

COUNCIL BUDGET - 2021/22 REVENUE AND CAPITAL MONTH 2 BUDGET MONITORING

Cabinet Member	Councillor Martin Goddard
Cabinet Portfolio	Cabinet Member for Finance
Officer Contact	Paul Whaymand, Corporate Director of Finance
Papers with report	Appendices A-C

HEADLINES

Summary	<p>This report provides the Council's forecast financial position and performance against the 2021/22 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £351k is reported against General Fund revenue budget normal activities as of May 2021 (Month 2). Unallocated reserves are projected to total £26,452k at 31 March 2022.</p> <p>To date, COVID-19 pressures, impacting on 2021/22, of £14,178k have been identified and are being funded by specific government grant, with £16,960k available including carried forward allocations from 2020/21, with the Council also retaining £10,126k of its own funding in a dedicated Earmarked Reserve to supplement government support in 2021/22 and future years if required.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
Putting our Residents First	<p>This report supports the following Council objective of: <i>Strong financial management.</i></p> <p>Achieving Value for Money is an important element of the Council's Medium-Term Financial Plan.</p>
Financial Cost	N/A
Relevant Select Committee	Corporate, Finance & Property
Relevant Ward(s)	All

RECOMMENDATIONS

That the Cabinet:

- 1) **Note the budget monitoring position and treasury management update as at May 2021 (Month 2) as outlined in Part A of this report.**
- 2) **Approve the financial recommendations set out in Part B of this report.**

Reasons for recommendation

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with the update on performance at Month 2 against budgets approved by Council on 25 February 2021 contained with **Part A** of this report. An update on the Council's Treasury Management activities is included within this section of the report.
2. **Recommendation 2** seeks approval for the range of financial recommendations set out within **Part B** of this report, which may include approval of above establishment agency appointments, acceptance of grant funding, revisions to fees & charges and ratification of decisions taken under special urgency provisions.

Alternative options considered / risk management

3. There are no other options proposed for consideration.

Select Committee comments

4. None at this stage.

PART A: MONTHLY BUDGET MONITORING

SUMMARY

GENERAL FUND REVENUE

5. General Fund pressures totalling £14,178k are projected in relation to the impacts of the COVID-19 pandemic and the Council's response in 2021/22 which started in 2019/20. With total forecast pressures of £47,553k since the pandemic began including the forecast pressure for the current financial years alongside £1,883k in 2019/20 and £31,492k in 2020/21. With the pandemic continuing and local authorities at the forefront of delivering support to residents, it is possible this pressure may grow by outturn dependent on the Government's recovery roadmap and programme of support offered by the Council.
6. Funding through specific COVID-19 grants and the MHCLG scheme to cover 75% of income losses is expected to total £16,960k by 30 June 2021 including grant money carried forward from 2020/21, currently the funding past June 2021 has not been confirmed. Given that further pressures may emerge through the year, the Council continues to maintain an Earmarked Reserve of £10,126k to manage further demands exceeding government funding. The Council's budget strategy included a release of £3,876k from this balance to offset the medium-term pressures impacting on retained Business Rates from the pandemic.
7. On the assumption that this funding strategy for COVID-19 pressures can be maintained and any new and emerging pressures from the pandemic are met via increased funding from Central Government, an underspend of £351k is projected across General Fund budgets at Month 2, with this position being driven by an underspend against Capital Financing, alongside underspends related to the homelessness contingency due to increased grant income, offset by a pressure within staffing budgets driven by a minor shortfall against the Council's Managed Vacancy Factor, which is expected to improve throughout the year and will therefore be closely monitored.
8. The £351k underspend consists of £175k service overspends and a £239k underspend on capital financing. In addition, there is a £287k underspend in Month 2 against Development and Risk Contingency. Taking account of the budgeted £2,421k drawdown from General Balances, this will result in unallocated General Balances totalling £26,452k at 31 March 2022.
9. Within this position, £2,544k of the £10,416k savings planned for 2021/22 are banked or on track for delivery in full by 31 March 2022, with £7,872k being tracked as being at an earlier stage of implementation or at risk as a result of the COVID-19 pandemic, with the largest element of this related to the saving agreed as part of the 2020/21 budget in February 2020 Cabinet to deliver an additional £986k from the new Leisure contract, with this industry particularly impacted by the pandemic. Of the £7,872k, £1,369k is at risk and relates to Leisure, Youth and Culture which are front facing services impacted directly by the pandemic. A significant proportion of this is reflected in the COVID-19 Exceptional Items.
10. Within the Collection Fund, a pressure of £399k is reported at Month 2, with the underlying variance resulting from a slower than budgeted growth in Council Tax, offset by a favourable position reported against Council Tax Support as demand begins to fall in this area as the economy starts to recover from the pandemic. Business Rates income is currently

forecasting a favourable position, partially driven by the Chancellor's announcement to continue Retail Relief into the new Financial Year, supporting local businesses. Both Council Tax and Business Rates are reporting a pressure associated with the prior year position, driven by a higher deficit at outturn than originally forecast when the Council set these budgets in February 2021. After taking account of the prior year adverse variances, Council Tax is reporting an overall pressure of £574k, with Business Rates declaring a surplus of £175k.

GENERAL FUND CAPITAL

11. The Council's £297,455k General Fund Capital Programme for the period 2021/22 to 2025/26 is projected to underspend by £4,501k at Month 2, with £3,630k reflecting a reduced borrowing requirement following the transfer of equipment purchases from capital to revenue and £871k reduction in TfL funded investment driven by reduced grant funded levels. The reduced borrowing requirement would be expected to translate into a reduction in future borrowing costs which will be factored into future iterations of the MTF as appropriate.

SCHOOLS BUDGET

12. At Month 2 the Dedicated Schools Grant position is reporting an in-year overspend of £8,936k. This represents a net £1,609k adverse movement from the original budgeted position. The Schools Block is reporting an adverse £365k movement relating to a backdated growth contingency decision by Schools Forum, with a £1,244k adverse movement in the High Needs Block.
13. The pressure in High Needs is due to a lack of capacity in borough, with the number of independent placements increasing since the budget was set. The budget for High Needs was increased for 2021/22 to take account of projected growth, but it is projected that the budget will be exceeded. When the £25,358k deficit brought forward from 2020/21 is taken into account, the cumulative deficit being carried forward to 2022/23 is forecast to be £34,294k.

HOUSING REVENUE ACCOUNT

14. The Housing Revenue Account is currently forecasting a favourable variance of £28k compared to the budget. This excludes the potential cost pressures of COVID-19, which are estimated at £100k. The 2021/22 closing HRA General Balance is forecast to be £15,211k.
15. A minor £13k underspend is reported on HRA Capital Investment, against a programme of £231,956k over the period 2021/22 to 2025/26 incorporating delivery of new housing and renewal of the existing estate.

FURTHER INFORMATION

General Fund Revenue Budget

16. As noted above and presented in the table below, a £351k underspend is projected across the General Fund at Month 2, with the following section of this report providing further information on an exception basis. General Fund Balances are expected to total £26,452k at 31 March 2022 as a result of the forecast position detailed above, representing a £351k reduction in the planned use of balances. The Balances and Reserves Policy approved by Cabinet and Council in February 2021 outlined a recommended range of £15,000k to £35,000k for uncommitted General Balances.

Table 1: General Fund Overview

Service	Month 2		Variance (As at Month 2) £'000	Variance (As at Month 1) £'000	Movement from Month 1 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Service Operating Budgets	210,078	210,253	175	0	175
Corporate Operating Budgets	8,634	8,395	(239)	0	(239)
Development & Risk Contingency	17,436	17,149	(287)	0	(287)
Unallocated Budget Items	2,097	2,097	0	0	0
Sub-total Expenditure	238,245	237,894	(351)	0	(351)
Corporate Funding	(235,824)	(235,824)	0	0	0
Total Normal Activities	2,421	2,070	(351)	0	(351)
<u>Exceptional Items</u>					
COVID-19 Pressures	0	14,178	14,178	0	14,178
COVID-19 Funding	0	(14,178)	(14,178)	0	(14,178)
Total Net Expenditure	2,421	2,070	(351)	0	(351)
Balances b/fwd	(28,522)	(28,522)			
Balances c/fwd 31 March 2022	(26,101)	(26,452)			

Service Operating Budgets

17. Service 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 for the Service Operating Budgets. The salient risks and variances within this position summarised in the following paragraphs.

Table 2: Service Operating Budgets

Cabinet Member Portfolio		Approved Budget	Forecast Outturn	Variance (As at Month 2)	Variance (As at Month 1)	Movement from Month 1
		£'000	£'000	£'000	£'000	£'000
Cabinet Member for Property & Infrastructure	Expenditure	12,543	12,505	(38)	0	(38)
	Income	(5,228)	(5,194)	34	0	34
	Sub-Total	7,315	7,311	(4)	0	(4)
Cabinet Member for Finance	Expenditure	18,041	18,076	35	0	35
	Income	(3,454)	(3,493)	(39)	0	(39)
	Sub-Total	14,587	14,583	(4)	0	(4)
Cabinet Member for Public Safety and Transport	Expenditure	18,160	18,358	198	0	198
	Income	(16,241)	(16,506)	(265)	0	(265)
	Sub-Total	1,919	1,852	(67)	0	(67)
Cabinet Member for Corporate Services and Transformation	Expenditure	27,597	27,659	62	0	62
	Income	(1,604)	(1,669)	(65)	0	(65)
	Sub-Total	25,993	25,990	(3)	0	(3)
Cabinet Member for Environment, Housing & Regeneration	Expenditure	44,381	44,501	120	0	120
	Income	(19,844)	(20,016)	(172)	0	(172)
	Sub-Total	24,537	24,485	(52)	0	(52)
Cabinet Member for Families, Education and Wellbeing	Expenditure	29,274	29,494	220	0	220
	Income	(11,689)	(11,711)	(22)	0	(22)
	Sub-Total	17,585	17,783	198	0	198
Cabinet Member for Health and Social Care	Expenditure	154,551	154,655	104	0	104
	Income	(36,409)	(36,406)	3	0	3
	Sub-Total	118,142	118,249	107	0	107
Total Service Operating Budgets		210,078	210,253	175	0	175

18. Within the Council budget there is a Managed Vacancy Factor across the board of 4%, or £3,952k, with initial projections indicating that £2,820k (71%) of this sum has already been secured. At this early stage in the year the likely turnover of staff is not yet fully captured in detailed monitoring. Current vacancies and recruitment assumptions are reflected in forecasts, however future changes are not fully known. Normal levels of staff turnover are expected to secure the balance of this sum over the coming months.
19. Contrary to the Government policy of freezing local authority pay for 2021/22, unions have received an offer of a 1.5% uplift in pay for the year, the Council is currently holding an Earmarked Reserve of £1,300k to fund the uplift once the uplift is finally agreed.
20. The overspend is £175k over the Service Operating Budgets, much of this is linked to staffing related forecasts, with pressures reported in Education and Social Care operational

activity due to the use of agency staff and pressures against the Managed Vacancy Factor, being offset by staffing underspends in areas carrying vacancies including Legal and Community Safety. This position is expanded upon below under each of the Cabinet portfolios.

Property & Infrastructure Portfolio

21. There is a £4k net underspend in the portfolio, this position includes forecast expenditure underspends of £38k offset by income shortfalls of £34k. Within this position a £66k pressure within Property and Estates is forecast, with an offsetting £70k underspend being projected against Repairs and Engineering.
22. Property and Estates is reporting a pressure of £66k, with £31k of this pressure relating to Garage sites repairs and maintenance. This expenditure is being linked to enabling additional lettings, Garage rental income is being supported by a £100k income volatility EMR, whilst this work is underway.
23. The repairs and engineering underspend is mainly driven by Facilities Management function including soft services is projected to underspend by £59k, alongside Health and Safety and Emergency Response Teams forecasting an underspend of £8k and other minor variances.

Finance Portfolio

24. There is a net underspend of £4k reported across the portfolio. Within this position there are compensating variances relating to pressures in staffing due additional resource across the Finance service and Managed Vacancy Factor. This is being offset by a £40k underspend on bank charges and additional £39k income is reported in Corporate Finance as a recharge to the Pension fund.

Public Safety and Transport Portfolio

25. There is a net underspend of £67k within the. This consists of £198k pressure on expenditure, offset by £265k favourable movement on income.
26. The main driver for this position is a reported overspend in Trading Standards, Environment and Licencing, with a net pressure of £39k made up of £202k expenditure pressure offset by £163k over achievement of income. This position relates to additional staffing costs for an Environmental Health Officer and veterinary contractors linked to Brexit transition work. The Brexit work is expected to be funded via DEFRA grant income and explains the additional income forecast in this area.
27. Community Safety, Cohesion and Resilience is reporting an underspend of £126k, this is being driven by recruitment delays in the CCTV service, which are being partially offset by agency. Additional income is also being generated from client recharges and additional grant income. The remaining balance is primarily of £20k adverse is driven by staffing pressures within Town Centres, driven the use of agency staff alongside a Managed Vacancy Factor pressure.

Corporate Services and Transformation Portfolio

28. A reported underspend of £3k within the portfolio consists of underspends against both expenditure (£62k) and income (£65k). Within this position there are a number of compensating variances including an underspend of £160k within Legal, the majority of which relates to staffing vacancies, with offsetting MVF pressures relating to staffing in Human Resources, Business Performance, Democratic Services and Corporate Communications. The Managed Vacancy Factor on staffing budgets is expected to unwind throughout the year through the normal levels of staff turnover. There is a £13k non staffing pressure in Democratic Services for members allowances.
29. The favourable variance reported against income reflects additional grant funding, a contribution from the HRA for Digital Connectivity and additional fees and charges income in Corporate Communications.

Environment, Housing & Regeneration Portfolio

30. An underspend of £52k is being reported for the portfolio. Within this position there are a number of compensating variances, with an overspend of £120k being reported against expenditure budgets, offset by an over achievement of income of £172k. This position is largely driven by variances across the Planning Service, which is reporting £103k expenditure pressure offset by £106k income overachievement, this is predominantly due to expenditure pressures associated with concluding the insourcing of part of the Planning service, offset by increased grant income for flood support linked a review of expenditure in this area and ensuring funding is maximised against current commitments.

Families, Education and Wellbeing Portfolio

31. An overspend of £198k is being reported for the portfolio. This is being driven by the £120k overspend in Education where agency staff over the current staffing establishment are in place to support the service with various projects in relation to pupil place planning, in both mainstream and special provision, along with the development of the LEAP website. Additionally, there are various posts that are being covered by agency staff due to current vacancies and maternity leave.
32. In addition, there are pressures reported across the SEN service of £51k as a result of the work required to transition SEN Statements to an Education, Health and Care Plan (EHCP). The remainder of the pressure relates to a number of minor variances, predominantly within Green Spaces.

Health and Social Care Portfolio

33. A net £107k overspend is reported across the portfolio, this is made up of pressures within expenditure of £104k and a minor adverse variance on income of £3k. At this early stage in the year the pressure is predominantly driven by staffing pressures, which includes the impact of outsourcing of services. At this stage of the year it is anticipated that this position will improve as delivery against the Managed Vacancy Factor materialises based on normal levels of staff turnover.

Transformation

34. The Council is permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £1,036k for such costs, which will remain under review throughout the year and have been excluded from the reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves. In 2020/21 the decision was made to not use Capital Receipts and to fund the costs for the year within revenue expenditure due to the Council's underspend on normal activities and this action has led to a reduction in the Council's borrowing costs for 2021/22. This assumption around capitalisation will be reviewed if capacity becomes available within the revenue position to fund such costs.

Progress on Savings

35. The savings requirement for 2021/22 is £8,054k. In addition, there are savings of £2,362k brought forward from 2020/21, which gives an overall total of £10,416k reported below.
36. The savings being reported as undelivered in 2020/21 (£2,362k) were directly attributable to the COVID-19 pandemic as the Council needed to redirect resources to manage the pandemic. The savings were linked to Leisure, Licencing, Digital Strategy and Fees and Charges. This value has been added to the budgeted savings agreed as part of the 2021/22 budget.

Table 3: Savings Tracker

	Blue Banked £'000	Green Delivery in progress £'000	Amber I Early stages of delivery £'000	Amber II Potential problems in delivery £'000	Red Serious problems in delivery £'000	Total £'000
Cabinet Member for Property & Infrastructure	0	0	(210)	0	0	(210)
Cabinet Member for Finance	(310)	0	(550)	0	0	(860)
Cabinet Member for Public Safety and Transport	(285)	(50)	(1,806)	0	0	(2,141)
Cabinet Member for Corporate Services and Transformation	(517)	(10)	(873)	0	0	(1,400)
Cabinet Member for Environment, Housing & Regeneration	(53)	(1,022)	(1,271)	0	0	(2,346)
Cabinet Member for Families, Education and Wellbeing	0	(109)	(614)	(986)	0	(1,709)
Cabinet Member for Health and Social Care	(250)	0	(1,500)	0	0	(1,750)
Total 2021/22 Savings Programme	(1,415) 14%	(1,191) 11%	(6,824) 66%	(986) 9%	0 0%	(10,416) 100%

37. As of Month 2 (May 2021) there are £1,355k savings already banked as delivered. At this early stage in the financial year 72% of the savings are reporting as either delivery in progress or in the early stages of delivery and these are on track and expected to progress throughout the year to be delivered in full.
38. The savings in the early stages of delivery (Amber I) include the Licencing, Digital Strategy and Fees and Charges from the prior year, as well as current year savings including Social Care Placements, Bulky Waste Collection, Business Support and Fees and Charges, alongside other lower value savings included. These are currently expected to progress and be delivered in the current year.
39. Currently there are £1,371k (13%) which are reporting there are potential problems in delivery (Amber II). These include Leisure and Youth and Culture of which a significant proportion is reflected against COVID-19 funding requirements in-year and will be reviewed throughout the year. Where necessary alternative methods of delivering the saving may need to be utilised.

Corporate Operating Budgets

40. Corporate Operating budgets are reporting a £239k underspend on capital financing and funding. This is the result of Capital Outturn and financing decisions taken at outturn 2020/21 to not utilise the Council's Capitalisation powers and fund transformation work from revenue. This has led to a reduction in Capital Financing costs of £629k, with £400k of this balance to be allocated to fund equipment budgets from revenue and avoiding further Capital Financing costs in the future. In addition, a £10k underspend is being reported resulting from a review of the Council's subscriptions. No variance is reported on Corporate Funding, the

exact level of grant funding for the year currently reflects that Cabinet and Council approved budgets in February 2021.

41. Funding equipment from capital is more expensive in the longer term, as the financing costs impact future years. Further review of financing decisions will be undertaken throughout the year, with the Council's budget strategy already including the unwinding of the use of capitalisation powers on budgeted Transformation work.

Development & Risk Contingency

42. For 2021/22 £17,436k was set aside to manage uncertain elements of budgets within the Development & Risk Contingency, which included £16,613k in relation to specific risk items and £823k as General Contingency to manage unforeseen issues. The intention is to allocate a significant proportion of this contingency to the relevant service budgets, reflecting that this is no longer contingent and represents an ongoing expenditure commitment on the part of the Council. Exceptional COVID-19 related pressures are being funded through specific grant funding and commented on later in this report.
43. At this early stage in the financial year, a net underspend of £287k is reported on Development and Risk Contingency, with £222k linked to a greater share of homelessness costs being met through new burdens funding rather than the Council's own resources and the residual £65k relates to minor movements in the cost of Social Care placements. There are currently no calls on the £823k General Contingency, providing a mechanism to manage emerging non-COVID-19-related risks over the remainder of the financial year.

Exceptional Items – COVID-19 Pressures

Table 5: COVID-19 Pressure Breakdown

Service	Month 2		Variance (As at Month 2) £'000
	Approved Budget	Forecast Outturn	
	£'000	£'000	
Social Care	0	6,838	6,838
Other Expenditure	0	3,960	3,960
Income	0	3,380	3,380
Total Exceptional Items	0	14,178	14,178

44. The majority of the COVID-19 pressure is relating to Social Care, and Environment, Education & Community Services, these two areas represent £10,180k of the £14,178k in-year pressure.
- Within Social Care, the Council is forecasting a pressure of just over £6.8m, driven by £5.9m of pressures associated with direct care provision, with £3.4m of this value falling on Adult Social Care and £2.5m falling in Children's Services. In addition, both areas are seeing workforce pressures associated with the additional demand and the Council's COVID-19 response, adding a further £0.7m, with the remaining balance coming from a combination of smaller areas.
 - A further £1.4m of pressures have been identified associated with Cultural and Community support, with the majority of this pressure driven by the support to

maintain Council run leisure centres during the pandemic whilst demand levels remain low and services have been affected by various restrictions.

- c. Included within this pressure is a forecast decline in Fees and Charges income of approximately £2.2m, the single largest element of this pressure relates to parking charges making up approximately £1.7m of this value.
 - d. The remaining balance is spread across a number of service areas and income streams impacted by the pandemic, including homelessness, waste and commercial income associated with rental income from areas such as Council owned garages.
45. Included within this position is a forecast assumption that the overall pressure caused by COVID-19 will be funded by Central Government and other funding strategies. The Council has confirmed funding of £16,960k, including carried forward grants from 2020/21 (although the final figure will in part be based on actual income losses and may therefore fluctuate) which will be sufficient to manage pressures identified to date, although there remains a risk that new and emerging issues will leave a funding gap in either the current or future years.
46. The strategy to deal with any unfunded COVID-19 costs is to utilise Earmarked Reserves totalling £10,216k. In 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. As part of the outturn for 2020/21 the Council took the decision to transfer a further £1,000k to increase the Local COVID-19 Funds, which can be utilised if necessary, to fund any further pressures in 2021/22 and later years. The Council's budget strategy included a release of £3,876k from this balance to offset the medium-term pressures impacting on retained Business Rates from the pandemic.

Collection Fund

47. A deficit of £399k is reported within the Collection Fund relating to an adverse position reported within Council Tax of £574k, offset by a favourable position within Business Rates of £175k. The pressure in Council Tax is predominantly driven by a reduction in the forecast growth of the taxbase, offset by a favourable position within Council Tax Support as the economy begins to recover from the pandemic and demand in this area reduces. The Business Rates position is primarily driven by the late announcement by the Chancellor to continue Retail Relief into 2021/22.
48. Any deficits within the Collection Fund impact on the Council's future year budgets, this position would therefore add £399k to the Council's gross saving requirement above the level set in the Council's budget strategy agreed at February 2021 Cabinet. Due to COVID-19 measures announced by Government in 2020/21, the prior year deficit was spread over three years from 2021/22, meaning that this forecast deficit will be compounded by a £490k deficit the Council needs to cover in 2022/23.
49. Following the Government's decision to support Local Authorities with 75% funding for the impact from Collection Fund deficits in 2020/21, there have been no further announcements of support against any deficits associated with the Council's tax raising powers.

General Fund Capital Programme

50. An underspend of £4,501k is projected on the 2021/22 to 2025/26 Capital Programme at Month 2, with a £3,630k reduction in planned borrowing to reflect the transfer of equipment purchases from capital to revenue and a £871k reduction in TfL funded investment driven by reduced grant funded levels. It is projected that £951k of the reported underspend will impact on the 2021/22 financial year, with an additional £2,095k projected slippage in expenditure resulting in an in-year underspend of £3,046k.

Capital Programme Overview

51. Table 11 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2021.

Table 11: General Fund Capital Programme Summary

	Approved Budget 2021/22	Forecast 2021/22	Cost Variance 2021/22	Project Re-phasing 2021/22	Total Project Budget 2021-2026	Total Project Forecast 2021-2026	Total Project Variance 2021-2026	Move-ment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cabinet Member Portfolio								
Finance	4,433	4,291	(612)	470	10,298	7,238	(3,060)	
Public Safety and Transport	20,496	18,284	(871)	(1,341)	61,896	61,025	(871)	
Corporate Services & Transformation	1,572	1,458	(114)	-	5,828	5,258	(570)	
Environment, Housing & Regeneration	2,235	2,235	-	-	6,435	6,435	-	
Families, Education and Wellbeing	7,882	7,882	-	-	20,457	20,457	-	
Health and Social Care	2,359	2,359	-	-	11,795	11,795	-	
Property and Infrastructure	62,355	61,131	-	(1,224)	173,246	173,246	-	
General Contingency	1,500	1,500	-	-	7,500	7,500	-	
Total Capital Programme	102,832	99,140	(1,597)	(2,095)	297,455	292,954	(4,501)	-
Capital Programme Summary Breakdown								
Major Projects	57,772	55,865	-	(1,907)	154,065	154,065	-	
Programme of Works	43,560	41,775	(1,597)	(188)	135,890	131,389	(4,501)	
General Contingency	1,500	1,500	-	-	7,500	7,500	-	
Total Capital Programme	102,832	99,140	(1,597)	(2,095)	297,455	292,954	(4,501)	-
Movement								

52. The approved budget includes re-phasing of £30,216k funding from 2020/21 for existing projects and programmes and approved by Cabinet in June 2021.

Finance

53. A significant number of vehicle purchases are planned this year across the fleet, including replacement of older vehicles and reducing the number of hired vehicles. Total planned spend results in an accelerated phasing variance of £470k as some replacements have been brought forward from 2022/23.

Public Safety and Transport

54. An under recovery of £871k is forecast on Transport for London (TFL) grant funding based on a proposed bid for funding for 2021/22 LIP funding to be submitted shortly, which is lower than original budget assumptions. TFL funding remains significantly affected by reduced travel due to the pandemic with increased home working.
55. The rollout of the Shopping Parades Initiative for new locations has been paused due to uncertainties with TFL funding, with shopfront grants continuing for existing schemes in progress at Ruislip and Kingshill. This results in re-phasing of £683k.

Corporate Services and Transformation

56. The rollout of the Telephony project has recently commenced which is the main focus of activity in 2021/22.

Environment, Housing and Regeneration

57. Budgets are forecast to be fully spent at this early stage of the financial year, including the Chrysalis Programme, which includes £613k funding re-phased from 2020/21 to complete committed schemes this year.

Families, Education and Wellbeing

58. New High Needs Provision Capital Allocation (HNPCA) grant of £2,872k has recently been awarded 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. This augments existing SEND grant to provide new places by September 2022 for children and young people with special educational needs and disabilities or who require alternative provision.

Health and Social Care

59. Social care equipment capitalisation within the Better Care Fund is forecast to fully spend at this stage of the financial year.

Property and Infrastructure

60. There is forecast re-phasing of £250k on the ground floor element of the Woodside development, linked to the HRA residential development at this site, as construction works are not expected to commence until early next year with the tendering process and appointment of contractor to be completed later this year.

Capital Financing - General Fund

Table 12: Capital Financing

	Approved Budget 2021/22 £'000	Forecast 2021/22 £'000	Cost Variance £'000	Phasing Variance £'000	Total Financing Budget 2021-2026 £'000	Total Financing Forecast 2021-2026 £'000	Total Variance £'000	Move-ment
Source of Finance								
Capital Receipts	16,749	16,200		(549)	57,977	57,977	-	
CIL	3,500	5,000		1,500	17,500	17,500	-	
Prudential Borrowing	55,481	52,800	(726)	(1,955)	131,018	127,388	(3,630)	
Total Council Resources	75,730	74,000	(726)	(1,004)	206,495	202,865	(3,630)	
Grants & Contributions	27,102	25,140	(871)	(1,091)	90,960	90,089	(871)	
Capital Programme	102,832	99,140	(1,597)	(2,095)	297,455	292,954	(4,501)	
Movement								

61. Capital receipts before transformation financing in 2021/22 include £590k in sales already achieved for two sites with an offer also received on one further site. These are at higher prices compared to valuations, partly offsetting one identified disposal site which is not expected to be completed this financial year.
62. As at the end of May 2021, a total of £1,730k Community Infrastructure Levy receipts have been invoiced, net of administration fees. Forecast receipts for this financial year are a favourable variance of £1,500k as developer activity is increasing as the pandemic recedes, and several sizable developments are expected to be invoiced in 2021/22. The longer term forecast for this income stream will remain under review as the economy recovers from the pandemic.
63. Forecast grants and contributions are £871k lower than the approved budget, due to the forecast under recovery of the 2021/22 TFL LIP grant compared to the original budget, which was based on pre-pandemic funding levels.
64. Prudential Borrowing is forecasting a favourable variance of £3,630k in the medium term as it is no longer planned to finance general equipment expenditure from capital resources.

Schools Budget

65. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £8,936k at Month 2, this is an increase of £1,609k on the budgeted deficit of £7,328k. This overspend is due to ongoing pressures in the cost of High Needs placements, where due to a lack of capacity in borough, the number of independent placements has increased since the budget was set. The budget for High Needs was increased for 2021/22 to take account of projected

growth, but it is projected that the budget will be exceeded. When the £25,358k deficit brought forward from 2020/21 is taken into account, the cumulative deficit carry forward to 2022/23 is £34,294k.

Table 7: DSG Income and Expenditure 2021/22

Funding Block	Month 2		
	Approved Budget	Forecast Outturn	Variance (As at Month 2)
	£'000	£'000	£'000
Dedicated Schools Grant Income	(317,131)	(317,131)	0
Schools Block	247,506	247,871	365
Early Years Block	25,997	25,997	0
Central Schools Services Block	3,296	3,296	0
High Needs Block	47,660	48,904	1,244
Total Funding Blocks	7,328	8,936	1,609
Balance Brought Forward 1 April 2021	25,358	25,358	
Balance Carried Forward 31 March 2022	32,686	34,294	

Dedicated Schools Grant Income (nil variance)

66. The Early Years block will be adjusted further to reflect actual numbers accessing the free entitlement in the Spring term. If attendance rises after the January census, the DfE has confirmed that funding will be increased, up to 85% of the January 2020 census level, where a local authority can provide evidence of increased attendance during the Spring term. Adjustments will be calculated by using an average of the January 2021 census and the May 2021 count. That is, January 2021 count will be used to represent attendance for the first half of Spring term, and the May 2021 count to represent the latter half and recognise any increase in attendance to determine the final spring term top up.

Schools Block (£365k underspend)

67. 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.
68. 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.
69. Schools Forum took the decision to withhold growth contingency allocations for one school due to insufficient projected pupil growth in September 2022 and therefore there will be an underspend relating to this allocation. Additionally, Schools Forum have agreed to backdate growth contingency to 2018/19 for one secondary school which it has been retrospectively decided met the criteria for funding. This has resulted in the overspend on the Schools block in 2021/22.
70. The growth contingency policy was amended prior to 2020/21 in order address the growth in secondary pupils. Schools will be funded for any Year 7 pupils which are above the

Published Admission Number (PAN). £525k was set aside for this purpose, with the actual funding requirement not known until actual numbers on roll are confirmed.

71. The growth contingency also funds diseconomies of scale funding for new basic need academy schools and a calculation method has now been determined for this for the two remaining years that the final basic need school is still growing

Early Years Block (nil variance)

72. Two-year-old funding will be adjusted in July to reflect the number of children accessing the entitlement based on the January 2021 census.
73. The 3 and 4-year-old funding for both the universal and the additional free entitlement will also be adjusted in July following the January 2021 census. This is likely to result in a reduction in the overall Early Years block funding allocation as the number of children accessing the additional free entitlement has decreased significantly over the past year. The projections will be revised once the full impact of the funding adjustments is known.

Central School Services Block (no variance)

74. 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. 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 2021/22.

High Needs Block (£1,244k overspend)

75. There continues to be significant pressure in the High Needs Block in 2021/22, with an overspend of £1,244k being projected at Month 2. The growth in the requirement to place pupils with an EHCP in Independent placements, due to a continuing lack of capacity in-borough and across other local authority provision continued throughout 2020/21, contributing to the £3,604k High Needs overspend at outturn (this overspend was in addition to the overall £7,175k DSG deficit budget set at the start of the 2020/21 financial year). There is an expectation that this will become the only route that the Council will be able to take until more provision is created locally with the opening of the new special free schools and the creation of further capacity using the SEND Capital grant funding.
76. In 2021/22 Schools Forum and the DfE did not agree a transfer of funding from the Schools Block. Therefore, even though High Needs funding increased in 2021/22, there was no alternative but to set a deficit budget. The projected position at Month 2 considers the full year financial impact of the growth in EHCPs to the end of 2020/21 and an estimate for future growth.

Housing Revenue Account

77. The Housing Revenue Account (HRA) is currently forecasting a favourable variance of £28k compared to the budget. This excludes the potential cost pressures of COVID-19, which are estimated at £100k. The 2021/22 closing HRA General Balance is forecast to be £15,211k.

The use of reserves is funding investment in new housing stock. The table below presents key variances by service area.

Table 8: Housing Revenue Account

Service	Month 2		Variance (+ adv / - fav)
	Approved Budget	Forecast Outturn	Variance (As at Month 2)
	£'000	£'000	£'000
Rent Income	(58,944)	(58,944)	0
Other Income	(5,528)	(5,575)	(47)
Net Income	(64,472)	(64,519)	(47)
Housing Management	15,203	15,224	21
Tenant Services	3,953	3,951	(2)
Repairs	5,654	5,654	0
Planned Maintenance	4,014	4,014	0
Capital Programme Funding	19,021	19,021	0
Interest & Investment Income	15,385	15,385	0
Development & Risk Contingency	1,260	1,260	0
Operating Costs	64,490	64,509	19
(Surplus) / Deficit	18	(10)	(28)
General Balance 01/04/2021	(15,201)	(15,201)	0
General Balance 31/03/2022	(15,183)	(15,211)	(28)

78. As at Month 2, the rental income is forecast to break even. Other income is forecast to have a favourable variance of £47k which relates to income from leaseholders.
79. The number of RTB applications received in the first two months of 2021/22 was 30 compared to 8 for the same period in 2020/21. There has been 5 RTB completions in the first two months of 2021/22 compared to 1 for the same period in 2020/21. The RTB applications and sales will be kept under review during the year. At this early stage in the year, the 2021/22 RTB sales forecast is 50, which is the same as the budget.
80. The housing management service is forecast to overspend by £21k as at Month 2 which is due to staffing pressures on the management vacancy factor. Tenant services is forecast to underspend by a minor £2k. The repairs and planned maintenance budget totals £9,668k and at this early stage in the year is forecast to break even. As at Month 2 the capital programme funding, interest and investment income and the development and risk contingency budgets are forecast to break even.

COVID-19 cost pressures on the HRA

81. HRA COVID-19 cost pressures identified to date and will be kept under review during the year. These pressures have not been included in the Month 2 forecast position for HRA revenue and total £100k.

HRA Capital Expenditure

82. The HRA capital programme is set out in the table below. The 2021/22 approved budget is £88,854k and forecast expenditure is £81,997k with a net variance of £6,857k of which £6,844k is due to re-phasing and £13k due to cost under spends.

Table 10: HRA Capital Expenditure

	Approved Budget 2021/22	Forecast 2021/22	Cost Variance 2021/22	Project Re-Phasing 2021/22	Total Project Budget 2021-26	Total Project Forecast 2021-26	Total Project Variance 2021-26	Movement 2021-26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cabinet Member Portfolio								
Property and Infrastructure	88,854	81,997	(13)	(6,844)	231,956	231,943	(13)	
Total HRA Capital Programme	88,854	81,997	(13)	(6,844)	231,956	231,943	(13)	

83. The 2021/22 Major Projects programme approved budget is £60,455k following the re-phasing of £21,519k funding from 2020/21 approved by Cabinet in the June 2021 Budget Outturn Report.
84. There is forecast re-phasing of £6,844k due to mainly to construction works on site for major projects at the former Maple and Poplar and Woodside sites expected to commence during 2021/22 for completion in future years. A contractor is expected to be appointed shortly for the Maple and Poplar development. Design changes to the ground floor of the Woodside development are being undertaken before issuing tenders.
85. Following a re-tendering process, a replacement contractor is expected to be appointed shortly for the six unit general needs housing development at Nelson Road, with construction works forecast to be completed in early 2022.
86. A cost under spend of £13k is forecast on the acquisition of flats at Abrook Court, 191 Harefield Road, Uxbridge with completion payment settled recently.
87. Following mediation, the final account including liquidated and ascertained damages (LADS) have been agreed with the Park View supported housing contractor. Settlement of costs with the contractor are within the existing risk provision and remaining capital budget, with finalised amounts to be reported in Month 3 monitoring.
88. The five year 2021-26 Acquisitions and Internal Developments budget is £128,049k and is planned to be utilised for new residential developments, including new construction and acquisitions, and will support the regeneration of Hayes housing estates. The budget is partly financed by retained Right to Buy receipts.

89. The Works to Stock 2021/22 approved budget is £22,038k following June Cabinet approval of the re-phasing of £5,857k funding from 2020/21 and acceleration of £4,370k into this year for an enhanced programme. Works are in various stages of progress across a number of work streams and at this early stage of the financial year are forecast to be fully spent. Remedial works at Packet Boat House are ongoing and are expected to be completed later this year.
90. Works are in progress across various workstreams for delivery of the re-phased remaining £3,650k Green Homes Grant Local Authority grant scheme to provide energy efficiency upgrades to low-income homes. Due to the tight deadlines required by central government, there is a risk that some grant funding will need to be returned, although it is forecast to be fully spent at this stage.
91. The Major Adaptations to property budget forecast is reporting a full spend of £2,711k at this stage of the financial year, including £830k approved re-phasing of committed works from 2020/21.

HRA Capital Receipts

92. There have been 5 Right to Buy sale of council dwellings as at the end of May 2021 for a total gross sales value of £1,026k. A further 45 sales are forecast to bring the yearly total to 50, totalling £10,000k in 2021/22.

Treasury Management Update as at 31 May 2021

Table 13: Outstanding Deposits – Average Rate of Return 0.02%

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	34.2	45.18	70.00
Up to 1 Month Fixed-Term Deposits	26.5	35.01	
Total	60.7	80.19	70.00
Strategic Pooled Funds	15.0	19.81	30.00
Total	75.7	100.00	100.00

*Money Market Funds

93. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating and AAA rated Money Market funds. UK deposits are currently held in NatWest Bank plc, Santander UK plc and the DMADF. There is also an allocation to Strategic Pooled Funds.
94. The average rate of return on day-to-day operational treasury balances is 0.02%. As part of the Council's investment strategy for 20/21, the Council continues to hold a total of £15m in three long-dated strategic pooled funds (£5m in each). The strategic pooled funds have a 3-5 year investment horizon with dividends being distributed periodically.
95. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities, which is needed to manage daily cashflow, it is not possible to fully protect Council funds from bail-in risk. At the end of May, 56% of the Council's day-to-day operational treasury investments 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.
96. Liquidity was maintained throughout May by placing surplus funds in instant access accounts and making short-term deposits with the DMADF. Cash-flow was managed by ensuring deposit maturities with the DMADF were matched to outflows and where required, funds were withdrawn from instant access facilities.

Table 24: Outstanding Debt - Average Interest Rate on Debt: 3.24%
Average Interest Rate on Temporary Borrowing: 0.50%

	Actual (£m)	Actual (%)
General Fund		
PWLB	44.27	13.52
Long-Term Market	15.00	4.58
Temporary	100.00	30.55
HRA		
PWLB	135.07	41.27
Long-Term Market	33.00	10.08
Total	327.34	100.00

97. During May a scheduled £0.33m PWLB EIP instalment payment was made. Gilt yields moved up during the first half of the month, however ended the month at the same level as it began. With the Council's long-term borrowing need and with restrictive premiums, early repayment of debt remains unfeasible.
98. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices. To maintain liquidity for day-to-day business operations during June, cash balances will be placed in instant access accounts and short-term deposits.

PART B: FINANCIAL RECOMMENDATIONS

That the Cabinet:

- a. Note those consultancy and agency assignments over £50k approved under delegated authority between the June 2021 and July 2021 Cabinet meetings, detailed at Appendix A.
- b. Approve acceptance of gift funding in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for;
 - a. Douay Martys School - £5,000
 - b. 3 Viveash Close - £27,500
 - c. Achilles Therapeutics - £20,000
 - d. Colt Data Centre - £50,000
- c. Approve to charge an affordable rent based on the London Affordable Rent (LAR) for the 10 new build general needs houses at Ditchfield Road, Hayes (£180.72 pw for 3 bedrooms and £190.23 pw for four bedrooms) as detailed in Appendix B
- d. Approve to charge an affordable rent based on the London Affordable Rent (LAR) plus service charges for the 9 new build general needs flats at Givven House, Uxbridge (£174.94 pw for 2 bedrooms and £184.46 pw for three bedrooms) as detailed in Appendix B
- e. Agree the proposed leisure services fees and charges uplifts detailed in Appendix C in line with the leisure contract terms, to come into effect from 1st August 2021.
- f. Ratify a special urgency decision taken by the Deputy Leader of the Council and Cabinet Member for Health & Social Care on 24 June 2021 in relation to the award of contract for a Care and Wellbeing Service in Supported Living for People with Learning Disabilities from 1 April 2021 to 30 June 2022
- g. Approve the acceptance of the additional Local Covid Support Grant of £782,414.86 from the DWP to fund continuing support for vulnerable families during the Covid pandemic and to note the continuing use of Edenred (UK Group Limited), a third-party provider appointed through the NPS Framework for the delivery of food vouchers (approved through use of the Leaders Emergency Power ratified June Cabinet Recommendation 18 Item 5)

Reasons for recommendation

100. **Recommendation 2a** notes consultancy and agency assignments approved by the Chief Executive under authority granted by Council on 20 May 2021. Appendix A reports back on use of this delegated authority since the previous Cabinet meeting.
101. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 2b** seeks authority from Cabinet to approve the acceptance of £134k in relation to a number of major developments.
 - a. Douay Martys School - £5,000
 - b. 3 Viveash Close - £27,500
 - c. Achilles Therapeutics - £20,000
 - d. Colt Data Centre - £50,000

102. **Recommendations 2c & d** – Council in February 2018, as part of the HRA rent policy, agreed to delegate to the Leader and relevant Cabinet Member the authority to set affordable rent levels for newly acquired or built properties on a scheme-by-scheme basis. The Constitution enables Cabinet Members to also refer such a decision to the Cabinet to make. The HRA new build internal development at Ditchfield Road, Hayes (Willow Tree) and the new build acquisition at Givven House, Uxbridge (253 Park Road) was approved on the financial viability assumption that the properties would be charged an affordable rent, and these properties are available for housing regeneration decant.
103. **Recommendation 2e** Agrees the proposed leisure services fees and charges uplifts detailed in Appendix C, in line with the leisure contract terms, to come into effect from 1st August 2021. Appendix C has been agreed with the Cabinet Member for Families, Education and Wellbeing, with increases being capped at a rounded 3% in any one financial year.
104. **Recommendation 2f** relates to a special urgency decision made by Cabinet Members on 24 June 2021. Following concerns identified with the existing provider through service monitoring, new provider arrangements needed to be put in place swiftly at four supported living schemes to ensure the continuity of support for residents with learning disabilities. A single tender from Community Integrated Care was accepted by the Cabinet Members at a contract price of £1,294,359. As per the Council's Constitution, this urgent decision is required to be ratified at a subsequent Cabinet meeting, as ordinarily it would require Cabinet approval given the value of the contract.
105. 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 to date has included a one-off £35 payment to contribute to utility bills and £15 per week per eligible resident for meal vouchers throughout school holidays. In line with Department for Work and Pensions guidelines, a proportion of the grant has been used to fund the cost of administering the scheme.
106. Since November 2020, Hillingdon has been awarded £1.1m to cover the period 1st December 2020 to the 20th June 2021. The Government recently announced an extension to the scheme allocating a further £782,414 of grant funding to cover the period to 30th September 2021 and **recommendation 2g** seeks authority to accept the additional monies. The Cabinet is also asked to note the continuing use of a third party provider Edenred (UK Group Limited) to deliver food vouchers as part of the scheme in line with approval granted under Leader's Emergency Power and subsequently ratified by Cabinet (June Item 5 recommendation 18).

Alternative options considered / risk management

107. There are no other options proposed for consideration.

PART B: APPENDIX A

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

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

Table 14: Consultancy and agency assignments

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000	Consultancy Size
Finance							
Pensions Accountant	30/12/2020	31/05/2021	29/08/2021	238	46	284	Large
Technical/Statutory Accountant	01/02/2021	04/06/2021	15/09/2021	34	34	68	Large
Environment, Education & Community Services							
Trading Standards Officer	01/06/2021	01/06/2021	30/03/2022	0	83	83	Large
Trading Standards Officer	03/01/2019	01/07/2021	30/03/2022	175	75	250	Large
Head of Community Safety & Enforcement	24/05/2021	24/05/2021	26/11/2021	0	87	87	Large
Housing Options & Homeless Prevention Caseworker	30/09/2019	05/07/2021	03/10/2021	73	13	90	Large
Homeless Prevention Operations Manager	14/09/2020	14/06/2021	12/09/2021	59	19	78	Large
Strategic Planning & PPA Lead Officer	04/01/2021	31/05/2021	24/10/2021	28	28	56	Large
Infrastructure, Building Services & Transport							
Programme Manager (Capital Programme)	30/03/2020	14/06/2021	05/09/2021	96	25	121	Large

PART B: APPENDIX B

2021/22 affordable rent charge for Ditchfield Road and Gieven House

- Hillingdon Council signed a Right To Buy (RTB) agreement with the Government in 2013 which had the expectation that Councils would deliver affordable homes part funded from 1-4-1 RTB receipts. The intention was that these properties would be charged an affordable rent. The intention behind this flexibility is to generate additional capacity for investment in new affordable housing.
- Affordable rent allows local authorities to set rents at levels that are typically higher than formula rents, and properties let on affordable rent terms fall within the definition of social housing.
- Properties let on affordable rent terms should be made available at a rent of **up to 80% of the gross market rents inclusive of service charges**. In addition, an affordable rent should be **no lower than the potential formula rent for the property**.
- Ditchfield Road, Hayes (Willow Tree) is an HRA internal development new build comprising of 10 houses (7*3 bedrooms and 3*4bedrooms). Gieven House, Uxbridge (253 Park Road) is an HRA new build acquisition comprising of 9 flats (5*2 bedrooms and 4* 3 bedrooms). Both sites were approved on the financial viability assumption that the properties would be charged an affordable rent.
- The Head of Property and Estates has assessed the marketplace for comparables for both sites to determine the valuation of the gross market rents inclusive of service charges.

Ditchfield Road Site

- The key rent data is summarised in Table 1 below for the Ditchfield Road site.

Table 15: Summary of rents

Units	Bed size	100% Market Rent - £ Per calendar month	100% Market Rent £pw	Formula rent £pw	LAR £pw	Affordable Rent at 80% £pw
6	3 bed	1550	357.69	142.87	180.72	285.39
1	3 bed (wheelchair accessible)	1600	369.23	142.87	180.72	294.59
3	4 bed	1700	392.3	159.75	190.23	313.00

- Under the formula rent methodology, the rent charge ranges from £142.87 to £159.75 per week. The affordable rent cannot be lower than this.
- The affordable rent maximum charge ranges from £285.39 to £313 per week based on 80% of the gross market rents.

9. The recommended affordable rent to charge is the London Affordable Rent (LAR) taking into account affordability factors. The LAR ranges from £180.72 to £190.23 per week. This represents between 48% to 51% of the gross market rents.

Given House Site

10. The key rent data is summarised in Table 2 below for the Given House site. This includes the service charges for the flats.

Table 16: Summary of rents

Units	Bed size	100% Market Rent - Per calendar month £	100% Market Rent £pw	Formula rent + service charge £pw	LAR + service charge £pw	Affordable Rent at 80% £pw
4	2 bed	1,450	334.62	130.38	174.94	266.97
1	2 bed	1,500	346.15	133.63	174.94	276.18
2	3 bed	1,600	369.23	140.79	184.46	294.59
2	3 bed	1,800	415.38	147.26	184.46	331.42

11. Under the formula rent methodology, the rent and service charge ranges from £130.38 to £147.26.75 per week. The affordable rent cannot be lower than this.
12. The affordable rent maximum charge ranges from £266.97 to £331.42 per week based on 80% of the gross market rents.
13. The recommended affordable rent to charge is the London Affordable Rent (LAR), plus service charges, taking into account affordability factors. The LAR ranges from £174.94 to £184.46 per week. This represents between 44%-52% of the gross market rents.

PART B: APPENDIX C

GLL Leisure services contract – Fees and Charges

FEES AND CHARGES

1. Fees and charges for the Leisure Centres are managed by GLL on behalf of the London Borough of Hillingdon. The Leisure Operating Contract Service Specification states that the pricing policy will be agreed on an annual basis in April of each year by benchmarking the Authority's pricing to its nearest West London Borough's (Ealing, Harrow and Hounslow). Where fees and charges are not comparable with neighbouring authorities, nearest comparators have been used as the benchmark.
2. The average price of the three Borough's will then be set to 90% for Hillingdon residents. Prices will be left unchanged where the benchmark price comes out to a figure below the current fee. Proposed uplifts have been capped at a rounded 3% in a single financial year across all charges, with Resident rates falling within 90% of the average benchmarked charge.

BENCHMARKING FINDINGS / ASSUMPTIONS

- Fees and charges have been benchmarked against our nearest West London Borough's (Ealing, Harrow and Hounslow). Since the pandemic, Hounslow's leisure facilities contract with Fusion Lifestyle has ended and are now managed by Lampton Leisure. Ealing and Harrow are both managed by Everyone Active.
- Charges were not reviewed in 2020/21 due to the pandemic, so the benchmarking exercise covers a two-year period of 2020/21 and 2021/22. Where an increase is possible this has been limited to 3% and rounded to the nearest 5p or 10p. If approved, the increase in charges will take effect from 1st August 2021.
- Hillingdon's current charges are, on average, 10% lower than neighbouring Boroughs, with some areas such as swimming reflecting a 30% cheaper rate. Free swimming continues to be offered to residents aged 65 or over. Any increase in charges is unlikely to impact on demand.
- Hillingdon Sports and Leisure Complex outdoor lido – there are no comparable facilities located in the 3 neighbouring boroughs, so benchmarking has been compared to Wycombe Rye Lido, Hampton Pool and Brockwell Lido.
- Gymnastics – there are no comparable facilities located in the 3 neighbouring boroughs, so benchmarking has been compared to other specialist gymnastics clubs located in Ealing, Harrow and Hounslow.
- Concessionary pricing continues to be offered to customers as part of the Council's Leisure Link scheme, who fall into the following categories: -

- Over 65's
- People with disabilities
- Carer's
- Asylum seekers
- Full time 16 plus students
- Looked after children
- Foster carer families
- Benefit claimants

LEISURE CONTRACT FEES & CHARGES BENCHMARKING

Leisure Fees & Charges comparison	2019/20 FEES		BENCHMARKED FEE			3 Borough Average (where available)	90% of the 3 borough average	Increase Yes or No	RESIDENT FEES & CHARGES				NON-RESIDENT FEES & CHARGES				
	LBH Resident 2019/20	LBH non-resident 2019/20	Hounslow 2021/22 (operated by Lampton Leisure)	Ealing 2021/22 (operated by Everyone Active)	Harrow 2021/22 (operated by Everyone Active)				Resident Charge 20/21 (3%)	Resident Charge 21/22 (3%)	Proposed Resident Charge 2021/22 (with rounding)	Proposed Resident Increase £	Non Resident Charge 20/21 (3%)	Non Resident Charge 21/22 (3%)	Non Resident Charge 2021/22 (with rounding)	Proposed Non Resident Increase £	
N/A = not available as no comparable product offered																	
Swimming Indoor (per hour)																	
Adult peak	£ 3.90	£ 4.70	£ 5.35	£ 4.70	£ 5.50	£ 5.18	£ 4.67	Y	£ 4.02	£ 4.14	£ 4.20	£ 0.30	£ 4.84	£ 4.99	£ 5.00	£ 0.30	
Adult concession	£ 1.90	£ 2.20	£ 3.15	£ 4.70	£ 5.50	£ 4.45	£ 4.01	Y	£ 1.98	£ 2.02	£ 2.10	£ 0.20	£ 2.27	£ 2.33	£ 2.40	£ 0.20	
Junior peak	£ 2.00	£ 2.00	£ 3.15	£ 2.05	£ 3.00	£ 2.73	£ 2.46	Y	£ 2.06	£ 2.12	£ 2.20	£ 0.20	£ 2.06	£ 2.12	£ 2.20	£ 0.20	
Junior concession	£ 1.20	£ 1.20	£ 3.15	£ 2.05	£ 3.00	£ 2.60	£ 2.34	Y	£ 1.24	£ 1.27	£ 1.40	£ 0.20	£ 1.24	£ 1.40	£ 1.40	£ 0.20	
Adult off peak	£ 3.20	£ 3.70	N/A	N/A	N/A			Y	£ 3.30	£ 3.39	£ 3.50	£ 0.30	£ 3.81	£ 3.93	£ 4.00	£ 0.30	
Adult off peak concession	£ 1.10	£ 1.30	N/A	N/A	N/A			Y	£ 1.13	£ 1.17	£ 1.20	£ 0.10	£ 1.34	£ 1.38	£ 1.40	£ 0.10	
Junior off peak	£ 1.70	£ 1.70	N/A	N/A	N/A			Y	£ 1.75	£ 1.80	£ 1.80	£ 0.10	£ 1.75	£ 1.80	£ 1.80	£ 0.10	
Junior off peak concession	£ 0.95	£ 0.95	N/A	N/A	N/A			Y	£ 0.98	£ 1.01	£ 1.00	£ 0.05	£ 0.98	£ 1.01	£ 1.00	£ 0.05	
HSLC Outdoor Pool (maximum of a 3 hour session)			Wycombe Rye Lido	Hampton Pool	Brockwell Lido												
Adult	£ 5.85	£ 7.60	£8.00	£7.80	£8.00	£ 7.93	£ 7.14	Y	£ 6.03	£ 6.21	£ 6.50	£ 0.65	£ 7.83	£ 8.06	£ 9.00	£ 1.40	
Adult concession	£ 3.90	£ 5.30		£4.90		£ -	£ -	Y	£ 4.02	£ 4.14	£ 4.20	£ 0.30	£ 5.46	£ 5.62	£ 5.60	£ 0.30	
Child	£ 3.50	£ 3.80	£4.00	£4.50	£ -	£ 4.25	£ 3.83	Y	£ 3.61	£ 3.71	£ 3.70	£ 0.20	£ 3.91	£ 4.03	£ 4.00	£ 0.20	
Child concession	£ 2.25	£ 3.55	N/A	N/A	N/A	-	-	Y	£ 2.25	£ 2.32	£ 2.35	£ 0.10	£ 3.55	£ 3.66	£ 3.65	£ 0.10	
Under 3's	no charge	no charge	no charge	no charge	no charge	-	-										
Swimming - Other (per session)																	
Swimming Parties incl party host	£ 136.80	£ 158.40	£ -	£ 150.00	£ 170.00	£ 160.00	£ 144.00	Y	£ 140.70	£ 144.92	£ 144.95	£ 8.35	£ 163.15	£ 168.05	£ 168.05	£ 9.65	
Swimming instruction per lesson adult (30mins)	£ 7.60	£ 8.75	£ 9.10	£ 7.20	£ 7.20	£ 7.83	£ 7.05	Y	£ 7.83	£ 8.06	£ 8.05	£ 0.45	£ 9.01	£ 9.28	£ 9.30	£ 0.55	
Swimming instruction per lesson adult concession	£ 5.40	£ 5.80	N/A	£ 7.20	£ 7.20	£ 7.20	£ 6.48	Y	£ 5.56	£ 5.73	£ 5.75	£ 0.35	£ 5.97	£ 6.15	£ 6.15	£ 0.35	
Swimming instruction per lesson child	£ 5.50	£ 5.50	£ 6.07	£ 7.20	£ 7.20	£ 6.82	£ 6.14	Y	£ 5.67	£ 5.83	£ 5.85	£ 0.35	£ 5.67	£ 5.83	£ 5.85	£ 0.35	
Swimming instruction per lesson child concession	£ 3.90	£ 3.90	N/A	£ 7.20	£ 7.20			Y	£ 4.02	£ 4.14	£ 4.15	£ 0.25	£ 4.02	£ 4.14	£ 4.15	£ 0.25	
Swimming Instruction (per lesson) One to one tuition	£ 21.10	£ 23.70	N/A	£ 28.80	£ 28.80	£ -	£ -	Y	£ 21.73	£ 22.38	£ 22.40	£ 1.30	£ 24.41	£ 25.14	£ 25.15	£ 1.45	
Swim Crash Course 1/2 hour per day x 5 days	£ 21.80	£ 25.10	£ -	£ -	£ -	£ -	£ -	Y	£ 22.45	£ 23.13	£ 23.15	£ 1.35	£ 25.85	£ 26.63	£ 26.65	£ 1.55	
Private Hire (25-33m Pools)																	
Pool Hire per hour (one lane up to Gala)																	
- whole pool	£ 107.10	£ 135.00	N/A	N/A	N/A	£ -	£ -	Y	£ 110.31	£ 113.62	£ 113.65	£ 6.55	£ 139.05	£ 143.22	£ 143.20	£ 8.20	
- one lane	£ 21.70	£ 27.30	N/A	N/A	N/A	£ -	£ -	Y	£ 22.35	£ 23.02	£ 23.05	£ 1.35	£ 28.12	£ 28.96	£ 28.95	£ 1.65	
Private Hire (50m Pool)																	
- 50m pool	£ 200.00	£ 265.00	No like for like comparison data available			-	-	Y	£ 206.00	£ 212.18	£ 212.20	£ 12.20	£ 272.95	£ 281.14	£ 281.15	£ 16.15	
Young at Heart Club sessions	£ 4.10	£ 4.60	N/A	N/A	N/A	-	-	Y	£ 4.22	£ 4.35	£ 4.35	£ 0.25	£ 4.74	£ 4.88	£ 4.85	£ 0.25	
Gym (per hour sessions)																	
Gym inductions (Casual use) group	£ 18.50	£ 21.20	£ 23.95	Free online induction	Free online induction	£ -	£ -	Y	£ 19.06	£ 19.63	£ 19.65	£ 1.15	£ 21.84	£ 22.49	£ 22.50	£ 1.30	
Gym Inductions (Casual use) Individual 1:2:1	£ 27.00	£ 30.00	N/A	N/A	N/A	£ -	£ -	Y	£ 27.81	£ 28.64	£ 28.65	£ 1.65	£ 30.90	£ 31.83	£ 31.80	£ 1.80	
Replacement Card	£ 3.30	£ 3.30	£ 3.00	£ 2.00	£ 2.00	£ -	£ -	N	£ 3.30	£ 3.30	£ 3.30	£ -	£ 3.30	£ 3.30	£ 3.30	£ -	
Casual Gym Session Peak	£ 7.30	£ 8.30	£ 8.50	£ 8.40	£ 7.80	£ 8.23	£ 7.41	Y	£ 7.52	£ 7.74	£ 7.75	£ 0.45	£ 8.55	£ 8.81	£ 8.80	£ 0.50	
Casual Gym Session Concessionary	£ 4.60	£ 4.80	£ 4.85	£ 8.40	£ 7.80	£ 7.02	£ 6.32	Y	£ 4.74	£ 4.88	£ 4.90	£ 0.30	£ 4.94	£ 5.09	£ 5.10	£ 0.30	
Casual Gym Session Off-Peak	£ 6.00	£ 6.70	N/A	£ 8.40	£ 7.80			Y	£ 6.18	£ 6.37	£ 6.40	£ 0.40	£ 6.90	£ 7.11	£ 7.10	£ 0.40	
Casual Gym Session Off-Peak Concessionary	£ 2.90	£ 3.50	N/A	£ 8.40	£ 7.80			Y	£ 2.99	£ 3.08	£ 3.10	£ 0.20	£ 3.61	£ 3.71	£ 3.70	£ 0.20	
Coached Fitness Classes Charges	£ 6.80	£ 7.40	£ 7.90	£ 6.80	£ 8.50	£ 7.73	£ 6.96	Y	£ 7.00	£ 7.21	£ 7.25	£ 0.45	£ 7.62	£ 7.85	£ 7.85	£ 0.45	
Coached Fitness Classes Concessionary	£ 5.30	£ 5.90	£ 4.90	£ 6.80	£ 8.50	£ 6.73	£ 6.08	Y	£ 5.46	£ 5.62	£ 5.65	£ 0.35	£ 6.08	£ 6.26	£ 6.25	£ 0.35	
Exercise Prescription	£ 3.10	N/A	£ -	£ -	£ -	£ -	£ -	Y	£ 3.19	£ 3.29	£ 3.30	£ 0.20	£ -				

LEISURE CONTRACT FEES & CHARGES BENCHMARKING

Leisure Fees & Charges comparison	2019/20 FEES		BENCHMARKED FEE			3 Borough Average (where available)	90% of the 3 borough average	Increase Yes or No	RESIDENT FEES & CHARGES				NON-RESIDENT FEES & CHARGES			
	LBH Resident 2019/20	LBH non-resident 2019/20	Hounslow 2021/22 (operated by Lampton Leisure)	Ealing 2021/22 (operated by Everyone Active)	Harrow 2021/22 (operated by Everyone Active)				Resident Charge 20/21 (3%)	Resident Charge 21/22 (3%)	Proposed Resident Charge 2021/22 (with rounding)	Proposed Resident Increase £	Non Resident Charge 20/21 (3%)	Non Resident Charge 21/22 (3%)	Non Resident Charge 2021/22 (with rounding)	Proposed Non Resident Increase £
N/A = not available as no comparable product offered																
Health and Fitness Membership																
HSLC (includes outdoor pool use)	£ 50.00	£ 60.00	£ 52.75	£ 49.99	£ 49.99	£ 49.99	£ 44.99	Y	£ 51.50	£ 53.05	£ 53.00	£ 3.00	£ 61.80	£ 63.65	£ 63.65	£ 3.65
Peak membership (Botwell, Highgrove, HSLC excludes outdoor pool use)	£ 45.00	£ 55.00	£ 52.75	£ 49.99	£ 49.99	£ 50.91	£ 45.82	Y	£ 45.00	£ 46.35	£ 46.35	£ 1.35	£ 56.65	£ 58.35	£ 58.35	£ 3.35
Peak Queensmead SC	£ 39.15	£ 43.50	£ 52.75	£ 49.99	£ 49.99	£ 76.37	£ 68.73	Y	£ 39.15	£ 40.32	£ 40.30	£ 1.15	£ 44.81	£ 46.15	£ 46.15	£ 2.65
Off peak (any site)	£ 34.00	£ 40.00	£ 52.75	£ 49.99	£ 49.99	£ 76.37	£ 68.73	Y	£ 34.00	£ 35.02	£ 35.00	£ 1.00	£ 41.20	£ 42.44	£ 42.45	£ 2.45
Main Hall Hire																
Hillingdon Sport & Leisure Centre (4 badminton courts in size)	£ 43.70	£ 52.50	£ 55.35	N/A	N/A	£ -	£ -	Y	£ 45.01	£ 46.36	£ 46.40	£ 2.70	£ 54.08	£ 55.70	£ 55.70	£ 3.20
Queensmead Sports Centre (7 badminton courts in size)	£ 62.80	£ 72.10	£ 55.35	N/A	N/A	£ -	£ -	Y	£ 64.68	£ 66.62	£ 66.60	£ 3.80	£ 74.26	£ 76.49	£ 76.50	£ 4.40
Botwell Leisure Centre (4 badminton courts in size)	£ 43.70	£ 52.50	£ 55.35	N/A	N/A	£ -	£ -	Y	£ 45.01	£ 46.36	£ 46.40	£ 2.70	£ 54.08	£ 55.70	£ 55.70	£ 3.20
Badminton (per hour)																
Badminton (per court) - Peak (HSLC/Botwell)	£ 10.30	£ 12.00	£ 13.95	£ 11.95	£ 12.00	£ 12.63	£ 11.37	Y	£ 10.61	£ 10.93	£ 10.95	£ 0.65	£ 12.36	£ 12.73	£ 12.70	£ 0.70
Badminton (per court) - Peak (Queensmead)	£ 10.00	£ 11.35	£ 13.95	£ 11.95	£ 12.00	£ -	£ -	Y	£ 10.30	£ 10.61	£ 10.60	£ 0.60	£ 11.69	£ 12.04	£ 12.00	£ 0.65
Badminton (per court) - Off peak	£ 6.40	£ 7.40	£ -	£ -	£ 7.40	£ 2.47	£ 2.22	Y	£ 6.59	£ 6.79	£ 6.80	£ 0.40	£ 7.62	£ 7.85	£ 7.85	£ 0.45
Other																
Trampoline / Martial Arts etc.	£ 21.60	£ 24.70	N/A	N/A	£ 20.58	£ -	£ -	Y	22.25	22.92	£ 22.90	£ 1.30	£ 25.44	£ 26.20	£ 26.20	£ 1.50
Queensmead SC - Netball / 5-a-side External / AI (including floodlights) (per court)	£ 28.40	£ 32.80	£ -	£ -	£ -	£ -	£ -	Y	29.25	30.13	£ 30.15	£ 1.75	£ 33.78	£ 34.80	£ 34.80	£ 2.00
Cricket lane	£ 30.90	£ 35.00	£ -	£ -	£ -	£ -	£ -	Y	31.83	32.78	£ 32.80	£ 1.90	£ 36.05	£ 37.13	£ 37.15	£ 2.15
Table Tennis (per table)	£ 6.40	£ 7.20	£ 6.30	£ -	£ -	£ -	£ -	Y	6.59	6.79	£ 6.80	£ 0.40	£ 7.42	£ 7.64	£ 7.65	£ 0.45
Sports Parties (Hall and room hire)	£ 114.75	£ 129.40	£ -	£ -	£ -	£ -	£ -	Y	118.19	121.74	£ 121.75	£ 7.00	£ 133.28	£ 137.28	£ 137.30	£ 7.90
Athletics																
Athletics - Adult	£ 3.40	£ 3.90	£ 5.05	£ 3.40	N/A	£ -	£ -	Y	£ 3.50	£ 3.61	£ 3.60	£ 0.20	£ 4.02	£ 4.14	£ 4.10	£ 0.20
Athletics - child	£ 1.85	£ 1.85	£ 2.00	£ 1.70	N/A	£ -	£ -	Y	£ 1.91	£ 1.96	£ 1.95	£ 0.10	£ 1.91	£ 1.96	£ 1.95	£ 0.10
Athletic meeting - Hillingdon club/school (Mon to Fri)	£ 40.30	n/a	N/A	N/A	N/A	£ -	£ -	Y	£ 41.51	£ 42.75	£ 42.75	£ 2.45	n/a	n/a	n/a	n/a
Athletic meeting - Hillingdon club/school (Weekends)	£ 48.00	n/a	N/A	N/A	N/A	£ -	£ -	Y	£ 49.44	£ 50.92	£ 50.90	£ 2.90	n/a	n/a	n/a	n/a
Athletic meeting - other organisations (Mon to Fri)	n/a	£ 59.40	N/A	N/A	N/A	£ -	£ -	Y	n/a	n/a	n/a	n/a	£ 61.18	£ 63.02	£ 63.00	£ 3.60
Athletic meeting - other organisations (Weekends)	n/a	£ 66.30	N/A	N/A	N/A	£ -	£ -	Y	n/a	n/a	n/a	n/a	£ 68.29	£ 70.34	£ 70.30	£ 4.00
Football Pitch Located within the Athletics Stadium at HSLC																
1 to 2 matches	£ 200.00	£ 230.00	N/A	£ -	£ 135.00	£ -	£ -	N	200.00	200.00	£ 200.00	£ -	£ 230.00	£ 230.00	£ 230.00	£ -
3 to 5 matches	£ 175.00	£ 200.00	N/A	£ -	£ 135.00	£ -	£ -	N	175.00	175.00	£ 175.00	£ -	£ 200.00	£ 200.00	£ 200.00	£ -
6 to 9 matches	£ 150.00	£ 170.00	N/A	£ -	£ 135.00	£ -	£ -	N	150.00	150.00	£ 150.00	£ -	£ 170.00	£ 170.00	£ 170.00	£ -
10 or more matches	£ 135.00	£ 150.00	N/A	£ -	£ 135.00	£ -	£ -	N	135.00	135.00	£ 135.00	£ -	£ 150.00	£ 150.00	£ 150.00	£ -
HSLC 3G Astro turf Pitch																
Full pitch	£ 105.00	£ 125.00	N/A	£ 122.40	£ 135.00	£ 128.70	£ 115.83	Y	£ 108.15	£ 111.39	£ 111.40	£ 6.40	£ 128.75	£ 132.61	£ 132.60	£ 7.60
1/3 pitch	£ 57.50	£ 67.50	N/A	£ 40.80	£ 50.00	£ 45.40	£ 40.86	Y	£ 59.23	£ 61.00	£ 61.00	£ 3.50	£ 69.53	£ 71.61	£ 71.60	£ 4.10
Botwell Green 3G Astro turf Pitch																
Full pitch	£ 81.00	£ 95.00	N/A	£ 122.40	£ 135.00	£ 128.70	£ 115.83	Y	£ 83.43	£ 85.93	£ 85.95	£ 4.95	£ 97.85	£ 100.79	£ 100.80	£ 5.80
Half pitch	£ 58.00	£ 65.00	N/A	N/A	£ 50.00	£ -	£ -	Y	£ 59.74	£ 61.53	£ 61.50	£ 3.50	£ 66.95	£ 68.96	£ 68.95	£ 3.95