

COUNCIL BUDGET: 2018/19 REVENUE AND CAPITAL OUTTURN

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

HEADLINES

Purpose of report	<p>This report provides the Council's financial position and performance against the 2018/19 revenue budgets and Capital Programme.</p> <p>An underspend of £2,249k is reported against 2018/19 General Fund revenue budgets as of March 2019 (Outturn), representing an improvement of £1,192k from the position reported to Cabinet at Month 11. This primarily relates to the release of uncommitted General Contingency and Priority Growth monies at outturn.</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 £8,492k cumulative deficit on the ringfenced Dedicated Schools Grant account. This represents an adverse movement of £474k from the previously reported position at Month 11.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services, Commerce & Communities
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at March 2019 (Outturn), including the in-year release of Development and Risk Contingency funds into Directorate Operating budgets as outlined in Table 5.
2. Approve the allocation of the following sums from the outturn surplus:
 - a. £500k funding for the Heathrow Expansion legal challenge and any costs related to HS2
 - b. £776k unspent Priority Growth funds to be earmarked for priority growth initiatives from 2019/20 onwards
3. Note the use of Capital Receipts to fund service transformation as set out in Appendix D.
4. Note the Treasury Management update as at March 2019 (Outturn) at Appendix F.
5. 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 18th April to 20th June Cabinet meetings, detailed at Appendix G.
6. Approves the release of the following sums from Development and Risk Contingency to Directorate Operating Budgets in 2018/19
 - a. Waste Disposal Levy and Associated Contracts £772k
 - b. Demographic Growth – Looked After Children £403k
 - c. Demographic Growth Children With Disabilities £367k
 - d. SEN Transport £259k
 - e. Demographic Growth Adults Social Care £988k
7. Approves re-phasing of £36,213k 2018/19 General Fund capital expenditure and financing budgets into future years as set out in Tables 1 and 2 in the report and approves re-phasing of £8,302k 2018/19 HRA capital expenditure and financing budgets into future years as set out in Appendix C in the report.
8. Approves re-phasing of £36,465k 2019/20 General Fund original capital expenditure and financing budgets into future years.
9. Accepts additional Special Provision Fund capital grant of £1,356k from the Department of Education.
10. Accepts £40k grant funding from the Greater London Authority under the Greener City Fund Community Grant Scheme for the creation of wetland habitats at Elephant Park.
11. Accepts additional Transport for London Local Implementation Plan funding of £49k for Cycle Training in 2019/20.
12. Approve acceptance of gift funding in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for;
 - a. Tavistock Works £20k
 - b. Crown Trading Estate, Clayton Road Hayes £50k
 - c. Fairview Trading Estate, Clayton Road Hayes £50k
 - d. Xerox, Bridge House Uxbridge £43k
13. Agree the Meals on Wheels service adjustment to fees and charges with effect from 1 July 2019, that new clients will be charged £5.25. This will not impact current users of the service.
14. Approve the changes to Leisure fees & charges as set out in Appendix H.
15. Agree that the Council donates £6.7k to the Mayor of Hillingdon's Charitable Trust to support local good causes, from the proceeds of kerbside textile waste collection and matched funding from the HIP Initiatives budget, with a further donation to top up the overall income for the year to £96k.

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 Outturn against budgets approved by Council on 22 February 2018. This recommendation also seeks a ratification of the release of Development and Risk Contingency completed during the closure of the 2018/19 accounts.
2. **Recommendation 2** seeks approval from Cabinet to earmark a total of £1,276k from the £2,249k outturn surplus towards priority initiatives from 2019/20 onwards, including £500k towards continuing the legal challenge to the expansion of Heathrow airport and meet any costs associated with managing the impact of HS2 on the Borough. If approved, this would result in the transfer of £1,276k from General Balances to Earmarked Reserves, reducing uncommitted General Balances carried forward into the new financial year from £41,620k to £40,344k.
3. **Recommendation 3** provides an update on the use of Capital Receipts to fund the costs of service transformation, with further background at paragraph 17. An update on the Council's Treasury Management activities is signposted in **Recommendation 4**, with Appendix F providing a comprehensive update.
4. **Recommendation 5** 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.
5. **Recommendation 6** It is proposed to release those elements of Development and Risk Contingency relating to 2018/19 growth which has now materialised into 2019/20 base budgets. Sums recommended for release reflect the lower of budgeted growth and actual expenditure for the five major population-led contingency items.
6. **Recommendation 7** The re-phasing of £36,213k 2018/19 General Fund capital expenditure and financing budgets is required to enable existing projects to be delivered in future years. The re-phasing of £8,302k 2018/19 HRA capital expenditure and financing budgets is required to enable existing projects and programmes to be delivered in future years. This HRA sum includes a re-phasing of £2,500k for general contingency and a re-phasing of £1,000k on the Works to Stock programme for the Lundy Drive work-stream. The latter is funded from external insurance income £607k and HRA Major Repairs Reserve £393k.
7. **Recommendation 8** Agrees the re-phasing of £36,465k 2019/20 original General Fund capital expenditure and financing budgets into future years reflects revised new year budget estimates for several projects and programmes since the original budget was approved at Council in February 2019. Major items include £15,000k relating to Housing Company financing and £16,240k for Hillingdon Outdoor Activity Centre re-provision, and £4,225k cumulative re-phasings on several other projects.
8. **Recommendation 9** The Department for Education (DfE) previously awarded Hillingdon £3,594k Special Provision funding from 2018-2021 to increase provision for pupils with special educational needs and disabilities (SEND). In January 2019 the DfE allocated a further £1,356k taking total funding to £4,950k. Plans for utilising this funding are being developed in consultation with parents and carers of children and education providers.

9. **Recommendation 10** – the Green Spaces team have been successful in obtaining £40k Greener City Fund Community Grant funding administered by Groundwork London on behalf of the GLA. The grant is for the creation of wetland habitats at Elephant Park and will be completed in 2019/20. The Council will contribute match funding of £21k.
10. **Recommendation 11** – TFL have awarded £49,393 Cycle Skills Healthy Streets grant funding for Cycle Training in 2019/20, in addition to the annual Local Implementation Plan funding.
11. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 12** seeks authority from Cabinet to approve the acceptance of £163k, in relation to a number of major developments.
12. **Recommendation 13** Agree to transition the Meals on Wheels service to a cost neutral model through adopting a full charge model for all new service users directly accessing the service provided by Apetito, with effect from 1 July 2019.
13. Leisure fees and charges Fees & charges for the 2019/20 budget were approved at Council budget setting in February 2019. Leisure centre fees were not amended as it was previously agreed with the Council's leisure providers GLL and Fusion to refresh fees and charges at leisure centres in-year, i.e. subsequent to new 2019/20 fees & charges being formally approved and published by neighbouring boroughs. The output from this exercise in terms of the proposed increases has been summarised at Appendix H. **Recommendation 14** seeks authority from Cabinet to implement these changes.
14. Cabinet on 19 June 2014 agreed that the proceeds from the kerbside textile waste initiative introduced in 2013 would be donated to the mayors charity. The proceeds from this scheme in 2018/9 amounted to £6.7k. With match funding this brings the donation to £13.4k. **Recommendation 15** seeks authority for this payment to the Mayor's Charity alongside a further contribution to bring the total monies to £96k.

SUMMARY

Revenue

15. General Fund revenue budgets are reporting an underspend by £2,249k at outturn, an improvement of £1,192k from Month 11. The headline position comprising of a number of reported pressures such as growing demand for Children's Services, the subsidy of Early Years Centres no longer met from the Schools Budget 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 was no call on the remaining uncommitted General Contingency available to manage emerging issues in the approach to outturn. As a result of the underspend General Fund Balances total £41,620k at 31 March 2019.
16. Of the £10,655k of savings are included in the 2018/19 General Fund revenue budget. At outturn, £9,955k are now banked. £700k savings are in earlier stages of delivery. Savings at an earlier stage of delivery are ultimately expected to be delivered in full, with alternative measures and underspends covering these in the 2018/19 financial year.
17. A surplus of £1,476k 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. This represents a £251k favourable movement from the position reported at Month 11. This surplus 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.

18. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £4,367k. This is an adverse movement of £474k from the month 11 position, due to continuing pressures in the cost of education placements for looked after children and pupils with SEN and an overspend on the provision of two year olds. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £8,492k.
19. 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, 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

20. An underspend of £46,733k is reported across the £90,031k 2018/19 Capital Programme, consisting of £10,520k cost underspends and £36,213k re-phasing into future years. The revised planned financing of the housing company (Hillingdon First) in respect of the development in South Ruislip now falling into 2019/20 has resulted in a reduction in expenditure of £5,740k from the Month 11 forecast.
21. The element of the General Fund Capital Programme financed by council resources totalled £23,649k. This is funded by £15,356k of capital receipts, £3,287k of CIL receipts and £5,006k of prudential borrowing. The £15,356k of capital receipts available for funding is after top slicing £2,565k to fund transformation expenditure. The £15,356k includes £10,505k of appropriations to the HRA.

FURTHER INFORMATION

General Fund Revenue Budget

22. An underspend of £2,222k is reported across normal operating activities at Outturn, although this includes a number of underlying pressures including Children's Services Placements, Early Years Centres, 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 £27k overachievement on corporate funding to deliver the reported £2,249k underspend.
23. £10,655k of savings are included in the 2018/19 General Fund revenue budget. At outturn, £9,955k are banked. £700k savings are in the early stages of delivery. Savings at an earlier stage of delivery are ultimately expected to be delivered in full, with alternative measures and underspends covering these in the 2018/19 financial year.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 12		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
			Revised Budget £'000	Outturn £'000			
207,578	(1,193)	Directorate Operating Budgets	206,385	206,221	(164)	(31)	(133)
4,878	1,434	Corporate Operating Budgets	6,312	5,878	(434)	(449)	15
8,929	(987)	Development & Risk Contingency	7,942	6,799	(1,143)	(850)	(293)
200	0	HIP Initiatives	200	200	0	0	0
(1,249)	746	Unallocated Budget Items	(503)	(1,279)	(776)	0	(776)
220,336	0	Sub-total Normal Activities	220,336	217,819	(2,517)	(1,330)	(1,187)
0	0	Exceptional Items Resource allocation from General Fund to Public Health	0	295	295	295	0
220,336	0	Total Net Expenditure	220,336	218,114	(2,222)	(1,035)	(1,187)
(219,386)	0	Corporate Funding	(219,386)	(219,413)	(27)	(22)	(5)
950	0	Net Total	950	(1,299)	(2,249)	(1,057)	(1,192)
(40,321)	0	Balances b/fwd	(40,321)	(40,321)			
(39,371)	0	Balances c/fwd 31 March 2019	(39,371)	(41,620)			

24. General Fund Balances are projected to total £41,620k at 31 March 2019 as a result of the planned drawdown of £950k being reduced by the £2,249k in year underspend. The Council's current MTFF assumes that unallocated balances will remain between £15,000k and £32,000k to manage emergent risks, with any sums above that level earmarked for use to smooth the impact of Government funding cuts.

Directorate Operating Budgets

25. Directorate Operating Budgets represent the majority of the Council's investment in day-to-day services for residents, with more volatile or demand-led areas of activity tracked separately through the Development and Risk Contingency. Further information on the outturn position 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 12		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Outturn £'000				
7,591 (1,092)	837 (283)	Chief Executive's Office	Expenditure	8,428	8,285	(143)	(138)	(5)
			Income	(1,375)	(1,446)	(71)	(59)	(12)
6,499	554		Sub-Total	7,053	6,839	(214)	(197)	(17)
17,262 (3,170)	(1,680) 0	Finance	Expenditure	15,582	15,687	105	65	40
			Income	(3,170)	(3,656)	(486)	(439)	(47)
14,092	(1,680)		Sub-Total	12,412	12,031	(381)	(374)	(7)
116,355 (43,096)	1,497 (1,808)	Residents Services	Expenditure	117,852	119,019	1,167	605	562
			Income	(44,904)	(45,698)	(794)	(206)	(588)
73,259	(311)		Sub-Total	72,948	73,321	373	399	(26)
142,505 (28,777)	4,233 (3,989)	Social Care	Expenditure	146,738	147,349	611	748	(137)
			Income	(32,766)	(33,319)	(553)	(607)	54
113,728	244		Sub-Total	113,972	114,030	58	141	(83)
207,578	(1,193)	Total Directorate Operating Budgets		206,385	206,221	(164)	(31)	(133)

26. An underspend of £214k is reported on the Chief Executive's Office budgets at Outturn as a result of vacancies and non-staffing underspends and the overachievement of income within Human Resources. Across Finance, a net underspend of £381k is reported 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.
27. A net pressure of £373k is reported across Residents Services for Outturn incorporates pressures linked to vehicle hire and maintenance in Fleet services, Residual Education functions and Green Spaces which are offset by staffing vacancies and the use of Earmarked reserves to support services.
28. A net £58k overspend is reported across Social Care budgets, an improvement of £83k on the Month 11 projections, due to lower than expected non-staffing costs. Included within this position are a number of pressures that the service managed through underspends across the service, which relate to the cost of Early Years Centres, Agency Social Workers, Legal Counsel and the provision of Temporary Accommodation for Section 17 cases. As a result the transfer of Early Years Centres from the Schools Budget to the General Fund from September 2018, a pressure of £317k is reported within the Social Care position for 2018/19 and is expected to continue into the new financial year.
29. 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. The outturn position includes £2,565k for such costs, a reduction of £479k from the month 11 estimate of £3,044k. An analysis of the £2,565k of transformation costs and its link to savings incorporated the MTFE is shown in Appendix E.

Progress on Savings

30. Savings of £10,655k were included in the 2018/19 budget. At outturn, £9,955k are banked. £700k savings are in the early stages of delivery. Savings at an earlier stage of delivery are ultimately expected to be delivered in full, with alternative measures and underspends covering these in the 2018/19 financial year.

Table 3: Savings Tracker Month 12

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)	(2,764)	(4,928)	(1,477)	(9,955)	86.1%
G On track for delivery	0	0	0	0	0	0	0.0%
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%
Total 2018/19 Savings	(58)	(728)	(3,114)	(4,928)	(1,827)	(10,655)	100.0%

Corporate Operating Budgets

31. 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.
32. An underspend of £434k is reported against Corporate Operating Budgets as at Outturn an movement of £15k from Month 11. 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	Budget Changes	Service	Month 12		Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
			Revised Budget	Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
0	0	Interest and Investment	Salaries	0	0	0	0	0
6,259	(179)		Non-Sal Exp	6,080	5,844	(236)	(500)	264
(371)	141		Income	(230)	(411)	(181)	1	(182)
5,888	(38)		Sub-Total	5,850	5,433	(417)	(499)	82
480	10	Levies and Other Corporate	Salaries	490	482	(8)	(8)	0
11,237	1,871		Non-Sal Exp	13,108	13,199	91	58	33
(11,602)	(409)		Income	(12,011)	(12,024)	(13)	0	(13)
115	1,472		Sub-Total	1,587	1,657	70	50	20
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	0
147,529	(10,380)		Non-Sal Exp	137,149	137,149	0	0	0
(148,654)	10,380		Income	(138,274)	(138,361)	(87)	0	(87)
(1,125)	0		Sub-Total	(1,125)	(1,212)	(87)	0	(87)
4,878	1,434	Total Corporate Operating Budgets	6,312	5,878	(434)	(449)	15	

Development & Risk Contingency

33. 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 £1,143k is reported at Month 12.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 12		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	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	652	(1084)	(879)	(205)
1,172	0		Waste Disposal Levy & Associated Contracts	1,172	691	(481)	(400)	(81)
200	0		Heathrow Expansion Challenge Fund	200	200	0	0	0
1,885	0	Social Care	Asylum Service	1,885	2,048	163	100	63
797	(394)		Demographic Growth - Looked After Children	403	1,288	885	880	5
367	0		Demographic Growth - Children with Disabilities	367	734	367	389	(22)
277	0		Social Worker Agency Contingency	277	149	(128)	(128)	0
443	(184)		SEN transport	259	679	420	374	46
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)	(678)	0
0	31		The London Plan	31	31	0	0	0
1,000	(328)		General Contingency	641	0	(641)	(542)	(99)
8,929	(987)	Total Development & Risk Contingency		7,942	6,799	(1,143)	(850)	(293)

34. The managed reduction in households accommodated in Bed and Breakfast seen throughout 2017/18 has continued into 2018/19, In addition, continued management action to reduce the

costs and use of Temporary Accommodation through maintaining a high number of placements into the private sector is responsible for an underspend against contingency.

35. As at Month 11 the Asylum service is projecting a drawdown of £2,048k from the Contingency, a £163k adverse movement from month 11. The overspend of £163k 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.
36. The overspend of £1,288k on the contingency provision for Looked After Children shows an adverse movement of £5k from Month 11 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.
37. A drawdown of £149k is projected from the Social Worker agency contingency, no change from month 11. This contingency reflects the additional cost of using agency staff to cover essential Social Worker posts as the recruitment of Social Workers continues to be very competitive.
38. The Children with Disabilities service had a draw down of £734k from the Contingency, representing a £367k overspend, a £22k improvement from Month 11 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.
39. The service outturn position closed with a drawdown of £1,077k from the Demographic Growth for Adult Social Care contingency, a pressure of £89k, no change from Month 11. 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.
40. The drawdown from the contingency for SEN Transport is £679k, a pressure of £420k a £46k adverse movement from month 11. The additional cost reflects the increase in pupils with EHCP plans which has resulted in the requirement to purchase additional routes for some children.
41. 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.
42. Of the £10,655k of savings are included in the 2018/19 General Fund revenue budget. At outturn, £9,955k are now banked. £700k savings are in earlier stages of delivery. Savings at an earlier stage of delivery are ultimately expected to be delivered in full, with alternative measures and underspends covering these in the 2018/19 financial year.
43. There were no calls on the remaining unallocated General Contingency, with £31k being required to finance the Council's response to the draft London Plan during 2018/19.

HIP Initiatives

44. £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 12, leaving £918k available for future release.

Table 6: HIP Initiatives

Original Budget	Budget Changes	HIP Initiatives	Month 12		
			Revised Budget	Approved Allocations	Unallocated Balance
£'000	£'000		£'000	£'000	£'000
200	0	HIP Initiatives Budgets	200	0	(200)
0	899	B/fwd Funds	899	181	(718)
200	899	Total HIP Initiatives	1,099	181	(918)

Schools Budget

45. At Outturn the Dedicated Schools Grant position is an in-year overspend of £4,367k. This is predominantly due to continuing pressures in the cost of High Needs. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £8,492k. This represents an adverse movement of £474k on the previously reported position, primarily as a result of the increase demand for High Needs Provision.
46. The in year overspend of £4,367k as at Month 12 is made up of £3,430k High Needs linked to the transfer of pupils from statements to EHCP's, £569k to alternative provision for pupils not attending mainstream provision, £629k 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

47. The Collection Fund outturn position is a surplus of £1,476k, relating predominantly to growth in Gross Rates in the Borough. This is, offset by a brought forward deficit and a carry forward surplus within Council Tax. There is a £251k favourable movement from the position reported at Month 11. The surplus will be available to support the General Fund budget from 2019/20 onwards.

Housing Revenue Account

48. The Housing Revenue Account (HRA) delivered an in-year overall drawdown from reserves of £18,848k which is a £2,589k improvement on the budgeted deficit of £21,437k. This represents a net £2,002k favourable movement on the position reported at Month 11. The favourable movements are due to capital programme funding £1,877k, development and risk contingency £84k and repairs and planned maintenance £531k. The adverse movements are due to net income £186k, housing management £204k, tenant services £27k and interest and investment income £73k. As a result, HRA General Balances total £18,260k at 31 March 2019.
49. There have been 52 Right to Buy (RTB) sales of council dwellings as at the end of March 2019, an increase of 2 from the projection at Month 11. Significant expenditure was incurred on the acquisition of new properties and internal development during 2018/19, however RTB 1-4-1 capital receipts totalling £1,323k plus interest of £187k were returned to MHCLG. It is expected that these monies will be paid back to the HRA in due course as Hillingdon Council has opted into the Mayor of London's Right to Buy Ring-Fence Offer, whereby RTB 1-4-1 capital receipts

and interest returned to MHCLG, is re-routed back to individual councils through the GLA as a grant.

Future Revenue Implications of Capital Programme

50. Appendix D provides the details of the capital outturn position. An underspend of £46,733k is reported on the £90,031k General Fund capital programme for 2018/19, consisting of £10,520k cost underspends and £36,213k re-phasing into future years. Prudential borrowing has a favourable variance of £5,068k due to expenditure underspends on Council resourced schemes, offset by under recovery of capital receipts and CIL compared to revised budgets. An element of this slippage in capital expenditure is expected to result in a favourable variance on the revenue costs of borrowing in the new financial year.

Appendix A – Detailed Group Forecasts (General Fund)

Chief Executive's Office Month 12 (£214k favourable, £17k improvement)

51. The CEO directorate is reporting an outturn underspend of £214k, representing an improvement of £17k on Month 11. The improvement primarily relates to reduced printing and postage costs in Democratic Services, alongside increased income received in the Service following the statutory fee uplift for Registration Certificates from £4 to £11 per certificate, which came into effect in February.

Table 7: Chief Executive Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 12		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Outturn £'000				
1,445	0	Democratic Services	Salaries	1,445	1,463	18	19	(1)
1,750	(39)		Non-Sal Exp	1,711	1,672	(39)	(32)	(7)
(602)	0		Income	(602)	(623)	(21)	(15)	(6)
2,593	(39)		Sub-Total	2,554	2,512	(42)	(28)	(14)
2,012	(13)	Human Resources	Salaries	1,999	1,910	(89)	(86)	(3)
361	827		Non-Sal Exp	1,188	1,197	9	5	4
(230)	(263)		Income	(493)	(539)	(46)	(44)	(2)
2,143	551		Sub-Total	2,694	2,568	(126)	(125)	(1)
1,954	75	Legal Services	Salaries	2,029	1,981	(48)	(46)	(2)
69	(13)		Non-Sal Exp	56	62	6	2	4
(260)	(20)		Income	(280)	(284)	(4)	0	(4)
1,763	42		Sub-Total	1,805	1,759	(46)	(44)	(2)
5,411	62	Chief Executive's Office	Salaries	5,473	5,354	(119)	(113)	(6)
2,180	775		Non-Sal Exp	2,955	2,931	(24)	(25)	1
(1,092)	(283)		Income	(1,375)	(1,446)	(71)	(59)	(12)
6,499	554		Total	7,053	6,839	(214)	(197)	(17)

52. 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 (£381k underspend, £7k improvement)

53. The overall position for Finance at Outturn is a underspend of £381k and represents an improvement of £7k on the Month 11 position. The position reflects the implementation of new staff structures within Business Assurance as well as additional DWP grant receipts throughout the year for initiatives to detect benefit fraud and prevent overpayments which have been funded through the base budget.

Table 8: Finance Operating Budgets

Original Budget	Budget Changes	Service	Month 12		Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11	
			Revised Budget	Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
2,058	(305)	Business Assurance	Salaries	1,753	1,606	(147)	(126)	(21)
1,443	409		Non-Sal Exp	1,852	1,940	88	76	12
(567)	0		Income	(567)	(591)	(24)	(25)	1
2,934	104		Sub-Total	3,038	2,955	(83)	(75)	(8)
1,540	0	Procurement	Salaries	1,540	1,570	30	27	3
64	0		Non-Sal Exp	64	96	32	4	28
(35)	0		Income	(35)	(36)	(1)	(1)	0
1,569	0		Sub-Total	1,569	1,630	61	30	31
3,505	88	Corporate Finance	Salaries	3,593	3,542	(51)	(43)	(8)
1,785	(1,529)		Non-Sal Exp	256	348	92	91	1
(151)	0		Income	(151)	(159)	(8)	(14)	6
5,139	(1,441)		Sub-Total	3,698	3,731	33	34	(1)
4,277	(70)	Revenues & Benefits	Salaries	4,207	4,159	(48)	(25)	(23)
1,847	(273)		Non-Sal Exp	1,574	1,670	96	92	4
(2,090)	0		Income	(2,090)	(2,483)	(393)	(397)	4
4,034	(343)		Sub-Total	3,691	3,346	(345)	(330)	(15)
536	0	Pensions, Treasury & Statutory Accounting	Salaries	536	509	(27)	(27)	0
207	0		Non-Sal Exp	207	247	40	(4)	44
(327)	0		Income	(327)	(387)	(60)	(2)	(58)
416	0		Sub-Total	416	369	(47)	(33)	(14)
11,916	(287)	Finance Directorate	Salaries	11,629	11,386	(243)	(194)	(49)
5,346	(1,393)		Non-Sal Exp	3,953	4,301	348	259	89
(3,170)	0		Income	(3,170)	(3,656)	(486)	(439)	(47)
14,092	(1,680)		Total	12,412	12,031	(381)	(374)	(7)

54. The Business Assurance workforce underspend is largely within Internal Audit following the implementation of a BID review of the Service earlier in the year. Reliance on external consultancy to support the audit function during the implementation of the new structure has led to an overspend against non salaries budgets, however, this is funded through the salaries underspends.
55. The pressure on Corporate Finance follows the transfer of the Income Control function in Month 10 from Revenues and Benefits Service. An additional inflation allocation of £50k has been approved for 2019/20 for the emerging pressure on bank charges currently impacting the service, which will be monitored in line with the move to an increase in online payments as part of the Digital Transformation BID workstream.
56. The position within Revenues and Benefits reflects the in year benefit of external grant funding, which directly fund staffing budgets, however, vacancies within the wider staffing establishment have resulted in an underspend on staffing in addition to this overachievement of income.

Budgets will be flexed in 2019/20 to account for the grant income and remove the large variances on income and staffing.

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 £33k, 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 (£373k overspend, £26k favourable movement)

61. The outturn position for the Residents Services directorate for 2018/19 is an overspend of £373k, excluding pressure areas that have identified contingency provisions. This represents a favourable movement of £26k on the Month 11 forecast position.

Table 9: Residents Services Operating Budget

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Outturn £'000				
17,187	(18)	Infrastructure, Waste and ICT	Salaries	17,169	17,118	(51)	(191)	140
35,689	(330)		Non-Sal Exp	35,359	36,459	1,100	1,507	(407)
(10,543)	(454)		Income	(10,997)	(11,733)	(736)	(819)	83
42,333	(802)		Sub-Total	41,531	41,844	313	497	(184)
18,547	57	Housing, Environment, Education, Health & Regeneration	Salaries	18,604	18,206	(398)	(586)	188
23,510	979		Non-Sal Exp	24,489	25,921	1,432	803	629
(17,361)	(1,024)		Income	(18,385)	(18,696)	(311)	327	(638)
24,696	12		Sub-Total	24,708	25,431	723	544	179
3,995	51	Planning, Transportation & Regeneration	Salaries	4,046	3,703	(343)	(324)	(19)
685	592		Non-Sal Exp	1,277	1,559	282	245	37
(4,059)	(419)		Income	(4,478)	(4,437)	41	74	(33)
621	224		Sub-Total	845	825	(20)	(5)	(15)
12,626	162	Administrative, Technical & Business Services	Salaries	12,788	12,083	(705)	(701)	(4)
4,116	4		Non-Sal Exp	4,120	3,970	(150)	(148)	(2)
(11,133)	89		Income	(11,044)	(10,832)	212	212	0
5,609	255		Sub-Total	5,864	5,221	(643)	(637)	(6)
52,355	252	Residents Services Directorate	Salaries	52,607	51,110	(1,497)	(1,802)	305
64,000	1,245		Non-Sal Exp	65,245	67,909	2,664	2,407	257
(43,096)	(1,808)		Income	(44,904)	(45,698)	(794)	(206)	(588)
73,259	(311)		Total	72,948	73,321	373	399	(26)

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 contained provision for areas of expenditure or income within Residents Services for which there was a greater degree of uncertainty. At outturn, the required contingency call was £1,884k below the budgeted position. The position against these contingency items is shown in Table 2 below.

Table 10: Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Outturn		Variance (Outturn)	Variance (As at Month 11)	Movement from Month 11
			Revised Budget	Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,736	0	Impact of Welfare Reform on Homelessness	1,736	652	(1,084)	(879)	(205)
1,172	0	Waste Disposal Levy & Associated Contracts	1,172	691	(481)	(400)	(81)
0	328	Southall Gas Works	328	(350)	(350)	172	(522)
0	31	The London Plan	31	31	0	0	0
200	0	Heathrow Expansion Challenge Fund	200	200	0	0	0
3,108	332	Current Commitments	3,471	1,224	(1,915)	(1,107)	(808)

64. The outturn data in Table 11 below shows the 2018/19 of the use of temporary accommodation. The increase in B&B numbers seen in January and February has stabilised and the average number in temporary accommodation during the financial year was lower than the MTFF assumptions made by officers in modelling Supply and Demand.

Table 11: Housing Needs performance data

	January 19	February 19	March 19
All Approaches	283	228	237
Full Assessment Required	133	134	146
New into Temporary Accommodation (Homeless and Relief)	25	23	27
Households in Temporary Accommodation	471	469	461
Households in B&B	148	149	146

65. As in previous years, a contingency was 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 at outturn was £652k, £1,084k below the budgeted provision, a favourable movement of £205k from the month 11 forecast. The reduced call on contingency was achieved through an increase in prevention and move-on activity and the close monitoring of unit costs.
66. The call on the Waste contingency was £691k, a favourable movement of £81k from the position at month 11. Whilst waste tonnages in the early part of 2018-19 showed an increase compared to 2017-18, final costs were managed within the reduced contingency sum.
67. 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 successfully secured compensation, with £850k income available to cover associated costs which were previously being funded from contingency. This income covered both the £500k previously expected to be incurred in 2018/19, and costs incurred in previous financial years

Infrastructure, Waste and ICT (£313k overspend, £184k favourable movement)

68. At outturn the service reported an overspend of £313k, a favourable movement of £184k against the Month 11.
69. The net movement relates to finalisation of provision and earmarked reserve requirements of £190k to mitigate against future risk, a review of transformation costs of £166k and reduced contract spend of (£561k).
70. The movement in contract spend related to ICT projects (£316k) and reduced reactive and compliance expenditure across the corporate estate (£174k).
71. A further favourable movement of £71k relating to carbon reduction allowances further reduced the overspend for the service.

Housing, Environment, Education, Health & Wellbeing (£723k overspend, £179k adverse movement)

72. At outturn there is a overspend position of £423k across the service, representing an adverse movement of £179k on the month 11 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.
73. The overall position within Green Spaces 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.
74. An adverse movement of £156k was recorded against the Private Sector Housing Service due to the one-off re-profiling of income received from HMO licenses.
75. Vacant posts within Trading Standards and underspends on Voluntary sector grants have contributed to bringing down the overall adverse position. 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 (£20k underspend, £15k favourable movement)

76. A net underspend of £20k is reported across the service at Outturn, with a £343k underspend on workforce budgets across Planning Services and Road Safety being offset by a £282k pressure across non-staffing budgets and a £41k net shortfall in projected income. There has been a marginal movement of £20k from Month 11.
77. 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.

Administrative, Technical & Business Services (£643k underspend, £6k improvement)

78. Administrative, Technical and Business Services is reporting a forecast underspend of £643k at Outturn, representing a small improvement of £6k on Month 11. The favourable position is primarily due to high staff turnover and part-year vacancies in the service, delivering a staffing underspend of £705k.
79. Staffing forecasts have improved by £4k from month 11 as a result of revised agency costs for temporary Environmental Health Officers carrying out food premises safety inspection reviews.

80. A £212k pressure on income is largely due to a shortfall on income at Cedars and Grainges car parks, to be partly mitigated in 2019/20 with an uplift to fees and charges at the sites. Shortfalls in income across the wider service, however, are fully mitigated by further improvements in the Imported Food Office, largely driven by testing of Kenyan green beans.

SOCIAL CARE (£58k overspend, £83k improvement)

81. The Social Care directorate's outturn position was an overspend of £58k, an improvement of £83k on the Month 11 projections, due to lower than expected non-staffing costs. Included within this position are a number of pressures that the service managed through underspends across the service, which relate 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 12		Variance £'000	Variance (as at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Outturn £'000				
14,762	2,981	Children's Services	Salaries	17,743	17,809	66	(117)	183
17,224	1,559		Non-Sal Exp	18,783	19,272	489	767	(278)
(6,483)	(1,507)		Income	(7,990)	(8,054)	(64)	(257)	193
25,503	3,033		Sub-Total	28,536	29,027	491	393	98
8,358	(3,556)	Early Intervention, Prevention & SEND	Salaries	4,802	3,964	(838)	(588)	(250)
6,044	(323)		Non-Sal Exp	5,721	6,038	317	161	156
(2,243)	1,201		Income	(1,042)	(683)	359	389	(30)
12,159	(2,678)		Sub-Total	9,481	9,319	(162)	(38)	(124)
7,086	74	Adult Social Work	Salaries	7,160	6,973	(187)	(136)	(51)
71,039	1,271		Non-Sal Exp	72,310	72,440	130	293	(163)
(18,195)	(3,643)		Income	(21,838)	(22,201)	(363)	(248)	(115)
59,930	(2,298)		Sub-Total	57,632	57,212	(420)	(91)	(329)
12,980	417	Provider and Commissioned Care	Salaries	13,397	14,186	789	410	379
5,012	1,810		Non-Sal Exp	6,822	6,667	(155)	(41)	(114)
(1,856)	(40)		Income	(1,896)	(2,381)	(485)	(492)	7
16,136	2,187		Sub-Total	18,323	18,472	149	(123)	272
43,186	(84)	Social Care Directorate Total	Salaries	43,102	42,932	(170)	(431)	261
99,319	4,317		Non-Sal Exp	103,636	104,417	781	1,180	(399)
(28,777)	(3,989)		Income	(32,766)	(33,319)	(553)	(608)	55
113,728	244		Total	113,972	114,030	58	141	(83)

DEVELOPMENT AND RISK CONTINGENCY (£1,746k overspend, £92k adverse)

82. 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 outturn position for the Development and Risk Contingency, which ended the year with an overspend of £1,746k, an adverse movement of £92k on the Month 11 projections, due to continued growth in the number of children with Special Educational Needs being eligible for home to school transport and continued pressure on the Asylum service budgets.
83. The overspend is due to pressures in the costs of Looked After Children and Children with Disabilities placements, where it is evident that the service supported more children with

complex needs. The service also experienced growth in SEN Transport requirements, which is reflecting of the continued growth in the number of Education, Health and Care Plans (EHCP) being issued. 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 £'000	Budget Changes £'000	Development & Risk Contingency	Month 12		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
			Revised Budget £'000	Outturn £'000			
1,885	0	Asylum Service	1,885	2,048	163	100	63
797	(394)	Demographic Growth - Looked After Children	403	1,288	885	880	5
367	0	Demographic Growth - Children with Disabilities	367	734	367	389	(22)
277	0	Social Worker Agency Contingency	277	149	(128)	(128)	0
443	(184)	SEN transport	259	679	420	374	46
730	258	Demographic Growth - Adult Social Care	988	1,027	39	39	0
50	0	Winterbourne View	50	50	0	0	0
4,549	(320)	Current Commitments	4,229	5,975	1,746	1,654	92

Asylum Service (£163k overspend, £63k adverse)

84. The service required a drawdown of £2,048k from the contingency, an overspend of £163k and an adverse movement of £63k on the Month 11 projections, due to a continued slow down in the number of authorities willing to take UASC. 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 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 experienced growth in the younger cohort of UASC, generally in the 13 to 14 year old age group, which require at least a Foster Care placement and a slowdown in the number of authorities willing to take UASC.

Demographic Growth - Looked After Children (£885k overspend, £5k adverse)

85. The service required a drawdown of £1,288k from the Contingency, an overspend of £885k and a slight adverse movement of £5k on the Month 11 projections. The majority of this pressure related to an increase in the number of high cost residential placements, where the Service 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.

Demographic Growth – Children with Disabilities (£367k overspend, £22k improvement)

86. The service required a drawdown of £734k from the Contingency, an overspend of £367k, and an improvement of £22k on the Month 11 projections. The majority of this pressure related to an increase in the number of cases that have more complex needs, which in most cases, required a residential placement or more respite care.

Social Worker Agency (Children's) (£128k underspend, no change)

87. The service required a drawdown of £149k from the contingency, an underspend of £128k and no change on the Month 11 position. The underspend was due to continued recruitment successes that took 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 (£420k Overspend, £46k adverse)

88. The service required a drawdown of £679k from the SEN Transport contingency, an overspend of £420k, and an adverse movement of £46k on the month 11 position. The additional cost was required to cover the increase in the number of pupils that had an Education, Health and Care Plan (EHCP). At the beginning of the year, most of the increase in the SEN pupil population requiring transport was absorbed in existing routes, however, as the year progressed, these routes became full, which led to the service having to purchase additional routes for some children, resulting in the overspend on the contingency.

Demographic Growth - Adult Social Care (£39k overspend, no change)

89. The service required a drawdown of £1,077k from the Adult Social Care contingency, an overspend of £39k, no change on the Month 11 projections. This reflects the steady state of the service, the low level of demographic growth across the required provision and the increase in the complexity of need.

DIRECTORATE OPERATING BUDGETS (£58k overspend, £83k improvement)

Children's Services (£491k overspend, £98k adverse)

90. The outturn position for this service was an overspend of £491k, an adverse movement of £98k on the Month 11 projections, due to an increase in the 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 overspent by £66k on staffing, which relates to the use of agency staff to cover Social Worker posts and overspent by £489k on non-staffing costs, which relates to the cost of accommodation for Section 17 families, the cost of permanent recruitment relating to the transfer of temporary staff to permanent roles, the cost of Translation and Interpretation and the provision of Post Adoption Support. This was netted down by surplus income of £66k, which related to additional grant funding from the CCG and Post Adoption Support.

Early Intervention, Prevention & SEND (£162k underspend, £124k improvement)

91. The outturn position for the service was an underspend of £162k, an improvement of £124k on the Month 11 projections, due to a reduction in the cost of agency staff and an increase in schools income. The majority of the underspend relates to staffing, which underspent by £838k, where the service put on hold staff recruitment leading up to a BID review. Included in this is

an underspend of £192k on the Educational Psychological Service, which partially offsets a shortfall in income of £299k, following the cessation of funding from the DSG for Early Years and School based support. Non staffing overspent by £317k, which predominantly relates to the Early Years Centres, which transferred from the Dedicated Schools Grant on 1 September 2018. Additionally there was a shortfall in income of £359k, which relates to the Educational Psychological service and rental income at Barra Hall.

Adult Social Work (£420k underspend, £329k improvement)

92. The outturn position for the service was an underspend of £420k, an improvement of £329k on the Month 11 projections, due predominantly to a review and subsequent reduction of the bad debt provision and a reduction in staffing costs. The service had an underspend of £187k on staffing, where the service had a number of vacant posts and a surplus in income of £363k which related to an increase in contributions from the CCG and clients. This was netted down by an overspend of £130k on non-staffing costs, which related to a pressure on legal costs and placements, the latter netted down by the surplus in income.

Provider and Commissioned Care (£149k overspend, £272k adverse)

93. The outturn position for the service was an overspend of £149k, an adverse movement of £272k on the Month 11 projections, due to a reduction in the resources that were previously assumed would be deployed to undertake service reviews. This includes an overspend of £789k on staffing, which related to the cost of Passenger Assistants and the reduction in the assumed costs that could be capitalised. This was netted down by an underspend of £155k, which related to a reduction in the home to school transport contract costs and a surplus of £485k in income, which related to an increased contribution from the CCG and an increase in the amount of community equipment that could be capitalised.

Appendix B – Other Funds

COLLECTION FUND (£1,476k underspend, £251k favourable)

94. A surplus of £1,476k is reported within the Collection Fund at Month 12, relating to favourable positions on both Council Tax and Business Rates, which is predominantly driven by growth in Gross Rates in the borough. This represents a £251k favourable movement from the position reported at Month 11. This surplus 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 £'000	Budget Changes £'000	Service	Month 12		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Outturn £'000				
(121,176)	0	Council Tax	Gross Income	(121,176)	(121,194)	(18)	7	(25)
10,918	0		Council Tax	10,918	10,843	(75)	(92)	17
(2,680)	0		Support B/fwd	(2,680)	(3,179)	(499)	(499)	0
(112,938)	0		Sub-Total	(112,938)	(113,530)	(592)	(584)	(8)
(109,572)	500	Business Rates	Gross Income Section	(109,072)	(109,839)	(767)	(570)	(197)
(3,849)	(500)		31 Grants	(4,349)	(5,127)	(778)	(765)	(13)
53,246	0		Less: Tariff	53,246	53,246	0	0	0
7,451	0		Less: Levy	7,451	7,672	221	254	(33)
69	0		B/fwd Deficit	69	509	440	440	0
(52,655)	0	Sub-Total	(52,655)	(53,539)	(884)	(641)	(243)	
(165,593)	0	Total Collection Fund	(165,593)	(167,069)	(1,476)	(1,225)	(251)	

95. A surplus of £592k is projected against Council Tax at Month 12, predominantly as a result of the brought forward surplus of £499k relating to better than expected performance during 2017/18. This represents a favourable movement of £8k from the Month 11 position due to an increase in the forecast of Council Tax income over the last month of the financial year.
96. An £884k net surplus is reported across Business Rates at Month 12, driven by growth in Gross Rates due to a number of new developments in the borough being brought into rating. The in-year underspend due to the inherent volatility in the rating system, is sufficient to off-set the brought forward deficit of £440k and the Levy pressure of £221k. This represents a £251k favourable movement from Month 11 as a result of fewer negative changes to rating assessments than had been anticipated.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£4,367k overspend, £474k adverse)

97. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £4,367k. This is an adverse movement of £474k from the month 11 position, due to continuing pressures in the cost of education placements for looked after children and pupils with SEN and an overspend on the provision of two year olds free entitlement funding. When the £4,125k deficit brought forward from 2017/18 is taken into account, the deficit to carry forward to 2019/20 is £8,492k.

Table 15: DSG Income and Expenditure 2018/19

Original Budget	Budget Changes	Funding Block	Outturn			Variance (at Month 11)	Movement from Month 11
			Revised Budget	Outturn	Variance		
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(275,559)	762	Dedicated Schools Grant Income	(274,797)	(274,797)	0	0	0
214,132	0	Schools Block	214,132	213,871	(261)	(261)	0
26,100	(1,512)	Early Years Block	24,589	25,218	629	467	162
2,773	0	Central School Services Block	2,773	3,342	569	366	203
32,554	750	High Needs Block	33,303	36,733	3,430	3,321	109
0	0	Total Funding Blocks	0	4,367	4,333	3,893	474
0	0	Balance Brought Forward 1 April 2018	4,125	4,125			
0	0	Balance Carried Forward 31 March 2019	4,125	8,492			

Dedicated Schools Grant Income (nil variance, no change)

98. The budget has been realigned to reflect the final DSG allocation. The realignment also takes into account an assumed increase in Early Years block funding following an increase in the number of children accessing the additional 15 hours free entitlement. The DSG will be adjusted retrospectively in June 2019 to reflect this increase and an estimate of this additional funding has been accrued for, to reflect the income in the correct financial year.

Schools Block (£261k underspend, no change)

99. 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.
100. 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 (£629k overspend, £162k adverse)

101. The adverse movement is due to an overspend on the funding of childcare for the most disadvantaged two year olds. The rate of funding paid to providers (£6 per hour) is higher than the rate of funding received from the DfE (£5.92 per hour) and funding is only adjusted based

on the actual numbers accessing the free entitlement in January. The funding therefore, does not always adequately cover the total expenditure, particularly given that numbers accessing the free entitlement are highest in the summer term. There will be a retrospective adjustment to two year old funding in June 2019 to reflect the numbers recorded in the January 2019 census, however it is estimated that there is still a shortfall resulting in the overspend.

102. The 3 and 4 year old funding for both the universal and the additional free entitlement was adjusted in June 2018 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 increased slightly, whilst the funding for the additional 15 hour entitlement reduced significantly as a consequence of lower actual uptake than estimated by the DfE when calculating the original funding allocation. This prior-year adjustment has resulted in an overspend in 2018/19.
103. The number of children accessing the additional 15 hours free entitlement has steadily increased throughout the financial year as more providers offer the additional hours. There will be a retrospective adjustment to the Early Years block to reflect this increase in uptake and an estimate of the additional funding has been accrued in the 2018/19 accounts.
104. It was agreed that DSG funding of the Early Years Centres would end on 31 August 2018 with any over or underspend at this point 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 are for overheads which have been calculated and apportioned.
105. There is an overspend of £32k in the Early Years Advisory Service where a savings target of £150k was put in place by Schools Forum which was not achieved in full in 2018/19. The expectation is that this savings target will be met in 2019/20.
106. The overspends are partly offset by a £44k underspend in the Family Information Service where there have been vacant posts for part of the year. There is also a £144k underspend in vulnerable children funding as fewer children have been identified as requiring additional support. The 2019/20 budget for vulnerable children funding has been reduced to reflect this underspend.

Central School Services Block (£569k overspend, £203k adverse)

107. 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. This has been addressed for 2019/20 with budget allocated for this on-going expenditure.
108. The adverse movement from month 11 is predominantly as a result of an increase in the education contribution to the placements of looked after children. It had been assumed that the expenditure here would be in-line with the previous year, but the final position indicates a significant increase in the number and cost of the educational element of these placements.
109. There is a £278k 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. Current numbers accessing this provision are in excess of the commissioned number, resulting in an additional cost pressure

110. The overspend is partly off-set by an additional £20k income from schools that have excluded pupils, where the local authority is able to recover the Age Weighted Pupil Unit (AWPU) cost for the period following exclusion. Currently the local authority only recovers the AWPU rate in these instances, however the latest guidance does allow some additional funding to be included in the recovery calculation and this is something that will be considered in 2019/20.
111. There were also £26k of underspends in some of the centrally retained Education functions services which offset the total overspend on the Central School Services Block.

High Needs Block (£3,430k overspend, £109k adverse)

112. There continues to be significant pressure in the High Needs Block with an overspend of £3,430k at outturn. The High Needs Block has been increased in 2019/20 following approval to transfer 1.574% from the School Block and this will help to address the pressures in 2019/20.
113. 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 were still cases where schools queried the funding levels allocated. These cases were subject to a further review and following the submission of additional evidence, often a higher level of resource was agreed. The 2018/19 budget was increased to reflect this anticipated increase, but the budget was still insufficient.
114. There was 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 included a savings target within the budget for Independent and non-maintained school SEN placements which was 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 continued to be made throughout the year, resulting in an additional pressure on the High Needs block.
115. In September 2018 there was a further increase in the cohort of post-16 SEN placements which led to an additional overspend on the High Needs Block as growth in the budget was insufficient to cover the actual growth in numbers and cost.
116. 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.
117. 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.
118. 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 total spend on EIF in 2018/19 was £190k.

School Academy Conversions

119. The Academies Act 2010, allows schools to convert to academy status and by doing so will receive funding directly from the Education & Skills Funding Agency (ESFA). Schools can convert at any point in the year, once they have converted, a number of adjustments are required to realign the DSG income budget and the amount delegated to maintained schools. There were no academy conversions in the 2018/19 financial year.

Maintained School Balances & Budgets

120. A review of balances at the end of the 2018/19 financial year identified two schools which ended the year in deficit (these were the two schools where the local authority agreed to licence a deficit budget). Any school that falls into deficit are subject to more focused monthly monitoring by LA officers to ensure that everything possible is being done to address the situation. The in-year outturn position of both of these schools improved when compared to the agreed budget.

121. Maintained schools ended the 2018/19 financial year with a cumulative closing surplus balance of £12.3m (revenue & capital). This was a £2.2m increase from the total in the previous year. Despite the relatively healthy total balance, there is a wide spread with a number of schools having low balances that are expected to experience financial difficulties in 2019/20 due to reductions in pupil numbers and funding not keeping up with actual year-on-year increases in costs.

122. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns for 2018/19 and 2017/18.

Table 16: School Deficit by School Type

School Type	Total Number of Schools	Number of Schools In Deficit 2018/19	Value of Deficit 2018/19 £000	Number of Schools In Deficit 2017/18	Value of Deficit 2017/18 £000
Nursery	1	0	0	0	0
Primary	49	1	13	3	83
Secondary	2	1	3,233	1	2,475
Special	2	0	0	0	0
Total	54	2	3,246	4	2,558

123. A significant number of schools submitted budgets for the 2018/19 financial year with an in-year deficit, resulting in an anticipated budgeted reduction in school revenue balances of £4.1m for 2018/19. However, the outturn position indicates that for the majority of schools the final position was an improvement when compared to the submitted budget. The table below summarises the 2018/19 revenue balances compared with the budgeted position for maintained schools;

Table 17: School Balance by School Type

School Type	Total Number of Schools	Budgeted Balances 31/03/2019 £000	Outturn Balances 31/03/209 £000	Variance from Budget 2018/19 £000
Nursery	1	136	180	44
Primary	49	7,576	11,989	4,413
Secondary	2	(3,340)	(2,878)	462
Special	2	1,041	1,860	819
Total	54	5,413	11,151	5,738

124. Maintained schools are currently working on their budget plans for 2019/20 and are required to submit them to the local authority by 31st May 2019. Once the budgets are received, schools will be RAG rated based on the assessed risk of their current financial position. Schools rated red will be subject to closer monitoring and scrutiny by the Schools Finance team officers, with some receiving additional support and guidance with budget and cash-flow monitoring. There may also be a requirement for these schools to submit monthly monitoring reports (the Scheme for Financing Schools requires schools to submit quarterly monitoring reports to the local authority). A further update will be given on the budgeted financial position of maintained schools for 2019/20 once all budget plans have been received.

Appendix C – HOUSING REVENUE ACCOUNT

125. As at 31st March 2019 the Housing Revenue Account (HRA) General Balance is £18,260k and the Major Repairs Reserve (MRR) is £31,880k
126. Overall the HRA shows an in-year drawdown of reserves of £18,848k compared to a budgeted £21,437k drawdown of reserves, an underspend of £2,589k for the year and a favourable movement of £2,002k from Month 11. The table below presents key variances by service area:

Table 18: Housing Revenue Account

Service	Outturn		Variance (+ adv / - fav)		
	Revised Budget	Outturn	Variance (Outturn)	Variance (As at Month 11)	Movement from Month 11
	£'000	£'000	£'000	£'000	£'000
Rent Income	(55,932)	(55,119)	813	653	160
Other Income	(4,877)	(5,074)	(197)	(223)	26
Net Income	(60,809)	(60,193)	616	430	186
Housing Management	12,819	13,245	426	222	204
Tenant Services	4,172	4,174	2	(25)	27
Repairs	5,056	5,476	420	683	(263)
Planned Maintenance	4,360	2,999	(1,361)	(1,093)	(268)
Capital Programme Funding	38,728	36,851	(1,877)	0	(1,877)
Interest & Investment Income	15,371	15,270	(101)	(174)	73
Development & Risk Contingency	1,740	1,026	(714)	(630)	(84)
Operating Costs	82,246	79,041	(3,205)	(1,017)	(2,188)
(Surplus) / Deficit	21,437	18,848	(2,589)	(587)	(2,002)
General Balance 01/04/2018	(37,108)	(37,108)	0	0	0
General Balance 31/03/2019	(15,671)	(18,260)	(2,589)	(587)	(2,002)

Income

127. Rental Income and Other Income shows a total adverse movement of £186k on Month 11 and this is due to the adverse impact of increases in voids and delays on internal developments and acquisitions.
128. The number of Right to Buy (RTB) applications received in 2018/19 was 164, whilst in 2017/18 it was 166, a reduction of 1%. The number of RTB completions in 2018/19 was 52, an increase of 2 compared to the Month 11 forecast of 50 and a reduction of 8 compared to the 60 assumed in the budget. The RTB completions of 52 in 2018/19 represents a reduction of 19% compared to 64 RTB completions in 2017/18. Whilst the interest in RTB is similar to the previous year, the actual sales is lower, which is indicative of affordability issues in the housing market.

Expenditure

129. The Housing management service shows an adverse movement of £204k compared to Month 11, due to further movements on utilities £96k, £26k on legal costs and £82k across various running costs including central recharges.

130. There is an adverse movement compared to Month 11 of £27k in tenancy services relating to agency costs.
131. There is a favourable movement on Month 11 of £263k in the repairs service due to capitalisation of repair costs at year-end. There is a favourable movement of £268k in planned maintenance, compared to Month 11, mainly due to the timing of completion of service contracts £132k and underspends of £136k on other services e.g. subsidence, asbestos and gas maintenance.
132. The capital programme funding shows a favourable movement of £1,877k and this is due to additional income funding the HRA capital programme e.g. grants and insurance income.
133. The interest and investment income movement compared to Month 11 is adverse by £73k due to the interest payment on the return of 2018/19 quarter 4 HRA RTB 1-4-1 capital receipts to MHCLG of £131k. This adverse movement is reduced by a favourable movement of £58k relating to interest earned on HRA balances
134. The development and risk contingency is underspent by £714k, a favourable movement of £84k on Month 11 mainly due to an underspend on the bad debt provision. The cumulative balance of the bad debt provision as at 31st March 2019 is £1,617k which represents 68% of overall arrears.

HRA Capital Expenditure

135. The HRA capital programme is set out in the table below and the 2018/19 revised budget is £66,905k and this includes the £50k re-phasing of Works to Stock budget from 2018/19 into future years as agreed at Cabinet (April 2019). The spend for the year is £47,856k with a full year variance of £19,049k consisting of a cost underspend of £10,747k and a re-phasing variance of £7,081k. Overall, there is a net favourable movement of £8,302k compared to the Month 11 position.

Table 19: HRA Capital Expenditure

2018/19 HRA Capital Programme Outturn					Analysis of 2018/19 Variance	
Programme	2018/19 Budget £'000	2018/19 Actual £'000	2018/19 Variance £'000	Movement from Month 11 £'000	Cost Variance £'000	Re-Phasing Variance £'000
Major Projects						
New General Needs Housing Stock	22,601	19,126	(3,475)	(3,269)		(3,475)
New Build - Appropriation of Land	8,635	10,505	1,870	(260)	1,870	
New Build - Shared Ownership	1,052	923	(129)	(9)		(129)
New Build - Supported Housing Provision	9,332	8,574	(758)	(77)	(330)	(428)
Total Major Projects	41,620	39,128	(2,492)	(3,615)	1,540	(4,032)
HRA Programmes of Work						
Works to stock programme	20,569	7,282	(13,287)	(1,051)	(12,287)	(1,000)
Major Adaptations to Property	2,135	1,446	(689)	(154)		(689)
ICT	81	0	(81)	0		(81)
HRA General Capital Contingency	2,500	0	(2,500)	(2,500)		(2,500)
Total HRA Programmes of Work	25,285	8,728	(16,557)	(3,705)	(12,287)	(4,270)
Total HRA Capital Programme	66,905	47,856	(19,049)	(7,320)	(10,747)	(8,302)
Movement from Month 11	(50)	(7,370)	(7,320)	(7,320)	(12,721)	5,401

Major Projects

136. The 2018/19 Major Projects programme has a favourable variance of £2,492k, of which £4,032k is re-phasing whilst £1,540k represents a net cost overspend.
137. The movement from Month 11 is an increase of £3,615k in re-phasing. Of this £3,269k is resulting from unused internal developments and acquisitions budget within the New General Needs Housing Stock budget. An additional £260k is due to the Bartram Close garage site not being appropriated in 2018/19, whilst the balance of £86k is due to expenditure being marginally lower than anticipated across the shared ownership and supported housing programmes.

New General Needs Housing Stock

138. There is an outturn phasing variance of £3,475k, an increased phasing variance of £3,269k compared to Month 11, on the New General Needs Housing Stock budget. This is largely as a result of the uncommitted internal developments budget remaining unspent at year end combined with 6 buyback properties now being expected to complete in 2019/20.
139. The 2018/19 outturn of £19,126k comprised mainly of acquiring 50 purchase and repair buyback properties, and internal developments.
140. 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.
141. The Housing programme comprising seven units of new build properties and five extensions or conversions at various sites is now complete. The final account position on the new build properties is currently being negotiated with the contractor. It is expected that the programme will be delivered within the approved budget.
142. 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 projected on-site date for the schemes is quarter 2 of the new financial year.
143. The planning application for the Belmore site has now been submitted and is pending approval due in quarter 1 of 2019/20. 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.
144. The development at Nelson Road comprising the new build of 6 houses is progressing well; following appointment of lead consultants and architects the scheme is currently undergoing the tender process.

New Build - Appropriation of Land

145. There is a cost overspend of £1,870k within the New Build appropriation of land budget. This is following the appropriation of the Woodside Day Centre site which was not included within the originally approved budget. The overspend position has reduced by £260k following the Bartram Close garage site no longer being appropriated in 2018/19.

New Build - Shared Ownership

146. The new build shared ownership budget comprises schemes being delivered across 5 sites. The schemes at Belmore, Maple & Poplar and Acol Crescent are being delivered concurrently with the General Needs units. There is a re-phasing variance of £129k which represents a marginal movement of £9k in comparison to Month 11.
147. The new build shared ownership budget also funded the buyback of 40% equity on a property previously sold by the Council under the shared ownership scheme.
148. 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

149. The Supported Housing Programme comprises the build of 160 mixed client group units across different sites. The 2018/19 revised budget is £9,332k with a re-phasing of £428k. This represents an increase in re-phasing of £97k on the Month 11 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.
150. The Grassy Meadow extra care sheltered housing scheme of 88 units has a reported cost underspend of £330k, a reduction of £20k on Month 11. 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. The remaining £80k of the cost underspend is with respect to Capital Programme Team Fees budget that is surplus to requirement as the project nears completion.

HRA General Contingency

151. HRA General Contingency: The 2018/19 capital contingency budget is £2,500k with expenditure incurred in year, with a re-phasing of £2,500k, a favourable movement of £2,500k on Month 11.

HRA Programmes of Work

152. The Works to Stock revised budget for 2018/19 is £20,569k and this reflects the £50k re-phasing of budget from 2018/19 into future years agreed at Cabinet (April 2019). The outturn expenditure is £7,282k and there is a cost underspend for the year of £12,287k across various work-streams, due to the validation, procurement and consultation timetables required to deliver these works, and a re-phasing of £1,000k for the Lundy Drive work-stream. This represents an overall favourable movement of £1,051k on Month 11.
153. The major adaptations to property has an overall re-phasing variance of £689k for 2018/19 due to the timetable required to deliver these works, an increase of £154k compared to Month 11.
154. The HRA ICT budget is £81k with a re-phasing of £81k, no change from the Month 11 position.

HRA Capital Financing

155. The HRA capital programme expenditure of £47,856k was funded from £23,866k contributions from the Major Repairs Reserve; £11,639k from Capital Receipts (£8,606k RTB receipts and £3,033k non- RTB receipts); £1,846k from grants and other contributions; and the appropriation £10,505k of land from the General Fund.

156. The cumulative RTB 1-4-1 spend requirement for 2018/19 quarter 4 was not met and the shortfall was £3,109k. Therefore, the RTB to Buy 1-4-1 capital receipts of £933k plus interest of £133k was paid to MHCLG in April 2019. However, it is expected that these monies will be paid back to the HRA in due course as Hillingdon Council has opted in to the Mayor of London's Right to Buy Ring-Fence Offer, whereby Right to Buy 1-4-1 capital receipts and interest returned to MHCLG is re-routed back to individual councils through the GLA as a grant.
157. The total HRA RTB capital receipts for 2018/19 was £10,208k. This included 52 RTB sales totalling £10,090, repayments of RTB discount of £111k and mortgage income of £7k. From these receipts the provisional amount the Council is able to retain for investing in housing stock regeneration is £7,224k. These funds must be spent or committed within a deadline of three years from each quarterly retained receipt.
158. The Major Repairs Reserve increased by a net £13,443k from £18,463k as at 1st April 2018 to £31,906k as at 31st March 2019. The net increase included using £23,866k to fund the HRA capital programme and an increase of £37,309k in Major Repairs Reserve funds (depreciation £10,474k and revenue contribution to capital £26,835k).

Appendix D - GENERAL FUND CAPITAL PROGRAMME

159. At outturn an underspend of £46,733k is reported on the £90,031k General Fund capital programme for 2018/19, consisting of £10,520k cost under spends and £36,213k re-phasing into future years.

Capital Programme Overview

160. Table 20 below sets out the outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report.

Table 20: General Fund Capital Programme

2018/19 General Fund Capital Programme Outturn					Analysis of 2018/19 Variance	
Directorate	2018/19 Budget £'000	2018/19 Actual £'000	2018/19 Variance £'000	Movement from Month 11 £'000	Cost Variance £'000	Re-Phasing Variance £'000
Schools Programme	14,861	12,852	(2,009)	(411)	(178)	(1,831)
Self Financing Developments	15,250	54	(15,196)	(4,024)	-	(15,196)
Main Programme	15,763	8,609	(7,154)	2,260	(3,238)	(3,916)
Programme of Works	43,446	21,783	(21,663)	(3,643)	(6,393)	(15,270)
General Contingency	711	-	(711)		(711)	-
Total Capital Programme	90,031	43,298	(46,733)	(5,818)	(10,520)	(36,213)
Movement from Month 11	78	(5,740)	(5,818)		(2,362)	(3,456)

161. The total under spend of £46,733k consists of £10,520k net cost underspend variances and £36,213k net rephasings proposed to be carried forward into future financial years. The reduction in expenditure of £5,740k from the Month 11 forecast is partly due to revised timing for the planned financing of the housing company. There are also further rephasings on various schemes.

162. The favourable movement of £2,362k in cost underspends from Month 11 is in part due to a reduction in expected commitments of £1,124k on 2018/19 Disabled Facilities Grant adaptations. New identified commitments will be funded from the 2019/20 grant. There were also movements in cumulative underspends amounting to £875k on completed works within the Highways and Street Lighting programmes.

163. The general contingency budget had £711k remaining funds that were not required in the year.

Capital Financing - General Fund

164. Table 21 below outlines the outturn financing of the capital programme

Table 21: Capital Financing

	Revised Budget 2018/19 £'000	Outturn 2018/19 £'000	Variance £'000	Financing Cost Variance £'000	Financing Re-Phasing Variance £'000
Council Resource Requirement	62,891	23,649	(39,242)	(9,123)	(30,119)
Financed By					
Capital Receipts	18,218	15,356	(2,862)	(2,742)	(120)
CIL	4,500	3,287	(1,213)	(1,213)	
Prudential Borrowing	40,173	5,006	(35,167)	(5,168)	(29,999)
Total Council Resources	62,891	23,649	(39,242)	(9,123)	(30,119)
Grants & Contributions	27,140	19,649	(7,491)	(1,397)	(6,094)
Total Programme	90,031	43,298	(46,733)	(10,520)	(36,213)

165. Capital receipts applied in year to finance capital expenditure totalled £15,356k after top slicing £2,565k to fund transformation expenditure. Appropriations to the HRA totalling £10,505k in respect of three sites for residential development are included in the capital receipts outturn figure. The variance of £2,862k on budget reflects actual levels of capital receipts secured in 2018/19, including a level of rephasing into 2019/20.

166. Community Infrastructure Levy receipts for the year totalled £3,287k from various developments and the variance of £1,213k on the revised budget is reported as an under recovery from original estimates as the timing and scale of CIL income is not certain. CIL receipts have been fully utilised to support financing of infrastructure related capital expenditure in 2018/19. The variance of £7,491k on Grants and Contributions reported at outturn primarily relates to the rephasing of activity into the new financial year, with £19,649k such contributions being applied to finance 2018/19 expenditure.

167. Prudential borrowing has a favourable variance of £5,168k due partly to expenditure under spends on various Council resourced schemes and programmes, offset by under recovery of capital receipts and CIL compared to revised budgets. An amount of £29,999k requires to be re-phased to fund continuing and future schemes, adjusted for phasing movements on other capital financing sources such as capital receipts and grants.

Annex A – Schools Programme

Prior Year Cost	Project	2018/19 Revised Budget £'000	2018/19 Actual £'000	2018/19 Variance £'000	2018/19 Cost Variance £'000	Project Re-phasing to future years	2018/19 Project Financed by:		
							Council Resources	Government Grants	Other Cont'ns
137,138	Primary Schools Expansions	93	21	(72)	(62)	(10)	80	5	(64)
4,352	New Primary Schools Expansions	8,585	8,600	15	0	15	422	8,112	66
1,040	Secondary Schools Expansions	4,966	4,057	(909)	0	(909)	3,563	0	494
45,568	Secondary Schools New Build	399	174	(225)	(106)	(119)	174	0	0
0	Meadow School	250	0	(250)	(10)	(240)	0	0	0
0	Schools SRP	568	0	(568)	0	(568)	0	0	0
188,098	Total Schools Programme	14,861	12,852	(2,009)	(178)	(1,831)	4,239	8,117	496

Annex B - Self Financing Developments

Prior Years Cost	Project	2018/19 Revised Budget	2018/19 Outturn	2018/19 Variance	Cost Variance	Project Re-phasing to future years	2018/19 Project Financed by:		
							Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Self Financing Developments								
14	Yiewsley Site Development	250	54	(196)	0	(196)	54	0	0
0	Housing Company Financing	15,000	0	(15,000)	0	(15,000)	0	0	0
14	Total Self Financing Developments	15,250	54	(15,196)	0	(15,196)	54	0	0

Annex C – Main Programme

Prior Year Cost	Project	2018/19 Revised Budget £'000	2018/19 Actual £'000	2018/19 Variance £'000	2018/19 Cost Variance £'000	Proposed Re-phasing £'000	2018/19 Project Financed by:		
							Council Resources £000	Government Grants £000	Other Cont'ns £000
6,308	Hayes Town Centre Improvements	1,004	986	(18)	0	(18)	0	982	4
448	Inspiring Shopfronts	147	94	(53)	0	(53)	63	0	31
951	Uxbridge Change of Heart	534	515	(19)	0	(19)	315	0	200
2,200	Gateway Hillingdon	950	892	(58)	0	(58)	872	0	20
25	Uxbridge Cemetery Gatehouse	15	2	(13)	0	(13)	2	0	0
0	New Museum	25	0	(25)	0	(25)	0	0	0
0	New Theatre	25	0	(25)	0	(25)	0	0	0
6,468	Battle of Britain Heritage Pride Project	313	281	(32)	0	(32)	281	0	0
6	Battle of Britain Underground Bunker	148	51	(97)	0	(97)	51	0	0
97	Bessingby Football/Boxing Clubhouse	1,248	1,066	(182)	0	(182)	1,066	0	0
0	Uniter Building Refurbishment	10	0	(10)	(400)	390	0	0	0
0	Purchase of Uxbridge Police Station	5,000	0	(5,000)	(5,000)	0	0	0	0
2,350	Cedars & Grainges Car Park	321	200	(121)	0	(121)	200	0	0
0	Yiewsley Swimming Pool	100	0	(100)	0	(100)	0	0	0
12	Hillingdon Outdoor Activity Centre	4,248	711	(3,537)	0	(3,537)	(12)	0	723
0	RAGC Car Park	25	23	(2)	0	(2)	23	0	0
4,017	Street Lighting - Invest to Save	1,483	1,327	(156)	(156)	0	1,327	0	0
0	1 & 2 Merrimans Housing Project	26	2	(24)	0	(24)	2	0	0
4,136	Projects Completing in 2018/19	141	2,459	2,318	2,318	0	2,429	0	30
27,018	Total Main Programme	15,763	8,609	(7,154)	(3,238)	(3,916)	6,619	982	1,008

Annex D - Programme of Works

Prior Years Cost	Project	2018/19 Revised Budget	2018/19 Outturn	2018/19 Variance	Cost Variance	Project Re-phasing to future years	2018/19 Project Financed by:		
							Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Programme of Works								
N/A	Leaders Initiative	394	265	(129)	0	(129)	112	153	0
N/A	Chrysalis Programme	1,331	1,175	(156)	(32)	(124)	1,158	0	17
N/A	Playground Replacement Programme	250	0	(250)	0	(250)	0	0	0
N/A	Bowls Club Refurbishments	654	120	(534)	0	(534)	120	0	0
N/A	Libraries Refurbishment Programme	1,000	0	(1,000)	(1,000)	0	0	0	0
N/A	Leisure Centres Refurbishment	1,601	0	(1,601)	(750)	(851)	0	0	0
N/A	Formula Devolved Capital to Schools	1,222	823	(399)	0	(399)	0	482	341
N/A	School Building Condition Works	3,059	643	(2,416)	(30)	(2,386)	0	413	230
N/A	Civic Centre Works Programme	1,585	983	(602)	(16)	(586)	983	0	0
N/A	Corporate Technology and Innovation	888	128	(760)	(254)	(506)	128	0	0
N/A	Property Works Programme	681	490	(191)	(20)	(171)	310	81	99
N/A	CCTV Programme	708	1,605	897	0	897	1,515	9	81
N/A	Youth Provision	1,410	232	(1,178)	(753)	(425)	232	0	0
N/A	Highways Structural Works	10,539	5,740	(4,799)	(1,262)	(3,537)	5,740	0	0
N/A	Road Safety	202	93	(109)	(70)	(39)	93	0	0
N/A	Transport for London	7,161	4,752	(2,409)	(291)	(2,118)	0	4,708	44
N/A	Purchase of Vehicles	3,911	795	(3,116)	(13)	(3,103)	736	59	0
N/A	Harlington Road Depot Improvements	380	341	(39)	0	(39)	341	0	0
N/A	Disabled Facilities Grant	2,833	876	(1,957)	(1,957)	0	0	815	61
N/A	PSRG / LPRG	225	15	(210)	(210)	0	4	0	11
N/A	Environmental/Recreational Initiatives	1,139	881	(258)	91	(349)	818	0	63
N/A	Section 106 Projects	597	202	(395)	5	(400)	0	0	202
N/A	Equipment Capitalisation - Social Care	985	1,145	160	160	0	0	1,145	0
N/A	Equipment Capitalisation - General	691	479	(212)	9	(221)	447	32	0
	Total Programme of Works	43,446	21,783	(21,663)	(6,393)	(15,270)	12,737	7,897	1,149

Appendix E - Transformation Capitalisation Schedule

Directorate	Saving Description	Savings				Transformation Costs
		2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000	2018/19 £'000
CEO	BID Review of Human Resources	(133)	0	(123)	(256)	96
	Consolidation of HR Senior Management team 2019/20	0	0	(159)	(159)	46
CEO Total		(133)	0	(282)	(415)	142
Finance	Finance BID Review - Effective Procurement 2018/19	0	(278)	0	(278)	51
	Finance BID Review - HB Digital Strategy 2018/19	0	(95)	0	(95)	27
Finance Total		0	(373)	0	(373)	78
Residents Services	BID Reviews - Directorate Management Structures 2017/18	(250)	0	0	(250)	44
	BID Reviews - ICT Phase 2 2017/18	(750)	0	0	(750)	74
	BID Reviews - Regulatory Services 2017/18	(74)	0	0	(74)	40
	Facilities Management Contract Savings 2018/19	0	(300)	0	(300)	45
	Pollution Control and Food Hygiene 2017/18	(112)	0	0	(112)	6
	Waste Services - Phase 1 2018/19	0	(357)	0	(357)	93
Residents Services Total		(1,186)	(657)	0	(1,843)	303
Social Care	Review of Social Care Staffing Structures 2017/18	(650)	0	0	(650)	782
	Transport 2018/19	0	(599)	0	(599)	503
	Review of Occupational Therapy Service	0	0	(150)	(150)	21
Social Care Total		(650)	(599)	(150)	(1,399)	1,305
Cross-Cutting	Place Analytics & CFO Insights Subscriptions (Year 1 of 3)	0	0	0	0	24
Cross-Cutting Total		0	0	0	0	24
Sub-Total		(1,969)	(1,629)	(432)	(4,030)	1,853
Other Savings		(13,539)	(9,026)	(6,177)	(28,742)	
Cross-Cutting Support for Service Transformation / BID Programme		0	0		0	712
Grand Total		(15,508)	(10,655)	(6,609)	(32,772)	2,565

Appendix F – Treasury Management Report as at 31 March 2019

168. This report summaries the Council's treasury management activities during 2018/19 and presents details of capital financing, borrowing, debt management and investment transactions alongside an outturn position.
169. For most of the year the Council utilised internal balances delaying the need borrow until the last quarter of 18/19 when a £10m PWLB EIP loan and two temporary local authority loans totalling £30m were taken. Over the year the Council's loan portfolio had an average rate of 3.38%. The portfolio was reduced by £17.3m with debt that matured naturally leaving a balance at year-end of £272.8m (GF £87.7m, HRA £185.1m). Interest paid over the year totalled £8.5m (GF £2.2m, HRA £6.3m).
170. The investment income return for the year on day-to-day operational treasury balances was 0.62% (0.42% 2017/18), resulting in income for 2018/19 of £422k. As part of the Council's investment strategy for 18/19 a total of £15m was invested in three long-dated strategic pooled funds (£5m in each). During 2018/19 dividends received from these strategic pooled funds totalled £389k with a decrease in fair value of £156k.

The Borrowing Requirement and Debt Management

Table 22 Capital Financing Requirement

	Balance on 31/3/2018 £m	New Borrowing £m	Debt Maturing £m	Debt Prematurely Repaid £m	Balance on 31/3/2019 £m	Year-End Average Rate %
CFR	400.00				401.27	
GF Loans						
PWLB Fixed Rate	43.54	10.00	12.27	-	41.27	3.51
Market Fixed Rate	15.00	-	-	-	15.00	4.28
PWLB Variable Rate	3.00	-	1.50	-	1.50	0.83
Temporary LA Borrowing	0.00	30.00	-	-	30.00	0.84
Total GF Loans	61.54	40.00	13.78	-	87.77	
HRA Loans						
PWLB Fixed Rate	155.57	-	3.50	-	152.07	3.19
Market Fixed Rate	33.00	-	-	-	33.00	4.03
Total HRA Loans	188.57	-	3.50	-	185.07	
Total Loans	250.11	-	17.28	-	272.84	3.38
Other Long Term Liabilities	1.41				1.17	
Total External Debt	251.52				279.01	

171. The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR) which, as at 31/3/2019, was £401.3m (31/3/2018 £400.0m). The Council's borrowing requirement, the difference between the CFR and total physical borrowing, was £122.3m. This amount represents the level of internal borrowing, primarily supported by the Council's own reserves.
172. At 31 March 2019, the Council held £194.8m of PWLB debt (£42.7m General Fund and £152.1m HRA) containing a broad range of loan types including both Maturity and EIP loans with fixed and variable rates and with varying maturities. In addition, the Council has £48m of market loans

(£15m General Fund and £33m HRA). £12m are fixed-rate loans and £36m are LOBO loans. Out of the LOBO loans, £10m were in their option state in 2018/19. During the year the lenders of these loans did not exercise any call options and therefore the loans remain outstanding on the same terms. The General Fund also has £30m of local authority temporary borrowing.

173. Over 2018/19, the Council's loan portfolio had an average rate 3.38% with the General Fund Loans average rate of 3.45% and HRA average rate of 3.34%. Although new borrowing in the form of a £10m PWLB EIP loan and £30m of temporary local authority loans was taken at the end of the year, by using internal resources in lieu of some borrowing, loan interest costs for the year totalled £8.5m, avoiding additional interest costs of approximately £4.1m that would have been incurred otherwise. During the year there was £17.28m of naturally maturing debt.
174. In January 2015 the Department of Communities and Local Government (now the Ministry of Housing, Communities & Local Government) confirmed that HM Treasury (HMT) would be taking the necessary steps to abolish the Public Works Loans Board. HMT has confirmed however that its lending function will continue and local authorities will retain access to borrowing rates, which offer good value for money. During 2018/19 no real progress has been made on this matter. The Council intends to use the PWLB's replacement as a potential source of borrowing if required.

Investment Activity

175. The table below shows day-to-day operational treasury balances investment balances on 31st March 2019 and the weighted average balance of these investments over the year was £67.9m.

Table 23 Investments

Investments	Balance on 31/03/2019 £m	Balance on 31/03/2018 £m
Call Accounts	0.00	0.90
Money Market Funds	0.50	33.40
Short Duration Pooled Funds	0.00	15.00
Short Term Investments	30.90	15.00
Total Investments	31.40	64.30
Average Rate % Received	0.62%	0.42%

176. In addition to the day-to-day operational treasury deposits, during April 18 £15m was placed 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. During 2018/19 dividends received from these strategic pooled funds totalled £389k; the fair value decreased by £156k during the year, however the long investment horizon should mitigate overall fluctuations over the life of the asset.
177. Security of capital remained the Council's primary investment objective and this was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19. Investments during the year included deposits with the Debt Management Office and Local Authorities as well as investments in AAA-rated Money Market Funds and Pooled Funds. In addition, both instant access and fixed-term deposits were held with UK Banks within the Councils counterparty limits. Investments continued to be placed in overseas banks with deposits being made with DBS a Singaporean bank and deposits in instant access and notice accounts with Svenska Handelsbanken a Swedish bank. In December 2018 Svenska Handelsbanken transferred its UK business to a new UK subsidiary Handelsbanken plc resulting in all new deposits falling under UK jurisdiction. Also a number of UK T-Bills were purchased during the year. All bank placements held a minimum or higher credit rating of A- for UK counterparties and A+ for Overseas counterparties.

178. **Credit Risk:** Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A- across all three rating agencies, Fitch, Standard & Poor's and Moody's). However reliance does not rest solely with these agencies and are augmented by use of market/economic information, media updates and intelligence from the Council's Treasury Advisors. With the introduction of the Banking Reform Act in January 2015 the Council optimised its use of bail-in exempt instruments and institutions by utilising local authorities and banks where this legislation has not be adopted. At the end of March, 2% of the Council's total funds had exposure to bail-in risk compared to a March benchmark average of 55% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose).
179. **Liquidity:** In keeping with CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds, targeted maturity deposits and the use of instant access call accounts.
180. **Yield:** The Council sought to optimise returns commensurate with its objectives of security and liquidity. The Bank of England held base rate at 0.50% until August 18 when it was raised to 0.75%, resulting in continued low levels being achievable within the short-term money market. During 18/19 short-term money was mainly placed in instant access accounts and short-term deposits with the DMADF to ensure liquidity was maintained. Rates payable on these activities were comparable with other medium-term duration deposit options and so there was no opportunity cost in keeping cash liquid. A small proportion of longer dated deposits were placed with DBS Bank Ltd and UK T-Bills purchased to enhance income in a low interest rate environment. The two approaches resulted in an average return on Investments of 0.62%.
181. Net returns from Strategic Pooled Funds during 18/19 (consisting of dividends received and changes in fair value) yielded 1.63%, which significantly enhanced investment income for the year.
182. All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

Compliance with the Prudential Code and Prudential Indicators

183. The Local Government Act 2003 gave freedoms to Local Authorities to borrow subject to macro-economic considerations, on condition that compliance with the Prudential Code was observed. The Code developed a series of 'prudential indicators' (Appendix 1) that were designed to provide greater information to the council tax payer and the rent payer on the impact of any borrowing decisions taken.
184. The main objectives of the prudential code are to demonstrate affordability of the authority's capital expenditure plans and ensure prudent external borrowing levels, which are sustainable in the future. It also verifies that treasury management decisions are taken in accordance with best professional practice.
185. The Council can confirm that it complied with the Prudential Indicators for 2018/19, set in February 2018 as part of the Council's Treasury Management Strategy Statement. The levels of debt were measured on an ongoing basis during the year for compliance with the Authorised Limit of £579m and the Operational Boundary of £549m, the former being somewhat higher to allow for fluctuations in cash-flow. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £279.01m.

Table 24 Upper Limits for Interest Rate Exposure:

Upper Limits for Interest Rate Exposure	Actual Level at 31/03/19 %	2018/19 Approved %
Upper Limit for Fixed Interest Rate Exposure on Debt	99	100
Upper Limit for Fixed Interest Rate Exposure on Investments	(0)	(75)
Upper Limit for Variable Interest Rate Exposure on Debt	1	50
Upper Limit for Variable Interest Rate Exposure on Investments	(100)	(100)

Table 25 Maturity Structure of Fixed Rate borrowing:

	Upper limit %	Lower limit %	Actual Borrowing as at 31/3/2019 (£m)	Percentage of total as at 31/3/2019
under 12 months	25	0	46.78	17.24%
12 months and within 24 months	25	0	14.89	5.49%
24 months and within 5 years	50	0	23.50	8.66%
5 years and within 10 years	100	0	37.50	13.82%
10 years and within 20 years	100	0	51.00	18.80%
20 years and within 30 years	100	0	21.07	7.76%
30 years and within 40 years	100	0	28.60	10.54%
40 years and within 50 years	100	0	39.00	14.37%
50 years and above	100	0	9.00	3.32%

(The above table includes LOBO's as fixed rate and at their maturity date)

186. For 2018/19 the Prudential Indicator which limits principal sums invested for periods longer than 364 days was set at £35m. As at the end of 18/19 the £15m held in Strategic Pooled Funds fall into this category of investments

187. Non-treasury related Prudential Indicators are included in Annex F1

Balanced Budget

188. The Council complied with the requirement to maintain a Balanced Budget

Training

189. As part of the Council's continuous performance and development programmes, officers received treasury management training by attending workshops and seminars provided by the Council's treasury advisers Arlingclose and CIPFA.

Annex -Non Treasury Prudential Indicators 2018/19

Table 26 Estimated and Actual Capital Expenditure

	2018/19 Estimated £m	2018/19 Outturn £m
General Fund	108	45
HRA	53	37
Total	161	82

Table 27 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

	2018/19 Estimated %	2018/19 Outturn %
General Fund	3	2
HRA	28	28

Table 28 Capital Financing Requirement

	Estimated (£m) 2018/19	Outturn (£m) 2018/19
General Fund	285	209
HRA	193	192
Total	478	401

190. The reduction in CFR compared to the estimate is due to the cumulative effect of Capital programme re-phasing of a number of projects to be funded from future borrowing and Revenue Contributions to repay debt. The Council was also able to fund more of its capital programme through early receipt of grants and from Revenue Contributions to Capital.

Table 29 Actual External Debt

As at 31/03/2019	£m
Borrowing	272.84
Other Long-term Liabilities	1.17
Total	279.01

Tables 30 Incremental Impact of Capital Investment Decisions

	2018/19 (£)
Increase in Band D Council tax	-4.80
Increase in average weekly housing rents	0

191. As an indicator of affordability, the Incremental Impact of Capital Decisions shows the notional impact of capital investment decisions on Council Tax and Housing Rent levels and represents the impact on these if the financing of the Capital Programme were to be funded from taxes and rents. The reduction in Band D Council Tax noted above reflects savings from the reported underspend on Interest & Investment Income budgets in 2018/19. The fixed nature of the HRA business plan results in no incremental increase in housing rents.

HRA Limit on Indebtedness

192. Following settlement and the introduction of the self-financing regime, a borrowing cap of £303.3m has been imposed by HM Treasury on HRA indebtedness. Current HRA CFR at 31 March 2019 is £191.9m and actual borrowing is £185m, representing internal borrowing of £6.9m. This gives the HRA potential headroom borrowing of £118.3m, up to the borrowing cap to finance future capital works.

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

193. 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 31: Consultancy and agency assignments over £50k

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Chief Executive's Office and Finance Directorate						
Benefit Officer	3/8/2015	29/04/2019	28/07/2019	205	15	220
Senior Lawyer ASC & ECS (Child Protection)	23/04/2018	08/07/2019	03/01/2020	79	34	113
Senior Lawyer ASC & ECS (Child Protection)	26/11/2018	08/07/2019	03/01/2020	84	41	125
Residents Services						
Private Sector Housing Officer	01/03/2018	01/04/2019	30/06/2019	43	17	59
Private Sector Housing Team Manager	01/02/2018	15/04/2019	14/07/2019	118	33	151
Technical Support Assistant - SEN	01/10/2017	01/04/2019	30/06/2019	44	8	52
Domestic Abuse – Programme Lead	28/08/2017	15/04/2019	13/10/2019	179	34	213
Housing Options & Homeless Prevention Officer	24/02/2014	25/03/2019	16/06/2019	1,125	10	1,135
Major Application (PPA) Planner	20/03/2017	28/04/2019	28/07/2019	208	26	233
Senior Programme Manager	06/08/2018	13/05/2019	11/08/2019	89	30	119
Major Applications (PPA) Planner	03/01/2017	13/05/2019	11/08/2019	162	22	184
CCTV Programme Manager	25/09/2016	20/05/2019	30/06/2019	158	8	166
Senior Land Contamination Officer	18/11/2018	27/05/2019	25/08/2019	40	19	58
Private Sector Housing Officer	06/08/2018	17/06/2019	15/09/2019	47	24	71
ASB & Environment Officer	01/10/2018	06/05/2019	04/08/2019	33	17	50
Programme Manager, Capital Programme Work	14/08/2016	10/06/2019	08/09/2019	159	25	183

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Media & Campaigns Officer	23/07/2018	10/06/2019	01/09/2019	52	17	69
Social Care						
Support Worker	03/04/2017	29/04/2019	02/06/2019	73	3	76
Support Worker	03/10/2016	29/04/2019	02/06/2019	61	4	65
Support Worker	03/04/2017	29/04/2019	02/06/2019	59	5	64
Care Worker	06/07/2016	29/04/2019	02/06/2019	81	5	86
Social Worker	26/07/2017	29/04/2019	02/06/2019	127	12	140
Approved Mental Health Worker	05/02/2018	29/04/2019	02/06/2019	64	9	73
AMHP	03/09/2018	29/04/2019	02/06/2019	55	15	70
Approved Mental Health Worker	01/06/2015	29/04/2019	02/06/2019	262	10	273
Care Worker	06/03/2017	29/04/2019	02/06/2019	61	5	66
Support Worker	04/04/2016	29/04/2019	02/06/2019	87	5	92
Social Worker/Senior Social Worker	02/10/2017	29/04/2019	02/06/2019	108	12	119
Advanced Social Work Practitioner	30/04/2018	29/04/2019	02/06/2019	82	8	90
Social Worker	05/06/2017	29/04/2019	02/06/2019	114	10	125
Social Worker	16/04/2018	29/04/2019	02/06/2019	83	7	0
Social Worker	04/06/2018	29/04/2019	02/06/2019	61	12	73
Social Worker/Senior Social Worker	04/09/2017	29/04/2019	02/06/2019	119	13	132
Social Worker	04/06/2018	29/04/2019	02/06/2019	76	15	91
Advanced Social Work Practitioner	30/04/2018	29/04/2019	02/06/2019	80	14	94
Night Care Worker	04/06/2017	29/04/2019	02/06/2019	54	5	58
Service Manager	30/07/2018	29/04/2019	02/06/2019	97	22	120
Head of Mental Health and Learning Disability	00/01/1900	00/01/1900	00/01/1900	64	10	74
Nursery Practitioner	01/10/2017	29/04/2019	02/06/2019	52	5	57
Early Years Practitioner	12/09/2014	29/04/2019	02/06/2019	61	2	63
Early Years Practitioner	24/02/2014	29/04/2019	02/06/2019	75	2	77
Early Years Practitioner	06/02/2017	29/04/2019	02/06/2019	54	5	59
Early Years Practitioner	25/03/2016	29/04/2019	02/06/2019	62	5	67
Nursery Officer	05/09/2016	29/04/2019	02/06/2019	56	5	61
Early Years Practitioner	23/02/2015	29/04/2019	02/06/2019	88	5	93

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Social Worker (CHC)	03/01/2017	03/06/2019	30/06/2019	115	4	119
Programme Lead-Urgent & Emergency Care	01/03/2018	03/06/2019	30/06/2019	192	12	204
Team Manager	17/07/2017	29/04/2019	02/06/2019	181	18	199
Senior Social Worker	01/04/2013	29/04/2019	02/06/2019	155	14	169
Social Worker	06/04/2017	29/04/2019	02/06/2019	70	14	84
Social Worker	23/10/2017	29/04/2019	02/06/2019	108	11	119
Social Worker	13/11/2016	29/04/2019	02/06/2019	170	8	178
Social Worker	16/12/2016	29/04/2019	02/06/2019	182	14	196
Social Worker	21/08/2016	29/04/2019	02/06/2019	184	14	198
Social Worker	05/09/2014	29/04/2019	02/06/2019	363	8	371
Social Worker	10/07/2017	29/04/2019	02/06/2019	114	14	128
Social Worker	07/11/2016	29/04/2019	02/06/2019	193	14	207
Social Worker	04/05/2015	29/04/2019	02/06/2019	247	12	259
Social Worker	13/04/2015	29/04/2019	02/06/2019	286	14	300
Social Worker	01/04/2013	29/04/2019	02/06/2019	214	14	228
Social Worker	11/07/2016	29/04/2019	02/06/2019	206	14	220
Social Worker	01/08/2015	29/04/2019	02/06/2019	233	16	249
Team Manager	27/03/2017	29/04/2019	02/06/2019	178	16	194
Social Worker	27/10/2016	29/04/2019	02/06/2019	176	14	190
Educational Psychologist	04/02/2019	03/06/2019	30/06/2019	48	11	59
Social Worker	14/08/2017	29/04/2019	02/06/2019	130	7	137
Educational Psychologist	15/11/2015	29/04/2019	02/06/2019	265	18	283
Special Needs Officer	01/12/2016	29/04/2019	02/06/2019	149	13	162
Social Worker	11/08/2014	29/04/2019	02/06/2019	376	14	390
Social Worker	01/01/2013	29/04/2019	02/06/2019	396	14	410
Social Worker	01/04/2013	29/04/2019	02/06/2019	190	14	204
Social Worker	26/08/2016	29/04/2019	02/06/2019	178	13	191
Support Worker	20/12/2015	29/04/2019	02/06/2019	91	0	91
Social Worker	04/07/2016	29/04/2019	02/06/2019	228	14	242
Social Worker	03/07/2016	29/04/2019	02/06/2019	221	16	237
Social Worker	21/11/2016	29/04/2019	02/06/2019	166	14	180
Social Worker	01/01/2013	29/04/2019	02/06/2019	391	14	405
Senior Social Worker	29/06/2017	29/04/2019	02/06/2019	157	14	171
Senior Social Worker	05/10/2015	29/04/2019	02/06/2019	213	9	222
Education Health and Care Officer	01/07/2017	29/04/2019	02/06/2019	78	11	89
Principal Educational Psychologist	01/08/2015	29/04/2019	02/06/2019	230	0	230

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Senior Educational Psychologist	15/08/2016	29/04/2019	02/06/2019	174	25	199
Educational Psychologist	01/03/2016	29/04/2019	02/06/2019	222	27	249
Social Worker	02/07/2017	29/04/2019	02/06/2019	107	14	121
Senior Social Worker	30/04/2012	29/04/2019	02/06/2019	204	14	218
Practice Improvement Practitioner	08/05/2014	29/04/2019	02/06/2019	153	14	167
Child Protection Chair	01/07/2015	29/04/2019	02/06/2019	104	16	120
Social Worker	01/04/2018	29/04/2019	02/06/2019	82	14	96

Appendix H – Changes to Leisure Fees & Charges

Proposed Amendments to Leisure Fees 2019/20				
Fee Description	LBH Resident 2018/19	LBH non-resident 2018/19	LBH Resident 2019/20	LBH non-resident 2019/20
Swimming Indoor (per hour)				
Adult peak	£3.80	£4.60	£3.90	£4.70
Adult concession	£1.85	£2.15	£1.90	£2.20
Junior peak	£1.95	£1.95	£2.00	£2.00
Junior concession	£1.15	£1.15	£1.20	£1.20
Adult off peak	£3.10	£3.60	£3.20	£3.70
Adult off peak concession	£1.05	£1.25	£1.10	£1.30
Junior off peak	£1.65	£1.65	£1.70	£1.70
Junior off peak concession	£0.90	£0.90	£0.95	£0.95
Family (2A+2J) peak	£9.80	£11.30	£10.00	£11.60
Family (2A + 2J) peak concession	£5.45	N/A	£5.60	N/A
Family (2A+2J) off peak	£8.00	£8.75	£8.20	£9.00
Family (2A+2J) off peak concession	£3.20	N/A	£3.30	N/A
HSLC Outdoor Pool				
Adult	£5.70	£7.40	£5.85	£7.60
Adult concession	£3.80	£5.15	£3.90	£5.30
Child	£3.40	£3.70	£3.50	£3.80
Family (2A +2J)	£14.80	£18.00	£15.20	£18.50
Swimming - Other (per session)				
Sports Parties (Hall/pool and room hire)	£111.40	£125.65	£114.75	£129.40
Sports Parties incl party host	£132.60	£153.80	£136.60	£158.40
Swimming instruction per lesson adult (30mins)	£7.35	£8.50	£7.60	£8.75
Swimming instruction per lesson adult concession	£5.30	£5.65	£5.40	£5.80
Swimming instruction per lesson child	£5.30	£5.30	£5.50	£5.50
Swimming instruction per lesson child concession	£3.80	£3.80	£3.90	£3.90
Swimming Instruction (per lesson) One to one tuition	£20.50	£23.00	£21.10	£23.70
Swim Crash Course 1/2 hour per day x 4 day (per half hour)	£21.20	£24.40	£21.80	£25.10
Private Hire (25-33m Pools)				
Pool Hire per hour (one lane up to Gala)				
- whole pool	£104.00	£131.10	£107.10	£135.00
- one lane	£21.10	£26.50	£21.70	£27.30
Private Hire (50m Pool)				
- 50m pool (for info)	£195.70	£257.50	£200.00	£265.00

Proposed Amendments to Leisure Fees 2019/20

Fee Description	LBH Resident 2018/19	LBH non- resident 2018/19	LBH Resident 2019/20	LBH non- resident 2019/20
Young at Heart	£4.00	£4.50	£4.10	£4.60
Gym				
Casual Gym Session Peak	£7.20	£8.20	£7.30	£8.30
Casual Gym Session Concessionary	£4.50	£4.70	£4.60	£4.80
Casual Gym Session Off-Peak	£5.85	£6.60	£6.00	£6.70
Casual Gym Session Off-Peak Concessionary	£2.90	£3.50		
Coached Fitness Classes Charges	£6.60	£7.40	£6.80	£7.60
Coached Fitness Classes Concessionary	£5.15	£5.80	£5.30	£5.90
Exercise Prescription	£3.00	N/A	£3.10	
Athletics				
Athletics - Adult	£3.30	£3.80	£3.40	£3.90
Athletics - child	£1.80	£1.90	£1.85	£1.95
Athletic meeting - Hillingdon club/school (Mon to Fri)	£39.20	N/A	£40.30	N/A
Athletic meeting - Hillingdon club/school (Weekends)	£46.60	N/A	£48.00	N/A
Athletic meeting - other organisations (Mon to Fri)	n/a	£57.70	n/a	£59.40
Athletic meeting - other organisations (Weekends)	n/a	£64.40	n/a	£66.30
Gymnastics & Other Junior Activities				
Gym tots & pre school (45 minutes)	£4.90	£5.00	£5.00	£5.10
Gym tots & pre school (45 minutes) concession	£3.70	£3.70	£3.80	£3.80
Football	£4.95	£5.10	£5.00	£5.20
Football concession	£4.00	£4.10	£4.10	£4.20
Trampolining (intermediate)	£5.25	£5.40	£5.40	£5.55
Trampolining (intermediate) concession	£4.20	£4.20	£4.30	£4.30
Development, floor & vault squad 2	£4.45	£4.45	£4.55	£4.55
Development, floor & vault squad 2 concession	£3.40	£3.40	£3.50	£3.50
Development, floor & vault squad 1	£3.90	£3.90	£4.00	£4.00
Development, floor & vault squad 1 concession	£2.90	£2.90	£3.00	£3.00
Sports acro squad	£2.90	£2.90	£3.00	£3.00
Sports acro squad concession	£1.80	£1.85	£1.85	£1.90
Additional staff for bday parties	£23.00	£23.00	£23.50	£23.50
Creche off peak	£2.35	£2.35	£2.40	£2.40
Creche off peak concession	£1.65	£1.65	£1.70	£1.70
Creche peak	£3.10	£3.10	£3.20	£3.20
Creche peak concession	£2.15	£2.20	£2.20	£2.25