

COUNCIL BUDGET - 2018/19 REVENUE AND CAPITAL

MONTH 8 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 – F

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 £297k is reported against 2018/19 General Fund revenue budgets as of November 2018 (Month 8), representing an improvement £56k from the position reported to Cabinet at Month 7.</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 £7,046k cumulative deficit on the ringfenced Dedicated Schools Grant account. This represents an improvement of £619k on the previously reported position due to additional funding from the DfE.</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 November 2018 (Month 8) as outlined in Table 1.
2. Note the Treasury Management update as at November 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 13th December and 24th January 2019 Cabinet meetings, detailed at Appendix F.
4. Accept an award of £533k Disabled Facilities Grant funding from the Ministry of Housing, Communities and Local Government.
5. Note the additional High Needs funding of £775k provided by the Department for Education within the Dedicated Schools Grant.
6. Accept the Grant Award of £400k to Transform Childrens's Social Care from the 'What Works Centre for Children's Social Care'.
7. Approve the release of £328k from the General Contingency to Residents Services budgets to meet the ongoing costs of specialist advice in relation to the Council's claim for compensation in connection with the Council owned land acquired by SJWL to provide accesses to the Southall Gas Works site.
8. Approve a virement in 2018/19 of £6,408k from the HRA General Capital Contingency Budget to HRA New General Needs Housing Stock £6,290k and New Build Shared Ownership £118k.
9. Approve a virement of £200k from capital programme under spends to the General Equipment and Furniture capital budget.
10. Approve acceptance of gift funding of up to £32k in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for Land at Status Park, Nobel Drive, Heathrow.
11. Agree to the virement of £146k from unallocated capital contingency to fund redevelopment of Harefield Pond and approve the associated capital release.

SUPPORTING INFORMATION

Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 8 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. The Ministry of Housing, Communities and Local Government have recently announced an additional £55 million nationwide Disabled Facilities Grant funding of which the allocation to

London Borough of Hillingdon is £533k. **Recommendation 4** seeks to accept the award, which are required to be spent by 31 March 2019.

4. Department for Education have provided additional high needs funding allocations in to the DSG across local authorities totalling £125m, to help local councils to manage pressures arising from increases high needs demand , **Recommendation 5** asks the Cabinet to note this additional funding.
5. A successful bid was made to the What Works Centre for Children’s Social Care to seek pump prime funding to transform the way that Children’s Services provides support to vulnerable children. **Recommendation 6** seeks to accept the £400k funding awarded which will be allocated as a personal budget to individual children based on their specific profile of need and used to enable young people along with their families and social workers, to identify services and activities that support them in staying safe and prevent the need for placing these children into high cost accommodation.
6. The Council has appointed a number of specialist advisors since 2014 to provide advice on the Council's claim for compensation in relation to access rights at the Southall Gas Works site. A Land Tribunal Hearing is scheduled for Autumn 2019 and **Recommendation 7** seeks release of funding for the further fees that will be incurred in preparation for the hearing. The majority of the appointments have been/are to be made jointly with Canal & River Trust (CRT) with the costs split equally.
7. **Recommendation 8** requests a virement from contingency to specific budgets within the HRA capital programme to facilitate further potential acquisitions and buy backs of properties.
8. The existing approved General Equipment and Furniture capital budget of £491k is fully committed and an estimated further £200k is required for further expenditure in 2018/19. **Recommendation 9** proposes that this can be financed by reported under spends from the Corporate Technology and Innovation budget within the 2018/19 approved capital programme.
9. 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 10** seeks authority from Cabinet to approve the acceptance of £32k, in relation to the major development of the Land at Status Park, Nobel Drive Heathrow.
10. Harefield Pond, a designated Site of Importance for Nature Conservation of Borough Grade II, requires a new liner to ensure water levels can be maintained at a suitable level, with **Recommendation 11** seeking authority to transfer and release £146k from capital contingency to finance the project. In order to expedite these works, this recommendations seeks authority to both vire funds from contingency and grant capital release.

SUMMARY

REVENUE

11. General Fund revenue budgets are projected to underspend by £297k as at Month 8, an improvement of £56k from Month 7, although this comprises of a number of reported pressures such as 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. There is currently £517k uncommitted General Contingency available to manage emerging issues over the remainder of this financial year, with recommendations above potentially reducing this sum to £189k.
12. General Fund Balances are expected to total £39,668k 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.
13. Of the £10,655k savings included in the 2018/19 budget, £9,698k are either banked or classed as 'on track for delivery', with £957k 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.
14. A surplus of £1,029k 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 £61k adverse movement on Month 7. Any surplus realised at outturn will be available to support the General Fund budget in future years.
15. The Dedicated Schools Grant is projecting an in-year overspend of £2,921k at Month 8, a favourable movement of £619k from Month 7. The improvement is due to an increase in the High Needs funding recently announced by the Department for Education (DfE). This overspend is largely due to continuing pressures in the cost of High Needs, and results in a forecast carry forward cumulative deficit of £7,046k at 31 March 2019.
16. Although, additional funding has been provided by the DfE and there is a favourable movement this month, it remains unlikely that this pressure can be contained within the Schools Budget, and therefore the longer-term solution to this pressure represents 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, and significant lobbying of Government will continue.

CAPITAL

17. As at Month 8 an underspend of £5,170k is reported across the £394,956k General Fund Capital Programme, this material variance relates to the purchase of Uxbridge Police Station not proceeding as noted in the December Cabinet report. While a favourable variance of £1,247k is reported on capital grant income, a £2,172k shortfall in capital receipts and CIL is expected to result in a £4,245k improvement against £178,625k budgeted Prudential Borrowing. Slippage in planned capital expenditure from 2018/19 is expected to reduce the in year borrowing requirement by £49,871k from £72,377k and therefore impact favourably on debt financing costs for 2019/20.

FURTHER INFORMATION

General Fund Revenue Budget

18. An underspend of £297k is reported across normal operating activities at Month 8, 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.
19. £10,655k of savings are included in the 2018/19 General Fund revenue budget. Currently £7,744k are banked, delivery is currently in progress against £1,954k of savings, £957k 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 7, £835k of savings have been moved to banked, amber savings are at £957k, a reduction of £893k from Month 7.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
			Revised Budget £'000	Forecast Outturn £'000			
207,578	(1,191)	Directorate Operating Budgets	206,387	206,556	169	224	(55)
4,878	1,307	Corporate Operating Budgets	6,185	5,741	(444)	(443)	(1)
8,929	(987)	Development & Risk Contingency	7,942	7,942	0	0	(0)
200	0	HIP Initiatives	200	200	0	0	0
(1,249)	871	Unallocated Budget Items	(378)	(378)	0	0	0
220,336	0	Sub-total Normal Activities	220,336	220,061	(275)	(219)	(56)
0	0	Exceptional Items N/A	0	0	0	0	0
220,336	0	Total Net Expenditure	220,336	220,061	(275)	(219)	(56)
(219,386)	0	Budget Requirement	(219,386)	(219,408)	(22)	(22)	0
950	0	Net Total	950	653	(297)	(241)	(56)
(40,321)	0	Balances b/fwd	(40,321)	(40,321)			
(39,371)	0	Balances c/fwd 31 March 2019	(39,371)	(39,668)			

20. General Fund Balances are projected to total £39,668k at 31 March 2019 as a result of the planned drawdown of £950k being reduced by the £297k projected in year underspend. The Council's current MTFF assumes that unallocated balances will remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of Government funding cuts.

Directorate Operating Budgets

21. 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 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
7,591 (1,092)	427 0	Chief Executive's Office	Expenditure	8,018	7,906	(112)	(78)	(34)
			Income	(1,092)	(1,169)	(77)	(71)	(6)
6,499	427		Sub-Total	6,926	6,737	(189)	(149)	(40)
17,262 (3,170)	(1,603) 0	Finance	Expenditure	15,659	15,733	74	78	(4)
			Income	(3,170)	(3,590)	(420)	(410)	(10)
14,092	(1,603)		Sub-Total	12,489	12,143	(346)	(332)	(14)
116,355 (43,096)	1,915 (1,658)	Residents Services	Expenditure	118,270	118,598	328	416	(88)
			Income	(44,754)	(44,512)	242	159	83
73,259	257		Sub-Total	73,516	74,086	570	575	(5)
142,505 (28,777)	2,801 (3,073)	Social Care	Expenditure	145,306	145,690	384	318	66
			Income	(31,850)	(32,100)	(250)	(188)	(62)
113,728	(272)		Sub-Total	113,456	113,590	134	130	4
207,578	(1,191)	Total Directorate Operating Budgets		206,387	206,556	169	224	(55)

22. An underspend of £189k is reported on the Chief Executive's Office budgets at Month 8 as a result of vacancies and non-staffing underspends and the overachievement of income within Human Resources. Across Finance, a net underspend of £346k 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.
23. A net pressure of £570k is reported across Residents Services, representing a favourable movement of £5k on the previously reported position at Month 7. The favourable movement results from reductions in forecasts in Administration, Technical and Business Services of £13k, property of £30k, waste of £10k and ICT of £26k offset by adverse movement from pressures on Green Spaces £96k and Highways and Street Lighting £26k and other minor favourable movements across the group.
24. The Residents Services position for Month 8 incorporates pressures of £751k linked to vehicle hire and maintenance in Fleet services, £92k feasibility costs for Capital and Planned works, £159k on Residual Education functions and £346k 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.

25. A net £134k overspend is reported across Social Care budgets, representing an adverse movement of £4k from Month 7 which results from movements in staffing costs and income offset by reductions in forecast costs of placements during the month. 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 £405k pressure. A favourable movement on client income offsets these pressures 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.
26. 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 £2,203k 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

27. Savings of £10,655k were included in the 2018/19 budget, of which £9,698k are either banked or on track for delivery which is an improved position from Month 7. £957k savings are in the early stages of delivery or potentially subject to greater risk to delivery, an improved position from Month 7, 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		CEO	Finance	Residents Services	Social Care	Cross-Cutting	Total 2018/19 Savings	
		£'000	£'000	£'000	£'000	£'000	£'000	%
B	Banked	(58)	(728)	(2,444)	(3,600)	(914)	(7,744)	72.7%
G	On track for delivery	0	0	(320)	(1,328)	(306)	(1,954)	18.3%
A	Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	(350)	0	(607)	(957)	9%
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

28. 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.
29. An underspend of £444k is reported against Corporate Operating Budgets as at Month 8 an improvement of £1k from Month 7. As a result of anticipated capital expenditure and associated borrowing being deferred from 2018/19, a £499k underspend is forecast. 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 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0
6,259	(592)		Non-Sal Exp	5,667	5,168	(499)	(499)
(371)	100		Income	(271)	(271)	0	0
5,888	(492)		Sub-Total	5,396	4,897	(499)	(499)
480	0	Levies and Other Corporate Budgets	Salaries	480	477	(3)	(2)
11,237	1,871		Non-Sal Exp	13,108	13,166	58	58
(11,602)	(72)		Income	(11,674)	(11,674)	0	0
115	1,799		Sub-Total	1,914	1,969	55	56
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0
147,529	0		Non-Sal Exp	147,529	147,529	0	0
(148,654)	0		Income	(148,654)	(148,654)	0	0
(1,125)	0		Sub-Total	(1,125)	(1,125)	0	0
4,878	1,307	Total Corporate Operating Budgets		6,185	5,741	(444)	(443)

Development & Risk Contingency

30. 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. Cabinet at Month 6 approved the release of those elements of the Development and Risk Contingency relating to prior years, items which were uncertain at the time of budget setting and are now confirmed into base budgets. The impact of these changes reduces the funding for the Development and Risk Contingency by £987k in 2018/19 to £7,942k. At this stage in the financial year, a breakeven position is projected against this provision, which represents no change from the projection at Month 7. Within this position, £517k of General Contingency remains available to manage emerging risks.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
291	(291)	Fin.	Uninsured claims	0	0	0	0	
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	938	(798)	(798)	(0)
1,172	0		Waste Disposal Levy & Associated Contracts	1,172	772	(400)	(400)	0
200	0		Heathrow Expansion Challenge Fund	200	200	0	0	0
1,885	0	Social Care	Asylum Service	1,885	1,985	100	100	0
797	(394)		Demographic Growth - Looked After Children	403	1,172	769	769	0
367	0		Demographic Growth - Children with Disabilities	367	756	389	388	1
277	0		Social Worker Agency Contingency	277	292	15	99	(84)
443	(184)		SEN transport	259	633	374	330	44
730	258		Demographic Growth - Adult Social Care	988	1,077	89	90	(1)
50	0		Winterbourne View	50	0	(50)	(50)	0
381	(376)	Corp. Items	Apprenticeship Levy	5	0	(5)	(5)	0
(400)	0		Additional Investment Income	(400)	(400)	0	0	0
1,000	0		General Contingency	1,000	517	(483)	(523)	40
8,929	(987)	Total Development & Risk Contingency		7,942	7,942	0	0	(0)

31. 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 MTFE 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 £798k underspend against contingency provision, no change from Month 7.

32. The call on the Waste contingency reflects an underspend of £400k for Month 8 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. Waste tonnages to date have shown an increase compared to the same period last year, but 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.
33. As at Month 8 the Asylum service is projecting a drawdown of £1,985k from the contingency, an overspend of £100k, no change from the Month 7 forecast. The overspend relates to a drop in the level of income received as well as an increase in the number of UASC, which the Council remains responsible for. These USAC's are not being transferred in accordance with the National Transfer Agreement, which was introduced in 2016 due to a slowdown in the number of authorities now willing to take them.
34. The forecast overspend of £769k on the contingency provision for Looked After Children remains unchanged from Month 7. The overspend is a 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.
35. The Children with Disabilities service is projecting a draw down of £756k from the Contingency, representing a £389k forecast overspend, an adverse movement of £1k from Month 7 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.
36. The service is projecting a drawdown of £1,077k from the Demographic Growth for Adult Social Care contingency, a pressure of £89k, £1k improvement from Month 7. The service continues monitor the growth in the number of and complexity of Social Care placements especially in the lead up to the winter months.
37. 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 up 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.
38. The service is projecting a drawdown of £292k from the Social Worker agency contingency, an improvement of £84k from the Month 7 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.
39. The forecast drawdown from the contingency for SEN Transport is £633k, a pressure of £374k and an adverse movement of £44k from Month 7, due to an increase in the number of single occupancy routes being required, reflecting the impact of the start of the new academic year

which generally has the greatest movement. The service has had to purchase additional roles which has resulted in the additional funding being required from contingency.

40. 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 £483k of this sum will be applied to fund the pressures outlined above, with the remaining £517k to manage emerging issues: Cabinet approval is sought for the release of £328k from the remaining General Contingency to meet the costs of specialist advice concerning an on-going compensation claim, which would reduce this sum to £189k.

HIP Initiatives

41. £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. £128k of projects have been approved through HIP Steering Group for funding from resources as at Month 8, leaving £971k available for future release.

Table 6: HIP Initiatives

Original Budget	Budget Changes	HIP Initiatives	Month 8		
			Revised Budget	Approved Allocations	Unallocated Balance
£'000	£'000		£'000	£'000	£'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	899	B/fwd Funds	899	128	(771)
200	899	Total HIP Initiatives	1,099	128	(971)

Schools Budget

42. At Month 8 the Dedicated Schools Grant position is an in-year overspend of £2,921k. 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 £7,046k. This represents a favourable movement of £619k on the previously reported position, primarily as a result of the additional funding made available by the Department for Education.
43. The in year overspend of £2,921k as at Month 8 is made up of £2,344k High Needs linked to the transfer of pupils from statements to EHCP's, £405k to alternative provision for pupils not attending mainstream provision, £483k for early years provision offset by £311k underspend due to the decision of Schools Forum to withhold growth contingency where pupil growth is not sufficient to require the need for this funding.

Collection Fund

44. A £1,029k surplus is projected against the Collection Fund at Month 8, a £61k adverse movement from Month 7, which is made up of a £711k surplus on Council Tax and a £318k surplus on Business Rates. The Council Tax surplus is largely as a result of strong in-year collection rates contributing £212k 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 £758k in-year surplus being sufficient to offset the brought forward deficit of £440k.

Housing Revenue Account

45. The Housing Revenue Account is currently forecasting a £277k favourable variance, resulting in a drawdown of reserves of £20,868k. This results in a projected 2018/19 closing HRA General Balance of £16,240k, with the use of reserves funding investment in new housing stock. The headline monitoring position incorporates underspends of £999k mainly in relation to planned works and contingency, offsetting a £430k income pressure predominantly from rental income.

Future Revenue Implications of Capital Programme

46. Appendix D to this report outlines the forecast outturn on the 2018/19 to 2022/23 Capital Programme, with a £5,170k 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 £4,245k lower than the £178,625k revised budget. This uplift has been factored into the growth in capital financing costs over the MTFF period outlined in the budget report to December Cabinet, 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 (£189k underspend, £40k improvement)

47. The CEO directorate is reporting an underspend of £189k at Month 8, representing an improvement of £40k on Month 7. The movement largely reflects revised staffing costs within Legal Services, following the resignation of Prosecution Lawyer.

Table 7: Chief Executive's Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,445	0	Democratic Services	Salaries	1,445	1,468	23	24	(1)
1,750	(29)		Non-Sal Exp	1,721	1,695	(26)	(24)	(2)
(602)	0		Income	(602)	(616)	(14)	(9)	(5)
2,593	(29)		Sub-Total	2,564	2,547	(17)	(9)	(8)
2,012	(13)	Human Resources	Salaries	1,999	1,914	(85)	(78)	(7)
361	407		Non-Sal Exp	768	761	(7)	(13)	6
(230)	0		Income	(230)	(273)	(43)	(42)	(1)
2,143	394		Sub-Total	2,537	2,402	(135)	(133)	(2)
1,954	75	Legal Services	Salaries	2,029	2,012	(17)	13	(30)
69	(13)		Non-Sal Exp	56	56	0	0	0
(260)	0		Income	(260)	(280)	(20)	(20)	0
1,763	62		Sub-Total	1,825	1,788	(37)	(7)	(30)
5,411	62	Chief Executive's Office Directorat	Salaries	5,473	5,394	(79)	(41)	(38)
2,180	365		Non-Sal Exp	2,545	2,512	(33)	(37)	4
(1,092)	0		Income	(1,092)	(1,169)	(77)	(71)	(6)
6,499	427		Total	6,926	6,737	(189)	(149)	(40)

48. Within the position, underspends are reported across each subjective heading. Staffing underspends are primarily a result of the early delivery of a 2019/20 MTF savings in Human Resources, with a favourable non-staffing forecast driven by a reduction in the number of Special Responsibility Allowances in Democratic Services. Income surpluses have been achieved through increased legal planning work and lease renewals, alongside contributions from education establishments supporting expenditure on training for newly qualified social workers in Learning & Development.

Finance (£346k underspend, £14k improvement)

49. The overall position for Finance at Month 8 is a forecast underspend of £346k. This position is broadly in line with that reported at Month 7 - the reported variation due predominantly to revised income assumptions for the Health & Safety function within Business Assurance.

Table 8: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
2,058	(278)	Business Assurance	Salaries	1,780	1,654	(126)	(123)	(3)
1,443	409		Non-Sal Exp	1,852	1,918	66	63	3
(567)	0		Income	(567)	(580)	(13)	(6)	(7)
2,934	131		Sub-Total	3,065	2,992	(73)	(66)	(7)
1,540	0	Procurement	Salaries	1,540	1,583	43	43	0
64	0		Non-Sal Exp	64	57	(7)	(7)	0
(35)	0		Income	(35)	(35)	0	0	0
1,569	0		Sub-Total	1,569	1,605	36	36	0
3,505	(170)	Corporate Finance	Salaries	3,335	3,325	(10)	(12)	2
1,785	(1,702)		Non-Sal Exp	83	86	3	3	0
(151)	0		Income	(151)	(164)	(13)	(10)	(3)
5,139	(1,872)		Sub-Total	3,267	3,247	(20)	(19)	(1)
4,277	155	Revenues & Benefits	Salaries	4,432	4,468	36	35	1
1,847	(17)		Non-Sal Exp	1,830	1,918	88	88	0
(2,090)	0		Income	(2,090)	(2,475)	(385)	(385)	0
4,034	138		Sub-Total	4,172	3,911	(261)	(262)	1
536	0	Pensions, Treasury & Statutory Accounting	Salaries	536	520	(16)	(9)	(7)
207	0		Non-Sal Exp	207	204	(3)	(3)	0
(327)	0		Income	(327)	(336)	(9)	(9)	0
416	0		Sub-Total	416	388	(28)	(21)	(7)
11,916	(293)	Finance Directorate	Salaries	11,623	11,550	(73)	(66)	(7)
5,346	(1,310)		Non-Sal Exp	4,036	4,183	147	144	3
(3,170)	0		Income	(3,170)	(3,590)	(420)	(410)	(10)
14,092	(1,603)		Total	12,489	12,143	(346)	(332)	(14)

50. The Business Assurance workforce underspend is largely within Internal Audit and reflects vacancies following the recent BID review of the Service, which is nearing full implementation. A corresponding increased reliance on external consultancy supporting the audit function during the implementation of the new structure is driving the non-staffing pressure for the Business Assurance function as a whole.
51. The underspend on Corporate Finance reflects vacancies within the current establishment. The position within Revenues and Benefits reflects the in year benefit of external grant funding.
52. Pensions, Treasury and Statutory Accounting is reporting an underspend of £28k, 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 (£570k overspend, £5k favourable movement)

53. Residents Services directorate is showing a projected outturn overspend of £570k at Month 8, excluding pressure areas that have identified contingency provisions.

Table 9: Residents Services Operating Budget

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
17,187	89	Infrastructure, Waste and ICT	Salaries	17,276	17,032	(244)	(155)	(89)
35,689	197		Non-Sal Exp	35,886	37,096	1,210	1,164	46
(10,543)	(479)		Income	(11,022)	(11,261)	(239)	(234)	(5)
42,333	(193)		Sub-Total	42,140	42,867	727	775	(48)
18,547	306	Housing, Environment, Education, Health & Wellbeing	Salaries	18,853	18,211	(642)	(643)	1
23,510	863		Non-Sal Exp	24,373	24,981	608	495	113
(17,361)	(1,037)		Income	(18,398)	(18,095)	303	361	(58)
24,696	132		Sub-Total	24,828	25,097	269	213	56
3,995	18	Planning, Transportation & Regeneration	Salaries	4,013	3,782	(231)	(198)	(33)
685	437		Non-Sal Exp	1,122	1,378	256	225	31
(4,059)	(231)		Income	(4,290)	(4,282)	8	5	3
621	224		Sub-Total	845	878	33	32	1
12,626	6	Administrativ e, Technical & Business Services	Salaries	12,632	12,051	(581)	(467)	(114)
4,116	(1)		Non-Sal Exp	4,115	4,067	(48)	(105)	57
(11,133)	89		Income	(11,044)	(10,874)	170	127	43
5,609	94		Sub-Total	5,703	5,244	(459)	(445)	(14)
52,355	419	Residents Services Directorate	Salaries	52,774	51,076	(1,698)	(1,463)	(235)
64,000	1,496		Non-Sal Exp	65,496	67,522	2,026	1,879	147
(43,096)	(1,658)		Income	(44,754)	(44,512)	242	259	83
73,259	257		Total	73,516	74,086	570	575	(5)

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 2 below. At Month 8, projected calls on contingency are £1,198k below the budgeted provision, no change from the Month 7 position. The table below shows the breakdown for each contingency item.

Table 10: Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,736	0	Impact of Welfare Reform on Homelessness	1,736	938	(798)	(798)	(0)
1,172	0	Waste Disposal Levy & Associated Contracts	1,172	772	(400)	(400)	0
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
3,108	0	Current Commitments	3,108	1,910	(1,198)	(1,198)	(0)

56. The Month 8 data in Table 11 below shows a continuation of the reduction achieved in 2017/18 of the use of Temporary Accommodation. The last two months has seen a reduction in the number of Households in higher cost Bed & Breakfast placements, which had increased during the 2nd quarter of 2018/19. The total number accommodated remains below MTFE assumptions made by officers in modelling Supply and Demand.

Table 11: Housing Needs performance data

	September 18	October 18	November 18
All Approaches	203	190	174
Full Assessment Required	183	186	165
New into Temporary Accommodation (Homeless and Relief)	27	28	21
Households in Temporary Accommodation	483	474	461
Households in B&B	135	133	126

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 £938k, £798k below the budgeted provision, no change from Month 7. The service is forecasting the number of clients in B&B accommodation will be 130 at the end of the financial year, 20 below MTFE 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.
58. The Council will continue to closely monitor this risk, as 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. It should be noted that there has been a notable increase in homeless referrals to the Council from 1st October 2018 when a new 'duty to refer' commenced, placing a new responsibility on statutory and partner organisations to refer homelessness cases to the local authority for assistance. Officers will keep the referral rates to the Council under review.
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 earlier this year from the budgeted provision of £1,172k. Whilst aggregate waste tonnages to date have shown an increase compared to the same period last year, current projections, based on actual data for the eight months to November, continue to indicate that costs can be managed within this reduced contingency sum in 2018/19.

Infrastructure, Waste and ICT (£727k overspend, £48k favourable)

60. At Month 8, there is a £727k forecast overspend across the service, arising from a number of variances affecting 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 £751k, representing a £16k favourable movement. The pressure 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. A range of management actions are in place and the service is continuing to refresh its Capital Vehicle Replacement Programme. The favourable movement in the month largely relates to an increased earmarked reserve drawdown to help mitigate claims pressures, partly offset by an uplift in the forecast for damage repair costs.
62. An earmarked reserve drawdown of £500k is offsetting the pressure of £366k in Waste Services (a favourable movement of £10k compared with Month 7). The 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 a net overspend of £40k (a £26k adverse movement) reflecting latest staffing forecasts and underachievement of the managed vacancy factor due to low staff turnover. Within this position, there is anticipated over-achievement against income targets, attributable to various revenue streams including S38, S278, vehicle crossings and fixed penalties. The adverse movement in the month primarily relates to an increase of £57k in the forecast for street lighting energy costs following a review of the latest supplier invoices, partly offset by a £31k reduction in street lighting improvement costs relating to projects that will now be LIP funded.
64. The Capital and Planned Works service shows a projected pressure of £92k against base budget, no change from Month 7. 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 which could improve the position further.
65. The Corporate Communications Service is showing an underspend of £3k against budget (a £18k favourable movement), attributable to refreshed staffing and agency cover requirements following the implementation of the BID review.

66. Favourable movements at Month 8 of £30k within the Property and Estates Service relate to reduced consultancy costs for carrying out NNDR appeals and increased rental income across the portfolio due to increased collection rates.

Housing, Environment, Education, Health & Wellbeing (£269k overspend, £56k adverse movement)

67. At Month 8 there is a overspend position of £269k across the service, representing an adverse movement of £56k on the month 7 position. Pressures within Green Spaces and the Residual Education functions are being partially mitigated by underspends within Business Performance, Community Safety and the wider Public Health service. Adverse forecasts for income within Green Spaces are offset by an improved income position within Private Sector Housing following increased projected enforcement action.
68. Green Spaces shows an adverse movement of £97k from Month 7 reflecting repairs of crematorium machinery, declining golf green fee income and a decrease in the projections for music tuition income. 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.
69. Underspends from vacant posts within Trading Standards and projected underspends on Voluntary sector grants continue to be forecast at Month 8. 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 (£33k overspend, £1k adverse movement)

70. A net pressure of £33k is reported across the service at Month 8; with a £231k underspend on workforce budgets across Planning Services and Road Safety being offset by £256k pressures across non-staffing budgets and a marginal £8k adverse variance on income.
71. 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 an in year £130k pressure in fees for outsourced planning applications processing, with the draft budget for 2019/20 making allowance for this uplift.
72. A minor £8k shortfall is projected against the budgeted £4,290k 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. As at Month 8 £2,702k or 62% of this forecast income has been banked which will continue to be closely monitored.

Administrative, Technical & Business Services (£459k underspend, £14k improvement)

73. Administrative, Technical and Business Services is reporting a forecast underspend of £459k at Month 8, representing a £14k improvement on the month. The underspend is primarily due to high staff turnover and part year vacancies within the service.

74. Included within the favourable position is an adverse non-staffing movement, which reflects anticipated legal and veterinary costs for a recent animal welfare licensing incident. This additional cost, however, can be fully mitigated by further slippage on recruitment assumptions.
75. The key pressures in the service continue to be the revenue streams at Cedars and Grainges Car Parks and the Imported Food Office. Underachievement of income at Cedars and Grainges is delivering a £498k pressure, however, this is mitigated through the use of Earmarked Reserves in year. Within the Heathrow Imported Food Unit, income achieved through testing of soil products is now reporting a £150k pressure.

SOCIAL CARE (£134k overspend, £4k adverse)

76. The Social Care directorate is projecting an overspend of £134k as at Month 8, a minor adverse movement of £4k on the Month 7 projections. It should be noted that the service is managing ongoing cost pressures relating to the cost of Agency Social Workers, Legal Counsel and the provision of Temporary Accommodation for Section 17 cases.

Table 13: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
14,762	(6)	Children's Services	Salaries	14,756	14,729	(27)	42	(69)
17,224	520		Non-Sal Exp	17,744	18,366	622	531	91
(6,483)	(201)		Income	(6,684)	(6,874)	(190)	(167)	(23)
25,503	313		Sub-Total	25,816	26,221	405	406	(1)
8,358	95	Early Intervention, Prevention & SEND	Salaries	8,453	7,711	(742)	(626)	(116)
6,044	(105)		Non-Sal Exp	5,939	6,072	133	113	20
(2,243)	(15)		Income	(2,258)	(1,902)	356	304	52
12,159	(25)		Sub-Total	12,134	11,881	(253)	(209)	(44)
4,139	238	Social Care, OPS & PD	Salaries	4,377	4,123	(254)	(235)	(19)
38,672	(2,220)		Non-Sal Exp	36,452	37,486	1,034	772	262
(12,159)	(690)		Income	(12,849)	(13,687)	(838)	(576)	(262)
30,652	(2,672)		Sub-Total	27,980	27,922	(58)	(39)	(19)
4,208	(496)	Learning Disability and Mental Health Service	Salaries	3,712	3,868	156	144	12
34,031	2,933		Non-Sal Exp	36,964	36,291	(673)	(558)	(115)
(7,291)	(2,145)		Income	(9,436)	(8,931)	505	381	124
30,948	292		Sub-Total	31,240	31,228	(12)	(33)	21
11,719	411	Provider and Commissioned Care	Salaries	12,130	12,245	115	128	(13)
3,348	1,431		Non-Sal Exp	4,779	4,799	20	7	13
(601)	(22)		Income	(623)	(706)	(83)	(130)	47
14,466	1,820		Sub-Total	16,286	16,338	52	5	47
43,186	242	Social Care Directorate Total	Salaries	43,428	42,676	(752)	(547)	(205)
99,319	2,559		Non-Sal Exp	101,878	103,014	1,136	865	271
(28,777)	(3,073)		Income	(31,850)	(32,100)	(250)	(188)	(62)
113,728	(272)		Total	113,456	113,590	134	130	4

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£1,686k overspend, £40k improvement)

77. The Council's 2018/19 Development and Risk Contingency includes provisions for areas of expenditure within Social Care for which there is a greater degree of uncertainty and relates to in-year demographic changes, including Asylum seekers and SEN Transport. Table 14 sets out the Month 8 projected position for the Development and Risk Contingency, which is reporting a pressure of £1,686k; an improvement of £40k on the Month 7 projections.
78. The 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 14: Social Care Development & Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,885	0	Asylum Service	1,885	1,985	100	100	0
797	(394)	Demographic Growth - Looked After Children	403	1,172	769	769	0
367	0	Demographic Growth - Children with Disabilities	367	756	389	388	1
277	0	Social Worker Agency Contingency	277	292	15	99	(84)
443	(184)	SEN transport	259	633	374	330	44
730	308	Demographic Growth - Adult Social Care	1,038	1,077	39	40	(1)
50	(50)	Winterbourne View	0	0	0	0	0
4,549	(320)	Current Commitments	4,229	5,915	1,686	1,726	(40)

Asylum Service (£100k overspend, no change)

79. The service is projecting a drawdown of £1,985k from the contingency, no change on the Month 7 projections. The overspend relates to a drop in the level of income received as well as an increase in the number of UASC, which the Council remains responsible for, which are not being transferred in accordance with the National Transfer Agreement, which was introduced in 2016. This agreement has enabled the Council to transfer a number of under-18 UASC to other local authorities in line with the agreement, resulting in a lower volume of under 18's being supported by Hillingdon. However, the Council is now seeing a growth in the younger cohort of UASC, generally in the 13 to 14 year old age group, which will require at least a Foster Care placement and a slow down in the number of authorities willing to take UASC, which is having an impact on the projected position.

Demographic Growth - Looked After Children (£769k overspend, no change)

80. The service is projecting a drawdown of £1,172k from the Contingency, an overspend of £769k, no change on the Month 7 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.
81. 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.

82. Additionally, the service received confirmation in December 2018, that they had been successful in securing a grant of £400k, which will be used to support vulnerable children and prevent them from entering the care system.

Demographic Growth – Children with Disabilities (£389k overspend, £1k adverse)

83. The service is projecting a draw down of £756k from the Contingency, an overspend of £389k and an adverse movement of £1k on the Month 7 projections. This reflects that there is an increase in the number of cases that have more complex needs, which in most cases, require a residential placement or more respite care. The service have now taken steps to review individual placements to ascertain whether any of the placements should be part funded by external partners, such as education and health and anticipate that a number of placements will be part funded.

Social Worker Agency (Children's) (£15k overspend, £84k improvement)

84. The service is projecting a drawdown of £292k from this contingency, an overspend of £15k and an improvement of £84k on the Month 7 position, which continues to reflect the latest recruitment success of Newly Qualified Social Workers and more recently a reduced reliance on agency staff. 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. The determination of the contingency was 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 stands at 38%, based on the latest anticipated recruitment activity.

Demographic Growth - SEN Transport (£374k Overspend, £44k adverse)

85. The service is projecting a drawdown of £633k from the SEN Transport contingency, an overspend of £374k, and an adverse movement of £44k on the month 7 position, due to an increase in the number of single occupancy routes being required. 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 it is now clear that the service is having to purchase additional routes for some children, which has resulted in additional funding being required from the contingency.

Demographic Growth - Adult Social Care (£39k overspend, £1k improvement)

86. The service is projecting a drawdown of £1,077k from the Adult Social Care contingency, an overspend of £39k, and an improvement of £1k on the Month 7 projections. This position is being closely monitored especially in the lead up to the winter months.

DIRECTORATE OPERATING BUDGETS (£134k overspend, £4k adverse)

Children's Services (£405k overspend, £1k Improvement)

87. The service is projecting an overspend of £405k, as at Month 8, a £1k favourable improvement on the Month 7 projections. The service is now reporting a slight underspend of £27k on

staffing, which reflects the success of recent recruitment activity and a slow down in the reliance of agency staff to cover vacant posts, where any new request continues to be closely scrutinised.

88. 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 (£253k underspend, £44k improvement)

89. The service is projecting an underspend of £253k as at Month 8, an improvement of £44k on the Month 7 projections, due to a reduction in staffing cost 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 (£58k underspend, £19k improvement)

90. The service is projecting an underspend of £58k as at Month 8, an improvement of £19k on the Month 7 projections. The service has an underspend of £254k on staffing, where the service has a number of vacant posts. In addition there is a £838k forecast overachievement of income of which £496k relates to clients and external organisations and the balance of £342k relates to an increase in the capitalisation of adaptation and minor works costs. These are netted down by an overspend of £1,034k on non-staffing costs, which predominantly relates to the cost of care packages.

Learning Disability and Mental Health (£12k underspend, £21k adverse)

91. The service is projecting an underspend of £12k as at Month 8, an adverse movement of £21k on the Month 7 projections, due to a drop in the income projections, where a number of cases are in dispute with other local authorities. The service is currently reporting an overspend of £156k on staffing costs, which is due primarily to a timing difference of realigning the salary budgets to reflect recent restructures. This is offset by a net underspend in the cost of placements totalling £168k.

Provider and Commissioned Care (£52k overspend, £47k adverse)

92. The service is projecting an overspend of £52k as at Month 8, an adverse movement of £47k on the Month 7 projections, due to a reduction in the projected meals income from the Extra Care sites. This includes an overspend of £115k on staffing, which relates predominantly to the cost of staff delivering a project which is funded by the CCG and a small overspend of £20k on non-staffing costs netted down by a surplus of £83k in income, which relates to CCG grant funding received for one post.

Appendix B – Other Funds

COLLECTION FUND (£1,029k underspend, £61k adverse movement)

93. A surplus of £1,029k is reported within the Collection Fund at Month 8, relating to favourable positions on both Council Tax and Business Rates, which is predominantly driven by growth in Gross Rates in the borough and a carry forward surplus within Council Tax. This represents a £61k adverse movement from the position reported at Month 7 resulting from a rating appeal being raised. Any surplus realised at outturn will be available to support the General Fund budget from 2019/20 onwards.

Table15: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(121,176)	0	Council Tax	Gross Income	(121,176)	(121,241)	(65)	(68)	3
10,918	0		Council Tax Support	10,918	10,771	(147)	(148)	1
(2,680)	0		B/fwd Surplus	(2,680)	(3,179)	(499)	(499)	0
(112,938)	0		Sub-Total	(112,938)	(113,649)	(711)	(715)	4
(109,572)	0	Business Rates	Gross Income	(109,572)	(110,648)	(1,076)	(1,193)	117
(3,849)	0		Section 31 Grants	(3,849)	(4,045)	(196)	(192)	(4)
53,246	0		Less: Tariff	53,246	53,246	0	0	0
7,451	0		Less: Levy	7,451	7,965	514	570	(56)
69	0		B/fwd Deficit	69	509	440	440	0
(52,655)	0	Sub-Total	(52,655)	(52,973)	(318)	(375)	57	
(165,593)	0	Total Collection Fund	(165,593)	(166,622)	(1,029)	(1,090)	61	

94. A surplus of £711k is projected against Council Tax at Month 8, 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 £4k adverse movement from the Month 7 position.
95. A £318k net surplus is reported across Business Rates at Month 8, driven by growth in Gross Rates due to a number of new developments in the borough being brought into rating. This £758k in-year underspend is sufficient to off-set the brought forward deficit of £440k. The £61k adverse movement from month 7 is caused by an appeal against the rateable value being raised by a property owner.

SCHOOLS BUDGET

Dedicated Schools Grant (£2,921k overspend, £619k favourable)

96. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £2,921k at month 8. This is a favourable movement of £619k from the month 7 position, due to an increase in High Needs funding recently announced by the Department for Education (DfE). When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £7,046k.

Table 16: DSG Income and Expenditure 2018/19

Original Budget	Budget Changes	Funding Block	Month 8			Variance (as at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn	Variance		
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(275,559)	1,485	Dedicated Schools Grant Income	(274,074)	(274,074)	0	0	0
214,132	0	Schools Block	214,132	213,821	(311)	(311)	0
26,100	(2,238)	Early Years Block	23,862	24,345	483	499	(16)
2,773	0	Central School Services Block	2,773	3,178	405	416	(11)
32,554	753	High Needs Block	33,307	35,651	2,344	2,936	(592)
0	0	Total Funding Blocks	0	2,921	2,921	3,540	(619)
0	0	Balance Brought Forward 1 April 2018	4,125	4,125			
0	0	Balance Carried Forward 31 March 2019	4,125	7,046			

Dedicated Schools Grant Income (nil variance, no change)

97. The DSG has been updated with the additional High Needs funding recently announced by the DfE. The allocation of this additional funding is based on the 2 to 18 year old population and for Hillingdon this has resulted in a £775k increase to the High Needs block in 2018/19. There will also be an additional £775k of High Needs block funding allocated in 2019/20.

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 (£483k overspend, £16k 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 £37k 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 £42k underspend in the Family Information Service where there have been vacant posts for part of the year along with a projected £109k underspend in vulnerable children funding as fewer children are being identified as requiring additional support.

Central School Services Block (£405k overspend, £11k improvement)

105. The overspend partly relates to 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. There is a £267k overspend as a result of an increase in the number of young people accessing alternative provision. The local authority currently commissions fifty places at the in-borough alternative provision setting and the historic trend is for numbers at the start of the academic year to be below this number before gradually building up. Currently numbers accessing this provision are already in excess of the commissioned number, resulting in an additional cost pressure.
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 (£2,344k overspend, £592k improvement)

108. There continues to be significant pressure in the High Needs Block with an overspend of £2,344k being projected at month 8. The improved position follows the increase in High Needs funding recently announced by the DfE.

109. The main driver for the overspend 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.
110. There is an increase in the total High Needs spend in month 8 following a change in the top-up funding model for one of the in-borough special schools. Due to the schools size and its transient population, Schools Forum agreed to implement a fixed per pupil rate of funding. The benefit of this model is that it secures the future viability of the school thus avoiding potentially more costly out of borough placements.
111. There is also an increase in expenditure 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, due to a lack of capacity in-borough, further placements have been made throughout the year, resulting in an additional pressure on the High Needs block.
112. The current year has seen a further increase in the cohort of post-16 SEN placements from September 2018. The local authority is still negotiating with providers on the level of funding for some of these placements with the current projection based on an estimated increase in cost.
113. 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 £157k.

Appendix C – HOUSING REVENUE ACCOUNT

114. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £20,868k, which is £569k more favourable than the budgeted position and the overall movement from Month 7 is a favourable £277k. The 2018/19 closing HRA General Balance is forecasted to be £16,240k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area:

Table 17: Housing Revenue Account

Service	Month 8		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,932)	(55,279)	653	653	0
Other Income	(4,877)	(5,100)	(223)	(223)	0
Net Income	(60,809)	(60,379)	430	430	0
Housing Management	12,819	13,057	238	63	175
Tenant Services	4,172	4,128	(44)	(57)	13
Repairs	5,056	5,556	500	341	159
Planned Maintenance	4,360	3,471	(889)	(439)	(450)
Capital Programme Funding	38,728	38,728	0	0	0
Interest & Investment Income	15,371	15,197	(174)	0	(174)
Development & Risk Contingency	1,740	1,110	(630)	(630)	0
Operating Costs	82,246	81,247	(999)	(722)	(277)
(Surplus) / Deficit	21,437	20,868	(569)	(292)	(277)
General Balance 01/04/2018	(37,108)	(37,108)	0	0	0
General Balance 31/03/2019	(15,671)	(16,240)	(569)	(292)	(277)

Income

115. Rental Income is forecast to under recover by £653k and other income is forecast to over recover by £223k, nil movement on Month 7.

116. The number of RTB applications received in the first eight months of 2018/19 was 114 compared to 119 for the same period in 2017/18, a reduction of 4%. There have been 29 RTB completions in the first eight months of 2018/19 compared to 43 for the same period in 2017/18, a reduction of 33%. The RTB sales forecast as at Month 8 remains the same as Month 7 at 50 RTB sales and this will be kept under further review in Month 9.

Expenditure

117. The Housing management service is forecast to overspend by £238k, an adverse movement of £175k on Month 7 due to reduced forecasts on capitalisation of salaries of £100k and increase in forecasts on running costs of £75k, mainly utilities and Council Tax on void properties.

118. Tenant services is forecast to underspend by £44k, an adverse movement of £13k on Month 7 due to staffing related costs.
119. The repairs budget is forecast to overspend by £500k, a net adverse movement of £159k on Month 7 due to increased pressures on void repairs of £170k and a reduction in agency costs of £11k. The planned maintenance budget is forecast to underspend by £889k, a favourable movement of £450k on Month 7 due to reduced forecast expenditure on the external decorations programme.
120. The interest and investment income budget is forecast to underspend by £174k, a favourable movement of £174k on Month 7 and this reflects updated forecast interest on HRA balances.
121. The overall forecasts for the capital programme and the development and risk contingency budget remain unchanged from Month 7.

HRA Capital Expenditure

122. 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 £21,554k, £23,434k due to re-phasing and a cost overspend of £1,880k. There is an increase in re-phasing of £2,375k compared to Month 7.

Table 18: HRA Capital Expenditure

Programme	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance Forecast V Revised Budget	2018/19 Project Re-Phasing	Total Project Budget 2018-23	Total Project Forecast 2018-23	Total Project Variance 2018-23	Movement 2018-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects								
New General Needs Housing Stock	24,147	16,297	0	(7,850)	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	723	0	(5,659)	15,596	15,596	0	0
New Build - Supported Housing Provision	12,884	9,350	(250)	(3,284)	15,343	15,093	(250)	0
HRA General Capital Contingency	8,908	8,908	0	0	8,908	8,908	0	0
Total Major Projects	60,956	46,043	1,880	(16,793)	186,615	188,495	1,880	0
HRA Programmes of Work								
Works to stock programme	20,619	14,274	0	(6,345)	57,797	57,797	0	0
Major Adaptations to Property	2,135	1,920	0	(215)	7,160	7,160	0	0
ICT	81	0	0	(81)	162	162	0	0
Total HRA Programmes of Work	22,835	16,194	0	(6,641)	65,119	65,119	0	0
Total HRA Capital	83,791	62,237	1,880	(23,434)	251,734	253,614	1,880	0
Movement on Month 7	0	(2,375)	0	(2,375)	0	0	0	0

Major Projects

123. The 2018/19 Major Projects programme revised budget is £60,956k and the forecast expenditure is £46,043k, with a re-phasing of £16,793k, and a cost variance of £1,880k during

the period 2018-2023. There is a marginal reduction in re-phasing variance of £43k across the programme.

New General Needs Housing Stock

124. The 2018/19 General Needs Housing Stock revised budget is £24,147k. There is a forecast re-phasing of £7,850k 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 7 position.
125. To date 41 buybacks have been approved with each acquisition at different stages of completion. A further 2 properties are pending approval, combined all the potential buybacks are estimated to cost up to £14,520k. This will be funded from a combination of the New General Needs Housing Stock and the HRA General Contingency.
126. 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 main contractor is now on site completing preliminary site set up works with a view to commencing construction works shortly. The scheme is estimated to have a 12 month programme to completion.
127. The Housing programme comprising seven units of new build properties and five extensions or conversions at various sites are all now complete. The final account position is currently being negotiated with the contractor for the new build developments.
128. Lead Consultants and architects have been appointed for the developments at Maple and Poplar Day Centre and Willow Tree. The employer's agents and appointed architects have finalised 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 tender process is being undertaken to appoint a main contractor for both projects. This is likely to be completed by March 2019.
129. The planning approval for the Belmore site remains outstanding although the scheme will go to planning in December. A contractor has been appointed to complete demolition works across all the aforementioned sites in preparation for the main works with demolition now complete on all sites with the exception of Willow Tree, which is due for completion in January 2019.

New Build - Appropriation of Land

130. 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 expenditure includes these two sites and appropriations for Woodside Day Centre £1,870k and Bartram Close garages £260k.

New Build - Shared Ownership

131. The New Build Shared Ownership 2018/19 revised budget is £6,382k, with a forecast expenditure of £723k and a re-phasing of £5,659k, an increased re-phasing movement of £205k when compared to Month 7.
132. 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.

133. 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

134. 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 £3,284k due to a combination of the Parkview and Yiewsley schemes, with the former scheme being subject to liquidated damages. There is a reduction in re-phasing of £248k across the Supported Housing Programme when compared to Month 7 primarily resulting from increased effort from the contractor at Parkview to complete the scheme.
135. The reported cost underspend for Grassy Meadow remains at £250k. The cost underspend represents a partial release of the contingency budget and the remaining contingency will potentially be released once the final account position has been agreed with the contractor and officers are confident all costs have been absorbed.
136. 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 been appointed.
137. The scheme at Parkview will run beyond its target completion date, although the contractor has now intensified resources on the site to achieve completion as soon as possible.

HRA General Contingency

138. 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

139. The Works to Stock re-phasing variance is £6,345k, an increase in re-phasing of £2,337k on the Month 7 position due to a reduced forecast expenditure in 2018/19 of £1,260k on kitchens and £1,077k on bathrooms.
140. The major adaptations budget is £2,135k and the forecast expenditure is £1,920k, with a re-phasing of £215k, nil movement on the Month 7 position.
141. The HRA ICT budget is £81k and the forecast expenditure is zero, an increase in re-phasing of £81k on the Month 7 position.

HRA Capital Receipts

142. There have been 29 Right to Buy sales of council dwellings as at the end of November 2018 for a total gross sales value of £5,991k and a further 21 sales are forecast to bring the yearly total to 50, totalling £10,063k in 2018/19.

143. 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.
144. 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.
145. At this stage, there is a risk that the cumulative expenditure requirement is not met in Q3, as this is dependent on the exchange of several buybacks by 31st December 2018. The cumulative expenditure requirement for 2018/19 Q3 will be reported in the Month 9 budget monitoring report. Furthermore, there is a risk that the cumulative expenditure requirement is not met in Q4 and this is dependent on the exchange of buybacks and securing acquisitions. Therefore, there is a risk that Right to Buy 1-4-1 capital receipts along with interest charges would be payable to the MHCLG. However the London Borough of Hillingdon has signed up to the Mayor of London's Right to Buy Ring-fence Offer, whereby Right to Buy 1-4-1 capital receipts and interest returned to MHCLG, can be re-routed back to individual councils through the GLA as a grant.

Appendix D - GENERAL FUND CAPITAL PROGRAMME

146. As at Month 8 an under spend of £60,235k is reported on the £128,412k 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 £5,055k.
147. General Fund Capital Receipts of £17,964k are forecast for 2018/19, with a shortfall of £672k in total forecast receipts to 2022/23.
148. Overall, Prudential Borrowing required to support the 2018/19 to 2022/23 capital programmes is forecast to be within budget by £4,245k. This is mainly due to cost under spends of £5,170k and additional grants and contributions of £1,247k, partly offset by a combined shortfall of £2,172k in forecast capital receipts and Community Infrastructure Levy receipts.

Capital Programme Overview

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

Table 19 – General Fund Capital Programme Summary

	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Movement from Month 7
	£'000	£'000	£'000	£'000
Schools Programme	72,316	72,176	(140)	-
Self Financing Developments	79,544	79,544	-	
Main Programme	123,332	118,332	(5,000)	(5,000)
Programme of Works	112,746	112,716	(30)	(55)
General Contingency	7,018	7,018	-	
Total Capital Programme	394,956	389,786	(5,170)	(5,055)
Movement	2,314	(2,741)	(5,055)	

150. The revised five year programme budget has increased by £2,314k due mainly to the recently expanded Highways Structural Works programme where additional works will be funded from the Highways earmarked reserve.
151. The Schools programme reports a cost saving of £140k partly relating to under spend on the replacement of Northwood Academy and uncommitted temporary classroom funding on the former Primary Schools expansions programme. 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. The main building contractor has recently been approved for the

expansion at Ruislip High. Works on site are expected to commence early next year, with completion anticipated in April 2020.

152. Projects to increase provision for young persons and pupils with Special Educational Needs are planned to commence at four sites in 2018/19 and ten schools and colleges overall over three years.
153. 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 under consideration on all sites, including the re-provision of the swimming pool budgeted within the Main Programme. The budget also includes £50,000k over two financial years to finance the newly incorporated housing company Hillingdon First.
154. The Main programme reports an under spend of £5,000k as the purchase of Uxbridge police station will not be proceeding as noted in the December Cabinet budget report. The re-provision of Hillingdon Outdoor Activity Centre (HOAC) is in progress with permanent arrangements to be in place in 2020/21. Public realm works on several town centre improvements are continuing into next year.
155. Programmes of Works reports an increase of £182k on Social Care equipment capitalisation, a movement of £20k in month which will be funded from available Disabled Facilities Grant. The forecast under spend on the private sector renewal grants budget has increased to £200k as there are a low number of commitments expected 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. Designs for the new library refurbishment programme are under consideration.
156. The 2018/19 unallocated general contingency budget is £1,018k after the allocation of £21k funding to a project within the Civic Centre Works Programme. In total, there are £7,018k contingency funds available over the period 2018-23.

Capital Financing - General Fund

157. Table 20 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £4,245k reported on Prudential Borrowing, due mainly to forecast cost under spends.

Table 20 General Fund Capital Programme Financing Summary

	Revised Budget 2018/19 £'000	Forecast 2018/19 £'000	Variance £'000	Total Financing Budget 2018-2023 £'000	Total Financing Forecast 2018-2023 £'000	Total Variance £'000	Movement
Council Resource Requirement	98,370	43,470	(54,900)	277,198	270,781	(6,417)	(5,075)
Financed By Prudential Borrowing							
Service Development	45,517	14,756	(30,761)	100,410	96,165	(4,245)	(4,803)
Self Financing	26,860	7,750	(19,110)	78,215	78,215	-	
Total Borrowing	72,377	22,506	(49,871)	178,625	174,380	(4,245)	(4,803)
Financed By Other Council Resources							
Capital Receipts	21,493	17,964	(3,529)	72,073	71,401	(672)	228
CIL	4,500	3,000	(1,500)	26,500	25,000	(1,500)	(500)
Total Council Resources	98,370	43,470	(54,900)	277,198	270,781	(6,417)	(5,075)
Grants & Contributions	30,042	24,707	(5,335)	117,758	119,005	1,247	20
Capital Programme	128,412	68,177	(60,235)	394,956	389,786	(5,170)	(5,055)
Movement	2,314	(11,124)	(13,438)	2,314	(2,741)	(5,055)	

158. 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.
159. In 2018/19 forecast capital receipts amount to £17,964k after financing transformation costs and as at the end of November an amount of £1,316k has been received. A further two sites have been sold at auction in December at higher prices than previously estimated resulting in a favourable movement of £228k. A major site has been approved to be sold to Hillingdon First at the market valuation of £3,500k and this is also included in the forecast. Other forecast receipts in 2018/19 include £10,765k for planned appropriations of four General Fund sites to the HRA for residential development.
160. As at the end of November a total of £1,307k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year, a movement of £21k 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.

161. 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 Grants and Contributions forecast also includes increased allocation of available Disabled Facilities Grant of £182k towards Social Care equipment capitalisation. There are also additional grants and contributions totalling £350k mainly allocated to existing Schools projects. 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.
162. A favourable variance of £4,245k is reported on prudential borrowing with the movement in month of £4,803k due mainly to the removal of the purchase of Uxbridge police station.

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	43	(50)	0	93	43	(50)	43	0	0
4,352	New Primary Schools Expansions	8,880	8,481	0	(399)	10,974	10,974	0	7,615	3,359	0
1,040	Secondary Schools Expansions	19,828	4,861	0	(14,967)	54,960	54,960	0	24,034	30,497	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	3,431	569	0
0	Schools SRP	0	568	0	568	1,640	1,640	0	0	1,640	0
188,098	Total Schools Programme	31,850	14,512	(140)	(17,198)	72,316	72,176	(140)	35,682	36,065	429

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	7,500	0	(17,500)	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	7,750	0	(19,110)	79,544	79,544	0	78,215	0	1,329

Annex B –Self Financing Developments

ANNEX C - Main Programme

Prior Year Cost	Project	2018/19 Revised Budget £'000	2018/19 Forecast £'000	2018/19 Cost Variance £'000	2018/19 Forecast Re-phasing £'000	Total Project Budget 2018-23 £000	Total Project Forecast 2018-23 £000	Total Project Variance 2018-23 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
Community, Commerce and Regeneration											
2,200	Gateway Hillingdon	950	950	0	0	950	950	0	950	0	0
6,274	Hayes Town Centre Improvements	2,687	1,000	0	(1,687)	2,962	2,962	0	306	1,300	1,356
448	Inspiring Shopfronts	247	122	0	(125)	447	447	0	447	0	0
25	Uxbridge Cemetery Gatehouse	549	15	0	(534)	549	549	0	549	0	0
951	Uxbridge Change of Heart	1,045	350	0	(695)	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	90	0	(734)	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	Uiter Building Refurbishment	400	0	0	(400)	400	400	0	400	0	0
0	Purchase of Uxbridge Police Station	5,000	0	(5,000)	0	5,000	0	(5,000)	0	0	0
0	Botwell Leisure Centre Football Pitch	0	0	0	0	200	200	0	200	0	0
0	Yiewsley Swimming Pool	2,000	100	0	(1,900)	30,000	30,000	0	30,000	0	0
12	Hillingdon Outdoor Activity Centre	6,988	4,248	0	(2,740)	26,488	26,488	0	0	0	26,488
Planning, Transportation and Recycling											
0	RAGC Car Park	250	25	0	(225)	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	25	0	(595)	620	620	0	620	0	0
Cross Cabinet Member Portfolios											
4,356	Projects Completing in 2018/19	449	436	0	(13)	449	449	0	444	0	5
24,854	Total Main Programme	26,156	10,483	(5,000)	(10,673)	123,332	118,332	(5,000)	87,145	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	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Leaders Initiative	393	308	0	(85)	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	150	0	(100)	750	750	0	750	0	0
	Central Services, Culture and Heritage										
N/A	Bowls Clubs Refurbishments	651	336	0	(315)	1,151	1,151	0	1,151	0	0
N/A	Libraries Refurbishment Programme	1,000	300	0	(700)	3,000	3,000	0	3,000	0	0
N/A	Leisure Centre Refurbishment	1,601	150	0	(1,451)	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	1,498	(12)	(1,549)	9,859	9,847	(12)	1,655	7,140	1,052
	Finance, Property and Business Services										
N/A	Civic Centre Works Programme	1,585	1,136	0	(449)	3,585	3,585	0	3,585	0	0
N/A	Corporate Technology and Innovation	1,104	708	0	(396)	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	750	0	(659)	2,409	2,409	0	2,409	0	0
	Planning, Transportation and Recycling										
N/A	Highways Structural Works	10,539	10,539	0	0	19,539	19,539	0	17,265	0	2,274
N/A	Road Safety	202	202	0	0	802	802	0	802	0	0
N/A	Transport for London	7,087	5,378	0	(1,709)	19,979	19,979	0	0	19,223	756
N/A	Purchase of Vehicles	3,911	3,000	0	(911)	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	25	(200)	0	1,125	925	(200)	925	0	0
	Cross Cabinet Member Portfolios										
N/A	Environmental/Recreational Initiatives	897	800	0	(97)	897	897	0	887	0	10
N/A	Section 106 Projects	597	249	0	(348)	597	597	0	0	0	597
N/A	Equipment Capitalisation - Social Care	985	1,167	182	0	4,925	5,107	182	0	5,107	0
N/A	Equipment Capitalisation - General	491	491	0	0	1,943	1,943	0	1,943	0	0
	Total Programme of Works	42,528	34,414	(30)	(8,084)	112,746	112,716	(30)	62,721	44,816	5,179

Appendix E – Treasury Management Report as at 30 November 2018

Table 21: Outstanding Deposits – Average Rate of Return on Deposits: 0.57%

	Actual (£m)	Actual (%)	Benchmark (%)
Up to 1 Month	55.8	69.49	70.00
1-2 Months	9.5	11.83	10.00
2-3 Months	0.0	0.00	0.00
3-6 Months	0.0	0.00	0.00
6-9 Months	0.0	0.00	0.00
9-12 Months	0.0	0.00	0.00
Total	65.3	81.32	80.00
Strategic Funds	15.0	18.68	20.00
Total	80.3	100.00	100.00

163. 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 deposit is spread between AAA rated Money Market Funds, an AAA rated Pooled Fund, the DMADF, Goldman Sachs International Bank and Lloyds Bank plc. Overseas deposit are held with DBS (Development Bank of Singapore) and Svenska Handelsbanken. There is also an allocation to Strategic Pooled Funds.
164. The average rate of return on day-to-day operational treasury balance is 0.57%. As part of the Council's investment strategy for 18/19, a total of £15m has been invested in three long dated strategic pooled funds (£5m in each). The strategic Funds have a 3-5 year investment horizon with dividends being distributed periodically.
165. 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 November, 84% 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 11% once instant access facilities are removed from the bail-in total.
166. Liquidity was maintained throughout November by placing surplus funds in instant access accounts and making short-term deposits with the DMADF. 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, Northumberland CC, Powys CC and scheduled T-Bills settled.

Table 22: Outstanding Debt - Average Interest Rate on Debt: 3.41%

	Actual (£m)	Actual (%)
General Fund		
PWLB	44.27	17.99
Long-Term Market	15.00	6.09
HRA		
PWLB	153.82	62.51
Long-Term Market	33.00	13.41
Total	246.09	100.00

167. There were no scheduled debt repayments during November. Gilts yields increased slightly during the month. 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.
168. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
169. In order to maintain liquidity for day-to-day business operations during December, cash balances will be mainly be placed in instant access accounts and short-term deposits.

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

170. 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. The number of agency approvals granted over the past month is lower than normal due to Social Care assignments being approved for two months, rather than one, in December 2018.

Table 23: Consultancy and agency assignments

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Residents Services						
Interim Transition Manager	11/06/2018	18/12/2018	19/03/2019	41	30	71
Interim Pre-Applications Manager	04/06/2018	03/12/2018	31/03/2019	52	34	86
Air Quality Officer	21/09/2015	31/12/2018	31/03/2019	85	9	94
Parking Operations Manager	03/07/2017	03/12/2018	31/03/2019	88	24	112
Education Strategy & Quality Assurance Manager	29/04/2015	03/01/2019	11/04/2019	508	43	550
Senior School Improvement Advisor	07/03/2016	02/01/2019	09/04/2019	264	49	313
Senior School Improvement Advisor	07/03/2016	24/12/2018	01/04/2019	226	4	230
Casual Smoking Cessation Sessional Advisors	01/04/2013	03/12/2018	03/03/2019	122	5	127
Programme Manager (HOAC)	06/11/2017	24/12/2018	24/03/2019	77	23	100
Quantity Surveyor	04/06/2017	24/12/2018	24/03/2019	145	24	168
Education Project Manager	17/09/2018	04/01/2019	10/05/2019	48	47	95