

COUNCIL BUDGET - 2019/20 REVENUE AND CAPITAL MONTH 8 BUDGET MONITORING

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

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 £1,214k is reported against 2019/20 General Fund revenue budgets as of November 2019 (Month 8), representing an improvement of £604k on the position reported to Cabinet at Month 7. Unallocated reserves are projected to total £33,782k 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 and Communities
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at November 2019 (Month 8) as outlined in Table 1.
2. Note the Treasury Management update as at November 2019 at Appendix E.
3. Continue the delegated authority up until the February 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 17 December 2019 and 23 January 2019 Cabinet meetings, detailed at Appendix F.

4. Resolves to enter into a Memorandum of Understanding to participate in the London Business Rates Pool from 1 April 2020 to 31 March 2021, and to delegate authority to the Corporate Director of Finance, in consultation with the Leader of the Council and Cabinet Member for Finance, Property & Business Services to negotiate, finalise and execute the Memorandum of Understanding.
5. Ratify the 4 decisions taken under special urgency procedures on 6 December 2019 & 7 January by the Leader of the Council and Cabinet Member for Finance, Property and Business Services detailed in Appendix G.

INFORMATION

Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 8 against budgets approved by Council on 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 F reports back on use of this delegated authority previously granted by Cabinet.
3. The London Business Rates Pool has been in operation during 2018/19 and 2019/20, enabling local authorities within the capital, including Hillingdon to retain an increased share of Business Rates income from the monies, which would otherwise be transferred to the Government. The draft budget approved by Cabinet for public consultation in December 2019 included an estimate of £825k for this additional retained income. **Recommendation 4** seeks authority for the Corporate Director of Finance, in consultation with the Leader of the Council and Cabinet Member for Finance, Property & Business Services, to enter into the agreements necessary for Hillingdon's continued membership of the pool in 2020/21, ensuring that this additional income is secured to support investment in local services.
4. **Recommendation 5** - There have been four executive decisions taken, detailed in appendix G, which would have ordinarily been reserved for Cabinet and some were originally scheduled for the December 2019 Cabinet meeting. However, due to various timing or urgency factors, these matters were otherwise determined by the Leader of the Council, with relevant Cabinet Members. The Leader of the Council has the necessary authority to take Cabinet decisions in the absence of a Cabinet meeting. In compliance with the Constitution, these decisions are now reported to Cabinet for ratification.

Alternative options considered

5. There are no other options proposed for consideration.

SUMMARY

REVENUE

6. General Fund revenue budgets are projected to underspend by £1,214k at Month 8, an improvement of £604k on the position reported at Month 7. An underspend of £143k is projected against Directorate Operating Budgets with a number of reported pressures being offset by compensating underspends. An underspend across Corporate Operating Budgets of £602k and a £466k reduction in Development and Risk drawdown is forecast. Grant income is in line with budget, with a minor £2k favourable variance as grant allocation have been confirmed.
7. Within Development and Risk Contingency, the previously reported pressure on SEN Transport has reduced with further improvements on Asylum and Waste Disposal costs accounting for the £446k underspend reported against these more volatile areas of activity. There remains £500k uncommitted General Contingency within the reported monitoring position to manage any emerging risks over the remainder of this financial year.
8. General Fund Balances are expected to total £33,782k 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 £6,562k from the opening balance of £40,344k, an improvement on the planned release of £7,776k from reserves to support the 2019/20 budget.
9. Of the £8,141k savings being managed in year, £7,271k are either banked in full or classed as 'on track for delivery', while £870k classified as either higher risk or in the early stages of delivery. Within the position reported, £1,138k has moved in Month 8 from on track to 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.
10. A surplus of £488k is reported within the Collection Fund relating to favourable positions on both Council Tax and Business Rates, which are 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.
11. The Dedicated Schools Grant is projecting an in-year overspend of £5,079k at Month 8, a £13k improvement from Month 7. The marginal improvement relates to the Early Years vulnerable children budget, with fewer referrals being made for additional funding. The 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 £13,571k.

CAPITAL

12. At Month 8 the projected underspend against the 2019/20 General Fund Capital Programme is £13,728k, 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 £181k. The planned investment will require £224,603k Prudential Borrowing, £463k 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. However, the recent announcement of increase borrowing costs for debt sourced from HM Treasury's Public Works Loan Board has scope to materially affect the cost of future borrowing, with the implications of this decision reflected in the draft 2020/21 budget approved by Cabinet in December 2019.

FURTHER INFORMATION

General Fund Revenue Budget

13. An underspend of £1,214k is reported across normal operating activities at Month 8, an improvement of £604k on Month 7, which is primarily linked to an improvement in Directorate Operating budgets of £137k and a favourable movement in Development and Risk budgets of £466k. There remain recurrent pressures relating to Early Years Centres, Education and ICT, which are offset primarily by staffing underspends to deliver a net £143k underspend on Directorate Operating Budgets.
14. 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 £1,237k on SEN Transport, £750k on Adult Social Care placements and £300k on Development Control income. The month on month improvement relates to a £151k reduction in the projected SEN Transport pressure, alongside reduced expenditure forecasts for asylum and waste disposal costs to deliver a £466k underspend, with £500k General Contingency available to manage any emerging risks over the remainder of the year.
15. Savings of £8,141k are being managed within the 2019/20 budget. Currently £6,078k savings are banked, delivery is currently on track against £1,193k of savings, and £870k 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 7 with £1,138k being moved from on track for delivery to being banked.

Table 1: General Fund Overview

Original Budget	Budget Changes	Service	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
210,620	1,989	Directorate Operating Budgets	212,609	212,466	(143)	(6)	(137)
7,436	0	Corporate Operating Budgets	7,436	6,833	(603)	(602)	(1)
12,863	(2,789)	Development & Risk Contingency	10,074	9,608	(466)	0	(466)
(991)	800	Unallocated Budget Items	(191)	(191)	0	0	0
229,928	0	Sub-total Normal Activities	229,928	228,716	(1,212)	(608)	(604)
(222,152)	0	Corporate Funding	(222,152)	(222,154)	(2)	(2)	0
7,776	0	Net Total	7,776	6,562	(1,214)	(610)	(604)
(40,344)	0	Balances b/fwd	(40,344)	(40,344)			
(32,568)	0	Balances c/fwd 31 March 2020	(32,568)	(33,782)			

16. General Fund Balances are expected to total £33,782k at 31 March 2020 as a result of the forecast position detailed above, £1,214k 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

17. 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 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
8,110 (1,207)	0 (1)	Chief Executive's Office	Expenditure	8,110	8,138	28	29	(1)
			Income	(1,208)	(1,237)	(29)	(26)	(3)
6,903	(1)		Sub-Total	6,902	6,901	(1)	3	(4)
19,069 (3,221)	56 (175)	Finance	Expenditure	19,125	19,245	120	113	7
			Income	(3,396)	(3,561)	(165)	(158)	(7)
15,848	(119)		Sub-Total	15,729	15,684	(45)	(45)	0
116,482 (43,966)	2,133 (1,313)	Residents Services	Expenditure	118,615	119,321	706	708	(2)
			Income	(45,279)	(45,894)	(615)	(531)	(84)
72,516	820		Sub-Total	73,336	73,427	91	177	(86)
148,761 (33,408)	1,031 258	Social Care	Expenditure	149,792	150,641	849	656	193
			Income	(33,150)	(34,187)	(1,037)	(797)	(240)
115,353	1,289		Sub-Total	116,642	116,454	(188)	(141)	(47)
210,620	1,989	Total Directorate Operating Budgets		212,609	212,466	(143)	(6)	(137)

18. An underspend of £1k is reported on Chief Executive's Office budgets at Month 8, a £4k improvement on Month 7. Across Finance, a net underspend of £45k is projected in line with the previously reported position, reflecting a combination of vacancies and use of grant funding to support additional staff.
19. At Month 8, a net pressure of £91k is reported across Residents Services, representing an £86k favourable movement from Month 7 as a result of increased staffing underspends. The headline position includes a £365k pressure on ICT contract costs, £295k pressures across education functions, which are partially offset through a combination of staffing underspends and other favourable variances. In addition £385k is being released from Earmarked Reserves to support current levels of investment in waste services.
20. A net underspend of £188k is reported across Social Care budgets, with the Month 8 favourable movement of £47k linked to the Council being successful in securing additional Troubled Families income. 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. These are being offset through additional Troubled Families Grant, settlement of a long running case in the Council's favour and more efficient use of the Better Care Fund.
21. 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 £2,680k 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

22. 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.
23. Of this sum £7,271k are either banked or on track for delivery in full during 2019/20. £870k savings are in the early stages of delivery or potentially subject to greater risk to delivery, however, ultimately all £8,141k is 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 7, with £1,138k moving from on track to 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	(387)	(501)	(1,069)	(2,189)	(1,932)	(6,078)	74.66%
G On track for delivery	0	(79)	(627)	(474)	(13)	(1,193)	14.65%
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(150)	0	(260)	(460)	(870)	10.69%
R Serious problems in the delivery of the saving	0	0	0	0	0	0	0.00%
Total 2019/20 Savings	(387)	(730)	(1,696)	(2,923)	(2,405)	(8,141)	100.00%

Corporate Operating Budgets

24. Corporate Operating Budgets are currently forecasting a £603k favourable variance, which is a favourable movement of £1k on the Month 7 position with the Housing Benefit Subsidy continuing to be forecast to budget. 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.
25. 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 £286k 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 £603k.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
				Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0	0
7,777	0		Non-Sal Exp	7,777	7,491	(286)	(286)	0
(87)	0		Income	(87)	(47)	40	40	0
7,690	0		Sub-Total	7,690	7,444	(246)	(246)	0
490	0	Levies and Other Corporate Budgets	Salaries	490	486	(4)	(3)	(1)
12,570	0		Non-Sal Exp	12,570	12,574	4	4	0
(12,289)	0		Income	(12,289)	(12,646)	(357)	(357)	0
771	0		Sub-Total	771	414	(357)	(356)	(1)
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	0
147,629	0		Non-Sal Exp	147,629	147,629	0	0	0
(148,654)	0		Income	(148,654)	(148,654)	0	0	0
(1,025)	0		Sub-Total	(1,025)	(1,025)	0	0	0
7,436	0	Total Corporate Operating Budgets		7,436	6,834	(603)	(602)	(1)

Development & Risk Contingency

26. 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 7		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,072	0	Residents Services	Impact of Welfare Reform on Homelessness	1,072	744	(328)	(323)	(5)
1,972	(772)		Waste Disposal Levy & Associated Contracts	1,200	419	(781)	(531)	(250)
0	0		Development Control - Major Applications	0	300	300	300	0
1,885	0	Social Care	Asylum Service	1,885	945	(940)	(692)	(248)
3,273	(403)		Demographic Growth - Looked After Children	2,870	2,603	(267)	(176)	(91)
1,017	(367)		Demographic Growth - Children with Disabilities	650	932	282	27	255
277	0		Social Worker Agency Contingency	277	221	(56)	(56)	0
997	(259)		SEN transport	738	1,975	1,237	1,388	(151)
1,938	(988)		Demographic Growth - Adult Social Care	950	1,700	750	750	0
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	500	(332)	(356)	24
12,863	(2,789)	Total Development & Risk Contingency		10,074	9,608	(466)	0	(466)

27. Within Residents Services, Development Risk and Contingency is showing a reported underspend of £809k, a favourable movement of £255k from Month 7 primarily linked to waste disposal costs. The overall underspend includes £328k in relation to lower homelessness costs from reduced reliance upon Bed and Breakfast accommodation, a £330k rebate from the West London Waste Authority and £551k further underspends on waste disposal linked to proactive manage of disposal costs. In addition, there is a £300k additional call on contingency relating to a shortfall in Development Control Income which continues to be closely monitored.
28. Within Social Care there is forecast a £940k reduced call on contingency in Asylum Service due to an uplift in grant income following a Home Office review of funding rates and the Month 8 favourable movement of £248k of increased income relating to rental income as more UASC contribute towards their rental costs. There was significant growth built into the Looked After Children budget in 2019/20 and this has seen an improvement in Month 8, resulting in an underspend of £267k against contingency. These favourable positions are partially offset through a £282k pressure against the costs of supporting Children with Disabilities.
29. 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. This

position is partially funded through a contribution to contingency from additional Better Care Fund grant announced in July 2019.

30. SEN Transport is reporting a £1,975k call on contingency, £1,237k higher than the budgeted amount. 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 MTFE for 2020/21.
31. The above specific calls on contingency result in a net underspend of £134k, with a further £332k underspend projected against General Contingency to deliver an overall favourable variance of £466k. Within this position there remains £500k General Contingency available to respond to emerging risks and issues, which is not required would further improve General Balances at outturn.

Unallocated Priority Growth and HIP Initiatives

32. There was a budget of £250k Unallocated Priority Growth in 2019/20, following allocation of £40k for CCTV in the Borough and £60k for Little Britain Lake Patrol Officers, there remains £150k available to support investment in services. 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, with £104k underspend relating to projects completed in 2018/19, there is £739k available for future releases.

Schools Budget

33. At Month 8 the Dedicated Schools Grant position is an in-year overspend of £5,079k. This is an improvement of £13k on the Month 7 position with the overspend being predominantly due to increasing pressures in the cost of High Needs. The improvement relates mainly to the Early Years vulnerable children budget, due to lower than expected number of referrals being made for additional funding. The total deficit carry forward is currently forecast at £13,571k, which almost entirely relates to the widely publicised funding shortfall for High Needs and SEND provision.

Collection Fund

34. A £488k surplus is projected against the Collection Fund at Month 8, which is made up of a £13k surplus on Council Tax and a £475k 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

35. The Housing Revenue Account is currently forecasting a £32k favourable position, a £1k improvement from Month 7, resulting in a drawdown of reserves of £1,213k. This results in a projected 2019/20 closing HRA General Balance of £17,047k. The use of reserves is funding investment in new housing stock.

Future Revenue Implications of Capital Programme

36. 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 £468k lower than budgeted. The reduction in the borrowing requirement would

result in a £25k 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

37. The overall position for Chief Executive's Office at Month 8 is a forecast underspend of £1k. This is a £4k improvement on Month 7.
38. Income is forecast to achieve budgeted levels at Month 8 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	Budget Changes	Service	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7	
			Revised Budget	Forecast Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,479	0	Democratic Services	Salaries	1,479	1,494	15	17	(2)
1,721	1		Non-Sal Exp	1,722	1,706	(16)	(16)	0
(701)	(1)		Income	(702)	(708)	(6)	(6)	0
2,499	0		Sub-Total	2,499	2,492	(7)	(5)	(2)
1,900	(146)	Human Resources	Salaries	1,754	1,787	33	19	14
830	145		Non-Sal Exp	975	982	7	20	(13)
(230)	0		Income	(230)	(253)	(23)	(20)	(3)
2,500	(1)		Sub-Total	2,499	2,516	17	19	(2)
2,124	0	Legal Services	Salaries	2,124	2,111	(13)	(13)	0
56	0		Non-Sal Exp	56	58	2	2	0
(276)	0		Income	(276)	(276)	0	0	0
1,904	0		Sub-Total	1,904	1,893	(11)	(11)	0
5,503	(146)	Chief Executive's Office Directorate	Salaries	5,357	5,392	35	23	12
2,607	146		Non-Sal Exp	2,753	2,746	(7)	6	(13)
(1,207)	(1)		Income	(1,208)	(1,237)	(29)	(26)	(3)
6,903	(1)		Total	6,902	6,901	(1)	3	(4)

FINANCE

39. The overall position for Finance at Month 8 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. This position is in line with the reported Month 7 position.

Table 7: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
				Revised Budget £'000	Forecast Outturn £'000			
6,021	37	Exchequer and Business Assurance Services	Salaries	6,058	6,006	(52)	(21)	(31)
3,505	12		Non-Sal Exp	3,517	3,559	42	30	12
(2,683)	(174)		Income	(2,857)	(2,933)	(76)	(67)	(9)
6,843	(125)		Sub-Total	6,718	6,632	(86)	(58)	(28)
1,743	0	Procurement	Salaries	1,743	1,723	(20)	(12)	(8)
3,243	8		Non-Sal Exp	3,251	3,356	105	97	8
(93)	(1)		Income	(94)	(162)	(68)	(66)	(2)
4,893	7		Sub-Total	4,900	4,917	17	19	(2)
3,724	4	Corporate Finance	Salaries	3,728	3,722	(6)	(5)	(1)
136	93		Non-Sal Exp	229	254	25	0	25
(170)	0		Income	(170)	(160)	10	10	0
3,690	97		Sub-Total	3,787	3,816	29	5	24
489	(98)	Pensions, Treasury & Statutory Accounting	Salaries	391	398	7	5	2
208	0		Non-Sal Exp	208	227	19	19	0
(275)	0		Income	(275)	(306)	(31)	(35)	4
422	(98)		Sub-Total	324	319	(5)	(11)	6
11,977	(57)	Finance Directorate	Salaries	11,920	11,849	(71)	(33)	(38)
7,092	113		Non-Sal Exp	7,205	7,396	191	146	45
(3,221)	(175)		Income	(3,396)	(3,561)	(165)	(158)	(7)
15,848	(119)		Total	15,729	15,684	(45)	(45)	0

RESIDENTS SERVICES

40. Residents Services directorate is showing a projected outturn overspend of £91k at Month 8, 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 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
17,619	(43)	Infrastructure, Waste and ICT	Salaries	17,576	17,878	302	251	51
32,237	772		Non-Sal Exp	33,009	33,427	418	617	(199)
(10,590)	(58)		Income	(10,648)	(10,957)	(309)	(417)	108
39,266	671		Sub-Total	39,937	40,348	411	451	(40)
19,221	846	Housing, Environment, Education, Health & Wellbeing	Salaries	20,067	20,065	(2)	(75)	73
24,490	337		Non-Sal Exp	24,827	25,062	235	257	(22)
(18,024)	(927)		Income	(18,951)	(18,887)	64	3	61
25,687	256		Sub-Total	25,943	26,240	297	185	112
4,324	25	Planning, Transportation & Regeneration	Salaries	4,349	4,332	(17)	(3)	(14)
1,240	174		Non-Sal Exp	1,414	1,490	76	62	14
(4,534)	(206)		Income	(4,740)	(4,743)	(3)	(3)	0
1,030	(7)		Sub-Total	1,023	1,079	56	56	0
13,486	50	Administrative, Technical & Business Services	Salaries	13,536	13,168	(368)	(459)	91
3,865	(28)		Non-Sal Exp	3,837	3,899	62	58	4
(10,818)	(122)		Income	(10,940)	(11,307)	(367)	(114)	(253)
6,532	(100)		Sub-Total	6,433	5,760	(673)	(515)	(158)
54,650	878	Residents Services Directorate	Salaries	55,528	55,443	(85)	(286)	201
61,832	1,255		Non-Sal Exp	63,087	63,878	791	994	(203)
(43,966)	(1,313)		Income	(45,279)	(45,894)	(615)	(531)	84
72,515	820		Total	73,336	73,427	91	177	(86)

41. 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 8, projected calls on contingency are forecast to be £809k less than the budgeted provision, a £255k favourable movement from Month 7. The following table shows the breakdown for each contingency item.

Table 9: Development and Risk Contingency

Original Budget	Budget Changes	Development & Risk Contingency	Month 8		Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
1,072	0	Impact of Welfare Reform on Homelessness	1,072	744	(328)	(323)	(5)
1,972	(772)	Waste Disposal Levy & Associated Contracts	1,200	419	(781)	(531)	(250)
0	0	Development Control – Income	0	300	300	300	0
3,044	(772)	Current Commitments	2,272	1,463	(809)	(554)	(255)

42. The Month 8 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 8, 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

	September 19	October 19	November 19
All Approaches	217	263	238
Full Assessment Required	173	183	168
New into Temporary Accommodation (Homeless and Relief)	41	23	37
Households in Temporary Accommodation	464	435	429
Households in B&B	172	144	139

43. 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 £744k, £328k below the budgeted provision. The service is forecasting the number of clients in B&B accommodation will average 157 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 8 position also reflects the benefit of reduced unit costs.
44. 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. Specific funding is retained within an earmarked reserve to manage this risk.
45. The call on the Waste contingency is £419k, 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 £781k compared with budget, comprising the following 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.
 - Aggregate Pay as you Throw tonnage projections are now falling slightly below budgeted levels.
46. Whilst 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.
47. 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 five 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 over the remainder of this financial year.

Infrastructure, Waste and ICT (£411k overspend, £40k favourable movement)

48. At Month 8, there is a £411k forecast overspend, a favourable movement of £40k from Month 7 arising from a number of material variances across Waste, ICT and Highways, 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.
49. Earmarked reserve drawdowns totalling £385k are offsetting the gross pressure on Waste Services of £396k. The projected underlying pressure includes a staffing overspend of £802k 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.
50. 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 an 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 early January 2020. Offsetting the cost pressures is an anticipated £468k 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.
51. The Highways overspend at Month 8 is £213k, largely resulting from staffing pressures associated with unachievable vacancy factor (staff turnover levels being very low) and a shortfall in London Permit Scheme income, the service having reported that levels of major permit applications from utility companies have decreased.
52. ICT is reporting a net overspend of £169k. There is a forecast pressure on contract costs of £419k, though this is partly netted down by a £251k staff costs underspend, due to vacancies and recruitment delays whilst the service progresses a recently approved restructure and more general staff turnover. The service continues to review contracts and the impact of the cloud migration in order to manage down the net pressure.

Housing, Environment, Education, Health & Wellbeing (£297k overspend, £112k adverse movement)

53. At Month 8 there is an overspend position of £297k across the service, primarily from pressures within the Residual Education function and Greenspaces.
54. Green Spaces is showing a forecast overspend against budget of £27k at month 8, including a drawdown of £7k earmarked reserve from the Youth Fund and capitalisation of transformation costs £11k. An adverse movement of £1k from month 7 grounds maintenance and a reduction in the income related to HS2 compensation. Non staffing pressures are driven by the delay in the planned closure of Ruislip Golf 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 Center.
55. There is a £295k pressure within the Residual Education service, a £95k adverse movement from Month 7. The delivery of these functions is currently being reviewed as part of a BID workstream.
56. The Housing Options, Homelessness and Standards team is projecting an overspend of £14k, an adverse movement of £37k from Month 7. The movement is a result of additional staffing and legal costs to deliver the enforcement function.

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

57. 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 (£673k underspend, £158k favourable movement)

58. There is an overall improvement of £158k across the service in Month 8. This is largely driven by a £91k adverse net movement across staffing, comprising £129k favourable movement across Technical Administration, Contact Centre and Parking and £220k adverse movement within Imported Foods. The Imported Foods staffing is expected to be funded by a £227k favourable movement in income. Further income of £22k is expected in relation to legal fee reimbursement from a Health and Safety case. All other income forecasts are holding steady on the Month 7 forecast position.

SOCIAL CARE (£188k underspend, £47k improvement)

59. Social Care is projecting an underspend of £188k as at Month 8, an improvement of £47k on the Month 7 projections, due to a reduction in staffing costs across the service. 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, which relate to a £629k 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 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
			Revised Budget £'000	Forecast Outturn £'000			
18,442	(1,203)	Children's Services	17,239	16,956	(283)	(586)	303
17,704	1,088		18,792	19,439	647	888	(241)
(7,656)	(30)		(7,686)	(8,441)	(755)	(530)	(225)
28,490	(145)		28,345	27,954	(391)	(228)	(163)
2,051	(652)	SEND	1,399	1,525	126	133	(7)
186	272		458	543	85	(33)	118
(427)	337		(90)	(241)	(151)	(34)	(117)
1,810	(43)		1,767	1,827	60	66	(6)
7,720	171	Adult Social Work	7,891	8,019	128	3	125
72,847	596		73,443	73,453	10	10	0
(21,829)	224		(21,605)	(21,060)	545	544	1
58,738	991		59,729	60,412	683	557	126
18,286	116	Provider and Commissioned Care	18,402	17,616	(786)	(701)	(85)
11,525	643		12,168	13,090	922	942	(20)
(3,496)	(273)		(3,769)	(4,445)	(676)	(777)	101
26,315	486		26,801	26,261	(540)	(536)	(4)
46,499	(1,568)	Social Care Directorate Total	44,931	44,116	(815)	(1,151)	336
102,262	2,599		104,861	106,525	1,664	1,807	(143)
(33,408)	258		(33,150)	(34,187)	(1,037)	(797)	(240)
115,353	1,289		116,642	116,454	(188)	(141)	(47)

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£675k overspend, £235k Improvement)

60. 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 8 projected position for the Development and Risk Contingency, which is reporting a pressure of £675k, an improvement of £235k on the Month 7 position due to an increase in the call on contingency for Demographic Growth and a reduced call on contingency for Asylum and SEN Transport.
61. The overspend is due to pressures in the cost of Adult placements, where there is growth across Older People and Mental Health placements. 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 is also being reported in the Dedicated Schools Grant Month 8 position later in this report.

Table 12: Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,885	0	Asylum Service	1,885	945	(940)	(692)	(248)
3,273	(403)	Demographic Growth - Looked After Children	2,870	2,603	(267)	(176)	(91)
1,017	(367)	Demographic Growth - Children with Disabilities	650	932	282	27	255
277	0	Social Worker Agency Contingency	277	221	(56)	(56)	0
997	(259)	SEN Transport	738	1,975	1,237	1,388	(151)
1,938	(988)	Demographic Growth - Adult Social Care	950	1,700	750	750	0
0	0	Additional BCF Income	0	(331)	(331)	(331)	0
9,387	(2,017)	Current Commitments	7,370	8,045	675	910	(235)

Asylum Service (£940k underspend, £248k favourable movement)

62. The service is projecting a drawdown of £945k from the contingency as at Month 8, an improvement of £248k on the Month 7 position which is due to the service tightening up processes and controls, resulting in an increase in the level of rental income being paid as more UASC contribute towards their rental costs (where they can afford to do so), an increase in the level of grant funding, where there has been 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 and better use of the block contracts.

Demographic Growth - Looked After Children (£276k underspend, £91k favourable movement)

63. The service is projecting a drawdown of £2,603k from the Contingency, an underspend of £267k as at Month 8, an improvement of £91k on the Month 7 position, where the number of Looked After Children has remained quite stable. However, 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.
64. 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. Additionally, the service has implemented new ways of working, with the use of a grant of £400k, 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.

Demographic Growth – Children with Disabilities (£282k overspend, 255k adverse)

65. The service is projecting a drawdown of £932k from the Contingency as at Month 8, an adverse movement of £255k on the Month 7 position, as the service is having to support 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. A number of new initiatives have been introduced, including more respite care over the school holidays and weekends.

Social Worker Agency (Children's) (£56k underspend, no change)

66. The service is projecting a drawdown of £221k from the contingency as at Month 8, no change on the Month 7 position. The underspend reported reflects a reduced use of agency staff, where the cost has reduced by £1,034k when compared to the 2018/19 outturn position.
67. However, the service continue to have a number of vacancies, which are being covered by agency staff, where the cost is approximately £18k higher than a permanent member of staff, reflecting that the recruitment of Social Workers continues to be very competitive.
68. 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 (£1,237k overspend, £151k improvement)

69. The service is projecting a drawdown of £1,975k from the SEN Transport contingency as at Month 8, an improvement of £151k on the Month 7 position, as the service continues to take management action to review the use of Passenger Assistants and continually monitors route planning. The overspend reported 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% (the actual growth between March 2019 and November 2019 was 197, an increase of

8.4% over that period) and having a major financial impact on the Dedicated Schools Grant budget.

70. 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. These are predominantly Independent and Non Maintained Special Schools as local provision is at full capacity, as is most other local authority provision, given that they are experiencing significant and continued growth in the number of pupils with an EHCP. 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.

Demographic Growth - Adult Social Care (£750k overspend, no change)

71. The service is projecting a drawdown of £1,700k from the Adult Social Care contingency, an overspend of £750k as at Month 8, no change on the Month 7 position. The overspend is due to pressures in the cost of Adult placements, where there is an emerging growth across Older People and Mental Health placements. 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)

72. 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 (£188k underspend, £47k improvement)

Children's Services (£391k underspend, £163k favourable movement)

73. The service is projecting an underspend of £392k, as at Month 8, an improvement of £163k on the Month 7 position, due to an increase in projected income levels relating to the Troubled Families Grant, where the service are maintaining the levels of turn around for those families identified within the programme. The salary budget is projecting an underspend of £504k, which reflects the success of the recruitment of newly qualified Social Workers and less reliance on agency staff. However, the service are still having difficulties recruiting and retaining Senior Social Workers and will explore the best approach to addressing this over the coming months.

Special Educational Needs & Disabilities (£60k overspend, £6k favourable movement)

74. The service is projecting an overspend of £60k as at Month 7, a slight improvement of £5k on the Month 7 position. The overspend is due to the service having to employ agency staff to cover a number of critical roles in the SEND Team, as the service is coming to the end of recruitment to the new staffing structure.

Adult Social Work (£683k overspend, £126k adverse movement)

75. The service is projecting an overspend of £683k as at Month 8, an adverse movement of £126k on the Month 7 position, due to an in depth review of staffing costs. The overspend 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. There are a number of clients previously meeting the Continuing Health Care (CHC) threshold, where a recent assessment has indicated that these clients no longer meet the CHC criteria, but are now funded under other less generous health funding mechanisms. 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 (£540k underspend, £4k improvement)

76. The service is projecting an underspend of £540k as at Month 7, an improvement of £4k on the Month 7 position. However, it should be noted that this position includes a projected overspend of £629k on the Early Years Centres and an overspend of £194k on SEN Transport agency staffing costs, which is being mitigated by underspends across the Children's Centres, the cost of catering and through implementing a 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 (£5,079k overspend, £13k favourable)

77. The Dedicated Schools Grant (DSG) outturn position is an in-year overspend of £5,079k at Month 8, a favourable movement of £13k on the Month 7 position. This overspend is due to continuing pressures in the cost of High Needs placements, where growth remains at between 10% and 11%. Where pupils cannot be placed in borough, as local provision is at capacity, they are now more likely to be placed in more costly, Independent and Non Maintained Special Schools. This growing pressure is also evident in the cost of SEN Transport. When the £8,492k deficit brought forward from 2018/19 is taken into account, the cumulative deficit carry forward to 2020/21 is £13,571k.

Table 13: DSG Income and Expenditure 2019/20

Original Budget	Budget Changes	Funding Block	Month 8			Variance	
			Revised Budget	Forecast Outturn	Variance (As at Month 8)	Variance (at Month 7)	Change from Month 7
£'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	215,077	(78)	(78)	0
24,821	107	Early Years Block	24,928	24,872	(56)	(46)	(10)
3,173	14	Central School Services Block	3,187	3,934	747	750	(3)
35,506	293	High Needs Block	35,799	40,265	4,466	4,466	0
0	0	Total Funding Blocks	0	5,079	5,079	5,092	(13)
0	0	Balance Brought Forward 1 April 2018	8,492	8,492			
0	0	Balance Carried Forward 31 March 2019	8,492	13,571			

Dedicated Schools Grant Income (no variance, no movement)

78. 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 (£78k underspend, no movement)

79. 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.
80. 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.

81. 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 (£56k underspend, £10k favourable)

82. 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.
83. 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.
84. The £10k favourable movement is in relation to the Early Years vulnerable children budget, where a further reduction has been made to the projection due to lower than expected number of referrals being made for additional funding.

Central School Services Block (£747k overspend, £3k favourable)

85. 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.
86. 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 local authority are working with the provider to review the number of commissioned places.
87. There is also a projected £14k 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, no movement)

88. 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.

89. 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.
90. 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 as local provision is substantially occupied.
91. 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.
92. 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 7 projections.
93. 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.
94. 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. This enables schools to take early intervention action required to support children, and is ultimately expected to minimise the level of ongoing support required.

COLLECTION FUND

95. A surplus of £488k is reported within the Collection Fund relating to a favourable position on Business Rates, which is predominantly driven by a carry forward surplus, alongside a small surplus within Council Tax. Any surplus realised at outturn will be available to support the General Fund budget in 2021/21.
96. 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 8		Variance (As at Month 8) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(125,113)	0	Council Tax	Gross Income	(125,113)	(125,448)	(335)	(292)	(43)
10,613	0		Council Tax Support	10,613	10,793	180	195	(15)
(734)	0		B/fwd Surplus	(734)	(592)	142	142	0
(115,234)	0		Sub-Total	(115,234)	(115,247)	(13)	45	(58)
(110,633)	0	Business Rates	Gross Income	(110,633)	(111,375)	(742)	(1,514)	772
(5,286)	0		Section 31 Grants	(5,286)	(5,094)	192	459	(267)
51,960	0		Less: Tariff	51,960	51,960	0	0	0
8,549	0		Less: Levy	8,549	9,206	657	1,049	(392)
(302)	0		B/fwd Surplus	(302)	(884)	(582)	(582)	0
(55,712)	0	Sub-Total	(55,712)	(56,187)	(475)	(588)	113	
(170,946)	0	Total Collection Fund		(170,946)	(171,434)	(488)	(543)	55

97. At Month 7 a net surplus of £13k is projected against Council Tax, which is a favourable movement of £58k from Month 7. Within this position, a strong surplus against in year activity is being offset by the deficit of £142k relating to the brought forward surplus to deliver the net £13k position. In line with previous months, potential volatility in Discounts, Exemptions and the Council Tax Reduction Scheme continue to be closely monitored.
98. A £475k surplus is reported across Business Rates at Month 8, which represents an adverse movement of £113k from Month 7 as a result of a number of material backdated amendments to the rating list by the Valuation Office Agency. Despite this recent adverse movement, there remains a net surplus of £475k, which is driven by growth 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

99. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £1,213k, which is £32k more favourable than the budgeted position, with a small favourable movement of £1k on Month 7. The 2019/20 closing HRA General Balance is forecast to be £17,047k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area:

Table 17: Housing Revenue Account

Service	Month 8		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
	£'000	£'000	£'000	£'000	£'000
Rent Income	(56,186)	(55,434)	752	752	0
Other Income	(5,224)	(5,397)	(173)	(173)	0
Net Income	(61,410)	(60,831)	579	579	0
Housing Management	13,230	13,222	(8)	2	(10)
Tenant Services	4,411	4,576	165	144	21
Repairs	5,294	5,523	229	241	(12)
Planned Maintenance	4,255	3,258	(997)	(997)	0
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	62,044	(611)	(610)	(1)
(Surplus) / Deficit	1,245	1,213	(32)	(31)	(1)
General Balance 01/04/2019	(18,260)	(18,260)	0	0	0
General Balance 31/03/2020	(17,015)	(17,047)	(32)	(31)	(1)

Income

100. As at Month 8 the rental income is forecast to under recover by £752k and other income is forecast to over recover by £173k, both showing nil movement on the Month 7 position.

101. The number of RTB applications received in the first eight months of 2019/20 was 120 compared to 114 for the same period in 2018/19, an increase of 5%. There have been 35 RTB completions in the first eight months of 2019/20 compared to 29 for the same period in 2018/19. The 2019/20 RTB sales forecast for the year remains the same as the budget at 60 sales.

Expenditure

102. The Housing management service is forecast to underspend by £8k, a favourable movement of £10k on Month 7 due to delays in recruitment.

103. Tenant services is forecast to overspend by £165k, an adverse movement of £21k on Month 7 due to increased forecast spend on running costs.

104. The repairs budget is forecast to overspend by £229k, a favourable movement of £12k on Month 7 due to reduced forecast spend staffing costs and agency costs. The planned maintenance budget is forecast to underspend by £997k, a nil movement on Month 7.
105. As at Month 8 there is nil movement compared to Month 7 on the capital programme funding, interest and investment income and the development and risk contingency budgets.

HRA Capital Expenditure

106. The HRA capital programme is set out in the table below. The 2019/20 revised budget is £75,119k. The 2019/20 forecast expenditure is £50,286k with a net variance of £24,833k of which £24,574k due to re-phasing and a net underspend of £259k. The net movement from Month 7 is a reduction of £3,408k due to an increase in re-phasing on schemes continuing into future years of £3,108k and an increase in the underspend forecasted on the Grassy Meadow project of £300k now that the retention has been paid.

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	40,146	29,646	241	(10,741)	144,495	144,736	241	0
New Build - Shared Ownership	10,607	2,873	0	(7,734)	15,377	15,377	0	0
New Build - Supported Housing Provision	3,960	1,954	(500)	(1,506)	6,418	5,918	(500)	(300)
Total Major Projects	54,713	34,473	(259)	(19,981)	166,290	166,031	(259)	(300)
HRA Programmes of Work								
Works to stock programme	17,755	13,551	0	(4,204)	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	15,813	0	(4,593)	69,867	69,867	0	0
Total HRA Capital	75,119	50,286	(259)	(24,574)	236,157	235,898	(259)	(300)
Movement on Month 7	0	(3,408)	(300)	(3,108)	0	(300)	(300)	(300)

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

Major Projects

107. The 2019/20 Major Projects programme revised budget is £54,713k after including GLA grant funding of £1,700k approved by Cabinet in November. Forecast expenditure is £34,473k, with a re-phasing of £19,981k forecast in 2019/20, and a net underspend of £259k during the period 2019-2024. This represents an increase in re-phasing of £1,907k and forecast expenditure under spend of £300k compared to the Month 7 position.

New General Needs Housing Stock

108. The 2019/20 General Needs Housing Stock revised budget is £40,146k following the allocation of GLA grant funding of £1,700k for the acquisition of 17 new build units over 3 sites. There is a forecast re-phasing of £10,741k 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 £962k compared to Month 7 mainly due to delayed start on site dates for the developments at Maple & Poplar and Willow Tree.
109. Construction works in respect of the redevelopment of Maple and Poplar Day Centres are expected to commence in March 2020 with some preliminary and design works taking place beforehand. A total of 34 units will be constructed comprising 50% general needs social housing and shared ownership.
110. The main contractor and external consultants are in the process of appointment for the redevelopment of the former Willow Tree depot into general needs housing. Once appointed, the Contractor is scheduled to take possession of the site in early February 2020 with the main construction works expected to start in March.
111. In 2019/20 to date 44 buybacks have been approved with each acquisition at different stages of completion. The potential buybacks are estimated to cost up to £14,275k inclusive of stamp duty, legal fees & expected void repairs costs.
112. The forecast includes the approved purchase of 7 new properties on the Coleridge Way development for a combined acquisition cost of £3,289k. The legal exchange is now complete and deposit has been paid. Also included in the forecast is the 15% deposit of £1,307k for the acquisition of the freehold interest in a block of 28 units for use as a hostel at TCM House and £584k for the acquisition of 2 new build apartments at 191 Harefield Road.
113. A total budget of £5,665k has been allocated for the acquisition of 17 new build apartments over 3 sites. The acquisition of the 6 units at Meadowfield House has now completed and the 5 units at West End Road are expected to exchange and complete on 19th December with the purchase of the 6 units at Otterfield Road completing in February 2020.

New Build - Shared Ownership

114. The New Build Shared Ownership 2019/20 revised budget is £10,607k. The forecast expenditure is £2,873k with a projected re-phasing of £7,734k. This is predominantly stemming from the later than anticipated construction commencement date with respect to the Woodside and Belmore developments.
115. The new build shared ownership budget comprises schemes being delivered across five sites. These are expected to deliver 116 units in total.
116. Planning permission has been received for the former Woodside day centre development. The appointed architects have completed the design of the scheme and the tendering process has commenced with a view to appointing the main contractor in February 2020.

New Build - Supported Housing

117. 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 any appeals from the contractor.

118. 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. The additional costs are expected to be covered by the budget set aside for project contingency, however inclusive of this the project is now forecast to underspend by £500k.

HRA Programmes of Work

119. The Works to Stock revised budget is £17,755k. The forecast expenditure is £13,551k with a re-phasing variance of £4,204k, across various work streams due to the validation, procurement and consultation timetables required to deliver these works.
120. 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.
121. The HRA ICT revised budget is £162k and the budget is forecast to be fully spent.

HRA Capital Receipts

122. There have been 35 Right to Buy (RTB) sales of council dwellings as at the end of November 2019 for a total gross sales value of £6,227k and a further 25 sales are forecast to bring the yearly total to 60, totalling £11,100k in 2019/20.
123. During 2019/20, the £11,042k retained RTB 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.

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	5,559	55	0	55	6,223	6,223	(0)
2,486	Housing Programme	7	35	35	(0)	(0)	0	35	35	(0)
262	Belmore Allotments	86	5,075	143	(4,932)	0	(4,932)	10,556	10,556	(0)
271	Maple and Poplar Day Centre	34	4,565	227	(4,338)	0	(4,338)	6,116	6,116	0
181	Willow Tree	10	2,488	182	(2,306)	0	(2,306)	2,761	2,761	0
84	Housing Programme - Tranche 4	14	2,286	161	(2,125)	0	(2,125)	2,617	2,617	(0)
107	Nelson Road	6	1,938	394	(1,544)	0	(1,544)	2,201	2,201	(0)
0	Great Benty (Note 1)	2	756	276	(480)	0	(480)	756	756	0
0	Coleridge Way Acquisition	7	3,289	3,289	0	0	0	3,289	3,289	0
0	TCM House Acquisition	28	1,307	1,307	0	0	0	1,307	1,307	0
0	191 Harefield Road Acquisition	2	584	584	0	0	0	584	584	0
0	Acquisition of 3 Sites	17	5,665	5,395	(270)	0	(270)	5,665	5,665	0
0	Acquisitions Including Buybacks	TBC	14,666	14,666	0	0	0	63,932	63,932	0
0	Internal Developments	TBC	0	(0)	(0)	0	(0)	50,752	50,752	0
0	Bartram Close (Note 2)	N/A	0	241	241	241	0	0	241	241
343	Woodside Development	27	2,594	62	(2,532)	0	(2,532)	3,077	3,077	(0)
20,149	Grassy Meadow	88	990	490	(500)	(500)	0	990	490	(500)
12,746	Parkview	60	2,641	1,462	(1,179)	0	(1,179)	2,641	2,641	(0)
3	Yiewsley	12	330	0	(330)	0	(330)	2,787	2,787	0
37,979		433	54,713	34,473	(20,240)	(259)	(19,981)	166,290	166,031	(259)
4,120	New General Needs Housing Stock	157	40,146	29,646	(10,500)	241	(10,742)	144,495	144,736	241
960	New Build - Shared Ownership	116	10,607	2,873	(7,734)	0	(7,734)	15,377	15,377	0
32,899	New Build - Supported Housing	160	3,960	1,954	(2,006)	(500)	(1,506)	6,418	5,918	(500)
37,979		433	54,713	34,473	(20,240)	(259)	(19,981)	166,290	166,031	(259)

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

124. As at Month 8 an under spend of £13,728k is reported on the 2019/20 General Fund Capital Programme of £85,076k, due mainly to re-phasing 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 £181k.
125. General Fund Capital Receipts of £6,448k are forecast for 2019/20, with a surplus of £545k in total forecast receipts to 2023/24.
126. Overall, Prudential Borrowing required to support the 2019/20 to 2023/24 capital programmes is forecast to be within budget by £468k. This is due to net surplus of £295k on other sources of funding (capital receipts and CIL) and an increase in grants and contributions applied of £354k, partially offset by net cost over spends of £181k.

Capital Programme Overview

127. 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	152,949	152,830	(119)	-
General Contingency	7,500	7,500	-	-
Total Capital Programme	407,228	407,409	181	-
Movement	166	166	-	-

128. The revised budget has increased due to additional contributions to the schools' devolved formula capital programme.
129. 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 complete and hand over took place in October half term, with the re-modelling of the existing school to be finished by the end of this year. Works at Ruislip High are underway and expected to be completed in the summer of 2020.
130. SEND grant payments to three schools or educational establishments have been approved totalling £455k for the provision of extra places. Other identified plans are in various stages of development and will be completed in future years.

131. 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. Construction works on other development sites are expected to commence in future years. 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 residential housing and the provision of a new library and community centre. A revised planning application has been approved for the mixed residential scheme at the former Belmore Allotments site and works are anticipated to commence on site in summer of next year, following completion of the tender process
132. The main programme includes major schemes such as the re-provision of Hillingdon Outdoor Activity Centre, for which options are being considered and works will not commence on site this year. Planning applications are awaiting approval for the provision of a new leisure centre in Yiewsley and West Drayton and for the expansion of the Rural Activities Garden Centre. Works will commence on site next year following planning approval and completion of the tendering process for both projects. Remedial works at the Battle of Britain bunker will also commence next year with the initial package of protective works being tendered in the new year.
133. 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, with a number of other schemes within this programme in various stages of progress. Works have recently been approved to commence on further carriageway refurbishments within the Highways improvement programme. Refurbishment works at several bowls clubs are expected to be completed this financial year.
134. Numerous schemes within the Property Works and Civic Centre Works Programmes are in progress with some projects continuing into next year. There is a net under spend of £39k on completed schemes within the Environmental and Recreational Initiatives budget. An under spend of £45k is reported on the PSRG/LPRG budget as this budget is partly uncommitted.
135. There are £1,500k contingency funds per annum over the period 2019-24 available as and when risk issues emerge.

Capital Financing - General Fund

136. Table 20 below outlines the latest financing projections for the capital programme, with a favourable medium term variance of £468k 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	55,550	44,123	(11,427)	297,672	297,499	(173)	-
Financed By Prudential Borrowing							
Self Financing	11,000	10,650	(350)	77,946	77,946	-	
Invest to Save projects	3,670	2,257	(1,413)	8,090	8,085	(5)	(5)
Service Delivery	28,082	20,518	(7,564)	139,035	138,572	(463)	(245)
Total Borrowing	42,752	33,425	(9,327)	225,071	224,603	(468)	(250)
Financed By Other Council Resources							
Capital Receipts	8,298	6,448	(1,850)	47,101	47,646	545	-
CIL	4,500	4,250	(250)	25,500	25,250	(250)	(250)
Total Council Resources	55,550	44,123	(11,427)	297,672	297,499	(173)	-
Grants & Contributions	29,526	27,225	(2,301)	109,556	109,910	354	-
Capital Programme	85,076	71,348	(13,728)	407,228	407,409	181	-
Movement	166	(1,585)	(1,751)	166	166	-	

137. Forecast capital receipts in 2019/20 amount to £6,448k, an increase of £254k from last month as some sales are planned to be auctioned in March 2020. This year's forecast 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 been received in respect of two sites and an offer has recently been received on another marketed property.

138. As at the end of November, a total of £3,956k Community Infrastructure Levy (CIL) receipts (after administration fees) have been invoiced or received this financial year, a movement of £1,759k from last month arising from one major residential development. The forecast for 2019/20 has increased by £250k based on year to date income, although the profile of CIL varies depending on the timing and scale of external developments.

139. Forecast grants and contributions are £354k 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.

140. Prudential borrowing in 2019/20 has reduced by £2,255k due mainly to reduced forecast expenditure this year on projects and programmes continuing into future years.

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	2,889	2,937	0	48	3,592	3,592	0	1,430	2,144	18
5,097	Secondary Schools Expansions	12,292	12,292	0	0	40,688	40,688	0	21,437	19,251	0
0	Additional Temporary Classrooms	0	0	0	0	4,000	4,000	0	4,000	0	0
0	Schools SRP	500	500	0	0	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	16,050	16,098	0	48	52,607	52,607	0	27,236	25,269	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	1,000	650	0	(350)	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	10,000	10,000	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	11,000	10,650	0	(350)	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	980	980	0	0	1,980	1,980	0	306	318	1,356
542	Inspiring Shopfronts	145	145	0	0	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	10	0	0	(10)	547	547	0	547	0	0
0	New Museum	50	50	0	0	5,632	5,632	0	4,882	0	750
0	New Theatre	0	0	0	0	44,000	44,000	0	42,950	0	1,050
57	Battle of Britain Underground Bunker	200	100	0	(100)	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	900	750	0	(150)	32,000	32,000	0	31,512	0	488
723	Hillingdon Outdoor Activity Centre	50	50	0	0	25,777	25,777	0	0	0	25,777
23	RAGC Expansion	100	100	0	0	1,391	1,391	0	1,391	0	0
2	1 & 2 Merrimans Housing Project	20	20	0	0	619	619	0	619	0	0
10,879	Projects Completing in 2019/20:	559	559	0	0	598	598	0	598	0	0
24,105	Total Main Programme	3,602	3,642	300	(260)	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	313	0	63	750	750	0	750	0	0
N/A	Libraries Refurbishment Programme	1,000	690	0	(310)	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	925	925	0	0	1,862	1,862	0	0	1,752	110
N/A	School Building Condition Works	4,358	1,537	(30)	(2,791)	10,758	10,728	(30)	2,401	7,333	994
N/A	Civic Centre Works Programme	2,686	1,100	0	(1,586)	5,428	5,428	0	5,428	0	0
N/A	Corporate Technology and Innovation	4,289	3,666	(5)	(618)	8,645	8,640	(5)	8,640	0	0
N/A	Property Works Programme	1,805	1,250	0	(555)	4,527	4,527	0	4,327	200	0
N/A	Car Park Pay & Display Machines	520	0	0	(520)	1,040	1,040	0	1,040	0	0
N/A	Highways Structural Works	11,537	11,235	0	(302)	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	3,627	0	(1,070)	18,589	18,589	0	0	17,843	746
N/A	HS2 Road Safety Fund	645	0	0	(645)	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	55	(45)	0	500	455	(45)	230	225	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	600	0	(321)	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	941	0	(93)	1,034	1,034	0	1,034	0	0
N/A	CCTV Programme	503	900	0	397	1,153	1,153	0	1,153	0	0
N/A	Youth Provision	1,425	416	0	(1,009)	1,425	1,425	0	1,425	0	0
N/A	Harlington Road Depot Improvements	439	30	0	(409)	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	550	(39)	(300)	889	850	(39)	810	40	0
N/A	Section 106 Projects	533	373	0	(160)	533	533	0	0	0	533
	Total Programme of Works	52,924	39,458	(119)	(13,347)	152,949	152,830	(119)	99,645	47,883	5,302

Appendix E – Treasury Management Report as at 30th November 2019

Table 21: Outstanding Deposits – Average Rate of Return 0.66%

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	24.2	61.73	70.00
Up to 1 Month Fixed-Term Deposits	0.0	0.00	0.00
Over 1 Month Fixed-Term Deposits	0.0	0.00	0.00
Total	24.2	61.73	70.00
Strategic Pooled Funds	15.0	38.27	30.00
Total	39.2	100.00	100.00

*Money Market Funds

141. 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.
142. The average rate of return on day-to-day operational treasury balances is 0.66%. 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.
143. 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 November, 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.
144. Liquidity was maintained throughout October 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: 3.23%

Average Interest Rate on Temporary Borrowing: 0.88%

	Actual (£m)	Actual (%)
General Fund		
PWLB	49.66	19.25
Long-Term Market	15.00	5.81
Temporary	10.00	3.88
HRA		
PWLB	150.32	58.27
Long-Term Market	33.00	12.79
Total	257.98	100.00

145. There was a scheduled EIP debt repayment during November of £0.33m. Gilt yields went up during the first two weeks of November but tailed off again by the end of the month. With the ongoing need to take further borrowing and with restrictive premiums, early repayment of debt remains unfeasible.

146. 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 December, 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

148. 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						
Finance Business Partner(ASC)	29/04/2019	29/04/2019	29/05/2020	76	48	124
Assistant Buyer (Procurement)	17/06/2019	17/06/2019	31/03/2020	41	19	60
Residents Services						
Housing Lawyer	07/07/2014	24/12/2019	23/06/2020	315	33	348
Planning Enforcement Officers	15/04/2019	22/12/2019	22/03/2020	37	18	55
Senior Land Contamination Officer	18/11/2018	16/12/2019	16/03/2020	77	19	96
Private Sector Housing Officer	01/03/2018	09/12/2019	08/03/2020	94	18	112
Programme Manager, Capital Programme Work	14/08/2016	16/12/2019	08/03/2019	208	25	232
Planning Service Manager	01/07/2019	31/12/2019	29/03/2020	55	29	84
Principal Planning Officer	08/04/2019	30/09/2019	29/12/2019	39	13	52
Interim Pre-Applications Manager	04/06/2018	30/12/2019	29/03/2020	165	26	191
Technical Support Assistants x4		31/01/2020	27/07/2020	44	69	113
Interim Pre-Applications Manager		30/12/2019	27/03/2020	165	26	191
Corporate Building Planned Works Manager		25/11/2019	24/02/2020	30	30	60

Appendix G

Recent Cabinet decisions taken by the Leader of the Council

There are four executive decisions taken below which would have ordinarily been reserved for Cabinet and some were originally scheduled for the December 2019 Cabinet meeting. However, due to various timing or urgency factors, these matters were otherwise determined by the Leader of the Council, with relevant Cabinet Members. The Leader of the Council has the necessary authority to take Cabinet decisions in the absence of a Cabinet meeting. In compliance with the Constitution, these decisions are now reported to Cabinet for ratification.

6 DECEMBER 2019 – THE COUNCIL’S INSURANCE CONTRACTS 2015 - 2021 LONG TERM AGREEMENTS

DECISION: That the Leader of the Council and Cabinet Member agreed the two year extension (from 1 December 2019) currently provided for within the existing insurance contracts long term agreements as follows:

- 1. Lot 1 Property, Lot 2 Liability, Lot 4 Fidelity Guarantee, Lot 6 Personal Accident and Lot 8 Airside to Risk Management Partners;**
- 2. Lot 3 Terrorism to Charles Taylor Services;**
- 3. Lot 5 Engineering to Royal Sun Alliance; and,**
- 4. Lot 7 Motor to Zurich Municipal.**

Following tender evaluation and the awarding of the recommended insurance contracts by Cabinet in 2015, Cabinet Members noted that these policies continued to represent the most economically advantageous terms, providing the Council with a balance between transfer of insurable risk and self-insurance. The Leader and Cabinet Member, therefore, agreed the contract extension provided for.

6 DECEMBER 2019 – VOLUNTARY SECTOR LEASES – NORTHWOOD BOWLING CLUB

DECISION - That the Leader and Cabinet Member grant a supplemental lease and the rent set out in the report, which are subject to negotiation with the voluntary sector organisation detailed in the report instructing Property and Estates to complete the appropriate rent review memorandum and legal services to complete the supplemental lease.

Cabinet Members agreed the rent review and supplemental lease for the Northwood Bowling Club, Chestnut Avenue, Northwood. This decision enabled the organisations concerned to benefit from heavily discounted rent as part of the Council's Voluntary Sector Leasing Policy and wider commitment to a vibrant local voluntary sector.

7 JANUARY 2020 - VOID PROPERTY REPAIR SERVICE CONTRACTS

That the Leader of the Council and the Cabinet Member for Finance, Property and Business Services:

- 1) Accept the tender from Greyline Builders Ltd to undertake void property repair and servicing works in the South of Hillingdon - Lot 1, at an estimated annual contract value of £758k starting from the 3rd April 2020 (£3,790k over 3+1+1 years); and**

- 2) Accept the tender from Pilon Ltd to undertake void property repair and servicing works in the North of Hillingdon - Lot 2, at an estimated annual contract value of £831k starting from the 3rd April 2020 (£4,155k over 3+1+1 years).**

Following a procurement exercise the Leader and Cabinet Member agreed to appoint two contractors to undertake the void property repairs service to ensure that void properties were returned to the rentable housing stock as quickly and effectively as possible. The use of two contractors would capture times of peak work and enable coverage of different parts of the Borough, minimising rent loss and costs associated with temporary accommodation.

7 JANUARY 2020 – SPECIAL URGENCY DECISION - TRANSITION & UPGRADE TO WINDOWS 10 INCLUDING END USER HARDWARE REFRESH & MIGRATION TO MICROSOFT 365

DECISION: That the Leader of the Council and Cabinet Member for Finance, Property and Business Services:

- 1. Approve the upgrade from Windows 7 to Windows 10, including device refresh and migration from Google G-Suite to the Microsoft productivity toolset.**
- 2. Accept the single tender from XMA Ltd for the provision of device refresh hardware via the HTE Framework to the London Borough of Hillingdon at the value of £1,962,000.**
- 3. Accept the single tender from Phoenix Software for the provision of Microsoft licences via the DTE Framework to the London Borough of Hillingdon at the value of £929,000.**
- 4. Accept the single tender from Agilisys for the provision of Microsoft migration services to the London Borough of Hillingdon via the G Cloud 11 Framework for a 12-month period from 1st January 2020 to 31st December 2020 and at the value of £1,801,000.**
- 5. Agree to the extension of the current contractual arrangements for Google and Sophos via the G Cloud 11 Framework for a 3-month period from 1st July 2020 to 30th September 2020 and at the value of £173,000.**

Microsoft will cease their support of the Windows 7 platform in January 2020, subsequently requiring the Council to upgrade to Microsoft Windows 10 as the base operating system. As part of the Council's ICT transformation roadmap and increasing use of Microsoft services and platforms, it was also agreed this would be an opportune time for the Council to transition from Google G Suite to Microsoft 365.

BACKGROUND PAPERS

Decision Notices: 6 December 2019 and 7 January 2020