

COUNCIL BUDGET: 2018/19 REVENUE AND CAPITAL MONTH 6 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 – H

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2018/19 revenue budgets and Capital Programme.</p> <p>An underspend of £259k is reported against 2018/19 General Fund revenue budgets as of September 2018 (Month 6), representing an improvement of £31k from the position reported to Cabinet at Month 5.</p> <p>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 £6,965k cumulative deficit on the ringfenced Dedicated Schools Grant account. This represents an adverse movement of £290k on the previously reported position.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services, Commerce & Communities
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at September 2018 (Month 6) as outlined in Table 1.
2. Note the Treasury Management update as at September 2018 at Appendix E.
3. Continue the delegated authority up until the next 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 25th October and 15th November 2018 Cabinet meetings, detailed at Appendix F.
4. Approve the release of the following sums from Development and Risk Contingency to Directorate Operating Budgets:
 - a. Demographic Growth – Adult Social Care - £1,711k
 - b. Demographic Growth - Looked after Children - £394k
 - c. Demographic Growth - SEN Transport - £184k
 - d. Management savings action – Adult Social Care – (£1,969k)
 - e. Uncertainty at budget setting - Apprenticeship Levy - £376k
 - f. Uncertainty at budget setting - Uninsured Claims - £291k
5. Approve acceptance of gift funding of up to £30k in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for the Former Dairy Crest site, 297 Long Lane, Hillingdon.
6. Approve the acceptance of £100k additional funding from the Department of Business, Energy and Industrial Strategy for the National Safety at Ports project.
7. Approves the introduction of offering unattended cremations at Breakspear Crematorium at a cost of £315, for implementation on the 1st December 2018.
8. Note the implementation of the new legislation relating to Animal Welfare which came into force on the 1st October 2018 and approve the related fees to be implemented with immediate effect.
9. Ratify a special urgency decision taken by the Leader of the Council and Cabinet Member for Finance, Property and Business Services on 31 October 2018 to approve that the contract for general repairs and maintenance to our corporate buildings, currently with Mitie TFM Limited, be disseminated with day-to-day maintenance and repairs brought in-house and managed by the Council's Housing Repairs Team and specialist compliance elements to be added to contracts already in place with Housing.

INFORMATION

Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 6 against budgets approved by Council on 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. In advance of the December Budget Report, it is proposed to release those elements of Development and Risk Contingency relating to confirmed demographic growth relating to prior years (Adults, Childrens and SEN Transport), items which were uncertain at the time of budget

setting and are now certain (uninsured claims & apprenticeship levy) and management actions designed to reduce contingency pressures now confired as delivered (Adult Social Care savings), into base budgets. **Recommendation 4** therefore seeks authority to release this £987k (£2,956k gross netted down by £1,969k management savings actions) to appropriate service operating budgets.

4. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 5** seeks authority from Cabinet to approve the acceptance of £30k, in relation to the major development of the Former Dairy Crest site, 297 Long Lane, Hillingdon.
5. The Council has been offered up to £100k of additional funding from the Department of Business, Energy and Industrial Strategy to support work undertaken as part of the National Safety at Ports project at Heathrow Aiport. **Recommendation 6** seeks authority to accept and release this funding into Residents Services budgets.
6. Cabinet is requested to approve the introduction of unattended cremations at Breakspear Crematorium at a cost of £315 from the 1st December 2018 under **Recommendation 7**. This is a service enhancement in respond to demand for the service and it is in line with the provision at neighbouring crematoria. Further background to this recommendation is set out in Appendix G.
7. In line with the introduction of new legislation relating to Animal welfare ((Licensing of Activities Involving Animals) (England) Regulations 2018), Cabinet are asked at **Recommendation 8** to note the new regulations and approve the introduction of a new fee structure to account for the higher level of scrutiny required to be undertaken and set according to the LGA Guidance on Locally set fees. Further background to this recommendation is set out in Appendix H.
8. The maintenance and compliance servicing of the Council's Civic Centre and other corporate buildings have been the contractual responsibility of Mitie TFM over the past 10 years. Following a review, a decision was taken to discontinue with the contract and in-source the day-to-day repairs and maintenance services to create a stable platform for future decisions around service delivery, noting that the industry had become increasingly risk adverse and a period of consolidation was required. This change in the nature of service provision across the Borough's facilities, in accordance with the Council's Constitution, would ordinarily require Cabinet approval. However, the Leader of the Council has the authority to take decisions on behalf of Cabinet where it is deemed urgent and they are then reported back to Cabinet for ratification as set out in **Recommendation 9**.

SUMMARY

REVENUE

9. General Fund revenue budgets are projected to underspend by £259k as at Month 6, although this includes 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 £458k uncommitted General Contingency available to manage emerging issues over the remainder of this financial year.
10. The General Fund forecast represents an improvement of £31k from the Month 5 reported position, reflecting £31k net favourable improvement across group positions.
11. General Fund Balances are expected to total £39,630k 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.
12. 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.
13. A surplus of £1,088k 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 Business Rates in the borough and a carry forward surplus within Council Tax and represents a £79k adverse movement on Month 5 due to a number of outstanding Business Rate appeals being settled. Any surplus realised at outturn will be available to support the General Fund budget in future years.
14. The Dedicated Schools Grant is projecting an in-year overspend of £2,840k at Month 6, an adverse movement of £290k from Month 5. This overspend is largely due to continuing pressures in the cost of High Needs and results in a forecast carry forward cumulative deficit of £6,965k at 31 March 2019. At Month 6, 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.
15. 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

16. As at Month 6 an underspend of £65k is reported across the £392,591k General Fund Capital Programme, with no material variances reported at individual project level. While a favourable variance of £1,227k is reported on capital grant income, a £848k shortfall in capital receipts is expected to result in a £556k 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 £33,173k and therefore impact favourably on debt financing costs for 2019/20.

FURTHER INFORMATION

General Fund Revenue Budget

17. An underspend of £259k is reported across normal operating activities at Month 6, 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.
18. £10,655k of savings are included in the 2018/19 General Fund revenue budget. Currently £6,705k are banked, delivery is currently in progress against £1,950k 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 5, £211k of savings have been moved to banked, amber savings remain at £2,000k, with no movement from Month 5.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
			Revised Budget £'000	Forecast Outturn £'000			
207,578	(665)	Directorate Operating Budgets	206,913	207,114	201	232	(31)
4,878	(271)	Corporate Operating Budgets	4,607	4,169	(438)	(438)	0
8,929	0	Development & Risk Contingency	8,929	8,929	(0)	(0)	(0)
200	0	HIP Initiatives	200	200	0	0	0
(1,249)	936	Unallocated Budget Items	(313)	(313)	0	0	0
220,336	0	Sub-total Normal Activities	220,336	220,099	(237)	(206)	(31)
0	0	Exceptional Items None identified at this time	0	0	0	0	0
220,336	0	Total Net Expenditure	220,336	220,099	(237)	(206)	(31)
(219,386)	0	Budget Requirement	(219,386)	(219,408)	(22)	(22)	0
950	0	Net Total	950	691	(259)	(228)	(31)
(40,321)	0	Balances b/fwd	(40,321)	(40,321)			
(39,371)	0	Balances c/fwd 31 March 2019	(39,371)	(39,630)			

19. General Fund Balances are projected to total £39,630k at 31 March 2019 as a result of the planned drawdown of £950k being reduced by the £259k projected in year underspend. The Council's current MTFE assumes that unallocated balances will remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of Government funding cuts.

Directorate Operating Budgets

20. 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 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
7,591 (1,092)	46 0	Chief Executive's Office	Expenditure	7,637	7,529	(108)	(133)	25
			Income	(1,092)	(1,136)	(44)	(15)	(29)
6,499	46		Sub-Total	6,545	6,393	(152)	(148)	(4)
17,262 (3,170)	(17) 0	Finance	Expenditure	17,245	17,385	140	157	(17)
			Income	(3,170)	(3,577)	(407)	(402)	(5)
14,092	(17)		Sub-Total	14,075	13,808	(267)	(245)	(22)
116,355 (43,096)	1,880 (1,625)	Residents Services	Expenditure	118,235	118,811	576	444	132
			Income	(44,721)	(44,667)	54	136	(82)
73,259	255		Sub-Total	73,514	74,144	630	580	50
142,505 (28,777)	464 (1,413)	Social Care	Expenditure	142,969	145,047	2,078	1,594	484
			Income	(30,190)	(32,278)	(2,088)	(1,549)	(539)
113,728	(949)		Sub-Total	112,779	112,769	(10)	45	(55)
207,578	(665)	Total Directorate Operating Budgets		206,913	207,114	201	232	(31)

21. An underspend of £152k is reported on the Chief Executive's Office budgets at Month 6 as a result of vacancies and non-staffing underspends and the overachievement of income within Human Resources. Across Finance, a net underspend of £267k is projected as a result of vacant posts across the directorate while compensatory variances on income and expenditure relate to revisions to grant funding to support Housing Benefit administration and associated investment in additional staffing.
22. A net pressure of £630k is reported across Residents Services, representing an adverse movement of £50k on the previously reported position at Month 5. This adverse movement results from pressures on Highways and Street Lighting £87k and Parks and Green Spaces £60k offset by reduced pressure of £48k on residual expenditure for staffing costs for Capital and Planned works, a favourable movement on Waste Services of £34k. and other minor favourable movements across the group
23. The Residents Services position for Month 6 incorporates pressures of £683k linked to vehicle hire and maintenance in fleet services, £140k residual costs for Capital and Planned works, £117k on Residual Education functions and £164k on Green Spaces which are offset by staffing vacancies and the use of Earmarked reserves to support 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.

24. A net £10k underspend is reported across Social Care budgets, representing an improvement of £55k from Month 5 which is net impact of a number of minor changes across the service. Overall there is an overspend on the current level of agency staff to cover essential and hard to fill posts, legal costs and the cost of supporting Section 17 cases within Children Services amounting to a net £386k pressure. These pressures are offset by workforce underspends across the wider offset by Directorate and a favourable movement on client income for Adult Social Care Placements. In addition, the headline position incorporates pressures arising from higher placement costs following slippage in opening the Parkview development which are expected to be funded through liquidated damages from the contractor. 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 delivered.
25. 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 £1,931k 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

26. Savings of £10,655k were included in the 2018/19 budget, of which £8,655k are either banked or on track for delivery which is no change from the position as at Month 5. £2,000k savings are in the early stages of delivery or potentially subject to greater risk to delivery, no change from Month 5, 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	Finance	Residents Services	Social Care	Cross-Cutting	Total 2018/19 Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	%
B Banked	(58)	(596)	(2,444)	(3,300)	(247)	(6,705)	62.9%
G On track for delivery	0	(132)	(170)	(1,152)	(556)	(1,950)	18.3%
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%
Total 2018/19 Savings	(58)	(728)	(3,114)	(4,928)	(1,827)	(10,655)	100.0%

Corporate Operating Budgets

27. 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.
28. As a result of anticipated capital expenditure and associated borrowing being deferred from 2018/19, a £501k underspend is forecast, and no change from Month 5. Externally set levies are reporting a pressure of £63k 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 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
6,259	(299)		Non-Sal Exp	5,960	5,459	(501)	(501)	0
(371)	100		Income	(271)	(271)	0	0	0
5,888	(199)		Sub-Total	5,689	5,188	(501)	(501)	0
480	0	Levies and Other Corporate Budgets	Salaries	480	480	0	0	0
11,237	0		Non-Sal Exp	11,237	11,300	63	63	0
(11,602)	(72)		Income	(11,674)	(11,674)	0	0	0
115	(72)		Sub-Total	43	106	63	63	0
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	0
147,529	0		Non-Sal Exp	147,529	147,529	0	0	0
(148,654)	0		Income	(148,654)	(148,654)	0	0	0
(1,125)	0		Sub-Total	(1,125)	(1,125)	0	0	0
4,878	(271)	Total Corporate Operating Budgets		4,607	4,169	(438)	(438)	0

Development & Risk Contingency

29. 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 stage in the financial year, a breakeven position is projected against this provision, which represents no change from the projection at Month 5. Within this position, £458k of General Contingency remains available to manage emerging risks.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
291	0	Fin.	Uninsured claims	291	291	0	0	0
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	958	(778)	(650)	(128)
1,172	0		Waste Disposal Levy & Associated Contracts	1,172	772	(400)	0	(400)
200	0		Heathrow Expansion Challenge Fund	200	200	0	0	0
1,885	0		Asylum Service	1,885	1,985	100	100	0
797	0	Social Care	Demographic Growth - Looked After Children	797	1,566	769	669	100
367	0		Demographic Growth - Children with Disabilities	367	731	364	364	0
277	0		Social Worker Agency Contingency	277	399	122	122	0
443	0		SEN transport	443	773	330	0	330
730	0		Demographic Growth - Adult Social Care	730	770	40	29	11
50	0		Winterbourne View	50	50	0	0	0
0	1,041		Winter Funding – Social Care Activity	1,041	1,041	0	0	0
0	(1,041)		Winter	(1,041)	(1,041)	0	0	0
381	0	Corp. Items	Apprenticeship Levy	381	376	(5)	(5)	0
(400)	0		Additional Investment Income	(400)	(400)	0	0	0
1,000	0		General Contingency	1,000	458	(542)	(629)	(87)
8,929	0	Total Development & Risk Contingency		8,929	8,929	0	(0)	0

30. 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 130, 20 below MTF assumptions for the remainder of the year. In addition, continuing management action to reduce the costs and use of Temporary Accommodation through maintaining a high number of placements into the private sector is expected to deliver a £778k underspend against contingency provision, an improvement of £128k from Month 5.
31. The call on the Waste contingency reflects an underspend of £400k for month 6 against 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. Whilst aggregate waste tonnages in the first six months of 2018/19 have shown an increase compared to the same period last year, the rate of increase has slowed recently (in

particular that for organic waste, which has been affected by the very dry summer). Current projections indicate that costs can be managed within the reduced contingency sum.

32. As at Month 6 the Asylum service is projecting a drawdown of £1,985k from the contingency, an overspend of £100k, no change from the Month 5 forecast, due to a reduction in the assumed income that will be received from the Asylum Grant. The Home Office have now released the outcome of their funding review, which clarifies that there will be no change in 2018/19. The pressure reported relates to a drop in the level of income following the submission of the grant claims which were held up pending the outcome of this review.
33. There is an adverse movement at Month 6 of £100k with forecast overspend of £769k on the contingency provision for Looked After Children as result of a continuing 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 £4,000 per week, and the length of stay is now longer than in previous years due to the complex nature of the support required. It is also evident that the type of places needed are becoming increasingly harder to source as other Councils are trying to secure similar places. 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.
34. The Children with Disabilities service is projecting a draw down of £731k from the Contingency, representing a £364k forecast overspend no change from Month 5 projections. The service have 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.
35. The service is projecting a drawdown of £770k from the Demographic Growth for Adult Social Care contingency, a pressure of £40k, a minor adverse movement of £11k from Month 5. The Month 6 data continues to show signs of growth 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.
36. On 17 October 2018 the Department of Health and Social Care confirmed funding allocations totalling £240m of additional funding for councils to spend on adult social care services to help councils alleviate winter pressures on the NHS, getting patients home quicker and freeing p hospital beds across England. Hillingdon will receive £1,041k of this funding, which will be managed through contingency and applied to ensure appropriate social care packages are in place for those leaving hospital with eligibility for social care.
37. The service is projecting a drawdown of £399k from the Social Worker agency contingency, an overspend of £122k no change from the Month 5 position, reflecting the latest recruitment success of Newly Qualified Social Workers. This contingency reflects the additional cost of using agency staff to cover essential Social Worker posts as the recruitment of Social Workers continues to be very competitive.
38. 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 £531k of this sum will be applied to fund the pressures outlined above, with the remaining £469k to manage emerging issues.

HIP Initiatives

39. £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. £108k of projects have been approved through HIP Steering Group for funding from resources as at Month 6, leaving £991k available for future release.

Table 6: HIP Initiatives

Original Budget £'000	Budget Changes £'000	HIP Initiatives	Month 6		
			Revised Budget £'000	Approved Allocations £'000	Unallocated Balance £'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	899	B/fwd Funds	899	108	(791)
200	899	Total HIP Initiatives	1,099	108	(991)

Schools Budget

40. At Month 6 the Dedicated Schools Grant position is an in-year overspend of £2,840k. 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 £6,965k. This represents an adverse movement of £290k on the previously reported position, with £267k of this movement attributable to the continuing High Needs pressure, which is expected to worsen following the start of the new academic year.
41. In addition, the Month 6 position includes a £89k improvement on Early Years which reflects the adjustment to the two year old funding to reflect the number of children accessing the entitlement based upon the January 2018 census.

Collection Fund

42. A £1,088k surplus is projected against the Collection Fund at Month 6, a £79k adverse movement from Month 5, which is made up of a £706k surplus on Council Tax and a £382k surplus on Business Rates. The Council Tax surplus is largely as a result of strong in-year collection rates contributing £205k 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 Business Rates as a number of new developments in the borough have been brought into rating, with a £822k in-year surplus being sufficient to offset the brought forward deficit of £440k. The £78k adverse movement on Month 5 is due to a number of Business Rate appeals being resolved.

Housing Revenue Account

43. The Housing Revenue Account is currently forecasting a £275k favourable variance, resulting in a drawdown of reserves of £21,162k. This results in a projected 2018/19 closing HRA General Balance of £15,946k, with the use of reserves funding investment in new housing stock. The headline monitoring position incorporates underspends of £705k mainly in relation to planned works and contingency, offsetting a £430k predominantly from rental income.

Future Revenue Implications of Capital Programme

44. Appendix D to this report outlines the forecast outturn on the 2018/19 to 2022/23 Capital Programme, with a £65k 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 £556k 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 (£152k underspend, £4k improvement)

45. The CEO directorate is reporting an underspend of £152k at Month 6, representing a minor improvement of £4k on Month 5. The position across the group reflects a number of part year vacancies, non-staffing underspends and the overachievement of income within Human Resources.

Table 7: Chief Executive's Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
1,445	0	Democratic Services	Salaries	1,445	1,475	30	31	(1)
1,750	(29)		Non-Sal Exp	1,721	1,691	(30)	(30)	0
(602)	0		Income	(602)	(606)	(4)	(3)	(1)
2,593	(29)		Sub-Total	2,564	2,560	(4)	(2)	(2)
2,012	(13)	Human Resources	Salaries	1,999	1,920	(79)	(78)	(1)
361	26		Non-Sal Exp	387	374	(13)	(31)	18
(230)	0		Income	(230)	(270)	(40)	(12)	(28)
2,143	13		Sub-Total	2,156	2,024	(132)	(121)	(11)
1,954	75	Legal Services	Salaries	2,029	2,013	(16)	(25)	9
69	(13)		Non-Sal Exp	56	56	0	0	0
(260)	0		Income	(260)	(260)	0	0	0
1,763	62		Sub-Total	1,825	1,809	(16)	(25)	9
5,411	62	Chief Executive's Office Directorate	Salaries	5,473	5,408	(65)	(72)	7
2,180	(16)		Non-Sal Exp	2,164	2,121	(43)	(61)	18
(1,092)	0		Income	(1,092)	(1,136)	(44)	(15)	(29)
6,499	46		Total	6,545	6,393	(152)	(148)	(4)

46. Staffing underspends are reflective of a number of part year vacancies within Legal Services and the early delivery of 2019/20 MTF savings in Human Resources. A fully resourced Democratic Services establishment is leading to an unachievable managed vacancy factor; however, this is almost fully mitigated by a favourable Special Responsibility Allowances (SRAs) forecast with the recent reduction of two SRAs.
47. Income across the directorate is on track to achieve a small surplus, primarily as a result of increased newly qualified social worker placements in Human Resources. An adverse movement on non staffing expenditure reflects an increased number of Social Worker placements from London Metropolitan University, fully funded by contributions from the provider.

Finance (£267k underspend, £22k improvement)

49. The overall position for Finance at Month 6 is a forecast underspend of £267k. This is an improvement of £22k from Month 5 due predominantly to revised assumptions for recruitment as new operational structures within Business Assurance are fully established.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
2,058	(155)	Business Assurance	Salaries	1,903	1,781	(122)	(91)	(31)
1,443	0		Non-Sal Exp	1,443	1,514	71	51	20
(567)	0		Income	(567)	(567)	0	0	0
2,934	(155)		Sub-Total	2,779	2,728	(51)	(40)	(11)
1,540	0	Procurement	Salaries	1,540	1,584	44	44	0
64	0		Non-Sal Exp	64	55	(9)	(9)	0
(35)	0		Income	(35)	(35)	0	0	0
1,569	0		Sub-Total	1,569	1,604	35	35	0
3,505	(64)	Corporate Finance	Salaries	3,441	3,422	(19)	(18)	(1)
1,785	64		Non-Sal Exp	1,849	1,858	9	8	1
(151)	0		Income	(151)	(160)	(9)	(9)	0
5,139	0		Sub-Total	5,139	5,120	(19)	(19)	0
4,277	155	Revenues & Benefits	Salaries	4,432	4,527	95	94	1
1,847	(17)		Non-Sal Exp	1,830	1,910	80	85	(5)
(2,090)	0		Income	(2,090)	(2,479)	(389)	(384)	(5)
4,034	138		Sub-Total	4,172	3,958	(214)	(205)	(9)
536	0	Pensions, Treasury & Statutory Accounting	Salaries	536	530	(6)	(4)	(2)
207	0		Non-Sal Exp	207	204	(3)	(3)	0
(327)	0		Income	(327)	(336)	(9)	(9)	0
416	0		Sub-Total	416	398	(18)	(16)	(2)
11,916	(64)	Finance Directorate	Salaries	11,852	11,844	(8)	25	(33)
5,346	47		Non-Sal Exp	5,393	5,541	148	132	16
(3,170)	0		Income	(3,170)	(3,577)	(407)	(402)	(5)
14,092	(17)		Total	14,075	13,808	(267)	(245)	(22)

50. The Business Assurance staffing underspend is predominantly within Internal Audit. It reflects vacancies and savings following the recent BID review of the Service which have been covered through external consultancy during the implementation of the structure. The underspend on Corporate Finance reflects vacancies within the current establishment.
51. The net underspend position within the Revenues & Benefits Service includes staffing pressures reflecting the cost of temporary agency workers employed on DWP grant funded performance based schemes aiming to cut down fraud, and reduce errors in Housing Benefit claims.

52. Pensions, Treasury and Statutory Accounting is reporting an underspend of £18k, 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 (£630k overspend, £50k adverse movement)

53. Residents Services directorate is showing a projected outturn overspend of £630k at Month 6, excluding pressure areas that have identified contingency provisions.

Table 9: Residents Services Operating Budget

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
17,187	110	Infrastructure, Waste and ICT	Salaries	17,297	16,887	(410)	(390)	(20)
35,689	159		Non-Sal Exp	35,848	37,511	1,663	1,431	232
(10,543)	(488)		Income	(11,031)	(11,576)	(545)	(349)	(196)
42,333	(219)		Sub-Total	42,114	42,822	708	692	16
18,547	306	Housing, Environment, Education, Health & Wellbeing	Salaries	18,853	18,405	(448)	(502)	54
23,510	887		Non-Sal Exp	24,397	24,734	337	244	93
(17,361)	(1,037)		Income	(18,398)	(18,074)	324	411	(87)
24,696	156		Sub-Total	24,852	25,065	213	153	60
3,995	16	Planning, Transportation & Regeneration	Salaries	4,011	3,824	(187)	(136)	(51)
685	339		Non-Sal Exp	1,024	1,155	131	241	(110)
(4,059)	(131)		Income	(4,190)	(4,089)	101	(52)	153
621	224		Sub-Total	845	890	45	53	(8)
12,626	6	Administrative, Technical & Business Services	Salaries	12,632	12,292	(340)	(330)	(10)
4,116	57		Non-Sal Exp	4,173	4,003	(170)	(114)	(56)
(11,133)	31		Income	(11,102)	(10,928)	174	126	48
5,609	94		Sub-Total	5,703	5,367	(336)	(318)	(18)
52,355	438	Residents Services Directorate	Salaries	52,793	51,408	(1,385)	(1,358)	(27)
64,000	1,442		Non-Sal Exp	65,442	67,403	1,961	1,802	159
(43,096)	(1,625)		Income	(44,721)	(44,667)	54	136	(82)
73,259	255		Total	73,514	74,144	630	580	50

54. 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.
55. 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 10 below. At Month 6, projected calls on contingency are £1,178k below the budgeted provision, a £528k improvement on the Month 5 position. The table below shows the breakdown for each contingency item.

Table 10: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,736	0	Impact of Welfare Reform on Homelessness	1,736	958	(778)	(650)	(128)
1,172	0	Waste Disposal Levy & Associated Contracts	1,172	772	(400)	0	(400)
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
3,108	0	Current Commitments	3,108	1,930	(1,178)	(650)	(528)

56. The Month 6 data in Table 11 below shows a continuation of the reduction achieved in 2017/18 of the use of Temporary Accommodation. Although there has been an increase in the number of Households in higher cost Bed & Breakfast over the 2nd quarter of 2018/19, the total number accommodated remains below MTFF assumptions made by officers in modelling Supply and Demand.

Table 11: Housing Needs performance data

	July 18	August 18	September 18
All Approaches	223	176	203
Full Assessment Required	223	164	183
New into Temporary Accommodation (Homeless and Relief)	12	21	27
Households in Temporary Accommodation	480	476	483
Households in B&B	122	129	135

57. 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 £958k, £778k below the budgeted provision, a £128k favourable movement from Month 5. The service is forecasting the number of clients in B&B accommodation will be 130 at the end of the financial year, 20 below MTFF assumptions, whilst reducing the overall use and cost of Temporary Accommodation. This is expected to be achieved through maintaining a high number of placements into the private sector and the continued close monitoring of unit costs. The £128k improvement at month 6 largely reflects a forecast reduction in the cost of placements into the private sector.
58. 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 could require the service to draw on the Housing Incentives earmarked reserve, with any drawdown being subject to the usual approvals.
59. The call on the Waste contingency, to fund estimated population driven increases in the cost of tonnages via the West London Waste Authority (WLWA) levy and associated waste disposal contracts, is forecast at £772k, having been reduced by £400k at Month 6 from the budgeted provision of £1,172k. Whilst aggregate waste tonnages in the first six months of 2018/19 have shown an increase compared to the same period last year, the rate of increase has slowed

recently (in particular that for organic waste, which has been affected by the very dry summer). The current projections based on complete tonnage data for the first six months of the year indicate that costs can be managed within this reduced contingency sum in 2018/19.

Infrastructure, Waste and ICT (£708k overspend, £16k adverse)

60. At Month 6, there is a £708k 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.
61. The forecast pressure for Fleet Management is £683k, representing an £8k favourable movement and relates primarily to 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 in place and the service is implementing a refreshed capital Vehicle Replacement Programme that should enable some in-year savings to mitigate these pressures.
62. An earmarked reserve drawdown of £500k is offsetting the pressure of £376k in Waste Services (a £34k favourable movement). This projected underlying overspend results 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. Non-staffing costs are forecasting a pressure, due to overspends on refuse sacks for green and garden waste and mixed dry recycling.
63. The Highways and Street Lighting service shows an overall underspend of £25k (£80k lower than anticipated at Month 5) largely reflecting anticipated over-achievement against income targets, attributable to various revenue streams including S38, S278, vehicle crossings and fixed penalties.
64. The Capital and Planned Works service shows a projected pressure of £140k against base budget, a favourable movement of £48k. This reflects the latest forecast of 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 further.
65. The Corporate Communications Service is showing an overspend of £20k against budget, attributable to agency cover requirements and printing costs pressures.

Housing, Environment, Education, Health & Wellbeing (£213k overspend, £60k adverse movement)

66. At Month 6 there is a £213k forecast, overspend across the service representing a £60k adverse movement from the Month 5 position. Green Spaces shows an adverse movement of £164k from Month 5 reflecting reactive repairs and maintenance works in Green Spaces above planned provision, additional spend on machinery in Grounds Maintenance and additional repairs required to Golf turfs caused by the long dry summer plus sessional staff in libraries. The overall position continues to reflect underspends on hard to recruit posts within Youth services, reductions in income streams as a result of HS2 implementation within Golf and forecast pressures on non-staffing budgets within Parks and Open Spaces.

67. Underspends from vacant posts within Trading Standards and projected underspends on Voluntary sector grants are forecast at Month 6. The wider Public Health position will be influenced by outcomes from the BID review, which is currently focused on areas of contract spend and ensuring efficient provision of mandated services.

Planning, Transportation & Regeneration (£45k overspend, £8k favourable movement)

68. A net pressure of £45k is reported across the service at Month 6; with a £187k underspend on workforce budgets across Planning Services and Road Safety being offset by £232k pressures across non-staffing budgets. A minor £8k favourable movement is reported from Month 5.
69. Workforce underspends continue to reflect challenging market conditions for the recruitment and retention of professional Planning Officers, with a corresponding increase in reliance on external consultancy contributing towards the non-staffing pressure. The reported non-staffing position includes a £130k uplift in fees for outsourced planning applications processing, for which a specific funding strategy is still to be determined.
70. A breakeven position is reported against the £4,089k Development and Building Control revenue streams, although these continue to be closely monitored alongside corresponding contract expenditure 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 (£336k underspend, £18k improvement)

71. The service is reporting a forecast underspend of £336k at Month 6, representing an £18k improvement on the month. The underspend is primarily due to high staff turnover and part year vacancies within the support services (Business Services, Technical Administration and the Contact Centre).
72. Within this position, there are ongoing pressures across revenue income streams. 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 £441k. This pressure is being offset by additional on-street parking income and anticipated drawdown from Earmarked Reserves. Within the Heathrow Imported Food Unit, prolonged warmer weather this summer has created a drop in imported soil product as produce continues to be grown domestically, resulting in reduced testing fees income.

Social Care (£10k underspend, £55k improvement)

73. Social Care is projecting an underspend of £10k as at Month 6, an improvement of £55k on the Month 5 projections due to minor movements across all services. 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 12: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
14,762	(6)	Children's Services	Salaries	14,756	14,835	79	70	9
17,224	126		Non-Sal Exp	17,350	17,822	472	346	126
(6,483)	(201)		Income	(6,684)	(6,849)	(165)	(35)	(130)
25,503	(81)		Sub-Total	25,422	25,808	386	381	5
8,358	105	Early Intervention, Prevention & SEND	Salaries	8,463	7,802	(661)	(642)	(19)
6,044	(105)		Non-Sal Exp	5,939	6,073	134	111	23
(2,243)	(14)		Income	(2,257)	(1,954)	303	303	0
12,159	(14)		Sub-Total	12,145	11,921	(224)	(228)	4
4,139	(31)	Social Care, OPS & PD	Salaries	4,108	3,872	(236)	(195)	(41)
38,672	(1,249)		Non-Sal Exp	37,423	39,017	1,594	1,205	389
(12,159)	66		Income	(12,093)	(13,497)	(1,404)	(1,076)	(328)
30,652	(1,214)		Sub-Total	29,438	29,392	(46)	(66)	20
4,208	(227)	Learning Disability and Mental Health Service	Salaries	3,981	4,090	109	119	(10)
34,031	743		Non-Sal Exp	34,774	35,328	554	527	27
(7,291)	(1,242)		Income	(8,533)	(9,235)	(702)	(639)	(63)
30,948	(726)		Sub-Total	30,222	30,183	(39)	7	(46)
11,719	409	Provider and Commissioned Care	Salaries	12,128	12,118	(10)	(81)	71
3,348	699		Non-Sal Exp	4,047	4,090	43	134	(91)
(601)	(22)		Income	(623)	(743)	(120)	(102)	(18)
14,466	1,086		Sub-Total	15,552	15,465	(87)	(49)	(38)
43,186	250	Social Care Directorate Total	Salaries	43,436	42,717	(719)	(729)	10
99,319	214		Non-Sal Exp	99,533	102,330	2,797	2,323	474
(28,777)	(1,413)		Income	(30,190)	(32,278)	(2,088)	(1,549)	(539)
113,728	(949)		Total	112,779	112,769	(10)	45	(55)

Social Care Development and Risk Contingency (£1,725k overspend, £441k adverse)

74. 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 13 sets out the Month 6 projected position for the Development and Risk Contingency, which is reporting a pressure of £1,725k; an adverse movement of £441k on the Month 5 projections, due to a further increase in the cost of Looked After Children placements and an increase in SEN Transport, due to an increase in pupil numbers that cannot be placed on existing routes.
75. The forecast overspend is due to continuing 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. The service are also experiencing growth in SEN Transport requirements, where the service have firmed up the impact of the new academic year and the new transport requirements. There is also an underlying growth in Adult placements with a Learning Disability and Mental Health primary care need.

Table 13: Social Care Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 6		Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,885	0	Asylum Service	1,885	1,985	100	100	0
797	0	Demographic Growth - Looked After Children	797	1,566	769	669	100
367	0	Demographic Growth - Children with Disabilities	367	731	364	364	0
277	0	Social Worker Agency Contingency	277	399	122	122	0
443	0	SEN transport	443	773	330	0	330
730	0	Demographic Growth - Adult Social Care	730	770	40	29	11
50	0	Winterbourne View	50	50	0	0	0
4,549	0	Current Commitments	4,549	6,274	1,725	1,284	441

Asylum Service (£100k overspend, no change)

76. The service is projecting a drawdown of £1,985k from the contingency, no change on the Month 5 projections. The Home Office released the outcome of their funding review, which clarifies that there will be no change in 2018/19. The pressure reported relates to a drop in the level of income, following the submission of the grant claims, which were held up pending the outcome of this review.
77. 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 results in a lower volume of under 18 cases being supported by Hillingdon. However, 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 together with a slowdown in the number of authorities willing to take UASC, which may have an impact on the projected position going forward.

Demographic Growth - Looked After Children (£769k overspend, £100k adverse)

78. The service is projecting a drawdown of £1,566k from the Contingency, an overspend of £769k and an adverse movement of £100k on the Month 5 projections. The majority of this pressure relates to an increase in the 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 £4,000 per week, and that the length of stay is much greater than in previous years due to the complex nature of the support required. It is also evident that the type of places needed are becoming increasingly harder to source as other Councils are trying to secure similar placements.
79. 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 (£364k overspend, no change)

80. The service is projecting a draw down of £731k from the Contingency, an overspend of £364k, no change on the Month 5 projections. 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) (£122k overspend, no change)

81. The service is projecting a drawdown of £399k from this contingency, an overspend of £122k and no change on the Month 5 position, which continues to reflect the latest recruitment success of Newly Qualified Social Workers. The pressure relates to 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 greater than the current total cost of a permanent member of staff. The current figures, based on hard to fill posts, indicates that the current percentage usage of agency staff has dropped to 38%, based on the latest anticipated recruitment activity.

Demographic Growth - SEN Transport (£330k overspend, £330k adverse)

82. The service is projecting a drawdown of £773k from the SEN Transport contingency, an overspend of £330k and an adverse movement of £330k on the Month 5 position. This reflects the latest position taking into account the impact of the start of the new academic year, which generally has the greatest movement. The additional cost is required to cover the increase in the number of pupils that have an Education, Health and Care Plan (EHCP). In most cases the increase in the SEN pupil population has been absorbed in existing routes, but given the extent of the increase it is now clear that the service will need to purchase additional routes for some children, which has resulted in additional funding being required from the contingency.

Demographic Growth - Adult Social Care (£40k overspend, £11k adverse)

83. The service is projecting a drawdown of £2,647k from the Transitional Children contingency, an overspend of £40k, a minor adverse movement of £11k from Month 5 projections. It is evident that some of the costs are slightly lower at the beginning of the adult placement for Transitional Children, as some of the children choose to stay on in education. However, these individuals will eventually be fully funded from the Adult Social Care budget once they turn 25.
84. 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 (estimated to be £356k) will be covered by liquidated damages from the contractor.

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 (£10k underspend, £55k improvement)

Children's Services (£386k overspend, £5k adverse)

86. The service is projecting an overspend of £386k, as at Month 6, a slight adverse movement of £5k on the Month 5 projections. 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.
87. The service is currently managing a pressure in Legal costs and the cost of supporting Section 17 cases, through management action and by implementing new ways of working. Additionally, the in house Legal Service has recruited an additional advocate, which should help to reduce external Legal costs.

Early Intervention, Prevention & SEND (£224k underspend, £4k adverse)

88. The service is projecting an underspend of £224k as at Month 6, a slight adverse movement of £4k on the Month 5 projections. 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 £224k 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. The position also includes a projected overspend of £148k in the Early Years Centres budgets, following the transfer of responsibility from the Dedicated Schools Grant into the Council's base budget with effect from 1 September 2018.

Older People and Physical Disabilities (£46k underspend, £20k adverse)

89. The service is projecting an underspend of £46k as at Month 6, an adverse movement of £20k on the Month 5 projections, due to an increase in non staffing costs. The service has an underspend of £236k on staffing, where the service has a number of vacant posts. In addition, there is a £1,404k forecast overachievement of income of which £1,082k relates to clients and external organisations and the balance of £322k relates to an increase in the capitalisation of adaptation and minor works costs. These are netted down by an overspend of £1,647k on non staffing costs, which predominantly relates to the cost of care packages.

Learning Disability and Mental Health (£39k underspend, £46k improvement)

90. The service is projecting an underspend of £39k as at Month 6, an improvement of £46k on the Month 5 projections, due to an increase in external income. The service is currently reporting an overspend of £109k 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 £702k, which is netted down by an increase in the cost of placements totalling £554k. There is also an adverse movement in DOLs spend due to recruitment delays for the new In-House team resulting in an increase in contractor spend. This is exacerbated by growth in the number of monthly assessments being done following the recent CQC review at Hillingdon Hospital. This has increased referrals by circa eight a month.

Provider and Commissioned Care (£87k underspend, £38k improvement)

91. The service is projecting an underspend of £87k as at Month 6, an improvement of £38k on the Month 5 projections. This includes an underspend of £10k on staffing, which relates predominantly to the Reablement service, a surplus of £120k in income, which relates to CCG grant funding received for one post, netted down by an overspend of £43k 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.

Appendix B – Other Funds

COLLECTION FUND (£1,088k underspend, £79k adverse movement)

92. A surplus of £1,088k is reported within the Collection Fund at Month 6, relating to favourable positions on both Council Tax and Business Rates, which is predominantly driven by strong growth in Rateable Value in the borough and a carry forward surplus within Council Tax. This represents a £79k adverse movement from the position reported at Month 5. Any surplus realised at outturn will be available to support the General Fund budget from 2019/20 onwards.
93. A surplus of £706k is projected against Council Tax at Month 6, predominantly as a result of strong collection rates continuing into and throughout 2018/19 and the brought forward surplus of £499k relating to better than expected performance during 2017/18. This represents an improvement of £2k from the Month 5 position as shown in Table 14.

Table 14: Collection Fund

Original Budget £'000	Budget Changes £'000	Service		Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
				Revised Budget £'000	Forecast Outturn £'000			
(121,176)	0	Council Tax	Gross Income	(121,176)	(121,230)	(54)	(207)	153
10,918	0		Council Tax Support	10,918	10,765	(153)	2	(155)
(2,680)	0		B/fwd Surplus	(2,680)	(3,179)	(499)	(499)	0
(112,938)	0		Sub-Total	(112,938)	(113,644)	(706)	(704)	(2)
(109,696)	124	Business Rates	Gross Income	(109,572)	(110,770)	(1,198)	(1,482)	284
(3,849)	0		Section 31 Grants	(3,849)	(4,051)	(202)	(204)	2
53,246	0		Less: Tariff	53,246	53,246	0	0	0
7,451	0		Less: Levy	7,451	8,029	578	783	(205)
69	0		B/fwd Deficit	69	509	440	440	0
(52,779)	124		Sub-Total	(52,655)	(53,037)	(382)	(463)	81
(165,717)	124	Total Collection Fund		(165,593)	(166,681)	(1,088)	(1,167)	79

94. Table 14 shows a £382k net surplus reported across Business Rates at Month 6, driven by strong growth in Gross Rates due to a number of new developments in the borough being brought into rating. This £822k in-year underspend is sufficient to off-set the brought forward deficit of £440k. The £81k adverse movement from month 5 is caused by four appeals against property rateable valuation being recently decided by the District Valuer. These appeals have been backdated to April 2010, leading to a significant loss of Gross Rateable Value, which has been mitigated by the use of the provision for appeals built into the Collection Fund budget.

SCHOOLS BUDGET

Dedicated Schools Grant (£2,840k overspend, £290k adverse)

95. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £2,840k at month 6. This is an adverse movement of £290k from the month 5 position, due to continuing pressures in the cost of High Needs placements, and an increase in looked after children placements. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £6,965k.

Table15: DSG Income and Expenditure 2018/19

Original Budget	Budget Changes	Funding Block	Month 6			Variance (as at Month 5)	Movement from Month 5
			Revised Budget	Forecast Outturn	Variance		
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(275,559)	2,260	Dedicated Schools Grant Income	(273,299)	(273,299)	0	0	0
214,132	0	Schools Block	214,132	213,821	(311)	(311)	0
26,100	(2,238)	Early Years Block	23,862	24,418	556	645	(89)
2,773	0	Central School Services Block	2,773	2,935	162	50	112
32,554	(22)	High Needs Block	32,532	34,965	2,433	2,166	267
0	0	Total Funding Blocks	0	2,840	2,840	2,550	290
0	0	Balance Brought Forward 1 April 2018	4,125	4,125			
0	0	Balance Carried Forward 31 March 2019	4,125	6,965			

Dedicated Schools Grant Income (nil variance, no change)

96. The DSG has now been realigned to reflect all known funding adjustments. 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, no change)

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 majority of this underspend.
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.

Early Years Block (£556k overspend, £89k improvement)

100. 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.
101. The 3 and 4 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 £501k overspend in 2018/19.
102. It has been agreed that the 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. The outturn position for the three centres at the end of August is a £100k overspend, as a consequence of a shortfall in the levels of income being generated. The only additional charges to the DSG in relation to the Early Years Centres will be for overheads which will be calculated at the end of the financial year.
103. There is currently an overspend of £38k 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.
104. These overspends are partly offset by a £23k underspend in the Family Information Service where there have been vacant posts for part of the year along with a projected underspend in vulnerable children funding as fewer children are being identified as requiring additional support.

Central School Services Block (£162k overspend, £112k adverse)

105. The overspend follows confirmation from the ESFA that the copyright licences for schools should be charged to the centrally retained DSG. The DSG budget was set with the view that these licenses could be charged to the Schools Block, and therefore no budget was included within the Central School Services Block.
106. The £112k adverse movement from the month 5 projection is as a result of an increase in the number of looked after children being educated in residential settings out of borough.
107. The overspend is partly offset by 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 (£2,433k overspend, £267k adverse)

108. There continues to be significant pressure in the High Needs Block with an overspend of £2,433k being projected at month 6. The main driver for this is linked to the transfer of pupils from statements to Education, Health and Care plans (EHCPs). As pupils were transferred to

an EHCP they moved onto the new banded funding model which often resulted in a higher resource requirement. The transfer process was completed by 31 March 2018; however, there are still cases where schools are querying the funding levels allocated. These cases are subject to a further review and following the submission of additional evidence often a higher level of resource is agreed. The 2018/19 budget was increased to reflect this anticipated increase, but the budget is still insufficient.

109. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Early Intervention Funding (EIF) as an alternative to the allocation of statutory funding for children with SEN who experience significant barriers to learning. This funding allows schools to access funding quicker to enable them to intervene early and have the greatest impact. The current projected spend on EIF in 2018/19 is £146k.
110. There is 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. There is an overspend on post-19 SEN placements as this now takes into account new placements from September 2018. The costs here will possibly increase further once full details of the September 2018 cohort are known in the coming few weeks.

Appendix C – HOUSING REVENUE ACCOUNT

112. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £21,162k, which is £275k more favourable than the budgeted position and the overall movement from Month 5 is a favourable £61k. The 2018/19 closing HRA General Balance is forecasted to be £15,946k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area:

Table 16: Housing Revenue Account

Service	Month 6		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,932)	(55,279)	653	582	71
Other Income	(4,877)	(5,100)	(223)	(189)	(34)
Net Income	(60,809)	(60,379)	430	393	37
Housing Management	12,819	12,980	161	131	30
Tenant Services	4,172	4,102	(70)	(62)	(8)
Repairs	5,056	5,255	199	69	130
Planned Maintenance	4,360	3,995	(365)	(365)	0
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	1,110	(630)	(380)	(250)
Operating Costs	82,246	81,541	(705)	(607)	(98)
(Surplus) / Deficit	21,437	21,162	(275)	(214)	(61)
General Balance 01/04/2018	(37,108)	(37,108)	0	0	0
General Balance 31/03/2019	(15,671)	(15,946)	(275)	(214)	(61)

113. Rental Income is forecast to under recover by £653k, an adverse movement of £71k on Month 5 due to changes in the assumptions of when new stock will be rented.
114. Other Income is forecast to over recover by £223k, a favourable movement of £34k on Month 5 due to increased forecast income on leasehold contributions.
115. The number of RTB applications received in the first six months of 2018/19 was 87 compared to 93 for the same period in 2017/18, a reduction of 6%. There have been 24 RTB completions in the first six months of 2018/19 compared to 34 for the same period in 2017/18, a reduction of 29%. The RTB sales forecast is reviewed on a monthly basis and as at Month 6; the 2018/19 forecast remains the same as the budget at 60 RTB sales.

Expenditure

116. The Housing management service is forecast to overspend by £161k, an adverse movement of £30k on Month 5 due to increased forecasts on running costs.

117. Tenant services is forecast to underspend by £70k, a favourable movement of £8k on Month 5 due to a reduction in agency forecasts.
118. The repairs budget is forecast to overspend by £199k, an adverse movement of £130k on Month 5 due to an increase in the voids expenditure £106k and staffing costs £24k. The planned maintenance budget is forecast to underspend by £365k, nil movement from Month 5.
119. The forecasts for the capital programme funding and interest and investment remain unchanged from Month 5.
120. The development and risk contingency budget is forecast to underspend by £630k, a favourable movement of £250k on Month 5 due to reduced forecast expenditure on the Housing Zone project.

HRA Capital Expenditure

121. 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 £18,161k, £20,291k due to re-phasing and a cost overspend of £2,130k. There is no change compared to Month 5.

Table 17: 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	Movement 2018-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects								
New General Needs Housing Stock	24,147	16,575	0	(7,572)	138,133	138,133	0	0
New Build - Appropriation of Land	8,635	10,765	2,130	0	8,635	10,765	2,130	0
New Build - Shared Ownership	6,382	1,168	0	(5,214)	15,596	15,596	0	0
New Build - Supported Housing Provision	12,884	9,387	0	(3,497)	15,343	15,343	0	0
HRA General Capital Contingency	8,908	8,908	0	0	8,908	8,908	0	0
Total Major Projects	60,956	46,803	2,130	(16,283)	186,615	188,745	2,130	0
HRA Programmes of Work								
Works to stock programme	20,619	16,611	0	(4,008)	57,797	57,797	0	0
Major Adaptations to Property	2,135	2,135	0	0	7,160	7,160	0	0
ICT	81	81	0	0	162	162	0	0
Total HRA Programmes of Work	22,835	18,827	0	(4,008)	65,119	65,119	0	0
Total HRA Capital	83,791	65,630	2,130	(20,291)	251,734	253,864	2,130	0
Movement on Month 5	0	0	0	0	0	0	0	0

Major Projects

122. The 2018/19 Major Projects programme revised budget is £60,956k and the forecast expenditure is £46,803k, with a re-phasing of £16,283k, and a cost variance of £2,130k during the period 2018-2023. There is no change in the re-phasing compared to Month 5.

New General Needs Housing Stock

123. The 2018/19 General Needs Housing Stock revised budget is £24,147k. There is a forecast re-phasing of £7,572k across the General Needs programme due to the construction works across a number of developments commencing later than initially expected. This represents no change on the Month 5 position.
124. To date 24 buybacks have been approved with each acquisition at different stages of completion. A further nine properties are pending approval, combined all the potential buybacks are estimated to cost up to £10,059k.
125. 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 has now been approved and is in the process of appointment. It is expected that on site works will commence in November 2018.
126. The Housing programme comprising seven units of new build properties and five extensions or conversions at various sites has progressed with all the extensions and conversions now complete. The new build at Cherry Lane is complete, Fir Tree is substantially complete and Hornbeam is due for completion in November 2018.
127. Lead Consultants and architects have been appointed for the three developments at Belmore allotments, Maple and Poplar Day Centre and Willow Tree. The employer's agents and appointed architects continue to work on finalising the design of the schemes. The planning application for the Maple and Poplar site has been approved with the Willow Tree development also approved by committee subject to the S106 obligations being signed off. The planning approval for the Belmore site remains outstanding. Demolition works at all 3 sites will commence upon approval to appoint the preferred contractor.

New Build – Appropriation of Land

128. 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

129. The New Build Shared Ownership 2018/19 revised budget is £6,382k, with a forecast expenditure of £1,168k and a re-phasing of £5,214k, nil movement on Month 5.
130. 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.
131. 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. Consultants are now progressing designs and preparing tender documents ready to gain expressions of interest.

New Build – Supported Housing

132. 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 £3,497k due to a combination of the Parkview and Yiewsley schemes, with the former scheme being subject to liquidated damages. There is no change in the re-phasing compared to the Month 5 position.

133. 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.
134. The programme at Grassy Meadow has been completed in August 2018; however, the development at Parkview will run beyond its target completion date with implications addressed in the Social Care section this report.

HRA General Contingency

135. The HRA General Capital Contingency revised budget is £8,908k and the forecast is break even. The contingency budget is included within the HRA capital programme to ensure the Council retains sufficient flexibility to secure additional housing units where opportunities become available.

HRA Programmes of Work

136. The Works to Stock re-phasing variance is £4,008k, nil movement on the Month 5 position.
137. The revised major adaptations budget is £2,135k and this is forecast to be fully spent.
138. The HRA ICT budget is £81k and the forecast is break even.

HRA Capital Receipts

139. There have been 24 Right to Buy sales of council dwellings as at the end of August 2018 for a total gross sales value of £5,180k and a further 36 sales are forecast to bring the yearly total to 60, totalling £10,992k in 2018/19.
140. 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.
141. 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.
142. The cumulative spend requirement for 2018/19 Q1 was not met as reported in the Cabinet report for Month 4 and the Q2 cumulative spend requirement has been met.

Appendix D - GENERAL FUND CAPITAL PROGRAMME

143. As at Month 6 an under spend of £39,718k is reported on the £126,047k 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 £65k.
144. General Fund Capital Receipts of £18,523k are forecast for 2018/19; with a shortfall of £848k in total forecast receipts to 2022/23.
145. Overall, Prudential Borrowing required to support the 2018/19 to 2022/23 capital programmes is forecast to be over budget by £556k. This is mainly due to a combined shortfall of £1,848k in forecast capital receipts and Community Infrastructure Levy receipts, partly offset by favourable increases in grants and contributions of £1,227k and cost under spends of £65k.

Capital Programme Overview

146. Table 19 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2018.

Table 18– General Fund Capital Programme Summary

	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Movement from Month 5
	£'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	110,360	110,385	25	125
General Contingency	7,039	7,039	-	
Total Capital Programme	392,591	392,526	(65)	125
Movement	478	603	125	

147. The revised five year programme budget has increased by £478k due partly to £229k further contributions to the Schools' devolved programme and an allocation of £249k Section 106 funding for towpath improvements to the Grand Union Canal.
148. The Schools programme reports a cost saving of £90k on project contingency and highways works for the replacement of Northwood Academy. The expansions at Warrender and Hillside Primary schools are at various stages of progress and are expected to be complete in the first half of 2019. The all weather sports pitch at Vyners Secondary School has been completed and works are in progress for the main expansion, which is expected to be finished towards the end of next year. Tenders are under evaluation for the expansion at Ruislip High with a contractor to be appointed shortly. Works on site are expected to commence early next year, with completion anticipated in April 2020.

149. Projects to increase provision for young persons and pupils with Special Educational Needs are planned to be delivered at four sites in 2018/19 and ten schools and colleges overall over three years.
150. The Self-Financing development programme includes two major mixed residential developments at the former Belmore Allotments and Yiewsley pool sites. The Yiewsley sites redevelopment includes the re-provision of the library and discounted market sale housing. Options are being developed on all sites, including the re-provision of the swimming pool budgeted within the Main Programme. Design work is in progress for the housing development at Belmore Allotments with a planning application to be submitted. The budget also includes £50,000k to finance the newly incorporated housing company Hillingdon First.
151. The Main programme includes major schemes such as the re-provision of Hillingdon Outdoor Activity Centre (HOAC), for which a planning application for a temporary building has recently been submitted. Permanent arrangements are to be in place in 2020/21. Public realm works are in progress on several town centre improvements continuing into next year.
152. Programmes of Works reports an increase of £162k on Social Care equipment capitalisation, which comprises an additional £322k for community equipment partially offset by a forecast under spend of £160k on telecare equipment. This will be financed by available Disabled Facilities Grant and does not impact on Council resources. There is further under spend of £25k on the private sector renewal grants budget which is not expected to be fully committed this year. The School Conditions Programme also reports a small under spend of £12k on a completed scheme. The CCTV programme has been accelerated with installations of new and upgraded cameras at various locations throughout the borough being carried out this year.
153. The 2018/19 unallocated general contingency budget remains at £1,039k. In total there are £7,039k contingency funds available over the period 2018-23.

Capital Financing - General Fund

154. Table 19 below outlines the latest financing projections for the capital programme, with an adverse medium term variance of £556k reported on Prudential Borrowing, due mainly to a forecast shortfall in other Council resources.

Table 19 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	Movemen t
Council Resource Requirement	98,370	61,227	(37,143)	277,198	275,906	(1,292)	(752)
Financed By Prudential Borrowing							
Service Developmen t	45,517	23,954	(21,563)	100,410	100,966	556	(252)
Self Financing	26,860	15,250	(11,610)	78,215	78,215	-	-
Total Borrowing	72,377	39,204	(33,173)	178,625	179,181	556	(252)
Financed By Other Council Resources							
Capital Receipts	21,493	18,523	(2,970)	72,073	71,225	(848)	-
CIL	4,500	3,500	(1,000)	26,500	25,500	(1,000)	(500)
Total Council Resources	98,370	61,227	(37,143)	277,198	275,906	(1,292)	(752)
Grants & Contributio ns	27,677	25,102	(2,575)	115,393	116,620	1,227	877
Capital Programme	126,047	86,329	(39,718)	392,591	392,526	(65)	125
Movement	478	(4,209)	(4,687)	478	603	125	

155. Total approved prudential borrowing is £178,625k 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.
156. In 2018/19 forecast capital receipts amount to £18,523k after financing transformation costs and as at the end of September an amount of £606k has been received with another sale expected to complete in October and other sites planned to go to auction early next year. A major site has been approved to be sold to Hillingdon First at the market valuation of £3,500k and this is included in the forecast. Forecast receipts in 2018/19 also 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.
157. As at the end of September a total of £1,026k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year, a nil movement from last month. The forecast has been reduced by a further £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.

158. The reduction in CIL has been mitigated by additional Section 106 contributions identified towards existing schemes totalling £715k, including the Schools Expansions Programme, CCTV and Town Centres programmes. The other movement in the Grants and Contributions forecast relates to the allocation of available Disabled Facilities Grant of £162k towards increased Social Care equipment capitalisation. 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.
159. An adverse variance of £556k 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'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Education and Children Services										
137,138	Primary Schools Expansions	93	93	0	0	93	93	0	93	0	0
4,352	New Primary Schools Expansions	8,880	8,583	0	(297)	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	21,306	33,225	429
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	768	0	768	1,640	1,640	0	0	1,640	0
188,098	Total Schools Programme	31,850	17,279	(90)	(14,481)	72,316	72,226	(90)	35,732	36,065	429

ANNEX B - Self Financing Developments

Prior Year Cost	Project	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance	2018/19 Forecast Re-phasing	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Self Financing Developments										
	Finance, Property and Business Services										
14	Yiewsley Site Development	1,860	250	0	(1,610)	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	15,000	0	(10,000)	50,000	50,000	0	50,000	0	0
	Social Services, Housing, Health and Wellbeing										
0	Woodside GP Surgery	0	0	0	0	1,939	1,939	0	1,939	0	0
14	Total Self Financing Developments	26,860	15,250	0	(11,610)	79,544	79,544	0	78,215	0	1,329

ANNEX C - Main Programme

Prior Year Cost	Project	2018/19 Revised Budget £'000	2018/19 Forecast £'000	2018/19 Cost Variance £'000	2018/19 Forecast Re-phasing £'000	Total Project Budget 2018-23 £000	Total Project Forecast 2018-23 £000	Total Project Variance 2018-23 £000	Project Forecast Financed by:		
									Council Resources £000	Gov't Grants £000	Other Cont'ns £000
	Community, Commerce and Regeneration										
2,200	Gateway Hillingdon	950	950	0	0	950	950	0	950	0	0
6,274	Hayes Town Centre Improvements	2,687	1,687	0	(1,000)	2,962	2,962	0	306	1,300	1,356
448	Inspiring Shopfronts	247	147	0	(100)	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	534	0	(511)	1,045	1,045	0	807	0	238
	Central Services, Culture and Heritage										
0	New Museum	525	25	0	(500)	5,632	5,632	0	4,882	0	750
0	New Theatre	300	25	0	(275)	44,000	44,000	0	42,950	0	1,050
	Finance, Property and Business Services										
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	25	0	(375)	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	5,043	0	(1,945)	26,488	26,488	0	0	0	26,488
	Planning, Transportation and Recycling										
0	RAGC Car Park	250	50	0	(200)	250	250	0	250	0	0
4,017	Street Lighting - Invest to Save	1,483	1,483	0	0	1,483	1,483	0	1,483	0	0
	Social Services, Housing, Health and Wellbeing										
0	1 & 2 Merrimans Housing Project	620	50	0	(570)	620	620	0	620	0	0
	Cross Cabinet Member Portfolios										
4,356	Projects Completing in 2018/19	449	449	0	0	449	449	0	444	0	5
24,854	Total Main Programme	26,156	17,975	0	(8,181)	123,332	123,332	0	92,145	1,300	29,887

ANNEX D – Programme of Works

Prior Year Cost	Project	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance	Forecast Re-phasing	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Project Forecast Financed by:		
									Council Resources	Govt Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Leaders Initiative	393	323	0	(70)	1,193	1,193	0	1,193	0	0
	Community, Commerce and Regeneration										
N/A	Chrysalis Programme	1,331	1,331	0	0	5,331	5,331	0	5,316	0	15
N/A	Playground Replacement Programme	250	200	0	(50)	750	750	0	750	0	0
	Central Services, Culture and Heritage										
N/A	Bowls Clubs Refurbishments	651	433	0	(218)	1,151	1,151	0	1,151	0	0
N/A	Libraries Refurbishment Programme	1,000	500	0	(500)	3,000	3,000	0	3,000	0	0
N/A	Leisure Centre Refurbishment	1,601	250	0	(1,351)	3,101	3,101	0	3,101	0	0
	Education and Children Services										
N/A	Devolved Capital to Schools	1,208	1,208	0	0	2,240	2,240	0	0	1,846	394
N/A	School Building Condition Works	3,059	1,922	(12)	(1,125)	9,859	9,847	(12)	1,655	7,140	1,052
	Finance, Property and Business Services										
N/A	Civic Centre Works Programme	1,564	1,364	0	(200)	3,564	3,564	0	3,564	0	0
N/A	Corporate Technology and Innovation	1,104	824	0	(280)	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	1,677	0	81
N/A	Youth Provision	1,409	1,000	0	(409)	2,409	2,409	0	2,409	0	0
	Planning, Transportation and Recycling										
N/A	Highways Structural Works	8,265	8,265	0	0	17,265	17,265	0	17,265	0	0
N/A	Road Safety	202	202	0	0	802	802	0	802	0	0
N/A	Transport for London	7,087	6,237	0	(850)	19,979	19,979	0	0	19,223	756
N/A	Purchase of Vehicles	3,911	3,411	0	(500)	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
	Social Services, Housing, Health and Wellbeing										
N/A	Disabled Facilities Grant	2,300	2,300	0	0	11,500	11,500	0	0	11,500	0
N/A	PSRG / LPRG	225	100	(125)	0	1,125	1,000	(125)	1,000	0	0
	Cross Cabinet Member Portfolios										
N/A	Environmental/Recreational Initiatives	887	687	0	(200)	887	887	0	887	0	0
N/A	Section 106 Projects	516	203	0	(313)	516	516	0	0	0	516
N/A	Equipment Capitalisation - Social Care	985	1,147	162	0	4,925	5,087	162	0	5,087	0
N/A	Equipment Capitalisation - General	491	491	0	0	1,943	1,943	0	1,943	0	0
	Total Programme of Works	40,142	34,786	25	(5,381)	110,360	110,385	25	62,775	44,796	2,814

Appendix E – Treasury Management Report as at 30 September 2018

Outstanding Deposits

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	35.6	48.70	65.00
1-2 Months	19.5	26.68	15.00
2-3 Months	0.0	0.00	0.00
3-6 Months	3.0	4.10	5.00
6-9 Months	0.0	0.00	0.00
9-12 Months	0.0	0.00	0.00
Total	58.1	79.48	85.00
Strategic Funds	15.0	20.52	15.00
Total	73.1	100.00	100.00

160. Deposits are held with UK institutions or overseas institutions all of which hold a minimum A Fitch (or lowest equivalent) long-term credit rating. UK deposits are spread between AAA rated Money Market Funds, an AAA rated Pooled Fund, Goldman Sachs International Bank, Lloyds Bank plc, UK Government Treasury Bills, London Borough of Hackney and Northumberland CC. Overseas deposits are held with DBS (Development Bank of Singapore) and Svenska Handelsbanken. There is also an allocation to Strategic Pooled Funds.
161. The average rate of return on day-to-day operational treasury balances is 0.54%. 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.
162. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities needed to manage daily cashflows, it is not possible to fully protect Council funds from bail-in risk. At the end of September, 65% of the Council's total funds have exposure to bail-in risk compared to a September benchmark average of 60% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 14% once instant access facilities are removed from the bail-in total.
163. Liquidity was maintained throughout September by placing surplus funds in instant access accounts and making short-term deposits with the DMADF and London Borough of Hackney. 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, Cheltenham BC and Cornwall Council.

Outstanding Debt - Average Interest Rate on Debt: 3.41%

	Actual (£m)	Actual (%)
General Fund		
PWLB	44.66	18.12
Long-Term Market	15.00	6.08
HRA		
PWLB	153.82	62.41
Long-Term Market	33.00	13.39
Total	246.48	100.00

164. There were three scheduled EIP debt repayments during September, two of which were for £0.75m and the other for £1m. Gilts yields increased over the course of the month; however, premiums remained too high to make early repayment of debt feasible; however, with the potential need to borrow later in the year, repayment of any debt is unlikely.
165. There are no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
166. In order to maintain maintain liquidity for day-to-day business operations during October, cash balances will be mainly be placed in instant access accounts and short-term deposits. Opportunities to place a portion of funds longer term will be monitored in the hope to achieve a higher average rate of return.

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

167. 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

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Residents Services						
Project Manager	24/04/2018	09/10/2018	31/12/2018	49	23	72
Private Sector Housing Team Manager	01/02/2018	29/10/2018	31/12/2018	66	23	88
Private Sector Housing Officer	18/06/2018	19/11/2018	31/12/2018	71	11	82
Development Surveyor	06/11/2017	05/11/2018	03/02/2019	108	27	136
Interim Head of Waste Services (& Project Manager – Infrastructure, Procurement, Waste Services & ICT)	06/07/2018	18/10/2018	30/11/2018	44	17	61
Major Application (PPA) Planner	20/03/2017	15/10/2018	18/01/2019	157	25	182
Technician/Engineer	03/07/2018	25/09/2018	25/12/2018	51	12	63
Chief Executives Office						
Senior Lawyer ASC ECS	23/04/2018	22/10/2018	14/04/2019	37	41	78
Senior Lawyer ASC ECS	14/05/2018	22/11/2018	12/05/2019	27	47	84
Finance						
Benefits Officer	02/08/2017	08/10/2018	06/01/2019	50	12	62
Benefits Officer	03/08/2015	29/10/2018	27/01/2019	174	15	189
Benefits Officer	03/08/2015	29/10/2018	27/01/2019	166	14	180
Social Care						
Approved Mental Health Worker	29/05/2016	29/10/2018	02/12/2018	181	8	189
Approved Mental Health Worker	01/06/2015	29/10/2018	02/12/2018	233	6	239
Care Worker	06/07/2016	29/10/2018	02/12/2018	67	3	69
Occupational Therapist	07/10/2013	29/10/2018	02/12/2018	329	7	336
Occupational Therapist	03/12/2015	29/10/2018	02/12/2018	199	7	206
Occupational Therapist	06/06/2016	29/10/2018	02/12/2018	172	7	179
Residential Care Worker	01/04/2012	29/10/2018	02/12/2018	180	3	183
Senior Social Worker	03/10/2016	29/10/2018	02/12/2018	136	6	143
Social Worker	26/07/2017	29/10/2018	02/12/2018	91	7	98
Social Worker	05/06/2017	29/10/2018	02/12/2018	85	6	91
Social Worker	16/04/2018	29/10/2018	02/12/2018	44	7	52
Social Worker (CHC)	03/01/2017	29/10/2018	02/12/2018	85	5	90
Social Worker/Senior Social Worker	02/10/2017	29/10/2018	02/12/2018	74	6	80
Social Worker/Senior Social Worker	04/09/2017	29/10/2018	02/12/2018	82	7	89
Support Worker	03/04/2017	29/10/2018	02/12/2018	58	4	61
Support Worker	03/10/2016	29/10/2018	02/12/2018	49	2	51

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Support Worker	04/04/2016	29/10/2018	02/12/2018	73	3	76
Programme Lead-Urgent & Emergency Care	01/03/2018	29/10/2018	02/12/2018	100	15	115
Registered Care Manager	03/07/2017	29/10/2018	02/12/2018	66	5	71
Service Manager for OPSPD	02/04/2018	29/10/2018	02/12/2018	76	13	89
Senior Social Worker	01/04/2013	29/10/2018	02/12/2018	114	8	122
Social Worker	01/04/2013	29/10/2018	02/12/2018	171	8	178
Social Worker	02/07/2017	29/10/2018	02/12/2018	66	6	72
Independent Domestic Violence Advisor	12/01/2015	29/10/2018	02/12/2018	125	5	130
Child Protection Chair	01/07/2015	29/10/2018	02/12/2018	197	9	206
Team Manager	17/07/2017	29/10/2018	02/12/2018	128	10	138
Social Worker	06/04/2017	29/10/2018	02/12/2018	106	8	114
Social Worker	23/10/2017	29/10/2018	02/12/2018	74	6	80
Social Worker	16/12/2016	29/10/2018	02/12/2018	141	8	149
Social Worker	10/07/2017	29/10/2018	02/12/2018	75	8	83
Social Worker	07/11/2016	29/10/2018	02/12/2018	153	8	161
Social Worker	04/05/2015	29/10/2018	02/12/2018	217	7	224
Social Worker	13/04/2015	29/10/2018	02/12/2018	249	8	256
Senior Social Worker	30/04/2012	29/10/2018	02/12/2018	318	8	326
Social Worker	11/07/2016	29/10/2018	02/12/2018	161	8	169
Team Manager	27/03/2017	29/10/2018	02/12/2018	133	9	142
Social Worker	27/10/2016	29/10/2018	02/12/2018	136	8	144
Early Years Practitioner	12/09/2014	29/10/2018	02/12/2018	53	1	55
SENDIASS Manager	02/05/2017	29/10/2018	02/12/2018	55	9	64
Early Years Practitioner	24/02/2014	29/10/2018	02/12/2018	67	1	68
Educational Psychologist	16/10/2016	29/10/2018	02/12/2018	65	5	70
Educational Psychologist	15/11/2015	29/10/2018	02/12/2018	213	10	222
Special Needs Officer	01/12/2016	29/10/2018	02/12/2018	107	7	114
Senior Social Worker	21/11/2017	29/10/2018	02/12/2018	123	8	132
Social Worker	01/01/2013	29/10/2018	02/12/2018	354	8	362
Social Worker	01/04/2013	29/10/2018	02/12/2018	148	8	155
Social Worker	04/07/2016	29/10/2018	02/12/2018	191	8	199
Social Worker	03/07/2016	29/10/2018	02/12/2018	177	9	186
Senior Social Worker	19/12/2011	29/10/2018	02/12/2018	408	9	417
Social Worker	21/11/2016	29/10/2018	02/12/2018	127	8	135
Social Worker	01/01/2013	29/10/2018	02/12/2018	352	8	360
Senior Social Worker	29/06/2017	29/10/2018	02/12/2018	115	8	123
Social Worker	14/08/2017	29/10/2018	02/12/2018	97	7	103
Early Years Practitioner	25/03/2016	29/10/2018	02/12/2018	48	3	51
Special Needs Officer	05/01/2015	29/10/2018	02/12/2018	172	10	182
Social Worker	26/08/2016	29/10/2018	02/12/2018	130	7	137
Supervising Social Worker	01/09/2016	29/10/2018	02/12/2018	88	7	95
Support Worker	20/12/2015	29/10/2018	02/12/2018	79	3	82
Social Worker	28/03/2016	29/10/2018	02/12/2018	165	6	172
Social Worker	13/11/2016	29/10/2018	02/12/2018	144	8	151

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Early Years Practitioner	23/02/2015	29/10/2018	02/12/2018	77	3	80
Education Health and Care Officer	01/07/2017	29/10/2018	02/12/2018	52	6	58
Educational Psychologist	15/08/2016	29/10/2018	02/12/2018	138	9	147
Educational Psychologist	24/01/2017	29/10/2018	02/12/2018	63	3	66
Educational Psychologist	01/03/2016	29/10/2018	02/12/2018	271	15	286
Social Worker	21/08/2016	29/10/2018	02/12/2018	152	8	159
Social Worker	05/09/2014	29/10/2018	02/12/2018	320	8	328
Social Worker	01/08/2015	29/10/2018	02/12/2018	189	9	198
Social Worker	04/05/2015	29/10/2018	02/12/2018	241	8	249
Education Health and Care Officer	11/09/2017	29/10/2018	02/12/2018	47	6	53
Social Worker	11/08/2014	29/10/2018	02/12/2018	333	8	340
Social Worker	07/11/2016	29/10/2018	02/12/2018	136	7	143
SEND Manager	TBC	29/10/2018	02/12/2018	55	9	64
Case Progression Manager	07/04/2014	29/10/2018	02/12/2018	420	10	430
Senior Social Worker	05/10/2015	29/10/2018	02/12/2018	168	9	177
Principal Education Psychologist	TBC	29/10/2018	02/12/2018	194	14	208

Appendix G – Unattended Cremations at Breakspear Crematorium

Recommendation 7:

That Cabinet approves the introduction of offering unattended cremations at Breakspear Crematorium at a cost of £315, for implementation on the 1st December 2018.

Reason for Recommendation

Cabinet is requested to approve the introduction of unattended cremations at Breakspear Crematorium at a cost of £315 from the 1st December 2018 under Recommendation 7. This is a service enhancement in respond to demand for the service and it is in line with the provision at neighbouring crematoria.

Additional information

168. Unattended cremations (also known as direct cremations) are funerals without any formal service, unlike traditional funerals that include mourners, a service and music before the committal.
169. Hillingdon's six closest neighbouring crematoriums all offer unattended cremations to their residents at a lower cost compared to the full cremation funeral, with the exception of Slough Crematorium who do not offer any cost reduction. The table below shows the fees levied for full cremations and unattended cremations at each of these sites:

Table 23: Unattended Cremations

Crematorium	Full Cremation Fee 2018	Unattended Cremation Fee 2018
Chilterns	£620	£371
West Herts	£690	£395
Hillingdon	£649	n/a
Slough	£770	£770
Golders Green	£690	£310
West London	£515	£295
Hendon	£740	£375

170. It is proposed that Hillingdon offer this service for £315 per cremation, which is in line with 90% of the average cost of the service at neighbouring sites, who offer a reduction in the cost of this type of cremation.
171. There are no additional operating costs associated with the introduction of unattended funerals, however, there is potential income growth through contractual arrangements with businesses and/or residents fees. The cremation service is already staffed with chapel and crematory roles and therefore unattended funerals would increase workload in a manageable way during off-peak times. Additionally the cremators are already in operation during the week between 8am and 10pm, albeit not operating at full capacity, so there are no additional running costs in the event of increased workloads.

Appendix H – Animal Welfare Legislation

Recommendation 8:

That Cabinet note the implementation of the new legislation relating to Animal Welfare which came into force on the 1st October 2018 and approve the related fees to be implemented with immediate effect.

Reason for recommendation

172. In line with the introduction of new legislation relating to Animal welfare ((Licensing of Activities Involving Animals) (England) Regulations 2018), Cabinet are asked at Recommendation 8 to note the new regulations and approve the introduction of a new fee structure to account for the higher level of scrutiny required to be undertaken and set according to the LGA Guidance on locally set fees.

Purpose of the legislation

173. Currently, there are a number of different statutes governing various animal activities, some more than 90 years old. The new legislation consolidates and modernises these regulatory activities by introducing a single licensing system for the following:
- a. Animal Boarding (catteries and dog boarding in kennels)
 - b. Dog Day Care
 - c. Horse Riding Establishments
 - d. Dog Breeding
 - e. Exhibition of Animals
 - f. Selling Animals as Pets
174. The licensable arrangements are supported by a suite of procedural guidance documents, codes of practice and licence conditions published by the Department for Environment Food & Rural Affairs.
175. It is considered that a local policy is not required due to the extensive nature of the national DEFRA guidance. The existing Residents Services Scheme of Delegations is adequate and does not need to be amended.

Impact on existing businesses

176. Existing licence holders are currently being contacted and informed about how to make applications under the new system. Licensing Officers are anticipating an increase in applications due to the introduction of Dog Day Care being covered by the new licensing regime whereas this was previously un-licensable. The new system should not be any more burdensome on businesses than the current licensing system. Existing licences are due for renewal on 31st December so they will apply under the new system at that time.

Proposed Fees

177. The new legislation introduces a higher level of scrutiny for animal related businesses and will involve more inspections by Officers. This will be reflected in a new fee schedule (as shown in the table below) which will be an increase from the fees currently paid by these businesses. The proposed new fee schedule will be set in line with the LGA Guidance on Locally Set Fees.

Table 24: New Licence Fees

Licence Type	Application Fee	Licence - Payable on Grant		
		1 Year	2 Year	3 Year
Breeding, Boarding and Pet Shops	£185.00	£150.00	£225.00	£300.00
Hiring out Horses	£222.50	£215.00	£295.00	£375.00
Exhibiting/Performing Animals	£162.50	NA	NA	£110.00

178. The recommended new fee structure will replace the follow items on the current approved schedule of Fees and Charges:

Table 25: Existing Charging Schedule

Current Licencing Charge	Current Residents Charge £	Current Non-Residents Charge £	New Licencing Charge
Animal Boarding Establishments			
No of animals 1 to 9	125.00	125.00	Delete section - replace with new Breeding, Boarding and Pet Shops
No of animals 10 to 24	177.00	177.00	
No of animals 25 to 49	260.00	260.00	
No of animals 50 to 75	355.00	355.00	
No of animals 75+ (New category)	420.00	420.00	
Application to renew an animal boarding establishment - Home boarders (3 dogs or less)	81.00	81.00	
Performing Animals			
Registration	396.00	396.00	Delete section - replace with Exhibiting/Performing Animals
Registration - Non Profit	52.00	52.00	
Certificate	free	free	
Pet Shops			
Including vets fees	192.00	192.00	Delete section - replace with new Breeding, Boarding and Pet Shops
Riding Establishments			
No of animals 1 to 5	75.00 + vet fee	75.00 + vet fee	Delete section - replace with Hiring out Horses
No of animals 6 to 20	200.00 + vet fee	200.00 + vet fee	
No of animals 21 to 35 (Category restructured)	200.00 + vet fee	200.00 + vet fee	
No of animals 36 to 50 (Category restructured)	200.00 + vet fee	200.00 + vet fee	
No of animals 51+ (New category)	200.00 + vet fee	200.00 + vet fee	
Breeding of Dogs			
Renewal	75.00 + vet fee	75.00 + vet fee	Delete section - replace with new Breeding, Boarding and Pet Shops