

COUNCIL BUDGET - 2021/22 REVENUE AND CAPITAL MONTH 6 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 & B

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 £380k is reported against General Fund revenue budget normal activities as of September 2021 (Month 6). Unallocated reserves are projected to total £26,481k at 31 March 2022. This headline position is largely consistent with that reported to Cabinet for August 2021 (Month 5).</p> <p>COVID-19 pressures for the 2021/22 financial year are projected to total £18,727k at Month 6, marginally lower than previously projected. Allowing for the application of specific government funding against these pressures, the Council retains £8,552k of the £10,126k originally set aside from local resources to meet future costs arising from the pandemic.</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 September 2021 (Month 6) 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 6 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 £18,727k are projected in relation to the impacts of the COVID-19 pandemic and the Council's response in 2021/22. With total forecast pressures of £52,102k since the pandemic began in early March 2020, including the forecast pressure for the current financial year alongside £1,883k in 2019/20 and £31,492k in 2020/21. There has been a marginal £50k reduction in projected COVID-19 pressures from the position reported at Month 5.
6. Prior year COVID-19 pressures were fully funded from external funding, with a further £21,029k such grants confirmed for the 2021/22 financial year available to supplement £10,126k of the Council's own reserves set aside for management of the pandemic. There is therefore scope to fund reported pressures of £18,727k for the 2021/22 financial year alongside the £3,876k COVID-19 pressures on Business Rates and Council Tax factored into the Medium Term Financial Forecast, while leaving headroom of £8,552k to meet emerging or ongoing pressures.
7. On the assumption that this funding strategy for COVID-19 pressures can be maintained, an underspend of £380k is projected across General Fund budgets at Month 6, with this position being driven by underspends against Capital Financing of £239k and Development and Risk Contingency of £474k, primarily related to a reduced call on the waste and homelessness contingencies, offset by a pressure reported against Service Operating Budgets of £333k, driven by reported pressures on education, SEND and fleet management costs.
8. While movements are reported against individual portfolios and contingency items from the position at Month 6, 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 £26,481k at 31 March 2022.
9. Within this position, £7,156k of the £10,416k savings planned for 2021/22 are banked or on track for delivery in full by 31 March 2022, with £2,274k being tracked as being at an earlier stage of implementation and £986k at risk as a result of the COVID-19 pandemic. Since Month 5, £492k of savings have been promoted from the early stages of implementation. 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 where appropriate financed from COVID-19 funding.
10. Within the Collection Fund, a pressure of £127k is reported at Month 6 as a result of 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. This represents an improvement of £269k from the position reported at Month 5 following the regular review of provisions held against ongoing business rates appeals and historic credit balances. Variances against the Collection Fund do not directly

impact upon the 2021/22 monitoring position, but instead will be factored into the Council's budget proposals for the forthcoming year.

GENERAL FUND CAPITAL

11. An underspend of £8,196k is reported on the Council's £299,060k 2021/22 to 2025/26 General Fund Capital Programme, with £5,582k of this underspend driven by the budget established for the St Andrew's Park museum and £1,878k reflecting reduced expenditure in light of significant reductions in Transport for London funding, alongside a number of smaller variances detailed within this report. Uncommitted contingency budgets of £5,473k have been included in this latest forecast, providing a mechanism to support further investment should this be required.
12. Taking account of the grant funded element of the Capital Programme underspend and the latest projections in respect of capital receipts and developer contributions, prudential borrowing for the 2021/22 to 2025/26 period is projected to be £4,568k lower than budgeted and total £126,450k. This reduced borrowing requirement will translate into savings against the future costs of debt servicing and repayment, which will be factored into future iterations of the MTFP as appropriate.

SCHOOLS BUDGET

13. As at Month 6, an in-year pressure of £5,329k is reported on the Schools Budget which combined with the £7,328k shortfall in funding for the year represents a £12,657k deficit for the year. When the £25,358k deficit brought forward from prior years is accounted for, the cumulative deficit being carried forward into 2022/23 is £38,015k. This deficit continues to be driven by ongoing pressures in relation to High Needs placements.
14. As previously reported, the Council is involved in 'Safety valve' discussions with the DfE which are aimed at resolving issues in relation to the ongoing pressures on the Schools Budget. Significant work associated with these meetings is taking place and the outputs from this will be fed into future monitoring forecasts and the MTFP process.

HOUSING REVENUE ACCOUNT

15. An underspend of £94k is reported on the Housing Revenue Account at Month 6, representing a marginal £24k improvement on the previously reported position, with balances projected to total £15,277k at 31 March 2022 in line with business plan assumptions. An underspend of £1,603k is projected against the £234,631k capital programme for the period 2021/22 to 2025/26.

FURTHER INFORMATION

General Fund Revenue Budget

16. As noted above and presented in the table below, a £380k underspend is projected across the General Fund at Month 6, with the following section of this report providing further information on an exception basis. General Fund Balances are expected to total £26,481k at 31 March 2022 as a result of the forecast position detailed above, which remains broadly consistent with the forecast reported at Month 5. 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 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Service Operating Budgets	223,902	224,235	333	160	173
Corporate Operating Budgets	8,034	7,795	(239)	(239)	0
Development & Risk Contingency	4,145	3,671	(474)	(289)	(185)
Unallocated Budget Items	2,164	2,164	0	0	0
Sub-total Expenditure	238,245	237,865	(380)	(368)	(12)
Corporate Funding	(235,824)	(235,824)	0	0	0
Total Normal Activities	2,421	2,041	(380)	(368)	(12)
<u>Exceptional Items</u>					
COVID-19 Pressures	0	18,727	18,727	18,777	(50)
COVID-19 Funding	0	(18,727)	(18,727)	(18,777)	50
Total Net Expenditure	2,421	2,041	(380)	(368)	(12)
Balances b/fwd	(28,522)	(28,522)			
Balances c/fwd 31 March 2022	(26,101)	(26,481)			

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 6)	Variance (As at Month 5)	Movement from Month 5
		£'000	£'000	£'000	£'000	£'000
Property & Infrastructure	Expenditure	11,774	11,990	216	188	28
	Income	(5,296)	(5,523)	(227)	(194)	(33)
	Sub-Total	6,478	6,467	(11)	(6)	(5)
Finance	Expenditure	20,114	20,535	421	105	316
	Income	(3,369)	(3,557)	(188)	(124)	(64)
	Sub-Total	16,745	16,978	233	(19)	252
Public Safety and Transport	Expenditure	18,168	18,515	347	375	(28)
	Income	(16,241)	(16,668)	(427)	(417)	(10)
	Sub-Total	1,927	1,847	(80)	(42)	(38)
Corporate Services and Transformation	Expenditure	27,043	27,103	60	60	0
	Income	(1,604)	(1,662)	(58)	(61)	3
	Sub-Total	25,439	25,441	2	(1)	3
Environment, Housing & Regeneration	Expenditure	50,999	51,243	244	219	25
	Income	(20,771)	(21,113)	(342)	(351)	9
	Sub-Total	30,228	30,130	(98)	(132)	34
Families, Education and Wellbeing	Expenditure	26,004	26,458	454	415	39
	Income	(11,597)	(11,818)	(221)	(173)	(48)
	Sub-Total	14,407	14,640	233	242	(9)
Health and Social Care	Expenditure	165,066	165,203	137	115	22
	Income	(36,388)	(36,471)	(83)	3	(86)
	Sub-Total	128,678	128,732	54	118	(64)
Total Service Operating Budgets		223,902	224,235	333	160	173

18. Within the Council budget there is a Managed Vacancy Factor across the board of 4%, or £3,950k 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 or Earmarked Reserves, with the full cost being factored into future iterations of the MTF as appropriate.

20. As can be seen from the table above, the net £333k 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 underspend of £11k, representing a £5k improvement on Month 3, with a £227k overachievement of income within the Repairs & Engineering Service, with a largely offsetting expenditure variance due to the activity undertaken to generate the income for this service.
 - b. **Finance** – A net pressure of £233k, an adverse movement of £252k on the Month 5 position as delayed delivery of new vehicles will necessitate higher leasing and maintenance costs in the current year. In line with previous months, the favourable outlook for income across this area relates to increased activity in support of non-General Fund functions, such as the HRA regeneration projects.
 - c. **Public Safety and Transport** – a net underspend of £80k and £38k favourable movement from Month 5 are reported, with the headline £427k overachievement of income and corresponding increase in expenditure reflecting grant and Brexit-related activities.
 - d. **Corporate Services and Transformation** – a net pressure of £2k and £3k adverse movement from Month 5, 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 £98k, where 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. A number of minor movements in projections account for the £34k adverse movement from Month 5.
 - f. **Families, Education and Wellbeing** – an overspend of £233k 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. A minor improvement of £9k is reported from Month 5.
 - g. **Health and Social Care** – A net pressure of £54k is reported, with a favourable movement of £64k from the position at Month 5. The headline variance relates to increased demand on support for both adults and children, with the adverse movement stemming from increased staffing forecasts alongside increased spend on Section 17 preventative services within Children’s Services.

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 £2,924k 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. Although this position 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	(160)	0	(150)	0	0	(310)
Finance	(560)	(300)	0	0	0	(860)
Public Safety and Transport	(335)	(1,706)	(100)	0	0	(2,141)
Corporate Services and Transformation	(887)	(513)	0	0	0	(1,400)
Environment, Housing & Regeneration	(831)	(1,005)	(510)	0	0	(2,346)
Families, Education and Wellbeing	(250)	(109)	(364)	(986)	0	(1,709)
Health and Social Care	(250)	(250)	(1,150)	0	0	(1,650)
Total 2021/22 Savings Programme	(3,273) 31%	(3,883) 37%	(2,274) 22%	(986) 9%	0 0%	(10,416) 100%
Month on Month Movement	(405) 4%	(87) 1%	492 -5%	0 0%	0 0%	0

23. As of Month 6, there are £3,273k savings already banked, with a further £6,157k either delivery in progress or in the early stages of delivery which are expected to progress throughout the year and ultimately be delivered in full. The savings in the early stages of delivery (Amber I) include the Licencing and Digital Strategy from the prior year, as well as current year savings including Social Care Placements and Review of Temporary Accommodation, alongside other lower value savings. Since Month 5, £492k have been promoted from the early stages of delivery as implementation progresses.
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 5. 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 the Cabinet and Council approved budgets in February 2021.

Development & Risk Contingency

27. 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. Following Cabinet on 2 September, £13,291k of this funding was released into the Council's Service Operating Budgets on the basis that these values were no longer contingent, leaving £4,145k being held for specific risk items alongside the £823k of General Contingency. Exceptional COVID-19 related pressures are being funded through specific grant funding and commented on later in this report.
28. At Month 6, a net underspend of £474k is reported on Development and Risk Contingency, representing a reduction of £185k on the previously reported position. A £342k improvement on waste disposal costs, as provision for market volatility is unwound over the course of the year, is offset by an additional £157k costs linked to demand for Adult 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 4: COVID-19 Pressure Breakdown

Service	Month 6		Variance (As at Month 6) £'000	Variance (As at Month 5) £'000	Movement from Month 5 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Social Care	0	10,438	10,438	10,536	(98)
Other Expenditure	0	4,382	4,382	4,220	163
Income	0	3,905	4,021	4,021	(115)
Total Exceptional Items	0	18,727	18,727	18,777	(50)

29. There has been limited movement in the headline COVID-19 pressure at Month 6, with total costs of £18,727k for the 2021/22 financial year representing a £50k favourable movement from the position at Month 5. Social Care continues to represent the largest single area of

cost pressures at £10,738k, with income losses and other expenditure pressures accounting for the remainder of this sum.

- a. Within Health and Social Care, the Council is forecasting a pressure of £11.1m, driven by £9.7m of pressures associated with direct care provision, with £6.0m of this value falling on Adult Social Care and £3.7m falling in Children's Social Care. In addition, home to school transport pressures total £0.6m, alongside workforce pressures associated with the additional demand across all services and the Council's COVID-19 response, account for the remaining pressure in this area.
 - b. Public Safety and Transport is a forecast decline in Fees and Charges income of £2.6m, the majority of this pressure relates to parking charges making up approximately £1.9m of this value.
 - c. Within Environment, Housing and Regeneration pressures totalling £2.3m have been identified. £1.1m relating to lost income, with the single largest area affected being Planning & Development. £0.4m forecast to support the homeless during the pandemic, with a further £0.3m being required to support the impact on the Council's Waste Service.
 - d. Pressures across the Families, Education and Welfare portfolio total £1.4m and primarily relate to the financial impact of lower usage of the Council's leisure facilities.
 - e. Residual pressures of £1.3m are reported across the remaining portfolio areas.
30. Included within this position is a forecast assumption that the overall pressure caused by COVID-19 will be funded through a combination of grant funding and locally set aside reserves. The Council has confirmed external funding of £21,029k, with an additional £10,216k of the Council's own balances having been earmarked to supplement these funds. Taking account of the £18,727k pressures outlined above, and the £3,876k of planned releases from this funding to manage COVID-19 driven Collection Fund deficits, the Council has £8,552k uncommitted funds available to meet emerging or continuing COVID-19 pressures.

Collection Fund

31. A deficit of £127k is reported within the Collection Fund relating to an adverse position reported within Council Tax of £1,025k, offset by a favourable position within Business Rates of £898k. 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. This represents an improvement of £269k from the position reported at Month 5 following the regular review of provisions held against ongoing business rates appeals and historic credit balances.
32. Any deficits within the Collection Fund impact on the Council's future year budgets, this position would therefore add £127k to the Council's gross saving requirement above the level set in the Council's budget strategy agreed at February 2021 Cabinet.

General Fund Capital Programme

33. As at Month 6 an under spend of £36,293k is reported on the 2021/22 General Fund Capital Programme £102,937k, 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 under spend of £8,196k. General Fund Capital Receipts of £7,476k 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 below budget by £4,568k.

Capital Programme Overview

34. Table 5 below sets out the latest forecast outturn on General Fund capital projects. 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
Cabinet Member Portfolio								
Finance	3,821	3,991	-	170	7,238	7,238	-	3,060
Public Safety and Transport	16,871	13,734	(1,878)	(1,259)	56,432	54,554	(1,878)	-
Corporate Services & Transformation	1,458	1,323	-	(135)	5,258	5,258	-	570
Environment, Housing & Regeneration	4,763	3,868	(39)	(856)	10,548	10,509	(39)	(12)
Families, Education and Wellbeing	7,894	9,890	-	1,996	20,469	20,469	-	-
Health and Social Care	2,359	2,359	-	-	11,795	11,795	-	-
Property and Infrastructure	64,354	30,062	(1,972)	(32,320)	181,847	175,568	(6,279)	(12,566)
General Contingency	1,417	1,417	-	-	5,473	5,473	-	-
Total Capital Programme	102,937	66,644	(3,889)	(32,404)	299,060	290,864	(8,196)	(8,948)
Major Projects	58,820	31,772	(835)	(26,213)	161,461	156,319	(5,142)	(12,466)
Programme of Works	42,700	33,455	(3,054)	(6,191)	132,126	129,072	(3,054)	3,518
General Contingency	1,417	1,417	-	-	5,473	5,473	-	-
Total Capital Programme	102,937	66,644	(3,889)	(32,404)	299,060	290,864	(8,196)	(8,948)
Movement	-	(5,533)	(471)	(5,062)	1,500	(7,448)	(8,948)	

35. **Finance:** The previously reported under spend of £3,060k under this portfolio from the equipment capitalisation budget has been reallocated towards the new West Drayton leisure centre project, the virement having been approved by Cabinet in October 2021.
36. **Public Safety and Transport:** An under recovery of £1,878k is forecast on Transport for London (TFL) grant funding, as the 2021/22 LIP funding award for the remainder of the year will be significantly lower than bid for and original budget assumptions. TFL funding remains significantly affected by reduced travel due to the pandemic with increased home working.
37. **Environment, Housing and Regeneration:** An under spend of £27k is forecast on private sector renewal grants based on expected demand for the year. An under spend of £12k is also reported on green spaces Section 106 projects.

38. **Families, Education and Wellbeing:** Forecast expenditure for the year includes the budgeted £6m payment to the Department for Education as contribution to the rebuild and expansion of Harlington School in full this financial year, rather than in staged payments. Works are nearing completion on the installation of modular classrooms at Hedgewood school to increase special provision.
39. **Property and Infrastructure:** Following October Cabinet approval of virements to fund the increase in costs for the construction of a new leisure centre in West Drayton, the previously reported forecast over spend on this project has, therefore, been removed. A forecast over spend of £440k is reported on the works to extend the Uxbridge mortuary, as additional cost items have been uncovered on site including deeper works required on the foundations. Disabled Facilities Grants are forecast to under spend by £1,137k based on expected demand, with higher activity this year on adaptations in the HRA sector. In line with the earlier Cabinet decision to no longer proceed with the land transfer of the former cinema building site at St Andrew's Park, the New Museum construction budget of £5,582k is now reported as under spend.

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
Source of Finance								
Capital Receipts	16,749	7,476		(9,273)	57,977	57,977	-	-
CIL	3,500	5,500		2,000	17,500	17,500	-	-
Prudential Borrowing	55,481	35,012	(261)	(20,208)	131,018	126,450	(4,568)	(6,697)
Total Council Resources	75,730	47,988	(261)	(27,481)	206,495	201,927	(4,568)	(6,697)
Grants & Contributions	27,207	18,656	(3,628)	(4,923)	92,565	88,937	(3,628)	(2,251)
Capital Programme	102,937	66,644	(3,889)	(32,404)	299,060	290,864	(8,196)	(8,948)
Movement	-	(5,533)	(471)	(5,062)	1,500	(7,448)	(8,948)	

40. Capital receipts before transformation financing in 2021/22 include £1,339k in sales already achieved with several more sites planned to be sold via auction by the end of the financial year. The phasing variance of £9,273k is mainly due to major disposal sites that are not expected to be completed this financial year.
41. As at the end of September 2021, a total of £3,513k Community Infrastructure Levy receipts have been invoiced. Forecast receipts for this financial year are a favourable variance of £2,000k 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.
42. Forecast grants and contributions are £3,628k lower than the revised budget, due partly 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, and the under spend on private sector disabled facilities grants.

43. Prudential Borrowing is forecast to be £20,469k lower than budgeted for 2021/22 due mainly to forecast re-phasing of project expenditure into future years. The medium term forecast is a favourable variance of £4,568k due mainly to the under spend on the cancellation of the new museum project.

Schools Budget

44. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £12,657k at month 6, 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 6		Variance		
	Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Change from Month 5
	£'000	£'000	£'000	£'000	£'000
Dedicated Schools Grant Income	(317,131)	(317,131)	0	0	0
Schools Block	247,506	247,659	153	153	0
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	5,176	0
Total Funding Blocks	7,328	12,657	5,329	5,329	0
Balance Brought Forward 1 April 2021	25,358	25,358			
Balance Carried Forward 31 March 2022	32,686	38,015			

Dedicated Schools Grant Income (nil variance, no change)

45. 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.
46. There will be an adjustment to the Schools Block to reflect the amount recouped by the Education Skills Funding Agency (ESFA) to fund academy schools directly. This follows the academy conversion of two schools in Hillingdon on 1st September 2021.

Schools Block (£153k overspend, no change)

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 two schools 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 which, because the Schools Block is ring-fenced, will need to be carried forward to the following financial year and included in the Growth Fund determination for 2022/23.
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, which has off-set the overall overspend on the Schools block.
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. An amendment to the Growth Contingency Policy has been drafted to reflect this change for Schools Forum members to discuss at the September Schools Forum meeting.

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, no change)

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 6. 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 overspend being projected 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 is contributing to the overspend being projected 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.
58. The Council has been invited to take part in the next round of 'Safety valve' intervention programme and discussions with the DfE commenced in September 2021 aimed at resolving issues in relation to the ongoing pressures on the DSG budget.

Housing Revenue Account

59. The Housing Revenue Account (HRA) is currently forecasting a favourable variance of £94k compared to the budget and a favourable movement of £24k on Month 5. This excludes the potential cost pressures of Covid-19, which are estimated at £156k. The 2021/22 closing HRA General Balance is forecast to be £15,277k. 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 6		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 6)	Variance (As at Month 5)	Movement from Month 5
	£'000	£'000	£'000	£'000	£'000
Rent Income	(58,944)	(58,685)	259	259	0
Other Income	(5,528)	(5,467)	61	61	0
Net Income	(64,472)	(64,152)	320	320	0
Housing Management	15,203	15,365	162	179	(17)
Tenant Services	3,953	3,904	(49)	(30)	(19)
Repairs	5,654	6,182	528	516	12
Planned Maintenance	4,014	2,959	(1,055)	(1,055)	0
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
Operating Costs	64,490	64,076	(414)	(390)	(24)
(Surplus) / Deficit	18	(76)	(94)	(70)	(24)
General Balance 01/04/2021	(15,201)	(15,201)	0	0	0
General Balance 31/03/2022	(15,183)	(15,277)	(94)	(70)	(24)

60. As at Month 6, the rental income is forecast to under-recover by £259k and other income is forecast to under-recover by £61k, nil movement on Month 5. The number of RTB applications received in the first six months of 2021/22 was 95 compared to 93 for the same period in 2020/21. There has been 20 RTB completions in the first six months of 2021/22 compared to 20 for the same period in 2020/21. The RTB applications, offers made to tenants and sales are being kept under review during the year. As at Month 6, 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 £162k as at Month 6 which is a favourable movement of £17k on Month 5- This includes an increase in the forecast spend of £25k on Covid-19 related enforcement and domestic violence related costs; an increase in running costs of £15k; and a reduction in staffing forecasts of £57k due to delays in recruitment.
62. Tenant services is forecast to underspend by £49k, a favourable movement of £19k on Month 5 relating to reduction in forecast spend on staffing including agency.

63. The repairs and planned maintenance budget totals £9,668k and as at Month 6 it is forecast to underspend by £527k, an adverse movement of £12k on Month 5. This is due to reduced staffing forecasts of £45k and increase in repairs costs of £57k relating to materials purchased.
64. As at Month 6 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

65. HRA Covid-19 cost pressures of £156k have been identified to date and will be kept under review during the year. The pressures include £100k for bad debt provision. The bad debt provision is a year-end calculation, however the tenants' and leaseholders' arrears position and consequently the bad debt provision, will be kept under review during the year. In addition, £56k in relation to potential staffing and accommodation costs for enforcement and domestic violence have been included.

HRA Capital Expenditure

66. The HRA capital programme is set out in the table below. The 2021/22 revised budget is £94,449k and forecast expenditure is £66,192k with a net variance of £28,257k of which £26,654k is due to re-phasing and £1,603k due to cost under spends. A summary position is included in Table 9 below.

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
Cabinet Member Portfolio								
Property and Infrastructure	94,449	66,192	(1,603)	(26,654)	234,631	233,028	(1,603)	(1,590)
Total HRA Capital Programme	94,449	66,192	(1,603)	(26,654)	234,631	233,028	(1,603)	(1,590)

67. The revised budget has increased by £2,675k following October Cabinet approval of the recently awarded Rough Sleepers Accommodation Programme grant from the GLA. Council match funding (50%) has been vired from the 2021/22 Acquisitions and Developments budget to this new programme, to acquire 20 properties to provide move on accommodation for rough sleepers. The total budget of £5,350k is forecast to be fully spent this financial year at this stage.
68. Acquisitions of leaseholder properties within the Hayes Regeneration programme have commenced, with the first phase of acquisitions expected to be completed in 2022/23, reducing the current year forecast by £5,383k.
69. Works have recommenced on site to complete the six-unit general needs housing development at Nelson Road, with construction works forecast to be completed in June 2022. Groundworks have started on the 5x3 bedroom shared ownership development at Moorfield Road, Cowley. A contractor is in the process of being appointed to start construction works shortly for the redevelopment of the former Maple and Poplar day centres to provide 34 general needs housing units.

70. An over spend of £83k is forecast on the acquisition of TCM house due to revisions to the floor area and rates per square metre. This is marginally offset by an under spend of £13k on the acquisition of flats at Abrook Court, 191 Harefield Road, Uxbridge.
71. The Works to Stock programme 2021/22 is in various stages of progress with electrical fire safety works accelerated into this year. Works are ongoing at numerous sites and future phases of works on some programmes are in the process of being tendered. Remedial works at Packet Boat House are nearing completion and are expected to be complete by the end of October 2021.
72. Phase 1 of the Green Homes Grant Local Authority Delivery scheme to provide energy efficiency upgrades to low-income homes is now complete. A wide number of measures have been implemented across numerous homes within tight timescales, and the remaining unspent grant of £1,673k will be returned to the Department for Business, Energy and Industrial Strategy in October 2021.

Treasury Management Update as at 30th September 2021

Table 10: Outstanding Deposits – Average Rate of Return 0.52%

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	31.7	46.34	70.00
Up to 1 Month Fixed-Term Deposits	21.7	31.73	
Total	53.4	78.07	70.00
Strategic Pooled Funds	15.0	21.93	30.00
Total	31.7	46.34	70.00
	21.7	31.73	

*Money Market Funds

73. 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.
74. The average rate of return on day-to-day operational treasury balances is 0.02%. As part of the Council's investment strategy for 21/22, 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. When including projected dividend income on these strategic pooled funds, the overall rate of return increases to 0.52%.
75. 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 September, 59% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a September benchmark average of 69% 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.
76. Liquidity was maintained throughout September 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: 0.51%

	Actual (£m)	Actual (%)
General Fund		
PWLB	43.43	14.25
Long-Term Market	15.00	4.92
Temporary	80.00	26.25
HRA		
PWLB	133.32	43.75
Long-Term Market	33.00	10.83
Total	43.43	14.25

77. During September there were three scheduled EIP debt repayments, for £0.5m, £0.75m and £1m. Gilt yields moved up during the month, due to speculation of a rise in interest rates. With the Council's long-term borrowing need and with restrictive premiums, early repayment of debt remains unfeasible.
78. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
79. To maintain liquidity for day-to-day business operations during September, cash balances will be placed in instant access accounts and short-term deposits.

**PART A: APPENDIX A1
CAPITAL - MAJOR 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
	Environment, Housing and Regeneration										
97	Shopping Parades Initiative	1,230	547	0	(683)	2,815	2,815	0	2,097	433	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
	Families, Education and Wellbeing										
20,279	Secondary Schools Expansions	3,442	6,852	0	3,410	6,852	6,852	0	6,055	797	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	1,365	0	(701)	5,943	5,943	0	0	5,943	0
16,388	New Primary Schools Expansions	12	12	0	0	12	12	0	0	12	0
0	Meadow School	240	240	0	0	240	240	0	240	0	0
	Property and Infrastructure										
1,374	New Yiewsley Leisure Centre	2,680	2,500	0	(180)	35,700	35,700	0	34,200	0	1,500
789	Hillingdon Watersports Facility	6,485	6,485	0	0	25,712	25,712	0	0	0	25,712
101	Cranford Park Heritage Lottery Project	2,395	800	0	(1,595)	2,649	2,649	0	315	1,716	618
0	New Museum	1,275	0	(1,275)	0	5,582	0	(5,582)	0	0	0
1,255	Yiewsley / West Drayton Community Centre	745	721	0	(24)	745	745	0	745	0	0
242	Uxbridge Mortuary Extension	1,666	1,020	440	(1,086)	1,666	2,106	440	2,106	0	0
276	Battle of Britain Underground Bunker	1,105	250	0	(855)	1,279	1,279	0	1,279	0	0
81	RAGC Expansion	1,103	0	0	(1,103)	1,332	1,332	0	1,332	0	0
16	1 & 2 Merrimans Housing Project	516	0	0	(516)	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	230	0	(1,016)	15,966	15,966	0	15,966	0	0
0	Purchase of Uxbridge police station	5,000	0	0	(5,000)	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	135	0	0	(135)	150	150	0	150	0	0
2,556	Cedars & Grainges Car Park 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
66,427	Total Major Projects	58,820	31,772	(835)	(26,213)	161,461	156,319	(5,142)	118,393	8,901	29,025

**PART A: 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'n's
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	Finance										
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	0	0	0	0	0	0	0	0	0	0
	Public Safety and Transport										
N/A	Highways Structural Works	10,471	10,271	0	(200)	34,471	34,471	0	34,360	0	111
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	200	0	(411)	611	611	0	0	0	611
N/A	Transport for London	4,056	1,580	(1,878)	(598)	17,753	15,875	(1,878)	0	15,875	0
N/A	Emergency Active Travel	43	43	0	0	43	43	0	0	43	0
N/A	Highways Section 106 Projects	139	89	0	(50)	139	139	0	0	0	139
	Corporate Services and Transformation										
N/A	Corporate Technology and Innovation	1,258	1,243	0	(15)	4,258	4,258	0	4,258	0	0
N/A	Older People's Initiatives	200	80	0	(120)	1,000	1,000	0	1,000	0	0
	Environment, Housing & Regeneration										
N/A	Chrysalis Programme	1,613	1,613	0	0	5,613	5,613	0	5,613	0	0
N/A	Environmental/Recreational Initiatives	349	342	0	(7)	349	349	0	279	40	30
N/A	Green Spaces Section 106 Projects	88	76	(12)	0	88	76	(12)	0	0	76
N/A	PSRG / LPRG	62	35	(27)	0	262	235	(27)	235	0	0
N/A	Homeless Provision	40	40	0	0	40	40	0	0	40	0
N/A	Playground Replacement Programme	166	0	0	(166)	166	166	0	166	0	0
	Families, Education and Wellbeing										
N/A	Youth Provision	900	187	0	(713)	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
	Health and Social Care										
N/A	Equipment Capitalisation - Social Care	2,359	2,359	0	0	11,795	11,795	0	0	11,795	0

**PART A: APPENDIX A2
CAPITAL - PROGRAMMES OF WORKS BY CABINET MEMBER PORTFOLIO - Continued**

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
	Property and Infrastructure										
N/A	Libraries Refurbishment Programme	468	468	0	0	468	468	0	468	0	0
N/A	Bowls Clubs Programme	125	74	0	(51)	125	125	0	125	0	0
N/A	Sports Clubs Rebuild / Refurbishments	600	250	0	(350)	3,000	3,000	0	3,000	0	0
N/A	Property Works Programme	2,634	2,246	0	(388)	7,242	7,242	0	7,124	25	93
N/A	Civic Centre Works Programme	1,928	1,288	0	(640)	4,344	4,344	0	4,344	0	0
N/A	Leisure Centre Refurbishment	2,404	1,859	0	(545)	3,059	3,059	0	3,059	0	0
N/A	School Building Condition Works	3,322	1,670	0	(1,652)	10,183	10,183	0	809	8,278	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	1,009	(1,137)	0	10,730	9,593	(1,137)	0	9,593	0
N/A	Schools Pollution Screening (ERI)	557	394	0	(163)	1,557	1,557	0	0	0	1,557
	Total Programme of Works	42,700	33,455	(3,054)	(6,191)	132,126	129,072	(3,054)	78,061	47,064	3,947

PART A: APPENDIX A3
CAPITAL - 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	7,167	1,046	0	(6,121)	7,167	7,167	0
2,341	Willow Tree	10	490	490	0	0	602	602	0
73	34-44 Sullivan Crescent	6	643	38	0	(605)	943	943	0
864	Nelson Road	6	1,971	1,076	0	(895)	1,971	1,971	0
48	Petworth Gardens	9	1,533	50	0	(1,483)	3,095	3,095	0
45	113-127 Moorfield Road	5	1,041	865	0	(176)	1,140	1,140	0
422	Woodside Day Centre	20	4,396	359	0	(4,037)	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	3,965	83	(432)	4,314	4,397	83
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
0	Hayes Estate Regeneration		3,743	3,743	0	0	3,743	3,743	0
0	Hayes Estate Leaseholder Buybacks		16,783	11,400	0	(5,383)	16,783	16,783	0
0	Packet Boat House Buybacks		2,300	2,300	0	0	2,300	2,300	0
0	Loft Extensions		2,000	2,000	0	0	2,000	2,000	0
0	Rough Sleepers Accommodation Programme		5,350	5,350	0	0	5,350	5,350	0
n/a	Acquisitions and Internal Developments		10,064	10,064	0	0	98,860	98,860	0
34,513		222	63,130	44,068	70	(19,132)	154,499	154,569	70

PART B: FINANCIAL RECOMMENDATIONS

That the Cabinet:

- a. **Note those consultancy and agency assignments over £50k approved under delegated authority between the October 2021 and November 2021 Cabinet meetings, detailed at Appendix A.**
- b. **Accept the grant funding of £373,350 from the Department of Education for Children's Social Care COVID-19 Regional Recovery and Building Back Better Fund awarded to London Borough of Hillingdon against a number of projects.**
- c. **Approve acceptance of £5k grant funding from the Food Standards Agency for costs associated with the prioritisation of new businesses for initial inspection.**
- d. **Approve acceptance of £11k grant funding from the Department for Environment, Food, and Rural Affairs (Defra) for the implementation of legislation relating to allergen labelling changes for prepacked direct for sale food.**
- e. **Approve to charge an affordable rent based on the London Affordable Rent (LAR) plus service charges for the 2 new build acquisitions at Abrook Court, Uxbridge (£182.16pw for 1 bed flat and £213.55 pw for 3 bed flat).**
- f. **Approve the award of a contract with PwC for consultancy services associated with the urgent work required to be undertaken in respect of the DSG 'Safety Valve' negotiations with the DfE for a fixed fee of £325k as detailed in Appendix B.**
- g. **Ratify a special urgency decision taken on 1 November 2021 by the Leader of the Council, in conjunction with the Cabinet Member for Property & Infrastructure, to authorise the surrender of the existing leases subject to an agreement for lease for the grant of a new lease of the library and adult education rooms in the proposed new school building at Harlington Community School negotiated by officers as detailed in this report and instructs Legal Services to complete the appropriate documentation.**

Reasons for recommendation

80. **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.
81. **Recommendation 2b** This grant seeks to support LAs to develop local and regional solutions to challenges which have emerged or been exacerbated during the pandemic and collaborating with the Department of Education to develop policy solutions for national priorities. Hillingdon is one of the 49 LAs who are good and outstanding overall and across all sub-judgements and could, therefore, bid for funding. The funding will be used to develop practice solutions in areas like Safeguarding Adolescents at risk of extra-familial harm, Female Genital Mutilation (FGM), Reducing Court backlogs, exploring Family Hubs. The funding is restricted to the 2021-22 financial year.
82. **Recommendation 2c** Grant funding has been offered by the Food Standards Agency which if accepted by Cabinet will be utilised to fund the costs of administrative staff required to triage backlogs of businesses awaiting a food inspection, such that initial visits can be prioritised on a risk basis and planned into the inspection programme. Authority is sought from Cabinet to approve the acceptance of £5k, relating to the costs of Tech Admin support to assess 300 businesses that are currently unrated.

83. **Recommendation 2d** Grant funding has been offered by the Department for Environment, Food, and Rural Affairs (Defra) which if accepted by Cabinet will be utilised to fund costs incurred due to the introduction of Food Information (Amendment) (England) Regulations 2019 No 1218 (commonly known as “Natasha’s Law”). Authority is sought from Cabinet to approve the acceptance of £11k, relating to the costs of Food Safety Environment Health Officers and Trading Standards Officers familiarising themselves with the new regulation and enforcement costs to inspect business compliance with the new allergen labelling requirements.
84. **Recommendation 2e** 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 acquisition of two flats at Abrook Court, Uxbridge was approved on the financial viability assumption that the properties would be charged an affordable rent.
85. **Recommendation 2f** This recommendation is in relation to the award of a contract for consultancy support to the Council to assist it in undertaking the considerable work required to be submitted to the DfE as part of the DSG Safety Valve negotiations currently in progress. The contract is for a fixed fee of £325k in relation to defined outputs set out in further detail in Appendix C and is being awarded through single tender action through a Crown Commercial Service Framework. There is a tight timeframe for the Safety Valve negotiations which need to be completed by early December 21. PwC already have a good understanding of the Council through the support they are currently providing in respect of the Councils transformation programme and can therefore mobilise at pace. The Council is one of 6 councils invited to take part in DSG Safety Valve negotiations this year. The aim of the negotiations is for the Council to develop a detailed plan of how it will get its in-year DSG budget back in balance over the medium term and in return the DfE agreeing to fund the historical deficit on the DSG. This deficit is forecast to be c£38m by the end of this financial year as detailed in the Schools budget section of this report.
86. **Recommendation 2g** This enables the continued provision of adult education and library services as the school progresses to a new build on site. The urgent decision was to formally surrender two existing leases subject to an agreement for the grant of a new lease for the new library and adult education areas, upon completion of the new school building for Harlington Community School.

Alternative options considered / risk management

87. There are no other options proposed for consideration.

PART B: APPENDIX A

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

88. 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*
Finance							
Housing Accountant	05/07/2021	04/10/2021	04/04/2022	39	78	117	Large

PART B: APPENDIX B

Award of contract to PwC for consultancy support in relation to work required as part of the DSG Safety Valve negotiations with the DfE

The London Borough of Hillingdon faces a financial challenge in common with many other councils in relation to the sustainable management of the Dedicated Schools Grant (DSG). The financial challenge relates specifically to the commissioning and management of school places for those children with Special Educational Needs and Disabilities and the historic wider management of the arrangements for delegating budgets between the Council and schools via the Schools' Forum. The programme of activities to address this is the DSG Recovery Programme ("the Programme").

The Council wishes to commission support from PwC in the following areas for the Programme:

1. Workstream 1 – Programme mobilisation and programme delivery management.

The purpose of this workstream is to baseline the issues that the Programme addresses, document the programme plan of activities to address these issues and provide ongoing programme oversight and coordination to support the programme leadership team. This work should be carried out in such a way to allow the programme management to be flexed and scaled to accommodate additional programme activities, for example 0-19 Improvement Plan, SEN school place sufficiency. This workstream may also include deep dives into relevant baseline issues to identify and scope further analysis required. This will include accelerating the Council workstream to review EHCP Banding:

- o Review, analyse and develop with officers' future options for funding using knowledge of alternative local authority models where available.
- o Analysis of current and historical banding within the Local Authority.
- o Developing the Council's baseline for the current banding and spend.

2. Workstream 2 – Data, insight and reporting.

The purpose of this workstream is to use existing Council system data to create insight and reporting which supports the understanding of the issues that the Programme seeks to address and develops reporting pack of management and service information to support the delivery of the Programme. This workstream will commence with a discovery process to establish key questions, understand available data and to develop reporting to meet the Buyer's needs.

3. Special Projects.

Subject to available budget and agreement of scope with the Council, PwC may be asked to consider a specific service or Programme area relevant to the scope set out above and document observations, options or recommendations for further analysis. PwC have allowed up to 5 days of effort for any such Special Projects. The scope, services and deliverables will be agreed separately by negotiation.