

COUNCIL BUDGET - 2019/20 REVENUE AND CAPITAL MONTH 6 BUDGET MONITORING

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

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2019/20 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £590k is reported against 2019/20 General Fund revenue budgets as of September 2019 (Month 6), representing an improvement of £78k on the position reported to Cabinet at Month 5. Unallocated reserves are projected to total £33,158k at 31 March 2020.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services, Commerce & Communities
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at September 2019 (Month 6) as outlined in Table 1.
2. Note the Treasury Management update as at September 2019 at Appendix E.
3. Continue the delegated authority up until the December 2019 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under

delegated authority between the 24 October 2019 and 14 November 2019 Cabinet meetings, detailed at Appendix G.

4. Approves re-phasing of £24,297k General Fund capital expenditure and associated financing budgets into later years of the capital programme.
5. Accept the GLA grant of £1,700k (£100k per property) for the use on new build general needs housing stock within the HRA capital programme 2019-24.
6. Accept an additional London Crime Prevention Fund (LCPF) grant allocation of £290k in 2019-2021 for Violence Reduction Unit funded activities.
7. Accept various grant funding relating to Flood Protection as follows:
 - a. Accept £100k and £25k from the Environment Agency, Thames Regional Flood and Coastal Committee.
 - b. Accept £30k grant funding from the Greater London Authority.
 - c. Accept £20k and £8k of grant funding from the Department for Environment, Food and Rural Affairs.
 - d. And agree to delegate authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and Cabinet Member for Finance, Property and Business Services, to appoint contractors from the grant monies accepted.
8. Approve the acceptance of funding for the Rough Sleeping Cold Weather Fund and EEA National Rough Sleepers of £354,039 (provisional allocation) for 2019/20.
9. Release £6k from General Fund Contingency to refresh lamppost banner designs across the Borough.
10. Release of £60k from Priority Growth for Patrol Officers at Little Britain Lake (£20k in 2019/20)
11. Approve the introduction of a new charge for annual Car Parking Season Tickets at Grainges Basement Car Park of £1,500 (including VAT) for Residents and £1,680 (including VAT) for Non-Residents. A monthly charge, exclusively for Residents, of £125 (including VAT) is also proposed.

INFORMATION

Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 6 against budgets approved by Council on 21 February 2019. An update on the Council's Treasury Management activities is signposted in **Recommendation 2**.
2. **Recommendation 3** is intended to enable continued delegation of approval for appointment of consultancy and agency appointments over £50k to the Chief Executive, with final sign-off from the Leader of the Council. In addition, Appendix G reports back on use of this delegated authority previously granted by Cabinet.
3. **Recommendation 4** - Agrees capital rephasing in order to reflect revised expenditure profiles on various Major Projects that will be completed in future years it is proposed to re-phase expenditure budgets and associated financing totalling £24,297k. Programmes of Works schemes will be reviewed at the end of the financial year to ensure only the required level of budget is carried forward.
4. **Recommendation 5** - The Council has been awarded an allocation of £100k per property to be used on new build general needs housing stock. Three sites (6 flats at 1-6 Meadowfield House, Uxbridge; 5 flats at 287 West End Road, Ruislip and 6 flats at 92 Otterfield Road, West Drayton) have been identified totalling 17 properties, which is to be funded from GLA grant of £1,700k and the remainder £3,965k from HRA resources. Approval to proceed with

the purchase of the properties and sites was agreed by the Leader and Cabinet Member for Finance, Property and Business Services on 5 November 2019 under delegated authority

5. **Recommendation 6** requests Cabinet to accept an increase of £290k over the next two financial years in London Crime Prevention Fund (LCPF) grant and a resulting amendment to the existing grant agreement with Mayor's Office for Policing and Crime (MOPAC). These additional funds have been provided through London's Violence Reduction Unit (VRU) to focus on three strategic outcomes:
 - Addressing the drug related drivers of violence.
 - Supporting young offenders and reducing violent recidivism.
 - Minimising school exclusions and supporting young people back into education, employment and training.
6. **Recommendation 7** seeks acceptance of grant funding in relation to Flood Protection as follows:
 - a. Accept £100k and £25k of grant funding from the Environment Agency, Thames Regional Flood and Coastal Committee, for the London Strategic SuDs Pilot and for the Cannon Brook and Mad Bess Brook Flood Alleviation Scheme, respectively.
 - b. Accept £30k of grant funding from the Greater London Authority to deliver the Pinkwell Neighbourhood Greening Project.
 - c. Accept £20k and £8k of grant funding from the Department for Environment, Food and Rural Affairs for the delivery of the Ruislip Manor Flood Risk Modelling Study and Cranford and Pinkwell Flood Risk Modelling Study, respectively.
7. **Recommendation 8** seeks acceptance of funding from the MHCLG that will further help rough sleepers, and those at risk of rough sleeping, access the support and settled housing they require.
8. **Recommendation 9** seeks approval to release £6k of General Contingency to fund the refresh of three lamp post banner designs at sites across the Borough.
9. **Recommendation 10** will release priority growth to fund two Patrol Officers at Little Britain Lake in response to ongoing anti-social behaviour issues. The patrols will cover the checking of EA licences, monitoring of fishing equipment, angling techniques and enforcement of current PSPO regulations and fishing rules on site.
10. **Recommendation 11** seeks approval of a new Car Park Season ticket fee that would be applied to the basement area of the Grainges Car Park at £1,500 per annum for Residents (£125 for a monthly ticket) and £1,680 per annum for non-residents. This area of the car park was previously let on a commercial basis, but in recognition that this section of the Car Park offers 24/7 secure parking it is proposed to redesignate it for use by season ticket holders. It is anticipated that a number of residential developments in Uxbridge would benefit from having access to secure 24/7 parking, with Grainges Basement providing a suitable facility. The proposed season ticket prices for residents are benchmarked to 90% of the current offer at INTU Uxbridge, with prices for non-residents set to be on-par with those levied by INTU Uxbridge. Car Parking Season Tickets are currently only available for purchase for use at Cedars or Grainges multi-storey car parks in Uxbridge, however, the restricted hours of operation at these sites deem tickets more suitable for use by the general user and commuters.

Alternative options considered

11. There are no other options proposed for consideration.
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SUMMARY

REVENUE

12. General Fund revenue budgets are projected to underspend by £590k at Month 6, an improvement of £78k on the position reported at Month 5. An overspend of £36k is projected against Directorate Operating Budgets with reported pressures being partially offset by compensating underspends. An underspend across Corporate Operating Budgets of £624k offsets this pressure. Grant income is in line with budget, with minor variances as grant allocation amounts are confirmed.
13. There is a large call on General Contingency in Month 6, relating to SEN Transport pressures, however the Development Risk and Contingency is currently benefitting from three income streams, which is mitigating the large calls on contingency.
14. General Fund Balances are expected to total £33,158k at 31 March 2020, under the assumption that the balance of General Contingency and Unallocated Priority Growth monies are released in-year. This is a reduction of £7,186k from the opening balance of £40,344k.
15. Of the £8,141k savings being managed in year, £6,937k are either banked in full or classed as 'on track for delivery', while £1,204k classified as either higher risk or in the early stages of delivery. This is an improvement on the position reported in Month 5 with £921k moved to on track and £821k savings being banked. Ultimately, all £8,141k of the savings are expected to be delivered in full, with any items with potential issues being covered by alternative in-year savings proposals and management actions.
16. A surplus of £534k is reported within the Collection Fund relating to favourable positions on both Council Tax and Business Rates, which is predominantly driven by a carry forward surplus from 2018/19. Any surplus realised at outturn will be available to support the General Fund budget in 2020/21 and future years.
17. The Dedicated Schools Grant is projecting an in-year overspend of £5,125k at Month 6, a significant £1,672k adverse movement from Month 5 reflecting a revised estimate of the growth over the remainder of 2019/20. This overspend is predominantly due to continuing pressures in the cost of High Needs and results in a forecast carry forward cumulative deficit at 31 March 2020 of £13,617k. Following new direction from the Department for Education, the Council submitted a Deficit Recovery Plan on 30 June 2019. The Deficit Recovery Plan is a three year plan and is being monitored in conjunction with Schools Forum.

CAPITAL

18. At Month 6 the projected underspend against the 2019/20 General Fund Capital Programme is £22,183k, predominantly as a result of rephasing of project expenditure. The forecast outturn over the life of the programme to 2023/24 is an overspend of £206k. The planned investment will require £225,071k Prudential Borrowing, £198k lower than anticipated at budget setting in February 2019. This results from increased grants, contributions and capital receipts, although is not expected to materially impact upon the £11,788k per annum revenue financing charges ultimately required to support this level of investment.

FURTHER INFORMATION

General Fund Revenue Budget

19. An underspend of £590k is reported across normal operating activities at Month 6, an improvement of £78k on Month 5, which is primarily linked to an improvement in Social Care of £114k. The most significant gross pressures relate to Early Years Centres, Education and IC, which are offset primarily by staffing underspends to deliver a net £36k pressure on Directorate Operating Budgets. Together with underspends against Interest and Investment Income and Levies and Other Corporate Budget, this results in the headline £590k underspend.
20. Development Risk and Contingency is currently benefitting from three windfall income streams, the additional Better Care Fund monies, asylum grant funding and a rebate from the West London Waste Authority, which is mitigating pressures on specific contingencies of £1,388k on SEN Transport, £750k on Adult Social Care placements and £300k on Development Control income.
21. Savings of £8,141k are being managed within the 2019/20 budget. Currently £3,643k savings are banked, delivery is currently on track against £3,294k of savings, and £1,204k are either in the early stages of delivery or deemed higher risk although all savings are expected to ultimately be delivered in full. This is an improvement on the position reported in Month 5 with £921k being moved to on track for delivery and £821k of these savings being banked.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
			Revised Budget £'000	Forecast Outturn £'000			
210,620	1,976	Directorate Operating Budgets	212,596	212,632	36	151	(115)
7,436	0	Corporate Operating Budgets	7,436	6,812	(624)	(661)	37
12,863	(2,789)	Development & Risk Contingency	10,074	10,074	0	(0)	0
(991)	0	Unallocated Budget Items	(178)	(178)	0	0	0
229,928	0	Sub-total Normal Activities	229,928	229,340	(588)	441	(78)
(222,152)	0	Corporate Funding	(222,152)	(222,154)	(2)	(2)	0
7,776	0	Net Total	7,776	7,186	(590)	439	(78)
(40,344)	0	Balances b/fwd	(40,344)	(40,344)			
(32,568)	0	Balances c/fwd 31 March 2020	(32,568)	(33,158)			

22. General Fund Balances are expected to total £33,158k at 31 March 2020 as a result of the forecast position detailed above, £590k higher than projected at budget setting in February 2019. The Council's Medium Term Financial Forecast 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

23. 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 latest projections for each service is contained within Appendix A to this report, with salient risks and variances within this position summarised in the following paragraphs.

Table 2: Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
8,110 (1,207)	1 (1)	Chief Executive's Office	Expenditure	8,111	8,131	20	12	8
			Income	(1,208)	(1,224)	(16)	(8)	(8)
6,903	0		Sub-Total	6,903	6,907	4	4	0
19,069 (3,221)	68 (175)	Finance	Expenditure	19,137	19,180	43	58	(15)
			Income	(3,396)	(3,484)	(88)	(89)	1
15,848	(107)		Sub-Total	15,741	15,696	(45)	(31)	(14)
116,482 (43,966)	1,900 (1,053)	Residents Services	Expenditure	118,382	119,529	1,147	966	181
			Income	(45,019)	(45,999)	(980)	(812)	(168)
72,516	847		Sub-Total	73,363	73,530	167	154	13
148,761 (33,408)	963 273	Social Care	Expenditure	149,724	151,179	1,455	1,564	(109)
			Income	(33,135)	(34,680)	(1,545)	(1,540)	(5)
115,353	1,236		Sub-Total	116,589	116,499	(90)	24	(114)
210,620	1,976	Total Directorate Operating Budgets		212,596	212,632	36	151	(115)

24. An overspend of £4k is reported on Chief Executive's Office budgets at Month 6, no change on Month 4. Across Finance, a net underspend of £45k is projected as a result of staffing variances across the directorate with compensating variances on income from additional grant funding.
25. At Month 6 a net pressure of £167k is reported across Residents Services, a £13k adverse movement on Month 5. Within this position there is £499k forecast pressure in ICT due to contract costs, this is partially netted down by £164k staff costs underspend, to £335k. Education functions are reporting a £200k pressure which is subject to a BID review. These pressures are mitigated in the Residents Services position by the projected underspend in Administrative, Technical and Business Services of £474k.
26. A net underspend of £90k is reported across Social Care budgets, with the improvement due to an increase in income projections. There are a number of variances in the position including pressures relating to delays in securing additional health contributions towards placements meeting both social care and health needs, alongside the deficit on Early Years Centres transferred from the schools budget being offset through additional Troubled Families Grant and more efficient use of the Better Care Fund. There has been a £114k improvement from the position reported at Month 5 as a long running complex case with another local authority was settled in the Council's favour.

27. The Council is permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £2,695k for such costs, which will remain under review over the remainder of the year and have been excluded from reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

Progress on Savings

28. The savings requirement for 2019/20 is £6,609k. In addition, there are savings of £700k brought forward from 2018/19 which gives an overall total of £7,309k. Within this position there are £832k of funding requirements, covering Troubled Families, Fleet and Parking Services. For reporting from Month 4 onwards the savings have been adjusted to remove the £832k of funding requirements, giving a restated gross savings target of £8,141k with the aim of improving the transparency on the progress of savings.
29. Of this sum £6,937k are either banked or on track for delivery in full during 2019/20. £1,204k savings are in the early stages of delivery or potentially subject to greater risk to delivery, however, ultimately all £8,141k are expected to be delivered in full, with any items with potential issues being covered by alternative in-year savings proposals and management actions. This represents an improvement on the position at Month 5, with £921k moving to on track and £821k further items being banked.

Table 3: Savings Tracker

2019/20 General Fund Savings Programme	CEOs	Finance	Residents Services	Social Care	Cross-Cutting	Total 2019/20 Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	%
B Banked	(282)	(359)	(477)	(1070)	(1,455)	(3,643)	44.75%
G On track for delivery	(105)	(221)	(955)	(1,593)	(420)	(3,294)	40.46%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(150)	(264)	(260)	(530)	(1,204)	14.79%
R Serious problems in the delivery of the saving	0	0	0	0	0	0	0.0%
Total 2019/20 Savings	(387)	(730)	(1,696)	(2,923)	(2,405)	(8,141)	100.0%

Corporate Operating Budgets

30. Corporate Operating Budgets are currently forecasting a £624k favourable variance, which is an adverse movement of £37k on the Month 5 position on levies. Corporately managed expenditure includes 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.
31. As a result of anticipated capital expenditure and associated borrowing being slipped from 2018/19, alongside proactive use of capital grants and alternative funding, a £308k underspend is reported on the revenue costs of debt financing. An ongoing review of the Council's balance sheet has identified up to £357k of historic credit balances, which are expected to be written on during 2019/20, delivering a one-off windfall underspend. Housing

Benefit remains on budget with no variance being reported. No material variances are reported across the remainder of Corporate Budgets, resulting in a headline underspend of £625k.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
0	0	Interest and Investment Income	Salaries	0	0	0	0	
7,777	0		Non-Sal Exp	7,777	7,469	(308)	(308)	
(87)	0		Income	(87)	(47)	40	40	
7,690	0		Sub-Total	7,690	7,422	(268)	(268)	
490	0	Levies and Other Corporate Budgets	Salaries	490	487	(3)	(3)	
12,570	0		Non-Sal Exp	12,570	12,574	4	(33)	
(12,289)	0		Income	(12,289)	(12,646)	(357)	(357)	
771	0		Sub-Total	771	415	(356)	(393)	
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	
147,629	0		Non-Sal Exp	147,629	147,629	0	0	
(148,654)	0		Income	(148,654)	(148,654)	0	0	
(1,025)	0		Sub-Total	(1,025)	(1,025)	0	0	
7,436	0	Total Corporate Operating Budgets		7,436	6,812	(624)	(661)	37

Development & Risk Contingency

32. For 2019/20 £12,863k was set aside to manage uncertain elements of budgets within the Development & Risk Contingency, which included £12,031k in relation to specific risk items and £832k as General Contingency to manage unforeseen issues.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,072	0	Residents Services	Impact of Welfare Reform on Homelessness	1,072	882	(190)	(128)	(62)
1,972	(772)		Waste Disposal Levy & Associated Contracts	1,200	669	(531)	(531)	0
0	0		Development Control - Major Applications	0	300	300	150	150
1,885	0	Social Care	Asylum Service	1,885	1,193	(692)	(689)	(3)
3,273	(403)		Demographic Growth - Looked After Children	2,870	2,582	(288)	(289)	1
1,017	(367)		Demographic Growth - Children with Disabilities	650	677	27	9	18
277	0		Social Worker Agency Contingency	277	221	(56)	(27)	(29)
997	(259)		SEN transport	738	2,126	1,388	1,058	330
1,938	(988)		Demographic Growth - Adult Social Care	950	1,700	750	785	(36)
0	0		Additional BCF Income	0	(331)	(331)	(331)	0
(400)	0	Corp. Items	Additional Investment Income	(400)	(400)	0	0	0
832	0		General Contingency	832	456	(376)	(7)	(369)
12,863	(2,789)	Total Development & Risk Contingency		10,074	10,074	0	(0)	0

33. Within Residents Services, Development Risk and Contingency is showing a reported variance of £190k, a movement of £62k from Month 5, on Impact of Welfare Reform on Homelessness. The Council will continue to monitor this risk, as following the introduction of the Homeless Reduction Act in April 2018, there are emerging pressures on the demand for Housing assistance. Waste Disposal Levy & Associated Contracts is forecasting a reduced call on contingency due to the distribution of £330k West London Waste Authority reserves, received in July. There is £300k call on contingency relating to a shortfall in Development Control Income, an increase of £150k from Month 5, reflecting the continued income pressure, which is being closely monitored.
34. Within Social Care there is forecast a £692k reduced call on contingency in Asylum Service due to an uplift in grant income following a Home Office review of funding rates. There was significant growth built into the Looked After Children budget in 2019/20 and this is currently reporting a favourable variance on Development Risk and Contingency of £288k.
35. Social Worker Agency Contingency has a reduced call on contingency from budget of £56k reflecting assumed recruitment to permanent posts and changes to agency arrangements. Adult Placements has a £1,700k call on contingency, which is £750k over contingency budget. This reflects the increase in the number of placements particularly in Mental Health. There is a contribution to contingency from additional Better Care Fund grant announced in July 2019.

36. SEN Transport is reporting a £2,126k call on contingency, £1,388k higher than the budgeted amount, an adverse movement of £330k on Month 5. This is reflecting the continued growth in the number of children that have an Education, Health and Care Plan (EHCP), which is currently running at approximately 11%, and is reflected in the MTF for 2020/21. The demand for SEN places in schools is outstripping in-borough supply, resulting in additional transport costs.
37. There is a net £376k pressure on identified specific contingency items which will be funded from General Contingency. This leaves £456k provision to manage emerging issues over the remainder of this financial year.

Unallocated Priority Growth and HIP Initiatives

38. There was a budget of £250k Unallocated Priority Growth in 2019/20, following allocation of £40k for CCTV in the borough, there remains £210k available to support investment in services. This report also requests £60k for Little Britain Lake Patrol Officers. There is £200k of HIP Initiative funding included in the 2019/20 budget, funded from Earmarked Reserves, which is supplemented by £718k brought forward balances, to provide total resources of £918k. £283k of projects have been approved for funding from HIP resources as at Month 6, with £104k underspend relating to projects completed in 2018/19, there is £739k available for future releases.

Schools Budget

39. At Month 6 the Dedicated Schools Grant position is an in-year overspend of £5,125k. This is a significant movement from Month 5 of £1,672k predominantly due to increasing pressures in the cost of High Needs. This reflects the estimated full year growth over the remainder of 2019/20. When the £8,492k deficit brought forward from 2018/19 is taken into account, the deficit to carry forward to 2019/20 is forecast at £13,617k.
40. Following new direction from the Department for Education, the Council was required to submit a Deficit Recovery Plan by 30 June 2019. The three year plan was jointly approved by Council and Schools Forum and supported the broader lobbying effort to secure additional resources to recognise the unfunded implications of the Children's & Families Act 2014.

Collection Fund

41. A £534k surplus is projected against the Collection Fund at Month 6, which is made up of a £28k deficit on Council Tax and a £562k surplus on Business Rates. The reported variance is primarily driven by the brought forward surplus on Business Rates with no material movements in 2019/20.

Housing Revenue Account

42. The Housing Revenue Account is currently forecasting a £26k favourable position, resulting in a drawdown of reserves of £1,219k. This results in a projected 2019/20 closing HRA General Balance of £17,041k. The use of reserves is funding investment in new housing stock.

Future Revenue Implications of Capital Programme

43. Appendix D to this report outlines the forecast outturn on the 2019/20 to 2023/24 Capital Programme, with a balanced position over the five-year programme. Alongside marginal variances on Government Grant income and Capital Receipts, Prudential Borrowing is projected to be £198k lower. The reduction in the borrowing requirement would result in a

£11k per annum saving to revenue which represents a minor variance when set in the context of the current MTFF position on capital financing costs.

Appendix A – Detailed Group Forecasts (General Fund)

CHIEF EXECUTIVE'S OFFICE

44. The overall position for Chief Executive's Office at Month 6 is a forecast pressure of £4k. This position is in line with that reported for Month 5 and reflects the achievement of the managed vacancy factor set for the group in full.
45. Income is forecast to achieve budgeted levels at Month 6 and will be closely monitored through the year following statutory uplifts to existing fees and charges at the start of the financial year as well as the introduction of new fees within Democratic Services, to determine the impact of the changes upon demand.

Table 6: Chief Executive's Office Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,479	0	Democratic Services	Salaries	1,479	1,497	18	12	6
1,721	0		Non-Sal Exp	1,721	1,721	0	0	0
(701)	(1)		Income	(702)	(708)	(6)	1	(7)
2,499	(1)		Sub-Total	2,498	2,510	12	13	(1)
1,900	(146)	Human Resources	Salaries	1,754	1,772	18	25	(7)
830	147		Non-Sal Exp	977	988	11	11	0
(230)	0		Income	(230)	(240)	(10)	(9)	(1)
2,500	1		Sub-Total	2,501	2,520	19	27	(8)
2,124	0	Legal Services	Salaries	2,124	2,097	(27)	(36)	9
56	0		Non-Sal Exp	56	56	0	0	0
(276)	0		Income	(276)	(276)	0	0	0
1,904	0		Sub-Total	1,904	1,877	(27)	(36)	9
5,503	(146)	Chief Executive's Office Directorate	Salaries	5,357	5,366	9	1	8
2,607	147		Non-Sal Exp	2,754	2,765	11	11	0
(1,207)	(1)		Income	(1,208)	(1,224)	(16)	(8)	(8)
6,903	0		Total	6,903	6,907	4	4	0

FINANCE

46. The overall position for Finance at Month 6 is a forecast underspend of £45k due mainly to the benefit of additional external grant funding for revenues inspections and Fleet asset disposals partly offset by increased expenditure within the Fleet Service.

Table 7: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
6,021	37	Exchequer and Business Assurance Services	Salaries	6,058	6,068	10	31	(21)
3,505	23		Non-Sal Exp	3,528	3,545	17	22	(5)
(2,683)	(174)		Income	(2,857)	(2,917)	(60)	(59)	(1)
6,843	(114)		Sub-Total	6,729	6,696	(33)	(6)	(27)
1,743	0	Procurement	Salaries	1,743	1,717	(26)	(33)	7
3,243	8		Non-Sal Exp	3,251	3,295	44	30	14
(93)	(1)		Income	(94)	(126)	(32)	(30)	(2)
4,893	7		Sub-Total	4,900	4,886	(14)	(33)	19
3,724	(34)	Corporate Finance	Salaries	3,690	3,687	(3)	3	(6)
136	34		Non-Sal Exp	170	168	(2)	(2)	0
(170)	0		Income	(170)	(165)	5	3	2
3,690	0		Sub-Total	3,690	3,690	0	4	(4)
489	0	Pensions, Treasury & Statutory Accounting	Salaries	489	475	(14)	(10)	(4)
208	0		Non-Sal Exp	208	225	17	17	0
(275)	0		Income	(275)	(276)	(1)	(3)	2
422	0		Sub-Total	422	424	2	4	(2)
11,977	3	Finance Directorate	Salaries	11,980	11,947	(33)	(9)	(24)
7,092	65		Non-Sal Exp	7,157	7,233	76	67	9
(3,221)	(175)		Income	(3,396)	(3,484)	(88)	(89)	1
15,848	(107)		Total	15,741	15,696	(45)	(31)	(14)

RESIDENTS SERVICES

47. Residents Services directorate is showing a projected outturn overspend of £167k at Month 6, excluding pressure areas that have identified contingency provisions. The overall variance is a result of pressures across Residual Education and ICT partially netted down by an underspend in Administrative, Technical and Business Services.

Table 8: Residents Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
17,619	(43)	Infrastructure, Waste and ICT	Salaries	17,576	18,100	524	453	71
32,237	765		Non-Sal Exp	33,002	33,658	656	642	14
(10,590)	(58)		Income	(10,648)	(11,389)	(741)	(726)	(15)
39,266	664		Sub-Total	39,930	40,369	439	369	70
19,221	594	Housing, Environment, Education, Health & Wellbeing	Salaries	19,815	19,811	(4)	(93)	89
24,490	356		Non-Sal Exp	24,846	25,124	278	258	20
(18,024)	(667)		Income	(18,691)	(18,819)	(128)	7	(135)
25,687	283		Sub-Total	25,970	26,116	146	172	(26)
4,324	25	Planning, Transportation & Regeneration	Salaries	4,349	4,346	(3)	3	(6)
1,240	181		Non-Sal Exp	1,421	1,476	55	55	0
(4,534)	(206)		Income	(4,740)	(4,736)	4	(2)	6
1,030	0		Sub-Total	1,030	1,086	56	56	0
13,486	50	Administrative, Technical & Business Services	Salaries	13,536	13,164	(372)	(328)	(44)
3,865	(28)		Non-Sal Exp	3,837	3,850	13	(24)	37
(10,818)	(122)		Income	(10,940)	(11,055)	(115)	(91)	(24)
6,532	(100)		Sub-Total	6,433	5,959	(474)	(443)	(31)
54,650	626	Residents Services Directorate	Salaries	55,276	55,421	145	35	110
61,832	1,274		Non-Sal Exp	63,106	64,108	1,002	931	71
(43,966)	(1,053)		Income	(45,019)	(45,999)	(980)	(812)	(168)
72,515	847		Total	73,363	73,530	167	154	13

48. The Council's 2019/20 contingency budget contains provision for areas of expenditure or income within Residents Services for which there is a greater degree of uncertainty. At Month 6, projected calls on contingency are forecast to be £442k less than the budgeted provision, an £88k adverse movement from Month 5. The following table shows the breakdown for each contingency item.

Table 9: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,072	0	Impact of Welfare Reform on Homelessness	1,072	882	(190)	(128)	(62)
1,972	(772)	Waste Disposal Levy & Associated Contracts	1,200	669	(531)	(531)	0
0	0	Development Control – Income	0	300	300	150	150
3,044	(772)	Current Commitments	2,272	1,851	(421)	(509)	88

49. The Month 6 data in the table below shows the use of Temporary Accommodation. The first 3 months of the financial year saw an increase in the number of Households in higher cost Bed & Breakfast placements, continuing the trend from quarter four of 2018/19. At Month 6, there has been a reduction in the use of Temporary Accommodation from the high recorded at the end of quarter 1. The total number accommodated in Bed and Breakfast is still currently higher than budgeted for in 2019/20, however, management actions to meet the targets continue to be implemented.

Table 10: Housing Needs performance data

	July 19	August 19	September 19
All Approaches	254	246	217
Full Assessment Required	176	170	173
New into Temporary Accommodation (Homeless and Relief)	23	37	41
Households in Temporary Accommodation	471	485	464
Households in B&B	171	188	172

50. As in previous years, a contingency has been set aside in 2019/20 to resource the procurement of Private Sector placements or the need for Temporary Accommodation in the borough. The call on contingency relating to homelessness is forecast at £881k, £191k below the budgeted provision. The service is forecasting the number of clients in B&B accommodation will average 167 over the financial year. A planned reduction in numbers through increased non-cost prevention and move-on activity has resulted in a projected favourable outturn on accommodation budgets. The Month 6 position also reflects the benefit of reduced unit costs.
51. The Council will continue to closely monitor this risk, as following the introduction of the Homeless Reduction Act in April 2018, there are emerging pressures on the demand for Housing assistance.
52. The call on the Waste contingency is £669k, to fund estimated population driven increases in the cost of disposal via the West London Waste Authority (WLWA) levy and associated waste disposal contracts. This reflects a reduction of £531k compared with budget, comprising two key elements:
- The WLWA has disbursed excess reserves to boroughs, with Hillingdon having received £331k at the end of July.

- The retendering of the Council's contract for the collection and processing of highways arising, bulky items and street litter has resulted in the appointment of a new supplier for that element relating to highways arisings and street sweepings, at a reduced cost.
53. There has been a 5% increase in residual waste volumes this year to date compared to the same period last year. Additionally, market conditions are affecting sales prices for recyclables, impacting on costs of the Council's mixed dry recycling contract with Biffa (with some additional risk arising as a result of high contamination levels) and significant costs have been incurred in relation to fly tipping clearance and disposal. Current projections indicate that these factors can be managed within the remaining contingency sum.
54. There was a marked downturn in volumes of major planning applications submitted to the Council during the first half of 2019/20, with income over this period £300k lower than that secured in the first half of 2018/19. It is unlikely that income over the remaining six months will be sufficient to offset this pressure and therefore a pressure of £300k is reported against General Contingency. This major revenue stream will continue to be closely monitored and any volatility reported over the remainder of this financial year.

Infrastructure, Waste and ICT (£439k overspend, £70k adverse movement)

55. At Month 6, there is a £439k forecast overspend, an adverse movement of £70k from Month 5, arising from a number of variances across service areas, reflecting a combination of ongoing staffing and non-staffing pressures. The overall forecast encompasses a number of management actions, which will be closely monitored during the remainder of the financial year.
56. Earmarked reserve drawdowns totalling £283k are offsetting the gross pressure on Waste Services of £284k. The projected underlying pressure includes a staffing overspend of £781k due to additional agency usage within Street Cleansing, high levels of overtime and an unachievable managed vacancy factor owing to the need to cover permanent staff absences across front-line teams.
57. Overspends on refuse sacks, staff training costs and on public convenience costs owing to the timing of removal of several JCDecaux units are largely netted down by a £388k underspend on the budget for a second CA site, given expectations that the current monthly waste weekend operation will increase to a weekly basis with effect from late November. Offsetting these pressures is an anticipated £448k income over-achievement, largely reflecting buoyant trade tipping activity at the New Years Green Lane CA site and to a lesser extent, an uplift in commercial waste fees and charges as the service starts to implement changes arising from the recent BID review.
58. The Highways overspend at Month 6 is £153k, comprising staffing pressures resulting from an unachievable vacancy factor (staff turnover levels being very low), street lighting electricity charges arising due to a significant uplift in unit costs and advertising spend resulting from a high volume of temporary road closure notices.
59. ICT is reporting a net overspend of £334k. There is a forecast pressure on contract costs of £499k, though this is partly netted down by a £165k staff costs underspend, due to vacancies whilst the service progresses a recently approved restructure, more general staff turnover and several officers having left the pension scheme. The service continues to review contracts and the impact of the cloud migration in order to manage down this pressure.

60. There is a forecast £33k underspend reported within the Corporate Communications, largely reflecting a number of vacancies as the service progresses recruitment following the implementation of last year's BID review. This is an adverse movement of £12k compared with Month 5, owing to an anticipated extension in agency costs to cover a maternity leave and a change in recruitment assumptions for a currently vacant post.

Housing, Environment, Education, Health & Wellbeing (£146k overspend, £26k improvement)

61. At Month 6 there is an overspend position of £146k across the service. Pressures within the Residual Education function and Business Performance are being mitigated by underspends within the wider Housing Options and Standards team.
62. Green Spaces is showing a forecast underspend against budget of £8k at month 6, including a drawdown of £25k earmarked reserve from the Youth. Non staffing pressures are driven by the delay in the planned closure of Ruislip Golf Club from May to September when the next phase of HS2 works commences; in addition, there are pressure in grounds maintenance for equipment maintenance and repair. The position is mitigated by additional income and HS2 compensation at Ruislip Golf course, under spends from hard to recruit vacant posts within Youth Centres, and forecast income to exceed targets at Battle of Britain Bunker and Visitor Centre.
63. There continues to be a £200k pressure within the Residual Education service. The delivery of these functions is currently being reviewed as part of a BID workstream.
64. The Housing Options, Homelessness and Standards team is projecting an underspend of £55k, this is as a result of increased enforcement income.

Planning, Transportation & Regeneration (£56k overspend, no movement)

65. During 2019/20, external consultants have been commissioned to provide legal and other specialist technical support where posts have been vacant, accounting for the adverse variance across staffing and non-staffing expenditure of £56k. With the exception of Development Control income where a shortfall is reported against General Contingency, there are no material variances on income across the service.

Administrative, Technical & Business Services (£474k underspend, £31k favourable movement)

66. There is an overall improvement of £31k in the Technical Admin Team in Month 6. There was a favourable movement in staffing of £44k due to staff vacancies.
67. The adverse movement in non-staffing of £37k relates mainly to increased projection on postage costs. There has been an increase in the number of proposed new build developments in the borough which require consultation letters to be sent to residents. Licensing costs also went up because of 'Operation Pompei'. Though this is expected to be covered by earmarked reserves, the costs are likely to go up during the year.
68. Income variance went up by £24k due to an increase in Parking because Blyth Road Hayes Car Park has re-opened and the maintenance at Cedars and Grainges has improved with the new contractors. The income at Grainges increased by about 10% in the last 4 weeks of September compared to the previous 4 weeks.

SOCIAL CARE (£90k underspend, £114k improvement)

69. Social Care is projecting an underspend of £90k as at Month 6, an improvement of £114k on the Month 5 projections, due to an increase in the income projections. However, within this position there are some larger movements, which offset each other overall and include a projected underspend in Children's Services staffing costs, additional Troubled Families Grant income through improved Payment by Results submissions and a projected reduction in income from the CCG relating to a number of clients previously fully funded by the CCG for Continuing Health Care needs. Additionally, included within this position are a number of ongoing pressures that the service is managing relating to a £572k net pressure in the running costs of the Early Years Centres, ongoing pressures on the cost of Legal Counsel, the provision of Temporary Accommodation for Section 17 cases and the above inflation increase in the cost of agency staff in the SEN Transport Service in both 2018/19 and 2019/20.

Table 11: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
18,442	(955)	Children's Services	Salaries	17,487	16,930	(557)	(452)	(105)
17,704	791		Non-Sal	18,495	19,369	874	597	277
(7,656)	(15)		Exp	(7,671)	(8,265)	(594)	(541)	(53)
28,490	(179)		Income	(7,671)	(8,265)	(594)	(541)	(53)
			Sub-Total	28,311	28,034	(277)	(396)	119
2,051	(876)	SEND	Salaries	1,175	1,254	79	79	0
186	273		Non-Sal	459	418	(41)	(41)	0
(427)	337		Exp	(90)	(125)	(35)	(34)	(1)
1,810	(266)		Income	(90)	(125)	(35)	(34)	(1)
			Sub-Total	1,544	1,547	3	4	(1)
7,720	179	Adult Social Work	Salaries	7,899	7,970	71	(10)	81
72,847	438		Non-Sal	73,285	73,801	516	803	(287)
(21,829)	224		Exp	(21,605)	(21,619)	(14)	(14)	0
58,738	841		Income	(21,605)	(21,619)	(14)	(14)	0
			Sub-Total	59,579	60,152	573	779	(206)
18,286	340	Provider and Commissioned Care	Salaries	18,626	18,079	(547)	(513)	(34)
11,525	773		Non-Sal	12,298	13,358	1,060	1,101	(41)
(3,496)	(273)		Exp	(3,769)	(4,671)	(902)	(951)	49
26,315	840		Income	(3,769)	(4,671)	(902)	(951)	49
			Sub-Total	27,155	26,766	(389)	(363)	(26)
46,499	(1,312)	Social Care Directorate Total	Salaries	45,187	44,233	(954)	(896)	(58)
102,262	2,275		Non-Sal	104,537	106,946	2,409	2,460	(51)
(33,408)	273		Exp	(33,135)	(34,680)	(1,545)	(589)	(5)
115,353	1,236		Income	(33,135)	(34,680)	(1,545)	(589)	(5)
			Total	116,589	116,499	(90)	24	(114)

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£798k overspend, £282k adverse movement)

70. The Council's 2019/20 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 across Adults and Children's, including Asylum seekers and SEN Transport. Table 12 sets out the Month 6 projected position for the Development and Risk Contingency, which is reporting a pressure of £798k, an adverse movement of £282k on the Month 5 position, due to an increased pressure in SEN Transport costs.
71. The overspend is due to pressures in the cost of Adult placements, where there is growth across Older People and Mental Health. The service have put in place a range of management action, including a further review of all high cost placements, a review of all of the block contracts to maximise occupancy rates and a review of all external income. Additionally, the service are also experiencing a significant and growing pressure in SEN Transport requirements, where more single occupancy or lower occupancy routes are being required, due to a continued high level of growth in the number of children that have an Education, Health and Care Plan, most of whom cannot be placed in local schools as they are at full capacity. This reflects the growing pressure that has been reported in the Dedicated Schools Grant Month 6 position. In September 2019 there were 17 additional children placed in Independent and Non-Maintained Special schools, the majority of which could not be placed on an existing route.

Table 12: Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,885	0	Asylum Service	1,885	1,193	(692)	(689)	(3)
3,273	(403)	Demographic Growth - Looked After Children	2,870	2,582	(288)	(289)	1
1,017	(367)	Demographic Growth - Children with Disabilities	650	677	27	9	18
277	0	Social Worker Agency Contingency	277	221	(56)	(27)	(29)
997	(259)	SEN Transport	738	2,126	1,388	1,058	330
1,938	(988)	Demographic Growth - Adult Social Care	950	1,700	750	785	(36)
0	0	Additional BCF Income	0	(331)	(331)	(331)	0
9,387	(2,017)	Current Commitments	7,370	8,168	798	516	282

Asylum Service (£692k underspend, £3k improvement)

72. The service is projecting a drawdown of £1,193k from the contingency as at Month 6, an improvement of £3k on the Month 5 position. This improved position reflects an agreed increase in the funding rate for all UASC aged 16 to 17, which has been increased from £91 per day to £114 per day with effect from 1 April 2019.

Demographic Growth - Looked After Children (£288k underspend, £1k adverse movement)

73. The service is projecting a drawdown of £2,582k from the Contingency, an underspend of £288k as at Month 6. This budget can be very volatile, due to the requirement for the service to place children in Residential placements and it is evident that the length of stay in a

Residential placement has increased, where most are now likely to be in their placement for a year or more. In order to try to mitigate significant increases in costs, the service are placing children in Council run Children's Homes, where no other viable option is available, thereby reducing the need to place in out of borough high cost residential placements.

74. The service continues to monitor this position through regular reviews of individual cases and where possible children are stepped down when it is safe to do so. Alongside this, the service has started to implement new ways of working, with the targeted use of a £400k grant, to support vulnerable children and prevent them from entering the care system. Early Indications are that this is having a significant impact on supporting young people and families to remain in their existing environment rather than being brought into the care system and could partly explain why the number of High Cost Placements has stabilised.

Demographic Growth – Children with Disabilities (£27k overspend, £18k adverse)

75. The service is projecting a drawdown of £677k from the Contingency, an adverse movement of £18k on the Month 5 position. However, it is evident that there continues to be an increase in the number of cases that have more complex needs, which in most cases, require a residential placement or more respite care. As a result, the service is planning a major review of the support being provided and the range of services on offer for Children with Disabilities, to identify opportunities to reduce the cost of placements.

Social Worker Agency (Children's) (£56k underspend, £29k improvement)

76. The service is projecting a drawdown of £221k from the contingency as at Month 6, an improvement of £29k on the month 5 position, as the service continues to successfully recruit permanent 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.
77. At its meeting on 22 July 2019, Cabinet agreed to enter into a contract with Sanctuary Ltd for a specialist agency provision for qualified Social Workers and SEND staff. Based on the new rates proposed in this new contract, the premium cost of an agency worker reduces from an average of approximately £18k to £13k. This position will be closely monitored, as the Social Care market remains highly competitive.

Demographic Growth - SEN Transport (£1,388k overspend, £330k adverse)

78. The service is projecting a drawdown of £2,126k from the SEN Transport contingency as at Month 6, an adverse movement of £330k on the month 5 position, as there continues to be a constant stream of new children requiring transport, which in most cases also requires an additional Passenger Assistant. This reflects the continued growth in the number of children that have an Education, Health and Care Plan (EHCP), which is currently running at approximately 11% and having a major financial impact on the Dedicated Schools Grant budget. Additionally, it is becoming more challenging to avoid having to procure single occupancy or lower occupancy routes, as children are having to be placed in out of borough placements, which are predominantly Independent and Non Maintained Special Schools as local provision is at full capacity as is most other local authority provision, as they too are experiencing significant and continued growth in the number of pupils with an EHCP. The latest data suggests that there has been a net increase in costs of £491k between September 2018 and July 2019 relating to new routes, and an additional cost of £326k for Passenger Assistants, with every indication that this trend will continue. Further analysis also indicates

that the average cost per route per day has increased from £117 in September 2018 to £135 in June 2019, an increase of £18 (equivalent to 15.4%).

79. The latest data indicates that 17 children started a new placement in an Independent or Non-maintained special school in September 2019, where these children have not been able to be placed on an existing route. This has had a significant impact on the cost of routes and the cost of Passenger Assistants, resulting in the increase in the projected overspend by £330k.
80. The Risk contingency included £330k to rebase the transport budget in 2019/20 and a provision of £408k for growth. It is now evident that the demographic growth is significantly higher than anticipated when the budgets were set in October 2018.

Demographic Growth - Adult Social Care (£750k overspend, £36k improvement)

81. The service is projecting a drawdown of £1,700k from the Adult Social Care contingency, an overspend of £750k as at Month 6, an improvement of £36k on the month 5 position, due to a Secretary of State decision on a long running complex case, which was in Hillingdon's favour. The overspend is due to pressures in the cost of Adult placements, where there is an emerging growth across Older People, Mental Health. The service have put in place a range of management action, including a further review of all high cost placements, a review of all of the block contracts to maximise occupancy rates and a review of all external income, to mitigate some of the gross pressure emerging.

Additional Better Care Fund Income (£331k, no movement)

82. Additional Better Care Fund Income of £331k is being reflected in the contingency position for Social Care, to enable Social Care to manage the pressures outlined.

SOCIAL CARE DIRECTORATE OPERATING BUDGETS (£90k underspend, £114k improvement)

Children's Services (£276k underspend, £120k adverse)

83. The service is projecting an underspend of £276k, as at Month 6, an adverse movement of £120k on the month 5 position, due to an increase in non-staffing costs. The salary budget is projecting an underspend of £557k, which also reflects the success of the recruitment of newly qualified Social Workers. However, the service is still having difficulties recruiting Senior Social Workers and will explore the best approach to addressing this over the coming months.

Special Educational Needs & Disabilities (£3k overspend, no change)

84. The service is projecting an overspend of £3k as at Month 6, no change on the month 5 position as the budget realignment for the SEND structure has now been implemented and the variance for month 5 has been restated to take account of this.

Adult Social Work (£573k overspend, £206k improvement)

85. The service is projecting an overspend of £573k as at Month 6, an improvement of £206k on the month 5 position, due to a Secretary of State decision on a long running complex case, which was in Hillingdon's favour and allows the Council to release a Provision for this case into the base budget. This also includes the impact of a reduction in the amount of income that the Council will receive from a number of clients funded fully or partially from the CCG,

as they met the Continuing Health Care (CHC) threshold, where a recent assessment has indicated that these clients have a reduced CHC need. Additionally, a review of all S117 clients (including those not previously funded by the CCG), has indicated that there will be a shortfall in the additional income generated when compared to the saving proposal. However, it has been agreed that this shortfall can be covered by implementing the new approach to managing the Better Care Fund capital grant.

Provider and Commissioned Care (£389k underspend, £26k improvement)

86. The service is projecting an underspend of £389k as at Month 6, an improvement of £26k on the Month 5 position, due to an increase in the projected underspend on staffing costs. It should be noted that this position includes a projected overspend of £572k on the Early Years Centres and an overspend of £229k on SEN Transport agency staffing costs, which is being mitigated by implementing the new approach to managing the Better Care Fund capital grant, where the reported position reflects a £919k positive revenue impact in 2019/20.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£5,125k overspend, £1,672k adverse)

87. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £5,125k at Month 6, a significant adverse movement of £1,672k on the Month 5 position, which is due to a continued increase in the number of pupils that are being issued with an Education, Health and Care Plan, where these pupils cannot be placed in borough and in fact are now more likely to be placed in Independent and Non Maintained Special Schools as other local authority provision is also at capacity. This growing pressure is also evident in the cost of SEN Transport. This overspend is due to continuing pressures in the cost of High Needs placements, where growth remains at between 10% and 11% and pupils are being placed in more costly Independent and Non Maintained Special Schools. When the £8,492k deficit brought forward from 2018/19 is taken into account, the cumulative deficit carry forward to 2020/21 is £13,617k.

Table 13: DSG Income and Expenditure 2019/20

Original Budget	Budget Changes	Funding Block	Month 6			Variance	
			Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (at Month 5)	Change from Month
£'000	£'000		£'000	£'000	£'000	£'000	£'000
(278,655)	(414)	Dedicated Schools Grant Income	(279,069)	(279,069)	0	0	0
215,155	0	Schools Block	215,155	215,075	(80)	(80)	0
24,821	107	Early Years Block	24,928	24,910	(18)	(16)	(2)
3,173	14	Central School Services Block	3,187	3,944	757	780	(23)
35,506	293	High Needs Block	35,799	40,265	4,466	2,769	1,697
0	0	Total Funding Blocks	0	5,125	5,125	3,453	1,672
8,492	0	Balance Brought Forward 1 April 2018	8,492	8,492			
8,492	0	Balance Carried Forward 31 March 2019	8,492	13,617			

Dedicated Schools Grant Income (no variance, no movement)

88. The DSG has been adjusted to reflect the actual uptake of the free entitlement for eligible two, three and four year olds. This adjustment was based on the January 2019 census and includes a retrospective change to the 2018/19 funding, as well as a recalculation of the 2019/20 Early Years block funding. This has resulted in an increase to the Early Years block allocation following an uptake in the number of eligible children accessing the additional hours free entitlement. There has also been an amendment to the High Needs block allocation following confirmation of the import/export adjustment for 2019/20 which updates funding to reflect the local authority in which pupils with SEND are resident.

Schools Block (£80k underspend, no change)

89. The Schools Block includes all funding paid directly to mainstream schools as part of their delegated budget share, including the funding recouped by the ESFA and paid to mainstream academies.
90. There is also a 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.

91. Schools Forum took the decision to withhold growth contingency allocations for two schools due to insufficient projected pupil growth in September 2019. Based on projected Reception class numbers for September, it is therefore anticipated that there will be an underspend relating to this allocation, however, officers are still in negotiation with one school on the level of diseconomies of scale funding that is being requested, which could significantly affect this position.

Early Years Block (£18k underspend, £2k favourable)

92. Two year old funding has been adjusted to reflect the number of children accessing the free entitlement recorded on the January 2019 census. This has resulted in a decrease in funding of £140k relating to 2019/20. This potentially could cause an additional pressure in the Early Years block if the number of children accessing the free entitlement increases, as any funding adjustment will be based on numbers recorded in the January 2020 census.
93. The 3 and 4 year old funding for both the universal and the additional free entitlement has also been adjusted in July following the January 2019 census. As anticipated, the funding allocation has increased as the number of children accessing the additional free entitlement has increased significantly over the past year. There was also a retrospective adjustment relating to 2018/19, however, this was lower than anticipated.

Central School Services Block (£757k overspend, £23k favourable)

94. The overspend is predominantly as the result of an increase in the number of placements of looked after children. These placements are generally high cost out of borough residential placements, and if the setting is providing education, a proportion of the cost is funded from the DSG.
95. There is also a projected overspend in relation to the number of young people accessing alternative provision. The local authority currently commissions fifty places at the in-borough alternative provision setting and the historic trend is for numbers at the start of the academic year to be below this number before gradually building up. Currently numbers are projected to be in excess of the commissioned number, resulting in an additional cost pressure. As a result of this, the Council is working with the provider to review the number of commissioned places.
96. There is also a projected overspend in the Admissions team, where the additional workload as a result of the growth in the secondary pupil population along with a secondment covering a maternity, has resulted in a cost pressure.

High Needs Block (£4,466k overspend £1,697k adverse)

97. There continues to be significant pressure in the High Needs Block in 2019/20, with an increase in the number of pupils with SEN resulting in an overspend of £4,466k being projected at Month 6. This is a significant adverse movement of £1,697k on the Month 5 position as it is very evident that the growth in the number of pupils with an EHCP is continuing to grow at the same rate and it is also clear that it is becoming increasingly more difficult to place in borough and indeed in other local authority provision as they are at full capacity. This then restricts the level of choice, where the Council is now having to place in Independent and Non Maintained Special Schools, who themselves are starting to reach full capacity.

98. Putting this into context, the latest SEN 2 Data analysis indicates that across England the number of pupils with a plan has grown from a baseline of 287,290 plans in 2016/17 to 353,995 plans in 2018/19 an increase of 66,705 plans over the two year period, equivalent to an increase of 23%. Additionally, the proportion of the pupil population that have a plan has increased from 3.31% in 2016/17 to 4.1% in 2018/19. There is an expectation that this trend will continue into 2019/20.
99. Month 6 has seen further pressure in expenditure on the placement of pupils with SEN in independent or non-maintained schools. Due to a continuing lack of capacity in-borough and across other local authority provision, there is a requirement to place pupils in more costly school placements, with a further increase in the number of children commencing new placements in Independent special schools for the new academic year. This is resulting in significant additional pressure on the High Needs block. There is an expectation that this will become the only route that the Council will be able to take, which is reflected in the significant adverse movement of £1,697k reported for this month.
100. The new academic year has seen a further increase in the number of in-borough special schools that are now over their commissioned place number. Where a special school is over its planned place number, there is a requirement to fund £10k per place plus the agreed top-up funding which is placing additional pressure on the High Needs block.
101. There was a further increase in the cohort of post-16 SEN placements in 2018/19. This increase is expected to continue in the current year and has also been factored in to the Month 6 projections.
102. There has been an increase in the number of mainstream schools applying for exceptional SEN funding to address the needs of pupils before and during the EHCP process. The increase is a consequence of the increasing complexity being seen in some cases with schools needing additional resource in order to maintain the placement in mainstream provision.
103. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Extra Support Funding (ESF) as an alternative to the allocation of statutory funding for children with SEN who experience significant barriers to learning. This funding allows schools to access funding quicker to enable them to intervene early and have the greatest impact. The current projected spend on ESF in 2019/20 is £325k.

COLLECTION FUND

104. A surplus of £534k is reported within the Collection Fund relating to a favourable position on Business Rates, which is predominantly driven by a carry forward surplus. Any surplus realised at outturn will be available to support the General Fund budget in 2021/21.
105. The Council is participating in the 75% Business Rates Retention Pilot Pool for London, which provides scope for retaining additional growth while guaranteeing the level of income the Council would have received under the existing 50% Retention system. Business Rates projections below reflect this guaranteed minimum level of surplus, with any additional funds available from the pool to be captured separately in budget setting reports as appropriate.

Table 16: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(125,113)	0	Council Tax	Gross Income	(125,113)	(125,386)	(273)	(243)	(30)
10,613	0		Council Tax Support	10,613	10,772	159	138	21
(734)	0		B/fwd Surplus	(734)	(592)	142	142	0
(115,234)	0		Sub-Total	(115,234)	(115,206)	28	37	(9)
(110,633)	0	Business Rates	Gross Income	(110,633)	(112,694)	(2,061)	(2,099)	38
(5,286)	0		Section 31 Grants	(5,286)	(4,529)	757	770	(13)
51,960	0		Less: Tariff	51,960	51,960	0	0	0
8,549	0		Less: Levy	8,549	9,873	1,324	1,336	(12)
(302)	0		B/fwd Deficit	(302)	(884)	(582)	(582)	0
(55,712)	0	Sub-Total	(55,712)	(56,274)	(562)	(575)	13	
(170,946)	0	Total Collection Fund		(170,946)	(171,480)	(534)	(538)	4

106. At Month 6 a deficit of £28k is projected against Council Tax, which is an favourable movement of £9k from Month 5, the movement includes an improvement in Gross Income of £30k, offset by an adverse movement of £21k in Council Tax Support. The deficit is predominantly as a result of the shortfall against the brought forward surplus of £142k, offset by the net forecast variance of £105k within the current year's activity. This in year surplus represents 78% of the overall surplus shown in Appendix 1. Within this position, potential volatility in Discounts, Exemptions and the Council Tax Reduction Scheme continue to be closely monitored.
107. Council Tax Discounts are running marginally higher than expected, with a pressure in the Collection Fund of £159k, this is due to the Single Persons Discount review being conducted later than in previous years, compounded by a reduced benefit from the review as the benefit of the review diminishes over time, partly due to the improved performance throughout the year within both Revenues and the Counter Fraud Team.
108. A £562k surplus is reported across Business Rates at Month 6, which is an adverse movement of £13k from Month 5, the adverse movement is being driven by both a minor reduction in Gross Rates offset by a smaller adverse movement across Section 31 Grants totalling £13k, and a decrease in the pressure on the Levy Adjustment of £12k. The Gross Income favourable variance of £2,061k represents 30% of the surplus shown in Appendix 2. The net surplus is driven by growth in Gross Rates due to a number of new developments in

the borough being brought into rating. Within this position, potential volatility in respect of Reliefs and Appeals continues to be closely monitored.

Appendix C – HOUSING REVENUE ACCOUNT

109. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £1,219k, which is £26k more favourable than the budgeted position, with a favourable movement of £5k on Month 5. The 2019/20 closing HRA General Balance is forecast to be £17,041k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area:

Table 17: Housing Revenue Account

Service	Month 6		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
	£'000	£'000	£'000	£'000	£'000
Rent Income	(56,186)	(55,568)	618	618	0
Other Income	(5,224)	(5,367)	(143)	(143)	0
Net Income	(61,410)	(60,935)	475	475	0
Housing Management	13,230	13,189	(41)	(31)	(10)
Tenant Services	4,411	4,563	152	96	56
Repairs	5,294	5,284	(10)	(9)	(1)
Planned Maintenance	4,255	3,653	(602)	(552)	(50)
Capital Programme Funding	18,820	18,637	(183)	(183)	0
Interest & Investment Income	15,385	15,568	183	183	0
Development & Risk Contingency	1,260	1,260	0	0	0
Operating Costs	62,655	62,154	(501)	(496)	(5)
(Surplus) / Deficit	1,245	1,219	(26)	(21)	(5)
General Balance 01/04/2019	(18,260)	(18,260)	0	0	0
General Balance 31/03/2020	(17,015)	(17,041)	(26)	(21)	(5)

Income

110. As at Month 6 the rental income is forecast to under recover by £618k and Other Income is forecast to over recover by £143k, nil movement on Month 5.

111. The number of RTB applications received in the first six months of 2019/20 was 94 compared to 87 for the same period in 2018/19, an increase of 8%. There have been 26 RTB completions in the first six months of 2019/20 compared to 24 for the same period in 2018/19. The 2019/20 RTB sales forecast for the year is the same as the budget at 60 sales.

Expenditure

112. The Housing management service is forecast to underspend by £41k, a favourable movement of £10k on Month 5 on running costs.

113. Tenant services is forecast to overspend by £152k, an adverse movement of £56k on Month 5 relating to increased forecast expenditure on caretaking agency costs of £33k and sheltered housing staffing overtime costs of £23k.

114. The repairs budget is forecast to underspend by £10k, a minor favourable movement of £1k on Month 5.
115. The planned maintenance budget is forecast to underspend by £602k, a favourable movement of £50k on Month 5 due to reduced forecast spend on gas maintenance works.
116. As at Month 6 the forecast for the capital programme funding is an underspend of £183k and this is funding the overspend on interest and investment income of £183k, which is the interest payable to MHCLG on the 2019/20 quarter 1 repayable RTB 1-4-1 capital receipts. In quarter 2, no RTB 1-4-1 capital receipts nor interest is repayable to MHCLG, therefore there is nil movement on the Month 5 position.
117. The development and risk contingency budget is forecast to break even, nil movement on Month 5.

HRA Capital Expenditure

118. The HRA capital programme is set out in the table below. The 2019/20 revised budget is £73,419k. The 2019/20 forecast expenditure is £56,441k with a net variance of £16,978k due to re-phasing of £17,019k and a net cost overspend of £41k. The net movement from Month 5 is a reduction of £1,190k due to an increase in re-phasing on schemes continuing into future years.

Table 18: HRA Capital Expenditure

Programme	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance Forecast V Revised Budget	2019/20 Project Re-Phasing	Total Project Budget 2019-24	Total Project Forecast 2019-24	Total Project Variance 2019-24	Movement 2019-24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects (Note 1)								
New General Needs Housing Stock	39,025	31,500	241	(7,766)	143,374	143,616	241	0
New Build - Shared Ownership	10,028	4,036	0	(5,992)	14,798	14,798	0	0
New Build - Supported Housing Provision	3,960	2,443	(200)	(1,317)	6,418	6,218	(200)	0
Total Major Projects	53,013	37,979	41	(15,075)	164,590	164,631	41	0
HRA Programmes of Work								
Works to stock programme	17,755	16,200	0	(1,555)	59,501	59,501	0	0
Major Adaptations to Property	2,489	2,100	0	(389)	10,204	10,204	0	0
ICT	162	162	0	0	162	162	0	0
Total HRA Programmes of Work	20,406	18,462	0	(1,944)	69,867	69,867	0	0
Total HRA Capital	73,419	56,441	41	(17,019)	234,457	234,498	41	0
Movement on Month 2	0	(1,190)	0	(1,190)	0	0	0	0

Note 1: see Annex A for a detailed breakdown of the major projects by scheme

Major Projects

119. The 2019/20 Major Projects programme revised budget is £53,013k. The forecast expenditure is £37,979k, with a re-phasing of £15,075k forecast in 2019/20, and a cost variance of £41k during the period 2019-2024. This represents an increase in re-phasing of £1,116k compared to the Month 5 position.

New General Needs Housing Stock

120. The 2019/20 General Needs Housing Stock revised budget is £39,025k. There is a forecast re-phasing of £7,766k across the General Needs programme partly due to the commencement of some projects being later than initially expected. There has been an increase in re-phasing of forecasts of £521k compared to Month 5 mainly due to delayed start on site dates for Belmore Allotments, Maple & Poplar Day Centre and Willow Tree.
121. In 2019/20 to date 36 buybacks have been or are pending approval with each acquisition at different stages of completion. The potential buybacks are estimated to cost up to £11,741k. Note the position has been updated to reflect any buybacks that were previously approved but are no longer progressing. The cost of the buybacks will be funded from the New General Needs Housing Stock uncommitted acquisitions budget.
122. The forecast includes the approved purchase of 7 new properties on the Coleridge Way development for a combined acquisition cost of £3,289k inclusive of SDLT. The legal exchange is now complete and deposit has been paid.
123. 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 with completion expected in the first quarter of next year.
124. The Housing programme comprising seven units of new build properties and five extensions or conversions at various sites are all now complete. The final account position remains outstanding with the contractor for the new build developments. The project is however expected to be within the approved budget.
125. Approval has recently been obtained to appoint the contractor for the redevelopment of the former Willow Tree depot into general needs housing and works are expected to start on site shortly.
126. Following tenders, approval has been granted to appoint the main contractor for the development at Maple and Poplar Day Centre. The development will comprise of 17 units for general needs social housing and 17 units for shared ownership. Works are expected to start on site towards the end of this year.
127. Planning permission has been obtained for the mixed residential development at the former Belmore Allotments site following the need for re-consultation after a petition being lodged. The tendering process for the appointment of the construction works contractor will commence shortly.
128. The contractor has recently been appointed for the construction of six general needs housing units at Nelson Road. Works are expected to be complete in August 2020.
129. The £756k budget for the development at Great Benty comprising the build of 2 bungalows includes £276k to appropriate the site back to the Council's Housing Revenue Account. Planning permission has been granted for the development. The next stage will be to procure detailed design for the two bungalows and once completed will go out to tender.
130. There is a forecast cost overspend of £241k with respect to the appropriation of Bartram Close to the Council's Housing Revenue Account.

New Build - Shared Ownership

131. The New Build Shared Ownership 2019/20 revised budget is £10,028k. The forecast expenditure is £4,036k with a projected re-phasing of £5,992k. This is predominantly stemming from the later than anticipated construction commencement date with respect to the Woodside and Belmore developments.
132. The new build shared ownership budget comprises schemes being delivered across five sites. These are expected to deliver 109 units in total.
133. Planning permission has been received for the former Woodside day centre development. The final agreement with the GP providers with respect to the Heads of Terms remains outstanding. The appointed architects have completed the design of the scheme and the tendering process is commencing.

New Build - Supported Housing

134. The Supported Housing Programme comprises the build of 160 mixed client group units across three different sites. The approved scheme at Yiewsley is currently under review. The scheme at Parkview has run beyond its target completion date but has now been completed and handed over to the Council in October. Liquidated damages continue to be held against the contractor for delays with a legal adjudication process ongoing. Currently the total project costs are expected to come in within the revised budget pending completion of the adjudication process.
135. The scheme at Grassy Meadow completed last year and the final account position has now been agreed with the main contractor. Some further works will need to be carried out to the entrance to improve access for residents and there may also be some minor dementia centre works required to get full accreditation following inspection. The additional costs if materialised are expected to be covered by the budget set aside for project contingency and are not expected to affect the projected underspend of £200k.

HRA Programmes of Work

136. The Works to Stock revised budget is £17,755k. The forecast expenditure is £16,200k with an increase in re-phasing of £74k to £1,555k, across various work streams due to the validation, procurement and consultation timetables required to deliver these works.
137. The major adaptations revised budget is £2,489k and there is forecast re-phasing of £389k as the budget is partly uncommitted at this stage of the financial year.
138. The HRA ICT revised budget is £162k and the budget is forecast to be fully spent.

HRA Capital Receipts

139. There have been 26 Right to Buy sales of council dwellings as at the end of September 2019 for a total gross sales value of £4,826k and a further 34 sales are forecast to bring the yearly total to 60, totalling £11,678k in 2019/20.
140. The application of retained Right to Buy receipts is limited by the retention agreement to a maximum 30% of the cost of replacement housing. In the event that expenditure does not meet the criteria, funds would be payable to the MHCLG. 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.

141. During 2019/20, the £11,042k receipts generated in 2016/17 could potentially become repayable unless the following expenditure profile is achieved: Q1 £11,710k, Q2 £5,675k, Q3 £8,960k and Q4 £10,462k. Cumulative expenditure on 1 for 1 replacement from previous quarters above the minimum requirement can be carried forward.
142. The cumulative spend requirement for 2019/20 Q2 was achieved. The total expenditure was £6,399k against a target spend of £5,675k with the balance of £724k carried forward to Q3. Therefore no RTB 1-4-1 capital receipt or interest is repayable to MHCLG for Q2.

Annex A: HRA Capital Expenditure – Major Projects breakdown by scheme

Prior Years	Scheme	Unit Numbers	2019/20 Total Revised Budget	2019/20 Total Revised Forecast	2019/20 Variance	2019/20 Cost Variance	Proposed Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024
£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1,347	Acol Crescent Development	33	5,504	5,560	56	0	56	6,223	6,223	(0)
2,486	Housing Programme	7	35	35	(0)	(0)	0	35	35	(0)
262	Belmore Allotments	86	5,075	857	(4,218)	0	(4,218)	10,556	10,556	(0)
271	Maple and Poplar Day Centre	34	3,398	1,363	(2,035)	0	(2,035)	4,949	4,949	0
181	Willow Tree	10	2,488	899	(1,589)	0	(1,589)	2,761	2,761	0
84	Housing Programme - Tranche 4	14	2,286	362	(1,924)	0	(1,924)	2,617	2,617	(0)
107	Nelson Road	6	1,938	642	(1,296)	0	(1,296)	2,201	2,201	(0)
0	Great Benty (Note 1)	2	756	499	(257)	0	(257)	756	756	0
0	Coleridge Way Acquisition	7	3,289	3,289	0	0	0	3,289	3,289	0
0	Acquisitions Including Buybacks	TBC	13,923	13,923	0	0	0	63,932	63,932	0
0	Internal Developments	TBC	7,766	7,766	(0)	0	(0)	57,775	57,775	0
0	Bartram Close (Note 2)	N/A	0	241	241	241	0	0	241	241
343	Woodside Development	20	2,594	100	(2,494)	0	(2,494)	3,077	3,077	0
20,149	Grassy Meadow	88	990	790	(200)	(200)	0	990	790	(200)
12,746	Parkview	60	2,641	1,653	(988)	0	(988)	2,641	2,641	(0)
3	Yiewsley	12	330	0	(330)	0	(330)	2,787	2,787	0
37,979		379	53,013	37,979	(15,034)	41	(15,075)	164,590	164,631	41
4,120	New General Needs Housing Stock	110	39,025	31,500	(7,525)	241	(7,766)	143,374	143,616	241
960	New Build - Shared Ownership	109	10,028	4,036	(5,992)	0	(5,992)	14,798	14,798	0
32,899	New Build - Supported Housing	160	3,960	2,443	(1,517)	(200)	(1,317)	6,418	6,218	(200)
37,979		379	53,013	37,979	(15,034)	41	(15,075)	164,590	164,631	41

Note 1: Includes £276k appropriation cost for the Great Benty Site

Note 2: Includes £241k appropriation cost for Bartram Close

Appendix D - GENERAL FUND CAPITAL PROGRAMME

143. As at Month 6 an under spend of £22,183k is reported on the 2019/20 General Fund Capital Programme of £109,207k, due mainly to rephasing of project expenditure into future years. The forecast outturn variance over the life of the 2019/20 to 2023/24 programme is an over spend of £206k.
144. General Fund Capital Receipts of £6,954k are forecast for 2019/20, with a surplus of £545k in total forecast receipts to 2023/24.
145. Overall, Prudential Borrowing required to support the 2019/20 to 2023/24 capital programmes is forecast to be under budget by £198k. This is due to net expenditure over spends of £206k and combined forecast surplus of £45k on other sources of funding (capital receipts and CIL), partially offset by an increase in grants and contributions applied of £359k.

Capital Programme Overview

146. Table 19 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in Annexes A-D to this report. Forecast for future years include capital projects and programmes of work approved by Cabinet and Council in February 2019.

Table 19: General Fund Capital Programme Summary

	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance	Movement
	£'000	£'000	£'000	£'000
Schools Programme	52,607	52,607	-	-
Self Financing Developments	79,490	79,490	-	-
Main Programme	114,682	114,982	300	-
Programme of Works	152,783	152,659	(94)	-
General Contingency	7,500	7,500	-	-
Total Capital Programme	407,062	407,268	206	-
Movement	-	-		

147. The Schools programme includes works on two primary schools expansions at Hillside and Warrender primary schools. The new buildings are complete including external works and final accounts with the contractor are under negotiation. Further adaptation works of the existing building at Hillside primary school were completed in September. Two secondary schools expansions are in progress. The new building at Vyners Secondary School is expected to be complete by October half term and the re-modelling of the existing school by the end of this year. Works at Ruislip High are underway and expected to be completed in the summer of 2020.
148. The Department for Education have awarded Hillingdon with an additional £1,356k SEND grant funding taking total funding to £4,950k over three years. Grant payments to three schools have been approved totalling £455k for the provision of extra SEND places, and other identified plans are in various stages of development.

149. The Self-Financing development programme includes £50,000k prudential borrowing to finance the housing company Hillingdon First with construction work in progress at the residential development site in South Ruislip. The programme also includes two major mixed residential developments at the former Belmore Allotments and Yiewsley pool sites. Architects have undertaken design work on the Yiewsley sites redevelopment, which includes discounted market sale housing and the provision of a new library and community centre. Options for each site are under review. A revised planning application has recently been approved for the mixed residential scheme at the former Belmore Allotments site and works are anticipated to commence on site in spring of next year, following completion of the tender process.
150. The Main programme includes major schemes such as the re-provision of Hillingdon Outdoor Activity Centre, for which options are being considered and works are not anticipated to commence on site this year. A forecast over spend of £300k is reported on the Gateway Hillingdon town centres project, due to construction costs of a rain garden in Eastcote being higher than initial design estimates. A planning application is due to be submitted shortly for the new Yiewsley leisure centre with works planned to commence on site next year. Works on various other projects are in early stages of development and forecast to continue into future years, including the expansion of the Rural Activities Garden Centre for which a planning application was submitted in September.
151. Programmes of Works include £3,000k for the new libraries refurbishment programme that has commenced at Ruislip Manor and Charville libraries and three other sites are planned later in 2019/20. Refurbishment or rebuild of all other sites will be completed in future years. An under spend of £30k is reported on two completed schemes within the Schools Conditions Building Programme. Numerous schemes within the Property Works and Civic Centre Works Programmes are in various stages of progress with some projects continuing into next year. There is a net under spend of £44k on completed schemes within the Environmental and Recreational Initiatives budget.
152. There are £1,500k contingency funds per annum over the period 2019-24 available as and when risk issues emerge.

Capital Financing - General Fund

153. Table 20 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £198k reported on Prudential Borrowing.

Table 20: General Fund Capital Programme Financing Summary

	Revised Budget 2019/20 £'000	Forecast 2019/20 £'000	Variance £'000	Total Financing Budget 2019-2024 £'000	Total Financing Forecast 2019-2024 £'000	Total Variance £'000	Movement
Council Resource Requirement	73,250	57,629	(15,621)	297,672	297,519	(153)	-
Financed By Prudential Borrowing							
Self Financing	22,000	21,000	(1,000)	77,946	77,946	-	
Invest to Save projects	3,670	2,870	(800)	8,090	8,090	-	
Service Delivery	34,782	23,178	(11,604)	139,035	138,837	-198	-
Total Borrowing	60,452	47,048	(13,404)	225,071	224,873	-198	-
Financed By Other Council Resources							
Capital Receipts	8,298	6,581	(1,717)	47,101	47,646	545	-
CIL	4,500	4,000	(500)	25,500	25,000	(500)	-
Total Council Resources	73,250	57,629	(15,621)	297,672	297,519	(153)	-
Grants & Contributions	35,957	29,395	(6,562)	109,390	109,749	359	-
Capital Programme	109,207	87,024	(22,183)	407,062	407,268	206	-
Movement	-	(2,518)	(2,518)	-	-	-	

154. Forecast capital receipts in 2019/20 amount to £6,581k. This amount includes £1,942k General Fund share of Right to Buy (RTB) sales based on a forecast 60 RTB sales this year and sales of several identified sites, including former garages. Income of £411k has recently been received in respect of two sites.
155. As at the end of September, a total of £2,126k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year. This is a movement of £426k arising from one development. The forecast for 2019/20 is an under recovery of £500k, as the profile of CIL varies depending on the timing and scale of external developments. Budgeted eligible activity exceeds the CIL forecast with spend on Highways investment, community assets through the Chrysalis Programme and other major community infrastructure such as schools meeting the criteria for application of CIL monies.
156. Forecast grants and contributions are £359k higher than the revised budget, due mainly to Capital Maintenance grant award being higher than original budget assumptions. There are £7,500k assumed Basic Needs grant for the period 2021-24 in the financing budget that are not yet confirmed.

ANNEX A - Schools Programme

Prior Year Cost	Project	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance	Forecast Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Education and Children Services										
137,159	Former Primary School Expansions	10	10	0	0	10	10	0	10	0	0
12,952	New Primary Schools Expansions	3,359	2,889	0	(470)	3,592	3,592	0	1,430	2,144	18
5,097	Secondary Schools Expansions	14,040	12,292	0	(1,748)	40,688	40,688	0	21,704	18,984	0
0	Additional Temporary Classrooms	600	0	0	(600)	4,000	4,000	0	4,000	0	0
0	Schools SRP	2,610	1,000	0	(1,610)	3,958	3,958	0	0	3,874	84
45,742	Secondary Schools Replacement	119	119	0	0	119	119	0	119	0	0
0	Meadow School	240	240	0	0	240	240	0	240	0	0
200,950	Total Schools Programme	20,978	16,550	0	(4,428)	52,607	52,607	0	27,503	25,002	102

ANNEX B - Self Financing Developments

Prior Year Cost	Project	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance	2019/20 Forecast Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Self Financing Developments										
68	Yiewsley Site Development	2,000	1,000	0	(1,000)	22,946	22,946	0	22,946	0	0
0	Belmore Allotments Development	0	0	0	0	4,605	4,605	0	3,061	0	1,544
0	Housing Company Financing	20,000	20,000	0	0	50,000	50,000	0	50,000	0	0
0	Woodside GP Surgery	0	0	0	0	1,939	1,939	0	1,939	0	0
68	Total Main Programme	22,000	21,000	0	(1,000)	79,490	79,490	0	77,946	0	1,544

ANNEX C - Main Programme

Prior Year Cost	Project	2019/20 Revised Budget £'000	2019/20 Forecast £'000	2019/20 Cost Variance £'000	2019/20 Forecast Re-phasing £'000	Total Project Budget 2019-24 £000	Total Project Forecast 2019-24 £000	Total Project Variance 2019-24 £000	Project Forecast Financed by:		
									Council Resources £000	Government Grants £000	Other Cont'ns £000
	Community, Commerce and Regeneration										
7,294	Hayes Town Centre Improvements	1,980	980	0	(1,000)	1,980	1,980	0	306	318	1,356
542	Inspiring Shopfronts	253	145	0	(108)	353	353	0	282	0	71
3,092	Gateway Hillingdon	58	358	300	0	58	358	300	358	0	0
1,466	Uxbridge Change of Heart	530	530	0	0	530	530	0	530	0	0
27	Uxbridge Cemetery Gatehouse	134	45	0	(89)	547	547	0	547	0	0
0	New Museum	500	50	0	(450)	5,632	5,632	0	4,882	0	750
0	New Theatre	1,000	50	0	(950)	44,000	44,000	0	42,950	0	1,050
57	Battle of Britain Underground Bunker	997	747	0	(250)	997	997	0	997	0	0
0	Botwell Leisure Centre Football Pitch	0	0	0	0	200	200	0	200	0	0
0	Yiewsley and West Drayton Pool	1,300	900	0	(400)	32,000	32,000	0	31,512	0	488
723	Hillingdon Outdoor Activity Centre	3,537	500	0	(3,037)	25,777	25,777	0	0	0	25,777
23	RAGC Expansion	540	250	0	(290)	1,391	1,391	0	1,391	0	0
2	1 & 2 Merrimans Housing Project	544	100	0	(444)	619	619	0	619	0	0
10,879	Projects Completing in 2019/20:	598	559	0	(39)	598	598	0	598	0	0
24,105	Total Main Programme	11,971	5,214	300	(7,057)	114,682	114,982	300	85,172	318	29,492

ANNEX D - Programme of Works

Prior Year Cost	Project	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance	Forecast Re-phasing	Total Project Budget 2019-2024	Total Project Forecast 2019-2024	Total Project Variance 2019-2024	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Leader's Initiative	329	295	0	(34)	1,129	1,129	0	1,129	0	0
N/A	Chrysalis Programme	1,124	1,124	0	0	5,124	5,124	0	5,124	0	0
N/A	Playground Replacement Programme	250	252	0	2	750	750	0	750	0	0
N/A	Libraries Refurbishment Programme	1,000	750	0	(250)	3,000	3,000	0	3,000	0	0
N/A	Leisure Centre Refurbishment	500	200	0	(300)	3,101	3,101	0	3,101	0	0
N/A	Devolved Capital to Schools	759	759	0	0	1,696	1,696	0	0	1,586	110
N/A	School Building Condition Works	4,358	1,981	(30)	(2,347)	10,758	10,728	(30)	2,134	7,600	994
N/A	Civic Centre Works Programme	2,686	1,800	0	(886)	5,428	5,428	0	5,428	0	0
N/A	Corporate Technology and Innovation	4,289	3,755	0	(534)	8,645	8,645	0	8,645	0	0
N/A	Property Works Programme	1,805	1,300	0	(505)	4,527	4,527	0	4,327	200	0
N/A	Car Park Pay & Display Machines	520	520	0	0	1,040	1,040	0	1,040	0	0
N/A	Highways Structural Works	11,537	11,202	0	(335)	43,537	43,537	0	41,263	0	2,274
N/A	Road Safety	189	189	0	0	789	789	0	789	0	0
N/A	Transport for London	4,697	4,325	0	(372)	18,589	18,589	0	0	17,843	746
N/A	HS2 Road Safety Fund	645	645	0	0	645	645	0	0	0	645
N/A	Disabled Facilities Grant	2,852	2,365	0	(487)	14,560	14,560	0	0	14,560	0
N/A	PSRG / LPRG	100	80	(20)	0	500	480	(20)	250	230	0
N/A	Equipment Capitalisation - Social Care	1,172	1,172	0	0	5,860	5,860	0	0	5,860	0
N/A	Equipment Capitalisation - General	921	721	0	(200)	3,721	3,721	0	3,721	0	0
N/A	Public Health England Alcohol Fund	70	70	0	0	70	70	0	0	70	0
N/A	Bowls Club Refurbishments	1,034	882	0	(152)	1,034	1,034	0	1,034	0	0
N/A	CCTV Programme	503	784	0	281	1,153	1,153	0	1,153	0	0
N/A	Youth Provision	1,425	542	0	(883)	1,425	1,425	0	1,425	0	0
N/A	Harlington Road Depot Improvements	439	239	0	(200)	639	639	0	639	0	0
N/A	Purchase of Vehicles	7,585	5,288	0	(2,297)	10,765	10,765	0	10,765	0	0
N/A	Street Lighting Replacement	547	547	0	0	2,876	2,876	0	2,876	0	0
N/A	Environmental/Recreational Initiatives	889	600	(44)	(245)	889	845	(44)	805	40	0
N/A	Section 106 Projects	533	373	0	(160)	533	533	0	0	0	533
	Total Programme of Works	52,758	42,760	(94)	(9,904)	152,783	152,659	(124)	99,398	47,989	5,302

Appendix E – Treasury Management Report as at 30 September 2019

Table 21: Outstanding Deposits – Average Rate of Return 0.67%

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	18.0	54.55	70.00
Up to 1 Month Fixed-Term Deposits	0.0	0.00	
Over 1 Month Fixed-Term Deposits	0.0	0.00	0.00
Total	18.0	54.55	70.00
Strategic Pooled Funds	15.0	45.45	30.00
Total	33.0	100.00	100.00

*Money Market Funds

157. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating and AAA rated Money Market funds. UK deposits are currently held in Lloyds Bank plc. There is also an allocation to Strategic Pooled Funds.
158. The average rate of return on day-to-day operational treasury balances is 0.67%. As part of the Council's investment strategy for 19/20 the Council continues to hold a total of £15m 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.
159. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, with average balances being lower than historic levels, the majority of funds need to be held in instant access facilities to manage daily cashflow. It is therefore not possible to fully protect Council funds from bail-in risk. At the end of September, 100% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a September benchmark average of 62% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 0% once instant access facilities are excluded from the total bail-in percentage.
160. Liquidity was maintained throughout September by placing surplus funds in instant access accounts and making short-term deposits with the DMADF. To ensure minimum cash levels were maintained another £5m of short-term temporary borrowing was arranged. Cash-flow was managed by ensuring deposit maturities with the DMADF were matched to outflows and where required, funds were withdrawn from instant access facilities.

Table 22: Outstanding Debt - Average Interest Rate on Debt: 3.21%

Average Interest Rate on Temporary Borrowing: 0.69%

	Actual (£m)	Actual (%)
General Fund		
PWLB	50.38	19.47
Long-Term Market	15.00	5.80
Temporary	10.00	3.86
HRA		
PWLB	150.32	58.11
Long-Term Market	33.00	12.76
Total	258.70	100.00

161. There were four scheduled EIP debt repayments during September, two of which were for £0.75m, one for £0.5m and the other for £1m. Gilt yields increased during the first half of September and then fell back again. To reduce interest costs temporary borrowing, rather than long-term borrowing, was taken from another Local Authority. With the ongoing need to take further borrowing and with restrictive premiums, early repayment of debt remains unfeasible.

162. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices. In order to maintain liquidity for day-to-day business operations during October, cash balances will be placed in instant access accounts and short-term deposits. In addition opportunities to take further borrowing will be monitored and taken if required.

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

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

Table 31: Consultancy and agency assignments

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 (HB)	03/08/2015	03/08/2015	31/03/2020	235	16	251
Residents Services						
Development Surveyor	06/11/2017	14/10/2019	12/01/2020	219	29	248
Private Sector Housing Officer x 2	04/02/2019	07/10/2019	05/01/2020	94	47	142
Major Application (PPA) Planner	20/03/2017	27/10/2019	26/01/2020	259	26	284
Environmental Health Officer	01/10/2019	01/10/2019	30/09/2020		76	76
Social Care						
Senior Residential Worker	03/09/2018	04/11/2019	01/12/2019	53	3	56
Support Worker	03/04/2017	04/11/2019	01/12/2019	89	3	91
Support Worker	03/10/2016	04/11/2019	01/12/2019	73	2	75
Care Worker	06/07/2016	04/11/2019	01/12/2019	96	2	98
Social Worker	26/07/2017	04/11/2019	01/12/2019	165	6	170
AMHP	04/02/2019	04/11/2019	01/12/2019	44	6	50
Approved Mental Health Worker	05/02/2018	04/11/2019	01/12/2019	91	4	95
Approved Mental Health Worker	01/06/2015	04/11/2019	01/12/2019	293	5	298
Care Worker	06/03/2017	04/11/2019	01/12/2019	76	2	78
Social Worker	05/06/2017	04/11/2019	01/12/2019	145	5	150
Social Worker/Senior Social Worker	04/09/2017	04/11/2019	01/12/2019	157		157
AMHP	04/02/2019	04/11/2019	01/12/2019	58	6	63
Online Services Co-ordinator	04/03/2019	04/11/2019	01/12/2019	45	5	51
Nursery Practitioner	01/10/2017	04/11/2019	01/12/2019	68	2	70
Early Years Practitioner	12/09/2014	04/11/2019	01/12/2019	68	1	69
SENDIASS Manager	29/04/2019	04/11/2019	01/12/2019	47	7	54
Early Years Practitioner	24/02/2014	04/11/2019	01/12/2019	82	1	83
Early Years Practitioner	06/02/2017	04/11/2019	01/12/2019	69	2	71
Early Years Practitioner	25/03/2016	04/11/2019	01/12/2019	76	2	79
Nursery Officer	05/09/2016	04/11/2019	01/12/2019	71	2	73
Early Years Practitioner	23/02/2015	04/11/2019	01/12/2019	102	2	104
Service Development & Quality Assurance Officer	01/04/2019	04/11/2019	01/12/2019	70	9	79
Programme Lead-Urgent & Emergency Care	01/03/2018	04/11/2019	01/12/2019	242	12	254
Social Worker (CHC)	03/01/2017	04/11/2019	01/12/2019	137	4	140
Team Manager	17/07/2017	04/11/2019	01/12/2019	237	8	245

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Senior Social Worker	01/04/2013	04/11/2019	01/12/2019	196	6	202
Social Worker	06/04/2017	04/11/2019	01/12/2019	112	6	118
Social Worker	23/10/2017	04/11/2019	01/12/2019	143	5	148
Social Worker	16/12/2016	04/11/2019	01/12/2019	223	6	229
Social Worker	21/08/2016	04/11/2019	01/12/2019	225	6	231
Social Worker	10/07/2017	04/11/2019	01/12/2019	155	6	161
Social Worker	07/11/2016	04/11/2019	01/12/2019	235	6	241
Social Worker	04/05/2015	04/11/2019	01/12/2019	285	5	290
Social Worker	13/04/2015	04/11/2019	01/12/2019	320	6	326
Social Worker	11/07/2016	04/11/2019	01/12/2019	247	6	253
Social Worker	01/08/2015	04/11/2019	01/12/2019	279	7	286
Team Manager	27/03/2017	04/11/2019	01/12/2019	227	7	234
Social Worker	27/10/2016	04/11/2019	01/12/2019	217	6	223
Social Worker	01/12/2016	04/11/2019	01/12/2019	200	6	206
Educational Psychologist	04/02/2019	04/11/2019	01/12/2019	109	11	120
Educational Psychologist	15/11/2015	04/11/2019	01/12/2019	317	8	325
Special Needs Officer	01/12/2016	04/11/2019	01/12/2019	188	6	194
Social Worker	11/08/2014	04/11/2019	01/12/2019	417	6	423
Social Worker	01/01/2013	04/11/2019	01/12/2019	437	6	443
Social Worker	01/04/2013	04/11/2019	01/12/2019	232	6	238
Social Worker	26/08/2016	04/11/2019	01/12/2019	217	6	223
Support Worker	20/12/2015	04/11/2019	01/12/2019	104	3	107
Social Worker	04/07/2016	04/11/2019	01/12/2019	270	6	276
Social Worker	03/07/2016	04/11/2019	01/12/2019	267	7	274
Social Worker	21/11/2016	04/11/2019	01/12/2019	208	6	214
Social Worker	01/01/2013	04/11/2019	01/12/2019	433	6	439
Senior Social Worker	29/06/2017	04/11/2019	01/12/2019	198	6	204
Education Health and Care Officer	01/07/2017	04/11/2019	01/12/2019	111	5	116
Principal Educational Psychologist	01/08/2015	04/11/2019	01/12/2019	280	11	291
Senior Educational Psychologist	15/08/2016	04/11/2019	01/12/2019	250	11	261
Educational Psychologist	01/03/2016	04/11/2019	01/12/2019	304	12	316
Social Worker	02/07/2017	04/11/2019	01/12/2019	149	6	155
Independent Domestic Violence Advocate	01/10/2018	04/11/2019	01/12/2019	56	4	60
Senior Social Worker	30/04/2012	04/11/2019	01/12/2019	238	6	244
Child Protection Chair	01/07/2015	04/11/2019	01/12/2019	154	7	161
Senior Social Worker	21/11/2017	04/11/2019	01/12/2019	51	7	58
Senior Social Worker	19/12/2011	04/11/2019	01/12/2019	54	7	61
Social Worker	01/04/2018	04/11/2019	01/12/2019	126	6	132
SEND Team Manager - Primary	29/07/2019	04/11/2019	01/12/2019	47	8	55
Social Worker	01/04/2013	04/11/2019	01/12/2019	48	6	54
Senior Residential Worker	03/09/2018	04/11/2019	01/12/2019	53	3	56
Support Worker	03/04/2017	04/11/2019	01/12/2019	89	3	91
Support Worker	03/10/2016	04/11/2019	01/12/2019	73	2	75

