

# COUNCIL BUDGET - 2017/18 MONTH 8

## REVENUE AND CAPITAL BUDGET MONITORING

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<b>Cabinet Portfolio</b>	Finance, Property and Business Services
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<b>Papers with report</b>	Appendices A - I

### HEADLINE INFORMATION

<b>Purpose of report</b>	<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 £1,050k is projected against 2017/18 General Fund revenue budgets as of November 2017 (Month 8) representing an improvement of £70k from the position previously reported to Cabinet.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
<b>Contribution to our plans and strategies</b>	<p><b>Putting our Residents First: <i>Financial Management</i></b></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

### RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position as at November 2017 (Month 8).
2. Note the Treasury Management update as at November 2017 at Appendix E.
3. Continue the delegated authority up until the February 2018 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 14 December 2017 and 25 January 2018 Cabinet meetings, detailed at Appendix F.

4. Accepts the award of £221,100 from the Heritage Lottery Fund for the Cranford Park project and instructs officers to proceed with the Development Phase.
5. Approve acceptance of new burdens funding from DCLG in respect of the Homelessness Reduction Act. Hillingdon's three-year allocation totals £783,103, to be paid over three financial years (2017/18, 2018/19, 2019/20).
6. Approve acceptance of gift funding in relation to a Planning Performance Agreement on the following major development in accordance with the provisions of Section 93 of the Local Government Act 2003:
  - a. Northwood College, Girls Day School, Maxwell Road, Northwood (£15,000)
7. Agree that the Council donates £14,000 to the Mayor of Hillingdon's Charitable Trust to support local good causes, funded from the proceeds of kerbside textile waste collection and matched funding from the HIP Initiatives budget.
8. Approve introduction of fees & charges relating to admission and guided tours at the new Battle of Britain Bunker Visitor Centre, as set out in appendix G. The new charges will apply from March 2018.
9. Note the increase of 20% to nationally set planning fees charged and removal of the requirement for exemptions from fees for applications received after Article 4 directions and after removal of Permitted Development rights with effect from 17 January 2018, following direction from the Ministry of Housing, Communities and Local Government in December 2017.
10. Ratify urgent decisions taken by the Leader of the Council on 8 January 2018 and set out in Appendix I for the London Borough of Hillingdon to opt into the London Business Rates Pilot Pool and enter into a Memorandum of Understanding to establish the operation of the Pilot Pool, along with approval of local processes for subsequent decisions affecting the Pilot Pool.

## 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 6 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. The Council has been successful with a Parks for People Round 1 Bid to the Heritage Lottery Fund for the restoration of the historic buildings and landscape and the provision of recreational, educational, visitor and volunteer facilities at Cranford Park. **Recommendation 4** seeks acceptance of the award of £221k for the two year Development phase, which represents 81% of the total cost of £274k. The remaining £53k comprises of £8k in volunteer time and a £45k contribution from the Council which will be taken into account in the MTFP.
4. The Homelessness Reduction Act represents legislative reform commencing in April 2018. It was announced in the Chancellor's Autumn Budget and the government will provide £72.7 million nationally to local authorities to meet the new burdens costs associated with the additional duties contained within the Act. **Recommendation 5** seeks authority to release this funding to service operating budgets. Work is underway on costing the financial impact of the Homelessness Reduction Act, which will remain under review.

5. Following pre-application discussions with the independent Northwood College for Girls Day School which seeks to provide new additional teaching accommodation, a science centre on the site as well as increasing the size of the school playground, it is considered essential to have dedicated staff to process this applications in order to meet the timeframes for the school to implement any consent issued. **Recommendation 6** seeks authority from Cabinet to approve the acceptance of this sum in relation to Planning Performance Agreements.
6. Cabinet on 19 June 2014 agreed that proceeds from the kerbside textile waste initiative introduced in 2013 would be donated to the Mayors charity. The proceeds from this scheme in 2016/17 amounted to £7k. The £7k matched funding will come from the HIP initiatives budget. **Recommendation 7** seeks authority for the payment of the £14k to the Mayor's charity.
7. **Recommendation 8** seeks authority to introduce fees & charges set out in Appendix G for admission and optional guided tours at the refurbished Battle of Britain Bunker on the former RAF Uxbridge site, with no charge applicable to residents on production of a Hillingdon First card, serving military personnel or young people under 16 years of age. Reduced charges will apply to Adults aged 65 and over.
8. **Recommendation 9** notes the increases in nationally planning fees which came into effect on 17 January 2018, with Appendix H providing a full schedule of revised charges. DCLG offered a 20% increase to local authorities in February 2017, following on from their White Paper "Fixing the Housing Market", with a view to implementing the increase in July 2017. The offer is contingent a commitment to invest the additional fee income in planning services. The initiative was subsequently delayed last year, with the revised implementation date of 17th January 2018 announced by the Government's Chief Planner in his newsletter on 21st December 2017. In addition, Cabinet are asked to note the removal of the requirement for exemptions from fees for applications received after Article 4 directions and after removal of Permitted Development rights, thus requiring relevant fees to be collected on such applications.
9. In November 2017, the Leaders of London local authorities collectively approved the principle of a 100% Business Rates Pilot Pool for the capital, with confirmation of Government support for the scheme outlined by the Chancellor in the 2017 Budget. This was expected to retain an additional £240,000k of Business Rates revenues within London local government, with Hillingdon's share estimated to be £5,400k. This additional income was reflected in the draft 2018/19 budget approved by Cabinet on 14 December 2017 for public consultation. The Department for Communities and Local Government (now Ministry of Housing, Communities and Local Government) required the Pilot to be in place within 28 days of the December 2017 Provisional Local Government Finance Settlement, published on 19 December, which is why special urgency provisions have been enacted on this matter. The Leader of the Council has delegated authority in the Council's Constitution to take urgent decisions, which would ordinarily be reserved to the Cabinet, in the absence of a Cabinet meeting. Such decisions will be reported to a subsequent Cabinet meeting for ratification with **Recommendation 10** seeking this.

### **Alternative options considered**

10. There are no other options proposed for consideration.

## SUMMARY

### REVENUE

11. An underspend of £1,050k is projected against General Fund revenue budgets at Month 8, with underspends against both Directorate and Corporate Operating Budgets continuing to be off-set by a pressure on Development and Risk Contingency. 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.
12. 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.
13. Assuming the balance of General Contingency and Unallocated Priority Growth monies are released in-year, the £946k planned drawdown from General Balances is utilised and the anticipated surplus is realised, General Fund Balances are expected to total £38,842k at 31 March 2018, an increase of £104k from the opening 2017/18 balance.
14. The 2017/18 revenue budget contains savings of £15,508k. As at Month 8, £11,003k of savings are banked in full and £3,745k on track for delivery. The remaining £760k reported as 'amber' are ultimately expected to be delivered in full. Since Month 7, £1,003k of savings have been promoted from 'amber' and 'green' to banked, demonstrating continuing progress in the delivery of the 2017/18 savings programme.
15. With the exception of the Collection Fund, there are no material variances on other funds affecting the General Fund position. A surplus of £2,611k 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.
16. At Month 8 an in-year deficit of £1,656k is projected against the Schools Budget, continuing the trend of the growing cost of funding placements for High Needs children. This increases the cumulative deficit to £2,792k, which is expected to be funded from the 2018/19 Dedicated Schools Grant and therefore not impact upon the General Fund position.

### CAPITAL

17. As at Month 8, the projected underspend against the General Fund Capital Programme for 2017/18 is £10,599k, predominantly as a result of re-phasing of project expenditure. The forecast outturn variance over the life of the programme to 2021/22 is an underspend of £462k. General Fund Capital Receipts of £18,220k are forecast for 2017/18, with a shortfall of £3,890k in total forecast receipts to 2021/22.
18. Prudential Borrowing required to support the 2017/18 to 2021/22 capital programme is forecast to be within budget by £5,537k. This is as a result of cost underspends of £462k and increases in grants and contributions of £12,366k, 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 £7,291k in Capital Receipts.

## FURTHER INFORMATION

### General Fund Revenue Budget

19. At Month 8 an underspend of £1,050k is reported across normal operating activities. This underspend is driven by underspends of £836k and £415k against Directorate and Corporate Operating Budgets, respectively, being off-set by a pressure across Development & Risk Contingency items of £201k.
20. 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.
21. 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.
22. The Council's General Fund revenue budget contains £15,508k savings, with £14,748k either banked or on track for delivery at Month 8, an improvement of £288k from the previously reported position. The projected underspend 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 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
			Revised Budget £'000	Forecast Outturn £'000			
194,079	12,264	Directorate Operating Budgets	206,343	205,507	(836)	(748)	(88)
1,495	2,343	Corporate Operating Budgets	3,838	3,423	(415)	(415)	0
19,216	(10,656)	Development & Risk Contingency	8,560	8,761	201	183	18
454	0	Priority Growth	454	454	0	0	0
5,451	(3,951)	Unallocated Budget Items	1,501	1,501	0	0	0
<b>220,695</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>220,695</b>	<b>219,645</b>	<b>(1,050)</b>	<b>(980)</b>	<b>(70)</b>
0	(4,054)	Exceptional Items IBCF Allocation (announced March 2017)	(4,054)	(4,054)	0	0	0
<b>220,695</b>	<b>(4,054)</b>	<b>Total Net Expenditure</b>	<b>216,641</b>	<b>215,591</b>	<b>(1,050)</b>	<b>(980)</b>	<b>(70)</b>
(215,695)	0	Budget Requirement	(215,695)	(215,695)	0	0	0
<b>5,000</b>	<b>(4,054)</b>	<b>Net Total</b>	<b>946</b>	<b>(104)</b>	<b>(1,050)</b>	<b>(980)</b>	<b>(70)</b>
(38,738)	0	Balances b/fwd	(38,738)	(38,738)			
<b>(33,738)</b>	<b>(4,054)</b>	<b>Balances c/fwd 31 March 2018</b>	<b>(37,792)</b>	<b>(38,842)</b>			

23. General Fund Balances are expected to total £38,842k as a result of the forecast position detailed above, from an opening balance of £38,738k. The Council's current MTFE 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 (£836k underspend, £88k improvement)

24. An overview of the forecast outturn on Directorate Operating Budgets as at Month 8 is provided in Table 2. Further detail for each directorate is contained within Appendix A to this report.
25. 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 £4,317k 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 £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
7,141 (1,103)	278 32	Chief Executive's Office	Expenditure	7,419	7,419	0	15	(15)
			Income	(1,071)	(1,072)	(1)	(16)	15
<b>6,038</b>	<b>310</b>		<b>Sub-Total</b>	<b>6,348</b>	<b>6,347</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>
16,640 (3,517)	903 139	Finance	Expenditure	17,543	17,480	(63)	(53)	(10)
			Income	(3,378)	(3,610)	(232)	(240)	8
<b>13,123</b>	<b>1,042</b>		<b>Sub-Total</b>	<b>14,165</b>	<b>13,870</b>	<b>(295)</b>	<b>(293)</b>	<b>(2)</b>
109,841 (36,991)	4,123 (4,588)	Residents Services	Expenditure	113,964	115,059	1,095	926	169
			Income	(41,579)	(43,034)	(1,455)	(1,236)	(219)
<b>72,850</b>	<b>(465)</b>		<b>Sub-Total</b>	<b>72,385</b>	<b>72,025</b>	<b>(360)</b>	<b>(310)</b>	<b>(50)</b>
129,618 (27,550)	12,565 (1,188)	Social Care	Expenditure	142,183	141,927	(256)	(334)	78
			Income	(28,738)	(28,662)	76	190	(114)
<b>102,068</b>	<b>11,377</b>		<b>Sub-Total</b>	<b>113,445</b>	<b>113,265</b>	<b>(180)</b>	<b>(144)</b>	<b>(36)</b>
<b>194,079</b>	<b>12,264</b>	<b>Total Directorate Operating Budgets</b>		<b>206,343</b>	<b>205,507</b>	<b>(836)</b>	<b>(748)</b>	<b>(88)</b>

26. While there is no overall movement across the Chief Executive's Office at Month 8, there are marginal compensatory movements, principally driven by non-staffing and income pressures in Democratic Services being off-set by increased underspends within Human Resources as a result of updated timescales for the implementation of new software.
27. The overall underspend across Finance is as a result of 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. Finance is reporting a minor £2k improvement from Month 7.
28. The Residents Services Directorate is reporting a £50k improvement from the Month 7 position, largely due to improved staffing projections across Administrative, Technical & Business Services being slightly off-set by increased non-staffing spend relating to fuel and vehicle damage within Fleet.
29. The overall underspend across Residents Services continues to be driven by large staffing underspends as a result of a number of vacant posts, being off-set by non-staffing pressures across ICT and Fleet, alongside continuing income pressures within Imported Food Sampling and the Uxbridge Town Centre car parks.

30. A £36k improvement in reported across Social Care budgets at Month 8, resulting in an overall underspend of £180k. This movement is as a result of improved staffing projecting in the Early Intervention, Prevention & SEND service and further increases in income from external bodies partially off-set by the increased costs of housing greater numbers of families eligible for support under Section 17 regulations.
31. The overall underspend within Social Care is predominantly the result of staffing underspends across the directorate where a large number of posts are being held vacant, in part off-set by increased spend on legal counsel, agency workers in Children's Services and reduced income from the DSG for the Educational Psychology Service.

### Progress on Savings

32. The Council's 2017/18 General Fund revenue budget contains £15,508k savings, with all prior year savings delivered in full during 2016/17. £14,748k savings are reported as banked or on track for delivery at Month 8, with the remaining £760k savings being classed as Amber. Items reported as Amber are ultimately expected to be delivered in full, with no items are being reported as having serious risks of non-delivery.

**Table 3: Savings Tracker**

2017/18 General Fund Savings Programme	CE's Office & Finance	Residents Services	Social Care	Cross Cutting	Total Savings	
	£'000	£'000	£'000	£'000	£'000	%
B Banked	(1,077)	(4,546)	(5,182)	(198)	<b>(11,003)</b>	<b>71.0%</b>
G On track for delivery	0	(1,258)	(1,671)	(816)	<b>(3,745)</b>	<b>24.1%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(399)	(261)	(100)	<b>(760)</b>	<b>4.9%</b>
R Serious problems in the delivery of the saving	0	0	0	0	<b>0</b>	<b>0.0%</b>
<b>Total 2017/18 Savings</b>	<b>(1,077)</b>	<b>(6,203)</b>	<b>(7,114)</b>	<b>(1,114)</b>	<b>(15,508)</b>	<b>100.0%</b>

## Corporate Operating Budgets (£415k underspend, no movement)

33. 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.
34. An underspend of £401k is reported across Interest and Investment Income as a result of deferral of external borrowing and an improved outlook for investment income. Within Levies and Other Corporate Budgets, reduced uptake of the Council Tax Older People's Discount supplements the compensatory variances on New Homes Bonus Refund Grant and the West London District Coroners Services.
35. While there has been no material movement in the net impact of Housing Benefit Subsidy upon the Council's financial position, levels of benefit payments and associated subsidy income from the Department of Work and Pensions continue to exceed original estimates which were based upon DWP projections for claimant numbers.

**Table 4: Corporate Operating Budgets**

Original Budget	Budget Changes	Service	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7	
			Revised Budget	Forecast Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
5,259	12,264		Non-Sal Exp	5,259	4,899	(360)	(360)	0
(104)	0		Income	(104)	(145)	(41)	(41)	0
<b>5,155</b>	<b>0</b>		<b>Sub-Total</b>	<b>5,155</b>	<b>4,754</b>	<b>(401)</b>	<b>(401)</b>	<b>0</b>
450	0	Levies and Other Corporate Budgets	Salaries	450	450	0	0	0
11,237	(3,951)		Non-Sal Exp	11,265	11,356	91	91	0
(14,788)	2,468		Income	(12,320)	(12,426)	(106)	(106)	0
<b>(3,101)</b>	<b>2,496</b>		<b>Sub-Total</b>	<b>(605)</b>	<b>(620)</b>	<b>(15)</b>	<b>(5)</b>	<b>0</b>
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	0
144,372	(1,419)		Non-Sal Exp	142,953	145,187	2,234	4,004	(1,770)
(144,931)	1,266		Income	(143,666)	(145,899)	(2,233)	(4,003)	1,770
<b>(559)</b>	<b>(154)</b>		<b>Sub-Total</b>	<b>(713)</b>	<b>(712)</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>1,495</b>	<b>2,343</b>	<b>Total Corporate Operating Budgets</b>	<b>3,838</b>	<b>3,423</b>	<b>(415)</b>	<b>(415)</b>	<b>0</b>	



## Development & Risk Contingency (£201k overspend, £18k adverse movement)

36. 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. £10,656k of this budget was released into base budgets during Month 7 to reflect growth which is no longer contingent. As expected with such potentially volatile areas of activity, these will continue to be closely monitored over the coming year.

**Table 5: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'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	(2,728)		Waste Disposal Levy & Associated Contracts	794	485	(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	1,970	322	322	0
5,298	(5,038)		Demographic Growth - Looked After Children	260	1,290	1,030	983	47
277	0		Social Worker Agency Contingency	277	277	0	0	0
184	0		SEN transport - Contingency	184	251	67	67	0
2,910	(1,699)		Demographic Growth - Transitional Children	1,211	978	(233)	(204)	(29)
785	(432)		Demographic Growth - Adults	353	0	(353)	(353)	0
197	0		Winterbourne View	197	50	(147)	(147)	0
759	(759)		Deprivation of Liberty Safeguards	0	0	0	0	0
559	0	Corp. Items	Apprenticeship Levy	559	383	(176)	(176)	0
750	0		General Contingency	750	750	0	0	0
<b>19,216</b>	<b>(10,656)</b>	<b>Total Development &amp; Risk Contingency</b>		<b>8,560</b>	<b>8,761</b>	<b>201</b>	<b>183</b>	<b>18</b>

37. At Month 8 the contingency provision for homelessness continues to be required in full. The anticipated reduction of households in high-cost B&B has continued into November, which is in line with MTFE assumptions and continues to be closely monitored alongside the related Section 17 costs within Social Care. In addition to the full contingency provision, it remains forecast that Earmarked Reserve drawdowns will be required to secure appropriate and sustainable private sector accommodation that is supporting the reduction in B&B numbers.
38. A £309k underspend against waste disposal continues to be forecast as a result of the Council receiving a one-off disbursement from the West London Waste Alliance in respect of excess reserves. The wider position on waste disposal costs continues to remain consistent with budget assumptions.
39. The projected drawdown from the Asylum contingency continues to be forecast at £1,970k, a £322k pressure. This is as a result of the reduction in income following confirmation from the Home Office that a number of supported individuals will no longer be eligible for funding.

40. An adverse movement of £47k from Month 7 is reported against the Looked After Children contingency item resulting in an anticipated pressure of £1,030k. The overall overspend predominantly relates to the cost of CWD placements and the cost of adoption, where the service is having to place children outside of the Borough. The movement from Month 7 is as a result of an increase in the projected cost of permanent placements.
41. The SEN Transport contingency item continues to report an adverse movement of £67k due to continued growth in the Special Educational Need children population.
42. The contingency requirement for Transitional Children is forecast to be £233k lower than the budgeted £1,211k, a marginal £29k improvement from the previously reported position. This continued improvement is as a result of transition clients entering the service at lower than anticipated costs as they are remaining in education settings for longer periods.
43. No drawdown is anticipated from the Adults Placements contingency, which results in the £353k underspend.
44. 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

45. 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.
46. As at Month 8, £181k of projects have been approved for funding from HIP resources, leaving £973k available for future release. The £20k allocation of Priority Growth in Table 6 below is as a result of the recommendation in the December Cabinet Report relating to the refurbishment works at Willow Tree Centre.

**Table 6: Priority Growth**

Original Budget	Budget Changes	Priority Growth	Month 8		
			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	181	(773)
254	0	Unallocated Priority Growth	254	20	(234)
<b>454</b>	<b>954</b>	<b>Total Priority Growth</b>	<b>1,408</b>	<b>201</b>	<b>(1,207)</b>

### Schools Budget

47. An in-year overspend of £1,656k is projected against the Dedicated Schools Grant in 2017/18, bringing the brought forward deficit on the centrally retained reserve to £2,792k. This position reflects pressures of £2,156k 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.

### **Collection Fund**

48. A headline surplus of £2,611k is projected on the Council's share of Collection Fund activity for 2017/18 at Month 8, an improvement of £9k from the previously reported position. The surplus is made up of a £2,674k surplus on Council Tax and £63k pressure on the retained share of Business Rates
49. A marginal £9k improvement is reported against the Collection Fund at Month 8, where a surplus of £2,611k for 2017/18 is reported. This surplus is made up of a £2,674k surplus against Council Tax off-set by a forecast deficit of £63k against Business Rates. 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 £670k primarily attributable to strong collection performance. The in-year surplus on Business Rates activity is not sufficient to off-set the £408k pressure against the brought forward £2,000k surplus from an increase in Empty Property Relief awarded during 2016/17, which results in an overall £63k deficit on Business Rates.
50. The combined surplus of £2,611k is expected to be available for release to the General Fund in 2018/19.

### **Housing Revenue Account**

51. The Housing Revenue Account (HRA) is currently forecasting an underspend of £1,484k against the budgeted deficit of £11,664k, an improvement of £170k from Month 7. This in-year position results in a projected closing HRA General Balance of £35,646k, which 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.
52. 43 properties have been sold under Right to Buy at the end of Month 8, with a further 42 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 any repayment of receipts and penalty interest to DCLG during Quarter 1 and Quarter 2.

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

53. Appendix D to this report outlines the forecast outturn on the 2017/18 to 2021/22 Capital Programme, with a £462k underspend projected over the five year programme. Prudential Borrowing required to support the Council's Capital Programme is projected to be £5,537k lower than the £102,775k revised budget, primarily as a result of a £12,366k favourable variance on Government Grants being off-set by a £3,890k shortfall in Capital Receipts forecast over the medium term. This favourable variance on borrowing would ultimately result in a reduction in future revenue costs of approximately £300k per annum.
54. 2017/18 capital expenditure is projected to be £10,599k lower than the £62,668k 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 £18,220k of the planned £23,475k will be secured during 2017/18.

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

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

56. The overall position for the Chief Executive's Office at Month 8 is an underspend of £1k, representing nil movement from Month 7. This includes covering a Managed Vacancy Factor (MVF) saving of £154k achieved through vacant posts and non-staffing underspends across the Group.

**Table 7: Chief Executive's Office Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,466	22	Democratic Services	Salaries	1,488	1,500	12	6	6
1,669	26		Non-Sal Exp	1,695	1,718	23	12	11
(596)	(58)		Income	(654)	(618)	36	22	14
<b>2,539</b>	<b>(10)</b>		<b>Sub-Total</b>	<b>2,529</b>	<b>2,600</b>	<b>71</b>	<b>40</b>	<b>31</b>
2,001	(101)	Human Resources	Salaries	1,900	1,922	22	23	(1)
89	262		Non-Sal Exp	351	283	(68)	(39)	(29)
(247)	90		Income	(157)	(174)	(17)	(18)	1
<b>1,843</b>	<b>251</b>		<b>Sub-Total</b>	<b>2,094</b>	<b>2,031</b>	<b>(63)</b>	<b>(34)</b>	<b>(29)</b>
1,833	69	Legal Services	Salaries	1,902	1,922	20	22	(2)
83	0		Non-Sal Exp	83	74	(9)	(9)	0
(260)	0		Income	(260)	(280)	(20)	(20)	0
<b>1,656</b>	<b>69</b>		<b>Sub-Total</b>	<b>1,725</b>	<b>1,716</b>	<b>(9)</b>	<b>(7)</b>	<b>(2)</b>
5,300	(10)	Chief Executive's Office Directorate	Salaries	5,290	5,344	54	51	3
1,841	288		Non-Sal Exp	2,129	2,075	(54)	(36)	(18)
(1,103)	32		Income	(1,071)	(1,072)	(1)	(16)	15
<b>6,038</b>	<b>310</b>		<b>Total</b>	<b>6,348</b>	<b>6,347</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>

### Democratic Services (£71k overspend, £31k adverse movement)

57. An adverse movement of £31k is reported in Democratic Services from Month 7, due in the main to revised printing and postage costs associated with Individual Electoral Registration, alongside continuing income pressures demonstrated by a fall in demand for Nationality Checking and Citizenship Ceremonies.

### Human Resources (£63k underspend, £29k improvement)

58. Human Resources is reporting an underspend of £63k at Month 8, a £29k improvement from the position at Month 7, primarily as a result of revised timescales for implementation of an online performance and development appraisal tool. A forecast pressure on salaries reflects a fully staffed establishment, with a Managed Vacancy Factor of £52k being partly mitigated by maternity leave posts within the service. An underspend on non-salaries includes the favourable movement above, with surplus Learning & Development budgets being captured as part of Zero Based Review proposals for 2018/19.

### Legal Services (£9k underspend, £2k improvement)

59. At Month 8, Legal Services is reporting an underspend of £9k, representing a minor improvement of £2k on the month due to revised staffing assumptions. Income continues to be monitored closely and remains on track to deliver a £20k overachievement in 2017/18.
60. 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 at Month 8 £226k has been banked with the remaining £333k marked as on track for delivery. As at Month 8, 20 Apprentice posts have been appointed to, with a further 28 posts in development / recruitment stages.

## FINANCE (£295k underspend, £2k improvement)

62. The Finance Group is reporting an underspend of £295k at Month 8, an improvement of £2k on the position at Month 7, and includes covering a Managed Vacancy Factor of £376k.

**Table 8: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
942	869	Business Assurance	Salaries	1,811	1,756	(55)	(25)	(30)
1,404	42		Non-Sal Exp	1,446	1,477	31	(3)	34
(659)	0		Income	(659)	(638)	21	18	3
<b>1,687</b>	<b>911</b>		<b>Sub-Total</b>	<b>2,598</b>	<b>2,595</b>	<b>(3)</b>	<b>(10)</b>	<b>7</b>
1,608	0	Procurement	Salaries	1,608	1,580	(28)	(28)	0
75	0		Non-Sal Exp	75	78	3	3	0
(31)	0		Income	(31)	(35)	(4)	(4)	0
<b>1,652</b>	<b>0</b>		<b>Sub-Total</b>	<b>1,652</b>	<b>1,623</b>	<b>(29)</b>	<b>(29)</b>	<b>0</b>
3,127	527	Corporate Finance	Salaries	3,654	3,516	(138)	(130)	(8)
(7)	2,030		Non-Sal Exp	2,023	2,027	4	(1)	5
(127)	(46)		Income	(173)	(187)	(14)	(5)	(9)
<b>2,993</b>	<b>2,511</b>		<b>Sub-Total</b>	<b>5,504</b>	<b>5,356</b>	<b>(148)</b>	<b>(136)</b>	<b>(12)</b>
4,382	(30)	Revenues & Benefits	Salaries	4,352	4,536	184	190	(6)
1,841	0		Non-Sal Exp	1,841	1,806	(35)	(30)	(5)
(2,360)	150		Income	(2,210)	(2,444)	(234)	(248)	14
<b>3,863</b>	<b>120</b>		<b>Sub-Total</b>	<b>3,983</b>	<b>3,898</b>	<b>(85)</b>	<b>(88)</b>	<b>3</b>
1,034	(531)	Pensions, Treasury & Statutory Accounting	Salaries	503	472	(31)	(31)	0
2,234	(2,004)		Non-Sal Exp	230	232	2	2	0
(340)	35		Income	(305)	(306)	(1)	(1)	0
<b>2,928</b>	<b>(2,500)</b>		<b>Sub-Total</b>	<b>428</b>	<b>398</b>	<b>(30)</b>	<b>(30)</b>	<b>0</b>
11,093	835	Finance Directorate	Salaries	11,928	11,860	(68)	(24)	(44)
5,547	68		Non-Sal Exp	5,615	5,620	5	(29)	34
(3,517)	139		Income	(3,378)	(3,610)	(232)	(240)	8
<b>13,123</b>	<b>1,042</b>		<b>Total</b>	<b>14,165</b>	<b>13,870</b>	<b>(295)</b>	<b>(293)</b>	<b>(2)</b>

## Business Assurance (£3k underspend, £7k adverse movement)

63. Business Assurance is projecting an underspend at Month 8 of £3k, an adverse movement of £7k on the month. The favourable staffing position, which includes covering an MVF of £61k, reflects part year vacancies following phase 1 implementation of Business Assurance restructure proposals. Non-Staffing pressures reflect training costs following implementation and roll out of new Health and Safety software, with income shortfall assumptions, primarily a result of a reduction in the demand for fee earning Health and Safety courses.

## Procurement (£29k underspend, nil movement)

64. The Procurement service is reporting an underspend of £29k at Month 8, representing nil movement from assumptions at Month 7. The overall service underspend, which includes covering an MVF of £48k, is a result of favourable staffing variances with maternity leave in the service being managed within existing resources, alongside part year vacancies. The overachievement of income reflects an unbudgeted rebate against purchasing card expenditure.

**Corporate Finance (£148k underspend, £12k improvement)**

65. Corporate Finance is reporting an underspend of £148k at Month 8, representing a £12k improvement on the month, primarily due to an increase in income reported against S46 Receivership Fees. Staffing improvements reflect revised timescales and resource requirements supporting Housing Zone and Housing Company developments. The overall staffing underspend represents early implementation of the Finance Phase 1 business case delivering MTFF savings in 2018/19.

**Revenues & Benefits (£85k underspend, £3k adverse movement)**

66. Revenues and Benefits is reporting a small adverse movement of £3k on the month, principally due to revised grant income projections. Staffing pressures reflect the cost of agency workers 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 (£30k underspend, nil movement)**

67. Pensions, Treasury and Statutory Accounting is reporting an underspend of £30k, nil movement from the Month 7 position. The favourable position is primarily due a vacant post held within the team, currently covered by a financial management trainee as part of the graduate rotation scheme.
68. At Month 8, the full £856k Finance savings proposed as part of the MTFF 2017/18 are now classed as banked, with the £52k classed as on track at Month 7 being banked in the month.

**Table 9: Finance Development & Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
291	0	Uninsured claims	291	291	0	0	0
<b>291</b>	<b>0</b>	<b>Current Commitments</b>	<b>291</b>	<b>291</b>	<b>0</b>	<b>0</b>	<b>0</b>

69. At Month 8, no movement is reported on the requirement to call upon the Uninsured Claims contingency budget as insurance payments and assumptions remain constant. 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. Any expenditure variances beyond the planned level can be managed from existing insurance reserves.

**RESIDENTS SERVICES (£360k underspend, £50k improvement)**

70. Residents Services directorate is showing a projected outturn underspend of £360k at Month 8, excluding pressure areas that have identified contingency provisions.

**Table 10: Residents Services Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
15,219	104	Infrastructure, Waste and ICT	Salaries	15,323	15,048	(275)	(144)	(131)
31,833	2,859		Non-Sal	34,692	35,312	620	427	193
(9,790)	(90)		Exp	(9,880)	(10,252)	(372)	(298)	(74)
<b>37,262</b>	<b>2,873</b>		Income	<b>40,135</b>	<b>40,108</b>	<b>(27)</b>	<b>(15)</b>	<b>(12)</b>
16,922	(1,010)	Housing, Environment, Education, Health & Wellbeing	Salaries	15,912	15,732	(180)	(276)	96
23,024	178		Non-Sal	23,202	24,150	948	1,029	(81)
(16,874)	(243)		Exp	(17,117)	(17,923)	(806)	(812)	6
<b>23,072</b>	<b>(1,075)</b>		Income	<b>21,997</b>	<b>21,959</b>	<b>(38)</b>	<b>(59)</b>	<b>21</b>
7,430	(853)	Planning, Transportatio n & Regeneration	Salaries	6,577	6,533	(44)	(42)	(2)
1,901	121		Non-Sal	2,022	2,485	463	354	109
(6,397)	(125)		Exp	(6,522)	(6,791)	(269)	(189)	(80)
<b>2,934</b>	<b>(857)</b>		Income	<b>2,077</b>	<b>2,227</b>	<b>150</b>	<b>123</b>	<b>27</b>
1,777	(252)	Performance & Improvement	Salaries	1,525	1,506	(19)	(12)	(7)
160	0		Non-Sal	160	169	9	7	2
(270)	252		Exp	(18)	(21)	(3)	(3)	0
<b>1,667</b>	<b>0</b>		Income	<b>1,667</b>	<b>1,654</b>	<b>(13)</b>	<b>(8)</b>	<b>(5)</b>
10,766	831	Administrativ e, Technical & Business Services	Salaries	11,597	10,777	(820)	(689)	(131)
809	2,145		Non-Sal	2,954	3,347	393	272	121
(3,660)	(4,382)		Exp	(8,042)	(8,047)	(5)	66	(71)
<b>7,915</b>	<b>(1,406)</b>		Income	<b>6,509</b>	<b>6,077</b>	<b>(432)</b>	<b>(351)</b>	<b>(81)</b>
52,114	(1,180)	Residents Services Directorate	Salaries	50,934	49,596	(1,338)	(1,163)	(175)
57,727	5,303		Non-Sal	63,030	65,463	2,433	2,089	344
(36,991)	(4,588)		Exp	(41,579)	(43,034)	(1,455)	(1,236)	(219)
<b>72,850</b>	<b>(465)</b>		Income	<b>72,385</b>	<b>72,025</b>	<b>(360)</b>	<b>(310)</b>	<b>(50)</b>

71. 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.
72. The Council's 2017/18 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 11 below.
73. At Month 8 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 8		



£'000	£'000		Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
1,736	0	Impact of Welfare Reform on Homelessness	1,736	1,736	0	0	0
3,522	(2,728)	Waste Disposal Levy & Associated Contracts	794	485	(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
<b>5,558</b>	<b>(2,728)</b>	<b>Current Commitments</b>	<b>2,830</b>	<b>2,521</b>	<b>(309)</b>	<b>(309)</b>	<b>0</b>

74. The Month 8 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		
	September	October	November
Homeless Threat, Priority Need & Eligible	113	133	134
Presenting As Homeless	38	36	41
Duty Accepted	21	19	15
<b>Households in Temporary Accommodation</b>	<b>619</b>	<b>571</b>	<b>560</b>
<b>Households in B&amp;B</b>	<b>229</b>	<b>198</b>	<b>182</b>

75. 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.
76. 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 Needs Incentives Earmarked Reserve given the costs of securing private sector accommodation, with any drawdown being subject to the usual approvals.
77. Drawdown of £2,728k has been approved by Cabinet from the contingency of £3,522k set aside to fund estimated increases in waste tonnages via the levy. There is a projected drawdown at year end of £485k from the remaining contingency of £794k, with the £309k variance a result of one-off disbursement of reserves from WLWA earlier in the year.

### Infrastructure, Waste and ICT (£27k underspend, £12k improvement)

78. The overall forecast encompasses a significant quantum of management actions, mainly within Highways, Waste and Fleet services, which will be closely monitored during the remainder of the financial year. At month 8, the service is reporting a net favourable movement of £12k from the Month 7 position. The re-parenting of the Town Centre Improvement team to this service area has been reflected in the forecast.
79. There is an adverse movement for Fleet of £65k reflecting additional fuel and vehicle damage costs.
80. This adverse movement is netted down by favourable movements in: Property & Estates, reflecting reduced forecast spend on rents & wayleaves (£16k); Waste services, following improved forecasts on contract expenditure and agency staff (£32k) and ICT as a result of further improvement in the forecast for contracts and licences spend (£29k).

**Housing, Environment, Education, Health & Wellbeing (£38k underspend, £21k adverse movement)**

81. The overall forecast contains a number of management actions which will continue to be monitored closely until the end of the financial year.
82. At Month 8 the service is reporting an underspend of £38k, a £21k adverse movement. The adverse movement relates to increased agency forecasts across a range of services (£29k), with this partially netted down by a favourable movement in non-staffing costs of £8k in Community Safety.

**Planning, Transportation & Regeneration (£150k overspend, £27k adverse movement)**

83. At Month 8 there is a projected overspend of £150k (£27k adverse) across the service area, with the main pressure relating to income in Imported Food sampling continuing the trend from previous years.

**Performance & Improvement (£13k underspend, £5k favourable movement)**

84. There is an improvement of £7k relating to revised staffing projections for the Performance & Improvement team, as a result of holding a post vacant for the remainder of the financial year. The Communications team is reporting a £16k staffing pressure resulting from an unachievable MVF due to a fully staffed structure. This is partially netted down by a minor non-staffing adverse movement of £2k.

**Administrative, Technical & Business Services (£432k underspend, £81k improvement)**

85. The service is reporting a £432k underspend at Month 8, representing an £81k favourable movement from the Month 7 position.
86. The net improvement is a result of staffing underspends across the service, with the movement of £56k favourable primarily owing to recruitment to Business Support and Technical Administration roles. In addition there is a favourable movement of £19k relating to improved staffing projections for the contact centre and £10k for parking management.
87. Parking services continue to forecast pressures relating to income shortfalls at Uxbridge car parks with the latest forecast at £491k (£10k adverse) plus further non-staffing pressures relating to repairs and maintenance costs. These are netted down by wider parking income streams including the PRA.

## SOCIAL CARE (£180k underspend, £36k improvement)

88. Social Care is projecting an underspend of £180k at Month 8, an improvement of £36k on the Month 7 position, due to an improvement in the projected cost of staffing in the Early Intervention, Prevention and SEND Service and a further increase in the projected income expected from external organisations, netted down by an increasing pressure in the cost of support provided to families that have become homeless under the Section 17 regulations of The Children Act 1989. The underspend relates predominantly to staffing costs, where there are a number of vacant posts which are not being covered by agency assignments. 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, reduced income from the Dedicated Schools Grant for the Educational Psychology Service and the cost of temporary bed and breakfast accommodation for families supported under the Section 17 regulations.

**Table 13: Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
13,299	455	Children's Services	Salaries	13,754	14,127	373	341	32
12,635	4,600		Non-Sal	17,235	17,288	53	(64)	117
(7,804)	515		Exp	(7,289)	(7,274)	15	15	0
<b>18,130</b>	<b>5,570</b>		<b>Sub-Total</b>	<b>23,700</b>	<b>24,141</b>	<b>441</b>	<b>292</b>	<b>149</b>
7,784	104	Early Intervention, Prevention & SEND	Salaries	7,888	7,544	(344)	(229)	(115)
6,257	24		Non-Sal	6,281	6,170	(111)	(16)	(95)
(2,370)	(308)		Exp	(2,678)	(2,365)	313	315	(2)
<b>11,671</b>	<b>(180)</b>		<b>Sub-Total</b>	<b>11,491</b>	<b>11,349</b>	<b>(142)</b>	<b>70</b>	<b>(212)</b>
4,597	(96)	Older People & Physical Disabilities Service	Salaries	4,501	4,375	(126)	(146)	20
34,209	3,460		Non-Sal	37,669	37,954	285	286	(1)
(11,146)	(750)		Exp	(11,896)	(12,024)	(128)	(119)	(9)
<b>27,660</b>	<b>2,614</b>		<b>Sub-Total</b>	<b>30,274</b>	<b>30,305</b>	<b>31</b>	<b>21</b>	<b>10</b>
11,537	(517)	Adult Social Care - Provider & Commissioned Care	Salaries	11,020	10,689	(331)	(354)	23
5,874	671		Non-Sal	6,545	6,379	(166)	(163)	(3)
(590)	(32)		Exp	(622)	(583)	39	39	0
<b>16,821</b>	<b>122</b>		<b>Sub-Total</b>	<b>16,943</b>	<b>16,485</b>	<b>(458)</b>	<b>(478)</b>	<b>20</b>
4,341	(603)	Learning Disability and Mental Health Service	Salaries	3,738	3,750	12	(64)	76
29,435	4,104		Non-Sal	33,539	33,631	92	68	24
(5,264)	(989)		Exp	(6,253)	(6,416)	(163)	(60)	(103)
<b>28,512</b>	<b>2,512</b>		<b>Sub-Total</b>	<b>31,024</b>	<b>30,965</b>	<b>(59)</b>	<b>(56)</b>	<b>(3)</b>
320	(110)	Directorate & Support Services	Salaries	210	217	7	7	0
(670)	473		Non-Sal	(197)	(197)	0	0	0
(376)	376		Exp	0	0	0	0	0
<b>(726)</b>	<b>739</b>		<b>Sub-Total</b>	<b>13</b>	<b>20</b>	<b>7</b>	<b>7</b>	<b>0</b>
41,878	(767)	<b>S</b>	Salaries	41,111	40,702	(409)	(445)	36

87,740	13,332	Social Care Directorate Total	Non-Sal Exp	101,072	101,225	153	111	42
(27,550)	(1,188)		Income	(28,738)	(28,662)	76	190	(114)
<b>102,068</b>	<b>11,377</b>		<b>Total</b>	<b>113,445</b>	<b>113,265</b>	<b>(180)</b>	<b>(144)</b>	<b>(36)</b>

### SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£686k overspend, £18k adverse movement)

89. 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. At the Cabinet meeting in November 2017, it was agreed that £7,928k of this budget could be transferred into the Social Care base budget. Table 14 sets out the revised Risk Contingency budget for month 8, which takes into account this adjustment and an updated forecast spend against the Development and Risk Contingency, which is now projecting an overspend of £686k, an adverse movement of £18k on the Month 7 position. This is due to a further increase in the projected cost of permanent placements, netted down by a slight reduction in the Transitional Children demographic projections.

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

Original Budget	Budget Changes	Development & Risk Contingency	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,648	0	Asylum Service	1,648	1,970	322	322	0
5,298	(5,038)	Demographic Growth - Looked After Children	260	1,290	1,030	983	47
277	0	Social Worker Agency Contingency	277	277	0	0	0
184	0	SEN transport - Contingency	184	251	67	67	0
2,910	(1,699)	Demographic Growth - Transitional Children	1,211	978	(233)	(204)	(29)
785	(432)	Demographic Growth - Adults	353	0	(353)	(353)	0
197	0	Winterbourne View	197	50	(147)	(147)	0
759	(759)	Deprivation of Liberty Safeguards	0	0	0	0	0
<b>12,058</b>	<b>(7,928)</b>	<b>Current Commitments</b>	<b>4,130</b>	<b>4,816</b>	<b>686</b>	<b>668</b>	<b>18</b>

### Asylum Service (£322k overspend, no change)

90. This service is projecting a drawdown of £1,970k from the contingency, an overspend of £322k as at Month 8 and no change from the Month 7 position. This pressure reflects the impact of a drop in grant income as there are a high proportion of UASC who have and 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.

91. The service continues to review the support provided to UASC to identify where opportunities can be taken to reduce costs, which includes a review of accommodation and allowances costs, which are fed through into the projections once confirmed. Additionally the service is

undertaking a review of the status of Care Leavers to provide further clarity on those that do receive grant funding from the Home Office and those that do not, and where they do not, that they have the relevant status that requires the Council to continue to provide support.

92. 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.

#### **Demographic Growth - Looked After Children (£1,030k overspend, £47k adverse movement)**

93. The service is projecting a drawdown of £1,290k from the Contingency, £1,030k above the budget, an adverse movement of £47k on the Month 7 position, due to an increase in the projected cost of permanent placements. The overspend reported predominantly relates to the cost of CWD placements 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.
94. 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 18 as at the end of November 2017. Based on an annualised cost, this translates into a cost reduction and avoidance of £1,500k, reducing from £5,563k to £4,063k. However this position can fluctuate given the wide potential variation in Children's placements costs.

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

95. 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.

#### **Demographic Growth - SEN Transport (£67k overspend, no change)**

96. The service is projecting a drawdown of £251k from the SEN Transport contingency, £67k above the budget, no change on the Month 7 position. The main increase in this service is usually seen at the start of the new school year, where from September 2017 to November 2017 there has been a net growth of 68 clients. Although the majority of these new clients have been put on existing routes, several new routes have had to be added with additional passenger assistant costs. Over the last few months, it is clear that the growth in the Special Educational Need children population is continuing at an exponential rate, which is starting to feed through into demands on the transport service. As stated, the service is ensuring that all existing routes are maximised, but it is clear that in the majority of cases there are no more spare places going forward.

#### **Demographic Growth - Transitional Children (£233k underspend, £29k improvement)**

97. The service is projecting a reduced drawdown of £978k from the Transitional Children contingency. The improvement is as a result of transition clients entering the service at lower than anticipated costs as they are remaining in education settings for longer periods. However, the anticipation is that these clients will require higher cost care packages in the future once they leave education and where possible this has been reflected in the MTFF forecasts. This will continue to be monitored closely during the year and the forecast revised to reflect actual placements as the year progresses.

### **Demographic Growth - Adults Placements (£353k underspend, no change)**

98. The service is projecting no drawdown from the Adults Placements contingency, which results in the £353k underspend, no change on the Month 7 position. The main reason for this 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. It should however be recognised that the adult population is still growing and that more eligible people still require care, however these care needs are being met in a different way, which in most cases will be at a lower cost than previous clients.

### **Winterbourne View (£147k underspend, no change)**

99. The service is projecting a drawdown of £50k from the Winterbourne View contingency, £147k below the budget. The current assumption is that these clients will be funded by dowry payments, however, 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) (Nil variance, no change)**

100. This budget has been transferred to the Social Care base budget and as such any variance in this service will be captured within the Learning Disability and Mental Health Service.

## **DIRECTORATE OPERATING BUDGETS**

### **Children's Services (£441k overspend, £149k adverse movement)**

101. The service is reporting an overspend of £441k as at Month 8, an adverse movement of £149k from the Month 7 position. This is due to increasing costs associated with temporary bed and breakfast accommodation that is a requirement under Section 17 of The Children Act 1989 to support families with children that have become homeless together with an increase in staffing costs where permanent staff recruitment remains a significant challenge. Within this position there is still a significant legal cost pressure relating to a number of complex cases and the cost of staff recruitment from overseas, which is being managed through prior-year provisions that are no longer required.

### **Early Intervention, Prevention & SEND (£142k underspend, £212k improvement)**

102. The service is reporting an underspend of £142k as at Month 8, an improvement of £212k on the Month 7 position, due to an improved position on staffing costs, following a review of vacant posts and an improved position on non-staffing costs, where the service is incurring costs on essential items only. The overall underspend is due to staffing costs, which are projected to underspend by £344k, due to a review of all vacant posts and the need to recruit to them and an underspend on non-staffing costs of £111k due to effective management action to restrict spend on essential items only, netted down by a projected shortfall of £313k in income from the Dedicated Schools Grant for the Educational Psychology Service, where the service has had difficulties in recruiting Educational Psychologists, although recently this position has improved and statutory workloads have reduced, allowing the service to provide a restricted non-statutory function for schools.

### **Older People and Physical Disabilities (£31k overspend, £10k adverse movement)**

103. The service is reporting an overspend of £31k as at Month 8, an adverse movement of £10k on the Month 7 position, due to an increase in the cost of staffing.
104. The overspend relates to the cost of the Occupational Therapy contract, netted down by an underspend in staffing costs, and an overachievement of income from Health and client contributions.

**Adult Social Care - Provider and Commissioned Care (£458k underspend, £20k adverse movement)**

105. The service is reporting an underspend of £458k as at Month 8, an adverse movement of £20k on the Month 7 position, due to an increase in the cost of staffing at the Children's Homes to support children with complex needs. The staffing budget is forecast to underspend by £331k, due to recruitment difficulties within the Reablement Team and posts that were vacant for part of the year in the Positive Behaviour Support Team. Additionally the non-staffing budget is forecast to underspend by £166k, which relates to a review of a number of contracts.
106. It should be noted that the Transport Service is reporting an in year overspend of £87k, due to an increase in demand. However, this is a major improvement from the Outturn pressure of £1m in 2016/17 and has been delivered through the major service review, which has introduced new and improved ways of working. The service is currently working on a new contract framework and the purchase of a new IT system. Additionally the service plan to undertake a review of the passenger assistant requirement on all SEN home-to-school routes to ensure the agency provision is at an optimum level. As stated above, the Transport service has seen significant client growth for the 2017/18 academic year with an overspend currently projected on the contingency provision. Some further growth is expected throughout the remainder of the year and this will be closely monitored.

**Learning Disability and Mental Health (£59k underspend, £3k improvement)**

107. The service is forecasting an underspend of £59k as at Month 8, an improvement of £3k on the Month 8 position. The month 8 position relates to an overachievement of £60k on income, due to an increase in external funding, netted down by an overspend of £12k on staffing costs and an overspend of £92k on non staffing costs, which relates to an increase in the cost of Deprivation of Liberty Safeguard assessments.

**Directorate & Support (£7k overspend, no change)**

108. The Directorate budget is forecasting a marginal pressure of £7k as at Month 8, no change from the Month 7 position.

## Appendix B – Other Funds

### SCHOOLS BUDGET

#### Dedicated Schools Grant (£1,656k overspend, £19k improvement)

109. The Dedicated Schools Grant (DSG) is projecting an in-year overspend of £1,656k as at Month 8, a favourable movement of £19k on the Month 7 projections. The overspend is due to continuing pressures 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 £2,792k. Any such pressure on the Schools Budget would be funded from future years' DSG income and therefore not directly impact upon the Council's General Fund.

**Table 15: DSG Income and Expenditure 2017/18**

Original Budget	Budget Changes	Funding Block	Month 8		Variance (+ adv / - fav)		
			Revised Budget	Forecast Outturn	Variance (As at Month 8)	Variance (As at Month 7)	Change from Month 7
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(148,436)	5,690	<b>Dedicated Schools Grant Income</b>	(142,746)	(142,746)	0	0	0
112,811	(5,490)	<b>Delegated to Schools</b>	107,321	107,321	0	0	0
3,971	(341)	<b>Early Years</b>	3,630	3,446	(184)	(123)	(61)
3,889	0	<b>Centrally Retained</b>	3,889	3,970	81	259	(178)
27,265	141	<b>High Needs</b>	27,406	29,665	2,259	2,039	220
<b>(500)</b>	<b>0</b>	<b>Total Funding Blocks</b>	<b>(500)</b>	<b>1,656</b>	<b>2,156</b>	<b>2,175</b>	<b>(19)</b>
<b>500</b>	<b>0</b>	<b>Retained Balance</b>	<b>500</b>	<b>0</b>	<b>(500)</b>	<b>(500)</b>	
<b>(0)</b>	<b>0</b>	<b>Total Schools Budget</b>	<b>0</b>	<b>1,656</b>	<b>1,656</b>	<b>1,675</b>	<b>(19)</b>
0	0	Balance Brought Forward 1 April 2017	1,136	1,136			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2018</b>	<b>1,136</b>	<b>2,792</b>			

#### Dedicated Schools Grant Income (nil variance, no change)

110. The budget and projections have been realigned to reflect the updated position following confirmation from the Education & Skills Funding Agency (ESFA) of the adjustments to the DSG to reflect the two school conversions to academy status which took place on the 1 September 2017.

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

111. The budget has been realigned following the adjustment to the DSG recoupage figures following the conversion to academy status of two schools on 1 September 2017. Academy schools receive schools block funding directly from the ESFA and therefore the DSG payable to the local authority is adjusted to reflect this mid-year change.

#### Early Years (£184k underspend, £61k improvement)

112. The Early Years funding block is projecting an underspend of £184k as at month 8 which is £61k improvement on the position reported at month 7.

113. The improvement from month 7 relates to a revised projection on the amount of two year old capacity grant funding that will be required following a significant reduction in the number of settings applying for grant funding in 2017/18. This is despite the criteria being extended to include early years settings requiring adaptations in order to provide the additional 15 hours free entitlement for 3 & 4 year olds.



114. The Early Years Psychology team are still projecting a £46k underspend where uncertainty continues regarding the delivery model and the capacity of the team to deliver service to the Early Years sector. The current projection is based on the amount of educational psychology time that was allocated to Early Years in 2016/17, though this may actually be lower given the current capacity of the team.
115. There is a £54k underspend across the Early Years Advisory and Family Information Services, 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.

#### **Centrally Retained (£81k overspend, £178k improvement)**

116. The Centrally Retained funding block is projecting an overspend of £81k as at month 8. The £178k decrease in projected spend relates to a reduction in the projected growth contingency fund requirement and additional income in relation to excluded pupils.
117. The Growth Contingency fund continues to project an overspend due to the diseconomies funding requirement for one of the basic need academies increasing due to low pupil numbers. However, this overspend has been partly off-set by a reduction in the projected expenditure on in-year growth following confirmation of actual pupil numbers from the October census.
118. The increase in the number of pupil exclusions has resulted in £91k additional income as the local authority is able to reclaim some funding from schools relating to excluded pupils. This funding would normally follow the pupil and therefore be passed on to the school where the pupil is placed. However, with the majority of these excluded pupils accessing the in-borough alternative provision, this income will be used to partly off-set the increase in funding paid to the setting as a consequence of them being over numbers.
119. There are projected underspends in the School Procurement team following the secondment of one of the team from November onwards and the Admissions team due to a current vacant post.

#### **High Needs (£2,259k overspend, £220k adverse movement)**

120. The High Needs funding block is projecting an overspend of £2,259k as at Month 8, an adverse movement of £220k on the Month 7 projections, due to an increase in the number of independent placements and continuing pressure linked to the transfer of pupils in special schools from statements to Education & Health Care plans (EHCPs).
121. The budget pressure linked to the transfer of pupils in special schools from statements to Education & Health Care plans (EHCPs) continues. As pupils are transferred to an EHCP they move onto the new banded funding model often resulting in a higher resource requirement. The projections also include a £50k pressure due to a number of special schools and specialist resource provisions being over their allocated planned place number.
122. There has been an increase in the number of pupils with SEN placed in independent or non-maintained schools. The High Needs budget included a savings target within the budget for Independent and non-maintained school SEN placements which 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, resulting in additional pressure on the High Needs block.
123. The forecast includes additional projected expenditure to cover the cost of an increase in pupils attending in-borough alternative provision. The unit currently has a planned place number of 70, however, recent pupil numbers have been in excess of this following an

increase in exclusions across the Borough. Income should be received from schools that have excluded which will partly off-set this pressure.

124. 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.
125. The above budget pressures are off-set by the following projected underspends; the DSG contribution to the non-statutory work of the Educational Psychology team where currently recruiting and retaining Educational Psychologists is proving very difficult making it a significant challenge to deliver anything other than statutory work (there is a national shortage of qualified Educational Psychologists); the SEN contingency budget, where the forecast on the 2% threshold mechanism has reduced following confirmation of the pupil numbers in the October census and in the SEN support services as a result of a vacant post.

### **School Academy Conversions**

126. 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.
127. 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**

128. 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.
129. 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%.
130. Of the 54 schools currently maintained by the local authority, two (one primary and one secondary) have been unable to set a balanced budget and will be requesting that the authority license a deficit. These schools have worked on a deficit recovery plan to demonstrate how they will achieve a balanced budget within at least the next three years.
131. 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 (£2,611k surplus, £9k improvement)

132. The collection of local taxes is managed through the Council's Collection Fund in order to avoid short-term volatility in income impacting on provision of services. Sums quoted relate to the Council's own share of income and disregard monies collected on behalf of the Greater London Authority and Central Government. The projected surplus will be available to support the Council's General Fund budget in 2018/19. A headline surplus of £2,611k is projected on the Council's share of Collection Fund activity for 2017/18 at Month 8, an improvement of £9k from the previously reported position. The surplus is made up of a £2,674k surplus on Council Tax and £63k pressure on the retained share of Business Rates.

**Table 16: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(119,465)	0	Council Tax	Gross Income	(119,465)	(120,311)	(846)	(843)	(3)
11,266	0		Council Tax Support	11,266	11,442	176	176	0
(500)	0		B/fwd Surplus	(500)	(2,504)	(2,004)	(2,004)	0
<b>(108,699)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(108,699)</b>	<b>(111,373)</b>	<b>(2,674)</b>	<b>(2,671)</b>	<b>(3)</b>
(105,520)	0	Business Rates	Gross Income	(105,520)	(106,029)	(509)	(503)	(6)
(2,350)	0		Section 31 Grants	(2,350)	(2,451)	(101)	(101)	0
51,412	0		Less: Tariff	51,412	51,412	0	0	0
6,217	0		Less: Levy	6,217	6,482	265	265	0
(2,000)	0		B/fwd Deficit	(2,000)	(1,592)	408	408	0
<b>(52,241)</b>	<b>0</b>	<b>Sub-Total</b>	<b>(52,241)</b>	<b>(52,178)</b>	<b>63</b>	<b>69</b>	<b>(6)</b>	
<b>(160,940)</b>	<b>0</b>	<b>Total Collection Fund</b>		<b>(160,940)</b>	<b>(163,551)</b>	<b>(2,611)</b>	<b>(2,602)</b>	<b>(9)</b>

133. A minor £3k movement is being reported against Council Tax collection at Month 8, representing continued strong collection performance. A £176k pressure continues to be reported on the Council Tax Support Scheme, which remains 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 £2,674k.

134. The £6k improvement across Business Rates income slightly decreases the anticipated 2017/18 deficit laid out in the Council's draft MTF. Strong performance during 2017/18 remains marginally insufficient to off-set the majority of the brought forward deficit.

## Appendix C – HOUSING REVENUE ACCOUNT

136. The Housing Revenue Account (HRA) is currently forecasting an in-year overall deficit of £10,180k, which is £1,484k more favourable than the budgeted position. Therefore the 2017/18 closing HRA General Balance is forecasted to be £35,646k, 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 17: Housing Revenue Account**

Service	Month 8		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,064)	(55,577)	(513)	(513)	0
Other Income	(5,494)	(5,144)	350	220	130
<b>Net Income</b>	<b>(60,558)</b>	<b>(60,721)</b>	<b>(163)</b>	<b>(293)</b>	<b>130</b>
Housing Management	12,214	12,777	563	420	143
Tenant Services	4,973	4,610	(363)	(367)	4
Repairs	5,033	4,837	(196)	(116)	(80)
Planned Maintenance	4,906	3,478	(1,428)	(1,061)	(367)
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
<b>Operating Costs</b>	<b>72,222</b>	<b>70,901</b>	<b>(1,321)</b>	<b>(1,021)</b>	<b>(300)</b>
<b>(Surplus) / Deficit</b>	<b>11,664</b>	<b>10,180</b>	<b>(1,484)</b>	<b>(1,314)</b>	<b>(170)</b>
General Balance 01/04/2017	(45,826)	(45,826)	0	0	0
<b>General Balance 31/03/2018</b>	<b>(34,162)</b>	<b>(35,646)</b>	<b>(1,484)</b>	<b>(1,314)</b>	<b>(170)</b>

### Income

137. A favourable variance of £513k is forecast on rental income, representing no change from the Month 7 position. An adverse variance of £350k is forecast on other income, representing an adverse movement of £130k on the Month 7 position, due to the reduction in the forecast for leaseholders' income from capital projects.

138. The number of RTB applications received in the first eight months of 2017/18 was 119 compared to 205 for the same period in 2016/17, a reduction of 42%. There have been 43 RTB completions in the first eight months of 2017/18 compared to 67 for the same period in 2016/17, a reduction of 36%. The Month 8 forecast assumes RTB sales of 85 and this will continue to be kept under review.

## Expenditure

139. The Housing management service is forecast to overspend by £563k, an increase of £143k on Month 7, due to redundancy costs £112k and running costs £31k.
140. Tenant services is forecast to underspend by £363k, a minor adverse movement of £4k on the Month 7 position.
141. The repairs budget is forecast to underspend by £196k, a favourable movement of £80k on Month 7, due to a reduced forecast spend on the external decorations programme.
142. The Planned Maintenance budget is forecast to underspend by £1,428k, a favourable movement of £367k on Month 7, due to reduced forecast spend on fencing works of £137k, asbestos works of £122k and for environmental works £108k.
143. 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 7 position.

## HRA Capital

144. 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 £78,696k. The revised budget includes the December Cabinet approval for the re-phasing of £7,200k from the 2017/18 HRA capital major projects programme budget into later years.

**Table 18: 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
<b>Major Projects</b>									
New General Needs Housing Stock	21,418	17,407	17,025	0	(382)	32,848	32,848	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	119	102	0	(17)	7,948	7,948	0	0
New Build - Supported Housing Provision	21,434	20,967	19,145	(1,768)	(54)	37,506	33,831	(3,675)	(3,675)
ICT	0	0	0	0	0	162	162	0	0
HRA General Capital Contingency	9,500	9,270	9,270	0	0	9,270	9,270	0	0
<b>Total Major Projects</b>	<b>62,707</b>	<b>56,398</b>	<b>54,177</b>	<b>(1,768)</b>	<b>(453)</b>	<b>96,369</b>	<b>92,694</b>	<b>(3,675)</b>	<b>(3,675)</b>
<b>Works to Stock</b>									
Works to stock programme	7,626	19,964	16,394	0	(3,570)	48,996	48,996	0	0
Major Adaptations to Property	1,092	2,334	2,334	0	0	6,720	6,720	0	0
<b>Total Works to Stock</b>	<b>8,718</b>	<b>22,298</b>	<b>18,728</b>	<b>0</b>	<b>(3,570)</b>	<b>55,716</b>	<b>55,716</b>	<b>0</b>	<b>0</b>
<b>Total HRA Capital</b>	<b>71,425</b>	<b>78,696</b>	<b>72,905</b>	<b>(1,768)</b>	<b>(4,023)</b>	<b>152,085</b>	<b>148,410</b>	<b>(3,675)</b>	<b>(3,675)</b>
<b>Movement on Month 7</b>	<b>0</b>	<b>(7,200)</b>	<b>(1,215)</b>	<b>0</b>	<b>5,985</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Major Projects

145. The 2017/18 Major Projects programme revised budget is £56,398k and the forecast spend is £54,177k, with a forecast underspend of £1,768k and a re-phasing of £453k. The major works cost variance during the period 2017-22 remains an underspend of £3,675k.

### New General Needs Housing Stock

146. The 2017/18 General Needs Housing Stock revised budget is £17,407k. This reflects the December Cabinet re-phasing and it includes an increase in budget of £230k following Cabinet approval in October to transfer the funds from the HRA Capital Contingency budget to enable the commencement of pre-feasibility works towards the building of 14 new housing units across four different sites.
147. There is a forecast re-phasing of £382k being reported across the General Needs programme. The overall re-phasing is resulting from a number of approved developments not commencing construction to expected project timescales.
148. Contractors have been appointed for all 3 elements of the housing programme. The building works with respect to the extensions and conversions are forecast to be complete by the end of December 2017. The new builds are expected to be delivered by September 2018.
149. 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 re-phased. A contractor has been appointed to demolish and secure the site prior to commencing development.
150. Lead Consultants and architects have been appointed for the three developments at Belmore allotments, Maple and Poplar Day Centre and Willow Tree. The employer's agents and appointed architects continue to work on finalising the design of the schemes.

### New Build - Appropriation of Land

151. 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

152. New Build Shared Ownership - the 2017/18 revised budget is £119k, with a forecast spend of £102k and a re-phasing of £17k. The schemes are being delivered concurrently with the General Needs units.

### New Build - Supported Housing

153. 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 these units. This has 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, with an increased re-phasing movement in 2017/18 of £54k across the programme.
154. Grassy Meadow and Parkview : The contractors continue to make progress on both sites.

## HRA General Contingency

155. HRA General Contingency: A capital contingency of £9,270k 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**

156. The works to stock revised budget is £19,964k and the forecast spend is £16,394k. The re-phasing variance is £3,570k, of which £2,200k relates to the kitchen and bathrooms programmes and £608k relates to the lift renewals at sheltered housing schemes, with an increase in the phasing variance of £762k compared to Month 7.
157. The major adaptations revised budget of £2,334k is forecast to be fully spent.

### **HRA Capital Receipts**

158. There have been 43 Right to Buy sales of Council dwellings as at the end of November 2017 for a total gross sales value of £7.3m and a total of a further 42 sales are forecast to bring the yearly total to 85, totalling £13.5m in 2017/18, although this will be kept under review given the drop in sales compared to previous years.
159. 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.
160. 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

161. As at Month 8 an underspend of £10,599k is reported on the £62,668k General Fund Capital Programme for 2017/18 due largely to re-phasing of project expenditure. The forecast outturn variance over the life of the 2017/18 to 2021/22 programme is an underspend of £462k.
162. General Fund Capital Receipts of £18,220k are forecast for 2017/18, with a shortfall of £3,890k in total forecast receipts to 2021/22.
163. Overall, Prudential Borrowing required to support the 2017/18 to 2021/22 capital programmes is forecast to be within budget by £5,537k. This is as a result of cost underspends of £462k and increases in grants and contributions of £12,366k 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 combined shortfall of £7,291k in capital receipts and Community Infrastructure Levy.

### Capital Programme Overview

164. Table 19 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2017.

**Table 19: 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	Move-ment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Schools Programme	10,985	9,105	(225)	(1,655)	90,783	90,558	(225)	(25)
Self Financing Developments	150	25	-	(125)	27,619	27,619	-	-
Main Programme	20,166	17,563	(30)	(2,573)	85,403	85,373	(30)	-
Programme of Works	30,177	24,186	(207)	(5,784)	84,547	84,340	(207)	-
<b>Total Main Programme</b>	<b>61,478</b>	<b>50,879</b>	<b>(462)</b>	<b>(10,137)</b>	<b>288,352</b>	<b>287,890</b>	<b>(462)</b>	<b>(25)</b>
General Contingency	1,190	1,190	-	-	6,658	6,658	-	-
<b>Total Capital Programme</b>	<b>62,668</b>	<b>52,069</b>	<b>(462)</b>	<b>(10,137)</b>	<b>295,010</b>	<b>294,548</b>	<b>(462)</b>	<b>(25)</b>
<b>Movement</b>	<b>(16,518)</b>	<b>(1,455)</b>	<b>(25)</b>	<b>15,088</b>	<b>407</b>	<b>382</b>	<b>(25)</b>	

165. The 2017/18 revised budget has reduced by £16,518k which reflects approval at December Cabinet to re-phase funding on various projects and programmes that will continue into future years. The total expenditure budget has increased by £407k due to a recent additional award of Disabled Facilities Grant from the Department for Communities and Local Government. The funding will be spent on further adaptations by the end of this financial year.
166. The Schools Programme reports a re-phasing underspend in 2017/18 of £1,655k which is mainly due to revised expenditure profiles across financial years of the two primary school expansions that are underway. Planned expansions at two Secondary school sites are in



various stages of the planning approval process. There is an increase in forecast underspend to £125k relating to unused contingency no longer required for the replacement of Northwood School and a further £100k underspend is reported on highways works at Oak Wood School.

167. The five year programme contains two major self financing mixed residential developments at the former Belmore Allotments and Yiewsley pool sites. Work is at early stages on the Yiewsley site redevelopment, resulting in forecast re-phasing of £125k. Design work is in progress for the housing development at Belmore Allotments.
168. The main programme reports a small cost underspend of £30k on completion of projects which commenced in the previous financial year. Forecast re-phasing amounts to £2,573k on numerous projects and programmes that will continue into future financial years.
169. Programmes of Works are forecast to have cost underspends of £207k which relates mainly to Social Care equipment capitalisation. Forecast re-phasing has increased to £5,784k on various existing programmes that will continue into next year. School Condition works are in various stages of progress and elements of the Transport for London, Corporate Technology and Innovation and Civic Centre programmes will be completed next financial year.
170. The remaining unallocated general contingency budget has reduced to £1,190k in 2017/18 following recent urgent Cabinet Member approvals of funding for several projects. These include £132k for the demolition and site clearance of Bourne Court, an additional £42k to support the project to replace Ruislip Lido Railway Society workshop and £36k for the replacement of fire doors at Merchiston House care home. A further £5,468k contingency funding over the period 2018-22 are forecast to be fully utilised as and when risk issues emerge.

### Capital Financing - General Fund

171. Table 20 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £5,537k reported on Prudential Borrowing, due mainly to an increase in grant funding over original budget estimates.

**Table 20: 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	42,121	32,725	(9,396)	213,069	200,241	(12,828)	(25)
Financed By:							
Capital Receipts	23,475	18,220	(5,255)	83,393	79,503	(3,890)	(737)
CIL	5,151	2,500	(2,651)	26,901	23,500	(3,401)	-
Prudential Borrowing	13,495	12,005	(1,490)	102,775	97,238	(5,537)	712
<b>Total Council Resources</b>	<b>42,121</b>	<b>32,725</b>	<b>(9,396)</b>	<b>213,069</b>	<b>200,241</b>	<b>(12,828)</b>	<b>(25)</b>
Grants & Contributions	20,547	19,344	(1,203)	81,941	94,307	12,366	-
<b>Total Programme</b>	<b>62,668</b>	<b>52,069</b>	<b>(10,599)</b>	<b>295,010</b>	<b>294,548</b>	<b>(462)</b>	<b>(25)</b>

172. Capital receipts received as at the end of November amount to £780k which will be utilised towards financing costs of transformation in 2017/18. The 2017/18 forecast has increased to £18,220k as one major sale is expected to be completed before the end of this financial year. The five year capital receipts forecast reports an under recovery of £3,890k which is due to a reduction in General Fund share of Right to Buy (RTB) receipts. Forecast RTB sales from 2017-2020 have been reduced by 95 from original budget estimates and revised estimates of the amount attributable to the General Fund from current forecast RTB sales have also reduced by £737k over five years.
173. As at the end of November a total of £562k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received by the Council this financial year, a nil monthly movement. The current year income forecast is an under recovery of £2,651k as there is increasing risk around the timing and level of receipts for existing planning applications and it is not certain this will be fully recovered in future years. There continue however to be Section 106 receipts in respect of previous planning applications which may partially mitigate this shortfall, where balances are applicable to finance existing capital expenditure in accordance with the specific S106 agreement. 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.
174. Grants and contributions are £12,366k 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.
175. A favourable variance of £5,537k is reported on prudential borrowing due mainly to the increase in available grants and contributions noted above, partly offset by the forecast shortfall in other sources of funding. The adverse movement of £712k in month is largely as a result of the reduction in forecast 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
	<b>Education and Children Services</b>										
136,966	Primary Schools Expansions	200	100	0	(100)	1,565	1,565	0	1,565	0	0
786	New Primary Schools Expansions	6,461	5,078	0	(1,383)	26,614	26,614	0	12,817	13,797	0
482	Secondary Schools Expansions	1,215	867	0	(348)	55,418	55,418	0	34,483	20,935	0
42,721	Secondary Schools New Build	3,097	3,048	(225)	176	3,574	3,349	(225)	624	2,168	557
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	1,200	0	0
<b>181,142</b>	<b>Total Schools Programme</b>	<b>10,985</b>	<b>9,105</b>	<b>(225)</b>	<b>(1,655)</b>	<b>90,783</b>	<b>90,558</b>	<b>(225)</b>	<b>53,101</b>	<b>36,900</b>	<b>557</b>

## 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
	<b>Self Financing Developments</b>										
	<b>Finance, Property and Business Services</b>										
237	Yiewsley Site Development	150	25	0	(125)	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
<b>237</b>	<b>Total Main Programme</b>	<b>150</b>	<b>25</b>	<b>0</b>	<b>(125)</b>	<b>27,619</b>	<b>27,619</b>	<b>0</b>	<b>26,411</b>	<b>0</b>	<b>1,208</b>

## 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
	<b>Community, Commerce and Regeneration</b>										
1,702	CCTV Enforcement (SKC's)	40	40	0	0	40	40	0	40	0	0
561	Gateway Hillingdon	2,377	2,055	0	(322)	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	50	35	0	(15)	599	599	0	599	0	0
100	Uxbridge Change of Heart	946	912	0	(34)	1,896	1,896	0	1,071	738	87
	<b>Central Services, Culture and Heritage</b>										
883	Bowls Club Refurbishments	510	350	0	(160)	658	658	0	626	0	32
214	Haste Hill Golf Club	66	66	0	0	66	66	0	66	0	0
32,203	Hillingdon Sports & Leisure Centre	650	325	0	(325)	856	856	0	856	0	0
0	Ruislip Lido Railway Society Workshop	382	340	0	(42)	402	402	0	402	0	0
0	Mobile Library	117	117	0	0	117	117	0	117	0	0
	<b>Finance, Property and Business Services</b>										
2,282	Battle of Britain Heritage Pride Project	3,854	3,854	0	0	4,154	4,154	0	4,154	0	0
29	Battle of Britain Underground Bunker	200	75	0	(125)	1,024	1,024	0	1,024	0	0
0	Bessingby FC and Boxing Clubhouse	180	90	0	(90)	1,370	1,370	0	1,370	0	0
0	Uniter Building Refurbishment	100	10	0	(90)	400	400	0	400	0	0
0	New Museum	100	10	0	(90)	5,632	5,632	0	4,882	0	750
0	New Theatre	100	50	0	(50)	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
0	Hillingdon Outdoor Activity Centre	250	250	0	0	250	250	0	250	0	0
	<b>Planning, Transportation and Recycling</b>										
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	264	214	0	(50)	314	314	0	314	0	0
0	Purchase of Vehicles	600	250	0	(350)	2,600	2,600	0	2,600	0	0
0	RAGC Car Park	50	20	0	(30)	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
	<b>Social Services, Housing, Health and Wellbeing</b>										
0	1 & 2 Merrimans Housing Project	50	0	0	(50)	620	620	0	620	0	0
47	Grassy Meadow Dementia Centre	0	0	0	0	2,465	2,465	0	2,465	0	0
	<b>Cross Cabinet Member Portfolios</b>										
233	Environmental/ Recreational Initiatives	700	700	0	0	944	944	0	889	0	55
9,234	Projects Completing in 2017/18	554	524	(30)	0	554	524	(30)	524	0	0
<b>56,590</b>	<b>Total Main Programme</b>	<b>20,166</b>	<b>17,563</b>	<b>(30)</b>	<b>(2,573)</b>	<b>85,403</b>	<b>85,373</b>	<b>(30)</b>	<b>78,452</b>	<b>3,397</b>	<b>3,524</b>

## 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	326	0	(110)	1,236	1,236	0	1,236	0	0
	<b>Community, Commerce and Regeneration</b>										
N/A	Chrysalis Programme	1,512	1,267	0	(245)	5,512	5,512	0	5,504	0	8
N/A	Playground Replacement Programme	250	50	0	(200)	1,000	1,000	0	1,000	0	0
	<b>Education and Children Services</b>										
N/A	Formula Devolved Capital to Schools	1,424	1,424	0	0	2,597	2,597	0	0	1,935	662
N/A	School Condition Building Programme	3,459	1,650	0	(1,809)	6,459	6,459	0	1,908	3,426	1,125
	<b>Finance, Property and Business Services</b>										
N/A	Civic Centre Works Programme	1,610	700	0	(910)	3,610	3,610	0	3,514	0	96
N/A	Corporate Technology and Innovation	671	304	0	(367)	4,527	4,527	0	4,527	0	0
N/A	Property Works Programme	1,089	900	0	(189)	3,009	3,009	0	3,009	0	0
	<b>Planning, Transportation and Recycling</b>										
N/A	Highways Structural Works	7,369	7,369	0	0	11,369	11,369	0	11,369	0	0
N/A	Road Safety	150	120	(30)	0	750	720	(30)	720	0	0
N/A	Transport for London	7,923	5,982	(17)	(1,924)	24,702	24,685	(17)	0	24,305	380
	<b>Social Services, Housing, Health and Wellbeing</b>										
N/A	Disabled Facilities Grant	2,707	2,707	0	0	11,907	11,907	0	0	11,907	0
N/A	Adaptations for Adopted Children	17	17	0	0	17	17	0	17	0	0
N/A	PSRG / LPRG	100	100	0	0	1,000	1,000	0	1,000	0	0
N/A	Equipment Capitalisation - Adult Social Care	985	825	(160)	0	4,925	4,765	(160)	0	4,765	0
	<b>Cross Cabinet Member Portfolios</b>										
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
	<b>Total Programme of Works</b>	<b>30,177</b>	<b>24,186</b>	<b>(207)</b>	<b>(5,784)</b>	<b>84,547</b>	<b>84,340</b>	<b>(207)</b>	<b>35,619</b>	<b>46,338</b>	<b>2,383</b>
N/A	General Contingency	1,190	1,190	0	0	6,658	6,658	0	6,658	0	0
	<b>Total GF Capital Programme</b>	<b>62,668</b>	<b>52,069</b>	<b>(462)</b>	<b>(10,137)</b>	<b>295,010</b>	<b>294,548</b>	<b>(462)</b>	<b>200,241</b>	<b>86,635</b>	<b>7,672</b>

## Appendix E – Treasury Management Report as at 30 November 2017

**Table 21: Outstanding Deposits - Average Rate of Return on Deposits: 0.42%**

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	47.1	51.03	55.00
1-2 Months	10.0	10.83	15.00
2-3 Months	25.0	27.08	15.00
3-6 Months	5.0	5.42	10.00
6-9 Months	0.0	0.00	0.00
9-12 Months	5.0	5.42	5.00
12-18 Months	0.0	0.00	0.00
18-24 Months	0.0	0.00	0.00
<b>Subtotal</b>	<b>92.1</b>	<b>99.78</b>	<b>100.00</b>
Unpaid Maturities	0.2	0.22	0.00
<b>Grand Total</b>	<b>92.3</b>	<b>100.00</b>	<b>100.00</b>

176. With the exception of the unpaid Heritable investments, deposits are only held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA rated Money Market Funds, Pooled Funds, Lancashire CC, Northumberland CC, Stockport BC, Thurrock Borough Council, Walsall Metropolitan Council, Coventry Building Society, Nationwide Building Society, Goldman Sachs International, Lloyds Bank and Santander UK plc.
177. 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 November, 61% of the Council's total funds have exposure to bail-in risk compared to a September benchmark average of 64% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 26% once instant access facilities are removed from the bail-in total.
178. Following the base rate increase on the 2nd of November surplus cash was initially placed in fixed short-term deposits with the DMADF and Thurrock Borough Council as the rates offered on these deposits were more competitive than those offered on instant access facilities. However as the month progressed rates on instant access facilities began to rise; when these rates became superior to those offered by the DMADF, funds were then placed in these funds. These actions ensured liquidity was maintained throughout November. Deposit maturities were scheduled to match outflows and where required, funds were withdrawn from instant access facilities. As well as the DMADF maturities during November, there was also a maturing long-term deposit with Lloyds Bank.

**Table 22: Outstanding Debt - Average Interest Rate on Debt: 3.38%**

		Actual (£m)	Actual (%)
<b>General Fund</b>	PWLB	48.04	18.96
	Long-Term Market	15.00	5.92
<b>HRA</b>	PWLB	157.32	62.09
	Long-Term Market	33.00	13.03
	<b>Total</b>	<b>253.36</b>	<b>100.00</b>

179. There were no scheduled debt repayments during November. Gilt yields remained fairly flat throughout the month, therefore premiums remained 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.

180. In order to maintain liquidity for day-to-day business operations during December, cash balances will be placed in instant access accounts and short-term deposits. Looking forward, opportunities to place longer term deposits will be monitored.



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

181. 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 23: Consultancy and agency assignments**

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
<b>Finance</b>						
Benefit Officer	03/04/2017	31/12/2017	01/04/2018	38	12	50
Benefit Officer	01/12/2015	31/12/2017	01/04/2018	122	14	136
Benefit Officer	03/08/2015	31/12/2017	01/04/2018	165	14	179
<b>Residents Services</b>						
DFG & Home Adaptations Surveyor	13/03/2017	29/01/2018	03/06/2018	87	41	128
Education Strategy & Quality Assurance Manager	29/04/2015	27/11/2017	31/03/2018	355	55	410
Senior School Improvement Advisor	07/03/2016	01/01/2018	07/04/2018	181	13	194
Senior School Improvement Advisor	07/03/2016	01/01/2018	07/04/2018	147	20	167
Emergency Management & Response Mgr	02/01/2017	27/12/2017	26/01/2018	70	1	71
Highway Development Engineer	05/05/2016	04/12/2017	02/03/2018	110	18	128
Casual Smoking Cessation Sessional Advisors	01/04/2013	18/12/2017	11/03/2018	126	5	131
Project Manager - Infrastructure, Procurement, Waste, ICT	12/01/2018	12/01/2018	31/05/2018	0	68	68
Quantity Surveyor - Capital Programme	04/06/2017	25/12/2017	26/03/2018	50	23	73
Repairs Planner	05/12/2016	15/01/2018	13/04/2018	43	10	53
Major Project Officer	20/03/2017	21/12/2017	21/03/2018	78	26	104

## Appendix G – Fees & Charges 2017/18 - Battle of Britain Bunker Visitor Centre

182. Recommendation 8 seeks authority to introduce fees & charges set out in this Appendix for admission and optional guided tours at the refurbished Battle of Britain Bunker on the former RAF Uxbridge site, with no charge applicable to residents on production of a Hillingdon First card, serving military personnel or young people under 16 years of age. Reduced charges will apply to Adults aged 65 and over.

### 1) Admission fees

#### Residents Charges

<b>Type of Fee / Charge</b>	<b>New Proposed Charge (£)</b>	<b>Date of Implementation</b>
Adults (16 years to 64 years)	Free (on production of Hillingdon First card)	March 2018
Adults (65 years +)	Free (on production of Hillingdon First card)	March 2018
Young People (under 16 years)*	Free	March 2018
Serving Military personnel	Free	March 2018

*\*(including organised school groups, teachers to pay the adult fee)*

#### Non-Residents Charges

<b>Type of Fee / Charge</b>	<b>New Proposed Charge (£)</b>	<b>Date of Implementation</b>
Adults (16 years to 64 years)	4.00	March 2018
Adults (65 years +)	3.00	March 2018
Young People (under 16 years)*	Free	March 2018
Serving Military personnel	Free	March 2018

*\*(including organised school groups, teachers to pay the adult fee)*

183. The following fees will apply for guided tours of the Battle of Britain Bunker on its re-opening in March 2018 and will be in addition to the admission fee where applicable.

## 2) Guided tours of the Bunker

### Residents Charges

<b>Type of Fee / Charge</b>	<b>New Proposed Charge (£)</b>	<b>Date of Implementation</b>
Adults (16 years to 64 years)	Free (on production of Hillingdon First card)	March 2018
Adults (65 years +)	Free (on production of Hillingdon First card)	March 2018
Young People (under 16 years)*	Free	March 2018
Serving Military personnel	Free	March 2018

*\*(including organised school groups, teachers to pay the adult fee)*

### Non-Residents Charges

<b>Type of Fee / Charge</b>	<b>New Proposed Charge (£)</b>	<b>Date of Implementation</b>
Adults (16 years to 64 years)	3.00	March 2018
Adults (65 years +)	2.00	March 2018
Young People (under 16 years)*	Free	March 2018
Serving Military personnel	Free	March 2018

*\*(including organised school groups, teachers to pay the adult fee)*

## Appendix H – Fees & Charges 2017/18 - Nationally Set Planning Fees

184. The following schedule shows the impact of the 20% increase to all nationally set planning fees from 17th January 2018. The new fee is shown first, with the old fee it is replacing shown in brackets.

### Scale of Fees in Respect of Applications Made or Deemed to be Made

Category of Development / Operations	Fee Payable
<p><b>1.</b> The erection of dwellinghouses (other than development in category 6).</p>	<p>(1) Where the application is for outline planning permission and—</p> <p>(a) the site area does not exceed 2.5 hectares, £462 (£385) for each 0.1 hectare of the site area;</p> <p>(b) the site area exceeds 2.5 hectares, £11,432 (£9,527); and an additional £138 (£115) for each 0.1 hectare in excess of 2.5 hectares, subject to a maximum in total of £150,000 (£125,000);</p> <p>(2) in other cases—</p> <p>(a) where the number of dwellinghouses to be created by the development is 50 or fewer, £462 (£385) for each dwellinghouse;</p> <p>(b) where the number of dwellinghouses to be created by the development exceeds 50, £22,859 (£19,049); and an additional £138 (£115) for each dwellinghouse in excess of 50 dwellinghouses, subject to a maximum in total of £300,000 (£250,000).</p>
<p><b>2.</b> The erection of buildings (other than buildings in categories 1, 3, 4, 5 or 7).</p>	<p>(1) Where the application is for outline planning permission and—</p> <p>(a) the site area does not exceed 2.5 hectares, £462 (£385) for each 0.1 hectare of the site area;</p> <p>(b) the site area exceeds 2.5 hectares, £11,432 (£9,527); and an additional £138 (£115) for each 0.1 hectare in excess of 2.5 hectares, subject to a maximum in total of £150,000 (£125,000);</p> <p>(2) in other cases—</p> <p>(a) where no floor space is to be created by the development, £234 (£195);</p> <p>(b) where the area of gross floor space to be created by the development does not exceed 40 square metres, £234 (£195);</p> <p>(c) where the area of the gross floor space to</p>

Category of Development / Operations	Fee Payable
	<p>be created by the development exceeds 40 square metres, but does not exceed 75 square metres, £462 (£385);</p> <p>(d) where the area of the gross floor space to be created by the development exceeds 75 square metres, but does not exceed 3750 square metres, £462 (£385) for each 75 square metres of that area;</p> <p>(e) where the area of gross floor space to be created by the development exceeds 3750 square metres, £22,859 (£19,049); and an additional £138 (£115) for each 75 square metres in excess of 3750 square metres, subject to a maximum in total of £300,000 (£250,000).</p>
<p><b>3.</b> The erection, on land used for the purposes of agriculture, of buildings to be used for agricultural purposes (other than buildings in category 4).</p>	<p>(1) where the application is for outline planning permission and—</p> <p>(a) the site area does not exceed 2.5 hectares, £462 (£385) each 0.1 hectare of the site area;</p> <p>(b) the site area exceeds 2.5 hectares, £11,432 (£9,527); and an additional £138 (£115) for each additional hectare in excess of 2.5 hectares, subject to a maximum in total of £150,000 (£125,000);</p> <p>(2) in other cases—</p> <p>(a) where the area of gross floor space to be created by the development does not exceed 465 square metres, £96 (£80);</p> <p>(b) where the area of gross floor space to be created by the development exceeds 465 square metres but does not exceed 540 square metres, £462 (£385);</p> <p>(c) where the area of the gross floor space to be created by the development exceeds 540 square metres but does not exceed 4215 square metres, £462 (£385) for the first 540 square metres, and an additional £462 (£385) for each 75 square metres in excess of 540 square metres; and</p> <p>(d) where the area of gross floor space to be created by the development exceeds 4215 square metres, £22,859 (£19,049); and an additional £138 (£115) for each 75 square metres in excess of 4215 square metres, subject to a maximum in total of £300,000</p>

Category of Development / Operations	Fee Payable
	(£250,000).
<p><b>4.</b> The erection of glasshouses on land used for the purposes of agriculture.</p>	<p>(1) Where the area of gross floor space to be created by the development does not exceed 465 square metres, £96 (£80);  (2) where the area of gross floor space to be created by the development exceeds 465 square metres, £2,580 (£2,150).</p>
<p><b>5.</b> The erection, alteration or replacement of plant or machinery.</p>	<p>(1) Where the site area does not exceed 5 hectares, £462 (£385) for each 0.1 hectare of the site area;  (2) where the site area exceeds 5 hectares, £22,859 (£19,049); and an additional £138 (£115) for each 0.1 hectare in excess of 5 hectares, subject to a maximum in total of £300,000 (£250,000).</p>
<p><b>6.</b> The enlargement, improvement or other alteration of existing dwellinghouses.</p>	<p>(1) Where the application relates to one dwellinghouse, £206 (£172);  (2) where the application relates to two or more dwellinghouses, £407 (£339).</p>
<p><b>7.</b> The carrying out of operations (including the erection of a building) within the curtilage of an existing dwellinghouse, for purposes ancillary to the enjoyment of the dwellinghouse as such, or the erection or construction of gates, fences, walls or other means of enclosure along a boundary of the curtilage of an existing dwellinghouse.</p>	<p>£206 (£172).</p>
<p><b>8.</b> The construction of car parks, service roads and other means of access on land used for the purposes of a single undertaking, where the development is required for a purpose incidental to the existing use of the land.</p>	<p>£234 (£195).</p>
<p><b>9.</b> The carrying out of any operations connected with exploratory drilling for oil or natural gas.</p>	<p>(1) Where the site area does not exceed 7.5 hectares, £462 (£385) for each 0.1 hectare of the site area;  (2) where the site area exceeds 7.5 hectares, £34,500 (£28,750); and an additional £138 (£115) for each 0.1 hectare in excess of 7.5 hectares, subject to a maximum in total of £300,000 (£250,000).</p>

Category of Development / Operations	Fee Payable
<p><b>10.</b> The carrying out of any operations not coming within any of the above categories.</p>	<p>(1) In the case of operations for the winning and working of minerals—</p> <p>(a) where the site area does not exceed 15 hectares, £234 (£195) for each 0.1 hectare of the site area;</p> <p>(b) where the site area exceeds 15 hectares, £ 34,934 (£29,112); and an additional £138 (£115) for each 0.1 hectare in excess of 15 hectares, subject to a maximum in total of £78,000 (£65,000);</p> <p>(2) in any other case, £234 (£195) for each 0.1 hectare of the site area, subject to a maximum in total of £2,028 (£1,690).</p>
<p><i>II Uses of Land</i></p>	
<p><b>11.</b> The change of use of a building to use as one or more separate dwellinghouses.</p>	<p>(1) Where the change of use is from a previous use as a single dwellinghouse to use as two or more single dwellinghouses—</p> <p>(a) where the change of use is to use as 50 or fewer dwellinghouses, £462 (£385) for each additional dwellinghouse;</p> <p>(b) where the change of use is to use as more than 50 dwellinghouses, £22,859 (£19,049); and an additional £138 (£115) for each dwellinghouse in excess of 50 dwellinghouses, subject to a maximum in total of £300,000 (£250,000);</p> <p>(2) in all other cases—</p> <p>(a) where the change of use is to use as 50 or fewer dwellinghouses, £462 (£385) for each dwellinghouse;</p> <p>(b) where the change of use is to use as more than 50 dwellinghouses, £22,859 (£19,049); and an additional £138 (£115) for each dwellinghouse in excess of 50 dwellinghouses, subject to a maximum in total of £300,000 (£250,000).</p>
<p><b>12.</b> The use of land for—</p> <p><b>(a)</b> the disposal of refuse or waste materials;</p> <p><b>(b)</b> the deposit of material remaining after minerals have been extracted from land; or</p> <p><b>(c)</b> the storage of minerals in the open.</p>	<p>(1) Where the site area does not exceed 15 hectares, £234 (£195) for each 0.1 hectare of the site area;</p> <p>(2) where the site area exceeds 15 hectares, £34,934 (£29,112); and an additional £138 (£115) for each 0.1 hectare in excess of 15 hectares, subject to a maximum in total of £78,000 (£65,000).</p>

<b>Category of Development / Operations</b>	<b>Fee Payable</b>
<b>13.</b> The making of a material change in the use of a building or land (other than a material change of use in category 11 or 12(a), (b) or (c)).	£462 (£385).

**Scale of Fees in Respect of Applications for Consent to Display Advertisements**

<b>Category of Development</b>	<b>Fee Payable</b>
<b>1.</b> Advertisements displayed externally on business premises, the forecourt of business premises or other land within the curtilage of business premises, wholly with reference to all or any of the following matters— (a) the nature of the business or other activity carried on on the premises; (b) the goods sold or the services provided on the premises; or (c) the name and qualifications of the person carrying on such business or activity or supplying such goods or services.	£132 (£110).
<b>2.</b> Advertisements for the purpose of directing members of the public to, or otherwise drawing attention to the existence of, business premises which are in the same locality as the site on which the advertisement is to be displayed but which are not visible from that site.	£132 (£110).
<b>3.</b> All other advertisements.	£462 (£385).



## **APPENDIX I - LONDON BUSINESS RATES PILOT POOL (2018/19 to 2019/20)**

1. On 8 January 2018 the Leader of the Council resolved to:

### **Establishment of Governance Arrangements for the Pool:**

- 1) Approve and accept the designation by the Secretary of State as an authority within the London Business Rates Pilot Pool pursuant to 34(7)(1) of Schedule 7b Local Government Finance Act 1988;
- 2) Participate in the London Business Rates Pilot Pool with effect from 1 April 2018 to 31 March 2020
- 3) Delegate the authority's administrative functions as a billing authority pursuant to the Non-Domestic Rating (Rates Retention) Regulations 2013 to the City of London Corporation ("COLC") acting as the Lead Authority;
- 4) Authorise the Lead Authority to sub-contract certain ancillary administrative functions regarding the financial transactions within the Pool to the GLA as it considers expedient;

### **Entry into the Memorandum of Understanding:**

- 5) Delegate authority to the Corporate Director of Finance in consultation with the Leader of the Council and Cabinet Member for Finance, Property & Business Services to agree the operational details of the pooling arrangements with the participating authorities;
- 6) Enter into such Memorandum of Understanding or other agreements necessary, with the participating authorities as may be necessary to implement and/or regulate the pool and to delegate authority to the Corporate Director of Finance and Borough Solicitor in consultation with the Leader of the Council and Cabinet Member for Finance, Property & Business Services to negotiate, finalise and execute the same on behalf of the authority;

### **Operation of the Pool:**

- 7) To authorise the Leader of the Council to represent the authority and make any necessary decisions, in relation to consultations regarding the London Business Rates Pilot Pool consultative as may be undertaken by the Lead Authority pursuant to the Memorandum of Understanding;
- 8) Agree that decisions by the London Borough of Hillingdon regarding the allocation of the Strategic Investment Pot for individual projects be approved by the Cabinet (or the Leader of the Council if urgent) and its decision be then communicated to the Lead Authority.

### **REASONS FOR THE DECISIONS MADE**

2. The Leader of the Council made the necessary decisions for the London Borough of Hillingdon to opt into the London Business Rates Pilot Pool and enter into a Memorandum of Understanding to establish the operation of the Pilot Pool, along with approval of local processes for subsequent decisions affecting the Pilot Pool.
3. In November 2017, the Leaders of London local authorities collectively approved the principle of a 100% Business Rates Pilot Pool for the capital, with confirmation of Government support for the scheme outlined by the Chancellor in the 2017 Budget. This was expected to retain an additional £240,000k of Business Rates revenues within London local government, with Hillingdon's share estimated to be £5,400k.

4. Additionally, the Pilot Pool would establish a £36,000k Strategic Investment Pot to provide a mechanism to secure additional funding for pump priming activity to support wider economic development.
5. Notes:
  - a. The additional income was reflected in the draft 2018/19 budget approved by Cabinet for public consultation on 14 December 2017.
  - b. The Department for Communities and Local Government has required the Pilot to be in place within 28 days of the December 2017 Provisional Local Government Finance Settlement, which is why special urgency provisions have been enacted on this matter given the next Cabinet meeting is on 25 February.
  - c. The Leader of the Council has delegated authority in the Council's Constitution to take urgent decisions, which would ordinarily be reserved to the Cabinet, in the absence of a Cabinet meeting. Such decisions will be reported to a subsequent Cabinet meeting for ratification.

#### **ALTERNATIVES CONSIDERED AND REJECTED**

6. The Leader of the Council could have decided not opt into the London Business Rates Pilot Pool, which would have result in a continuation of the current 50% Business Rates Retention scheme for 2018/19 and 2019/20 and could reduce the income available to support services for residents by £5,400k per annum.