

# COUNCIL BUDGET: 2018/19 REVENUE AND CAPITAL MONTH 4 BUDGET MONITORING

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

## HEADLINE INFORMATION

Purpose of report	This report provides the Council's forecast financial position and performance against the 2018/19 revenue budget and Capital Programme.  An underspend of £64k is reported against 2018/19 General Fund revenue budgets as of July 2018 (Month 4), representing an adverse movement of £47k from the position reported to Cabinet at Month 2.  The latest positions on other funds and the Capital Programme are detailed within the body of this report, with continuing pressures on High Needs placements in the Schools Budget feeding through to a projected £6,052k cumulative deficit on the ringfenced Dedicated Schools Grant account. This represents an adverse movement of £985k on the previously reported position.
Contribution to our plans and strategies	<b>Putting our Residents First: Financial Management</b> Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services, Commerce and Communities
Ward(s) affected	All

## RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at July 2018 (Month 4) as outlined in Table 1.
2. Note the Treasury Management update as at July 2018 at Appendix E.

3. Continue the delegated authority up until the October 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 26 July 2018 and 27 September 2018 Cabinet meetings, detailed at Appendix F.
4. Agrees to enter into a legal agreement to fund Hillingdon's share of the historic GLC pension deficit from the existing £347k per annum London Pension Fund Authority levy budget as outlined in Appendix G.
5. Agrees to adopt the Department for Works and Pensions Local Housing Allowance Rental Rates for Section 17 short term accommodation families as set out in Appendix H
6. Approves the revised fixed penalty notice charges allowed under the Environmental Offences (Fixed Penalties) (England) Regulations 2017 as set out in Appendix I to be implemented in this financial year.
7. Approve to charge an affordable rent of £221.30 per week in 2018/19 (inclusive of a meals service charge of £30 per week based on one tenant) for each of the 88 one bed-roomed flats at the HRA new build Grassy Meadow extra care development, and approve to charge a meals service charge of £30 per week for each additional tenant in the property as detailed in Appendix J.
8. Approve the allocation of £78k from the Environmental and Recreational Initiatives Earmarked Reserve for the replacement of the soft play area on the Hillingdon Autistic Care and Support site and support the running of a Saturday club.
9. Accept an award of £600k from Transport for London in respect of the Bus Priority Programme.
10. Accept an award of £50k from Greater London Authority in respect of the Ruislip High Street Empty Shops into Civic Assets project.
11. Ratify a decision taken under special urgency procedures on 17 August 2018 by the Leader of the Council and Cabinet Member for Finance, Property and Business Services on the lease arrangements for playing fields at the Guru Nanak Sikh College, surrendering the current lease and authorising a new 125 lease with clear conditions in respect of the holding of events on the site.
12. Ratify a decision taken under special urgency procedures on 21 August 2018 by the Leader of the Council to:
  - a. Authorise the 2-year (plus two further 1-year options) contract for the provision of Christmas lights in town centres and high streets across the Borough to LITE Limited on the basis of the most economically advantageous tender.
  - b. Approve the first year cost of £151,512 for delivery of the fifteen 2018 in-house Christmas lighting schemes encompassing nineteen wards across the Borough.
  - c. Approve external grant awards totalling £38,180.40 to four external organisations who are independently coordinating Christmas lighting schemes as detailed in as follows:
    - i. Ickenham Festival Committee £6,483.10
    - ii. Northwood Residents Association £9,067.10
    - iii. Northwood Hills Residents Association £9,260.10
    - iv. Ruislip Manor Chamber of Commerce £13,370.10
13. Formally approve the allocation of the Strategic Investment Pot 2018/19, part of the London Business Rate Pilot Pool, to the individual projects as set out in Appendix K and communicates this decision to the Lead Authority (City of London Corporation) and any other bodies as appropriate.

## 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 4 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 on use of this delegated authority previously granted by Cabinet.
3. **Recommendation 4** seeks authority for the Council to enter into a legal agreement with the London Pension Fund Authority to reinvest future savings from declining levy payments to funding Hillingdon's share of the historic Greater London Authority pension fund deficit over a period of up to thirty years. Levy payments are currently budgeted at £347k per annum, with the latest estimate of the Hillingdon share of the deficit being £2,389k. This agreement is required as the London Pension Fund Authority lack legal powers to issue a levy for this purpose, with further detail set out in Appendix G.
4. The Council currently sets the rental rate for all Section 17 short term placements at the same level as Temporary Accommodation based on the 2011/12 1 bedroom self-contained rate, however, the Council is now placing a number of families in larger rented accommodation (two, three or four bedroom homes), but is currently not charging the most appropriate rent and by not doing so, is not able to draw down appropriate funding from Housing Benefit. **Recommendation 5** is intended to enable the Council to set the rental charge at the Local Housing Allowance (LHA) rate dependent on the size of the property and by doing so enable the correct level of funding to be drawn down from Housing Benefit. This would then be consistent with the approach taken for Housing clients. Further background to this recommendation is set out in Appendix H.
5. On the 1 April 2018 the Environmental Offences (Fixed Penalties) (England) Regulations 2017 came into force. These Regulations gave local authorities in England and Wales the ability to alter the fixed penalty notice (FPN) penalty range for a specified number of offences where the issue of an FPN can be considered. In light of these regulations, **Recommendation 6** seeks authority to implement the schedule of fees detailed in Appendix I with the aim of reinforcing deterrence whilst avoiding a detrimental impact upon FPN payment rates, which could result in additional expenditure for the Council incurred on taking non-payers to court.
6. Council in February 2018, as part of the HRA rent policy, agreed to delegate to the Leader and relevant Cabinet Member the authority to set affordable rent levels for newly acquired or built properties on a scheme-by-scheme basis. The Constitution enables Cabinet Members to also refer such a decision to the Cabinet to make. The HRA new build Grassy Meadow extra care development was approved on the financial viability assumption that these properties would be charged an affordable rent, with **Recommendation 7** seeking authority to set rents at that level as outlined in Appendix J.
7. **Recommendation 8** seeks authority to apply £50k from the Environmental and Recreational Initiatives Earmarked Reserve to fund the replacement of the softplay area at the site operated by Hillingdon Autistic Care and Support. Works are to include resurfacing, the adjustment of

ramps and the provision of new play equipment. An additional £28k to provide funding for a Saturday Club run by Hillingdon Autistic Care and Support for a period of 1 year is also recommended. The club provides structured activities and free play for children and young people with autism and providers respite for their families.

8. **Recommendation 9** confirms the receipt of funding from Transport for London of £600k in 2018/19 to deliver bus priority measures, which will enable improvements to bus services through measures such as lane and junction alterations and new bus stops, resulting in improved access and journey times for residents.
9. The Greater London Authority have confirmed funding of £50k in 2018/19 to undertake a feasibility to identify appropriate community uses for the Ruislip High Street as part of an “Empty Shops into Civic Assets” initiative and use this work to identify and undertake a stage 2 concept design with associated business plan for the identified site, to warrant the Council purchasing a long lease or freehold and facilitate a Good Growth Fund Round 3 applications in 2019. **Recommendation 10** seeks authority to accept this funding.
10. **Recommendation 11** confirms Cabinet Members agreement to the surrender of the existing lease to enable a new lease to be granted to the Academy in respect of its playing fields. Cabinet Members also agreed the inclusion of a clause in the new lease to limit attendance at any large events held on the playing fields without the Council's prior written consent to ensure that public order, health, safety, and traffic management issues are managed. Under the Constitution such lease decisions are ordinarily considered by the Cabinet, however, the Leader of the Council is authorised to take urgent decisions in the absence of a Cabinet meeting and such decisions are then required to be ratified by Cabinet at a subsequent meeting. This is an abridged version of the decision made for public release. The full decision notice contains exempt information and was circulated to all Members on 17 August.
11. **Recommendation 12** is required following a competitive procurement process, the Leader of the Council accepted the most economically advantageous tender to provide Christmas lights across the Borough's town and village centres, including high streets, for up to a four year period. Furthermore, the Leader of the Council approved the award of grants to specific local organisations who independently co-ordinate local Christmas light schemes. The proposed contract with LITE Limited was in excess of £500k and in accordance with the Council's Constitution, it should ordinarily require Cabinet approval. The Leader of the Council, however, is authorised to take contract decisions on behalf of Cabinet where he deems it an urgent case in compliance with the Procurement and Contract Standing Orders. Such decisions are required to be ratified by Cabinet at a subsequent meeting.
12. On 10 September 2018 the Leader of the Council responded on behalf of the London Borough of Hillingdon indicating the Council's support in relation to two bids with West London Alliance local authorities recommended to be funded from the London Business Rate Pilot Pool's Strategic Investment Pot (SIP) as part of the overall package of projects for London totalling £46.83m which was also supported by the Leader of the Council. **Recommendation 13** provides the required formal authority to the City of London, which acts as the Accountable Body in managing the Pool's resources, as set out in the Memorandum of Understanding approved by all London boroughs and further background information is set out in Appendix K.

#### **Alternative options considered**

13. There are no other options proposed for consideration.

## **SUMMARY**

### **REVENUE**

14. General Fund revenue budgets are projected to underspend by £64k as at Month 4, with a number of reported pressures included growing demand for Children's Services and the cost of fleet management operations being offset through a range of measures including; workforce underspends, reduced capital financing costs, release of General Contingency and deployment of Earmarked Reserves. Within this position there remains £405k uncommitted General Contingency available to manage emerging issues over the remainder of this financial year.
15. This forecast represents an adverse movement of £47k from the Month 2 reported position, reflecting £56k net adverse movement across group positions, £230k adverse movement on Development and Risk Contingency linked to Children's Services and a £239k favourable movement on corporate budgets due to slippage in capital expenditure.
16. General Fund Balances are expected to total £39,435k at 31 March 2019, under the assumption that the remaining Unallocated Budgets are utilised in-year, and reflecting the planned £950k drawdown from the £40,321k opening General Balances.
17. Of the £10,655k savings included in the 2018/19 budget, £8,655k are either banked or classed as 'on track for delivery', with £2,000k classified as being higher risk or in the early stages of delivery. Ultimately, all £10,655k savings are expected to be delivered in full or met through alternative mechanisms. Any items with potential issues will be covered by alternative in-year savings proposals and management actions.
18. A surplus of £1,166k 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 and represents a £116k improvement on Month 2. Any surplus realised at outturn will be available to support the General Fund budget in future years.
19. The Dedicated Schools Grant is projecting an in-year overspend of £1,927k at Month 4, an adverse movement of £985k from Month 2. This overspend is largely due to continuing pressures in the cost of High Needs and results in a forecast carry forward cumulative deficit of £6,052k at 31 March 2019, although this is expected to be revised upwards following the start of the new academic year. At Month 4, this position on the Schools Budget has been exacerbated by the decision by the Department for Education to clawback £443k Early Years funding due to lower than anticipated demand for the new extended fifteen hours of free childcare.
20. As previously noted, 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 of 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**

21. As at Month 4, an underspend of £190k is reported across the £391,513k General Fund Capital Programme, with no material variances reported at individual project level. While a favourable variance of £350k is reported on capital grant income, a £848k shortfall in capital receipts is

expected to result in a £808k pressure against £72,377k budgeted Prudential Borrowing. Slippage in planned capital expenditure from 2018/19 is expected to reduce the in year borrowing requirement by £17,910k and therefore impact favourably on debt financing costs for 2019/20.

## FURTHER INFORMATION

### General Fund Revenue Budget

22. An underspend of £64k is reported across normal operating activities at Month 4, although this includes a number of underlying pressures including Children's Services Placements and Fleet Management. These are being contained at a corporate level through the use of workforce underspends, Earmarked Reserves, uncommitted General Contingency budget and favourable variances on Corporate Operating Budgets arising from slippage in borrowing required to support capital investment.
23. £10,655k of savings are included in the 2018/19 General Fund revenue budget. Currently £6,208k are banked, delivery is currently in progress against £2,447k of savings, £2,000k are tracked as amber due to either being in the early stages of delivery or deemed higher risk although all savings are expected to ultimately be delivered in full or met through alternative measures. Since Month 2, £1,614k of savings have been moved to banked and £780k promoted from amber to on track.

**Table 1: General Fund Overview**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
207,578	(495)	Directorate Operating Budgets	207,083	207,457	374	318	56
4,878	(441)	Corporate Operating Budgets	4,437	3,999	(438)	(199)	(239)
8,929	0	Development & Risk Contingency	8,929	8,929	0	(230)	230
200	0	HIP Initiatives	200	200	0	0	0
(1,249)	936	Unallocated Budget Items	(313)	(313)	0	0	0
<b>220,336</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>220,336</b>	<b>220,272</b>	<b>(64)</b>	<b>(111)</b>	<b>47</b>
0	0	No exceptional items have been identified	0	0	0	0	0
<b>220,336</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>220,336</b>	<b>220,272</b>	<b>(64)</b>	<b>(111)</b>	<b>47</b>
(219,386)	0	Budget Requirement	(219,386)	(219,386)	0	0	0
<b>950</b>	<b>0</b>	<b>Net Total</b>	<b>950</b>	<b>886</b>	<b>(64)</b>	<b>(111)</b>	<b>47</b>
(40,321)	0	Balances b/fwd	(40,321)	(40,321)			
<b>(39,371)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2019</b>	<b>(39,371)</b>	<b>(39,435)</b>			

24. General Fund Balances are projected to total £39,435k at 31 March 2019 as a result of the planned drawdown of £950k being reduced by the £64k projected in year underspend. 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

25. 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 the 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 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
7,591 (1,092)	46 0	Chief Executive's Office	Expenditure Income	7,637 (1,092)	7,585 (1,105)	(52) (13)	2 (20)
<b>6,499</b> <b>46</b>			<b>Sub-Total</b>	<b>6,545</b>	<b>6,480</b>	<b>(65)</b>	<b>(18)</b> <b>(47)</b>
17,262 (3,170)	(17) 0	Finance	Expenditure Income	17,245 (3,170)	17,414 (3,434)	169 (264)	174 (222) (42)
<b>14,092</b> <b>(17)</b>			<b>Sub-Total</b>	<b>14,075</b>	<b>13,980</b>	<b>(95)</b>	<b>(48)</b> <b>(47)</b>
116,355 (43,096)	1,927 (1,625)	Residents Services	Expenditure Income	117,364 (43,803)	119,142 (45,081)	123 377	960 (732) 1,109
<b>73,259</b> <b>302</b>			<b>Sub-Total</b>	<b>73,561</b>	<b>74,061</b>	<b>500</b>	<b>228</b> <b>272</b>
142,505 (28,777)	584 (1,410)	Social Care	Expenditure Income	143,089 (30,187)	143,903 (30,967)	814 (780)	231 (75) (705)
<b>113,728</b> <b>(826)</b>			<b>Sub-Total</b>	<b>112,902</b>	<b>112,936</b>	<b>34</b>	<b>156</b> <b>(122)</b>
<b>207,578</b> <b>(495)</b>		<b>Total Directorate Operating Budgets</b>	<b>207,083</b>	<b>207,457</b>	<b>374</b>	<b>318</b>	<b>56</b>

26. An underspend of £65k is reported on the Chief Executive's Office budgets at Month 4 as a result of vacancies and non-staffing underspends. Across Finance, a net underspend of £95k 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.
27. A net pressure of £500k is reported across Residents Services, representing an adverse movement of £272k on the previously reported position. Increased projections for agency staff within residual Education functions and Private Sector Housing account for £310k of this movement, with a £100k uplift in street lighting energy and maintenance costs alongside smaller movements on fleet and waste services being offset by minor favourable movements across the group including an allocation of £214k from uncommitted Parking Revenue Account balances.
28. In line with the position reported at Month 2, the Residents Services position incorporates pressures of £619k linked to vehicle hire and maintenance in fleet services, £430k from shortfalls in off-street parking, £321k agency costs in areas of the group and £404k pressures on overtime and recycling in waste services. A range of management actions are being

undertaken which are expected to improve this position and reduce the forecast deployment of Earmarked Reserves to support these priority services.

29. A net £34k pressure is reported across Social Care budgets, representing an improved position of £122k from Month 2. This movement due primarily to a reduction in the staffing costs projection following a review of all vacant posts. Increases in placement costs are being offset by workforce underspends across the wider Directorate and a favourable movement on client income for Adult Social Care Placements. In addition, the headline £34k pressure incorporates pressures arising from higher placement costs following slippage in opening the Parkview development being offset by workforce underspends and robust levels of client income. Similarly the management of this position is currently dependent on drawdown of earmarked reserves which are expected to reduce as the year progresses and the impact of management actions and new ways of working are evidenced.
30. 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 £1,684k for such costs, which will continue to be reviewed 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**

31. Savings of £10,655k were included in the 2018/19 budget, of which £8,655k are either banked or on track for delivery at this early stage of the year an improved position from Month 2 of £780k. £2,000k savings are in the early stages of delivery or potentially subject to greater risk to delivery, reduced from £2,780k at Month 2, however ultimately all £10,655k savings are expected to be either delivered in full or replaced with alternative initiatives. Any items with potential issues will be covered by alternative in-year savings proposals and management actions.

**Table 3: Savings Tracker**

2018/19 General Fund Savings Programme		CEOs £'000	Finance £'000	Residents Services £'000	Social Care £'000	Cross-Cutting £'000	Total 2018/19 Savings £'000	%
B	Banked	(58)	(461)	(2,444)	(2,998)	(247)	(6,208)	58.3%
G	On track for delivery	0	(267)	(170)	(1,454)	(556)	(2,447)	23.0%
A	Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	(500)	(476)	(1,024)	(2,000)	18.8%
R	Serious problems in the delivery of the saving	0	0	0	0	0	0	0.0%
<b>Total 2018/19 Savings</b>		<b>(58)</b>	<b>(728)</b>	<b>(3,114)</b>	<b>(4,928)</b>	<b>(1,827)</b>	<b>(10,655)</b>	<b>100.0%</b>

## Corporate Operating Budgets

32. Corporately managed expenditure includes the 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.
33. As a result of anticipated capital expenditure and associated borrowing being slipped from 2017/18, alongside proactive use of capital grants and alternative funding, an underspend of £501k is reported on provision for repayment of external borrowing at Month 4. This represents a favourable movement of £239k on Month 2 as the impact of in year expenditure on cash flow becomes clearer. No variance is reported on budgeted investment income, including higher yielding Strategic and Long-dated funds.
34. 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 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0
6,259	(199)		Non-Sal Exp Income	6,060	5,559	(501)	(265)
(371)	0			(371)	(371)	0	0
<b>5,888</b>	<b>(199)</b>		<b>Sub-Total</b>	<b>5,689</b>	<b>5,188</b>	<b>(501)</b>	<b>(265)</b>
480	0	Levies and Other Corporate Budgets	Salaries	480	480	0	0
11,237	0		Non-Sal Exp Income	11,237	11,300	63	66
(11,602)	(242)			(11,844)	(11,844)	0	0
<b>115</b>	<b>(242)</b>		<b>Sub-Total</b>	<b>(127)</b>	<b>(64)</b>	<b>63</b>	<b>66</b>
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0
147,529	0		Non-Sal Exp Income	147,529	147,529	0	0
(148,654)	0			(148,654)	(148,654)	0	0
<b>(1,125)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(1,125)</b>	<b>(1,125)</b>	<b>0</b>	<b>0</b>
<b>4,878</b>	<b>(441)</b>	<b>Total Corporate Operating Budgets</b>	<b>4,437</b>	<b>3,999</b>	<b>(438)</b>	<b>(199)</b>	<b>(239)</b>

## Development & Risk Contingency

35. 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 issues. At this early stage in the financial year, a breakeven position is projected against this provision, which represents a £230k adverse movement on Month 2 projections linked to growing complexity and placement length across Looked after Children and Children with Disabilities. Within this position £405k of General Contingency remains available to manage emerging risks.

**Table 5: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
291	0	Fin.	Uninsured claims	291	291	0	0
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	1,165	(571)	(224)
1,172	0		Waste Disposal Levy & Associated Contracts	1,172	1,172	0	0
200	0		Heathrow Expansion Challenge Fund	200	200	0	0
1,885	0		Asylum Service Demographic Growth - Looked After Children	1,885	1,852	(33)	0
797	0	Social Care	Demographic Growth - Children with Disabilities	797	1,268	471	0
367	0		Social Worker Agency Contingency	367	735	368	0
277	0		SEN transport	277	613	336	0
443	0		Demographic Growth - Adult Social Care	443	443	0	0
730	0		Winterbourne View	730	759	29	0
50	0			50	50	0	0
381	0		Apprenticeship Levy	381	376	(5)	(6)
(400)	0	Corp. Items	Additional Investment Income	(400)	(400)	0	0
1,000	0		General Contingency	1,000	405	(595)	0
<b>8,929</b>	<b>0</b>	<b>Total Development &amp; Risk Contingency</b>	<b>8,929</b>	<b>8,929</b>	<b>0</b>	<b>(230)</b>	<b>230</b>

36. 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 124, 26 below MTFF assumptions for the remainder of the year. In addition, continuing management action to reduce the costs and use of Temporary Accommodation through an increase in placements into the private sector is expected to deliver a £571k underspend against contingency provision.
37. The call on the Waste contingency reflects the budgeted provision of £1,172k, to fund estimated population driven increases in the cost of disposal via the West London Waste Authority (WLWA) levy and associated waste disposal contracts. While the first quarter of 2018/19 has shown an increase in waste volumes compared to the same period last year, current projections indicate that this can be managed within the existing contingency sum, although the position expected to become clearer as the year progresses and the impact of seasonal fluctuations and wider market factors materialise.
38. As at Month 4 the Asylum service is projecting a drawdown of £1,852k from the contingency, an underspend of £33k and an improvement of £33k on the Month 2 forecast, reflecting the impact of the new processes put in place over the last year, including the new funding policy. 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 still not finalised the funding review for this financial year and therefore have not issued any of the financial returns.

39. There is an adverse movement at Month 4 of £471k on the contingency provision for the Looked After Children as result of an increase in the number of high cost Residential placements, where the Service has had to place children outside of the Borough. The unit cost of placement has increased from an average of £3,400 per week to £3,900 per week, and the length of stay is now longer than in previous years due to the complex nature of the support required. The service continues to monitor this position through regular reviews of individual cases, and where possible children are stepped down when it is safe to do so.
40. The Children with Disabilities service is projecting a draw down of £735k from the Contingency, an adverse movement of £368k on Month 2 projections. This reflects an increasing number of cases that are being assessed with more complex needs, which in many cases require a residential placement, or at a minimum the provision of additional respite care. The service have now taken steps to review individual placements to ascertain whether any of the placements should be part funded by external partners, such as education and health and anticipate that a number of placements will be part funded.
41. The service is projecting a drawdown of £759k from the Demographic Growth for Adult Social Care contingency, a pressure of £29k and an adverse movement from Month 2 projections. The Month 4 data is indicating increases in the number of and complexity of Social Care placements especially those with Learning Disability and Mental Health issues which are offset by more certainty in the numbers of new placements for Transitional Children as they transfer into Adult Social Care.
42. No other material variances are reported against specific contingency items; with a minor £5k underspend on the Apprenticeship Levy reflecting current payroll expenditure. To date there have been no specific calls on the £1,000k General Contingency, and it has been assumed that £595k of this sum will be applied to fund the pressures outlined above, with the remaining £405k to manage emerging issues over the remainder of this financial year.

### **HIP Initiatives**

43. £200k of HIP Initiative funding is included in the 2018/19 General Fund revenue budget, which is supplemented by £899k brought forward balances, to provide £1,099k resources. £48k of projects have been approved through HIP Steering Group for funding from resources as at Month 4, leaving £1,051k available for future release.

**Table 6: HIP Initiatives**

Original Budget £'000	Budget Changes £'000	HIP Initiatives	Month 4		
			Revised Budget £'000	Approved Allocations £'000	Unallocated Balance £'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	899	B/fwd Funds	899	48	(851)
<b>200</b>	<b>899</b>	<b>Total HIP Initiatives</b>	<b>1,099</b>	<b>48</b>	<b>(1,051)</b>

## **Schools Budget**

44. At Month 4 the Dedicated Schools Grant position is an in-year overspend of £1,927k. 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 forecast deficit to carry forward to 2019/20 is £6,052k. This represents an adverse movement of £851k on the previously reported position, with £651k of this movement attributable to the continuing High Needs pressure which is expected to worsen following the start of the new academic year.
45. In addition, the Month 4 position includes a £443k adverse movement on Early Years as the Department for Education has announced that unapplied funding for the extended fifteen-hour childcare offer is to be clawed back. In previous years, any such underspend for a new initiative was retained locally and applied within the Schools Budget.

## **Collection Fund**

46. A £1,166k surplus is projected against the Collection Fund at Month 4, a £116k improvement from Month 2, which is made up of a £626k surplus on Council Tax and a £540k surplus on Business Rates. The Council Tax surplus is largely as a result of strong in-year collection rates contributing £127k 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 £980k in-year surplus being sufficient to offset the brought forward deficit of £440k.

## **Housing Revenue Account**

47. The Housing Revenue Account is currently forecasting a £175k favourable variance, resulting in a drawdown of reserves of £21,262k. This results in a projected 2018/19 closing HRA General Balance of £15,846k, with the use of reserves funding investment in new housing stock. The headline monitoring position incorporates underspends of £568k mainly in relation to planned works and contingency, offsetting a £393k pressure on rental income.

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

48. Appendix D to this report outlines the forecast outturn on the 2018/19 to 2022/23 Capital Programme, with a £190k underspend projected over the five-year programme. Alongside a marginal variance on Government Grant income and a less favourable outlook for Capital Receipts, Prudential Borrowing is projected to be £808k higher than the £178,625k revised budget. While it is anticipated that this uplift could be managed within the planned £8,133k growth in capital financing costs over the MTFF period, any further reductions in anticipated Capital Receipts or increases in project expenditure may necessitate a review of future financing costs.

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

### Chief Executive's Office (£65k underspend, £47k improvement)

49. The overall position for the Chief Executive's Office at Month 4 is an underspend of £65k, representing a £47k improvement from Month 2. The position across the group reflects the result of salaries and non-salary underspends within Human Resources offset by salary pressures elsewhere within the service.

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

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,445	0	Democratic Services	Salaries	1,445	1,486	41	36	5
1,750	(29)		Non-Sal Exp	1,721	1,716	(5)	(3)	(2)
(602)	0		Income	(602)	(603)	(1)	(8)	7
<b>2,593</b>	<b>(29)</b>		<b>Sub-Total</b>	<b>2,564</b>	<b>2,599</b>	<b>35</b>	<b>25</b>	<b>10</b>
2,012	(13)	Human Resources	Salaries	1,999	1,919	(80)	35	(115)
361	26		Non-Sal Exp	387	356	(31)	4	(35)
(230)	0		Income	(230)	(242)	(12)	(12)	0
<b>2,143</b>	<b>13</b>		<b>Sub-Total</b>	<b>2,156</b>	<b>2,033</b>	<b>(123)</b>	<b>27</b>	<b>(150)</b>
1,954	75	Legal Services	Salaries	2,029	2,052	23	(70)	93
69	(13)		Non-Sal Exp	56	56	0	0	0
(260)	0		Income	(260)	(260)	0	0	0
<b>1,763</b>	<b>62</b>		<b>Sub-Total</b>	<b>1,825</b>	<b>1,848</b>	<b>23</b>	<b>(70)</b>	<b>93</b>
5,411	62	Chief Executive's Office Directorate	Salaries	5,473	5,457	(16)	1	(17)
2,180	(16)		Non-Sal Exp	2,164	2,128	(36)	1	(37)
(1,092)	0		Income	(1,092)	(1,105)	(13)	(20)	7
<b>6,499</b>	<b>46</b>		<b>Total</b>	<b>6,545</b>	<b>6,480</b>	<b>(65)</b>	<b>(18)</b>	<b>(47)</b>

50. Democratic Services are forecasting an adverse movement on staffing costs whilst the underspend within Human Resources, relates to revisions in timescales for the implementation of the PADA system (£20k) and realignments of forecasts based on current spend on a variety of contracts, which account for the movement in month with vacant posts adding to the underspend.
51. The Legal Services function is reporting an overspend of £23k at Month 4, primarily due to an almost fully staffed establishment, although this is partly offset by a small number of vacant posts due to be filled in the next few months. Non-staffing and income forecasts are assumed to breakeven at Month 4, although legal income continues to be strong and will be monitored throughout the year.

## Finance (£95k underspend, £47k improvement)

52. The overall position for Finance at Month 4 is a forecast underspend of £95k, an improvement of £47k from Month 2. This is predominantly through salaries underspends as a result of part-year vacancies in the Business Assurance, Corporate Finance and Revenues and Benefits functions, which are netted down by the use of contracts and agency to cover these vacancies.

**Table 8: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
2,058	(155)	Business Assurance	Salaries	1,903	1,792	(111)	(61)
1,443	0		Non-Sal Exp	1,443	1,494	51	27
(567)	0		Income	(567)	(567)	0	0
<b>2,934</b>	<b>(155)</b>		<b>Sub-Total</b>	<b>2,779</b>	<b>2,719</b>	<b>(60)</b>	<b>(34)</b>
1,540	0	Procurement	Salaries	1,540	1,582	42	17
64	0		Non-Sal Exp	64	55	(9)	(1)
(35)	0		Income	(35)	(35)	0	0
<b>1,569</b>	<b>0</b>		<b>Sub-Total</b>	<b>1,569</b>	<b>1,602</b>	<b>33</b>	<b>16</b>
3,505	0	Corporate Finance	Salaries	3,505	3,484	(21)	(40)
1,785	0		Non-Sal Exp	1,785	1,795	10	20
(151)	0		Income	(151)	(160)	(9)	0
<b>5,139</b>	<b>0</b>		<b>Sub-Total</b>	<b>5,139</b>	<b>5,119</b>	<b>(20)</b>	<b>(20)</b>
4,277	155	Revenues & Benefits	Salaries	4,432	4,573	141	200
1,847	(17)		Non-Sal Exp	1,830	1,896	66	6
(2,090)	0		Income	(2,090)	(2,336)	(246)	(213)
<b>4,034</b>	<b>138</b>		<b>Sub-Total</b>	<b>4,172</b>	<b>4,133</b>	<b>(39)</b>	<b>(7)</b>
536	0	Pensions, Treasury & Statutory Accounting	Salaries	536	539	3	9
207	0		Non-Sal Exp	207	204	(3)	(3)
(327)	0		Income	(327)	(336)	(9)	(9)
<b>416</b>	<b>0</b>		<b>Sub-Total</b>	<b>416</b>	<b>407</b>	<b>(9)</b>	<b>(3)</b>
11,916	0	Finance Directorate	Salaries	11,916	11,970	54	125
5,346	(17)		Non-Sal Exp	5,329	5,444	115	49
(3,170)	0		Income	(3,170)	(3,434)	(264)	(222)
<b>14,092</b>	<b>(17)</b>		<b>Total</b>	<b>14,075</b>	<b>13,980</b>	<b>(95)</b>	<b>(48)</b>

53. Variances within Business Assurance reflect the restructuring of the service, with the underspend on Corporate Finance reflecting vacancies within the current establishment.
54. The underspend position within the Revenues & Benefits Service includes 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, which is the cause of the overachievement of income offset by additional staffing.

55. Pensions, Treasury and Statutory Accounting is reporting an underspend of £9k, principally due to a vacant post held within the service, reduced costs against the external audit contract with Ernst & Young, and increased charges to the Pension Fund for support provided.

## Residents Services (£500k overspend, £272k adverse)

56. Residents Services directorate is showing a projected outturn overspend of £500k at Month 4, excluding pressure areas that have identified contingency provisions.

**Table 10: Residents Services Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 4			Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000	Variance (As at Month 4) £'000			
17,187	109	Infrastructure, Waste and ICT	Salaries	17,296	16,880	(416)	(297)	(119)
35,689	223		Non-Sal Exp	35,912	37,271	1,359	871	488
(10,543)	(488)		Income	(11,031)	(11,326)	(295)	(328)	33
<b>42,333</b>	<b>(156)</b>		<b>Sub-Total</b>	<b>42,177</b>	<b>42,825</b>	<b>648</b>	<b>246</b>	<b>402</b>
18,547	376	Housing, Environment, Education, Health & Wellbeing	Salaries	18,923	18,387	(536)	(605)	69
23,510	816		Non-Sal Exp	24,326	24,358	32	(99)	131
(17,361)	(1,037)		Income	(18,398)	(17,769)	629	531	98
<b>24,696</b>	<b>155</b>		<b>Sub-Total</b>	<b>24,851</b>	<b>24,976</b>	<b>125</b>	<b>(173)</b>	<b>298</b>
3,995	16	Planning, Transportatio n & Regeneration	Salaries	4,011	3,841	(170)	(181)	11
685	339		Non-Sal Exp	1,024	1,262	238	249	(11)
(4,059)	(131)		Income	(4,190)	(4,214)	(24)	(22)	(2)
<b>621</b>	<b>224</b>		<b>Sub-Total</b>	<b>845</b>	<b>889</b>	<b>44</b>	<b>46</b>	<b>(2)</b>
12,626	6	Administrative, Technical & Business Services	Salaries	12,632	12,363	(269)	(185)	(84)
4,116	42		Non-Sal Exp	4,158	4,043	(115)	76	(191)
(11,133)	31		Income	(11,102)	(11,035)	67	218	(151)
<b>5,609</b>	<b>79</b>		<b>Sub-Total</b>	<b>5,688</b>	<b>5,371</b>	<b>(317)</b>	<b>109</b>	<b>(426)</b>
52,355	507	Residents Services Directorate	Salaries	52,292	51,471	(1,391)	(788)	(603)
64,000	1,420		Non-Sal Exp	65,072	67,671	1,514	1,748	(234)
(43,096)	(1,625)		Income	(43,803)	(45,081)	377	(732)	1,109
<b>73,259</b>	<b>302</b>		<b>Total</b>	<b>73,561</b>	<b>74,061</b>	<b>500</b>	<b>228</b>	<b>272</b>

57. The overall variance is a result of non-staffing pressures across Fleet Management, Grounds Maintenance and Residual Education functions being offset by staffing underspends across the directorate.
58. 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 4, projected calls on contingency are £571k below the budgeted provision, a £347k improvement on the Month 2 position. 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 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,736	0	Impact of Welfare Reform on Homelessness	1,736	1,165	(571)	(224)	(347)
1,172	0	Waste Disposal Levy & Associated Contracts	1,172	1,172	0	0	0
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
<b>3,108</b>	<b>0</b>	<b>Current Commitments</b>	<b>3,108</b>	<b>2,537</b>	<b>(571)</b>	<b>(224)</b>	<b>(347)</b>

59. The Month 4 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 has now fallen below MTFF assumptions made by officers in modelling Supply and Demand.

**Table 12: Housing Needs performance data**

	May 18	June 18	July 18
All Approaches	274	213	223
Full Assessment Required	260	175	223
New into Temporary Accommodation (Homeless and Relief)	22	16	12
Households in Temporary Accommodation	511	484	480
Households in B&B	149	130	122

60. 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 £1,165k, £571k below the budgeted provision, a £347k favourable movement from Month 2. The service is forecasting the number of clients in B&B accommodation will stay at 124, 26 below MTFF assumptions, 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 and the continued close monitoring of unit costs.
61. 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.
62. 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 four months of 2018/19 have shown an increase in waste volumes compared to the same period last year. Current projections indicate 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 (£648k overspend, £402k adverse)**

63. At Month 4, there is a £648k forecast overspend across the service, from a number of variances across service areas reflecting a combination of ongoing staffing and non-staffing pressures. The overall forecast encompasses a number of management actions which will be closely monitored during the financial year.
64. The forecast pressure for Fleet Management is £696k, representing a £115k adverse movement and 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 mitigate these pressures.
65. An earmarked reserve drawdown of £500k is offsetting the pressure of £404k in Waste Services (a £145k adverse movement). 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. There are forecast pressures of £581k across Waste Services workforce budgets. resulting from a temporary increase in overtime payments within the Waste Service due to performance issues with agency staff and wider recruitment difficulties in the refuse/recycling area owing to demand and competition. Whilst the impact of mitigating management action is being confirmed it is assumed this will be managed by an earmarked reserve drawdown of £500k. Non-staffing costs are forecasting a pressure, due to the cost of refuse sacks for green and garden waste and mixed dry recycling which at this stage are also forecast to require an offsetting drawdown from earmarked reserves.
66. The Highways and Street Lighting service has an adverse movement of £100k due to revised forecasts on energy and maintenance costs. The service continues to show an overall underspend of £112k largely reflecting anticipated over-achievement against income targets, attributable to various revenue streams including S38, S278, vehicle crossings and fixed penalties.
67. The Capital and Planned Works service shows 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 (£125k overspend, £298k adverse)**

68. At Month 4 there is a £125k forecast overspend across the service representing an adverse movement of £298k from the Month 2 position. This largely reflects adverse movements in the Residual Education and Private Sector Housing services, through a combination of underlying reductions in grant income and revised agency staffing costs required to sustain these services.
69. Green Spaces shows an adverse movement of £7k from Month 2 reflecting minor revisions to staffing forecasts for Libraries and Grounds Maintenance. The overall position continues to reflect underspends on hard to recruit posts, reductions in income streams as a result of HS2 within Golf and forecast pressures on non-staffing budgets within Parks and Open Spaces.

70. Underspends from vacant posts within Trading Standards and Community Safety continue to be forecast at Month 4 and this position will continue to be closely monitored given that recruitment is already underway. The Public Health position will be influenced by outcomes from the BID review. The review is currently focused on areas of contract spend and ensuring efficient provision of mandated services.

#### **Planning, Transportation & Regeneration (£44k overspend, £2k improvement)**

71. A net overspend of £44k is reported across the service at Month 4, primarily arising from a £170k underspend on staffing budgets across Planning Services and Road Safety being offset by £238k 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.
72. 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.

#### **Administrative, Technical & Business Services (£317k underspend, £426k improvement)**

73. Overall, the service is reporting a forecast underspend of £317k at Month 4, an improvement of £426k due primarily to revised spend on non-salaries budgets and the use of £214k uncommitted Parking Revenue Account reserves. Pressures on income budgets are being largely offset by additional on-street parking income of £214k and anticipated drawdown from Earmarked Reserves of £300k. The majority of this relates to the current underachievement of budgeted income targets for Cedars and Grainges car parks which have a forecast pressure of £430k. Income targets within Food and Safety are showing some improvement on the 2017/18 outturn position and if the first two months of the year are replicated, will deliver a small short fall of £25k. However, this will continue to be closely monitored given the potential for high levels of volatility in this revenue stream.
74. 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 (£34k overspend, £122k improvement)

75. Social Care is projecting an overspend of £34k as at Month 4, an improvement of £122k on the month 2 projections due primarily to a reduction in the staffing costs projections following a review of all vacant posts. It should be noted that the service is managing ongoing cost pressures relating to the cost of Agency Social Workers, 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 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
14,762	(6)	Childrens Services	Salaries	14,756	14,942	186	143	43
17,224	123		Non-Sal Exp Income	17,347	17,547	200	231	(31)
(6,483)	(198)		(6,681)	(6,690)	(9)	(140)	131	
<b>25,503</b>	<b>(81)</b>		<b>Sub-Total</b>	<b>25,422</b>	<b>25,799</b>	<b>377</b>	<b>234</b>	<b>143</b>
8,358	105	Early Intervention & SEND	Salaries	8,463	7,833	(630)	(496)	(134)
6,044	(105)		Non-Sal Exp Income	5,939	6,046	107	48	59
(2,243)	(14)		(2,257)	(1,962)	295	318	(23)	
<b>12,159</b>	<b>(14)</b>		<b>Sub-Total</b>	<b>12,145</b>	<b>11,917</b>	<b>(228)</b>	<b>(130)</b>	<b>(98)</b>
4,139	3	Social Care, OPS & PD	Salaries	4,142	4,038	(104)	(54)	(50)
38,672	(979)		Non-Sal Exp Income	37,693	38,594	901	255	646
(12,159)	66		(12,093)	(12,958)	(865)	(184)	(681)	
<b>30,652</b>	<b>(910)</b>		<b>Sub-Total</b>	<b>29,742</b>	<b>29,674</b>	<b>(68)</b>	<b>17</b>	<b>(85)</b>
4,208	(256)	Learning Disability and Mental Health Service	Salaries	3,952	4,084	132	84	48
34,031	743		Non-Sal Exp Income	34,774	34,883	109	5	104
(7,291)	(1,242)		(8,533)	(8,772)	(239)	(81)	(158)	
<b>30,948</b>	<b>(755)</b>		<b>Sub-Total</b>	<b>30,193</b>	<b>30,195</b>	<b>2</b>	<b>8</b>	<b>(6)</b>
11,719	535	Provider and Commissioned Care	Salaries	12,254	11,838	(416)	(123)	(293)
3,348	421		Non-Sal Exp Income	3,769	4,098	329	138	191
(601)	(22)		(623)	(585)	38	12	26	
<b>14,466</b>	<b>934</b>		<b>Sub-Total</b>	<b>15,400</b>	<b>15,351</b>	<b>(49)</b>	<b>27</b>	<b>(76)</b>
43,186	381	Social Care Directorate Total	Salaries	43,567	42,735	(832)	(446)	(386)
99,319	203		Non-Sal Exp Income	99,522	101,168	1,646	677	969
(28,777)	(1,410)		(30,187)	(30,967)	(780)	(75)	(705)	
<b>113,728</b>	<b>(826)</b>		<b>Total</b>	<b>112,902</b>	<b>112,936</b>	<b>34</b>	<b>156</b>	<b>(122)</b>

## SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£1,171k overspend, £1,171k adverse)

76. 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 4 projected position for the Development and Risk Contingency, which is reporting a pressure of £1,171k; an adverse movement on the Month 2 projections. This is due

to emerging pressures in the costs of Looked After Children and Children with Disabilities placements, where it is evident that the service are supporting more children with complex needs and growth in Adult placements with a Learning Disability and Mental Health primary care need. The current projections are also anticipating some use of earmarked reserves where appropriate to sustain the reported position.

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

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,885	0	Asylum Service	1,885	1,852	(33)	0	(33)
797	0	Demographic Growth - Looked After Children	797	1,268	471	0	471
367	0	Demographic Growth - Children with Disabilities	367	735	368	0	368
277	0	Social Worker Agency Contingency	277	613	336	0	336
443	0	SEN transport	443	443	0	0	0
730	0	Demographic Growth - Adult Social Care	730	759	29	0	29
50	0	Winterbourne View	50	50	0	0	0
<b>4,549</b>	<b>0</b>	<b>Current Commitments</b>	<b>4,549</b>	<b>5,720</b>	<b>1,171</b>	<b>0</b>	<b>1,171</b>

#### **Asylum Service (£33k underspend, £33k improvement)**

77. The service is projecting a drawdown of £1,852k from the contingency, an underspend of £33k an improvement of £33k on the Month 2 projections, reflecting the impact of the new processes put in place over the last year, including the new funding policy. 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 only recently released the outcome of their funding review for this financial year, which suggests no change. 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 (£471k overspend, £471k adverse)**

78. The service is projecting a drawdown of £1,268k from the Contingency, an overspend of £471k and an adverse movement of £471k on the month 2 projections. This reflects that there are a high number of high cost Residential placements, where the Service has had to place children outside of the Borough. It is also evident that the unit cost has increased from an average of £3,400 per week to £3,900 per week, and that the length of stay is much greater than in previous years due to the complex nature of the support required. The service continues to monitor this position through regular reviews of individual cases, and where possible children are stepped down when it is safe to do so. It should also be noted that this year could start to see an increase in the number of children looked after, where previously this number has remained constant over the last few years.

### **Demographic Growth – Children with Disabilities (£368k overspend, £368k adverse)**

79. The service is projecting a draw down of £735k from the Contingency, an overspend of £368k and an adverse movement of £368k on the month 2 projections. This reflects that there is an increase in the number of cases that have more complex needs, which in most cases, require a residential placement, or more respite care. The service have now taken steps to review individual placements to ascertain whether any of the placements should be part funded by external partners, such as education and health and anticipate that a number of placements will be part funded

### **Social Worker Agency (Children's) (£336k overspend, £336k adverse)**

80. The service is projecting a drawdown of £613k from this contingency, an overspend of £336k and an adverse movement of £336k on the Month 2 position. This 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. This determination of the contingency is based on a proportion of 90% permanent and 10% agency staff, the additional amount reflecting the premium that the Council pays for agency staff, which is currently assessed as £18k above the current total costs of a permanent member of staff. The current figures, based on hard to fill posts, indicates that the current percentage usage of agency staff is 50%. However, the service anticipates the position to improve over the next few months as the Council has been rated as good by Ofsted following the recent inspection, although the current lead in times for recruitment are approximately 6 months.

### **Demographic Growth - SEN Transport (Nil variance)**

81. The service is projecting the full drawdown 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). The current assumption is that most of the growth can be accommodated within the new arrangements (similar to last year's pattern). 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 (£29k overspend, £29k adverse)**

82. The service is projecting a drawdown of £2,686k from the Transitional Children contingency, an overspend of £29k and an adverse movement of £29k on the Month 2 projections, due to more certainty in the cost of placements for these children as they transfer into Adult Social Care. 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.
83. The service still anticipates the full drawdown of the saving of £1,877k from the contingency, 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. This assumes that the slippage in the Park View Extra Care facility (estimates to be £356k) will be covered by improvements across the placements budget.
84. The Month 4 data is indicating signs of increases in the number of placements, especially those with a Learning Disability (Headcount as at April 2018 was 664 clients, compared to 622 clients as at April 2017, an increase of 42 clients) and Mental Health (Headcount as at April 2018 was 186 clients, compared to 172 clients as at April 2017, an increase of 14 clients) primary care need. It is also evident that there is an increase in the complexity of need in these clients,

especially Mental Health, where the average cost per day has increased to £69.85 (April 2018) from £64.87 (April 2017) an increase of £4.98 per day (equivalent to 7.7%). The current per day rate for Mental Health clients is £73.30.

#### **Winterbourne View (Nil variance)**

85. The service is expecting the full drawdown of £50k from the Winterbourne View contingency, no change on last month's projections, reflecting the cost of the last cohort of clients.

## **DIRECTORATE OPERATING BUDGETS (£34k overspend, £122k favourable)**

### **Children's Services (£377k overspend, £143k adverse)**

86. The service is projecting an overspend of £377k, as at Month 4, an adverse movement of £143k on the month 2 projections, due primarily to the additional cost of agency staff, which are required to cover essential Social Worker posts that are currently vacant. This overspend reflects the current level of agency staff employed by the service to cover essential and hard to fill posts. The service 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. One such example is that the service have recently recruited 17 Newly Qualified Social Workers, who will start over the next few months. However, the lead in times for recruitment of Senior Social Workers generally exceeds 6 months, as a result, the service are assuming that permanent recruitment will take place in March 2019 for all other vacant posts. The service is currently managing a pressure in Legal costs and the cost of supporting Section 17 cases, utilising management action, implementing new ways of working and where these measures are insufficient, through the anticipated drawdown of appropriate earmarked reserves. Additionally, the in house Legal Service has recruited an additional advocate, which should help to reduce external Legal costs.

### **Early Intervention, Prevention & SEND (£228k underspend, £98k improvement)**

87. The service is projecting an underspend of £228k as at Month 4, an improvement of £98k on the Month 2 projections, due to an improvement in the projected cost of staffing. The majority of the underspend 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 £219k on the Educational Psychological Service, which partially offsets a shortfall in income of £362k, following the cessation of funding from the DSG for Early Years and School based support

### **Older People and Physical Disabilities (£68k underspend, £85k improvement)**

88. The service is projecting an underspend of £68k as at Month 4, an improvement of £85k on the Month 2 projections, due primarily to an improvement in the projected cost of staffing. This is netted down by an underspend of £104k on staffing, where the service has a number of vacant posts and an overachievement of income, totalling £865k, where £569k relates to clients and external organisations and the balance of £296k relates to an increase in the capitalisation of adaptation and minor works costs.

### **Learning Disability and Mental Health (£2k overspend, £6k improvement)**

89. The service is projecting an overspend of £2k as at Month 4, an improvement of £6k on the Month 2 projections, due to a slight increase in the levels of projected income. The service is currently reporting an overspend of £132k on staffing costs, which is due primarily to a timing difference of realigning the salary budgets to reflect recent restructures. This is offset by an increase in income received from external organisations totalling £239k, which is netted down by an increase in the cost of placements totalling £109k.

### **Provider and Commissioned Care (£49k underspend, £76k improvement)**

90. The service is projecting an underspend of £49k as at Month 4, an improvement of £76k on the Month 2 projections, as staffing structure savings become more certain. This includes an underspend of £416k on staffing, which relates predominantly to the Reablement and Extra

Care Services, netted down by an overspend of £329k on non-staffing costs, which relates to a range of proposed savings that are in the process of being finalised and relevant budgets being realigned and an overspend of £39k on income, which relates to an anticipated shortfall in the income received from the sale of meals.

## Appendix B – Other Funds

### COLLECTION FUND (£1,166k underspend, £116k improvement)

91. A surplus of £1,166k is reported within the Collection Fund at Month 4, 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. This represents a £116k improvement from the position reported at Month 2. Any surplus realised at outturn will be available to support the General Fund budget from 2019/20 onwards.
92. 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 15: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Month 4		Variance (As at Month 4) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
			Revised Budget £'000	Forecast Outturn £'000			
(121,176)	0	Council Tax	Gross Income	(121,176)	(121,350)	(174)	(87)
10,918	0		Council Tax Support	10,918	10,965	47	9
(2,680)	0		B/fwd Surplus	(2,680)	(3,179)	(499)	(499)
<b>(112,938) 0</b>			<b>Sub-Total</b>	<b>(112,938) (113,564)</b>	<b>(626)</b>	<b>(577)</b>	<b>(49)</b>
(109,696)	0	Business Rates	Gross Income	(109,696)	(111,333)	(1,637)	(1,707)
(3,849)	0		Section 31 Grants	(3,849)	(4,053)	(204)	0
53,246	0		Less: Tariff	53,246	53,246	0	0
7,451	0		Less: Levy	7,451	8,312	861	794
69	0		B/fwd Deficit	69	509	440	440
<b>(52,779) 0</b>			<b>Sub-Total</b>	<b>(52,779) (53,319)</b>	<b>(540)</b>	<b>(473)</b>	<b>(67)</b>
<b>(165,717) 0</b>		<b>Total Collection Fund</b>	<b>(165,717) (166,883)</b>	<b>(1,166)</b>	<b>(1,050)</b>	<b>(116)</b>	

93. An underspend of £626k is reported on Council Tax collection for 2018/19, representing continued strong collection performance alongside the brought forward surplus of £499k relating to better than expected performance during 2017/18. This represents a marginal £49k movement from Month 2 income projections.
94. A £540k net surplus is reported across Business Rates at Month 4, 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 and favourable Section 31 Grant income is expected to deliver a £980k post-levy surplus, which is sufficient to offset the brought forward deficit of £440k and deliver a net £540k surplus. Within this position, potential volatility in respect of Reliefs and Appeals continue to be closely monitored.

## SCHOOLS BUDGET

### Dedicated Schools Grant (£1,927k overspend, £985k adverse)

95. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £1,927k at Month 4. This is an adverse movement of £985k from the Month 2 position, due to continuing pressures in the cost of High Needs placements and a reduction in the funding that the Council will receive for the new 30 hour free entitlement for three and four year old nursery placements. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £6,052k.

**Table 16: DSG Income and Expenditure 2018/19**

Original Budget	Budget Changes	Funding Block	Month 4				
			Revised Budget	Forecast Outturn	Variance	Variance (as at Month 2)	Movement from Month 2
			£'000	£'000	£'000	£'000	£'000
(275,559)	2,260	<b>Dedicated Schools Grant Income</b>	(273,299)	(273,299)	0	0	0
214,132	0	<b>Schools Block</b>	214,132	213,821	(311)	(248)	(63)
26,100	(2,238)	<b>Early Years Block</b>	23,862	24,524	662	219	443
2,773	0	<b>Central School Services Block</b>	2,773	2,828	55	101	(46)
32,554	(22)	<b>High Needs Block</b>	32,532	34,053	1,521	870	651
<b>0</b>	<b>0</b>	<b>Total Funding Blocks</b>	<b>0</b>	<b>1,927</b>	<b>1,927</b>	<b>942</b>	<b>985</b>
0	0	Balance Brought Forward 1 April 2018	4,125	4,125			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2019</b>	<b>4,125</b>	<b>6,052</b>			

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

96. The DSG has now been realigned to reflect known funding adjustments to the Early Years and High Needs blocks. The Early Years block allocations for the free entitlement for two year olds and three and four year olds are updated each July based on data from the January schools and early years censuses.
97. The High Needs block has been adjusted 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).

### Schools Block (£311k underspend, £63k improvement)

98. The £311k 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, which accounts for the £63k improvement from the Month 2 position.

99. 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.
100. 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 (£662k overspend, £443k adverse)**

101. Two year old funding has now been adjusted to reflect the number of children accessing the entitlement based on the January 2018 census. This has resulted in a £128k increase in 2018/19 funding which should cover the cost of the increase in two year olds accessing the free entitlement.
102. The three and four year old funding for both the universal and the additional free entitlement has also been adjusted following the January 2018 census and the release of the updated guidance. This guidance clarifies that the funding provided for the new additional 15-hour free entitlement will be adjusted based on actual take up, which is a change to the treatment of previous new initiatives, where the funding provided was not adjusted until sufficient time had been allowed to settle in the initiative. Funding for the universal entitlement has increased slightly, whilst the funding for the additional 15-hour entitlement has reduced significantly as a consequence of lower actual uptake than estimated by the DfE when calculating the original funding allocation. The current projection has been revised following publication of the May census data for early years and the impact of the funding adjustments is estimated to result in a £502k overspend in 2018/19.
103. 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 £144k overspend as at the end of August. This is a consequence of a shortfall in the levels of income being generated.
104. There is currently a further overspend of £41k 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.
105. These overspends are partly offset by a £25k underspend in the Family Information Service where there are currently vacant posts which are yet to be recruited to.

#### **Central School Services Block (£55k overspend, £46k improvement)**

106. The overspend follows confirmation from the Education and Skills Funding Agency (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.
107. 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 (£1,521k overspend, £651k adverse)**

108. There continues to be significant pressure in the High Needs Block with an overspend of £1,521k being projected at Month 4, an adverse movement of £651k on the Month 2 projections.
109. There is on-going pressure linked to the transfer of pupils in special schools from statements to Education, Health and 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.
110. 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, further placements have been made since the budget was set, resulting in an additional pressure on the High Needs block.
111. 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.

## Appendix C – HOUSING REVENUE ACCOUNT

112. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £21,262k, which is £175k more favourable than the budgeted position and the overall movement from Month 2 is a favourable £7k. The 2018/19 closing HRA General Balance is forecasted to be £15,846k. 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 4		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 4)	Variance (As at Month 2)	Movement from Month 2
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,932)	(55,350)	582	276	306
Other Income	(4,877)	(5,066)	(189)	6	(195)
<b>Net Income</b>	<b>(60,809)</b>	<b>(60,416)</b>	<b>393</b>	<b>282</b>	<b>111</b>
Housing Management	12,819	12,991	172	92	80
Tenant Services	4,172	4,109	(63)	(52)	(11)
Repairs	5,056	5,090	34	(60)	94
Planned Maintenance	4,360	4,029	(331)	(50)	(281)
Capital Programme Funding	38,728	38,728	0	0	0
Interest & Investment Income	15,371	15,371	0	0	0
Development & Risk Contingency	1,740	1,360	(380)	(380)	0
<b>Operating Costs</b>	<b>82,246</b>	<b>81,678</b>	<b>(568)</b>	<b>(450)</b>	<b>(118)</b>
<b>(Surplus) / Deficit</b>	<b>21,437</b>	<b>21,262</b>	<b>(175)</b>	<b>(168)</b>	<b>(7)</b>
General Balance 01/04/2018	(37,108)	(37,108)	0	0	0
<b>General Balance 31/03/2019</b>	<b>(15,671)</b>	<b>(15,846)</b>	<b>(175)</b>	<b>(168)</b>	<b>(7)</b>

### Income

113. Rental Income is forecast to under recover by £582k, an adverse movement of £306k on Month 2 which reflects updated assumptions on the timing of when new stock is likely to be rented to tenants.
114. Other Income is forecast to over recover by £189k, a favourable movement of £195k on Month 2 due to an increase in leaseholders' charges relating to 2017/18 actuals and 2018/19 estimates.
115. The number of RTB applications received in the first four months of 2018/19 was 58 compared to 63 for the same period in 2017/18, a reduction of 8%. There have been 16 RTB completions in the first four months of 2018/19 compared to 18 for the same period in 2017/18, a reduction of 11%. 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

116. The Housing management service is forecast to overspend by £172k, an adverse movement of £80k. Tenant services is forecast underspend by £63k, a favourable movement of £11k on Month 2 due to staffing underspends.
117. The repairs budget is forecast to overspend by £34k, an adverse movement of £94k on Month 2 mainly due to an increase in the forecast expenditure on voids. The planned maintenance budget is forecast to underspend by £331k, a favourable movement of £281k on Month 2 due to underspends on the external decorations programme.
118. The forecast for the capital programme funding, interest and investment income and the development and risk contingency budgets remain unchanged from Month 2.

## HRA Capital Expenditure

119. The HRA capital programme is set out in the table below. The 2018/19 revised budget is £83,791k and there is a forecast net variance of £16,493k, £18,623k due to re-phasing and a cost overspend of £2,130k. There is an increase in re-phasing of £1,918k on Month 2.

**Table 18: HRA Capital Expenditure**

Programme	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 2018-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Major Projects</b>							
New General Needs Housing Stock	24,147	17,008	0	7,139	138,133	138,133	0
New Build - Appropriation of Land	8,635	10,765	2,130	0	8,635	10,765	2,130
New Build - Shared Ownership	6,382	1,330	0	5,052	15,596	15,596	0
New Build - Supported Housing Provision	12,884	10,674	0	2,210	15,343	15,343	0
ICT	81	81	0	0	162	162	0
HRA General Capital Contingency	8,908	8,908	0	0	8,908	8,908	0
<b>Total Major Projects</b>	<b>61,037</b>	<b>48,766</b>	<b>2,130</b>	<b>14,401</b>	<b>186,777</b>	<b>188,907</b>	<b>2,130</b>
<b>Works to Stock</b>							
Works to stock programme	20,619	16,397	0	4,222	57,797	57,797	0
Major Adaptations to Property	2,135	2,135	0	0	7,160	7,160	0
<b>Total Works to Stock</b>	<b>22,754</b>	<b>18,532</b>	<b>0</b>	<b>4,222</b>	<b>64,957</b>	<b>64,957</b>	<b>0</b>
<b>Total HRA Capital</b>	<b>83,791</b>	<b>67,298</b>	<b>2,130</b>	<b>18,623</b>	<b>251,734</b>	<b>253,864</b>	<b>2,130</b>
Movement on Month 2	0	(1,918)	0	1,918	0	0	0

## Major Projects

120. The 2018/19 Major Projects Programme revised budget is £61,037k and the forecast expenditure is £48,766k, with a re-phasing of £14,401k and a cost variance of £2,130k during the period 2018-2023.

## New General Needs Housing Stock

121. The 2018/19 General Needs Housing Stock revised budget is £24,147k. There is a forecast re-phasing of £7,139k across the General Needs Programme due to the construction works across a number of developments commencing later than initially expected. This represents an adverse variance of £599k on the Month 2 position.
122. To date fifteen buybacks have been approved with each acquisition at different stages of completion. A further eleven properties are pending approval, combined all the potential buybacks are estimated to cost up to £8,580k
123. 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. Demolition and tree removal works have been completed and the former nursery site has been cleared. The appointment of a main contractor for the development is currently undergoing the governance process.
124. The Housing Programme comprising seven units of new build properties and five extensions or conversions at various sites have progressed, with all the extensions now complete. The new build at Cherry Lane is due for completion by October 2018.
125. Lead consultants and architects have been appointed for the three developments at Belmore Allotments, Maple and Poplar Day Centre sites 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, although the planning permission for the Belmore site will progress to committee imminently. Demolition works at all three sites will commence upon approval to appoint the preferred contractor.

## New Build - Appropriation of Land

126. 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

127. The New Build Shared Ownership 2018/19 revised budget is £6,382k, with a forecast expenditure of £1,330k and a re-phasing of £5,052k. 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. There is an adverse movement of £328k on Month 2, which is in line with the movement in General Needs Housing Stock budget position.
128. 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.
129. 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

130. 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 £2,210k due to the Yiewsley scheme. The re-phasing has reduced by £206k when compared to the Month 2 position and is resulting from the draft final account figure incorporating the need to utilise some of the project contingency.
131. 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.
132. 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

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

## HRA General Contingency

134. The HRA General Capital Contingency revised budget is £8,908k and is forecast to be fully committed. 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**

135. The Works to Stock re-phasing variance is £4,222k, an increase in re-phasing of £1,197k on Month 2 relating to sprinklers £892k, windows £88k and roofs £217k, due to the validation, procurement and consultation timetables required to deliver these works.
136. The revised Major Adaptations budget is £2,135k and this is forecast to be fully spent.

## **HRA Capital Receipts**

137. There have been 16 Right to Buy sales of Council dwellings as at the end of July 2018 for a total gross sales value of £3,511k and a further 44 sales are forecast to bring the yearly total to 60, totalling £10,992k in 2018/19.
138. 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.
139. 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.
140. The cumulative spend requirement for 2018/19 Q1 was not met and the shortfall was £1,301k. Therefore, the Right to Buy 1 for 1 capital receipts of £390k plus interest of £54k was paid to MHCLG in July. However, it is expected that these monies will be paid back to the HRA in due course as the Council is opting-in to the Mayor of London's Right to Buy Ring-Fence Offer,

whereby Right to Buy 1 for 1 capital receipts and interest returned to MHCLG, is re-routed back to individual councils through the GLA as a grant.

## **Appendix D - GENERAL FUND CAPITAL PROGRAMME**

141. As at Month 4 an under spend of £22,001k is reported on the £124,969k 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 £190k.
142. General Fund Capital Receipts of £18,320k are forecast for 2018/19 with a shortfall of £848k in total forecast receipts to 2022/23.
143. Overall Prudential Borrowing required to support the 2018/19 to 2022/23 Capital Programmes is forecast to be over budget by £808k. This is mainly due to the shortfall of £1,348k in forecast capital receipts, partly offset by favourable increases in grants and contributions of £350k and a cost underspend of £90k.

### **Capital Programme Overview**

144. Table 19 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A – D to this report. Forecast for future years include capital projects and programme 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	Movement from Previous Month
	£'000	£'000	£'000	£'000
Schools Programme	72,316	72,226	(90)	-
Self Financing Developments	79,544	79,544	-	-
Main Programme	123,332	123,332	-	-
Programme of Works	109,282	109,182	(100)	(100)
General Contingency	7,039	7,039	-	-
<b>Total Capital Programme</b>	<b>391,513</b>	<b>391,323</b>	<b>(190)</b>	<b>(100)</b>
<b>Movement</b>	<b>911</b>	<b>811</b>	<b>(100)</b>	

145. The revised five year programme budget has increased by £911k due partly to recent Transport for London grant awards for both the Borough Principal Roads Network and Bridges Assessment and Strengthening. There have also been allocations of schools' contributions towards the Devolved Formula Capital programme and Section 106 monies to new projects. The general equipment capitalisation budget has been increased by £49k to reflect inclusion of trade waste bin purchases within this budget.
146. The Schools programme reports a cost saving of £90k on project contingency and highways works for the replacement of Northwood Academy. The expansion at Warrender Primary school is expected to be complete by January 2019 and Hillside Primary by June 2019. Two secondary schools expansions (Vyners and Ruislip High) are in various stages of

progress, with completions of the works at Vyners expected in October 2019 and Ruislip High in April 2020.

147. The Self Financing Development Programme includes two major mixed residential developments at the former Belmore Allotments and Yiewsley pool sites. The Yiewsley site redevelopment includes discounted market sale housing and is in feasibility stage. 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.
148. The Main Programme includes major schemes such as the re-provision of Hillingdon Outdoor Activity Centre (HOAC), which has commenced and is currently on track for completion in 2020/21, with temporary arrangements to be in spring of next year. Other major schemes include the re-provision of Yiewsley swimming pool, which is yet to proceed.
149. Programmes of Works reports an under spend of £100k on the private sector renewal grants budget which is not expected to be fully committed this year. The CCTV programme has been accelerated with installations of new and upgraded cameras at various locations throughout the borough being carried out this year. The library refurbishment programme is expected to commence later this year and works are being identified for the new leisure centre refurbishment programme.
150. The remaining 2018/19 unallocated general contingency budget amounts to £1,039k after the recent approval to allocate funding of £115k to the Harlington Road Depot improvements budget for essential structural and drainage works. In total there are £7,039k contingency funds remaining available over the period 2018-23.

### **Capital Financing - General Fund**

151. Table 20 below outlines the latest financing projections for the Capital Programme, with an adverse medium term variance of £808k reported on Prudential Borrowing, due mainly to a shortfall in other Council resources.

**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	Movement
Council Resource Requirement	98,370	76,769	(21,601)	277,198	276,658	(540)	(310)
<b>Financed By Prudential Borrowing</b>							
Service Development	45,517	28,967	(16,550)	100,410	101,218	808	1,018
Self Financing	26,860	25,500	(1,360)	78,215	78,215	-	-
<b>Total Borrowing</b>	<b>72,377</b>	<b>54,467</b>	<b>(17,910)</b>	<b>178,625</b>	<b>179,433</b>	<b>808</b>	<b>1,018</b>
<b>Financed By Other Council Resources</b>							
Capital Receipts	21,493	18,302	(3,191)	72,073	71,225	(848)	(828)

CIL	4,500	4,000	(500)	26,500	26,000	(500)	(500)
<b>Total Council Resources</b>	<b>98,370</b>	<b>76,769</b>	<b>(21,601)</b>	<b>277,198</b>	<b>276,658</b>	<b>(540)</b>	<b>(310)</b>
Grants & Contributions	26,599	26,199	(400)	114,315	114,665	350	210
<b>Capital Programme</b>	<b>124,969</b>	<b>102,968</b>	<b>(22,001)</b>	<b>391,513</b>	<b>391,323</b>	<b>(190)</b>	<b>(100)</b>
<b>Movement</b>	<b>911</b>	<b>(14,570)</b>	<b>(15,481)</b>	<b>911</b>	<b>811</b>	<b>(100)</b>	

152. Total approved prudential borrowing is £178,576k over the five year programme of which £78,215k is in respect of Self Financing Developments that will generate future income including capital receipts from discounted market sale. There is also £100,410k 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.
153. In 2018/19 forecast capital receipts amount to £18,302k after financing transformation costs and as at the end of July an amount of £532k has been received following the sale of a garage site. The forecast 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. The adverse movement of £828k arises from a recent independent external valuation of a major site.
154. As at the end of June a total of £261k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year, a movement of £255k since Month 2. The monthly profile of CIL income varies depending on the timing and scale of developments with planning permission proceeding throughout the year. The forecast has been reduced by £500k due to uncertainty around the level of receipts that will be received this financial 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.
155. Forecast grants and contributions are £350k higher than the revised budget due partly to the recently confirmed 2018/19 Schools Conditions Allocation of £2,140k being higher than the original budget estimate set before the announcement. The forecast also includes £205k Healthy Pupil capital grant funding as there is eligible expenditure within the existing Schools Expansions Programme. 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.
156. An adverse variance of £808k is reported on prudential borrowing due mainly to the forecast shortfalls in other Council sources of funding (capital receipts and CIL), partially offset by increases in grants and contributions and minor cost under spends.

## 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'n's
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Education and Children Services</b>										
137,138	Primary Schools Expansions	93	93	0	0	93	93	0	93	0	0
4,352	New Primary Schools Expansions	8,880	9,516	0	636	10,974	10,974	0	9,774	1,200	0
1,040	Secondary Schools Expansions	19,828	7,276	0	(12,552)	54,960	54,960	0	21,735	33,225	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	0	0	(2,400)	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
<b>188,098</b>	<b>Total Schools Programme</b>	<b>31,850</b>	<b>17,444</b>	<b>(90)</b>	<b>(14,316)</b>	<b>72,316</b>	<b>72,226</b>	<b>(90)</b>	<b>36,161</b>	<b>36,065</b>	<b>0</b>

## 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:		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Self Financing Developments</b>										
	<b>Finance, Property and Business Services</b>										
14	Yiewsley Site Development	1,860	500	0	(1,360)	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
	<b>Social Services, Housing, Health and Wellbeing</b>										
0	Woodside GP Surgery	0	0	0	0	1,939	1,939	0	1,939	0	0
14	<b>Total Self Financing Developments</b>	<b>26,860</b>	<b>25,500</b>	<b>0</b>	<b>(1,360)</b>	<b>79,544</b>	<b>79,544</b>	<b>0</b>	<b>78,215</b>	<b>0</b>	<b>1,329</b>

## 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'n's £'000							
<b>Community, Commerce and Regeneration</b>											
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
<b>Central Services, Culture and Heritage</b>											
0	New Museum	525	50	0	(475)	5,632	5,632	0	4,882	0	750
0	New Theatre	300	50	0	(250)	44,000	44,000	0	42,950	0	1,050
<b>Finance, Property and Business Services</b>											
6,438	Battle of Britain Heritage Pride Project	342	342	0	0	342	342	0	342	0	0
36	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	100	0	(300)	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
0	Botwell Leisure Centre Football Pitch	0	0	0	0	200	200	0	200	0	0
0	Yiewsley Swimming Pool	2,000	250	0	(1,750)	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
<b>Planning, Transportation and Recycling</b>											
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
<b>Social Services, Housing, Health and Wellbeing</b>											
0	1 & 2 Merrimans Housing Project	620	100	0	(520)	620	620	0	620	0	0
<b>Cross Cabinet Member Portfolios</b>											
24,854	<b>Total Main Programme</b>	<b>26,156</b>	<b>21,906</b>	<b>0</b>	<b>(4,250)</b>	<b>123,332</b>	<b>123,332</b>	<b>0</b>	<b>92,335</b>	<b>1,300</b>	<b>29,697</b>

## ANNEX D - Programme of Works

Prior Year Cost	Project	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance	Forecast Re-phasing	Project Budget 2018-2023	Project Forecast 2018-2023	Project Variance 2018-2023	Project Forecast Financed by:		
		£'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
<b>Community, Commerce and Regeneration</b>											
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
<b>Central Services, Culture and Heritage</b>											
N/A	Bowls Clubs Refurbishments	651	651	0	0	1,151	1,151	0	1,151	0	0
N/A	Libraries Refurbishment Programme	1,000	750	0	(250)	3,000	3,000	0	3,000	0	0
N/A	Leisure Centre Refurbishment	1,601	1,351	0	(250)	3,101	3,101	0	3,101	0	0
<b>Education and Children Services</b>											
N/A	Devolved Capital to Schools	979	979	0	0	2,011	2,011	0	0	1,846	165
N/A	School Building Condition Works	3,059	2,559	0	(500)	9,859	9,859	0	1,667	7,140	1,052
<b>Finance, Property and Business Services</b>											
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	CCTV Programme	708	1,393	0	685	1,758	1,758	0	1,758	0	0
N/A	Youth Provision	1,409	1,000	0	(409)	2,409	2,409	0	2,409	0	0
<b>Planning, Transportation and Recycling</b>											
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	6,487	5,737	0	(750)	19,379	19,379	0	0	18,623	756
N/A	Purchase of Vehicles	3,911	3,500	0	(411)	10,551	10,551	0	10,551	0	0
N/A	Harlington Road Depot Improvements	315	315	0	0	315	315	0	315	0	0
<b>Social Services, Housing, Health and Wellbeing</b>											
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	125	(100)	0	1,125	1,025	(100)	1,025	0	0
<b>Cross Cabinet Member Portfolios</b>											
N/A	Environmental/Recreational Initiatives	887	887	0	0	887	887	0	887	0	0
N/A	Section 106 Projects	267	267	0	0	267	267	0	0	0	267
N/A	Equipment Capitalisation - Social Care	985	985	0	0	4,925	4,925	0	0	4,925	0
N/A	Equipment Capitalisation – General	491	491	0	0	1,943	1,943	0	1,943	0	0
<b>Total Programme of Works</b>		<b>39,064</b>	<b>37,079</b>	<b>(100)</b>	<b>(1,885)</b>	<b>109,282</b>	<b>109,182</b>	<b>(100)</b>	<b>62,908</b>	<b>44,034</b>	<b>2,240</b>



## Appendix E – Treasury Management Report as at 31 July 2018

**Table 21: Outstanding Deposits - Average Rate of Return on Deposits: 0.49%**

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	54.3	70.25	75.00
1-2 Months	0.0	0.00	0.00
2-3 Months	0.0	0.00	0.00
3-6 Months	8.0	10.35	10.00
6-9 Months	0.0	0.00	0.00
9-12 Months	0.0	0.00	0.00
<b>Total</b>	<b>62.3</b>	<b>80.60</b>	<b>85.00</b>
Strategic Funds	15.0	19.40	15.00
<b>Total</b>	<b>77.3</b>	<b>100.00</b>	<b>100.00</b>

157. Deposits are currently only held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating. These UK deposits are spread between AAA rated Money Market Funds, Pooled Funds, Strategic Pooled Funds, Goldman Sachs International Bank, Lloyds Bank plc, UK Government Treasury Bills and with Northumberland CC.
158. The average rate of return on day-to-day operational treasury balances is 0.49%. As part of the Council's investment strategy for 18/19, a total of £15m has been invested in three strategic pooled funds (£5m in each). The strategic pooled funds have a 3-5 year investment horizon with dividends being distributed periodically. This means that any return on these funds can only start to be assessed after 6 months.
159. 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 cash flows, it is not possible to fully protect Council funds from bail-in risk. At the end of July, 60% of the Council's total funds have exposure to bail-in risk compared to a June benchmark average of 62% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 6% once instant access facilities are removed from the bail-in total. The significant reduction to bail-in exposure this month is due to the purchase of £13.9m of UK T-Bills.
160. Liquidity was maintained throughout July by placing surplus funds in instant access accounts, short-term deposits with the DMADF and the purchase of UK Treasury Bills. Deposit maturities were scheduled to match cash outflows and where required, funds were withdrawn from instant access facilities. During the month there were maturities with the DMADF.

**Table 22: Outstanding Debt - Average Interest Rate on Debt: 3.40%**

	Actual (£m)	Actual (%)
<b>General Fund</b>		
PWLB	45.41	18.24
Long-Term Market	15.00	6.03
<b>HRA</b>		
PWLB	155.57	62.48
Long-Term Market	33.00	13.25
<b>Total</b>	<b>248.98</b>	<b>100.00</b>

161. There were no scheduled debt repayments or early debt repayment opportunities during July. Gilts yields had increased over the month, however premiums remained too high to make early

repayment of debt feasible; furthermore with the potential need to borrow later in the year repayment of any debt is unlikely.

162. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
163. In order to maintain liquidity for day-to-day business operations during August, cash balances will be placed in instant access accounts and short-term deposits. Whilst yields on UK government treasury bills remain comparable with most bank deposits, T-bills will be purchased where viable; this should also assuage bail-in exposure.

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

164. 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 22: Consultancy and agency assignments**

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
<b>Chief Executive's Office</b>						
Property Assistant	08/01/2018	19/08/2018	17/02/2019	27	26	53
Property Assistant	18/12/2017	22/07/2018	20/01/2019	27	26	53
<b>Finance</b>						
Benefit Officer	02/08/2017	30/07/2018	28/10/2018	63	12	75
Benefit Officer	03/08/2015	23/07/2018	21/10/2018	151	14	165
Benefit Officer	01/12/2014	30/07/2018	28/10/2018	159	15	174
<b>Residents Services</b>						
Acting Fleet Manager	15/01/2018	13/08/2018	04/11/2018	54	29	83
Casual Smoking Cessation Sessional Advisor	01/04/2013	06/08/2018	05/11/2018	116	5	121
CCTV Programme & Project Manager	25/09/2016	23/07/2018	14/10/2018	105	16	121
Development Surveyor	06/11/2017	13/08/2018	11/11/2018	81	27	108
Domestic Abuse Programme Lead	28/08/2017	23/07/2018	21/10/2018	114	26	140
Education Strategy & Quality Assurance Manager	29/04/2015	09/07/2018	30/11/2018	466	41	507
Electrician/Multitrade	24/10/2016	06/08/2018	29/10/2018	60	12	72
Financial Assessment Officer	20/04/2015	20/08/2018	16/11/2018	106	8	114
Housing Options & Homeless Prevention Officer	24/02/2014	20/08/2018	12/11/2018	365	10	375
Housing Options & Homeless Prevention Officer	24/02/2014	20/08/2018	12/11/2018	365	10	375
Housing Options & Homeless Prevention Officer	24/02/2014	20/08/2018	12/11/2018	365	10	375
Interim Pre-Applications Manager	01/11/2015	03/09/2018	02/12/2018	219	27	246
Licensing Officer	03/05/2016	10/08/2018	09/11/2018	84	9	93
Parking Operations Manager	03/07/2017	30/07/2018	21/10/2018	72	16	88
Private Sector Housing Team	01/02/18	23/07/2018	21/10/2018	33	32	65
Programme Manager, Capital & Planned Works	14/08/2016	27/08/2018	25/11/2018	113	21	134
Programme Manager, Planned Works	13/06/2017	06/08/2018	04/11/2018	77	21	98
Repairs Planner	05/12/2016	13/08/2018	12/11/2018	64	13	77

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Senior School Improvement Advisor	07/03/2016	04/09/2018	10/12/2018	251	18	269
Senior School Improvement Advisor	07/03/2016	04/09/2018	10/12/2018	204	21	225
Technical Mgr M&E, Planned Works	24/10/2016	30/07/2018	26/10/2018	222	34	256
<b>Social Care</b>						
Approved Mental Health Worker	29/05/2016	30/07/2018	30/09/2018	161	8	169
Approved Mental Health Worker	01/06/2015	30/07/2018	30/09/2018	218	6	224
Care Worker	06/07/2016	30/07/2018	30/09/2018	60	2	62
Lead Approved Mental Health Practitioner	01/06/2012	30/07/2018	30/09/2018	308	6	314
Occupational Therapist	01/04/2015	30/07/2018	30/09/2018	228	7	235
Occupational Therapist	07/10/2013	30/07/2018	30/09/2018	311	7	318
Occupational Therapist	03/12/2015	30/07/2018	30/09/2018	181	7	188
Occupational Therapist	06/06/2016	30/07/2018	30/09/2018	154	7	161
Programme Lead	01/03/2018	30/07/2018	30/09/2018	62	15	77
Registered Care Manager	03/07/2017	30/07/2018	30/09/2018	54	4	58
Residential Care Worker	01/04/2012	30/07/2018	30/09/2018	173	3	176
Senior Social Worker	03/10/2016	30/07/2018	30/09/2018	119	7	126
Senior Social Worker	01/05/2017	30/07/2018	30/09/2018	86	7	93
Service Manager for OPSPD	02/04/2018	30/07/2018	30/09/2018	42	13	55
Social Worker (CHC)	03/01/2017	30/07/2018	30/09/2018	73	4	77
Social Worker/Senior Social Worker	02/10/2017	30/07/2018	30/09/2018	57	7	64
Social Worker/Senior Social Worker	04/09/2017	30/07/2018	30/09/2018	64	5	71
Social Worker	26/03/2018	30/07/2018	30/09/2018	73	7	80
Social Worker	05/06/2017	30/07/2018	30/09/2018	70	6	76
Social Worker	04/12/2017	30/07/2018	30/09/2018	58	8	66
Social Worker	02/10/2017	30/07/2018	02/09/2018	60	3	63
Social Worker	09/09/2016	30/07/2018	02/09/2018	70	5	75
Social Worker	01/11/2017	30/07/2018	30/09/2018	58	7	65
Support Worker	04/04/2016	30/07/2018	30/09/2018	66	3	69
Support Worker	03/04/2017	30/07/2018	30/09/2018	49	3	52
Team Manager	26/06/2016	30/07/2018	30/09/2018	157	8	165
Social Worker	28/03/2016	30/07/2018	30/09/2018	154	5	159
Senior Social Worker	06/06/2016	30/07/2018	30/09/2018	104	6	110
Team Manager	17/07/2017	30/07/2018	30/09/2018	110	8	118
Senior Social Worker	01/04/2013	30/07/2018	30/09/2018	101	7	108
Social Worker	06/04/2017	30/07/2018	30/09/2018	93	6	99
Social Worker	23/10/2017	30/07/2018	30/09/2018	62	5	67
Social Worker	13/11/2016	30/07/2018	30/09/2018	110	6	116
Social Worker	16/12/2016	30/07/2018	30/09/2018	127	7	134

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Social Worker	21/08/2016	30/07/2018	30/09/2018	138	6	144
Social Worker	05/09/2014	30/07/2018	30/09/2018	307	6	313
Social Worker	10/07/2017	30/07/2018	30/09/2018	62	6	68
Social Worker	07/11/2016	30/07/2018	30/09/2018	140	6	146
Social Worker	04/05/2015	30/07/2018	30/09/2018	211	6	217
Social Worker	13/04/2015	30/07/2018	30/09/2018	235	6	241
Social Worker	01/04/2013	30/07/2018	30/09/2018	159	6	165
Senior Social Worker	30/04/2012	30/07/2018	30/09/2018	305	6	311
Social Worker	11/07/2016	30/07/2018	30/09/2018	148	6	154
Social Worker	01/08/2015	30/07/2018	30/09/2018	174	7	181
Team Manager	27/03/2017	30/07/2018	30/09/2018	118	7	125
Social Worker	27/10/2016	30/07/2018	30/09/2018	122	6	128
Senior Social Worker	21/11/2017	30/07/2018	30/09/2018	110	7	117
Social Worker	04/05/2015	30/07/2018	30/09/2018	234	6	240
Social Worker	14/08/2017	30/07/2018	30/09/2018	84	6	90
Early Years Practitioner	12/09/2014	30/07/2018	30/09/2018	51	1	52
Early Years Practitioner	24/02/2014	30/07/2018	30/09/2018	64	1	65
Educational Psychologist	16/10/2016	30/07/2018	30/09/2018	59	4	63
Educational Psychologist	15/11/2015	30/07/2018	30/09/2018	199	8	207
Special Needs Officer	01/12/2016	30/07/2018	30/09/2018	96	6	102
Independent Domestic Violence Advisor	12/01/2015	30/07/2018	30/09/2018	126	4	130
Social Worker	11/08/2014	30/07/2018	30/09/2018	316	6	322
Social Worker	01/01/2013	30/07/2018	30/09/2018	341	6	347
Social Worker	01/04/2013	30/07/2018	30/09/2018	134	6	140
Social Worker	26/08/2016	30/07/2018	30/09/2018	118	5	123
Supervising Social Worker	01/09/2016	30/07/2018	30/09/2018	77	5	82
Support Worker	20/12/2015	30/07/2018	30/09/2018	73	3	76
Social Worker	04/07/2016	30/07/2018	30/09/2018	177	7	184
Child Protection Chair	20/07/2015	30/07/2018	30/09/2018	239	7	246
Social Worker	03/07/2016	30/07/2018	30/09/2018	162	7	169
Special Needs Officer	05/01/2015	30/07/2018	30/09/2018	162	8	170
Senior Social Worker	19/12/2011	30/07/2018	30/09/2018	393	7	400
Social Worker	07/11/2016	30/07/2018	30/09/2018	124	6	130
Social Worker	21/11/2016	30/07/2018	30/09/2018	114	6	120
Social Worker	01/01/2013	30/07/2018	30/09/2018	340	6	346
Senior Social Worker	29/06/2017	30/07/2018	30/09/2018	101	6	107
Case Progression Manager	07/04/2014	30/07/2018	30/09/2018	401	8	409
Senior Social Worker	05/10/2015	30/07/2018	30/09/2018	155	7	162
Early Years Practitioner	23/02/2015	30/07/2018	30/09/2018	73	2	75
Educational Psychologist	15/08/2016	30/07/2018	30/09/2018	123	8	131
Educational Psychologist	24/01/2017	30/07/2018	30/09/2018	62	2	64
Educational Psychologist	01/03/2016	30/07/2018	30/09/2018	247	12	259
Child Protection Chair	01/07/2015	30/07/2018	30/09/2018	181	8	189

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Social Worker	10/12/2017	30/07/2018	30/09/2018	51	6	57

## **Appendix G – London Pension Fund Authority**

### **Recommendation 4:**

**That Cabinet agrees to enter into a legal agreement to fund Hillingdon's share of the historic GLC pension Scheme deficit from the existing £347k per annum LPFA levy budget as annual payments reduce.**

### **Reason for Recommendation**

165. Recommendation 4 seeks authority for the Council to enter into a legal agreement with the London Pension Fund Authority to reinvest future savings from declining levy payments to funding Hillingdon's share of the historic Greater London Authority pension fund deficit over a period of up to thirty years. Levy payments are currently budgeted at £347k per annum, with the latest estimate of the Hillingdon share of the deficit being £2,389k. This agreement is required as the London Pension Fund Authority lack legal powers to issue a levy for this purpose, with further detail set out in below.

### **Additional Information**

166. On the abolition of the Greater London Council in 1986, pension liabilities for current employees were transferred to the boroughs and other employers while liabilities in respect of deferred, pensioner and dependent members were retained within a residual GLC pension fund. This residual fund has been managed by the London Pension Fund Authority (LPFA) since 1989, with the 32 London boroughs and City of London Corporation collectively responsible for these historic liabilities.
167. Between the creation of the residual fund in 1986 and 2001, actuarial valuations determined that the fund's assets were sufficient to meet future liabilities and therefore no contributions were sought from the 32 London boroughs and City of London Corporation. Given the opening funding position, no provision was granted to the LPFA to raise funds through a levy on London local government.
168. Following the 2007 triennial valuation, the LPFA lobbied for levy raising powers to recover this projected deficit from the boroughs, with the then Government going as far as drafting regulations to introduce a levy. Following challenges from two London boroughs, the position was unresolved in 2010 at which point the Coalition Government indicated a preference for the situation to be managed locally, rather than through legislation.
169. In addition to this emerging liability in respect of the residual pension fund itself (referred to by the LPFA as Category A liabilities), the LPFA has administered those liabilities relating to former Greater London Council employees which cannot be recouped from the pension (referred to as Category B liabilities). This second category of liability includes items such as the additional cost of employees awarded an unreduced pension before retirement age.
170. Category B liabilities are funded through a levy on the 32 London boroughs and City of London Corporation, with Hillingdon's 2018/19 charge set at £347k. It is anticipated that this annual charge will begin to fall in the near future as the aging cohort of employees in receipt of enhanced pension benefits shrinks.
171. London local government has been approach collectively through the Society for London Treasurers with a proposal to enter into an agreement to divert future reductions in the existing levy to make good the deficit on Category A liabilities over a period of up to 30 years. This proposal spreads the cost of recovering this deficit over a longer period than would have been

the case under the post-2007 valuation levy proposals, an enables the Council to meet this liability without setting aside additional funding within the MTFF.

172. The overall level of Category A liabilities was estimated at £177,000k in the 2016 valuation, with the Boroughs being liable for 90% of this sum to be apportioned on relative Council Tax Bases in line with the existing levy. While this sum will be subject to review at each triennial valuation, the Hillingdon share is currently assessed at £2,389k. The proposed agreement would see this sum paid over from the £347k levy budget as existing payments reduce over time.

## **Appendix H – Section 17 Rents**

### **Recommendation 5:**

**That Cabinet agrees to adopt the Department for Works and Pensions Local Housing Allowance Rental Rates for Section 17 short term accommodation families.**

### **Reason for Recommendation**

173. The Council currently sets the rental rate for all Section 17 short term placements at the same level as Temporary Accommodation based on the 2011/12 1 bedroom self-contained rate, however the Council is now placing a number of families in larger rented accommodation (two, three or four bedroom homes), but is currently not charging the most appropriate rent and by not doing so, is not able to draw down appropriate funding from Housing Benefit. Recommendation 5 is intended to enable the Council to set the rental charge at the Local Housing Allowance (LHA) rate dependent on the size of the property and by doing so enable the correct level of funding to be drawn down from Housing Benefit. This would then be consistent with the approach taken for Housing clients. Further background to this recommendation is set out in Appendix H.

### **Additional Information**

174. Over the last few years, the Council has seen an increase in the number of families presenting themselves as homeless and needing support under Section 17 of the Children's Act 1989. In most cases these families are those that have been made Intentionally Homeless (IH) or have No Recourse to Public Funds (NRPF).
175. The technical definition of Section 17 of the Children's Act 1989 is as follows:

It shall be the general duty of every local authority (in addition to the other duties imposed on them by this Part):

- a) to safeguard and promote the welfare of children within their area in need: and
- b) so far as is consistent with that duty, to promote the upbringing of such children by their families, by providing a range and level of services appropriate to those children's needs.

176. Effectively the Council has to provide support to any family that has been made homeless or who is homeless, to protect the interest of the child and prevent them from coming into care.
177. In a minority of cases, families are placed in short term accommodation, predominantly Bed and Breakfast, however more recently a number of these families are being placed in rented accommodation, due to their size.
178. Currently, the Council supports 42 families in short term accommodation under Section 17 of the Children's Act 1989. Of the 42 families, 17 have No Recourse to Public Funds, the costs of which fall entirely on the Council to fund. The remaining 25 families are able to draw down Housing Benefit, although 11 of these are not in receipt of the full Housing Benefit (some as a result of the benefit cap and others being in employment) and they are contributing towards the cost of their accommodation.
179. The Council currently charges rent for all Section 17 families at the same level as Temporary Accommodation based on the 2011/12 1 bedroom self-contained rate of £173.08 per week or

in some instances £195.77 per week, where the rate of £195.77 per week includes a management fee for the Council and is funded from the Subsidy Grant. However, from 1 April 2018, this Subsidy will no longer be available for Section 17 cases. It should be noted that this rate differs from the amount that the Council pays the landlord, which is much higher than the rent charged to the family.

180. As the Council is placing a number of families in rented accommodation (two, three or four bedroom homes), the Council is currently not charging the most appropriate rent and by not doing so, is not able to draw down appropriate funding from Housing Benefit. It is therefore proposed that this approach is amended by setting the rental charge at the Local Housing Allowance (LHA) rate dependent on the size of the property. This would then be consistent with the approach taken in Housing.
181. The Council has considered the impact of this proposal on the families that would be affected by this change and has determined that it will be minimal for a very few number of families, predominantly those that have No Recourse to Public Funds. In these circumstances a financial assessment will be carried out to ascertain what they can afford in line with the HB calculations.

## **Appendix I – Environmental Offences (Fixed Penalties) (England) Regulations 2017**

### **Recommendation 6:**

**That Cabinet approves the revised fixed penalty notice charges allowed under the Environmental Offences (Fixed Penalties) (England) Regulations 2017 to be implemented in this financial year.**

### **Reason for Recommendation**

182. On the 1 April 2018 the Environmental Offences (Fixed Penalties) (England) Regulations 2017 came into force. These Regulations gave local authorities in England and Wales the ability to alter the fixed penalty notice (FPN) penalty range for a specified number of offences where the issue of an FPN can be considered. In light of these regulations, Recommendation 6 seeks authority to implement the schedule of fees detailed in Appendix I with the aim of reinforcing deterrence whilst avoiding a detrimental impact upon FPN payment rates, which could result in additional expenditure for the council incurred on taking non-payers to court.

### **Additional Information**

183. The following is the list of current fixed penalty notices used in the main and the legal act that empowers the local authority to do so. The last column sets out the recommended changes to be agreed by Cabinet which are facilitated by the amendments to the regulations.

**Table 23 Fixed Penalty Notices**

No.	Description of offence	Act	Amount of penalty if paid within stated discount period	Full amount of penalty if paid within stated payment period	Maximum penalty on conviction	Recommended Change
1	Depositing litter	Environmental Protection Act 1990 s87/88	£50 (10 days)	£80 (14 days)	£2,500	Discount amount of £85 Full amount of £100 (Max. Amount £150, London Councils suggest £100)
2	Graffiti	Anti-social Behaviour Act 2003 s43	£50 (10 days)	£80 (14 days)	£2,500	Discount amount of £85 Full amount of £100 (Max. Amount £150, London Councils suggest £100)
3	Fly-posting	Anti-social Behaviour Act 2003 s43	£50 (10 days)	£80 (14 days)	£2,500	Discount amount of £85 Full amount of £100 (Max. Amount £150, London Councils suggest £100)
4	Unauthorised distribution of free printed matter on designated land	Environmental Protection Act 1990 schedule 3A	£50 (10 days)	£80 (14 days)	£2,500	Discount amount of £85 Full amount of £100 (Max. Amount £150, London Councils suggest £100)

184. As a benchmark, these are the charges from three of Hillingdon's neighbouring boroughs, covering the higher volume FPNs:

- a. LB Hounslow - £80 full, £65 if paid within 10 days
- b. LB Ealing - £80 flat rate
- c. LB Harrow - £80 if paid within 10 days, £100 if paid within 14 day

185. Local authorities are able to retain the FPN income and during the 2017/18 financial year, a total of 3,900 FPNs were paid, a significant majority (96%) relating to offences attracting a fixed penalty of £80 (full rate) or £50 (discounted rate).
186. The revised fees have been set with the aim of reinforcing deterrence whilst avoiding a detrimental impact upon FPN payment rates, which could result in additional expenditure for the council incurred on taking non-payers to court.
187. The actual financial impact of the increased fees is difficult to estimate as it will be dependent on a number of variables, including the number of FPNs issued, deterrent effect of the higher fees and the profile of full and discounted rate payments. However any additional income generated will support the existing running costs of the Anti-Social Behaviour service which for 2018/19 has a gross cost of £1,237k with current income from FPNs expected to offset around 20% of this cost.

## **Appendix J – Grassy Meadow Rents**

### **Recommendation 6:**

**That Cabinet approves to charge an affordable rent of £221.30 per week in 2018/19 (inclusive of a meals service charge of £30 per week based on one tenant) for each of the 88 one bed-roomed flats at the HRA new build Grassy Meadow extra care development, and approve to charge a meals service charge of £30 per week for each additional tenant in the property.**

### **Reason for Recommendation**

188. Council in February 2018, as part of the HRA rent policy, agreed to delegate to the Leader and relevant Cabinet Member the authority to set affordable rent levels for newly acquired or built properties on a scheme-by-scheme basis. The Constitution enables Cabinet Members to also refer such a decision to the Cabinet to make. The HRA new build Grassy Meadow extra care development was approved on the financial viability assumption that these properties would be charged an affordable rent, with Recommendation 7 seeking authority to set rents at that level as outlined in Appendix J.

### **Additional Information**

189. The following is the list of current fixed penalty notices used in the main and the legal act that empowers the local authority to do so. The last column sets out the recommended changes to be agreed by Cabinet which are facilitated by the amendments to the regulations.
190. Hillingdon Council signed a Right To Buy (RTB) agreement with the Government in 2013 which had the expectation that Councils would deliver affordable homes part funded from 1-4-1 RTB receipts. The intention was that these properties would be charged an affordable rent. The intention behind this flexibility is to generate additional capacity for investment in new affordable housing.
191. Affordable rent allows local authorities to set rents at levels that are typically higher than social rents, and properties let on affordable rent terms fall within the definition of social housing.
192. Properties let on affordable rent terms should be made available at a rent of up to 80% of the gross market rents inclusive of service charges. In addition, an affordable rent should be no lower than the potential formula rent for the property.
193. Housing for vulnerable and older people often includes a range of services to support the particular needs of the client group. When setting an affordable rent level for housing for these client groups, the gross market rent comparables should be based on similar types of service provision.
194. The Grassy Meadow Extra Care Development is a Housing Revenue account (HRA) new build in the Hayes area (UB3 2UF) and comprises of 88 one bed-roomed self-contained flats. In addition to the rent and property service charges, the tenants will be provided with enhanced tenancy management support and meals.
195. The Head of Property and Estates has assessed the market place for comparables for the Grassy Meadow properties to determine the valuation of the gross market rents inclusive of service charges. The service charges also include enhanced tenancy management and meals, which is relevant for the Grassy Meadow development. The total gross market rent inclusive of service charges is valued at £305.23 per week per property. The affordable rent maximum

charge is £244.18 (80% of gross market rents). In order to provide a margin of safety in case market rents reduce the recommended affordable rent is £221.30 per week (72.5% of gross market rents) and this includes a meals charge of £30 for one tenant. For each additional tenant in a property there will be an additional meals charge of £30 per week.

196. Under the formula rent methodology the rent charge would be £111.63 per week, the services charges £39.26 per week and the meals charge £30 per week, giving an overall total charge of £180.89 per week. The affordable rent cannot be lower than this.
197. The table below summarises the rents inclusive of service charges mentioned in this Appendix.

**Table 24 : Summary of rents inclusive of service charges**

<b>Grassy Meadow Rents</b>	<b>£ per week per property</b>	<b>£ per week per property</b>
	<b>(based on 1 tenant)</b>	<b>(based on 2 tenants)</b>
Gross Market Rent	305.23	335.23
Affordable Rent - Maximum	244.18	268.18
<b>Recommended Affordable Rent</b>	<b>221.30*</b>	<b>251.30*</b>
Affordable Rent – Minimum  (i.e.total charge under formula rent)	180.89	210.89

\*The £221.30 per week charge for one tenant includes a meals charge of £30. The £251.30 per week charge for two tenants includes a meals charge of £60 (£30\*2).

## **Appendix K – London Business Rates Pilot Pool – Strategic Investment Pot**

### **Recommendation 13:**

198. That Cabinet formally approves the allocation of the Strategic Investment Pot 2018/19, part of the London Business Rate Pilot Pool, to the individual projects as set out in the report and communicates this decision to the Lead Authority (City of London Corporation) and any other bodies as appropriate.

### **Reason for Recommendation:**

199. On 10 September 2018 the Leader of the Council responded on behalf of the London Borough of Hillingdon indicating the Council's support in relation to two bids with West London Alliance local authorities recommended to be funded from the SIP as part of the overall package of projects for London totalling £46.83m which was also supported by the Leader of the Council. This recommendation to Cabinet provides the required formal authority to the City of London, which acts as the Accountable Body in managing the Pool's resources, as set out in the Memorandum of Understanding approved by all London boroughs.

### **Background Information**

200. For 2018/19, the GLA and the 33 London billing authorities are piloting 100% business rates retention. This allows London to retain an estimated £349m of extra funding. Of this, approximately 50% will be used for strategic investment and 15% some £52m was used to create the Strategic Investment Pot or SIP.

201. The aim for the SIP funds is to:

- contribute to the sustainable growth of London's economy and an increase in business rates income either directly or as a result of the wider economic benefits anticipated;
- leverage additional investment funding from other private or public sources; and
- have broad support across London government in accordance with the agreed governance process.

### **SIP Process**

202. In April this year London Council's, in conjunction with the GLA and with the City of London Corporation acting as the Lead Authority, invited bids for funding from SIP. By the May 31<sup>st</sup> deadline 22 bids were received for a total of £123.4m. One of the 22 bids was from the West London Alliance who coordinated the bidding process on behalf of the seven West London boroughs, (bids from individual boroughs were not encouraged). The WLA totalled £20.1m and include three initiatives, as summarised below.

<b>Bid title</b>	<b>Description of bid</b>	<b>Recommended amount bid for from SIP</b>
1. Broadband network “spine” roll out to not spots investment	Extension of broadband trunk network to “notspots”, making use of the public buildings (including libraries, schools, offices and hospitals) to enable private providers to invest in those areas for the first time. Supported by TfL, GLA and OPDC	£7.7m, levering c.£150m TfL digital procurement, Worth c.£1.1m per borough
2. Skills and employment upscaling	Up scaling of employment pilots that have had a strong positive evaluation and high return on investment. Supported by a range of partners and organisations through the West London Skills and Employment Board. A detailed delivery plan is currently being developed with the Board and wider skills practitioner group.	£3.4m to be allocated as agreed at the time of the bid by growth directors. A programme plan and matrix will be developed with Growth Directors. Worth c. £400,000 per borough.
3. West London Orbital Complementary and enabling measures	Place-making, land safeguarding, master planning and community integration associated with WLO scheme. Supported by TfL and OPDC	£9m, boroughs identify CIL match through individual decision-making process and reflecting local priorities and timescales.

203. The City of London Corporation, the Lead Authority for the pooling arrangement led the evaluation process, convening a Panel of senior finance, regeneration, and service directors from the London authorities, the GLA, and London Councils to undertake the assessments.

204. Of the 22 bids submitted just eight were recommended by the SIP assessment panel for support. These included two of the WLA bids;

- **Digital investment - £7.7m**
- **Boosting skills and employment up scaling - £3.4m**

The West London Orbital project bid was not supported.

## **Summary of the London wide SIP schemes recommended for approval**

<b>Scheme</b>	<b>Amount £'s million</b>
South Dock Bridge - a proposed new footbridge enabling delivery of new housing and commercial development and linking residential and commercial districts to the south of the Isle of Dogs to the Canary Wharf commercial district.	7.00
Productive Valley: South Tottenham Employment Area of Investment Fund + Rigg Approach Lea Bridge gateway to Waltham Forest	5.75
South London Innovation Corridor South Bank; Vauxhall Nine Elms Battersea) and local growth clusters (Brixton; New Cross; Old Kent Road; Peckham; Camberwell; and Wandsworth	8.00
Open Data Standard for Planning - development of an open data standard for planning applications to transform the quality of strategic planning and administration of planning permission. This bid could benefit all London Boroughs.	0.25
Euston Recruitment Hub - funding to build a Euston Construction Skills Centre	3.00
West London Alliance projects	11.13
Skills & Productivity - Investment in Digital Local London Investment in Fibre network Barking and Dagenham, Bexley, Enfield, Greenwich, Havering, Haringey, Newham, Redbridge and Waltham Forest. (Project similar to WLA Broadband initiative)	7.70
South London Multi-Purpose Internet of Things Platform - platform connecting various IoT enabled sensors across Council boundaries to gather data about, air quality, footfall, flood risks, traffic, road surface temperature, and parking space availability.	4.00
	<b>Total Recommended Package £46.83</b>

## **Agreement of SIP programme**

205. The City of London is coordinating the approval process and the London Leaders Committee will be seeking to approve the final London wide package of projects at its meeting scheduled for 9<sup>th</sup> October.
206. The SIP process requires agreement from Leaders for both schemes in which their boroughs are included and approval of the full SIP package. **The approval by the Cabinet of both the West London schemes and the schemes for the whole of London is recommended.**

## **Next steps**

207. In anticipation of approval of the proposed SIP schemes by the London Leaders the WLA has been looking to put appropriate governance arrangements in place and it has been confirmed that Ealing Council will be the lead and accountable body with respect to the allocation of funds.
208. The allocation of funding in terms of the skills and employment programme is relatively straightforward, with each borough receiving an allocation of funding to deliver a number of tailored programmes that will benefit residents.
209. The implementation of broadband network roll out is more complex and will require a range of additional work. This will include:
  - securing external delivery partners across the West London region,
  - agreement by individual boroughs on the priority routes for the digital broadband cable,
  - future arrangements for the maintenance and ongoing management of the cable network.
210. Once work has been undertaken in respect of the above issues a further report will be brought to the Cabinet with recommendations on the future operational and management arrangements.