

# COUNCIL BUDGET - 2018/19 REVENUE AND CAPITAL MONTH 11 BUDGET MONITORING

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

## HEADLINE INFORMATION

<b>Purpose of report</b>	<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 £1,057k is reported against 2018/19 General Fund revenue budgets as of February 2019 (Month 11), representing an improvement of £878k from the position reported to Cabinet at Month 10. This primarily relates to recovery of costs arising from the settlement of the Council's compensation claim for access rights to the Southall Gasworks site.</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 £8,018k cumulative deficit on the ringfenced Dedicated Schools Grant account. This represents an adverse movement of £366k from the previously reported position at Month 10 driven by further growth in this area.</p>
<b>Contribution to our plans and strategies</b>	<p><b>Putting our Residents First: <i>Financial Management</i></b></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services, Commerce & Communities
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at February 2019 (Month 11) as outlined in Table 1.
2. Note the Treasury Management update as at February 2019 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 14<sup>th</sup> March to 18<sup>th</sup> April Cabinet meetings, detailed at Appendix F.
4. Approves re-phasing of 2018/19 HRA Works to Stock capital expenditure and associated financing budgets totalling £50k into later years of the capital programme.
5. Accept the £130k of grant funding from the Environment Agency, Thames Regional Flood and Coastal Committee, to undertake a project in Elephant Park within the Borough to reduce flood risk. Furthermore, that Cabinet delegate authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and Cabinet Member for Finance, Property and Business Services, to appoint contractors from the grant monies accepted above.
6. Approve the release of an estimated £203k of the £440k 2019/20 Ward Budget Growth to top-up each Ward Budget to £15k at 1 April 2019.
7. Approve the allocation of £135k Voluntary Sector grant to Harlington Hospice for the continuation of respite services for Hillingdon residents previously delivered by Cancer Trust Thames.
8. Approve the release of funding of £6,555 from the Unallocated Priority Growth to support the provision of coffee mornings for Domestic Abuse victims.
9. Agree to the appropriation of land at Belmore Allotments and Melrose Close car park with an estimated value of £6,107k from the General Fund to the Housing Revenue Account to be developed as mixed tenure general needs and shared ownership housing.
10. Agree to the appropriation of the former Woodside Day Centre site, 401 Uxbridge Road, Hayes with an estimated value of £1,870k from the General Fund to the Housing Revenue Account to be developed as shared ownership housing.
11. Agree to the appropriation of the former Maple and Poplar Day Centres, 401 Uxbridge Road, Hayes with an estimated value of £2,528k from the General Fund to the Housing Revenue Account to be developed as mixed tenure general needs and shared ownership housing.
12. Ratify the four special urgency decisions taken on the 18th and 29th of March 2019 as set out in Appendix G on the following matters:
  - a. ICT transformation and pathway to Cloud services contracts
  - b. Social Care Case Management System contract
  - c. Provision of care and support in extra care services
  - d. Urgent building and associated fire safety works at Packet Boat House, Cowley
13. Approve acceptance of £53k Parks Improvement Funding from the Ministry of Housing, Communities and Local Government.
14. Approve acceptance of £113k of Homelessness Prevention Top Up Grant from the Ministry of Housing, Communities and Local Government.
15. Note the award of £70k Alcohol Treatment Capital Fund 2019/20 to ARCH from Public Health England.
16. Approve acceptance of the £295k Rough Sleeping Initiative Grant for 2019-20 from the Ministry of Housing, Communities and Local Government.

17. Approve acceptance £53k High Street Community Clean Up funding from the Ministry of Housing, Communities and Local Government Future High Streets Fund.
18. Approve acceptance of £9k grant funding for H-CLIC legacy cases transfer and new burdens fund from the Ministry of Housing, Communities and Local Government.
19. Approve acceptance of £45k of grant funding from the Department for Education and Department for Work and Pensions, for Senior Leadership Support and Practitioner Training.
20. Approve acceptance of £136k EU exit funding from the Ministry of Housing, Communities and Local Government in respect of the Council's status as a port authority.

## 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 11 against budgets approved by Council on 22 February 2018. An update on the Council's Treasury Management activities is signposted in **Recommendation 2**.
2. **Recommendation 3** is intended to enable continued delegation of approval for appointment of consultancy and agency appointments over £50k to the Chief Executive, with final sign-off from the Leader of the Council. In addition, Appendix F reports on use of this delegated authority previously granted by Cabinet.
3. **Recommendation 4** proposes to re-phase 2018/19 HRA Works to Stock capital expenditure and associated financing budgets totalling £50k from the Warm Safe and Dry workstream to fund CCTV upgrades Phase 2 in 2019/20.
4. The Council has been advised we have been awarded funding from the Environment Agency to expand an existing project already approved by the Council in Elephant Park to enhance the environment to also deliver further flood risk works. The project will involve creating a new river channel through the park which will provide multiple benefits to residents. **Recommendation 5** approves the acceptance of the grant, and delegation of authority to expedite implementation.
5. **Recommendation 6** seeks authority to allocate an element of the £440k growth for Ward Budgets included in the 2019/20 budget approved by Cabinet and Council in February 2019 to top-up ward budgets to £15k at 1 April 2019. On the basis of latest estimates at the time of drafting this report, this exercise is expected to allocate £203k of the 2019/20 growth, with the remaining £237k continuing to be held centrally.
6. The December 2018 Cabinet approved the allocation of £135k for Cancer Trust Thames to be funded from the 2019/20 Voluntary Sector Grants budget. The reason for **Recommendation 7** is to ensure seamless transition of respite services for Hillingdon residents following the decision by Carers Trust Thames to not operate in Hillingdon.
7. There are monthly coffee mornings at the Civic Centre for Domestic Abuse victims. **Recommendation 8** will fund the equipment required and the cost of consumables and staff to assist with the provision of the service. This investment is to be financed from the £250k Unallocated Priority Growth included in the 2019/20 budget approved by Cabinet and Council in February 2019.
8. **Recommendation 9** - The development of the former Belmore Allotments site, Burns Close, Hayes is included within the approved HRA capital programme as a major residential

development to provide 38 general needs and 43 shared ownership units. A further 30 discounted market sale units are also to be provided and included in the approved General Fund capital programme. The development site also includes the car park at the end of Melrose Close, which will provide a secondary vehicular access to the proposed scheme. The appropriation to the HRA will increase the supply of social and affordable housing. The appropriation will be accounted for as a notional capital receipt at market value. The estimated land value of £6,107k, based on the proportion of units to be developed within the HRA as part of the total development site, will be managed within the overall HRA capital programme.

9. **Recommendation 10** - The redevelopment of the former Woodside Day Centre is included in the approved HRA capital programme to provide 20 shared ownership residential units on two storeys to be constructed above a new primary healthcare facility for two GP surgeries. The appropriation to the HRA will increase the supply of affordable housing and bring the site back into use representing value for money for both the General Fund and the HRA. The appropriation will be accounted for as a notional capital receipt at market value. The estimated land value of £1,870k, based on the proposed residential development within the HRA, will be managed within the overall HRA capital programme.
10. **Recommendation 11** - The redevelopment of the former Maple and Poplar Day Centres, Maple Road, Hayes is included in the approved HRA capital programme to provide 17 rental and 17 shared ownership residential units. The appropriation to the HRA will increase the supply of social and affordable housing and bring the site back into use representing value for money for both the General Fund and the HRA. The appropriation will be accounted for as a notional capital receipt at market value. The estimated land value of £2,528k, based on the proposed residential development within the HRA, will be managed within the overall HRA capital programme.
11. **Recommendation 12** - There were four contractual decisions taken under special urgency provisions since the last Cabinet meeting, that now require ratification by the Cabinet as per the Council's Constitution. They are set out in Appendix G.
12. **Recommendations 13 to 20** covers a range of grant allocations that have been received from central Government during March 2019. As most of these were not previously notified or anticipated it is assumed that these result from unanticipated underspends in central government departmental budgets.
13. Following a Government announcement in February of a £9.7 million fund for Local Authorities Parks Improvement fund, the Council has received an allocation of £53k and **Recommendation 13** is to accept this funding.
14. A Homelessness Prevention Top Up Grant (2018-19) £113k determination has been received by the Council and **Recommendation 14** is that this grant be accepted. This grant is to be applied to prevention activity; carry out homelessness activities in line with the principles of the homelessness reduction act; and reduce or eliminate the use of emergency B&B, particularly for periods over 6 weeks.
15. **Recommendation 15** relates to the award of £70k from Public Health England following a successful partnership bid with ARCH to the Alcohol Capital Fund. The programme will be undertaken during 2019/20 and funds will be paid directly to ARCH. Aspects of this programme will complement the work the Council is already undertaking on tackling Rough Sleeping in the Borough and **Recommendation 16** is to accept the latest Rough Sleeping Initiative Grant allocation of £295k for the 2019/20 financial year.

16. The Council has been awarded £53k for High Street Clean Community Clean Up from the Future High Streets Fund. It is specified that this funding is for 2018/19 works where there has been positive resident engagement. **Recommendation 17** is to accept this funding and allocate this to projects meeting this criteria in 2018/19.
17. **Recommendation 18** is to accept H-CLIC legacy cases transfer and new burdens funding (2018-19) of £9k to provide funding to report all temporary accommodation placements, known as legacy cases, through H-CLIC and to supplement new burdens costs of the transfer from P1E to H-CLIC reporting.
18. **Recommendation 19** seeks authority to accept £45k of grant funding from the Department for Education and Department for Work and Pensions, for Senior Leadership Support and Practitioner Training to support the Council to reduce domestic abuse, with a particular focus on Parental Conflict parents, where the funds will be used to commission training primarily for key workers, children centres, schools, Independent Domestic Violence Advocates and Advanced practitioners. Some of this will be face-to-face training, but the majority will be through E-learning.
19. On 18 March 2019, the Ministry of Housing, Communities and Local Government announced the award £136k to Hillingdon as a local authorities with a strategically important port to meet costs arising in the context of EU Exit. **Recommendation 20** seeks authority to accept this funding, which will be earmarked to meet any such costs.

## SUMMARY

### Revenue

20. General Fund revenue budgets are projected to underspend by £1,057k as at Month 11, an improvement of £878k from Month 10, £850k of which relates to the recovery of costs relating to the compensation claim for Southall Gas Works access rights. The headline position comprising 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 £130k uncommitted General Contingency available to manage emerging issues in the approach to outturn.
21. General Fund Balances are expected to total £40,428k 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.
22. Of the £10,655k savings included in the 2018/19 budget, £9,955k are either banked or classed as 'on track for delivery', with £700k 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.
23. A surplus of £1,225k 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 from 2017/18 within Council Tax. Month 11 shows a favourable movement of £37k. Any surplus realised at outturn will be available to support the General Fund budget in future years.
24. The Dedicated Schools Grant is projecting an in-year overspend of £3,893k at Month 11, an adverse movement of £366k from Month 10. This overspend is largely due to continuing pressures in the cost of High Needs, which also account for the adverse month on month movement, due to further growth in demand for High Needs support and results in a forecast carry forward cumulative deficit of £8,018k at 31 March 2019.
25. Although, additional funding has been provided by the DfE for 2018/19 and 2019/20, it remains clear that this pressure cannot 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

26. As at Month 11 an underspend of £8,158k is reported across the £395,529k General Fund Capital Programme, this variance relates to the purchase of Uxbridge Police Station not proceeding. While a favourable variance of £507k is reported on capital grant income, a £3,161k shortfall in capital receipts and CIL is expected to result in a £5,504k 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 £30,210K from £40,173k to £9,963k and therefore impact favourably on debt financing costs for 2019/20 – with the majority of this benefit captured in the budget approved by Cabinet and Council in February 2019.

## FURTHER INFORMATION

### General Fund Revenue Budget

27. An underspend of £1,330k is reported across normal operating activities at Month 11, although this includes a number of underlying pressures including Children's Services Placements, Green Spaces 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. This position is netted down by a transfer of £295k from the General Fund to support Public Health functions and a £22k overachievement on corporate funding to deliver the reported £1,057k underspend.
28. £10,655k of savings are included in the 2018/19 General Fund revenue budget. Currently £9,179k are banked, delivery is currently in progress against £776k of savings, £700k 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. There has been no change since Month 10.

**Table 1: General Fund Overview**

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000
			Revised Budget £'000	Forecast Outturn £'000			
207,578	(972)	Directorate Operating Budgets	206,606	206,575	(31)	(4)	(27)
4,878	1,192	Corporate Operating Budgets	6,070	5,621	(449)	(448)	(1)
8,929	(987)	Development & Risk Contingency	7,942	7,092	(850)	0	(850)
200	0	HIP Initiatives	200	200	0	0	0
(1,249)	767	Unallocated Budget Items	(482)	(482)	0	0	0
<b>220,336</b>	<b>0</b>	<b>Sub-total Normal Activities</b>	<b>220,336</b>	<b>219,006</b>	<b>(1,330)</b>	<b>(452)</b>	<b>(878)</b>
0	0	Exceptional Items Resource allocation from General Fund to Public Health	0	295	295	295	0
<b>220,336</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>220,336</b>	<b>219,301</b>	<b>(1,035)</b>	<b>(157)</b>	<b>(878)</b>
(219,386)	0	Budget Requirement	(219,386)	(219,408)	(22)	(22)	0
<b>950</b>	<b>0</b>	<b>Net Total</b>	<b>950</b>	<b>(107)</b>	<b>(1,057)</b>	<b>(179)</b>	<b>(878)</b>
(40,321)	0	Balances b/fwd	(40,321)	(40,321)			
<b>(39,371)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2019</b>	<b>(39,371)</b>	<b>(40,428)</b>			

29. General Fund Balances are projected to total £40,428k at 31 March 2019 as a result of the planned drawdown of £950k being reduced by the £1,057k 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

30. 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 11		Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
7,591	444	Chief Executive's Office	Expenditure	8,035	7,897	(138)	(114)	(24)
(1,092)	0		Income	(1,092)	(1,151)	(59)	(82)	23
<b>6,499</b>	<b>444</b>		<b>Sub-Total</b>	<b>6,943</b>	<b>6,746</b>	<b>(197)</b>	<b>(196)</b>	<b>(1)</b>
17,262	(1,571)	Finance	Expenditure	15,691	15,756	65	38	27
(3,170)	0		Income	(3,170)	(3,609)	(439)	(396)	(43)
<b>14,092</b>	<b>(1,571)</b>		<b>Sub-Total</b>	<b>12,521</b>	<b>12,147</b>	<b>(374)</b>	<b>(358)</b>	<b>(16)</b>
116,355	1,876	Residents Services	Expenditure	118,231	118,206	(25)	211	(236)
(43,096)	(1,628)		Income	(44,724)	(44,300)	424	200	224
<b>73,259</b>	<b>248</b>		<b>Sub-Total</b>	<b>73,507</b>	<b>73,906</b>	<b>399</b>	<b>411</b>	<b>(12)</b>
142,505	3,104	Social Care	Expenditure	145,609	146,598	989	716	273
(28,777)	(3,197)		Income	(31,974)	(32,822)	(848)	(577)	(271)
<b>113,728</b>	<b>(93)</b>		<b>Sub-Total</b>	<b>113,635</b>	<b>113,776</b>	<b>141</b>	<b>139</b>	<b>2</b>
<b>207,578</b>	<b>(972)</b>	<b>Total Directorate Operating Budgets</b>		<b>206,606</b>	<b>206,575</b>	<b>(31)</b>	<b>(4)</b>	<b>(27)</b>

31. An underspend of £197k is reported on the Chief Executive's Office budgets at Month 11 as a result of vacancies and non-staffing underspends and the overachievement of income within Human Resources. Across Finance, a net underspend of £374k is projected as a result of vacant posts across the directorate while compensatory variances on income and expenditure relating to revisions to grant funding to support Housing Benefit administration and associated investment in additional staffing.
32. A net pressure of £399k is reported across Residents Services, with a number of minor movements across the group. The Residents Services position for Month 11 incorporates pressures of £771k linked to vehicle hire and maintenance in Fleet services, £184k Waste Service pressure on agency, overtime and recycling costs, £202k on Residual Education functions and £483k on Green Spaces which are offset by staffing vacancies and the use of Earmarked reserves to support services.
33. A net £141k overspend is reported across Social Care budgets, representing a minor £2k change from Month 10. Included within this position are a number of ongoing pressures that the service is managing relating to the cost of Agency Social Workers, Legal Counsel and the provision of Temporary Accommodation for Section 17 cases. 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.

34. 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 £3,044k for such costs, which 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 as appropriate.

### Progress on Savings

35. Savings of £10,655k were included in the 2018/19 budget. As at Month 11, £9,955k are either banked or on track for delivery. £700k savings are in the early stages of delivery or potentially subject to greater risk to delivery, 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 Month 11**

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)	(4,572)	(1,377)	(9,179)	86.1%
G On track for delivery	0	0	(320)	(356)	(100)	(776)	7.3%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	(350)	0	(350)	(700)	6.6%
R Serious problems in the delivery of the saving	0	0	0	0	0	0	0.0%
<b>Total 2018/19 Savings</b>	<b>(58)</b>	<b>(728)</b>	<b>(3,114)</b>	<b>(4,928)</b>	<b>(1,827)</b>	<b>(10,655)</b>	<b>100.0%</b>

## Corporate Operating Budgets

36. 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.
37. An underspend of £449k is reported against Corporate Operating Budgets as at Month 11 an improvement of £1k from Month 10. This position principally reflects an underspend against capital financing costs across Treasury Management budgets, offset by additional investment in the West London District Coroners Service.

**Table 4: Corporate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment	Salaries	0	0	0	0
6,259	(592)		Non-Sal Exp	5,667	5,167	(500)	(500)
(371)	100		Income	(271)	(270)	1	1
<b>5,888</b>	<b>(492)</b>		<b>Sub-Total</b>	<b>5,396</b>	<b>4,897</b>	<b>(499)</b>	<b>(499)</b>
480	0	Levies and Other Corporate	Salaries	480	472	(8)	(7)
11,237	1,873		Non-Sal Exp	13,110	13,168	58	58
(11,602)	(189)		Income	(11,791)	(11,791)	0	0
<b>115</b>	<b>1,684</b>		<b>Sub-Total</b>	<b>1,799</b>	<b>1,849</b>	<b>50</b>	<b>51</b>
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
<b>(1,125)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(1,125)</b>	<b>(1,125)</b>	<b>0</b>	<b>0</b>
<b>4,878</b>	<b>1,192</b>	<b>Total Corporate Operating Budgets</b>	<b>6,070</b>	<b>5,621</b>	<b>(449)</b>	<b>(448)</b>	<b>(1)</b>

## Development & Risk Contingency

38. 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 released those elements relating to prior years into service budget, leaving £7,942k being managed through Development & Risk Contingency. An underspend of £850k is projected at Month 11, reflecting confirmation that the Council is able to recover costs in relation to the compensation claim relating to access rights to Southall Gasworks which has previously been funded from contingency. Within this position, £130k of General Contingency remains available to manage emerging risks in the approach to outturn.

**Table 5: Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
291	(291)	Fin.	Uninsured claims	0	0	0	0	0
1,736	0	Residents Services	Impact of Welfare Reform on Homelessness	1,736	857	(879)	(879)	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	1,283	880	895	(15)
367	0		Demographic Growth - Children with Disabilities	367	756	389	389	0
277	0		Social Worker Agency Contingency	277	149	(128)	(126)	(2)
443	(184)		SEN transport	259	633	374	374	0
730	258		Demographic Growth - Adult Social Care	988	1,077	89	89	0
0	1,041		Winter Pressures - Social Care Funding	1,041	1,041	0	0	0
0	(1,041)		Additional grant	(1,041)	(1,041)	0	0	0
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
0	328		Southall Gas Works	328	(350)	(678)	172	(850)
1,000	(328)		General Contingency	672	130	(542)	(559)	17
<b>8,929</b>	<b>(987)</b>	<b>Total Development &amp; Risk Contingency</b>		<b>7,942</b>	<b>7,092</b>	<b>(850)</b>	<b>0</b>	<b>(850)</b>

39. 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 reduced to 130 by outturn, 20 below MTFE assumptions into March. 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 forecasting to deliver a £879k underspend against contingency provision, no change from Month 10.
40. As at Month 11 the Asylum service is projecting a drawdown of £1,985k from the Contingency, no change from the Month 10 forecast. The overspend of £100k relates to a drop in the level of grant income received as well as an increase in the number of UASC supported by the Council.

41. The forecast overspend of £880k on the contingency provision for Looked After Children shows an adverse movement of £4k from Month 10 due to increased support required for children placed in the Council's Children's homes which would otherwise have required an Out of Borough residential placement. The majority of this pressure is a result of a continuing increase in the number of high cost Residential placements, where children have been placed outside of the Borough.
42. A drawdown of £149k is projected from the Social Worker agency contingency, an improvement of £2k from the Month 10 position due to the increased recruitment of permanent staff within the service. 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.
43. The Children with Disabilities service is projecting a drawdown of £756k from the Contingency, representing a £389k forecast overspend, no change from Month 10 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.
44. The service is projecting a drawdown of £1,077k from the Demographic Growth for Adult Social Care contingency, a pressure of £39k, no change from Month 10. Hillingdon received additional funding to help alleviate winter pressures on the NHS. The full winter pressures funding of £1,041k is expected to be deployed to support clients over the winter months. The additional funding will be managed through contingency and has been applied to ensure appropriate social care packages are in place for those leaving hospital with eligibility for social care.
45. The forecast drawdown from the contingency for SEN Transport is £633k, a pressure of £374k and no change from Month 10. The additional cost reflects the increase in pupils with EHCP plans which has resulted in the requirement to purchase additional routes for some children.
46. Cabinet in January 2019 approved the release of £328k from General Contingency to Resident 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 access to the Southall Gas Works site. The Council has now successfully secured compensation, with £850k income available to cover associated costs which were previously being funded from contingency. This income covers both the £500k previously expected to be incurred in 2018/19, and costs incurred in previous financial years.
47. No other material variances are reported against specific contingency items; with a minor £5k underspend on the Apprenticeship Levy reflecting current payroll expenditure. This leaves £130k General Contingency to manage any further emerging pressures.

## HIP Initiatives

48. £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. £181k of projects have been approved through HIP Steering Group for funding from resources as at Month 11, leaving £918k available for future release.

**Table 6: HIP Initiatives**

Original Budget £'000	Budget Changes £'000	HIP Initiatives	Month 11		
			Revised Budget £'000	Approved Allocations £'000	Unallocated Balance £'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	899	B/fwd Funds	899	181	(718)
<b>200</b>	<b>899</b>	<b>Total HIP Initiatives</b>	<b>1,099</b>	<b>181</b>	<b>(918)</b>

## Schools Budget

49. At Month 11 the Dedicated Schools Grant position is an in-year overspend of £3,893k. 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 £8,018k. This represents an adverse movement of £366k on the previously reported position, primarily as a result of the increase demand for High Needs Provision.
50. The in year overspend of £3,893k as at Month 11 is made up of £3,321k High Needs linked to the transfer of pupils from statements to EHCP's, £366k to alternative provision for pupils not attending mainstream provision, £467k for early years provision offset by £261k 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

51. A £1,225k surplus is projected against the Collection Fund at Month 11, an improvement of £37k from Month 10, which is made up of a £584 surplus on Council Tax and a £641k surplus on Business Rates. The Council Tax surplus is largely of 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 £1,081k in-year surplus being sufficient to offset the brought forward deficit of £440k.

## **Housing Revenue Account**

52. The Housing Revenue Account is currently forecasting a £587k favourable variance, resulting in a drawdown of reserves of £20,850k. This results in a projected 2018/19 closing HRA General Balance of £16,258k, with the use of reserves funding investment in new housing stock. The headline monitoring position incorporates underspends of £1,017k mainly in relation to planned works and contingency, offsetting a £430k income pressure predominantly from rental income.

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

53. Appendix D to this report outlines the forecast outturn on the 2018/19 to 2022/23 Capital Programme, with a £8,158k underspend projected over the five-year programme. Alongside an improvement in Government Grant and contribution income and no change in Capital Receipts or CIL, Prudential Borrowing is projected to be £5,504k lower than the £178,625k revised budget. Any further reductions in anticipated Capital Receipts or increases in project expenditure may necessitate a review of future financing costs in the new financial year.

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

### Chief Executive's Office Month 10 (£197k favourable, £1k improvement)

54. The CEO directorate is reporting an underspend of £197k at Month 11, representing a minor improvement of £1k on Month 10. The improvement primarily relates to staffing and income improvements.

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

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,445	0	Democratic Services	Salaries	1,445	1,464	19	19	0
1,750	(29)		Non-Sal Exp	1,721	1,689	(32)	(30)	(2)
(602)	0		Income	(602)	(617)	(15)	(15)	0
<b>2,593</b>	<b>(29)</b>		<b>Sub-Total</b>	<b>2,564</b>	<b>2,536</b>	<b>(28)</b>	<b>(26)</b>	<b>(2)</b>
2,012	(13)	Human Resources	Salaries	1,999	1,913	(86)	(80)	(6)
361	424		Non-Sal Exp	785	790	5	7	(2)
(230)	0		Income	(230)	(274)	(44)	(47)	3
<b>2,143</b>	<b>411</b>		<b>Sub-Total</b>	<b>2,554</b>	<b>2,429</b>	<b>(125)</b>	<b>(120)</b>	<b>(5)</b>
1,954	75	Legal Services	Salaries	2,029	1,983	(46)	(31)	(15)
69	(13)		Non-Sal Exp	56	58	2	1	1
(260)	0		Income	(260)	(260)	0	(20)	20
<b>1,763</b>	<b>62</b>		<b>Sub-Total</b>	<b>1,825</b>	<b>1,781</b>	<b>(44)</b>	<b>(50)</b>	<b>6</b>
5,411	62	Chief Executive's Office	Salaries	5,473	5,360	(113)	(92)	(21)
2,180	382		Non-Sal Exp	2,562	2,537	(25)	(22)	(3)
(1,092)	0		Income	(1,092)	(1,151)	(59)	(82)	23
<b>6,499</b>	<b>444</b>		<b>Total</b>	<b>6,943</b>	<b>6,746</b>	<b>(197)</b>	<b>(196)</b>	<b>(1)</b>

55. 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. The overachievement of income reflects contributions from education establishments supporting expenditure on training for newly qualified social workers in Learning & Development.

## Finance (£374k underspend, £16k improvement)

56. The overall position for Finance at Month 11 is a forecast underspend of £374k and represents an improvement of £16k on the Month 10 position.

**Table 8: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
2,058	(278)	Business Assurance	Salaries	1,780	1,654	(126)	(128)	2
1,443	409		Non-Sal Exp	1,852	1,928	76	73	3
(567)	0		Income	(567)	(592)	(25)	(16)	(9)
<b>2,934</b>	<b>131</b>		<b>Sub-Total</b>	<b>3,065</b>	<b>2,990</b>	<b>(75)</b>	<b>(71)</b>	<b>(4)</b>
1,540	0	Procurement	Salaries	1,540	1,567	27	28	(1)
64	0		Non-Sal Exp	64	68	4	0	4
(35)	0		Income	(35)	(36)	(1)	(2)	1
<b>1,569</b>	<b>0</b>		<b>Sub-Total</b>	<b>1,569</b>	<b>1,599</b>	<b>30</b>	<b>26</b>	<b>4</b>
3,505	88	Corporate Finance	Salaries	3,593	3,550	(43)	(26)	(17)
1,785	(1,529)		Non-Sal Exp	256	347	91	82	9
(151)	0		Income	(151)	(165)	(14)	(15)	1
<b>5,139</b>	<b>(1,441)</b>		<b>Sub-Total</b>	<b>3,698</b>	<b>3,732</b>	<b>34</b>	<b>41</b>	<b>(7)</b>
4,277	(70)	Revenues & Benefits	Salaries	4,207	4,182	(25)	(13)	(12)
1,847	(191)		Non-Sal Exp	1,656	1,748	92	52	40
(2,090)	0		Income	(2,090)	(2,487)	(397)	(361)	(36)
<b>4,034</b>	<b>(261)</b>		<b>Sub-Total</b>	<b>3,773</b>	<b>3,443</b>	<b>(330)</b>	<b>(322)</b>	<b>(8)</b>
536	0	Pensions, Treasury & Statutory Accounting	Salaries	536	509	(27)	(26)	(1)
207	0		Non-Sal Exp	207	203	(4)	(4)	0
(327)	0		Income	(327)	(329)	(2)	(2)	0
<b>416</b>	<b>0</b>		<b>Sub-Total</b>	<b>416</b>	<b>383</b>	<b>(33)</b>	<b>(32)</b>	<b>(1)</b>
11,916	(260)	Finance Directorat	Salaries	11,656	11,462	(194)	(165)	(29)
5,346	(1,311)		Non-Sal Exp	4,035	4,294	259	203	56
(3,170)	0		Income	(3,170)	(3,609)	(439)	(396)	(43)
<b>14,092</b>	<b>(1,571)</b>		<b>Total</b>	<b>12,521</b>	<b>12,147</b>	<b>(374)</b>	<b>(358)</b>	<b>(16)</b>

57. 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 and refreshed staffing assumptions account for the improved position this month. External consultancy has been used on an interim basis to support the audit function during the implementation of the new structure is driving the non-staffing pressure for the Business Assurance function as a whole.
58. The pressure on Corporate Finance follows the transfer of the Income Control function in Month 10 from Revenues and Benefits Service and is a result of increased bank charges currently impacting the service. Budget realignments have been undertaken as part of the 2019/20 budget to resolve this emerging pressure.
59. The position within Revenues and Benefits reflects the in year benefit of external grant funding for fraud identification work.
60. Pensions, Treasury and Statutory Accounting is reporting an underspend of £32k, 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 (£399k overspend, £12k favourable movement)

61. Residents Services directorate is showing a projected outturn overspend of £399k at Month 11, excluding pressure areas that have identified contingency provisions.

**Table 9: Residents Services Operating Budget**

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 11) £'000	Variance (As at Month 10) £'000	Movement from Month 10 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
17,187	(18)	Infrastructure, Waste and ICT	Salaries	17,169	16,978	(191)	(124)	(67)
35,689	197		Non-Sal	35,886	36,763	877	906	(29)
(10,543)	(454)		Exp	(10,997)	(11,186)	(189)	(310)	121
<b>42,333</b>	<b>(275)</b>		<b>Income</b>	<b>42,058</b>	<b>42,555</b>	<b>497</b>	<b>472</b>	<b>25</b>
18,547	35	Housing, Environment, Education, Health &	Salaries	18,582	17,996	(586)	(478)	(108)
23,510	1,046		Non-Sal	24,556	25,359	803	724	79
(17,361)	(1,037)		Exp	(18,398)	(18,071)	327	222	105
<b>24,696</b>	<b>44</b>		<b>Income</b>	<b>24,740</b>	<b>25,284</b>	<b>544</b>	<b>468</b>	<b>76</b>
3,995	18	Planning, Transportatio n & Regeneration	Salaries	4,013	3,689	(324)	(311)	(13)
685	432		Non-Sal	1,117	1,362	245	287	(42)
(4,059)	(226)		Exp	(4,285)	(4,211)	74	83	(9)
<b>621</b>	<b>224</b>		<b>Income</b>	<b>845</b>	<b>840</b>	<b>(5)</b>	<b>59</b>	<b>(64)</b>
12,626	162	Administrativ e, Technical & Business Services	Salaries	12,788	12,087	(701)	(653)	(48)
4,116	4		Non-Sal	4,120	3,972	(148)	(140)	(8)
(11,133)	89		Exp	(11,044)	(10,832)	212	205	7
<b>5,609</b>	<b>255</b>		<b>Income</b>	<b>5,864</b>	<b>5,227</b>	<b>(637)</b>	<b>(588)</b>	<b>(49)</b>
52,355	197	Residents Services Directorate	Salaries	52,552	50,750	(1,802)	(1,566)	(236)
64,000	1,679		Non-Sal	65,679	67,456	1,777	1,777	0
(43,096)	(1,628)		Exp	(44,724)	(44,300)	424	200	224
<b>73,259</b>	<b>248</b>		<b>Income</b>	<b>73,507</b>	<b>73,906</b>	<b>399</b>	<b>411</b>	<b>(12)</b>

62. 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.

63. 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 11, projected calls on contingency are £1,957k below the budgeted provision, an improvement of £850k on Month 10 projections. The table below shows the breakdown for each contingency item.

**Table 10: Development and Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Month 11		Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,736	0	Impact of Welfare Reform on Homelessness	1,736	857	(879)	(879)	0
1,172	0	Waste Disposal Levy & Associated Contracts Southall	1,172	772	(400)	(400)	0
0	328	Gas Works	328	(350)	(678)	172	(850)
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
<b>3,108</b>	<b>328</b>	<b>Current Commitments</b>	<b>3,436</b>	<b>1,479</b>	<b>(1,957)</b>	<b>(1,107)</b>	<b>(850)</b>

64. The Month 11 (February) data in Table 3 below shows a continuation of the reduction achieved in 2017/18. Of the use of temporary accommodation. The increase in B&B numbers seen in January has stabilised and overall numbers in temporary accommodation continue to be lower than the MTFF assumptions made by officers in modelling Supply and Demand and have reduced slightly from January.

**Table 11: Housing Needs performance data**

	December 18	January 19	February 19
All Approaches	162	283	228
Full Assessment Required	140	133	134
New into Temporary Accommodation (Homeless and Relief)	26	25	23
Households in Temporary Accommodation	463	471	469
Households in B&B	128	148	149

65. 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 £857k, £879k below the budgeted provision which is unchanged from month 10. The service is still forecasting the number of clients in B&B accommodation will be at or close to 130 at the end of the financial year, 20 below MTFF assumptions, whilst reducing the overall use and cost of Temporary Accommodation. This is expected to be achieved through maintaining a high number of placements into the private sector and the continued close monitoring of unit costs.
66. The Council will continue to closely monitor this risk, as given the introduction of the Homeless Reduction Act in April 2018 and subsequent 'duty to refer' from 1<sup>st</sup> October 2018, there has been a notable increase in homeless referrals to the Council. A sustained period of 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.
67. The call on the Waste contingency is unchanged from month 10. Whilst waste tonnages to date have shown an increase compared to the same period last year, current projections indicate that costs can be managed within the reduced contingency sum.
68. Cabinet in January 2019 approved the release of £328k from General Contingency to Resident 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 access to the Southall Gas Works site. The Council has now successfully secured compensation, with £850k income available to cover associated costs which were previously being funded from contingency. This income covers both the £500k previously expected to be incurred in 2018/19, and costs incurred in previous financial years.

### **Infrastructure, Waste and ICT (£567k overspend, £25k adverse movement)**

69. At Month 11, there is a £567k 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 remainder of the financial year.
70. The forecast pressure for Fleet Management is £771k, representing a £15k adverse movement. The pressure relates primarily to vehicle repairs and maintenance, an element of which relates to one-off legacy costs from the outgoing contractor. There are pressures/risks associated with increasing fuel costs, the service's performance in relation to insurance claims and hired vehicle costs. A range of management actions are in place and the service is progressing a refreshed Capital Vehicle Replacement Programme. The adverse movement in the month reflects additional sweeper hire requirements whilst ageing owned vehicles are off the road and an uplift in the projection for vehicle tax.
71. The forecast overspend of £112k in Waste Services represents a favourable movement of £64k compared with Month 10. 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. The improved position from Month 10 largely results from higher income projections for commercial tipping at New Years Green Lane and trade waste collection services.
72. The Highways and Street Lighting service shows a net overspend of £82k 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 of £65k compared with Month 10 reflects a reassessment of the vehicle crossing income projection.
73. The Capital and Planned Works service shows a projected pressure of £101k against base budget. The variance 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 could improve the position.
74. The Corporate Communications Service is showing an underspend of £45k against budget (a £7k favourable movement) attributable to refreshed staffing and agency cover requirements following the implementation of the BID review. The favourable movement largely reflects an improvement in Hillingdon People's advertising income.

### **Housing, Environment, Education, Health & Wellbeing (£474k overspend, £76k adverse movement)**

75. At Month 11 there is a overspend position of £474k across the service, representing an adverse movement of £76k on the month 10 position. Pressures within Green Spaces, Private Sector Housing and the Residual Education functions are being partially mitigated by underspends

within Business Performance, Community Safety and the wider Public Health service. Adverse staffing movements within Private Sector Housing and Disabled Facilities teams are partially offset by an improved position against non-contingency funded items within the Homeless service.

76. Green Spaces shows an adverse movement of £100k from Month 10, due to a reduction in income from burials and cremations. 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.
77. Underspends from vacant posts within Trading Standards and projected underspends on Voluntary sector grants continue to be forecast at Month 11. 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 (£5k underspend, £64k favourable movement)**

78. A net underspend of £5k is reported across the service at Month 11, with a £323k underspend on workforce budgets across Planning Services and Road Safety being offset by a £245k pressure across non-staffing budgets and a £74k net shortfall in projected income. The £64k favourable movement from Month 10 reflects a £45k uplift in income projections to reflect higher than previously assumed use of grant funding within the service, alongside marginal reductions across staffing and non-staffing budgets.
79. As previously reported, 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 2019/20 budget making allowance for this uplift.
80. A £74k shortfall is projected against the budgeted £4,285k 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 11 £3,838k or 91% of this forecast income has been banked which is in line with expectations for this stage of the year.

#### **Administrative, Technical & Business Services (£637k underspend, £49k improvement)**

81. Administrative, Technical and Business Services is reporting a forecast underspend of £637k at Month 11, representing an improvement of £49k on Month 10. The underspend is primarily due to high staff turnover and part-year vacancies in the service.
82. Staffing forecasts have improved by £48k in the month, a result of revised agency costs for temporary Environmental Health Officers carrying out food premises safety inspection reviews, alongside slipped recruitment assumptions for existing vacant posts.
83. A small adverse movement of £7k is reported on income, primarily due to revised Mortuary contributions, however, the adverse position is almost fully mitigated by further improvements in the Imported Food Office, largely driven by testing of Kenyan Green Beans. An outturn pressure of £212k on income is now expected, with pressures at Cedars and Grainges car parks contributing £461k towards this.

## SOCIAL CARE (£141k overspend, £2k adverse)

84. The Social Care directorate is projecting an overspend of £141k as at Month 11, a slight adverse movement of £2k on the Month 10 projections. It should be noted that a number of teams have moved from Early Intervention, Prevention & SEND into Children's Services, which has resulted in a restatement of the month 10 variances, to ensure a like for like comparison. Included within this position are a number of ongoing pressures that the service is managing relating to the cost of Agency Social Workers, Legal Counsel and the provision of Temporary Accommodation for Section 17 cases.

**Table 12: Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Month 11		Variance (As at Month 11) £'000	Variance (as at Month 10) £'000	Movement from Month 10 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
14,762	3,441	Children's Services	Salaries	18,203	18,086	(117)	(165)	48
17,224	490		Non-Sal Exp	17,714	18,481	767	628	139
(6,483)	(1,507)		Income	(7,990)	(8,247)	(257)	(164)	(93)
<b>25,503</b>	<b>2,424</b>		<b>Sub-Total</b>	<b>27,927</b>	<b>28,320</b>	<b>393</b>	<b>299</b>	<b>94</b>
8,358	(3,556)	Early Intervention, Prevention & SEND	Salaries	4,802	4,214	(588)	(652)	64
6,044	(323)		Non-Sal Exp	5,721	5,882	161	182	(21)
(2,243)	1,201		Income	(1,042)	(653)	389	430	(41)
<b>12,159</b>	<b>(2,678)</b>		<b>Sub-Total</b>	<b>9,481</b>	<b>9,443</b>	<b>(38)</b>	<b>(40)</b>	<b>2</b>
7,086	(19)	Adult Social Work	Salaries	6,828	6,692	(136)	(150)	14
71,039	1,506		Non-Sal Exp	72,545	72,838	293	471	(178)
(18,195)	(3,090)		Income	(21,285)	(21,533)	(248)	(347)	99
<b>59,930</b>	<b>(1,603)</b>		<b>Sub-Total</b>	<b>58,088</b>	<b>57,997</b>	<b>(91)</b>	<b>(26)</b>	<b>(65)</b>
12,980	417	Provider and Commissioned Care	Salaries	13,397	13,807	410	364	46
5,012	1,626		Non-Sal Exp	6,638	6,597	(41)	38	(79)
(1,856)	(40)		Income	(1,896)	(2,388)	(492)	(496)	4
<b>16,136</b>	<b>2,003</b>		<b>Sub-Total</b>	<b>18,139</b>	<b>18,016</b>	<b>(123)</b>	<b>(94)</b>	<b>(29)</b>
43,186	283	Social Care Directorate Total	Salaries	43,230	42,799	(431)	(603)	172
99,319	3,299		Non-Sal Exp	102,618	103,798	1,180	1,319	(139)
(28,777)	(3,436)		Income	(32,213)	(32,821)	(608)	(577)	(31)
<b>113,728</b>	<b>146</b>		<b>Total</b>	<b>113,635</b>	<b>113,776</b>	<b>141</b>	<b>139</b>	<b>2</b>

## DEVELOPMENT AND RISK CONTINGENCY (£1,654k overspend, £17k improvement)

85. The Council's 2018/19 Development and Risk Contingency includes provisions for areas of expenditure within Social Care for which there is a greater degree of uncertainty and relates to in-year demographic changes, including Asylum seekers and SEN Transport. Table 13 sets out the Month 11 projected position for the Development and Risk Contingency, which is reporting a pressure of £1,654k, an improvement of £17k on the Month 10 projections.
86. 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 13: Social Care Development & Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Month 11		Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
			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	1,283	880	895	(15)
367	0	Demographic Growth - Children with Disabilities	367	756	389	389	0
277	0	Social Worker Agency Contingency	277	149	(128)	(126)	(2)
443	(184)	SEN transport	259	633	374	374	0
730	258	Demographic Growth - Adult Social Care	988	1,077	89	89	0
50	0	Winterbourne View	50	0	(50)	(50)	0
<b>4,549</b>	<b>(320)</b>	<b>Current Commitments</b>	<b>4,229</b>	<b>5,883</b>	<b>1,654</b>	<b>1,671</b>	<b>(17)</b>

**Asylum Service (£100k overspend, no change)**

87. The service is projecting a drawdown of £1,985k from the contingency, no change on the Month 10 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 (£880k overspend, £15k improvement)**

88. The service is projecting a drawdown of £1,283k from the Contingency, an overspend of £880k and an improvement of £15k on the Month 10 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 and an increase in the cost of one to one support being provided to enable children to be placed in house rather than a more expensive out of borough placement. 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.
89. 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.

90. 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. Initial meetings have been held with representatives from Cardiff University and the way forward agreed, this will allow the service to start releasing funds to individuals over the coming months.

**Demographic Growth – Children with Disabilities (£389k overspend, no change)**

91. The service is projecting a draw down of £756k from the Contingency, an overspend of £389k, no change on the Month 10 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) (£128k underspend, £2k improvement)**

92. The service is projecting a drawdown of £149k from this contingency, an underspend of £128k and a slight improvement of £2k on the Month 10 position. The underspend is due to continuing recruitment successes that are taking place in the service, including the appointment of Newly Qualified Social Workers, the appointment of permanent staff to the new Senior Management Team and a reduced reliance on agency staff. The required drawdown of funds relates to the additional cost of using agency staff to cover essential Social Worker posts, where there is a premium cost of circa £18k for an agency worker, as the recruitment of Social Workers continues to be very competitive.

**Demographic Growth - SEN Transport (£374k Overspend, no change)**

93. The service is projecting a drawdown of £633k from the SEN Transport contingency, an overspend of £374k, no change on the month 10 position. 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, no change)**

94. The service is projecting a drawdown of £1,077k from the Adult Social Care contingency, an overspend of £39k, no change on the Month 10 projections. This position continues to be closely monitored especially over the winter months.

**DIRECTORATE OPERATING BUDGETS (£141k overspend, £2k adverse)**

**Children's Services (£393k overspend, £94k adverse)**

95. The service is projecting an overspend of £393k, as at Month 10, an adverse movement of £94k on the Month 10 projections, due to an increase in the projected cost of agency staff in those services transferred from the Early Intervention, Prevention & SEND Service and an increase in the cost of permanent recruitment, reflecting the transfer of some staff from agency to permanent roles. The service is reporting an underspend of £117k 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.
96. 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 (£38k underspend, £2k adverse)**

97. The service is projecting an underspend of £38k as at Month 11, a slight adverse movement of £2k on the Month 10 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 £215k on the Educational Psychological Service, which partially offsets a shortfall in income of £346k, following the cessation of funding from the DSG for Early Years and School based support. The position also includes a projected overspend of £237k (taking into account the use of the £122k growth) in the Early Years Centres budgets for the period 1 September 2018 to 31 March 2019 (equating to a full year overspend of £459k in 2018/219), following the transfer of responsibility from the Dedicated Schools Grant into the Council's base budget with effect from 1 September 2018.

#### **Adult Social Work (£91k underspend, £65k improvement)**

98. The service is projecting an underspend of £91k as at Month 11, an improvement of £65k on the Month 10 projections, due to a reduction in the use of external Best Interest Assessors, following the creation of an in house team who are performing better than originally anticipated. The service has an underspend of £136k on staffing, where the service has a number of vacant posts, an overspend of £293k on non staffing costs netted down by a surplus in income of £248k which includes the allocation of the Winter Pressures Grant to offset the increased cost of placements as reported in the January 2019 Grant Claim. This service area includes all of the placement costs, which are covered within the Development and Risk Contingency.

#### **Provider and Commissioned Care (£123k underspend, £29k improvement)**

99. The service is projecting an underspend of £123k as at Month 11, an improvement of £29k on the Month 10 projections, due to a reduction in the projected cost of transport vehicle hire. This includes an overspend of £410k on staffing, netted down by an underspend of £41k on non-staffing costs and a surplus of £492k in income.

## Appendix B – Other Funds

### COLLECTION FUND (£1,225k underspend, £37k improvement)

100. A surplus of £1,225k is reported within the Collection Fund at Month 11, 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 £37k improvement from the position reported at Month 10. Any surplus realised at outturn will be available to support the General Fund budget from 2019/20 onwards, the underspend forecast of £1,036k as at Month 9 was included within the draft budget considered by Cabinet in February 2019.

**Table 14: Collection Fund**

Original Budget	Budget Changes	Service	Month 11		Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10	
			Revised Budget	Forecast Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
(121,176)	0	Council Tax	Gross Income	(121,176)	(121,169)	7	(91)	98
10,918	0		Council Tax Support	10,918	10,826	(92)	(147)	55
(2,680)	0		B/fwd Surplus	(2,680)	(3,179)	(499)	(499)	0
<b>(112,938)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(112,938)</b>	<b>(113,522)</b>	<b>(584)</b>	<b>(737)</b>	<b>153</b>
(109,572)	0	Business Rates	Gross Income Section 31	(109,572)	(110,142)	(570)	(419)	(151)
(3,849)	0		Grants	(3,849)	(4,614)	(765)	(652)	(113)
53,246	0		Less: Tariff	53,246	53,246	0	0	0
7,451	0		Less: Levy	7,451	7,705	254	180	74
69	0		B/fwd Deficit	69	509	440	440	0
<b>(52,655)</b>	<b>0</b>	<b>Sub-Total</b>	<b>(52,655)</b>	<b>(53,296)</b>	<b>(641)</b>	<b>(451)</b>	<b>(190)</b>	
<b>(165,593)</b>	<b>0</b>	<b>Total Collection Fund</b>	<b>(165,593)</b>	<b>(166,818)</b>	<b>(1,225)</b>	<b>(1,188)</b>	<b>(37)</b>	

101. A surplus of £584k is projected against Council Tax at Month 11, predominantly as a result of the brought forward surplus of £499k relating to better than expected performance during 2017/18. This represents an adverse movement of £153k movement the Month 10 position due to a reduction in the forecast of Council Tax income increases over the last two months of the financial year.

102. A £641k net surplus is reported across Business Rates at Month 10, driven by growth in Gross Rates due to a number of new developments in the borough being brought into rating. This £1,081k in-year underspend is sufficient to off-set the brought forward deficit of £440k. This represents a £190k improvement from Month 10.

## Appendix B – Other Funds

### SCHOOLS BUDGET

#### Dedicated Schools Grant (£3,893k overspend, £366k adverse)

103. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £3,893k at month 11. This is an adverse movement of £366k from the month 10 position, due to continuing pressures in the cost of High Needs placements. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £8,018k.

**Table 15: DSG Income and Expenditure 2018/19**

Original Budget	Budget Changes	Funding Block	Month 11			Variance (at Month 10)	Movement from Month 10
			Revised Budget	Forecast Outturn	Variance		
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(275,559)	1,485	<b>Dedicated Schools Grant Income</b>	(274,074)	(274,074)	0	0	0
214,132	0	<b>Schools Block</b>	214,132	213,871	(261)	(311)	50
26,100	(2,238)	<b>Early Years Block</b>	23,862	24,329	467	467	0
2,773	0	<b>Central School Services Block</b>	2,773	3,139	366	367	(1)
32,554	753	<b>High Needs Block</b>	33,307	36,628	3,321	3,004	317
<b>0</b>	<b>0</b>	<b>Total Funding Blocks</b>	<b>0</b>	<b>3,893</b>	<b>3,893</b>	<b>3,527</b>	<b>366</b>
0	0	Balance Brought Forward 1 April 2018	4,125	4,125			
<b>0</b>	<b>0</b>	<b>Balance Carried Forward 31 March 2019</b>	<b>4,125</b>	<b>8,018</b>			

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

104. There are no further anticipated changes to the DSG allocation for 2018/19 until June when there will be a retrospective adjustment to the Early Needs block to reflect the actual uptake of the free entitlement for eligible two, three and four year olds. The current assumption is that there will be an increase in Early Years block funding following this adjustment and an estimate of this additional funding will be accrued for, to reflect the income in the correct financial year.

#### Schools Block (£261k underspend, £50k adverse)

105. The £261k 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. The adverse movement follows a review of the allocation of diseconomies funding to the three basic need academies, with costs having increased when compared with previous projections.
106. Schools Forum took the decision to withhold growth contingency allocations for two schools due to insufficient pupil growth in September 2018, which accounts for the majority of the underspend. There is also a mechanism within the growth contingency policy to allow for schools that have experienced significant in year growth and there is also an underspend in this allocation.

### **Early Years Block (£467k overspend, no change)**

107. 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.
108. 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.
109. 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.
110. There is currently an overspend of £33k 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.
111. These overspends are partly offset by a £44k underspend in the Family Information Service where there have been vacant posts for part of the year along with a projected £119k underspend in vulnerable children funding as fewer children are being identified as requiring additional support.

### **Central School Services Block (£366k overspend, £1k improvement)**

112. 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.
113. 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.
114. The overspend is partly off-set by additional projected income 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.

115. Underspends are also being projected in some of the centrally retained Education functions services which offset the total overspend.

**High Needs Block (£3,321k overspend, £316k adverse)**

116. There continues to be significant pressure in the High Needs Block with an overspend of £3,321k being projected at month 11.

117. 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.

118. There is a further 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 continue to have been made throughout the year, resulting in an additional pressure on the High Needs block.

119. The current year has seen a further increase in the cohort of post-16 SEN placements from September 2018. The month 11 projection now includes detail of all new placements and this has resulted in an additional £65k pressure

120. The rise in the number of pupils with an EHCP has also resulted in an increase in the number of schools receiving additional funding through the 2% threshold mechanism. This funding mechanism recognises those schools that have a disproportionate number of pupils with SEN on roll and distributes additional funding to schools that have more than 2% of their total pupil population with an EHCP. The funding is adjusted each term following receipt of confirmed census data, and the adjustments following the October census has resulted in a £157k overspend against budget.

121. There has been an increase in the number of schools applying for exceptional SEN funding to address the needs of pupils before and during the EHCP process. In addition there has been a rise in the number of children with SEN accessing out of school tuition and the number of children with SEN receiving additional therapies. The previous months projections for each of these areas have been based on the spend last financial year but it is clear that the total expenditure in each of these areas will be significantly higher in 2018/19.

122. 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 £190k.

## Appendix C – HOUSING REVENUE ACCOUNT

123. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £20,850k, which is £587k more favourable than the budgeted position and the overall movement from Month 10 is a favourable £7k. The 2018/19 closing HRA General Balance is forecast to be £16,258k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area:

**Table 16: Housing Revenue Account**

Service	Month 11		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 11)	Variance (As at Month 10)	Movement from Month 10
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,932)	(55,279)	653	653	0
Other Income	(4,877)	(5,100)	(223)	(223)	0
<b>Net Income</b>	<b>(60,809)</b>	<b>(60,379)</b>	<b>430</b>	<b>430</b>	<b>0</b>
Housing Management	12,819	13,041	222	211	11
Tenant Services	4,172	4,147	(25)	(43)	18
Repairs	5,056	5,739	683	557	126
Planned Maintenance	4,360	3,267	(1,093)	(931)	(162)
Capital Programme Funding	38,728	38,728	0	0	0
Interest & Investment Income	15,371	15,197	(174)	(174)	0
Development & Risk Contingency	1,740	1,110	(630)	(630)	0
<b>Operating Costs</b>	<b>82,246</b>	<b>81,229</b>	<b>(1,017)</b>	<b>(1,010)</b>	<b>(7)</b>
<b>(Surplus) / Deficit</b>	<b>21,437</b>	<b>20,850</b>	<b>(587)</b>	<b>(580)</b>	<b>(7)</b>
General Balance 01/04/2018	(37,108)	(37,108)	0	0	0
<b>General Balance 31/03/2019</b>	<b>(15,671)</b>	<b>(16,258)</b>	<b>(587)</b>	<b>(580)</b>	<b>(7)</b>

### Income

124. Rental Income is forecast to under recover by £653k and other income is forecast to over recover by £223k, nil movement on Month 10.

125. The number of RTB applications received in the first eleven months of 2018/19 was 150 compared to 159 for the same period in 2017/18, a reduction of 6%. There have been 46 RTB completions in the first eleven months of 2018/19 compared to 57 for the same period in 2017/18, a reduction of 19%. The RTB sales forecast as at Month 11 remains the same as Month 10 at 50 RTB sales.

### Expenditure

126. The Housing management service is forecast to overspend by £222k, an adverse movement of £11k on Month 10 due to increased forecasts on salaries relating to redundancies.

127. Tenant services is forecast to underspend by £25k, an adverse movement of £18k on Month 10 due to increased forecast expenditure on utilities.

128. The repairs budget is forecast to overspend by £683k, an adverse movement of £126k on Month 10 due to increased forecast expenditure on void repairs and day-to-day repairs. The planned maintenance budget is forecast to underspend by £1,093k, a favourable movement of £162k on Month 10 due to reduced forecast expenditure on planned maintenance remedial works.

129. The overall forecasts for the capital programme funding, interest and investment income, and the development and risk contingency budget remain unchanged from Month 10.

## HRA Capital Expenditure

130. The HRA capital programme is set out in the table below. The 2018/19 revised budget is £66,955k. There is a forecast net variance of £11,729k, £13,703k due to re-phasing and a cost overspend of £1,974k.

**Table 17: HRA Capital Expenditure**

Programme	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance Forecast V Revised Budget	2018/19 Project Re-Phasing	Total Project Budget 2018-23	Total Project Forecast 2018-23	Total Project Variance 2018-23	Movement 2018-23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Major Projects</b>								
New General Needs Housing Stock	22,587	22,381	0	(206)	144,423	144,423	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	1,046	926	0	(120)	15,714	15,714	0	0
New Build - Supported Housing Provision	9,352	8,671	(350)	(331)	15,343	14,993	(350)	0
<b>Total Major Projects</b>	<b>41,620</b>	<b>42,743</b>	<b>1,780</b>	<b>(657)</b>	<b>184,115</b>	<b>185,895</b>	<b>1,780</b>	<b>0</b>
<b>HRA Programmes of Work</b>								
Works to stock programme	20,619	8,383	194	(12,430)	57,797	57,991	194	(74)
Major Adaptations to Property	2,135	1,600	0	(535)	7,160	7,160	0	0
ICT	81	0	0	(81)	162	162	0	0
HRA General Capital Contingency	2,500	2,500	0	0	2,500	2,500	0	0
<b>Total HRA Programmes of Work</b>	<b>25,335</b>	<b>12,483</b>	<b>194</b>	<b>(13,046)</b>	<b>67,619</b>	<b>67,813</b>	<b>194</b>	<b>(74)</b>
<b>Total HRA Capital</b>	<b>66,955</b>	<b>55,226</b>	<b>1,974</b>	<b>(13,703)</b>	<b>251,734</b>	<b>253,708</b>	<b>1,974</b>	<b>(74)</b>
Movement on Month 10	0	(2,149)	(74)	(2,075)	0	(74)	(74)	(74)

## Major Projects

131. The 2018/19 Major Projects programme revised budget is £41,620k. The forecast expenditure is £42,743k, with a re-phasing of £657k, and a cost variance of £1,780k during the period 2018-2023.

## New General Needs Housing Stock

132. The 2018/19 General Needs Housing Stock revised budget is £22,587k. There is a forecast re-phasing of £206k, an increase of £29k on Month 10, across the General Needs programme partly due to the commencement of some projects being later than initially expected.

133. To date 57 buybacks have been approved with each acquisition at different stages of completion. This is the net approved number of buybacks following adjustment for properties that were approved but later failed to progress. The potential buybacks are estimated to cost up to £18,955k. This will be funded from the New General Needs Housing Stock budget with £118k being funded from the New Build Shared Ownership budget.
134. The development at Acol Crescent consists of 33 housing units being developed of which 19 are General Needs Housing with the remaining 14 being Shared Ownership housing. The contractor has been appointed and is currently on site with the project progressing as planned. The estimated programme duration is 12 months.
135. 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 remains outstanding with the contractor for the new build developments.
136. 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. The tenders have been returned for both projects with the appointment of the contractor imminent subject to the internal governance process. The projected on site date for the schemes is quarter 2 of the new financial year.
137. The planning application for the Belmore site has now been submitted and is pending approval due in April 2019. 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.

#### New Build - Appropriation of Land

138. 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

139. The New Build Shared Ownership 2018/19 revised budget is £1,046k. The forecast expenditure is £926k with a projected re-phasing of £120k, a reduction in re-phasing of £103k on the Month 10 position.
140. 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.
141. 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

142. The Supported Housing Programme comprises the build of 160 mixed client group units across three different sites. The 2018/19 revised budget is £9,352k with a re-phasing of £331k. This represents an increase in re-phasing of £161k on the Month 10 position due to the Parkview

scheme, with this scheme being subject to liquidated damages, and the contractor has encountered electrical and gas connection issues that has impacted construction progress.

143. The reported cost underspend for Grassy Meadow remains at £350k. Of the cost underspend, £250k represents a partial release of the contingency budget with the remaining contingency to be potentially released once the final account position has been agreed with the contractor and officers are confident all costs have been absorbed. The remaining £100k of the cost underspend is with respect to Capital Programme Team Fees budget that is surplus to requirement as the project nears completion.
144. 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.
145. The scheme at Parkview will run beyond its target completion date, although the contractor has intensified resources on the site to achieve completion as soon as possible.

### **HRA Programmes of Work**

146. The Works to Stock revised budget is £20,619k with a forecast expenditure of £8,383k and a net variance of £12,236k. The re-phasing variance is £12,430k, an increase in re-phasing of £1,908k on the Month 10 position across various workstreams due to the validation, procurement and consultation timetables required to deliver these works e.g. fire doors and emergency lighting £970k; lifts £422k; kitchens and bathrooms £285k; playgrounds £103k and other workstreams £128k. There is also a reduction in the cost overspend by £74k compared to the month 10 position, from £268k to £194k, relating to the playgrounds workstream.
147. The major adaptations budget is £2,135k and the forecast expenditure is £1,600k, with a re-phasing of £535k, an increase in re-phasing of £68k on the Month 10 position.
148. The HRA ICT budget is £81k and the forecast expenditure is zero, an increase in re-phasing of £12k on the Month 10 position.
149. The HRA General Capital Contingency revised budget is £2,500k 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 and to manage risk.

### **HRA Capital Receipts**

150. There have been 46 Right to Buy sales of council dwellings as at the end of February 2019 for a total gross sales value of £8,881k and a further 4 sales are forecast to bring the yearly total to 50, totalling £9,685k in 2018/19.
151. 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.
152. The cumulative spend requirement for 2018/19 Q4 will be reported in the 2018/19 outturn report.

## Appendix D - GENERAL FUND CAPITAL PROGRAMME

153. As at Month 11 an under spend of £40,915k is reported on the £89,953k 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 £8,158k
154. General Fund Capital Receipts of £16,506k are forecast for 2018/19, with a shortfall of £1,661k in total forecast receipts to 2022/23.
155. Overall, Prudential Borrowing required to support the 2018/19 to 2022/23 capital programmes is forecast to be within budget by £5,504k. This is mainly due to cost under spends of £8,158k and additional grants and contributions of £507k, partly offset by a combined shortfall of £3,161k in forecast capital receipts and Community Infrastructure Levy receipts.

### Capital Programme Overview

156. Table 18 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2018.

**Table 18: General Fund Capital Programme Summary**

	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Movement from Month 10
	£'000	£'000	£'000	£'000
Schools Programme	72,316	72,154	(162)	(12)
Self Financing Developments	79,544	79,544	-	
Main Programme	123,358	118,325	(5,033)	-
Programme of Works	113,489	111,237	(2,252)	(585)
General Contingency	6,822	6,111	(711)	(711)
<b>Total Capital Programme</b>	<b>395,529</b>	<b>387,371</b>	<b>(8,158)</b>	<b>(1,308)</b>
Movement	-	(1,308)	(1,308)	

157. The Schools programme reports cost under spends of £162k partly relating to under spend on the replacement of Northwood Academy and uncommitted temporary classroom funding on the former Primary Schools expansions programme. The building expansion at Warrender was completed in January 2019 with external works to be finished in the spring. The extension to Hillside Primary school is in progress and the majority of further adaptation works to the existing school are planned to be complete by September 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 will commence works on site in April 2019 for the expansion at Ruislip High, with completion anticipated in the summer of 2020
158. 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. In

March, Cabinet approved the appointment of consultants to commence feasibility and design work on all sites, including the re-provision of the swimming pool budgeted within the Main Programme and supported housing within the HRA. The budget also includes £50,000k over two financial years to finance the newly incorporated housing company Hillingdon First.

159. The Main programme reports an under spend of £5,033k which includes the purchase of Uxbridge police station which will not be proceeding. Negotiations are ongoing with other parties around arrangements for the new Hillingdon Outdoor Activity Centre (HOAC) site, which is planned to be operational in 2020/21. Public realm works on several town centre improvements are continuing into next year. The redevelopment of the boxing clubhouse and football club changing facilities at Field End Recreation Ground is in progress and expected to be complete in May 2019. Works have been approved to extend the car park at Rural Activities Garden Centre with expansion of the Centre planned in 2019/20.
160. Programmes of Works reports an overall decrease of £585k from the previous month due mainly to Youth Provision where the budget is only partially committed this year. The Highways Structural Works programme reports an under spend of £543k on completed works including schemes that commenced last year. Previously reported under spend on other programmes such as Environmental and Recreational Initiatives have been reallocated to new schemes such as Ruislip Woodlands Centre, approved at March Cabinet. The vehicle replacement programme is underway with supplier orders submitted for various service vehicles.
161. As at the end of February (Month 11) the remaining 2018/19 unallocated general contingency budget is £822k, however in March there have been further releases from contingency in respect of boundary fencing works at Colne Park (£46k) and the provision of a dust suppression system at Harlington Road Depot (£65k). The remaining 2018/19 unallocated contingency of £711k is not anticipated to be spent as the financial year end approaches. There are a further £6,000k contingency funds from 2019-23.

## Capital Financing - General Fund

162. Table 19 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £5,504k reported on Prudential Borrowing, due mainly to forecast cost under spends.

**Table 19: Capital Financing – General Fund**

	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	62,891	29,469	(33,422)	277,198	268,533	(8,665)	(1,331)
<b>Financed By Prudential Borrowing</b>							
Service Development	24,923	5,885	(19,038)	100,410	94,906	(5,504)	(1,311)
Self Financing	15,250	4,078	(11,172)	78,215	78,215	-	
<b>Total Borrowing</b>	<b>40,173</b>	<b>9,963</b>	<b>(30,210)</b>	<b>178,625</b>	<b>173,121</b>	<b>(5,504)</b>	<b>(1,311)</b>
<b>Financed By Other Council Resources</b>							
Capital Receipts	18,218	16,506	(1,712)	72,073	70,412	(1,661)	(20)
CIL	4,500	3,000	(1,500)	26,500	25,000	(1,500)	-
<b>Total Council Resources</b>	<b>62,891</b>	<b>29,469</b>	<b>(33,422)</b>	<b>277,198</b>	<b>268,533</b>	<b>(8,665)</b>	<b>(1,331)</b>
Grants & Contributions	27,062	19,569	(7,493)	118,331	118,838	507	23
<b>Capital Programme</b>	<b>89,953</b>	<b>49,038</b>	<b>(40,915)</b>	<b>395,529</b>	<b>387,371</b>	<b>(8,158)</b>	<b>(1,308)</b>
Movement	-	(6,961)	(6,961)	-	(1,308)	(1,308)	

163. 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 £10,410k uplift in capital financing charges borne by revenue over the MTFP period.
164. In 2018/19 forecast capital receipts amount to £16,506k after financing transformation costs. Three General Fund sites and two HRA sites have been sold at auctions in December and February. The remainder of the forecast is to be largely met from appropriations of sites to the HRA which are recommended in this report.
165. As at the end of February a total of £2,626k Community Infrastructure Levy (CIL) receipts (after administration fees) has been invoiced or received this financial year, a movement of £86k from last month. 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.
166. There is a net movement of £23k in grants and contributions, partly due to further Social Care equipment capitalisation and disability related property works funded by DFG, partially offset

by an agreed reduction in school contributions relating to a scheme within the former primary schools expansions programme. A favourable variance of £5,504k is reported on prudential borrowing with the favourable movement in month of £1,311k due mainly to further Council resourced cost under spends.

## APPENDIX 1a - 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
	<b>Education and Children Services</b>										
137,138	Primary Schools Expansions	93	22	(57)	(14)	93	36	(57)	100	0	(64)
4,352	New Primary Schools Expansions	8,583	8,848	0	265	10,974	10,974	0	8,866	2,108	0
1,040	Secondary Schools Expansions	4,961	4,210	0	(751)	54,960	54,960	0	21,994	32,472	494
45,568	Secondary Schools New Build	399	176	(105)	(118)	399	294	(105)	274	20	0
0	Meadow School	250	0	0	(250)	250	250	0	250	0	0
0	Additional Temporary Classrooms	0	0	0	0	4,000	4,000	0	3,724	276	0
0	Schools SRP	568	0	0	(568)	1,640	1,640	0	0	1,640	0
<b>188,098</b>	<b>Total Schools Programme</b>	<b>14,854</b>	<b>13,256</b>	<b>(162)</b>	<b>(1,436)</b>	<b>72,316</b>	<b>72,154</b>	<b>(162)</b>	<b>35,208</b>	<b>36,516</b>	<b>430</b>

## APPENDIX 1b - Self Financing Developments

Prior Year Cost	Project	2018/19 Revised Budget	2018/19 Forecast	2018/19 Cost Variance	2018/19 Forecast Re-phasing	Total Project Budget 2018-2023	Total Project Forecast 2018-2023	Total Project Variance 2018-2023	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Self Financing Developments</b>										
	<b>Finance, Property and Business Services</b>										
14	Yiewsley Site Development	250	78	0	(172)	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	15,000	4,000	0	(11,000)	50,000	50,000	0	50,000	0	0
	<b>Social Services, Housing, Health and Wellbeing</b>										
0	Woodside GP Surgery	0	0	0	0	1,939	1,939	0	1,939	0	0
<b>14</b>	<b>Total Self Financing Developments</b>	<b>15,250</b>	<b>4,078</b>	<b>0</b>	<b>(11,172)</b>	<b>79,544</b>	<b>79,544</b>	<b>0</b>	<b>78,215</b>	<b>0</b>	<b>1,329</b>

## Appendix 1c – 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
<b>Community, Commerce and Regeneration</b>											
2,200	Gateway Hillingdon	950	950	0	0	950	950	0	950	0	0
6,274	Hayes Town Centre Improvements	1,000	800	0	(200)	2,962	2,962	0	306	1,300	1,356
448	Inspiring Shopfronts	147	85	0	(62)	447	447	0	418	0	29
25	Uxbridge Cemetery Gatehouse	15	3	0	(12)	549	549	0	549	0	0
951	Uxbridge Change of Heart	534	400	0	(134)	1,045	1,045	0	845	0	200
<b>Central Services, Culture and Heritage</b>											
0	New Museum	25	0	0	(25)	5,632	5,632	0	4,882	0	750
0	New Theatre	25	0	0	(25)	44,000	44,000	0	42,950	0	1,050
<b>Finance, Property and Business Services</b>											
6,468	Battle of Britain Heritage Pride Project	312	282	0	(30)	312	312	0	312	0	0
6	Battle of Britain Underground Bunker	148	60	0	(88)	1,048	1,048	0	1,048	0	0
97	Bessingby Football/Boxing Clubhouse	1,247	1,187	0	(60)	1,497	1,497	0	1,497	0	0
0	Uniter Building Refurbishment	10	0	0	(10)	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	100	0	0	(100)	30,000	30,000	0	30,000	0	0
12	Hillingdon Outdoor Activity Centre	4,248	777	0	(3,471)	26,488	26,488	0	0	0	26,488
<b>Planning, Transportation and Recycling</b>											
0	RAGC Car Park	25	20	0	(5)	250	250	0	250	0	0
4,017	Street Lighting - Invest to Save	1,483	1,483	0	0	1,483	1,483	0	1,483	0	0
<b>Social Services, Housing, Health and Wellbeing</b>											
0	1 & 2 Merrimans Housing Project	25	0	0	(25)	620	620	0	620	0	0
<b>Cross Cabinet Member Portfolios</b>											
4,356	Projects Completing in 2018/19	462	295	(33)	(134)	475	442	(33)	411	0	31
<b>24,854</b>	<b>Total Main Programme</b>	<b>15,756</b>	<b>6,342</b>	<b>(5,033)</b>	<b>(4,381)</b>	<b>123,358</b>	<b>118,325</b>	<b>(5,033)</b>	<b>87,121</b>	<b>1,300</b>	<b>29,904</b>

## APPENDIX 1d - 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	268	0	(125)	1,193	1,193	0	1,193	0	0
	<b>Community, Commerce and Regeneration</b>										
N/A	Chrysalis Programme	1,331	1,127	(34)	(170)	5,331	5,297	(34)	5,282	0	15
N/A	Playground Replacement Programme	250	0	0	(250)	750	750	0	750	0	0
	<b>Central Services, Culture and Heritage</b>										
N/A	Bowls Clubs Refurbishments	651	107	0	(544)	1,151	1,151	0	1,151	0	0
N/A	Libraries Refurbishment Programme	1,000	0	0	(1,000)	3,000	3,000	0	3,000	0	0
N/A	Leisure Centre Refurbishment	1,601	3	0	(1,598)	3,101	3,101	0	3,101	0	0
	<b>Education and Children Services</b>										
N/A	Devolved Capital to Schools	1,222	904	0	(318)	2,254	2,254	0	0	1,846	408
N/A	School Building Condition Works	3,059	639	(8)	(2,412)	9,859	9,851	(8)	2,191	6,608	1,052
	<b>Finance, Property and Business Services</b>										
N/A	Civic Centre Works Programme	1,585	975	(16)	(594)	3,585	3,569	(16)	3,569	0	0
N/A	Corporate Technology and Innovation	904	463	(7)	(434)	3,396	3,389	(7)	3,389	0	0
N/A	Property Works Programme	680	531	(20)	(129)	2,600	2,580	(20)	2,481	0	99
N/A	CCTV Programme	708	1,450	0	742	1,758	1,758	0	1,677	0	81
N/A	Youth Provision	1,409	310	(753)	(346)	2,409	1,656	(753)	1,656	0	0
	<b>Planning, Transportation and Recycling</b>										
N/A	Highways Structural Works	10,539	7,123	(543)	(2,873)	19,539	18,996	(543)	16,722	0	2,274
N/A	Road Safety	202	132	(70)	0	802	732	(70)	732	0	0
N/A	Transport for London	7,087	5,111	0	(1,976)	19,979	19,979	0	0	19,223	756
N/A	Purchase of Vehicles	3,911	898	0	(3,013)	10,551	10,551	0	10,551	0	0
N/A	Harlington Road Depot Improvements	315	315	0	0	315	315	0	315	0	0
	<b>Social Services, Housing, Health and Wellbeing</b>										
N/A	Disabled Facilities Grant	2,833	2,000	(833)	0	12,033	11,200	(833)	0	11,200	0
N/A	PSRG / LPRG	225	25	(200)	0	1,125	925	(200)	910	15	0
	<b>Cross Cabinet Member Portfolios</b>										
N/A	Environmental/Recreational Initiatives	1,093	900	20	(213)	1,093	1,113	20	1,065	39	9
N/A	Section 106 Projects	597	249	5	(353)	597	602	5	0	0	602
N/A	Equipment Capitalisation - Social Care	985	1,192	207	0	4,925	5,132	207	0	5,132	0
N/A	Equipment Capitalisation - General	691	529	0	(162)	2,143	2,143	0	2,143	0	0
	<b>Total Programme of Works</b>	<b>43,271</b>	<b>25,251</b>	<b>(2,252)</b>	<b>(15,768)</b>	<b>113,489</b>	<b>111,237</b>	<b>(2,252)</b>	<b>61,878</b>	<b>44,063</b>	<b>5,296</b>

## Appendix E – Treasury Management Report as at 28 February 2019

**Table 20: Outstanding Deposits (Average Rate of Return: 0.60%)**

	<b>Actual (£m)</b>	<b>Actual (%)</b>	<b>Benchmark (%)</b>
Up to 1 Month	30.4	66.96	80.00
1-2 Months	0.0	0.00	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
<b>Total</b>	<b>30.4</b>	<b>66.96</b>	<b>80.00</b>
Strategic Funds	15.0	33.04	20.00
<b>Total</b>	<b>45.4</b>	<b>100.00</b>	<b>100.00</b>

167. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating, AAA rated Money Market funds and a AAA rated Pooled fund. UK deposits are currently only held in Lloyds Bank plc. There is also an allocation to Strategic Pooled Funds.
168. The average rate of return on day-to-day operational treasury balances is 0.60%. 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 pooled funds have a 3-5 year investment horizon with dividends being distributed periodically.
169. 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 cashflow, it is not possible to fully protect Council funds from bail-in risk. As year-end approaches average balances have dwindled resulting in all available funds, being placed in instant access facilities to ensure liquidity is maintained. Therefore, at the end of February, 100% of the Council's total funds have exposure to bail-in risk compared to a December benchmark average of 58% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 2% once instant access facilities are removed from the bail-in total.
170. Liquidity was maintained throughout February by placing surplus funds in instant access accounts, making short-term deposits with the DMADF and securing £20m of temporary borrowing. 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 and settlement of funds held in the Handelsbanken 35 Day Notice Account.

## Table 21: Outstanding Debt

**Average Interest Rate on Debt (Excluding Temporary Borrowing): 3.41%**

**Average Interest Rate on Temporary Borrowing: 0.85%**

	<b>Actual (£m)</b>	<b>Actual (%)</b>
<b>General Fund</b>		
PWLB	43.52	16.40
Long-Term Market	15.00	5.65
Temporary	20.00	7.54
<b>HRA</b>		
PWLB	153.82	57.97
Long-Term Market	33.00	12.44
<b>Total</b>	<b>265.34</b>	<b>100.00</b>

171. There were no scheduled debt repayments or early debt repayment opportunities during February. Gilts yields decreased during the first half of the month, however by the end of February they were up slightly on starting levels. Premiums remained too high to make early repayment of debt feasible; however, with the need to borrow, repayment of any debt is unlikely.
172. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
173. In order to maintain liquidity for day-to-day business operations during March, cash balances will be placed in instant access accounts and short-term deposits. In addition to this opportunities to lock in a further £10m of temporary borrowing will be monitored and the refinancing of a maturing £10m PWLB loan will be arranged.

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

174. The following Agency staff costing over £50k have been approved under delegated powers by the Chief Executive in consultation with the Leader and are reported here for information.

**Table 22: Consultancy and agency assignments over £50k**

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
<b>Residents Services</b>						
Major Application (PPA) Planner	18/06/2018	04/03/2019	02/06/2019	21	43	64
Housing Options and Homeless Prevention Officers (S17)	08/01/2018	04/03/2019	23/06/2019	39	14	53
Parking Operations Manager	03/07/2017	22/04/2019	07/10/2019	112	36	148
DFG Home Adaptation Surveyor	13/03/2017	03/03/2019	28/04/2019	211	19	230
Media & Campaigns Officer	23/07/2018	17/03/2019	09/06/2019	35	17	52
Programme Manager, Capital Programme Work	14/08/2016	04/03/2019	07/06/2019	134	25	159
Technical Support Assistant - SEN	01/10/2017	01/04/2019	30/06/2019	44	8	52
<b>Social Care</b>						
Team Manager	17/07/2017	01/04/2019	28/04/2019	173	8	181
Senior Social Worker	01/04/2013	01/04/2019	28/04/2019	149	6	155
Social Worker	06/04/2017	01/04/2019	28/04/2019	139	6	145
Social Worker	23/10/2017	01/04/2019	28/04/2019	103	5	108
Social Worker	13/11/2016	01/04/2019	28/04/2019	164	6	170
Social Worker	16/12/2016	01/04/2019	28/04/2019	175	6	181
Social Worker	21/08/2016	01/04/2019	28/04/2019	178	6	184
Social Worker	05/09/2014	01/04/2019	28/04/2019	357	6	363
Social Worker	10/07/2017	01/04/2019	28/04/2019	108	6	114
Social Worker	07/11/2016	01/04/2019	28/04/2019	187	6	193
Social Worker	04/05/2015	01/04/2019	28/04/2019	242	5	247
Social Worker	13/04/2015	01/04/2019	28/04/2019	280	6	286
Social Worker	01/04/2013	01/04/2019	28/04/2019	208	6	214
Social Worker	11/07/2016	01/04/2019	28/04/2019	199	6	205
Social Worker	01/08/2015	01/04/2019	28/04/2019	226	7	233
Team Manager	27/03/2017	01/04/2019	28/04/2019	171	7	178
Social Worker	27/10/2016	01/04/2019	28/04/2019	170	6	176
Social Worker	14/08/2017	01/04/2019	28/04/2019	125	6	131
Early Years Practitioner	12/09/2014	01/04/2019	28/04/2019	60	1	61

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
SENDIASS Manager	02/05/2017	01/04/2019	28/04/2019	94	7	101
Early Years Practitioner	24/02/2014	01/04/2019	28/04/2019	74	1	75
Educational Psychologist	15/11/2015	01/04/2019	28/04/2019	257	8	265
Special Needs Officer	01/12/2016	01/04/2019	28/04/2019	144	6	150
Early Years Practitioner	06/02/2017	01/04/2019	28/04/2019	52	2	54
Social Worker	11/08/2014	01/04/2019	28/04/2019	370	6	376
Social Worker	01/01/2013	01/04/2019	28/04/2019	390	6	396
Social Worker	01/04/2013	01/04/2019	28/04/2019	184	6	190
Social Worker	26/08/2016	01/04/2019	28/04/2019	172	6	178
Support Worker	20/12/2015	01/04/2019	28/04/2019	91	0	91
Social Worker	04/07/2016	01/04/2019	28/04/2019	222	6	228
Early Years Practitioner	25/03/2016	01/04/2019	28/04/2019	60	2	62
Nursery Officer	05/09/2016	01/04/2019	28/04/2019	54	2	56
Social Worker	03/07/2016	01/04/2019	28/04/2019	214	7	221
Social Worker	21/11/2016	01/04/2019	28/04/2019	160	6	166
Social Worker	01/01/2013	01/04/2019	28/04/2019	385	6	391
Senior Social Worker	29/06/2017	01/04/2019	28/04/2019	150	6	156
Senior Social Worker	05/10/2015	01/04/2019	28/04/2019	206	7	213
Early Years Practitioner	23/02/2015	01/04/2019	28/04/2019	86	2	88
Education Health and Care Officer	01/07/2017	01/04/2019	28/04/2019	73	5	78
Principal Educational Psychologist	01/08/2015	01/04/2019	28/04/2019	230	0	230
Educational Psychologist	15/08/2016	01/04/2019	28/04/2019	163	11	174
Educational Psychologist	01/03/2016	01/04/2019	28/04/2019	210	12	222
Social Worker	02/07/2017	01/04/2019	28/04/2019	101	6	107
Social Worker	24/11/2015	01/04/2019	28/04/2019	49	4	53
Senior Social Worker	30/04/2012	01/04/2019	28/04/2019	274	6	280
Practice Improvement Practitioner	08/05/2014	01/04/2019	28/04/2019	167	6	173
Child Protection Chair	01/07/2015	01/04/2019	28/04/2019	97	7	104
Senior Social Worker	21/11/2017	01/04/2019	28/04/2019	78	7	85

<b>Post Title</b>	<b>Original Start Date</b>	<b>Approved From</b>	<b>Proposed End Date</b>	<b>Previous Approval £'000</b>	<b>Approved £'000</b>	<b>Total £'000</b>
Senior Social Worker	19/12/2011	01/04/2019	28/04/2019	88	7	95
Social Worker	01/04/2018	01/04/2019	28/04/2019	79	6	85
Social Care BID Programme Lead	01/04/2019	01/04/2019	31/03/2020	0	120	120
Support Worker	03/04/2017	01/04/2019	31/03/2019	73	0	73
Support Worker	03/10/2016	01/04/2019	28/04/2019	59	2	61
Support Worker	03/04/2017	01/04/2019	28/04/2019	57	2	59
Care Worker	06/07/2016	01/04/2019	28/04/2019	79	2	81
Social Worker	26/07/2017	04/03/2019	31/03/2019	121	6	127
Approved Mental Health Worker	05/02/2018	04/03/2019	31/03/2019	60	4	64
AMHP	03/09/2018	04/03/2019	31/03/2019	49	6	55
Approved Mental Health Worker	01/06/2015	04/03/2019	31/03/2019	258	5	262
Care Worker	06/03/2017	01/04/2019	28/04/2019	59	2	61
Care Worker	03/04/2017	01/04/2019	28/04/2019	57	2	59
Support Worker	04/04/2016	01/04/2019	28/04/2019	85	2	87
Social Worker/Senior Social Worker	02/10/2017	04/03/2019	31/03/2019	102	5	108
Advanced Social Work Practitioner	30/04/2018	04/03/2019	31/03/2019	75	6	82
Social Worker	05/06/2017	04/03/2019	31/03/2019	110	5	114
Social Worker	16/04/2018	04/03/2019	31/03/2019	77	6	83
Social Worker	04/06/2018	04/03/2019	31/03/2019	56	5	61
Social Worker/Senior Social Worker	04/09/2017	04/03/2019	31/03/2019	113	6	119
Social Worker	04/06/2018	04/03/2019	31/03/2019	70	6	76
Advanced Social Work Practitioner	30/04/2018	04/03/2019	31/03/2019	74	6	80
Night Care Worker	04/06/2017	01/04/2019	28/04/2019	52	2	54
Head of Reablement	29/10/2018	01/04/2019	28/04/2019	60	11	71
Service Manager	30/07/2018	04/03/2019	31/03/2019	87	10	97
Head of Mental Health and Learning Disability	29/10/2018	04/03/2019	31/03/2019	41	10	51
Programme Lead-Urgent & Emergency Care	01/03/2018	01/04/2019	28/04/2019	165	12	177
Social Worker (CHC)	03/01/2017	04/03/2019	31/03/2019	106	4	110

## **Appendix G – Recent contract decisions taken under urgency provisions**

There are four executive decisions taken below where the proposed contract values were in excess of £500k and in accordance with the Council's Constitution these would ordinarily require full Cabinet approval. However, the Leader of the Council has the authority to take contract decisions on behalf of Cabinet where it is deemed urgent. In compliance with Procurement Standing Orders, these decisions are now reported to Cabinet for ratification.

### **ICT transformation and pathway to Cloud services contracts**

**That Cabinet ratify a special urgency decision taken by the Leader of the Council and the Cabinet Member for Finance, Property and Business Services on 18 March 2019 to:**

- 1) Accept the single tender from Agilisys for the provision of implementation and transition of technology to a cloud based service to the London Borough of Hillingdon via the G Cloud 10 Framework for an 18 month period from 1st April 2019 to 30th September 2020 and at the value of £956,803.**
- 2) Accept the single tender from Agilisys for the provision of Microsoft Azure hosting services to the London Borough of Hillingdon via the G Cloud 10 Framework for a 24 month period from 1st April 2019 to 31st March 2021 and at the value of £1,500,000.**
- 3) Agree to vary the current contract with Liquidlogic Limited for the provision of hosting services to a cloud based service to the London Borough of Hillingdon for a period of 60 months from 1st May 2019 to 30th April 2024, concurrent with the original contract and at the supplementary cost of £485,285.**

Following a procurement exercise using a G-Cloud framework, the Leader and Cabinet Member agreed to move forward with stage two of the implementation and transition of technology services to the Cloud and accept the necessary tenders. The decisions made will support the Council's broader ICT Transformation using cloud based services, providing a platform for future efficiency savings while also providing enhanced operational resilience and disaster recovery options. Funding for capital costs associated is within the Council's current capital programme, with ongoing revenue costs to be managed within existing ICT revenue budgets. The reason for urgency was to ensure the necessary contracts and purchasing can take place prior to 1 April.

### **Social Care Case Management System contract**

**That Cabinet ratify a special urgency decision taken by the Leader of the Council and the Cabinet Member for Finance, Property and Business Services on 18 March 2019 to:**

- 1. Accept the single tender from Liquidlogic for the provision, implementation and transition of a fully integrated application to the London Borough of Hillingdon via the Data and Application Solutions (DAS) RM3821 Lot 3c framework for a Three year period from 1st April 2019 to 31st March 2022, at the total value of £1,055,521 (£640,855 in year 1, followed by £207,333 per annum thereafter).**
- 2. Furthermore, that this includes the provision to extend the contract for up to a further two year period (1 + 1 years), subject to the approval of the Leader of the Council and Cabinet Member for Finance, Property & Business Services, in consultation with the Corporate Director of Social Care.**

Following a procurement exercise, the Leader and Cabinet Members accepted a tender for a new social care case management system which would consolidate all relevant processes, data and activity from the current 6 ICT systems across children's and adult services into a new core solution from Liquidlogic. The benefits of this decision would ensure a single view of an individual throughout their life, enabling lifelong proactive case management, streamlined process and improved quality and speed of decision making. This investment is expected to release cashable savings within ICT budgets as ongoing support and maintenance for the new core system is lower than equivalent costs for legacy systems. The reason for urgency was to ensure the necessary contracts and purchasing can take place prior to 1 April.

### **Provision of care and support in extra care services**

**That Cabinet ratify a special urgency decision taken by the Leader of the Council and the Cabinet Member for Social Services, Housing, Health & Wellbeing on 18 March 2019 to:**

- 1. Confirm the decision to terminate the existing Extra Care contracts with Carewatch Care Services Ltd and the decision not to Novate the contract to CSN Care Ltd;**
- 2. Approve the award of a contract relating to Care & Support at Triscott House and Grassy Meadow Court to Care Outlook Ltd for the remaining term of the existing contract, from April 1st 2019, at an estimated contract value of £680k and £1,151k per annum;**
- 3. Approve the award of a contract relating to Care & Support at Cottesmore House to Specialist Care Services Ltd (SCS), for the remaining term of the existing contract, from April 1st 2019, at an estimated contract value of £721k per annum; and**
- 4. Approve the delivery of Care & Support services at Park View Court from June 2019 by in house Adult Social Care staff, providing a contingent labour resource to ensure that mobilisation of the new facility does not affect continuity of service to residents.**

Due to the previous provider ceasing trading, the Leader and Cabinet Member made the necessary decisions for the continuation of care and support provision to the three existing Extra Care Services and the future plans for managing Parkview Court from June 2019 by bringing the contract back in-house. The reason for urgency was to minimise disruption to residents following the urgent change in care contractor.

### **Urgent building and associated fire safety works at Packet Boat House**

**That Cabinet ratify a special urgency decision taken by the Leader of the Council and the Cabinet Member for Finance, Property and Business Services on 29 March 2019 to accept the tender from DW CONTRACTORS LTD for essential building and associated fire safety works at Packet Boat House, for the estimated sum of £2,458,467.**

This decision enabled the Council to undertake urgent building and associated fire safety works in Packet Boat House, Cowley (Brunel Ward) following detailed building checks that had been undertaken and also advice from the London Fire Service. The reason for urgency was to ensure that urgent building and fire safety works required could take place at the start of April 2019.

### **BACKGROUND PAPERS**

Decision Notices: 18 and 29 March 2019