

COUNCIL BUDGET - 2022/23 REVENUE AND CAPITAL MONTH 7 BUDGET MONITORING

Cabinet Member	Councillor Martin Goddard
Cabinet Portfolio	Cabinet Member for Finance
Officer Contact	Andy Evans, Corporate Director of Finance
Papers with report	None

HEADLINES

Summary	<p>This report provides the Council's forecast financial position and performance against the 2022/23 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £61k is reported against General Fund revenue budget normal activities as of October 2022 (Month 7). Unallocated reserves are projected to total £26,780k at 31 March 2023. This headline position is a minor favourable movement of £11k to that reported to Cabinet for September 2022 (Month 6).</p> <p>COVID-19 pressures for the 2022/23 financial year are projected to total £14,722k at Month 7, a small adverse movement of £143k, with this position being £3,431k higher than budgeted in February 2022 and therefore being funded from Earmarked Reserves held for this purpose.</p> <p>Exceptional inflationary pressures are being managed from funds set aside to manage this area of risk, with permanent provision for those inflationary pressures which have emerged to be factored into the draft 2022/23 budget being considered at this meeting of Cabinet. The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p>
<p>Putting our Residents First</p> <p>Delivering on the Council Strategy 2022-2026</p>	<p>This report supports our ambition for residents / the Council of: <i>An efficient, well-run, digital-enabled council working with partners to deliver services to improve the lives of all our residents</i></p> <p>This report supports our commitments to residents of: <i>A Digital-Enabled, Modern, Well-Run Council</i></p>
Financial Cost	N/A
Relevant Select Committee	Finance & Corporate Services
Relevant Ward(s)	All

RECOMMENDATIONS

That the Cabinet:

1. Note the budget monitoring position and treasury management update as at October 2022 (Month 7) 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 7 against budgets approved by Council on 24 February 2022 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 £14,722k are projected in relation to the legacy impacts of the COVID-19 pandemic and the ongoing financial impacts facing the Council in 2022/23, with £9,784k added to Service Operating Budgets to cover ongoing financial pressures from the pandemic and a further £1,507k one-off items in respect of pandemic driven Collection Fund losses in the Council's budget approved by Council in February 2022, with the remaining £3,431k being driven by new and emerging pressures relating to the ongoing impact of the pandemic on demand for, and delivery of, local services.
6. With no further Central Government funding being available to ongoing COVID-19 pressures, the Council is carrying a remaining balance of funding of £4,302k, alongside local funds of £6,868k. Including the Service Operating Budgets for pandemic related pressures of £9,784k, this gives scope to fund reported pressures of £14,722k for the 2022/23 financial year and leaves reserves at £1,827k by the 31 March 2023. With £1,535k of this already committed in the Council's budget strategy, the remaining balance of £292k leaves limited headroom to manage ongoing impacts above those already factored into Service Operating Budgets.
7. As the country faces unprecedented inflationary pressures, the Council will need to deploy specific earmarked reserves to mitigate the in-year pressures that are anticipated to arise throughout the year, with actual inflation rates expected to exceed the sums built into the Council's budget strategy. Pressures continue to be monitored in the Month 7 refresh of the Council's position, with the pay award, energy, fuel and contracted services in Social Care driving the bulk of the Council's inflationary pressures. A number of additional cost control measures are being implemented in-year to mitigate against these exceptional inflationary pressures, with an allowance for the residual requirement captured in the draft budget for 2023/24.
8. The Council continues to work closely with suppliers of contracted services to ensure that the costs incurred by the Council reflect current market prices and that suppliers are compensated for increased costs, whilst also recognising that some increases may be temporary. The recently announced update on the energy cap in the Autumn Statement continues to support the Council for the remainder of the financial year, with some recent stabilisation in fuel costs helping to mitigate some of this pressure. It remains an ongoing area of risk which will continue to be closely monitored and managed.
9. With the pay award for 2022/23 now agreed, the Council can now confirm that the increase is higher than anticipated when the budget was set in February 2022, albeit with this pressure now being partly offset by an in-year reduction in National Insurance contributions from the reversal of the Social Care Levy.
10. After allowing for the ongoing impact of the pandemic and the significant inflationary pressures facing the country which are to be funded from releases from Earmarked Reserves,

an underspend of £61k is projected across General Fund budgets at Month 7, with this position being driven by a favourable variance from the Council's Treasury activities offsetting pressures within Children's & Young People's Services, Housing and reported pressures within the Planning service area. This position will result in unallocated General Balances totalling £26,780k at 31 March 2023.

11. The position reported has led to an £11k favourable movement on the position presented for Month 6, with a number of small improvements reported across Adult Social Care, largely driven by income improvements within the placements budgets, with this position being netted down by a minor adverse movement reported against the Council's Education functions.
12. Within this position, £7,004k of the £13,346k savings planned for 2022/23 are banked or on track for delivery in full by 31 March 2023, with £5,356k tracked as being at an earlier stage of implementation and for Month 7, the £986k previously recorded as at risk as a result of the COVID-19 pandemic is now progressing and has been upgraded from Red to Amber II. This saving relates to the leisure management fee income and reflects the ongoing acute impact of the pandemic on this sector, particularly in respect of reduced footfall and energy cost inflation, with contract negotiations are well underway to secure delivery in the new financial year. Where slippage in savings delivery is expected this has been factored into the reported monitoring position.
13. Within the Collection Fund, a surplus of £412k, with no movement from Month 6, is reported at Month 7 as a result of a favourable position within Business Rates from an increase in the Council's rating list above the budgeted position approved by Council in February 2022, offset by a slower than budgeted growth in Council Tax, believed to be linked to a slowing down in the construction industry due to the impacts of inflation and economic conditions on the viability of development. This position is compounded by an adverse position reported against Council Tax Support as demand falls at a slower rate than originally forecast with demand for this service likely to be further impacted by the cost-of-living crisis.
14. The Collection Fund position has high exposure to both COVID-19 legacy impacts and current economic conditions, which have the potential to significantly affect the finances of individual households and businesses, and therefore this remains an area under close review. Variances against the Collection Fund do not directly impact upon the 2022/23 monitoring position, but instead variances up to Month 9 will be factored into the Council's budget proposals for the forthcoming year, with any variances from Month 10 to outturn not impacting until 2024/25 with resulting impacts on MTFE forecasts.

GENERAL FUND CAPITAL

15. As at Month 7 an under spend of £59,017k is reported on the 2022/23 General Fund Capital Programme of £117,959k, due mainly to re-phasing of project expenditure into future years. The forecast outturn variance over the life of the 2022/23 to 2026/27 programme is an under spend of £4,166k. General Fund Capital Receipts of £11,254k are forecast for 2022/23 after financing DSG safety valve agreement costs and transformation. Total capital receipts are forecast to be £3,681k below the income target of £81,414k for the five years to 2026/27. Overall, Prudential Borrowing required to support the 2022/23 to 2026/27 capital programmes is forecast to be under budget by £474k.

SCHOOLS BUDGET

16. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £6,029k at month 7, compared to the revised budgeted deficit of £5,486k. 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 combination with inflationary pressures across the sector. When the £23,522k deficit brought forward from 2021/22 is taken into account, along with the second payment of Safety Valve funding and local authority contribution, the cumulative deficit carry forward to 2023/24 is £21,801k. This position is consistent with that reported at Month 6 and remains an area of significant activity to manage out the structural deficit on this account.

HOUSING REVENUE ACCOUNT

17. The Housing Revenue Account (HRA) is currently forecasting a favourable variance of £51k compared to the budget and a favourable movement of £8k on Month 6. The 2022/23 closing HRA General Balance is forecast to be £15,068k. The use of reserves is funding investment in new housing stock. An underspend of £31,258k is projected on the £106,197k 2022/23 HRA Capital Programme, primarily due to re-phasing of projects continuing into future years.

FURTHER INFORMATION

General Fund Revenue Budget

18. As noted above and presented in the table below, a £61k underspend is projected across the General Fund at Month 7, with the following section of this report providing further information on an exception basis. This position is predicated on the deployment of sums from Earmarked Reserves, which have been set aside for these purposes, to manage inflationary and COVID-19 pressures. In order to manage this call on reserves, a number of initiatives are underway to reduce costs and mitigate the impacts wherever possible. General Fund Balances are expected to total £26,780k at 31 March 2023 as a result of the forecast position detailed above. This position keeps balances within the recommended range 2022/23 of £20,000k to £39,000k as approved by Cabinet and Council in February 2022.

Table 1: General Fund Overview

Service	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Service Operating Budgets	248,219	248,158	(61)	(50)	(11)
Corporate Operating Budgets	500	500	0	0	0
Unallocated Budget Items	2,328	2,328	0	0	0
Sub-total Expenditure	251,047	250,986	(61)	(50)	(11)
Corporate Funding	(251,047)	(251,047)	0	0	0
Total Net Expenditure	0	(61)	(61)	(50)	(11)
Balances b/fwd	(26,719)	(26,719)			
Balances c/fwd 31 March 2022	(26,719)	(26,780)			

Service Operating Budgets

19. Service Operating Budgets represent the majority of the Council's investment in day-to-day services for residents. With the cessation of Government funding towards the pandemic, the Council increased Service Operating Budgets by £9,784k to fund the ongoing impacts from COVID-19, these budgeted costs are therefore reported on an exception basis within these budgets by Cabinet Portfolio below. A further £1,507k was included within the Corporate Funding budget to meet one-off reductions in the Council's funding driven by impacts on Council Tax and Business Rates from the pandemic. Any new and emerging pressures are being reported on below under the COVID-19 section of the report. 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 are summarised in the following paragraphs.

Table 2: Service Operating Budgets

Cabinet Member Portfolio		Approved Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
		£'000	£'000	£'000	£'000	£'000
Property, Highways & Transport	Expenditure	19,948	19,845	(103)	(192)	89
	Income	(8,951)	(8,986)	(35)	104	(139)
	Sub-Total	10,997	10,859	(138)	(88)	(50)
Finance	Expenditure	136,549	136,824	275	242	33
	Income	(111,242)	(111,663)	(421)	(387)	(34)
	Sub-Total	25,307	25,161	(146)	(145)	(1)
Corporate Services	Expenditure	25,596	25,722	126	83	43
	Income	(1,632)	(1,793)	(161)	(118)	(43)
	Sub-Total	23,964	23,929	(35)	(35)	0
Residents' Services	Expenditure	63,220	65,229	2,009	1,840	169
	Income	(35,051)	(36,783)	(1,732)	(1,614)	(118)
	Sub-Total	28,169	28,446	277	226	51
Children, Families & Education	Expenditure	74,910	75,839	929	581	348
	Income	(22,615)	(23,346)	(731)	(377)	(354)
	Sub-Total	52,295	52,493	198	204	(6)
Health & Social Care	Expenditure	135,243	136,555	1,312	1,118	194
	Income	(27,756)	(29,285)	(1,529)	(1,330)	(199)
	Sub-Total	107,487	107,270	(217)	(212)	(5)
Total Service Operating Budgets		248,219	248,158	(61)	(50)	(11)

20. Within the Council budget there is a Managed Vacancy Factor across the board of 3.5%, or £4,000k 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 2022/23, with post-level establishment controls providing a key mechanism for managing workforce costs at the organisational level.
21. The Council budgeted for a pay award in 2022/23 of 2%, however, due to the exceptional inflationary environment, the agreed pay offer exceeds this sum and equates to approximately 5.7% with an allowance being in place to meet this additional uplift in the Council's workforce expenditure after factoring in the reduction in National Insurance announced as part of the Chancellor's latest measures. This increase will be funded by the Council's identified earmarked reserve for exceptional inflationary pressures above Council's approved budget.
22. As can be seen from the table above, the net £61k underspend across Service Operating Budgets represents the cumulative effect of a number of variances which are briefly outlined below by Cabinet Portfolio:
- a. **Property, Highways & Transport** – A net underspend of £138k is forecast for the portfolio, with the variance being driven by staffing underspends from a number of

vacant posts across the Operational Assets and Planning & Regeneration services, with income forecasting a £35k favourable position. The £50k favourable movement is being driven by an increase in expenditure which is offset by these costs being covered by recharges, with an additional favourable movement from Section 106 income supporting the Council's Affordable Housing workstream.

- b. **Finance** – A net underspend of £146k is reported at Month 7 with a minor £1k improvement from Month 6, with the subjective variances being driven by additional costs incurred by the Finance service as they deliver Government directed programmes such as the Council Tax Energy Rebate, which are offset by Government funding. In addition, the Council's Treasury activity is forecast to deliver a net underspend, predominantly driven by a favourable variance within the Capital Programme at outturn 2021/22.
- c. **Corporate Services** – a net underspend of £35k is reported, with the underspend being driven by a number of small variances within the staffing position due to vacancies, with the most material being Human Resources. With the subjective movements reported in Month 7 being driven by a number of minor updates, with the most significant being an increase in spend on the Legal service area, offset by pandemic related election grant funding in Democratic Services.
- d. **Residents' Services** – a net overspend of £277k is forecast representing an adverse movement of £51k from Month 6, with the large subjective variances largely being driven by the Housing service where high levels of demand are being mitigated through a combination of increased rental income and Government support targeting homelessness and rough sleeping, with the adverse movement being driven by a growing demand for homeless services outstripping the increased Government funding. At the time of writing, newly announced in-year grant support for Homelessness and implementation of mitigations is expected to allow for improvement in this position in future months. The net overspend is being driven by two key drivers, housing demand outstripping Government funding, alongside a reduction in parking income in the early part of the financial year. The movement in Month 7 is largely driven by the continuation of increased demand in Housing alongside additional funding, with this funding improvement being netted down by a reduction in Building Control income.
- e. **Children, Families & Education** – an overspend of £198k is being reported within this portfolio, with a favourable movement of £6k from Month 6. Additional income is being achieved from a number of sources including Government grant income for schools' attendance and exclusions and FGM support. This is being offset by increased costs, predominantly driven by additional demand for Children's Social Care, including support for Looked After Children and expenditure associated with the delivering functions funded by the additional grant income, with the subjective movements relating to additional resource being used to work on the Schools budget recovery plan offset by funding from the Department for Education to contribute towards this work.

- f. **Health & Social Care** – an underspend of £217k is reported for this portfolio, with a favourable movement of £5k from Month 6. The subjective variances are largely being driven by increased demand for Adult Social Care services, with expenditure variances related to the additional cost of direct care provision with increased income associated with contributions from Health and the associated client contributions. The movement in this area is largely driven by increased expenditure on care placements from additional demand offset by contributions to care from clients and the CCG, with the income position further benefiting from CCG contributions to the Council's staffing costs in this area.

Transformation

23. 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 being funded from this resource. Current projections include £4,804k for such costs, which will increase over the coming months as work progresses on delivery of the transformation programme, with all such costs subject to a specific funding strategy. It is anticipated that these pump priming costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

Progress on Savings

24. The savings requirement for 2022/23 is £10,647k, furthermore, there are savings of £2,699k brought forward from 2021/22, which gives an overall total of £13,346k reported below. The savings being reported as undelivered in 2021/22 (£2,699k) were directly attributable to the COVID-19 pandemic as the Council continued to need to redirect resources to manage the pandemic for a further year. This value has been added to the budgeted savings agreed as part of the 2022/23 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
Cabinet Member for Property, Highways & Transport	(187)	(96)	(330)	0	0	(613)
Cabinet Member for Finance	(105)	(320)	(100)	0	0	(525)
Cabinet Member for Corporate Services	(432)	(727)	(783)	0	0	(1,942)
Cabinet Member for Residents' Services	(1,161)	(1,889)	(1,224)	(986)	0	(5,260)
Cabinet Member for Children, Families & Education	0	(1,213)	(723)	0	0	(1,936)
Cabinet Member for Health and Social Care	0	0	(1,696)	0	0	(1,696)
Cross-Cutting	(874)	0	(500)	0	0	(1,374)
Total 2022/23 Savings Programme	(2,759) 21%	(4,245) 32%	(5,356) 40%	(986) 7%	0 0%	(13,346) 100%
Month on Month Movement	(1,365) 10%	1,348 -10%	17 0%	(986) 7%	986 -7%	0 0%

25. As of Month 7, £2,759k (21%) of the savings programme has already been banked, with a further £9,601k (72%) being reported as 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. There are a number of savings being forecast at the early stages of delivery (Amber I) with work on these programmes being progressed and anticipated to progress these savings through to delivery.
26. Currently there is one saving of £986k (7%) of savings which prior to Month 7 were being reported as having a potential problem in delivery (Red), however, as of Month 7, this saving is starting to see progress in delivery and has been upgraded to Amber II (Potential Problems in Deliver) with this saving relating to the leisure management fee and reflects the particular impact of the COVID-19 pandemic on this sector and the ongoing challenges facing this service. Contract negotiations with the Council's leisure management provider to secure this saving are at an advanced stage, which will allow this status of this saving to be improved in future months.
27. Where savings are at risk of not being delivered in full during 2022/23, the associated pressures have been factored into the monitoring position discussed above and offset through compensatory underspends. At this time, it is expected that the full £13,346k will ultimately be delivered in full or replaced with alternative measures in the event of any shortfall. Plans are being developed for in-year measures to augment savings with further modernisation initiatives and acceleration of existing programmes that will mitigate impacts of inflation, with any pump priming requirements being funded as part of the transformation strategy.

COVID-19 Pressures

Table 4: COVID-19 Pressure Breakdown

Service	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Movement from Month 6 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
One-Off Corporate Funding	1,507	1,507	0	0	0
Service Operating Budgets	9,784	9,784	0	0	0
New & Emerging Pressures	0	3,431	3,431	3,288	143
Total Exceptional Items	11,291	14,722	3,431	3,288	143

28. As at Month 7, the Council's budgeted COVID-19 pressures are forecast in line with the set budget, with the above table reporting new and emerging pressures of £3,431k. The below section provides an update on these reported pressures.

- a. One-Off Corporate Funding - £1,507k is built into the Council's approved budget to fund prior year losses in collection of both Business Rates and Council Tax as these funding streams have a long tail of recovery from the pandemic.
- b. Service Operating Budgets – The Council funded an additional £9,784k of pandemic related costs within Service Operating Budgets in 2022/23, with additional demand from the pandemic forecast to continue into 2022/23 for the following services:
 - i. £4,622k for Adult Social Care
 - ii. £2,165k for Children's Social Care
 - iii. £771k for the Council Tax Reduction Scheme
 - iv. £600k for SEND Transport
- c. Furthermore, £1,626k was added to Fees & Charges budgets in recognition that demand for some services would recover to pre-pandemic levels at a slower rate or may recover to a lower baseline.
- d. New & Emerging Pressures – The largest element of the reported pressure is being driven by the Council's leisure centres, with an additional pressure of £1,638k as a result of a slower than budgeted recovery in footfall and demand for these services. A further £1,269k is being reported against Parking income as demand continues to be reported below budgeted levels. Children's Social Care are incurring additional costs of £273k as a result of additional demand and delays in court activity. The remaining £250k relates to smaller pressures reported across a number of service areas.
- e. Significant capacity is being committed to containing the risk of growing pressures in key demand-led budgets, including Adults and Children's Social Care, which stem from a combination of the direct impacts of COVID-19 on clients combined with knock-on effects from pandemic-driven pressures in other public services – notably the health service and courts which result in additional client needs being presented and delays in matching support to clients' changing requirements.

29. In addition to the £9,784k of Service Operating Budgets, the Council holds £4,302k of remaining Government funding and a further £6,868k of Local Funds, taking total pandemic related resources to £20,954k. With total pressures for the year forecast at £14,722k and £4,406k being released from the local reserves to fund the increase in service operating budgets, this leaves a balance of £1,827k of funds for new and emerging pressures in 2022/23 and beyond.

Collection Fund

30. A surplus of £412k is reported within the Collection Fund at Month 7, translating into no movement from Month 6. Within the Collection Fund, an adverse position is reported within Council Tax of £3,171k, offset by a favourable position within Business Rates of £3,583k. The pressure in Council Tax is predominantly driven by a reduction in the forecast growth of the taxbase as construction slows down, believed to be linked to inflationary pressures in the sector, compounded by an adverse position within Council Tax Support as the economy recovers from the pandemic at a slower rate than originally budgeted for in February 2022, with this position believed to be impacted by the cost-of-living crisis. The favourable position within Business Rates is being supported by work carried out by the Council to identify properties missing from the rating list, with a one-off increase in income reflecting backdating billing being sufficient to cover the Council Tax deficit in 2022/23.

31. Any deficits within the Collection Fund impact on the Council's future year budgets, with the position reported up to Month 9 impacting on the 2023/24 saving requirement and any further updates between Month 10 and outturn impacting on 2024/25. This position therefore will reduce the Council's gross saving requirement by £412k in the next update to the Council's Budget Strategy, which will be reported to December Cabinet.

General Fund Capital Programme

32. As at Month 7 an under spend of £59,017k is reported on the 2022/23 General Fund Capital Programme of £117,959k, due mainly to re-phasing of project expenditure into future years. The forecast outturn variance over the life of the 2022/23 to 2026/27 programme is an underspend of £4,166k. General Fund Capital Receipts of £11,254k are forecast for 2022/23 after financing DSG safety valve agreement costs and transformation. Total capital receipts are forecast to be £3,681k below the income target of £81,414k for the five years to 2026/27. Overall, Prudential Borrowing required to support the 2022/23 to 2026/27 capital programmes is forecast to be under budget by £474k. A full breakdown of the Capital Programme is included in Part A, Appendix A1 and A2.
33. Recommendations to rephase Capital Programme budgets in line with the draft budget for 2023/24 and later years are set out in Part B of this report, with performance outlined below being measured against the previously established budgets.

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 2022. Projected variance against budget for the 2022/23 financial year are analysed between cost and rephasing, in the case of the latter, budget will only be rolled forward for use in future financial years with the explicit approval of Cabinet.

Table 5: General Fund Capital Programme Summary

	Approved Budget 2022/23	Forecast 2022/23	Cost Variance 2022/23	Project Re-phasing 2022/23	Total Project Budget 2022-2027	Total Project Forecast 2022-2027	Total Project Variance 2022-2027	Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cabinet Member Portfolio								
Finance	4,123	449	(850)	(2,824)	5,226	4,376	(850)	(850)
Residents	3,832	3,359	(57)	(416)	10,977	10,920	(57)	
Corporate Services	1,053	903	(150)	-	4,461	4,311	(150)	
Children, Families and Education	20,954	4,832	-	(16,122)	28,749	28,749	-	
Health and Social Care	2,359	2,776	417	-	11,795	12,212	417	
Property, Highways and Transport	84,358	45,343	(2,976)	(36,039)	247,143	243,617	(3,526)	40
Contingency	1,280	1,280	-	-	7,280	7,280	-	
Total Capital Programme	117,959	58,942	(3,616)	(55,401)	315,631	311,465	(4,166)	(810)
Major Projects	82,279	32,976	(434)	(48,869)	180,757	179,773	(984)	(882)
Programme of Works	34,400	24,686	(3,182)	(6,532)	127,594	124,412	(3,182)	72
General Contingency	1,280	1,280	-	-	7,280	7,280	-	
Total Capital Programme	117,959	58,942	(3,616)	(55,401)	315,631	311,465	(4,166)	(810)
Movement	44	(5,545)	(810)	(4,779)	44	(766)	(810)	

35. **Finance:** The Purchase of Vehicles programme reports an under spend of £850k this year as bulk procurement of new vehicles to replace ageing stock is planned to commence in 2023/24.
36. **Residents:** The budget includes the Chrysalis Programme, playground refurbishments, existing town centre initiatives and the CCTV programme. A net underspend of £57k is

reported under town centres due to discontinuing future shop front grant schemes. The playgrounds programme is to be tendered later this year with works on site expected to occur in 2023/24.

37. **Corporate Services:** Underspends of £150k are reported, consisting of uncommitted funding within the Older People's Initiatives budget (£130k) and £20k on completion of a scheme within the Corporate Technology and Innovation programme.
38. **Children, Families & Education:** The Schools SEND programme is underway on several projects to provide additional special needs places, including the expansions of Meadow and Harefield schools. Site surveys and enabling works are in progress at Harefield academy with construction works to commence early next year. There is considerable inflationary risk in the contract prices for this and other SEND projects to be reported once tendered costs are established.
39. **Health and Social Care:** The capitalisation of social care equipment budget forecast has increased by £417k due to forecast demand. This is offset by a £636k under spend on Disabled Facilities Grant adaptations. Both budgets are financed by the Disabled Facilities Grant.
40. **Property, Highways & Transport:** A planning application has been submitted for re-modelling works at News Year Green Lane Civic Amenity Site to improve materials diversion rates. Works are expected to be £1,000k lower than the original budget estimate and a £200k grant for West London Waste Authority has been secured.
41. Works are in progress to extend the Uxbridge mortuary for completion next year. Cabinet Members have approved an increase to the budget of £916k to cover additional costs arising on site resulting in contract prolongation, including works required to replace the roof.
42. Following agreement of final account with the contractor the overspend on the Yiewsley/West Drayton community centre project has increased by £34k to £73k. The forecast also includes costs to remediate heating and lighting.
43. An under recovery of £908k is forecast on Transport for London (TFL) grant funding, as the 2022/23 LIP funding award for the year is significantly lower than original budget assumptions which were based on pre-pandemic funding levels.
44. Construction works are in progress on the new West Drayton leisure centre and are currently forecast to be on budget. The works are expected to be completed in May 2024.
45. Following June Cabinet approval of the acquisition of land at Broadwater Lake for the new Hillingdon Water Sports and Activity Centre (HWSAC) site, the legal agreement with the vendor is close to finalisation and a planning application is expected to be submitted later this year.
46. Works are expected to commence on the Civic Centre transformation programme early next year.

Capital Financing - General Fund

Table 6: Capital Financing

	Approved Budget 2022/23 £'000	Forecast 2022/23 £'000	Cost Variance £'000	Phasing Variance £'000	Total Financing Budget 2022-2027 £'000	Total Financing Forecast 2022-2027 £'000	Total Variance £'000	Move-ment
Source of Finance								
Capital Receipts	18,447	11,254	(2,496)	(4,697)	81,414	77,733	(3,681)	(558)
CIL	8,455	9,742		1,287	24,205	24,205	-	
Prudential Borrowing	47,000	18,793	(159)	(28,048)	97,578	97,104	(474)	(252)
Total Council Resources	73,902	39,789	(2,655)	(31,458)	203,197	199,042	(4,155)	(810)
Grants & Contributions	44,057	19,153	(961)	(23,943)	112,434	112,423	(11)	-
Capital Programme	117,959	58,942	(3,616)	(55,401)	315,631	311,465	(4,166)	(810)
Movement	44	(5,545)	(810)	(4,779)	44	(766)	(810)	

47. Three sites have been sold at auctions recently for a total of £830k (before auctioneer fees). The overall forecast has reduced by £3,681k due in part to recent external valuations on numerous sites in the planned disposals programme, reflecting inflationary costs being experienced in the construction sector and resulting market slowdown.
48. The 2022-23 Community Infrastructure Levy receipts forecast includes £4,742k carried forward from last year to support financing of the new West Drayton leisure centre project. The current year forecast amounts to £5,000k due mainly to a large development commencing this year for which a demand notice has been issued. The medium-term forecast is to budget, reflecting uncertainty in the construction sector as current inflation levels may affect developer activity in the short to medium term. Forecast grants and contributions are broadly in line with the revised budget.

Schools Budget

49. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £6,029k at month 7, compared to the revised budgeted deficit of £5,486k. 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 combination with inflationary pressures across the sector. When the £23,522k deficit brought forward from 2021/22 is taken into account, along with the second payment of Safety Valve funding and local authority contribution, the cumulative deficit carry forward to 2023/24 is £21,801k.

Table 7: DSG Income and Expenditure 2022/23

Funding Block	Month 7		Variance (As at Month 7) £'000	Variance (As at Month 6) £'000	Change from Month 6 £'000
	Revised Budget £'000	Forecast Outturn £'000			
Dedicated Schools Grant Income	(323,969)	(323,969)	0	0	0
Schools Block	250,638	250,638	0	0	0
Early Years Block	22,951	22,951	0	0	0
Central Schools Services Block	3,003	3,016	13	93	(80)
High Needs Block	52,863	53,385	530	450	80
Total Funding Blocks	5,486	6,029	543	543	0
Balance Brought Forward 1 April 2022	23,522	23,522			
Safety Valve Funding	(3,750)	(3,750)			
Local Authority	(4,000)	(4,000)			
Balance Carried Forward 31 March 2023	21,258	21,801			

Dedicated Schools Grant Income (nil variance)

50. The Early Years block has been adjusted further to reflect actual numbers accessing the free entitlement in the Spring term. There will be further adjustment to the High Needs block allocation following confirmation of the import/export adjustment for 2022/23 which updates funding to reflect the local authority in which pupils with SEND are resident.

Schools Block (nil variance)

51. 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.
52. 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.
53. Schools Forum took the decision to backdate growth contingency for one school in 2021/22 resulting in an overspend in that year. The overspend was ring-fenced in the Schools Block with the expectation that it would be offset by an underspend in 2022/23.

54. 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). £461k was set aside for this purpose, with the actual funding requirement not known until actual numbers on roll are confirmed.

Early Years Block (nil variance)

55. Two-year-old funding has been adjusted in July to reflect the number of children accessing the entitlement based on the January 2021 census. The 3 and 4-year-old funding for both the universal and the additional free entitlement has also been adjusted in July following the January 2021 census. This has resulted in an increase of £2,796 in the overall Early Years block funding allocation as the number of children accessing the additional free entitlement has increased significantly over the past year.

Central School Services Block (£13k overspend, £80k favourable movement)

56. The published DSG budget allocations confirmed a 20% decrease in the Central School Services Block provided for historic commitments. This resulted in a £170k reduction in funding, though this was partly offset by £84k 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 2022/23. The main budgetary pressure is in the Looked After Children Education Team but there has a been a favourable movement in Month 7, reducing the overspend to £13k.

High Needs Block (£530k adverse, £80k adverse movement)

57. The local authority has made good progress on all conditions associated with the Safety Valve since the agreement was signed. Whilst there have been some small setbacks in delivery against some of the conditions, there has been positive, accelerated progress on others.
58. Whilst there is a good level of confidence that both the Safety Valve conditions and High Needs block savings for 2022/23 will be fully met, this is at an early stage of year 2 and there is limited scope to contain any increase in High Needs spend. This is a risk given the evidence of growing demand within the system and the inflationary pressures that have manifested since the Safety Valve agreement was put in place. The increase in demand is driving the £80k adverse movement in Month 7. Therefore, the position will continue to be closely monitored in order that mitigating action can be planned and taken where needed.

Maintained School Balances & Budgets

59. Maintained schools ended the 2021/22 financial year with a cumulative closing surplus balance of £14.9m (£14.5m revenue and £0.4m capital). This was a £1.6m increase from the previous year total (adjusted for the two academy converters). Despite the relatively healthy total balance, there is a widespread variation across individual school balances, with 22 (44%) schools having an in-year deficit in 2021/22 and several schools ending the year with low balances that may result in financial challenges in 2022/23, particularly in those schools that have seen reductions in pupil numbers.

60. A review of the balances at the end of the 2021/22 financial year identified three schools which ended the year in deficit and in October Cabinet gave approved licensed deficits for 2022/23. These three schools all had applied for a licensed deficit at the start of the year having carried forward cumulative deficits from 2020/21. However, two of these schools were able to reduce the cumulative deficit with an in-year surplus achieved in 2021/22.
61. The comparison between the budgeted balance at the start of the year and the final outturn position for each school indicates that the majority ended the year with a revenue balance greater than budgeted at the start of the year. There could be a few reasons for these movements, with the assumption that schools budget prudently at the start of the financial year. However, the variations do appear to be a common trend each year and there are some schools where the difference between the budgeted and outturn position significantly varies year on year. The local authority will therefore be looking closely at the 2022 budgets submitted by schools that have experienced large variations between budget and outturn in previous years and will in some instances challenge these submissions.
62. The table overleaf summarises school revenue balances as a percentage of total revenue income plus balances brought forward from 2020/21. Analysis of the data in the table indicates that overall, the number of schools with balances over the recommended 8% (or 5% for secondary schools) is currently 31 schools (62% compared to 59% in 2020/21).

Sector	Number of Schools in Deficit	Number with Balances < 2%	Number with Balances > 2% and < 8%	Number with Balances > 8% and < 20%	Number with Balances > 20%
Nursery	0	0	0	1	0
Primary	2	2	14	23	4
Secondary	1	0	1	0	0
Special	0	0	0	1	1
Total	3	2	15	25	5

63. A full review of 2022/23 budgets for maintained schools is currently underway and schools will be RAG-rated based on the budgeted position. Schools that are either in deficit or have managed to set a balanced budget but with very low balances, meaning that any significant unplanned change in expenditure could result in the school being in a deficit position are rated red. These schools will be more closely monitored by officers to ensure that everything possible is being done to address the situation. For those schools setting a deficit budget, termly meetings will be arranged with the schools and will include relevant officers from the Education team. Where considered necessary, officers will also attend Governing Body finance committee meetings to give assurance that schools are working towards recovering the deficit position.

Housing Revenue Account

64. The Housing Revenue Account (HRA) is currently forecasting a favourable variance of £51k compared to the budget and a favourable movement of £8k on Month 6. The 2022/23 closing HRA General Balance is forecast to be £15,068k. The use of reserves is funding investment in new housing stock. Table 8 below presents key variances by service area.

Table 8: Housing Revenue Account

Service	Month 7		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 7)	Variance (As at Month 6)	Movement from Month 6
	£'000	£'000	£'000	£'000	£'000
Rental Income	(61,689)	(61,643)	46	46	0
Other Income	(6,151)	(6,147)	4	4	0
Net Income	(67,840)	(67,790)	50	50	0
Housing Management	16,779	17,167	388	380	8
Tenant Services	4,291	4,235	(56)	(40)	(16)
Repairs	6,580	7,504	924	924	0
Planned Maintenance	3,372	3,211	(161)	(161)	0
Capital Programme Funding	19,694	18,194	(1,500)	(1,500)	0
Interest & Investment Income	16,198	16,198	0	0	0
Development & Risk	1,260	1,564	304	304	0
Contingency					
Operating Costs	68,174	68,073	(101)	(93)	(8)
(Surplus) / Deficit	334	283	(51)	(43)	(8)
General Balance 01/04/2021	(15,351)	(15,351)	0	0	0
General Balance 31/03/2022	(15,017)	(15,068)	(51)	(43)	(8)

65. As at Month 7, the rental income and other income is forecast to under recover by £46k and £4k respectively compared to the budget and this represents no change on the Month 6 position. This will continue to be monitored during the year as more data becomes available to take into account stock movements and voids performance.

66. The number of RTB applications received in the first seven months of 2022/23 was 72 compared to 111 for the same period in 2021/22. There has been 36 RTB completions in the first seven months of 2022/23 compared to 27 for the same period in 2021/22. The RTB applications and sales will be kept under review during the year especially given the current economic conditions. As at Month 7, the 2022/23 RTB sales forecast is 50, which is an increase of 10 compared to Month 6.

67. The housing management service is forecast to overspend by £388k which is an adverse movement of £8k on Month 6. This includes increased income of £28k for the increased RTB sales forecast and an adverse movement of £36k on running costs. The utility costs will continue to be monitored during the year given the potential increases in costs for electricity and gas.

68. Tenants' services is forecast to underspend by £56k, a favourable movement of £16k on Month 6 relating to updated staffing forecasts.
69. The repairs and planned maintenance service is forecasting an overspend at Month 7 of £763k which is a nil movement on Month 6. The repairs and planned maintenance service will continue to be kept under review during the year as more actuals data becomes available, especially due to potential pressures relating to voids, day to day repairs, disrepair, and market conditions including inflation.
70. As at Month 7 the capital programme funding forecast is an underspend of £1,500k which is no change on the Month 6 position.
71. As at Month 7 the interest and investment income is forecast to break even. Although given current economic circumstances this will continue to be closely monitored.
72. The development and risk contingency budgets are forecast to overspend by £304k as at Month 7 due to the inclusion of Packet Boat House development legal costs. This will be kept under review for the remainder of the year. The budget also includes an annual allocation for bad debt provision of £660k (£400k in 2021/22). The bad debt provision will be kept under review especially given the potential pressures and impact of inflation and living costs on households and consequently arrears.

HRA Capital Expenditure

73. The HRA capital programme is set out in the table below. The 2022/23 revised budget is £106,197k and forecast expenditure is £74,939k with a total variance of £31,258k due mainly to re-phasing of projects continuing into future years. Projected variance against budget for the 2022/23 financial year are analysed between cost and rephasing, in the case of the latter, budget will only be rolled forward for use in future financial years with the explicit approval of Cabinet. A full breakdown of the HRA Capital Programme is included in Appendix A3.

Table 9: HRA Capital Expenditure

	Revised Budget 2022/23	Forecast 2022/23	Cost Variance 2022/23	Project Re-Phasing 2022/23	Total Project Budget 2022-27	Total Project Forecast 2022-27	Total Project Variance 2022-27	Movement 2022-27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Capital Programme								
Major Projects	72,056	55,341	158	(16,873)	306,627	306,785	158	12
Works to Stock programme	26,997	15,668	(955)	(10,374)	136,678	135,723	(955)	
Green Homes Initiatives	4,244	1,430	0	(2,814)	22,151	22,151	0	
Major Adaptations to Property	2,900	2,500	0	(400)	13,936	13,936	0	
Total HRA Capital	106,197	74,939	(797)	(30,461)	479,392	478,595	(797)	12
Movement		617	12	605		12	12	

74. The 2022-23 forecast includes significant investment in housing acquisitions including buy backs of former Right to Buy properties, partly financed by external resources such as the GLA Right to Buy Back grant. The 2022-23 forecast reflects an increase in the annual acquisitions cap from 20 units to 37, resulting from the commencement on site of the Maple and Poplar redevelopment, which will provide 34 general needs flats.
75. Works have completed and handed over at the 5x3 bedroom development at Moorfield Road, Cowley which will be provided as general needs housing. Works at the former garage site on Nelson Road to provide 6 affordable housing units are expected to be complete in November 2022. A forecast overspend of £156k is reported due to sewer works at Nelson Road and contractor expense claims on both projects. Tenders have been received for the Petworth Gardens development and are being evaluated.
76. Contract terms have been finalised and approved in respect of the developer partner for the Hayes estates regeneration programme. Bulk purchases of properties from several registered providers are taking place in 2022/23 and demolitions and groundworks at Avondale estate will commence this year.
77. The Works to Stock programme 2022/23 is in various stages of progress with works ongoing across the housing estate under numerous workstreams. There is a forecast under spend of £955k on programmes for which the budget is not expected to be committed this financial year. Green Homes Initiatives include further energy efficiency government grant funding of £1,581k awarded under the Social Housing Decarbonisation Fund which will require an extension agreed beyond 2022-23 to fully utilise the grant. Agreement has been reached to deliver a lower number of units from the total grant due to rising prices.

Table 10: Outstanding Deposits

Period	Actual (£m)	Actual (%)	Benchmark (%)
Call Accounts and MMF's*	54.2	49.68	70.00
Up to 1 Month Fixed-Term Deposits	39.9	36.57	
Total	94.1	86.25	70.00
Strategic Pooled Funds	15.0	13.75	30.00
Total	109.1	100.00	100.00

*Money Market Funds

78. 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 and the DMADF. There is also an allocation to Strategic Pooled Funds.
79. The average rate of return on day-to-day operational treasury balances is 1.25%. As part of the Council's investment strategy for 22/23, 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, based on the previous six months income average, the overall rate of return increases to 1.55%.
80. 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 October, 58% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a September benchmark average of 55% 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.
81. Liquidity was maintained throughout October by placing surplus funds in instant access accounts and making short-term deposits in 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: 3.07%
Average Interest Rate on Temporary Borrowing: 0.61%

	Actual (£m)	Actual (%)
General Fund		
PWLB	74.93	22.52
Long-Term Market	15.00	4.51
Temporary	80.00	24.04
HRA		
PWLB	129.82	39.01
Long-Term Market	33.00	9.92
Total	332.75	100.00

82. During October there were no scheduled debt repayments.
83. Gilt yields moved up during the first half of the month, but then ended the month lower than it began, this was partly due to an ease in UK interest rates expectations. With the Council's long-term borrowing need and with restrictive premiums, early repayment of debt remains unfeasible.
84. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices.
85. To maintain liquidity for day-to-day business operations during November, cash balances will be placed in instant access accounts and short-term deposits.
86. Cash flow forecasts continue to indicate the refinancing £70m of temporary borrowing maturing this year being required by the end of 22/23. A further £10m of temporary borrowing has now been secured with £5m being received this month and £5m coming into London Borough of Hillingdon in November 2022. With £25m previously being arranged, opportunities to secure the remaining £35m are being explored.

PART A: APPENDIX A1 - CAPITAL - MAJOR PROJECTS BY CABINET MEMBER PORTFOLIO

Prior Year Cost	Project	2022/23 Revised Budget	2022/23 Forecast	2022/23 Cost Variance	2022/23 Forecast Re-phasing	Total Project Budget 2022-2027	Total Project Forecast 2022-2027	Total Project Variance 2022-2027	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Residents										
440	Shopping Parades Initiative	886	769	(117)	0	2,471	2,354	(117)	2,276	0	78
9,162	Hayes Town Centre Improvements	189	249	60	0	189	249	60	172	0	77
2,028	Uxbridge Change of Heart	60	60	0	0	60	60	0	6	0	54
	Children, Families and Education										
28,104	Secondary Schools Expansions	93	113	20	0	93	113	20	113	0	0
0	Additional Temporary Classrooms	2,800	0	(20)	(2,780)	2,800	2,780	(20)	2,780	0	0
3,132	Schools SRP / SEND	16,492	3,800	0	(12,692)	22,199	22,199	0	0	22,199	0
	Property, Highways and Transport										
1,824	New West Drayton Leisure Centre	17,097	15,403	0	(1,694)	34,845	34,845	0	34,395	0	450
17	Motor Vehicle Workshop	490	41	0	(449)	500	500	0	500	0	0
1,961	Yiewsley/W Drayton Community Centre	80	153	73	0	80	153	73	153	0	0
1,465	Hillingdon Water Sports Facility	10,510	1,200	0	(9,310)	25,035	25,035	0	0	0	25,035
318	Battle of Britain Underground Bunker	1,237	150	0	(1,087)	1,237	1,237	0	1,237	0	0
1,115	Uxbridge Mortuary Extension	2,199	1,948	0	(251)	2,199	2,199	0	2,199	0	0
190	Cranford Park Heritage Project	3,076	2,800	0	(276)	3,426	3,426	0	309	0	3,117
2,559	Cedars & Grainges Car Park	112	100	0	(12)	112	112	0	112	0	0
27	Asha Day Centre refurbishment	573	573	0	0	585	585	0	585	0	0
0	New Years Green Lane Extension	500	50	(450)	0	2,000	1,000	(1,000)	800	200	0
161	Battle of Britain Visitors Centre Enhancements	100	100	0	0	100	100	0	100	0	0
0	Botwell Leisure Centre Football Pitch	200	0	0	(200)	200	200	0	200	0	0
0	Parking Improvements	500	345	0	(155)	500	500	0	500	0	0
0	Woodside Ground Floor Development	0	0	0	0	2,575	2,575	0	2,575	0	0
11	Otterfield Road Library	0	0	0	0	1,974	1,974	0	1,974	0	0
0	Northwood Hills Library	0	0	0	0	2,392	2,392	0	2,392	0	0
56	Flood Alleviation - Bessingby Park	227	122	0	(105)	227	227	0	227	0	0
0	Civic Centre Transformation	5,000	750	0	(4,250)	35,000	35,000	0	35,000	0	0
0	Carbon Zero Initiatives	5,000	250	0	(4,750)	25,000	25,000	0	25,000	0	0
10,142	Housing Company Financing	14,858	4,000	0	(10,858)	14,858	14,858	0	14,858	0	0
0	Appropriation of Townfield to GF	0	0	0	0	100	100	0	100	0	0
62,712	Total Major Projects	82,279	32,976	(434)	(48,869)	180,757	179,773	(984)	128,563	22,399	28,811

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

Prior Year Cost	Project	2022/23 Revised Budget	2022/23 Forecast	2022/23 Cost Variance	2022/23 Forecast Re-phasing	Total Project Budget 2022-2027	Total Project Forecast 2022-2027	Total Project Variance 2022-2027	Project Forecast Financed by:		
									Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Finance										
N/A	Purchase of Vehicles	4,123	449	(850)	(2,824)	5,226	4,376	(850)	4,376	0	0
	Property, Highways and Transport										
N/A	Highways Structural Works	5,905	5,321	(584)	0	29,905	29,321	(584)	29,321	0	0
N/A	Highways Bridges and Structures	300	300	0	0	1,500	1,500	0	1,500	0	0
N/A	Street Lighting Replacement	969	969	0	0	4,669	4,669	0	4,669	0	0
N/A	Street Lighting LED Upgrade	130	130	0	0	130	130	0	130	0	0
N/A	Road Safety	197	197	0	0	677	677	0	677	0	0
N/A	HS2 Road Safety Fund	572	146	0	(426)	572	572	0	0	0	572
N/A	Transport for London	3,545	1,781	(908)	(856)	14,237	13,329	(908)	0	13,329	0
N/A	Parking Management Schemes	120	120	0	0	600	600	0	480	120	0
N/A	Emergency Active Travel	43	43	0	0	43	43	0	0	43	0
N/A	Highways Section 106 Projects	22	22	0	0	22	22	0	0	0	22
N/A	Libraries Refurbishment Programme	13	13	0	0	13	13	0	13	0	0
N/A	Bowls Clubs Programme	69	25	0	(44)	69	69	0	69	0	0
N/A	Sports Clubs Rebuild / Refurbishments	0	0	0	0	0	0	0	0	0	0
N/A	Property Works Programme	2,318	1,211	(87)	(1,020)	5,384	5,297	(87)	5,186	0	111
N/A	Civic Centre Works Programme	671	242	0	(429)	1,988	1,988	0	1,988	0	0
N/A	Leisure Centre Refurbishment	2,502	2,502	0	0	2,502	2,502	0	2,502	0	0
N/A	School Building Condition Works	2,383	2,516	0	133	19,229	19,229	0	0	18,290	939
N/A	Harlington Road Depot Improvements	42	42	0	0	42	42	0	42	0	0
N/A	Disabled Facilities Grant	2,146	1,510	(636)	0	11,464	10,828	(636)	0	10,728	100
N/A	Schools Pollution Screening (Environmental Initiatives)	652	268	(384)	0	1,152	768	(384)	0	0	768
	Corporate Services										
N/A	Corporate Technology and Innovation	853	833	(20)	0	3,461	3,441	(20)	3,425	16	0
N/A	Older Peoples Initiative	200	70	(130)	0	1,000	870	(130)	870	0	0

Prior Year Cost	Project	2022/23 Revised Budget	2022/23 Forecast	2022/23 Cost Variance	2022/23 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
	Residents Services										
N/A	Chrysalis Programme	1,274	1,074	0	(200)	5,274	5,274	0	5,274	0	0
N/A	Car Park Pay & Display Machines Replacement	35	35	0	0	35	35	0	35	0	0
N/A	CCTV Programme	205	259	0	54	806	806	0	806	0	0
N/A	Environmental and Recreational Initiatives	560	505	0	(55)	719	719	0	436	242	41
N/A	Green Spaces Section 106 Projects	110	85	0	(25)	110	110	0	0	0	110
N/A	Homeless Provision	0	0	0	0	0	0	0	0	0	0
N/A	Playground Replacement Programme	200	10	0	(190)	1,000	1,000	0	1,000	0	0
N/A	HS2 Amenity Fund	313	313	0	0	313	313	0	0	0	313
	Children, Families and Education										
N/A	Youth Provision	700	50	0	(650)	1,900	1,900	0	400	0	1,500
N/A	Devolved Capital to Schools	869	869	0	0	1,757	1,757	0	0	1,110	647
	Health and Social Care										
N/A	Equipment Capitalisation - Social Care	2,359	2,776	417	0	11,795	12,212	417	0	12,212	0
0	Total Programme of Works	34,400	24,686	(3,182)	(6,532)	127,594	124,412	(3,182)	63,199	56,090	5,123
	Finance										
N/A	General Contingency	1,280	1,280	0	0	7,280	7,280	0	7,280	0	0
	Total GF Capital Programme	117,959	58,942	(3,616)	(55,401)	315,631	311,465	(4,166)	199,042	78,489	33,934

PART A: APPENDIX A3

HRA Capital Expenditure – Major Projects breakdown by scheme

Prior Years	Scheme	Units	2022/23 Total Revised Budget	2022/23 Forecast	2022/23 Cost Variance	Proposed Re-phasing	Total Project Budget 2022-2027	Total Project Forecast 2022-2027	Total Project Variance 2022-2027
£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Property Highways and Transport								
0	Acquisitions (GLA Ringfenced & Negotiated Grant)		1,280	4,323	0	3,043	6,230	6,230	0
0	Acquisition of 95 & 97 Willow Tree Lane		1,100	1,100	0	0	1,100	1,100	0
0	Chippendale Waye/Carpenters Court		4,220	1,854	0	(2,366)	4,220	4,220	0
0	Acquisition of 74 Chapel Lane		579	50	0	(529)	579	579	0
1,590	Packet Boat House Buybacks	33	260	253	(7)	0	260	253	(7)
0	Right to Buy Back Fund	34	5,410	5,410	0	0	5,410	5,410	0
67,634	Acquisitions (1st 20 units each year)	10	7,575	10,380	0	2,805	38,383	38,383	0
366	Rough Sleepers Accommodation Programme	6	4,984	4,984	0	0	4,984	4,984	0
8,170	Acquisition of freehold land at TCM House	4	686	692	6	0	686	692	6
567	Acquisition of 2 units at 191 Harefield Road	5	4	0	(4)	0	4	0	(4)
3,442	Acquisition of 9 new build homes at 253 Park Road	20	186	181	(5)	0	186	181	(5)
6,927	Acol Crescent	2	5	5	0	0	5	5	0
359	Maple and Poplar		7,560	4,250	0	(3,310)	9,187	9,187	0
2,476	Willow Tree		78	78	0	0	78	78	0
86	34-44 Sullivan Crescent		1,131	50	0	(1,081)	1,900	1,900	0
1,489	Nelson Road		1,382	1,488	106	0	1,458	1,564	106
57	Petworth Gardens	20	1,138	100	0	(1,038)	1,830	1,830	0
680	113-127 Moorfield Road	9	655	625	50	(80)	655	705	50
566	Woodside Day Centre	12	4,646	0	0	(4,646)	4,752	4,752	0
154	Loft Extensions	2	1,846	661	0	(1,185)	1,846	1,846	0
2,884	Hayes Estate Regeneration		10,703	5,000	0	(5,703)	98,150	98,150	0
3,680	Hayes Estate Regeneration Leaseholder Buybacks		12,483	9,700	0	(2,783)	21,994	21,994	0
2,528	Former Extensions/Conversions Programme		0	12	12	0	0	12	12
	Acquisitions and Internal Developments		4,145	4,145	0	0	102,730	102,730	0
103,655	Total HRA Major Projects		72,056	55,341	158	(16,873)	306,627	306,785	158

PART B: FINANCIAL RECOMMENDATIONS

That the Cabinet:

- a. Approve acceptance of gift funding in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for;
 - a. Bridge House / Xerox - £55,000
 - b. Hayes Bridge - £32,000
 - c. Rainbow Industrial Estate - £80,000
 - d. MSD Sherck - £32,000
 - e. River Pinn - £26,000
 - f. Hayes Park - £40,000
- b. Approve the reprofiling of £49,772k General Fund and £31,066k HRA capital budgets into future years.
- c. Approve the virement of £916k from the 2022-23 Highways and Structural Works Programme to the 2022-23 general capital contingency fund.
- d. Approve a virement of £73k from the general capital contingency fund to the Yiewsley and West Drayton Community centre project.
- e. Enter into a funding agreement with Network Rail of up to £397,359 for the Council to undertake essential carriageway reconstruction on land owned by Network Rail in Station Approach, West Drayton and authorise the Corporate Director of Place to sign any necessary documentation.

Reasons for recommendation

87. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 2a** seeks authority from Cabinet to approve the acceptance of £84,500k in relation to four major developments.
 - a. NCP Car Park - £17,500
 - b. Denville Hall - £17,500
 - c. Crown Trading - £32,000
 - d. Nestle Block - £17,500
 - e. River Pinn - £26,000
 - f. Hayes Park - £40,000
88. **Recommendation 2b** seeks approval for reprofiling of £49,772k General Fund and £31,066k HRA capital budgets to align with draft budgets for 2023/24 and later years presented elsewhere on this agenda.
89. The virement of £916k in **recommendation 2c** is from uncommitted Highways Structural Works programme funding to replenish the 2022-23 general capital contingency fund from which funds have recently been transferred to the Uxbridge mortuary extension project to cover additional costs.

90. The virement of £73k from the general capital contingency fund to the Yiewsley and West Drayton Community Centre project as set out in **recommendation 2d** is required to settle the final account with the main contractor and cover additional costs for heating and lighting.
91. Network Rail have confirmed a funding agreement to cover the cost of Hillingdon reconstructing the Network Rail owned carriageway in Station Approach, West Drayton. The Council are best placed to undertake the carriageway repairs which will facilitate drawdown of Transport for London Crossrail Complementary Measures grant for wider public realm improvements and to ensure that bus services to and from West Drayton Station can be resumed, with **Recommendation 2e** seeking approval to accept this funding.