and pubs where the Government have specified the precise nature of reliefs to be awarded.

Background

164. From 1 April 2017 all commercial buildings and offices in the Borough have been given a new Rateable Value used to calculate the amount of business rates a business occupying that space has to pay. This process is known as the 'Revaluation' and is controlled by the Government.
165. In this year's budget, the Government announced £300m for local councils to finance business rates relief for revaluation support. The Government's extra funding will only support relief schemes targeted at businesses facing an increase in their business rates bills following the 2017 revaluation. This funding was allocated by the Government to billing authorities, including Hillingdon, on the basis of numbers of properties with a Rateable Value of less than £200,000 and an increase of more than 12.5% in their bills before application of any reliefs. The Government's allocation of funding for Hillingdon is set out below :

Table 28: Grant Allocations

2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
849	412	70	24	1,355

166. The following paragraphs detail a proposed local scheme, which has been designed to reflect as closely as possible the Government's approach to allocating funding while containing the cost of reliefs within the available grant monies. In contrast to previous funding arrangements for Government-initiated local reliefs, funding is a fixed sum and the onus is therefore upon the Council to design a scheme. In order to put the value of grant available in context, it should be noted that 5,061 properties across the Borough would have seen increases of £28,767k in their business rates liability as an impact of the revaluation before taking account of transitional relief.

Table 29: Headline Impact of Revaluation

	Number of Properties on List #	Movement in Liability from 2010 List £'000	Net Rates Payable for 2017 £'000
Decrease	3,341	(38,057)	263,078
Increase	5,061	28,767	130,039
Total	8,402	(9,290)	393,117

167. Given the limit on funding awarded for this scheme, it is recommended that at this stage a scheme is developed and implemented for 2017/18 only. Subsequent schemes for 2018/19 onwards will then be developed and approved through the annual budget setting process.

Proposed Scheme Design

168. The Council's local scheme will supplement the existing transitional relief regime which limits the maximum increase in Business Rates to a percentage of the previous bill. The table below provides an overview of transitional protection payments totalling £3,922k across the £28,767k headline increases in rates bills. The £849k grant will provide capacity to supplement this limited protection provided to businesses.

Table 30: Transitional Relief

	Threshold Rateable £'000	Cap for increases in 2017/18 %	Number of Properties with Increases #	Number of Properties Receiving T/R #	Value of Transitional Relief £'000
Small	Up to £28k	5.0%	3,840	3,063	(1,967)
Medium	Up to £100k	12.5%	769	397	(1,342)
Large	Over £100k	42.0%	452	40	(613)
Total	N/A	N/A	5,061	3,500	(3,922)

169. In order to minimise additional administrative costs for both the Council and ratepayers, it is proposed that any new discretionary relief be applied automatically to bills and deducted from future instalments for those businesses deemed eligible. In addition, it is proposed that the scheme be designed, in line with the broader regime of Transitional Relief, to provide reliefs to those businesses who were resident on 31 March 2017 and remained resident on 1 April 2017. This approach will effectively limit the total number of businesses potentially eligible and therefore avoid the scheme creating an open-ended liability for the Council.

170. A local scheme has been modelled around the following conditions which mirror the methodology behind the grant allocated to the Council :

- a. Only including properties with a Rateable Value of less than £200k on the 2017 Rating List;
- b. Only including properties who have seen more than a 12.5% increase in Business Rates bills (before considering the impact of other reliefs);
- c. Limiting any award in cases where award of additional reliefs would result in a negative bill and subsequent refund;
- d. Limiting any award to ensure no resultant net liability for 2017/18 is less than a 12.5% increase on their 2016/17 liability to avoid anomalies caused by a 'cliff edge';
- e. Excluding all London Borough of Hillingdon properties (as the Council is prohibited from awarding itself discretionary reliefs).

171. The level of support offered to businesses meeting the above criteria has then been set at 13.9% of their increase in Business Rates from 2016/17, which distributes the £849k available funding over the 1,668 properties meeting the above criteria. The table below provides an overview of the impact of the scheme by value of property.

Table 31: Proposed Local Scheme

Rateable Value	Number of Properties on List #	Movement in Liability from 2010 List £'000	Proposed Grant Award £'000	Grant Award as % of Increase
Up to £28,000	1,188	1,679	(233)	13.9%
£28,001 to £99,999	354	2,147	(298)	13.9%
£100,000 to £149,999	82	1,162	(161)	13.9%
£150,000 to £200,000	44	1,125	(156)	13.9%
Total	1,668	6,113	(848)	13.9%

OTHER HELP FOR BUSINESSES

172. In the budget the Chancellor announced other help for businesses which will be fully funded by other Government grants separate to the £849k grant for a Local Discretionary Rate Relief Scheme. Both of these schemes are recommended for implementation:

Supporting Small Businesses

173. A scheme of relief is to be made available to those ratepayers facing large increases as a result of losing small business or rural rate relief. To assist these ratepayers the Supporting Small Businesses Relief will ensure that the increase per year in bills is limited to the greater of:
- f. a cash value of £600 per year. This cash minimum increase ensures that those ratepayers currently paying nothing or very small amounts are brought into paying something, or
 - g. The matching cap on increases for small properties in the transitional relief scheme.

New Business Rate Relief Scheme for Pubs

174. The Government announced that a new relief scheme for pubs that have a rateable value of below £100k. Under the scheme eligible pubs will receive a £1k discount on their bill. 90 premises are described as 'Public House and Premises' in the Valuation List with a Rateable Value of < £100k.

Appendix H - Decisions to be reported to Cabinet for ratification

175. Detailed below are interim decisions taken by the Leader of the Council (with relevant Cabinet Members) that would ordinarily be reserved to the Cabinet, where the Constitution requires they be reported to a subsequent Cabinet meeting for ratification. Since the last Cabinet meeting the following such decisions have been made:

Date of Decision	Decisions requiring Cabinet ratification	Supporting information	Cabinet Members
28/06/2017	<p><u>Uxbridge Business Improvement District</u></p> <p>DECISION - To:</p> <ul style="list-style-type: none"> 1) authorise the Leader of the Council, on behalf of the London Borough of Hillingdon, to vote YES in the BID ballot in respect of each of the Council's eligible rateable hereditaments; 2) in the event of a successful "YES" vote: <ul style="list-style-type: none"> a. authorise the Chief Executive or Deputy Chief Executive / Corporate Director Resident Services to make any necessary decisions and sign any necessary agreements to make the effect to the Council's participation with the BID. b. note the commitment of funds on an annual basis, which will be reported to Cabinet in the usual way. c. note, as a billing authority, the Council will administer the BID levy on behalf of the BID and agree the payment of any initial set up costs, which will be reimbursed. 3) note that the above decisions will be ratified at a subsequent Cabinet meeting. 	<p>This decision was made under special urgency provisions to enable the Council to vote in the Uxbridge Business Improvement ballot by the tight deadline and to take the necessary steps to support the creation and operation of the Business Improvement District (BID) should the ballot be successful.</p> <p>The decisions taken, including the authorisation of any formal agreement with other entities and grant of the Council's monies to external bodies would be decisions ordinarily reserved to the Cabinet. In the absence of a Cabinet meeting, the Leader of the Council was authorised in the Council's Constitution to take such decisions and these were also deemed urgent.</p>	Leader of the Council Cabinet Member for Community Commerce and Regeneration

Date of Decision	Decisions requiring Cabinet ratification	Supporting information	Cabinet Members
14/7/2017	<p><u>Procurement approach to semi-independent living contracts</u></p> <p>DECISION - To:</p> <ol style="list-style-type: none"> 1) Note the findings of the BID review of the Semi-Independent Living Service; 2) Approve the commencement of negotiations with the YMCA with a view to the award of a contract to provide supported accommodation and referral rights to unsupported rooms at St Andrews and Ventura House via direct call off from the West London Alliance (WLA) Semi-Independent Living framework list. This will be an initial three year contract with options for +1 +1 extensions, to be backdated to 01/04/17. <ul style="list-style-type: none"> o The 23 beds at St Andrews to be used exclusively by Social Care o The 60 beds at Ventura House currently commissioned by Social Care to be split, with 30 supported beds retained by Social Care, and referral rights to 30 unsupported beds secured for Homeless Prevention to ensure a supply of affordable accommodation. 3) Agree to extend contracts with P3 for supported accommodation at Bedwell Gardens, Swakefields, Challenger House and Chilton for three years so that they co-terminate with the YMCA in March 2020. <ul style="list-style-type: none"> o The 32 beds across these properties to be used exclusively by Social Care 4) Agree rent increases of 5.3% totalling £12,292.52 per annum, requested by the landlord at Challenger House and Swakefields to cover 2017/18 and 2018/19. To be backdated to 01/04/17. 	<p>Following a full review of the Semi-Independent Living Service commissioned for 16-24 year olds, Cabinet Members agreed officer recommendations to award a contract to the YMCA for supported accommodation at St Andrews and Ventura House via call-off from the West London Alliance Semi-Independent Living List. They also agreed to extend current supported living contracts with P3 for Bedwell Gardens, Challenger House, Swakefields and Chilton; The final decision was to agree rent increases for Challenger House and Swakefields.</p> <p>As the total proposed contract value for P3 exceeds £500k, this decision would ordinarily be reserved to the Cabinet to make. In the absence of a Cabinet meeting, the Leader of the Council was authorised in the Council's Constitution to take such decisions and these were also deemed urgent.</p>	Leader of the Council and Cabinet Members for Education and Children's Services and Social Services, Health and Housing:

