

# COUNCIL BUDGET - 2020/21 REVENUE AND CAPITAL OUTTURN

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<b>Papers with report</b>	Appendices A – H

## HEADLINES

<b>Purpose of report</b>	<p>This report provides the Council's financial position and performance against the 2020/21 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £4,913k on normal activities is reported against General Fund revenue budget as of March 2021 (Month 12), an improvement of £1,163k on the Month 11 position. However, following a review of the Council's wider financial position, the majority of the underspend (£4,300k) is being transferred to Earmarked Reserves to cover known risks going forward. As a result unallocated reserves total £28,522k as at 31 March 2021.</p> <p>To date, COVID-19 pressures of £33,375k have been identified and are being funded by specific government grant, with the Council also retaining £10,126k of its own funding in a dedicated Earmarked Reserve to supplement government support in 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>
<b>Contribution to our plans and strategies</b>	<p><b>Putting our Residents First: <i>Financial Management</i></b></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>
<b>Financial Cost</b>	N/A
<b>Relevant Select Committee</b>	Corporate, Finance & Property
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at March 2021 (outturn) as outlined in Table 1, including the in-year release of Development and Risk Contingency funds into Directorate Operating budgets as outlined in Table 5.
2. Approve the transfer of £4,300k to Earmarked Reserves from the Council's underspend against normal activities to increase the Council's financial resilience and provide funding for future investment in services.
3. Note the Treasury Management update as at March 2021 at Appendix E.
4. Note those consultancy and agency assignments over £50k approved under delegated authority between the 22 April 2021 and June 2021 Cabinet meetings, detailed at Appendix F.
5. Approve re-phasing of £30,216k 2020/21 General Fund capital expenditure and financing budgets as set out in Table 22 of the report.
6. Approve re-phasing of £31,856k 2020/201 HRA capital expenditure and financing budgets into future years as set out in Table 20 of the report.
7. Approve re-phasing forward of £4,370k 2022/23 HRA Works to Stock funding into 2021/22 to support delivery of works to stock in 2021/22
8. Accept new High Needs Provision Capital Allocation (HNPCA) grant of £2,872k from the Department of Education, to deliver new places and improve existing provision for children and young people with special educational needs and disabilities, and pupils that require alternative provision.
9. Note the 2021/22 School Conditions Allocation (SCA) capital grant award of £3,487k from the Department for Education to support school conditions improvement works.
10. Accept HS2 funding of £111k to reimburse 50% of the costs of resurfacing works on Breakspear Road South.
11. Approve a virement of £150k Rough Sleepers capital grant within Homeless Provision (General Fund) to the HRA Works to Stock capital programme, for conversion works at 2 Beechwood Avenue, Hayes.
12. Approve the Fees and Charges proposals at the Battle of Britain Bunker as detailed in Appendix G.
13. Accept revenue grant funding of £355k for 2021/22 from PHE for Drug Treatment, Crime and Harm Reduction.
14. Approve the release of funding of £18k from the Heathrow/HS2 Contingency Earmarked Reserve to support the activities of the No Third Runway Coalition £18,145.88 (75% of their budget for 21/22)
15. Approve a deed of variation to the leisure services contract with Greenwich Leisure Limited, originally approved by Cabinet in November 2019, to formalise the recovery of COVID-19 related financial assistance over the remaining contract term as outlined in Appendix H.
16. Approve the acceptance of additional MHCLG funding allocation of £97,906 to support Returning Officers in delivering the May 2021 local elections in a COVID-19 secure way.

17. Revoke its decision on 21 January 2016 that all revenue expenditure on ICT Equipment, Equipment and Furniture in the General Fund, HRA and PRA, together with revenue expenditure on areas, such as Planned Maintenance, within the HRA is subjected to the same democratic approval procedure as Capital Expenditure (capital release). Therefore, Cabinet notes that approval of such revenue expenditure approval will default back to Corporate Directors as per existing delegations.
18. Ratify an Emergency Power decision taken by the Leader of the Council on 25 May 2021 to vary the contract for additional expenditure with the supplier Edenred (UK Group Limited) to enable the Council to deliver the Local Support Grant scheme and also any subsequent extension to the Scheme after June 2021.

## SUPPORTING INFORMATION

### Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at outturn against budgets approved by Council on 20 February 2020. This recommendation also seeks a ratification of the release of Development and Risk Contingency completed during the closure of the 2020/21 accounts.
2. Following a review of the Council's wider financial position, there is scope to set a side additional funds to cover risks and emerging issues, whilst maintaining balances within the recommended levels of between £15,000k and £35,000k. **Recommendation 2** therefore seeks Cabinet approval to transfer the following balances to Earmarked Reserves:
  - a. £1,300k to enable the Council to fund the Older People Discount for a further year (2023/24) beyond the current funding strategy.
  - b. £1,300k to provide financial resilience to fund the pay award for Council staff for 2021/22 which is likely to exceed the budgeted amount.
  - c. £1,000k to support the Council's measures and pressures associated with COVID-19 going into 2021/22 and beyond.
  - d. £700k contribution to the Council's priority Growth Earmarked Reserve to fund future investment in Council Services.
3. An update on the Council's Treasury Management activities is signposted in **Recommendation 3**.
4. **Recommendation 4** notes consultancy and agency assignments approved by the Chief Executive under authority granted by Cabinet on 18 March 2021. Appendix F reports back on use of this delegated authority since the previous Cabinet meeting. March Cabinet agreed that delegated authority, up until the Council AGM in 2021, be granted to the Chief Executive to approve any consultancy and agency assignments over £50k that are within approved

budgets and establishment, whilst agreeing that any outside budget or establishment will also require final sign-off by the Leader of the Council.

5. **Recommendation 5** The re-phasing of £30,216k 2020/21 General Fund capital expenditure and financing budgets and **Recommendation 6** £31,856k HRA capital expenditure and financing budgets are required to enable existing projects to be delivered in future years. The details are set out in Table 20 and Table 19 of the report respectively.
6. **Recommendation 7** The re-phasing of £4,370k 2022/23 HRA Works to Stock funding into 2021/22 will accelerate an enhanced programme of works on the Council's housing stock.
7. **Recommendation 8** In March 2021, the Department of Education announced a new 2021/22 grant called High Needs Provision Capital Allocation (HNPCA), to support local authorities to deliver new places and improve existing provision for children and young people with special educational needs and disabilities, and for those pupils that require alternative provision, collectively referred to as 'high needs' provision. Nationwide HNPCA funding of £280m has been allocated to local authorities proportionally, based on each local authority's estimated share of future growth in the high needs pupil population. The allocation for Hillingdon is £2,872k and will augment the existing SEND capital budget.
8. **Recommendation 9** In April 2021, the Department for Education announced nationwide 2021/22 School Conditions Allocation (SCA) grant awards and the allocation to Hillingdon is £3,487k. This is a significant increase in the SCA grant compared to recent years and will augment the School Conditions Building Programme capital budget.
9. **Recommendation 10** HS2 funding have agreed to fund 50% of the proposed works for the resurfacing of Breakspear Road South between Swakeley Road and the HS2 site, under the Highways Structural Works programme.
10. **Recommendation 11** £150k Rough Sleepers capital grant received in 2020/21 has been agreed to be utilised towards converting 2 Beechwood Avenue, Hayes to a six bedroom house of multiple occupation, to be leased to a third party charity for providing short term accommodation for homeless people. 2 Beechwood Avenue is a HRA property and the project will be delivered within the HRA Works to Stock programme.
11. **Recommendation 12** seeks authority to increase fees and charges at the Battle of Britain Bunker, including Visitor Centre fees and Guided Tours for Non-Residents by £1 per category, and to introduce a Residents' fee for Guided Tours of £2 per adult and £1.50 for an over 65, representing a discount of 50% on the Non-Resident rates with private tour prices to be increased to £295 from £250 in line with entrance fee increases, further details are included in Appendix G.
12. **Recommendation 13** seeks authority from Cabinet to accept a 2021/22 revenue grant of £335k awarded to the Authority from PHE for Drug Treatment, Crime and Harm Reduction on the basis of a successful BID in early 2021. The grant is for one year and has been made

available to assist Local Authorities and partners to strengthen arrangements that support substance-misusing offenders, and arrangements that address drug related deaths.

13. **Recommendation 14** seeks Cabinet authority to allocate a sum of £18k from the Heathrow/HS2 Contingency Earmarked Reserve, which currently has an unallocated balance of £319k to the No Third Runway campaign group. This will fund a range of activities including public meetings, campaign materials and representation at various events and venues across the Borough.
14. Cabinet approval for a deed of variation to the Council's leisure services contract is sought in **Recommendation 15**, which is intended to facilitate recovery of financial support provided to the contractor, Greenwich Leisure Limited) by the Council during the COVID-19 pandemic.
15. **Recommendation 16** seeks authority to accept an additional one-off revenue grant from the MHCLG of £97,906 to support Returning Officers in delivering the May 2021 local elections in a COVID-19 secure way. The funding allocation is to be utilised by Democratic Services to support residents shielding and also to maintain social distancing measures and other COVID-19 safety measures, for residents to safely attend polling stations in person.
16. Cabinet in 2016 agreed tighter controls on certain revenue expenditure, subjecting them to the formal capital release procedure which requires a democratic decision by Cabinet Members. Since then continuous improvement in financial management has enabled greatly enhanced budget monitoring processes and enables a significantly increased level of Cabinet Member oversight over financial activity within their portfolio areas. As a result, there is scope to maintain effective controls around equipment purchase and other revenue activity without requiring formal democratic approval and the associated administrative burden, **Recommendation 17** requests Cabinet to note that expenditure approval for ICT Equipment, Equipment and Furniture will default back to Corporate Directors as per existing delegations.
17. Unlike capital expenditure, constitutionally revenue expenditure is determined by officers, so long as it is within approved budgets and/or approved contracts. Approval of budgets and contracts above relevant financial thresholds will continue to be subject to approval by Cabinet Members and / or Cabinet as appropriate.
18. The COVID-19 Local Support Grant Scheme for Hillingdon has been designed to target low income households with children, with some support available for households without children and those who are in need of assistance with food and utilities costs. The support available to residents includes a one-off £35 payment to contribute to utility bills and £15 per week per eligible resident for meal vouchers throughout the school holiday period. Funding requests for other essential items are evaluated on a case by case basis. In line with Department for Work and Pensions guidelines, a proportion of the grant is used to fund the cost of administering the grant.
19. Since November 2020, Hillingdon has been awarded £1.12m to cover the period 1st December 2020 to the 16th April 2021. The Government recently announced an extension of

the scheme allocating a further £195,604 of grant funding to cover the period to 20th June 2021. Whilst payments for the contribution to utility bills and other essentials have been administered through the Council's own payment system, the provision of meal vouchers has been managed through Edenred (UK Group Limited), a third-party provider, who were appointed through the NPS Framework. The Leader's decision enables the Council to continue to use Edenred for the meal voucher element of the Scheme going forward. Use of the Leader's Emergency Power requires Cabinet ratification for due public record, **Recommendation 18** therefore seeks this approval.

### **Alternative options considered**

20. There are no other options proposed for consideration.

## **SUMMARY**

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## REVENUE

21. General Fund pressures totalling £33,375k are projected in relation to the impacts of the COVID-19 pandemic and the Council's response in 2019/20 and 2020/21, with £31,492k of this pressure impacting the 2020/21 financial year. With the pandemic continuing and local authorities at the forefront of delivering support to residents, it is expected that this pressure will continue into the new financial year.
22. Funding through specific COVID-19 grants and the MHCLG scheme to cover 75% of income losses totalled £39,437k by 31 March 2021 and therefore sufficient to manage those pressures already identified. Given that pressures will continue into the new year, the Council continues to maintain an Earmarked Reserve of £10,126k to manage further demands exceeding Government funding, which is an increase of £1,000k from the Month 11 position following the Council's decision to increase this reserve from the final outturn position before Exceptional Items.
23. On the assumption that this funding strategy for COVID-19 pressures can be maintained, the outturn position is an underspend of £4,917k before Exceptional Items across General Fund budgets at outturn, an improvement of £1,163k on the Month 11 position driven by reduced call on contingency budgets and minor changes in a number of areas across the Council. The £4,917k underspend consists of £3,024k service underspends and a £768k underspend on capital financing and funding. In addition, there is a £1,121k underspend against Development and Risk Contingency. The Development and Risk Contingency is set aside to manage the uncertain elements of budgets with Social Care, Homelessness and Waste.
24. Following a review of the Council's wider financial position, the majority of the underspend is being transferred to Earmarked Reserves, presented below in Table 1 under Exceptional Items. The Transfer of £4,300k is to support the Council's Financial Resilience going into 2021/22 and beyond, as well as providing funding for future investment in Council Services, including funding the Older People Discount and increasing reserves held for new Priority Growth.
25. Taking account of the budgeted £6,334k drawdown from General Balances, this closing position leads to a drawdown from General Balances of £5,717k and will result in unallocated General Balances totalling £28,522k as at 31 March 2021.
26. Within this position, £4,024k of the £6,386k savings planned for 2020/21 are banked in full by 31 March 2021, with £2,362k 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.
27. A deficit of £5,158k 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 taxbase as a result

of 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.

## **CAPITAL**

28. An underspend of £48,557k is reported across the £86,858k 2020/21 Capital Programme, consisting of £18,341k cost underspends and £30,216k re-phasing into future years.
29. The element of the General Fund Capital Programme financed by Council resources totalled £25,938k. This is funded by £4,747k of capital receipts, £2,972k of CIL receipts and £18,219k of prudential borrowing.

## FURTHER INFORMATION

### General Fund Revenue Budget

30. **Normal Activities** - An underspend of £4,917k is reported across normal operating activities at outturn, an improvement of £1,163k on the Month 11 position. The £1,163k consists of £83k improvement across the directorate positions, consisting of minor movements across a range of services areas and a £1k movement on Corporate Operating Budgets. In addition, there is a reduced call on service contingency, largely in Social Care placements resulting in a £1,121k underspend on Contingency, the £500k general contingency which remained available to deal with any issues emerging by outturn was used in full as a contribution to the Insurance Earmarked Reserve.
31. Overall, the directorates have a final outturn variance of £3,024k favourable on normal activities, however, within this there are a number of pressures which are being managed and are 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.
32. There are underspends reported against Interest and Investment Income and Levies and Other Corporate Budgets, a favourable variance of £768k 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.
33. **COVID-19 Financial Impact** - There is a significant pressure of £31,492k 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 of costs incurred in 2019/20 can be contained within the £39,437k confirmed government funding. The Council therefore retains the £9,126k of Earmarked Reserves identified earlier in the year to manage any costs exceeding available government funding going into the new financial year.
34. 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 some of the 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 an 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.

35. **Contribution to Earmarked Reserves** – In order to support the Council’s financial resilience into the new financial year and beyond, the Council has taken the decision to transfer £4,300k of the underspend before Exceptional Items to Earmarked Reserves following a review of the Council’s wider financial position. The additional transfers presented below under Exceptional Items will be used to fund:
- a. the Older People’s Discount for a further year beyond the current budget strategy into 2023/24 (£1,300k);
  - b. to provide financial resilience for an above budgeted pay award in 2021/22 (£1,300k);
  - c. to increase the Council’s own COVID-19 reserves (£1,000k);
  - d. to increase the Council’s Priority Growth Earmarked Reserve for future investment in services (£700k).
36. These transfers reduce the Council’s outturn position to a net underspend of £617k, which translates into a final outturn variance from Month 11 of £3,137k, with the movement being wholly driven by the decision to transfer these funds to Earmarked Reserves to increase the Council’s financial resilience going forward.
37. **Savings** - £6,386k of savings are included in the 2020/21 General Fund revenue budget. Delivery is banked against £4,024k of the £6,386k total, with £2,362k 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 were not delivered in full during the year, the resulting pressures form part of the reported COVID-19 pressure and associated funding strategy.
38. **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 2020 Council. The outturn position reported reflects the 2.75% uplift in pay, the 0.75% element above the budgeted 2% has been factored into the 2021/22 budget approved by Cabinet and Council in February 2021.

**Table 1: General Fund Overview**

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
			Revised Budget £'000	Forecast Outturn £'000			
213,954	(840)	Directorate Operating Budgets	213,114	210,090	(3,024)	(2,941)	(83)
7,093	(100)	Corporate Operating Budgets	6,993	6,225	(768)	(769)	1
13,657	0	Development & Risk Contingency	13,657	12,536	(1,121)	(40)	(1,081)
(420)	940	Unallocated Budget Items	520	520	0	0	0
<b>234,284</b>	<b>0</b>	<b>Sub-total Expenditure</b>	<b>234,284</b>	<b>229,371</b>	<b>(4,913)</b>	<b>(3,750)</b>	<b>(1,163)</b>
(227,950)		Corporate Funding	(227,950)	(227,954)	(4)	(4)	0
<b>6,334</b>	<b>0</b>	<b>Total Normal Activities</b>	<b>6,334</b>	<b>1,417</b>	<b>(4,917)</b>	<b>(3,754)</b>	<b>(1,163)</b>
		<u>Exceptional COVID-19 items</u>					
0	0	Pressures	0	31,492	31,492	33,073	(1,581)
0	0	COVID-19 Funding	0	(31,492)	(31,492)	(33,073)	1,581
0	0	Contributions to Earmarked Reserves	0	4,300	4,300	0	4,300
<b>6,334</b>	<b>0</b>	<b>Total Net Expenditure</b>	<b>6,334</b>	<b>5,717</b>	<b>(617)</b>	<b>(3,754)</b>	<b>3,137</b>
(34,239)	0	Balances b/fwd	(34,239)	(34,239)			
<b>(27,905)</b>	<b>0</b>	<b>Balances c/fwd 31 March 2021</b>	<b>(27,905)</b>	<b>(28,522)</b>			

39. General Fund Balances total £28,522k at 31 March 2021 as a result of the outturn position detailed above, representing a £2,815k adverse movement on the £31,337k projection for closing General Balances factored into the Council's budget strategy as approved by Cabinet and Council in February 2021.

## Directorate Operating Budgets

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

**Table 2: Directorate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
19,095 (3,359)	(350) 48	Finance	Expenditure	18,745	18,537	(208)	(234)	26
			Income	(3,311)	(3,322)	(11)	58	(69)
<b>15,736</b>	<b>(302)</b>		<b>Sub-Total</b>	<b>15,434</b>	<b>15,215</b>	<b>(219)</b>	<b>(176)</b>	<b>(43)</b>
166,088 (38,158)	(863) 58	Social Care	Expenditure	165,225	165,399	174	18	156
			Income	(38,100)	(38,395)	(295)	(119)	(176)
<b>127,930</b>	<b>(805)</b>		<b>Sub-Total</b>	<b>127,125</b>	<b>127,004</b>	<b>(121)</b>	<b>(101)</b>	<b>(20)</b>
43,922 (27,112)	2,915 (3,535)	Environment, Education & Community Services	Expenditure	46,837	46,166	(671)	(1,252)	581
			Income	(30,647)	(31,077)	(430)	178	(608)
<b>16,810</b>	<b>(620)</b>		<b>Sub-Total</b>	<b>16,190</b>	<b>15,089</b>	<b>(1,101)</b>	<b>(1,074)</b>	<b>(27)</b>
54,709 (20,180)	737 76	Infrastructure, Building Services & Transport	Expenditure	55,446	54,413	(1,033)	(1,200)	167
			Income	(20,104)	(20,025)	79	212	(133)
<b>34,529</b>	<b>813</b>		<b>Sub-Total</b>	<b>35,342</b>	<b>34,388</b>	<b>(954)</b>	<b>(988)</b>	<b>34</b>
20,537 (1,588)	75 (1)	Corporate Services	Expenditure	20,612	20,002	(611)	(589)	(22)
			Income	(1,589)	(1,608)	(18)	(13)	(5)
<b>18,949</b>	<b>74</b>		<b>Sub-Total</b>	<b>19,023</b>	<b>18,394</b>	<b>(629)</b>	<b>(602)</b>	<b>(27)</b>
<b>213,954</b>	<b>(840)</b>	<b>Total Directorate Operating Budgets</b>		<b>213,114</b>	<b>210,090</b>	<b>(3,024)</b>	<b>(2,941)</b>	<b>(83)</b>

41. An underspend of £219k is reported on Finance budgets at outturn, an improvement of £43k on Month 11. The £43k mainly relates to additional grant funding to deliver DWP COVID-19 related workstreams. There are minor movements related to increased external audit charges offset by reduced bank charges. There are compensating variances reported in Exchequer and Business Assurance Services and Procurement, which partly relate to the implementation of BID reviews. The underspends primarily relate to extended notice periods and staffing vacancies. These underspends are complimented by reduced bank charges as a result of a

reduction in transaction volumes relating to COVID-19 and a decrease in Client Financial Affairs receivership income.

42. There is a net underspend of £121k reported across Social Care before COVID-19 pressures, an improvement on Month 11 of £20k due to minor favourable movements in Children's social work linked to deferred recruitment, offset by other minor movements in the service, mostly in SEND staffing budgets due to agency cover. Within the £121k 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.
43. Environment, Education & Community Services is reporting a net underspend of £1,101k, with underspends in Green Spaces, Housing and Community Safety within this position being offset by overspends on Education and Trading Standards. 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 £27k movement from Month 11 resulting from improvement mainly in Planning linked to non-developer funded costs for Master Brewer and Annington Homes now expected to be incurred in 2021/22.
44. A net £954k underspend is reported across Infrastructure, Building Services & Transport, an adverse movement from Month 11 of £34k reflecting £376k of adverse movements across Property & Estates (£170k), ICT (£105k), Waste Services (£90k) and a minor adverse movement associated with the Capital Programme (£11k). The movement is largely offset by a £206k favourable movement in Repairs and a further £115k within Parking Services, alongside a number of smaller favourable movements across the directorate from Month 11. The headline underspend is driven by £489k slippage in Highways expenditure alongside £122k in Property Services linked to additional lease income, Repairs and Engineering with a £144k underspend and a £79k underspend on Waste services being offset by the £198k overspend in ICT and a number of minor pressures across the directorate.
45. The Corporate Services directorate is reporting an underspend of £629k, a £27k favourable movement from Month 11, which is being driven by reduced canvassing activity due to the national and local lockdowns alongside vacant posts in the Business & Technical Support service.
46. 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. Month 11 projections included an estimate of £787k for such costs, which at outturn were contained within the revenue position.

## Progress on Savings

47. 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. Savings of £4,024k are reported as banked, with the remaining £2,362k being reported as having a serious problem with delivery.
48. The relatively high number of savings being reported as having a serious problem with delivery (£2,362k) are directly attributable 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 Services	Cross-Cutting	Total 2020/21 Savings	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
B Banked	(228)	(2,495)	(80)	(600)	(31)	(590)	<b>(4,024)</b>	<b>63.0%</b>
G On track for delivery	0	0	0	0	0	0	<b>0</b>	<b>0.0%</b>
A Potential significant savings shortfall or a significant or risky project which is at an early stage;	0	0	0	0	0	0	<b>0</b>	<b>0.0%</b>
R Serious problems in the delivery of the saving	0	0	(1,086)	0	(375)	(901)	<b>(2,362)</b>	<b>37.0%</b>
<b>Total 2020/21 Savings</b>	<b>(228)</b>	<b>(2,495)</b>	<b>(1,166)</b>	<b>(600)</b>	<b>(406)</b>	<b>(1,491)</b>	<b>(6,386)</b>	<b>100.0%</b>

## Corporate Operating Budgets (£768k underspend, £1k adverse movement)

49. 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.
50. A final outturn variance of £484k favourable 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 Icelandic bank losses improves 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 have

underspent by £15k, mainly driven by a lower Concessionary Fares levy as the final levy figure was not available until after the budget was set. Housing Benefit delivered on budget with no variance being reported. No material variances are reported across the remainder of Corporate Budgets, resulting in a headline underspend of £768k.

**Table 4: Corporate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
0	0	Interest and Investment Income	Salaries	0	0	0	0	
8,459	1,680		Non-Sal Exp	10,139	9,519	(620)	(620)	
(487)	(1,735)		Income	(2,222)	(2,355)	(133)	(133)	
<b>7,972</b>	<b>(55)</b>		<b>Sub-Total</b>	<b>7,917</b>	<b>7,164</b>	<b>(753)</b>	<b>(753)</b>	
499	0	Levies and Other Corporate Budgets	Salaries	499	511	12	12	
12,376	(30)		Non-Sal Exp	12,346	12,319	(27)	(28)	
(12,289)	(15)		Income	(12,304)	(12,304)	0	0	
<b>586</b>	<b>(45)</b>		<b>Sub-Total</b>	<b>541</b>	<b>526</b>	<b>(15)</b>	<b>(16)</b>	
0	0	Housing Benefit Subsidy	Salaries	0	0	0	0	
105,984	0		Non-Sal Exp	105,984	105,984	0	0	
(107,449)	0		Income	(107,449)	(107,449)	0	0	
<b>(1,465)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(1,465)</b>	<b>(1,465)</b>	<b>0</b>	<b>0</b>	
<b>7,093</b>	<b>(100)</b>	<b>Total Corporate Operating Budgets</b>		<b>6,993</b>	<b>6,225</b>	<b>(768)</b>	<b>(769)</b>	<b>1</b>

### Development & Risk Contingency

51. 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	Budget Changes	Service	Outturn		Variance (As at Outturn)	Variance (As at Month 11)	Movement from Month 11	
			Revised Budget	Forecast Outturn				
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
1,063	0	Social Care	Asylum Service	1,063	644	(419)	(419)	0
3,211	0		Demographic Growth - Looked After Children	3,211	3,741	530	675	(145)
895	0		Demographic Growth - Children with Disabilities	895	118	(777)	(665)	(112)
2,873	(150)		SEN transport	2,723	2,248	(475)	(475)	0
3,842	(1,049)		Demographic Growth - Adult Social Care	2,793	3,557	764	1,205	(442)
1,736	(914)	Environment, Education & Community Services	Impact of Welfare Reform on Homelessness	822	634	(188)	4	(192)
2,407	(357)	Infrastructure, Building Services & Transport	Waste Disposal Levy & Associated Contracts	2,050	1,495	(555)	(365)	(190)
(400)	0	Corporate Items	Additional Investment Income	(400)	(400)	0	0	0
500	0		General Contingency	500	500	0	0	0
<b>16,127</b>	<b>(2,470)</b>	<b>Total Development &amp; Risk Contingency</b>		<b>13,657</b>	<b>12,536</b>	<b>(1,121)</b>	<b>(40)</b>	<b>(1,081)</b>

52. Within Social Care Contingency the call on contingency was reduced from Month 11, with demand-led budgets for care packages reflecting the latest client numbers and unit costs. Underspends within Contingency budgets for Children's Services reflect care packages suspended due to COVID-19 and the allocation of additional one-to-one support being funded through COVID-19 grant funding and therefore reported under exceptional items.
53. There is a reduction in the call on homelessness contingency of £192k, management actions to reduce numbers through increased non-cost prevention and move-on activity have been ongoing. There is a £190k reduced call on Waste Services contingency, to £555k below the contingency budget reflecting the pay as you throw tonnages from the West London Waste Authority. COVID-19 Waste costs which have been identified, are not reflected in the Risk contingency, but are instead reported under exceptional items.

54. There were no identified calls on the £500k General Contingency provision, leaving the full budget available to contribute to the Insurance Earmarked Reserve.

### **Exceptional Items – COVID-19 Pressures**

55. The majority of the COVID-19 pressure is relating to Social Care, and Environment, Education & Community Services, these two areas represent £18,391k of the £31,492k in-year pressure. In addition, £1,883k pressures were identified in the 2019/20 financial year to give a total direct cost of £33,375k.
- a. Within Social Care, the Council is declaring a pressure of just over £10.2m, 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 £1m of support has been provided to support homeless residents of the borough and ensure their safety during COVID-19, with a further £3m being used to fund environmental services including the mortuary and crematorium services, alongside waste management.
  - c. Included within this pressure is a decline in Fees and Charges and other income streams of approximately £12.6m by outturn, 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 £4.1m of this value.
56. The outturn position confirms the overall pressure caused by COVID-19 will be funded by Central Government grant and will therefore not impact on the Council's general balances. The Council has confirmed funding of £39,437k, which will be sufficient to manage pressures identified in 2020/21, although there remains a risk that new and emerging issues will leave a funding gap in the new financial year.
57. 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. As the 2020/21 pressures have been wholly funded by Central Government grant, this balance remains available going into the new financial year. In addition, the Council will also be carrying forward into the new financial year, any uncommitted grants related to the pandemic, where grant conditions allow.

## Exceptional Items – Earmarked Reserves

58. Following confirmation of the Council's final outturn position for 2020/21, this position includes a transfer of £4,300k into Earmarked Reserves to increase the Council's financial resilience going forward, whilst also providing funds to support investment in Council services, including continuing the Older People Discount for a further year beyond the current budget strategy into 2023/24 and increasing the Priority Growth Earmarked Reserve.

## HIP Initiatives

59. There is £677k of HIP Initiative balances brought forward at the start of the year. In 2020/21 £28k has been allocated leaving, £649k available for future releases going into the new financial year.

## Schools Budget

60. At outturn the Dedicated Schools Grant position is reporting an in-year overspend of £10,384k. This represents a net £155k adverse movement from Month 11, within the High Needs Block there is an adverse £145k movement, £123k adverse movement in the Schools Block, £97k adverse movement in the Early Years Block, with a compensating £210k favourable movement in the Central Schools Services Block.
61. The overspend is due to ongoing pressures in the cost of High Needs placements. 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 £25,386k.
62. This pressure will ultimately be funded from future grant awards and will therefore not directly impact upon the Council's own resources.

## Collection Fund

63. A deficit of £5,158k 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 taxbase 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.
64. Any deficit realised at outturn will impact on the General Fund budget in future years, with the Government confirming that local authorities 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 forecast in-year deficit at Month 9 (£1,958k) would hit the Council's budget position for 2021/22 to 2023/24, effectively increasing the budget gap by this value. This position is netted down in 2021/22 by prior year surpluses being released from the 2019/20 outturn position.

65. 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.
66. 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.

### **Housing Revenue Account**

67. The Housing Revenue Account (HRA) delivered an in-year overall drawdown from reserves of £1,874k which is a £183k improvement on the budgeted deficit of £2,057k. This represents a net £28k favourable movement on the position reported at Month 11. The favourable movements relate to £153k on income, mainly leaseholder income; £126k on utility invoices; and £144k on year end capital financing adjustments. The adverse movements relate to repairs and planned maintenance £98k; housing management service £235k; bad debt provision £56k and £6k on interest.
68. There have been 25 Right to Buy (RTB) sales of council dwellings as at the end of March 2021, the same as the projection at Month 11. The £2,748k RTB 1-4-1 capital receipts retained in 2020/21 is available for investing in new housing stock. The RTB 1-4-1 capital receipts must be spent or committed within a deadline of five years from the year of receipt

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

69. Appendix D provides the details of the capital outturn position. An underspend of £48,557k is reported on the £86,858k General Fund capital programme for 2020/21, consisting of £18,341k cost underspends and £30,216k re-phasing into future years. Prudential borrowing has a favourable variance of £12,359k due mainly to cost underspends on programmes of works.

## Appendix A – Detailed Group Outturn Positions (General Fund)

### FINANCE

70. An underspend of £219k is reported for the Finance Directorate at outturn against normal activities, with £1,456k being reported against the COVID-19 pressure within Exceptional Items.
71. The favourable movement of £43k relates mainly to additional grant funding to deliver DWP COVID-19 related workstreams. As reported in previous months, stable oil prices and effective contract negotiation within the Fleet Service and reduced printing and postage costs within Exchequer Services have contributed to the overall underspend position. In addition, the full implementation of the restructure of the Procurement Service has led to staffing underspends in year while recruitment was underway.

**Table 6: Finance Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
4,224	0	Corporate Finance	Salaries	4,224	4,264	40	44	(4)
636	8		Non-Sal Exp	644	683	39	38	1
(445)	(9)		Income	(454)	(561)	(107)	(103)	(4)
<b>4,415</b>	<b>(1)</b>		<b>Sub-Total</b>	<b>4,414</b>	<b>4,386</b>	<b>(28)</b>	<b>(21)</b>	<b>(7)</b>
5,844	(94)	Exchequer and Business Assurance Services	Salaries	5,750	5,751	1	1	0
3,283	209		Non-Sal Exp	3,492	3,392	(100)	(114)	14
(2,796)	(54)		Income	(2,850)	(2,749)	101	158	(57)
<b>6,331</b>	<b>61</b>		<b>Sub-Total</b>	<b>6,392</b>	<b>6,394</b>	<b>2</b>	<b>45</b>	<b>(43)</b>
1,790	(470)	Procurement	Salaries	1,320	1,186	(134)	(135)	1
3,318	(3)		Non-Sal Exp	3,315	3,261	(54)	(68)	14
(118)	111		Income	(7)	(12)	(5)	3	(8)
<b>4,990</b>	<b>(362)</b>		<b>Sub-Total</b>	<b>4,628</b>	<b>4,435</b>	<b>(193)</b>	<b>(200)</b>	<b>7</b>
11,858	(564)	Finance Directorate	Salaries	11,294	11,201	(93)	(90)	(3)
7,237	214		Non-Sal Exp	7,451	7,336	(115)	(144)	29
(3,359)	48		Income	(3,311)	(3,322)	(11)	58	(69)
<b>15,736</b>	<b>(302)</b>		<b>Total</b>	<b>15,434</b>	<b>15,215</b>	<b>(219)</b>	<b>(176)</b>	<b>(43)</b>

### Exceptional Items – COVID-19 Pressures

#### Finance Development & Risk Contingency

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
			Revised Budget £'000	Forecast Outturn £'000			
0	0	COVID-19	0	1,456	1,650	1,650	(194)
0	0	Total Exceptional Items	0	1,456	1,650	1,650	(194)

72. At Month 12 a gross COVID-19 pressure of £1,456k is reported, a favourable movement of £194k from Month 11.
73. The position is due to the ongoing expenditure pressures of £1,365k relating predominantly to additional operational resource required to deliver Government driven grant streams and food and utility payments to low-income households – predominantly those with children. As reported for previous months, the income pressure of £1.3m relates mainly to council tax court fee income. These pressures are partly offset by COVID-19 related grant income of £1.2m, increased from £243k reported at Month 11, leaving £1,456k to be reported under exceptional items, a favourable movement of £194k.

#### **FINANCE OPERATING BUDGETS (£219k underspend, £43k favourable movement)**

##### **Corporate Finance (£28k underspend, £7k favourable movement)**

74. The year-end position reflects an improvement of £7k on the Month 11 position, bringing the underspend to £28k. This has arisen 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-19 pandemic.

##### **Exchequer & Business Assurance Services (£2k overspend, £43k favourable movement)**

75. Staff resource assumptions are consistent with Month 11 with the month-on-month movement due to additional grant income for the delivery of the COVID-19 Winter Grant Scheme. The service has met the £228k 2020/21 MTF savings target following the restructure of the Revenues and Business Assurance functions now implemented fully, with in-year underspends covering off the shortfall in delivery.

##### **Procurement (£193k underspend, £7k adverse movement)**

76. An underspend of £193k is reported for the Procurement Service at outturn, representing a minor adverse movement of £7k on the month 11 position. The comparative stability of oil prices throughout the year and reductions to contracted repairs and maintenance costs within the Fleet Service, have led to the underlying underspend position. The restructure of the Procurement function has been fully implemented, as reported previously, with implementation costs accounting largely for the change from Month 11.

## SOCIAL CARE

77. An underspend of £121k is reported for Social Care at outturn, representing an improvement of £20k on the base budget.

**Table 7: Social Care Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
21,123	(344)	Provider and Commissioned Care	Salaries	20,779	19,533	(1,246)	(1,255)	9
9,849	793		Non-Sal Exp	10,642	11,186	544	544	0
(4,876)	0		Income	(4,876)	(4,925)	(49)	(42)	(7)
<b>26,096</b>	<b>449</b>		<b>Sub-Total</b>	<b>26,545</b>	<b>25,794</b>	<b>(751)</b>	<b>(753)</b>	<b>2</b>
7,350	732	Adult Social Work	Salaries	8,082	8,244	162	139	23
77,244	(1,858)		Non-Sal Exp	75,386	75,503	117	42	75
(23,405)	308		Income	(23,097)	(23,279)	(182)	(89)	(93)
<b>61,189</b>	<b>(818)</b>		<b>Sub-Total</b>	<b>60,371</b>	<b>60,468</b>	<b>97</b>	<b>92</b>	<b>5</b>
17,296	(307)	Children's Services	Salaries	16,989	17,006	17	(15)	32
21,287	39		Non-Sal Exp	21,326	21,622	296	336	(40)
(9,600)	(164)		Income	(9,764)	(9,719)	45	84	(39)
<b>28,983</b>	<b>(432)</b>		<b>Sub-Total</b>	<b>28,551</b>	<b>28,910</b>	<b>359</b>	<b>405</b>	<b>(47)</b>
1,714	(1)	SEND	Salaries	1,713	1,900	187	144	43
178	(2)		Non-Sal Exp	176	325	149	124	25
(125)	0		Income	(125)	(288)	(163)	(117)	(46)
<b>1,767</b>	<b>(3)</b>		<b>Sub-Total</b>	<b>1,764</b>	<b>1,937</b>	<b>173</b>	<b>151</b>	<b>22</b>
351	66	Public Health	Salaries	417	441	24	33	(9)
6,822	(19)		Non-Sal Exp	6,803	6,779	(24)	(33)	9
(45)	(47)		Income	(92)	(92)	0	0	0
<b>7,128</b>	<b>0</b>		<b>Sub-Total</b>	<b>7,128</b>	<b>7,127</b>	<b>0</b>	<b>0</b>	<b>0</b>
456	0	Health Integration & Voluntary Sector	Salaries	456	416	(40)	(29)	(11)
2,417	39		Non-Sal Exp	2,456	2,444	(12)	(12)	0
(107)	(39)		Income	(146)	(92)	54	45	9
<b>2,766</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,766</b>	<b>2,768</b>	<b>2</b>	<b>4</b>	<b>(2)</b>
48,290	146	Social Care Directorate Total	Salaries	48,436	47,540	(896)	(983)	87
117,797	(1,008)		Non-Sal Exp	116,789	117,859	1,070	1,001	69
(38,158)	58		Income	(38,100)	(38,395)	(295)	(119)	(176)
<b>127,929</b>	<b>(804)</b>		<b>Total</b>	<b>127,125</b>	<b>127,004</b>	<b>(121)</b>	<b>(101)</b>	<b>(20)</b>

**SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£378k underspend, £699k favourable movement)**

78. 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 outturn position for the Development and Risk Contingency, which has underspent against contingency by £378k, representing a £699k favourable movement on the Month 11 position.
79. Adults placements contingency is declaring an overspend of £764k against contingency, representing a favourable movement of £442k on the Month 11 position. This movement was mainly due to the final outturn position for Learning Disability placements on community services being significantly reduced due to the impact of COVID-19.
80. There is ongoing review of demographics across Adults Placements, mainly focussing on Mental Health Placements to determine any additional pressures that may arise as a result of the wider impacts of COVID-19 continuing into 2021/22.
81. SEN Transport has reported an underspend of £475k against contingency with no movement from Month 11. This underspend has stemmed from the third lockdown in December which significantly reduced the number of routes and vehicles running. Transport expenditure will continue to be closely monitored in 2021-22, as social distancing measures continue to be in place to protect vulnerable children using the service.
82. The Looked After Children contingency is declaring an overspend against contingency by £530k due to the pressure on placement costs. This reflects an increase in the number of high cost residential and semi-independent living placements. However, this underlying increase is partly attributed to the impact of COVID-19, which has reduced the overall position and call on contingency by £1,846k through this financial year, including a further £145k at year end. This is offset by a reduction on the call from the CWD contingency which is underspending by £777k. This favourable movement of £112k is a reflection on the number of packages of care which were suspended for several children during the COVID-19 lockdown and the allocation of additional one-to-one support being funded through COVID-19 exceptional items.

**Table 8: Social Care Development & Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,063	0	Asylum Service	1,063	644	(419)	(419)	0
3,211	0	Demographic Growth - Looked After Children	3,211	3,741	530	675	(145)
895	0	Demographic Growth - Children with Disabilities	895	118	(777)	(665)	(112)
2,873	(150)	SEN Transport	2,723	2,248	(475)	(475)	0
3,842	(1,049)	Demographic Growth - Adult Social Care	2,793	3,557	764	1,205	(442)
<b>11,884</b>	<b>(1,199)</b>	<b>Current Commitments</b>	<b>10,685</b>	<b>10,307</b>	<b>(378)</b>	<b>321</b>	<b>(699)</b>
0	0	<b>COVID-19</b>	0	10,185	10,185	11,718	1,533
<b>0</b>	<b>0</b>	<b>Total Exceptional Items</b>	<b>0</b>	<b>10,185</b>	<b>10,185</b>	<b>11,718</b>	<b>1,533</b>

### Exceptional Items – COVID-19 Pressures

83. Within Social Care, COVID-19 pressures of £10.185m are being reported, which is a reduction of £1.533m on the requirement included in the Month 11 position.
84. The Provider and Commissioned Care pressure includes £851k of additional staffing pressures, an increase of £118k from Month 11. This movement is mostly driven by Direct Care Provision which is reporting a £755k pressure, an increase of £122k as further COVID-19 related costs were identified at year end. These pressures are being reported against a number of COVID-19 grants included at outturn, including the Rapid Test Fund (£6.1k), the Infection Control Grant (£108k) and the Workforce Capacity Fund (£22k). A £73k staffing pressure is being reported as a result of the delay to the implementation of the new Occupational Therapy service delivery model due to the pandemic, a small decrease of £4k from Month 11.
85. Of non-staffing pressures, there is £119k in additional costs for cleaning and for flats in the Extra Care centres that were vacant and were unable to be re-let to the usual pre-COVID-19 timescales between March and September; £16.8k in additional vehicle cleaning costs for SEN Transport; £30.7k for cleaning and PPE in residential and care homes and £7.6k in additional banking administration charges for the Brokerage service due to the issue of extra payment cards. £460k is being reported in loss of income due to the pandemic, of which £421k relates to parental fees and DSG income from Early Years Centres and the remaining £36k due to loss of rental income and sales of meals in day centres.
86. The Adult Social Care pressure includes specific grants of £5,040k provided to external providers during the pandemic, to ensure continuation of care to eligible Social Care clients and to provide additional support at a time when providers are facing financial difficulty. In addition to this, a further £1,688k was utilised to provide PPE within the wider Adult Social

Care service delivery model. A total of £2,740k is attributable to additional demand for placements as a result of the pandemic, of which £1,715k related to care provision Mental Health clients, mainly cared for in Supported Living placements, with an additional £735k for Older People Homecare packages and £290k Learning Disability additional support costs, alongside placements block contracts void costs. A further £210k relates to workforce pressures within the service, £121k legal expenses and £10k for the Hillingdon Mind contract. The costs are all directly attributable to the pandemic.

87. The pressure associated with Children's Services (LAC) of £1,846k relates to increases in spend in residential care, as during the pandemic the department were 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. There has been an increase in cost due to the use of additional staffing within Children's Services during the pandemic, which resulted in a pressure of £224k.
88. The £95k COVID-19 pressure in SEND relates to temporary agency cover required over the current SEND Service staffing establishment to assist with the response to COVID-19. The DfE have confirmed that statutory SEN work should continue as usual, and therefore additional agency staff are required to help support with extra statutory work during the continued COVID-19 response.

#### **SOCIAL CARE OPERATING BUDGETS (£121k underspend, £20k favourable movement)**

##### **Provider and Commissioned Care (£751k underspend - £2k adverse movement)**

89. Provider and Commissioned Care are reporting a £751k underspend at outturn. This is due to a large staffing underspend of £1,246k 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 during the first and most recent lockdowns and the temporary closure of Children's Centres, where permanent staff were redeployed to Early Year Centres to replace agency staffing.

##### **Adult Social Work (£97k overspend, £5k adverse movement)**

90. Adult Social work is reporting a £97k overspend. This is mainly due to staffing overspend of £360k because of additional use of agency staff due to COVID-19. The salaries overspend was offset by £198k of COVID-19 funding and £65k underspend on other non-staffing related budgets.
91. Pooled budget arrangements with the CCG in relation to hospital discharges, for which any excess costs were funded through NHS COVID-19 funding, were put in place with the LBH contribution to the pooled fund of £2.4m reflected in the outturn position.

### **Children's Services (£355k overspend - £47k favourable movement)**

92. The final outturn position reported is an overspend of £358k for Children's Services, with a favourable movement of £47k. The slight improvement has arisen from further reductions in the cost of agency staff and the delayed recruitment to the Early Help restructure.
93. 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, agency staffing arrangements with Sanctuary Personnel, will deliver temporary staff at a lower cost and support further reduction in spend.

### **SEND (£173k overspend, £22k adverse movement)**

94. 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. Additional pressures on SEN legal costs and mediation fees along with agency staff covering vacant posts are driving the overspend position and adverse movement at outturn.

### **Public Health (Breakeven, nil movement)**

95. 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. The main exception to this has been the delivery of the Health Check programme within GP settings with provision limited initially by lockdown restrictions and subsequently by the roll out of the vaccination programme. The outturn position reflects the reduced contract activity levels with the corresponding underspend being transferred to the PH EMR. Public Health services have been delivered within budget.

### **Health integration and Voluntary Sector Partnerships (£2k overspend – £2k favourable movement)**

96. A minor pressure of £2k is reported for the Service overall at outturn, representing a £2k favourable movement from Month 11. The underlying position reflects a salary underspend arising from the allocation of staff time to the COVID-19 response, reported under exceptional items, where community engagement work has focused on supporting residents during the pandemic. Work has been diverted away from Brexit focussed engagement activities reflected by the offsetting reduction of contributions from the Brexit EMRs.

## ENVIRONMENT, EDUCATION & COMMUNITY SERVICES

97. The overall reported position for the Environment, Education and Community Services directorate at outturn is an underspend of £1,101k on normal activities. A further £8,206k 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	Outturn		Variance (As at Outturn) £'000	Variance as at Month 11 £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
3,588	27	Planning, & Regeneration	Salaries	3,615	3,408	(207)	(197)	(10)
1,336	437		Non-Sal Exp	1,773	1,809	36	78	(42)
(4,834)	(425)		Income	(5,259)	(5,250)	9	(13)	22
<b>90</b>	<b>39</b>		<b>Sub-Total</b>	<b>129</b>	<b>(33)</b>	<b>(162)</b>	<b>(132)</b>	<b>(30)</b>
13,164	69	Green Spaces, Sports & Culture	Salaries	13,233	12,402	(831)	(672)	(159)
5,994	0		Non-Sal Exp	5,994	6,209	215	(212)	427
(10,767)	(52)		Income	(10,819)	(11,094)	(275)	(41)	(234)
<b>8,391</b>	<b>17</b>		<b>Sub-Total</b>	<b>8,408</b>	<b>7,517</b>	<b>(891)</b>	<b>(925)</b>	<b>34</b>
2,778	446	Housing	Salaries	3,224	3,129	(95)	(90)	(5)
3,917	3,121		Non-Sal Exp	7,038	6,615	(423)	(398)	(25)
(3,159)	(3,259)		Income	(6,418)	(5,942)	476	444	32
<b>3,536</b>	<b>308</b>		<b>Sub-Total</b>	<b>3,844</b>	<b>3,802</b>	<b>(42)</b>	<b>(44)</b>	<b>2</b>
973	0	Education	Salaries	973	1,152	179	160	19
4,230	0		Non-Sal Exp	4,230	4,476	246	84	162
(4,313)	0		Income	(4,313)	(4,531)	(218)	(75)	(143)
<b>890</b>	<b>0</b>		<b>Sub-Total</b>	<b>890</b>	<b>1,097</b>	<b>207</b>	<b>169</b>	<b>38</b>
2,419	36	Trading Standards, Environment & Health & Licensing	Salaries	2,455	2,292	(163)	(121)	(42)
559	0		Non-Sal Exp	559	1,151	592	319	273
(3,134)	0		Income	(3,134)	(3,504)	(370)	(71)	(299)
<b>(156)</b>	<b>36</b>		<b>Sub-Total</b>	<b>(120)</b>	<b>(61)</b>	<b>59</b>	<b>127</b>	<b>(68)</b>
2,251	(196)	Community Safety, Cohesion & Resilience	Salaries	2,055	1,748	(307)	(412)	105
2,713	(1,025)		Non-Sal Exp	1,688	1,775	87	209	(122)
(905)	201		Income	(704)	(756)	(52)	(66)	14
<b>4,059</b>	<b>(1,020)</b>		<b>Sub-Total</b>	<b>3,039</b>	<b>2,767</b>	<b>(272)</b>	<b>(269)</b>	<b>(3)</b>
25,173	382	Environment, Education & Community Services Directorate	Salaries	25,555	24,131	(1,424)	(1,332)	(92)
18,749	2,533		Non-Sal Exp	21,282	22,035	753	80	673
(27,112)	(3,535)		Income	(30,647)	(31,077)	(430)	178	(608)
<b>16,810</b>	<b>(620)</b>		<b>Total</b>	<b>16,190</b>	<b>15,089</b>	<b>(1,101)</b>	<b>(1,074)</b>	<b>(27)</b>

98. The Council's 2020/21 contingency budget contained provision for areas of expenditure or income within Environment, Education and Community Services for which there was a greater degree of uncertainty. At outturn, calls on contingency were £188k below the budgeted provision.

**Table 10: Development and Risk Contingency**

Original Budget £'000	Budget Changes £'000	Contingency Item	Outturn		Variance as at Outturn £'000	Variance as at Month 11 £'000	Movement from Month 11 £'000
			Revised Budget £'000	Forecast Outturn £'000			
822	0	Impact of Welfare Reform on Homelessness	822	634	(188)	4	(192)
<b>822</b>	<b>0</b>	<b>Total</b>	<b>822</b>	<b>634</b>	<b>(188)</b>	<b>4</b>	<b>(192)</b>
		<b>COVID-19</b>	<b>0</b>	<b>8,206</b>	<b>8,206</b>	<b>9,458</b>	<b>(1252)</b>
<b>0</b>	<b>0</b>	<b>Total Exceptional Items</b>	<b>0</b>	<b>8,206</b>	<b>8,206</b>	<b>9,458</b>	<b>(1252)</b>

99. The outturn data in the table below shows the use of Temporary Accommodation. The number of clients in Temporary Accommodation has reduced by 20 over the financial year, with a corresponding reduction in Bed and Breakfast placements of 9, however, the overall number of units in use remains above budgeted targets. Management actions continue to be implemented to meet these targets through an increase in prevention and move-on activity and the close monitoring of unit costs.

**Table 11: Housing Needs performance data**

	January 2021	February 2021	March 2021
All Approaches	298	278	285
Full Assessment Required	181	199	261
New into Temporary Accommodation (Homeless and Relief)	43	28	43
Households in Temporary Accommodation	424	430	428
Households in B&B	164	168	169

100. As in previous years, a contingency was 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 at outturn was £634k, £188k below the budgeted provision and a favourable movement of £192k from the month 11 forecast. The reduced call on contingency was achieved through the maximisation of specific grants applied to expenditure on the provision of accommodation within the Private Sector.

### Exceptional Items – COVID-19 Pressures

101. At outturn, Environment, Education and Community Services is reporting £8,206k of pressures against the COVID-19 exceptional items disclosure, with approximately £3,674k 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 £1,252k from the Month 11 reported position.

102. Green Spaces, Sports & Culture has reported a reduction in the pandemic impact from £6,841k in month 11 to an outturn position of £5,959k, a decrease of £882k. The Breakspear Hub pandemic pressure this year has decreased by £443k as this part of the cost of the hub

will now fall into 2021/22. The National Leisure Recovery Fund will contribute £304k to our leisure services recovery therefore reducing the call on pandemic funding. Rental income of £135k from Ruislip Lido and Stockley Park Golf Club is now funded through the bad debt process rather than pandemic fund.

103. £730k of lost income relates to Trading Standards, Food & Safety and Licencing, predominantly driven by Imported Food fees & charges. This reflects an improvement of £100k in the position compared with Month 11, largely resulting from an increase in Imported Food activity during the final month of the year.
104. The Planning and Regeneration service are reporting a pressure of £598k from reduced income, of which; £376k relates to Development Control, £55k for Local Land Charge fees, £7k against retained CIL admin fees and the remaining £160k relates to Building Control Fees.
105. Several smaller pressures reported across the directorate make up the remaining balance, with the largest of these being circa £312k within the Anti-Social Behaviour Team and £238k reduced income in the Private Sector Housing Team.

#### **ENVIRONMENT, EDUCATION AND COMMUNITY SERVICES OPERATING BUDGETS (£1,101k underspend, £27k favourable movement)**

##### **Planning, Transportation and Regeneration (£162k underspend, £30k favourable movement)**

106. Planning Services is currently reporting a £136k 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 declaring an underspend of £26k largely due to posts being held vacant until next financial year. The £30k improvement from Month 11 relates to non-developer funded costs for Master Brewer and Annington Homes now expected to be incurred in 2021/22.

##### **Green Spaces, Sports and Culture (£891k underspend, £34k adverse movement)**

107. Green Spaces, Sports and Culture outturn is reported as £891k underspend which is a £34k adverse position from Month 11. Whilst the overall movement is minimal there are some significant movements that contra one another to deliver the net adverse movement of £34k. Staff costs across the business were £159k lower than previously forecast due to some vacancies held throughout the year and lower sessional worker costs due to the pandemic. Non-Salary costs covering general operational costs were £167k lower based on normal activities, this is in part due to cautious budget monitoring by managers due to the complex impact of the pandemic throughout the year. Income from cemetery fees and charges was £115k higher than forecast at M11 and cremation fees were also higher than anticipated by £227k both reflecting prudent budget monitoring earlier in the year. The leisure contract service is £66k more due to costs previously marked for capitalisation now being funded from

revenue. The improved position summarised above equates to a favourable movement of £566k meaning that £600k can be earmarked for revenue financing of capital.

**Housing (£42k underspend, £2k adverse movement)**

108. The final outturn within Housing Services is an underspend of £42k resulting from favourable variances within the First Time Buyers service and at the Colne Park site. These are being partly offset by an overspend position reported by the Private Sector Housing service. The overspend is made up of income pressures on HMO licencing and the residual pressure on enforcement income after allocations against COVID-19 contingency.

**Education (£207k overspend, £38k adverse movement)**

109. The outturn position for Education shows an overspend of £207k 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.

**Trading Standards, Environment Health & Licensing (£59k overspend, £68k favourable movement)**

110. The service is reporting a £59k pressure at outturn. There is a £163k staffing underspend declared, largely attributable to delays in recruiting to vacant posts, not all of which were covered by agency resource. The £592k non-staffing pressure reflects overspends within the Imported Food Office and a provision against a cost award due relating to the Project Pompeii animal welfare case. The £370k favourable income position comprises recognition of the aforementioned Pompeii cost recovery and a DEFRA Brexit preparedness grant funding Imported Food Office costs, partly netted down by a Trading Standards shortfall. The £68k favourable movement at outturn broadly reflects reduced agency spend and an improved Imported Food income position.

**Community Safety, Cohesion & Resilience (£272k underspend, £3k favourable movement)**

111. The final outturn position is a £272k underspend, the most significant element comprising staffing underspends within Community Safety and ASBET, resulting from recruitment delays and staff turnover. Community Safety's favourable staff costs position of £307k, alongside non staffing variances including lower Metropolitan police costs of £46k is partly offset by revenue financing of capital of £100k and lower income from the HRA reflecting the staff vacancies the income supports.

## INFRASTRUCTURE, BUILDING SERVICES & TRANSPORT

112. The outturn position for the Infrastructure, Building Services and Transport directorate for 2020/21 is an underspend of £954k on normal activities. A pressure of £7,600k is being reported against the COVID-19 pressures under exceptional items. The overall variance is a result of underspends within Highways, Waste Services and Property & Estates.

**Table 12: Infrastructure Building Services & Transport**

Original Budget	Budget Changes	Service		Outturn		Variance (As at Outturn)	Variance (as at Month 11)	Movement from Month 11
				Revised Budget	Forecast Outturn			
£'000	£'000			£'000	£'000	£'000	£'000	£'000
449	10	Property & Estates	Salaries	459	432	(27)	(27)	0
3,596	0		Non-Sal Exp	3,596	3,900	304	37	267
(2,869)	(10)		Income	(2,879)	(3,278)	(399)	(302)	(97)
<b>1,176</b>	<b>0</b>		<b>Sub-Total</b>	<b>1,176</b>	<b>1,054</b>	<b>(122)</b>	<b>(292)</b>	<b>170</b>
1,581	0	Capital Programme	Salaries	1,581	1,172	(409)	(406)	(3)
254	0		Non-Sal Exp	254	118	(136)	(93)	(43)
(1,526)	0		Income	(1,526)	(895)	631	574	57
<b>309</b>	<b>0</b>		<b>Sub-Total</b>	<b>309</b>	<b>395</b>	<b>86</b>	<b>75</b>	<b>11</b>
1,286	(105)	Repairs & Engineering	Salaries	1,181	1,240	59	57	2
4,339	974		Non-Sal Exp	5,313	4,976	(337)	(175)	(162)
(545)	(163)		Income	(708)	(780)	(72)	(26)	(46)
<b>5,080</b>	<b>706</b>		<b>Sub-Total</b>	<b>5,786</b>	<b>5,436</b>	<b>(350)</b>	<b>(144)</b>	<b>(206)</b>
2,114	0	Highways	Salaries	2,114	2,142	28	32	(4)
3,741	(250)		Non-Sal Exp	3,491	2,909	(582)	(565)	(17)
(3,015)	250		Income	(2,765)	(2,700)	65	64	1
<b>2,840</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,840</b>	<b>2,351</b>	<b>(489)</b>	<b>(469)</b>	<b>(20)</b>
9,399	96	Waste Services	Salaries	9,495	9,561	66	53	13
14,589	0		Non-Sal Exp	14,589	14,651	62	(61)	123
(3,236)	0		Income	(3,236)	(3,443)	(207)	(161)	(46)
<b>20,752</b>	<b>96</b>		<b>Sub-Total</b>	<b>20,848</b>	<b>20,769</b>	<b>(79)</b>	<b>(169)</b>	<b>90</b>
3,087	0	ICT	Salaries	3,087	2,753	(334)	(380)	46
4,444	10		Non-Sal Exp	4,454	5,053	599	491	108
(200)	0		Income	(200)	(267)	(67)	(18)	(49)
<b>7,331</b>	<b>10</b>		<b>Sub-Total</b>	<b>7,341</b>	<b>7,539</b>	<b>198</b>	<b>93</b>	<b>105</b>
959	0	Parking Services	Salaries	959	851	(108)	(103)	(5)
2,958	0		Non-Sal Exp	2,958	2,842	(116)	43	(159)
(8,429)	0		Income	(8,429)	(8,383)	46	(3)	49
<b>(4,512)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(4,512)</b>	<b>(4,690)</b>	<b>(178)</b>	<b>(63)</b>	<b>(115)</b>
1,676	0	Transport, Aviation & Town Centre Initiatives	Salaries	1,676	1,579	(97)	(103)	6
239	0		Non-Sal Exp	239	234	(5)	0	(5)
(361)	0		Income	(361)	(279)	82	84	(2)
<b>1,554</b>	<b>0</b>		<b>Total</b>	<b>1,554</b>	<b>1,534</b>	<b>(20)</b>	<b>(19)</b>	<b>(1)</b>
20,551	1	Infrastructure, Building Services & Transport Directorate	Salaries	20,552	19,730	(822)	(877)	55
34,160	734		Non-Sal Exp	34,894	34,683	(211)	(323)	112
(20,181)	77		Income	(20,104)	(20,025)	79	212	(133)
<b>34,530</b>	<b>812</b>		<b>Total</b>	<b>35,342</b>	<b>34,388</b>	<b>(954)</b>	<b>(988)</b>	<b>34</b>

113. The Council's 2020/21 contingency budget contained provision for areas of expenditure or income within Building Services, Transport & Business Improvement for which there was a greater degree of uncertainty. At outturn, the required contingency call was £555k below the budgeted position.

**Table 13: Development and Risk Contingency**

Original Budget £'000	Budget Changes £'000	Development & Risk Contingency	Outturn		Variance (As at Outturn) £'000	Variance (as at Month 11) £'000	Movement from Month 11 £'000
			Revised Budget £'000	Forecast Outturn £'000			
2,050	0	Waste Disposal Levy & Associated Contracts	2,050	1,495	(555)	(365)	(190)
<b>2,050</b>	<b>0</b>	<b>Current Commitments</b>	<b>2,050</b>	<b>1,495</b>	<b>(555)</b>	<b>(365)</b>	<b>(190)</b>
		COVID-19	0	7,600	7,600	8,178	(578)
<b>0</b>	<b>0</b>	<b>Total Exceptional Items</b>	<b>0</b>	<b>7,600</b>	<b>7,600</b>	<b>8,178</b>	<b>(578)</b>

114. At outturn, the call on the Waste contingency was £1,495k, funding estimated population driven increases in the cost of disposal via the West London Waste Authority (WLWA) levy and associated waste disposal contracts. This is a reduction of £555k compared with budget, comprising tonnage based PAYT rebates received from WLWA and final costs associated with other waste disposal contracts.

115. Residual waste volumes (which account for the largest proportion of the Council's disposal costs) were 3% higher in 2020/21 compared with the prior year (though were within budgeted levels). Whilst mixed organic (food and garden) tonnages were 14% above those in 2019/20 (being impacted by the pandemic and lockdown), aggregate PAYT costs were below budget, reflecting the more favourable disposal rates attributable to these waste streams.

116. Mixed dry recycling tonnages in 2020/21 were 17% higher than the prior year, affecting disposal costs via the Council's contract with Biffa. This waste stream has been most significantly affected by the pandemic and successive lockdown periods. Accordingly, a further £650k is reported against Exceptional Items relating to COVID-19, reflecting the additional costs that emerged as a consequence.

### **Exceptional Items – COVID-19 Pressures**

117. Infrastructure, Building Services and Transport Services reported COVID-19 pressures of £7,600k, which relate to £2,210k of expenditure pressures alongside £5,390k of income shortfalls all directly attributable to the COVID-19 pandemic. Total reported pressures have reduced by £578k from Month 11.

118. The largest single pressure within the directorate relates to a 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. Charges were reinstated in June, but the 2020/21 fees and charges uplifts were

deferred until early September. Further lockdown periods since impacted further on parking revenues, increasing pressures, though a more recent increase in activity, particularly on-street, enabled an improvement in the position of £131k at outturn compared with Month 11.

119. 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 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. Further non-staffing pressures relate to the use of contract hire of vehicles and drivers to transport waste crews during the December 2020-March 2021 lockdown (fewer Council-owned vehicles being available as more schools were open).
120. Within the income shortfall reported against COVID-19, £516k 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, collapsed due to the pandemic. That said, improved activity in the latter part of the year resulted in an increase in the income reported at outturn, reducing pressures and the related drawdown on the contingency by £99k compared with Month 11.
121. An outturn pressure against rental income of £266k within Property & Estates is funded via COVID-19 contingency, an improvement of £304k from the position reported at Month 11. Reduced income collection rates in year combined with increased void levels has created pressures across Commercial shops, General Estates and Garages.
122. Expenditure of £266k within the Facilities Management service provided for the introduction of safety measures across Corporate Buildings and the setup costs of COVID-19 testing and vaccination centres. The £266k is the net pressure remaining after £145k of reduced contract expenditure following site closures.
123. The Transport, Aviation and Town Centre Initiatives Service is reporting a £185k pressure against revenue budgets, of which £153k is due to the suspension of the Transport for London (TfL) Grant. A further £14k of this pressure relates to COVID-19 specific staffing costs and £2k for homeworking costs. An additional £13k pressure is associated with post-lockdown High Street related promotions and the remaining £3k is a result of lost income for Christmas lights community partner contributions.
124. Finally, £388k is reported in Highways, resulting from income shortfalls due to the part-year suspension of vehicle crossovers work and reduced street-works activity during the early part of the first lockdown period, plus unbudgeted agency resource covering rapid-response team staffing gaps.

## **BUILDING SERVICES, TRANSPORT AND BUSINESS IMPROVEMENT SERVICES OPERATING BUDGETS (£954k underspend, £34k adverse movement)**

### **Property and Estates (£122k underspend, £170k adverse movement)**

125. There is a favourable variance of £122k across Property and Estates at outturn, predominantly due to additional rental income receivable from two new leases effective from April 2020. The adverse movement from Month 11 reflects increased charges for the maintenance and running costs of Corporate sites.

### **Capital Programme (£86k overspend, £11k adverse movement)**

126. The final outturn within the Capital and planned works service is a pressure of £86k 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 (£350k underspend, 206k favourable movement)**

127. The Facilities Management Service has reported an underspend of £350k against budget, attributable to reduced expenditure on service contracts and compliance. The favourable movement from Month 11 reflects reduced utility costs and the re-allocation of expenditure to Capital projects.

### **Highways (£489k underspend, £20k favourable movement)**

128. The service is reporting a £489k underspend at outturn, largely reflecting a favourable position in relation to non-staffing budgets (partly netted down by smaller staffing and income pressures). There are underspends associated with the construction of domestic vehicle crossings as works ceased temporarily following the initial lockdown, below-budget street lighting energy costs, a reduction in the minor works programme and the suspension of column testing works over the winter period.

### **Waste Services (£79k underspend, £90k adverse movement)**

129. There is a reported £79k underspend across Waste Services at outturn. Staffing costs show a £68k overspend, relating to agency and overtime pressures. The non-staffing overspend is largely attributable to redundancy payments, partly offset by underspends relating to the temporary cessation of Waste Weekend events and the permanent closure of the Hatton Cross public convenience. A favourable income variance relates to the new charging structure for bulky waste collection services and sales of bulk bins to developers of flatted properties. A significant element of the service's £90k adverse movement reflects revisions in transformation and earmarked assumptions at outturn.

**ICT (£198k overspend, £105k adverse movement)**

130. The final outturn position for ICT is a £198k overspend. The service is reporting a non-staffing pressure of £599k, with annual renewal uplifts and system upgrades during the year having impacted on contract costs. This is partly offset by favourable variances for staff costs (attributable to vacant posts) and income (relating to fee recharges to the Microsoft/Windows 10 capital project). The adverse movement is largely attributable to a revision in transformation assumptions at outturn.

**Parking Services (£178k underspend, £115k favourable movement)**

131. The service is reporting a £178k underspend at outturn. This is attributable to staffing, with several posts having been vacant all year pending a BID review and non-staffing, notably fixed parking enforcement and debt registration charges. The underspend is partly netted down by an income pressure relating to a shortfall in parking suspension income. The improvement compared with Month 11 is largely attributable to reduced spend across several non-staffing areas.

**Transport, Aviation & Town Centre Initiatives (£20k underspend, £1k favourable movement)**

132. A £97k staffing underspend at outturn 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 and a minor £5k non-staffing underspend are partly offset by a £82k income shortfall, reflecting the aforementioned capital recharge and the TfL grant suspension.

## CORPORATE SERVICES OPERATING BUDGET

133. An underspend of £629k is reported for the Corporate Services Directorate at outturn, representing an improvement of £27k on the Month 11 position.

134. The underlying position shown in the table below has arisen from salaries underspends across the group. The key salary underspends remain unchanged from Month 11 and are largely within Legal Services and Business & Technical Support with a combined total of £956k, used to partly off-set the cost of transformation activity across the group avoiding the costs of capitalisation.

**Table 14: Corporate Services Directorate Operating Budgets**

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
			Revised Budget £'000	Forecast Outturn £'000			
1,496	0	Democratic Services	Salaries	1,479	(17)	(15)	(2)
1,750	0		Non-Sal Exp	1,783	33	33	0
(702)	0		Income	(698)	4	9	(5)
<b>2,544</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,564</b>	<b>20</b>	<b>27</b>	<b>(7)</b>
1,791	0	Human Resources	Salaries	1,726	(65)	(61)	(4)
978	0		Non-Sal Exp	1,013	34	36	(2)
(232)	0		Income	(246)	(13)	(13)	0
<b>2,537</b>	<b>0</b>		<b>Sub-Total</b>	<b>2,493</b>	<b>(44)</b>	<b>(38)</b>	<b>(6)</b>
2,303	200	Legal Services	Salaries	2,310	(193)	(192)	(1)
58	1		Non-Sal Exp	81	22	24	(2)
(284)	0		Income	(284)	0	1	(1)
<b>2,077</b>	<b>201</b>		<b>Sub-Total</b>	<b>2,107</b>	<b>(171)</b>	<b>(167)</b>	<b>(4)</b>
614	0	Corporate Communications	Salaries	590	(24)	(22)	(2)
152	0		Non-Sal Exp	133	(19)	(16)	(3)
(26)	0		Income	(27)	(1)	0	(1)
<b>740</b>	<b>0</b>		<b>Sub-Total</b>	<b>696</b>	<b>(44)</b>	<b>(38)</b>	<b>(6)</b>
679	40	Business Performance	Salaries	713	(6)	(6)	0
83	(39)		Non-Sal Exp	45	1	1	0
0	0		Income	0	0	0	0
<b>762</b>	<b>1</b>		<b>Sub-Total</b>	<b>758</b>	<b>(5)</b>	<b>(5)</b>	<b>0</b>
10,635	(367)	Business & Technical Support	Salaries	9,505	(763)	(1,031)	1
(3)	241		Non-Sal Exp	624	386	660	(7)
(345)	0		Income	(353)	(8)	(10)	2
<b>10,287</b>	<b>(126)</b>		<b>Sub-Total</b>	<b>9,776</b>	<b>(385)</b>	<b>(381)</b>	<b>(4)</b>
17,518	(127)	Corporate Services Directorate	Salaries	16,323	(1,068)	(1,327)	(8)
3,018	203		Non-Sal Exp	3,679	457	738	(14)
(1,589)	0		Income	(1,608)	(18)	(13)	(5)
<b>18,947</b>	<b>76</b>		<b>Total</b>	<b>18,394</b>	<b>(629)</b>	<b>(602)</b>	<b>(27)</b>

## Exceptional Items – COVID-19 Pressures

135. A pressure of £1,195k on the COVID-19 contingency is reported under Exceptional Items at outturn, an adverse movement of £70k from the position reported at Month 11 with the costs of the Community Hub reflected in full.

**Table: 15 Corporate Services Development & Risk Contingency**

Original Budget	Budget Changes	Development & Risk Contingency	Outturn		Variance (As at Outturn)	Variance (As at Month 11)	Movement from Month 11
			Revised Budget	Forecast Outturn			
£'000	£'000		£'000	£'000	£'000	£'000	£'000
0	0	COVID-19	0	1,195	1,126	1,126	70
0	0	Total Exceptional Items	0	1,195	1,126	1,126	70

## CORPORATE SERVICES OPERATING BUDGET (£629k underspend, £27k favourable movement)

### Democratic Services (£20k pressure, £7k favourable movement)

136. A pressure of £20k is reported at outturn a favourable movement of £7k compared with the position reported for Month 11. 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 offset by a proposed contribution to earmarked reserves to manage the future reduction in IER grant funding.

### Human Resources (£44k underspend, £6k favourable movement)

137. The outturn position continues to reflect the impact of the implementation of the revised Senior Management tier, in line with the proposals agreed by the Leader. In line with previous months, underspends in Learning and Development budgets continue to be reported due to reductions in training undertaken during lockdown. Further underspends reflecting the reduction in recruitment activity due to the pandemic are offset by proposed contributions to EMRs to fund the anticipate recommencement of activity in the new year with the easing of lockdown restrictions.

### Legal Services (£171k underspend, £4k favourable movement)

138. Posts held vacant within Legal Services during the COVID-19 pandemic have resulted in a net underspend. The outturn position reflects additional agency cover for maternity leave offset by the reduction of in training activities up to 31<sup>st</sup> March.

### Corporate Communications (£44k underspend, £6k favourable movement)

139. The service is reporting a year end underspend of £44k due to vacant posts in year, showing a slight improvement of £6k on the position reported for Month 11.

**Business Performance (£5k underspend, £nil movement)**

140. The Business Performance position at outturn is an underspend of £5k overall, unchanged from the position reported at Month 11.

**Business & Technical Support (£385k underspend, £4k favourable movement)**

141. The service reports a year end underspend of £385k. This is largely attributable to posts held vacant pending staffing reviews across the group, which have now been implemented. Staff identified as working as part of the COVID-19 response, have been funded through COVID-19 grants. The reorganisation of the Senior Management tier, approved by the Leader, continues to be reflected as for prior months.

## Appendix B – Other Funds

### SCHOOLS BUDGET

#### Dedicated Schools Grant (£10,384k overspend, £155k adverse)

142. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £10,384k at outturn, this is an increase of £3,209k on the budgeted deficit of £7,175k and a £155k adverse movement from the position reported at month 11. 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 £25,386k.

**Table 16: DSG Income and Expenditure 2020/21**

Funding Block	Outturn		Variance		
	Revised Budget	Forecast Outturn	Variance (As at Outturn)	Variance (As at Month 11)	Change from Month 11
	£'000	£'000	£'000	£'000	£'000
<b>Dedicated Schools Grant Income</b>	(160,450)	(160,450)	0	0	0
<b>Schools Block</b>	94,790	94,461	(329)	(452)	123
<b>Early Years Block</b>	25,401	25,512	111	14	97
<b>Central Schools Services Block</b>	3,270	3,093	(177)	33	(210)
<b>High Needs Block</b>	44,164	47,768	3,604	3,459	145
<b>Total Funding Blocks</b>	<b>7,175</b>	<b>10,384</b>	<b>3,209</b>	<b>3,054</b>	<b>155</b>
Balance Brought Forward 1 April 2020	15,002	15,002			
<b>Balance Carried Forward 31 March 2021</b>	<b>22,177</b>	<b>25,386</b>			

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

143. The budget has been realigned to reflect the final DSG allocation and the full year recouplement in relation to academy schools and high needs.

#### Schools Block (£329k underspend, £123k adverse)

144. 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.

145. Schools Forum took the decision to withhold growth contingency allocations for one school due to insufficient projected pupil growth in September 2020, contributing to the underspend reported at outturn. The growth contingency policy has been amended for 2020/21 in order address the growth in secondary pupils. Schools are 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 being lower than budgeted resulting in a further increase to the underspend on the Schools Block.
146. The growth contingency also funds diseconomies of scale funding for new basic need academy schools which has also contributed to the underspend as the requirement for the year has been lower than budgeted.

### **Early Years Block (£111k underspend, £97k adverse)**

147. 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.
148. 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.
149. The adverse movement from Month 11 relates to the final number of children accessing the free entitlement in the Spring term being higher than anticipated. COVID-19 has made it increasingly difficult to accurately project the numbers of two-year olds and three and four-year olds accessing the free entitlement, given the levels uncertainty among both providers and families. It had been considered that expenditure would be within budget, but a review of the Spring numbers indicates that there is a budget pressure on the funding for the free entitlement

### **Central School Services Block (£177k underspend, £210k favourable)**

150. 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 offset by £51k of additional funding for pupil growth.

151. 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.
152. The favourable movement reported is a result of the final recharge for the contribution to the education element of non-SEN LAC placements being significantly lower than projected. This is however partly offset by the equivalent recharge for LAC pupils with SEN, charged to the High Needs block, which was higher than previously projected.

### **High Needs Block (£3,604k overspend, £145k adverse)**

153. There continues to be significant pressure in the High Needs Block, with an overspend of £3,604k at the end of the 2020/21 financial year due to further growth in the number of pupils with an EHCP.
154. 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 continues to place additional pressure on the High Needs block.
155. 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 significant increase in the number of children that commenced new placements in Independent special schools in the current academic year, contributing to approximately half of the total High Needs overspend.
156. Throughout the year there have been SEN pupils awaiting a school placement with the local authority required to provide specialist tuition whilst an appropriate placement is sought. The total cost on this tuition increased significantly over the last twelve months with a £454k overspend in this area which accounts for some of the adverse movement at month 11. Due to the lack of capacity in in-borough special schools some of these pupils were then placed in Independent special schools.
157. In recent years there has been continued growth in the number of post-16 pupils with special educational needs requiring college placements. The budget was increased significantly in 2020/21 to £4,472k (split between FE Colleges and Independent Specialist Providers). The increase in budget was sufficient to meet the cost of placements in 2020/21, though this was due to lower than expected growth in the number of places from September 2020, a likely consequence of the impact of COVID-19.
158. The local authority currently commissions 73 places at the in-borough alternative provision setting. In 2020/21, the number of places accessed was lower than anticipated due to a lower number of exclusions resulting in a £85k underspend.
159. The SEND Advisory service (SAS) provides advice and guidance to educational settings to ensure they are able to meet the needs of most children and young people within their own

resources. The team ensures practitioner intervention is coordinated, consistent and focused on increasing the support that is provided for children and young people with SEND. SAS is predominantly funded from the High Needs block and this budget was underspent in 2020/21 due to vacant posts during the year.

160. The majority of the expenditure on therapies relates to the DSG contribution to the Integrated Therapies contract for mainstream pupils with an EHCP. There is also a budget for any additional commissioning of therapies and overall, there was a £47k underspend in 2020/21.
161. A £75k budget is held for young people that are required to access education in a hospital setting. This predominantly relates to emergency placements in independent hospital settings and given the nature of these placements it is difficult to accurately project the need each year. In 2020/21 there was a £30k underspend on Hospital Tuition.
162. 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.

### Maintained School Balances & Budgets

163. Maintained schools ended the 2020/21 financial year with a cumulative closing surplus balance of £14.3m (£13.8m revenue and £0.5m capital). This was a £4.1m increase from the previous year total. Despite the relatively healthy total balance, there is significant differences across individual school balances, with several schools having low balances that are expected to experience financial difficulties in 2021/22 due primarily to reductions in pupil numbers.
164. A review of the balances at the end of the 2020/21 financial year identified three schools which ended the year in deficit. This was an improved position from the start of the year when the local authority approved licensed deficits for five schools.
165. The table below provides an update on the financial position of schools maintained by the Council (this excludes academy schools), based on school outturns for 2019/20 and 2020/21.

**Table 17: Summary of Maintained Schools**

School Type	Total Number of Schools	Number of Schools in Deficit 2020/21	Value of Deficit 2020/21 £000	Number of Schools in Deficit 2019/20	Value of Deficit 2019/20 £000
Nursery	1	0	0	0	0
Primary	49	2	336	4	168
Secondary	2	1	3,388	1	3,466
Special	2	0	0	0	0
<b>Total</b>	<b>54</b>	<b>3</b>	<b>3,724</b>	<b>5</b>	<b>3,634</b>

166. It is known that 8 academy schools out of a total of 46 schools are also in deficit as at 31 August 2020. Additionally, approximately half of academy schools had an in-year deficit in 2019/20, though overall balances in the academy sector remain healthy.
167. The comparison between the budgeted balance at the start of the year and the final outturn position for each school indicates that the majority (48 schools) ended the year with a revenue balance greater than budgeted at the start of the year. The projected reduction in revenue balances, as per the submitted budget plans was £3.2m. The outturn position shows that the total revenue balance for all schools increased by £3.8m, with the largest variation between budget and outturn being £647k.
168. There could be several reasons for these movements, with a working assumption that school's budget prudently at the start of the financial year in conjunction with some schools indicating that costs for the year were lower following periods of partial closures due to COVID-19. However, the variations do appear to be a common trend each year and there are some schools where the difference between the budgeted and outturn position significantly varies year on year. The local authority will therefore be looking closely at the 2021/22 budgets submitted by schools that have experienced large variations between budget and outturn in previous years and where appropriate will challenge these submissions.

**Table 18: Summary of Maintained Schools Balances**

School Type	Total Number of Schools	Budgeted Balances 01/04/2020 £000	Value of Balances 31/03/2021 £000	In-year Movement 2020/21 £000
Nursery	1	9	127	118
Primary	49	7,415	13,649	6,234
Secondary	2	(2,798)	(2,486)	312
Special	2	2,393	2,536	143
<b>Total</b>	<b>54</b>	<b>7,019</b>	<b>13,826</b>	<b>6,807</b>

169. Maintained schools are currently working on their budget plans for 2021/22 and are required to submit them to the local authority by 31<sup>st</sup> May 2021. Once the budgets are received, schools will be RAG rated based on the assessed risk of their current financial position. Schools rated red will be subject to closer monitoring and scrutiny by the Schools Finance team officers, with some receiving additional support and guidance with budget and cash-flow monitoring. There may also be a requirement for these schools to submit monthly monitoring reports (the Scheme for Financing Schools requires schools to submit quarterly monitoring reports to the local authority). A further update will be given on the budgeted financial position of maintained schools for 2021/22 once all budget plans have been received.

### School Academy Conversions

170. The Academies Act 2010 allows schools to convert to academy status and by doing so will receive funding directly from the Education & Skills Funding Agency (ESFA). Schools can

convert at any point in the year, once they have converted, several adjustments are required to realign the DSG income budget and the amount delegated to maintained schools

171. There were no maintained schools which converted to an academy in the 2020/21 financial year. In Hillingdon the last time that a school converted to an academy was in September 2017, when two schools converted.

## COLLECTION FUND

172. A deficit of £5,158k 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 taxbase 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.
173. Any deficit realised at outturn will impact on the General Fund budget in future years, with the Government confirming that local authorities 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 forecast in-year deficit at Month 9 (£1,958k) would hit the Council's budget position for 2021/22 to 2023/24, effectively increasing the budget gap by this value. This position is netted down in 2021/22 by prior year surpluses being released from the 2019/20 outturn position.
174. 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.
175. Any movement from the Month 9 position to outturn impacts on the Council in 2021/22 as the Council's budget is set based on the Month 9 forecast, therefore, the adverse movement reported in this position will wholly impact in the next financial year.
176. 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 19: Collection Fund**

Original Budget £'000	Budget Changes £'000	Service	Outturn		Variance (As at Outturn) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000	
			Revised Budget £'000	Forecast Outturn £'000				
(131,835)	0	Council Tax	Gross Income	(131,835)	(130,861)	974	857	117
11,049	0		Council Tax Support	11,049	13,025	1,976	2,019	(43)
39	0		B/fwd Deficit	39	303	264	264	0
<b>(120,747)</b>	<b>0</b>		<b>Sub-Total</b>	<b>(120,747)</b>	<b>(117,533)</b>	<b>3,214</b>	<b>3,140</b>	<b>74</b>
(112,314)	0	Business Rates	Gross Income	(112,314)	(78,926)	33,388	32,420	968
(6,141)	0		Section 31 Grants	(6,141)	(33,367)	(27,226)	(26,876)	(350)
53,666	0		Less: Tariff	53,666	53,666	0	0	0
8,784	0		Less: Levy	8,784	5,533	(3,251)	(2,969)	(282)
(498)	0		B/fwd Surplus	(498)	(1,464)	(966)	(966)	0
<b>(56,503)</b>	<b>0</b>	<b>Sub-Total</b>	<b>(56,503)</b>	<b>(54,559)</b>	<b>1,944</b>	<b>1,609</b>	<b>335</b>	
<b>(177,250)</b>	<b>0</b>	<b>Total Collection Fund</b>		<b>(177,250)</b>	<b>(172,092)</b>	<b>5,158</b>	<b>4,749</b>	<b>409</b>

177. At Month 12 a deficit of £3,214k is reported against Council Tax, the position includes an adverse variance declared against Gross Income of £974k, which is being driven by a smaller than budgeted growth in the taxbase as a result of delays in property building during the pandemic alongside a reduction in the collection rate leading to an increase in the bad debt provision required for 2020/21. The movement from Month 11 is mainly driven by a marginal movement in the taxbase, alongside a favourable movement within Council Tax Support. The majority of the pressure in Council Tax is driven by a £1,976k 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.
178. A £1,944k deficit is reported across Business Rates at Month 12, the position includes an adverse variance against in-year activity of £2,910k with this variance being driven by an adverse position within Gross Rates of £33,388k. 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 £27,226k. 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.
179. The in-year position includes a favourable variance being reported against the Levy of £3,251k, 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

180. As at 31<sup>st</sup> March 2021 the Housing Revenue Account (HRA) General Balance is £15,201k and the Major Repairs Reserve (MRR) is £13,053k.

181. Overall, the HRA shows an in-year drawdown of reserves of £1,874k compared to a budgeted £2,057k drawdown of reserves, an underspend of £183k for the year and a favourable movement of £28k from Month 11. The table below presents key variances by service area:

**Table 20: Housing Revenue Account**

Service	Outturn		Variance (+ adv / - fav)		
	Revised Budget	Outturn	Revised Budget	Outturn	Revised Budget
	£'000	£'000	£'000	£'000	£'000
Rent Income	(57,872)	(57,762)	110	118	(8)
Other Income	(5,414)	(5,547)	(133)	12	(145)
<b>Net Income</b>	<b>(63,286)</b>	<b>(63,309)</b>	<b>(23)</b>	<b>130</b>	<b>(153)</b>
Housing Management	15,150	15,354	204	(31)	235
Tenant Services	3,670	3,603	(67)	59	(126)
Repairs	5,368	6,432	1,064	692	372
Planned Maintenance	3,720	2,426	(1,294)	(1,020)	(274)
Capital Programme Funding	20,790	20,286	(504)	(360)	(144)
Interest & Investment Income	15,385	15,391	6	0	6
Development & Risk Contingency	1,260	1,691	431	375	56
<b>Operating Costs</b>	<b>65,343</b>	<b>65,183</b>	<b>(160)</b>	<b>(285)</b>	<b>125</b>
<b>(Surplus) / Deficit</b>	<b>2,057</b>	<b>1,874</b>	<b>(183)</b>	<b>(155)</b>	<b>(28)</b>
General Balance 01/04/2020	(17,075)	(17,075)	0	0	0
<b>General Balance 31/03/2021</b>	<b>(15,018)</b>	<b>(15,201)</b>	<b>(183)</b>	<b>(155)</b>	<b>(28)</b>

### Income

182. Rental Income shows a favourable movement of £8k on Month 11 and this is due to minor stock movements including voids.

183. Other Income shows a favourable movement of £145k on Month 11 and this is due to increased leaseholders' income charged in March.

184. The number of Right to Buy (RTB) applications received in 200/21 was 182, whilst in 2019/20 it was 173. The number of RTB completions in 2020/21 was 25 and in 2019/20 it was 52. The 2020/21 25 RTB completions is the same as the Month 11 forecast of 25 and a reduction of 25 compared to the 50 assumed in the budget.

## Expenditure

185. The Housing management service shows an adverse movement of £235k compared to Month 11, mainly due to the non-delivery of savings on the digitalisation of the contact centre.
186. There is a favourable movement compared to Month 11 of £154k in tenancy services relating to utility costs due to communal meters installed for gas and electricity resulting in more accurate meter readings and credits received at the end of the year.
187. There is a net adverse movement of £98k on repairs and planned maintenance compared to Month 11. There is an adverse movement on Month 11 of £372k in the repairs service mainly due to the high level of void repairs. There is a favourable movement of £274k compared to Month 11 across the planned maintenance service contracts compared to Month 11, due to a combination of timing of the completion of work and a reduction in remedial work compared to the forecast.
188. The capital programme funding shows a favourable movement of £144k compared to Month 11 and this is due to year end capital financing adjustments.
189. The interest and investment income shows a minor adverse movement of £6k compared to Month 11 due to interest earned on HRA balances.
190. The development and risk contingency shows an adverse movement of £56k on Month 11 due the increase in the bad debt provision of £456k against a budget of £400k. The cumulative balance of the bad debt provision as at 31<sup>st</sup> March 2021 is £2,013k which represents 55% of overall HRA arrears.

## HRA Capital Expenditure

191. The 2020/21 HRA capital programme is set out in the table below. The spend for the year is £30,458k with a full year variance of £32,551k consisting of a cost underspend of £695k and a re-phasing variance of £31,856k. Overall, there is a net expenditure increase of £1,013k compared to the Month 11 position.

**Table 21: HRA Capital Expenditure**

2020/21 HRA Capital Programme Outturn					Analysis of 2020/21 Variance	
Programme	2020/21 Budget £'000	2020/21 Actual £'000	2020/21 Variance £'000	Movement from Month 11 £'000	Cost Variance £'000	Re-Phasing Variance £'000
<b>Major Projects</b>						
New General Needs Housing	35,389	18,275	(17,114)	214	(163)	(16,951)
New Build - Shared Ownership	4,000	54	(3,946)	-	(125)	(3,821)
New Build - Supported Housing	816	65	(751)	10	(4)	(747)
<b>Total Major Projects</b>	<b>40,205</b>	<b>18,394</b>	<b>(21,811)</b>	<b>224</b>	<b>(292)</b>	<b>(21,519)</b>
<b>HRA Programmes of Work</b>						
Works to Stock programme	16,753	10,896	(5,857)	1,059		(5,857)
Major Adaptations to Property	2,188	955	(1,233)	155	(403)	(830)
Green Homes Grant	3,863	213	(3,650)	(425)		(3,650)
<b>Total HRA Programmes of Work</b>	<b>22,804</b>	<b>12,064</b>	<b>(10,740)</b>	<b>789</b>	<b>(403)</b>	<b>(10,337)</b>
<b>Total HRA Capital Programme</b>	<b>63,009</b>	<b>30,458</b>	<b>(32,551)</b>	<b>1,013</b>	<b>(695)</b>	<b>(31,856)</b>
<b>Movement from Month 11</b>	-	1,013	1,013		200	813

## Major Projects

192. The 2020/21 Major Projects programme has a favourable variance of £21,811k, of which £21,519k is re-phasing whilst £292k represents a net cost under spend. There was a marginal increase in expenditure of £224k from Month 11 due mainly to buy back acquisitions.

193. The 2020/21 budgets totalling £4,771k for four cancelled housing projects, comprising Belmore Allotments, 2 East Way, Bartram Close and Great Benty, are to be reallocated to the Acquisitions and Internal Developments budget and re-phased for new acquisition and development sites in future years.

194. Cost under spends of £292k mainly relate to the Acol Crescent scheme, apportioned across general needs and shared ownership.

## HRA Programmes of Work

195. The Works to Stock (WTS) and other programmes outturn expenditure is £12,064k and there is a cost underspend for the year of £403k on the uncommitted element of the annual major adaptations to property budget. Proposed re-phasing amounts to £10,337k, largely on various committed schemes within the WTS and Green Homes grant programmes that are continuing into the new financial year.

## HRA Capital Financing

196. The HRA capital programme expenditure of £30,458k was funded from £22,730k contributions from the Major Repairs Reserve; £6,560k from Capital Receipts (£5,500k RTB receipts and £1,060k shared ownership and other non-RTB receipts) and £1,168k from grants.
197. The total HRA RTB capital receipts for 2020/21 was £5,025k. This included 25 RTB sales totalling £4,954k after admin deductions. From these receipts the amount the Council is able to retain is £3,784k; of which £1,036k is general receipts and £2,748k is RTB 1-4-1 capital receipts which is for investing in new housing stock. The RTB 1-4-1 capital receipts must be spent or committed within a deadline of five years from the year of receipt. There were also non-RTB capital receipts in year of £1,060k.
198. The Major Repairs Reserve decreased by a net £2,175k from £15,228k as at 1st April 2020 to £13,053k as at 31st March 2021. The net reduction included using £22,461k to fund the HRA capital programme and an increase of £20,286k in Major Repairs Reserve funds (depreciation £11,046k and revenue contribution to capital £9,240k).

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

Prior Year Cost	Project	2020/21 Revised Budget £'000	2020/21 Actual £'000	2020/21 Variance £'000	2020/21 Cost Variance £'000	Project Re-phasing to future years	2020/21 Project Financed by:		
							Capital Receipts	HRA Revenue Contributions	Grants
6,859	Acol Crescent	711	37	(674)	(300)	(374)	4	33	
325	Belmore Allotments	4,220	0	(4,220)	(4,220)				
315	Maple And Poplar	627	6	(621)		(621)	1	5	
315	Willow Tree	2,025	2,026	1	1		608	1,418	
31	2 East Way	10	0	(10)	(10)				
25	Bartram Close	305	0	(305)	(305)				
67	34-44 Sullivan Crescent	41	6	(35)		(35)	2	4	
363	Nelson Road	1,704	501	(1,203)		(1,203)	150	351	
285	Great Benty	236	0	(236)	(236)				
39	Petworth Gardens	100	9	(91)		(91)	3	6	
14,600	Parkview	786	39	(747)		(747)	12	27	
20,556	Grassy Meadow	30	26	(4)	(4)		8	18	
36	113-127 Moorfield Road	612	9	(603)		(603)		9	
403	Woodside Day Centre	500	19	(481)		(481)		19	
2,502	Builds, Conversions and Extensions	0	5	5	5			5	
1,297	Acquisition of Land TCM House	7,774	3,460	(4,314)		(4,314)	1,038	2,422	
556	Acquisition 191 Harefield Road	28	0	(28)		(28)			
5,400	Acquisition 17 Homes Over 3 Sites	265	271	6	6		81	190	
0	Acquisition of Flats 253 Park Road	3,736	3,550	(186)		(186)	1,065	2,485	
n/a	Acquisitions and Developments	16,495	8,430	(8,065)	4,771	(12,836)	2,528	5,902	
<b>53,974</b>	<b>Total HRA Major Projects</b>	<b>40,205</b>	<b>18,394</b>	<b>(21,811)</b>	<b>(292)</b>	<b>(21,519)</b>	<b>5,500</b>	<b>12,894</b>	

## Appendix D - GENERAL FUND CAPITAL PROGRAMME

199. At outturn an underspend of £48,557k is reported on the £86,858k General Fund capital programme for 2020/21, consisting of £18,341k cost under spends and £30,216k re-phasing into future years.

### Capital Programme Overview

200. Table 22 below sets out the outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report.

**Table 22: General Fund Capital Programme**

2020/21 General Fund Capital Programme Outturn					Analysis of 2020/21 Variance	
Directorate	2020/21 Budget £'000	2020/21 Actual £'000	2020/21 Variance £'000	Movement from Month 11 £'000	Cost Variance £'000	Re-Phasing Variance £'000
Schools Programme	6,425	5,814	(611)	60	269	(880)
Major Projects	17,765	6,969	(10,796)	(2,019)	(1,147)	(9,649)
Programme of Works	62,111	25,518	(36,593)	(1,302)	(16,906)	(19,687)
General Contingency	557	0	(557)	-	(557)	0
<b>Total Capital Programme</b>	<b>86,858</b>	<b>38,301</b>	<b>(48,557)</b>	<b>3,261</b>	<b>(18,341)</b>	<b>(30,216)</b>
<b>Movement from Month 11</b>	1,135	(3,261)	(4,396)		(10,625)	6,229

201. The increase in the revised budget of £1,135k relates to additional schools contributions to capital within the Devolved Formula Capital programme.

202. The total underspend of £48,557k consists of £18,341k net cost underspend variances and £30,216k net re-phasing proposed to be carried forward into future financial years. There was a decrease in expenditure of £3,261k from the Month 11 forecast relating partly to Housing company financing not being required by year end and further slippage on various programmes of works including Highways structural works.

203. Favourable movements in cost underspends amounting to £10,625k largely relate to various programmes of works budgets where funding was uncommitted or continuing schemes can partly be managed from the 2021/22 budget allocations, reducing the level of required re-phasing into the new financial year.

204. The general contingency budget had £557k remaining funds at year end. Release of £277k from the remaining budget has recently had Cabinet Member approval to cover the previously reported overspend for additional works at Ruislip High secondary school expansion.

### Capital Financing - General Fund

205. The table below outlines the outturn financing of the capital programme.

**Table 23: Capital Financing**

	Revised Budget 2020/21 £'000	Outturn 2020/21 £'000	Variance £'000	Financing Cost Variance £'000	Financing Re-Phasing Variance £'000
Council Resource Requirement	70,391	25,938	(44,453)	(10,881)	(33,572)
Financed By					
Capital Receipts	8,097	4,747	(3,350)	(3,049)	(301)
CIL	3,500	2,972	(528)	(528)	0
Prudential Borrowing	58,794	18,219	(40,575)	(12,359)	(28,216)
<b>Total Council Resources</b>	<b>70,391</b>	<b>25,938</b>	<b>(44,453)</b>	<b>(15,936)</b>	<b>(28,517)</b>
Grants & Contributions	16,467	12,363	(4,104)	(2,405)	(1,699)
<b>Total Programme</b>	<b>86,858</b>	<b>38,301</b>	<b>(48,557)</b>	<b>(18,341)</b>	<b>(30,216)</b>

206. Capital receipts applied in year to finance capital expenditure totalled £4,747k, an improvement of £1,546k from Month 11 mainly due to transformation expenditure able to be financed from revenue resources. The variance of £3,350k on budget reflects delays in identified capital receipts secured in 2020/21, although it is anticipated a number of these disposal sites will now be sold in 2021/22.
207. Community Infrastructure Levy receipts for the year totalled £2,972k from various developments, an adverse variance of £528k on the income budget, with developer activity slowed in 2020/21 during the pandemic. CIL receipts have been fully utilised to support financing of infrastructure related capital expenditure in 2020/21. The variance of £4,104k on Grants and Contributions reported at outturn partly relates to the rephasing of activity into the new financial year, with £12,363k such contributions being applied to finance 2020/21 expenditure.
208. Prudential borrowing has a favourable variance of £40,575k with the cost variance of £12,359k due mainly to underspends on uncommitted programmes of works budgets not requiring to be re-phased into the new financial year. An amount of £28,216k requires to be re-phased to fund continuing and future schemes, adjusted for phasing movements on other capital financing sources such as capital receipts and grants.

## ANNEX A - Schools Programme

Prior Year Cost	Project	2020/21 Revised Budget £'000	2020/21 Actual £'000	2020/21 Variance £'000	2020/21 Cost Variance £'000	Project Re-phasing to future years	2020/21 Project Financed by:		
							Council Resources	Government Grants	Other Cont'ns
16,032	New Primary Schools Expansions	367	356	(11)	1	(12)	356	0	0
16,868	Secondary Schools Expansions	4,781	4,487	(294)	268	(562)	3,304	1,169	14
458	Schools SRP	411	345	(66)	0	(66)	0	345	0
0	Additional Temporary Classrooms	0	0	0	0	0	0	0	0
0	Meadow School	866	626	(240)	0	(240)	0	0	626
<b>33,358</b>	<b>Total Schools Programme</b>	<b>6,425</b>	<b>5,814</b>	<b>(611)</b>	<b>269</b>	<b>(880)</b>	<b>3,660</b>	<b>1,514</b>	<b>640</b>

## APPENDIX B – Major Projects

Prior Years Cost	Project	2020/21 Revised Budget	2020/21 Outturn	2020/21 Variance	Cost Variance	Project Re-phasing to future years	2020/21 Project Financed by:		
							Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
6,871	Housing Company Financing	11,750	3,271	(8,479)		(8,479)	3,271		
250	Yiewsley Sites Development	150	4	(146)		(146)	4		
1,485	Bessingby FC and Boxing Clubhouse	111	39	(72)	(72)		39		
58	Rural Activities Garden Centre	94	24	(70)		(70)	24		
6,761	Battle of Britain Visitors Centre	20	8	(12)	(12)		8		
93	Battle of Britain Underground Bunker	288	183	(105)		(105)	183		
	Battle of Britain Centre Enhancements	272	161	(111)	(11)	(100)	161		
773	Hillingdon Outdoor Activity Centre	250	15	(235)		(235)			15
963	Yiewsley New Leisure Centre	365	411	46		46	411		
69	Yiewsley and West Drayton Community Centre	1,500	1,186	(314)		(314)	1,186		
2,552	Cedars & Grainges Car Park Works	119	4	(115)		(115)	4		
7	Uxbridge Mortuary Extension	1,026	234	(792)	(676)	(116)	234		
2	1 & 2 Merrimans Housing Project	10	13	3		3	13		
	Asha Day Centre Refurbishment	0	8	8		8	8		
	Cranford Park Heritage	308	101	(207)		(207)	34		67
1,597	Uxbridge Change of Heart	492	432	(60)		(60)	221	211	
7,294	Hayes Town Centre Initiative	437	778	341		341			778
	Shopping Parades Initiatives	503	97	(406)	(306)	(100)	88		9
	New Museum	50	0	(50)	(50)				
	Uniter Building	20	0	(20)	(20)				
<b>28,775</b>	<b>Total Major Projects</b>	<b>17,765</b>	<b>6,969</b>	<b>(10,796)</b>	<b>(1,147)</b>	<b>(9,649)</b>	<b>5,889</b>	<b>211</b>	<b>869</b>

## ANNEX C - Programme of Works

Prior Years Cost	Project	2020/21 Revised Budget	2020/21 Outturn	2020/21 Variance	Cost Variance	Project Re-phasing to future years	2020/21 Project Financed by:		
							Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Property Works Programme	3,252	1,326	(1,926)	(537)	(1,389)	1,220	106	
N/A	Environmental and Recreational Initiatives	1,405	812	(593)	(345)	(248)	82		730
N/A	Bowls Clubs Programme	556	396	(160)	(35)	(125)	396		
N/A	Sports Clubs Refurbishments	750	160	(590)	(590)		160		
N/A	Libraries Refurbishment Programme	2,320	1,384	(936)	(468)	(468)	1,284		100
N/A	Leisure Centres Refurbishments	1,946	38	(1,908)		(1,908)	38		
N/A	Youth Provision	1,620	15	(1,605)	(1,105)	(500)	15		
N/A	Harlington Road Refurbishment	586	31	(555)		(555)	31		
N/A	Schools Conditions Building Prog	4,706	2,033	(2,673)	(240)	(2,433)		1,921	112
N/A	ICT Corporate Technology and Innovation Programme	3,984	2,973	(1,011)	(503)	(508)	2,973		
N/A	Chrysalis Programme	1,135	465	(670)	(57)	(613)	451		14
N/A	Civic Centre Works Programme	5,156	852	(4,304)	(2,980)	(1,324)	652		200
N/A	Highways Maintenance	15,684	6,617	(9,067)	(4,274)	(4,793)	6,617		
N/A	Street Lighting	924	756	(168)	(43)	(125)	756		
N/A	Purchase of Vehicles	2,960	271	(2,689)		(2,689)	240		31
N/A	D.F.G. – Mandatory	2,852	879	(1,973)	(1,973)			757	122
N/A	PSRG / LPRG	100	22	(78)	(66)	(12)	22		
N/A	Homeless Provision	190	0	(190)		(190)			
N/A	Older Peoples Initiatives	356	31	(325)	(325)				31
N/A	Playground Replacement Programme	170	163	(7)	(7)		163		
N/A	S106 Projects	590	368	(222)	(75)	(147)			368
N/A	CCTV Programme	284	299	15		15	199		100
N/A	Transport for London	4,188	1,053	(3,135)	(2,257)	(878)		1,032	21
N/A	Emergency Active Travel	100	57	(43)		(43)		57	
N/A	HS2 Road Safety Fund	645	34	(611)		(611)			34
N/A	Road Safety	310	19	(291)	(183)	(108)	19		
N/A	Car Park Pay and Display Machines	1,040	851	(189)	(154)	(35)	851		
N/A	Equipment Capitalisation	765	443	(322)	(322)		220	37	186
N/A	Social Care Equipment Capitalisation	2,359	1,992	(367)	(367)			1,992	
N/A	Devolved Formula Capital	1,178	1,178	0				571	607
	<b>Total Programme of Works</b>	<b>62,111</b>	<b>25,518</b>	<b>(36,593)</b>	<b>(16,906)</b>	<b>(19,687)</b>	<b>16,389</b>	<b>6,473</b>	<b>2,656</b>



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## Appendix E – Treasury Management Report as at 31st March 2021

209. This report summaries the Council’s treasury management activities during 2020/21 and presents details of capital financing, borrowing, debt management and investment transactions alongside an outturn position.
210. Although internal borrowing continued to be utilised during the year, significant external borrowing was also required during 20/21 to ensure liquidity was maintained. Throughout the period temporary local authority loans were taken, peaking at £100m in March. Over the year the Council’s loan portfolio had an average rate of 2.66% (3.11% 2019/20). The portfolio increased by £18.8m as a result of an increase in temporary borrowing held over year end of £35m and £16.22m of naturally maturing longer term debt, leaving a balance at year-end of £327.67m (GF £159.60m, HRA £168.07m). Interest paid over the year totalled £8.0m (GF £2.2m, HRA £5.8m).
211. The investment income return for the year on day-to-day operational treasury balances was 0.07% (0.65% 2019/20), resulting in income for 2020/21 of £39k. As part of the Council’s investment strategy for 20/21 a total of £15m continued to be invested in three long-dated strategic pooled funds (£5m in each). During 2020/21 dividends received from these strategic pooled funds totalled £423k with an increase in fair value of £1,658k in 20/21 (total increase in fair value of £309k since inception). The nature of this financial instrument means the fair value may rise and fall with short-term security and liquidity being less of a consideration. The key objectives instead being regular revenue income of above £400k a year and long-term price stability. The Council would only seek to sell when market conditions were favourable and holdings were at or above original investment values.

**Table 24: The Borrowing Requirement and Debt Management**

	Balance on 31/3/2020 £m	New Borrowing £m	Debt Maturing £m	Debt Prematurely Repaid £m	Balance on 31/3/2021 £m	Year-End Average Rate %
CFR	£410.91				£404.41	
<b>GF Loans</b>						
PWLB Fixed Rate	47.32	-	2.72	-	44.60	2.49
Market Fixed Rate	15.00	-	-	-	15.00	4.28
Temporary LA Borrowing	65.00	115.00	80.00	-	100.00	0.50
<b>Total GF Loans</b>	<b>127.32</b>	<b>115.00</b>	<b>82.72</b>	<b>-</b>	<b>159.60</b>	
<b>HRA Loans</b>						
PWLB Fixed Rate	148.57	-	13.50	-	135.07	3.18
Market Fixed Rate	33.00	-	-	-	33.00	4.03
<b>Total HRA Loans</b>	<b>181.57</b>	<b>-</b>	<b>13.50</b>	<b>-</b>	<b>168.07</b>	
<b>Total Loans</b>	<b>308.89</b>	<b>115.00</b>	<b>96.22</b>	<b>-</b>	<b>327.67</b>	<b>2.40</b>
Other Long-Term Liabilities	0.79				0.22	
<b>Total External Debt</b>	<b>309.68</b>				<b>327.89</b>	

212. The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR) which, as at 31/3/2021, was £404.41m (31/3/2020 £410.91m). The Council's borrowing requirement, the difference between the CFR and total physical borrowing, was a decrease of £6.16m. This amount represents the level of internal borrowing, primarily supported by the Council's own reserves.
213. As at 31 March 2021, the Council held £179.7m of PWLB debt (£44.6m General Fund and £135.1m HRA) containing a broad range of loan types including both Maturity and EIP loans with fixed rates and with varying maturities. In addition, the Council has £48m of market loans (£15m General Fund and £33m HRA). £12m are fixed-rate loans and £36m are LOBO loans. Out of the LOBO loans, a £5m loan was in its option state in 2020/21. During the year the lender of this loan did not exercise any call options and therefore the loans remain outstanding on the same terms. The General Fund also had £100m of local authority temporary borrowing.
214. As at 31st March 2021, the Council's loan portfolio had an average rate 2.40% with the General Fund Loans average rate of 1.41% and HRA average rate of 3.35%. Although new borrowing in the form of various local authority temporary loans taken during the year, by using internal resources in lieu of some borrowing, loan interest costs for the year totalled £8.0m, avoiding additional interest costs of approximately £1.8m that would have been incurred otherwise. During the year there was £16.2m of naturally maturing longer term debt and £80m of local authority short term borrowing maturities.

### **PWLB Borrowing Update**

215. In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 / Section 95 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.
216. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.
217. Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.
218. The Authority is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

## Investment Activity

219. The table below shows day-to-day operational treasury balances investment balances on 31st March 2021. The weighted average balance of these investments over the year was £53.0m.

**Table 25: Operational treasury balances investment balances on 31st March 2021**

Investments	Balance on 31/03/2021 £m	Balance on 31/03/2020 £m
Call Accounts	6.50	6.50
Money Market Funds	21.70	10.00
<b>Total Investments</b>	<b>28.20</b>	<b>16.50</b>
Average Rate % Received	<b>0.07%</b>	<b>0.65%</b>

220. In addition to the day-to-day operational treasury deposits, in April 2018 £15m was placed in three long-dated strategic pooled funds (£5m in each), the Council continued to have holdings in these funds as part of the investment portfolio throughout 20/21. The strategic pooled funds have a 3-5 year investment horizon with dividends being distributed periodically. During 2020/21 dividends received from these strategic pooled funds totalled £423k. Previous losses in fair values on these funds, mainly due to the COVID-19 outbreak and significant economic downturn during 19/20, have been recuperated during 20/21. These funds now have a total increased value of £309k since inception. The long investment horizon should mitigate fluctuations in fair value over the life of the asset.
221. Security of capital remained the Council's chief investment objective and this was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2020/21. Investments during the year included deposits with the Debt Management Office as well as investments in AAA-rated Money Market Funds and Pooled Funds. In addition, instant access balances were held with UK Banks within the Councils counterparty limits. All bank placements held a minimum or higher credit rating of A- for UK counterparties.
222. **Credit Risk:** Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A- across all three rating agencies, Fitch, Standard & Poor's and Moody's). However, reliance does not rest solely with these agencies and are augmented by use of market/economic information, media updates and intelligence from the Council's Treasury Advisors. With the introduction of the Banking Reform Act in January 2015 the Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, with average balances being lower than historic levels, funds need to be held in instant access facilities to manage daily cashflow. It is therefore not possible to protect Council funds from bail-in risk. At the end of March, 100% of the Council's total funds had exposure to bail-in risk compared to a March 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.

223. **Liquidity:** In keeping with CLG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds, targeted maturity deposits and the use of instant access call accounts.
224. **Yield:** The Council sought to optimise returns commensurate with its objectives of security and liquidity. The Bank of England (BoE) held Bank Rate at 0.1% throughout the year, resulting in continued low levels of return being achievable within the short-term money market. The Quantitative Easing programme was extended by £150 billion to £895 billion at the BoE's November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn. During 2020/21 short-term money was placed in instant access accounts and short-term deposits with the DMADF to ensure liquidity was maintained. Rates payable on these activities were comparable with other medium-term duration deposit options and so there was no opportunity cost in keeping cash liquid, which resulted in an average return on Investments of 0.07%.
225. Returns from Strategic Pooled Funds during 20/21 yielded 2.82%, which significantly enhanced investment income for the year.
226. All investments made during the year complied with the Council's agreed Treasury Management Strategy, Treasury Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

### **Compliance**

227. The Council can confirm that it complied with the Treasury Indicators for 2020/21, set in February 2020 as part of the Council's Treasury Management Strategy. The levels of debt were measured on an ongoing basis during the year for compliance with the Authorised Limit of £642m and the Operational Boundary of £607m, the former being somewhat higher to allow for fluctuations in cash-flow. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £327.89.

**Table 26: Maturity Structure of borrowing:**

	Upper limit %	Lower limit %	Actual Borrowing as at 31/3/2021 (£m)	Percentage of total as at 31/3/2021
under 12 months	50	0	50.83	15.51%
12 months and within 24 months	50	0	60.83	18.57%
24 months and within 5 years	50	0	27.50	8.39%
5 years and within 10 years	100	0	42.17	12.87%
10 years and within 20 years	100	0	59.67	18.21%
20 years and within 30 years	100	0	10.07	3.07%
30 years and within 40 years	100	0	28.60	8.73%
40 years and within 50 years	100	0	39.00	11.90%
50 years and above	100	0	9.00	2.75%

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

228. For 2020/21 the Treasury Indicator which limits principal sums invested for periods longer than 364 days was set at £35m. As at the end of 20/21 the £15m held in Strategic Pooled Funds fall into this category of investments.
229. Non-treasury related Prudential Indicators are included in Appendix 1.

### Other

230. CIPFA consultations: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.
231. In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in accordance with an authority's corporate objectives, i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.
232. Proposed changes to the Treasury Management Code include requiring job specifications and "knowledge and skills" schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.
233. IFRS 16: The implementation of the new IFRS 16 Leases accounting standard has been delayed for a further year until 2022/23.

234. Appendix 1

**Table 27: Non Treasury Prudential Indicators 2020/21  
Estimated and Actual Capital Expenditure**

	2020/21 Estimated £m	2020/21 Outturn £m
General Fund	73.3	37.9
HRA	51.5	30.5
<b>Total</b>	<b>124.8</b>	<b>68.4</b>

235. **Table 28: Estimated and Actual Ratio of Financing Costs to Net Revenue Stream**

	2020/21 Estimated %	2020/21 Outturn %
General Fund	4	3
HRA	26	27
<b>Total</b>	<b>30</b>	<b>30</b>

236. **Table 29: Capital Financing Requirement**

	Estimated (£m) 2020/21	Outturn (£m) 2020/21
General Fund	303.3	231.31
HRA	195.5	173.10
<b>Total</b>	<b>498.8</b>	<b>404.41</b>

237. The reduction in CFR compared to the estimate is due to the cumulative effect of Capital programme re-phasing of several projects to be funded from future borrowing and Revenue Contributions to repay debt. A large proportion of that re-phasing was due to an interruption of projects following the COVID-19 pandemic and the restrictions on working conditions established by the government. The Council was also able to fund more of its capital programme through early receipt of grants and from Revenue Contributions to Capital.

238. **Table 30: Actual External Debt**

As at 31/03/2021	£m
Borrowing	327.67
Other Long-term Liabilities	0.22
<b>Total</b>	<b>327.89</b>

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

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

**Table 31: Consultancy and agency assignments**

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000
<b>Finance</b>						
Benefit Officer	03/04/2017	17/05/2021	31/03/2022	206	45	251
<b>Social Care</b>						
Senior Practitioner First Response	01/04/2021	01/04/2021	03/03/2022	0	77	77
Independent Fostering Reviewing Officer	01/04/2021	01/04/2021	03/03/2022	0	71	71
Support Worker	01/04/2021	01/04/2021	30 Week Assignment	0	431	431
Senior Social Worker	07/05/2021	07/05/2021	18/04/2022	0	54	54
Independent Domestic Abuse Advocate (Above Establishment)	01/06/2021	01/06/2021	21/09/2021	0	57	57
<b>Environment, Education &amp; Community Services</b>						
Strategic Planning & PPA Lead Officer	01/03/2021	31/05/2021	29/08/2021	28	28	57
<b>Infrastructure, Building Services &amp; Transport</b>						
Programme Manager (Project Manager)	03/06/2019	05/06/2021	04/09/2021	96	25	122
<b>Corporate Services</b>						
BID Lead Project Manager	21/09/2020	03/05/2021	30/09/2021	61	65	126
Customer Service Advisor	01/07/2019	19/04/2021	25/07/2021	47	8	55
Customer Service Advisor	30/05/2016	03/05/2021	01/08/2021	70	8	78

## Appendix G – Battle of Britain Fees and Charges Proposals

### ENTRANCE FEES

It is proposed to increase Visitor Centre fees and Guided Tours of the Bunker for Non-Residents by £1 per category, and to introduce a Residents' fee for Guided Tours of the Bunker of £2 per adult and £1.50 for an over 65, representing a discount of 50% on the Non-Resident rates. The Private Tour price to be increased to £295 from £250 in line with entrance fee increases.

Table 1: Proposed new Admission and Guided Tours fees structure

Battle of Britain Bunker Fees	Type of Fee / Charge	Current Charge		Proposed Charge	
		Residents £	Non-Residents £	Residents £	Non-Residents £
Admission Fees	Adults (16 years to 64 years)	Free	4.00	2.50	5.00
	Adults (65 years +)	Free	3.00	2.00	4.00
	Young People (Under 16 years)	Free	Free	Free	Free
	Serving Military personnel	Free	Free	Free	Free
Guided Tours of the Bunker	Adults (16 years to 64 years)	Free	3.00	2.00	4.00
	Adults (65 years +)	Free	2.00	1.50	3.00
	Young People (Under 16 years)	Free	Free	Free	Free
	Serving Military personnel	Free	Free	Free	Free
Private Tour	Groups of up to 40	£250	£250	£295	£295

### MEMBERSHIP FEES

It is proposed to create two membership packages (standard / premium):

#### Standard Membership Benefits - Hurricane Package

- Unlimited visits to the Exhibition and Visitor Centre
- One weekend tour (public) of the Bunker per annum
- One weekday tour (public) of the Bunker per annum
- Quarterly e-newsletter
- 10% discount on Gift Shop purchases
- 10% discount on Daisy's in the Park purchases
- 10% off room bookings for social functions

#### Premium Membership Benefits - Spitfire Package

- Unlimited visits to the Exhibition and Visitor Centre
- Two weekend tours (public) of the Bunker per annum
- Two weekday tours (public) of the Bunker per annum
- Quarterly e-newsletter
- 10% discount on Gift Shop purchases
- 10% discount on Daisy's in the Park (or in-house provider) purchases

- 10% off room bookings for social functions
- 10% of ticket prices for friends and family when accompanied by member
- Preview of all exhibitions
- Invitation to Members Lates and Early Openings
- Advance invitation to all our events

Table 2: Proposed Membership Fees

Proposed Membership Fees	Adult	Joint	Over 65	Military	Family (2 adults and up to 6 children)
Standard/ Hurricane	£25.00	£40.00	£20.00	£20.00	£40.00
Premium/ Spitfire	£50.00	£80.00	£40.00	£40.00	£80.00

### Name Plaque - £200

- Name plaque on chair in the Bunker Operations Room for one year. Name of individual plus a short message (under 25 words).

### Corporate Membership Benefits - £500

- Quarterly e-newsletter
  - One private Bunker tour per annum\* (max number of people in Bunker: 40 – pre COVID-19)
  - 10% discount on Gift Shop purchases
  - 10% discount on Daisy's (or in-house provider) purchases
  - 10% discount on function rooms and private tours
  - Preview of all exhibitions
  - Advance invite to all our events
  - Free advertising in our quarterly e-newsletter
- Package benefits to be reviewed annually and post COVID-19 to ensure in line with similar organisations
  - Benefits are dependent on agreements from Daisy's cafe and Friends of 11 Group in terms of Gift Shop and internal staffing to manage the programme.

### EDUCATION FEES

To charge schools a nominal fee in both Hillingdon and outside Hillingdon to participate in our first-class Bunker tours and workshops, where previously this service has been free.

Hillingdon residents would be charged £50 for both in-person and virtual sessions and Non-Hillingdon would be charged £100 for in person and £50 for virtual.

Table 3: Proposed education rates

<b>Proposed Learning Fee / Charge</b>	<b>Hillingdon</b>	<b>Non-Hillingdon</b>
School / Uniform Group Session	£50	£100
Virtual Learning	£50	£50

- The fees are to cover the costs of the sessions and provide more resources for the education service at the Bunker, thereby improving the quality of the service.
- The tour and workshop provided at the Bunker is a key part of the Y6 schools programme
- All benchmarked heritage assets currently levy a fee for schools
- SEN Schools to be exempt from charges

## Appendix H – GLL Leisure Services Contract (Deed of Variation)

In November 2019, Cabinet approved the appointment of Greenwich Leisure Limited (GLL) to operate the Council's four leisure sites (Hillingdon Sports and Leisure Complex, Botwell Green Sports and Leisure Centre, Highgrove Pool and Queensmead Sports Centre) from February 2020 to March 2030, with scope for this term to be extended to March 2035 subject to satisfactory performance and commercial terms.

Subsequent to this contract award, the COVID-19 pandemic substantially limited the operations of the leisure sector, with reductions in income from service users not being wholly countered by reduced running costs and specific funding made available by government (e.g. the National Leisure Recovery Fund and furlough scheme). As a result, the Council has provided financial support totalling £1,510k to 31 March 2021, with scope for this sum to grow during 2021/22. These costs have initially been financed as part of the Council's wider response to the COVID-19 pandemic. In addition to this targeted support, the Council has also seen reduced income from the operation of the leisure centres, which has been covered through use of COVID-19 grants from government.

The recommended deed of variation has been drafted to enable the Council to recover financial support provided to GLL during the period 21 March 2020 to 30 September 2021 up to a value of £2,000k through the management fee in later years of the contract. In the event that additional support was required, for example due to further waves of COVID-19 or an extended recovery period, this sum can be revised as necessary but only with the formal agreement of both parties. The deed of variation will supercede and incorporate the loan sum of £312k made to GLL in December following approval by Cabinet. The costs will be monitored on an open book basis between GLL and the Council.

The following key terms are included within the deed of variation (DoV):

- The DoV defines the Variation Period as commencing the 21 March 2020– the first lockdown period – and ending on 30 September 2021. The DoV makes provision for the Variation period to be extended by one, two or three month increments by the written agreement of both parties.
- It specifies that the contractor should not amend pricing without the express agreement of the Council which recognises the current local process in place for fees and charges. It also requires any changes to the income and expenditure, capital and lifecycle maintenance arrangements within the original contract to be agreed between both parties.
- It outlines the conditions around the financial relief provided to GLL. This confirms that it can only be used to mitigate the impact of the COVID-19 pandemic. It also specifies that should GLL obtain funding from a third party towards such costs these should be included within the costs breakdown and that the funding cannot be used to purchase land and buildings or make payments to the governing body of GLL. It also stipulates that the loan already advanced to GLL of £312,000 should be offset.
- It specifies a maximum threshold for the financial relief of £2 million. At this point further support is paused and a meeting between the Council and GLL is required to discuss further support. There is scope for the financial threshold to be amended through written agreement.

- It contains the provision for repayment and stipulates that the management fee should be increased to facilitate repayment of the support once GLL return to making a surplus and further that the contractual surplus share arrangement of 50:50 should also be amended until the financial relief is fully repaid. It also places a duty upon GLL to notify the Council as soon as possible in the event that it encounters financial difficulties that could have a material impact on effective delivery of the services. It requires specific consideration of the impact of changes to service provision that may impact on income streams e.g. capital investment.
- The DoV adds to the existing contract provisions of the Leisure Agreement with regards to financial information requirements and the format of direct operating costs and explicitly states that GLL should not include any discretionary salary top-ups. A specific clause has been included at the request of GLL on the basis that they need to rebuild their reserves. It specifies that once the Leisure Centres are open GLL can take 2% of actual income as a “margin” to support the rebuilding of their reserves (now totally depleted) alongside the repayment of the financial relief. The target to achieve the 20% reduction in management and central overheads is also included.
- Monitoring and Reporting requirements are included in the DoV, with GLL required to provide financial and operational reports as required by the Council during the variation period and a final report on completion. The format of the financial monitoring is also included and is based on the original contract format, which is effectively at a nominal code level alongside some key activity data.

GLL have provided details of their current financial position to support the finalisation of the DoV which notes that have already secured financial support from the majority of their other partners alongside the applicable central government grants/support and a COVID Business Interruption Loan Facility.

The DoV approach is intended to secure the anticipated benefits of appointing GLL to manage the Council’s leisure sites as originally outlined in the November 2019 Cabinet Report, with the long-term contract providing scope for the provider to bring their knowledge and experience of the sector to bear. In addition, the contract will continue to support the sport and health priorities of the Council, and continue the provision of core community services, such as free swimming for older residents, disability groups and medical referrals.