

COUNCIL BUDGET - 2020/21 REVENUE AND CAPITAL MONTH 9 BUDGET MONITORING

Cabinet Member	Councillor Martin Goddard
Cabinet Portfolio	Cabinet Member for Finance
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Papers with report	Appendices A – F

HEADLINE INFORMATION

Purpose of report	<p>This report provides the Council's forecast financial position and performance against the 2020/21 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £3,432k is reported against General Fund revenue budget normal activities as of December 2020 (Month 9), an improvement of £121k on the Month 8 position. Unallocated reserves are projected to total £31,337k at 31 March 2021.</p> <p>To date, COVID-19 pressures of £34,043k have been identified and are being funded by specific Government grant, with the Council also retaining £9,126k of its own funding in a dedicated Earmarked Reserve to supplement Government support in 2020/21 and future years if required.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
Contribution to our plans and strategies	<p>Putting our Residents First: <i>Financial Management</i></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services, Commerce & Communities
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at December 2020 (Month 9) as outlined in Table 1.
2. Note the Treasury Management update as at December 2020 at Appendix E.

- 3. Continue the delegated authority up until the February 2021 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 21 January 2021 and 18 February 2021 Cabinet meetings, detailed at Appendix F.**
- 4. Note the virement of £883k funding from the 2020/21 HRA Acquisitions and Internal Developments budget within HRA Major Projects to the Packet Boat House building and associated fire safety works project within HRA Works To Stock.**
- 5. Accept the £10k funding award from the Reading Agency for a Reading Friends Project.**
- 6. Accept grant funding of £34k from Historic England in respect of the Covid-19 Emergency Heritage at Risk Response Fund for works at Manor Farm, Ruislip and Southlands Art Centre.**
- 7. Approve a one-off grant of £47k be awarded to Hillingdon Foodbank to support appointment of a project manager and driver to enable the foodbank to develop its operation during 2021/22. Funding will come from the Government's grants to local authorities to support community impacts of COVID-19.**

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 9 against budgets approved by Council on 20 February 2020. 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. **Recommendation 4** To note recent virement approval of £883k obtained via the capital release process from unallocated funding within the 2020/21 Acquisitions and Internal Development budget to support additional works required to remediate Packet Boat House within the Works To Stock programme.
4. **Recommendation 5** is to accept £10k funding following Hillingdon libraries successful bid for funding from the Reading Agency for a Reading Friends project. Reading Friends is an initiative designed to end loneliness and support mental health and wellbeing through the power of reading. Hillingdon libraries will use the funds to provide tablets to connect with isolated older people, young carers, people with disabilities and impairments, and people living with dementia. The tablets will enable library staff to communicate with these residents for keep-in-touch conversations, reminiscence sessions and online reading groups. The tablets will also offer access to author talks, read aloud sessions and virtual coffee mornings, craft events and conversation groups. Residents without access to the internet and email will be prioritised, with SIM cards also purchased through the funds. Also in the purchasing plan are Quick Reads book stock, additional Reading Well book stock, materials for the sessions and publicity for care homes, GP surgeries and charity/health partners.
5. The Historic England COVID-19 Emergency Heritage at Risk Response Fund offers grants of up to £25k for repairs and maintenance and project development to enable further works at historic buildings and sites which are normally visited by the public, so that they can re-open as quickly as possible, subject to COVID-19 restrictions, and thrive once again. **Recommendation 6** seeks authority for the Council to accept £25k awarded for repairs and investigative works at the Great Barn, Manor Farm site in Ruislip and £9k for drainage repair works at Southlands Art Centre. The grant eligible works and claim must be completed by 30th September 2021.
6. Cabinet is asked at **Recommendation 7** to agree a one-off grant of £47k to Hillingdon Foodbank to support its longer-term development and growth during 2021/22, in particular, the appointment of a project centre manager and an additional driver. The Council has supported Hillingdon Foodbank to respond to the increase demand experienced during the Covid pandemic. The Government's emergency assistance grant for food and essential supplies was utilised to provide £39,550 from July 2020 to March 2021 to help with purchase of food and a fridge freezer. In addition, the Council has hired a van to assist with deliver and movement of food and is in the process of sourcing a new van to be gifted to the Foodbank. From August 2020, the Council ceased to provide emergency food directly from its Community Hub and reverted, through agreement, to the prior arrangement whereby referrals were made to the established Foodbank in cases of emergency. Hillingdon Foodbank remains a key partner in Hillingdon's community response to the pandemic and a grant will assist them in developing their resilience and future strategy including seeking external funding. In arriving at this

recommendation officers have followed the same process and requirements set for its own core grants programme.

7. **Alternative options considered**

8. There are no other options proposed for consideration.

SUMMARY

REVENUE

9. General Fund pressures totalling £34,043k are projected in relation to the impacts of the COVID-19 pandemic and the Council's response in 2019/20 and 2020/21, with £32,160k of this pressure impacting the current financial year. With the pandemic continuing and local authorities at the forefront of delivering support to residents, it is expected that this pressure will grow over the coming months and continue into the new financial year.
10. Funding through specific COVID-19 grants and the MHCLG scheme to cover 75% of income losses is expected to total £37,010k by 31 March 2021 and therefore sufficient to manage those pressures already identified. Given the likelihood that further pressures will emerge over the remainder of this financial year and beyond, the Council continues to maintain an Earmarked Reserve of £9,126k to manage further demands exceeding Government funding.
11. On the assumption that this funding strategy for COVID-19 pressures can be maintained, an underspend of £3,432k is projected across General Fund budgets at Month 9, an improvement of £121k on the Month 8 position. The £3,432k underspend consists of £2,662k service underspends and a £770k underspend on capital financing and funding. Taking account of the budgeted £6,334k drawdown from General Balances, this will result in unallocated General Balances totalling £31,337k at 31 March 2021.
12. Within this position, £3,577k of the £6,386k savings planned for 2020/21 are banked or on track for delivery in full by 31 March 2021, with £2,809k being tracked as being at an earlier stage of implementation or at risk as a result of the COVID-19 pandemic. While any in-year pressures relating to delays in implementing savings have been incorporated into the COVID-19 pressure noted above, it is expected that a similar approach will be required during 2021/22.
13. Within the Collection Fund, a pressure of £4,844k is reported at Month 9 as a result of the significant growth in demand for the Council Tax Reduction Scheme as well as slower than budgeted growth in both Council Tax and Business Rates taxbases. These pressures reflect the impact of COVID-19 on local tax collection and following the November 2020 Spending Review it is expected that 75% of the in-year pressure will be funded by a specific Government grant. The remaining 25% will ultimately impact on General Balances and has been factored into the latest iteration of the MTFE.

CAPITAL

14. As at Month 9 an underspend of £34,246k is reported on the 2020/21 General Fund Capital Programme of £85,698k, due mainly to re-phasing of project expenditure into future years. Some schemes were temporarily put on hold during the COVID-19 pandemic. This position reflects the current view which will be refined in future reports as the impact of the pandemic on the progress of individual schemes and programmes becomes clearer. The forecast outturn variance over the life of the 2020/21 to 2024/25 programme is an under spend of £5,652k. This outlook for the capital programme is factored into the capital programme projections included in the budget setting report on the agenda.

FURTHER INFORMATION

General Fund Revenue Budget

16. **Normal Activities** - An underspend of £3,432k is reported across normal operating activities at Month 9, an improvement of £121k on the Month 8 position. The £121k consists of £282k improvement across the directorate positions, consisting of minor movements across a range of services areas and a £3k improvement on Corporate Operating budgets. In addition, there is an adverse movement on net contingency of £164k arising largely from demand in Social Care placements offset by the reduction in homelessness and planning enforcement costs.
17. Overall the directorates are all reporting underspends totalling £2,662k on normal activities, however within this there are a number of pressures which are being managed and in the current year offset through wider underspends. These underspends are being predominantly driven by the COVID-19 pandemic, in service areas unable to run at normal levels, or forced to close, due to measures put in place to help contain the virus and reduce the rate of infection. Specific pressure areas with departmental budgets are expanded upon in Appendix A to this report.
18. There are underspends reported against Interest and Investment Income and Levies and Other Corporate Budgets, a favourable variance of £770k includes a one-off windfall of £161k related to Icelandic investment recoveries and the benefit of maintaining short term borrowing. A minor £4k overachievement of income is reported on Corporate Funding, as the exact level of grant funding for the year was not confirmed until after Cabinet and Council approved budgets in February 2020.
19. **COVID-19 Financial Impact** - There is a significant pressure of £32,160k relating to the in-year impact of the COVID-19 pandemic being reported under Exceptional Items in the table below. This pressure and £1,883k costs incurred in 2019/20 can be contained within the £37,010k confirmed Government funding, although there remains a strong likelihood that further pressures will emerge over the remainder of the year as the pandemic continues. The Council therefore retains £9,126k in Earmarked Reserves to manage any costs exceeding available Government funding.
20. The COVID-19 financial pressure is being driven largely by a reduction in Fees and Charges income, partly due to services not running during the pandemic and partly due to the Council ceasing Fees and Charges to support the residents during times of financial hardship. In addition, the Council is continuing to support the Social Care provider market, to ensure consistency in service delivery to our more vulnerable residents, compounded by a forecast increase in demand for these services during the pandemic. Alongside this, the Council continues to support homelessness and rough sleepers, ensuring this group are protected during the pandemic.
21. **Savings** - £6,386k of savings are included in the 2020/21 General Fund revenue budget. There has been no month on month movement in the savings tracker for Month 9 and delivery is on track or banked against £3,577k of this total, with £2,809k either in the early stages of delivery or deemed higher risk. The value of the savings at risk are directly attributable to the COVID-19 pandemic, due to delays in implementing the saving programme as a result of the Council's efforts to redirect resources during these difficult times, protecting vulnerable residents and supporting local businesses, particularly within the Social Care market place. Where savings are not expected to be delivered in full during the current financial year, the resulting pressures form part of the reported COVID-19 pressure and associated funding strategy.

22. **2020/21 Pay Award** - The Council budgeted for a 2% pay award being agreed based on the latest intelligence available at the time the budget was set at February Council. The in-year monitoring position reported reflecting the 2.75% uplift in pay, the award above the budgeted 2% has been factored into the draft budget for 2020/21 be presented to Cabinet on this agenda.

Table 1: General Fund Overview

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
213,954	(1,573)	Directorate Operating Budgets	212,381	209,719	(2,662)	(2,380)	(282)
7,093	(55)	Corporate Operating Budgets	7,038	6,272	(766)	(763)	(3)
13,657	0	Development & Risk Contingency	13,657	13,657	0	(164)	164
(420)	1,628	Unallocated Budget Items	1,208	1,208	0	0	0
234,284	0	Sub-total Expenditure	234,284	230,856	(3,428)	(3,307)	(121)
(227,950)		Corporate Funding	(227,950)	(227,954)	(4)	(4)	0
6,334	0	Total Normal Activities	6,334	2,902	(3,432)	(3,311)	(121)
		<u>Exceptional COVID-19 items</u>					
0	0	Pressures	0	32,160	32,160	30,193	1,967
0	0	COVID-19 Funding	0	(32,160)	(32,160)	(30,193)	(1,967)
6,334	0	Total Net Expenditure	6,334	2,902	(3,432)	(3,311)	(121)
(34,239)	0	Balances b/fwd	(34,239)	(34,239)			
(27,905)	0	Balances c/fwd 31 March 2021	(27,905)	(31,337)			

23. General Fund Balances are expected to total £31,337k at 31 March 2021 as a result of the forecast position detailed above, which is £3,432k higher than anticipated in the budget strategy agreed in February 2020 and has been incorporated in to the budget proposals for 2021/22 for approval by Cabinet on this agenda.

Directorate Operating Budgets

24. 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. The impacts of COVID-19 are being reported discretely under Exceptional Items as detailed in Table 1, the position presented in Table 2 therefore represents the position reported against normal activities. 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 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
19,095 (3,359)	(432) 146	Finance	Expenditure	18,663	18,536	(127)	(52)	(75)
			Income	(3,213)	(3,260)	(47)	(118)	71
15,736	(286)		Sub-Total	15,450	15,276	(174)	(170)	(4)
166,088 (38,158)	(1,697) 144	Social Care	Expenditure	164,391	164,958	567	1,138	(571)
			Income	(38,014)	(38,641)	(627)	(1,159)	532
127,930	(1,553)		Sub-Total	126,377	126,317	(60)	(21)	(39)
43,811 (27,063)	2,748 (3,350)	Environment, Education & Community Services	Expenditure	46,559	45,652	(907)	(808)	(99)
			Income	(30,413)	(30,399)	14	141	(127)
16,748	(602)		Sub-Total	16,146	15,253	(893)	(667)	(226)
54,435 (19,857)	980 (174)	Infrastructure, Building Services & Transport	Expenditure	55,415	54,237	(1,178)	(1,143)	(35)
			Income	(20,031)	(19,804)	227	164	63
34,578	806		Sub-Total	35,384	34,433	(951)	(979)	28
20,922 (1,960)	63 (1)	Corporate Resources & Services	Expenditure	20,985	20,399	(586)	(546)	(40)
			Income	(1,961)	(1,959)	2	3	(1)
18,962	62		Sub-Total	19,024	18,440	(584)	(543)	(41)
213,954	(1,573)	Total Directorate Operating Budgets		212,381	209,719	(2,662)	(2,380)	(282)

25. An underspend of £174k is reported on Finance budgets at Month 9, an improvement of £4k on Month 8. There are compensating variances reported in Exchequer and Business Assurance Services and Procurement, which relate to the implementation of BID reviews. This is primarily relating to extended notice periods and staffing vacancies.

26. There is a net underspend of £60k reported across Social Care before COVID-19 pressures, an improvement on Month 8 of £39k, due to improvements in Adult and Children's social work linked to agency spend, offset by an adverse movement in Provider and Commissioned Care. Within the £60k variance there are compensating movements being driven largely by staffing variances in Children's Services and Adult Social Work alongside non-staffing pressures within Provider and Commissioned Care, offset by staffing reductions in Provider and Commissioned Care where some services have been unable to run during the lockdown period.

27. Environment, Education & Community Services is reporting a net underspend of £893k, within this position is an overspend on Education and Trading Standards offset by an underspend in Green Spaces and Housing. The underspend in Green Spaces is linked to a number of services not being operational due to the pandemic, alongside vacancies across the service. There is a £226k movement from Month 8 resulting from slower than previously anticipated recruitment and reductions in sessional salaries and associated operating costs as a result of the pandemic.
28. A net £951k underspend is reported across Infrastructure, Building Services & Transport, a minor adverse movement from Month 8 of £28k reflecting an adverse movement in ICT being offset by minor movements across the service. The headline position is driven by £461k slippage in Highways expenditure alongside £423k additional lease income in Property Services and a £129k underspend on Waste services being offset by a number of minor pressures across the directorate.
29. The Corporate Resources & Services directorate is forecasting an underspend of £584k, a £41k favourable movement from Month 8, which is being driven by vacant posts and updated recruitment forecasts in the Business & Technical Support service and staffing costs relating to the COVID-19 response being identified for grant funding.
30. 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 £2,293k for such costs, which will remain under review over the remainder of the year and have been excluded from the reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

Progress on Savings

31. The savings requirement for 2020/21 is £6,136k. In addition, there are savings of £250k brought forward from 2019/20, which gives an overall total of £6,386k reported below. There has been no month on month movement in the savings tracker for Month 9 and £3,577k are either banked or on track for delivery. £447k savings are in the early stages of delivery or potentially subject to greater risk to delivery, with the remaining £2,362k being reported as having a serious problem with delivery.
32. The relatively high number of savings being reported as having a serious problem with delivery (£2,362k) are directly attributed to the COVID-19 pandemic and the delay this has caused in implementing the saving programme as the Council has needed to redirect resources to manage the pandemic. This value has been included within the Council's COVID-19 pressures under Exceptional Items and is therefore not included within the reported position on normal activities quoted in Table 1.

Table 3: Savings Tracker

2020/21 General Fund Savings Programme		Finance	Social Care	EE&CS	IBS&T	Corporate Resources	Cross-Cutting	Total 2020/21 Savings	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
B	Banked	(186)	(374)	(80)	0	(31)	(590)	(1,261)	19.7%
G	On track for delivery	(42)	(1,674)	0	(600)	0	0	(2,316)	36.3%
A	Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	(447)	0	0	0	0	(447)	7.0%
R	Serious problems in the delivery of the saving	0	0	(1,086)	0	(375)	(901)	(2,362)	37.0%
Total 2020/21 Savings		(228)	(2,495)	(1,166)	(600)	(406)	(1,491)	(6,386)	100.0%

Corporate Operating Budgets (£766k underspend, £3k adverse movement)

33. 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.
34. A favourable variance of £484k is reported against interest payable as a result of maximising short term borrowing, alongside this a further one off windfall income of £161k related to recovery of historic Icelandic bank losses improving the position. In addition, as a result of anticipated capital expenditure and associated borrowing costs, a £108k underspend is reported on the revenue costs of debt financing, all of which bring the overall Interest and Investment Income position to a £753k favourable position. Levies and Other Corporate Budgets are forecast to underspend by £13k, mainly driven by a lower Concessionary Fares levy as the final levy figure wasn't available until after the budget was set. 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 £766k.

Table 4: Corporate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	Interest and Investment Income	Salaries	0	0	0	0
8,459	111		Non-Sal Exp	8,570	7,978	(592)	(592)
(487)	(166)		Income	(653)	(814)	(161)	(161)
7,972	(55)		Sub-Total	7,917	7,164	(753)	(753)
499	17	Levies and Other Corporate Budgets	Salaries	516	516	0	0
12,376	(17)		Non-Sal Exp	12,359	12,346	(13)	(10)
(12,289)	0		Income	(12,289)	(12,289)	0	0
586	0		Sub-Total	586	573	(13)	(10)
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0
147,893	0		Non-Sal Exp	147,893	147,893	0	0
(149,358)	0		Income	(149,358)	(149,358)	0	0
(1,465)	0		Sub-Total	(1,465)	(1,465)	0	0
7,093	(55)	Total Corporate Operating Budgets		7,038	6,272	(766)	(763)

Development & Risk Contingency

35. For 2020/21 £16,127k was set aside to manage uncertain elements of budgets within the Development & Risk Contingency, which included £15,627k in relation to specific risk items and £500k as General Contingency to manage unforeseen issues, since this date, £2,470k has been released into directorates' base budgets, leaving £13,657k to finance expenditure in these areas. As in prior years specific and emerging variances are contained within the overall budget, although as noted above, exceptional COVID-19 related pressures are being funded through specific grant funding.

Table 5: Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
1,063	0	Social Care	Asylum Service	1,063	589	(474)	(474)	0
3,211	0		Demographic Growth - Looked After Children	3,211	3,519	308	308	0
895	0		Demographic Growth - Children with Disabilities	895	460	(435)	(435)	0
2,873	(150)		SEN transport	2,723	2,464	(259)	(259)	0
3,842	(1,049)		Demographic Growth - Adult Social Care	2,793	4,020	1,227	969	258
1,736	(914)	Environment, Education & Community Services	Impact of Welfare Reform on Homelessness	822	833	11	72	(61)
0	0		Planning Enforcement	0	0	0	20	(20)
2,407	(357)	Infrastructure, Building Services & Transport	Waste Disposal Levy & Associated Contracts	2,050	1,685	(365)	(365)	0
(400)	0	Corporate Items	Additional Investment Income	(400)	(400)	0	0	0
500	0		General Contingency	500	487	(13)	0	(13)
16,127	(2,470)	Total Development & Risk Contingency		13,657	13,657	(0)	(164)	164

36. Within Social Care Contingency there is a movement in Month 9, with an increased call of £258k for Adult Social Care primarily relating to additional demand over the winter period.
37. There is a decrease in the pressure on homelessness of £61k as a greater proportion of demand relates to rough sleeping. There is no change in Waste Services, which is £365k below the contingency budget following confirmation of the pay as you throw tonnages from the West London Waste Authority.
38. It is expected that any further pressures can be managed within the £500k budget set aside for General Contingency. There is currently a net £13k pressure on service contingency leaving £487k available for any further calls on General Contingency. All contingency items will continue to be closely monitored over the coming months and forecasts refreshed accordingly.

Exceptional Items – COVID-19 Pressures

39. The majority of the COVID-19 pressure is relating to Social Care, and Environment, Education & Community Services, these two areas represent £20,229k of the £32,160k in-year pressure. In addition, £1,883k pressures were identified in the 2019/20 financial year to give a total direct cost of £34,043k.
- a. Within Social Care, the Council is forecasting a pressure of just over £10.6m, driven by support offered to providers, additional demand for services and Personal Protective Equipment (PPE) to enable to Council to ensure that some of the more vulnerable residents are supported and receive the care they need during the pandemic.
 - b. In addition, approximately £1.9m of support has been provided to support homeless residents of the Borough and ensure their safety during COVID-19, with a further £2.5m being used to fund environmental services including the mortuary and crematorium services, alongside waste management.
 - c. Included within this pressure is a forecast decline in Fees and Charges income of approximately £12m, some of which relates to services not running during the pandemic, alongside a number of Fees and Charges that the Council had temporarily suspended in order to support residents during difficult times, with the suspension of parking charges making up approximately £3.7m of this value.
40. Included within this position is a forecast assumption that the overall pressure caused by COVID-19 will be funded by Central Government and other funding strategies. The Council has confirmed funding of £37,010k (although the final figure will in part be based on actual income losses and may therefore fluctuate) which will be sufficient to manage pressures identified to date, although there remains a risk that new and emerging issues will leave a funding gap in either the current or future years.
41. The strategy to deal with any unfunded COVID-19 costs is to utilise Earmarked Reserves totalling £9,216k. As part of the outturn for 2019/20, the Council took the decision to transfer £3,293k into an Earmarked Reserve to boost the Council's financial resilience in 2020/21. A further £2,356k is held in Public Health Earmarked Reserves and £3,477k in service specific reserves, which can be utilised if necessary, to fund any further pressures in 2020/21 and later years.

HIP Initiatives

42. There is £677k of HIP Initiative balances brought forward at the start of the year. To date £13k has been allocated leaving, £664k available for future releases.

Schools Budget

43. At Month 9 the Dedicated Schools Grant position is reporting an in-year overspend of £9,829k. This represents a £5k adverse movement from Month 8, within the High Needs Block which shows an adverse £2k movement with a further £3k adverse movement in the Central Schools Services Block.
44. There are continuing pressures in the cost of High Needs. The SEN2 data indicating growth in EHCP numbers of 17.5% highlights the risk of further pressures on this area of the budget. When the £15,002k deficit brought forward from 2019/20 is taken into account, the deficit to

carry forward to 2021/22 is forecast at £24,831k. This pressure will ultimately be funded from future grant awards and will therefore not directly impact upon the Council's own resources.

Collection Fund

45. The Collection Fund is forecasting a deficit of £4,844k as at Month 9, a £37k adverse movement from Month 8 which is predominantly driven by reduced growth in the Council Tax taxbase and a reduction in the Business Rates income as a result of expected business failures due to the COVID-19 pandemic.
46. Additional support within Council Tax is driving approximately 40% of the pressure as households face financial difficulty. The majority of the movement sits within Business Rates and is attributable to a significant reduction in gross yield, nearly wholly offset by Section 31 Grant income as more businesses qualify for Retail Relief.
47. Any deficit realised at outturn will impact on the General Fund budget in future years, the council is required to spread the deficit over a period of three years in equal increments. As a result of the in-year deficit being directly attributable to COVID-19, a third of the in-year deficit (£1,958k) would hit the Council's budget position for 2021/22 to 2023/24. This effectively increases the budget gap by this value, offset in 2021/22 by the brought forward surplus of £702k and accounting adjustments within Council Tax outside of the scope of the deficit spreading powers (£326k credit).
48. Spending Review 2020 confirmed that the Government will be funding 75% of this deficit, with further details to follow on the exact mechanics of this announcement, in the interim, the Council is assuming 75% of the £1,958k will be funded through this mechanism in the budget strategy, meaning only £489k will impact on the Council's balances.

Housing Revenue Account

49. The Housing Revenue Account is currently forecasting a £45k variance, resulting in a drawdown of reserves of £2,012k. This results in a projected 2020/21 closing HRA General Balance of £15,063k. This excludes the potential cost pressures of COVID-19, which are estimated at £277k. These pressures have not been included in the Month 9 forecast position for HRA revenue or capital as firstly they may not all materialise and secondly, they are at a level that is fundable in-year. In addition, lobbying for specific HRA COVID-19 funding from Government is ongoing through London Councils.

Future Revenue Implications of Capital Programme

50. Appendix D to this report outlines the forecast outturn on the 2020/21 to 2024/25 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 £1,179k lower. The reduction in the borrowing requirement would result in a £57k per annum reduction to revenue, which represents a minor variance when set in the context of the current MTFF position on capital financing costs as discussed more widely in the 2021/22 budget report also presented on this agenda.

Appendix A – Detailed Group Forecasts (General Fund)

FINANCE

51. A forecast underspend of £174k is reported for the Finance Directorate as at Month 9 against normal activities, with £1,591k being reported against the COVID-19 pressure within Exceptional Items.
52. The overall position is in line with that reported for Month 8. The operational variables referred to previously – namely the reduced running costs for the Fleet Service – have shown little movement in month and continue to explain the underlying position overall.

Table 6: Finance Operating Budgets

Original Budget £'000	Budget Changes £'000	Service		Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
				Revised Budget £'000	Forecast Outturn £'000			
4,224	0	Corporate Finance	Salaries	4,224	4,263	39	44	(5)
636	0		Non-Sal Exp	636	679	43	38	5
(445)	0		Income	(445)	(549)	(104)	(104)	0
4,415	0		Sub-Total	4,415	4,393	(22)	(22)	0
5,844	(63)	Exchequer and Business Assurance Services	Salaries	5,781	5,777	(4)	85	(89)
3,283	44		Non-Sal Exp	3,327	3,327	0	(18)	(18)
(2,796)	35		Income	(2,761)	(2,710)	51	(20)	71
6,331	16		Sub-Total	6,347	6,394	47	47	0
1,790	(470)	Procurement	Salaries	1,320	1,264	(56)	(52)	(4)
3,318	57		Non-Sal Exp	3,375	3,226	(149)	(149)	0
(118)	111		Income	(7)	(1)	6	6	0
4,990	(302)		Sub-Total	4,688	4,489	(199)	(195)	(4)
11,858	(533)	Finance Directorate	Salaries	11,325	11,304	(21)	77	(98)
7,237	101		Non-Sal Exp	7,338	7,232	(106)	(129)	(13)
(3,359)	146		Income	(3,213)	(3,260)	161	(118)	71
15,736	(286)		Total	15,450	15,276	(174)	(170)	(4)

Exceptional Items – COVID-19 Pressures

Finance Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	COVID-19	0	1,591	1,456	1,456	135
0	0	Total Exceptional Items	0	1,591	1,456	1,456	135

53. At Month 9, gross Covid expenditure is £1,833k due predominantly to pressure on court fee income within E&BAS as reported previously.
54. The residual funding requirement from the contingency is therefore £1,591k at Month 9, a net increase of £134k against general Covid grants. This relates mainly to an expected increase in external audit fees within Corporate Finance (£21k), a further requirement of £29k for additional overtime staff resource within E&BAS to deliver the work streams arising from the

third National lockdown and from the recognition of the cost of senior management resource (£86k) as already previously outlined.

FINANCE OPERATING BUDGETS (£174k underspend, £4k favourable movement)

Corporate Finance (£22k underspend, nil movement)

55. The position remains in line overall with that reported for Month 8 and arises from the projected pressure on the cost of external audit fees continuing to be offset by volume related reductions in bank charges and banking security costs during the COVID pandemic. Minor variations across the group are broadly off-setting overall resulting in little movement from Month 8.

Exchequer & Business Assurance Services (£47k overspend, nil movement)

56. Staff resource assumptions are consistent with Month 8 and a reduction in bank charges reflects the trend across other services in the group. The Service have delivered in year MTFE savings target following the BID review of the Business Assurance function now implemented fully for Month 9.

Procurement (£199k underspend, £4 favourable movement)

57. The position at Month 9 shows a slight improvement of £4k from Month 8. The comparative stability of oil prices up to this point of the year and reductions to contracted repairs and maintenance costs within the Fleet Service continue to be the key driver for the underlying position. The BID review of the Procurement function has now been fully implemented and the small favourable movement from Month 8 arises from updates of resourcing assumptions.

SOCIAL CARE

58. An underspend of £60k is reported for Social Care at Month 9, representing an improvement of £39k on the base budget. An adverse movement of £258k has taken place on the contingency budgets, made up of a pressure on ASC placements through realignments to the funding split with the CCG of S117 agreements.

Table 7: Social Care Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
21,123	(344)	Provider and Commissioned Care	Salaries	20,779	18,712	(2,067)	(1,634)	(433)
9,849	670		Non-Sal Exp	10,519	11,684	1,165	674	491
(4,876)	0		Income	(4,876)	(4,728)	148	176	(28)
26,096	326		Sub-Total	26,422	25,668	(754)	(784)	30
7,350	732	Adult Social Work	Salaries	8,082	8,271	189	228	(39)
77,244	(2,483)		Non-Sal Exp	74,761	73,462	(1,299)	(639)	(660)
(23,405)	308		Income	(23,097)	(21,895)	1,202	545	657
61,189	(1,443)		Sub-Total	59,746	59,838	92	134	(42)
17,296	(307)	Children's Services	Salaries	16,989	16,880	(109)	(108)	(1)
21,287	39		Non-Sal Exp	21,326	23,776	2,450	2,381	69
(9,600)	(164)		Income	(9,764)	(11,645)	(1,881)	(1,784)	(97)
28,983	(432)		Sub-Total	28,551	29,011	460	489	(29)
1,714	(1)	SEND	Salaries	1,713	1,883	170	172	(2)
178	(2)		Non-Sal Exp	176	229	53	50	3
(125)	0		Income	(125)	(221)	(96)	(96)	0
1,767	(3)		Sub-Total	1,764	1,891	127	126	1
351	0	Public Health	Salaries	351	371	20	20	0
6,822	0		Non-Sal Exp	6,822	6,801	(21)	(21)	0
(45)	0		Income	(45)	(45)	0	0	0
7,128	0		Sub-Total	7,128	7,127	(1)	(1)	0
456	0	Health Integration & Voluntary Sector Partnership	Salaries	456	471	15	14	1
2,417	0		Non-Sal Exp	2,417	2,418	1	1	0
(107)	0		Income	(107)	(107)	0	0	0
2,766	0		Sub-Total	2,766	2,782	16	15	1
48,290	80	Social Care Directorate Total	Salaries	48,370	46,588	(1,782)	(1,308)	(474)
117,797	(1,776)		Non-Sal Exp	116,021	118,370	2,349	2,446	(97)
(38,158)	144		Income	(38,014)	(38,641)	(627)	(1,159)	532
127,929	(1,552)		Total	126,377	126,317	(60)	(21)	(39)

SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£367k overspend, £258k adverse movement)

59. The Council's 2020/21 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 Social Care, including Asylum Seekers and SEN Transport. Table 8 sets out the Month 8 projected position for the Development and Risk Contingency, which is forecast to overspend by £367k, representing an adverse movement of £258k on the Month 8 position.
60. Adults placements contingency is forecast to overspend against contingency by £1,227k, representing an adverse movement of £258k on the Month 8 position mainly due to the impact of the S117 funding split agreement with the CCG now included in the monitoring position.
61. SEN Transport is reporting an underspend of £259k against contingency due to fewer routes operating and associated Passenger Assistants expenditure during April to July. However, given factors such as additional staffing expenditure due to Passenger Assistant illness/shielding requirements, ad hoc school closures due to staff illness, and potentially additional referrals from the SEN Team over the next few months (estimated to be 25-30 children), this will continue to be closely monitored.
62. This additional requirement within Looked After Children is made up of a pressure on Secure Remand, Residential and Independent Fostering Placements, as a result of an increase in the number of high cost and semi-independent living placements. However, this increase is attributed to the impact of COVID-19, which has reduced the overall forecast and call on contingency by £1,334k through the remainder of the financial year.

Table 8: Social Care Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,063	0	Asylum Service	1,063	589	(474)	(474)	0
3,211	0	Demographic Growth - Looked After Children	3,211	3,519	308	308	0
895	0	Demographic Growth - Children with Disabilities	895	460	(435)	(435)	0
2,873	(150)	SEN Transport	2,723	2,464	(259)	(259)	0
3,842	(1,049)	Demographic Growth - Adult Social Care	2,793	4,020	1,227	969	258
11,884	(1,199)	Current Commitments	10,685	11,052	357	109	258
0	0	COVID-19	0	10,674	10,674	9,858	816
0	0	Total Exceptional Items	0	10,674	10,674	9,858	816

Exceptional Items – COVID-19 Pressures

63. Within Social Care, COVID-19 pressures of £10,674k are being reported, which is an increase on the requirement of £816k on the Month 8 position.
64. Large impacts within Children's Services as a result of the allocation of £721k of Semi-Independent costs are recorded alongside smaller staffing specific additional costs. In depth

reviews have been undertaken this month to identify all Covid related spend and ensure correct categorisation.

65. The Provider and Commissioned Care pressure includes £394k of additional staffing costs in care homes as a direct result of the pandemic. Of non-staffing pressures, there is £84k in undeliverable savings from the delayed implementation of the restructure of Children and Family Development Services; £131k in additional costs for flats in the Extra care centres that were vacant and were unable to be re-let to the usual pre-COVID timescales between March and September; and £42k in additional banking administration charges for the Brokerage service due to extra payment cards being issued as part of the service's COVID response. Additionally, a loss of £346k in income is being reported which mostly relates to Early Years Centres as parental fee forecasts have fallen.
66. The Adult Social Care pressure includes £1,500k of support provided to external providers during the pandemic, to ensure continuation of care to eligible Social Care clients at a time when providers are facing financial difficulty. In addition to this, a further £2,188k is forecast to provide PPE within the wider Adult Social Care service delivery model. A further £2,550k is being forecast for additional demand, within the service as a result of the pandemic, with an increase of £379k this month. The remaining balance relates to workforce pressures within the service that are directly attributable to the pandemic.
67. The pressure associated with Children's Services (LAC) relates to an increase in spend in Residential care, as during the pandemic the department are unable to move Children on to more suitable accommodation and therefore achieve a lower unit cost, based on providing a more appropriate level of care. This is specifically caused by delays in moving on clients in LAC and Asylum and continuing to pay for spot purchases within Semi-Independent Placements, due to the limited availability of beds currently within the Block Contract arrangement.

SOCIAL CARE OPERATING BUDGETS (£60k underspend £39k favourable movement)

Provider and Commissioned Care (£754k underspend, £30k adverse movement)

68. At Month 9, Provider and Commissioned Care are reporting a £784k underspend. This is driven by large staffing underspends of £1,634k driven by reductions in agency cover as lower levels of staffing were required for service provision during lockdown. This has been particularly apparent in services such as Passenger Transport, which was heavily impacted by school closures and the temporary closure of Children's Centres, where permanent staff were redeployed to Early Year's Centres to replace agency staffing.

Adult Social Work (£92k overspend, £42k favourable movement)

69. The position reported at Month 9 on the base budget is an overspend of £92k across Adult Social Work, a favourable movement of £42k on Month 8.
70. There is an ongoing extensive review of the pooled budget arrangements with the CCG and the use of the Hospital Discharge NHS Covid Funding to fund additional costs of discharges, in the current year and then to determine the long-term impact of clients currently funded through this funding arrangement. The LBH contribution is now being finalised for the current year, with full assessments underway on the ongoing impact of Covid-19 on care needs and the changes to the type of care required.
71. There has been a review of demographics across Learning Disabilities and Mental Health Placements to determine any additional pressures arising this year as a result of the wider

impacts of COVID-19, which will continue to be reviewed over the current year and into 2021/22.

Children's Services (£460k overspend, £29k favourable movement)

72. A review of funding allocations across the service, along with minor adverse movements in non-staffing budgets have been netted down by slight improvements in staffing forecasts as a result of a reduction of agency spend.
73. BID reviews are underway within Safeguarding Services which will address the high level of agency personnel currently within the service and ultimately reduce cost. Furthermore, the introduction of new agency staffing arrangements with Sanctuary Personnel, will deliver the temporary staff at a lower cost and support further reduction in spend.

SEND (£127k overspend, £1k adverse movement)

74. Pressures on staffing budgets within SEND are driven largely by the Educational Psychology Service, however, these additional staffing requirements are delivering income within the service and contribute to reducing this pressure. Across the remainder of the service, staffing and non-staffing pressures caused by agency staff covering vacant posts are driving the overspend position and slight adverse movement at Month.

Public Health (Breakeven, nil movement)

75. The Public Health budgets are offset against the Public Health Earmarked Reserve, so any over or underspend are either funded by, or contribute to the reserve each year. The main spend within Public Health is through contract provision, for which services have continued to be delivered through the lockdown period as far as possible and the Government advice has been to continue funding these contracts at full value. It is currently forecast that Public Health services will be delivered within budget.

Health integration and Voluntary Sector Partnerships (£16k overspend - £1k adverse movement)

76. An adverse movement of £1k on the Month 8 position is reported as a result of minor revisions to staffing assumptions. There is a budget of £2.2m within this Service area to fund contributions to the Voluntary Sector, which is forecast to spend to budget at Month.

ENVIRONMENT, EDUCATION & COMMUNITY SERVICES

77. The Environment, Education and Community Services directorate is showing a projected outturn underspend of £893k at Month 9 on normal activities, a favourable movement of £226k from Month 8. A further £9,554k is being reported under the COVID-19 exceptional items disclosure. The overall variance on normal activities is a result of overspends in Education and Trading Standards offset by underspends in Planning, Greenspaces, Housing, & Community Safety.

Table 9: Environment, Education & Community Services Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance as at Month 8 £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
3,208	0	Planning, & Regeneration	Salaries	3,208	3,101	(107)	(124)	17
1,331	286		Non-Sal Exp	1,617	1,734	117	89	28
(4,462)	(230)		Income	(4,692)	(4,856)	(164)	(119)	(45)
77	56		Sub-Total	133	(21)	(154)	(154)	0
13,164	69	Green Spaces, Sports & Culture	Salaries	13,233	12,757	(476)	(394)	(82)
5,994	0		Non-Sal Exp	5,994	5,752	(242)	(135)	(107)
(10,767)	(52)		Income	(10,819)	(10,732)	87	136	(49)
8,391	17		Sub-Total	8,408	7,777	(631)	(393)	(238)
3,030	446	Housing	Salaries	3,476	3,553	77	(51)	128
3,940	3,121		Non-Sal Exp	7,061	6,533	(528)	(426)	(102)
(3,482)	(3,259)		Income	(6,741)	(6,499)	242	218	24
3,488	308		Sub-Total	3,796	3,587	(209)	(259)	50
973	0	Education	Salaries	973	1,137	164	106	58
4,230	0		Non-Sal Exp	4,230	4,314	84	76	8
(4,313)	0		Income	(4,313)	(4,373)	(60)	(9)	(51)
890	0		Sub-Total	890	1,078	188	173	15
2,419	36	Trading Standards, Environment & Health & Licensing	Salaries	2,455	2,383	(72)	(40)	(32)
559	0		Non-Sal Exp	559	833	274	262	12
(3,134)	0		Income	(3,134)	(3,220)	(86)	(80)	(6)
(156)	36		Sub-Total	(120)	(4)	116	142	(26)
2,251	(186)	Community Safety, Cohesion & Resilience	Salaries	2,065	1,700	(365)	(340)	(25)
2,713	(1,025)		Non-Sal Exp	1,688	1,855	167	169	(2)
(905)	191		Income	(714)	(719)	(5)	(5)	0
4,059	(1,020)		Sub-Total	3,039	2,836	(203)	(176)	(27)
25,045	365	Environment, Education & Community Services Directorate	Salaries	25,410	24,631	(779)	(843)	64
18,767	2,382		Non-Sal Exp	21,149	21,021	(128)	35	(163)
(27,063)	(3,350)		Income	(30,413)	(30,399)	14	141	(127)
16,749	(603)		Total	16,146	15,253	(893)	(667)	(226)

78. The Council's 2020/21 contingency budget contains provision for areas of expenditure or income within Environment, Education and Community Services for which there is a greater degree of uncertainty. At Month 9, projected calls on contingency are forecast to be £11k greater than the budgeted provision.

Table 10: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Contingency Item	Month 9		Variance as at Month 9 £'000	Variance as at Month 8 £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
822	0	Impact of Welfare Reform on Homelessness	822	833	11	72	(61)
0	0	Development Control - General Contingency	0	0	0	20	(20)
822	0	Total	822	833	11	92	(81)
		COVID-19	0	(9,554)	(9,554)	(9,748)	194
0	0	Total Exceptional Items	0	(9,554)	(9,554)	(9,748)	194

79. The data in the table below shows the use of Temporary Accommodation. At Month 9, the number of households in Bed and Breakfast accommodation is 32 units above the budgeted assumptions made in modelling Supply and Demand for the 2020/21 MTF.

Table 11: Housing Needs performance data

	October 2020	November 2020	December 2020
All Approaches	273	286	211
Full Assessment Required	194	195	153
New into Temporary Accommodation (Homeless and Relief)	29	20	27
Households in Temporary Accommodation	431	426	426
Households in B&B	176	160	162

80. As in previous years, a contingency has been set aside in 2020/21 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 £833k, £11k above the budgeted provision.
81. The service is currently forecasting the number of clients in B&B accommodation will average 160 over the financial year, however, management actions to reduce numbers through increased non-cost prevention and move-on activity are ongoing.
82. The favourable movement of (£61k) at Month 9 follows realignment of expenditure against specific service grants.
83. The Council will continue to closely monitor this risk, as following the introduction of the Homeless Reduction Act in April 2018, there has been increased demand for Housing assistance. Specific funding is retained within an Earmarked Reserve to manage this risk.
84. At Month 9, the drawdown of £20k from General Contingency is expected to be slipped into 2021/22. This funding will be utilised to appoint Counsel for the planning enforcement enquiry at the Brookside Moor Lane, Harmondsworth site. This involves challenging the unauthorised use of green belt land for creating a scrap yard without planning consent.

Exceptional Items – COVID-19 Pressures

85. Environment, Education and Community Services are currently forecasting £9,554k of pressures against the COVID-19 exceptional items disclosure, with approximately £4,008k of

this amount related to losses of income during the pandemic, with the balance being related to cost pressures. There has been an overall movement of £194k from the Month 8 reported position.

86. Green Spaces, Sports & Culture service area has reported an increase in the shortfall of income from fees and charges to £3,213k, an increase of £200k this month. The extension of the lockdown has further impacted on the music services tuition fees of £197k and fees and charges within Libraries of £26k. There are also small reductions across other services totalling £23k that net off the pressures above. The service has also identified further costs related to the pandemic which have increased from £3,333k to £3,536k, an increase of £203k. These services have been providing significant support to the pandemic response provided by the Council, which is ongoing.
87. £869k of loss income relates to trading standards, food & safety and licencing, predominantly driven by imported food charges.
88. The Planning and Regeneration service are reporting a pressure of £727k from reduced income, of which; £497k relates to Development Control fees and the remaining £230k related to Building Control Fees. The £349k movement reported at Month 9 is due to a £249k improvement in Development Control fees (£324k across Pre-Apps/Household/PPA net down by £75k adverse movement in retained CIL admin fee) and £100k improvement in Building Control fees (Domestic Extensions and Alterations).
89. The pressures being reported in this area include approximately £1,645k for homelessness and rough sleeper support, ensuring that this vulnerable group is protected during the pandemic, alongside an estimated £2,977k financial support for leisure centres following their closure during the national lockdown and £1,345k to support the Breakspear Crematorium hub. A number of smaller pressures reported across the directorate make up the remaining balance, with the largest of these being circa £116k within the Anti-Social Behaviour Team.

ENVIRONMENT, EDUCATION AND COMMUNITY SERVICES OPERATING BUDGETS £893k underspend, £226k favourable movement)

Planning, Transportation and Regeneration (£154k underspend, nil movement)

90. Planning Services is currently reporting a £117k underspend, largely driven by unbudgeted S106 funding for Air Quality, recruitment delays to permanent posts and the significant reduction of agency staff across Development Management. Building Control is forecasting an underspend of £37k largely due to posts being held vacant until next financial year.

Green Spaces, Sports and Culture (£631k underspend, £238k favourable movement)

91. Green Spaces, Sports and Culture is currently reporting a £631k underspend. A detailed review was completed after the third quarter and considered the impact of the further extension of the pandemic response. This has seen the position move to a more favourable position by £238k since last month. Salary costs have reduced by £82k across the service areas due to lower sessional workers costs required by Universal services, Grounds Maintenance and Adult Community Learning. In addition, non-salary cost has reduced by £107k due to a reduction in forecast costs for grounds maintenance and equipment hire for Golf of £40k, and a further £67k for maintenance and equipment hire for the In House Ground Maintenance service. Income has also moved favourably by £49k, due to a new lease for Winston Churchill Hall which has been let to the NHS for use as a vaccination centre and an improvement in green fees for Golf.

Housing (£209k underspend, £50k adverse movement)

92. Housing is reporting an underspend of £209k at Month 9. There is a variance within the First Time Buyers service of £147k due to reduced levels of activity following a slowdown in the Housing Market, this has reduced by £67k from the underspend reported at Month 8. Non contingency funded Homelessness budgets are underspending by £72k, predominantly due to the Winter Night Shelter provision not being required for 2020-21, as alternative support is being offered through the Rough Sleepers Grant.

Education (£188k overspend, £15k adverse movement)

93. The Month 9 position for Education shows an overspend of £188k against budget. The pressure on the base budget is related to a historical underlying pressure that has been addressed in a BID review of the Education service. The £15k adverse movement relates to a review of the income target for truancy fines in the Attendance & Exclusions team. Given that schools are again closed to all but vulnerable and key-working children, the assumption is that the budgeted income will not be generated in full.

Trading Standards, Environment Health & Licensing (£116k overspend, £26k favourable movement)

94. The service is reporting a £116k pressure at Month 9. There is a £72k staffing underspend forecast, largely attributable to delays in recruiting to vacant posts, not all of which are covered by agency resource. The £273k non-staffing pressure reflects ongoing costs associated with the Project Pompeii animal welfare case (£66k) and overspends within the Imported Food Office. The £86k favourable income position largely reflects the recent award of a Brexit preparedness support grant from Defra, funding agency and veterinary services spend. The £26k favourable movement compared with Month 8 is mostly attributable to recruitment delays (to both permanent posts and agency assignments) within the Food & Safety service.

Community Safety, Cohesion & Resilience (£203k underspend, £27k favourable movement)

95. The service is reporting a £203k underspend, with staffing underspends resulting from recruitment delays across the Community Safety and ASBET teams partly negated by non-staffing overspends. The favourable movement of £27k compared with Month 8 broadly reflects further recruitment delays across the service, of both permanent recruits and interim agency cover.

INFRASTRUCTURE, BUILDING SERVICES & TRANSPORT

96. Infrastructure, Building Services and Transport directorate is showing a projected outturn underspend of £951k at Month 9 on normal activities, an adverse movement of £28k from Month 8. A pressure of £8,414k is being reported against the COVID-19 pressures under exceptional items, a movement of £1,051k from Month 8. The overall variance is a result of underspends within Highways, Waste Services and Property & Estates

Table 12: Infrastructure Building Services & Transport

Original Budget £'000	Budget Changes £'000	Service		Month 9		Variance (As at Month 9) £'000	Variance (as at Month 8) £'000	Movement from Month 8 £'000
				Revised Budget £'000	Forecast Outturn £'000			
449	10	Property & Estates	Salaries	459	432	(27)	(37)	10
3,596	0		Non-Sal Exp	3,596	3,499	(97)	(78)	(19)
(2,869)	(10)		Income	(2,879)	(3,178)	(299)	(302)	3
1,176	0		Sub-Total	1,176	753	(423)	(417)	(6)
1,581	0	Capital Programme	Salaries	1,581	1,189	(392)	(328)	(64)
254	0		Non-Sal Exp	254	146	(108)	(116)	8
(1,526)	0		Income	(1,526)	(942)	584	534	50
309	0		Sub-Total	309	393	84	90	(6)
1,034	(105)	Repairs & Engineering	Salaries	929	991	62	67	(5)
4,316	975		Non-Sal Exp	5,291	5,251	(40)	(32)	(8)
(222)	(163)		Income	(385)	(368)	17	18	(1)
5,128	707		Sub-Total	5,835	5,874	39	53	(14)
2,114	0	Highways	Salaries	2,114	2,135	21	20	1
3,741	0		Non-Sal Exp	3,741	3,265	(476)	(488)	12
(3,015)	0		Income	(3,015)	(3,021)	(6)	14	(20)
2,840	0		Sub-Total	2,840	2,379	(461)	(454)	(7)
9,399	96	Waste Services	Salaries	9,495	9,483	(12)	0	(12)
14,589	0		Non-Sal Exp	14,589	14,567	(22)	(30)	8
(3,236)	0		Income	(3,236)	(3,365)	(129)	(125)	(4)
20,752	96		Sub-Total	20,848	20,685	(163)	(155)	(8)
3,087	0	ICT	Salaries	3,087	2,720	(367)	(233)	(134)
4,444	3		Non-Sal Exp	4,447	4,871	424	237	187
(200)	0		Income	(200)	(203)	(3)	(3)	0
7,331	3		Sub-Total	7,334	7,388	54	1	53
959	0	Parking Services	Salaries	959	861	(98)	(89)	(9)
2,958	0		Non-Sal Exp	2,958	2,985	27	28	(1)
(8,429)	0		Income	(8,429)	(8,429)	0	(19)	19
(4,512)	0		Sub-Total	(4,512)	(4,583)	(71)	(80)	9
1,676	0	Transport, Aviation & Town Centre Initiatives	Salaries	1,676	1,598	(78)	(68)	(10)
239	0		Non-Sal Exp	239	244	5	4	1
(361)	0		Income	(361)	(298)	63	47	16
1,554	0		Total	1,554	1,544	(10)	(17)	7
20,299	1	Infrastructure, Building Services & Transport Directorate	Salaries	20,300	19,409	(891)	(668)	(223)
34,137	978		Non-Sal Exp	35,115	34,828	(287)	(475)	188
(19,858)	(173)		Income	(20,031)	(19,804)	227	164	63
34,578	806		Total	35,384	34,433	(951)	(979)	28

97. The Council's 2020/21 contingency budget contains provision for areas of expenditure or income within Building Services, Transport & Business Improvement for which there is a

greater degree of uncertainty. At Month 9, projected calls on contingency are £365k below budget.

Table 13: Development and Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 9		Variance (As at Month 9) £'000	Variance (as at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
2,050	0	Waste Disposal Levy & Associated Contracts	2,050	1,685	(365)	(365)	0
2,050	0	Current Commitments	2,050	1,685	(365)	(365)	0
		COVID-19	0	8,414	8,414	7,363	1,051
0	0	Total Exceptional Items	0	8,414	8,414	7,363	1,051

98. The call on the Waste contingency is £1,685k, which funds estimated population driven increases in the cost of disposal via the West London Waste Authority (WLWA) levy and associated waste disposal contracts. The variance reflects tonnage-based PAYT rebates received for the first half of 2020/21 and realigned forecasts for other waste disposal contracts based on actual costs incurred this year to date.
99. There has been a 4% increase in residual waste volumes (which account for the largest proportion of the Council's disposal costs) this year to date compared to the same period last year, although this is within budgeted levels. Whilst mixed organic (food and garden) tonnages are running 17% above the level in the equivalent period last year (being impacted by the pandemic and lockdown), aggregate PAYT costs are below expectations, partly reflecting the more favourable disposal rates on these waste streams.
100. Mixed dry recycling tonnages are running 19% above those for the equivalent period last year, affecting disposal costs via the Council's contract with Biffa. This waste stream has been most significantly affected by the pandemic, with year on year increases sustained at a very high level. Accordingly, a further £650k is reported against Exceptional Items related to COVID-19 to report on the estimated additional costs emerging.

Exceptional Items – COVID-19 Pressures

101. Infrastructure, Building Services and Transport Services are currently forecasting COVID-19 pressures of £8,414k, which relates to £2,231k of expenditure pressures alongside £6,183k of income shortfalls all directly attributable to the COVID-19 pandemic. Total reported pressures have increased by £1,051k from Month 8.
102. The largest single pressure within the service area relates to a projected £4,270k loss of income from parking Fees and Charges as the Council took the decision to temporarily cease charging in this area to support residents during difficult times, with a general reduction in parking activity also experienced. The latest lockdown is impacting further on parking revenues, with an additional loss of £528k reflected within the Month 9 pressure.
103. The Waste Service is reporting staffing pressures due the Council's Passenger Services vehicles being used to transport waste crews to facilitate social distancing measures (this arrangement having been re-established shortly before Christmas) and additional crews and drivers required to support increased kerbside collection activity and staff absences. There are also non-staffing pressures arising from higher kerbside collections, predominantly for garden waste (in the first half of the year) and mixed dry recycling, slower progress regarding recycling initiatives given delays in the recruitment to three new recycling officer posts,

marshalling and traffic management services at New Year's Green Lane and recycling bag spend. The COVID-19 related pressure reported at Month 9 reflects an increase of £366k compared with Month 8, of which £290k is attributable to the latest Passenger Services arrangements (using a combination of council owned vehicles and agency crew and contract vehicle plus driver services), with further costs relating to additional crews and drivers and signage at the Civic Amenity site.

104. Within the income shortfall reported against COVID-19, £856k relates to the Waste Service, attributable to reduced income at the New Years Green Lane site whilst it was closed for several weeks at the start of the pandemic (and reduced activity since reopening), a decrease in income from Trade Waste collection services and a shortfall in recycling income as markets for certain materials, particularly textiles, have collapsed due to the pandemic.
105. A pressure against rental income of approximately £570k is included within Property & Estates on the anticipation that income collection rates are likely to reduce from commercial shops, General Estates and garages alongside other small pressures within rental income budgets.
106. Expenditure of £292k is reported within the Facilities Management service, an increase of £127k from Month 8. This forecast provides for the introduction of safety measures across Corporate Buildings and the setup costs of Covid-19 testing and vaccination centres. The £292k is the net pressure remaining after £117k of reduced contract expenditure following site closures.
107. Transport and Aviation is reporting a pressure against revenue budgets of £196k largely due to the suspension of the Transport for London (TfL) Grant. £13k of this pressure relates to Covid specific staffing costs. This service is heavily reliant on grant funding and should this funding not be available for the longer term, alternative service delivery and funding options will need to be considered.
108. Finally, £476k is being reported in Highways as a result of the part-year suspension of vehicle crossovers work and reduced street-works activity during the early part of the first lockdown period.

BUILDING SERVICES, TRANSPORT AND BUSINESS IMPROVEMENT SERVICES OPERATING BUDGETS (£979k underspend, £28k adverse movement)

Property and Estates (£423k underspend, £6k favourable movement)

109. There is a reported underspend of (£423k) at Month 9, predominantly due to additional rental income receivable from two new leases effective from April 2020.

Capital Programme (£84k overspend, 6k favourable movement)

110. The Capital and planned works service is showing a projected pressure of £84k against base budget. This represents the residual expenditure for staffing and project costs after fees have been assumed as chargeable to capital projects.

Repairs and Engineering (£39k overspend, £14k favourable movement)

111. The Facilities Management Service is showing an overspend of £53k against budget, attributable to increased reactive and compliance works required across the corporate property portfolio. The favourable movement is due to the realignment of expenditure to Capital projects.

Highways (£461k underspend, £7k favourable movement)

112. The service is reporting a £461k underspend at Month 9, largely reflecting a favourable position in relation to non-staffing budgets. These comprise reduced costs associated with the construction of domestic vehicle crossings whilst works ceased following lockdown (not resuming until the latter part of May), below-budget street lighting energy spend, a reduction in the minor works programme and the suspension of column testing works, which cannot take place over the winter period. This month's favourable variance is attributable to increased recharge income partly netted down by costs associated with emergency repairs of a flooded subway.

Waste Services (£163k underspend, £8k favourable movement)

113. There is a reported £163k underspend across Waste Services. The £22k non-staffing underspend is attributable to the temporary cessation of Waste Weekend events and the permanent closure of the Hatton Cross public convenience partly offset by increased spend on trade waste bin maintenance. There is a favourable income variance of £129k, largely reflecting the new charging structure for bulky waste collection services, with some additional revenue arising as a result of sales of bulk bins to developers of flatted properties.

ICT (£54k overspend, £53k adverse movement)

114. ICT is reporting a £54k overspend at Month 9. Whilst there is a favourable staff costs variance of £366k, largely attributable to vacant posts as the service continues to recruit to establish the structure approved as part of the March 2019 BID business case, there is a non-staffing pressure of £424k with annual renewal uplifts and upgrades impacting on contract costs. The adverse non-staffing movement reflects a further detailed review of spend to date, latest commitments and the emergence of additional contract cost pressures.

Parking Services (£71k underspend, £9k adverse movement)

115. The service's reported underspend at Month 9 is largely attributable to the staffing forecast, with recruitment to several vacant posts, particularly within the Parking Admin Team, subject to delay whilst a BID review is progressed. The £27k non-staffing pressure partly reflects costs associated with CCTV cameras – both new kit and the repair and maintenance of existing equipment. A reduction in the forecast for parking suspensions revenue, previously expected to over-achieve, accounts for the adverse income movement compared with Month 8.

Transport, Aviation & Town Centre Initiatives (£10k underspend, £7k adverse movement)

116. A £78k staffing underspend at Month 8 relates to the recruitment of a Town Centres Improvement Officer no longer being progressed (this post was to be recharged to capital, with a compensatory pressure reported within the service's income forecast), maternity leave adjustments, and delays in recruiting a Highways Engineer post within the Transport Team. This is largely netted down by a £5k adverse non-staffing variance and a £63k income shortfall, reflecting the aforementioned capital recharge and an income shortfall relating to the TfL grant suspension, also offset by a reduction in salary costs.

CORPORATE RESOURCES & SERVICES OPERATING BUDGET

117. An underspend of £584k is reported for the Corporate Resources and Services Directorate at Month 9, representing an improvement of £41k on the Month 8 position.

118. The underlying position shown in the table below continues to be caused predominantly by an underspend against salaries. The salary underspend largely relates to Legal Services and Business & Technical Support which have a combined total of £1,281k, off-set by a range of factors across the group the most material being a contribution to MTFE savings and the funding of exit packages through the base position as opposed to transformation funding.

Table 14: Corporate Resources & Services Directorate Operating Budgets

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8	
			Revised Budget £'000	Forecast Outturn £'000				
1,496	0	Democratic Services	Salaries	1,496	1,483	(13)	22	(35)
1,750	0		Non-Sal Exp	1,750	1,819	69	35	34
(702)	0		Income	(702)	(692)	10	10	0
2,544	0		Sub-Total	2,544	2,610	66	67	(1)
1,791	0	Human Resources	Salaries	1,791	1,725	(66)	(12)	(54)
978	0		Non-Sal Exp	978	1,022	44	(10)	54
(232)	0		Income	(232)	(242)	(10)	(10)	0
2,537	0		Sub-Total	2,537	2,505	(32)	(32)	0
2,303	44	Legal Services	Salaries	2,347	2,171	(176)	(175)	(1)
58	1		Non-Sal Exp	59	88	29	24	5
(284)	0		Income	(284)	(284)	0	0	0
2,077	45		Sub-Total	2,122	1,975	(147)	(151)	4
614	0	Corporate Communications	Salaries	614	592	(22)	(23)	1
152	0		Non-Sal Exp	152	141	(11)	(3)	(8)
(26)	0		Income	(26)	(26)	0	0	0
740	0		Sub-Total	740	707	(33)	(26)	(7)
679	0	Business Performance	Salaries	679	672	(7)	(8)	1
83	0		Non-Sal Exp	83	84	1	2	(1)
0	0		Income	0	0	0	0	0
762	0		Sub-Total	762	756	(6)	(6)	0
11,014	20	Business & Technical Support	Salaries	11,034	10,002	(1,032)	(747)	(285)
2	0		Non-Sal Exp	2	600	598	349	249
(717)	0		Income	(717)	(715)	2	3	(1)
10,299	20		Sub-Total	10,319	9,887	(432)	(395)	(37)
17,897	64	Corporate Resources & Services Directorate	Salaries	17,961	16,645	(1,316)	(943)	(373)
3,023	1		Non-Sal Exp	3,024	3,754	730	397	333
(1,961)	0		Income	(1,961)	(1,959)	2	3	(1)
18,959	65		Total	19,024	18,440	(584)	(543)	(41)

119. Further improvements in the salaries position have arisen as vacant posts, particularly within Business & Technical Support, are now held open until the end of the year. The salaries position has been further improved by a proposed contingency allocation for staff costs relating to Food and H&S COVID-19 project work reported outside of the contingency for Month 8. The favourable staffing movement has been largely off-set by adjustments to financing assumptions including a reduction in the use of EMRs and transformation funding to fund exit packages across the group and it is proposed that budget realignments will be undertaken to smooth the impact of this adjustment.

Exceptional Items – COVID-19 Pressures

120. A pressure of £1,203k on the Covid contingency is reported for Month 9. This is an increase of £128k compared to the Month 8 forecast of £1,074k due largely to increased income pressures within Democratic Services as new lockdown restrictions further limit activity for the last quarter (£80k) and the inclusion of staff costs for Food and H&S COVID-19 work previously reported outside of the contingency (£69k). An improving outlook for Land Charge income has partly reduced the increased pressure reported for Month 9 by £25k.

Table: 15 Corporate Resources & Services Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	COVID-19	0	(1,203)	(1,203)	(1,074)	(128)
0	0	Total Exceptional Items	0	(1,203)	(1,203)	(1,074)	(128)

CORPORATE RESOURCES & SERVICES OPERATING BUDGET (£584k underspend, £41k favourable movement)

Democratic Services (£66k pressure, £1k favourable movement)

121. A pressure of £66k is reported for Month 9, broadly in line with the position reported for Month 8 overall. Underspends on casual workers due to reductions in wedding ceremonies but particularly canvassing activity due to lockdown restrictions have caused a salaries underspend. A reduction in printing and postage costs also due to limited canvassing activity has been off-set by a proposed contribution to the Election EMR to manage such costs in the future.

Human Resources (£32k underspend, nil movement)

122. The Month 9 position continues to reflect the impact of the reorganisation of the senior Management tier, in full, in line with the ongoing BID review and proposals agreed by the Leader. As for previous months, underspends in Learning and Development budgets continue to be reported as a result of a reduction in training spend during lockdown and have increased further across months accounting for the month on month movement across non-salaries.

Legal Services (£147k underspend, £4k adverse movement)

123. Posts held vacant within Legal Services during the COVID pandemic have resulted in a net underspend. The Month 9 position reflects the vacancies in full with a £5k increase in the estimated costs of additional external resource accounting for the adverse movement across months.

Corporate Communications (£33k underspend, £7k favourable movement)

124. The service is reporting an underspend of £33k at Month 9 with improved position this month as a result of from reduced printing costs associated with the smaller format April/May edition of Hillingdon People.

Business Performance (£6k underspend, nil movement)

125. The Business Performance position at Month 9 is broadly in line with the position reported at Month 8.

Business & Technical Support (£432k underspend, £37k favourable movement)

126. The service is reporting an underspend of £432k, largely attributable to vacant posts, with recruitment to a number of these no longer anticipated following staffing reviews across the group. Staffing posts identified in the Covid-19 response have been moved to the exceptional items. The reorganisation of the Senior Management tier as part of the ongoing Service BID reviews approved by the Leader is reflected for the current month.
127. The favourable movement on salaries resulting from revised recruitment assumptions and the new contingency allocation for costs of staff involved with food and H&S COVID-19 projects reported outside of the contingency at Month 9, offsets approximately £200k of staff exit related costs funded previously through the redundancy EMR.

Appendix B – Other Funds

SCHOOLS BUDGET

Dedicated Schools Grant (£9,829k overspend, £5k adverse)

128. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £9,829k at Month 9, this is an increase of £2,655k on the budgeted deficit of £7,175k and a £5k adverse movement from the position reported at Month 8. The overspend is due to ongoing pressures in the cost of High Needs placements, where significant growth continues. The budget for High Needs was increased for 2020/21 to take account of projected growth, but the latest projections indicate a further increase in the expenditure on pupils with an EHCP being placed in Independent special school placements along with an increase in the spend on specialist SEN tuition for pupils with an EHCP. When the £15,002k deficit brought forward from 2019/20 is taken into account, the cumulative deficit carry forward to 2021/22 is £24,831k.

Table 16: DSG Income and Expenditure 2020/21

Original Budget	Budget Changes	Funding Block	Month 9		Variance		
			Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Change from Month 8
			£'000	£'000	£'000	£'000	£'000
(296,926)	151	Dedicated Schools Grant Income	(296,775)	(296,775)	0	0	0
231,400	(28)	Schools Block	231,372	231,253	(119)	(119)	0
25,401	0	Early Years Block	25,401	25,407	7	7	0
3,270	0	Central Schools Services Block	3,270	3,320	50	47	3
44,030	(123)	High Needs Block	43,907	46,624	2,717	2,715	2
7,175	0	Total Funding Blocks	7,175	9,829	2,655	2,650	5
		Balance Brought Forward 1 April 2020	15,002	15,002			
		Balance Carried Forward 31 March 2021	22,177	24,831			

Dedicated Schools Grant Income (Nil variance, no change)

129. It is not expected that there will be any further adjustments to the Dedicated Schools Grant Income for 2020/21.

Schools Block (£119k underspend, no change)

130. 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. 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 throughout the relevant financial year to cover the cost of this agreed and planned growth.

131. Schools Forum took the decision to withhold growth contingency allocations for one school due to insufficient projected pupil growth in September 2020 and therefore there will be an underspend relating to this allocation. The growth contingency policy has been amended for 2020/21 in order address the growth in secondary pupils. Schools will be funded for any Year 7 pupils which are above the Published Admission Number (PAN). £480k was set aside for

this purpose, with the actual funding requirement will not be known until actual numbers on roll recorded on the October census are confirmed.

132. The growth contingency also funds diseconomies of scale funding for new basic need academy schools. School Forum has taken the decision to limit the funding to one school in receipt of diseconomies which has resulted in a further projected underspend.

Early Years Block (7k overspend, no change)

133. The process for determining early years funding allocations for local authorities is to take an annual census count of the number of hours taken up by children each January. The rationale is that this is the mid-point of the academic year and therefore balances the lower numbers eligible for the free entitlements in the autumn term and the higher numbers in the summer term. The DfE recognises that, given COVID-19, the number of children accessing childcare may not have returned to normal levels by January 2021. Therefore, the final funding allocation to local authorities for the 2020 autumn term will be based on the January 2020 census count.
134. From the start of the autumn term 2020, the guidance is for local authorities to continue to fund providers which are open at broadly the levels they would have expected to see in the 2020 autumn term had there been no COVID-19 outbreak. Providers which have been advised to close, or left with no option but to close, due to public health reasons should also be funded as normal. Providers which are closed, without public health reason, should not receive funding. Guidance has not yet been released on the approach that local authorities should take to funding providers in the Spring term 2021.

Central School Services Block (£50k overspend, £3k adverse)

135. The published DSG budget allocations confirmed a 20% decrease in the Central School Services Block provided for historic commitments. This resulted in a £265k reduction in funding, though this was partly off-set by £51k of additional funding for pupil growth. This reduction in funding resulted in a budget shortfall for the services funded by the Central School Services block adding to the pressure which has led to an overall deficit DSG being agreed for 2020/21.
136. At Month 9 the Central School Services block is projecting a £50k pressure predominantly due the additional cost of maternity cover in the School Placement and Admissions.

High Needs Block (£2,717k overspend, £2k adverse)

137. There continues to be significant pressure in the High Needs Block in 2020/21, with an overspend of £2,717k being projected at Month 9. The growth in the number of pupils with an EHCP continued throughout 2019/20 and the current academic year has seen a further increase in the number of pupils with an EHCP.
138. Most in-Borough special schools are over their commissioned place number. Where a special school is over its planned place number there is a requirement to fund for the additional places plus the agreed top-up funding which is placing additional pressure on the High Needs block.
139. 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 that commenced new placements in Independent special schools in the current academic year.

140. There are still a number of SEN pupils awaiting a school placement and whilst an estimate of the cost of this has been included in the current projection, the actual cost of these placements is not yet known and so there may be a further increase to the total expenditure on SEN placements. In addition, the local authority is often required to provide specialist tuition for SEN pupils without a school placement. The total cost on this tuition has increased significantly over the last twelve months with the current projection that there will be a £325k overspend in this area.
141. There was a further increase in the cohort of post-16 SEN placements in 2019/20 and this has put additional pressure on the 2020/21 High Needs budgets with the potential that placements for young people with SEN can continue to be funded up to the age of 25. The current projection has been updated to reflect the changes in placements of this cohort from September 2020.
142. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Early 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. Whilst the expectation is that this might reduce total costs in the long-term, we are yet to see the financial impact of this.

COVID-19 - Financial Impact on Schools

143. Some schools have indicated budget pressures as a consequence of additional costs in relation to COVID-19. Whilst most schools have now received some additional funding to cover some of these exceptional costs, there is a further opportunity in December for schools to apply for funding for costs incurred between March and July that have not previously been claimed for. The DfE has confirmed that there will be no opportunity for schools to claim for exceptional costs incurred as a result of COVID since September. The expectation is that these costs should be met from existing school funding.
144. Central Government has announced that there will be an opportunity for schools with high staff absence rates as a consequence of COVID to apply for additional 'COVID workforce funding', which will be backdated to the beginning of November. Further guidance on how much schools might be entitled to and how the claim process will work is yet to be published.
145. The impact of COVID-19 on income generation has also been significant for some schools. Several schools generate significant levels of additional income from private sources for letting the premises and COVID-19 has resulted in an on-going stop on all such activities. The DfE has confirmed that there will be no additional funding in relation to this and therefore this lost revenue will create an additional pressure on school budgets.
146. The DfE has confirmed that the £650m universal catch-up premium funding will be paid directly to schools through the 2020/21 academic year, on a per pupil basis. Mainstream schools will receive £80 per pupil, with Special Schools receiving £240 per place. Schools will have flexibility to use this funding which should be used for specific activities to support pupils to catch up for lost teaching over the previous months. In addition, schools will be able to access £350m of funding through a National Tutoring Programme to provide additional targeted support for those children and young people who need the most help.

COLLECTION FUND

147. A deficit of £4,844k is reported within the Collection Fund relating to an adverse position across both Council Tax and Business Rates, which is predominantly driven by reduced growth in the Council Tax taxbase and a reduction in the Business Rates income as a result of expected business failures due to the COVID-19 pandemic. Additional support within Council Tax is driving approximately 40% of the pressure as households face financial difficulty. The majority of the movement sits within Business Rates and is attributable to a significant reduction in gross yield, nearly wholly offset by Section 31 Grant income as more businesses qualify for Retail Relief.
148. Any deficit realised at outturn will impact on the General Fund budget in future years, with the Government confirming that Councils will be required to spread the deficit over a period of three years in equal increments as a result of the in-year deficit being directly attributable to COVID-19, a third of the in-year deficit (£1,958k) would hit the Council's budget position for 2021/22 to 2023/24, effectively increasing the budget gap by this value, offset in 2021/22 by the brought forward surplus of £702k and accounting adjustments within Council Tax outside of the scope of the deficit spreading powers (£326k credit). The Spending Review confirmed that the Government will be funding 75% of this deficit, with further details to follow on the exact mechanics of this announcement, in the interim, the Council is assuming 75% of the £1,958k will be funded through this mechanism in the budget strategy, meaning only £489k will impact on the Council's balances.
149. The Council is participating in the 50% Business Rates Retention 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 position, with any additional funds available from the pool to be captured separately in budget setting reports as appropriate.

Table 17: Collection Fund

Original Budget £'000	Budget Changes £'000	Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 8) £'000	Movement from Month 8 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(131,835)	0	Council Tax	Gross Income	(131,835)	(131,175)	660	624	36
11,049	0		Council Tax Support	11,049	13,164	2,115	2,153	(38)
39	0		B/fwd Deficit	39	303	264	264	0
(120,747)	0		Sub-Total	(120,747)	(117,708)	3,039	3,041	(2)
(112,314)	0	Business Rates	Gross Income	(112,314)	(78,174)	34,140	34,069	71
(6,141)	0		Section 31 Grants	(6,141)	(34,332)	(28,191)	(28,139)	(52)
53,666	0		Less: Tariff	53,666	53,666	0	0	0
8,784	0		Less: Levy	8,784	5,606	(3,178)	(3,198)	20
(498)	0		B/fwd Surplus	(498)	(1,464)	(966)	(966)	0
(56,503)	0	Sub-Total	(56,503)	(54,698)	1,805	1,766	39	
(177,250)	0	Total Collection Fund	(177,250)	(172,406)	4,844	4,807	37	

150. At Month 9 a deficit of £3,039k is projected against Council Tax, the position includes an adverse variance reported against Gross Income of £660k, which is being driven by a smaller than forecast growth in the taxbase as a result of delays in property building during the pandemic alongside a reduction in the collection rate forecasting to lead to an increase in the bad debt provision required for 2020/21. The movement from Month 8 is mainly driven by a

marginal movement in the taxbase forecast. The majority of the pressure in Council Tax is driven by a £2,115k pressure within Council Tax Support as a result of increased demand as households face financial difficulties. The position is compounded by a pressure of £264k against the brought forward surplus as a result of an adverse movement at outturn within Council Tax, this is the result of the Council ceasing debt chasing activities at the end of 2019/20 due to the COVID-19 pandemic. Within this position, potential volatility in Discounts and Exemptions continue to be closely monitored.

151. A £1,805k deficit is reported across Business Rates at Month 9, the position includes an adverse variance against in-year activity of £2,771k with this variance being driven by an adverse position within Gross Rates of £34,140k. This is predominantly due to the Government's support package to assist businesses during the pandemic, including 100% rates relief for the retail, hospitality and leisure sectors, this relief is wholly funded by Section 31 Grants and explains the favourable position in this area, represented by an overachievement of grant income of £28,191k. The £34,140k adverse variance against gross rates assumes a reduction in the taxbase due to business failure caused by financial hardship during the pandemic. The additional support offered by Central Government was announced after the Council set the 2020/21 budget and explains why such large variances are being reported.
152. The in-year position includes a favourable position being reported against the Levy of £3,178k, which is the result of the reduction in the taxbase and lower gross rates yield for the Council, leading to a lower levy payment due to Central Government. In addition, a surplus is reported against the brought forward surplus of £966k, driven by a favourable movement at outturn as a result of clarity received from the London Pool position at year end.

Appendix C – HOUSING REVENUE ACCOUNT

153. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £2,012k, which is £7k favourable compared to the Month 8 position. This excludes the potential cost pressures of Covid-19, which are estimated at £277k. The 2020/21 closing HRA General Balance is forecast to be £15,063k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area.

Table 18: Housing Revenue Account

Service	Month 9		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 8)	Movement from Month 8
	£'000	£'000	£'000	£'000	£'000
Rent Income	(57,872)	(57,693)	179	179	0
Other Income	(5,414)	(5,357)	57	107	(50)
Net Income	(63,286)	(63,050)	236	286	(50)
Housing Management	14,741	14,643	(98)	(138)	40
Tenant Services	3,759	3,792	33	30	3
Repairs	5,368	5,742	374	374	0
Planned Maintenance	4,040	3,450	(590)	(590)	0
Capital Programme Funding	20,790	20,790	0	0	0
Interest & Investment Income	15,385	15,385	0	0	0
Development & Risk Contingency	1,260	1,260	0	0	0
Operating Costs	65,343	65,062	(281)	(324)	43
(Surplus) / Deficit	2,057	2,012	(45)	(38)	(7)
General Balance 01/04/2020	(17,075)	(17,075)	0	0	0
General Balance 31/03/2021	(15,018)	(15,063)	(45)	(38)	(7)

Income

154. As at Month 9 the rental income is forecast to under-recover by £179k, nil movement on Month 8. Other income is forecast to under-recover by £57k, a favourable movement of £50k on Month 8 due to an increase in income from leaseholders.

155. The number of Right to Buy (RTB) applications received in the first nine months of 2020/21 was 128 compared to 130 for the same period in 2019/20. There has been 21 RTB completions in the first nine months of 2020/21 compared to 39 for the same period in 2019/20; a reduction of 46%. As at Month 9 the 2020/21 forecast RTB sales is 25; a reduction of 15 compared to Month 8.

Expenditure

156. The Housing management service is forecast to underspend by £98k, an adverse movement of £40k on Month 8 due to the reduction in RTB administration allowances following the reduction in RTB forecast sales.

157. Tenant services is forecast to overspend by £33k, an adverse movement of £3k on running costs.
158. The repairs and planned maintenance budget totals £9,408k. The forecast is a net underspend of £216k, nil movement on Month 8.
159. As at Month 9 the capital programme funding, interest and investment income and development and risk contingency budgets are forecast to break even.

COVID-19 cost pressures on the HRA

160. The table below summarises the HRA Covid-19 cost pressures that are not included in the HRA forecast position. The Covid-19 cost pressures total £277k at Month 9 and will be kept under review. The movement from Month 8 reflects revised calculations and is a reduction in estimated pressures of £68k; £43k in repairs and maintenance and £25k in staffing.
161. The key pressures relate to repairs and maintenance totalling £38k due to unreported and catch up day-to-day repairs, potential staffing costs of £25k relating to domestic violence and anti-social behaviour, and bad debt provision totalling £214k due to increasing arrears and the age of the arrears.

Table 19: HRA COVID-19 pressures

HRA COVID-19 pressures	2020/21 Month 9	2020/21 Month 8	2020/21 Movement from Month 8
	£'000	£'000	£'000
Repairs and Planned Maintenance	38	81	(43)
Staffing	25	50	(25)
Development and Risk Contingency – Bad Debt Provision	214	214	0
Total HRA Revenue Covid-19 pressures	277	345	(68)

HRA Capital Expenditure

162. The HRA capital programme is set out in the table below. The 2020/21 revised budget is £63,009k and forecast expenditure is £41,212k with a net variance of £21,797k of which £20,502k is due to re-phasing and £1,295k due to cost under spends.

Table 20: HRA Capital Expenditure

Programme	2020/21 Revised Budget	2020/21 Forecast	2020/21 Cost Variance Forecast V Revised Budget	2020/21 Project Re-Phasing	Total Project Budget 2020-25	Total Project Forecast 2020-25	Total Project Variance 2020-25	Movement 2020-25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Projects (Note 1)								
New General Needs Housing Stock	35,389	26,435	(170)	(8,784)	140,541	140,371	(170)	-
New Build - Shared Ownership	4,000	315	(125)	(3,560)	14,867	14,742	(125)	-
New Build - Supported Housing Provision	816	816	0	0	816	816	0	-
Total Major Projects	40,205	27,566	(295)	(12,344)	156,224	155,929	(295)	-
HRA Programmes of Work								
Works to Stock programme	16,753	11,108	0	(5,645)	61,126	61,126	0	-
Major Adaptations to Property	2,188	1,188	(1,000)	0	10,129	9,129	(1,000)	-
Green Homes	3,863	1,350	0	(2,513)	3,863	3,863	0	-
Total HRA Programmes of Work	22,804	13,646	(1,000)	(8,158)	75,118	74,118	(1,000)	-
Total HRA Capital	63,009	41,212	(1,295)	(20,502)	231,342	230,047	(1,295)	-
Movement from Month 5	-	(5,063)	-	(5,063)	-	-	-	-

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

Major Projects

163. Following the transfer of £883k from the unallocated element of the Acquisitions and Internal Development budget to Works to Stock to support additional works required at Packet Boat House, the 2020/21 Major Projects programme revised budget has reduced to £40,205k. Forecast expenditure in 2020/21 is £27,566k, with a re-phasing variance of £12,344k and a cost underspend of £295k forecast in 2020/21.

New General Needs Housing Stock

164. There is forecast re-phasing of £8,784k across the General Needs programme due to delays in the progress of several projects, partly arising from Covid-19 lockdown.

165. A cost under spend of £300k is forecast on the completed mixed tenure development at Acol Crescent, apportioned across general needs and shared ownership, after agreement of the final account with the contractor. This is marginally offset by a minor over spend of £5k on the acquisition of 17 new build homes over three sites.

166. The redevelopment of Maple and Poplar Day Centre was put on hold due to the Covid-19 crisis but is now expected to commence in 2021/22 following re-tendering of the construction works contract in process. The project has a planned development of 34 units comprising 50% general needs social housing and the remainder being shared ownership.

167. Works are in progress on site for the redevelopment of the former Willow Tree depot into general needs housing and are expected to be complete in April 2021.
168. Construction works at the Nelson Road development were paused due to Covid-19 and the main contractor resumed work on site in July 2020, however due to unsatisfactory progress, the contractor has been terminated recently. The remaining construction works will be tendered soon and the construction of the 6 new homes expected to be complete later in 2021.
169. A further ten buy backs of ex Right-to-Buy properties amounting to £2,351k has been submitted for formal approval. In total £8,519k have been committed or submitted for approval this financial year for buy backs of former Right to Buy properties, from the Acquisitions and Internal Developments budget, inclusive of stamp duty, legal fees & expected void repairs costs.
170. In October 2019 Cabinet Members approved the purchase of land at Newport Road and a turnkey package development of 28 units for short-term accommodation, at a total cost of £9,071k including stamp duty and fees, and a deposit of £1,297k was previously paid in 2019/20. Further staged payments will be released in 2020/21 and 2021/22 as the construction works progress, which are due to complete in September 2021.
171. In September 2020 Cabinet Members approved the purchase of freehold acquisition of 253 Park Road, Uxbridge and 9 new build homes for short term accommodation which are currently under construction at a package price of £3,736k including stamp duty and fees, with a deposit of £724k paid on exchange of contracts. A further staged payment will be released in 2020/21 on completion of the construction works, which are due to complete in March 2021.

New Build - Shared Ownership

172. Revised plans for the redevelopment of Woodside Day Centre have been reviewed following changes to the original plan for the ground floor. Changes to the design are being made before issuing tenders. Construction works are expected to proceed next year.
173. The construction of five new 3-bed shared ownership dwellings at land to the rear of 113-127 Moorfield Road, NFC Homes Limited is expected to commence in early 2021 following the appointment of a main contractor, for which approval has recently been submitted via the capital release process, including a proposed virement of £59k from the Acquisitions and Internal Developments budget to cover an increase in the project cost following receipt of tender prices. The scheme had been paused during the pandemic.

New Build - Supported Housing

174. Construction of the supported housing projects at Grassy Meadow and Park View are complete and sites are operational, with some minor external works at Grassy Meadow remaining to be completed in 2020/21. Liquidated damages continue to be held against the Park View contractor for delays. Currently the total project costs are expected to come in within the revised budget pending any appeals from the contractor.

HRA Programmes of Work

175. The Works to Stock 2020/21 revised budget has increased to £16,753k following a virement of £883k funding from Major Projects to support additional works at Packet Boat House which

are ongoing. Works are in various stages of progress across various work streams with some schemes and planned programmes continuing into next year.

176. The major adaptations to property budget forecast is reporting an underspend of £1,000k based on anticipated demand for the year.
177. The Council has been successful with an application to the Green Homes Grant Local Authority Delivery scheme for funding to provide energy efficiency upgrades to low-income homes, and has recently been awarded £3,863k from the Department for Business, Energy and Industrial Strategy. Works have been tendered to appoint contractors early in 2021 to provide loft insulation, cavity wall insulation, low energy lights and double glazing across existing Council housing. As these programme elements will continue into 2021/22 there is forecast re-phasing of £2,513k into next financial year.

HRA Capital Receipts

178. There has been 21 Right-to-Buy sales of council dwellings as at the end of December 2020 for a total gross sales value of £4,284k. A further 4 sales are forecast to bring the yearly total to 25, totalling £5,000k in 2020/21.
179. The application of retained Right to Buy receipts is limited by the retention agreement to a maximum 30% of the cost of replacement housing. In the event that expenditure does not meet the criteria, funds would be payable to the MHCLG.
180. In response to the ongoing situation brought about by the Covid-19 pandemic, the MHCLG has announced in mid-December 2020 the extension of the deadline to spend the Right-to-Buy 1-4-1 capital receipts generated in 2017/18 by a further 3 months to 31st March 2021.
181. During 2020/21, some of the Right to Buy 1-4-1 capital receipts generated in 2017/18 could potentially become repayable unless the following expenditure profile is achieved: £27,950k by Q4.

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

Prior Years	Scheme	Unit Numbers	2020/21 Total Revised Budget	2020/21 Total Revised Forecast	2020/21 Variance	2020/21 Cost Variance	Proposed Re-phasing	Total Project Budget 2020-2025	Total Project Forecast 2020-2025	Total Project Variance 2020-2025
£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
6,859	Acol Crescent	33	711	411	(300)	(300)		711	411	(300)
325	Belmore Allotments	86	4,220	0	(4,220)	0	(4,220)	10,493	10,493	0
315	Maple And Poplar	34	627	5	(622)	0	(622)	6,072	6,072	0
315	Willow Tree	10	2,025	1,984	(41)	0	(41)	2,627	2,627	0
31	2 East Way	1	10	0	(10)	0	(10)	203	203	0
25	Bartram Close	2	305	0	(305)	0	(305)	305	305	0
67	34-44 Sullivan Crescent	6	41	15	(26)	0	(26)	949	949	0
363	Nelson Road	6	1,704	486	(1,218)	0	(1,218)	1,944	1,944	0
285	Great Bentley	2	236	0	(236)	0	(236)	471	471	0
39	Petworth Gardens	9	100	15	(85)	0	(85)	3,104	3,104	0
14,600	Parkview	60	786	786	0	0	0	786	786	0
20,556	Grassy Meadow	88	30	30	0	0	0	30	30	0
36	113-127 Moorfield Road	5	612	30	(582)	0	(582)	1,089	1,089	0
403	Woodside Day Centre	27	500	24	(476)	0	(476)	4,915	4,915	0
1,297	Acquisition Of Freehold Land At TCM House	28	7,774	3,460	(4,314)	0	(4,314)	7,774	7,774	0
556	Acquisition Of 2 Units At 191 Harefield Road	2	28	0	(28)	0	(28)	28	28	0
5,400	Acquisition Of 17 New Build Homes Over 3 Sites	17	265	270	5	5	0	265	270	5
0	Acquisition of New Build Flats Park Road	9	3,736	3,555	(181)	0	(181)	3,736	3,736	0
n/a	Internal Acquisitions and Developments		16,495	16,495	0	0	0	110,722	110,722	0
51,472		425	40,205	27,566	(12,639)	(295)	(12,344)	156,224	155,929	(295)
16,228	New General Needs Housing Stock	161	35,389	26,435	(8,954)	(170)	(8,784)	140,541	140,371	(170)
88	New Build - Shared Ownership	116	4,000	315	(3,685)	(125)	(3,560)	14,867	14,742	(125)
35,156	New Build - Supported Housing	148	816	816	0	0	0	816	816	0
51,472		425	40,205	27,566	(12,639)	(295)	(12,344)	156,224	155,929	(295)

Appendix D - GENERAL FUND CAPITAL PROGRAMME

182. As at Month 9 an under spend of £34,246k is reported on the 2020/21 General Fund Capital Programme of £85,698k, due mainly to re-phasing of project expenditure into future years. The 2020/21 forecast under spend is partly due to various schemes being temporarily put on hold during the Coronavirus pandemic. The forecast outturn variance over the life of the 2020/21 to 2024/25 programme is an under spend of £5,652k.
183. General Fund Capital Receipts of £2,656k are forecast for 2020/21, with a deficit of £478k in total forecast receipts to 2024/25
184. Overall, Prudential Borrowing required to support the 2020/21 to 2024/25 capital programmes is forecast to be under budget by £1,179k. This is due to cost under spends of £5,652k, offset by a combined shortfall of £1,978k on other Council resources (capital receipts and CIL), and £2,495k grants and contributions.

Capital Programme Overview

185. Table 19 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2020.

Table 21: General Fund Capital Programme Summary

	Total Project Budget 2020-2025	Total Project Forecast 2020-2025	Total Project Variance	Movement
	£'000	£'000	£'000	£'000
Schools Programme	20,244	20,506	262	-
Major Projects	189,941	189,828	(113)	-
Programme of Works	169,549	163,748	(5,801)	(909)
General Contingency	6,557	6,557	-	
Total Capital Programme	386,291	380,639	(5,652)	(909)
Movement	161	(748)	(909)	

186. The 2020/21 revised budget has increased by £161k due to additional schools' contributions towards the devolved formula capital programme and a recent allocation of Section 106 monies to a new Highways S106 project.

Schools Programme

187. The Schools Expansions programme is reporting an over spend of £262k relating mainly to additional items of £277k requested by Ruislip High School included in the expansion, which were not in the original scope of works. Works at Ruislip High were delayed due to Covid-19 lockdown, with completion in November 2020.
188. The installation of a modular classroom at Hedgwood primary school for pupils with special educational needs has been completed for September 2020 term, funded from the Special Provision Capital Fund. Other plans for the remainder of the grant are under feasibility review with expenditure expected to fall in future years.

189. The additional temporary classrooms budget has been re-phased into future years as it is not forecast to be required this year based on current demand for school places.

Major Projects

190. Including prior years, the Major Projects programme includes £50,000k prudential borrowing to finance the housing company Hillingdon First with construction work in progress at the residential development site in South Ruislip. The budget will also finance identified potential acquisitions of development land and commencement of construction of other sites, over a number of years. One new development at St Helen's Close, Cowley is expected to commence in 2021.

191. The programme includes £15,970k for a major residential development at the Falling Lane site in Yiewsley which will be self financing from the sale of discounted market sale properties. The scheme has been on hold during the Coronavirus pandemic and is currently under review.

192. The construction works contract for the provision of a new £30,000k leisure centre in Yiewsley/West Drayton is in the process of being re-tendered and construction works are planned to start towards the end of next year. The £2,000k refurbishment of Yiewsley and West Drayton Community Centre is in progress on site for completion in June 2021.

193. Works are expected to commence in March to extend the Uxbridge mortuary, following appointment of the main contractor. The revised budget is £1,900k following Cabinet approval to transfer £676k from general contingency due to increases in scope identified during the design phase.

194. The first phase of remedial works at the Battle of Britain Bunker are in progress, with further packages of works to take place next year. Works to expand the Rural Activities Garden Centre are currently on hold during the pandemic.

195. The re-provision of Hillingdon Outdoor Activity Centre project is expected to re-commence in 2021 with options under consideration.

196. The new Shopping Parades Initiative programme reports an under spend of £46k as a secondment post is no longer required with lower than anticipated shop front grants at this stage, possibly impacted by Covid-19. The delivery of the programme for planned locations is under review, with public realm work paused until future Transport for London funding or other sources can be identified.

197. There are cost under spends amounting to £67k following settlement of retentions and minor items for completed projects such as the refurbishment of Bessingby FC clubhouse and Battle of Britain Visitor Centre.

198. Detailed design work is underway on the regeneration of Cranford Park, largely funded from the National Lottery Heritage Fund with Council match funding. Works are expected to start on site next year.

199. Enhancements works at the Battle of Britain bunker and visitors centre include the installation of a soundscape and lighting display in the Controller's Cabin and the creation of a new Polish Air Force exhibition, totalling £172k. Cabinet has recently approved a further £100k for the "Faces of the Battle of Britain" exhibition to be implemented in 2021/22.

Programmes of Works

200. The 2020/21 Transport for London programme has been severely curtailed with the previously agreed LIP grant significantly reduced due to Covid-19 and the impact it has had on TFL's finances from reduced tube fares. Following settlement between the Department for Transport and TFL for the remainder of this financial year, TFL have confirmed an allocation of £946k in respect of the 2020/21 LIP, resulting in the expenditure and grant financing shortfall reducing to £2,725k. The funding outlook for 2021/22 remains uncertain due to the ongoing pandemic.
201. The Department for Transport have awarded £100k Emergency Active Travel funding for measures to improve walking and cycling and support reducing use of public transport during the pandemic. A number of road safety measures funded from the HS2 Road Safety fund will be implemented this year with further works falling into next year.
202. A number of Chrysalis outdoor gyms and playgrounds projects were put on hold when the pandemic started but are now in the process of being implemented before the end of the financial year.
203. The libraries refurbishment programme continues with eight sites complete or near completion. Works have been completed at Manor Farm and Oak Farm libraries and the refurbishment of Hayes End library is expected to finish in February 2021. Works at Ickenham library are planned to commence in January 2021.
204. Works are underway on refurbishing the Mezzanine area at the Civic Centre to enable relocation of services. A number of schemes within the Civic Centre and Property Works Programme are in various stages of progress with works continuing into next year, and £101k total under spends are reported on numerous completed projects that commenced in 2019/20.
205. An overall under spend of £367k is reported within the Environmental and Recreational Initiatives programme, relating mainly to pollution screening works being introduced at various schools this year, with further works to be funded from future year allocations. A number of cemetery schemes are in the process of being implemented this year.
206. New pay and display parking payment machines has been rolled out across the Borough this year, following approval of the contract award at June Cabinet. An under spend of £140k is reported on the project.
207. Disabled Facilities Grant adaptations are forecast to under spend by £1,827k based on anticipated demand for the year, a movement of £327k in month. Social Care equipment capitalisation is now forecasting an under spend of £187k based on year to date activity. Some new essential repair grant cases have recently been identified reducing the overall forecast underspend in this area by £20k.
208. Works are in various stages of progress on a large number of carriageway and footway refurbishments within the Highways improvement programme with £13,158k of works in phases completed or commencing before the end of this financial year, with some schemes continuing into 2021/22.
209. Under Corporate Technology and Innovation, the project to upgrade computer hardware and transition to Windows 10/Microsoft 365 is largely complete. There are under spends of £149k reported on several completed schemes. The ICT equipment budget is forecast to under spend by £78k, based on existing commitments at this stage of the financial year.

210. There have been a number of COVID-19 related general equipment capitalisation items arising this year, however it is expected this will be managed from the existing approved budget. Based on existing commitments to date, the budget is forecast to under spend by £165k, a movement of £100k.
211. The remaining 2020/21 general capital contingency budget is £557k following Cabinet approval of £100k to a new project to enhance the Battle of Britain visitors centre.

Capital Financing - General Fund

212. Table 22 below outlines the latest financing projections for the capital programme, with an underspend of £1, 179k in the medium term reported on Prudential Borrowing.

Table 22: General Fund Capital Programme Financing Summary

	Revised Budget 2020/21 £'000	Forecast 2020/21 £'000	Variance £'000	Total Financing Budget 2020-2025 £'000	Total Financing Forecast 2020-2025 £'000	Total Variance £'000	Movement £'000
Council Resource Requirement							
Self Financing Schemes	11,900	6,026	(5,874)	62,160	62,160	-	-
Invest to Save Schemes	5,881	4,270	(1,611)	8,881	8,592	(289)	(149)
Service Provision	52,610	29,555	(23,055)	221,513	218,645	(2,868)	(221)
Total Council Resources	70,391	39,851	(30,540)	292,554	289,397	(3,157)	(370)
Financed By							
Capital Receipts	8,097	2,656	(5,441)	52,820	52,342	(478)	(142)
CIL	3,500	2,000	(1,500)	17,500	16,000	(1,500)	(500)
Prudential Borrowing	58,794	35,195	(23,599)	222,234	221,055	(1,179)	272
Total Council Resources	70,391	39,851	(30,540)	292,554	289,397	(3,157)	(370)
Grants & Contributions	15,307	11,601	(3,706)	93,737	91,242	(2,495)	(539)
Capital Programme	85,698	51,452	(34,246)	386,291	380,639	(5,652)	(909)
Movement	161	(4,555)	(4,716)	161	(748)	(909)	

213. Capital receipts in 2020/21 include £1,857k in sales already achieved as at end of December 2021 plus four further sites sold at auction in October and December which are pending legal completion. The current year forecast has reduced by £5,031k from last month due mainly to one large site not now expected to be sold this financial year. The overall forecast has reduced by £142k due to General Fund share of Right to Buy receipts falling as only 25 RTB sales are now expected this year, partly offset by favourable offer prices for recent auction sales.

214. As at the end of December 2020, a total of £860k Community Infrastructure Levy receipts have been invoiced (after administration fees), a movement in month of £17k. Forecast receipts for this financial year are reduced by £500k as developer activity has been affected by Covid-19 with a subsequent impact on timing and certainty of CIL payments on numerous developments. Eligible expenditure exceeds the CIL forecast with spend on Highways investment, community assets through the Chrysalis Programme and other major community infrastructure such as schools meeting the criteria for application of CIL monies.

215. Forecast grants and contributions are £2,495k lower than the revised budget, due mainly to the cut to the 2020/21 TFL LIP grant, partially offset by confirmed Capital Maintenance Grant being higher than the estimate included in the capital financing budget, including a further additional award of £994k announced this summer. Forecast grants and contributions

financing has reduced by £539k mainly due to further under spend on Disabled Facilities Grant funded schemes.

216. Prudential Borrowing has moved adversely by £272k due to reductions in forecast capital receipts and CIL income, partly offset by under spends on Council resourced schemes.

ANNEX A - Schools Programme

Prior Year Cost	Project	2020/21 Revised Budget	2020/21 Forecast	2020/21 Cost Variance	Forecast Re-phasing	Total Project Budget 2020-2025	Total Project Forecast 2020-2025	Total Project Variance 2020-2025	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										
16,032	New Primary Schools Expansions	367	361	(6)	0	367	361	(6)	361	0	0
16,868	Secondary Schools Expansions	4,781	5,049	268	0	9,571	9,839	268	9,539	300	0
0	Additional Temporary Classrooms	0	0	0	0	6,650	6,650	0	4,400	2,250	0
458	Schools SRP	411	391	0	(20)	3,416	3,416	0	0	3,416	0
0	Meadow School	240	240	0	0	240	240	0	240	0	0
33,358	Total Schools Programme	5,799	6,041	262	(20)	20,244	20,506	262	14,540	5,966	0

APPENDIX B – Major Projects

Prior Year Cost	Project	2020/21 Revised Budget £'000	2020/21 Forecast £'000	2020/21 Cost Variance £'000	2020/21 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 & Regeneration										
0	New Theatre	0	0	0	0	44,000	44,000	0	42,950	0	1,050
963	New Yiewsley Leisure Centre	365	450	0	85	29,037	29,037	0	29,037	0	0
69	Yiewsley/West Drayton Comm Centre	1,500	1,535	0	35	1,931	1,931	0	1,931	0	0
773	Hillingdon Outdoor Activity Centre	250	200	0	(50)	25,727	25,727	0	0	0	25,727
0	New Museum	50	5	0	(45)	5,632	5,632	0	4,882	0	750
0	Shopping Parades Initiative	503	100	(46)	(357)	2,896	2,850	(46)	2,105	590	155
7,294	Hayes Town Centre Improvements	437	750	0	313	1,933	1,933	0	299	350	1,284
1,597	Uxbridge Change of Heart	492	492	0	0	492	492	0	438	0	54
93	Battle of Britain Underground Bunker	288	268	0	(20)	1,462	1,462	0	1,462	0	0
58	RAGC Expansion	94	20	0	(74)	1,356	1,356	0	1,356	0	0
7	Uxbridge Mortuary Extension	1,026	350	0	(676)	1,900	1,900	0	950	0	950
2	1 & 2 Merrimans Housing Project	10	5	0	(5)	619	619	0	619	0	0
31	Uxbridge Cemetery Gatehouse	0	0	0	0	543	543	0	543	0	0
0	Uniter Building Refurbishment	20	5	0	(15)	390	390	0	390	0	0
0	Botwell Leisure Centre Football Pitch	0	0	0	0	200	200	0	200	0	0
	Planning Transportation and Recycling				0	0	0	0	0	0	0
0	Cranford Park Heritage Lottery Project	308	150	0	(158)	2,597	2,597	0	215	1,783	599
	Finance Property and Business Services				0	0	0	0	0	0	0
6,871	Housing Company Financing	11,750	6,000	0	(5,750)	43,129	43,129	0	43,129	0	0
250	Yiewsley Site Development	150	26	0	(124)	15,970	15,970	0	15,970	0	0
0	Belmore Allotments Development	0	0	0	0	4,605	4,605	0	3,061	0	1,544
0	Purchase of Uxbridge Police Station	0	0	0	0	5,000	5,000	0	5,000	0	0
1,485	Bessingby Football/Boxing Clubhouse	111	56	(55)	0	111	56	(55)	56	0	0
2,552	Cedars and Grainges Car Park	119	60	0	(59)	119	119	0	119	0	0
6,761	Battle of Britain Visitors Centre	20	8	(12)	0	20	8	(12)	8	0	0
0	Battle of Britain Enhancements	272	167	0	(105)	272	272	0	272	0	0
28,806	Total Major Projects	17,765	10,647	(113)	(7,005)	189,941	189,828	(113)	154,992	2,723	32,113

ANNEX C - Programme of Works

Prior Year Cost	Project	2020/21 Revised Budget	2020/21 Forecast	2020/21 Cost Variance	Forecast Re-phasing	Total Project Budget 2020-2025	Total Project Forecast 2020-2025	Total Project Variance 2020-2025	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	School Building Condition Works	4,706	2,725	0	(1,981)	10,906	10,906	0	1,981	7,950	975
N/A	Sports Clubs Rebuild / Refurbishments	750	177	0	(573)	3,750	3,750	0	3,750	0	0
N/A	Bowls Clubs Refurbishments	556	510	0	(46)	556	556	0	556	0	0
N/A	Leisure Centre Refurbishment	1,946	183	0	(1,763)	3,097	3,097	0	3,097	0	0
N/A	Libraries Refurbishment Programme	2,320	1,521	0	(799)	2,320	2,320	0	2,252	0	68
N/A	Youth Provision	1,620	30	0	(1,590)	3,620	3,620	0	3,620	0	0
N/A	Harlington Road Depot Improvements	586	260	0	(326)	586	586	0	586	0	0
N/A	Property Works Programme	3,227	1,787	(37)	(1,403)	8,986	8,949	(37)	8,924	25	0
N/A	Civic Centre Works Programme	5,156	1,494	(64)	(3,598)	8,177	8,113	(64)	8,113	0	0
N/A	CCTV Programme	284	344	0	60	384	384	0	384	0	0
N/A	Highways Structural Works	15,684	10,500	0	(5,184)	47,684	47,684	0	47,684	0	0
N/A	HS2 Road Safety Fund	645	210	0	(435)	645	645	0	0	0	645
N/A	Transport for London	4,188	1,302	(2,725)	(161)	17,590	14,865	(2,725)	0	14,664	201
N/A	Emergency Active Travel	100	100	0	0	100	100	0	0	100	0
N/A	Street Lighting Replacement	924	744	(37)	(143)	2,403	2,366	(37)	2,246	0	120
N/A	Road Safety	310	200	0	(110)	910	910	0	910	0	0
N/A	Disabled Facilities Grant	2,852	1,025	(1,827)	0	14,260	12,433	(1,827)	0	12,433	0
N/A	Equipment Capitalisation - Social Care	2,359	2,172	(187)	0	11,795	11,608	(187)	2,824	8,784	0
N/A	PSRG/LPRG	100	75	(25)	0	500	475	(25)	425	50	0
N/A	Homeless Provision	190	50	0	(140)	190	190	0	0	190	0
N/A	Corporate Technology and Innovation	3,984	3,423	(227)	(334)	7,440	7,213	(227)	7,213	0	0
N/A	Environmental/Recreational Initiatives	1,405	949	(367)	(89)	2,905	2,538	(367)	823	0	1,715
N/A	Playground Replacement Programme	170	109	0	(61)	420	420	0	420	0	0
N/A	Equipment Capitalisation – General	765	600	(165)	0	3,825	3,660	(165)	3,660	0	0
N/A	Leader's Initiative	356	49	0	(307)	1,156	1,156	0	1,156	0	0
N/A	Car Park Pay & Display Machines	1,040	900	(140)	0	1,040	900	(140)	900	0	0
N/A	Purchase of Vehicles	2,960	750	0	(2,210)	7,022	7,022	0	7,022	0	0
N/A	Chrysalis Programme	1,135	925	0	(210)	5,135	5,135	0	5,127	0	8
N/A	Section 106 Projects	590	424	0	(166)	590	590	0	0	0	590
N/A	Devolved Capital to Schools	669	669	0	0	1,557	1,557	0	0	1,159	398
	Total Programme of Works	61,577	34,207	(5,801)	(21,569)	169,549	163,748	(5,801)	113,673	45,355	4,720

Appendix E – Treasury Management Report as at 31st December 2020

Table 23: Outstanding Deposits – Average Rate of Return 0.11%

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	46.0	44.11	70.00
Up to 1 Month Fixed-Term Deposits	38.0	36.43	
Over 1 Month Fixed-Term Deposits	5.3	5.08	0.00
Total	89.3	85.62	70.00
Strategic Pooled Funds	15.0	14.38	30.00
Total	104.3	100.00	100.00

*Money Market Funds

217. 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 NatWest Bank plc, Santander UK plc and the DMADF. There is also an allocation to Strategic Pooled Funds.
218. The average rate of return on day-to-day operational treasury balances is 0.11%. As part of the Council's investment strategy for 20/21, 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.
219. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities, which is needed to manage daily cashflow, it is not possible to fully protect Council funds from bail-in risk. At the end of December, 52% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a December benchmark average of 63% 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.
220. Liquidity was maintained throughout December by placing surplus funds in instant access accounts and making short-term deposits with the DMADF with maturities matched to cash outflows. In addition, £15m of forward dated short-term temporary borrowing reached settlement. As previously reported due to changes to income profiling and unexpected income received during November, cash balances remained well above minimum levels during December. Resulting in the Council's borrowing requirement being deferred until the end of 20/21.

Table 24: Outstanding Debt - Average Interest Rate on Debt: 3.23%
Average Interest Rate on Temporary Borrowing: 0.47%

	Actual (£m)	Actual (%)
General Fund		
PWLB	45.10	14.55
Long-Term Market	15.00	4.84
Temporary	80.00	25.81
HRA		
PWLB	136.82	44.15
Long-Term Market	33.00	10.65
Total	309.92	100.00

221. There was a scheduled PWLB EIP debt repayment of £0.33m and a total of £15m temporary borrowing was repaid and then replaced during December. With the Council's long-term borrowing need and with restrictive premiums, early repayment of debt remains unfeasible.

222. 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 January, cash balances will be placed in instant access accounts and short-term deposits.

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

224. 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. Social Care Agency approvals were approved for two months in the previous report to ensure continuity over the Christmas and New Year period hence the smaller list of approvals this month.

Table 25: Consultancy and agency assignments

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
Environment, Education & Community Services						
Air Quality Officer	21/09/2015	01/02/2021	02/05/2021	136	10	147
Private Sector Housing Officer	01/03/2018	25/01/2021	04/04/2021	138	11	149
Customer Service Advisor	01/08/2018	01/02/2021	02/05/2021	46	8	54
Customer Service Advisor	11/03/2019	15/02/2021	16/05/2021	46	8	53
Customer Service Advisor	01/08/2018	08/03/2021	06/06/2021	58	8	66