

COUNCIL BUDGET - 2023/24 REVENUE AND CAPITAL OUTTURN

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

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

A net in-year underspend of £2k is reported against General Fund revenue budget normal activities as of March 2024 (Month 12), with no movement on the position at Month 11. As a result, total reserves are projected to be £35,181k at 31 March 2024, being unallocated reserves of £26,848k and earmarked Reserves of £8,333k. A further £8,000k of unutilised Capital Receipts are also being carried forward.

While exceptional inflationary pressures were included and funded through the Council's budget strategy, such pressures emerged above the budgeted provision, with a £3,622k release from the specific Earmarked Reserves being required to meet this pressure. Headline Inflation rates remain at historically high levels, albeit that latest data indicates a reduction from 3.4% to 3.2% in the final month of the year.

The Collection Fund is closed with a surplus of £4,221k due to lower than anticipated appeals against the 2023 Business Rates revised list. This surplus has not been reflected in this outturn position with £3,651k allocated to support the Council's 2024/25 budget and £570k supporting 2025/26, representing an improvement of £135k from Month 11.

The Dedicated Schools Grant (DSG) outturn position presents a deficit to be carried forward to 2024/25 of £47,492k, an adverse movement of £10,505k due to a review of placements at school level identifying further packages of support. The 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 are being declared 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 the Council Strategy and objective of: <i>Strong financial management</i> . Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.
Financial Cost	N/A
Relevant Select Committee	Corporate Resources & Infrastructure
Relevant Ward(s)	All

RECOMMENDATIONS

That the Cabinet:

1. Note the budget monitoring position and treasury management update as at March 2024 (Month 12), 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 12 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 at outturn, i.e., March 2024 (Month 12), with no movement from Month 11, with a range of pressures emerging at outturn, with these pressures being funded through the Council's Earmarked Reserves. This results in unallocated General Balances totalling £26,848k at 31 March 2024, in line with MTFE expectations.
6. Over and above the specific variances being managed within the monitoring position, a number of emerging pressures have been funded through Earmarked Reserves – use of Earmarked Reserves totalled £9,524k at Month 9, rising to £11,727k by outturn. In particular the timing of the delivery of savings, increasing pressures on demand-led services and continuing inflationary pressures against a background of static Central Government grant funding led to an adverse movement seen across the final quarter of the financial year.
 - i. Within this position, £17,015k of the £22,762k savings planned for 2023/24 were banked by 31 March 2024, leaving £5,747k or 25% of the programme to be secured from 2024/25 onwards. It is projected that these sums will either ultimately be delivered in full or replaced by alternative measures, with in-year budget pressures linked to slippage having been managed as part of the wider monitoring position during 2023/24, including through maintaining higher numbers of vacant posts.
 - 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 reduced income from planning fees derived from a reduced number of major developments, as a result of challenging economic conditions.
 - iii. The 2023/24 budget incorporated budgetary provision of £21,691k to absorb inflationary pressures, with a further £3,622k additional funding being required in line with projections through the year, 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.
7. The final outturn position reports an underspend of £2k against the Council's General Fund (after mitigations and use of Earmarked Reserves) with the Council managing a high inflation environment and increased demand for front line services. Given the current challenging economic environment, a number of pressures emerged over the course of the year, with the Council funding these from Earmarked Reserves and a review of the balance sheet to ensure available funds are being deployed to best effect. This balance sheet review covers application of any unallocated third-party contributions or grants, provisions for doubtful debts

and risk items, and historic overprovision of Minimum Revenue Provision – this delivered £9,443k of one-off in-year financial benefit.

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. The reported outturn position relies upon release of £11,727k of this balance, with £4,550k having been factored into the 2023/24 budget, £3,622k relating to inflationary pressures (including the approved pay award) and £3,555k other calls – primarily driven by demand for services. This results in a closing balance of £8,333k, with an adverse movement from Month 11 having been driven by a late reduction in forecast income from the West London Waste Authority and ongoing demand pressures in areas such as Homelessness. 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 £4,221k is reported at outturn, with the surplus being derived from a favourable position within Business Rates of £5,776k 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 reported collection deficit of £1,555k 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 £4,221k favourable movement against the approved budget. Variances against the Collection Fund do not directly impact upon the 2023/24 monitoring position, but instead the variance up to Month 9 was factored into the Council's budget proposals for the forthcoming year presented to Cabinet in February 2024 as part of the final budget proposals, with movement from Month 10 to this outturn position not impacting until 2025/26 with resulting impacts on MTFE forecasts. The positive variance of £3,651k up to Month 9 therefore reduced the Council's saving requirement for the 2024/25 budget, with the favourable movement since Month 9 of £570k impacting on 2025/26.
11. Taken in the round, the General Fund outturn position reflects the structural challenges facing the local government sector more generally as funding levels do not fully meet the combination of inflationary and demand-led pressures impacting upon the Council. The 2023/24 budget incorporated £22,762k savings to meet this challenge, with 75% of this sum having been secured in full and in-year mitigations, including higher than budgeted levels of vacant posts, having been developed to offset the remaining 25% or £5,747k. Over the course of 2023/24, inflation and demand have continued to grow, driving additional pressures of which £16,620k have been funded in-year through a combination of one-off measures; £7,177k unplanned releases from Earmarked Reserves and £9,442k of headroom generated through the Balance Sheet Review. This approach results in remaining Earmarked Reserves falling to £8,333k at 31 March 2024.

12. The Council therefore enters the 2024/25 financial year with General Balances and Earmarked Reserves exceeding the £32,000k minimum level established at the time of budget setting in February 2024 at £35,181k, but £2,203k lower than anticipated at the time. In addition, £4,221k surpluses within the Collection Fund are available to support future service expenditure and £8,000k Capital Receipts have been retained to meet future financing requirements, albeit the latter cannot be directly applied to revenue budget pressures. The 2024/25 budget is predicated on securing £15,752k further savings, mitigating the underlying pressures experienced during 2023/24, while also containing any further growth in demanded budgets without recourse to the one-off financing options that were able to be deployed in 2023/24.

GENERAL FUND CAPITAL

13. At outturn a £64,457k underspend is reported on the 2023/24 General Fund Capital Programme of £130,920k, representing a movement of £26,491k from Month 11, with the forecast outturn variance over the life of the 2023/24 to 2027/28 programme continuing to be estimated to breakeven. This is primarily driven by a minor timing update across a handful of large programme budgets, including the SEND Placement Expansion and Decarbonisation Programmes. General Fund Capital Receipts of £11,696k were achieved 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.
14. During 2023/24, the Council successfully secured £15,438k of disposal receipts, which when added to the opening balance of £4,258k, provides funding of £19,696k to fund transformation work across the Council. In the outturn position presented in this report, £11,696k of this balance has been used to support work that transforms the Council and supports delivery of £36,915k of savings to 2025/26.

SCHOOLS BUDGET

15. The Dedicated Schools Grant (DSG) outturn position being reported for Month 12 is an in-year overspend of £23,325k when compared to the budgeted position, representing an adverse movement of £10,505k from month 11, with the adverse movement materialising following the finalisation of the SEND data quality review in collaboration with Schools Forum and review of SEN placements at each school. The overspend reported at Month 12 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 is largely being driven by inflationary factors which are not reflected in the funding which the Council is receiving from the DfE.
16. The Council's Safety Valve Funding position is currently under discussion with the DfE and pending the outcome of those discussions, the DfE has chosen to suspend its commitment for further agreed funding of the deficit position. The projected deficit has therefore been adjusted to reflect the suspension meaning the cumulative deficit carried forward to 2024/25 is reported at £47,492k. The Council remains in dialogue with the DfE and committed to delivering the DSG management plan.

17. 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

18. The Housing Revenue Account (HRA) is declaring a breakeven position at Month 12, 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 closed at £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 £492k is reported against the £84,460k 2023/24 HRA Capital Programme at outturn, with this being a projected cost underspend across the 5-year capital budgets, with this position representing a minor £37k adverse forecast movement from Month 11.

FURTHER INFORMATION

General Fund Revenue Budget

19. A marginal £2k underspend is reported across the General Fund at outturn, representing no movement from Month 11, with the following section of this report providing an overview of emerging variances and management action in place to deliver this position. As a result, General Fund Balances are £26,848k at 31 March 2024, and therefore remain within the recommended range for 2023/24 of £22,000k to £41,000k as approved by Cabinet and Council in February 2023.

Table 1: General Fund Overview

Service	Month 12		Variance (As at Month 12) £'000	Variance (As at Month 11) £'000	Movement from Month 11 £'000
	Approved Budget	Outturn			
	£'000	£'000			
Service Operating Budgets	267,843	267,841	(2)	(2)	0
General Contingency	500	500	0	0	0
Unallocated Budget Items	(5,065)	(5,065)	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)	(2)	(2)	0
Balances b/fwd	(26,846)	(26,846)			
Balances c/fwd 31 March 2024	(26,846)	(26,848)			

20. 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 emerging throughout the year across both Adult Social Care Placements and SEND Transport, with further pressures having emerged later in the year across homelessness support and Looked After Children, with these areas funded from the release of provisions and reserves from the Council's Balance Sheet to manage this volatility.
21. Within the Council's payroll budget there is a Managed Vacancy Factor across the board of 3.5%, or £4,362k, to reflect natural levels of turnover and resulting structural underspend in the workforce budgets. The higher vacancy rate experienced during 2022/23 continued into 2023/24 year and therefore resulted in an underspend over and above the Managed Vacancy Factor, which is contributing to the management of local pressures within the final outturn position.
22. 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 requiring funding to meet this additional uplift in the Council's workforce expenditure, therefore, included in the outturn position is the use of the Council's identified earmarked reserve for exceptional inflationary pressures to fund this pressure.

23. Provision for use of Earmarked Reserves has been included in this position, with £1,732k 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 drawdown for inflationary pressures above the budgeted amount, and £8,160k to fund demand pressures and other costs. Windfall income from the West London Waste Authority's Energy from Waste operations has allowed £700k to be allocated to Earmarked Reserves, resulting in a net drawdown of £11,727k to leave a closing balance of £8,333k at 31 March 2024.
24. This represents an adverse movement of £1,822k on Month 11 which relates to £589k adverse movement at outturn from additional demand around Homelessness and other demand-led services, a further £800k relates to a reduction in the West London Waste Authority energy rebate from an update on the West London Waste Authority's budget position, the remaining movement predominantly relates to the use of ringfenced reserves as a result of movements in the position that relate to these ringfenced activities. The reported surplus against the Collection Fund of £4,221k offers an element of offsetting against the use of reserves in 2023/24 when £3,651k of these are realised in the 2024/25 financial year, with a further £570k being available in 2025/26.

Progress on Savings

25. 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	(1,374)	0	(100)	0	(383)	(1,857)
Cabinet Member for Finance	(117)	0	0	0	0	(117)
Cabinet Member for Corporate Services	(1,189)	(195)	0	0	(100)	(1,484)
Cabinet Member for Residents' Services	(9,801)	(535)	0	0	(2,189)	(12,525)
Cabinet Member for Children, Families & Education	(839)	(150)	(130)	(315)	0	(1,434)
Cabinet Member for Health and Social Care	(2,395)	0	0	0	0	(2,395)
Cross-Cutting	(1,300)	0	(500)	(1,150)	0	(2,950)
Total 2023/24 Savings Programme	(17,015) 75.0%	(880) 4.0%	(730) 3.0%	(1,465) 6.0%	(2,672) 12.0%	(22,762) 100.0%
Month on Month Movement	(6,448) 28.3%	6,412 -28.2%	414 -1.8%	2,294 -10.1%	(2,672) 11.8%	0 0.0%

26. As of Month 12, £17,015k (75%) of the savings programme has already been banked, with a further £880k (4%) being reported as delivery in progress and £2,195k (9%) 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.
27. Where savings have not been delivered in full during 2023/24, the associated pressures have been factored into the outturn position presented in this report. 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. With 75% of the savings banked, this position therefore means that £5,747k will be rolled forward into 2024/25 and tracked in the new financial year.
28. 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. The outturn position includes £11,696k for such costs, with all such costs subject to a specific funding strategy, with full details set out in Appendix A1, with these costs being funded by a combination of disposal receipts achieved in year and an unutilised balance from 2022/23.

Service Operating Budgets

29. 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.

30. 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	Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
		£'000	£'000	£'000	£'000	£'000
Property, Highways & Transport	Expenditure	19,553	19,387	(166)	(166)	0
	Income	(9,883)	(10,455)	(572)	(572)	0
	Subtotal	9,670	8,932	(738)	(738)	0
Finance	Expenditure	139,846	139,846	0	0	0
	Income	(106,069)	(106,775)	(706)	(706)	0
	Subtotal	33,778	33,071	(706)	(706)	0
Corporate Services	Expenditure	28,169	28,189	20	20	0
	Income	(2,045)	(2,233)	(189)	(189)	0
	Subtotal	26,124	25,956	(168)	(168)	0
Residents' Services	Expenditure	73,200	75,225	2,025	2,025	0
	Income	(47,382)	(46,283)	1,100	1,100	0
	Subtotal	25,818	28,942	3,125	3,125	0
Children, Families & Education	Expenditure	98,977	99,558	581	581	0
	Income	(24,434)	(25,869)	(1,435)	(1,435)	0
	Subtotal	74,544	73,689	(854)	(854)	0
Health & Social Care	Expenditure	152,537	153,545	1,008	1,008	0
	Income	(54,500)	(56,168)	(1,669)	(1,669)	0
	Subtotal	98,037	97,377	(660)	(660)	0
Total Service Operating Budgets		267,970	267,970	267,968	(2)	0

31. As can be seen from the table above, Service Operating Budgets are reporting a marginal underspend of £2k which is the cumulative effect of a number of variances which are briefly outlined below by Cabinet Portfolio, with no movement being reported from Month 11 on these budgets, with the adverse movement from additional demand pressures at outturn being funded by release of earmarked reserves:

- i. **Property, Highways & Transport** – An underspend of £738k is reported. 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 £706k is reported at outturn, 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. The subjective movements in this portfolio at Month 11 relate to increased staffing expenditure offset by increased recharges to the pension fund from staffing time spent supporting this area.
- iii. **Corporate Services** – a net underspend of £168k is reported, with the underspend being driven by a number of small variances, predominantly across three service areas including Digital, Data & Technology, Legal Services and Democratic Services, with the staffing position delivering 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 £3,125k is presented for this portfolio, 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.

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 continued to experience a substantial uplift in demand throughout 2023/24, with a gross pressure of £2,986k being funded from earmarked reserves. Waste Disposal costs at outturn were 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 £854k is being reported at Month 12, with education functions including SEND and Adult Education largely breaking even at outturn, 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 delivering a further benefit for the portfolio.

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. Throughout 2023/24 the service saw the usual inherent volatility in demand for Looked after Children and Asylum services, with Looked After Children reporting an adverse variance, which in part is linked to a lack of General Needs Housing to move 18+ clients into more appropriate settings, with this pressure being funded from Earmarked Reserves. SEND Transport is reporting 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 the reported pressure in this area, with the pressure being funded from a combination of earmarked reserves and a release of Balance Sheet provisions.

- vi. **Health & Social Care** – an underspend of £660k 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.

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 outturn position reporting continued demographics and inflation pressures with the adverse variance proposed being funded from a combination of earmarked reserves and a further release of Balance Sheet provisions.

Collection Fund

- 32. A surplus of £4,221k is reported within the Collection Fund at Month 12. Within the Collection Fund, an adverse position is reported within Council Tax of £1,555k, offset by a favourable position within Business Rates of £5,776k. This position is driven by 3 key factors:
 - i. The pressure in Council Tax is predominantly driven by a reduction in the growth of the taxbase as construction continues to slow down, due to inflationary pressures in the sector, with the outturn slippage equating to 1,271 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 575 Band D properties.
 - iii. The favourable position within Business Rates is being driven by the final position confirming the Council has secured the increased revenue from the national revaluation of commercial property, with a favourable movement of £311k being driven by a number of small movements.

33. 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, leading to £3,651k being included in the Council's refresh of the budget strategy presented to Cabinet in February 2024, with any further updates between Month 10 and this outturn position impacting on 2025/26, with this sum equating to £570k at outturn. This position therefore reduced the Council's gross saving requirement by £3,651k for 2024/25, with £570k to be factored in the next update to the Council's Budget Strategy for 2025/26.

General Fund Capital Programme

34. As at Month 12 the General Fund reporting an in-year underspend of £64,857k, an increase of £26,491k from Month 11 with the 5-year programme forecast remaining in line with budgeted expectations. At Month 12, capital receipts have been secured to cover the transformation expenditure and to hold on the balance sheet the £8,000k that was due to be utilised to reduce the Schools Budget deficit whilst the Council's Safety Valve contributions agreement are currently suspended by the Department for Education (DfE). Key movements within the overall £26,491k include a number of minor timing updates across a handful of large programme budgets, including the SEND Placement Expansion and Decarbonisation Programmes.

Capital Programme Overview

35. Table 5 below sets out the final 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. Outturn variances 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 12, a total favourable variance of £64,858k is being reported, with £7,865k being a cost variance and £56,992k being proposed against the rephasing variance.

Table 5: General Fund Capital Programme Summary

	Approved Budget 2023/24	Outturn 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	13,779	11,911	0	(1,868)	22,724	22,724	0	0
Residents	3,887	1,807	188	(2,268)	9,219	9,219	0	0
Corporate Services	2,373	882	(200)	(1,291)	5,105	5,105	0	0
Children, Families and Education	24,296	11,938	(676)	(11,682)	25,499	25,499	0	0
Health and Social Care	2,850	2,760	(90)	0	14,250	14,250	0	0
Property, Highways and Transport	73,034	36,766	(2,721)	(33,549)	217,284	217,284	0	0
Contingency	10,701	0	0	(10,701)	26,701	26,701	0	0
Total Capital Programme	130,920	66,063	(3,499)	(61,359)	320,782	320,782	0	0
Major Projects	81,673	42,377	(9)	(39,288)	170,523	170,523	0	0
Programme of Works	38,546	23,687	(3,490)	(11,370)	123,558	123,558	0	0
General Contingency	10,701	0	0	(10,701)	26,701	26,701	0	0
Total Capital Programme	130,920	66,063	(3,499)	(61,359)	320,782	320,782	0	0
Movement	1,322	(25,169)	(7,865)	(18,626)	0	0	0	0

36. **Finance:** At outturn, the use of Capitalisation powers to fund Transformation Capitalisation has been fully funded from capital receipts, with the DSG Safety Valve agreement commitments currently being suspended by the DfE and proposed for rephasing. 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 in the new financial year.
37. **Residents:** The Residents portfolio includes a proposed rephasing variance of £2,268k at Month 12. The Town Centre improvements and Shopping Parade investments account for the proposed rephasing in major projects, with rephasing also proposed within Programme of Works for Chrysalis and Green Spaces s106 projects, with some initiatives due deliver in 2024/25 and ultimately deliver in line with the budget plan. Other Capital Programme activity within this portfolio includes expenditure on the Council's green spaces, environmental and recreational initiatives, and the playground replacement programme reporting a cost variance of £188k at outturn.
38. **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 reporting an outturn underspend of

£1,491k, with £1,291k being proposed to be rephased into 2024/25. Projects this year include telephone improvements and the Laptop and Desktop Refresh programme, which is expected to roll out new hardware in the new financial year. The Older Peoples Initiative is driving the 2023/24 cost underspend.

39. **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 Wood End Primary, and complete at Ruislip and Charville 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. This programme has experienced slight delays and is the reason for much of the reduction in spend at outturn, with this 2023/24 underspend being proposed to be rephased in full. Revised cost estimates remain significantly above confirmed DfE grant funding.
40. The Youth Provision budget is reporting an underspend of £1,029k, with work commencing at the back end of 2023/24, leading to £353k of this budget being proposed for rephasing to support the continuation of this project with this update alongside the £11,330k for the Schools SEND Programme taking the total proposed rephasing to £11,682k for the portfolio.
41. **Health and Social Care:** The capitalisation of social care equipment is reported to largely be in line with budget at outturn. The Disabled Facilities Grant adaptations includes rephasing from 2022/23 of £279k with this area declaring a £90k cost underspend.
42. **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 continued with weather-tight works to keep the structure safe. Approval to appointment an interim contractor to undertake mechanical and electrical work is expected shortly along with proposals for delivering the project through to completion, now expected to be in May 2025. The budget was reprofiled during the refresh of the Council's budget strategy approved by Cabinet and Council in February 2024/25, reprofiling the budget for 2024/25 and 2025/26. Further rephasing of £2,278k is proposed at Month 12 from the 2023/24 budget into the new financial year.
43. Planning for the Hillingdon Water Sports Facility has been submitted and a decision is expected imminently. 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. Whilst some enabling works took place in 2023/24 as planned, the main works contract will now commence next year. Rephasing of £10,843k was proposed and approved at Month 6, with little movement at outturn 2023/24.
44. Northwood Hills Library Buyback is reporting a proposed rephasing of £2,390k. Planning, designs and surveys for the New Years Green Lane proposed extension, started later than planned and rephasing of £782k is proposed. Design and survey work has commenced on Uxbridge Cemetery Gatehouse and Botwell Leisure Centre adaptations, however works are will now be commenced in the new financial year with rephasing of £476k and £250k

proposed respectively. The Battle of Britain Underground Bunker is expected to complete in early 2024/25, with rephasing of £380k being proposed.

45. The Carbon Zero Initiatives programme budget stands at £15,119k 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 outturn position proposes rephasing of £8,796k to complete these works in 2024/25.
46. 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 outturn position confirming this grant funding will be fully utilised over the life of the programme.
47. 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, which is now complete. The contractor for the remaining quadrants was awarded in January and work commenced immediately. 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 reported underspend of £9,976k, with this amount being proposed for rephasing into later years to provide funding to see the project through to completion.
48. The Schools Building Condition Works programme has been agreed and is reporting a cost underspend of £2,199k at Month 12.

Capital Financing - General Fund

Table 6: Capital Financing

	Approved Budget 2023/24 £'000	Outturn 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	11,696	0	(17,038)	93,617	93,617	0	0
CIL	2,463	2,562	0	99	18,963	18,963	0	0
Prudential Borrowing	43,102	21,554	(3,498)	(18,050)	75,848	75,848	0	0
Total Council Resources	74,299	35,812	(3,498)	(34,989)	188,428	188,428	0	0
Grants & Contributions	56,621	30,251	0	(26,370)	132,354	132,354	0	0
Capital Programme	130,920	66,063	(3,498)	(61,359)	320,782	320,782	0	0
Movement	1,322	(25,169)	(7,865)	(18,626)	0	0	0	0

49. 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 capital receipts are £11,696k resulting in slippage of £17,038k. Progress is being made identifying and progressing potential asset disposals with £20,756k remaining to be identified. These receipts will form a key strand to financing the Council's DSG Safety Valve on the basis that the current funding suspension is ultimately delivered and broader transformation programme, and therefore this activity remains a key corporate priority.

Schools Budget

50. The Dedicated Schools Grant (DSG) Outturn shows an overspend of £25.6m which is on the High Needs Block. This includes an increase of £10.5m compared to the position previously reported. It followed on from finalisation of the data quality review in collaboration with Schools Forum and review of SEN placements with each of the schools.
51. The review found a gap in SEN EHCP commitments totalling over £10.5m for placements not in the system and made up of:
- i. Historic or prior years commitments totalling £6.3m.
 - ii. In-Year commitments totalling £4.2m.

Funding Block	Outturn		Variance		
	Reported Budget	Actual	Variance	Variance (As at Month 11)	Change from Month 11
	£'000	£'000	£'000	£'000	£'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	79,018	23,325	12,820	10,505
Total Funding Blocks	2,280	25,605	23,325	12,820	10,505
Balance Brought Forward 1 April 2023	21,887	21,887	0	0	0
Total Deficit at 31 March 2024 before Funding	24,167	47,492	23,325	12,820	10,505

Dedicated Schools Grant Income (nil variance)

52. There was no material difference in the amount of DSG received by the LA from the DfE compared to the final DSG allocation due.

Schools Block (nil variance)

53. 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.
54. 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.

Early Years Block (nil variance)

55. Two-year-old funding was adjusted in July to reflect the number of children accessing the entitlement based on the January 2022 census. The 3 and 4-year-old funding for both the universal and the additional free entitlement was also adjusted in July following the January 2022 census.

Central School Services Block (nil variance)

56. The published DSG budget allocations confirmed a 20% decrease in the Central School Services Block provided for historic commitments. For FY 2023-24 this resulted in a £135k reduction in funding. This reduction in funding only increases the pressure on the services being funded by the central school services block.

High Needs Block Pressures – (£25.6m overspend)

57. The overspend reflects ongoing pressures in the cost of High Needs placements, largely driven by inflationary factors which are not reflected in the funding from the DfE.
58. Across Local Authorities the scale of mounting DSG deficits has clearly emerged as 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. As highlighted above the High Needs position reflects ongoing pressures in the cost of placements, driven by inflationary factors which are not reflected in the funding.
59. Top-up costs present a key pressure showing a 30% increase in year-on-year expenditure because of the work around data cleansing and improvements in the payment processes highlighted above.
60. The LA also spent an additional £3m on contingency DSG payments including an increase in the cost of threshold payments as well as additional payments to schools with over place numbers.

61. 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. Overall, the SEN service experienced a combined demand and inflationary increase of over 18% compared to 2022/23 after adjusting for the prior year cost identified by the review.
62. 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. These structural improvements will take time to deliver as there is a significant time lag between implementing new policies and the benefits being released.
63. The challenge of mounting DSG deficits is a national issue with London Councils estimating that deficits would rise across London to almost £300m during 2023-24. 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 imminent changes in either statutory responsibilities or the funding regime expected in the near future.

Safety Valve

64. The Council submitted an updated DSG Management Plan to the DfE in December 2023 as part of the DfE's Safety Valve programme. Discussions with the DfE and DHLUC around the Business Case and Delivery Plan are ongoing and are specifically focussed on exploring the cost benefits of a shorter- or longer-term agreement and alternative funding approaches.
65. While the authority is progressing the discussions with the DfE and DHLUC, Finance is updating the Financial Model, and the service is progressing with delivery of the Safety Valve targets and savings.

Maintained School Balances & Budgets

66. Maintained schools ended the 2023/24 financial year with a cumulative closing surplus balance of £11.7m (£11.3m revenue and £0.4m capital). This was a £1.1m decrease from the previous year total. A review of the balances at the end of the 2023/24 financial year identified eight schools which ended the year with a deficit revenue balance of which 5 had licensed deficits. These schools all had applied for a licensed deficit at the start of the year having carried forward cumulative deficits from 2022/23. However, two of these schools were able to reduce the cumulative deficit with an in-year surplus.
67. The table below summarises school revenue balances as a percentage of total revenue income. 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 40% compared to 48% in 2022/23.

Sector	Number of Schools in Deficit	Number with Balances < 5%	Number with Balance > 5% and < 8%	Number with Balances > 8% and < 20%	Number with Balances > 20%
Nursery	0	0	0	0	1
Primary	7	12	9	14	3
Secondary	1	1	0	0	0
Special	0	0	0	1	1
Total	8	13	9	15	5

68. The 2024/25 budgets for maintained schools will continue to be reviewed, with schools RAG-rated based on their balances 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. Officers are closely monitoring these schools to ensure that everything possible is being done to address the situation.

Housing Revenue Account

69. The Housing Revenue Account (HRA) is reporting a breakeven position against the budget strategy, with inflationary risk driving additional expenditure within the service. The 2023/24 closing HRA General Balance is reported to be £15,101k, in line with the Council's budget strategy and 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 12		Variance (+ adv / - fav)		
	Budget	Outturn	Variance (As at Month 12)	Variance (As at Month 11)	Movement from Month 11
	£'000	£'000	£'000	£'000	£'000
Rent & Other Income	(74,788)	(74,653)	133	133	0
Net Income	(74,788)	(74,653)	133	133	0
Operational Assets	11,940	13,626	1,725	1,725	0
Director of Housing	10,210	10,217	33	33	0
Other Service Areas	775	736	(39)	(39)	0
Contribution to Shared Services	11,741	12,094	353	353	0
HRA Operating Costs	34,666	36,673	2,072	2,072	0
Capital Programme Financing	25,258	23,732	(1,526)	(1,526)	0
Interest and Investment Income	14,949	14,333	(681)	(681)	0
Capital Programme Financing	40,207	38,065	(2,207)	(2,207)	0
(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

70. At outturn, rental income and other income is reporting an under-recovery position of £133k, as reported at Month 11. The outturn position has remained steady and the expected handover of buyback acquisitions to the lettings team has been skewed towards the end of the financial year and the first part of next year leading to a pressure on income.

71. The number of RTB applications received in 2023/24 was 127 compared to 133 in 2022/23. There has been 49 RTB completions in 2023/24 compared to 58 in 2022/23. The RTB applications and completions in 2023/24 were in line with budgeted expectations.

72. The HRA Operating Costs Budget is £34,666k and at outturn is reporting an overspend by £2,072k. In line with experience elsewhere in the Council, significant inflationary pressures impacted on the outturn position with a view to the impact of uplifts going into 2024/25. Within this position, several variances are reported:

- i. Operation Assets budget is £11,940k and includes services for repairs and maintenance, void repairs, compliance and inspections. The outturn position is a net overspend of £1,725k, attributable predominantly from disrepair claims in 2023/24.

- ii. The Director of Housing budget is £10,210k and includes tenancy management and tenants' services. The outturn position is a net overspend position of £33k and is therefore largely in line with the budget expectation.
 - iii. The Other Service Areas budget is £775k and includes the Careline contract, HRA specific ICT costs and the revenue regeneration costs with final spend also being in line with the budget, with this area reporting an underspend of £39k for 2023/24.
 - iv. The Contribution to Shared Services budget is £11,741k and is reporting an overspend of £353k. The budgets include development and risk contingency, overheads and corporate and democratic core, and bad debt provision. With arrears increasing in 2023/24 additional resource has been seconded to the income recovery team due to the increased caseload.
73. The 2023/24 savings target is £690k and is included in the above position, with £284k covered by one-off benefits and is yet to be fully identified going into the new financial year.
74. As at Month 12 the capital programme financing budget of £40,207k is reporting an underspend of £2,207k. This budget includes the HRA's depreciation and revenue contributions to fund the HRA capital programme (£25,258k), with the position also including £14,949k 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

75. The HRA capital programme is set out in the table below. The 2023/24 revised budget is £84,460k, a movement of £33,678k following the rephasing approved at Month 6. The Month 12 update is presenting a proposed rephasing total of £22,791k. A small cost variance of £492k is being reported, representing a £37k adverse movement from Month 11. The five-year projections are forecast to deliver the £492k cost underspend reported for 2023/24.

Table 9: HRA Capital Expenditure

	Revised Budget 2023/24	Outturn 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	37,552	(492)	(18,639)	315,529	315,037	(492)	0
Works to Stock programme	22,437	16,867	(1,419)	(4,152)	132,813	132,813	0	0
Green Homes Initiatives	3,000	4,144	1,144	0	33,141	33,141	0	0
Major Adaptations to Property	2,340	2,615	275	0	13,317	13,317	0	0
Total HRA Capital	84,460	61,177	(492)	(22,791)	494,800	494,776	(492)	0
Movement	0	(11,249)	37	(11,286)	0	0	0	0

76. As reported at Month 11 there is a small favourable cost variance of £492k 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. Cost variances across the Works to Stock, Green Homes Initiatives and Major Adaptations net to nil.
77. At outturn, a minor £1,049k of further slippage is reported on the Hayes Estates Regeneration scheme, piling work is now complete 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.
78. The annual acquisitions cap for 1-4-1 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 in 2023/24 from purchase and repair acquisitions was 41 units. The MTFP set aside funding for 100 new units, on the basis that external grant funding would be secured towards financing the new supply together with the 1-4-1 replacement RTB receipts. The Council share of the new GLA grant funded schemes being funded from the HRA Unallocated Acquisition budget. As at 31 March 2024 55 properties have been identified and approved for capital release, of which 41 have been acquired.
79. Construction works have progressing on site at Petworth Gardens, Sullivan Crescent and Rowan Road, to provide a total of ten 2-, 3- and 4-bedroom houses. The outturn position at Month 12 is £1,748k rephasing on Sullivan Crescent. Petworth Gardens is expected to be ready for occupation by the summer. The development at Maple and Poplar of 34 2-bedroom flats is units is expected to be complete by Summer 2024. Delays have been incurred connecting utilities to the plant room, which is required before the homes can be let, rephasing

of £2,424k is proposed as at Month 12. The proposed acquisition of 24 one and two-bedroom flats at Newport Road for temporary accommodation will not take place as planned, as reported at Month 11. Fire safety and compliance issues were identified, and remedial works required to ensure full compliance with latest standards was too intrusive and expensive to undertake. The £8,400k budget will be reallocated to future acquisition and development schemes.

HRA Capital Financing

80. The below table sets out the HRA Capital Financing at Month 12:

Table 10: HRA Capital Financing

	Approved Budget 2023/24 £'000	Outturn 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	6,467		(1,655)	38,109	38,109	0	0
Revenue Contributions	21,597	23,112		1,515	122,761	124,334	1,573	3,099
Prudential Borrowing	38,415	27,464	(492)	(10,459)	232,918	231,485	(1,396)	(3,062)
Total Council Resources	68,134	57,043	(492)	(10,599)	393,788	393,928	177	37
Grants & Contributions	16,326	4,134	0	(12,192)	101,517	100,848	(669)	0
Capital Programme	84,460	61,177	(492)	(22,791)	495,305	494,776	(492)	37
Movement	0	11,249	(37)	11,286	0	0	(37)	

81. Since the approval of rephasing after Month 6, £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. 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 29 February 2024

82. This report summaries the Council's treasury management activities during 2023/24 and presents details of capital financing, borrowing, debt management and investment transactions alongside an outturn position.

Borrowing 2023-24

83. Although internal borrowing continued to be utilised during the year, external borrowing was also required during 2023/24 to ensure liquidity was maintained. The total loan portfolio increased by £32.5m as set out in the table below, leaving a balance at year-end of £356.17m (GF £158.60m, HRA £197.57m).

84. New loans of £50m were taken under the HRA to take advantage of the concessionary PWLB rate for HRA capital financing, of which £20m were short term (12 months) and another £20m were only two years duration. £10m was taken over a longer duration. There was no new long term General Fund borrowing with borrowing throughout the period consisting of £64m temporary local authority loans, offset by £70m which matured resulting in a net £6m reduction in temporary loans.

85. Over the year the Council's loan portfolio had an average interest rate of 3.31% (2.60% 2023/24) reflecting increases in market rates. Interest paid over the year totalled £10.26m (GF £4.87m, HRA £5.39m), an increase of £1.46m from 2023/24.

The Borrowing Requirement and Debt Management

	Balance on 31/3/2023 £m	New Borrowing £m	Debt Maturing £m	Balance on 31/3/2024 £m	Year-End Average Rate %
GF Loans					
PWLB Fixed Rate	82.60	-	(8.00)	74.60	2.37
Market Fixed Rate	15.00	-	-	15.00	4.28
Temporary LA Borrowing	75.00	64.00	(70.00)	69.00	5.27
Total GF Loans	172.60	64.00	(78.00)	158.60	
HRA Loans					
PWLB Fixed Rate	118.07	50.00	(3.50)	164.57	3.54
Market Fixed Rate	33.00	-	-	33.00	4.03
Total HRA Loans	151.07	50.00	(3.50)	197.57	
Total Loans	323.67	114.00	(81.50)	356.17	3.79
Other Long Term Liabilities	0.10		(0.07)	0.03	
Total External Debt	323.77			356.20	
CFR	420.6			456.9	

86. The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR) which, as at 31/3/2024, was £456.9m (31/3/2023 £420.6m). The Council's underlying future external borrowing requirement, i.e. the difference between the CFR and total actual external borrowing, is £100.7m at the end of the financial year, an increase of £3.9m in year. The CFR increased by £36.3m and external borrowing by £32.4m. The difference between

the total CFR and external borrowing levels represents the level of internal borrowing, primarily supported by the Council's own reserves and working capital.

87. As at 31 March 2024, the Council held £239.17m of PWLB debt (£74.60m General Fund and £164.57m HRA) containing a broad range of loan types including both Maturity and EIP loans with fixed rates and with varying maturities. In addition, the Council has £48m of market loans (£15m General Fund and £33m HRA), with no new market loans taken or repaid in year. These consist of £12m fixed-rate loans and £36m LOBO loans. During the year one long term market lender approached the Council about the early repayment of their LOBO loans with no premium to the Council, however after financial assessment early repayment was not considered best value for money as they are likely to be called at their next option date. Current rates for the aforementioned loans are below those in the prevailing market.
88. Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching April 2023 lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have remained volatile, seeing upward pressure from perceived sticker inflation at times and downward pressure from falling inflation and a struggling economy at other times.
89. On 31st December 2023, the PWLB certainty rates for maturity loans were 4.74% for 10 year loans, 5.18% for 20-year loans and 5.01% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.
90. The cost of short-term borrowing from other local authorities has generally risen with Base Rate over the year. Interest rates peaked at around 7% towards the later part of March 2024 as many authorities required cash at the same time. These rates are expected to fall back to more normal market levels from April 2024.
91. As at 31st March 2024, the Council's loan portfolio had an average rate 3.79% with the General Fund Loans average rate of 3.81% and HRA average rate of 3.78%. During the year there was £11.5m of naturally maturing longer term PWLB debt and £70m of local authority temporary borrowing maturities.

Borrowing Update

92. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.
93. The Council does not plan to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code. However, the Council holds a £4.7m historic portfolio in commercial investment properties that were purchased prior to the change in the CIPFA Prudential Code. The Council is not actively seeking to increase this type of investment exposure. These assets are not held for normal operational activity but held under long-term commercial leases.

94. A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15th June 2023. This rate will now be available to June 2025. The discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans. In 2023/24 £50m new PWLB borrowing accessed this discounted rate, to support financing the HRA capital programme which contains significant budgeted prudential borrowing for new housing developments and the Hayes regeneration programme.

Investment Activity

95. The investment income return for the year on day-to-day operational treasury balances excluding strategic pooled funds was 4.92% (2.13% 2023/24), resulting in income for 2023/24 of £3,378k. The table below shows day-to-day operational treasury balances investment balances on 31st March 2024 excluding strategic pooled funds. The weighted average balance of these investments over the year was £68.63m.

Investments	Average Balance over 2023/24 £m	Balance on 31/03/2024 £m	Balance on 31/03/2023 £m
Day to Day Operational			
Current Account	0.70	4.10	0.50
Call Accounts	0.00	0.00	0.00
Money Market Funds	25.28	0.00	0.00
Short Term Deposits	42.65	28.50	46.70
Total Day to Day Operational	68.63	32.60	47.20
Average Rate % Received	4.92%		2.13%
Strategic Pooled Funds	15.00	15.00	15.00
Average Rate % Received	4.15%		3.43%
Total Investments	83.63	47.60	62.20

96. In keeping with CLG's Guidance on Investments, during 2023/24 short-term money was placed in instant access Money Market Funds and short-term deposits with the DMADF and occasionally local authorities to ensure liquidity was maintained. Rates payable on these activities were comparable with other medium-term duration deposit options and so there was no opportunity cost in keeping cash liquid, which resulted in an average return on Investments of 4.92%. Current rates being offered on DMADF deposits and Money Market Funds are broadly similar at around 5.2% as at end of the financial year.
97. Security of capital remained the Council's chief investment objective and this was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2023/24. Investments during the year included deposits with the Debt Management Office and Cornwall Council as well as investments in AAA-rated Money Market Funds and Pooled Funds. In addition, instant access balances were held with UK Banks within the Council's counterparty limits. All bank placements held a minimum or higher credit rating of A- for UK counterparties.
98. Counterparty credit quality was assessed and monitored with reference to credit ratings (Council's minimum long-term counterparty rating of A- across all three rating agencies, Fitch, Standard & Poor's and Moody's). However, reliance does not rest solely with these agencies and are augmented by use of market/economic information, media updates and intelligence

from the Council's Treasury Advisors. With the introduction of the Banking Reform Act in January 2015 the Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, funds need to be held in instant access facilities to managed daily cashflow. Therefore, it is therefore not possible to protect Council funds from bail-in risk. At the end of March, 13% of the Council's day-to-day operational treasury investments (the Natwest current account) had exposure to bail-in risk compared to a March benchmark average of 61% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose).

99. Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June 2024, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.
100. In addition to the day-to-day operational treasury deposits, in April 2018 £15m was placed in three long-dated strategic pooled funds (£5m in each), the Council continued to have holdings in these funds as part of the investment portfolio throughout 2023/24. The strategic pooled funds have a long-term investment horizon with dividends being distributed periodically. In 2023/24 dividends received from these strategic pooled funds totalled £623k (£514k in 2022/23). This is an average return of 4.15% for the year.
101. Rising market interest rates in recent years have reduced the fair value of bonds held within these strategic pooled funds, and previously up to 31st March 2023, an adverse movement of £1,507k had been reported. This has improved with a gain of £438k in 2023/24 and the fair value as at 31st March 2024 is now a loss of £1,069k.
102. The DLUHC IFRS 9 pooled investment fund statutory override for English authorities for fair value gains and losses on pooled investment funds is due to expire with effect from 1st April 2025. Under the regulations, gains and losses resulting from unrealised fair value movements relating to treasury pooled investment funds, that otherwise must be recognised in profit or loss under IFRS 9, are not charges to the revenue account, and must be taken into an unusable reserve account.
103. This override may not be extended beyond 2024/25 meaning that the decrease in fair value is a potential risk as it would require to be a charge to revenue in the accounts from 2025/26, however it is an unrealised loss and is expected to recover over the medium term. The nature of this financial instrument means the fair value may rise and fall with short-term security and liquidity being less of a consideration. The key objectives instead being regular revenue income of above £400k a year and long-term price stability. The Council would only seek to sell when market conditions were favourable, and holdings were at or above original investment values.

104. All investments made during the year complied with the Council's agreed Treasury Management Strategy, Treasury Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

Compliance

105. The Council can confirm that it complied with the Treasury Indicators for 2023/24, set in February 2023 as part of the Council's Treasury Management Strategy. The levels of debt were measured on an ongoing basis during the year for compliance with the Authorised Limit of £639m and the Operational Boundary of £609m, the former being somewhat higher to allow for fluctuations in cash-flow. The Council maintained its total external borrowing and other long-term liabilities within both limits.

Maturity Structure of borrowing:

	Upper limit %	Lower limit %	Actual Borrowing as at 31/3/2024 (£m)	Percentage of total as at 31/3/2024
Under 12 months	50	0	100.50	28.22%
12 months and within 24 months	50	0	41.50	11.65%
24 months and within 5 years	50	0	59.50	16.71%
5 years and within 10 years	100	0	51.83	14.55%
10 years and within 20 years	100	0	62.24	17.47%
20 years and within 30 years	100	0	5.00	1.40%
30 years and within 40 years	100	0	23.60	6.63%
40 years and within 50 years	100	0	8.00	2.25%
50 years and above	100	0	4.00	1.12%
			356.17	

(The above table includes loans at nominal value, excluding accrued interest and premium. It also includes LOBO's at their first Call Option date.)

106. For 2023/24 the Treasury Indicator which limits principal sums invested for periods longer than 364 days was set at £35m. As at the end of 2023/24 the £15m held in Strategic Pooled Funds fall into this category of investments.

107. Non-treasury related Prudential Indicators are included in Appendix A2.

Appendix A1 - Transformation Capitalisation Schedule

Portfolio	Saving	2023/24 B/Fwd Saving	2023/24 Savings	2024/25 Savings	2025/26 Savings	Total Saving	Transformation Expenditure
Children, Families & Education	BID Review of the future of the Library Service	0	350	150	0	500	228
	BID Review of Early Years Operating Model	0	130	0	0	130	143
	Stronger Families Programme	0	150	300	0	450	71
	BID Review of Children's Services	150	0	0	0	150	42
	GLL Contract	0	1,300	0	0	1,300	3
Children, Families & Education Total		150	1,930	450	0	2,530	487
Corporate Services	Digital Saving	0	0	500	2,000	2,500	347
	Structure and Operating model	0	200	0	0	200	278
	Business Services	0	200	0	0	200	259
	Review Management Structures	0	446	0	0	446	257
	Review of VSLP	0	100	100	100	300	122
	Democratic Services	0	105	0	0	105	90
	BID Review of Green Spaces	247	0	0	0	247	78
	BID Review of the Future of the Golf Offer	0	100	0	0	100	71
	Business Performance	0	170	0	0	170	50
	Human Resources	0	206	150	0	356	43
	BID Review of Museums & Theatres	0	0	260	0	260	20
	Highways Grass Cutting	0	45	0	0	45	7
	CCTV Operating model	0	160	0	0	160	3
Corporate Services Total		247	1,732	1,010	2,100	5,089	1,625
Finance	Future of Financial Systems	0	0	300	300	600	1,440
	Revenues & Benefits Operating Model	0	100	120	0	220	297
Finance Total		0	100	420	300	820	1,737
Health & Social Care	Health & Strategic Partnerships	0	65	0	0	65	45
	Community & Voluntary Grants	0	830	175	0	1,005	26
	Increase In-House Care Home Provision	0	0	550	0	550	25
	SEND Transport Demand Management	0	229	306	11	546	12
Health & Social Care Total		0	1,124	1,031	11	2,166	108
Property, Highways & Transport	Review of Civic Centre Operating Costs	0	325	975	0	1,300	79
	Street Lighting Capitalisation	0	210	0	0	210	3
	Highways capitalisation	0	150	0	0	150	3
	Highways & Transport staffing	0	150	0	0	150	1
Property, Highways & Transport Total		0	835	975	0	1,810	86

Portfolio	Saving	2023/24 B/Fwd Saving	2023/24 Savings	2024/25 Savings	2025/26 Savings	Total Saving	Transformation Expenditure
Residents' Services	Parking Services	0	45	0	0	45	240
	Community Safety	0	72	0	0	72	223
	Homelessness Prevention	0	300	0	0	300	107
	BID Review of Green Spaces	247	0	0	0	247	61
	Project & Events team	0	70	0	0	70	48
	Re-routing of waste collection	0	250	0	0	250	26
	Compost Bins / Food Bins / Bottle Banks	0	84	0	0	84	20
	Household recycling centre	0	100	100	0	200	6
	Free recycling bags	0	200	0	0	200	6
	Schools waste	0	70	0	0	70	6
	Graffiti Team	0	85	0	0	85	6
	Waste Demographic Review	0	75	100	100	275	6
	Residents' Services Total		247	1,351	200	100	1,898
Cross-Cutting Savings*	Demand Management	0	0	1,000	0	1,000	374
	Community Hubs Strategy	0	500	1,000	1,000	2,500	30
Cross-Cutting Savings Total		0	500	2,000	1,000	3,500	404
Cross-Cutting Support**		0	0	0	0	0	2,864
DSG Safety Valve Support***		0	0	0	0	0	3,630
Other Savings		921	13,625	3,472	1,084	19,102	0
Grand Total		1,565	21,197	9,558	4,595	36,915	11,696

*These are savings that span across all of the Council's portfolios

**This covers overarching support to the Council's saving programme

***£10,978k of savings in relation to agreeing the Safety Valve Agreement for the DSG as set out in February 2022 Cabinet

Appendix A2 - Non Treasury Prudential Indicators 2023/24

2023/24 Estimates were reported in Appendix D Capital and Investment Strategies report (February 2024 Cabinet)

Estimated and Actual Capital Expenditure

	2023/24 Estimated £m	2023/24 Outturn £m
General Fund	129.1	66.0
HRA	98.4	61.2
Total	227.5	127.2

Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

	2023/24 Estimated £m	2023/24 Outturn £m
Financing Costs	15.6	12.8
Proportion of Net Revenue Stream	6%	5%

Net revenue stream is the General Fund budget requirement, which is funded through Council Tax Business Rates and Government Grants.

Capital Financing Requirement

	2023/24 Estimated £m	2023/24 Outturn £m
General Fund	275.2	274.8
HRA	179.2	182.1
Total	454.4	456.9

Actual External Debt

As at 31/03/2024	£m
Borrowing	356.17
Other Long-term Liabilities	0.03
Total	356.20

Appendix A3: General Fund Capital Programme

Prior Year Cost £'000	Project	2023/24 Revised Budget £'000	2023/24 Outturn £'000	2023/24 Cost Variance £'000	2023/24 Re-phasing £'000	Total Project Budget 2023-2028 £'000	Total Project Forecast 2023-2028 £'000	Total Project Variance 2023-2028 £'000	Council Resources £'000	Government Grants £'000	Other Cont'ns £'000
34,503	Property, Highways and Transport	48,781	21,179	(9)	(27,593)	128,365	128,365	0	(84,576)	(43,789)	0
11,410	New West Drayton Leisure Centre	8,521	6,243	0	(2,278)	25,259	25,259	0	(25,259)	0	0
2,109	Hillingdon Water Sports Facility	1,095	1,263	0	168	24,391	24,391	0	0	(24,391)	0
145	Carbon Zero Initiatives	15,119	6,323	0	(8,796)	24,855	24,855	0	(10,102)	(14,753)	0
97	Civic Centre Transformation	13,403	3,427	0	(9,976)	19,903	19,903	0	(19,903)	0	0
10,142	Housing Company Financing	0	0	0	0	14,858	14,858	0	(14,858)	0	0
2145	Cranford Park Heritage Lottery Project	1,885	1,641	0	(244)	1,885	1,885	0	(723)	(1,162)	0
0	Northwood Hills Library Buyback	2,392	2	0	(2,390)	2,392	2,392	0	(2,392)	0	0
2,858	Uxbridge Mortuary Extension	456	318	0	(138)	456	456	0	(456)	0	0
4	Charville Lane - Children Specialist House	1,385	274	0	(1,111)	4,615	4,615	0	(1,513)	(3,102)	0
0	Otterfield Road Library Buyback	0	0	0	0	1,974	1,974	0	(1,974)	0	0
401	Battle of Britain Underground Bunker	1,180	800	0	(380)	1,230	1,230	0	(1,230)	0	0
34	New Years Green Lane Extension	816	34	0	(782)	966	966	0	(766)	(200)	0
221	Asha Day Centre Refurbishment	371	346	0	(25)	391	391	0	(391)	0	0
47	Motor Vehicle Workshop	150	5	0	(145)	470	470	0	(470)	0	0
9	Parking Improvements	350	124	0	(226)	491	491	0	(491)	0	0
0	Uxbridge Cemetery Gatehouse	500	24	0	(476)	500	500	0	(500)	0	0
0	Botwell Leisure Centre Football Pitch	101	101	0	(0)	200	200	0	(200)	0	0
2,070	Yiewsley/West Drayton Community Centre	44	1	0	(43)	44	44	0	(44)	0	0
2,608	Cedars & Grainges Car Park Improvement Works	53	51	(2)	(0)	63	63	0	(63)	0	0
203	Battle of Britain Visitors Centre Enhancements	58	54	(4)	0	58	58	0	(58)	0	0

Prior Year Cost	Project	2023/24 Revised Budget	2023/24 Outturn	2023/24 Cost Variance	2023/24 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	£'000
0	Appropriation of Townfield to General Fund	100	0	0	(100)	100	100	0	(100)	0	0
163	Tennis Courts Upgrades	107	104	(3)	0	107	107	0	74	(181)	0
0	South Ruislip Early Years & Children's Centre Remodelling	150	0	0	(150)	700	700	0	(700)	0	0
0	Harefield Family Hub New Build	150	0	0	(150)	2,000	2,000	0	(2,000)	0	0
0	Botwell Leisure Centre Adaptations	250	0	0	(250)	250	250	0	(250)	0	0
0	Flood Alleviation - Bessingby Park	145	42	0	(103)	207	207	0	(207)	0	0
7,069	Finance	11,000	11,697	0	697	18,000	18,000	0	(18,000)	0	0
0	DSG Capitalisation Support	8,000	0	0	(8,000)	12,000	12,000	0	(12,000)	0	0
7,069	Transformation Capitalisation Fund	3,000	11,697	0	8,697	6,000	6,000	0	(6,000)	0	0
10,690	Residents' Services	1,927	865	0	(1,062)	2,459	2,459	0	(1,372)	(1,087)	0
808	Shopping Parades Initiative	1,709	702	0	(1,007)	2,241	2,241	0	(1,154)	(1,087)	0
9,882	Hayes Town Centre Improvements	218	163	0	(55)	218	218	0	(218)	0	0
34,629	Children, Families and Education	19,965	8,635	0	(11,330)	21,699	21,699	0	(2,780)	(18,919)	0
28,120	Schools SRP / SEND	12,378	8,593	0	(3,785)	14,112	14,112	0	0	(14,112)	0
0	Additional Temporary Classrooms	2,780	0	0	(2,780)	2,780	2,780	0	(2,780)	0	0
6,509	Secondary Schools Expansions	4,807	43	0	(4,764)	4,807	4,807	0	0	(4,807)	0
87,054	Total Major Projects	81,673	42,376	(9)	(39,288)	170,523	170,523	0	(106,728)	(63,795)	0
	Property, Highways and Transport	24,253	15,586	(2,712)	(5,954)	88,919	88,919	0	(40,226)	(48,134)	(559)
N/A	Highways Structural Works	7,000	6,781	0	(219)	31,000	31,000	0	(25,000)	(6,000)	0
N/A	School Building Condition Works	4,740	2,541	0	(2,199)	19,820	19,820	0	0	(19,820)	0
N/A	Disabled Facilities Grant	3,159	986	0	(2,173)	11,743	11,743	0	0	(11,743)	0
N/A	Transport for London	1,558	1,558	0	0	8,939	8,939	0	0	(8,939)	0
N/A	Property Works Programme	3,054	990	(2,064)	0	6,188	6,188	0	(5,932)	(256)	0

Prior Year Cost	Project	2023/24 Revised Budget	2023/24 Outturn	2023/24 Cost Variance	2023/24 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	£'000
N/A	Street Lighting Replacement	925	925	0	0	4,625	4,625	0	(4,625)	0	0
N/A	Leisure Centre Refurbishment	900	678	0	(222)	1,300	1,300	0	(1,300)	0	0
N/A	Highways Bridges and Structures	300	296	(4)	0	1,500	1,500	0	(1,500)	0	0
N/A	CCTV Programme	165	174	9	0	872	872	0	(872)	0	0
N/A	Road Safety	268	87	(181)	0	748	748	0	(748)	0	0
N/A	Environmental and Recreational Initiatives - Pollution Screening	500	16	0	(484)	500	500	0	0	(500)	0
N/A	Environmental and Recreational Initiatives - Green Spaces	262	98	(159)	(5)	262	262	0	(159)	(103)	0
N/A	HS2 Road Safety Fund	436	98	0	(338)	436	436	0	0	(436)	0
N/A	HS2 Amenity Fund	296	84	0	(212)	296	296	0	0	(296)	0
N/A	Bowls Clubs Programme	90	27	0	(63)	90	90	0	(90)	0	0
N/A	Emergency Active Travel	41	0	0	(41)	41	41	0	0	(41)	0
N/A	Highways Section 106 Projects	559	246	(313)	0	559	559	0	0	0	(559)
	Finance	2,779	213	0	(2,566)	4,724	4,724	0	(4,724)	0	0
N/A	Purchase of Vehicles	2,779	213	0	(2,566)	4,724	4,724	0	(4,724)	0	0
	Corporate Services	2,373	883	(200)	(1,291)	5,105	5,105	0	(5,105)	0	0
N/A	Corporate Technology and Innovation	2,173	883	0	(1,291)	4,105	4,105	0	(4,105)	0	0
N/A	Older Peoples Initiative	200	0	(200)	0	1,000	1,000	0	(1,000)	0	0
	Residents' Services	1,960	942	188	(1,206)	6,760	6,760	0	(3,984)	(2,408)	(368)
N/A	Chrysalis Programme	1,177	449	0	(728)	5,177	5,177	0	(3,177)	(2,000)	0
N/A	Playground Replacement Programme	305	260	(45)	0	1,105	1,105	0	(807)	(298)	0
N/A	Green Spaces Section 106 Projects	478	0	0	(478)	478	478	0	0	(110)	(368)
N/A	Green Spaces	0	233	233	0	0	0	0	0	0	0
	Children, Families and Education	4,331	3,303	(676)	(353)	6,671	6,671	0	(375)	(3,425)	0
N/A	Devolved Capital to Schools	3,256	3,256	0	0	4,796	4,796	0	0	(1,925)	0

N/A	Youth Provision	1,075	46	(676)	(353)	1,875	1,875	0	(375)	(1,500)	0
	Health and Social Care	2,850	2,760	(90)	0	14,250	14,250	0	0	(14,250)	0
N/A	Telecare Line Equipment	0	0	0	0	0	0	0	0	0	0
N/A	Equipment Capitalisation - Social Care	2,850	2,760	(90)	0	14,250	14,250	0	0	(14,250)	0
N/A	Total Programme of Works	38,546	23,687	(3,490)	(11,370)	126,429	126,429	0	(54,414)	(68,217)	(927)

Prior Year Cost	Project	2023/24 Revised Budget	2023/24 Outturn	2023/24 Cost Variance	2023/24 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	£'000
Development & Risk Contingency											
N/A	General Contingency	10,701	0	0	(10,701)	26,701	26,701	0	(26,701)	0	0
87,054	Total GF Capital Programme	130,920	66,063	(3,499)	(61,359)	323,653	323,653	0	(187,843)	(132,012)	(927)

Appendix A4: HRA Capital Programme

Prior Year Cost £'000	Project	Units	2023/24 Revised Budget £'000	2023/24 Outturn £'000	2023/24 Cost Variance £'000	2023/24 Re-phasing Variance £'000	Total Project Budget 2023-2028 £'000	Total Project Forecast 2023-2028 £'000	Total Project Variance 2023-2028 £'000
	Major Projects								
	Property Highways and Transport								
0	Chippendale Waye/Carpenters Court	12	2,162	849	0	(1,313)	2,373	2,373	0
0	Acquisition of 74 Chapel Lane	1	579	23	(529)	(27)	579	50	(529)
1,590	Packet Boat House Buybacks	2	177	172	(5)	0	177	172	(5)
0	Right to Buy Back Fund	20	60	67	7	0	60	67	7
366	Rough Sleepers Accommodation Programme	21	45	80	35	0	45	80	35
	Purchase and Repair Housing Stock	100	17,965	17,342	0	(623)	45,965	45,965	0
3,364	Maple and Poplar	34	7,215	4,791	0	(2,424)	8,165	8,165	0
86	34-44 Sullivan Crescent	6	1,661	520	0	(1,141)	1,881	1,881	0
1,489	Nelson Road	6	98	66	0	(32)	98	98	0
57	Petworth Gardens	4	1,745	1,430	0	(315)	2,095	2,095	0
680	113-127 Moorfield Road	6	110	30	0	(80)	110	110	0
0	Rowan Road	1	512	220	0	(292)	512	512	0
0	Newport Road Flats	24	8,400	(2)	0	(8,402)	8,400	8,400	0
0	Yiewsley Housing Sites		1,072	809	0	(263)	1,072	1,072	0
0	Haydon Drive		505	64	0	(441)	0	0	0
0	New Build – Stock Acquisitions (budget £2,525k)		0	867	0	867	0	0	0
154	Loft Extensions		1,370	534	0	(836)	1,370	1,370	0
2,884	Hayes Estate Regeneration	370	6,826	6,296	0	(530)	126,599	126,599	0
3,680	Hayes Estate Regeneration Leaseholder Buybacks		3,913	3,394	0	(519)	22,722	22,722	0
0	Acquisitions and Internal Developments	249	2,268	0	0	(2,268)	93,306	93,306	0
103,655	Total Major Projects	856	56,683	37,552	(492)	(18,639)	315,529	315,037	(492)

Prior Year Cost £'000	Project	Units	2023/24 Revised Budget £'000	2023/24 Outturn £'000	2023/24 Cost Variance £'000	2023/24 Re-phasing Variance £'000	Total Project Budget 2023-2028 £'000	Total Project Forecast 2023-2028 £'000	Total Project Variance 2023-2028 £'000
	HRA Programme of Works								
	Property Highways and Transport								
N/A	Works To Stock		22,437	16,866	(1,419)	(4,152)	132,813	132,813	0
N/A	Green Homes Grant		3,000	4,144	1,144	0	33,141	33,141	0
N/A	Major Adaptations		2,340	2,615	275	0	13,317	13,317	0
0	Total Programme of Works		27,777	23,625	0	(4,152)	179,271	179,271	0
	Total HRA Capital Programme		84,460	61,177	(492)	(22,791)	494,800	494,308	(492)

PART B: FINANCIAL RECOMMENDATIONS

That the Cabinet:

- a. Approve acceptance of £350k grant funding from National Trading Standards for costs associated with the delivery of additional enforcement work at Heathrow targeting the importation of non-compliant and unsafe vapes and e-cigarettes.
- b. Approve acceptance of Port Health Transition Fund grant of £209,161 to cover the period 1st April to 31st July 2024.
- c. Approve acceptance of the Household Support Scheme grant funding of £2,069k for the period 1st April 2024 to 30 September 2024 inclusive and the proposed scheme as set out in the statement at Annex A.
- d. Approve the acceptance of £107k grant funding from the Lawn Tennis Association Parks Tennis Renovation Grant for the renovation of the tennis courts at Moorhall Recreation Ground.
- e. Agree the request to continue existing operational arrangements with Caterplus and Powerday, whilst new contracts are agreed and formal governance approved.
- f. Note the interim consultants appointed where the value is above £50k in Annex B.

Reasons for recommendation

108. Grant funding has been offered by National Trading Standards for the period January 2024 to March 2025, with **recommendation 2a** proposing acceptance of this funding, which if approved, will be utilised to cover the costs of additional staffing resources and destruction/disposal contracts required at Heathrow relating to “Operation Joseph”, an initiative aimed at intercepting the importation of illegal vapes and e-cigarettes.
109. **Recommendation 2b** seeks Cabinet acceptance of Grant funding from Defra for the period April-July 2024 which will be utilised to cover the costs of environmental health and veterinary resources required at the Heathrow Imported Food Office associated with the implementation of the “Target Operating Model” (new port health authority requirements for EU imports) and supporting agencies managing biosecurity risks at the border.
110. **Recommendation 2c** seeks Cabinet acceptance of the Household Support Grant funding which covers the first six months of the 2024/25 financial year and the Council’s proposed scheme for allocating this funding to those residents most in need of financial assistance. The schedule at Annex A gives more detail on how the scheme will operate and fulfils the requirement of the grant funding to publish an eligibility statement for the scheme.
111. Grant funding has been offered by the Lawn Tennis Association for the period April to the 1st September 2024, with **recommendation 2d** proposing acceptance of this funding, which if approved will be utilised to cover the costs of the renovation of the tennis courts at Moorhall Recreation Ground. This will build on the Green Spaces programme to complete the refurbishments of the Council’s tennis sites and encourage further participation in tennis for residents of all ages.
112. The Council is already seeing the benefits of strengthened expenditure controls following the successful roll out of the new Oracle Cloud platform from May 2024, with recurrent spending

in two areas – removal of rubble and detritus from Harlington Road depot by Powerday, and catering services in Social Care establishments provided by Caterplus – tracking at a level where Cabinet approval of spending is required under Standing Orders. **Recommendation 2e** seeks agreement from Cabinet to maintain existing operational arrangements in the interim, with formal arrangements to be put in place following future Cabinet meetings. Both situations have been discussed with the relevant portfolio holders.

113. In order to manage resourcing across the council it is sometime necessary to recruit interim consultants – to support on specific time limited projects, where specialist skills are required or where a recruitment processes is not yet complete. The attached list (Annex B) details the current interims where they exceed the value of £50k, with **recommendation 2f** asking that Cabinet note this, as required under Procurement Standing Orders for transparency in such contractual spend.

Annex A - Hillingdon Household Support Fund Statement 2024 (April 2024 to September 2024)

Each local authority is required to have an eligibility statement / framework published for their local Household Support scheme. The following has been drafted to reflect the proposals set out in this paper.

Purpose of the Scheme

Hillingdon Council is Putting Residents First using government funding to help support residents most in need by providing additional financial assistance to help meet the cost of food, energy, water bills and other essentials.

Eligibility

In line with prescribed national guidance from the Department for Work and Pensions, the Hillingdon Household Support Fund scheme will meet the following requirements for Households within Hillingdon:

Eligible Households

- Low-income households who would otherwise struggle to buy food, pay essential utility bills, or meet other essential living costs.

Eligible expenditure

- The funding will primarily be used to support vulnerable households with the increased costs of living, with a particular focus on domestic energy costs, food, and other essentials.
- The Fund may be used to provide supplementary advice services to award recipients, including debt, benefit and/or employment advice.

The Hillingdon Scheme

In line with the prescribed eligibility requirements, the scheme for Hillingdon will be available for low-income residents as follows:

- Households eligible for benefit related free school meals, attending a Hillingdon School
- Children of pre-school age living within Hillingdon and the household are in receipt of one of the following qualifying benefits:
 - Income Support
 - Income based - Job Seeker's Allowance
 - Income related – Employment and Support Allowance
 - Guaranteed Pension Credit
 - Universal Credit without earning.

• Children attending an independent Special Educational Needs school, living within Hillingdon, or receiving and registered as Home Educated and the household are in receipt of one of the following qualifying benefits.

- Income Support

- Income based - Job Seeker's Allowance
- Income related – Employment and Support Allowance
- Guaranteed Pension Credit
- Universal Credit without earning.
- Working age adults, and pensioners who apply or who are referred by Hillingdon Social Care teams or a partner service, e.g. CAB, DASH, Age UK, in need of assistance essential items, considered on a case-by-case basis.

How this support will be implemented and accessed

To ensure this support reaches those who need it most, it is proposed families in receipt of benefit related free school meals will be contacted directly if they are eligible to receive assistance toward meals or financial help to cover utilities costs. These households will receive assistance via the established free school meals system and / or will be emailed/written to directly advising them on how to access their e-vouchers. There will also be an application process available to any resident or someone acting on their behalf, e.g., CAB, Age UK, DASH, Social Care and Hillingdon Housing teams to apply for assistance from the Household Support Fund in Hillingdon.

Payments

Payments to eligible households will be made using the most secure methods of payment. This will include using the Edenred system where possible, e-vouchers or making payments direct into individual bank accounts.

For children eligible for free school meals, a payment of £15 per child per week for an eight-week period will be made, paid to families in stages (1-week Easter holiday, 1- week May half term, 6 - week summer holiday period, 2 payments of £45, week beginning 22nd July 5th August and 12th August 2024.)

For other payment requests or additional payment requests, these will be considered on a case-by-case basis in line with the prescribed eligibility criteria as set out above.

Duration of the Scheme

In line with guidance from the Department for Work and Pensions, the Hillingdon Household Support Fund Scheme will operate from 1 April 2024 to 30 September 2024 inclusive.

Reviewing the Scheme

The Council will keep the scheme under review and may make changes to the scheme as is required to ensure the needs of Hillingdon residents continue to be met.

Preventing Fraud

Residents may face prosecution if they have manipulated or falsified their position in order to obtain these payments.

Annex B – Interim Consultant Spend over £50k

Company	Deliverables	Total spend
Landmark Bids	Various support, but main project was Hayes Regeneration (now handed over) followed by Civic Centre works and more recently West Ruislip Golf Facility. Not full time and also working outside of LBH on projects for other clients.	£197,485
Maxwell Oliver	A number of projects across place directorate, supporting directors and Heads of Service to fast track a number of current 2025/26 projects. This role is 3 days a week linked to clearly defined start and end projects.	£129,040
Sarah Jane Baker Ltd	Adult Social Care Commissioning Support / Lead	£117,150
David R Saunders Ltd	Primarily to lead on achieving acquisitions by negotiations to de-risk the project by providing early VP in accordance with the Acquisition Strategy and project programme.	£104,630
SRG Management	Enhanced project support for Adult Social Care CQC Inspection	£97,740
Housing People Network	Developing shared ownership policies, resident engagement, decant options and support in housing services etc	£67,600
John Galvin Ltd	Various Finance project related activity in support of transformation programme	£54,150