

COUNCIL BUDGET - 2023/24 REVENUE AND CAPITAL MONTH 9 BUDGET MONITORING

Cabinet Member

Councillor Martin Goddard

Cabinet Portfolio

Cabinet Member for Finance

Officer Contact

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HEADLINES

Summary

This report provides the Council's forecast financial position and performance against the 2023/24 revenue budget and Capital Programme.

A marginal £2k underspend is reported against General Fund revenue budget normal activities as of December 2023 (Month 9), with no movement on the position at Month 7. As would be expected, there are a number of potential risk areas and pressures which need to be managed to deliver this headline outturn. Total reserves are projected to be £37,384k at 31 March 2024, being unallocated reserves of £26,848k and earmarked Reserves of £10,536k.

While exceptional inflationary pressures were included and funded through the Council's budget strategy, such pressures remain relatively high with a £3,622k release from specific Earmarked Reserves projected to meet this potential pressure. Headline Inflation rates remain at historically high levels, albeit that latest data indicates a reduction from 6.7% to 4.0% which is in line with budgeted assumptions.

The Collection Fund is forecast to deliver a surplus of £3,651k due to lower than anticipated appeals against the 2023 Business Rates revised list. This surplus has not been reflected in this outturn forecast and will support the Council's 2024/25 budget.

The Dedicated Schools Grant (DSG) monitoring position indicates a deficit to be carried forward to 2024/25 of £26,487k, as reported at month 7. This in year overspend is due to ongoing pressures in the cost of High Needs placements, which are largely being driven by inflationary factors which are not adequately reflected in the funding which the Council is receiving from the Department of Education (DfE).

No material variances have been reported across the Housing Revenue Account (HRA) or Capital Programme, with in-year pressures on increased revenue expenditure in the HRA being offset by favourable movements in capital financing costs.

Putting our Residents First	This report supports delivery of the Council Strategy. Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.
Financial Cost	N/A
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 December 2023 (Month 9), noting the actions proposed by officers 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 23 February 2023 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 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. A marginal underspend of £2k is reported against General Fund revenue budget normal activities as of December 2023 (Month 9), with no movement from Month 7, with a range of risks and pressures being managed within this position. This will result in unallocated General Balances totalling £26,848k at 31 March 2024, in line with MTFE expectations.
6. Over and above the specific variances being reported, there are a number of risk areas which continue to be closely monitored against a backdrop of challenging external conditions. In particular, the key items relate to timing in the delivery of savings, increasing pressures on demand-led services and continuing inflationary pressures against a background of static Central Government grant funding.
 - i. Within this position, £16,780k of the £22,762k savings planned for 2023/24 are banked or on track for delivery in full by 31 March 2024, with £5,653k or 25% tracked as being at an earlier stage of implementation. Where slippage in savings delivery is expected this has been factored into the reported monitoring position, with the full £22,762k savings expected to be delivered in full.
 - ii. Pressures have been identified against demand-led service budgets, although these have been funded by demand-risk reserves held by the Council for this purpose. In particular, there are pressures related to volatility within Looked After Children, SEND transport and Adult Social Care placements, together with increasing approaches from residents seeking support with homelessness and reducing income from planning fees derived from major developments, as a result of challenging economic conditions. Across these areas, officers are developing mitigations for the last quarter of the year, including a review of discretionary expenditure and balance sheet items to release capacity where appropriate, while meeting this demand.
 - iii. The 2023/24 budget incorporated £21,691k to absorb inflationary pressures, with current projections indicating that a further £3,622k additional funding may be required, largely to meet the costs of a higher than anticipated staff pay award. Specific provision has been made within the Council's Earmarked Reserves to meet such costs, with this sum being offset in-year by £1,500k windfall income from the West London Waste Authority.
7. The latest forecast underspend of £2k against the Council's General Fund reflects present best estimates for inflation and demand figures, alongside assumptions around the impact of both in flight and planned management actions. Given the current difficult economic environment, these management actions will be complemented by a review of discretionary expenditure and the Council's balance sheet to ensure available funds are being deployed to best effect. This balance sheet review will cover application of any unallocated third-party

contributions or grants, provisions for doubtful debts and risk items, and historic overprovision of Minimum Revenue Provision.

8. The Council holds Earmarked Reserves to manage risks and fund cyclical and project-based activities, with £20,060k being held at the beginning of 2023/24. Based on the Month 9 forecast, including the approved Local Authority pay award and an estimation for further inflationary demands above the approved budget totalling £3,622k, the Council is forecasting to drawdown £9,524k of this balance, with £4,550k of this being planned use within the Council's budget strategy, leaving a projected closing balance of £10,536k as at 31 March 2024, which is an adverse movement of £3,390k from Month 7, with this adverse movement being derived from new and emerging demand across three key areas, Homelessness Support, Looked After Children and Adult Social Care Placements. The closing balance remains available to support the Council's ongoing financial resilience and to fund project and cyclical based work in 2024/25 and beyond.
9. Within the Collection Fund, a surplus of £3,651k is reported at Month 9, with the surplus being derived from a favourable position within Business Rates of £5,109k from an increase in the Council's rating list above the budgeted position approved by Council in February 2023, offset by a slower than budgeted growth in Council Tax, which is attributable to the ongoing slowing down in construction industry activity.. This position is further compounded by an adverse position reported against Council Tax Support, as demand has been impacted by cost-of-living pressures , although this has now started to decline again in line with budgeted assumptions, In aggregate, these pressures lead to a forecast collection deficit of £1,458k on Council Tax.
10. These in-year pressures on Council Tax are being mitigated through the overachievement of Business Rates income, resulting in a net £3,651k favourable movement against the approved budget.
11. Variances against the Collection Fund do not directly impact upon the 2023/24 monitoring position, but instead the variance up to Month 9 will be factored into the Council's budget proposals for the forthcoming year to be presented to Cabinet in February 2024 as part of the final budget proposals, with any variances from Month 10 to outturn not impacting until 2025/26 with resulting impacts on MTFE forecasts. The positive variance of £3,651k will therefore be available to support the Council's 2024/25 budget.
12. Continuing challenging national economic conditions will continue to drive a requirement to closely monitor service expenditure and trends for the last quarter of 2023/24, particularly for demand-led services where there are higher risks and given the context of Hillingdon's commitment to Social Care and its budget being based on delivering a substantial savings programme. These challenges are not unique to Hillingdon, numerous local authorities continue to report significant in-year cost pressures reflecting these factors and the downturn in economic forecasts since 2023/24 budgets were set. Hillingdon will also continue to press for dedicated funding in recognition of its specific exposures as a port authority.

GENERAL FUND CAPITAL

13. As at Month 9 a £28,740k underspend is projected on the 2023/24 General Fund Capital Programme of £100,677k, representing a forecast movement of £19,360k from Month 7, with the forecast outturn variance over the life of the 2023/24 to 2027/28 programme estimated to breakeven. General Fund Capital Receipts of £14,000k are forecast for 2023/24 and are projected to achieve the income target of £93,617k for the five years to 2027/28. Overall, Prudential Borrowing required to support the 2023/24 to 2027/28 General Fund capital programme is forecast to be on budget at £75,848k.

SCHOOLS BUDGET

14. The Dedicated Schools Grant (DSG) monitoring position being reported for Month 9 is an in-year overspend of £12,820k when compared to the budgeted position, this is consistent with the position at Month 7 and continues to be driven by High Needs placement demand and cost pressures. This position reflects ongoing pressures in the cost of High Needs placements, which are largely being driven by inflationary factors which are not reflected in the funding which the Council is receiving from the DfE. The cumulative deficit carried forward to 2024/25 is forecast at £26,487k.
15. The issue of mounting DSG deficits remains a national issue, with projections for a £4bn deficit across the country forming a key strand to lobbying by sector bodies such as the LGA and London Councils.

HOUSING REVENUE ACCOUNT

16. The Housing Revenue Account (HRA) is currently forecasting a breakeven position at Month 9, with inflationary pressures on operating costs being mitigated by capital expenditure slippage and available headroom in financing costs. The 2023/24 closing HRA General Balance is forecast to be £15,101k, exceeding the £15,000k target level established for 2023/24. The use of reserves is funding investment in new housing stock. An in-year underspend of £529k is reported against the £84,460k 2023/24 HRA Capital Programme with this being a projected cost underspend across the 5-year capital budgets, with this position representing no forecast movement from Month 7.

FURTHER INFORMATION

General Fund Revenue Budget

17. A marginal £2k underspend is projected across the General Fund at Month 9, representing no movement from Month 7, with the following section of this reporting providing an overview of emerging variances and management action in place to deliver this position. General Fund Balances are expected to total £26,848k at 31 March 2024, and therefore remain within the recommended range 2023/24 of £22,000k to £41,000k as approved by Cabinet and Council in February 2023.

Table 1: General Fund Overview

Service	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 7) £'000	Movement from Month 7 £'000
	Approved Budget	Forecast Outturn			
	£'000	£'000			
Service Operating Budgets	260,767	260,765	(2)	(2)	0
General Contingency	500	500	0	0	0
Unallocated Budget Items	2,011	2,011	0	0	0
Subtotal Expenditure	263,278	263,276	(2)	(2)	0
Corporate Funding	(263,278)	(263,278)	0	0	0
Total Net Expenditure	0	(2)			
Balances b/fwd	(26,846)	(26,846)			
Balances c/fwd 31 March 2024	(26,846)	(26,848)			

18. The Council's budget contains a number of areas subject to demographic pressures and higher levels of volatility which are closely monitored and discussed in the Budget Strategy & MTFP under the "demand-led growth" banner, with pressures continuing to emerge across both Adult Social Care Placements and SEND Transport, with new emerging pressures being reported across homelessness support and Looked After Children, with these areas forecast to be funded from the release of provisions and reserves from the Council's Balance Sheet to manage the in-year volatility.
19. Within the Council's payroll I budget there is a Managed Vacancy Factor across the board of 3.5%, or £4,363k, to reflect natural levels of turnover and resulting structural underspend in the workforce budgets. The higher vacancy rate experienced during 2022/23 has continued into the current financial year and therefore results in an underspend over and above the Managed Vacancy Factor, which is contributing to the management of local pressures within the overall monitoring position. The Council continues to closely manage recruitment activity, with post-level establishment controls providing a key mechanism for managing workforce costs at the organisational level.
20. The Council budgeted for a pay award in 2023/24 of 4%, however, due to the exceptional inflationary environment, the approved pay offer exceeded this sum and equates to approximately 5.7% with £2,622k being in place to meet this additional uplift in the Council's

workforce expenditure included in the forecast use of the Council's identified earmarked reserve for exceptional inflationary pressures above the Council's approved budget.

21. Further provision for use of Earmarked Reserves has been included in this position, with £1,768k support for local priority initiatives, £1,535k release of grant funding to cover brought forward COVID-19 pressures in the Collection Fund, £1,000k further provision for inflationary risks, £3,450k to fund new and emerging demand pressures and a net £649k of other costs. Windfall income from the West London Waste Authority's Energy from Waste operations has allowed £1,500k to be allocated to Earmarked Reserves, resulting in a net drawdown of £9,524k to leave a closing balance of £10,536k at 31 March 2024
22. This represents an adverse movement of £4,254k on Month 7 which predominantly relates to the £3,759k of new and emerging demand pressures. The reported surplus against the Collection Fund of £3,651k offers an element of offsetting against the use of reserves in 2023/24 when these are realised in the 2024/25 financial year.

Progress on Savings

23. The savings requirement for 2023/24 is £21,197k, which together with £1,565k brought forward from 2022/23, gives an overall total of £22,762k to be managed in the current financial year. The savings being reported as undelivered in 2022/23 (£1,565k) were attributable to the Council managing measures required to contain and offset inflationary pressures as well the ongoing legacy issues associated with the COVID-19 pandemic. This value has been added to the budgeted savings agreed as part of the 2023/24 budget.

Table 2: 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	(721)	(733)	(100)	(303)	0	(1,857)
Cabinet Member for Finance	(100)	0	(17)	0	0	(117)
Cabinet Member for Corporate Services	(1,037)	(289)	(108)	(50)	0	(1,484)
Cabinet Member for Residents' Services	(4,462)	(5,932)	(289)	(2,042)	0	(12,525)
Cabinet Member for Children, Families & Education	(150)	(461)	(50)	(904)	0	(1,434)
Cabinet Member for Health and Social Care	(895)	(1,500)	0	0	0	(2,395)
Cross-Cutting	(500)	0	(500)	(1,950)	0	(2,950)
Total 2023/24 Savings Programme	(7,865) 35.0%	(8,915) 39.0%	(1,064) 5.0%	(5,249) 23.0%	0 0.0%	(22,762) 100.0%
Month on Month Movement	(382) 2%	631 -3%	68 0%	(889) 5%	242 -1%	0 0%

24. As of Month 9, £7,865k (35%) of the savings programme has already been banked, with a further £8,915k (39%) being reported as delivery in progress and £5,653k (25%) in the early stages of delivery which are ultimately expected to be delivered in full. Where challenges are reported with the delivering of savings (Amber II), these primarily relate to the phasing of delivery and are ultimately expected to either be delivered in full or replaced with alternative proposals.
25. Where savings are at risk of not being delivered in full during 2023/24, the associated pressures have been factored into the monitoring position with compensating actions bringing the overall position back to breakeven. At this time, it is expected that the full £22,762k will ultimately be delivered in full or replaced with alternative measures in the event of any ongoing shortfall.
26. The Council is permitted to finance the costs associated with the delivery of this savings programme through Capital Receipts, with both one-off implementation costs and the support for service transformation being funded from this resource. Current projections include £7,088k for such costs, 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 the £3,000k budget established for this purpose in 2023/24, alongside a release of additional Capital Receipts secured during 2022/23.

Service Operating Budgets

27. Service Operating Budgets represent the majority of the Council's investment in day-to-day services for residents. With the Council continuing to operate in a high inflation environment driven by global and national influences, these budgets were supplemented with £21,691k of funding to meet forecast inflationary pressures and £12,753k for demographic and other drivers impacting on demand for services going into the 2023/24.
28. Table 3 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 3: Service Operating Budgets

Cabinet Member Portfolio		Approved Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 9)	Movement from Month 7
		£'000	£'000	£'000	£'000	£'000
Property, Highways & Transport	Expenditure	20,616	20,899	283	154	129
	Income	(10,418)	(11,106)	(688)	(576)	(112)
	Subtotal	10,198	9,793	(405)	(422)	17
Finance	Expenditure	141,320	141,163	(157)	(215)	58
	Income	(106,809)	(107,357)	(548)	(488)	(60)
	Subtotal	34,511	33,806	(705)	(703)	(2)
Corporate Services	Expenditure	27,637	27,833	196	186	10
	Income	(2,053)	(2,284)	(231)	(219)	(12)
	Subtotal	25,584	25,549	(35)	(33)	(2)
Residents' Services	Expenditure	71,290	72,617	1,327	1,374	(47)
	Income	(47,143)	(45,784)	1,359	1,026	333
	Subtotal	24,147	26,833	2,686	2,400	286
Children, Families & Education	Expenditure	98,999	99,279	280	483	(203)
	Income	(24,435)	(25,486)	(1,051)	(719)	(332)
	Subtotal	74,564	73,793	(771)	(236)	(535)
Health & Social Care	Expenditure	141,216	141,804	588	(184)	772
	Income	(42,377)	(43,737)	(1,360)	(824)	(536)
	Subtotal	98,839	98,067	(772)	(1,008)	236
Total Service Operating Budgets		267,843	267,841	(2)	(2)	0

29. As can be seen from the table above, Service Operating Budgets are forecasting a marginal underspend of £2k which is the cumulative effect of a number of variances which are briefly outlined below by Cabinet Portfolio:

- i. **Property, Highways & Transport** – An underspend of £405k is forecast, representing an adverse movement of £17k from Month 7. The movements in this area relate to the costs associated with property works increasing, offset by recharge income from the capital programme due to the intrinsic link between the property team and the delivery of the Council's capital programme. The overall variance in this area is driven by that connection between the properties service and the capital programme, plus a favourable variance reported against the Council's Business Rates liability following an update to from the Valuation Office Agency (VOA).
- ii. **Finance** – A net underspend of £705k is reported at Month 9, representing a £2k favourable movement from Month 7, with this position being driven by a reduction in the Council's energy requirements, this is being compounded by a number of small overachievements against income targets, with additional grant funding being

provided to support Homes for Ukraine provided in the borough and a favourable variance against investment income as a result of high interest rates.

- iii. **Corporate Services** – a net underspend of £35k is reported, representing a £2k improvement from Month 7, with the underspend being driven by a number of small variances, with the staffing position forecast to deliver this underspend across the various services within the Corporate Services portfolio, with this position compounded by additional grant funding to support Ukrainian refugees.
- iv. **Residents' Services** – an overspend of £2,686k is forecast for this portfolio, with a gross pressure of £4,286k included within the position offset by £1,600k of measures to reduce the pressure to the reported level, with steady progress being made against these measures. The variance in this portfolio is being driven by three key areas:
 - i. Firstly, the saving programme within the Green Spaces is being impacted by external factors, including exceptional inflationary pressures, leading to approximately a third of the reported pressure.
 - ii. Secondly a third of the pressure is being driven by the Community Safety & Enforcement service, with these pressures being driven by a combination of issues at Heathrow, including Brexit related changes and a cessation of Government funding, as well as pressures against parking income as recovery rates from the pandemic continue to track below budgeted predictions.
 - iii. Finally, pressures within the Planning Service are driving a large quantity of the remaining pressure as a result of income pressures against fees and charges reflecting adverse economic conditions, as well as expenditure pressures from staffing costs and the use of external consultants to carry out planning activities.
 - iv. The above pressures are being managed down by measures aimed at delivering a £1,600k reduction in expenditure, through staffing spend controls, a review of discretionary spend and securing of additional grant funding. Steady progress is being reporting in reducing the outstanding balance of this £1,600k and is expected to be delivered in full by year end.

The movement in this portfolio relates to adverse income forecasts from updated parking income projections offset by minor favourable movements against contracted services in facilities management.

Within this portfolio there are two areas that fall within the Council's Demand-Led Growth section of the budget strategy as a result of the impacts of demographics and volatility, with these two areas being Homelessness Prevention and Waste Disposal. Homelessness Prevention is experiencing a substantial uplift in demand with a gross pressure of £2,528k with £1,710k proposed to be funded from earmarked reserves and £818k anticipated to be managed out during the last quarter of 2023/24 through a variety of actions and approaches. Waste Disposal costs are currently forecast in

line with budget and the Demand-Led Growth bid included in the budget proposals in February 2023.

- v. **Children, Families & Education** – an underspend of £771k is being forecast at Month 9, which represents a favourable movement of £535k, with education functions including SEND and Adult Education largely breaking even, with additional expenditure being incurred to support Children in Need alongside the running of the Early Years Centres, offset by a reduction in the cost of service delivery for Looked After Children and measures put in place to contain staffing expenditure to deliver a further benefit for the portfolio. The movement in this area relates to a reduction in the Adoption Orders service, with the large movements between expenditure and income relating Education services with increased expenditure being offset by increased funding.

Within this portfolio, there are three services that are reported in the Council's budget strategy under Demand-Led Growth: Children's Placements, Asylum Funding and SEND Transport. There remains inherent volatility in demand for Looked after Children and Asylum services, with the Looked After Children service presenting an increased pressure in Month 9, which in part is linked to a lack of General Needs Housing to move 18+ clients into more appropriate settings, with this increase in pressure proposed to be funded from Earmarked Reserves. SEND Transport is currently forecasting a pressure due to higher numbers than anticipated of pupils requiring transport, with this pressure previously being offset by re-routing efficiencies, however, these are being eroded due to push back on the revised routes, leading to increased pressure in this area, with the adverse movement proposed to be funded from earmarked reserves, leaving the previously reporting pressure to be funded through the release of Balance Sheet provisions.

- vi. **Health & Social Care** – an underspend of £772k is reported for this portfolio, with staffing underspends after Social Care activities being driven by recruitment difficulties for the sector impacting both at a local level and nationally. The reported overachievement of income is spread across services within the remit of this portfolio with no material variances, with the largest being additional grant income. The movement at Month 9 is driven by an increase in the forecast spend on Adult Social Care Placements with a corresponding increase in income from client and health contributions.

Within this portfolio, Adult Social Care Placements is the only area that falls within the Demand-Led Growth section of the Council's budget strategy, with the Month 9 refresh of the impact of demographics and inflation forecasting further emerging pressure being driven by both demographic demand and price pressures with the Month 9 increase proposed to be funded from earmarked reserves, with the remaining previously reported pressure forecast to be funded in-year by a further release of Balance Sheet provisions.

Collection Fund

30. A surplus of £3,651k is reported within the Collection Fund at Month 9. Within the Collection Fund, an adverse position is reported within Council Tax of £1,458k, offset by a favourable position within Business Rates of £5,109k. This position is driven by 3 key factors:
- i. The pressure in Council Tax is predominantly driven by a reduction in the forecast growth of the taxbase as construction continues to slow down, due to inflationary pressures in the sector, with the slippage equating to 1,356 Band D properties.
 - ii. This position is then compounded by an adverse position within Council Tax Support due to a short period of increased demand driven by the cost-of-living crisis, with demand returning to a declining rate, with the short-term increase accounting for a pressure of 492 Band D properties.
 - iii. The favourable position within Business Rates is being driven by the Month 9 refresh continuing to suggest that benefits of the increased revenue from the national revaluation of commercial property can be released into the Council's financial position, with a favourable movement of £11k being driven by a number of small movements.
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 2024/25 saving requirement and will be included in the Council's refresh of the budget strategy that will be presented to Cabinet in February 2024, with any further updates between Month 10 and outturn impacting on 2025/26. This position will therefore reduce the Council's gross saving requirement by £3,651k for 2024/25, with any movement from Month 10 onwards to be factored in the next update to the Council's Budget Strategy for 2025/26.

General Fund Capital Programme

32. As at Month 9 the General Fund forecasts are reporting an in-year underspend of £28,740k, a favourable movement of £19,360k from Month 7 with the 5-year programme forecast remaining in line with budgeted expectations. At Month 9, slippage is reported across the Council's asset disposal programme, however, the forecast remains sufficient to fund the financing strategy for the DSG Safety Valve and broader transformation programme. Key movements within the overall £19,360k include £8,000k expenditure on the Civic Centre programme and £7,794k across schools projects where activity spans the financial year end, with projects still on track to deliver to expected timescales.

Capital Programme Overview

33. 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 2023. Projected variance against budget for the 2023/24 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. As of Month 9, a total favourable variance of £27,969k is projected against the rephasing variance. Full details are included in Appendix A1 to this report.

Table 5: General Fund Capital Programme Summary

	Approved Budget 2023/24	Forecast 2023/24	Cost Variance 2023/24	Project Re-phasing 2023/24	Total Project Budget 2023-2028	Total Project Forecast 2023-2028	Total Project Variance 2023-2028	5-year Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cabinet Member Portfolio								
Finance	9,779	7,049	0	(2,730)	22,724	22,724	0	0
Residents	3,887	3,404	0	(483)	9,219	9,219	0	0
Corporate Services	2,373	2,258	0	(115)	5,105	5,105	0	0
Children, Families and Education	21,425	12,856	0	(8,569)	25,499	25,499	0	0
Health and Social Care	2,850	2,850	0	0	14,250	14,250	0	0
Property, Highways and Transport	78,364	61,521	0	(16,843)	217,065	217,065	0	0
Contingency	10,739	10,739	0	0	26,739	26,739	0	0
Total Capital Programme	129,417	100,677	0	(28,740)	320,601	320,601	0	0
Major Projects	81,658	61,621	0	(20,037)	170,507	170,507	0	0
Programme of Works	37,020	28,317	0	(8,703)	123,355	123,355	0	0
General Contingency	10,739	10,739	0	0	26,739	26,739	0	0
Total Capital Programme	129,417	100,677	0	(28,740)	320,601	320,601	0	0
Movement	0	(19,360)	0	(19,360)	0	0	0	0

34. **Finance:** At Month 9, the use of Capitalisation powers to fund Transformation Capitalisation and the DSG Safety Valve agreement commitments are on track for delivery. Purchase of Vehicles is forecasting rephasing of £2,730k. A review of the electric vehicle charging structure is underway to ensure there is sufficient capacity for the rollout of electric fleet, with the rollout of electric fleet is expected to start next year.
35. **Residents:** The Residents portfolio includes rephasing of £483k at Month 9, with no movement from Month 7. The Town Centre improvements and Shopping Parade investments are forecasting to come in on budget, with these two schemes accounting for £1,927k of the budget. Other Capital Programme activity within this portfolio includes expenditure on the Council's green spaces, environmental and recreational initiatives, and the playground replacement programme forecasting £283k rephasing into future years, alongside the Chrysalis programme which is forecasting £200k rephasing.
36. **Corporate Services:** The Corporate Technology and Innovation programme budget of £2,373k includes rephasing of £333k from 2022/23 and was increased by a £300k release from the general capital contingency budget and is forecasting an in-year underspend of £115k which is proposed to be rephased into 2024/25. Projects this year include telephone improvements and the Laptop and Desktop Refresh programme, with the Older Peoples Initiative driving the in-year forecast underspend and proposed rephasing of £115k in line with Month 7.
37. **Children, Families & Education:** The Schools SEND programme is underway with several projects set to provide additional special needs places. Work is progressing on site at Charville, Ruislip and Wood End Primary. The pre-construction service agreement for the Harefield Academy site to be used as a satellite school to be managed by Meadow High School has changed to a demolition and rebuild scheme. A revised planning application is pending, and it is expected that approval to appoint the main works contractor will be requested shortly for an expected start on site late February 2024. The main works contractor

has been appointed for the Meadow Site expansion and work commenced on site in December 2023 and is expected to complete in December 2024 and is forecasting rephasing of £7,794k representing a favourable in-year variance, with this sum being required to be rephased into 2024/25. Revised cost estimates remain significantly above confirmed DfE grant funding. There is an estimated funding gap on the Harefield site, with specific capital contingency having been set aside to fund this risk in the capital programme.

38. The Youth Provision budget is forecasting rephasing of £775k, work is expected to commence this year, with this update alongside the £7,794k for the Schools SEND Programme taking the total proposed rephasing to £8,569k for the portfolio.
39. **Health and Social Care:** The capitalisation of social care equipment is forecast in line with budget, as reported at Month 7. The Disabled Facilities Grant adaptations includes rephasing from 2022/23 of £279k with this area now forecasting to spend the full approved budget in 2023/24. Both budgets are financed by the Disabled Facilities Grant, and the Council have been allocated a further £445k grant for 2023/24.
40. **Property, Highways & Transport:** The single largest project within this portfolio is the new West Drayton Leisure Centre, with the Capital Programme approved budget for this project being a total investment of over £36m over 3 years. Construction works were halted when the contractor entered administration at the beginning of September 2023. In the interim, the Council will continue with weather-tight works to keep the structure safe while procurement of a replacement contractor takes place. Work is not expected to restart until February 2024 at the earliest and as a result rephasing of £11,535k was proposed and approved at Month 6. The forecast for Month 9 remains in line with this position, with the revised budget following rephasing of £8,521k forecast to be spent in full, as reported at Month 7.
41. Planning for the Hillingdon Water Sports Facility has been submitted and a decision is expected at the end of January. Procurement of a contractor was progressing through a Pre-Construction Services Agreement route, however the process has had to be restarted as the contractor has entered into administration. While some enabling works can still take place as planned, the main works contract is now expected to commence before the end of the financial year. Rephasing of £10,843k was proposed and approved at Month 6. The forecast at Month 9 is a balanced budget of £1,095k as reported at Month 7.
42. Northwood Hills Library Buyback is forecasting rephasing of £2,392k as reported at Month 7. Planning, designs and surveys for the New Years Green Lane proposed extension, started later than planned and rephasing of £1,416k is forecast, as reported at Month 7. Design and survey work has commenced on Uxbridge Cemetery Gatehouse and Botwell Leisure Centre adaptations, however works are not now expected to be commenced until the next financial year and rephasing of £400k and £200k is forecast respectively, as reported at Month 7.
43. The Carbon Zero Initiatives programme budget stands at £18,855k and is partially funded from a grant of £13,751k from the Department for Business, Energy and Industrial Strategy which has been fully earmarked for the Park Farm Solar Farm and the installation of PV panels at the Civic Centre, Winston Churchill Hall, Hillingdon Sports and Leisure Centre, and Highgrove swimming pool. The forecast at Month 9 is £15,120k as reported at Month 7.

44. As of Month 9, the Transport for London (TfL) programme confirmed grant award is £2,527k, and is based on the 2023/24 Local Implementation Plan award and is significantly lower than pre-pandemic funding levels, with the forecast being in line with the approved budget, as reported at Month 7.
45. The Civic Centre transformation project has commenced with a number of workstreams already underway. The main works contractor for the refurbishment was appointed in June and work started in September on the pilot phase. The project is making good progress and is forecast to come in on budget over the life of the programme, with a review of the timing of cashflows leading to a forecast in-year underspend of £8,000k, with this amount being proposed for rephasing into later years to provide funding to see the project through to completion.
46. The Schools Building Condition Works programme has been agreed and as reported at Month 9 is projecting slippage of £1,272k for works planned for next summer and with final stage payments due next year.

Capital Financing - General Fund

Table 6: Capital Financing

	Approved Budget 2023/24 £'000	Forecast 2023/24 £'000	Cost Variance £'000	Phasing Variance £'000	Total Financing Budget 2023-2028 £'000	Total Financing Forecast 2023-2028 £'000	Total Variance £'000	5-year Movement
Source of Finance								
Capital Receipts	28,734	14,000	0	(14,734)	93,617	93,617	0	0
CIL	2,463	2,463	0	0	18,963	18,963	0	0
Prudential Borrowing	41,780	38,985	0	(2,795)	75,848	75,848	0	0
Total Council Resources	72,977	55,448	0	(17,529)	178,428	178,428	0	0
Grants & Contributions	56,440	46,000	0	(10,440)	132,173	132,173	0	0
Capital Programme	129,417	101,448	0	(27,969)	320,601	320,601	0	0
Movement	0	(18,589)	0	(18,589)	0	0	0	0

47. The MTFF disposals programme 2023-28 forecasts total capital receipts of £93,617k and includes £39,888k of further specific capital receipts to be identified. In 2023/24 forecast capital receipts are £14,000k resulting in slippage of £14,734k. Progress is being made identifying and progressing potential asset disposals and £20,756k remains to be identified with a significant receipt potentially coming from the Civic Centre site redevelopment. These receipts will form a key strand to financing the Council's DSG Safety Valve and broader transformation programme, and therefore this activity remains a key corporate priority.

Schools Budget

48. The Dedicated Schools Grant (DSG) monitoring position being reported for Month 9 is an in-year overspend of £12,820k when compared to the budgeted position, in line with the position at Month 7 which continues to be driven by High Needs placement demand and cost pressures. This position and reflects ongoing pressures in the cost of High Needs placements, which are largely being driven by inflationary factors which are not reflected in the funding which the Council is receiving from the DfE. The cumulative deficit carried forward to 2024/25 is forecast at £26,487k.
49. Approximately £6m of this year-on-year cost increase is due to a 10% growth in the number of EHCPs and the remainder of the total cost increase (around £5.3m) is due to a 9% increase in the average cost of an EHCP placement. The Council has already identified that under-capacity in borough has driven increases in the number and cost of independent placements significantly and is a key area of management action within the High Needs Block.
50. Inflationary pressures across the sector have continued to increase and are impacting on the costs of High Needs placements within each type of school setting as we continue to preserve these services to pupils with High Needs. Measures are in place to reduce the number of high cost Out of Borough Independent placements which present the largest unit cost within the High Needs Block, costing 58% more on average than In Borough Independent placements. However, these improvements will take time to deliver as there is a significant time lag between implementing new policies and the impact on costs.
51. The Council submitted an updated DSG Management Plan to the DfE in December 2023 as part of the DfE's Safety Valve programme. The Council is awaiting feedback and outcomes from the DfE in relation to the refreshed plan.
52. The challenge of mounting DSG deficits is a national issue with London Councils estimating that deficits could rise across London to almost £300m by the end of 2023/24 and a deteriorating. The number of students with Education, Health and Care Plans (EHCPs) and those requiring SEN support has risen substantially over the past year and is expected to continue to rise through to 2025/26 with no changes in either statutory responsibilities or the funding regime expected in the near future.

Table 7: DSG Income and Expenditure Summary

Funding Block	Month 9		Variance (As at Month 9) £'000	Variance (As at Month 7) £'000	Change from Month 7 £'000
	Approved Budget £'000	Forecast Outturn £'000			
Dedicated Schools Grant Income	(348,931)	(348,931)	0	0	0
Schools Block	266,069	266,069	0	0	0
Early Years Block	26,511	26,511	0	0	0
Central Schools Services Block	2,938	2,938	0	0	0
High Needs Block	55,693	68,513	12,820	12,820	0
Total Funding Blocks	2,280	15,100	12,820	12,820	0
Balance Brought Forward 1 April 2023	21,887	21,887			
Safety Valve Funding	(7,750)	(10,500)			
Balance Carried Forward 31 March 2024	16,417	26,487			

53. As noted above, the sole material variance on the Schools Budget at Month 9 remains the High Needs Block where inflationary pressures on individual High Needs placements are significantly outstripping funding made available by the DfE through the DSG. This differential accounts for the budgeted £2,280k pressure, with continuing high levels of inflation exacerbating this in the new year. There is no standard mechanism for the DSG to be varied to reflect inflationary pressures and therefore the shortfall represents a continuing challenge in the context of the Safety Valve.

Housing Revenue Account

54. The Housing Revenue Account (HRA) is currently forecasting a breakeven position, with ongoing inflationary risk continuing to be closely monitored. The 2023/24 closing HRA General Balance is forecast to be £15,101k, marginally higher than the £15,000k target level. The table below presents key variances by service area, with a reduced requirement on capital financing offsetting additional investment being undertaken through the revenue account in year.

Table 8: Housing Revenue Account

Service	Month 9		Variance (+ adv / - fav)		
	Budget	Forecast Outturn	Variance (As at Month 9)	Variance (As at Month 7)	Movement from Month 7
	£'000	£'000	£'000	£'000	£'000
Rent & Other Income	(73,542)	(73,342)	200	200	0
Net Income	(73,542)	(73,342)	200	200	0
Operational Assets	11,838	13,411	1,573	1,677	(104)
Director of Housing	10,997	10,947	(51)	94	(145)
Other Service Areas	1,027	1,039	13	0	13
Contribution to Shared Services	12,035	12,507	472	284	188
HRA Operating Costs	35,897	37,904	2,007	2,055	(48)
Capital Programme Financing	21,597	20,071	(1,526)	(1,574)	48
Interest and Investment Income	16,133	15,452	(681)	(681)	0
Capital Programme Financing	37,730	35,523	(2,207)	(2,255)	48
(Surplus) / Deficit	85	85	0	0	0
General Balance 01/04/2023	(15,186)	(15,186)	0	0	0
General Balance 31/03/2024	(15,101)	(15,101)	0	0	0

55. At Month 9, rental income and other income is forecasting an under-recovery position of £200k, as reported at Month 7. This is due to delays expected in handing over new completions and the profile of buyback acquisitions ready to let is expected towards the latter part of the year. Other stock movements, such as voids and the regeneration programme will continue to be monitored closely. The budgets are based on a void rate of 1.35%, with any material variation from this level feeding into rental projections as appropriate.

56. The number of RTB applications received in the first nine months of 2023/24 was 91 compared to 99 for the same period in 2022/23. There has been 42 RTB completions in the first nine months of 2023/24 compared to 45 for the same period in 2022/23. The RTB applications and sales will be kept under review during the year. As at Month 9, the 2023/24 RTB sales forecast is 48 in line with budgeted expectations.

57. The HRA Operating Costs Budget is £35,897k and at Month 9 is forecast to overspend by £2,007k, compared to £2,055k report at Month 7. In line with experience elsewhere in the

Council, the risk of significant inflationary pressures is being closely monitored. Within this position, several variances are reported:

- i. Operation Assets budget is £11,838k and includes services for repairs and maintenance, void repairs, compliance and inspections. The forecast is a net overspend of £1,573k compared to £1,677k at Month 7, a favourable movement of £104k. There were number favourable variances including a £30k cost reduction due a compliance inspections contract award, £47k insurance excesses and £27k forecast underspend on a number of smaller budgets.
- ii. The Director of Housing budget is £10,977k and includes tenancy management and tenants' services. The forecast is a net overspend position of £51k compared to an overspend of £94k reported at Month 7. This will be kept under review as changes occur during the year. The budgets include utility costs, and these will continue to be monitored given the budgeted increase in costs for electricity and gas, however, is currently forecast a combined £145k underspend.
- iii. The Other Service Areas budget is £1,080k and includes the Careline contract, HRA specific ICT costs and the revenue regeneration costs with spend expected to be £13k more than budget.
- iv. The Contribution to Shared Services budget is £12,631k and is forecast to overspend by £472k, compared to £284k at Month 7. The budgets include development and risk contingency, overheads and corporate and democratic core, and bad debt provision. The bad debt provision is being closely monitored. There are signs arrears are increasing and additional resource has been seconded to the income recovery team due to the increased caseload. The month-on-month movement of £188k relates to the final payment settlement which was more than budgeted.

58. The MTFE savings target is £690k and as reported at Month 7, £284k is yet to be fully identified and the position presented in this report reflects this forecast.

59. As at Month 9 the capital programme financing budget of £37,730k is forecast to underspend. This budget forecast includes £20,071k (depreciation and revenue contributions) to fund the HRA capital programme, an underspend against budget of £1,526k, the position also includes £15,452k for repayments of loans and interest on borrowing, an underspend against budget of £681k due to £30,531m rephasing on the Hayes Estate Regeneration Programme resulting in lower-than-expected borrowing costs this year.

HRA Capital Expenditure

60. The HRA capital programme is set out in the table below. The 2023/24 revised budget is £84,460k, a movement of £33,678k due to the rephasing approved at Month 6. The Month 9 is forecasting rephasing of £1,944k compared to balanced budget forecast at Month 7. A small cost variance of £529k is forecast, as reported at Month 7. The five-year projections are forecast to deliver the £529k cost underspend reported for 2023/24, in line with the Month 7, with full details included in Appendix A2.

Table 9: HRA Capital Expenditure

	Revised Budget 2023/24	Forecast 2023/24	Cost Variance 2023/24	Project Re-Phasing 2023/24	Total Project Budget 2023-28	Total Project Forecast 2023-28	Total Project Variance 2023-28	Movement 2023-28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Capital Programme								
Major Projects	56,683	54,210	(529)	(1,944)	316,034	315,505	(529)	0
Works to Stock programme	22,437	22,437	0	0	132,813	132,813	0	0
Green Homes Initiatives	3,000	3,000	0	0	33,141	33,141	0	0
Major Adaptations to Property	2,340	2,340	0	0	13,317	13,317	0	0
Total HRA Capital	84,460	81,987	(529)	(529)	495,305	494,776	(529)	0
Movement	0	(1,944)	0	(1,944)	0	0	0	0

61. As reported at Month 7 there is a small favourable cost variance of £529k on Major Projects. The Council acquired a property from a Registered Provider providing accommodation to vulnerable adults. The HRA will provide landlord services and Adults will continue to provide care.
62. At Month 9 no further slippage is forecast on the Hayes Estates Regeneration scheme, piling works began in January and progress is weather dependent. The rephasing of expenditure from the current financial year reflects the latest project programming from the developer. As a result of this revised profiling, vacant possession of Wellings House is not needed now until December 2024 and the block is being utilised for temporary accommodation until then, and all leaseholder interest vested to the council as planned on 31 October 2023. The compulsory purchase negotiations on the remaining phases will complete as planned by the 31 March 2025 with expenditure forecasts aligned accordingly. Handover of Hayes Town Centre Phase 1 is expected around September 2025.
63. The annual acquisitions cap for 141 receipts funded buybacks has increased from 20 units to 37, due to the commencement on site for the Maple and Poplar North Block redevelopment. Over the summer the Council was successful in securing GLA and DLUCH grant to purchase 27 properties. Total new supply this year from acquisitions is therefore expected to be 64 units. The MTFP has set aside funding for 100 new units, and it is assumed that external grant funding would be secured towards financing the new supply together with the one-for-one replacement RTB receipts. The council share of the new GLA grant funded schemes being funded from the HRA Unallocated Acquisition budget. At Month 9, 42 properties have been identified and approved on capital release of which 26 have been acquired. A further 15 properties have been identified for acquisition and are progressing through the approval process. Acquisition of three new build 4-bedroom houses is also forecast this year, bring the total number of forecast confirmed acquisitions to 60, with four properties remaining to be identified, the forecast is in line with budget, as reported at Month 7.
64. Construction works have commenced on site at Petworth Gardens, Sullivan Crescent and Rowan Road, following the recent appointments of the main contractors, to provide a total of ten 2, 3 and 4 bedroom houses. The forecast at Month 9 is £1,944k rephasing for Maple and

Poplar and Sullivan Crescent, compared to balanced budget reported at Month 7. Delays have been incurred connecting utilities to the plant room at Maple and Poplar and the 34 units are not expected to be ready for occupation until September 2024.

HRA Capital Financing

65. The below table sets out the HRA Capital Financing forecast at Month 9:

Table 10: HRA Capital Financing

	Approved Budget 2023/24 £'000	Forecast 2023/24 £'000	Cost Variance £'000	Phasing Variance £'000	Total Financing Budget 2023-2028 £'000	Total Financing Forecast 2023-2028 £'000	Total Variance £'000	Move-ment
Source of Finance								
Capital Receipts	8,122	11,307	0	3,185	38,109	38,109	0	0
Revenue Contributions	21,597	20,071	0	(1,526)	122,761	121,235	(1,526)	(3,099)
Prudential Borrowing	38,415	41,486	(529)	3,600	232,918	234,584	1,666	(3,099)
Total Council Resources	68,134	72,864	(529)	5,259	393,788	393,928	140	0
Grants & Contributions	16,326	9,123	0	(7,203)	101,517	100,848	(669)	0
Capital Programme	84,460	81,987	(529)	(1,944)	495,305	494,776	(529)	0
Movement	0	(1,944)	0	(1,944)	0	0	0	0

66. At Month 9, the movement of £1,944k relates to the rephasing of the Sullivan Crescent and Maple and Poplar new build developments. Since Month 7, £16,126k has been released from the Unallocated Acquisition and Development budget to fund additional buybacks and development schemes. The unallocated budget assumes an even split between GLA grant and RTB receipt funded schemes, however the recent releases are weighted towards RTB receipt schemes which capital receipt and grants and contribution mix. There has also been a reduction in grant income linked to the Green Homes Initiative programme in 2023/24 of £3,147k, as reported in Month 7. The revenue contribution rephasing relating the reported HRA position which requires a reduction in the revenue contribution capital this year to achieve a balanced position.

Treasury Management Update as at 31 December 2023

Table 10: Outstanding Deposits

Period	Actual (£m)	Actual (%)	Movement from Month 7 (£m)
Call Accounts and MMF's*	37.70	46.83	14.6
Up to 3 Month Fixed-Term Deposits	27.80	34.53	19.2
Total	65.50	81.36	33.8
Strategic Pooled Funds	15.00	18.64	0.0
Total	80.50	100.00	33.8

*Money Market Funds

67. 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 (MMFs). UK deposits are currently held in NatWest Bank plc and the DMADF. There is also an allocation to Strategic Pooled Funds.
68. The average rate of return on day-to-day operational treasury balances is 4.82%, an increase of 0.11% since Month 7. As part of the Council's investment strategy for 2023/24, 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 long-term investment horizon with dividends being distributed periodically. When including projected dividend income on these strategic pooled funds, the overall rate of return decreases to 4.69% based on the previous six months income average. With rising market interest rates there is a lag in terms of dividend yield whilst the underlying assets mature and are refinanced, however it is anticipated that income on these funds should increase over the investment horizon. As the fair value of these strategic pooled funds are currently lower than the sum initially invested it is not feasible to disinvest at this time.
69. 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 December, 58% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a September benchmark average of 60% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors). The Council's exposure is eliminated once instant access facilities are excluded from the total bail-in percentage.
70. Liquidity was maintained throughout December by placing surplus funds in instant access accounts and making short-term deposits, including overnight deposits, in the DMADF. Cash balances increased by £33.8m from Month 7, mainly due to additional loans noted below and also partly due to receipt of £11m capital grant in December. Cash flow was managed by ensuring maturities of any short-term deposits with the DMADF were matched to outflows.

Table 11: Outstanding Debt

Average Interest Rate on Total Debt: 3.46% (3.18% in Month 7)

Average Interest Rate on Debt Excluding Temporary Borrowing: 3.18% (3.15% in Month 7)

Average Interest Rate on Temporary Borrowing: 4.50% (3.42% in Month 7)

	Actual (£m)	Actual (%)	Movement from Previous Month (£m)
General Fund			
PWLB	75.60	23.78	(3.00)
Long-Term Market	15.00	4.72	
Temporary	68.00	21.39	33.00
HRA			
PWLB	126.32	39.73	10.00
Long-Term Market	33.00	10.38	
Total	317.92	100.00	40.00

71. Six temporary loans from other local authorities amounting to £33m in total have been obtained in the last two months. In addition, two £5m long term loans were obtained from the Public Works Loan Board when rates fell, also taking advantage of the discounted concessionary rate available for financing HRA capital projects.
72. One long term market lender has approached the Council about the early repayment of their LOBO loans with no premium to the Council, however after financial assessment early repayment is not considered best value for money at this time as they are likely to be called at their next option date and the current rates are below those in the prevailing market.
73. PWLB rates fell during December, with the 25yr rate around 0.6% lower than at the beginning of the month, reflecting improved inflation figures increasing market expectations of future interest rate cuts.
74. It is anticipated further borrowing will be required by the end of 2023/24 to manage cash flow requirements. Opportunities to secure further temporary borrowing will be monitored.

Appendix A1 – General Fund Capital

Prior Year Cost	Project	2023/24 Revised Budget	2023/24 Forecast	2023/24 Forecast Re-phasing	Total Project Budget 2023-2028	Total Project Forecast 2023-2028	Total Project Variance 2023-2028	Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
34,866	Property, Highways and Transport	52,766	40,523	(12,243)	128,350	128,350	0	(84,561)	(43,789)	0
11,410	New West Drayton Leisure Centre	8,521	8,521	0	25,259	25,259	0	(25,259)	0	0
2,109	Hillingdon Water Sports Facility	1,095	1,095	0	24,391	24,391	0	0	(24,391)	0
145	Carbon Zero Initiatives	15,119	15,119	0	24,855	24,855	0	(10,102)	(14,753)	0
97	Civic Centre Transformation	13,403	5,403	(8,000)	19,903	19,903	0	(19,903)	0	0
10,142	Housing Company Financing	4,000	4,000	0	14,858	14,858	0	(14,858)	0	0
2145	Cranford Park Heritage Lottery Project	1,885	1,685	(200)	1,885	1,885	0	(723)	(1,162)	0
0	Northwood Hills Library Buyback	2,392	0	(2,392)	2,392	2,392	0	(2,392)	0	0
2,858	Uxbridge Mortuary Extension	456	456	0	456	456	0	(456)	0	0
4	Charville Lane - Children Specialist House	1,385	750	(635)	4,615	4,615	0	(1,513)	(3,102)	0
0	Harefield Family Hub New Build	150	150	0	2,000	2,000	0	(2,000)	0	0
0	Otterfield Road Library Buyback	0	0	0	1,974	1,974	0	(1,974)	0	0
401	Battle of Britain Underground Bunker	1,180	1,180	0	1,230	1,230	0	(1,230)	0	0
34	New Years Green Lane Extension	816	400	(416)	966	966	0	(766)	(200)	0
0	South Ruislip Early Years & Children's Centre Remodelling	150	150	0	700	700	0	(700)	0	0
221	Asha Day Centre Refurbishment	371	371	0	391	391	0	(391)	0	0
47	Motor Vehicle Workshop	150	150	0	470	470	0	(470)	0	0
9	Parking Improvements	350	350	0	491	491	0	(491)	0	0
0	Uxbridge Cemetery Gatehouse	500	100	(400)	500	500	0	(500)	0	0
0	Botwell Leisure Centre Adaptations	250	50	(200)	250	250	0	(250)	0	0
363	Flood Alleviation - Bessingby Park	130	130	0	192	192	0	(192)	0	0
0	Botwell Leisure Centre Football Pitch	101	101	0	200	200	0	(200)	0	0
2,070	Yiewsley/West Drayton Community Centre	44	44	0	44	44	0	(44)	0	0
2,608	Cedars & Grainges Car Park Improvements	53	53	0	63	63	0	(63)	0	0
203	Battle of Britain Visitors Centre Enhancements	58	58	0	58	58	0	(58)	0	0
0	Appropriation of Townfield to General Fund	100	100	0	100	100	0	(100)	0	0

Appendix A1 – General Fund Capital										
Prior Year Cost	Project	2023/24 Revised Budget	2023/24 Forecast	2023/24 Forecast Re-phasing	Total Project Budget 2023-2028	Total Project Forecast 2023-2028	Total Project Variance 2023-2028	Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
163	Tennis Courts Upgrades	107	107	0	107	107	0	74	(181)	0
7,069	Finance	7,000	7,000	0	18,000	18,000	0	(18,000)	0	0
0	DSG Capitalisation Support	4,000	4,000	0	12,000	12,000	0	(12,000)	0	0
7,069	Transformation Capitalisation Fund	3,000	3,000	0	6,000	6,000	0	(6,000)	0	0
12,790	Residents' Services	1,927	1,927	0	2,459	2,459	0	(1,318)	(1,141)	0
808	Shopping Parades Initiative	1,709	1,709	0	2,241	2,241	0	(1,154)	(1,087)	0
9,882	Hayes Town Centre Improvements	218	218	0	218	218	0	(218)	0	0
2,100	Uxbridge Change of Heart	0	0	0	0	0	0	54	(54)	0
34,629	Children, Families and Education	19,965	12,171	(7,794)	21,699	21,699	0	(2,780)	(18,919)	0
28,120	Schools SRP / SEND	12,378	9,294	(3,084)	14,112	14,112	0	0	(14,112)	0
0	Additional Temporary Classrooms	2,780	2,780	0	2,780	2,780	0	(2,780)	0	0
6,509	Secondary Schools Expansions	4,807	97	(4,710)	4,807	4,807	0	0	(4,807)	0
89,517	Total Major Projects	81,658	61,621	(20,037)	170,508	170,508	0	(106,659)	(63,849)	0
	Property, Highways and Transport	25,598	20,998	(4,600)	88,715	88,715	0	(40,188)	(48,149)	(378)
N/A	Highways Structural Works	7,000	7,000	0	31,000	31,000	0	(25,000)	(6,000)	0
N/A	School Building Condition Works	4,740	3,468	(1,272)	19,820	19,820	0	0	(19,820)	0
N/A	Disabled Facilities Grant	3,159	1,500	(1,659)	11,743	11,743	0	0	(11,743)	0
N/A	Transport for London	3,107	3,107	0	8,939	8,939	0	0	(8,939)	0
N/A	Property Works Programme	3,054	1,892	(1,162)	6,188	6,188	0	(5,932)	(256)	0
N/A	Street Lighting Replacement	925	925	0	4,625	4,625	0	(4,625)	0	0
N/A	Leisure Centre Refurbishment	900	678	(222)	1,300	1,300	0	(1,300)	0	0
N/A	Highways Bridges and Structures	300	300	0	1,500	1,500	0	(1,500)	0	0
N/A	CCTV Programme	165	165	0	872	872	0	(872)	0	0
N/A	Road Safety	268	268	0	748	748	0	(748)	0	0

N/A	Environmental and Recreational Initiatives - Pollution Screening	500	340	(160)	500	500	0	0	(500)	0
N/A	Environmental and Recreational Initiatives - Green Spaces	277	277	0	277	277	0	(159)	(118)	0

Appendix A1 – General Fund Capital

Prior Year Cost	Project	2023/24 Revised Budget	2023/24 Forecast	2023/24 Forecast Re-phasing	Total Project Budget 2023-2028	Total Project Forecast 2023-2028	Total Project Variance 2023-2028	Council Resources	Government Grants	Other Cont'ns
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
N/A	HS2 Road Safety Fund	436	436	0	436	436	0	0	(436)	0
N/A	HS2 Amenity Fund	296	296	0	296	296	0	0	(296)	0
N/A	Civic Centre Works Programme	0	0	0	0	0	0	0	0	0
N/A	Street Lighting LED Upgrade	0	0	0	0	0	0	0	0	0
N/A	Parking Management Schemes	0	0	0	0	0	0	0	0	0
N/A	Bowls Clubs Programme	52	52	0	52	52	0	(52)	0	0
N/A	Emergency Active Travel	41	41	0	41	41	0	0	(41)	0
N/A	Harlington Road Depot Improvements	0	0	0	0	0	0	0	0	0
N/A	Car Park Pay & Display Machines Replacement	0	0	0	0	0	0	0	0	0
N/A	Highways Section 106 Projects	378	253	(125)	378	378	0	0	0	(378)
N/A	Libraries Refurbishment Programme	0	0	0	0	0	0	0	0	0
	Finance	2,779	49	(2,730)	4,724	4,724	0	(4,724)	0	0
N/A	Purchase of Vehicles	2,779	49	(2,730)	4,724	4,724	0	(4,724)	0	0
	Corporate Services	2,373	2,258	(115)	5,105	5,105	0	(5,659)	554	0
N/A	Corporate Technology and Innovation	2,173	2,173	0	4,105	4,105	0	(4,589)	484	0
N/A	Older Peoples Initiative	200	85	(115)	1,000	1,000	0	(1,070)	70	0
	Residents' Services	1,960	1,477	(483)	6,760	6,760	0	(3,984)	(2,408)	(368)
N/A	Chrysalis Programme	1,177	977	(200)	5,177	5,177	0	(3,177)	(2,000)	0
N/A	Playground Replacement Programme	305	305	0	1,105	1,105	0	(807)	(298)	0
N/A	Green Spaces	0	0	0	0	0	0	0	0	0

N/A	Green Spaces Section 106 Projects	478	195	(283)	478	478	0	0	(110)	(368)
	Children, Families and Education	1,460	685	(775)	3,800	3,800	0	(375)	(3,425)	0
N/A	Devolved Capital to Schools	385	385	0	1,925	1,925	0	0	(1,925)	0
N/A	Youth Provision	1,075	300	(775)	1,875	1,875	0	(375)	(1,500)	0
	Health and Social Care	2,850	2,850	0	14,250	14,250	0	0	(14,250)	0
N/A	Equipment Capitalisation - Social Care	2,850	2,850	0	14,250	14,250	0	0	(14,250)	0
N/A	Total Programme of Works	37,020	28,317	(8,703)	123,354	123,354	0	(54,930)	(67,678)	(746)
Appendix A1 – General Fund Capital										
Development & Risk Contingency										
N/A	General Contingency	10,739	10,739	0	26,739	26,739	0	(26,739)	0	0
89,517	Total GF Capital Programme	129,417	100,677	(28,740)	320,601	320,601	0	(188,328)	(131,527)	(746)

Appendix A2 – HRA Capital									
Prior Year Cost	Project	Units	2023/24 Revised Budget	2023/24 Forecast	2023/24 Cost Variance	2023/24 Re-phasing Variance	Total Project Budget 2023-2028	Total Project Forecast 2023-2028	Total Project Variance 2023-2028
£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Major Projects								
	Property Highways and Transport								
0	Chippendale Waye/Carpenters Court	12	2,162	2,162	0	0	2,373	2,373	0
0	Acquisition of 74 Chapel Lane	1	579	50	(529)	0	579	50	(529)
1,590	Packet Boat House Buybacks	2	177	177	0	0	177	177	0
0	Right to Buy Back Fund	20	60	60	0	0	60	60	0
366	Rough Sleepers Accommodation Programme	21	45	45	0	0	45	45	0
	Purchase and Repair Housing Stock	100	11,123	11,123	0	0	39,123	39,123	0
3,364	Maple and Poplar	34	7,215	5,878	0	(1,337)	8,165	8,165	0
86	34-44 Sullivan Crescent	6	1,661	1,661	0	0	1,881	1,881	0
1,489	Nelson Road	6	98	98	0	0	98	98	0
57	Petworth Gardens	4	1,745	1,400	0	(345)	2,095	2,095	0
680	113-127 Moorfield Road	6	110	110	0	0	110	110	0
0	Rowan Road	1	512	250	0	(262)	512	512	0
0	Newport Road Flats	24	8,400	8,400	0	0	8,400	8,400	0
0	Yiewsley Housing Sites		1,072	1,072	0	0	1,072	1,072	0
154	Loft Extensions		1,370	1,370	0	0	1,370	1,370	0
2,884	Hayes Estate Regeneration	370	6,826	6,826	0	0	126,599	126,599	0
3,680	Hayes Estate Regeneration Leaseholder Buybacks		3,913	3,913	0	0	22,722	22,722	0
0	Acquisitions and Internal Developments	249	9,615	9,615	0	0	100,653	100,653	0
103,655	Total Major Projects	856	56,683	54,210	(529)	(1,944)	316,034	315,505	(529)
	HRA Programme of Works								
	Property Highways and Transport								
N/A	Works To Stock		22,437	22,437	0	0	132,813	132,813	0
N/A	Green Homes Grant		3,000	3,000	0	0	33,141	33,141	0
N/A	Major Adaptations		2,340	2,340	0	0	13,317	13,317	0
0	Total Programme of Works		27,777	27,777	0	0	179,271	179,271	0
	Total HRA Capital Programme		84,460	81,987	(529)	(1,944)	495,305	494,776	(529)

PART B: FINANCIAL RECOMMENDATIONS

That the Cabinet:

- a. **Accepts a grants totalling £1,070k over three financial years (£12k in 23/24, £719k in 24/25 and indicative £339k 25/26) from the Department for Education to ensure that all parents of primary school children who need it, are able to access wraparound childcare in their local area from 8am-6pm.**
- b. **Accepts a grant of £65k from the Department for Education to support the delivery of the expanded early years entitlements.**
- c. **Accepts a grant of £45k from the North West London Integrated Care Board to procure an independent evaluation of the Community Champions Outreach pilot.**
- d. **Approve the acceptance of a grant of £100k from Smarter Water Crane Valley Fund for the Spider Park River and Wetland Enhancements Project and a further £59k from HS2 for the Bridgewater Open Space / Spider Park River Enhancements Project.**
- e. **Approve the acceptance of Department for Transport of £354k for 2023/24 and £354k for 2024/25 towards the resurfacing of the local highways network.**
- f. **Approve the acceptance of the Department of Education grant of £511k Childcare Expansion Capital Grant for the provision of new childcare places.**
- g. **Approve a budget virement from the general fund capital risk and contingency budget for £38k to the Bowls Club Refurbishment Programme for the Court Park Bowls Clubhouse Structural and Associated works.**
- h. **Approve acceptance of £1,918k grant funding from Transport for London to deliver their Local Implementation Plans (LIP) in 2024/25.**
- i. **Approve acceptance of £13,908 grant funding from HS2/Department of Transport to support the Battle of Britain Bunker's 2023/24 programme to repair the Spitfire wing and repaint replica aircraft.**

Reasons for recommendation

75. **Recommendation 2a** seeks approval to accept grant funding of £1,070k over 3 years to support the increase supply of wraparound places, to ensure or guarantee provision for all parents who may need it, meeting current demand and building further demand.
76. **Recommendation 2b** seeks approval to accept grant funding of £65k to support initial programme and delivery costs associated with the expanded early years entitlements.
77. **Recommendation 2c** seeks approval to accept grant funding of £45k to procure an independent evaluation of the Champions Outreach Pilot which uses volunteers to promote health checks and access to services to prevent future demand on Health and Social Care services. The evaluation will determine the value in rolling it out more widely across the borough.
78. **Recommendation 2d** seeks approval to accept grant funding from the Smarter Water Crane Valley Fund with a grant award of £100k and a HS2 grant award of £59k for the Bridgewater Open Space / Spider Park River & Wetland Enhancement Project, this will be a project that will be funded by both grants. The project will: -

- i. improve the overall biodiversity in the river.
- ii. improve the natural hydrological gradient.
- iii. Enhance the river habitat.
- iv. enhance the surroundings and make it aesthetically pleasing so that local residents can appreciate the local area.
- v. enable improvements to provide appropriate and safe access to the river and offer opportunities for children to experience river habitat and explore the environment.

79. **Recommendation 2e** seeks approval to accept a grant from Department for Transport with a grant award of £708k over two financial years (2023/24 & 2024/25), £354k per financial year, for the resurfacing of carriageways in order to improve the conditions of the highways network.
80. **Recommendation 2f** seeks approval to accept a grant from Department for Education with a grant award of £511k for investment in childcare to enable the expansion of early years entitlements and wraparound childcare for eligible working families. Funding will be passported to schools and childcare providers via a grant application scheme to enable the development of new childcare places in Hillingdon.
81. **Recommendation 2g** seeks approval for a £38k virement from the Capital Contingency budget to carry out structural and associated works at Court Park Bowls Clubhouse in order to protect the Council's asset from any further structural damage. The structural movement issues are related to the wind loadings and the works are necessary and need to progress to prevent further deterioration.
82. **Recommendation 2h** seeks approval to accept a grant from Transport for London for 2024/25 to provide LIP Funding of £1,918k which will include the following borough wide programs Safer Corridors and Neighbourhoods, Cycleways Network Development (CND), Bus Priority, Cycle Training and Cycle Parking. Collectively, from these programmes we can expect 30km of new cycle routes, over 15km of new bus lane, more than 90 School Streets and more than 50 new signalised pedestrian crossings to be progressed or delivered over 2024/25.
83. **Recommendation 2i** seeks approval to accept a grant that has been offered by HS2/Department of Transport which, if accepted by Cabinet, will be utilised to fund costs incurred by the Battle of Britain Bunker in relation to the 2023/24 programme to repair the Spitfire wing and repaint replica aircraft, completion of which is required prior to the D-Day 80 commemoration in June 2024.