

COUNCIL BUDGET - 2017/18 MONTH 5

REVENUE AND CAPITAL BUDGET MONITORING

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

HEADLINES

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2017/18 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £743k is projected against 2017/18 General Fund revenue budgets as of August 2017 (Month 5) representing an improvement of £368k from the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

- 1. Note the forecast budget position as at August 2017 (Month 5).**
- 2. Note the Treasury Management update as at August 2017 at Appendix E.**
- 3. Continue the delegated authority up until the November 2017 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 28 September 2017 and 19 October 2017 Cabinet meetings, detailed at Appendix F.**

4. In response to the introduction of the Markets in Financial Instrument Directive 2014/65 (“MiFID II”):
 - a. Notes the potential impact on the treasury management strategy of becoming a retail client with effect from 3rd January 2018;
 - b. Agrees to the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective treasury management strategy.
 - c. Acknowledges and agrees to forgo the protections available to retail clients within the report.
 - d. Approves delegated responsibility to the Corporate Director Finance for the purposes of completing the applications and determining the basis of the application as either full or single service.
5. Approve acceptance of gift funding in relation to a Planning Performance Agreement on the following major developments in accordance with the provisions of Section 93 of the Local Government Act 2003:
 - a. Axis House, Bath Road (£17,500)
 - b. Brunel University, Uxbridge (£45,000)
6. Approves the new Winter Tariff (Nov-Feb) of £3.50 for all-day (8am-6pm) parking at Ruislip Lido car park. The charge is not applicable to Hillingdon First card users.

SUPPORTING INFORMATION

Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 5 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. **Recommendations 4** seeks authority for elections to be made to opt up to Professional client status on behalf of the authority immediately with all relevant institutions in order to ensure it can continue to implement an effective treasury management strategy. The Council is currently classified as a per se professional investor, however; as a result of the introduction of the Markets in Financial Instrument Directive 2014/65 (“MiFID II”) from 3 January 2018 the Council will be reclassified as a retail investor unless the Council opts up to professional client status.

Within the Treasury Management Strategy agreed at Council in February 2017 the Council undertakes investments in a number of vehicles to ensure security, liquidity and return of yield when investing and managing the Council's money. A number of the investment vehicles that allow diversification to support security of the Council investments are not accessible as a retail client. To help mitigate risk and to increase capacity for placing secure deposits it is recommended that the Council in its treasury management capacity applies for Professional Status with relevant institutions to enable the Treasury Management Strategy to be carried out.

Opting up to remain as professional investors requires the Council to forgo a number of protections that would have been available if it were to become a retail investor. These protections are outlined in Appendix G. The Council does not currently have access to these retail protections, as it is considered to be a professional investor, and therefore the recommendation to opt up will not alter the level of protection available from that assumed at the time of approving the 2017/18 Treasury Management Strategy.

4. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 5** seeks authority from Cabinet to approve the acceptance of this sum in relation to Planning Performance Agreements.
5. Cabinet approved new car parking charges at Ruislip Lido in June 2017 following a statutory 21 day consultation, with charges for non-residents set at £5 in May, June, July and August, £3.50 in March, April, September and October and £2 in the winter months. Use of the car parks is free for holders of HillingdonFirst Cards and Blue Badge holders. **Recommendation 6** proposes amending the non-resident charge for the months of November, December, January and February (Winter Tariff) from £2.00 to £3.50, following the conclusion of a second statutory 21 day consultation period. Charges relating to the remainder of the year are unaffected by this recommendation.

Alternative options considered

6. There are no other options proposed for consideration.

SUMMARY

REVENUE

7. General Fund revenue budgets are forecast to underspend by £743k at Month 5, with underspends against both Directorate and Corporate Operating Budgets being off-set by a pressure on Development and Risk Contingency of £122k. For all material pressures identified across the General Fund, a range of initiatives are in place to contain them 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. General Fund Balances are expected to total £38,535k at 31 March 2018 after taking account of the £743k projected surplus and £946k planned drawdown, and assuming the balance of General Contingency and Unallocated Priority Growth monies are released in-year.
10. The 2017/18 revenue budget contains savings of £15,508k. As at Month 5, £7,324k of savings are banked in full and £6,571k on track for delivery, with the remaining £1,613k reported as 'amber' primarily due to being at an early stage of delivery and are expected to be ultimately banked in full. Since Month 4, £376k of savings have been promoted from 'amber' to on-track, demonstrating continuing progress in the delivery of the 2017/18 savings programme.
11. With the exception of the Collection Fund, there are no material variances on other funds affecting the General Fund position. A surplus of £2,613k is reported within the Collection Fund which principally relates to a favourable position on Council Tax, which is predominantly driven by the 2016/17 outturn surplus and would be available to support the General Fund budget in 2018/19.
12. A £2,190k deficit is projected on the Schools Budget at Month 5, arising primarily from the growing cost of funding placements for High Needs children, which is expected to be funded from the 2018/19 Dedicated Schools Grant and therefore not impact upon the General Fund position.

CAPITAL

13. There is a projected underspend against the General Fund Capital Programme for 2017/18 of £21,842k due largely to slippage on project expenditure. The forecast outturn variance over the life of the 2017/18 to 2021/22 programme is an underspend of £369k. General Fund Capital Receipts of £14,500k are forecast for 2017/18, with a shortfall of £3,153k in total forecast receipts to 2021/22.
14. Prudential Borrowing required to support the 2017/18 to 2021/22 capital programme is forecast to be within budget by £8,993k. This is as a result of cost underspends of £369k and increases in grants and contributions of £11,777k, due mainly to the confirmed Basic Needs grant allocation for 2019/20 being substantially higher than original budget estimates. However this is partly offset by a forecast shortfall of £3,153k in Capital Receipts.

FURTHER INFORMATION

General Fund Revenue Budget

15. An underspend of £743k is reported across normal operating activities at Month 5, driven by underspends against Directorate and Corporate Operating Budgets of £460k and £405k, respectively and off-set by a £122k pressure reported across Development & Risk Contingency items.
16. The overall underspend across normal operating activities incorporates a number of pressures and risk areas which continue to be closely monitored and are discussed in detail within the appendices to this report. The more material variances are highlighted in the summary of Directorate positions below.
17. The Improved Better Care Fund grant item is being treated as an Exceptional Item as the announcement of the increase in funding was made in March 2017, after the budget was set. This funding represents an increase in Social Care funding of £4,054k for 2017/18 to be used to stabilise the Adult Social Care placements market.
18. The Council's General Fund revenue budget contains £15,508k savings, with £13,895k either banked or on track for delivery at Month 5, an improvement of £376k from Month 4. 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 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
			Revised Budget £'000	Forecast Outturn £'000			
194,079	3,298	Directorate Operating Budgets	197,377	196,917	(460)	(168)	(292)
1,495	550	Corporate Operating Budgets	2,045	1,640	(405)	(405)	0
19,216	0	Development & Risk Contingency	19,216	19,338	122	198	(76)
454	0	Priority Growth	454	454	0	0	0
5,451	(3,848)	Unallocated Budget Items	1,603	1,603	0	0	0
220,695	0	Sub-total Normal Activities	220,695	219,952	(743)	(375)	(368)
0	(4,054)	Exceptional Items IBCF Allocation (announced March 2017)	(4,054)	(4,054)	0	0	0
220,695	(4,054)	Total Net Expenditure	216,641	215,898	(743)	(375)	(368)
(215,695)	0	Budget Requirement	(215,695)	(215,695)	0	0	0
5,000	(4,054)	Net Total	946	203	(743)	(375)	(368)
(38,738)	0	Balances b/fwd	(38,738)	(38,738)			
(33,738)	0	Balances c/fwd 31 March 2018	(37,792)	(38,535)			

19. As a result of the forecast position at Month 5, projected General Fund Balances are expected to fall marginally to £38,535k from a closing 2016/17 balance of £38,738k. The Council's current MTFF assumes that unallocated balances will remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of government funding cuts.

Directorate Operating Budgets (£460k underspend, £292k improvement)

20. Table 2 provides an overview of the forecast outturn on Directorate Operating Budgets as at Month 5. Further detail for each directorate is contained within Appendix A to this report.
21. The Council is currently permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £3,734k for such costs, which will remain under review over the remainder of the year and have been excluded from reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

Table 2: Directorate Operating Budgets

Original Budget	Budget Changes	Service	Month 5		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4	
			Revised Budget	Forecast Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
7,141	147	Chief Executive's Office	Expenditure	7,288	7,297	9	8	1
(1,103)	32		Income	(1,071)	(1,081)	(10)	(10)	0
6,038	179		Sub-Total	6,217	6,216	(1)	(2)	1
16,640	891	Finance	Expenditure	17,531	17,514	(17)	(14)	(3)
(3,517)	93		Income	(3,424)	(3,622)	(198)	(190)	(8)
13,123	984		Sub-Total	14,107	13,892	(215)	(204)	(11)
109,841	2,910	Residents Services	Expenditure	112,751	113,301	550	693	(143)
(36,991)	(4,521)		Income	(41,512)	(42,289)	(777)	(856)	79
72,850	(1,611)		Sub-Total	71,239	71,012	(227)	(163)	(64)
129,618	4,443	Social Care	Expenditure	134,061	133,676	(385)	(124)	(261)
(27,550)	(697)		Income	(28,247)	(27,879)	368	325	43
102,068	3,746		Sub-Total	105,814	105,797	(17)	201	(218)
194,079	3,298	Total Directorate Operating Budgets		197,377	196,917	(460)	(168)	(292)

22. The Chief Executive's Office is reporting an underspend of £1k, with limited movement from Month 4. An underspend of £215k is reported across the Finance Directorate at Month 5, which primarily relates to staffing underspends arising from the early implementation of 2018/19 savings proposals, with additional performance-based grant funding supporting additional investment in agency staff within Revenues and Benefits. The Finance position shows a minor £11k favourable movement from the position previously reported to Cabinet.
23. A net underspend of £227k is declared on Residents Services budgets, with the reported £64k improvement from Month 4 principally relating to revisions to staffing expenditure projections in light of updated recruitment timescales. Within the headline £227k underspend, a combination of staffing underspends totalling £1,363k and an improved outlook for income from on-street parking services are sufficient to contain expenditure pressures across ICT and Fleet Management, alongside income shortfalls reported on off-street parking, imported food sampling and cemeteries.

24. A favourable movement of £218k is reported across Social Care budgets, principally in relation to a reduced pressure being projected on Children's Services agency expenditure as the service continues to move towards a permanent workforce. At Month 5, an overall underspend of £17k is reported across the Directorate with difficulties in recruitment of qualified Educational Psychologists resulting in reduced income from the Schools budget with compensatory underspends on staffing.

Progress on Savings

25. 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 5, £13,895k savings are reported as banked or on track for delivery, with the remaining £1,613k savings being classed as Amber. Items reported as Amber are at an early stage of delivery, and no items are being reported as having serious risks of non-delivery.

Table 3: Savings Tracker

2017/18 General Fund Savings Programme	CEO's Office & Finance	Residents Services	Social Care	Cross Cutting	Total Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	(1,009)	(2,573)	(3,577)	(165)	(7,324)	47.2%
G On track for delivery	(68)	(2,639)	(3,152)	(712)	(6,571)	42.4%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(991)	(385)	(237)	(1,613)	10.4%
R Serious problems in the delivery of the saving	0	0	0	0	0	0.0%
Total 2017/8 Savings	(1,077)	(6,203)	(7,114)	(1,114)	(15,508)	100.0%

Corporate Operating Budgets (£405k underspend, nil movement)

26. 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.
27. A £400k underspend has been identified against interest and investment income, which predominantly relates to a £360k reduction in provision for debt repayment and external interest costs to reflect slippage in capital expenditure from 2016/17 and a £40k improvement in the outlook for investment income. The £5k underspend across Levies and Other Corporate Budgets is due to the New Homes Bonus Refund Grant being sufficient to off-set an exceptional increase in the levy for the West London Coroner's Service. There is no movement reported from the Month 4 position.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0
5,259	0		Non-Sal Exp	5,259	4,899	(360)	(360)
(104)	0		Income	(104)	(144)	(40)	(40)
5,155	0		Sub-Total	5,155	4,755	(400)	(400)
450	0	Levies and Other Corporate Budgets	Salaries	450	450	0	0
11,237	28		Non-Sal Exp	11,265	11,365	100	128
(14,788)	523		Income	(14,265)	(14,370)	(105)	(133)
(3,101)	551		Sub-Total	(2,550)	(2,555)	(5)	(5)
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0
144,372	(1,269)		Non-Sal Exp	143,103	144,372	1,269	1,269
(144,931)	1,268		Income	(143,663)	(144,932)	(1,269)	(1,269)
(559)	(1)		Sub-Total	(560)	(560)	0	0
1,495	550	Total Corporate Operating Budgets	2,045	1,640	(405)	(405)	0

Development & Risk Contingency (£122k overspend, £76 improvement)

28. 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	Budget Changes	Service	Month 5		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4	
			Revised Budget	Forecast Outturn				
			£'000	£'000				
291	0	Fin.	Uninsured claims	291	291	0	0	0
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	1,736	0	0	0
3,522	0		Waste Disposal Levy & Associated Contracts	3,522	3,213	(309)	(309)	0
100	0		High Speed 2 Challenge Fund	100	100	0	0	0
200	0		Heathrow Expansion Challenge Fund	200	200	0	0	0
1,648	0	Social Care	Asylum Service	1,648	1,870	222	222	0
5,298	0		Demographic Growth - Looked After Children	5,298	6,146	848	671	177
277	0		Social Worker Agency Contingency	277	277	0	0	0
184	0		SEN transport - Contingency	184	184	0	0	0
2,910	0		Demographic Growth - Transitional Children	2,910	2,910	0	0	0
785	0		Demographic Growth - Adults	785	414	(371)	(255)	(116)
197	0		Winterbourne View	197	50	(147)	0	(147)
759	0		Deprivation of Liberty Safeguards	759	814	55	47	8
559	0	Corp. Items	Apprenticeship Levy	559	383	(176)	(178)	2
750	0		General Contingency	750	750	0	0	0
19,216	0	Total Development & Risk Contingency		19,216	19,338	122	198	(76)

29. The contingency provision of £1,736k is for homelessness is projected to be required in full as at Month 5, no change from the reported Month 4 position. There are currently 224 households in Bed and Breakfast accommodation which is the same amount as at Month 4, however is expected to be managed down to budgeted levels over the remainder of the financial year. In addition to the full contingency provision, it is forecast that Earmarked Reserve drawdowns will be required to secure appropriate and sustainable private sector accommodation.
30. A one-off disbursement from the West London Waste Alliance in respect of excess reserves has been received by the Council, which reduces the Contingency requirement in year by £309k, no change from Month 4. The wider position on waste disposal costs remains consistent with budget assumptions.
31. The Asylum Contingency requirement remains consistent with Month 4 projections, resulting in a £222k pressure in 2017/18. As previously noted, this pressure relates to reductions in grant income as the age profile of clients changes, with management action planned to realign costs and ultimately off-set this pressure.
32. The adverse movement of £177k reported against Looked After Children is due to an anticipated increase in the cost of supporting children with a disability and the placement cost of Special Guardianship Orders. The overall pressure of £848k continues to reflect the more complex needs of Children with Disabilities and the higher cost of securing adoptions outside of the borough.

33. As previously reported, contingency requirements for both SEN Transport and children transitioning into adult care placements continue to reflect budgeted assumptions around growth in demand, with the step change in costs arising from the new academic year expected to feed into projections from Month 6 (September).
34. The forecast improvement of £116k reported against Adults Demographic Growth, resulting in an overall underspend of £371k against contingency which reflects success in securing greater external funding for placements and reduced demand in the Physical Disabilities service.
35. The £147k improvement reported against the Winterbourne View contingency reflects a reduction in the number of cases the Council is expecting to finance as funding from the NHS is expected for a number of placements. As confirmation of this income from local NHS bodies is yet to be provided, this position will continue to be closely monitored.
36. An adverse movement of £47k is reported on the cost of Deprivation of Liberty Safeguards assessments, reflecting current levels of demand. The drawdown from the Apprenticeship Levy contingency is now projected to be £176k, a minor £2k adverse movement from Month 4.
37. 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

38. The 2017/18 General Fund revenue budget approved by Council in February 2017 set aside £254k of unallocated Priority Growth, in addition to £200k of base budget available to support HIP Initiatives. The 2017/18 HIP budget is supplemented by £954k brought forward balances, to provide £1,154k resources for HIP Initiatives. £102k of projects have been approved for funding from HIP resources, leaving £1,052k available for future release. Although the corporate monitoring position assumes all budgeted growth will be spent or committed during the current financial year, no priority growth has been allocated to services as at Month 5.

Table 6: Priority Growth

Original Budget	Budget Changes	Priority Growth	Month 5		
			Revised Budget	Approved Allocations	Unallocated Balance
£'000	£'000		£'000	£'000	£'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	954	B/fwd Funds	954	102	(852)
254	0	Unallocated Priority Growth	254	0	(254)
454	954	Total Priority Growth	1,408	102	(1,306)

Schools Budget and Collection Fund

39. An in-year overspend of £1,054k is projected against the Dedicated Schools Grant in 2017/18, bringing the brought forward deficit on the centrally retained reserve to £2,190k. This position reflects pressures of £1,554k mainly due to a significant increase in the cost of placements as the service moves all children onto Education & Health Care Plans (EHCPs) being off-set by £500k contingency provision held back to manage such emerging pressures.

Any residual deficit on the retained reserve remaining at the time of budget setting in February 2018 will be funded through a topslice on the 2018/19 Dedicated Schools Grant and therefore not impact directly upon the General Fund position.

40. The Collection Fund is projecting an improvement of £16k on the Month 4 position, which results in a surplus of £2,613k for 2017/18. This surplus is made up of £2,589k against Council Tax and £24k 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 £585k 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 £2,613k 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

41. The Housing Revenue Account (HRA) is currently forecasting an underspend of £704k against the budgeted deficit of £11,664k, which is an improvement of £28k from Month 4 and results in a projected closing HRA General Balances of £34,866k. 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.
42. A total of 24 properties have been sold under Right to Buy as at the end of Month 5, with a further 61 completions anticipated during 2017/18. Sufficient expenditure on the acquisition of new properties was incurred to fully utilise the initial tranche of retained receipts and therefore avoid repayment to DCLG during Quarter 1.

Future Revenue Implications of Capital Programme

43. Appendix D to this report outlines the forecast outturn on the 2017/18 to 2021/22 Capital Programme, with a £369k underspend projected over the five year programme. Prudential Borrowing required to support the Council's Capital Programme is projected to be £8,993k lower than the £102,775k revised budget, primarily as a result of a £11,777k favourable variance on Government Grants being off-set by a £3,153k shortfall in Capital Receipt forecasts over the medium term. This favourable variance on borrowing would ultimately result in a reduction in future revenue costs of approximately £490k per annum.
44. 2017/18 capital expenditure is projected to be £21,842k lower than the £78,794k 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 £14,500k of the planned £23,927k will be secured during 2017/18.



Appendix A – Detailed Group Forecasts (General Fund)

CHIEF EXECUTIVE'S OFFICE (£1k underspend, £1k adverse movement)

46. The overall position for the Chief Executive's Office at Month 5 is an underspend of £1k, an adverse movement of £1k on Month 4. This includes covering a Managed Vacancy Factor (MVF) saving of £154k through vacant posts and non salary underspends across the Group. For 2017/18, the full £221k savings presented by the Chief Executive's Office have been banked. A further cross-cutting MTFF proposal of £559k for the council's contribution to the Apprenticeship Levy is being managed within HR, and as at Month 5 £165k has been banked with £394k marked as on track for delivery.

Table 7: Chief Executive's Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,466	31	Democratic Services	Salaries	1,497	1,502	5	7	(2)
1,669	26		Non-Sal	1,695	1,709	14	8	6
(596)	(58)		Exp	(654)	(646)	8	8	0
2,539	(1)		Income	2,538	2,565	27	23	4
2,001	(116)	Human Resources	Salaries	1,885	1,912	27	22	5
89	206		Non-Sal	295	259	(36)	(32)	(4)
(247)	90		Exp	(157)	(175)	(18)	(18)	0
1,843	180		Income	2,023	1,996	(27)	(28)	1
1,833	0	Legal Services	Salaries	1,833	1,841	8	12	(4)
83	0		Non-Sal	83	74	(9)	(9)	0
(260)	0		Exp	(260)	(260)	0	0	0
1,656	0		Income	1,656	1,655	(1)	3	(4)
5,300	(85)	Chief Executive's Office Directorate	Salaries	5,215	5,255	40	41	(1)
1,841	232		Non-Sal	2,073	2,042	(31)	(33)	2
(1,103)	32		Exp	(1,071)	(1,081)	(10)	(10)	0
6,038	179		Income	6,217	6,216	(1)	(2)	1

Democratic Services (£27k overspend, £4k adverse movement)

47. Within Democratic Services, an adverse movement of £4k is primarily due to an earlier than anticipated date for the Mayor's Civic Dinner, to be funded from 2017/18 budgets. Income continues to be monitored closely for Registration services, Nationality Checking and Citizenship ceremonies with the small pressure reported at Month 4 remaining valid.

Human Resources (£27k underspend, £1k adverse movement)

48. An adverse movement in staffing across the service is largely mitigated by an improvement to non-staffing, due to revised forecasts on the number of Disclosure and Barring Services checks for new starters. The overall service position principally relates to learning and development underspends.

Legal Services (£1k underspend, £4k improvement)

49. At Month 5 the service is reporting an underspend of £1k, representing an improvement of £4k on the month due to staffing adjustments with a maternity leave post. Income continues to be on track to achieve the full £260k.

FINANCE (£215k underspend, £11k improvement)

50. The Finance Group is reporting an underspend of £215k at Month 5, an improvement of £11k on the position at Month 4. At Month 5, £788k (92%) of the £856k savings proposed as part of the MTFF 2017/18 are classed as banked, with the remaining £68k classed as on track. Proposals are being implemented and good progress is being made against the targets.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
				Revised Budget £'000	Forecast Outturn £'000			
942	869	Business Assurance	Salaries	1,811	1,798	(13)	(13)	0
1,404	42		Non-Sal Exp	1,446	1,455	9	10	(1)
(659)	(58)		Income	(717)	(716)	1	3	(2)
1,687	853		Sub-Total	2,540	2,537	(3)	0	(3)
1,608	0	Procurement	Salaries	1,608	1,589	(19)	(17)	(2)
75	0		Non-Sal Exp	75	92	17	8	9
(31)	0		Income	(31)	(31)	0	0	0
1,652	0		Sub-Total	1,652	1,650	(2)	(9)	7
3,127	527	Corporate Finance	Salaries	3,654	3,517	(137)	(136)	(1)
(7)	2,030		Non-Sal Exp	2,023	2,024	1	2	(1)
(127)	(46)		Income	(173)	(160)	13	16	(3)
2,993	2,511		Sub-Total	5,504	5,381	(123)	(118)	(5)
4,382	(30)	Revenues & Benefits	Salaries	4,352	4,526	174	159	15
1,841	0		Non-Sal Exp	1,841	1,810	(31)	(5)	(26)
(2,360)	150		Income	(2,210)	(2,411)	(201)	(199)	(2)
3,863	120		Sub-Total	3,983	3,925	(58)	(45)	(13)
1,034	(543)	Pensions, Treasury & Statutory Accounting	Salaries	491	472	(19)	(23)	4
2,234	(2,004)		Non-Sal Exp	230	231	1	1	0
(340)	47		Income	(293)	(304)	(11)	(10)	(1)
2,928	(2,500)		Sub-Total	428	399	(29)	(32)	3
11,093	823	Finance Directorate	Salaries	11,916	11,902	(14)	(30)	16
5,547	68		Non-Sal Exp	5,615	5,612	(3)	16	(19)
(3,517)	93		Income	(3,424)	(3,622)	(198)	(190)	(8)
13,123	984		Total	14,107	13,892	(215)	(204)	(11)

Business Assurance (£3k underspend, £3k improvement)

51. Business Assurance is projecting an underspend at Month 5 of £3k, a minor improvement on the breakeven position at Month 4, and now includes Counter Fraud following the transfer into the service. Income and non-staffing expenditure have been restated for Month 4 to reflect the insurance position being managed through existing Earmarked Reserves.

Procurement (£2k underspend, £7k adverse movement)

52. The service is reporting an underspend of £2k as at Month 5, an adverse movement of £7k on the month primarily due to recruitment costs of a Senior Buyer post to complete the new structure. Part year vacancies and maternity leave within the service is offsetting a pressure against non-staffing expenditure.

Corporate Finance (£123k underspend, £5k improvement)

53. Corporate Finance is reporting an underspend of £123k as at Month 5, due to staffing underspends resulting from part year vacancies being managed within existing resources and implementation of the Finance BID review phase 1. Following implementation of the BID review, the remit of the service now includes finance functions previously reported under Strategic Finance.

Revenues & Benefits (£58k underspend, £13k improvement)

54. A £13k improvement on the month, primarily due to revised non-staffing projections, is reported within Revenues and Benefits. Staffing pressures reflect the cost of agency staff employed on a performance based scheme which aims to cut down fraud and reduce errors in Housing Benefit claims, funded directly from grant monies.

Pensions, Treasury & Statutory Accounting (£29k underspend, £3k adverse movement)

55. The service is reporting an underspend of £29k, a £3k adverse movement on the month due to revised staffing assumptions. An overachievement of income relates to an increased charge to the Pension Fund to finance the cost of an apprentice post.

Table 9: Finance Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 5		Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
291	0	Uninsured claims	291	291	0	0	0
291	0	Current Commitments	291	291	0	0	0

56. The insurance service is projecting full drawdown of the Uninsured Claims contingency at Month 5, representing no movement from assumptions at Month 4. The contingency budget, along with the base budget of £359k, is expected to fully cover the cost of General Fund claim payments below insurance excess levels in 2017/18; however any projections beyond this level will be managed from the Insurance reserve during 2017/18.

RESIDENTS SERVICES (£227k underspend, £64k favourable movement)

57. Residents Services directorate is showing a projected outturn underspend of £227k at Month 5, excluding pressure areas that have identified contingency provisions.

Table 10: Residents Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
15,219	(168)	Infrastructure, Waste and ICT	Salaries	15,051	14,879	(172)	(51)	(121)
31,833	50		Non-Sal	31,883	32,243	360	451	(91)
(9,790)	(2)		Exp	(9,792)	(10,054)	(262)	(487)	225
37,262	(120)		Income	37,142	37,068	(74)	(87)	13
16,922	13	Housing, Environment, Education, Health & Wellbeing	Salaries	16,935	16,692	(243)	(341)	98
23,024	472		Non-Sal	23,496	24,449	953	1,032	(79)
(16,874)	18		Exp	(16,856)	(17,609)	(753)	(722)	(31)
23,072	503		Income	23,575	23,532	(43)	(31)	(12)
7,430	(589)	Planning, Transportatio n & Regeneration	Salaries	6,841	6,680	(161)	(104)	(57)
1,901	152		Non-Sal	2,053	2,422	369	278	91
(6,397)	(155)		Exp	(6,552)	(6,639)	(87)	18	(105)
2,934	(592)		Income	2,342	2,463	121	192	(71)
1,777	0	HR, Performance & Improvement	Salaries	1,777	1,531	(246)	(247)	1
160	0		Non-Sal	160	168	8	5	3
(270)	0		Exp	(270)	(18)	252	252	0
1,667	0		Income	1,667	1,681	14	10	4
10,766	835	Administrativ e, Technical & Business Services	Salaries	11,601	11,060	(541)	(494)	(47)
809	2,145		Non-Sal	2,954	3,177	223	164	59
(3,660)	(4,382)		Exp	(8,042)	(7,969)	73	83	(10)
7,915	(1,402)		Income	6,513	6,268	(245)	(249)	2
52,114	91	Residents Services Directorate	Salaries	52,205	50,842	(1,363)	(1,237)	(126)
57,727	2,819		Non-Sal	60,546	62,459	1,913	1,930	(17)
(36,991)	(4,521)		Exp	(41,512)	(42,289)	(777)	(856)	79
72,850	(1,611)		Income	71,239	71,012	(227)	(163)	(64)

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

59. The Council's 2017/18 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 2 below.

60. At Month 5 projected calls on contingency are £309k below the budgeted provision (no change). The table below shows the breakdown for each contingency item.

Table 11: Development and Risk Contingency

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

61. The Month 5 data in Table 12 below shows a reduction from the previously reported B&B figures earlier in the financial year, following the impact of increased prevention work. The reducing number of Households in higher cost Bed & Breakfast accommodation is in line with MTFE assumptions made by officers in modelling Supply and Demand, with the fluctuation in demand managed with existing budgets.

Table 12: Housing Needs performance data

	2017		
	June	July	August
Homeless Threat, Priority Need & Eligible	136	116	95
Presenting As Homeless	32	40	52
Duty Accepted	28	24	27
Households in Temporary Accommodation	637	612	613
Households in B&B	242	224	224

62. As in previous years, a contingency has been set aside in 2017/18 to resource the need for Temporary Accommodation in the borough. The call on contingency relating to homelessness remains as per prior projections of £1,736k, which is as per the budgeted provision.
63. The Council will continue to closely monitor this risk, given the potential seasonal fluctuations which could materialise in the remainder of the financial year. It is expected that there will also be a requirement to draw on the Housing Incentives earmarked reserve given the costs of securing private sector accommodation, with any drawdown being subject to the usual approvals.
64. A contingency of £3,522k has been set aside to fund estimated increases in waste tonnages via the levy. A one-off disbursement from WLWA in respect of excess reserves has now been received by the council in the sum of £308,602.

Infrastructure, Waste and ICT (£74k underspend, £13k adverse movement)

65. The overall forecast encompasses a number of management actions, mainly within ICT and Waste services, which will be closely monitored during the financial year. At month 5, the service is reporting a net adverse movement of £13k from the month 4 position.

66. The staffing forecast is showing a £121k improvement on the Month 4 position, reflecting the impact of the changes implemented via the Waste Services review, including a reduction in agency costs for refuse crews.
67. A number of smaller variances across a number of services for this month are offsetting this favourable movement, bringing the overall position to a net adverse movement: Capital & planned works (£15k), Security and energy costs for the civic centre (£20k), Repairs at Garage and Caravan Sites (£58k), and Fleet Management (£31k).
68. The reported position for fleet management reflects that the ongoing pressures from the last financial year are expected to be addressed via external review of the service. The main drivers of the pressure are vehicle maintenance contracts, vehicle damage and vehicle contract hire.
69. The ICT service is progressing implementation of the recent BID review, with an associated MTFF savings target. The recently appointed Head of ICT is progressing the review of all non-staffing spend.
70. Whilst the initial service assessments of contract & licensing spend commitments are significantly above budget, the work required to take out demand/rationalise systems is ongoing. As part of this exercise the service is concluding its review of all contract and licensing spend alongside retendering a number of contracts and specific system reviews, which should give scope to mitigate pressures as improvements are implemented.

Housing, Environment, Education, Health & Wellbeing (£43k underspend, £12k improvement)

71. The overall forecast contains a number of management actions which will be monitored closely throughout the financial year.
72. At Month 5 the service is reporting an underspend projection of £43k, £12k favourable movement relating to a number of compensating variances across staffing and non-staffing budgets. The larger movements are detailed below.
73. The income forecast for Cemeteries has been revised downwards following a review of the profile of income received to date (£121k adverse).
74. Netting down this position are a number of favourable movements including delays to recruitment in Youth services (£77k), Hillingdon Heritage non-staffing (£40k) and Golf courses staffing (£10k).

Planning, Transportation & Regeneration (£121k overspend, £71k improvement)

75. At month 5 there is a projected overspend of £121k (£71k favourable movement) across the service area, with the main pressure relating to income in Imported Food sampling continuing the trend from previous years.
76. The overall income pressure on Imported Food Sampling is £582k, with the net pressure of £360k (£14k favourable) following consideration of reduced staffing and non-staffing expenditure expected to materialise following completion of the service review.
77. Recruitment delays across a across a number of teams within regulatory services and transportation have resulted in an improved staffing underspend of £161k (£57k favourable).

Performance & Improvement (£14k overspend, £4k adverse movement)

78. There is a forecast overspend in Corporate Communications of £12k (£4k adverse) at month 5, following revised non-staffing projections for the service.
79. The remaining £2k overspend (no change) relates to non-staffing variances in Performance & Intelligence.

Administrative, Technical & Business Services (£245k underspend, £4k adverse movement)

80. The service is reporting a £245k underspend at Month 5, representing a £4k adverse movement from the Month 4 position.
81. Parking services continue to forecast pressures relating to income shortfalls at Uxbridge car parks with the latest forecast at £436k (£18k adverse) plus further non-staffing pressures relating to repairs and maintenance costs. These are netted down by wider parking income streams including the PRA.
82. The adverse movement is partially netted down by revised staffing underspends across the service, primarily owing to delays to recruitment to Administrative roles, with the new phasing of recruitment built into the refreshed forecast. In addition there are vacant posts across parking administration, the contact centre and licensing contributing to the overall staffing underspend.

SOCIAL CARE (£17k underspend, £218k improvement)

83. Social Care is projecting an underspend of £17k as at Month 4, an improvement of £218k on the Month 4 position, due to a reduction in staffing costs, where management action has been implemented to cover the underlying pressure in Children's Services and the cost of adult placement, as the service continues to review the funding of historical cases. The underspend relates predominantly to staffing costs, where there are a number of vacant posts not covered. However, there are still underlying pressures that are being managed across the service, which include the cost of Agency Social Workers in Children's Services, the cost of external legal counsel providing support for Children's Services and reduced income from the Dedicated Schools Grant for the Educational Psychology Service.

Table 13: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
13,299	(65)	Children's Services	Salaries	13,234	13,285	51	250	(199)
12,635	10		Non-Sal	12,645	12,640	(5)	(29)	24
(7,804)	(23)		Exp	(7,827)	(7,827)	0	0	0
18,130	(78)		Income	18,052	18,098	46	221	(175)
7,784	495	Early Intervention, Prevention & SEND	Salaries	8,279	8,063	(216)	(210)	(6)
6,257	42		Non-Sal	6,299	6,319	20	2	18
(2,370)	(51)		Exp	(2,421)	(2,027)	394	386	8
11,671	486		Income	12,157	12,355	198	178	20
4,597	(12)	Older People & Physical Disabilities Service	Salaries	4,585	4,577	(8)	(5)	(3)
34,209	2,720		Non-Sal	36,929	36,921	(8)	63	(71)
(11,146)	(525)		Exp	(11,671)	(11,672)	(1)	(38)	37
27,660	2,183		Income	29,843	29,826	(17)	20	(37)
11,537	(211)	Adult Social Care - Provider & Commissioned Care	Salaries	11,326	11,046	(280)	(276)	(4)
5,874	146		Non-Sal	6,020	6,074	54	52	2
(590)	1		Exp	(589)	(596)	(7)	(7)	0
16,821	(64)		Income	16,757	16,524	(233)	(231)	(2)
4,341	(719)	Learning Disability and Mental Health Service	Salaries	3,622	3,622	0	(3)	3
29,435	1,194		Non-Sal	30,629	30,614	(15)	10	(25)
(5,264)	(99)		Exp	(5,363)	(5,367)	(4)	(2)	(2)
28,512	376		Income	28,888	28,869	(19)	5	(24)
320	(4)	Directorate & Support Services	Salaries	316	338	22	22	0
(670)	847		Non-Sal	177	177	0	0	0
(376)	0		Exp	(376)	(390)	(14)	(14)	0
(726)	843		Income	117	125	8	8	0
41,878	(516)	Social Care Directorate Total	Salaries	41,362	40,931	(431)	(222)	(209)
87,740	4,959		Non-Sal	92,699	92,745	46	98	(52)
(27,550)	(697)		Exp	(28,247)	(27,879)	368	325	43
102,068	3,746		Income	105,814	105,797	(17)	201	(218)

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£607k overspend, £78k improvement)

84. The Council's 2017/18 Development and Risk Contingency includes provision for areas of expenditure within Social Care for which there is a greater degree of uncertainty. In part, this is caused by in year demographic changes, 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 £607k, an improvement of £78k on the Month 4 position. This relates to a further reduction in the Adult Demographic placement costs, due to ongoing proactive management of the clients receiving service and an improvement in the projected cost of the Winterbourne View clients, netted down by a further adverse movement on the cost of Looked After Children placements and in particular on those children that have a disability.

Table 14: Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,648	0	Asylum Service	1,648	1,870	222	222	0
5,298	0	Demographic Growth - Looked After Children	5,298	6,146	848	671	177
277	0	Social Worker Agency Contingency	277	277	0	0	0
184	0	SEN transport - Contingency	184	184	0	0	0
2,910	0	Demographic Growth - Transitional Children	2,910	2,910	0	0	0
785	0	Demographic Growth - Adults	785	414	(371)	(255)	(116)
197	0	Winterbourne View	197	50	(147)	0	(147)
759	0	Deprivation of Liberty Safeguards	759	814	55	47	8
12,058	0	Current Commitments	12,058	12,665	607	685	(78)

Asylum Service (£222k overspend, no change)

85. This service is projecting a drawdown of £1,870k from the contingency, an overspend of £222k as at Month 5, no change on the Month 4 position, reflecting the impact of a drop in grant income as there are a high proportion of UASC who will turn 18 this year, where the grant funding is less than that provided for under 18's. Additionally, with the introduction of the National Transfer Agreement in 2016, the number of under 18 UASC is not anticipated to grow. There are expected to be future changes to the funding regime as in August 2017, the Council received correspondence from the Home Office indicating they would be undertaking a review of the grant funding that they provide to support UASC for 2018/19.

86. The service continues to review the support provided to UASC to ensure that this position can be maintained by the end of the financial year with a number of management actions in progress. These are currently focused on a review of accommodation and allowances costs. At this stage it is too early to confirm the benefit in this financial year given there will be some lead-in time associated with the mitigating actions.

Demographic Growth - Looked After Children (£848k overspend, £177k adverse movement)

87. The service is projecting a drawdown of £6,146k from the Contingency, £848k above the budget and an adverse movement of £177k on the Month 4 position, due to an anticipated increase in the cost of supporting children with a disability and the placement cost of Special Guardianship Orders. The main reason for the overspend relates to the cost of placements and support provided for Children with Disabilities and the cost of adoption, where the Service is having to place children outside of the Borough. Both of these areas are being reviewed by the service.
88. The underlying position on the Placements budget continues to show an improvement on the 2016/17 position, especially with regards to 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 19 as at the end of August 2017. Based on an annualised cost, this translates into a cost reduction and avoidance of £1,851k, reducing from £5,563k to £3,712k. However this position can fluctuate given the wide potential variation in Children's placements costs.

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

89. This contingency provides funding to cover the additional cost of using agency staff whilst the service undertakes recruitment activity. For the 2017/18 financial year it was assumed that the service will operate at a level of 90% of posts filled by permanent staff and 10% filled by agency staff. However the recruitment of Social Workers continues to be very competitive, and as a consequence the permanency rate is currently forecast at approximately 80% for this financial year. Therefore, the full drawdown of this contingency will be required. It is worth noting that the recruitment activity has already achieved, in six months this year, the total permanent recruitment activity that existed in 2016/17. The service is confident that this success will continue in the remainder of the year.

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

90. 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, where in September 2017, there were in excess of 80 new requests. However, the new ways of working introduced in the service over the last few months have ensured that the majority of these children were able to be transported on existing routes. This position is being carefully monitored, with an expectation that not all of the contingency will be required as the new ways of working bed into the new team.

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

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

Demographic Growth - Adults Placements (£255k underspend, £116k improvement)

92. The service is projecting to drawdown £414k from the Adults Placements contingency, £255k less than the budget and an improvement of £116k on the Month 4 projections, due to the ongoing proactive management of the clients accessing the service. This underspend of £255k is primarily due to ongoing process improvements for Placements, including timely assessment and recognition of external funding streams, combined with reduced demand for

Physical Disability client placements. The demographic forecasting tool is regularly refreshed and expenditure areas are kept under close review.

Winterbourne View (£147k underspend, £147k improvement)

93. The service is projecting a drawdown of £50k from the Winterbourne View contingency, £147k below the budget and an improvement of £147k on the Month 4 position, as the status of relevant clients is becoming clearer. However, although the current assumption is that these clients will be funded by dowry payments, discussions at the Transforming Care Partnership (TCP) meetings are indicating that there may not be sufficient funding to cover this from NHS England. Officers are taking the stance that this is not an issue for the Council, as it should be a matter for the CCG to resolve with NHS England.

Deprivation of Liberty Safeguards (DoLS) (£55k overspend, £8k adverse movement)

94. The service is projecting a drawdown of £814k from the Contingency, £55k above budget and an adverse movement of £8k on the Month 4 position. The number of DoLS referrals received to the end of August 2017 was 602, a weekly average of 27.7.

DIRECTORATE OPERATING BUDGETS

Children's Services (£46k overspend, £175k improvement)

95. The service is reporting an overspend of £46k as at Month 5, an improvement of £175k on the Month 4 position, due to a range of management action being taken to offset an increase in staffing costs, where there is a longer lead in time for staff recruitment, requiring the continued use of agency staff. Additionally, within this position, the service are managing significant legal costs relating to a number of complex cases and the cost of staff recruitment from overseas, through prior-year provisions that are no longer required. The residual pressure relates to a net overspend of £51k on staffing costs due to the continued use of agency Social Workers to cover a number of key and hard to fill vacant posts across the service.

Early Intervention, Prevention & SEND (£198k overspend, £20k adverse movement)

96. The service is reporting an overspend of £198k as at Month 5, an adverse movement of £20k on the Month 4 position, due to an increase in the non staffing costs associated with the Children Centre review, which is nearing completion. The overspend is due to a projected shortfall of £386k in income from the Dedicated Schools Grant for the Educational Psychology Service, where the service has ongoing difficulties in recruiting Educational Psychologists and is therefore, 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 £110k across the service, where the service is still anticipating that the staffing structure will be fully staffed by the end of the year. This position will be reviewed as part of the next month monitoring cycle.

Older People and Physical Disabilities (£17k underspend, £37k improvement)

97. The service is reporting an underspend of £17k as at Month 5, an improvement of £37k on the Month 4 position, due to a reduction in the projected cost of Community Equipment.
98. It should be noted that there are inflationary increases still being negotiated with providers and the monitoring position assumes that the inflation provision included in the budget for this year will cover these increases.

Adult Social Care - Provider and Commissioned Care (£233k underspend, £2k improvement)

99. The service is reporting an underspend of £233k as at Month 5, an improvement of £2k on the Month 4 position. The staffing budget is forecast to underspend by £280k, 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 £54k 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. In total, the Transport Service budget is projecting an overspend of £150k, which is a significant improvement on the 2016/17 outturn position which reported an overspend of £1 million. This improvement is due to the investment in a major service review, which is starting to introduce new and improved ways of working.

Learning Disability and Mental Health (£19k underspend, £24k improvement)

100. The service is forecasting an underspend of £19k as at Month 5, an improvement of £24k on the Month 4 position due to the ongoing review of historical placement costs and ensuring that these are being funded correctly by the appropriate organisation or directly by the client.

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

101. The Directorate budget is forecasting a marginal pressure of £8k as at Month 5, no change on the Month 4 position, which relates to the Managed Vacancy Factor.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£1,054k overspend, £350k adverse movement)

102. The Dedicated Schools Grant (DSG) is projecting an in-year overspend of £1,054k as at month 5, an adverse movement of £350k on the Month 4 projections, due to a significant movement in the projected cost of High Needs. When the £1,136k deficit brought forward from 2016/17 is taken into account the deficit to carry forward to 2018/19 will increase to £2,190k.

Table 15: DSG Income and Expenditure 2017/18

Original Budget	Budget Changes	Funding Block	Month 5		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(148,436)	2,966	Dedicated Schools Grant Income	(145,470)	(145,470)	0	0	0
112,811	(2,766)	Delegated to Schools	110,045	110,045	0	0	0
3,971	(342)	Early Years	3,630	3,486	(144)	(68)	(76)
3,889	0	Centrally Retained	3,889	4,085	196	214	(18)
27,265	142	High Needs	27,406	28,908	1,502	1,058	444
(500)	0	Total Funding Blocks	(500)	1,054	1,554	1,204	350
500	0	Retained Balance	500	0	(500)	(500)	0
(0)	0	Total Schools Budget	0	1,054	1,058	704	350
0	0	Balance Brought Forward 1 April 2017	1,136	1,136			
0	0	Balance Carried Forward 31 March 2018	1,136	2,190			

Dedicated Schools Grant Income (nil variance, no change)

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

Delegated to Schools (nil variance, no change)

104. The budget has been realigned following the adjustment to the high needs recoupment figure to take account of changes to planned place numbers from September 2017 in academy schools and further education colleges.

Early Years (£144k underspend, £76k improvement)

105. The Early Years funding block is projecting an underspend of £144k as at month 5, an improvement of £76k on the month 4 projections. £46k of the underspend relates to the Early Years Psychology team where uncertainty remains regarding the delivery model. The current projection is based on the amount of educational psychology time that was allocated to Early Years in 2016/17.

106. There is a £44k of underspend relating to the Early Years Advisory Teacher Service and the Family Information Service, where there are currently vacancies that are yet to be recruited to. The expectation is that these posts will be recruited to in the coming months.
107. There is also a projected £54k underspend on the Early Years Centres which are forecasting lower staffing costs than currently budgeted.

Centrally Retained (£196k overspend, £18k improvement)

108. The Centrally Retained Funding Block is projecting an overspend of £196k as at month 5. The overspend relates to the Growth Contingency fund where the budget has not included the required funding allocations for academy schools relating to the summer term. This funding is as a result of the way that academy school funding is allocated on an academic year basis. The growth contingency requirement will reduce over the coming few years as the expansions work their way through the primary year groups.

High Needs (£1,502k overspend, £445k adverse)

109. The High Needs Funding Block is projecting an overspend of £1,502k as at Month 5, an adverse movement of £445k on the Month 4 projections, due to a significant increase in the cost of placements as the service moves all children onto Education & Health Care plans (EHCPs).
110. 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.
111. It is now expected that the anticipated savings target within the budget for Independent and non-maintained school SEN placements will not be achieved. The saving was dependant on a number of pupils leaving at the end of the summer term 2017 and new placements not being made. However, a number of placements have been made from September 2017, (the majority of these have been placed in local independent/non-maintained provision) resulting in the achievement of the planned saving being unlikely.
112. The increase in the number and cost of post-16 students with special educational needs is also continuing with the expectation that expenditure is going to rise further when the financial impact of the new cohort in September 2017 is fully known.
113. There is an increase in the number of pupils with special educational needs being placed in out of borough mainstream and special schools as all local schools are at or above their capacity.
114. There is a projected overspend relating to the cost of young people being temporarily educated in independent hospital settings. The local authority has very little control over these placements as they often occur with short notice following emergency intervention.
115. 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

116. 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.
117. There are two maintained primary schools which converted on 1 September 2017. The local authority is not aware of any other schools planning to convert in the current financial year.

Maintained School Balances & Budgets

118. 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.
119. Maintained schools ended the 2016/17 financial year with a cumulative closing surplus balance of £11.3m (revenue & capital). This was a £1.5m decrease from the previous year, though just under £1m of this was used to fund capital expenditure. Despite the relatively healthy total balance, there are a number of schools which have indicated they are beginning to experience financial difficulties due to funding being cash-limited and year on year increases in costs. However, the implementation of the National Funding Formula from April 2018 indicates that additional resources will be made available in 2018/19, and would provide at least an increase of 0.5%.
120. Of the 56 schools currently maintained by the local authority, two (one primary and one secondary) have been unable to set a balanced budget and have requesting that the authority license a deficit. The expectation is that these schools will work on a deficit recovery plan to demonstrate how they will achieve a balanced budget within at least the next three years.
121. A significant number of schools have submitted budgets with an in-year deficit, resulting in an anticipated budgeted reduction in school revenue balances of £6.1m for 2017/18. This is a concern as the use of balances is one-off and continued in-year deficits are unsustainable in the medium term. The Schools Finance team is working closely with schools to ensure that any financial concerns are addressed as early as possible.

COLLECTION FUND (£2,613k surplus, £16k improvement)

122. 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. At Month 5, a headline surplus of £2,613k is projected on the Council's share of Collection Fund activity for 2017/18, with a £2,589k surplus on Council Tax and £24k improvement on the retained share of Business Rates. This represents an improvement of £16k from the reported Month 4 position.

Table 17: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 5		Variance (As at Month 5) £'000	Variance (As at Month 4) £'000	Movement from Month 4 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(119,465)	0	Council Tax	Gross Income	(119,465)	(120,225)	(760)	(417)	(343)
11,266	0		Council Tax Support	11,266	11,441	175	59	116
(500)	0		B/fwd Surplus	(500)	(2,504)	2,004	2,004	0
(108,699)	0		Sub-Total	(108,699)	(111,288)	(2,589)	(2,362)	(227)
(105,520)	0	Business Rates	Gross Income	(105,520)	(106,239)	(719)	(1,142)	423
(1,578)	0		Section 31 Grants	(1,578)	(1,649)	(71)	(71)	0
51,412	0		Less: Tariff	51,412	51,412	0	0	0
5,445	0		Less: Levy	5,445	5,803	358	570	(212)
(2,000)	0		B/fwd Deficit	(2,000)	(1,592)	408	408	0
(52,241)	0	Sub-Total	(52,241)	(52,265)	(24)	(235)	211	
(160,940)	0	Total Collection Fund		(160,940)	(163,553)	(2,613)	(2,597)	(16)

123. An improvement of £343k is reported on Council Tax collection for 2017/18, representing strong collection performance alongside continued reductions in doubtful debt provision. A £175k pressure is reported on the Council Tax Support Scheme, a movement of £116k from the Month 4 assumptions. This is consistent with the assumption that current uptake to the scheme will continue to the end of the Financial Year. 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 £2,589k.

124. An adverse movement of £211k is reported across Business Rates from the Month 4 position. This movement includes a reduced surplus of £423k against gross income being offset by the corresponding levy payment reducing by £212k. The fall in gross rates relates to changes to the rating list in-year that are not expected to come back online in this financial year.

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



Appendix C – HOUSING REVENUE ACCOUNT

127. The Housing Revenue Account (HRA) is currently forecasting an in-year overall deficit of £10,960k, which is £704k more favourable than the budgeted position. Therefore the 2017/18 closing HRA General Balance is forecasted to be £34,866k, this is above the £12,000k minimum level of HRA balances threshold, with sums over and above the minimum level earmarked for investment in new or existing stock. The table below presents key variances by service area:

Table 18: Housing Revenue Account

Service	Month 5		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 5)	Variance (As at Month 4)	Movement from Month 4
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,064)	(55,577)	(513)	(513)	0
Other Income	(5,494)	(5,494)	0	0	0
Net Income	(60,558)	(61,071)	(513)	(513)	0
Housing Management	12,214	12,457	243	215	28
Tenant Services	4,973	4,672	(301)	(282)	(19)
Repairs	5,033	5,017	(16)	21	(37)
Planned Maintenance	4,906	4,686	(220)	(220)	0
Capital Programme Funding	28,237	28,237	0	0	0
Interest & Investment Income	15,121	15,224	103	103	0
Development & Risk Contingency	1,738	1,738	0	0	0
Operating Costs	72,222	72,031	(191)	(163)	(28)
(Surplus) / Deficit	11,664	10,960	(704)	(676)	(28)
General Balance 01/04/2017	(45,826)	(45,826)	0	0	0
General Balance 31/03/2018	(34,162)	(34,866)	(704)	(676)	(28)

Income

128. A favourable variance of £513k is forecast on rental income and no variance is reported on other income, representing no change from the Month 4 position.

129. The number of RTB applications received in the first five months of 2017/18 was 79 compared to 113 in the first four months of 2016/17, a reduction of 30%. There have been 24 RTB completions in the first five months of 2017/18 compared to 40 in the first four months of 2016/17, a reduction of 40%. The Month 5 forecast assumes RTB sales of 85, this reflects officers' expectation of a reduction in the numbers of completed RTB sales given current market conditions.

Expenditure

130. The Housing management service is forecast to overspend by £243k, an adverse movement of £28k on Month 4, due to revised forecasts on staffing costs.
131. Tenant services is forecast to underspend by £301k, an improvement of £19k on Month 4, due to favourable movements of £9k on staffing and £10k on income from solar panel energy.
132. The overall repairs budget is forecast to underspend by £16k, a favourable movement of £37k on Month 4, due to revised forecasts on staffing costs.
133. The Planned Maintenance budget is forecast to underspend by £220k, the interest and investment income is forecast to be overspent by £103k, whilst no variance is reported for the capital programme funding and the development and risk contingency. This represents no change from the Month 4 position.

HRA Capital

134. The HRA capital programme is set out in the table below. The 2017/18 original budget is £71,425k and the 2017/18 revised budget is £85,896k.

Table 19: HRA Capital Expenditure

Programme	2017/18 Original Budget	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance Forecast V Revised Budget	2017/18 Project Re-Phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-22	Total Project Variance 2017-22	Movement 2017-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects									
New General Needs Housing Stock	21,418	22,645	17,214	0	(5,431)	32,618	32,618	0	0
New Build - Appropriation of Land	8,635	8,635	8,635	0	0	8,635	8,635	0	0
New Build - Shared Ownership	1,720	1,720	202	0	(1,518)	7,948	7,948	0	0
New Build - Supported Housing Provision	21,434	26,293	24,694	(1,768)	169	37,506	33,831	(3,675)	(3,675)
ICT	0	0	0	0	0	162	162	0	0
HRA General Capital Contingency	9,500	9,500	9,500	0	0	9,500	9,500	0	0
Total Major Projects	62,707	68,793	60,245	(1,768)	(6,780)	96,369	92,694	(3,675)	(3,675)
Works to Stock									
Works to stock programme	7,626	15,269	15,269	0	0	48,996	48,996	0	0
Major Adaptations to Property	1,092	1,834	1,834	0	0	6,720	6,720	0	0
Total Works to Stock	8,718	17,103	17,103	0	0	55,716	55,716	0	0
Total HRA Capital	71,425	85,896	77,348	(1,768)	(6,780)	152,085	148,410	(3,675)	(3,675)
Movement on Month 4	0	0	(599)	0	(599)	0	0	0	0

Major Projects

135. The 2017/18 Major Projects programme revised budget is £68,793k and the forecast spend is £60,245k, with a forecast underspend of £1,768k and a re-phasing of £6,780k. The major works cost variance during the period 2017-22 is an underspend of £3,675k.

New General Needs Housing Stock

136. The 2017/18 General Needs Housing Stock budget is expected to be largely utilised. Of the £22,645k budget, £4,029k has been earmarked towards the purchase and repair of buy back properties. To date 8 buybacks have been approved, this includes 4 that have completed.

137. There is a forecast re-phasing of £5,431k being reported across the General Needs programme, representing an increased re-phasing movement of £409k compared to the Month 4 position. This further slippage is resulting mainly from the Willow Tree development not progressing for construction until early next financial year.

138. Contractors have been appointed for all 3 elements of the housing programme although development has been slower than expected. The building works with respect to the extensions and conversions are forecast to be complete by the end of this financial year.

139. Although approval has been obtained for the delivery of 19 units of General Needs Housing stock at Acol Crescent, a revised scheme is currently being reviewed leading to the project

being delayed. A contractor is in the process of being appointed to demolish and secure the site prior to commencing development.

140. Lead Consultants and architects have been appointed for the three developments at Belmore allotments, Maple and Poplar Day Centre and Willow Tree. The projects have been delayed resulting in construction not commencing until early next financial year. The employer's agents and appointed architects continue to work on finalising the design of the schemes.

New Build - Appropriation of Land

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

New Build - Shared Ownership

142. New Build Shared Ownership - the £1,720k set aside for the shared ownership budget is with respect to the developments currently being undertaken at the former Belmore Allotments and Maple / Poplar day centre. The schemes include the construction of 60 shared ownership units and the budget is to cover the costs of this element of the overall developments. The forecast spend is £202k, with a forecast re-phasing of £1,518k, an increased re-phasing of £36k compared to the Month 4 position. The schemes are being delivered concurrently with the General Needs units and as such are also behind schedule for the reasons as noted above.

New Build - Supported Housing

143. The Supported Housing Programme comprises the build of 160 mixed client group units across three different sites. The development of 14 Supported Housing units at Acol Crescent has now been removed from the programme as there is no longer a requirement for the units. This has largely resulted in the forecast cost underspend of £3,675k being reported across the life of the programme, of which £1,768k is declared within the 2017/18 budget. There is a reduced phasing movement into 2017/18 of £154k compared to the Month 4 position following updated cashflow for the Parkview scheme.
144. Grassy Meadow and Parkview: The contractors continue to make progress on both sites. The topping out ceremonies are due to take place shortly on both sites.

HRA General Contingency

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

Works to Stock

146. A nil variance is reported against the revised Works to Stock 2017/18 programme budget of £15,269k. The programme includes the delivery of safety works to sheltered housing schemes following fire risk assessments, which are in progress, a continuation of an on-going programme and the replacement of fire doors in all high-rise blocks. In addition further fire safety and improvement works at four high-rise blocks are now in progress.
147. The major adaptations revised budget of £1,834k is forecast to be fully spent.

HRA Capital Receipts

148. There have been 24 Right to Buy sales of council dwellings as at the end of August 2017 for a total gross sales value of £4.4m and a total of a further 61 sales are forecast to bring the yearly total to 85, totalling £13.5m in 2017/18.
149. The application of retained Right to Buy receipts is limited by the retention agreement to a maximum 30% of the cost of replacement housing. In the event that expenditure does not meet the criteria, funds would be payable to the DCLG.
150. During 2017/18, the £11,733k receipts generated in 2014/15 could potentially become repayable unless the following 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. The cumulative spend requirement has been met for June 2017 and September 2017, which is Q1 and Q2 in 2017/18.

Appendix D - GENERAL FUND CAPITAL PROGRAMME

151. As at Month 5 an under spend of £21,842k is reported on the £78,794k 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 £369k.
152. General Fund Capital Receipts of £14,500k are forecast for 2017/18, with a shortfall of £3,153k in total forecast receipts to 2021/22.
153. Overall, Prudential Borrowing required to support the 2017/18 to 2021/22 capital programmes is forecast to be within budget by £8,993k. This is as a result of cost under spends of £369k and increases in grants and contributions of £11,777k due mainly to the confirmed Basic Needs grant allocation for 2019/20 being substantially higher than original budget estimates. However this is partly offset by a forecast shortfall of £3,153k in capital receipts.

Capital Programme Overview

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

Table 20: General Fund Capital Programme Summary

	Revised Budget 2017/18	Forecast 2017/18	Cost Variance Forecast vs Budget	Project Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance	Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	22,747	11,151	(100)	(11,496)	90,783	90,683	(100)	(100)
Self Financing Developments	300	150	-	(150)	27,619	27,619	-	-
Main Programme	26,396	19,478	(17)	(6,901)	86,088	86,071	(17)	-
Programme of Works	27,851	24,673	(252)	(2,926)	82,221	81,969	(252)	-
Total Main Programme	77,294	55,452	(369)	(21,473)	286,711	286,342	(369)	(100)
General Contingency	1,500	1,500	-	-	7,500	7,500	-	-
Total Capital Programme	78,794	56,952	(369)	(21,473)	294,211	293,842	(369)	(100)
Movement	199	(5,807)	(100)	(5,906)	199	99	(100)	

155. The revised budget has increased by £199k due to a grant award from Transport for London for the 2017/18 Bridge Assessment and Strengthening programme.
156. The Schools Programme reports a re-phasing under spend in 2017/18 of £11,496k which is partly due to elements of the primary and secondary schools expansions programmes that are currently on hold. Construction works at two of the Primary Schools Phase 4 expansions sites have commenced for completion next year. An under spend of £100k is reported relating to unused contingency no longer required for the replacement of Northwood School.

157. The five year programme contains two major self financing developments which are in early stages. Design work has commenced on a large mixed tenure residential development at the former Belmore Allotments site with 30 units to be provided for private sale through the General Fund. A mixture of residential and leisure development is planned at Yiewsley.
158. The main programme reports a small cost under spend of £17k on completion of projects which commenced in the previous financial year. Slippage has increased to £6,901k on numerous projects and programmes that will not be completed by the end of this financial year. These include the New Museum project, Bessingby FC and Boxing Clubhouse refurbishment, Vehicle Replacement Programme and Youth Provision.
159. Programmes of Works are forecast to have cost under spends of £252k which includes forecast under spends on Social Care equipment capitalisation and private sector renewal grants based on current activity levels. Slippage has increased to £2,926k on various existing programmes that will continue into next year, such as the Transport for London Local Implementation Plan and schemes within the School Conditions, Chrysalis and Civic Centre programmes.
160. 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

161. Table 21 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £8,993k reported on Prudential Borrowing, due mainly to an increase in grant funding over original budget estimates.

Table 21: General Fund Capital Programme Financing Summary

	Revised Budget 2017/18 £'000	Forecast 2017/18 £'000	Variance £'000	Total Financing Budget 2017-2022 £'000	Total Financing Forecast 2017-2022 £'000	Total Variance £'000	Movement £'000
Council Resource Requirement	59,046	38,486	(20,560)	213,069	200,923	(12,146)	(100)
Financed By:							
Capital Receipts	23,927	14,500	(9,427)	83,393	80,240	(3,153)	-
CIL	5,151	3,000	(2,151)	26,901	26,901	-	-
Prudential Borrowing	29,968	20,986	(8,982)	102,775	93,782	(8,993)	(100)
Total Council Resources	59,046	38,486	(20,560)	213,069	200,923	(12,146)	(100)
Grants & Contributions	19,748	18,466	(1,282)	81,142	92,919	11,777	-
Total Programme	78,794	56,952	(21,842)	294,211	293,842	(369)	(100)

162. Capital Receipts received as at the end of August amount to £753k which will be utilised towards meeting the £2,500k transformation financing target for 2017/18. The 2017/18 forecast has reduced to £14,500k due to timing risk of completing identified sales by the end of this financial year. The five year 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.

163. As at the end of August a total of £379k CIL receipts (after administration fees) have been invoiced or received by the Council this financial year, a movement of £5k. The current year income forecast has reduced by £500k to an under recovery of £2,151k as there is increasing risk around the timing of receipts for existing 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.
164. Grants and contributions are £11,777k higher than the revised budget due mainly to the confirmed Basic Needs award for 2019/20 being £11,615k higher than the original budget estimate set before the announcement, although there remain £8,850k in assumed Basic Needs grant for the period 2020-22 that are not yet confirmed. There have also been additional Section 106 monies and Transport for London grant allocated to finance existing schemes.
165. A favourable variance of £8,993k is reported on prudential borrowing due mainly to the increase in available grants and contributions noted above, partly offset by the shortfall in capital receipts.

ANNEX A - Schools Programme

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Proposed Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Education and Children Services										
136,966	Primary Schools Expansions	1,066	200	0	(866)	1,565	1,565	0	1,565	0	0
786	New Primary Schools Expansions	12,599	6,462	0	(6,137)	26,614	26,614	0	11,673	14,941	0
482	Secondary Schools Expansions	6,073	1,480	0	(4,593)	55,418	55,418	0	36,371	19,047	0
42,721	Secondary Schools New Build	2,997	2,997	(100)	100	3,574	3,474	(100)	1,362	2,112	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	11,151	(100)	(11,496)	90,783	90,683	(100)	53,783	36,900	0

ANNEX B - Self Financing Developments

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Proposed Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Self Financing Developments										
	Finance, Property and Business Services										
237	Yiewsley Site Development	300	150	0	(150)	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	150	0	(150)	27,619	27,619	0	26,411	0	1,208

ANNEX C - Main Programme

Prior Year Cost	Project	2017/18 Revised Budget £'000	2017/18 Forecast £'000	2017/18 Cost Variance £'000	Proposed Re-phasing £'000	Total Project Budget 2017-22 £000	Total Project Forecast 2017-22 £000	Total Project Variance 2017-22 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Community, Commerce and Regeneration										
1,702	CCTV Enforcement (SKC's)	40	40	0	0	40	40	0	40	0	0
561	Gateway Hillingdon	2,377	2,377	0	0	2,590	2,590	0	2,590	0	0
4,897	Hayes Town Centre Improvements	1,770	1,770	0	0	4,372	4,372	0	342	2,504	1,526
224	Inspiring Shopfronts	397	397	0	0	471	471	0	447	0	24
15	Uxbridge Cemetery Gatehouse Chapel	672	50	0	(622)	985	985	0	985	0	0
100	Uxbridge Change of Heart	946	946	0	0	1,896	1,896	0	1,071	738	87
	Central Services, Culture and Heritage										
883	Bowls Club Refurbishments	658	510	0	(148)	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	650	0	(206)	856	856	0	856	0	0
0	Ruislip Lido Railway Society Workshop	360	340	0	(20)	360	360	0	360	0	0
0	Mobile Library	117	117	0	0	117	117	0	117	0	0
	Finance, Property and Business Services										
2,282	Battle of Britain Heritage Pride Project	3,405	3,405	0	0	3,705	3,705	0	3,705	0	0
29	Battle of Britain Underground Bunker	571	250	0	(321)	1,024	1,024	0	1,024	0	0
0	Bessingby FC and Boxing Clubhouse	1,300	180	0	(1,120)	1,370	1,370	0	1,370	0	0
0	Uniter Building Refurbishment	400	100	0	(300)	400	400	0	400	0	0
0	New Museum	1,280	100	0	(1,180)	5,632	5,632	0	4,882	0	750
0	New Theatre	1,000	500	0	(500)	44,000	44,000	0	42,950	0	1,050
0	Youth Provision	1,000	250	0	(750)	3,000	3,000	0	3,000	0	0
	Planning, Transportation and Recycling										
57	Ruislip Lido Car Park Improvements	155	155	0	0	155	155	0	0	155	0
2,279	Cedars & Grainges Car Park	391	391	0	0	391	391	0	391	0	0
1,343	Harlington Road Depot Improvements	314	314	0	0	314	314	0	314	0	0
0	Purchase of Vehicles	1,390	600	0	(790)	3,390	3,390	0	3,390	0	0
0	RAGC Car Park	250	50	0	(200)	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	270	0	(350)	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	800	0	(394)	1,194	1,194	0	1,139	0	55
9,234	Projects Completing in 2017/18	554	537	(17)	0	554	537	(17)	537	0	0
56,590	Total Main Programme	26,396	19,478	(17)	(6,901)	86,088	86,071	(17)	79,182	3,397	3,492

ANNEX D - Programme of Works

Prior Year Cost	Project	2017/18 Revised Budget	2017/18 Forecast	2017/18 Cost Variance	Forecast Re-phasing	Total Project Budget 2017-2022	Total Project Forecast 2017-2022	Total Project Variance 2017-2022	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Leaders Initiative	436	298	0	(138)	1,236	1,236	0	1,236	0	0
	Community, Commerce and Regeneration										
N/A	Chrysalis Programme	1,512	1,295	0	(217)	5,512	5,512	0	5,504	0	8
N/A	Playground Replacement Programme	250	250	0	0	1,000	1,000	0	1,000	0	0
	Education and Children Services										
N/A	Formula Devolved Capital to Schools	898	898	0	0	2,071	2,071	0	0	1,935	136
N/A	School Condition Building Programme	3,593	2,676	0	(917)	6,593	6,593	0	1,908	3,426	1,259
	Finance, Property and Business Services										
N/A	Civic Centre Works Programme	1,610	1,400	0	(210)	3,610	3,610	0	3,514	0	96
N/A	Corporate Technology and Innovation	1,221	1,221	0	0	5,077	5,077	0	5,077	0	0
N/A	Property Works Programme	738	738	0	0	2,658	2,658	0	2,658	0	0
	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	7,923	6,492	(17)	(1,414)	24,702	24,685	(17)	0	24,305	380
	Social Services, Housing, Health and Wellbeing										
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	0	11,500	0
N/A	Adaptations for Adopted Children	17	17	0	0	17	17	0	17	0	0
N/A	PSRG / LPRG	225	150	(75)	0	1,125	1,050	(75)	1,050	0	0
N/A	Equipment Capitalisation - Adult Social Care	985	825	(160)	0	4,925	4,765	(160)	0	4,765	0
	Cross Cabinet Member Portfolios										
N/A	Section 106 Projects	112	82	0	(30)	112	112	0	0	0	112
N/A	Equipment Capitalisation - General	363	363	0	0	1,815	1,815	0	1,815	0	0
	Total Programme of Works	27,851	24,673	(252)	(2,926)	82,221	81,969	(252)	34,047	45,931	1,991
N/A	General Contingency	1,500	1,500	0	0	7,500	7,500	0	7,500	0	0
	Total GF Capital Programme	78,794	56,952	(369)	(21,473)	294,211	293,842	(369)	200,923	86,228	6,691

Appendix E – Treasury Management Report as at 31 August 2017

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

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	43.0	41.91	40.00
1-2 Months	12.4	12.09	5.00
2-3 Months	7.0	6.82	5.00
3-6 Months	30.0	29.94	30.00
6-9 Months	5.0	4.87	10.00
9-12 Months	0.0	0.00	5.00
12-18 Months	5.0	4.87	5.00
18-24 Months	0.0	0.00	0.00
Subtotal	102.4	99.80	100.00
Unpaid Maturities	0.2	0.20	0.00
Grand Total	102.6	100.00	100.00

166. With the exception of the unpaid Heritable investments, deposits are held with UK or overseas institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA rated Money Market Funds, Pooled Funds, Blaenau Gwent CBC, Lancashire CC, Northumberland CC, Stockport BC, Walsall Metropolitan Council, Coventry Building Society, Nationwide Building Society, Goldman Sachs International, Lloyds Bank and Santander UK plc. An overseas deposit is held with Svenska Handelsbanken in a 35 Day Notice Account, which has been called and is due to be repaid in September.
167. 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 August, 63% of the Council's total funds have exposure to bail-in risk compared to a June benchmark average of 65% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 31% once instant access facilities are removed from the bail-in total.
168. To ensure liquidity was maintained during the month, surplus cash was mainly placed in instant access accounts, and when required, funds were withdrawn from instant access accounts. To help sustain reasonable investment returns, a maturing fixed term deposits with Birmingham Council was replaced with new fixed-term deposit with Nationwide Building Society.

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

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

169. There were no scheduled debt repayments or early debt repayment opportunities during August. Gilt yields went down slightly during this month. Therefore, premiums were too high to make early repayment of debt feasible. There were no breaches of the prudential indicators or non-compliance with the treasury management policy and practices.
170. In order to maintain liquidity for day-to-day business operations during September, 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

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

Table 24: Consultancy and agency assignments

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Chief Executive's Office						
Planning Lawyer	02/10/2017	02/10/2017	30/09/2018	0	78	78
Finance						
Benefit Officer	01/12/2015	02/10/2017	31/12/2017	107	14	121
Benefit Officer	03/08/2015	02/10/2017	31/12/2017	150	14	164
Residents Services						
Highways Development Engineer	05/05/2016	04/09/2017	03/12/2017	92	18	110
Casual Smoking Cessation Sessional Advisors	01/04/2013	09/10/2017	29/12/2017	121	5	126
Major Project Officer	20/03/2017	18/09/2017	15/12/2017	52	26	78
Social Care						
Approved Mental Health Worker	01/06/2015	02/10/2017	31/12/2017	168	5	173
Approved Mental Health Worker	12/09/2015	02/10/2017	31/12/2017	151	7	158
Approved Mental Health Worker	01/03/2014	02/10/2017	01/11/2017	201	7	208
Lead Approved Mental Health Practitioner	01/06/2012	02/10/2017	31/12/2017	254	6	260
Approved Mental Health Worker	29/05/2016	02/10/2017	30/11/2017	94	7	101
Team Manager	26/06/2016	02/10/2017	31/12/2017	86	8	94
Care Worker	20/06/2015	02/10/2017	30/10/2017	51	2	53
Residential Care Worker	01/04/2012	02/10/2017	31/12/2017	149	2	151
Occupational Therapist	01/04/2015	02/10/2017	31/01/2018	170	6	176
Occupational Therapist	07/10/2013	02/10/2017	31/12/2017	248	7	255
Occupational Therapist	06/06/2016	02/10/2017	31/12/2017	94	6	100
Occupational Therapist	03/12/2015	02/10/2017	31/12/2017	121	6	127
Senior Social Worker	03/10/2016	02/10/2017	31/12/2017	61	6	67
Senior Social Worker (MASH)	01/04/2013	02/10/2017	31/12/2017	52	7	59
Social Worker	01/04/2013	02/10/2017	31/12/2017	90	7	97
Social Worker	01/04/2013	02/10/2017	31/12/2017	74	7	81
Child Protection Chair	20/07/2015	02/10/2017	31/12/2017	170	8	178
Child Protection Chair	01/07/2015	02/10/2017	31/12/2017	123	9	132
Independent Domestic Violence Advisor	12/01/2015	02/10/2017	31/12/2017	120	5	125
Practice Improvement Practitioner	08/05/2014	02/10/2017	31/12/2017	148	8	156
Local Children & Adult Safeguarding Board Training & Quality Assurance Officer	01/12/2015	02/10/2017	31/12/2017	121	7	128

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker	01/01/2013	02/10/2017	31/12/2017	287	7	294
Social Worker	07/11/2016	02/10/2017	31/12/2017	73	8	81
Social Worker	16/12/2016	02/10/2017	31/12/2017	54	7	61
Social Worker	07/11/2016	02/10/2017	31/12/2017	71	7	78
Social Worker	04/05/2015	02/10/2017	31/12/2017	136	6	142
Social Worker	13/04/2015	02/10/2017	31/12/2017	179	7	186
Senior Social Worker	04/05/2015	02/10/2017	31/12/2017	249	7	256
Social Worker	13/04/2015	02/10/2017	31/12/2017	78	7	85
Team Manager	30/04/2012	02/10/2017	31/12/2017	44	9	53
Social Worker	11/07/2016	02/10/2017	31/12/2017	68	7	75
Social Worker	06/06/2016	02/10/2017	31/12/2017	56	6	62
Social Worker	27/10/2016	02/10/2017	31/12/2017	275	7	282
Social Worker	06/06/2016	02/10/2017	31/12/2017	76	7	83
Social Worker	01/01/2013	02/10/2017	31/12/2017	91	7	98
Social Worker	26/09/2016	02/10/2017	31/12/2017	87	8	95
Advanced Practitioner	04/07/2016	02/10/2017	31/12/2017	317	8	325
Social Worker	03/07/2016	02/10/2017	31/12/2017	54	6	60
Social Worker	19/12/2011	02/10/2017	31/12/2017	65	7	72
Social Worker	07/11/2016	02/10/2017	31/12/2017	187	7	194
Social Worker	01/09/2016	02/10/2017	31/12/2017	82	7	89
Placement Officer	18/03/2016	02/10/2017	31/12/2017	79	6	85
Social Worker	04/05/2015	02/10/2017	31/12/2017	143	7	150
Social Worker	26/08/2016	02/10/2017	31/12/2017	70	7	77
Social Worker	28/03/2016	02/10/2017	31/12/2017	97	6	103
Senior Social Worker	29/05/2016	02/10/2017	31/12/2017	50	7	57
Social Worker	13/11/2016	02/10/2017	31/12/2017	64	7	71
Social Worker	21/08/2016	02/10/2017	31/12/2017	89	7	96
Social Worker	05/09/2014	02/10/2017	31/12/2017	240	7	247
Social Worker	01/08/2015	02/10/2017	31/12/2017	118	8	126
Senior Social Worker	21/11/2017	02/10/2017	31/12/2017	57	8	65
Social Worker	11/08/2014	02/10/2017	31/12/2017	247	7	254
Case Progression Manager	07/04/2014	02/10/2017	31/12/2017	312	10	322
Senior Social Worker	05/10/2015	02/10/2017	31/12/2017	87	8	95
LSAB Coordinator	24/11/2015	02/10/2017	31/12/2017	62	5	67
Early Years Practitioner	06/10/2014	02/10/2017	05/11/2017	78	2	80
Receptionist/ Administrative Assistant	01/09/2014	02/10/2017	05/11/2017	70	2	72
Early Years Practitioner	23/02/2015	02/10/2017	05/11/2017	53	2	55
Early Years Practitioner	01/05/2015	02/10/2017	05/11/2017	127	2	129
Early Years Practitioner	24/02/2014	02/10/2017	05/11/2017	58	1	59
Early Years Practitioner	02/03/2015	02/10/2017	05/11/2017	70	2	72
Early Years Practitioner	12/01/2015	02/10/2017	05/11/2017	71	2	73
Special Needs Officer	05/01/2015	02/10/2017	31/03/2018	98	9	107
Educational Psychologist	15/11/2015	02/10/2017	05/11/2017	178	9	187
Educational Psychologist	01/03/2016	02/10/2017	05/11/2017	192	15	207
Special Needs Officer	01/03/2016	02/10/2017	31/03/2018	46	7	53
Senior Educational Psychologist	15/08/2016	02/10/2017	05/11/2017	75	9	84

Appendix G – Implementation of the Markets in Financial Instruments Derivative (MiFID II) Warnings - Loss of Protections available to retail clients

171. Professional Clients are entitled to fewer protections under the UK and EU regulatory regimes than is otherwise the case for Retail Clients. This is a summary of the protections that the Council will lose on election to be treated as a Professional Client.
172. It should be noted that the Council does not currently receive these retail protections as it is classified as per se professional client.

Communicating with clients, including financial promotions

173. As a Professional Client the simplicity and frequency in which the firm communicates with you may be different to the way in which they would communicate with a Retail Client. They will ensure however that our communication remains fair, clear and not misleading.

Information about the firm, its services and remuneration

174. The type of information that the firm provides to Retail Clients about itself, its services and its products and how it is remunerated differs to what the firm provides to Professional Clients. In particular,
- (A) The firm is obliged to provide information on these areas to all clients but the granularity, medium and timing of such provision may be less specific for clients that are not Retail Clients; and
 - (B) there are particular restrictions on the remuneration structure for staff providing services to Retail Clients which may not be applicable in respect of staff providing services to Professional Clients;
 - (C) the information which the firm provides in relation to costs and charges for its services and/or products may not be as comprehensive for Professional Clients as it would be for Retail Clients, for example, they are required when offering packaged products and services to provide additional information to Retail Clients on the risks and components making up that package; and
 - (D) when handling orders on behalf of Retail Clients, the firm has an obligation to inform them about any material difficulties in carrying out the orders; this obligation may not apply in respect of Professional Clients.

Suitability

175. In the course of providing advice or in the course of providing discretionary management services, when assessing suitability for Professional Clients, the firm is entitled to assume that in relation to the products, transactions and services for which you have been so classified, that you have the necessary level of experience and knowledge to understand the risks involved in the management of your investments. The firm will assess this information separately for Retail Clients and would be required to provide Retail Clients with a suitability report.

Appropriateness

176. For transactions where the firm does not provide you with investment advice or discretionary management services (such as an execution-only trade), it may be required to assess whether the transaction is appropriate. In respect of a Retail Client, there is a specified test for ascertaining whether the client has the requisite investment knowledge and experience to understand the risks associated with the relevant transaction. However, in respect of a Professional Client, the firm is entitled to assume that they have the necessary level of

experience, knowledge and expertise to understand the risks involved in a transaction in products and services for which they are classified as a Professional Client.

Dealing

177. A range of factors may be considered for Professional Clients in order to achieve best execution (price is an important factor but the relative importance of other different factors, such as speed, costs and fees may vary). In contrast, when undertaking transactions for Retail Clients, the total consideration, representing the price of the financial instrument and the costs relating to execution, must be the overriding factor in any execution.

Reporting information to clients

178. For transactions where the firm does not provide discretionary management services (such as an execution-only transactions), the timeframe for our providing confirmation that an order has been carried out is more rigorous for Retail Clients' orders than Professional Clients' orders.

Client reporting

179. Investment firms that hold a retail client account that includes positions in leveraged financial instruments or contingent liability transactions shall inform the Retail Client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. These reports do not have to be produced for Professional Clients.

Financial Ombudsman Service

180. The services of the Financial Ombudsman Service may not be available to you as a Professional Client.

Investor compensation

181. Eligibility for compensation from the Financial Services Compensation Scheme is not contingent on your categorisation but on how your organisation is constituted. Hence, depending on how you are constituted you may not have access to the Financial Services Compensation Scheme.

Exclusion of liability

182. The FCA rules restrict the firm's ability to exclude or restrict any duty of liability which the firm owes to Retail Clients more strictly than in respect of Professional Clients.

Trading obligation

183. In respect of shares admitted to trading on a regulated market or traded on a trading venue, the firm may, in relation to the investments of Retail Clients, only arrange for such trades to be carried out on a regulated market, a multilateral trading facility, a systematic internaliser or a third-country trading venue. This is a restriction which may not apply in respect of trading carried out for Professional Clients.

Transfer of financial collateral arrangements

184. As a Professional Client, the firm may conclude title transfer financial collateral arrangements with you for the purpose of securing or covering your present or future, actual or contingent or prospective obligations, which would not be possible for Retail Clients.

Client money

185. The requirements under the client money rules in the FCA Handbook (CASS) are more prescriptive and provide more protection in respect of Retail Clients than in respect of Professional Clients.
186. It should be noted that at all times you will have the right to request a different client categorisation and that you will be responsible for keeping the firm informed of any change that could affect your categorisation as a Professional Client.