

COUNCIL BUDGET - 2025/26 BUDGET MONITORING

Cabinet Member & Portfolio	Councillor Martin Goddard Cabinet Member for Finance & Transformation
Responsible Officer	Steve Muldoon, Corporate Director of Finance
Report Author & Directorate	Andy Goodwin, Head of Strategic Finance
Papers with report	None

HEADLINES

Overview

This report sets out a summary of the Council's General Fund and Housing Revenue Account forecast positions for both revenue and capital budgets as at the end of July 2025 (Period 4) for the financial year 2025/26.

General Fund Revenue

The Council has an approved General Fund expenditure budget of £974m, matched by equivalent funding. As at the end of July 2025 (Period 4), the forecast shows an overspend of £18.3m, representing an adverse movement of £1.9m from Month 2.

The change in forecast of £1.9m represents a 0.2% change when compared to the total expenditure budgets of the General Fund. The variance is entirely driven by service operations and reflects the ongoing pressures and risks local authorities face in homelessness, children's and adults social care provision.

Dedicated Schools Grant (DSG)

The in-year forecast deficit relating to DSG remains in line with budget, i.e. a £12.5m draw on reserves. When factoring in the opening deficit position of £65.6m, this forecast position leads to a closing deficit for 2025/26 of £78.1m.

Housing Revenue Account (HRA)

The 2025/26 HRA revenue budget consists of £85.4m expenditure matched by an equivalent level of income (rents, service charges and other contributions). The Month 4 forecast reflects an unchanged position (nil variance) against this budget. This comprises a £0.6m pressure against service expenditure offset by a reduction in the revenue contribution to the capital programme.

General Fund and HRA Capital Programmes

The Council set itself ambitious targets to invest in local services, infrastructure and homes during 2025/26 – a total of £307m being budgeted across both the General Fund and HRA areas in 2025/26. 95% of that target is expected to be spent in year, with the majority of the underspend proposed to be rephased into 2026/27 at this stage, subject to Cabinet approval as part of the Draft Outturn report to be prepared in early 2026/27.

The General Fund capital programme includes a forecast of £17.0m of capital receipts to be used to fund transformation costs leading to ongoing future revenue savings or cost avoidance and is to be funded from the flexible use of capital receipts (as allowed for under government regulation).

Putting our Residents First Delivering on the Council Strategy 2022-2026	This report supports our ambition for residents / the Council of: An efficient, well-run, digital-enabled council working with partners to deliver services to improve the lives of all our residents This report supports our commitments to residents of: A Digital-Enabled, Modern, Well-Run Council
Financial Cost	N/A
Select Committee	Corporate Resources & Infrastructure
Ward(s)	All

RECOMMENDATIONS

That Cabinet:

1. **Note the budget monitoring position and treasury management update as at July 2025 (Month 4) as set out in Part A of the report, furthermore, noting the actions proposed by officers.**
2. **Approve the full release of the Development and Risk Contingency.**
3. **Approve the financial recommendations as set out in Part B of this report.**

Reasons for recommendation

1. The reason for **Recommendation 1** is to measure performance against the Council's budgetary objectives, providing Cabinet with the update on performance against budgets approved by Council on 27 February 2025 contained within **Part A** of this report. An update on the Council's Treasury Management activities is included within this.
2. **Recommendation 2** seeks approval to release the centrally held contingency in order to reduce the forecast overspend by £10.5m and reduce it to the level shown in Table 1.
3. **Recommendation 3** seeks approval for the 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

4. There are no other options proposed for consideration.

Select Committee comments

None at this stage.

PART A: 2025/26 MONTHLY BUDGET MONITORING

SUMMARY

GENERAL FUND REVENUE

5. As at Month 4, the Council is forecasting a net overspend of £18.3m on its core operating activities. This includes overspends of £24.1m across Service Operating Budgets and £9.7m within Corporate Budgets. These pressures are partially mitigated by £5.0m of planned interventions, which are expected to deliver savings aligned with the Target Operating Model (TOM) and spend control measures, and are currently held under unallocated budget lines, pending allocation to service areas. To address the total gross pressure of £28.7m, it is proposed that the full £10.5m contingency budget be released, reducing the net overspend to £18.3m.
6. The service operating budget pressure of £24.1m, representing a £1.3m adverse movement from Month 2, is largely being driven by four pressure areas:
 - i. c£16.6m relating to further demand pressures above the budget position presented to February Cabinet and Council, with £8.6m being driven by Adult Social Care demand, £3.9m from homelessness support, £4.4m within Children's Social Care, offset by £0.3m reduction in the waste forecast.
 - ii. c£5.3m relates to a shortfall against the forecast delivery of savings in 2025/26 and the £38.6m target to be delivered this year (with a further £2.1m included in unallocated savings budgets, after factoring in the delivery of the £5.0m Target Operating Model saving), representing 19% slippage.
 - iii. £3.6m from the General Fund share of Treasury activities linked to this position and the interest costs arising from the net cash outflow resulting from the forecast
 - iv. Lastly, c£1.4m underspend relating to a number of other smaller updates, mainly driven by staffing underspends across Adults & Children's Social Care.
7. The Corporate Budgets forecast of £9.7m includes a pressure against unallocated savings of £7.1m and the 2025/26 pay award is forecast to generate a further pressure of £2.6m as a result of the current offer of 3.2% compared to the budgeted 2.0%. The forecast then includes two mitigating actions, firstly the proposed release of the £10.5m general contingency and secondly to reflect £5.0m of interventions to deliver the Council's Target Operating Model (TOM) saving held in corporate budgets.
8. As part of the Month 4 review, the Council has also carried out an analysis of exposure to risks and where further opportunities exist. This review has identified more risks than opportunities totalling £11.6m against further opportunities of £2.4m. The identified risks include demand exposure from homelessness (£1.0m), adult social care (£1.8m) and Waste Services (£0.3m) with wider corporate risks linked to the delivery of the interventions (£5.0m) Council's treasury position (£0.5m) and the possibility of the Council's financial position deteriorating from these risks, the remaining £2.0m of risks come from a number of smaller updates including funding strategies such as buyers premium and the use of Transformation Capitalisation powers.

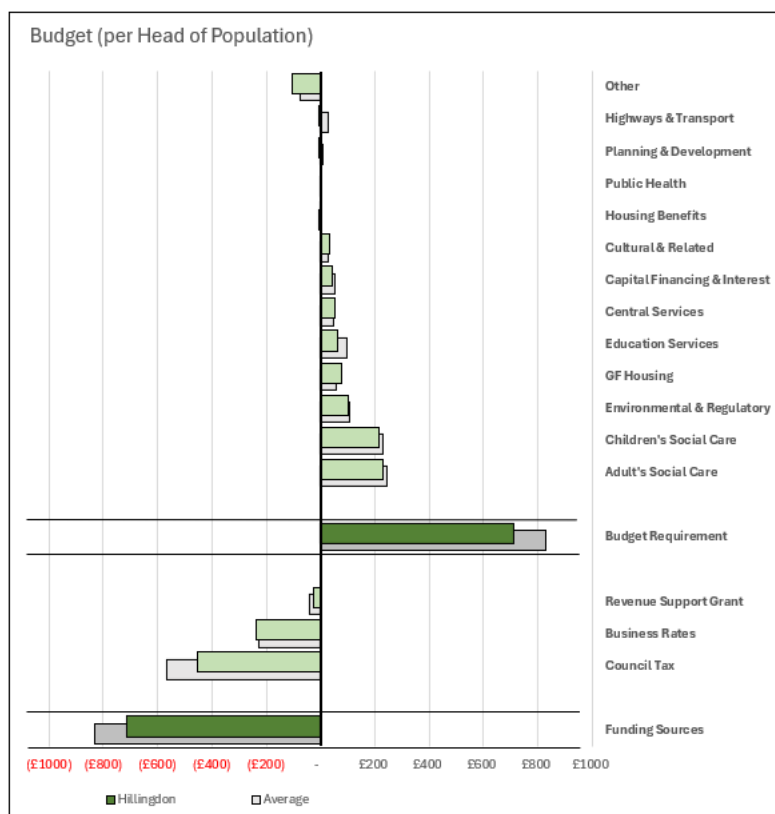
Table 1: General Fund Overview

Service	Approved Budget £m	Forecast Outturn £m	Variance £m	Forecast Variance Prior Month £m	Change in Variance £m
Service Operating Budgets	261.5	285.6	24.1	22.8	1.3
Development & Risk Contingency	10.5	0.0	(10.5)	(10.5)	0.0
Unallocated Budget Items: Pay Award Inflation	2.0	4.6	2.6	2.6	0.0
Unallocated Budget Items: Unallocated Savings	(7.1)	0.0	7.1	6.5	0.6
Budgeted Use of Reserves	(4.2)	(4.2)	0.0	0.0	0.0
Total Net Expenditure	262.7	286.0	23.3	21.4	1.9
Corporate Funding	(262.7)	(262.7)	0.0	0.0	0.0
Subtotal	0.0	23.3	23.3	21.4	1.9
Interventions	0.0	(5.0)	(5.0)	(5.0)	0.0
Net Total	0.0	18.3	18.3	16.4	1.9
Opening Reserves as at 1st April 2025			6.7		
Less: Underlying Variance			(18.3)		
Less: Budgeted Use of Reserves			(4.2)		
Add/(Less): Movement on Earmarked Reserves			(1.0)		
Closing Reserves as at 31st March 2026			(16.8)		

9. The Council's draft opening reserves position, comprising both General and Earmarked Reserves, stands at £6.7m. When combined with the £4.2m of budgeted reserve usage and the current overspend, total reserves are projected to be £15.8m overdrawn. An additional £1.0m drawdown from Earmarked Reserves, due to service-level requirements, brings the forecast usable general reserves position to £16.8m overdrawn, before any assessment of the potential further impact from other financial risks. It would clearly be untenable for the Council to leave this position unaddressed.
10. To this end, the council has begun conversations with the Ministry for Housing, Communities & Local Government (MHCLG) with a view to securing Exceptional Financial Support (EFS), and in order to progress matters swiftly has now made a formal submission to MHCLG in this regard for support in the form set out in paragraphs 9i and 9ii below only.
11. Exceptional Financial Support may be granted by the Ministry of Housing, Communities and Local Government (MHCLG) to councils facing significant financial pressures and unable to deliver a balanced budget or maintain adequate reserves. Support can be provided in one or more of the following forms:
 - i. Capitalisation Direction – This permits councils to account for specific revenue costs as capital, subject to Government approval. Without such approval, this approach would be unlawful. Once approved, this capital item can be addressed either through offsetting capital receipts or amortised as MRP over a maximum of twenty years. If the council were to have to borrow to make the cash flow balance this would also incur interest costs.

- ii. Additional Grant Funding – In certain circumstances, councils may receive direct grant support to help manage exceptional financial pressures.
 - iii. Council Tax Flexibility – Councils may be granted permission to raise Council Tax above the referendum threshold without holding a referendum. This option is only available as part of the annual Council Tax setting process and is not currently being pursued by Hillingdon.
12. The S151 Officer is not minded to issue a S114 notice at this point in time on the basis that MHCLG are engaged in discussions and actively reviewing the council's position. This position is held on the current assumption that MHCLG will support the council's application for EFS and that the level of EFS agreed will be seen through on time and to the level required by the council. The decision not to issue a S114 at this time is wholly contingent on the discussions with MHCLG and ultimately without such agreement very serious consideration would need to be given to issuing such a notice.
13. The Council is actively reviewing all available options to address the current financial pressure and the forecast negative reserves position. Central to this is the delivery of the 2025/26 savings programme, totalling £34.0m – the largest savings target the Council has ever undertaken. In addition, £4.8m of unresolved savings from previous years have been carried forward, increasing the total savings requirement for 2025/26 to £38.8m. To date, slippage of £7.4m has been identified within this savings requirement and built into the forecast position.
14. Under Government guidance, councils may fund transformation activity using capital receipts from asset disposals. Given the scale of the savings programme, it is likely that the council will need to utilise all available capital receipts to support transformation. This may include releasing receipts previously earmarked to offset the Dedicated Schools Grant (DSG) deficit. The council's current Safety Valve Agreement with the Department for Education is suspended pending ministerial review, recognising that the statutory override for DSG deficits has been extended to March 2028.
15. The Council remains firmly committed to achieving a sustainable financial position and implementing its Target Operating Model. It continues to be well-managed, with spending on frontline services per capita below that of comparable authorities – primarily Outer London boroughs. Despite the financial pressures, the Council has consistently delivered high-quality, well-regarded services in a cost-effective manner, while maintaining one of the lowest Council Tax levels in its comparator group. The chart below, based on 2023/24 data, illustrates this position:

Chart 1: Income & Spend per Head Compared to Cohort Average



16. The Council's forecast of overdrawn reserves by year-end reflects a range of national challenges, compounded by insufficient funding from central government to meet rising demand. A key pressure continues to be the delivery of temporary accommodation and homelessness support. This is particularly acute in Hillingdon, due to the presence of Heathrow Airport - a major port of entry into the UK - which places additional strain on local housing supply and demand, driving up costs. This housing pressure also affects Children's Social Care, where vulnerable young people in supported accommodation are unable to transition into independent tenancies due to a shortage of general needs housing. At the same time, demand for Adult Social Care remains consistently high following the pandemic, with funding from the Department of Health and Social Care failing to keep pace with increasing client demand volume and complexity and market pressures.
17. The Government has now closed its consultation on the Fair Funding Review 2.0 with the Council awaiting the outcome of the consultation. The fair funding review has been delayed since the pandemic, with the consultation covering the funding distribution formulae used by Government to allocate funds to each council across the country. Whilst the outcome of the review is still awaited, early modelling by both London Councils and Pixel indicate a reduction in overall funding for London, with funding migrating outwards from Inner London Boroughs to Outer London Boroughs and beyond. Both models suggest that Hillingdon should see a net growth in funding from 2026/27 and beyond. Whilst it is recognised that the borough was aware of Government funding at the time of setting the 2025/26 budget, the review indicates that Hillingdon is currently underfunded by Government and had this review taken place in line with the original timescale, Hillingdon's financial position is likely to have been more favourable.

18. Hillingdon's consultation response largely agreed with the Fair Funding Review 2.0 information and data that the Government shared, supported by the London Councils model. The council's primary response was focused on the timing of the transition period, with the Government indicating transitioning to the new funding level over a 3-year period. The council's stance is that local residents should not be required to fund transitional arrangements and that the Government should seek alternative methods to fund any such arrangements, rather than restrain the release of funding due to Hillingdon.
19. The pressures presented in this report therefore present a challenge for the Council, with the above table setting out this position against service operating budgets, corporate budgets and the use of reserves. This forecast position does not include any potential outcome from the Exceptional Financial Support conversations being held with Government.
20. The council's forecast position is therefore a highly challenging one and is highly dependent on the assumptions built into the forecast being deliverable. All of the council's centrally held contingency has been assumed to be released in the forecast set out here and so there is no capacity to offset further unforeseen costs, or savings or income shortfalls. It is of critical importance that all areas of the council aim to deliver on, and give support to, all of the savings commitments made to ensure they are delivered on time and to the value and scale planned in the budget. The forecast assumes that transformation activity will be underpinned by capital receipts and so it is also critical that the necessary level of asset disposals can be found to pay for this activity, or that the spend on such activity is otherwise restrained to fit within the level of receipts generated and available. The risks not encapsulated within the forecast will also need to be carefully reviewed and addressed in order to mitigate and prevent or limit the impact they may present. Any further impacts may have consequences for the EFS requirement and add pressure to the council's finances in repaying this over time. The council will have to redouble efforts over the coming weeks to address these risks and not assume that the increase in funding anticipated through the Fair Funding review, which may only be phased in over three years, will fully resolve the situation.

GENERAL FUND CAPITAL EXPENDITURE

21. As at Month 4 a £20.8m underspend is projected on the 2025/26 General Fund Capital Programme of £156.6m, with the forecast outturn variance over the life of the 2025/26 to 2029/30 programme estimated to breakeven. General Fund Capital Receipts of £17.0m are forecast for 2025/26, with these funds forecast to be fully utilised to fund transformation activity, with capital receipts forecast to achieve the income target of £45.5m for the five years to 2029/30. Overall, Prudential Borrowing required to support the 2025/26 to 2029/30 General Fund capital programme is forecast to be on budget.

SCHOOLS BUDGET

22. The Dedicated Schools Grant (DSG) total Block for the Maintained Schools is forecast to have an in-year deficit of £12.5m, unchanged from Month 2, representing an ongoing improvement from the draft outturn for 2024/25 of £15.0m as a result of a broad range of positive measures deployed by the Council. The in-year deficit is largely driven by High Needs placement demand and cost pressures which continue to be significantly underfunded in the

DSG settlement from the DfE. This position means that the cumulative deficit carried forward to 2026/27 is forecast at £78.1m.

23. There is currently a time-limited statutory override in place, now extended until 31 March 2028, ringfencing the Schools Budget deficit such that this does not impact upon general reserves. The Council is one of many local authorities managing a large deficit within the Schools Budget and this stood at £65.6m at 31 March 2025, exceeding the level of General Fund reserves held. It is worth noting that between outturn 2024/25 and the position presented in this report, the Council has successfully reduced the in-year spend against the Schools Budget by £2.5m and continues to make good progress in this.
24. The issue of mounting DSG deficits remains a national issue, with projections for a £6.2bn deficit across the country by 2026/27 forming a key strand to lobbying by sector bodies such as the LGA and London Councils.

HOUSING REVENUE ACCOUNT

25. The Housing Revenue Account (HRA) continues to forecast a breakeven position at Month 4. Operating costs are showing an in-year pressure of £0.6m, an adverse movement of £0.2m, primarily driven by staffing costs, emergency B&B placements and leaseholder insurance premiums. These pressures are offset by a reduction in the revenue contributions to the capital programme, ensuring the HRA remains financially viable. The 2025/26 closing HRA General Balance is forecast to be £15m, in line with the target level established for 2025/26. The HRA Capital Programme is forecast to breakeven over the five-year programme, with investment of £529.2m increasing housing supply and maintaining and improving existing stock.

FURTHER INFORMATION

General Fund Revenue Budget

26. As at Month 4, the Council's General Fund is reporting an overspend of £18.3m after allowing for the expected delivery of £5.0m in savings through the Target Operating Model and the proposed release of the full £10.5m of contingency budget. This represents an adverse movement from Month 2 of £1.8m. This position includes a £7.4m shortfall against the total £38.8m savings target, with capital receipts being used to fund the associated transformation activity.
27. The Month 4 position also includes the deployment of £1.0m from Earmarked Reserves, primarily to support insurance claims and homelessness related pressures. In addition, £0.8m is being drawn down from the Public Health ringfenced reserve, accumulated from prior year underspends against the Public Health Grant.
28. To support the delivery of the savings programme, the Council is utilising £10.1m of capital receipts to fund transformation costs, in line with Government guidance. Asset disposals in 2025/26 are expected to generate £17.0m, leaving £6.9m of headroom to support further transformation activity in the current or future financial years.

Progress on Savings

29. The savings requirement for 2025/26 is £34.0m as set out in the Council's budget strategy. This position has been supplemented by a further £4.8m of savings carried forward from 2024/25 as set out in the outturn report presented to July Cabinet, resulting in an overall programme of £38.8m savings being targeted in year:

Table 2: Savings Tracker

Cabinet Member Portfolio	Blue Banked £m	Green Delivery in progress £m	Amber I Initial stages of delivery £m	Amber II Potential problems in delivery £m	Red Serious problems in delivery £m	Savings to be Written Out £m	Total £m
Cabinet Member for Corporate Services & Property	(0.1)	(0.4)	(0.8)	(0.5)	(0.6)	0.0	(2.4)
Cabinet Member for Planning, Housing & Growth	(2.4)	(1.0)	(0.1)	(0.4)	(0.2)	0.0	(4.1)
Cabinet Member for Finance & Transformation	(0.6)	(2.4)	(1.6)	0.0	0.0	0.0	(4.6)
Cabinet Member for Community & Environment	(2.4)	(1.4)	(0.9)	(0.1)	(2.0)	0.0	(6.8)
Cabinet Member for Children, Families & Education	(2.2)	(0.1)	(2.2)	(0.3)	(0.2)	0.0	(5.0)
Cabinet Member for Health and Social Care	(0.9)	(1.1)	(3.0)	(1.9)	(0.6)	0.0	(7.5)
Cross-Cutting	(0.4)	(0.6)	(0.2)	0.0	(5.8)	(1.4)	(8.4)
Total 2025/26 Savings Programme	(9.0) 23%	(7.0) 18%	(8.8) 23%	(3.2) 8%	(9.4) 25%	(1.4) 4%	(38.8) 100%
Month 2 Change from Month 2	(4.4) 11%	(11.9) 31%	(9.7) 25%	(2.3) 6%	(8.9) 23%	(1.4) 4%	(38.6) 100%

30. As of Month 4, £16.0m (41%) of the savings and interventions are being recorded as banked or on track for delivery, with a further £8.8m (23%) being at initial stages of delivery. In addition, £12.6m (33%) are being reported as having potential challenges in delivery, with alternative delivery methods being considered in-year where appropriate, but the savings ultimately expected to be delivered in full. A further £1.4m of savings have been proposed to be written out of the Council's budget from 2026/27 and will form part of the Corporate Items in the budget strategy to be presented to Cabinet in December 2025. Of these, £1.2m relate to the brought forward balance from the prior year while £0.2m of savings budgeted for delivery in 2025/26 can no longer be delivered.
31. Where savings are at risk of not being delivered in full during 2025/26, the associated pressures have been factored into the monitoring position with compensating actions being implemented where possible to offset the impact.

Service Operating Budgets

32. 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 an environment driven by national pressures and exceptionally high demand, these budgets have been supplemented with £5.5m of funding to meet forecast inflationary pressures and £17.8m for demographic growth and other drivers impacting on demand for services.
33. Table 3.3 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

Service		Approved Budget	Underlying Forecast	Earmarked Reserves	Provisions	Transformation Capitalisation	Forecast Outturn	Variance	Forecast Variance Prior Month	Change in Variance
		£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Corporate Services & Property	Expenditure	33.0	34.0	0.0	0.0	(0.7)	33.3	0.3	0.0	0.3
	Income	(12.9)	(12.3)	0.0	0.0	0.0	(12.3)	0.6	0.8	(0.2)
	Subtotal	20.1	21.7	0.0	0.0	(0.7)	21.0	0.9	0.8	0.1
Finance & Transformation	Expenditure	131.5	140.2	0.2	0.0	(5.6)	134.8	3.3	3.8	(0.5)
	Income	(80.4)	(79.4)	0.0	0.0	0.0	(79.4)	1.0	(0.4)	1.4
	Subtotal	51.1	60.8	0.2	0.0	(5.6)	55.4	4.3	3.4	0.9
Planning, Housing & Growth	Expenditure	24.6	36.4	(0.5)	0.0	(0.3)	35.6	11.0	4.7	6.3
	Income	(15.0)	(21.5)	0.1	0.0	0.0	(21.4)	(6.4)	(0.8)	(5.6)
	Subtotal	9.6	14.9	(0.4)	0.0	(0.3)	14.2	4.6	3.9	0.7
Community & Environment	Expenditure	71.0	71.9	(0.1)	0.0	(0.8)	71.0	0.0	0.6	(0.6)
	Income	(41.0)	(39.0)	0.0	0.0	0.0	(39.0)	2.0	2.3	(0.3)
	Subtotal	30.0	32.9	(0.1)	0.0	(0.8)	32.0	2.0	2.9	(0.9)
Children, Families & Education	Expenditure	98.8	105.3	0.2	0.0	(2.5)	103.0	4.2	3.5	0.7
	Income	(22.5)	(22.7)	(0.1)	0.0	0.0	(22.8)	(0.3)	0.2	(0.5)
	Subtotal	76.3	82.6	0.1	0.0	(2.5)	80.2	3.9	3.7	0.2
Health & Social Care	Expenditure	164.0	179.1	0.0	0.0	(0.2)	178.9	14.9	7.8	7.1
	Income	(89.6)	(95.5)	(0.6)	0.0	0.0	(96.1)	(6.5)	0.3	(6.8)
	Subtotal	74.4	83.6	(0.6)	0.0	(0.2)	82.8	8.4	8.1	0.3
Service Operating Budgets		261.5	296.5	(0.8)	0.0	(10.1)	285.6	24.1	22.8	1.3

34. As can be seen from the table above, Service Operating Budgets are forecasting a £24.1m overspend which is the cumulative effect of a number of variances which are briefly outlined below by Cabinet Portfolio:
- i. **Corporate Services & Property** – Are reporting a minor overspend of £0.9m at Month 4, representing an adverse movement of £0.1m, with the shortfall due to pressures in Property Services against lease income. Part of this is linked to the Civic Centre Transformation saving and compounded by assumptions made about staffing costs incurred and the associated recharge into the capital programme, and buyers premium.
 - ii. **Finance & Transformation** – As at Month 4 the service is reporting a pressure of £4.3m, which is a £0.9m adverse movement against the previous report. The variance is predominantly caused by a £3.6m pressure against the Council's Treasury budget as a result of the adverse financial position for the Council. The amount of cash forecast to be received is lower than the cash being expended, leading to increased finance costs, which also account for the adverse movement at Month 4. This position is compounded by staffing pressures within Finance from agency staffing costs and a delay in delivering the Resident's Hub saving, although this is expected to ultimately deliver in full.
 - iii. **Planning, Housing & Growth** – Are reporting a net overspend of £4.6m, representing an adverse movement of £0.7m, with the net variance driven by a gross pressure against expenditure of £11.0m offset by additional income of £6.4m. The gross pressure is largely driven by a temporary accommodation and homelessness support pressure, with this being a national pressure, but with Hillingdon particularly impacted by having Heathrow within its boundaries having a material impact on local supply and demand economics. The additional income is linked to the same driver where the additional demand for temporary accommodation attracts Housing Benefit Subsidy payments and grant funding where applicable. The movement in this area is wholly driven by this pressure.
 - iv. **Community & Environment** – Are forecasting a pressure of £2.0m by the end of the year and are reporting a favourable movement of £0.9m at Month 4. With £2.0m of this being income driven, the largest driver for which is the forecast shortfall against the Garden Waste Charging saving of £1.0m, with further pressures across other income streams including the delivery of the Trade Waste saving being rolled forward into 2025/26. The additional expenditure pressure is being driven by Community Safety & Enforcement activity, where additional costs are being incurred as a result of the Imported Food Office and payment for non-capital related equipment within enforcement. The main driver behind for the improvement relates to a number of small updates including improved income from garden waste and reductions in expenditure in relation to Community Safety & Enforcement.
 - v. **Children, Families & Education** – As at Month 4, services within this portfolio are reporting a pressure of £3.9m, representing an adverse movement of £0.2m from Month 2. The pressure in this area is driven by additional demand for care, with this

position being in part impacted by the Temporary Accommodation pressure reported above leading to a lack of General Needs properties within the Housing Revenue Account (HRA), meaning that the service are supporting vulnerable adults in supported accommodation that are ready to move on to more appropriate tenancies of their own, however, the supply is not there to enable the service to step down these individuals.

- vi. **Health & Social Care** – are reporting an overspend of £8.4m, with adult care placements forecasting a pressure of £8.6m with the service able to mitigate £0.3m of this through reductions in staff forecasts and holding vacant posts. This position is driven by the ongoing and unrelenting growing demand for the service since the pandemic, with all client groups reporting ongoing exceptional demand in 2025/26, to date, client numbers have grown by 1.5% in the first two months of the year, which on a straight-line basis would project growth to be 9% by the end of the year.

Collection Fund

- 35. At Month 4, the Council continues to report a minor deficit of £0.1m within the Collection Fund against 2025/26 activity, before the prior year deficit variance of £10.1m takes the total deficit to £10.2m. Within the Collection Fund, an adverse position is reported within Council Tax of £2.8m against in-year activity, offset by a favourable position within Business Rates of £2.7m. This position remains unchanged from Month 2 and is driven by 3 key factors:
 - i. Council Tax is presenting an in-year pressure of £2.8m against a £154.1m budget as a result of slow growth in the taxbase, with a further £9.2m being driven by the adverse movement on 2024/25.
 - ii. Business Rates is presenting an in-year surplus of £2.7m against a £72.1m budget, with this position being driven by pressures within collection, predominantly linked to empty properties being offset by a reduction in the Council's levy against retained business rates above the Government determined baseline level.
 - iii. The Business Rates position is then compounded by an adverse £0.8m against the 2024/25 outturn position.
 - iv. The Council continues to monitor the outstanding debt associated with Council Tax and Business Rates and provide cover against this debt, with this position remaining under review.
- 36. Any surpluses or deficits within the Collection Fund impact on the Council's future year budgets, with the position reported up to Month 9 impacting on the 2026/27 saving requirement, leading to £10.2m being forecast for inclusion in the Council's refresh of the budget strategy to be presented as part of the consultation budget to December Cabinet, with any further updates thereafter between Month 10 and outturn impacting on 2027/28. This position therefore will increase the Council's gross saving requirement by £10.2m for 2026/27.

General Fund Capital

37. Table 4 presents the Month 4 forecast position for the 2025/26 General Fund Capital Programme. The programme reflects schemes approved by Cabinet and Council in February 2025, updated for approved rephasing from 2024/25.
38. At Month 4, the General Fund forecasts £137.7m against an approved budget of £156.6m, reporting a net underspend of £18.8m. This comprises project rephasing of £20.8m into future years and a £1.9m cost pressure within Children, Families & Education (Programme of Works).
39. Across the five-year programme to 2029/30, the General Fund is projected to remain within the overall approved budget envelope. Variances primarily reflect timing of expenditure and do not represent permanent underspends or scope changes, with the exception of the £1.9m cost pressure in Children, Families & Education in 2025/26. Full scheme-level details are provided in Appendix A1.

Table 4: General Fund Capital Overview

	Budget 2025/26	Forecast 2025/26	Cost Variance 2025/26	Rephasing Variance 2025/26	5 Year Budget	5 Year Forecast	5 Year Variance
	£m	£m	£m	£m	£m	£m	£m
Cabinet Member Portfolio							
Corporate Services & Property	82.0	70.8	0.0	(11.2)	206.8	206.8	0.0
Finance & Transformation	25.2	25.2	0.0	0.0	73.0	73.0	0.0
Planning, Housing & Growth	1.7	1.7	0.0	0.0	8.0	8.0	0.0
Community & Environment	6.8	6.8	0.0	0.0	16.6	16.6	0.0
Children, Families & Education	28.6	20.9	1.9	(9.6)	30.1	30.1	0.0
Health & Social Care	12.3	12.3	0.0	0.0	43.7	43.7	0.0
Development & Risk Contingency	0.0	0.0	0.0	0.0	6.0	6.0	0.0
Grand Total	156.6	137.7	1.9	(20.8)	384.2	384.2	0.0
GF Major Projects	110.3	92.5	0.0	(17.8)	206.7	206.7	0.0
GF Programme of works	46.3	45.2	1.9	(3.0)	171.5	171.5	0.0
Capital GF Contingency	0.0	0.0	0.0	0.0	6.0	6.0	0.0
Grand Total	156.6	137.7	1.9	(20.8)	384.2	384.2	0.0

40. The salient risks and variances within this position are summarised below by Cabinet Portfolio:
- Corporate Services & Property** – Total £11.2m rephasing in 2025/26, reflecting updated delivery profiles across a small number of major schemes. Key items include Hillingdon Outdoor Activity Centre (HOAC), where the planning timetable (including Natural England objection), HS2 grant long-stop and renewables

specification present programme risk; Civic Centre Transformation (affordability supported by tenancy-linked savings); Crematorium Refurbishment (profiled into 2026/27). No five-year cost variance is reported.

- ii. **Finance & Transformation** – Portfolio remains on plan. The main programmes in this area include the Council's Transformation Spend and DSG Safety Valve contribution as well as investment in the Council's Technology & Innovation Programme. Within Programme of Works, Vehicles Purchase has been updated to reflect 2024/25 carry over anticipated to be spent in 2025/26.
- iii. **Children, Families & Education** – A £1.9m cost pressure within the Programme of Works alongside £9.5m rephasing, largely due to delivery scheduling around school term breaks and SRP/SEND programming. The pressure is proposed to be managed within the five-year envelope through in-portfolio reprioritisation and profiling; if required, the Development & Risk Contingency (£6.0m) may be drawn upon, but is not expected at this time.
- iv. **Community & Environment** – Portfolio remains on plan at Month 4. Green Spaces Equipment purchases are now in place and support the saving in the Council's General Fund Revenue position; Street Lighting presents potential revenue savings subject to validated delivery assumptions.
- v. **Health & Social Care** – On budget with no variances reported. The Investment in Home Care Capacity remains aligned to current delivery timetables.
- vi. **Development & Risk Contingency** – No use of the 2025/26 to 2029/30 contingency is planned at Month 4; the £6.0m provision is retained pending future change control and mitigation requirements.

General Fund Capital Financing

- 41. Table 5 sets out the financing position for the General Fund at Month 4. The lower in-year forecast spend relative to budget reflects the rephasing noted above and reduces immediate borrowing requirements. The programme continues to be financed from a mix of prudential borrowing, external grants and contributions, and capital receipts principally to fund Transformation and DSG Safety Valve in line with the MTFS.

Table 5: General Fund Capital Financing

	Budget 2025/26	Forecast 2025/26	Cost Variance 2025/26	Rephrasing Variance 2025/26	5 Year Budget	5 Year Forecast	5 Year Variance
	£m	£m	£m	£m	£m	£m	£m
Grants & Other Contributions	38.4	29.9	1.9	(10.4)	94.3	94.3	0.0
S106	0.4	0.4	0.0	0.0	0.4	0.4	0.0
Capital Receipts	17.0	17.0	0.0	0.0	45.5	45.5	0.0
CIL	3.0	3.0	0.0	0.0	21.0	21.0	0.0
Prudential Borrowing	97.8	87.4	0.0	(10.4)	223.0	223.0	0.0
Total Funding	156.6	137.7	1.9	(20.8)	384.2	384.2	0.0

42. The capital receipts programme remains a critical dependency. Disposal Board activity is being aligned to the corporate tracker to strengthen timing forecasts and reduce financing risk. The five-year financing forecast remains aligned to the overall capital programme.

Schools Budget

43. As of Month 4 (July 2025), the Dedicated Schools Grant (DSG) is forecasting a deficit of £12.5m with no change from Month 2, representing an improvement from the £15m outturn for 2024/25. This in-year shortfall is entirely driven by continued demand and cost pressures in High Needs placements, which remain significantly underfunded in the DSG allocation from the Department for Education (DfE). These pressures are not unique to the local authority; nationally, local authorities are facing similar challenges. Rising demand for specialist provision, a shortage of maintained special school places, and increasing reliance on costly independent non-maintained placements are contributing to widespread overspends in the High Needs Block. Despite efficiency targets and mitigation efforts, the structural underfunding of High Needs provision continues to place significant strain on DSG budgets across the country. The table below provides a summary of the Schools Budget and the current forecast.
44. Whilst the Safety Valve Agreement with the Department of Education (DfE) is currently suspended, work has continued and the Council are very successfully taking control of the market, managing unit costs down and beginning to see a significant reduction in the in-year deficit as a consequence.

Table 6: DSG Income and Expenditure Summary

Dedicated Schools Grant (DSG) Blocks	Budget 2025/26			Forecast	Variance	Month 4	Change
	DSG Settlement	Academy Recoupment	LBH Maintained				
	£m	£m	£m				
Schools Block	299.4	187	112.4	112.4	0	0	0
Early Years Block	48.2	0	48.2	48.2	0	0	0
Central Schools Block	2.5	0	2.5	2.4	(0.1)	(0.1)	0
High Needs Block	84.1	8.7	75.4	75.5	0.1	0.1	0
Budgeted Use of Reserves	(12.5)	0	(12.5)	(12.5)	0	0	0

Total	421.7	195.7	226	238.5	0	0	0
Balance Brought Forward 1 April 2025					65.6		
Budgeted Use of Reserves					12.5		
Pressure					0		
Total Deficit at 31 March 2026					78.1		

45. A core target for the revised High Needs Safety Valve Plan is to actively reduce unit costs by concentrating SEN support in-borough within our maintained schools and thereby reduce dependence on high cost independent and out-of-borough placements. Trend data shows clear evidence that the approach which has been in place since early 2024/25 and is now beginning to have a positive impact.
46. The mounting DSG deficits remain a significant national issue, with projections indicating a substantial funding gap for English councils. Specifically, English councils face a £2.3 billion funding gap in 2025/26, rising to £3.9 billion by 2026/27, creating a £6.2 billion shortfall over two years, according to the Local Government Association (LGA). This deficit is primarily driven by increased demand for services for children with special educational needs and disabilities (SEND).

Housing Revenue Account

47. The Housing Revenue Account (HRA) is currently forecasting a breakeven position, with ongoing market and demand risk being closely monitored throughout the year. The 2025/26 closing HRA General Balance is forecast to be £15m, in line with the target level set out in the Council's budget strategy. The table below presents key variances with a £0.8m pressure against operating costs being offset by a £0.2m favourable variance against rental income. This position is kept to breakeven by a reduction in the capital financing costs, with the Council opting to reduce the revenue contribution to capital schemes in order to maintain the target level of balances, whilst ensuring the HRA remains in a financially sustainable position, this position therefore represented a £0.2m adverse movement since Month 2 offset by a £0.2m reduction in revenue contributions to capital.

Table 7: Housing Revenue Account

Service	Budget £m	Forecast Outturn £m	Variance £m	Prior Month £m	Change £m
Rent & Other Income	(85.4)	(85.6)	(0.2)	0.0	(0.2)
Net Income	(85.4)	(85.6)	(0.2)	0.0	(0.2)
Operational Assets	15.8	15.8	0.0	(0.3)	0.3
Director of Housing	9.9	10.7	0.8	0.7	0.1
Other Service Areas	1.0	1.0	0.0	0.0	0.0
Contribution to Shared Services	17.7	17.7	0.0	0.0	0.0
HRA Operating Costs	44.4	45.2	0.8	0.4	0.4

Capital Programme Financing	18.9	22.2	3.3	(0.4)	3.7
Interest and Investment Income	22.1	18.2	(3.9)	0.0	(3.9)
Total Capital Programme Financing	41.0	40.4	(0.6)	(0.4)	(0.2)
(Surplus) / Deficit	0.0	0.0	0.0		
General Balance 01/04/2025	15.0	15.0	0.0		
General Balance 31/03/2026	15.0	15.0	0.0		

48. At Month 4, rental income and other income is forecast to overachieve by £0.2m with the Council's budget strategy to deliver a net increase of 209 new homes being anticipated to be on track to deliver at this early point of the year. The budgets are based on a void rate of 1.02%, with any material variation from this level feeding into rental projections as appropriate.
49. The HRA Operating Costs Budget is £44.4m and at Month 4 is forecasting a minor £0.8m overspend against the budget, with this adverse variance related a number of pressures reported against the Director of Housing service of £0.8m due to staffing pressures, B&B costs associated with emergency housing and leaseholder insurance premiums. These budgets are based on supporting the Council's current housing stock as at 1 April 2025, with growth added in line with the increase in stock numbers and to support the additional costs associated with this increase and ensuring regulatory compliance. This area remains under review, with growth in these budgets included in the approved budget from February 2025 being deployed as and when new homes are brought online.
50. Operational Assets are forecasting to breakeven from a number of minor pressures reported in Month 2, the most material of which is a reduction in the cost of subsidence surveys, now being covered by in-year mitigations, predominantly linked to a reduction in boiler repairs driven by the replacement programme. Inflation was also added to HRA Operating Costs budgets in the Council's budget strategy, with forecasts indicating the budgeted uplift is sufficient to meet inflationary demands on the service.
51. The detail behind the service delivery of the blocks included in table 7 are as follows:
- i. Operational Assets budget funds the services provided for repairs and maintenance, void repairs, compliance and inspections.
 - ii. The Director of Housing budget includes tenancy management and tenants' services. The budgets include utility costs, and these will continue to be monitored given the volatility of the electricity and gas markets in recent times.
 - iii. The Other Service Areas budget includes the Careline contract, HRA specific ICT costs and the revenue regeneration costs.
 - iv. The Contribution to Shared Services budget includes the development and risk contingency, overheads and corporate and democratic core charges, and the bad debt provision.

52. The Medium Term Financial Strategy (MTFS) savings target is £1.0m with this saving expected to be delivered by virtue of the Council's general fund savings against support services, leading to a reduction in the recharge to the HRA for these services.
53. As at Month 2 the capital programme financing budget of £41.0m is forecast to underspend by £0.6m. This budget forecast includes £22.2m (depreciation and revenue contributions) to fund the HRA capital programme, the position also includes £18.2m for repayments of loans and interest on borrowing, this position will be closely monitored throughout the year with clear linkages to the commissioning plan.

HRA Capital Programme

54. Table 8 presents the HRA Capital Programme position at M4. The in-year budget is £150.3m (including approved slippage). The HRA reports £32.8m of forward phasing (acceleration) within HRA Major Projects, with no cost variances in 2025/26. The movement is recommended to Cabinet for approval with the detail set out below.

Table 8: HRA Capital Overview

	Budget 2025/26	Actuals 2025/26	Cost Variance 2025/26	Rephasing Variance 2025/26	5 Year Budget	5 Year Forecast	5 Year Variance
	£m	£m	£m	£m	£m	£m	£m
HRA Major Projects	73.4	106.2	0.0	32.8	219.5	219.5	0.0
HRA Regeneration	19.6	19.6	0.0	0.0	104.1	104.1	0.0
HRA Programme of works	57.3	57.3	0.0	0.0	205.6	205.6	0.0
HRA Total	150.3	183.1	0.0	32.8	529.2	529.2	0.0

55. The acceleration is driven by the Madison Brook Purchase & Repair programme, where the 2025/26 forecast has increased from £42.2m to £75.0m, reflecting the current acquisition cadence (indicatively circa 200 units at circa £375k average per unit). This is phasing only and does not increase the total programme cost. In-year funding for Madison Brook is expected to be circa 50% GLA grant and 50% prudential borrowing.
56. Hayes Estates Regeneration remains on plan in 2025/26 with a forecast of £19.6m and no in-year variance. This phase is wholly borrowing-funded in 2025/26, with grant funding from the GLA being front loaded in the programme. The five-year budget of £104.1m remains unchanged pending decisions on later phases; longer delivery times could increase exposure to less favourable grant rates and inflationary pressures.
57. HRA Programme of Works is on budget at £57.3m for 2025/26. A net unallocated provision of £19.6m exists within the Programme of Works; a number of approved. Delivery risks include procurement timing (Green Homes, Structural Works); strong progress is evident on Kitchens & Bathrooms and the Windows programme. Full details are provided in Appendix A2.

HRA Capital Financing

58. At M4 the HRA financing profile for 2025/26 is expected to rely primarily on grants and contributions (circa 43%) and prudential borrowing (circa 36%), with the balance from revenue contributions. No use of HRA Right to Buy (RTB) or non-RTB capital receipts is assumed in-year. The Council are working to align grant receipt profiling to delivery of the capital programme in order to mitigate cashflow and funding risks.

Table 9: HRA Capital Financing

	Budget 2025/26 £m	Forecast 2025/26 £m	Cost Variance £m	Phasing Variance £m	5 Year Budget £m	5 Year Forecast £m	5 Year Variance £m
Grants & Other Contributions	62.3	78.7	0.0	16.4	177.6	177.6	0.0
Capital Receipts	0.0	0.0	0.0	0.0	20.6	20.6	0.0
Revenue Contribution	30.5	30.5	0.0	0.0	100.1	100.1	0.0
Prudential Borrowing	57.5	73.9	0.0	16.4	230.9	230.9	0.0
Total Funding	150.3	183.1	0.0	32.8	529.2	529.2	0.0

59. Over the five-year period, the HRA financing plan remains balanced, with total resources forecast to align to the approved programme value of £529.2m. The service continues to monitor grant opportunities (particularly for decarbonisation) and the affordability of the Programme of Works as the borrowing share rises across the medium term.

Treasury Management Update as at 31st July 2025

Table 10: Outstanding Deposits

Period	Actual (£m)	Actual (%)	Movement from M02 (£m)
Call Accounts and MMF's*	34.9	69.9%	(6.2)
Up to 3 Month Fixed-Term Deposits	0	0%	0
Total	34.9	69.9%	(6.2)
Strategic Pooled Funds	15.0	30.1%	0
Total	49.9	100.0%	(6.2)
Average Investment Balances Jan 2025	50.4		(5.7)

*Money Market Funds

60. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating and AAA rated Money Market Funds (MMFs). UK deposits are currently held in NatWest Bank plc and the DMADF. There is also an allocation of £15m to three externally managed strategic pooled funds.
61. The average rate of return on day-to-day operational treasury balances since the beginning of the new financial year is 4.32%. As part of the Council's investment strategy for 2024/25, the Council continues to hold a total of £15m in three long-dated strategic pooled funds (£5m in each). The strategic pooled funds have a long-term investment horizon with dividends being distributed periodically. When including projected dividend income on these strategic pooled funds, the overall rate of return decreases to 4.25% based on the previous six months

income average. As the fair value of these strategic pooled funds are currently lower than the sum initially invested it is not feasible to disinvest at this time.

62. Bank of England base rate fell to 4.25% in May which will result in lower returns expected on day-to-day operational investments in money market funds and the DMADF.
63. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities, which is needed to manage daily cashflow, it is not possible to fully protect Council funds from bail-in risk. At the end of July, all of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a June benchmark average of 78% for London and metropolitan boroughs, as investments were held in money market funds which were returning a higher yield than DMADF. However, money market funds reduce the risk of bail-in compared to bank deposits as they provide wide diversification of investment risks with professional fund manager services.
64. Liquidity was maintained by placing surplus funds in instant access accounts and making short-term deposits, including overnight deposits, in the DMADF. Cash flow was managed by ensuring maturities of any short-term deposits with the DMADF were matched to outflows. Average investments over the month (including strategic pooled funds) were £50.4m, a decrease of £5.7m from Month 2 and balances at the end of July were £6.2m lower than at the end of the May.

Table 11: Outstanding Debt

	General Fund	HRA	Total	Average Interest Rate (Total)
	£m	£m	£m	%
PWLB Long Term	134.2	306.8	411.0	3.89%
Market	10.0	33.0	43.0	4.08%
Temporary Borrowing:				
Local Authorities	83.0	0.0	83.0	4.74%
PWLB	0.0	0.0	0.0	0.0%
	227.2	339.8	567.0	4.41%
Movement from M2	12.6	16.2	28.8	(0.39%)

65. During July 2025, a £30m local authority loan matured, which was replaced by new local authority loans totalling £32m. Two PWLB long term loans totalling £32m were obtained to help finance capital expenditure.
66. PWLB rates fluctuated throughout July, ending in a lower position to the beginning of the month – an overall drop of 20bps from the end of May.

Appendix A1: General Fund Capital Breakdown

	Revised Budget 2025/26	Forecast 2025/26	Cost Variance 2025/26	Rephrasing Variance 2025/26	5 Year Budget	5 Year Forecast	5 Year Variance	Total Council Resources	Grants and Contribution
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GF Major Projects									
Corporate Services & Property									
Housing Developments	20,000	20,000			40,000	40,000	0	40,000	
Jubilee Leisure Centre, West Drayton	10,191	10,191	0		10,798	10,798	0	10,788	10
Hillingdon Water Sports Facility	8,000	1,000		(7,000)	18,000	18,000	0		18,000
Civic Centre Transformation	2,538	6,500		3,962	7,338	7,338	0	7,338	
Northwood Hills Library (New)	2,383	300		(2,084)	2,383	2,383	0	2,383	
Harefield Family Hub New Build	2,150	1,150		(1,000)	3,616	3,616	0	3,616	
Carbon Initiatives	1,853	1,853			7,853	7,853	0	5,650	2,203
Otterfield Road library	1,381	300		(1,081)	1,865	1,865	0	1,865	
Charville Lane - Children Specialist House	1,345	1,345			1,431	1,431	0	1,355	76
Refurbishment of Crematorium	893	550		(343)	8,993	8,993	0	5,993	3,000
New Years Green Lane Extension	873	200		(673)	873	873	0	823	50
Staying Close Project - Children's Respite	727	727			727	727	0	727	
Cranford Park Heritage	525	525			575	575	0	453	122
Battle of Britain Underground Bunker	350	350			350	350	0	350	
Flood Alleviation	345	345			695	695	0	148	547
Harlington Road Depot Fuel Pumps & Canopy	290	290			585	585	0	585	
Appropriation of Townfield to General Fund	100	100			100	100	0	100	
Yiewsley / West Drayton Community Centre	43	43			43	43	0	43	
Asha Day Centre Refurbishment	25	25			25	25	0	25	
Corporate Services & Property Total	54,012	45,794	0	(8,218)	106,250	106,250	0	82,243	24,008

	Revised Budget 2025/26 £'000	Forecast 2025/26 £'000	Cost Variance 2025/26 £'000	Rephrasing Variance 2025/26 £'000	5 Year Budget £'000	5 Year Forecast £'000	5 Year Variance £'000	Total Council Resources £'000	Grants and Contribution £'000
Finance & Transformation									
Capitalisation of Transformation Expenditure	10,000	10,000			31,000	31,000	0	31,000	
DSG Capitalisation Support	4,000	4,000			4,000	4,000	0	4,000	
Finance & Transformation Total	14,000	14,000			35,000	35,000	0	35,000	
Planning, Housing & Growth									
Shopping Parade Initiatives	385	385			385	385	0	385	
Planning, Housing & Growth Total	385	385			385	385	0	385	
Community & Environment									
Green Spaces Machinery	1,500	1,500			4,500	4,500	0	4,500	
Waste Services Improvements	498	498			648	648	0	648	
Botwell Leisure Centre Adaptations	250	250			250	250	0	250	
Parking Improvements	202	202			202	202	0	202	
Community & Environment Total	2,450	2,450			5,600	5,600	0	5,600	
Children, Families & Education									
SRP / SEND	23,516	13,975		(9,541)	23,516	23,516	0	20,202	3,315
Secondary School Expansions	6,059	6,059			6,059	6,059	0	1,300	4,759
Children, Families & Education Total	29,576	20,034		(9,541)	29,576	29,576	0	21,502	8,074
Health & Social Care									
Investment in Home Care Capacity	9,868	9,868			29,868	29,868	0	29,868	
Health & Social Care Total	9,868	9,868			29,868	29,868	0	29,868	
GF Major Projects Total	110,291	92,531	0	(17,760)	206,679	206,679	0	174,598	32,082

	Revised Budget 2025/26 £'000	Forecast 2025/26 £'000	Cost Variance 2025/26 £'000	Rephrasing Variance 2025/26 £'000	5 Year Budget £'000	5 Year Forecast £'000	5 Year Variance £'000	Total Council Resources £'000	Grants and Contribution £'000
GF Programme of works									
Corporate Services & Property									
Highways Structural Works	12,669	12,669			52,669	52,669	0	47,000	5,669
School Building Condition Works	7,770	4,770		(3,000)	20,187	20,187	0	0	20,187
D.F.G. - Mandatory	5,582	5,582			14,166	14,166	0		14,166
Street Lighting Replacement	1,000	1,000			5,225	5,225	0	5,225	
Property Works Programme	675	675			6,281	6,281	0	6,253	28
Highways Bridges and Structures	400	400			1,995	1,995	0	1,995	
Corporate Services & Property Total	28,096	25,096		(3,000)	100,523	100,523	0	60,473	40,050
Finance & Transformation									
Corporate Technology and Innovation Programme	6,446	6,446			14,732	14,732	0	14,732	
Purchase of Vehicles	4,711	4,711			23,253	23,253	0	23,253	
Finance & Transformation Total	11,157	11,157			37,985	37,985	0	37,985	
Planning, Housing & Growth									
Transport for London	1,171	1,171			7,003	7,003	0	0	7,003
Road Safety	120	120			600	600	0	600	
Planning, Housing & Growth Total	1,291	1,291			7,603	7,603	0	600	7,003
Community & Environment									
Chrysalis Programme	3,000	3,000			7,000	7,000	0	7,000	
Environmental and Recreational Initiatives - Green Spaces	517	517			517	517	0	408	109
Playground Replacement Programme	300	300			1,100	1,100	0	1,100	
Older Peoples Initiative	200	200			1,000	1,000	0	1,000	
CCTV Programme	184	184			932	932	0	932	
Leisure Centre Refurbishment	100	100			500	500	0	500	
Community & Environment Total	4,301	4,301			11,049	11,049	0	10,940	109

	Revised Budget 2025/26 £'000	Forecast 2025/26 £'000	Cost Variance 2025/26 £'000	Rephrasing Variance 2025/26 £'000	5 Year Budget £'000	5 Year Forecast £'000	5 Year Variance £'000	Total Council Resources £'000	Grants and Contribution £'000
Children, Families & Education									
Youth Provision	507	507			507	507	0	(646)	1,153
Devolved Capital to Schools	(1,527)	385	1,912		13	1,925	1,912		13
Children, Families & Education Total	(1,021)	892	1,912		519	2,432	1,912	(646)	1,166
Health & Social Care									
Equipment Capitalisation - Social Care	2,450	2,450			13,850	13,850	0		13,850
Health & Social Care Total	2,450	2,450			13,850	13,850	0		13,850
GF Programme of works Total	46,274	45,186	1,912	(3,000)	171,529	173,441	1,912	109,352	62,177
Capital GF Contingency									
Development & Risk Contingency									
General Fund Capital Contingency					6,000	6,000	0	6,000	
Development & Risk Contingency Total					6,000	6,000	0	6,000	
Capital GF Contingency Total					6,000	6,000	0	6,000	
Grand Total	156,566	137,718	1,912	(20,760)	384,209	386,121	1,912	289,950	94,259

Appendix A2: HRA Capital Programme Breakdown

	Budget 2025/26	Forecast 2025/26	Cost Variance 2025/26	Rephrasing Variance 2025/26	5 Year Budget	5 Year Forecast	5 Year Variance	Total Council Resources	5 Year Grants and Contribution
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Major Projects									
Acquisitions	42,538	75,423	0	32,885	42,538	42,538	0	17,401	25,138
Development Allocated	21,960	21,960	0	0	152,106	152,106	0	59,146	92,959
HRA General Contingency	8,000	8,000	0	0	24,000	24,000	0	22,836	1,164
Acquisition and Development Unallocated	857	857	0	0	857	857	0	(1,896)	2,752
HRA Major Projects Total	73,355	106,240	0	32,885	219,501	219,501	0	97,487	122,014
HRA Programme of works									
HRA Works to Stock Programme	36,857	36,857	0	0	136,487	136,487	0	131,002	5,031
Green Homes Initiatives Programme	14,128	14,128	0	0	44,858	44,858	0	37,239	7,619
Major Adaptations	3,229	3,229	0	0	17,169	17,169	0	17,169	0
House Extension Programme	2,811	2,811	0	0	6,811	6,811	0	6,811	0
Food Waste Housing Units for Communal Properties	260	260	0	0	260	260	0	260	0
HRA Programme of works Total	57,285	57,285	0	0	205,585	205,585	0	192,481	12,650
HRA Regeneration									
Hayes Regeneration	19,605	19,605	0	0	104,085	104,085	0	61,148	42,937
HRA Regeneration Total	19,605	19,605	0	0	104,085	104,085	0	61,148	42,937
Grand Total	150,245	183,130	0	32,885	529,170	529,170	0	351,116	177,601

PART B: FINANCIAL RECOMMENDATIONS

That:

- a. the introduction of new fees and charges at three of the Council's heritage sites from Monday 29th September 2025, as set out in the report and Appendix B1, be approved;
- b. the forward phasing of the HRA Acquisitions budget related to the Madison Brook contract of £32.885m from 2026/27 into 2025/26, be approved;
- c. a grant of £198,462 from Northwest London Integrated Care Board to deliver a Serious Youth Violence counselling pilot be accepted and authorisation granted to the Corporate Director of Children's Services to sign the necessary contract and make any other decisions to deliver the service within the grant funding available.

Reasons for recommendation

67. **Recommendation 2a** seeks approval for new fees and charges as the Council now offers wedding venue packages at the Battle of Britain Bunker (BBB) and Eastcote House Gardens, following the successful application for licences. Additionally, officers wish to begin introducing a Prom package at the Great Barn, which already has a track record as a wedding venue. All these new offers will increase income for the Council and widen choice of function venues in the borough, making the most of our historic sites. The packages will go on sale from Monday 29th September with the new fees and charges as set out in Appendix B1.
68. **Recommendation 2b** seeks approval to forward phase £32.885m from 2026/27 to 2025/26 for the acceleration of the Madison Brook contract, originally structured for the purchase of 100 properties in 2025/26 and a further 100 in 2026/27, to instead allow the full 200 properties to be purchased in 2025/26. This will support the Council's temporary accommodation position by increasing available stock in the HRA sooner.
69. **Recommendation 2c** seeks approval to accept a grant to fund an 18-month pilot that is intended to enhance the support of the mental health and emotional wellbeing needs of young people, aged 10 to 25 years, who enter police custody suites because of having engaged in serious youth violence. The funding is for additional staffing that will deliver a brief intervention to each of these young people, which will help them to navigate referral pathways out of police custody and into a variety of relevant health and wellbeing services to support them with any underlying mental health issues that they have. Key objectives of the pilot include a reduction in reoffending and an improvement in overall health outcomes.

Appendix B1: Council Heritage Fees & Charges Schedule

Eastcote Stables									
Space	Capacity	Mon–Thurs	Fri – Sun & BH	Mon – Thurs	Fri – Sun & BH	Mon – Thurs	Fri – Sun & BH	Mon – Thurs	Fri – Sun & BH
*1/2 staff, PA System, Tables & Chairs		LBH	LBH	LBH	LBH	NON	NON	NON	NON
*ALL DAY 12 HRS *MINIMUM 5 HOURS		P/H	P/H	All Day	All Day	P/H	P/H	All Day	All Day
Eastcote Stables	48	£145.00	£160.00	£1,595.00	£1,760.00	£165.00	£180.00	£1,815.00	£1,980.00
Eastcote Walled Garden including the Stables	48	£180.00	£195.00	£1,980.00	£2,145.00	£200.00	£215.00	£2,200.00	£2,365.00

Battle of Britain Bunker									
Space	Capacity	Mon-Thurs	Fri-Sun & BH	Mon-Thurs	Fri-Sun & BH	Mon-Thurs	Fri-Sun & BH	Mon-Thurs	Fri-Sun & BH
*2 staff, PA System, Tables & Chairs		LBH	LBH	LBH	LBH	NON	NON	NON	NON
*ALL DAY IS 12 HRS 12 UNTIL MIDNIGHT *MINIMUM 5 HOURS		P/H	P/H	All Day	All Day	P/H	P/H	All Day	All Day
BBB Large Function Room	50	£145.00	£160.00	£1,595.00	£1,760.00	£165.00	£180.00	£1,815.00	£1,980.00
BBB Exhibition	100	£220.00	£240.00	£2,420.00	£2,640.00	£235.00	£250.00	£2,585.00	£2,750.00
BBB Mezzanine	80	£200.00	£220.00	£2,200.00	£2,420.00	£215.00	£230.00	£2,365.00	£2,530.00
BBB Auditorium	90	£200.00	£220.00	£2,200.00	£2,420.00	£215.00	£230.00	£2,365.00	£2,530.00
BBB Gardens & Large Function Room	50	£180.00	£195.00	£1,980.00	£2,145.00	£200.00	£215.00	£2,200.00	£2,365.00
Entire Site	200	£245.00	£260.00	£2,520.00	£3,000.00	£260.00	£280.00	£2,860.00	£3,080.00

Great Barn Prom/School Party Package					
	Capacity	Mon–Thurs	Fri – Sun & BH	Mon – Thurs	Fri – Sun & BH
*2 staff, PA System, Tables & Chairs, LED Lights		LBH	LBH	NON	NON
		P/P	P/P	P/P	P/P
Great Barn Prom/School Party Package	100	£20.00	£25.00	£26.00	£31.00
Great Barn Prom/School Party Package	150	£18.00	£23.00	£24.00	£29.00
Great Barn Prom/School Party Package	200	£16.00	£21.00	£22.00	£27.00