

# COUNCIL BUDGET - 2021/22 REVENUE AND CAPITAL MONTH 3 BUDGET MONITORING

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<b>Cabinet Portfolio</b>	Cabinet Member for Finance
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<b>Papers with report</b>	Appendices A & B

## HEADLINES

<b>Summary</b>	<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 £361k is reported against General Fund revenue budget normal activities as of June 2021 (Month 3). Unallocated reserves are projected to total £26,462k at 31 March 2022. This headline position is largely consistent with that reported to Cabinet for May 2021 (Month 2).</p> <p>To date, COVID-19 pressures, impacting on 2021/22, of £16,641k have been identified and are being funded by specific government grant, with £16,960k available including carried forward allocations from 2020/21. In year pressures have increased by £2,463k since Month 2, primarily linked to pandemic-related demand on Mental Health and Looked after Children's services. 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 as required.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
<b>Putting our Residents First</b>	<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>
<b>Financial Cost</b>	N/A
<b>Relevant Select Committee</b>	Corporate, Finance & Property
<b>Relevant Ward(s)</b>	All

## RECOMMENDATIONS

### That the Cabinet:

1. **Note the budget monitoring position and treasury management update as at June 2021 (Month 3) 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 3 against budgets approved by Council on 25 February 2021 contained within **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 £16,641k 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 £50,014k since the pandemic begun including the forecast pressure for the current financial year alongside £1,883k in 2019/20 and £31,492k in 2020/21. There has been an increase of £2,463k in the COVID-19 related pressure as a result of pandemic-related demand for Mental Health and Looked after Children. 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, as such this area will continue to be closely monitored.
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. Given that further pressures may emerge throughout 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, leaving £6,250k available to manage emerging or continuing pressures.
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 £361k is projected across General Fund budgets at Month 3, 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 £361k underspend consists of £165k service overspends and a £239k underspend on capital financing. In addition, there is a £287k underspend in Month 2 against Development and Risk Contingency. While movements are reported against individual portfolios and contingency items from the position at Month 2, these have not materially affected the headline monitoring position. Taking account of the budgeted £2,421k drawdown from General Balances, this will result in unallocated General Balances totalling £26,462k at 31 March 2022.
9. Within this position, £2,856k of the £10,416k savings planned for 2021/22 are banked or on track for delivery in full by 31 March 2022, with £6,574k being tracked as being at an earlier stage of implementation and £986k at risk as a result of the COVID-19 pandemic. The at risk savings relate to leisure management fee income and reflects the acute impact of the pandemic on this sector, although it is expected that in the long run this level of income will be achievable. Where slippage in savings delivery is expected this has been factored into the reported monitoring position, and when appropriate financed from COVID-19 funding.

10. Within the Collection Fund, a pressure of £427k is reported at Month 3, a £28k adverse movement from 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. Council Tax is reporting an overall pressure of £668k, with Business Rates declaring a surplus of £241k.

## **GENERAL FUND CAPITAL**

11. The Council's £297,467k General Fund Capital Programme for the period 2021/22 to 2025/26 is projected to overspend by £1,062k at Month 3, with additional £1,873k borrowing over the life of the programme, reflecting additional forecast borrowing linked to the new leisure centre. There is a forecast overspend of £5,536k on the project following the receipt of tenders although work is continuing to see if the net cost of the project can be reduced. This pressure is partially offset by the reduced borrowing requirement following the transfer of equipment purchases from capital to revenue previously reported. The borrowing requirement will be reflected in future borrowing costs, which will be factored into future iterations of the MTFF as appropriate.

## **SCHOOLS BUDGET**

12. At Month 3 the Dedicated Schools Grant position is reporting an in-year overspend of £12,657k. This represents a net £5,329k adverse movement of £3,721k from the Month 3 position. The Schools Block is reporting a favourable £212k movement relating to reduce the pressure in that area, however there is a significant £3,933k adverse movement in the High Needs Block increasing the overall pressure in the High Needs Block to £5,176k.
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 £25,385k deficit brought forward from 2020/21 is taken into account, the cumulative deficit being carried forward to 2022/23 is forecast to be £38,042k. The Council has been invited to take part in the next round of 'Safety valve' discussions with the DfE commencing in September 21 aimed at resolving issues in relation to the ongoing pressures on the DSG budget.

## **HOUSING REVENUE ACCOUNT**

14. The Housing Revenue Account is currently forecasting a favourable variance of £49k compared to the budget, a net £21k favourable movement from Month 2, is mostly driven by variances in repairs and maintenance. The 2021/22 closing HRA General Balance is forecast to be £15,232k, and therefore remain in line with business plan assumptions.
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. This position is unchanged from that reported at Month 2.

## FURTHER INFORMATION

### General Fund Revenue Budget

16. As noted above and presented in the table below, a £361k underspend is projected across the General Fund at Month 3, with the following section of this report providing further information on an exception basis. General Fund Balances are expected to total £26,462k at 31 March 2022 as a result of the forecast position detailed above, which remains broadly consistent with the forecast reported at Month 2. 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 3		Variance (As at Month 3) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Service Operating Budgets	210,169	210,334	165	175	(10)
Corporate Operating Budgets	8,475	8,236	(239)	(239)	0
Development & Risk Contingency	17,436	17,149	(287)	(287)	0
Unallocated Budget Items	2,165	2,165	0	0	0
<b>Sub-total Expenditure</b>	<b>238,245</b>	<b>237,884</b>	<b>(361)</b>	<b>(351)</b>	<b>(10)</b>
Corporate Funding	(235,824)	(235,824)	0	0	0
<b>Total Normal Activities</b>	<b>2,421</b>	<b>2,060</b>	<b>(361)</b>	<b>(351)</b>	<b>(10)</b>
<u>Exceptional Items</u>					
COVID-19 Pressures	0	16,641	16,641	14,178	2,463
COVID-19 Funding	0	(16,641)	(16,641)	(14,178)	(2,463)
<b>Total Net Expenditure</b>	<b>2,421</b>	<b>2,060</b>	<b>(361)</b>	<b>(351)</b>	<b>(10)</b>
Balances b/fwd	(28,522)	(28,522)			
<b>Balances c/fwd 31 March 2022</b>	<b>(26,101)</b>	<b>(26,462)</b>			

### 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 3)	Variance (As at Month 2)	Movement from Month 2
		£'000	£'000	£'000	£'000	£'000
Property & Infrastructure	Expenditure	11,774	11,838	64	(38)	102
	Income	(5,296)	(5,359)	(63)	34	(97)
	<b>Sub-Total</b>	<b>6,478</b>	<b>6,479</b>	<b>1</b>	<b>(4)</b>	<b>5</b>
Finance	Expenditure	19,662	19,723	61	35	26
	Income	(3,369)	(3,448)	(79)	(39)	(40)
	<b>Sub-Total</b>	<b>16,293</b>	<b>16,275</b>	<b>(18)</b>	<b>(4)</b>	<b>(14)</b>
Public Safety and Transport	Expenditure	18,168	18,437	269	198	71
	Income	(16,241)	(16,550)	(309)	(265)	(44)
	<b>Sub-Total</b>	<b>1,927</b>	<b>1,887</b>	<b>(40)</b>	<b>(67)</b>	<b>27</b>
Corporate Services and Transformation	Expenditure	27,469	27,534	65	62	3
	Income	(1,604)	(1,673)	(69)	(65)	(4)
	<b>Sub-Total</b>	<b>25,865</b>	<b>25,861</b>	<b>(4)</b>	<b>(3)</b>	<b>(1)</b>
Environment, Housing & Regeneration	Expenditure	47,026	47,149	123	120	3
	Income	(19,936)	(20,176)	(240)	(172)	(68)
	<b>Sub-Total</b>	<b>27,090</b>	<b>26,973</b>	<b>(117)</b>	<b>(52)</b>	<b>(65)</b>
Families, Education and Wellbeing	Expenditure	26,004	26,453	449	220	229
	Income	(11,597)	(11,752)	(155)	(22)	(133)
	<b>Sub-Total</b>	<b>14,407</b>	<b>14,701</b>	<b>294</b>	<b>198</b>	<b>96</b>
Health and Social Care	Expenditure	154,518	154,569	51	104	(53)
	Income	(36,409)	(36,411)	(2)	3	(5)
	<b>Sub-Total</b>	<b>118,109</b>	<b>118,158</b>	<b>49</b>	<b>107</b>	<b>(58)</b>
<b>Total Service Operating Budgets</b>		<b>210,169</b>	<b>210,344</b>	<b>165</b>	<b>175</b>	<b>0</b>

18. Within the Council budget there is a Managed Vacancy Factor across the board of 4%, or £3,952k to reflect natural levels of turnover and resulting structural underspend in the workforce budgets. Current projections indicate that this will be delivered in full during 2021/22, with post-level establishment controls providing a key mechanism for managing workforce costs at the organisational level, although unanticipated turnover is expected to further improve this position over the coming months.
19. As noted in the previous monitoring report, and contrary to the Government policy of freezing the majority of public sector pay in 2021/22, an inflationary pay award of 1.5% was presented to unions for consideration and the Council earmarked £1,300k to meet this potential cost. This was rejected and subsequently increased to 1.75% by the employers' association, which if accepted would increase the cost by £700k. It is expected that the in-year impact of the increased pay award can be funded through the expected improvement in the

workforce budget position, with the full cost being factored into future iterations of the MTFF as appropriate.

20. As can be seen from the table above, the net £165k pressure across Service Operating Budgets represents the cumulative effect of a number of relatively minor variances which are briefly outlined below by Cabinet Portfolio:
- a. **Property & Infrastructure** – A net pressure of £1k, reduced from £5k at Month 2, with a £63k shortfall in income from corporate estates being offset by reductions in spend on facilities management operations.
  - b. **Finance** – A net underspend of £18k, an improvement of £14k on Month 2, with compensating variances on income and expenditure reflecting increased activity in support of non-General Fund functions, including the HRA regeneration projects.
  - c. **Public Safety and Transport** – a net underspend of £40k and £20k adverse movement from Month 2, with the increased grant funded activity and locally funded Environmental Health Officer capacity in respect of Brexit impacts on the trading standards and imported health functions, being offset by £126k underspends on staffing within the CCTV service.
  - d. **Corporate Services and Transformation** – a net underspend of £4k and £1k improvement from Month 2, with the underlying position reflecting increased recharge income within the ICT service and corresponding uplifts in expenditure.
  - e. **Environment, Housing and Regeneration** – an underspend of £117k, increased by £65k from Month 2, with a favourable outlook on planning and crematorium income being sufficient to more than mitigate the costs being incurred in insourcing an element of the planning service. The movement from Month 2 primarily relates to increased income projects at Breakspear Crematorium.
  - f. **Families, Education and Wellbeing** – an overspend of £294k is reported as a result of additional demands on the service in respect of school place planning for both mainstream and special provision, alongside additional costs falling on the General Fund as a result of levels of demand for Education, Health and Care Plans. The adverse movement of £96k from Month 2 reflects these growing demands, with increased income and corresponding expenditure flowing from securing grant funding in support of leisure operations.
  - g. **Health and Social Care** – A net pressure of £49k is reported, with an improvement of £58k from the position at Month 2. The headline variance relates to increased demand on support for both adults and children, with the improvement stemming from reduced staffing forecasts.

## Transformation

21. The Council is permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £1,274k 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

22. 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. 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**

Cabinet Member Portfolio	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
Property & Infrastructure	0	0	(210)	0	0	(210)
Finance	(310)	0	(550)	0	0	(860)
Public Safety and Transport	(285)	(50)	(1,806)	0	0	(2,141)
Corporate Services and Transformation	(517)	(10)	(873)	0	0	(1,400)
Environment, Housing & Regeneration	(53)	(1,022)	(1,271)	0	0	(2,346)
Families, Education and Wellbeing	0	(109)	(614)	(986)	0	(1,709)
Health and Social Care	(250)	(250)	(1,250)	0	0	(1,750)
<b>Total 2021/22 Savings Programme</b>	<b>(1,415)</b> <b>14%</b>	<b>(1,441)</b> <b>14%</b>	<b>(6,574)</b> <b>63%</b>	<b>(986)</b> <b>9%</b>	<b>0</b> <b>0%</b>	<b>(10,416)</b> <b>100%</b>

23. As of Month 3 (June 2021) there are £1,415k savings already banked as delivered. At this early stage in the financial year 77% 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. 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.

24. Currently there are £986k (9%) which are reporting there are potential problems in delivery (Amber II), which relates exclusively to the leisure management fee and reflects the particular impact of the COVID-19 pandemic on this sector, although in the medium term use of these services and associated income is expected to return to pre-pandemic levels and deliver this saving.
25. Where savings are at risk of not being delivered in full during 2021/22, the associated pressures have been factored into the monitoring position discussed above and offset through compensatory underspends or where appropriate use of COVID-19 grant funding. At this time it is expected that all £10,416k will ultimately be delivered in full and therefore not impact upon future iterations of the Council's MTF.

### **Corporate Operating Budgets**

26. Corporate Operating budgets are reporting a £239k underspend on capital financing and funding, in line with the position at Month 2. The underspend is driven by reduced capital financing costs arising from the favourable capital outturn position for 2020/21 and a minor improvement from a review of the Council's corporate 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.
27. 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**

28. 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. As set out in the recommendations section of this report, it is proposed that service specific items are released to Service Operating Budgets in order to streamline reporting. Exceptional COVID-19 related pressures are being funded through specific grant funding and commented on later in this report.
29. 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 not linked to the COVID-19 pandemic. 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 4: COVID-19 Pressure Breakdown**

Service	Month 3		Variance (As at Month 3) £'000	Variance (As at Month 2) £'000	Movement from Month 2 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Social Care	0	8,962	8,962	6,838	2,124
Other Expenditure	0	4,186	4,186	3,960	226
Income	0	3,493	3,493	3,380	113
<b>Total Exceptional Items</b>	<b>0</b>	<b>16,641</b>	<b>16,641</b>	<b>14,178</b>	<b>2,463</b>

30. The majority of the COVID-19 pressure is relating to Health and Social Care £9,090k, Environment, Housing and Regeneration £2,520k and Public Safety and Transport £2,466k, these three areas represent £14,075k of the £16,841k in-year pressure.
- Within Health and Social Care, the Council is forecasting a pressure of just under £9.1m, driven by £7.6m of pressures associated with direct care provision, with £4.6m of this value falling on Adult Social Care and £3.0m falling in Children's Social Care. In addition, both areas are seeing workforce pressures associated with the additional demand and the Council's COVID-19 response, adding a further £0.9m, with the remaining balance coming from a combination of smaller areas.
  - Within Environment, Housing and Regeneration £1.7m 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. This area is also being affected by income reductions £940k, largely linked to Planning and Development and Commercial Trade Waste.
  - Public Safety and Transport is a forecast decline in Fees and Charges income of £2.2m, the majority of this pressure relates to parking charges making up approximately £1.8m of this value.
  - The remaining balance is spread across a number of service areas and income streams impacted by the pandemic, including homelessness and commercial income associated with rental income from areas such as Council owned garages.
31. 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.
32. The strategy to deal with any unfunded COVID-19 costs is to utilise Earmarked Reserves totalling £10,216k. 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, with the £6,250k residual balance available to manage emerging or continuing pressures.

## Collection Fund

33. A deficit of £427k is reported within the Collection Fund relating to an adverse position reported within Council Tax of £668k, offset by a favourable position within Business Rates of £241k. 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.
34. Any deficits within the Collection Fund impact on the Council's future year budgets, this position would therefore add £427k to the Council's gross saving requirement above the level set in the Council's budget strategy agreed at February 2021 Cabinet. However, given that this pressure continues to be driven by COVID-19, there may be scope to utilise an element of the COVID-19 Earmarked Reserves or any residual grant balance to meet this cost.

## General Fund Capital Programme

35. As at Month 3 an under spend of £23,631k is reported on the 2021/22 General Fund Capital Programme of £102,844k, due mainly to re-phasing of project expenditure into future years. The forecast outturn variance over the life of the 2021/22 to 2025/26 programme is an over spend of £1,062k. General Fund Capital Receipts of £10,057k are forecast for 2021/22, and expected to achieve the budgeted target of £57,977k over five years to 2025/26. Overall, Prudential Borrowing required to support the 2021/22 to 2025/26 capital programmes is forecast to be above budget by £1,873k.

### Capital Programme Overview

36. Table 5 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in appendices A1 – A2 to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2021.

**Table 5: 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	Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cabinet Member Portfolio</b>								
Finance	4,433	3,991	(612)	170	10,298	7,238	(3,060)	-
Public Safety and Transport	16,871	15,342	(871)	(658)	56,432	55,561	(871)	-
Corporate Services & Transformation	1,572	1,458	(114)	-	5,828	5,258	(570)	-
Environment, Housing & Regeneration	4,680	3,997	-	(683)	10,465	10,465	-	-
Families, Education and Wellbeing	7,894	8,269	-	375	20,469	20,469	-	-
Health and Social Care	2,359	2,359	-	-	11,795	11,795	-	-
Property and Infrastructure	63,535	42,297	-	(21,238)	174,680	180,243	5,563	5,563
General Contingency	1,500	1,500	-	-	7,500	7,500	-	-
<b>Total Capital Programme</b>	<b>102,844</b>	<b>79,213</b>	<b>(1,597)</b>	<b>(22,034)</b>	<b>297,467</b>	<b>298,529</b>	<b>1,062</b>	<b>5,563</b>
<b>Capital Programme Summary Breakdown</b>								
Major Projects	58,094	37,737	-	(20,357)	154,387	159,950	5,563	5,563
Programme of Works	43,250	39,976	(1,597)	(1,677)	135,580	131,079	(4,501)	-
General Contingency	1,500	1,500	-	-	7,500	7,500	-	-
<b>Total Capital Programme</b>	<b>102,844</b>	<b>79,213</b>	<b>(1,597)</b>	<b>(22,034)</b>	<b>297,467</b>	<b>298,529</b>	<b>1,062</b>	<b>5,563</b>
Movement	12	(19,927)	-	(19,939)	12	5,575	5,563	

37. **Finance:** A significant number of vehicle purchases are progressing this year across the fleet, including replacement of older vehicles and reducing the number of hired vehicles. The overall under spend of £3,060k under this portfolio arises from no longer financing small equipment and furniture expenditure from capital resources, with budgets provided in revenue to support this.
38. **Public Safety and Transport:** 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.
39. **Families, Education and Wellbeing:** Works will commence shortly to install two new modular classroom units at Hedgewood school to increase the number of school places for pupils with special educational needs for the autumn term. The total cost is £2,504k and is funded by the SEND grant.
40. **Property and Infrastructure:** Following receipt of tenders for the construction of a new leisure centre in West Drayton, a forecast over spend of £5,563k is reported based on the tender prices being significantly higher than pre-tender estimates. The forecast includes an element of value engineering which is yet to be confirmed

## Capital Financing - General Fund

**Table 6: 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
<b>Source of Finance</b>								
Capital Receipts	16,749	10,057		(6,692)	57,977	57,977	-	
CIL	3,500	5,000		1,500	17,500	17,500	-	-
Prudential Borrowing	55,481	41,783	(786)	(12,912)	131,018	132,891	1,873	5,503
<b>Total Council Resources</b>	<b>75,730</b>	<b>56,840</b>	<b>(786)</b>	<b>(18,104)</b>	<b>206,495</b>	<b>208,368</b>	<b>1,873</b>	<b>5,503</b>
Grants & Contributions	27,114	22,373	(811)	(3,930)	90,972	90,161	(811)	60
<b>Capital Programme</b>	<b>102,844</b>	<b>79,213</b>	<b>(1,597)</b>	<b>(22,034)</b>	<b>297,467</b>	<b>298,529</b>	<b>1,062</b>	<b>5,563</b>
Movement	12	(19,927)	-	(19,939)	12	5,575	5,563	

41. Capital receipts before transformation financing in 2021/22 include £1,264k in sales already achieved for four sites. The phasing variance of £6,692k is mainly due to major disposal sites that are not expected to be completed this financial year.
42. As at the end of June 2021, a total of £1,657k 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.
43. Forecast grants and contributions are £811k 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.
44. Prudential Borrowing is forecasting to be within budget by £13,698k in 2021/22 due mainly to forecast re-phasing of project expenditure into future years. The medium term forecast is an adverse variance of £1,873k due mainly to the over spend on Yiewsley/West Drayton leisure centre, partly offset by the under spend on capitalised general equipment expenditure.

## Schools Budget

45. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £12,657k at Month 3, this is an increase of £5,329k 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. In addition, the local authority is increasingly seeing an uplift in the funding allocated to SEN placements due to a change in the level of need. 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 significantly exceeded. When the £25,385k deficit brought forward from 2020/21 is taken into account, the cumulative deficit carry forward to 2022/23 is £38,042k.

**Table 7: DSG Income and Expenditure 2021/22**

Funding Block	Month 3		Variance		
	Revised Budget	Forecast Outturn	Variance (As at Month 3)	Variance (As at Month 2)	Change from Month 2
	£'000	£'000	£'000	£'000	£'000
Dedicated Schools Grant Income	(317,131)	(317,131)	0	0	0
Schools Block	247,506	247,659	153	365	(212)
Early Years Block	25,997	25,997	0	0	0
Central Schools Services Block	3,296	3,296	0	0	0
High Needs Block	47,660	52,836	5,176	1,243	3,933
<b>Total Funding Blocks</b>	<b>7,328</b>	<b>12,657</b>	<b>5,329</b>	<b>1,608</b>	<b>3,721</b>
Balance Brought Forward 1 April 2021	25,358	25,385			
<b>Balance Carried Forward 31 March 2022</b>	<b>32,686</b>	<b>38,042</b>			

### Dedicated Schools Grant Income (nil variance)

46. 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 (£153k overspend, £212k favourable)

47. 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.
48. 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.

49. 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.
50. 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 considerably lower, resulting in the adverse movement being reported at month 3.
51. 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 (no variance, no change)**

52. Two-year-old funding will be adjusted to reflect the number of children accessing the entitlement based on the May 2021 census.
53. The 3 and 4-year-old funding for both the universal and the additional free entitlement will also be adjusted following verification of the actual numbers recorded in the May 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, no change)**

54. 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 (£5,176k overspend, £3,933k adverse)**

55. There continues to be significant pressure in the High Needs Block in 2021/22, with an overspend of £5,176k being projected at Month 3. 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 continues. 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. Much of the adverse movement being reported at Month 3 is a result of additional placements already made for September 2021, along with an anticipated further increase in the number of placements throughout the remainder of the year. Whilst an

element of growth in placements has been built into the projection, there may be further pressure dependent on where future placements are made.

56. There is further pressure being added to the High Needs block because of an uplift in the funding allocated to SEN placements due to a change in the level of need. The local authority is regularly seeing an increase in the complexity of need at the point of annual review which is resulting in agreement to increase the top-up funding allocation to ensure needs are being adequately met. This has contributed to the adverse movement at Month 3 and there may be additional pressure in relation to this as and when further annual reviews are completed.
57. There are in-borough special schools which are currently over their commissioned place number with a requirement on the local authority to allocate more funding for these additional places. The commissioned numbers were updated at the start of the financial year, however due to changes not taking place until the start of the next academic year for academy schools, along with schools agreeing to take further additional pupils there will be a requirement to fund places over commissioned numbers.

## Housing Revenue Account

58. The Housing Revenue Account (HRA) is currently forecasting a favourable variance of £49k compared to the budget. This excludes the potential cost pressures of COVID-19, which are estimated at £189k. The 2021/22 closing HRA General Balance is forecast to be £15,232k. The table below presents key variances by service area.

**Table 8: Housing Revenue Account**

Service	Month 3		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 3)	Variance (As at Month 2)	Movement from Month 2
	£'000	£'000	£'000	£'000	£'000
Rent Income	(58,944)	(58,944)	0	0	0
Other Income	(5,528)	(5,575)	(47)	(47)	0
<b>Net Income</b>	<b>(64,472)</b>	<b>(64,519)</b>	<b>(47)</b>	<b>(47)</b>	<b>0</b>
Housing Management	15,203	15,347	144	21	123
Tenant Services	3,953	3,950	(3)	(2)	(1)
Repairs	5,654	6,166	512	0	512
Planned Maintenance	4,014	3,359	(655)	0	(655)
Capital Programme Funding	19,021	19,021	0	0	0
Interest & Investment Income	15,385	15,385	0	0	0
Development & Risk Contingency	1,260	1,260	0	0	0
<b>Operating Costs</b>	<b>64,490</b>	<b>64,488</b>	<b>(2)</b>	<b>19</b>	<b>(21)</b>
<b>(Surplus) / Deficit</b>	<b>18</b>	<b>(31)</b>	<b>(49)</b>	<b>(28)</b>	<b>(21)</b>
General Balance 01/04/2021	(15,201)	(15,201)	0	0	0
<b>General Balance 31/03/2022</b>	<b>(15,183)</b>	<b>(15,232)</b>	<b>(49)</b>	<b>(28)</b>	<b>(21)</b>

59. As at Month 3, the rental income is forecast to break even. Other income is forecast to have a favourable variance of £47k nil movement from Month 2.
60. The number of RTB applications received in the first three months of 2021/22 was 46 compared to 25 for the same period in 2020/21. There has been 7 RTB completions in the first three months of 2021/22 compared to 12 for the same period in 2020/21. The RTB applications, offers made to tenants and sales will be kept under review during the year. As at Month 3, the 2021/22 RTB sales forecast is 50, which is the same as the budget.
61. The housing management service is forecast to overspend by £144k as at Month 3 which is an adverse movement of £123k on Month 2 due increased forecasts relating to domestic violence £44k, ICT costs £47k, staffing £15k and running costs of £17k.
62. The repairs and planned maintenance budget totals £9,668k and as at Month 3 it is forecast to underspend by £143k. The repairs budget is forecast to overspend by £512k and this relates to cost and volume pressures on void repairs £200k, day to day repairs £80k,

materials contract £57k, repairs specialist consultancy advice £32k, and updated staffing forecast spends on repairs operatives £71k and voids management £72k.

63. The planned maintenance budget is forecast to underspend by £655k based on the current work and the lead in times to complete the work this financial year. The underspends relate to external decorations £250k, service contracts surveys and remedials £250k, subsidence £125k and fencing £30k. As at Month 3 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

64. 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 3 forecast position for HRA revenue and total £189k.

### HRA Capital Expenditure

65. The HRA capital programme is set out in the table below. The 2021/22 approved budget is £88,854k and forecast expenditure is £77,378k with a net variance of £11,476k of which £11,463k is due to re-phasing and £13k due to cost under spends. A summary position is included in Table 9 below, with a full breakdown in Appendix A3.

**Table 9: 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
<b>Cabinet Member Portfolio</b>								
Property and Infrastructure	88,854	77,378	(13)	(11,463)	231,956	231,943	(13)	
<b>Total HRA Capital Programme</b>	<b>88,854</b>	<b>77,378</b>	<b>(13)</b>	<b>(11,463)</b>	<b>231,956</b>	<b>231,943</b>	<b>(13)</b>	

66. There is forecast re-phasing of £11,463k due mainly to several major projects remaining in early stages and expected to complete in future years.
67. 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.
68. 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.
69. 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.

70. The Works to Stock programme is in various stages of progress across various work streams. Remedial works at Packet Boat House are ongoing and are expected to be completed later this year.
71. 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.

## Treasury Management Update as at 30 June 2021

**Table 10: Outstanding Deposits – Average Rate of Return 0.02%**

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	30.9	53.93	70.00
Up to 1 Month Fixed-Term Deposits	11.4	19.89	
<b>Total</b>	<b>42.3</b>	<b>73.82</b>	<b>70.00</b>
Strategic Pooled Funds	15.0	26.18	30.00
<b>Total</b>	<b>57.3</b>	<b>100.00</b>	<b>100.00</b>

\*Money Market Funds

72. 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.
73. 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.
74. 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 June, 73% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a June benchmark average of 67% 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.
75. 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 11: Outstanding Debt - Average Interest Rate on Debt: 3.25%**  
**Average Interest Rate on Temporary Borrowing: 0.50%**

	Actual (£m)	Actual (%)
<b>General Fund</b>		
PWLB	43.93	14.08
Long-Term Market	15.00	4.81
Temporary	85.00	27.24
<b>HRA</b>		
PWLB	135.07	43.29
Long-Term Market	33.00	10.58
<b>Total</b>	<b>312.00</b>	<b>100.00</b>

76. During June a scheduled £0.33m PWLB EIP instalment payment was made and £15m of temporary borrowing was repaid. Although, gilt yields moved down during the month, with the Council's long-term borrowing need and with restrictive premiums, early repayment of debt remains unfeasible.
77. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
78. To maintain liquidity for day-to-day business operations during June, cash balances will be placed in instant access accounts and short-term deposits.

## APPENDIX A1 – MAJOR CAPITAL PROJECTS BY CABINET MEMBER PORTFOLIO

Prior Year Cost	Project	2021/22 Revised Budget	2021/22 Forecast	2021/22 Cost Variance	2021/22 Forecast Re-phasing	Total Project Budget 2021-2026	Total Project Forecast 2021-2026	Total Project Variance 2021-2026	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Environment, Housing and Regeneration</b>										
97	Shopping Parades Initiative	1,230	547	0	(683)	2,815	2,815	0	2,075	455	285
8,469	Hayes Town Centre Improvements	1,155	1,155	0	0	1,155	1,155	0	299	0	856
2,028	Uxbridge Change of Heart	60	60	0	0	60	60	0	6	0	54
	<b>Families, Education and Wellbeing</b>										
20,279	Secondary Schools Expansions	3,442	3,442	0	0	6,852	6,852	0	6,852	0	0
0	Additional Temporary Classrooms	1,000	1,000	0	0	3,800	3,800	0	3,800	0	0
1,879	Schools SRP	2,066	2,441	0	375	5,943	5,943	0	0	5,943	0
16,388	New Primary Schools Expansions	12	12	0	0	12	12	0	12	0	0
0	Meadow School	240	240	0	0	240	240	0	240	0	0
	<b>Property and Infrastructure</b>										
1,374	New Yiewsley Leisure Centre	1,954	3,812	0	1,858	28,626	34,189	5,563	34,189	0	0
789	Hillingdon Outdoor Activity Centre	6,485	6,485	0	0	25,712	25,712	0	0	0	25,712
101	Cranford Park Heritage Lottery Project	2,395	1,028	0	(1,367)	2,649	2,649	0	315	1,716	618
0	New Museum	1,275	0	0	(1,275)	5,582	5,582	0	4,832	0	750
1,255	Yiewsley / West Drayton Community Centre	745	709	0	(36)	745	745	0	745	0	0
242	Uxbridge Mortuary Extension	1,666	1,666	0	0	1,666	1,666	0	1,666	0	0
276	Battle of Britain Underground Bunker	1,105	1,105	0	0	1,279	1,279	0	1,279	0	0
81	RAGC Expansion	1,103	100	0	(1,003)	1,332	1,332	0	1,332	0	0
16	1 & 2 Merrimans Housing Project	516	200	0	(316)	806	806	0	806	0	0
31	Uxbridge Cemetery Gatehouse	450	0	0	(450)	543	543	0	543	0	0
0	Uniter Building Refurbishment	350	0	0	(350)	370	370	0	370	0	0
0	Botwell Leisure Centre Football Pitch	200	0	0	(200)	200	200	0	200	0	0
10,142	Housing Company Financing	23,479	8,000	0	(15,479)	39,858	39,858	0	39,858	0	0
255	Yiewsley Site Development	1,246	200	0	(1,046)	15,966	15,966	0	15,966	0	0
0	Purchase of Uxbridge police station	5,000	5,000	0	0	5,000	5,000	0	5,000	0	0
0	Woodside Development	250	0	0	(250)	2,491	2,491	0	2,491	0	0

8	Refurbishment of Asha Day Centre	220	220	0	0	220	220	0	220	0	0
161	Battle of Britain Visitor Centre Enhancements	100	100	0	0	100	100	0	100	0	0
0	Battle of Britain Visitor Centre Car Park Improvements	135	0	0	(135)	150	150	0	150	0	0
2,556	Cedars & Grainges Car Park Improvement Works	115	115	0	0	115	115	0	115	0	0
0	Appropriation of Townfield to General Fund	100	100	0	0	100	100	0	100	0	0
<b>66,427</b>	<b>Total Major Projects</b>	<b>58,094</b>	<b>37,737</b>	<b>0</b>	<b>(20,357)</b>	<b>154,387</b>	<b>159,950</b>	<b>5,563</b>	<b>123,561</b>	<b>8,114</b>	<b>28,275</b>

## APPENDIX A2 – CAPITAL PROGRAMMES OF WORKS BY CABINET MEMBER PORTFOLIO

Prior Year Cost	Project	2021/22 Revised Budget	2021/22 Forecast	2021/22 Cost Variance	2021/22 Forecast Re-phasing	Total Project Budget 2021-2026	Total Project Forecast 2021-2026	Total Project Variance 2021-2026	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	<b>Finance</b>										
N/A	Purchase of Vehicles	3,821	3,991	0	170	7,238	7,238	0	6,751	487	0
N/A	Equipment Capitalisation - General	612	0	(612)	0	3,060	0	(3,060)	0	0	0
	<b>Public Safety and Transport</b>										
N/A	Highways Structural Works	10,471	10,471	0	0	34,471	34,471	0	34,471	0	0
N/A	Street Lighting Replacement	720	720	0	0	1,604	1,604	0	1,604	0	0
N/A	Road Safety	228	228	0	0	708	708	0	708	0	0
N/A	Car Park Pay & Display Machines	35	35	0	0	35	35	0	35	0	0
N/A	CCTV Programme	568	568	0	0	1,068	1,068	0	1,068	0	0
N/A	HS2 Road Safety Fund	611	611	0	0	611	611	0	0	0	611
N/A	Transport for London	4,056	2,527	(871)	(658)	17,753	16,882	(871)	0	16,882	0
N/A	Emergency Active Travel	43	43	0	0	43	43	0	0	43	0
N/A	Highways Section 106 Projects	139	139	0	0	139	139	0	0	0	139
	<b>Corporate Services and Transformation</b>										
N/A	Corporate Technology and Innovation	1,372	1,258	(114)	0	4,828	4,258	(570)	4,258	0	0
N/A	Older People's Initiatives	200	200	0	0	1,000	1,000	0	1,000	0	0
	<b>Environment, Housing &amp; Regeneration</b>										
N/A	Chrysalis Programme	1,613	1,613	0	0	5,613	5,613	0	5,613	0	0
N/A	Environmental/Recreational Initiatives	266	266	0	0	266	266	0	196	40	30
N/A	Green Spaces Section 106 Projects	88	88	0	0	88	88	0	0	0	88
N/A	PSRG / LPRG	62	62	0	0	262	262	0	262	0	0
N/A	Homeless Provision	40	40	0	0	40	40	0	0	40	0
N/A	Playground Replacement Programme	166	166	0	0	166	166	0	166	0	0
	<b>Families, Education and Wellbeing</b>										
N/A	Youth Provision	900	900	0	0	2,500	2,500	0	2,500	0	0
N/A	Devolved Capital to Schools	234	234	0	0	1,122	1,122	0	0	888	234
	<b>Health and Social Care</b>										
N/A	Equipment Capitalisation - Social Care	2,359	2,359	0	0	11,795	11,795	0	0	11,795	0

Prior Year Cost	Project	2021/22 Revised Budget	2021/22 Forecast	2021/22 Cost Variance	2021/22 Forecast Re-phasing	Total Project Budget 2021-2026	Total Project Forecast 2021-2026	Total Project Variance 2021-2026	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	<b>Property and Infrastructure</b>										
N/A	Libraries Refurbishment Programme	468	468	0	0	468	468	0	468	0	0
N/A	Bowls Clubs Programme	125	125	0	0	125	125	0	125	0	0
N/A	Sports Clubs Rebuild / Refurbishments	600	600	0	0	3,000	3,000	0	3,000	0	0
N/A	Property Works Programme	2,541	2,541	0	0	7,149	7,149	0	7,124	25	0
N/A	Civic Centre Works Programme	1,928	1,928	0	0	4,344	4,344	0	4,344	0	0
N/A	Leisure Centre Refurbishment	2,404	2,404	0	0	3,059	3,059	0	3,059	0	0
N/A	School Building Condition Works	3,322	3,322	0	0	10,183	10,183	0	0	9,087	1,096
N/A	Harlington Road Depot Improvements	555	263	0	(292)	555	555	0	555	0	0
N/A	Disabled Facilities Grant	2,146	1,509	0	(637)	10,730	10,730	0	0	10,730	0
N/A	Schools Pollution Screening (ERI)	557	297	0	(260)	1,557	1,557	0	0	0	1,557
	<b>Total Programme of Works</b>	<b>43,250</b>	<b>39,976</b>	<b>(1,597)</b>	<b>(1,677)</b>	<b>135,580</b>	<b>131,079</b>	<b>(4,501)</b>	<b>77,307</b>	<b>50,017</b>	<b>3,755</b>

### Appendix A3: HRA Capital Expenditure – Major Projects breakdown by scheme

Prior Years	Scheme	Units	2021/22 Total Revised Budget	2021/22 Forecast	2021/22 Cost Variance	Proposed Re-phasing	Total Project Budget 2021-2026	Total Project Forecast 2021-2026	Total Project Variance 2021-2026
£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000
6,895	Acol Crescent	33	374	374	0	0	374	374	0
321	Maple And Poplar	34	6,066	2,160	0	(3,906)	6,066	6,066	0
2,341	Willow Tree	10	490	490	0	0	602	602	0
73	34-44 Sullivan Crescent	6	643	337	0	(306)	943	943	0
864	Nelson Road	6	1,443	829	0	(614)	1,443	1,443	0
48	Petworth Gardens	9	1,533	50	0	(1,483)	3,095	3,095	0
45	113-127 Moorfield Road	5	982	865	0	(117)	1,081	1,081	0
422	Woodside Day Centre	20	4,396	618	0	(3,778)	4,896	4,896	0
14,641	Parkview	60	747	747	0	0	747	747	0
4,757	Acquisition Of Freehold Land At TCM House	28	4,314	3,882	0	(432)	4,314	4,314	0
556	Acquisition Of 2 Units At 191 Harefield Road	2	28	15	(13)	0	28	15	(13)
3,550	Acquisition of New Build Flats Park Road	9	186	186	0	0	186	186	0
n/a	Acquisitions and Internal Developments		39,253	39,253	0	0	128,049	128,049	0
<b>34,513</b>		<b>222</b>	<b>60,455</b>	<b>49,806</b>	<b>(13)</b>	<b>(10,636)</b>	<b>151,824</b>	<b>151,811</b>	<b>(13)</b>

## PART B: FINANCIAL RECOMMENDATIONS

### That the Cabinet:

- a. Note those consultancy and agency assignments over £50k approved under delegated authority between the July 2021 and September 2021 Cabinet meetings, detailed at Appendix A.
- b. Approve forward phasing of future years' funding of £2,920k allocated to Electrical Fire Safety within the Works to Stock programme into 2021/22 to accelerate electrical fire safety works into this year.
- c. Approve a virement of £24,826k from the 2021/22 Acquisition and Developments Budget to the following schemes: Hayes Estate Regeneration £3,743k, Hayes Estate Leaseholder Buy Backs £16,783k, Packet Boat House Buy Backs £2,300k, Loft Extensions £2,000k.
- d. Agree to allocate £16,613k of specific contingency budgets held centrally and reported under Development and Risk Contingency into the base budgets within specific Services Operating Budgets, so that these budgets reflect the full budgeted cost of operating these services.
- e. Agrees a proposed update to the Council's Fees & Charges schedule relating to the tipping of DIY waste at the New Years Green Lane Civic Amenity Site as set out in Appendix B.

### Reasons for recommendation

79. **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.
80. **Recommendation 2b** approves the acceleration of the Electrical Fire Safety programme into 2021/22 will ensure rapid upgrading of existing non fire rated consumer units and fire detection systems within Council dwellings.
81. **Recommendation 2c** In June 2021, Cabinet approved proposals to move forward with the Hayes Town Centre and Avondale Drive Estates redevelopment. The scheme was approved to address issues of crime and antisocial behaviour, to achieve change to improve the quality and longevity of homes, to maximise opportunities to provide new high-quality housing, including affordable housing in the Borough and, to enhance place-making around Hayes town centre. This virement formalises budgets for this scheme and other planned schemes within HRA Major Projects.
82. **Recommendation 2d** approves the release of £16,613k of Corporately held contingency budgets into specific Service Operating Budgets so that the budget for these service areas reflects the budgeted level of spend required to deliver the service. These budgets reflect the Council's service areas that are significantly impacted by the level of demand in these areas. In the main, these budgets are no longer considered as being contingent as much of the £16,613k relates to prior years where demand is now known, with the remainder relating to new demand for 2021/22. £823k of general contingency will be retained outside of service budgets to cover any contingent pressures that may materialise over the remainder of the year.

83. **Recommendation 2e** Following a recent decision to reintroduce limitations on the level of DIY waste permitted to be disposed of free of charge at the New Years Green Lane Civic Amenity site (these were temporarily suspended in March 2020), it was observed that the Council's Fees & Charges schedule required clarification in relation to the differential charging structure for such waste. Appendix B sets out the detailed background to the recommendation, including the proposed revisions to the schedule.

#### **Alternative options considered / risk management**

84. There are no other options proposed for consideration.

## PART B: APPENDIX A

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

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

**Table 12: Consultancy and agency assignments**

\*The size of the consultancy firm supplying the agency staff

Post Title	Original Start Date	Approved From	Proposed End Date	Previous Approval £'000	Approved £'000	Total £'000	Consultancy Size*
<b>Finance</b>							
Finance Assessment Officer	16/07/2018	19/07/2021	18/07/2022	109	36	145	Large
<b>Environment, Education &amp; Community Services</b>							
Planning Enforcement Officers x2	01/07/2021	01/07/2021	30/06/2022	0	93	93	Large
Head of Development Management	02/04/2021	02/07/2021	01/10/2021	31	31	62	Large
Housing Regeneration Manager	09/12/2020	23/06/2021	15/09/2021	70	30	100	Large
Snr Environmental Health Officer/Practitioner	17/11/2020	14/06/2021	31/10/2021	64	42	106	Large
Principal Planner - Regen	06/01/2021	07/07/2021	06/10/2021	54	28	82	Large
Environmental Health Officer	05/04/2021	19/07/2021	08/11/2021	30	31	61	Large
Housing Allocations & Letting Assistant	06/07/2020	12/07/2021	10/10/2021	49	9	58	Large
Housing Options & Homeless Prevention Officers x2	17/02/2020	30/08/2021	28/11/2021	169	27	196	Large
Air Quality Officer	23/10/2017	25/07/2021	24/10/2021	147	10	157	Large
Education Project Manager	06/05/2018	29/07/2021	21/10/2021	395	28	423	Large
<b>Infrastructure, Building Services &amp; Transport</b>							
Parking Support Officer	23/12/2019	19/07/2021	10/10/2021	62	9	71	Large
Parking Operations Manager	19/07/2017	19/07/2021	07/11/2021	282	25	307	Large

## PART B: APPENDIX B

### Proposed update to the Council's Fees & Charges schedule relating to the tipping of DIY waste at the New Years Green Lane Civic Amenity Site

DIY items are classified as construction waste, not household waste. Local authorities are not obliged to provide residents with a disposal site for non-household waste. However, many authorities recognise that householders carry out small DIY projects from time to time and need to dispose of the waste materials arising. The approach taken often involves limitations on the levels of DIY waste that can be disposed of free of charge at civic amenity sites, which minimises abuse from traders whilst providing a service to householders.

Until March 2020, disposal of DIY and building waste by Hillingdon residents at New Years Green Lane was restricted to a maximum of three small bags or a small boot-load. DIY waste above the allowance attracted the prevailing full trade rate. Following a complaint from a resident charged for depositing DIY waste above the allowance, charging for *any* DIY waste at the site was suspended temporarily. From early September 2021 the three bag/small boot-load restriction will be reintroduced, with the charging structure (based on the current trade waste pricing) for excess DIY waste as follows:

The following charges will apply for all DIY waste outside of the allowance for residents:

- mixed waste - £221 per tonne, with a minimum charge is £22.10 for up to 100kg
- recycled waste - £87 per tonne, with a minimum charge is £17.40 for up to 200kg

Whilst reference to the DIY volume allowance has continued to be advertised on the Council's website, it was observed that the Fees & Charges schedule was silent thereon and accordingly, it is recommended that a note is added to clarify the position. An extract from the current Fees & charges schedule pertaining to New Years Green Lane is shown below:

**Table 1: Current Fees & charges schedule**

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Entry Charge	B	0.00	10.00	NB	0.00	0.00%	10.00	0.00%	01-Apr-10	
Charity Household or Reuse purposes Waste at CA Sites	B	Free	Free	NB	Free	0.00%	Free	0.00%	01-Feb-21	
Trade recyclables at CA sites (including charities')	B	82.00	82.00	NB	87.00	6.10%	87.00	6.10%	01-Apr-19	01-Apr-21
Trade waste at CA sites (including charities')	B	209.00	209.00	NB	221.00	5.74%	221.00	5.74%	01-Apr-20	01-Apr-21

The proposed extended extract is as follows, with the DIY charging structure shown in italics:

**Table 2: Proposed Fees & charges schedule**

Type of Fee / Charge	Type	Current Charge Residents £	Current Charge Non-Residents £	Vat Status	Proposed Charge Residents £	Increase %	Proposed Charge Non Residents £	Increase %	Date of last change to charge	Effective Date
Entry Charge	B	0.00	10.00	NB	0.00	0.00%	10.00	0.00%	01-Apr-10	
Charity Household or Reuse purposes Waste at CA Sites	B	Free	Free	NB	Free	0.00%	Free	0.00%	01-Feb-21	
Trade recyclables at CA sites (including charities')	B	82.00	82.00	NB	87.00	6.10%	87.00	6.10%	01-Apr-19	01-Apr-21
Trade waste at CA sites (including charities')	B	209.00	209.00	NB	221.00	5.74%	221.00	5.74%	01-Apr-20	01-Apr-21
<i>DIY recyclables at CA sites (up to allowance for residents of three small bags/one boot-load per day)</i>	<i>B</i>	<i>0.00</i>	<i>82.00</i>	<i>NB</i>	<i>0.00</i>	<i>0.00%</i>	<i>87.00</i>	<i>6.10%</i>	<i>01-Apr-19</i>	<i>01-Apr-21</i>
<i>DIY recyclables at CA sites (in excess of allowance for residents, with a minimum charge of £17.40 for up to 200kg)</i>	<i>B</i>	<i>82.00</i>	<i>82.00</i>	<i>NB</i>	<i>87.00</i>	<i>6.10%</i>	<i>87.00</i>	<i>6.10%</i>	<i>01-Apr-19</i>	<i>01-Apr-21</i>
<i>DIY mixed waste at CA sites (up to allowance for residents of three small bags/one boot-load per day)</i>	<i>B</i>	<i>0.00</i>	<i>209.00</i>	<i>NB</i>	<i>0.00</i>	<i>0.00%</i>	<i>221.00</i>	<i>5.74%</i>	<i>01-Apr-20</i>	<i>01-Apr-21</i>
<i>DIY mixed waste at CA sites (in excess of allowance for residents, with a minimum charge of £22.10 for up to 100kg)</i>	<i>B</i>	<i>209.00</i>	<i>209.00</i>	<i>NB</i>	<i>221.00</i>	<i>5.74%</i>	<i>221.00</i>	<i>5.74%</i>	<i>01-Apr-20</i>	<i>01-Apr-21</i>