

COUNCIL BUDGET 2018/19:

MONTHLY BUDGET MONITORING REPORT (MONTH 2)

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

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2018/19 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £111k is reported against 2018/19 General Fund revenue budgets as of May 2018 (Month 2).</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services, Commerce and Communities
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at May 2018 (Month 2) as outlined in Table 1.
2. Note the Treasury Management update as at May 2018 at Appendix E.
3. Continue the delegated authority up until the September 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 21 June 2018 and 26 July 2018 Cabinet meetings, detailed at Appendix F.

4. Delegate full authority to the Leader of the Council and Cabinet Member for Finance, Property and Business Services, in consultation with the Deputy Chief Executive and Director of Residents Services, to make all necessary procurement and financial decisions, including approving the appointment of further consultancies and the placing of building contracts required for the development of the mixed tenure scheme at Acol Crescent comprising 19 General Needs and 14 Shared Ownership housing units.
5. Accept a capital grant of £205k from the Department for Education in respect of the Healthy Pupils Capital Fund.
6. Accept an award of £200k from Transport for London in respect of the Borough Principal Roads programme.
7. Agree to fund a lease for a horse to support a local paralympic athlete at a cost of £8k per annum for up to three years.
8. Agree an annual grant for 2018/19 of £81,000 to the Metropolitan Police Service for a variety of activities including, twelve month leasing of semi-marked police cars, pro-active operations to tackle drug misuse and support for responses to domestic abuse cases

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 2 against budgets approved by Council on 22 February 2018. 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 is developing a mixed tenure scheme, providing both general needs and shared ownership housing. The completion of the scheme will add 33 new dwellings to the HRA stock. Approval of **Recommendation 4** will enable placing of building contracts in a timely manner supporting the completion of the project to agreed timescales.
4. In March 2018, the Department for Education announced a funding allocation of £205k for 2018/19 called the Healthy Pupils Capital Fund. The grant outlined in **Recommendation 5** is intended to improve and increase children's access to facilities that will improve their health and wellbeing.
5. Transport for London have confirmed Borough Principal Roads funding of £200k for 2018/19 for improvement works to the Uxbridge Road (A4020) as laid out in **Recommendation 6**.
6. Natasha Baker MBE is a multiple gold medal winning para-athlete who requires funding to obtain a horse in her attempts to qualify for the 2020 Olympic Games in Tokyo. Approval of **Recommendation 7** would enable the funding of a lease via the All-Age Sport & Activity earmarked reserve for up to 3 years, which would cover £8k per annum of the total cost.
7. An annual grant is awarded to the Metropolitan Police Service for a variety of activities including, twelve month leasing of semimarked police cars, pro-active operations to tackle

drug mis-use and support for responses to domestic abuse cases. **Recommendation 8** seeks approval of the awarding of this grant.

Alternative options considered

8. There are no other options proposed for consideration.

SUMMARY

REVENUE

9. General Fund revenue budgets are projected to underspend by £111k at Month 2. An overspend of £318k is projected against Directorate Operating Budgets, with the most significant pressures relating to fleet management. An underspend across Corporate Operating Budgets of £199k partly offsets this pressure, alongside a £230k projected underspend across Contingency items arising from reduced demand for Temporary Accommodation.
10. General Fund Balances are expected to total £39,482k at 31 March 2019, under the assumption that the balance of General Contingency and Unallocated Priority Growth monies are released in-year, the £950k planned drawdown from General Balances is utilised and the anticipated surplus materialises. This is a reduction of £839k from the opening balance of £40,321k.
11. Of the £10,655k savings included in the 2018/19 budget, £7,875k are either banked or classed as 'on track for delivery', with £2,780k classified as being higher risk or in the early stages of delivery. Ultimately, all £10,655k savings are expected to be delivered in full, with any items with potential issues being covered by alternative in-year savings proposals and management actions.
12. A surplus of £1,050k is reported within the Collection Fund relating to favourable positions on both Council Tax and Business Rates, which is predominantly driven by strong growth in Gross Rates in the Borough and a carry forward surplus within Council Tax. Any surplus realised at outturn will be available to support the General Fund budget in 2019/20.
13. The Dedicated Schools Grant is projecting an in-year overspend of £942k at Month 2. This overspend is predominantly due to continuing pressures in the cost of High Needs and results in a forecast carry forward cumulative deficit at 31 March 2019 is £5,067k. It is becoming increasingly unlikely that this pressure can be contained within the Schools Budget, and therefore the longer-term solution to this pressure may represent a significant risk within the context the Council's own medium term financial planning. This is a problem across the sector and as such there is significant lobbying of government in progress.

CAPITAL

14. At Month 2 the projected underspend against the 2018/19 General Fund Capital Programme is £6,520k, predominantly as a result of re-phasing of project expenditure. The forecast outturn variance over the life of the programme to 2022/23 is an marginal underspend of £90k. This planned investment will require £178,366k Prudential Borrowing, £210k lower than anticipated at budget setting in February 2018. This is as a result of cost underspends of £90k and increases in grants and contributions of £140k being offset by a £20k shortfall of Capital Receipts.

FURTHER INFORMATION

General Fund Revenue Budget

15. An underspend of £111k is reported across normal operating activities at Month 2, with the most significant pressure relating to fleet management. These pressures result in a £318k pressure across Directorate Operating Budgets, which are offset by underspends against Interest and Investment Income and reduced contingency drawdowns as detailed later in this report.
16. £10,655k of savings are included in the 2018/19 General Fund revenue budget. Currently £4,594k are banked, delivery is currently in progress against £3,281k of savings, £2,780k are either in the early stages of delivery or deemed higher risk although all savings are expected to ultimately be delivered in full.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
207,578	(1,799)	Directorate Operating Budgets	205,779	206,097	318
4,878	0	Corporate Operating Budgets	4,878	4,679	(199)
8,929	0	Development & Risk Contingency	8,929	8,699	(230)
200	0	HIP Initiatives	200	200	0
(1,249)	1,799	Unallocated Budget Items	550	550	0
220,336	0	Sub-total Normal Activities	220,336	220,225	(111)
(219,386)	0	Budget Requirement	(219,386)	(219,386)	0
950	0	Net Total	950	839	(111)
(40,321)	0	Balances b/fwd	(40,321)	(40,321)	
(39,371)	0	Balances c/fwd 31 March 2019	(39,371)	(39,482)	

17. General Fund Balances are expected to total £39,482k at 31 March 2019 as a result of the forecast position detailed above. The Council's current MTFF assumes that unallocated balances will remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of Government funding cuts.

Directorate Operating Budgets

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

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
7,591 (1,092)	32 0	Chief Executive's Office	Expenditure	7,623	7,625	2
			Income	(1,092)	(1,112)	(20)
6,499	32		Sub-Total	6,531	6,513	(18)
17,262 (3,170)	(47) 0	Finance	Expenditure	17,215	17,389	174
			Income	(3,170)	(3,392)	(222)
14,092	(47)		Sub-Total	14,045	13,997	(48)
116,355 (43,096)	342 (377)	Residents Services	Expenditure	116,697	117,657	960
			Income	(43,473)	(44,205)	(732)
73,259	(35)		Sub-Total	73,224	73,452	228
142,505 (28,777)	(381) (1,368)	Social Care	Expenditure	142,124	142,355	231
			Income	(30,145)	(30,220)	(75)
113,728	(1,749)		Sub-Total	111,979	112,135	156
207,578	(1,799)	Total Directorate Operating Budgets		205,779	206,097	318

19. An underspend of £18k is reported on Chief Executive's Office budgets at Month 2 as a result of an improved outlook for income within Democratic Services and Human Resources. Across Finance, a net underspend of £48k is projected as a result of vacant posts across the directorate while compensatory variances on income and expenditure relate to performance based grant funding to support Housing Benefit administration and associated investment in additional staffing.
20. At this early stage in the financial year a net pressure of £228k is reported across Residents Services, largely due to a £581k pressure linked to the operation of the Council's vehicle fleet. In addition a drawdown from earmarked reserves of £300k has been actioned to mitigate pressures in projected income at Uxbridge Town Centre car parks. It is Council policy to hold parking charges well below commercial rates hence the allocation of reserves to sustain this policy. A further £500k has been drawdown from earmarked reserves to Waste Services as a result of increased recycling costs and greater use of overtime as a result a challenging recruitment environment for agency staff. Again reserves have been allocated to sustain this priority service rather than take actions within the service to mitigate the pressure that may hit service standards. The overall Residents Services position is partially mitigated by an underspend on workforce budgets arising from vacancies across the Group.
21. A net £156k pressure is reported across Social Care budgets, consisting of £677k non-staffing pressures arising higher than anticipated placement costs arising from the delayed completion of the Parkview and Grassy Meadow developments alongside SEN Transport and

Children's Services legal costs. This position is partially offset by staffing underspends across the directorate and a minor favourable movement on client income.

22. The Council is permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £1,532k for such costs, which will remain under review over the remainder of the year and have been excluded from reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

Progress on Savings

23. Savings of £10,655k were included in the 2018/19 budget, of which £7,875k are either banked or on track for delivery at this early stage of the year. £2,780k savings are in the early stages of delivery or potentially subject to greater risk to delivery, however ultimately all £10,655k are expected to be delivered in full, with any items with potential issues being covered by alternative in-year savings proposals and management actions.

Table 3: Savings Tracker

2018/19 General Fund Savings Programme	CEOs	Finance	Residents Services	Social Care	Cross-Cutting	Total 2018/19 Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	%
B Banked	(58)	(436)	(1,457)	(2,396)	(247)	(4,594)	43.1%
G On track for delivery	0	(142)	(1,157)	(1,506)	(476)	(3,281)	30.8%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(150)	(500)	(1,026)	(1,104)	(2,780)	26.1%
R Serious problems in the delivery of the saving	0	0	0	0	0	0	0.0%
Total 2018/19 Savings	(58)	(728)	(3,114)	(4,928)	(1,827)	(10,655)	100.0%

Corporate Operating Budgets

24. 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.
25. As a result of anticipated capital expenditure and associated borrowing being slipped from 2017/18, alongside proactive use of capital grants and alternative funding, a £265k underspend is reported on provision for repayment of external borrowing at Month 2. No variance is reported on budgeted investment income, including higher yielding Strategic and Long-dated funds.
26. Externally set levies are reporting a pressure of £66k in relation to additional investment to support implementation of the West London District Coroners Service Improvement Plan. All other levies have been confirmed by awarding bodies and are not expected to vary materially over the remainder of the financial year.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
0	0	Interest and Investment Income	Salaries	0	0	0
6,259	0		Non-Sal Exp	6,259	5,994	(265)
(371)	0		Income	(371)	(371)	0
5,888	0		Sub-Total	5,888	5,623	(265)
480	0	Levies and Other Corporate Budgets	Salaries	480	480	0
11,237	0		Non-Sal Exp	11,237	11,303	66
(11,602)	0		Income	(11,602)	(11,602)	0
116	0		Sub-Total	115	181	66
0	0	Housing Benefit Subsidy	Salaries	0	0	0
147,529	0		Non-Sal Exp	147,529	147,529	0
(148,654)	0		Income	(148,654)	(148,654)	0
(1,125)	0		Sub-Total	(1,125)	(1,125)	0
4,878	0	Total Corporate Operating Budgets		4,878	4,679	(199)

Development & Risk Contingency

27. For 2018/19 £8,929k was set aside to manage uncertain elements of budgets within the Development & Risk Contingency, which included £7,929k in relation to specific risk items and £1,000k as General Contingency to manage unforeseen issue. At this early stage in the financial year, an underspend of £230k is projected against this provision.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
291	0	Fin.	Uninsured claims	291	291	0
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	1,512	(224)
1,172	0		Waste Disposal Levy & Associated Contracts	1,172	1,172	0
200	0		Heathrow Expansion Challenge Fund	200	200	0
1,885	0	Social Care	Asylum Service	1,885	1,885	0
797	0		Demographic Growth - Looked After Children	797	797	0
367	0		Demographic Growth - Children with Disabilities	367	367	0
277	0		Social Worker Agency Contingency	277	277	0
443	0		SEN transport	443	443	0
730	0		Demographic Growth - Adult Social Care	730	730	0
50	0		Winterbourne View	50	50	0
381	0	Corp. Items	Apprenticeship Levy	381	376	(6)
(400)	0		Additional Investment Income	(400)	(400)	0
1,000	0		General Contingency	1,000	1,000	0
8,929	0	Total Development & Risk Contingency		8,929	8,699	(230)

28. The managed reduction in households accommodated in Bed and Breakfast seen throughout 2017/18 has continued into 2018/19, with projections assuming that the number of households will be maintained at 150 for the remainder of the year. Alongside continuing management, action to reduce broader costs of Temporary Accommodation and an improved

outlook for expenditure against the Temporary Accommodation Temporary Support Grant this is expected to deliver a £224k underspend against contingency provision.

29. No other material variances are reported against contingency items; with a minor £6k underspend on the Apprenticeship Levy reflecting current payroll expenditure. At this early stage in the financial year, it has been assumed that the £1,000k General Contingency will be required in full.

HIP Initiatives

30. £200k of HIP Initiative funding is included in the 2018/19 General Fund revenue budget, which is supplemented by £891k brought forward balances, to provide £1,091k resources. £42k of projects have been approved for funding from HIP resources as at Month 2, leaving £1,049k available for future release.

Table 6: HIP Initiatives

Original Budget	Budget Changes	HIP Initiatives	Month 2		
			Revised Budget	Approved Allocations	Unallocated Balance
£'000	£'000		£'000	£'000	£'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	891	B/fwd Funds	891	42	(849)
200	891	Total HIP Initiatives	1,091	42	(1,049)

Schools Budget

31. At Month 2 the Dedicated Schools Grant position is an in-year overspend of £942k. This is predominantly due to continuing pressures in the cost of High Needs. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £5,067k.

Collection Fund

32. A £1,050k surplus is projected against the Collection Fund at Month 2, which is made up of a £577k surplus on Council Tax and a £473k surplus on Business Rates. The Council Tax surplus is largely as a result of strong in-year collection rates contributing £78k and the brought forward surplus of £499k relating to better than expected performance during 2017/18. The favourable variance across Business Rates is due to strong growth in Gross Rates as a number of new developments in the Borough have been brought into rating, with a £913k in-year surplus is sufficient to off-set the brought forward deficit of £440k

Housing Revenue Account

33. The Housing Revenue Account is currently forecasting a £168k favourable position, resulting in a drawdown of reserves of £21,269k. This results in a projected 2018/19 closing HRA General Balance of £15,839k. The use of reserves is funding investment in new housing stock

Future Revenue Implications of Capital Programme

34. Appendix D to this report outlines the forecast outturn on the 2018/19 to 2022/23 Capital Programme, with a marginal £90k underspend projected over the five-year programme. Alongside marginal variances on Government Grant income and Capital Receipts, Prudential Borrowing is projected to be £120k lower than the £178,576k revised budget and therefore

have limited impact on the £8,133k uplift in capital financing costs over the current MTFF period.

Appendix A – Detailed Group Forecasts (General Fund)

CHIEF EXECUTIVE'S OFFICE

35. The overall position for the Chief Executive's Office at Month 2 is a forecast underspend of £18k, primarily achieved through part-year vacancies and the over achievement of income across the Group.

Table 7: Chief Executive's Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
1,445	0	Democratic Services	Salaries	1,445	1,481	36
1,750	(29)		Non-Sal Exp	1,721	1,718	(3)
(602)	0		Income	(602)	(610)	(8)
2,593	(29)		Sub-Total	2,564	2,589	25
2,012	(13)	Human Resources	Salaries	1,999	2,034	35
361	12		Non-Sal Exp	373	377	4
(230)	0		Income	(230)	(242)	(12)
2,143	(1)		Sub-Total	2,142	2,169	27
1,954	75	Legal Services	Salaries	2,029	1,959	(70)
69	(13)		Non-Sal Exp	56	56	0
(260)	0		Income	(260)	(260)	0
1,764	62		Sub-Total	1,825	1,755	(70)
5,411	62	Chief Executive's Office Directorate	Salaries	5,473	5,474	1
2,180	(30)		Non-Sal Exp	2,150	2,151	1
(1,092)	0		Income	(1,092)	(1,112)	(20)
6,499	32		Total	6,531	6,513	(18)

Democratic Services (£25k overspend)

36. Democratic Services are reporting a £25k overspend at Month 2, due in the main to a fully resourced establishment presenting a Managed Vacancy Factor (MVF) pressure, partly mitigated by a favourable income position. Income from Registration of Births, Deaths and Marriages has marginally exceeded expectations up to Month 2, with an income shortfall against Nationality Checking services offset against a favourable Citizenship Ceremony position.

Human Resources (£27k overspend)

37. A reported £23k pressure primarily relates to an MVF of £57k, currently unachievable through an almost fully resourced establishment. The overachievement of income reflects an increased number of Newly Qualified Social Worker placements in Learning & Development.

Legal Services (£70k underspend)

38. Legal Services are reporting a £70k underspend at Month 2, including covering an MVF of £59k, due to staffing underspends with a number of part year vacant posts. Non-salary and Income projections are currently forecast to breakeven.

FINANCE

39. The overall position for Finance at Month 2 is a forecast underspend of £48k, primarily achieved through part-year vacancies in the Business Assurance and Corporate Finance functions, which are netted down by the use of contracts and agency to cover these vacancies. The table below shows the position for each Service area within the Group.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
2,058	(155)	Business Assurance	Salaries	1,903	1,842	(61)
1,443	0		Non-Sal Exp	1,443	1,470	27
(567)	0		Income	(567)	(567)	0
2,934	(155)		Sub-Total	2,779	2,745	(34)
1,540	0	Procurement	Salaries	1,540	1,557	17
64	0		Non-Sal Exp	64	63	(1)
(35)	0		Income	(35)	(35)	0
1,570	0		Sub-Total	1,569	1,585	16
3,505	0	Corporate Finance	Salaries	3,505	3,465	(40)
1,785	0		Non-Sal Exp	1,785	1,805	20
(151)	0		Income	(151)	(151)	0
5,139	0		Sub-Total	5,139	5,119	(20)
4,277	155	Revenues & Benefits	Salaries	4,432	4,632	200
1,847	(47)		Non-Sal Exp	1,800	1,806	6
(2,090)	0		Income	(2,090)	(2,303)	(213)
4,034	108		Sub-Total	4,142	4,135	(7)
536	0	Pensions, Treasury & Statutory Accounting	Salaries	536	545	9
207	0		Non-Sal Exp	207	204	(3)
(327)	0		Income	(327)	(336)	(9)
416	0		Sub-Total	416	413	(3)
11,916	0	Finance Directorate	Salaries	11,916	12,041	125
5,346	(47)		Non-Sal Exp	5,299	5,348	49
(3,170)	0		Income	(3,170)	(3,392)	(222)
14,092	(47)		Total	14,045	13,997	(48)

Business Assurance (£34k underspend)

40. This underspend is predominantly on staffing costs as a result of a number of vacant posts across the service. These posts are currently being covered through the increased use of external audit support, which is showing in the adverse position in non-salaries.

Procurement (£16k overspend)

41. Procurement is forecasting a small pressure of £16k at Month 2, primarily as a result of staffing costs due to vacancies following implementation of a small restructure within the service. Non-salary costs are broadly expected to breakeven.

Corporate Finance (£20k underspend)

42. Corporate Finance is projecting an underspend at Month 2 of £20k, reflecting a number of vacant posts within the service. Non-salary expenditure and income are forecast to breakeven.

Revenues & Benefits (£7k underspend)

43. Revenues & Benefits are reporting an underspend of £7k, with staffing pressures reflecting the cost of temporary agency workers employed on grant funded performance based schemes aiming to cut down fraud, and reduce errors, in Housing Benefit claims. Following implementation of significant restructure in the service, a number of vacant posts are assumed to be filled throughout the year.

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

44. Pensions, Treasury and Statutory Accounting is reporting an underspend of £3k, principally due to a vacant post held within the service. In addition, there are reduced costs against the external audit contract with Ernst & Young and increased charges to the Pension Fund for support provided.

Table 9: Finance Development & Risk Contingency

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

RESIDENTS SERVICES

45. Residents Services directorate is showing a projected outturn overspend of £228k at Month 2, excluding pressure areas that have identified contingency provisions

Table 10: Residents Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
16,671	(405)	Infrastructure, Waste and ICT	Salaries	16,266	16,453	187
35,528	(91)		Non-Sal Exp	35,437	36,498	1,061
(10,525)	182		Income	(10,343)	(11,341)	(998)
41,673	(314)		Sub-Total	41,360	41,610	250
17,549	442	Housing, Environment, Education & Health & Wellbeing	Salaries	17,991	17,452	(539)
23,467	453		Non-Sal Exp	23,920	24,282	362
(17,361)	(550)		Income	(17,911)	(17,841)	70
23,654	345		Sub-Total	24,000	23,893	(107)
3,995	49	Planning, Transportation & Regeneration	Salaries	4,044	3,863	(181)
685	64		Non-Sal Exp	749	998	249
(4,059)	(40)		Income	(4,099)	(4,121)	(22)
622	73		Sub-Total	694	740	46
1,514	(160)	Performance & Improvement	Salaries	1,354	1,284	(70)
204	0		Non-Sal Exp	204	204	0
(18)	0		Income	(18)	(18)	0
1,700	(160)		Sub-Total	1,540	1,470	(70)
12,626	3	Administrative, Technical & Business Services	Salaries	12,629	12,444	(185)
4,116	(13)		Non-Sal Exp	4,103	4,179	76
(11,133)	31		Income	(11,102)	(10,884)	218
5,609	21		Sub-Total	5,630	5,739	109
52,355	(71)	Residents Services Directorate	Salaries	52,284	51,496	(788)
64,000	413		Non-Sal Exp	64,413	66,161	1,748
(43,096)	(377)		Income	(43,473)	(44,205)	(732)
73,259	(35)		Total	73,224	73,452	228

46. The overall variance is a result of a pressure in Fleet management off-set by staffing underspends across the directorate.
47. The Council's 2018/19 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. The position against these contingency items is shown in Table 11 below. At Month 2 projected calls on contingency are £224k below the budgeted provision. The table below shows the breakdown for each contingency item.

Table 11: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
1,736	0	Impact of Welfare Reform on Homelessness	1,736	1,512	(224)
1,172	0	Waste Disposal Levy & Associated Contracts	1,172	1,172	0
200	0	Heathrow Expansion Challenge Fund	200	200	0
3,108	0	Current Commitments	3,108	2,884	(224)

48. The Month 2 data in Table 12 below shows a continuation of the reduction achieved in 2017-18 of the use of Temporary Accommodation. The number of Households in higher cost Bed & Breakfast accommodation is in line with MTFE assumptions made by officers in modelling Supply and Demand.

Table 12: Housing Needs performance data

	April 18	May 18
All Approaches	207	274
Full Assessment Required	187	260
New into Temporary Accommodation (Homeless and Relief)	17	22
Households in Temporary Accommodation	531	511
Households in B&B	161	149

49. As in previous years, a contingency has been set aside in 2018/19 to resource the procurement of Private Sector placements or the need for Temporary Accommodation in the borough. The call on contingency relating to homelessness is forecast at £1,512k, £224k below the budgeted provision. The service is forecasting the number of clients in B&B accommodation will stay at 150 whilst reducing the overall use and cost of Temporary Accommodation. This is expected to be achieved through an increase in placements into the private sector funded from reduced expenditure against the Temporary Accommodation Flexible Support Grant and continued close monitoring of unit costs.
50. The Council will continue to closely monitor this risk, given the introduction of the Homeless Reduction Act in April 2018 potential pressures could materialise in the remainder of the financial year. Increased prevention and move-on activity may require the service to draw on the Housing Incentives earmarked reserve, with any drawdown being subject to the usual approvals.
51. The call on the Waste contingency is as per the budgeted provision of £1,172k, to fund estimated population driven increases in the cost of tonnages via the West London Waste Authority (WLWA) levy and associated waste disposal contracts. The first two months of 2018/19 has shown a material increase in waste volumes compared to the same period last year. It is currently assumed that this can be managed within the existing contingency sum with the position expected to become clearer as the year progresses and the impact of seasonal fluctuations and wider market factors materialise.

Infrastructure, Waste and ICT (£250k overspend)

52. At Month 2, there is a £250k forecast overspend across the service, from a number of variances across services areas reflecting a combination of staffing and non-staffing pressures. The overall forecast encompasses a number of management actions which will be closely monitored during the financial year.
53. The forecast pressure for Fleet of £581k relates primarily to the vehicle repairs and maintenance, with a combination of legacy costs from the outgoing contractor and some additional costs from the new contractor. There are also risks associated with increasing fuel costs, potential risks regarding the service's performance in relation to insurance claims and pressures from hired vehicle costs. There are a range of management actions underway and the service are finalising the capital vehicle replacement programme that should enable some in-year savings to further mitigate the pressures.
54. An earmarked reserve drawdown of £500k is funding the pressure of £259k in Waste Services. This projected overspend is as a result of a temporary increase in overtime payments within the Waste Service resulting from performance issues with agency staff and wider recruitment difficulties in the refuse/recycling area owing to demand and competition. Non-staffing costs are forecasting a pressure, due to the cost of refuse sacks for green and garden waste and mixed dry recycling.
55. The Highways and Street Lighting service is showing an underspend largely reflecting anticipated over-achievement against income targets, attributable to various revenue streams including S38, S278, vehicle crossings and fixed penalties.
56. The Capital and Planned Works service is showing a projected pressure of £106k against base budget. This is predominantly the residual expenditure for staffing costs after forecast fees have been assumed as chargeable to capital projects. The service is reviewing the cost of some of its higher cost agency to improve the position.

Housing, Environment, Education, Health & Wellbeing (£107k underspend)

57. Green Spaces is reporting a breakeven position at Month 2. Underspends on hard to recruit posts within the staffing structures in Grounds Maintenance and Youth Centres are netting down the impact of staffing pressures in Libraries, reductions in income streams as a result of HS2 within Golf and potential pressures on non-staffing budgets within Parks and Open Spaces resulting from one-off work above planned service provision.
58. Vacant posts within Trading Standards and Community Safety are leading to underspends within the service in year, although recruitment is underway and posts are due to be filled in Quarter 2. Public Health is subject to an extensive BID review, targeting areas of contract spend and ensuring efficient provision of mandated services.

Planning, Transportation & Regeneration (£46k overspend)

59. A net overspend of £46k is reported across the service at Month 2, primarily arising from a £181k underspend on staffing budgets across Planning Services and Road Safety being offset by £249k pressures on non-staffing expenditure. The workforce underspend within Planning Services reflects challenging market conditions impacting upon the recruitment and retention of professional Planning Officers, with the corresponding increased reliance on external consultancy driving the non-staffing pressure. The reported position includes a £130k uplift in fees for outsourcing planning application processing, for which a specific funding strategy is still to be determined.

60. No material variance is reported across the £3,942k Development and Building Control revenue streams at this early stage in the financial year, although these continue to be closely monitored given both the potential impact of changing property market conditions and the need to maintain sufficient capacity within the service to support Planning Performance Agreements and Pre-Application Advice.

Performance & Improvement (£70k underspend)

61. The Performance and Improvement Service is showing an underspend of £70k against budget in Month 2. Primarily this is as a result of vacant posts following the recent restructure in the Business Performance and Corporate Communications teams.

Administrative, Technical & Business Services (£109k overspend)

62. Overall, the service is reporting a forecast overspend of £109k at Month 2, which is primarily as a result of pressures on income budgets being partially funded by a drawdown from earmarked reserves of £300k. The majority of which relates to unachievable income targets for Cedars and Grainges car parks and have a current expected pressure of £430k. Income targets within Food and Safety are showing an improvement on the 2017/18 outturn position and if the first 2 months of the year are replicated, will deliver a small short fall of approximately £25k.
63. These pressures on income are netted down by vacancies across the Service, particularly in Business Services, Technical Administration and the Contact Centre, due to the fluid nature of the staffing of the functions and the high level of vacancies carried.

SOCIAL CARE (£156k overspend)

64. Social Care is projecting an overspend of £156k as at Month 2. This is due primarily to the continued use of Social Worker agency staff in Children's Social Care, although, it should be noted that this position expects that there will be a significant improvement in permanent recruitment following the recent announcement that the Council's Ofsted inspection resulted in a good rating. Additionally the service is managing ongoing cost pressures relating to the cost of Legal Counsel and the provision of Temporary Accommodation for Section 17 cases.

Table 13: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000
				Revised Budget £'000	Forecast Outturn £'000	
14,762	(2)	Children's Services	Salaries	14,760	14,903	143
17,224	96		Non-Sal Exp	17,320	17,551	231
(6,483)	(171)		Income	(6,654)	(6,794)	(140)
25,503	(77)		Sub-Total	25,426	25,660	234
8,358	105	Early Intervention, Prevention & SEND	Salaries	8,463	7,967	(496)
6,044	(105)		Non-Sal Exp	5,939	5,987	48
(2,243)	(14)		Income	(2,257)	(1,939)	318
12,159	(14)		Sub-Total	12,145	12,015	(130)
4,139	3	Social Care, OPS & PD	Salaries	4,142	4,088	(54)
38,672	(1,134)		Non-Sal Exp	37,538	37,793	255
(12,159)	66		Income	(12,093)	(12,277)	(184)
30,652	(1,065)		Sub-Total	29,587	29,604	17
4,208	(78)	Learning Disability and Mental Health Service	Salaries	4,130	4,214	84
34,031	202		Non-Sal Exp	34,233	34,238	5
(7,291)	(1,227)		Income	(8,518)	(8,599)	(81)
30,948	(1,103)		Sub-Total	29,845	29,853	8
11,719	114	Provider and Commissioned Care	Salaries	11,833	11,710	(123)
3,348	418		Non-Sal Exp	3,766	3,904	138
(601)	(22)		Income	(623)	(611)	12
14,466	510		Sub-Total	14,976	15,003	27
43,186	142	Social Care Directorate Total	Salaries	43,328	42,882	(446)
99,319	(523)		Non-Sal Exp	98,796	99,473	677
(28,777)	(1,368)		Income	(30,145)	(30,220)	(75)
113,728	(1,749)		Total	111,979	112,135	156

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (Nil variance)

65. The Council's 2018/19 Development and Risk Contingency includes provisions for areas of expenditure within Social Care for which there is a greater degree of uncertainty and relates to in year demographic changes, including Asylum seekers and SEN Transport. Table 14 sets out the Month 2 projected position for the Development and Risk Contingency, which is reporting no variance. However, there are early indications of increased growth in both Looked After Children's and Adult care placements, which will be monitored very closely over the coming months

Table 14: Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 2		Variance (As at Month 2) £'000
			Revised Budget £'000	Forecast Outturn £'000	
1,885	0	Asylum Service	1,885	1,885	0
797	0	Demographic Growth - Looked After Children	797	797	0
367	0	Demographic Growth - Children with Disabilities	367	367	0
277	0	Social Worker Agency Contingency	277	277	0
443	0	SEN transport	443	443	0
730	0	Demographic Growth - Adult Social Care	730	730	0
50	0	Winterbourne View	50	50	0
4,549	0	Current Commitments	4,549	4,549	0

Asylum Service (Nil variance)

66. The service is projecting the full draw down of £1,885k from the contingency. This position is based on the latest set of data, although it should be noted that this has not yet been verified by the Home Office, as they have not finalised their funding review for this financial year and therefore have not issued any of the financial returns. However, it is still evident that a number of Unaccompanied Asylum Seeking Children (UASC) will turn 18 during the 2018/19 financial year, where the grant funding is less than that provided for under 18's. Additionally, the introduction of the National Transfer Agreement in 2016, has enabled the Council to transfer a number of under-18 UASC to other local authorities in line with the agreement, which will result in a lower volume of under 18's being supported by Hillingdon, although the Council is starting to see a younger cohort of UASC, generally in the 13 to 14 year old age group, which will require at least a Foster Care placement.

Demographic Growth - Looked After Children (Nil variance)

67. The service is projecting the full draw down of £797k from the Contingency. However, it is evident that there is a high number of high cost Residential placements, where the Service has had to place children outside of the Borough. This figure is greater than the assumed number when the contingency budget was set. It has been assumed that a number of these children will step down into lower cost placements, but more recently; this is becoming more difficult due to the complex needs of the individuals. The Month 2 position assumes that this position will improve, as opportunities will be taken to review individual placements through

the embedded process that currently exists. This will be closely monitored over the next few months.

Demographic Growth – Children with Disabilities (Nil variance)

68. The service is projecting the full draw down of £367k from the Contingency. However, the baseline data indicates that there is to an increase in the number of placements that have more complex needs. The service anticipates this position to improve as opportunities will be taken to review individual placements to ascertain whether any of the placements should be part funded by external partners, such as education and health.

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

69. The service is projecting the full draw down of £277k from this contingency, which covers the additional cost of using agency staff to cover essential Social Worker posts as the recruitment of Social Workers continues to be very competitive. However, the service do anticipate the position to improve over the next few months as the Council has been rated as good by Ofsted following the recent inspection.

Demographic Growth - SEN Transport (Nil variance)

70. The service is projecting the full draw down of £443k from the SEN Transport contingency, which is required to cover the anticipated increase in the number of pupils that have an Education, Health and Care Plan (EHCP). This position will be firmed up over the next few months in the lead up to the new academic year.

Demographic Growth - Adult Social Care (Nil variance)

71. The service is projecting the full draw down of £2,607k from the Transitional Children contingency. This covers a number of years including the current. It is evident that some of the costs are slightly lower at the beginning of the adult placement, as some of the children choose to stay on in education. However, these individuals will eventually be funded fully from the Adult Social Care budget once they turn 25.
72. The service still anticipates that the full draw down of the saving of £1,877k will be drawn down, reflecting that the service have taken steps to improve processes and ensure that the costs of care are met from the appropriate organisation, including education and health. However, the current data is indicating a number of potential increases in the number of placements, especially those with Learning Disabilities and those with more complex needs. This position will be closely monitored over the coming months.

Winterbourne View (Nil variance)

73. The service is expecting the full draw down of £50k from the Winterbourne View contingency, reflecting the cost of the last cohort of clients.

DIRECTORATE OPERATING BUDGETS (£156k overspend)

Children's Services (£234k overspend)

74. The service is projecting an overspend of £234k, as at Month 2. This is due to the additional cost of agency staff, which are required to cover essential Social Worker posts that are currently vacant and an additional cost of Legal Counsel to ensure that the service can cover all Legal Planning meetings. The Month 2 position anticipates that the use of agency staff will start to reduce and is very positive about planned recruitment following the recent Ofsted

inspection, which resulted in the service being rated good. Additionally, the in house Legal Service has recruited an additional advocate, which should help to reduce external Legal costs.

Early Intervention, Prevention & SEND (£130k underspend)

75. The service is projecting an underspend of £130k as at Month 2. The majority of this relates to staffing, where the service has put on hold staff recruitment, whilst it undertakes a BID review. Included in this is an underspend of £220k on the Educational Psychological Service, which partially offsets a shortfall in income of £361k, following the cessation of funding from the DSG for Early Years and School based support.

Older People and Physical Disabilities (£17k overspend)

76. The service is projecting an overspend of £17k as at Month 2. This includes an overspend on the cost of placements relating to the delays experienced at Grassy Meadow and Park View, resulting in a projected shortfall of £350k. This is netted down by an underspend of £54k on staffing, where the service has a number of vacant posts and an overachievement of income, totalling £184k relating to client and external organisations.

Learning Disability and Mental Health (£8k overspend)

77. The service is projecting an overspend of £8k as at Month 2. The service are using an external consultant to deliver a number of service reviews linked to provider sustainability, which results in the £84k overspend on salaries, which will be offset by capitalising the cost as it relates to the transformation of services.

Provider and Commissioned Care (£27k overspend)

78. The service is projecting an overspend of £27k as at Month 2. This relates to a pressure of £137k on Home to School Transport, which is based on the latest activity levels, including the action taken by EDGE to reduce the costs in this service, the latest being the introduction of the Dynamic Purchasing System. This is netted off by an underspend of £124k on staffing where the service have a number of vacant posts.
79. There is an expectation that the Home to School Transport position will improve throughout the year as further initiatives are implemented, however, it should be noted that for this financial year, there are 189 school days, which is an increase of 1 day on the 2017/18 position and results in an extra cost of approximately £30k.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£942k overspend)

80. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £942k at Month 2. This is predominantly due to continuing pressures in the cost of High Needs. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £5,067k.

Table 15: DSG Income and Expenditure 2018/19

Original Budget	Budget Changes	Funding Block	Month 2		
			Revised Budget	Forecast Outturn	Variance
£'000	£'000		£'000	£'000	£'000
(275,559)	22	Dedicated Schools Grant Income	(275,537)	(275,537)	0
214,132	0	Schools Block	214,132	213,884	(248)
26,100	0	Early Years Block	26,100	26,319	219
2,773	0	Central School Services Block	2,773	2,874	101
32,554	(22)	High Needs Block	32,532	33,402	870
0	0	Total Funding Blocks	0	942	942
0	0	Balance Brought Forward 1 April 2018	4,125	4,125	
0	0	Balance Carried Forward 31 March 2019	4,125	5,067	

Dedicated Schools Grant Income (nil variance)

81. The High Needs block of the DSG has been realigned following the import/export adjustment which has been made to reflect any changes either in the placement by a local authority of pupils and students in schools and colleges located in other local authority areas (exports), or in the funding required by schools and colleges accepting pupils and students resident in other local authority areas (imports). When setting the DSG budget an estimate had been made for this adjustment and the ESFA have now published revised High Needs block allocations.

Schools Block (£248k underspend)

82. The £248k underspend relates to the growth contingency fund which is funded from the Schools Block. Schools that are expanding, in agreement with the local authority, to meet basic need pupil population growth receive additional funding to provide financial recompense to schools throughout the relevant financial year to cover the cost of this agreed and planned growth. Schools Forum have taken the decision to withhold growth contingency allocations for three schools due to the expectation that pupil growth in September 2018 will not be sufficient to require the need for growth contingency funding.
83. There is also a mechanism within the growth contingency policy to allow for schools that have experienced significant in year growth and it is currently anticipated that there will be an underspend in this budget allocation.

Early Years Block (£219k overspend)

84. Two year old funding will be adjusted in July 2018 to reflect the number of children accessing the entitlement based on the January 2018 census. The assumption is that there will be an increase in funding and an income accrual was included in 2017/18 to take account of the estimated adjustment to funding.
85. It has been agreed that DSG will only fund The Early Years Centres up until 31 August 2018 with any over or underspend at this point to be charged to the DSG. Currently the three centres are projecting a £166k overspend as at the end of August. This is as a consequence of a shortfall in the levels of income being generated.
86. There is currently a further overspend in the Early Years Advisory Service where a savings target of £150k has been put in place by Schools Forum which may not be achieved in full in the current year.

Central School Services Block (£101k overspend)

87. The overspend follows confirmation from the ESFA that the copyright licences for schools should be charged to the centrally retained DSG. The DSG budget was set with the view that these licenses could be charged to the Schools Block, and therefore no budget was included within the Central School Services Block.
88. The overspend is off-set by a projected underspend in the education costs of Looked After Children and additional income projected from schools that have excluded pupils where the local authority is able to recover the Age Weighted Pupil Unit cost for the period following exclusion.

High Needs Block (£870k overspend)

89. There continues to be significant pressure in the High Needs Block with at Month 2 an overspend of £870k being projected.
90. There is on-going pressure linked to the transfer of pupils in special schools from statements to Education & Health Care plans (EHCPs). As pupils are transferred to an EHCP they move onto the new banded funding model often resulting in a higher resource requirement. The transfer process was completed by 31 March 2018, however, there were a number of cases where schools queried the funding levels allocated. Following further review and the submission of additional evidence, these have been adjusted in a significant number of cases resulting in a higher level of resource being allocated. The 2018/19 budget was increased to reflect this anticipated increase, but the budget is still insufficient.
91. There is also a projected overspend on the placement of pupils with SEN in independent or non-maintained schools. The High Needs budget for 2018/19 includes a savings target within the budget for Independent and non-maintained school SEN placements which is dependent on a number of pupils leaving at the end of the summer term 2018 and new placements not being made. However, a number of placements have been made since the budget was set, resulting in an additional pressure on the High Needs block.
92. The projected spend on post-19 SEN placements is based on the current cohort of students. The costs here are likely to increase further once full details of the September 2018 placements are known later in the year.

Maintained School Balances & Budgets

93. A review of balances at the end of the 2017/18 financial year identified four 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.
94. Maintained schools ended the 2017/18 financial year with a cumulative closing surplus balance of £10.1m (revenue & capital). This was a £0.9m decrease from the adjusted previous year total (the two academy converters have been removed from the 2017/18 figures), which is due to one particular school. Despite the relatively healthy total balance, there is a wide spread with a number of schools having low balances that are expected to experience financial difficulties in 2018/19 due to reductions in pupil numbers and funding not keeping up with actual year-on-year increases in costs.
95. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns for 2016/17 and 2017/18.

School Type	Total Number of Schools	Number of Schools In Deficit 2017/18	Value of Deficit 2017/18 £000	Number of Schools In Deficit 2016/17	Value of Deficit 2016/17 £000
Nursery	1	0	0	0	0
Primary	49	3	83	2	35
Secondary	2	1	2,475	1	1,549
Special	2	0	0	0	0
Total	54	4	2,558	3	1,583

96. A significant number of schools have submitted budgets for the 2018/19 financial year with an in-year deficit, resulting in a budgeted reduction in school revenue balances of £4.1m for 2018/19. This is a concern as the use of balances is one-off and continued in-year deficits are unsustainable in the medium term.
97. There are also two maintained schools that have been unable to set a balanced budget for 2018/19 and will therefore be requesting that the local authority licence a deficit budget. The Schools Finance team will continue to work with all maintained schools to monitor budgets for 2018/19, with particular focus on those schools that are in financial difficulty or have low balances. A further update will be given in the Month 3 monitoring report following the submission of financial returns from all schools for the first quarter of the financial year.

COLLECTION FUND

98. A surplus of £1,050k is reported within the Collection Fund relating to favourable positions on both Council Tax and Business Rates, which is predominantly driven by strong growth in Gross Rates in the Borough and a carry forward surplus within Council Tax. Any surplus realised at outturn will be available to support the General Fund budget in 2019/20.
99. During 2018/19 the Council is participating in the 100% Business Rates Retention Pilot Pool for London, which provides scope for retaining additional growth while guaranteeing the level of income the Council would have received under the existing 50% Retention system. Business Rates projections below reflect this guaranteed minimum level of surplus, with any additional funds available from the pool to be captured separately in budget setting reports as appropriate.

Table 16: Collection Fund

Original Budget £'000	Budget Changes £'000	Service		Month 2		Variance (As at Month 2) £'000	Variance (As at Month 1) £'000	Movement from Month 1 £'000
				Revised Budget £'000	Forecast Outturn £'000			
(121,176)	0	Council Tax	Gross Income	(121,176)	(121,263)	(87)	0	(87)
10,918	0		Council Tax	10,918	10,927	9	0	9
(2,680)	0		Support B/fwd Surplus	(2,680)	(3,179)	(499)	0	(499)
(112,938)	0		Sub-Total	(112,938)	(113,515)	(577)	0	(577)
(109,696)	0	Business Rates	Gross Income	(109,696)	(111,403)	(1,707)	0	(1,707)
(3,849)	0		Section 31 Grants	(3,849)	(3,849)	0	0	0
53,246	0		Less: Tariff	53,246	53,246	0	0	0
7,451	0		Less: Levy	7,451	8,245	794	0	794
69	0		B/fwd Surplus	69	509	440	0	440
(52,779)	0		Sub-Total	(52,779)	(53,252)	(473)	0	(473)
(165,717)	0	Total Collection Fund		(165,717)	(166,767)	(1,050)	0	(1,050)

100. At Month 2 a surplus of £577k is projected against Council Tax, predominantly as a result of strong in-year collection rates contributing £78k and the brought forward surplus of £499k relating to better than expected performance during 2017/18. Within this position, potential volatility in Discounts, Exemptions and the Council Tax Reduction Scheme continue to be closely monitored.
101. A £473k net surplus is reported across Business Rates at Month 2, primarily as a result of strong growth in income due to a number of new developments in the Borough being brought into rating. Growth in the rating base is expected to deliver a £913k post-levy surplus, which is sufficient to off-set the brought forward deficit of £440k and deliver a net £473k surplus. Within this position, potential volatility in respect of Reliefs and Appeals continue to be closely monitored.

Appendix C – HOUSING REVENUE ACCOUNT

102. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £21,269k, which is £168k more favourable than the budgeted position. The 2018/19 closing HRA General Balance is forecasted to be £15,839k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area:

Table 17: Housing Revenue Account

Service	Month 1		Variance (+ adv / - fav)
	Revised Budget	Forecast Outturn	Variance (As at Month2)
	£'000	£'000	£'000
Rent Income	(55,932)	(55,656)	276
Other Income	(4,877)	(4,871)	6
Net Income	(60,809)	(60,527)	282
Housing Management	12,819	12,911	92
Tenant Services	4,172	4,120	(52)
Repairs	5,056	4,996	(60)
Planned Maintenance	4,360	4,310	(50)
Capital Programme Funding	38,728	38,728	0
Interest & Investment Income	15,371	15,371	0
Development & Risk Contingency	1,740	1,360	(380)
Operating Costs	82,246	81,796	(450)
(Surplus) / Deficit	21,437	21,269	(168)
General Balance 01/04/2018	(37,108)	(37,108)	0
General Balance 31/03/2019	(15,671)	(15,839)	(168)

Income

103. Rental Income and Other Income is forecast to under recover by £276k and £6k respectively, based on updated assumptions on stock movements.
104. The number of RTB applications received in the first two months of 2018/19 was 29 compared to 27 for the same period in 2017/18, an increase of 7%. There have been 2 RTB completions in the first two months of 2018/19 compared to 5 for the same period in 2017/18, a reduction of 60%. The RTB sales forecast will be kept under review, however at this early stage in the year the 2018/19 forecast is the same as the budget at 60 RTB sales, and this compares to 64 actual sales in 2017/18.

Expenditure

105. The Housing management service is forecast to overspend by a net £92k. The forecast overspends relate to Council Tax/NNDR on void properties of £120k and utility costs of £83k, with both forecasts updated based on recent spend data, and these will be kept under review during 2018/19 to take into account of potential changes including tariff increases. The forecast underspends relate to a net staffing underspend of £37k in the repairs delivery team and various underspends on running costs across housing management totalling £74k.
106. Tenant services is forecast to underspend by £52k, of which £31k is due to vacancies in caretaking and sheltered housing, £11k is due to income from the General Fund for work undertaken by the caretaking service, and £10k due to various running costs.

107. The repairs budget is forecast to underspend by £60k, of which £41k is due to vacancies on repair operative posts and £19k is due to savings on the asbestos contract.
108. The forecast staffing underspends mentioned above relate to caretaking, sheltered housing and repairs, all of which are services that are currently being reviewed. The in-year financial impact of these reviews will be included in future budget monitoring forecasts.
109. The Planned Maintenance budget is forecast to underspend by £50k due to reduced forecast spend on the security budget.
110. The capital programme funding and interest and investment income are forecast to break even.
111. The development and risk contingency budget is forecast to underspend by £380k. The bad debt provision is reduced by £380k, taking into account updated calculations at this early stage in the financial year, whilst still maintaining £500k in the forecast for any risks that may occur during this year.

HRA Capital Expenditure

112. The HRA capital programme is set out in the table below. The 2018/19 original budget is £53,434k and the 2018/19 revised budget is £83,791k, which includes the June Cabinet approved recommendation to re-phase £30,357k from 2017/18. There is a forecast net variance of £14,575k in 2018/19, £16,705k due to re-phasing and a cost overspend of £2,130k.

Table 18: HRA Capital Expenditure

Programme	2018/19 Original Budget	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance Forecast V Revised Budget	2018/19 Project Re- Phasing	Total Project Budget 2018-23	Total Project Forecast 2018-23	Total Project Variance 2017-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects								
New General Needs Housing Stock	21,158	24,147	17,607	0	6,540	138,133	138,133	0
New Build - Appropriation of Land	0	8,635	10,765	2,130	0	8,635	10,765	2,130
New Build - Shared Ownership	6,234	6,382	1,658	0	4,724	15,596	15,596	0
New Build - Supported Housing Provision	11,203	12,884	10,468	0	2,416	15,343	15,343	0
ICT	81	81	81	0	0	162	162	0
HRA General Capital Contingency	2,500	8,908	8,908	0	0	8,908	8,908	0
Total Major Projects	41,176	61,037	49,487	2,130	13,680	186,777	188,907	2,130
Works to Stock								
Works to stock programme	11,111	20,619	17,594	0	3,025	57,797	57,797	0
Major Adaptations to Property	1,147	2,135	2,135	0	0	7,160	7,160	0
Total Works to Stock	12,258	22,754	19,729	0	3,025	64,957	64,957	0
Total HRA Capital	53,434	83,791	69,216	2,130	16,705	251,734	253,864	2,130

Major Projects

113. The 2018/19 Major Projects programme revised budget is £61,037k and the forecast expenditure is £49,487k, with a re-phasing of £13,680k and a cost variance of £2,130k during the period 2018-2023.

New General Needs Housing Stock

114. The 2018/19 General Needs Housing Stock revised budget is £24,147k. There is a forecast re-phasing of £6,540k across the General Needs programme due to the construction works across a number of developments commencing later than initially expected.
115. To date five buybacks have been approved with each acquisition at different stages of completion.
116. The planning application was approved at Planning Committee on 20 February 2018 for the mixed development of General Needs and Shared Ownership units at the Acol Crescent site. The contractor has completed demolition and tree removal works and the former nursery site has been cleared. The tender process is currently being undertaken to appoint a contractor.
117. The Housing programme comprising seven units of new build properties and five extensions or conversions at various sites has progressed with all the extensions now complete. The new builds are due for completion by September 2018.
118. 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. The planning application for the Maple and Poplar site has been approved whilst approval for the other two developments remains outstanding.

New Build - Appropriation of Land

119. The revised budget of £8,635k is for New Build appropriation of land for two sites at the former Belmore allotments and Maple / Poplar day centre. The forecast spend includes these two sites and appropriations for Woodside Day Centre £1,870k and Bartram Close garages £260k.

New Build - Shared Ownership

120. The New Build Shared Ownership 2018/19 revised budget is £6,382k, with a forecast expenditure of £1,658k and a re-phasing of £4,724k. Some of the schemes are being delivered concurrently with the General Needs units and is therefore resulting in the need to re-phase the budget.
121. The new build shared ownership budget comprises schemes being delivered across five sites including units at both Belmore and Maple and Poplar. These will deliver 60 units in total.
122. The Woodside Day centre redevelopment has progressed in year following approval to submit Planning Application for mixed-use development of a GP surgery and 20 shared ownership flats. The Planning Application was approved at February Planning Committee and consultants have been appointed. Consultants are now progressing designs and preparing tender documents ready to gain expressions of interest.

New Build - Supported Housing

123. The Supported Housing Programme comprises the build of 160 mixed client group units across three different sites. The 2018/19 revised budget is £12,884k with a re-phasing of £2,416k with respect to the Yiewsley scheme.

124. The scheme at Yiewsley is a small part of a wider re-development of the whole site and is anticipated to create 12 units of supported housing. The project is at the preliminary stage of feasibility and the multi-disciplinary consultants have now been appointed.
125. The programme at Grassy Meadow is scheduled to complete in August 2018, however the development at Parkview will run beyond its target completion date.

ICT

126. The HRA ICT 2018/19 budget is £81k and the forecast is break even.

HRA General Contingency

127. The HRA General Capital Contingency revised budget is £8,908k and the forecast is break even. The contingency budget 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

128. The Works to Stock revised budget for 2018/19 is £20,619k and the forecast is £17,594k, a re-phasing of £3,025k on sprinklers (£863k), windows (£788K), roofs (£707k), lifts (£368k) and structural works (£299k) is forecast due to the validation, procurement and consultation timetables required to deliver these works.
129. The revised major adaptations budget is £2,135k and this is forecast to be fully spent.

HRA Capital Receipts

130. There have been 2 Right to Buy sales of council dwellings as at the end of May 2018 for a total gross sales value of £0.5m and a further 58 sales are forecast to bring the yearly total to 60, totalling £10.9m in 2018/19.
131. 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 MHCLG.
132. During 2018/19, the £10,642k receipts generated in 2015/16 could potentially become repayable unless the following expenditure profile is achieved: Q1 £10,229k, Q2 £7,170k, Q3 £7,435k and Q4 £10,641k. Cumulative expenditure on 1 for 1 replacement from previous quarters above the minimum requirement can be carried forward.

Appendix D - GENERAL FUND CAPITAL PROGRAMME

133. As at Month 2 an under spend of £6,520k is reported on the £124,058k General Fund Capital Programme for 2018/19 due mainly to re-phasing of project expenditure. The forecast outturn variance over the life of the 2018/19 to 2022/23 programme is an under spend of £90k.
134. General Fund Capital Receipts of £20,000k are forecast for 2018/19, with a shortfall of £20k in total forecast receipts to 2022/23.
135. Overall, Prudential Borrowing required to support the 2018/19 to 2022/23 capital programmes is forecast to be within budget by £210k. This is partly due to an increase in grants and contributions of £140k higher than the original budget estimate and a cost under spend of £90k. However this is marginally offset by a forecast shortfall of £20k in capital receipts.

Capital Programme Overview

136. 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 2018

Table 19: General Fund Capital Programme Summary

	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023
	£'000	£'000	£'000
Schools Programme	72,316	72,226	(90)
Self Financing Developments	79,544	79,544	-
Main Programme	141,139	141,139	-
Programme of Works	90,449	90,449	-
General Contingency	7,154	7,154	-
Total Capital Programme	390,602	390,512	(90)

137. The revised five year programme budget has increased by £17,059k from the original budget approved by Council in February 2018, due mainly to carrying forward of £16,722k unspent expenditure budgets from 2017/18 to continue various schemes and programmes. The proposed budget re-phasing is to be approved at Cabinet in June 2018. The budget also includes additional Transport for London Local Implementation Plan grant funding awarded since the original budget was set.
138. The Schools programme reports a cost saving of £90k on project contingency and highways works for the replacement of Northwood Academy. Expansions at two primary schools and two secondary schools are in various stages of progress.
139. The Self-Financing development programme includes two major mixed residential developments at the former Belmore Allotments and Yiewsley pool sites. Consultants are

undertaking feasibility and survey work on the Yiewsley site redevelopment, which includes discounted market sale housing. Design work is in progress for the housing development at Belmore Allotments with a planning application to be submitted shortly. The budget also includes £50,000k to finance the newly incorporated housing company Hillingdon First.

140. The Main programme includes major schemes such as the re-provision of Hillingdon Outdoor Activity Centre and Yiewsley swimming pool and the purchase of Uxbridge police station. There are additional costs of £115k above the Harlington Road Depot improvements budget for essential structural and drainage works. This is proposed to be met from the general contingency budget.
141. Programmes of Works include £5,250k for the new leisure centres and libraries refurbishment programmes over three years and in 2018/19 a further £4,000k for new Highways works in addition to funding carried forward from 2017/18 for works completing early this financial year. The Civic Centre Works programme original budget of £500k is already earmarked for several projects.
142. The remaining 2018/19 unallocated general contingency budget amounts to £1,154k after transferring £224k to Bessingby Boxing and Football Clubhouse replacement project where construction costs are higher than pre-tender estimates. Also an amount of £62k has been allocated to fund additional foundation works required for the replacement of Ruislip Lido Railway Society workshop and £60k for the next phase of refurbishments at the Civic Centre. As noted above a further £115k funding is anticipated to be required at this stage. In total there are £7,154k contingency funds remaining over the period 2018-23 available as and when further risk issues emerge.

Capital Financing - General Fund

143. Table 2 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £210k reported on Prudential Borrowing, due mainly to a marginal increase in grant funding over original budget estimates.

Table 20: General Fund Capital Programme Financing Summary

	Revised Budget 2018/19 £'000	Forecast 2018/19 £'000	Variance £'000	Total Financing Budget 2018-2023 £'000	Total Financing Forecast 2018-2023 £'000	Total Variance £'000
Council Resource Requirement	98,321	92,661	(5,660)	227,149	226,919	(230)
Financed By Prudential Borrowing						
Service Development	45,468	41,461	(4,007)	100,361	100,151	(210)
Self Financing	26,860	26,700	(160)	78,215	78,215	-
Total Borrowing	72,328	68,161	(4,167)	178,576	178,366	(210)
Financed By Other Council Resources						
Capital Receipts	21,493	20,000	(1,493)	72,073	72,053	(20)
CIL	4,500	4,500	-	26,500	26,500	-
Total Council Resources	98,321	92,661	(5,660)	277,149	276,919	(230)
Grants & Contributions	25,737	24,877	(860)	113,453	113,593	140
Capital Programme	124,058	117,538	(6,520)	390,602	390,512	(90)

144. Total approved prudential borrowing is £178,576k over the five year programme of which £78,215k is in respect of self financing developments which will generate future income including capital receipts from discounted market sale. There is also £100,361k approved borrowing for the development of services, which remains the principal driver of the £8,133k uplift in capital financing charges borne by revenue over the MTFF period.
145. A favourable variance of £210k is reported on prudential borrowing due mainly to an increase in available grants and contributions, marginally offset by a forecast shortfall in capital receipts.
146. Forecast capital receipts amount to £20,000k after financing transformation costs. This amount includes £10,765k for planned appropriations of four General Fund sites to the HRA for residential development and £1,895k General Fund share of Right to Buy (RTB) sales based on a forecast 60 RTB sales in 2018/19.
147. As at the end of May a total of £6k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year. The monthly profile of CIL income varies depending on the timing and scale of developments with planning permission proceeding throughout the year. Budgeted eligible activity exceeds the CIL forecast with spend on Highways investment, community assets through the Chrysalis Programme and other major community infrastructure such as schools meeting the criteria for application of CIL monies.
148. Forecast grants and contributions are £140k higher than the revised budget due to the recently confirmed 2018/19 Schools Conditions Allocation of £2,140k being higher than the

original budget estimate set before the announcement. The financing budget assumes £13,350k Basic Needs grant for the period 2020/21-2022/23. It is expected that any grant awards below this level would be offset by expenditure reductions as the grant is based on forecast school places demand.

ANNEX A - Schools Programme

Prior Year Cost	Project	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance	Forecast Re-phasing	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Education and Children Services										
137,138	Primary Schools Expansions	93	93	0	0	93	93	0	93	0	0
4,352	New Primary Schools Expansions	8,880	10,531	0	1,651	10,974	10,974	0	9,774	1,200	0
1,040	Secondary Schools Expansions	19,828	15,537	0	(4,291)	54,960	54,960	0	21,941	33,019	0
45,568	Secondary Schools New Build	399	309	(90)	0	399	309	(90)	309	0	0
0	Meadow School	250	250	0	0	250	250	0	250	0	0
0	Additional Temporary Classrooms	2,400	2,400	0	0	4,000	4,000	0	4,000	0	0
0	Schools SRP	0	0	0	0	1,640	1,640	0	0	1,640	0
188,098	Total Schools Programme	31,850	29,120	(90)	(2,640)	72,316	72,226	(90)	36,367	35,859	0

ANNEX B - Self Financing Developments

Prior Year Cost	Project	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance	2018/19 Forecast Re-phasing	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Self Financing Developments										
	Finance, Property and Business Services										
251	Yiewsley Site Development	1,860	1,700	0	(160)	23,000	23,000	0	23,000	0	0
0	Belmore Allotments Development	0	0	0	0	4,605	4,605	0	3,276	0	1,329
0	Housing Company Financing	25,000	25,000	0	0	50,000	50,000	0	50,000	0	0
	Social Services, Housing, Health and Wellbeing										
0	Woodside GP Surgery	0	0	0	0	1,939	1,939	0	1,939	0	0
251	Total Main Programme	26,860	26,700	0	(160)	79,544	79,544	0	78,215	0	1,329

ANNEX C - Main Programme

Prior Year Cost	Project	2018/19 Revised Budget £'000	2018/19 Forecast £'000	2018/19 Cost Variance £'000	2018/19 Forecast Re-phasing £'000	Total Project Budget 2018-23 £000	Total Project Forecast 2018-23 £000	Total Project Variance 2018-23 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
	Community, Commerce and Regeneration										
2,200	Gateway Hillingdon	950	950	0	0	950	950	0	950	0	0
6,274	Hayes Town Centre Improvements	2,687	2,687	0	0	2,962	2,962	0	306	1,300	1,356
448	Inspiring Shopfronts	247	247	0	0	447	447	0	447	0	0
25	Uxbridge Cemetery Gatehouse	549	50	0	(499)	549	549	0	549	0	0
951	Uxbridge Change of Heart	1,045	1,045	0	0	1,045	1,045	0	997	0	48
	Central Services, Culture and Heritage										
1,241	Bowls Club Refurbishments	651	651	0	0	1,151	1,151	0	1,151	0	0
32,208	Hillingdon Sports & Leisure Centre	851	851	0	0	851	851	0	851	0	0
0	New Museum	525	300	0	(225)	5,632	5,632	0	4,882	0	750
0	New Theatre	300	300	0	0	44,000	44,000	0	42,950	0	1,050
	Finance, Property and Business Services										
6,439	Battle of Britain Heritage Pride Project	342	342	0	0	342	342	0	342	0	0
29	Battle of Britain Underground Bunker	824	618	0	(206)	1,018	1,018	0	1,018	0	0
97	Bessingby Football/Boxing Clubhouse	1,497	1,247	0	(250)	1,497	1,497	0	1,497	0	0
0	Uniter Building Refurbishment	400	200	0	(200)	400	400	0	400	0	0
0	Purchase of Uxbridge Police Station	5,000	5,000	0	0	5,000	5,000	0	5,000	0	0
445	CCTV Programme	708	708	0	0	1,758	1,758	0	1,758	0	0
0	Youth Provision	1,409	1,409	0	0	2,409	2,409	0	2,409	0	0
0	Botwell Leisure Centre Football Pitch	0	0	0	0	200	200	0	200	0	0
0	Yiewsley Swimming Pool	2,000	750	0	(1,250)	30,000	30,000	0	30,000	0	0
12	Hillingdon Outdoor Activity Centre	6,988	6,988	0	0	26,488	26,488	0	0	0	26,488
	Planning, Transportation and Recycling										
1,454	Harlington Road Depot Improvements	200	200	0	0	200	200	0	200	0	0
38	Purchase of Vehicles	3,911	3,911	0	0	10,551	10,551	0	10,551	0	0
0	RAGC Car Park	250	250	0	0	250	250	0	250	0	0
4,017	Street Lighting - Invest to Save	1,483	1,483	0	0	1,483	1,483	0	1,483	0	0
	Social Services, Housing, Health and Wellbeing										
0	1 & 2 Merrimans Housing Project	620	620	0	0	620	620	0	620	0	0
	Cross Cabinet Member Portfolios										
662	Environmental/Recreational Initiatives	887	887	0	0	887	887	0	887	0	0
4,356	Projects Completing in 2018/19	449	449	0	0	449	449	0	449	0	0
60,896	Total Main Programme	34,773	32,143	0	(2,630)	141,139	141,139	0	110,147	1,333	29,692

Cabinet report: 26 July 2018

Classification: Part 1 – Public

ANNEX D - Programme of Works

Prior Year Cost	Project	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance	Forecast Re-phasing	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	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	393	393	0	0	1,193	1,193	0	1,193	0	0
	Community, Commerce and Regeneration										
N/A	Chrysalis Programme	1,331	1,331	0	0	5,331	5,331	0	5,331	0	0
N/A	Playground Replacement Programme	250	250	0	0	750	750	0	750	0	0
	Central Services, Culture and Heritage										
N/A	Libraries Refurbishment Programme	1,000	1,000	0	0	3,000	3,000	0	3,000	0	0
N/A	Leisure Centre Refurbishment	750	750	0	0	2,250	2,250	0	2,250	0	0
	Education and Children Services										
N/A	Devolved Capital to Schools	814	814	0	0	1,846	1,846	0	0	1,846	0
N/A	School Building Condition Works	3,059	3,059	0	0	9,859	9,859	0	1,666	7,140	1,053
	Finance, Property and Business Services										
N/A	Civic Centre Works Programme	1,564	1,564	0	0	3,564	3,564	0	3,564	0	0
N/A	Corporate Technology and Innovation	1,104	1,104	0	0	3,596	3,596	0	3,596	0	0
N/A	Property Works Programme	680	680	0	0	2,600	2,600	0	2,600	0	0
N/A	Planning, Transportation and Recycling										
N/A	Highways Structural Works	8,265	8,265	0	0	17,265	17,265	0	17,265	0	0
N/A	Road Safety	202	202	0	0	802	802	0	802	0	0
N/A	Transport for London	5,957	4,957	0	(1,000)	18,849	18,849	0	0	18,093	756
	Social Services, Housing, Health and Wellbeing										
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	0	11,500	0
N/A	PSRG / LPRG	225	225	0	0	1,125	1,125	0	1,125	0	0
	Cross Cabinet Member Portfolios										
N/A	Section 106 Projects	100	100	0	0	100	100	0	0	0	100
N/A	Equipment Capitalisation - Social Care	985	985	0	0	4,925	4,925	0	0	4,925	0
N/A	Equipment Capitalisation - General	442	442	0	0	1,894	1,894	0	1,894	0	0
	Total Programme of Works	29,421	28,421	0	(1,000)	90,449	90,449	0	45,036	43,504	1,909
N/A	General Contingency	1,154	1,154	0	0	7,154	7,154	0	7,154	0	0
	Total GF Capital Programme	124,058	117,538	(90)	(6,841)	390,602	390,512	0	276,919	80,663	32,930

Appendix E – Treasury Management Report as at 31 May 2018

Table 21: Outstanding Deposits - Average Rate of Return 0.55%

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	42.9	68.20	65.00
1-2 Months	0.0	0.00	0.00
2-3 Months	0.0	0.00	0.00
3-6 Months	5.0	7.95	10.00
6-9 Months	0.0	0.00	0.00
9-12 Months	0.0	0.00	0.00
Total	47.9	76.15	75.00
Strategic Funds	15.0	23.85	25.00
Total	62.9	100.00	100.00

149. Deposits are held with UK institutions or overseas institutions, all of which hold a minimum A-Fitch (or lowest equivalent) long-term credit rating. UK deposits are currently held in AAA rated Money Market Funds, Pooled Funds, Strategic Pooled Funds, and with Northumberland CC. An overseas deposit is held with DBS (Development Bank of Singapore).
150. The average rate of return on day-to-day operational treasury balances is 0.55%. As part of the Council's investment strategy for 18/19 a total of £15m has been invested three strategic pooled funds (£5m in each). The strategic pooled funds have a 3-5 year investment horizon with dividends only being distributed periodically. This means that any return on these funds can only start to be assessed after 6 months.
151. 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. At the end of May, 73% of the Council's total funds have exposure to bail-in risk compared to a March benchmark average of 55% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). Although the Council bail-in risk is significantly higher than the benchmark, with cash balances reducing it is essential to keep funds in instant access facilities to ensure liquidity is maintained. The Council has no exposure to bail in risk once instant access balances are removed.
152. Liquidity was maintained throughout May by placing surplus funds in instant access accounts and short-term deposits with DBS and the DMADF. Deposit maturities were scheduled to match cash outflows and where required, funds were withdrawn from instant access facilities. As well as a DMADF maturity, there was a long-term deposit maturing with Lancashire County Council.

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

	Actual (£m)	Actual (%)
General Fund		
PWLB	46.16	18.48
Long-Term Market	15.00	6.01
HRA		
PWLB	155.57	62.30
Long-Term Market	33.00	13.21
Total	249.73	100.00

153. There were no scheduled debt repayments or early debt repayment opportunities during May. Gilts yields went up during the first half of the month, however by the end of May fell to levels

below that at the start of the month. Premiums remained too high to make early repayment of debt feasible.

154. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices. In order to maintain liquidity for day-to-day business operations during June, 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

156. 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
Finance						
Benefit Officer	02/08/2017	11/06/2018	09/09/2018	38	12	50
Residents Services						
DFG & Home Adaptations Surveyor	13/03/2017	11/06/2018	12/10/2018	128	41	169
Major Application (PPA) Planner	16/01/2017	18/06/2018	14/09/2018	106	21	127
Development/Programme Manager	07/02/2016	04/06/2018	02/09/2018	165	24	189
Quantity Surveyor - Capital Programme	04/06/2017	25/06/2018	23/09/2018	97	23	120
Technician/Engineer	03/07/2017	25/06/2018	24/09/2018	41	10	51
Planning Enforcement Officer	06/10/2014	02/07/2018	28/09/2018	312	25	337
Major Application (PPA) Planner	20/03/2017	29/06/2018	27/09/2018	131	26	157
Programme Manager - HOAC	06/11/2017	11/06/2018	04/09/2018	29	23	52
Social Care						
Approved Mental Health Worker	01/06/2015	02/07/2018	29/07/2018	213	6	218
Approved Mental Health Worker	29/05/2016	02/07/2018	29/07/2018	155	6	161
Care Worker	06/07/2016	02/07/2018	29/07/2018	57	3	60
Lead Approved Mental Health Practitioner	01/06/2012	02/07/2018	29/07/2018	303	5	308
Occupational Therapist	07/10/2013	02/07/2018	29/07/2018	305	6	311
Occupational Therapist	01/04/2015	02/07/2018	29/07/2018	223	5	228
Occupational Therapist	03/12/2015	02/07/2018	29/07/2018	176	5	181
Occupational Therapist	06/06/2016	02/07/2018	29/07/2018	149	5	154
Residential Care Worker	01/04/2012	02/07/2018	29/07/2018	171	2	173
Senior Social Worker	03/10/2016	02/07/2018	29/07/2018	114	5	119
Senior Social Worker	01/05/2017	02/07/2018	29/07/2018	80	6	86
Social Worker	01/03/2017	02/07/2018	29/07/2018	67	6	73
Social Worker	09/09/2016	02/07/2018	29/07/2018	71	4	75
Social Worker	01/11/2017	02/07/2018	29/07/2018	52	5	57
Social Worker	04/12/2017	02/07/2018	29/07/2018	51	7	58
Social Worker	02/10/2017	02/07/2018	29/07/2018	54	6	60
Social Worker	05/06/2017	02/07/2018	29/07/2018	66	4	70
Social Worker	02/10/2017	02/07/2018	29/07/2018	52	5	57
Social Worker	04/09/2017	02/07/2018	29/07/2018	58	5	63

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Support Worker	04/04/2016	02/07/2018	29/07/2018	64	2	66
Team Manager	26/06/2016	02/07/2018	29/07/2018	151	6	157
Programme Lead-Urgent & Emergency Care	05/03/2018	02/07/2018	29/07/2018	50	12	62
Registered Care Manager	03/07/2017	02/07/2018	29/07/2018	50	4	54
Social Worker	28/03/2016	04/06/2018	01/07/2018	144	5	149
Senior Social Worker	06/06/2016	04/06/2018	01/07/2018	95	6	101
Team Manager	17/07/2017	04/06/2018	01/07/2018	97	8	105
Senior Social Worker	01/04/2013	04/06/2018	01/07/2018	90	6	96
Social Worker	06/04/2017	04/06/2018	01/07/2018	83	6	89
Social Worker	23/10/2017	04/06/2018	01/07/2018	50	5	55
Social Worker	13/11/2016	04/06/2018	01/07/2018	105	6	111
Social Worker	07/11/2016	04/06/2018	01/07/2018	102	6	108
Social Worker	16/12/2016	04/06/2018	01/07/2018	114	6	120
Social Worker	21/08/2016	04/06/2018	01/07/2018	125	6	131
Social Worker	05/09/2014	04/06/2018	01/07/2018	296	6	302
Social Worker	10/07/2017	04/06/2018	01/07/2018	51	6	57
Social Worker	07/11/2016	04/06/2018	01/07/2018	129	6	135
Social Worker	04/05/2015	04/06/2018	01/07/2018	202	5	207
Social Worker	13/04/2015	04/06/2018	01/07/2018	228	6	234
Social Worker	01/04/2013	04/06/2018	01/07/2018	147	6	153
Senior Social Worker	30/04/2012	04/06/2018	01/07/2018	295	6	301
Social Worker	11/07/2016	04/06/2018	01/07/2018	136	6	142
Social Worker	01/08/2015	04/06/2018	01/07/2018	162	7	169
Team Manager	27/03/2017	04/06/2018	01/07/2018	108	7	115
Social Worker	27/10/2016	04/06/2018	01/07/2018	110	6	116
Senior Social Worker	21/11/2017	04/06/2018	01/07/2018	95	7	102
Social Worker	04/05/2015	04/06/2018	01/07/2018	211	6	217
Social Worker	14/08/2017	04/06/2018	01/07/2018	59	6	65
Early Years Practitioner	12/09/2014	04/06/2018	01/07/2018	49	1	50
SENDIASS Manager	02/05/2017	04/06/2018	01/07/2018	46	7	53
Early Years Practitioner	24/02/2014	04/06/2018	01/07/2018	62	1	63
Educational Psychologist	16/10/2016	04/06/2018	01/07/2018	48	4	52
Educational Psychologist	15/11/2015	04/06/2018	01/07/2018	194	8	202
Special Needs Officer	01/12/2016	04/06/2018	01/07/2018	94	6	100
Independent Domestic Violence Advisor	12/01/2015	04/06/2018	01/07/2018	49	4	53
Social Worker	11/08/2014	04/06/2018	01/07/2018	302	6	308
Social Worker	01/01/2013	04/06/2018	01/07/2018	324	6	330
Social Worker	01/04/2013	04/06/2018	01/07/2018	123	6	129
Social Worker	26/08/2016	04/06/2018	01/07/2018	108	6	114
Social Worker	26/09/2016	04/06/2018	01/07/2018	124	6	130
Supervising Social Worker	01/09/2016	04/06/2018	01/07/2018	70	6	76
Support Worker	20/12/2015	04/06/2018	01/07/2018	67	3	70
Social Worker	04/07/2016	04/06/2018	01/07/2018	165	6	171

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Child Protection Chair	20/07/2015	04/06/2018	01/07/2018	227	7	234
Social Worker	03/07/2016	04/06/2018	01/07/2018	149	7	156
Special Needs Officer	05/01/2015	04/06/2018	01/07/2018	154	8	162
Senior Social Worker	19/12/2011	04/06/2018	01/07/2018	380	7	387
Social Worker (0.5 FTE)	19/12/2016	04/06/2018	01/07/2018	84	4	88
Social Worker	07/11/2016	04/06/2018	01/07/2018	115	6	121
Social Worker	21/11/2016	04/06/2018	01/07/2018	105	6	111
Social Worker	19/06/2014	04/06/2018	01/07/2018	244	6	250
Social Worker	01/01/2013	04/06/2018	01/07/2018	338	6	344
Senior Social Worker	29/06/2017	04/06/2018	01/07/2018	86	6	92
Case Progression Manager	07/04/2014	04/06/2018	01/07/2018	388	8	396
Senior Social Worker	05/10/2015	04/06/2018	01/07/2018	138	7	145
Early Years Practitioner	23/02/2015	04/06/2018	01/07/2018	68	2	70
Educational Psychologist	15/08/2016	04/06/2018	01/07/2018	107	7	114
Educational Psychologist	24/01/2017	04/06/2018	01/07/2018	56	2	58
Educational Psychologist	01/03/2016	04/06/2018	01/07/2018	219	12	231
Social Worker	01/09/2016	04/06/2018	01/07/2018	125	6	131
Child Protection Chair	01/07/2015	04/06/2018	01/07/2018	167	7	174