

# COUNCIL BUDGET - 2020/21 REVENUE AND CAPITAL MONTH 10 BUDGET MONITORING

|                           |  |
|---------------------------|--|
| <b>Cabinet Member</b>     | Councillor Martin Goddard                    |
| <b>Cabinet Portfolio</b>  | Cabinet Member for Finance                   |
| <b>Report Author</b>      | Paul Whaymand, Corporate Director of Finance |
| <b>Papers with report</b> | Appendices A – F                             |

## HEADLINE INFORMATION

|   |  |
|---|--|
| <b>Purpose of report</b>                        | <p>This report provides the Council's forecast financial position and performance against the 2020/21 revenue budget and Capital Programme.</p> <p>A net in-year underspend of £3,620k is reported against General Fund revenue budget normal activities as of January 2021 (Month 10), an improvement of £189k on the Month 9 position. Unallocated reserves are projected to total £31,525k at 31 March 2021.</p> <p>To date, COVID-19 pressures of £34,389k have been identified and are being funded by specific Government grant, with the Council also retaining £9,126k of its own funding in a dedicated Earmarked Reserve to supplement Government support in 2020/21 and future years if required.</p> <p>The latest positions on other funds and the Capital Programme are detailed within the body of this report.</p> |
| <b>Contribution to our plans and strategies</b> | <p><b>Putting our Residents First: <i>Financial Management</i></b></p> <p>Achieving Value for Money is an important element of the Council's Medium Term Financial Plan.</p>   |
| <b>Financial Cost</b>                           | N/A  |
| <b>Relevant Policy Overview Committee</b>       | Corporate Services, Commerce & Communities   |
| <b>Ward(s) affected</b>                         | All  |

## RECOMMENDATIONS

That Cabinet:

1. Note the budget position as at January 2021 (Month 10) as outlined in Table 1.
2. Note the Treasury Management update as at January 2021 at Appendix E.
3. Continue the delegated authority up until the April 2021 Cabinet meeting to the Chief Executive to approve any consultancy and agency assignments over £50k, with final sign-off of any assignments made by the Leader of the Council. Cabinet are also asked to note those consultancy and agency assignments over £50k approved under delegated authority between the 21 January 2021 and 18 February 2021 Cabinet meetings, detailed at Appendix F.
4. Note the virement of £59k funding from the 2020/21 HRA Acquisitions and Internal Developments budget within HRA Major Projects to the 113-127 Moorfield Road redevelopment project.
5. Approve acceptance of gift funding in relation to a Planning Performance Agreement in accordance with the provisions of Section 93 of the Local Government Act 2003 for;
  - a. 30-32 Blyth Road, Hayes - £10,000
  - b. Minet School - £20,000
  - c. Brunel Rugby - £8,000
  - d. Brunel University (BCAST) - £10,000
  - e. Nestle Factory (Industrial - Unit 4), Hayes - £26,000
  - f. 15-17 Uxbridge Road - £20,000
  - g. GSK Stockley Park - £40,000
6. Accept £500k grant funding from the West London Waste Alliance to support the implementation and promotion of segregated food waste collection and processing.
7. Accept £681,542 National Leisure Recovery Fund grant funding from Sport England to support the reopening of the Council's leisure facilities.

## SUPPORTING INFORMATION

### Reasons for Recommendations

1. The reason for **Recommendation 1** is to ensure that the Council achieves its budgetary objectives, providing Cabinet with an update on performance at Month 10 against budgets approved by Council on 20 February 2020. An update on the Council's Treasury Management activities is signposted in **Recommendation 2**.
2. **Recommendation 3** is intended to enable continued delegation of approval for appointment of consultancy and agency appointments over £50k to the Chief Executive, with final sign-off from the Leader of the Council. In addition, Appendix F reports back on use of this delegated authority previously granted by Cabinet.
3. **Recommendation 4** to note recent virement approval of £59k obtained via the capital release process from unallocated funding within the 2020/21 Acquisitions and Internal Development budget to the 113-127 Moorfield Road shared ownership development project to cover the increase in the project cost following receipt of tender prices.
4. Gift funding has been offered by developers which if accepted by Cabinet will be utilised to fund dedicated staff to support this pre-application and application work. **Recommendation 5** seeks authority from Cabinet to approve the acceptance of £134k in relation to a number of major developments.
  - a. 30-32 Blyth Road, Hayes - £10,000
  - b. Minet School - £20,000
  - c. Brunel Rugby - £8,000
  - d. Brunel University (BCAST) - £10,000
  - e. Nestle Factory (Industrial - Unit 4), Hayes - £26,000
  - f. 15-17 Uxbridge Road - £20,000
  - g. GSK Stockley Park - £40,000
5. Legislation due to come into force by 2023 will require local authorities to adopt a new approach to organic waste management. In order to be fully compliant, Hillingdon Council will be required to collect and process food and garden waste presented by residents separately using specialist closed-roof vehicles. The West London Waste Alliance (WLWA) has offered all six West London boroughs funding of £500k to develop the necessary infrastructure to meet these requirements. **Recommendation 6** seeks authority to accept the funding awarded to procure five sealed, rear-lifting vehicles for segregated collection and deposition of food waste and to contribute towards the one-off revenue implementation costs (including caddies and bags, marketing and promotion). The residual savings generated through the new approach to organic waste management constitute part of the wider review of waste and recycling expected to deliver savings totalling £380k across 2021/22 and 2022/23, identified in the Medium Term Financial Strategy 2021/22-2025/26 approved by Council (25 February Item 6).
6. **Recommendation 7** seeks authority to accept grant funding of £681,542 awarded to the Council by Sport England who are sponsored by the Department for Digital, Culture, Media and Sport. This funding is aimed at supporting the reopening of public leisure facilities and the Council is required to passport the funding to the incumbent leisure provider, GLL, in line with the expenditure profile included in the bid.
7. **Alternative options considered**
8. There are no other options proposed for consideration.

## SUMMARY

### REVENUE

9. General Fund pressures totalling £34,389k are projected in relation to the impacts of the COVID-19 pandemic and the Council's response in 2019/20 and 2020/21, with £32,506k of this pressure impacting the current financial year. With the pandemic continuing and local authorities at the forefront of delivering support to residents, it is expected that this pressure will grow over the coming months and continue into the new financial year.
10. Funding through specific COVID-19 grants and the MHCLG scheme to cover 75% of income losses is expected to total £37,010k by 31 March 2021 and therefore sufficient to manage those pressures already identified. Given the likelihood that further pressures will emerge over the remainder of this financial year and beyond, the Council continues to maintain an Earmarked Reserve of £9,126k to manage further demands exceeding Government funding.
11. On the assumption that this funding strategy for COVID-19 pressures can be maintained, an underspend of £3,620k is projected across General Fund budgets at Month 10, an improvement of £189k on the Month 9 position driven by minor changes in a number of areas across the Council. The £3,620k underspend consists of £2,850k service underspends and a £770k underspend on capital financing and funding. Taking account of the budgeted £6,334k drawdown from General Balances, this will result in unallocated General Balances totalling £31,525k at 31 March 2021.
12. Within this position, £3,577k of the £6,386k savings planned for 2020/21 are banked or on track for delivery in full by 31 March 2021, with £2,809k being tracked as being at an earlier stage of implementation or at risk as a result of the COVID-19 pandemic. While any in-year pressures relating to delays in implementing savings have been incorporated into the COVID-19 pressure noted above, it is expected that a similar approach will be required during 2021/22.
13. Within the Collection Fund, a pressure of £4,789k is reported at Month 10, representing a £55k improvement on Month 9, with the underlying variance resulting from significant growth in demand for the Council Tax Reduction Scheme as well as slower than budgeted growth in both Council Tax and Business Rates taxbases. These pressures reflect the impact of COVID-19 on local tax collection and following the November 2020 Spending Review it is expected that 75% of the in-year pressure will be funded by a specific Government grant. The remaining 25% will ultimately impact on General Balances and has been factored into the latest iteration of the MTFP.

### CAPITAL

14. As at Month 10 an underspend of £38,816k is reported on the 2020/21 General Fund Capital Programme of £85,698k, due mainly to re-phasing of project expenditure into future years. Some schemes were temporarily put on hold during the COVID-19 pandemic. The forecast outturn variance over the life of the 2020/21 to 2024/25 programme is an under spend of £6,334k. This outlook for the capital programme remains broadly consistent with those factored into the capital programme projections included in the budget setting reports presented to Cabinet and Council in February 2021.

## FURTHER INFORMATION

### General Fund Revenue Budget

16. **Normal Activities** - An underspend of £3,620k is reported across normal operating activities at Month 10, an improvement of £189k on the Month 9 position. The £189k consists of £189k improvement across the directorate positions, consisting of minor movements across a range of services areas and no movement on Corporate Operating budgets. In addition, there are compensating movements on service contingency largely in Social Care placements and SEN transport however the overall contingency is forecasting a balanced position. This includes £500k general contingency which remains available to deal with any emerging issues.
17. Overall, the directorates are all reporting underspends totalling £2,850k on normal activities, however, within this there are a number of pressures which are being managed and in the current year offset through wider underspends. These underspends are being predominantly driven by the COVID-19 pandemic, in service areas unable to run at normal levels, or forced to close, due to measures put in place to help contain the virus and reduce the rate of infection. Specific pressure areas with departmental budgets are expanded upon in Appendix A to this report.
18. There are underspends reported against Interest and Investment Income and Levies and Other Corporate Budgets, a favourable variance of £770k includes a one-off windfall of £161k related to Icelandic investment recoveries and the benefit of maintaining short term borrowing. A minor £4k overachievement of income is reported on Corporate Funding, as the exact level of grant funding for the year was not confirmed until after Cabinet and Council approved budgets in February 2020.
19. **COVID-19 Financial Impact** - There is a significant pressure of £32,506k relating to the in-year impact of the COVID-19 pandemic being reported under Exceptional Items in the table below. This pressure and £1,883k costs incurred in 2019/20 can be contained within the £37,010k confirmed Government funding, although there remains a strong likelihood that further pressures could emerge over the remainder of the year as the pandemic continues. The Council therefore retains £9,126k in Earmarked Reserves to manage any costs exceeding available Government funding.
20. The COVID-19 financial pressure is being driven largely by a reduction in Fees and Charges income, partly due to services not running during the pandemic and partly due to the Council ceasing Fees and Charges to support the residents during times of financial hardship. In addition, the Council is continuing to support the Social Care provider market, to ensure consistency in service delivery to our more vulnerable residents, compounded by a forecast increase in demand for these services during the pandemic. Alongside this, the Council continues to support homelessness and rough sleepers, ensuring this group are protected during the pandemic.
21. **Savings** - £6,386k of savings are included in the 2020/21 General Fund revenue budget. There has been no month on month movement in the savings tracker for Month 10 and delivery is on track or banked against £3,577k of this total, with £2,809k either in the early stages of delivery or deemed higher risk. The value of the savings at risk are directly attributable to the COVID-19 pandemic, due to delays in implementing the saving programme as a result of the Council's efforts to redirect resources during these difficult times, protecting vulnerable residents and supporting local businesses, particularly within the Social Care market place. Where savings are not expected to be delivered in full during the current

financial year, the resulting pressures form part of the reported COVID-19 pressure and associated funding strategy.

22. **2020/21 Pay Award** - The Council budgeted for a 2% pay award being agreed based on the latest intelligence available at the time the budget was set at February Council. The in-year monitoring position reported reflecting the 2.75% uplift in pay, the award above the budgeted 2% has been factored into the 2021/22 budget approved by Cabinet and Council in February 2021.

**Table 1: General Fund Overview**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service                             | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(As at Month 9)<br>£'000 | Movement<br>from<br>Month 9<br>£'000 |
|--------------------------|-------------------------|-------------------------------------|-------------------------|---------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
|                          |                         |                                     | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                      |                                      |
| 213,954                  | (825)                   | Directorate Operating Budgets       | 213,129                 | 210,279                   | (2,850)                               | (2,662)                              | (188)                                |
| 7,093                    | (55)                    | Corporate Operating Budgets         | 7,038                   | 6,272                     | (766)                                 | (766)                                | 0                                    |
| 13,657                   | 0                       | Development & Risk Contingency      | 13,657                  | 13,657                    | 0                                     | 0                                    | 0                                    |
| (420)                    | 880                     | Unallocated Budget Items            | 460                     | 460                       | 0                                     | 0                                    | 0                                    |
| <b>234,284</b>           | <b>0</b>                | <b>Sub-total Expenditure</b>        | <b>234,284</b>          | <b>230,668</b>            | <b>(3,616)</b>                        | <b>(3,428)</b>                       | <b>(188)</b>                         |
| (227,950)                |                         | Corporate Funding                   | (227,950)               | (227,954)                 | (4)                                   | (4)                                  | 0                                    |
| <b>6,334</b>             | <b>0</b>                | <b>Total Normal Activities</b>      | <b>6,334</b>            | <b>2,714</b>              | <b>(3,620)</b>                        | <b>(3,432)</b>                       | <b>(188)</b>                         |
|                          |                         | <u>Exceptional COVID-19 items</u>   |                         |                           |                                       |                                      |                                      |
| 0                        | 0                       | Pressures                           | 0                       | 32,506                    | 32,160                                | 32,160                               | 346                                  |
| 0                        | 0                       | COVID-19 Funding                    | 0                       | (32,506)                  | (32,160)                              | (32,160)                             | (346)                                |
| <b>6,334</b>             | <b>0</b>                | <b>Total Net Expenditure</b>        | <b>6,334</b>            | <b>2,714</b>              | <b>(3,620)</b>                        | <b>(3,432)</b>                       | <b>(188)</b>                         |
| (34,239)                 | 0                       | Balances b/fwd                      | (34,239)                | (34,239)                  |                                       |                                      |                                      |
| <b>(27,905)</b>          | <b>0</b>                | <b>Balances c/fwd 31 March 2021</b> | <b>(27,905)</b>         | <b>(31,525)</b>           |                                       |                                      |                                      |

23. General Fund Balances are expected to total £31,525k at 31 March 2021 as a result of the forecast position detailed above, representing a marginal improvement on the £31,337k projection for closing General Balances factored into the Council's budget strategy as approved by Cabinet and Council in February 2021.

## Directorate Operating Budgets

24. Directorate Operating Budgets represent the majority of the Council's investment in day-to-day services for residents, with more volatile or demand-led areas of activity tracked separately through the Development and Risk Contingency. The impacts of COVID-19 are being reported discretely under Exceptional Items as detailed in Table 1, the position presented in Table 2 therefore represents the position reported against normal activities. Further information on latest projections for each service is contained within Appendix A to this report, with salient risks and variances within this position summarised in the following paragraphs.

**Table 2: Directorate Operating Budgets**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service  | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(As at Month 9)<br>£'000 | Movement from Month 9<br>£'000 |              |
|--------------------------|-------------------------|--|-------------------------|---------------------------|---------------------------------------|--------------------------------------|--------------------------------|--------------|
|                          |                         |  | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                      |                                |              |
| 19,095<br>(3,359)        | (343)<br>57             | Finance  | Expenditure             | 18,752                    | 18,516                                | (236)                                | (216)                          | (20)         |
|                          |                         |  | Income                  | (3,302)                   | (3,241)                               | 61                                   | 42                             | 19           |
| <b>15,736</b>            | <b>(286)</b>            |  | <b>Sub-Total</b>        | <b>15,450</b>             | <b>15,275</b>                         | <b>(175)</b>                         | <b>(174)</b>                   | <b>(1)</b>   |
| 166,088<br>(38,158)      | (949)<br>144            | Social Care  | Expenditure             | 165,139                   | 164,784                               | (355)                                | (322)                          | (33)         |
|                          |                         |  | Income                  | (38,014)                  | (37,756)                              | 258                                  | 262                            | (4)          |
| <b>127,930</b>           | <b>(805)</b>            |  | <b>Sub-Total</b>        | <b>127,125</b>            | <b>127,028</b>                        | <b>(97)</b>                          | <b>(60)</b>                    | <b>(37)</b>  |
| 43,922<br>(27,112)       | 2,774<br>(3,414)        | Environment,<br>Education &<br>Community<br>Services   | Expenditure             | 46,696                    | 45,529                                | (1,167)                              | (899)                          | (268)        |
|                          |                         |  | Income                  | (30,526)                  | (30,335)                              | 191                                  | 14                             | 177          |
| <b>16,810</b>            | <b>(640)</b>            |  | <b>Sub-Total</b>        | <b>16,170</b>             | <b>15,194</b>                         | <b>(976)</b>                         | <b>(885)</b>                   | <b>(91)</b>  |
| 54,709<br>(20,180)       | 980<br>(174)            | Infrastructure,<br>Building<br>Services<br>& Transport | Expenditure             | 55,689                    | 54,450                                | (1,239)                              | (1,208)                        | (31)         |
|                          |                         |  | Income                  | (20,354)                  | (20,125)                              | 229                                  | 227                            | 2            |
| <b>34,529</b>            | <b>806</b>              |  | <b>Sub-Total</b>        | <b>35,335</b>             | <b>34,325</b>                         | <b>(1,010)</b>                       | <b>(981)</b>                   | <b>(29)</b>  |
| 20,537<br>(1,588)        | 101<br>(1)              | Corporate<br>Resources &<br>Services                   | Expenditure             | 20,638                    | 20,055                                | (583)                                | (564)                          | (19)         |
|                          |                         |  | Income                  | (1,589)                   | (1,598)                               | (9)                                  | 2                              | (11)         |
| <b>18,949</b>            | <b>100</b>              |  | <b>Sub-Total</b>        | <b>19,049</b>             | <b>18,457</b>                         | <b>(592)</b>                         | <b>(562)</b>                   | <b>(30)</b>  |
| <b>213,954</b>           | <b>(825)</b>            | <b>Total Directorate Operating Budgets</b>             |                         | <b>213,129</b>            | <b>210,279</b>                        | <b>(2,850)</b>                       | <b>(2,662)</b>                 | <b>(188)</b> |

25. An underspend of £175k is reported on Finance budgets at Month 10, an improvement of £1k on Month 9. There are compensating variances reported in Exchequer and Business Assurance Services and Procurement, which relate to the implementation of BID reviews. This is primarily relating to extended notice periods and staffing vacancies.

26. There is a net underspend of £97k reported across Social Care before COVID-19 pressures, an improvement on Month 9 of £37k, due to favourable movements mostly in Children's social work linked to recruitment assumptions, alongside other minor movements in the service. Within the £97k variance there are compensating movements being driven largely by staffing variances in Children's Services and Adult Social Work alongside non-staffing pressures within Provider and Commissioned Care, offset by staffing reductions in Provider and Commissioned Care where some services have been unable to run during the lockdown period.

27. Environment, Education & Community Services is reporting a net underspend of £976k, within this position is an overspend on Education and Trading Standards offset by an underspend in Green Spaces, Housing and Community Safety. The underspend in Green Spaces is linked to a number of services not being operational due to the pandemic, alongside vacancies across the service. There is a £217k movement from Month 9 resulting from slower than previously anticipated recruitment and further reductions in sessional salaries and associated operating costs as a result of the pandemic.
28. A net £1,010k underspend is reported across Infrastructure, Building Services & Transport, a minor favourable movement from Month 9 of £29k reflecting a £59k favourable movement in Repairs relating to security requests, being offset by minor movements across the service. The headline position is driven by £472k slippage in Highways expenditure alongside £381k additional lease income in Property Services and a £158k underspend on Waste services being offset by a number of minor pressures across the directorate.
29. The Corporate Resources & Services directorate is forecasting an underspend of £592k, a £30k favourable movement from Month 9, which is being driven by reduced canvassing activity due to lockdown, vacant posts and updated recruitment forecasts in the Business & Technical Support service.
30. The Council is permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. Current projections include an estimate of £2,026k for such costs, which will remain under review over the remainder of the year and have been excluded from the reported monitoring positions. It is anticipated that these costs will be financed from a combination of Capital Receipts and Earmarked Reserves.

### **Progress on Savings**

31. The savings requirement for 2020/21 is £6,136k. In addition, there are savings of £250k brought forward from 2019/20, which gives an overall total of £6,386k reported below. There has been an improvement of £392k where savings have moved from on track for delivery to banked status for Month 10, this is contained within the £3,577k which are either banked or on track for delivery. £447k savings are in the early stages of delivery or potentially subject to greater risk to delivery, with the remaining £2,362k being reported as having a serious problem with delivery.
32. The relatively high number of savings being reported as having a serious problem with delivery (£2,362k) are directly attributable to the COVID-19 pandemic and the delay this has caused in implementing the saving programme as the Council has needed to redirect resources to manage the pandemic. This value has been included within the Council's COVID-19 pressures under Exceptional Items and is therefore not included within the reported position on normal activities quoted in Table 1.

**Table 3: Savings Tracker**

| 2020/21 General Fund Savings Programme  | Finance      | Social Care    | EE&CS          | IBS&T        | Corporate Resources | Cross-Cutting  | Total 2020/21 Savings |               |
|---|--------------|----------------|----------------|--------------|---------------------|----------------|-----------------------|---------------|
|   | £'000        | £'000          | £'000          | £'000        | £'000               | £'000          | £'000                 | %             |
| B Banked  | (186)        | (766)          | (80)           | 0            | (31)                | (590)          | <b>(1,653)</b>        | <b>25.9%</b>  |
| G On track for delivery   | (42)         | (1,282)        | 0              | (600)        | 0                   | 0              | <b>(1,924)</b>        | <b>30.1%</b>  |
| A Potential significant savings shortfall or a significant or risky project which is at an early stage; | 0            | (447)          | 0              | 0            | 0                   | 0              | <b>(447)</b>          | <b>7.0%</b>   |
| R Serious problems in the delivery of the saving  | 0            | 0              | (1,086)        | 0            | (375)               | (901)          | <b>(2,362)</b>        | <b>37.0%</b>  |
| <b>Total 2020/21 Savings</b>  | <b>(228)</b> | <b>(2,495)</b> | <b>(1,166)</b> | <b>(600)</b> | <b>(406)</b>        | <b>(1,491)</b> | <b>(6,386)</b>        | <b>100.0%</b> |

**Corporate Operating Budgets (£766k underspend, nil movement)**

33. Corporately managed expenditure includes revenue costs of the Council's Capital Programme, the net impact of Housing Benefit Subsidy arrangements on the Council, externally set levies and income arising from the provision of support services to other funds and ring-fenced budgets.
34. A favourable variance of £484k is reported against interest payable as a result of maximising short term borrowing, alongside this a further one off windfall income of £161k related to Icelandic bank losses improves the position. In addition, as a result of anticipated capital expenditure and associated borrowing costs, a £108k underspend is reported on the revenue costs of debt financing, all of which bring the overall Interest and Investment Income position to a £753k favourable position. Levies and Other Corporate Budgets are forecast to underspend by £13k, mainly driven by a lower Concessionary Fares levy as the final levy figure wasn't available until after the budget was set. Housing Benefit remains on budget with no variance being reported. No material variances are reported across the remainder of Corporate Budgets, resulting in a headline underspend of £766k.

**Table 4: Corporate Operating Budgets**

| Original Budget | Budget Changes | Service                                  | Month 10         |                  | Variance (As at Month 10) | Variance (As at Month 9) | Movement from Month 9 |          |
|-----------------|----------------|--|------------------|------------------|---------------------------|--------------------------|-----------------------|----------|
|                 |                |  | Revised Budget   | Forecast Outturn |                           |                          |                       |          |
| £'000           | £'000          |  | £'000            | £'000            | £'000                     | £'000                    | £'000                 |          |
| 0               | 0              | Interest and Investment Income           | Salaries         | 0                | 0                         | 0                        | 0                     | 0        |
| 8,459           | 111            |  | Non-Sal Exp      | 8,570            | 7,978                     | (592)                    | (592)                 | 0        |
| (487)           | (166)          |  | Income           | (653)            | (814)                     | (161)                    | (161)                 | 0        |
| <b>7,972</b>    | <b>(55)</b>    |  | <b>Sub-Total</b> | <b>7,917</b>     | <b>7,164</b>              | <b>(753)</b>             | <b>(753)</b>          | <b>0</b> |
| 499             | 0              | Levies and Other Corporate Budgets       | Salaries         | 499              | 514                       | 15                       | 17                    | (2)      |
| 12,376          | 0              |  | Non-Sal Exp      | 12,376           | 12,348                    | (28)                     | (30)                  | 2        |
| (12,289)        | 0              |  | Income           | (12,289)         | (12,289)                  | 0                        | 0                     | 0        |
| <b>586</b>      | <b>0</b>       |  | <b>Sub-Total</b> | <b>586</b>       | <b>573</b>                | <b>(13)</b>              | <b>(13)</b>           | <b>0</b> |
| 0               | 0              | Housing Benefit Subsidy                  | Salaries         | 0                | 0                         | 0                        | 0                     | 0        |
| 147,893         | 0              |  | Non-Sal Exp      | 147,893          | 147,893                   | 0                        | 0                     | 0        |
| (149,358)       | 0              |  | Income           | (149,358)        | (149,358)                 | 0                        | 0                     | 0        |
| <b>(1,465)</b>  | <b>0</b>       |  | <b>Sub-Total</b> | <b>(1,465)</b>   | <b>(1,465)</b>            | <b>0</b>                 | <b>0</b>              | <b>0</b> |
| <b>7,093</b>    | <b>(55)</b>    | <b>Total Corporate Operating Budgets</b> |                  | <b>7,038</b>     | <b>6,272</b>              | <b>(766)</b>             | <b>(766)</b>          | <b>0</b> |

### Development & Risk Contingency

35. For 2020/21 £16,127k was set aside to manage uncertain elements of budgets within the Development & Risk Contingency, which included £15,627k in relation to specific risk items and £500k as General Contingency to manage unforeseen issues, since this date, £2,470k has been released into directorates' base budgets, leaving £13,657k to finance expenditure in these areas. As in prior years specific and emerging variances are contained within the overall budget, although as noted above, exceptional COVID-19 related pressures are being funded through specific grant funding.

**Table 5: Development & Risk Contingency**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service   | Month 10  |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(As at Month 9)<br>£'000 | Movement from Month 9<br>£'000 |          |
|--------------------------|-------------------------|---|---|---------------------------|---------------------------------------|--------------------------------------|--------------------------------|----------|
|                          |                         |   | Revised Budget<br>£'000                         | Forecast Outturn<br>£'000 |                                       |                                      |                                |          |
| 1,063                    | 0                       | Social Care                                     | Asylum Service                                  | 1,063                     | 669                                   | (394)                                | (474)                          | 80       |
| 3,211                    | 0                       |   | Demographic Growth - Looked After Children      | 3,211                     | 3,983                                 | 772                                  | 308                            | 464      |
| 895                      | 0                       |   | Demographic Growth - Children with Disabilities | 895                       | 196                                   | (699)                                | (435)                          | (264)    |
| 2,873                    | (150)                   |   | SEN transport                                   | 2,723                     | 2,248                                 | (475)                                | (259)                          | (216)    |
| 3,842                    | (1,049)                 |   | Demographic Growth - Adult Social Care          | 2,793                     | 3,957                                 | 1,164                                | 1,227                          | (63)     |
| 1,736                    | (914)                   | Environment, Education & Community Services     | Impact of Welfare Reform on Homelessness        | 822                       | 819                                   | (3)                                  | 11                             | (14)     |
| 0                        | 0                       |   | Planning Enforcement                            | 0                         | 0                                     | 0                                    | 0                              | 0        |
| 2,407                    | (357)                   | Infrastructure, Building Services & Transport   | Waste Disposal Levy & Associated Contracts      | 2,050                     | 1,685                                 | (365)                                | (365)                          | 0        |
| (400)                    | 0                       | Corporate Items                                 | Additional Investment Income                    | (400)                     | (400)                                 | 0                                    | 0                              | 0        |
| 500                      | 0                       |   | General Contingency                             | 500                       | 500                                   | 0                                    | (13)                           | 13       |
| <b>16,127</b>            | <b>(2,470)</b>          | <b>Total Development &amp; Risk Contingency</b> |   | <b>13,657</b>             | <b>13,657</b>                         | <b>0</b>                             | <b>0</b>                       | <b>0</b> |

36. Within Social Care Contingency there are compensating movements in Month 10, linked to COVID-19 reducing the demand for SEN Transport, while demand-led budgets for care packages have been refreshed to reflect latest client numbers and unit costs.
37. There is a decrease in the call on homelessness contingency of £14k, following reduced expenditure against Private Sector Placements. This is now £3k below the contingency budget. There is no change in Waste Services, which is £365k below the contingency budget following confirmation of the pay as you throw tonnages from the West London Waste Authority.
38. It is expected that any further non-COVID-19 related pressures can be managed within the budget set aside for General Contingency. There are currently no identified calls on this £500k provision, leaving the full budget available for such any such emerging issues. All contingency items will continue to be closely monitored over the remainder of this financial year and forecasts refreshed accordingly.

## Exceptional Items – COVID-19 Pressures

39. The majority of the COVID-19 pressure is relating to Social Care, and Environment, Education & Community Services, these two areas represent £20,760k of the £32,506k in-year pressure. In addition, £1,883k pressures were identified in the 2019/20 financial year to give a total direct cost of £34,389k.
- a. Within Social Care, the Council is forecasting a pressure of just over £11.2m, driven by support offered to providers, additional demand for services and Personal Protective Equipment (PPE) to enable to Council to ensure that some of the more vulnerable residents are supported and receive the care they need during the pandemic.
  - b. In addition, approximately £1.1m of support has been provided to support homeless residents of the Borough and ensure their safety during COVID-19, with a further £2.9m being used to fund environmental services including the mortuary and crematorium services, alongside waste management.
  - c. Included within this pressure is a forecast decline in Fees and Charges income of approximately £12m, some of which relates to services not running during the pandemic, alongside a number of Fees and Charges that the Council had temporarily suspended in order to support residents during difficult times, with the suspension of parking charges making up approximately £4.2m of this value.
40. Included within this position is a forecast assumption that the overall pressure caused by COVID-19 will be funded by Central Government and other funding strategies. The Council has confirmed funding of £37,010k (although the final figure will in part be based on actual income losses and may therefore fluctuate) which will be sufficient to manage pressures identified to date, although there remains a risk that new and emerging issues will leave a funding gap in either the current or future years.
41. The strategy to deal with any unfunded COVID-19 costs is to utilise Earmarked Reserves totalling £9,216k. As part of the outturn for 2019/20, the Council took the decision to transfer £3,293k into an Earmarked Reserve to boost the Council's financial resilience in 2020/21. A further £2,356k is held in Public Health Earmarked Reserves and £3,477k in service specific reserves, which can be utilised if necessary, to fund any further pressures in 2020/21 and later years.

## HIP Initiatives

42. There is £677k of HIP Initiative balances brought forward at the start of the year. To date £27k has been allocated leaving, £650k available for future releases.

## Schools Budget

43. At Month 10 the Dedicated Schools Grant position is reporting an in-year overspend of £9,846k. This represents a net £16k adverse movement from Month 9, within the High Needs Block there is an adverse £355k movement with a compensating £289k favourable movement in the Schools Block and £50k favourable movement in the Early Years Block.
44. There are continuing pressures in the cost of High Needs. The growth in the number of pupils with an EHCP continued throughout 2019/20 and the current academic year has seen a further increase in the number of pupils with an EHCP. When the £15,002k deficit brought

forward from 2019/20 is considered, the deficit to carry forward to 2021/22 is forecast at £24,848k. This pressure will ultimately be funded from future grant awards and will therefore not directly impact upon the Council's own resources.

## **Collection Fund**

45. The Collection Fund is forecasting a deficit of £4,789k as at Month 10, a £55k favourable movement from Month 9. The overall deficit is predominantly driven by reduced growth in the Council Tax taxbase and a reduction in the Business Rates income as a result of expected business failures due to the COVID-19 pandemic.
46. Additional support within Council Tax is driving approximately 40% of the pressure as households face financial difficulty. The majority of the movement sits within Business Rates and is attributable to a significant reduction in gross yield, nearly wholly offset by Section 31 Grant income as more businesses qualify for Retail Relief.
47. Any deficit realised at outturn will impact on the General Fund budget in future years, with the Government confirming that local authorities will be required to spread the deficit over a period of three years in equal increments as a result of the in-year deficit being directly attributable to COVID-19, a third of the forecast in-year deficit at Month 9 (£1,958k) would hit the Council's budget position for 2021/22 to 2023/24, effectively increasing the budget gap by this value, offset in 2021/22 by the brought forward surplus of £702k and accounting adjustments within Council Tax outside of the scope of the deficit spreading powers (£326k credit).
48. Spending Review 2020 confirmed that the Government will be funding 75% of this deficit, with further details to follow on the exact mechanics of this announcement, in the interim, the Council is assuming 75% of the £1,958k will be funded through this mechanism in the budget strategy, meaning only £489k will impact on the Council's balances.

## **Housing Revenue Account**

49. The Housing Revenue Account is currently forecasting a £475k favourable variance, resulting in a net drawdown of reserves of £1,582k. This results in a projected 2020/21 closing HRA General Balance of £15,493k. This excludes the potential cost pressures of COVID-19, which are estimated at £222k. These pressures have not been included in the Month 10 forecast position for HRA revenue or capital as they are at a level that is fundable in-year within the overall HRA position. In addition, lobbying for specific HRA COVID-19 funding from Government is ongoing through London Councils.

## **Future Revenue Implications of Capital Programme**

50. Appendix D to this report outlines the forecast outturn on the 2020/21 to 2024/25 Capital Programme, with a balanced position over the five-year programme. Alongside marginal variances on Government Grant income and Capital Receipts, Prudential Borrowing is projected to be £2,754k lower – with the majority of this reduction factored into the medium term outlook set out in the budget reports approved by Cabinet and Council in February 2021.

## Appendix A – Detailed Group Forecasts (General Fund)

### FINANCE

51. A forecast underspend of £175k is reported for the Finance Directorate as at Month 10 against normal activities, with £1,619k being reported against the COVID-19 pressure within Exceptional Items.
52. The overall position is in line with that reported for Month 9. The operational variables referred to previously – namely the reduced running costs for the Fleet Service – have shown little movement in month and continue to explain the underlying position overall.

**Table 6: Finance Operating Budgets**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service                                   |                  | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(As at Month 9)<br>£'000 | Movement<br>from Month 9<br>£'000 |
|--------------------------|-------------------------|---|------------------|-------------------------|---------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
|                          |                         |   |                  | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                      |                                   |
| 4,224                    | 0                       | Corporate Finance                         | Salaries         | 4,224                   | 4,268                     | 44                                    | 39                                   | 5                                 |
| 636                      | 0                       |   | Non-Sal Exp      | 636                     | 674                       | 38                                    | 43                                   | (5)                               |
| (445)                    | 0                       |   | Income           | (445)                   | (549)                     | (104)                                 | (104)                                | 0                                 |
| <b>4,415</b>             | <b>0</b>                |   | <b>Sub-Total</b> | <b>4,415</b>            | <b>4,393</b>              | <b>(22)</b>                           | <b>(22)</b>                          | <b>0</b>                          |
| 5,844                    | (63)                    | Exchequer and Business Assurance Services | Salaries         | 5,781                   | 5,781                     | 0                                     | (4)                                  | 4                                 |
| 3,283                    | 133                     |   | Non-Sal Exp      | 3,416                   | 3,301                     | (115)                                 | (89)                                 | (26)                              |
| (2,796)                  | (54)                    |   | Income           | (2,850)                 | (2,688)                   | 162                                   | 140                                  | 22                                |
| <b>6,331</b>             | <b>16</b>               |   | <b>Sub-Total</b> | <b>6,347</b>            | <b>6,394</b>              | <b>47</b>                             | <b>47</b>                            | <b>0</b>                          |
| 1,790                    | (470)                   | Procurement                               | Salaries         | 1,320                   | 1,185                     | (135)                                 | (56)                                 | (79)                              |
| 3,318                    | 57                      |   | Non-Sal Exp      | 3,375                   | 3,307                     | (68)                                  | (149)                                | 81                                |
| (118)                    | 111                     |   | Income           | (7)                     | (4)                       | 3                                     | 6                                    | (3)                               |
| <b>4,990</b>             | <b>(302)</b>            |   | <b>Sub-Total</b> | <b>4,688</b>            | <b>4,488</b>              | <b>(200)</b>                          | <b>(199)</b>                         | <b>(1)</b>                        |
| 11,858                   | (533)                   | Finance Directorate                       | Salaries         | 11,325                  | 11,234                    | (91)                                  | (21)                                 | (70)                              |
| 7,237                    | 190                     |   | Non-Sal Exp      | 7,427                   | 7,282                     | (145)                                 | (195)                                | 50                                |
| (3,359)                  | 57                      |   | Income           | (3,302)                 | (3,241)                   | 61                                    | 42                                   | 19                                |
| <b>15,736</b>            | <b>(286)</b>            |   | <b>Total</b>     | <b>15,450</b>           | <b>15,275</b>             | <b>(175)</b>                          | <b>(174)</b>                         | <b>(1)</b>                        |

### Exceptional Items – COVID-19 Pressures

#### Finance Development & Risk Contingency

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Development & Risk Contingency | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(As at Month 9)<br>£'000 | Movement<br>from Month 9<br>£'000 |
|--------------------------|-------------------------|--------------------------------|-------------------------|---------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
|                          |                         |                                | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                      |                                   |
| 0                        | 0                       | COVID-19                       | 0                       | 1,619                     | 1,619                                 | 1,591                                | 28                                |
| 0                        | 0                       | Total Exceptional Items        | 0                       | 1,609                     | 1,619                                 | 1,591                                | 28                                |

53. At Month 9, gross COVID-19 expenditure is £1,619k is reported – an adverse movement of £28k from £1,591 reported for Month 9.
54. The position is due to the ongoing expenditure pressures of £577k relating predominantly to additional operational resource required to deliver Government driven grant streams. As reported for previous months, the income pressure of £1,285k relates mainly to council tax

court fee income. These pressures are partly offset by COVID-19 related grant income of £243k leaving £1,619k to be funded from the contingency.

## **FINANCE OPERATING BUDGETS (£175k underspend, £1k favourable movement)**

### **Corporate Finance (£22k underspend, nil movement)**

55. The position remains in line with that reported for Month 9 and arises from the projected pressure on the cost of external audit fees continuing to be offset by volume related reductions in bank charges and banking security costs during the COVID-19 pandemic. Minor variations across the group are broadly off-setting overall, resulting in little movement from Month 9.

### **Exchequer & Business Assurance Services (£47k overspend, nil movement)**

56. Staff resource assumptions are consistent with Month 9. The Service have delivered the in year MTFF savings target following the BID review of the Business Assurance function now implemented fully.

### **Procurement (£200k underspend, £1k favourable movement)**

57. The position at Month 10 shows a slight improvement of £1k from Month 9. The comparative stability of oil prices up to this point of the year and reductions to contracted repairs and maintenance costs within the Fleet Service continue to be the key driver for the underlying position. The BID review of the Procurement function has now been fully implemented and the small favourable movement from Month 9 overall arises from updates of resourcing assumptions.

## SOCIAL CARE

58. An underspend of £97k is reported for Social Care at Month 10, representing an improvement of £37k on the base budget.

**Table 7: Social Care Operating Budgets**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service  | Month 10                |                           | Variance (As at Month 10)<br>£'000 | Variance (As at Month 9)<br>£'000 | Movement from Month 9<br>£'000 |             |
|--------------------------|-------------------------|--|-------------------------|---------------------------|------------------------------------|-----------------------------------|--------------------------------|-------------|
|                          |                         |  | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                    |                                   |                                |             |
| 21,123                   | (344)                   | Provider and Commissioned Care                     | Salaries                | 20,779                    | 19,513                             | (1,266)                           | (1,206)                        | (60)        |
| 9,849                    | 670                     |  | Non-Sal Exp             | 10,519                    | 10,988                             | 469                               | 304                            | 165         |
| (4,876)                  | 0                       |  | Income                  | (4,876)                   | (4,832)                            | 44                                | 148                            | (104)       |
| <b>26,096</b>            | <b>326</b>              |  | <b>Sub-Total</b>        | <b>26,422</b>             | <b>25,669</b>                      | <b>(753)</b>                      | <b>(754)</b>                   | <b>1</b>    |
| 7,350                    | 732                     | Adult Social Work                                  | Salaries                | 8,082                     | 8,089                              | 7                                 | 189                            | (182)       |
| 77,244                   | (1,735)                 |  | Non-Sal Exp             | 75,509                    | 75,562                             | 53                                | (69)                           | 122         |
| (23,405)                 | 308                     |  | Income                  | (23,097)                  | (23,064)                           | 33                                | (28)                           | 61          |
| <b>61,189</b>            | <b>(695)</b>            |  | <b>Sub-Total</b>        | <b>60,494</b>             | <b>60,587</b>                      | <b>93</b>                         | <b>92</b>                      | <b>1</b>    |
| 17,296                   | (307)                   | Children's Services                                | Salaries                | 16,989                    | 16,858                             | (131)                             | (109)                          | (22)        |
| 21,287                   | 39                      |  | Non-Sal Exp             | 21,326                    | 21,662                             | 336                               | 331                            | 5           |
| (9,600)                  | (164)                   |  | Income                  | (9,764)                   | (9,533)                            | 231                               | 238                            | (7)         |
| <b>28,983</b>            | <b>(432)</b>            |  | <b>Sub-Total</b>        | <b>28,551</b>             | <b>28,987</b>                      | <b>436</b>                        | <b>460</b>                     | <b>(24)</b> |
| 1,714                    | (1)                     | SEND   | Salaries                | 1,713                     | 1,880                              | 167                               | 170                            | (3)         |
| 178                      | (2)                     |  | Non-Sal Exp             | 176                       | 229                                | 53                                | 53                             | 0           |
| (125)                    | 0                       |  | Income                  | (125)                     | (221)                              | (96)                              | (96)                           | 0           |
| <b>1,767</b>             | <b>(3)</b>              |  | <b>Sub-Total</b>        | <b>1,764</b>              | <b>1,888</b>                       | <b>124</b>                        | <b>127</b>                     | <b>(3)</b>  |
| 351                      | 0                       | Public Health                                      | Salaries                | 351                       | 384                                | 33                                | 20                             | 13          |
| 6,822                    | 0                       |  | Non-Sal Exp             | 6,822                     | 6,789                              | (33)                              | (21)                           | (12)        |
| (45)                     | 0                       |  | Income                  | (45)                      | (45)                               | 0                                 | 0                              | 0           |
| <b>7,128</b>             | <b>0</b>                |  | <b>Sub-Total</b>        | <b>7,128</b>              | <b>7,128</b>                       | <b>0</b>                          | <b>(1)</b>                     | <b>1</b>    |
| 456                      | 0                       | Health Integration & Voluntary Sector Partnerships | Salaries                | 456                       | 425                                | (31)                              | 15                             | (46)        |
| 2,417                    | 0                       |  | Non-Sal Exp             | 2,417                     | 2,405                              | (12)                              | 1                              | (13)        |
| (107)                    | 0                       |  | Income                  | (107)                     | (61)                               | 46                                | 0                              | 46          |
| <b>2,766</b>             | <b>0</b>                |  | <b>Sub-Total</b>        | <b>2,766</b>              | <b>2,769</b>                       | <b>3</b>                          | <b>16</b>                      | <b>(13)</b> |
| 48,290                   | 80                      | Social Care Directorate Total                      | Salaries                | 48,370                    | 47,149                             | (1,221)                           | (921)                          | (300)       |
| 117,797                  | (1,028)                 |  | Non-Sal Exp             | 116,769                   | 117,635                            | 866                               | 599                            | 267         |
| (38,158)                 | 144                     |  | Income                  | (38,014)                  | (37,756)                           | 258                               | 262                            | (4)         |
| <b>127,929</b>           | <b>(804)</b>            |  | <b>Total</b>            | <b>127,125</b>            | <b>127,028</b>                     | <b>(97)</b>                       | <b>(60)</b>                    | <b>(37)</b> |

**SOCIAL CARE DEVELOPMENT AND RISK CONTINGENCY (£368k overspend, £1k adverse movement)**

59. The Council's 2020/21 Development and Risk Contingency includes provisions for areas of expenditure within Social Care for which there is a greater degree of uncertainty and relates to in-year demographic changes across Adults and Children's Social Care, including Asylum Seekers and SEN Transport. Table 8 sets out the Month 10 projected position for the Development and Risk Contingency, which is forecast to overspend against contingency by £368k, representing a £1k movement on the Month 9 position.
60. Adults placements contingency is forecast to overspend against contingency by £1,164k, representing an improvement of £63k on the Month 9 position due to refining underlying pressures and those relating to COVID-19, particularly within Mental Health services.
61. SEN Transport is reporting an underspend of £475k against contingency which is a favourable movement of £216k from Month 9. This movement has stemmed from the third lockdown in January which has significantly reduced the number of routes and vehicles running. Transport expenditure will continue to be closely monitored, particularly in light of recent Central Government announcements on the reopening of schools, as social distancing measures will continue to be in place to protect vulnerable children using the service.
62. The Looked After Children contingency is forecast to overspend against contingency by £772k due to the pressure on Secure Remand, Residential and Independent Fostering Placements. This reflects the increase in the number of high cost Residential and semi-independent living placements. However, this underlying increase is partly attributed to the impact of COVID-19, which has reduced the overall forecast and call on contingency by £1,334k through this financial year. This is partly offset by a reduction on the call of the CWD contingency by £264k. This favourable movement is a reflection on the number of packages of care which were suspended for a number of children during the COVID-19 lockdown and the allocation of additional one-to-one support being funded through the COVID-19 contingency.

**Table 8: Social Care Development & Risk Contingency**

| Original Budget | Budget Changes | Development & Risk Contingency                  | Month 10       |                  | Variance (As at Month 10) | Variance (As at Month 9) | Movement from Month 9 |
|-----------------|----------------|---|----------------|------------------|---------------------------|--------------------------|-----------------------|
|                 |                |   | Revised Budget | Forecast Outturn |                           |                          |                       |
| £'000           | £'000          |   | £'000          | £'000            | £'000                     | £'000                    | £'000                 |
| 1,063           | 0              | Asylum Service                                  | 1,063          | 669              | (394)                     | (474)                    | 80                    |
| 3,211           | 0              | Demographic Growth - Looked After Children      | 3,211          | 3,983            | 772                       | 308                      | 464                   |
| 895             | 0              | Demographic Growth - Children with Disabilities | 895            | 196              | (699)                     | (435)                    | (264)                 |
| 2,873           | (150)          | SEN Transport                                   | 2,723          | 2,248            | (475)                     | (259)                    | (216)                 |
| 3,842           | (1,049)        | Demographic Growth - Adult Social Care          | 2,793          | 3,957            | 1,164                     | 1,227                    | (63)                  |
| <b>11,884</b>   | <b>(1,199)</b> | <b>Current Commitments</b>                      | <b>10,685</b>  | <b>11,053</b>    | <b>368</b>                | <b>367</b>               | <b>1</b>              |
| 0               | 0              | <b>COVID-19</b>                                 | 0              | 11,247           | 11,247                    | 10,674                   | 572                   |
| <b>0</b>        | <b>0</b>       | <b>Total Exceptional Items</b>                  | <b>0</b>       | <b>11,247</b>    | <b>11,247</b>             | <b>10,674</b>            | <b>572</b>            |

## **Exceptional Items – COVID-19 Pressures**

63. Within Social Care, COVID-19 pressures of £11,247k are being reported, which is an increase on the requirement of £572k on the Month 9 position.
64. Large impacts within Children's Services as a result of the allocation of £721k of Semi-Independent costs are recorded alongside smaller staffing specific additional costs. In depth reviews have been undertaken this month to identify all COVID-19 related spend and ensure correct categorisation.
65. The Provider and Commissioned Care pressure includes £724k of additional staffing pressures, an increase of £50k this month. £591k of the staffing pressure relates to staffing expenditure in care and residential homes as a direct result of COVID-19. A £110k staffing pressure is being reported as a result of the delay to the implementation of the new Occupational Therapy service delivery model due to the pandemic, which is now underway. Of non-staffing pressures, there is £131k in additional costs for flats in the Extra Care centres that were vacant and were unable to be re-let to the usual pre-COVID-19 timescales between March and September; and £51k in additional banking administration charges for the Brokerage service due to extra payment cards being issued as part of the service's COVID-19 response. £389k is being reported in loss of income due to the pandemic, of which £343k relates to parental fees from Early Years Centres and the remaining £46k due to loss of rental income and sales of meals in day centres.
66. The Adult Social Care pressure includes £1,500k of support provided to external providers during the pandemic, to ensure continuation of care to eligible Social Care clients at a time when providers are facing financial difficulty. In addition to this, a further £2,188k is forecast to provide PPE within the wider Adult Social Care service delivery model. A further £2,684k is being forecast for additional demand within the service as a result of the pandemic. The remaining balance relates to workforce pressures within the service that are directly attributable to the pandemic.
67. The pressure associated with Children's Services (LAC) relates to an increase in spend in Residential care, as during the pandemic the department are unable to move Children on to more suitable accommodation and therefore achieve a lower unit cost, based on providing a more appropriate level of care. This is specifically caused by delays in moving on clients in LAC and Asylum and continuing to pay for spot purchases within Semi-Independent Placements, due to the limited availability of beds currently within the Block Contract arrangement. There has been a slight favourable movement in the use of additional staffing within Children's Services during the pandemic.

## **SOCIAL CARE OPERATING BUDGETS (£97k underspend £37k favourable movement)**

### **Provider and Commissioned Care (£753k underspend, £1k adverse movement)**

68. At Month 10, Provider and Commissioned Care are reporting a £753k underspend. This is due to a large staffing underspend of £2,647k driven by reductions in agency cover as lower levels of staffing were required for service provision during lockdown. This has been particularly apparent in services such as Passenger Transport, which was heavily impacted by school closures during the first and most recent lockdowns and the temporary closure of Children's Centres, where permanent staff were redeployed to Early Year's Centres to replace agency staffing. Furthermore, staffing costs due to COVID-19 of £724k have been identified and reported against the COVID-19 contingency this month, an increase of £50k from Month 9.

### **Adult Social Work (£93k overspend, £1k adverse movement)**

69. The position reported at Month 10 on the base budget is an overspend of £93k across Adult Social Work, a £1k movement on Month 9.
70. There is an ongoing extensive review of the pooled budget arrangements with the CCG and the use of the Hospital Discharge NHS COVID-19 Funding to fund additional costs of discharges, in the current year and then to determine the long-term impact of clients currently funded through this funding arrangement. The LBH contribution has now been agreed for the current year, with full assessments underway on the ongoing impact of COVID-19 on care needs and the changes to the type of care required.
71. There has been a review of demographics across Learning Disabilities and Mental Health Placements to determine any additional pressures arising this year as a result of the wider impacts of COVID-19, which will continue to be reviewed over the current year and into 2021/22.

### **Children's Services (£436k overspend, £24k favourable movement)**

72. A review of funding allocations across the service, along with minor adverse movements in non-staffing budgets have been netted down by slight improvements in staffing forecasts as a result of a reduction in agency spend. The favourable movement this month is due to a further review of recruitment assumptions within the service.
73. BID reviews are underway within Safeguarding Services which will address the high level of agency personnel currently within the service and ultimately reduce cost. Furthermore, agency staffing arrangements with Sanctuary Personnel, will deliver temporary staff at a lower cost and support further reduction in spend.

### **SEND (£124k overspend, £3k favourable movement)**

74. Pressures on staffing budgets within SEND are driven largely by the Educational Psychology Service, however, these additional staffing requirements are delivering income within the service and contribute to reducing this pressure. Across the remainder of the service, staffing and non-staffing pressures caused by agency staff covering vacant posts are driving the overspend position.

### **Public Health (Breakeven, nil movement)**

75. The Public Health budgets are offset against the Public Health Earmarked Reserve, so any over or underspend are either funded by, or contribute to the reserve each year. The main spend within Public Health is through contract provision, for which services have continued to be delivered through the lockdown period as far as possible and the Government advice has been to continue funding these contracts at full value. It is currently forecast that Public Health services will be delivered within budget.

### **Health integration and Voluntary Sector Partnerships (£3k overspend, £13k favourable movement)**

76. A favourable movement of £13k on the Month 9 position is as a result of realignments of contract costs for Healthwatch, in line with activity in year. There is a budget of £2.2m within this Service area to fund contributions to the Voluntary Sector, which is forecast to spend to budget or be carried forward at Month 10.

## ENVIRONMENT, EDUCATION & COMMUNITY SERVICES

77. The Environment, Education and Community Services directorate is showing a projected outturn underspend of £976k at Month 10 on normal activities, a favourable movement of £91k from Month 9. A further £9,513k is being reported under the COVID-19 exceptional items disclosure. The overall variance on normal activities is a result of overspends in Education and Trading Standards offset by underspends in Planning, Greenspaces, Housing, & Community Safety.

**Table 9: Environment, Education & Community Services Operating Budgets**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service   | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>as at Month 9<br>£'000 | Movement<br>from Month 9<br>£'000 |              |
|--------------------------|-------------------------|---|-------------------------|---------------------------|---------------------------------------|------------------------------------|-----------------------------------|--------------|
|                          |                         |   | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                    |                                   |              |
| 3,588                    | 27                      | Planning,<br>&<br>Regeneration                                      | Salaries                | 3,615                     | 3,423                                 | (192)                              | (125)                             | (67)         |
| 1,336                    | 286                     |   | Non-Sal Exp             | 1,622                     | 1,676                                 | 54                                 | 113                               | (59)         |
| (4,834)                  | (294)                   |   | Income                  | (5,128)                   | (5,132)                               | (4)                                | (164)                             | 160          |
| <b>90</b>                | <b>19</b>               |   | <b>Sub-Total</b>        | <b>109</b>                | <b>(33)</b>                           | <b>(142)</b>                       | <b>(176)</b>                      | <b>34</b>    |
| 13,164                   | 69                      | Green<br>Spaces,<br>Sports &<br>Culture                             | Salaries                | 13,233                    | 12,610                                | (623)                              | (476)                             | (147)        |
| 5,994                    | 0                       |   | Non-Sal Exp             | 5,994                     | 5,771                                 | (223)                              | (242)                             | 19           |
| (10,767)                 | (52)                    |   | Income                  | (10,819)                  | (10,821)                              | (2)                                | 87                                | (89)         |
| <b>8,391</b>             | <b>17</b>               |   | <b>Sub-Total</b>        | <b>8,408</b>              | <b>7,560</b>                          | <b>(848)</b>                       | <b>(631)</b>                      | <b>(217)</b> |
| 2,778                    | 446                     | Housing   | Salaries                | 3,224                     | 3,159                                 | (65)                               | 90                                | (155)        |
| 3,917                    | 3,121                   |   | Non-Sal Exp             | 7,038                     | 6,685                                 | (353)                              | (510)                             | 157          |
| (3,159)                  | (3,259)                 |   | Income                  | (6,418)                   | (6,022)                               | 396                                | 242                               | 154          |
| <b>3,536</b>             | <b>308</b>              |   | <b>Sub-Total</b>        | <b>3,844</b>              | <b>3,822</b>                          | <b>(22)</b>                        | <b>(178)</b>                      | <b>156</b>   |
| 973                      | 0                       | Education   | Salaries                | 973                       | 1,128                                 | 155                                | 163                               | (8)          |
| 4,230                    | 0                       |   | Non-Sal Exp             | 4,230                     | 4,314                                 | 84                                 | 84                                | 0            |
| (4,313)                  | 0                       |   | Income                  | (4,313)                   | (4,388)                               | (75)                               | (60)                              | (15)         |
| <b>890</b>               | <b>0</b>                |   | <b>Sub-Total</b>        | <b>890</b>                | <b>1,054</b>                          | <b>164</b>                         | <b>187</b>                        | <b>(23)</b>  |
| 2,419                    | 36                      | Trading<br>Standards,<br>Environment<br>& Health &<br>Licensing     | Salaries                | 2,455                     | 2,350                                 | (105)                              | (72)                              | (33)         |
| 559                      | 0                       |   | Non-Sal Exp             | 559                       | 845                                   | 286                                | 274                               | 12           |
| (3,134)                  | 0                       |   | Income                  | (3,134)                   | (3,192)                               | (58)                               | (86)                              | 28           |
| <b>(156)</b>             | <b>36</b>               |   | <b>Sub-Total</b>        | <b>(120)</b>              | <b>3</b>                              | <b>123</b>                         | <b>116</b>                        | <b>7</b>     |
| 2,251                    | (186)                   | Community<br>Safety,<br>Cohesion &<br>Resilience                    | Salaries                | 2,065                     | 1,657                                 | (408)                              | (365)                             | (43)         |
| 2,713                    | (1,025)                 |   | Non-Sal Exp             | 1,688                     | 1,911                                 | 223                                | 167                               | 56           |
| (905)                    | 191                     |   | Income                  | (714)                     | (780)                                 | (66)                               | (5)                               | (61)         |
| <b>4,059</b>             | <b>(1,020)</b>          |   | <b>Sub-Total</b>        | <b>3,039</b>              | <b>2,788</b>                          | <b>(251)</b>                       | <b>(203)</b>                      | <b>(48)</b>  |
| 25,173                   | 392                     | Environment,<br>Education<br>& Community<br>Services<br>Directorate | Salaries                | 25,565                    | 24,327                                | (1,238)                            | (784)                             | (454)        |
| 18,749                   | 2,382                   |   | Non-Sal Exp             | 21,131                    | 21,202                                | 71                                 | (114)                             | 185          |
| (27,112)                 | (3,414)                 |   | Income                  | (30,526)                  | (30,335)                              | 191                                | 14                                | 177          |
| <b>16,810</b>            | <b>(640)</b>            |   | <b>Total</b>            | <b>16,170</b>             | <b>15,194</b>                         | <b>(976)</b>                       | <b>(888)</b>                      | <b>(91)</b>  |

78. The Council's 2020/21 contingency budget contains provision for areas of expenditure or income within Environment, Education and Community Services for which there is a greater degree of uncertainty. At Month 10, projected calls on contingency are forecast to be £3k less than the budgeted provision.

**Table 10: Development and Risk Contingency**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Contingency Item                         | Month 10                |                           | Variance as at Month 10<br>£'000 | Variance as at Month 9<br>£'000 | Movement from Month 9<br>£'000 |
|--------------------------|-------------------------|--|-------------------------|---------------------------|----------------------------------|---------------------------------|--------------------------------|
|                          |                         |  | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                  |                                 |                                |
| 822                      | 0                       | Impact of Welfare Reform on Homelessness | 822                     | 819                       | (3)                              | 11                              | (14)                           |
| <b>822</b>               | <b>0</b>                | <b>Total</b>                             | <b>822</b>              | <b>819</b>                | <b>(3)</b>                       | <b>31</b>                       | <b>(14)</b>                    |
|                          |                         | <b>COVID-19</b>                          | <b>0</b>                | <b>9,513</b>              | <b>9,513</b>                     | <b>9,667</b>                    | <b>(154)</b>                   |
| <b>0</b>                 | <b>0</b>                | <b>Total Exceptional Items</b>           | <b>0</b>                | <b>9,513</b>              | <b>9,513</b>                     | <b>9,667</b>                    | <b>(154)</b>                   |

79. The data in the table below shows the use of Temporary Accommodation. At Month 10, the number of households in Bed and Breakfast accommodation is 34 units above the budgeted assumptions made in modelling Supply and Demand for the 2020/21 MTF.

**Table 11: Housing Needs performance data**

|  | November 2020 | December 2020 | January 2021 |
|--|---------------|---------------|--------------|
| All Approaches   | 286           | 211           | 298          |
| Full Assessment Required                               | 195           | 153           | 181          |
| New into Temporary Accommodation (Homeless and Relief) | 20            | 27            | 43           |
| Households in Temporary Accommodation                  | 426           | 426           | 424          |
| Households in B&B                                      | 160           | 162           | 164          |

80. As in previous years, a contingency has been set aside in 2020/21 to resource the procurement of Private Sector placements or the need for Temporary Accommodation in the Borough. The call on contingency relating to homelessness is forecast at £819k, (£3k) below the budgeted provision.

81. The service is currently forecasting the number of clients in B&B accommodation will average 168 over the financial year, however, management actions to reduce numbers through increased non-cost prevention and move-on activity are ongoing.

82. The favourable movement of (£14k) at Month 10 follows reduced expenditure against Private Sector Placements.

83. The Council will continue to closely monitor this risk, as following the introduction of the Homeless Reduction Act in April 2018, there has been increased demand for Housing assistance. Specific funding is retained within an Earmarked Reserve to manage this risk.

#### **Exceptional Items – COVID-19 Pressures**

84. Environment, Education and Community Services are currently forecasting £9,513k of pressures against the COVID-19 exceptional items disclosure, with approximately £4,469k of this amount related to losses of income during the pandemic, with the balance being related to cost pressures. There has been an overall movement of £154k from the Month 9 reported position.

85. Green Spaces, Sports & Culture has reported an increase in the pandemic impact from £6,747k last month to £6,819k, an increase of £72k. Lost income accounts for £3,262k which

has increased by £52k with further reduced fees and charges within library services of £34k and an increase in the leisure management fee of £34k to align to the contract value. There are smaller reductions totalling £16k due to lower than anticipated income losses across the service area. Salary costs incurred due to the pandemic have increased from £261k to £283k with most attributed to further COVID-19 related staff costs in the library services. Non salary costs have marginally reduced from £3,276k to £3,274k.

86. £869k of lost income relates to trading standards, food & safety and licencing, predominantly driven by imported food charges.
87. The Planning and Regeneration service are reporting a pressure of £840k from reduced income, of which; £422k relates to Development Control, £113k for Local Land Charge fees, £75k against retained CIL admin fees and the remaining £230k relates to Building Control Fees.
88. The pressures being reported in this area include approximately £1,114k for homelessness and rough sleeper support, ensuring that this vulnerable group is protected during the pandemic. A number of smaller pressures reported across the directorate make up the remaining balance, with the largest of these being circa £320k within the Anti-Social Behaviour Team.

#### **ENVIRONMENT, EDUCATION AND COMMUNITY SERVICES OPERATING BUDGETS (£976k underspend, £91k favourable movement)**

##### **Planning, Transportation and Regeneration (£142k underspend, £34k adverse movement)**

89. Planning Services is currently reporting a £142k underspend, largely driven by unbudgeted S106 funding for Air Quality, recruitment delays to permanent posts and the significant reduction of agency staff across Development Management. Building Control is forecasting an underspend of £39k largely due to posts being held vacant until next financial year. The £34k adverse movement is largely driven by external recruitment costs associated with the in-sourcing of the TerraQuest contract and changes to recruitment assumptions.

##### **Green Spaces, Sports and Culture (£848k underspend, £217k favourable movement)**

90. Green Spaces, Sports and Culture is currently reporting a £848k underspend which represents a favourable movement of £217k. Further reductions in staff costs, particularly sessional workers, within Library's (£95k) and the Music Services (£70k) due to the extended lockdown alongside reduced staff costs in Grounds Maintenance (£31k) and Green Spaces (£120k). The service has also reduced operational forecasts by £50k across the wider business. Offset against this is £50k of redundancy costs within the Special Projects Team which will now be met by the service rather than central funds as previously reported, with a further £100k set aside as a revenue contribution to capital to assist with funding equipment for the Library refurbishment capital programme.

##### **Housing (£22k underspend, £156k adverse movement)**

91. Housing is reporting an underspend of (£22k) at Month 10. There is an underlying favourable variance within the First Time Buyers service of (£147k) due to reduced levels of activity following a slowdown in the Housing Market, offset by an overspend position of £135k being reported by the Private Sector Housing service. The overspend is made up of income pressures on HMO licencing of £43k and the residual pressure on enforcement income of

£92k after allocations against COVID-19 contingency. The adverse movement reflects additional expenditure to provide support for clients to access Private Sector Accommodation.

**Education (£164k overspend, £23k favourable movement)**

92. The Month 10 position for Education shows an overspend of £164k against budget. The pressure on the base budget is related to a historical underlying pressure that has been addressed in a BID review of the Education service. The £23k favourable movement relates to a post in the new Education structure which has not yet been recruited to and additional COVID-19 contingency of £15k to support further reductions in truancy fine income.

**Trading Standards, Environment Health & Licensing (£123k overspend, £7k adverse movement)**

93. The service is reporting a £123k pressure at Month 10. There is a £105k staffing underspend forecast, largely attributable to delays in recruiting to vacant posts, not all of which are covered by agency resource. The favourable movement of £32k reflects an expectation that several Environmental Health agency assignments will not now be filled before the year end. The £285k non-staffing pressure reflects ongoing costs associated with the Project Pompeii animal welfare case (£66k) and overspends within the Imported Food Office. The £58k favourable income position is largely attributable to the award of a Brexit preparedness support grant from Defra, funding agency and veterinary services spend. The £28k adverse movement on income reflects reduced forecast application of the grant in the current financial year offsetting the reduced agency spend forecasts.

**Community Safety, Cohesion & Resilience (£251k underspend, £48k favourable movement)**

94. The service is reporting a £251k underspend, the most significant element comprising staffing underspends within Community Safety and ASBET, resulting from recruitment delays and staff turnover. Community Safety's favourable staff costs position is offset by additional support from the Met Police with additional non-staffing costs and reduced grant on LCPF. The £48k favourable movement in Month 10 largely results from a further reduction in staffing costs within Community Safety, with broadly offsetting movements between non-staffing costs and income across the wider service.

## INFRASTRUCTURE, BUILDING SERVICES & TRANSPORT

95. Infrastructure, Building Services and Transport directorate is showing a projected outturn underspend of £1,010k at Month 10 on normal activities, a favourable movement of £29k from Month 9. A pressure of £8,400k is being reported against the COVID-19 pressures under exceptional items, a movement of (£14k) from Month 9. The overall variance is a result of underspends within Highways, Waste Services and Property & Estates.

**Table 12: Infrastructure Building Services & Transport**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service   |                  | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(as at Month 9)<br>£'000 | Movement<br>from<br>Month 9<br>£'000 |
|--------------------------|-------------------------|---|------------------|-------------------------|---------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
|                          |                         |   |                  | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                      |                                      |
| 449                      | 10                      | Property & Estates  | Salaries         | 459                     | 432                       | (27)                                  | (27)                                 | 0                                    |
| 3,596                    | 0                       |   | Non-Sal Exp      | 3,596                   | 3,520                     | (76)                                  | (97)                                 | 21                                   |
| (2,869)                  | (10)                    |   | Income           | (2,879)                 | (3,157)                   | (278)                                 | (299)                                | 21                                   |
| <b>1,176</b>             | <b>0</b>                |   | <b>Sub-Total</b> | <b>1,176</b>            | <b>795</b>                | <b>(381)</b>                          | <b>(423)</b>                         | <b>42</b>                            |
| 1,581                    | 0                       | Capital Programme   | Salaries         | 1,581                   | 1,181                     | (400)                                 | (392)                                | (8)                                  |
| 254                      | 0                       |   | Non-Sal Exp      | 254                     | 148                       | (106)                                 | (108)                                | 2                                    |
| (1,526)                  | 0                       |   | Income           | (1,526)                 | (945)                     | 581                                   | 584                                  | (3)                                  |
| <b>309</b>               | <b>0</b>                |   | <b>Sub-Total</b> | <b>309</b>              | <b>384</b>                | <b>75</b>                             | <b>84</b>                            | <b>(9)</b>                           |
| 1,286                    | (105)                   | Repairs & Engineering                                     | Salaries         | 1,181                   | 1,242                     | 61                                    | 49                                   | 12                                   |
| 4,339                    | 974                     |   | Non-Sal Exp      | 5,313                   | 5,235                     | (78)                                  | (57)                                 | (21)                                 |
| (545)                    | (163)                   |   | Income           | (708)                   | (741)                     | (33)                                  | 17                                   | (50)                                 |
| <b>5,080</b>             | <b>706</b>              |   | <b>Sub-Total</b> | <b>5,786</b>            | <b>5,736</b>              | <b>(50)</b>                           | <b>9</b>                             | <b>(59)</b>                          |
| 2,114                    | 0                       | Highways  | Salaries         | 2,114                   | 2,136                     | 22                                    | 21                                   | 1                                    |
| 3,741                    | 0                       |   | Non-Sal Exp      | 3,741                   | 3,203                     | (538)                                 | (476)                                | (62)                                 |
| (3,015)                  | 0                       |   | Income           | (3,015)                 | (2,971)                   | 44                                    | (6)                                  | 50                                   |
| <b>2,840</b>             | <b>0</b>                |   | <b>Sub-Total</b> | <b>2,840</b>            | <b>2,368</b>              | <b>(472)</b>                          | <b>(461)</b>                         | <b>(11)</b>                          |
| 9,399                    | 96                      | Waste Services  | Salaries         | 9,495                   | 9,518                     | 23                                    | (12)                                 | 35                                   |
| 14,589                   | 0                       |   | Non-Sal Exp      | 14,589                  | 14,532                    | (57)                                  | (22)                                 | (35)                                 |
| (3,236)                  | 0                       |   | Income           | (3,236)                 | (3,360)                   | (124)                                 | (129)                                | 5                                    |
| <b>20,752</b>            | <b>96</b>               |   | <b>Sub-Total</b> | <b>20,848</b>           | <b>20,690</b>             | <b>(158)</b>                          | <b>(163)</b>                         | <b>5</b>                             |
| 3,087                    | 0                       | ICT   | Salaries         | 3,087                   | 2,729                     | (358)                                 | (367)                                | 9                                    |
| 4,444                    | 3                       |   | Non-Sal Exp      | 4,447                   | 4,893                     | 446                                   | 424                                  | 22                                   |
| (200)                    | 0                       |   | Income           | (200)                   | (234)                     | (34)                                  | (3)                                  | (31)                                 |
| <b>7,331</b>             | <b>3</b>                |   | <b>Sub-Total</b> | <b>7,334</b>            | <b>7,388</b>              | <b>54</b>                             | <b>54</b>                            | <b>0</b>                             |
| 959                      | 0                       | Parking Services  | Salaries         | 959                     | 860                       | (99)                                  | (98)                                 | (1)                                  |
| 2,958                    | 0                       |   | Non-Sal Exp      | 2,958                   | 2,996                     | 38                                    | 27                                   | 11                                   |
| (8,429)                  | 0                       |   | Income           | (8,429)                 | (8,429)                   | 0                                     | 0                                    | 0                                    |
| <b>(4,512)</b>           | <b>0</b>                |   | <b>Sub-Total</b> | <b>(4,512)</b>          | <b>(4,573)</b>            | <b>(61)</b>                           | <b>(71)</b>                          | <b>10</b>                            |
| 1,676                    | 0                       | Transport, Aviation & Town Centre Initiatives             | Salaries         | 1,676                   | 1,586                     | (90)                                  | (78)                                 | (12)                                 |
| 239                      | 0                       |   | Non-Sal Exp      | 239                     | 239                       | 0                                     | 5                                    | (5)                                  |
| (361)                    | 0                       |   | Income           | (361)                   | (288)                     | 73                                    | 63                                   | 10                                   |
| <b>1,554</b>             | <b>0</b>                |   | <b>Total</b>     | <b>1,554</b>            | <b>1,537</b>              | <b>(17)</b>                           | <b>(10)</b>                          | <b>(7)</b>                           |
| 20,551                   | 1                       | Infrastructure, Building Services & Transport Directorate | Salaries         | 20,552                  | 19,684                    | (868)                                 | (904)                                | 36                                   |
| 34,160                   | 977                     |   | Non-Sal Exp      | 35,137                  | 34,766                    | (371)                                 | (304)                                | (67)                                 |
| (20,181)                 | (173)                   |   | Income           | (20,354)                | (20,125)                  | 229                                   | 227                                  | 2                                    |
| <b>34,530</b>            | <b>805</b>              |   | <b>Total</b>     | <b>35,335</b>           | <b>34,325</b>             | <b>(1,010)</b>                        | <b>(981)</b>                         | <b>(29)</b>                          |

96. The Council's 2020/21 contingency budget contains provision for areas of expenditure or income within Building Services, Transport & Business Improvement for which there is a

greater degree of uncertainty. At Month 10, projected calls on contingency are £365k below budget.

**Table 13: Development and Risk Contingency**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Development & Risk Contingency             | Month 10                |                           | Variance (As at Month 10)<br>£'000 | Variance (as at Month 9)<br>£'000 | Movement from Month 9<br>£'000 |
|--------------------------|-------------------------|--|-------------------------|---------------------------|------------------------------------|-----------------------------------|--------------------------------|
|                          |                         |  | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                    |                                   |                                |
| 2,050                    | 0                       | Waste Disposal Levy & Associated Contracts | 2,050                   | 1,685                     | (365)                              | (365)                             | 0                              |
| <b>2,050</b>             | <b>0</b>                | <b>Current Commitments</b>                 | <b>2,050</b>            | <b>1,685</b>              | <b>(365)</b>                       | <b>(365)</b>                      | <b>0</b>                       |
|                          |                         | COVID-19                                   | 0                       | 8,400                     | 8,400                              | 8,414                             | 14                             |
| <b>0</b>                 | <b>0</b>                | <b>Total Exceptional Items</b>             | <b>0</b>                | <b>8,400</b>              | <b>8,400</b>                       | <b>8,414</b>                      | <b>14</b>                      |

97. The call on the Waste contingency is £1,685k, which funds estimated population driven increases in the cost of disposal via the West London Waste Authority (WLWA) levy and associated waste disposal contracts. The variance reflects tonnage-based PAYT rebates received from WLWA and realigned forecasts for other waste disposal contracts based on actual costs incurred this year to date.
98. There has been a 3% increase in residual waste volumes (which account for the largest proportion of the Council's disposal costs) this year to date compared to the same period last year, although this is within budgeted levels. Whilst mixed organic (food and garden) tonnages are running 14% above the level in the equivalent period last year (being impacted by the pandemic and lockdown), aggregate PAYT costs are below expectations, partly reflecting the more favourable disposal rates on these waste streams.
99. Mixed dry recycling tonnages are running 17% above those for the equivalent period last year, affecting disposal costs via the Council's contract with Biffa. This waste stream has been most significantly affected by the pandemic, with year-on-year increases sustained at a very high level. Accordingly, a further £650k is reported against Exceptional Items related to COVID-19 to report on the estimated additional costs emerging.

#### **Exceptional Items – COVID-19 Pressures**

100. Infrastructure, Building Services and Transport Services are currently forecasting COVID-19 pressures of £8,400k, which relates to £2,324k of expenditure pressures alongside £6,076k of income shortfalls all directly attributable to the COVID-19 pandemic. Total reported pressures have reduced by (£14k) from Month 9.
101. The largest single pressure within the service area relates to a projected £4,294k loss of income from parking Fees and Charges as the Council took the decision to temporarily cease charging in this area to support residents during difficult times, with a general reduction in parking activity also experienced. Charges were reinstated in June, but the 2020/21 fees and charges uplifts were deferred until early September. Further lockdown periods since have impacted further on parking revenues, increasing income pressures.
102. The Waste Service is reporting staffing pressures due the Council's Passenger Services vehicles being used to transport waste crews to facilitate social distancing measures and additional crews and drivers required to support increased kerbside collection activity and staff absences. There are also non-staffing pressures arising from higher kerbside collections, predominantly for garden waste (in the first half of the year) and mixed dry recycling, slower

progress regarding recycling initiatives given delays in the recruitment to three new recycling officer posts, marshalling and traffic management services at New Year's Green Lane and recycling bag spend. Further non-staffing pressures relate to the use of contract hire of vehicles and drivers to transport waste crews during the current lockdown period (fewer Council-owned vehicles being available given more schools are open).

103. Within the income shortfall reported against COVID-19, £756k relates to the Waste Service, attributable to reduced income at the New Years Green Lane site whilst it was closed for several weeks at the start of the pandemic (and reduced activity since reopening), a decrease in income from Trade Waste collection services and a shortfall in recycling income as markets for certain materials, particularly textiles, have collapsed due to the pandemic.
104. A pressure against rental income of approximately £570k is included within Property & Estates on the anticipation that income collection rates are likely to reduce from commercial shops, General Estates and garages alongside other small pressures within rental income budgets.
105. Expenditure of £339k is reported within the Facilities Management service, an increase of £47k from Month 9. This forecast provides for the introduction of safety measures across Corporate Buildings and the setup costs of COVID-19 testing and vaccination centres. The £339k is the net pressure remaining after £142k of reduced contract expenditure following site closures.
106. The Transport, Aviation and Town Centre Initiatives Service is reporting a £196k pressure against revenue budgets, of which £166k is due to the suspension of the Transport for London (TfL) Grant. £14k of this pressure relates to COVID-19 specific staffing costs, £13k comprises anticipated spend associated with post-lockdown High Street related promotions and the remaining £3k is a result of lost income for Christmas lights community partner contributions.
107. Finally, £458k is being reported in Highways as a result of the part-year suspension of vehicle crossovers work and reduced street-works activity during the early part of the first lockdown period.

## **BUILDING SERVICES, TRANSPORT AND BUSINESS IMPROVEMENT SERVICES OPERATING BUDGETS (£1,010k underspend, £29k favourable movement)**

### **Property and Estates (£381k underspend, £42k adverse movement)**

108. There is a reported underspend of £381k at Month 10, predominantly due to additional rental income receivable from two new leases effective from April 2020. The adverse movement from Months 9 to 10 reflects the reallocation of pre-paid rental income relating to the 2021-22 financial year.

### **Capital Programme (£75k overspend, £9k favourable movement)**

109. The Capital and planned works service is showing a projected pressure of £75k against base budget. This represents the residual expenditure for staffing and project costs after fees have been assumed as chargeable to capital projects.

### **Repairs and Engineering (£50k underspend, £59k favourable movement)**

110. The Facilities Management Service is showing an underspend of £50k against budget, attributable to reduced expenditure on service contracts. The favourable movement from Month 9 reflects reduced expenditure on boroughwide security requests.

**Highways (£472k underspend, £11k favourable movement)**

111. The service is reporting a £472k underspend at Month 10, largely reflecting a favourable position in relation to non-staffing budgets, partly netted out by smaller staffing and income pressures. These comprise reduced costs associated with the construction of domestic vehicle crossings whilst works ceased following lockdown (not resuming until the latter part of May), below-budget street lighting energy spend, a reduction in the minor works programme and the suspension of column testing works, which cannot take place over the winter period.

**Waste Services (£158k underspend, £5k adverse movement)**

112. There is a reported £158k underspend across Waste Services. Staffing costs show a £23k overspend, relating to agency and overtime pressures. The £57k non-staffing underspend is attributable to the temporary cessation of Waste Weekend events and the permanent closure of the Hatton Cross public convenience partly offset by increased spend on trade waste bin maintenance. There is a favourable income variance of £124k, largely reflecting the new charging structure for bulky waste collection services, with some additional revenue arising as a result of sales of bulk bins to developers of flatted properties.

**ICT (£54k overspend no change)**

113. ICT is reporting a £54k overspend at Month 10. Whilst there is a favourable staff costs variance of £357k, largely attributable to vacant posts as the service continues to recruit to establish the structure approved as part of the March 2019 BID business case, there is a non-staffing pressure of £446k with annual renewal uplifts and system upgrades impacting on contract costs.

**Parking Services (£61k underspend, £9k adverse movement)**

114. The service's reported underspend at Month 10 is largely attributable to the staffing forecast, with recruitment to several vacant posts, particularly within the Parking Admin Team, subject to delay whilst a BID review is progressed. The £38k non-staffing pressure partly reflects costs associated with the enforcement contract and with CCTV cameras – both new kit and the repair and maintenance of existing equipment.

**Transport, Aviation & Town Centre Initiatives (£17k underspend, £7k improvement)**

115. A £90k staffing underspend at Month 10 relates to the recruitment of a Town Centres Improvement Officer no longer being progressed (this post was to be recharged to capital, with a compensatory pressure reported within the service's income forecast), maternity leave adjustments, and delays in recruiting a Highways Engineer post within the Transport Team. This is partly offset by a £73k income shortfall, reflecting the aforementioned capital recharge and an income shortfall relating to the TfL grant suspension.

## CORPORATE RESOURCES & SERVICES OPERATING BUDGET

116. An underspend of £592k is reported for the Corporate Resources and Services Directorate at Month 10, representing an improvement of £30k on the Month 9 position.

117. The underlying position shown in the table below continues to be caused predominantly by salaries underspends across the group. The key salary underspends are largely within Legal Services and Business & Technical Support with a combined total of £1,226k, offset by a range of factors across the group the most material being a contribution to MTFE savings.

**Table 14: Corporate Resources & Services Directorate Operating Budgets**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service                                    | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(As at Month 9)<br>£'000 | Movement from Month 9 |             |
|--------------------------|-------------------------|--|-------------------------|---------------------------|---------------------------------------|--------------------------------------|-----------------------|-------------|
|                          |                         |  | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                      |                       |             |
| 1,496                    | 0                       | Democratic Services                        | Salaries                | 1,496                     | 1,481                                 | (15)                                 | (13)                  | (2)         |
| 1,750                    | 0                       |  | Non-Sal Exp             | 1,750                     | 1,783                                 | 33                                   | 69                    | (36)        |
| (702)                    | 0                       |  | Income                  | (702)                     | (693)                                 | 9                                    | 10                    | (1)         |
| <b>2,544</b>             | <b>0</b>                |  | <b>Sub-Total</b>        | <b>2,544</b>              | <b>2,571</b>                          | <b>27</b>                            | <b>66</b>             | <b>(39)</b> |
| 1,791                    | 0                       | Human Resources                            | Salaries                | 1,791                     | 1,731                                 | (60)                                 | (66)                  | 6           |
| 978                      | 0                       |  | Non-Sal Exp             | 978                       | 1,015                                 | 37                                   | 44                    | (7)         |
| (232)                    | 0                       |  | Income                  | (232)                     | (244)                                 | (12)                                 | (10)                  | (2)         |
| <b>2,537</b>             | <b>0</b>                |  | <b>Sub-Total</b>        | <b>2,537</b>              | <b>2,502</b>                          | <b>(35)</b>                          | <b>(32)</b>           | <b>(3)</b>  |
| 2,303                    | 200                     | Legal Services                             | Salaries                | 2,503                     | 2,308                                 | (195)                                | (176)                 | (19)        |
| 58                       | 1                       |  | Non-Sal Exp             | 59                        | 88                                    | 29                                   | 29                    | 0           |
| (284)                    | 0                       |  | Income                  | (284)                     | (284)                                 | 0                                    | 0                     | 0           |
| <b>2,077</b>             | <b>201</b>              |  | <b>Sub-Total</b>        | <b>2,278</b>              | <b>2,112</b>                          | <b>(166)</b>                         | <b>(147)</b>          | <b>(19)</b> |
| 614                      | 0                       | Corporate Communications                   | Salaries                | 614                       | 592                                   | (22)                                 | (22)                  | 0           |
| 152                      | 0                       |  | Non-Sal Exp             | 152                       | 139                                   | (13)                                 | (11)                  | (2)         |
| (26)                     | 0                       |  | Income                  | (26)                      | (26)                                  | 0                                    | 0                     | 0           |
| <b>740</b>               | <b>0</b>                |  | <b>Sub-Total</b>        | <b>740</b>                | <b>705</b>                            | <b>(35)</b>                          | <b>(33)</b>           | <b>(2)</b>  |
| 679                      | 40                      | Business Performance                       | Salaries                | 719                       | 712                                   | (7)                                  | (7)                   | 0           |
| 83                       | (39)                    |  | Non-Sal Exp             | 44                        | 45                                    | 1                                    | 1                     | 0           |
| 0                        | 0                       |  | Income                  | 0                         | 0                                     | 0                                    | 0                     | 0           |
| <b>762</b>               | <b>1</b>                |  | <b>Sub-Total</b>        | <b>763</b>                | <b>757</b>                            | <b>(6)</b>                           | <b>(6)</b>            | <b>0</b>    |
| 10,635                   | (100)                   | Business & Technical Support               | Salaries                | 10,535                    | 9,771                                 | (764)                                | (748)                 | (16)        |
| (3)                      | 0                       |  | Non-Sal Exp             | (3)                       | 390                                   | 393                                  | 336                   | 57          |
| (345)                    | 0                       |  | Income                  | (345)                     | (351)                                 | (6)                                  | 2                     | (8)         |
| <b>10,287</b>            | <b>(100)</b>            |  | <b>Sub-Total</b>        | <b>10,187</b>             | <b>9,810</b>                          | <b>(377)</b>                         | <b>(410)</b>          | <b>33</b>   |
| 17,518                   | 140                     | Corporate Resources & Services Directorate | Salaries                | 17,658                    | 16,595                                | (1,063)                              | (1,032)               | (31)        |
| 3,018                    | (38)                    |  | Non-Sal Exp             | 2,980                     | 3,460                                 | 480                                  | 468                   | 12          |
| (1,589)                  | 0                       |  | Income                  | (1,589)                   | (1,598)                               | (9)                                  | 2                     | (11)        |
| <b>18,947</b>            | <b>102</b>              |  | <b>Total</b>            | <b>19,049</b>             | <b>18,457</b>                         | <b>(592)</b>                         | <b>(562)</b>          | <b>(30)</b> |

118. Further improvements in the salaries position have arisen following the revision of resourcing assumptions for Business & Technical Support, with posts newly vacant as at Month 10 now held open until the end of the year.

### Exceptional Items – COVID-19 Pressures

119. A pressure of £1,125k on the COVID-19 contingency is reported for Month 10. This is an increase of £35k compared to the Month 9 forecast of £1,090k due largely to increased income pressures within Democratic Services as new lockdown restrictions further limit activity for the last quarter (£13k), additional PPE requirements (£9k) together with additional resource within Business Performance (£13k) – new for Month 10.

**Table: 15 Corporate Resources & Services Development & Risk Contingency**

| Original Budget | Budget Changes | Development & Risk Contingency | Month 10       |                  | Variance (As at Month 10) | Variance (As at Month 9) | Movement from Month 9 |
|-----------------|----------------|--------------------------------|----------------|------------------|---------------------------|--------------------------|-----------------------|
|                 |                |                                | Revised Budget | Forecast Outturn |                           |                          |                       |
| £'000           | £'000          |                                | £'000          | £'000            | £'000                     | £'000                    | £'000                 |
| 0               | 0              | COVID-19                       | 0              | 1,125            | 1,125                     | 1,090                    | 35                    |
| 0               | 0              | Total Exceptional Items        | 0              | 1,125            | 1,125                     | 1,090                    | 35                    |

### CORPORATE RESOURCES & SERVICES OPERATING BUDGET (£592k underspend, £30k favourable movement)

#### Democratic Services (£27k pressure, £39k favourable movement)

120. A pressure of £27k is reported for Month 10. This is an improvement of £39k and further reflects the reduced canvassing activity due to lockdown restrictions first reported at Month 9.

#### Human Resources (£35k underspend, £3k favourable movement)

121. The Month 10 position continues to reflect the impact of the reorganisation of the senior Management tier, in full, in line with the ongoing BID review and proposals agreed by the Leader. As for previous months, underspends in Learning and Development budgets continue to be reported as a result of a reduction in training spend during lockdown and have increased further across months accounting for the month on month movement across non-salaries.

#### Legal Services (£166k underspend, £19k favourable movement)

122. Posts held vacant within Legal Services during the COVID-19 pandemic have resulted in a net underspend. The Month 10 position continues to reflect the vacancies in full, with staff transfers into the team accounting for the favourable movement across months.

#### Corporate Communications (£35k underspend, £2k favourable movement)

123. The service is reporting an underspend of £35k at Month 10, broadly in line with the position reported for Month 9.

#### Business Performance (£6k underspend, nil movement)

124. The Business Performance position at Month 9 is broadly in line with the position reported at Month 9.

**Business & Technical Support (£377k underspend, £33k adverse movement)**

125. The service reports an underspend of £377k. The movement compared with Month 9 reflects continuing salary underspends offset by a reduction in assumed transformation funding across the Service.

## Appendix B – Other Funds

### SCHOOLS BUDGET

#### Dedicated Schools Grant (£9,846k overspend, £16k adverse)

126. The Dedicated Schools Grant (DSG) monitoring position is an in-year overspend of £9,846k at month 10, this is an increase of £2,671k on the budgeted deficit of £7,175k and a £16k adverse movement from the position reported at month 9. The overspend is due to ongoing pressures in the cost of High Needs placements, where significant growth continues. The budget for High Needs was increased for 2020/21 to take account of projected growth, but the latest projections indicate a further increase in the expenditure on pupils with an EHCP being placed in Independent special school placements along with an increase in the spend on specialist SEN tuition for pupils with an EHCP. When the £15,002k deficit brought forward from 2019/20 is taken into account, the cumulative deficit carry forward to 2021/22 is £24,848k.

**Table 16: DSG Income and Expenditure 2020/21**

| Original Budget | Budget Changes | Funding Block                                | Month 10       |                  | Variance                  |                          |                     |
|-----------------|----------------|--|----------------|------------------|---------------------------|--------------------------|---------------------|
|                 |                |  | Revised Budget | Forecast Outturn | Variance (As at Month 10) | Variance (As at Month 9) | Change from Month 9 |
| £'000           | £'000          |  | £'000          | £'000            | £'000                     | £'000                    | £'000               |
| (296,926)       | 151            | <b>Dedicated Schools Grant Income</b>        | (296,775)      | (296,775)        | 0                         | 0                        | 0                   |
| 231,400         | (28)           | <b>Schools Block</b>                         | 231,372        | 230,964          | (408)                     | (119)                    | (289)               |
| 25,401          | 0              | <b>Early Years Block</b>                     | 25,401         | 25,358           | (43)                      | 7                        | (50)                |
| 3,270           | 0              | <b>Central Schools Services Block</b>        | 3,270          | 3,320            | 50                        | 50                       | 0                   |
| 44,030          | (123)          | <b>High Needs Block</b>                      | 43,907         | 46,979           | 3,072                     | 2,717                    | 355                 |
| <b>7,175</b>    | <b>0</b>       | <b>Total Funding Blocks</b>                  | <b>7,175</b>   | <b>9,846</b>     | <b>2,671</b>              | <b>2,655</b>             | <b>16</b>           |
|                 |                | Balance Brought Forward 1 April 2020         | 15,002         | 15,002           |                           |                          |                     |
|                 |                | <b>Balance Carried Forward 31 March 2021</b> | <b>22,177</b>  | <b>24,848</b>    |                           |                          |                     |

#### Dedicated Schools Grant Income (Nil variance, no change)

127. It is not expected that there will be any further adjustments to the Dedicated Schools Grant Income for 2020/21.

#### Schools Block (£408k underspend, £289k favourable)

128. 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. 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.

129. Schools Forum took the decision to withhold growth contingency allocations for one school due to insufficient projected pupil growth in September 2020 and therefore there will be an underspend relating to this allocation. The growth contingency policy has been amended for 2020/21 in order address the growth in secondary pupils. Schools will be funded for any Year

7 pupils which are above the Published Admission Number (PAN). £480k was set aside for this purpose, with the actual funding requirement being lower than budgeted resulting in the increase to the underspend on the Schools Block.

130. The growth contingency also funds diseconomies of scale funding for new basic need academy schools. School Forum has taken the decision to limit the funding to one school in receipt of diseconomies which has resulted in a further projected underspend.

#### **Early Years Block (43k underspend, £50k favourable)**

131. The process for determining early years funding allocations for local authorities is to take an annual census count of the number of hours taken up by children each January. The rationale is that this is the mid-point of the academic year and therefore balances the lower numbers eligible for the free entitlements in the autumn term and the higher numbers in the summer term. The DfE recognises that, given COVID-19, the number of children accessing childcare may not have returned to normal levels by January 2021. Therefore, the final funding allocation to local authorities for the 2020 autumn term will be based on the January 2020 census count.

132. From the start of the autumn term 2020, the guidance is for local authorities to continue to fund providers which are open at broadly the levels they would have expected to see in the 2020 autumn term had there been no COVID-19 outbreak. Providers which have been advised to close, or left with no option but to close, due to public health reasons should also be funded as normal. Providers which are closed, without public health reason, should not receive funding. Guidance has not yet been released on the approach that local authorities should take to funding providers in the Spring term 2021.

133. The favourable movement in Month 10 relates to the £139k budget for the placement of vulnerable early years children which is projected to underspend in 2020/21. This is due to a lower than expected number of referrals being made for additional funding and is likely a direct consequence of COVID-19, with less families and children being identified this year. However, it is recognised that there are still children and families that have a need for this funding and therefore there is no proposal to reduce this budget in 2021/22

#### **Central School Services Block (£50k overspend, no change)**

134. The published DSG budget allocations confirmed a 20% decrease in the Central School Services Block provided for historic commitments. This resulted in a £265k reduction in funding, though this was partly offset by £51k of additional funding for pupil growth. This reduction in funding resulted in a budget shortfall for the services funded by the Central School Services block adding to the pressure which has led to an overall deficit DSG being agreed for 2020/21.

135. At Month 10 the Central School Services block is projecting a £50k pressure predominantly due the additional cost of maternity cover in the School Placement and Admissions.

#### **High Needs Block (£3,072k overspend, £355k adverse)**

136. There continues to be significant pressure in the High Needs Block in 2020/21, with an overspend of £3,072k being projected at month 10. The growth in the number of pupils with an EHCP continued throughout 2019/20 and the current academic year has seen a further increase in the number of pupils with an EHCP.

137. Most in-borough special schools are over their commissioned place number. Where a special school is over its planned place number there is a requirement to fund for the additional places plus the agreed top-up funding which is placing additional pressure on the High Needs block.
138. Due to a continuing lack of capacity in-borough and across other local authority provision, there is a requirement to place pupils in more costly school placements, with a further increase in the number of children that commenced new placements in Independent special schools in the current academic year.
139. There are still a number of SEN pupils awaiting a school placement and the local authority is required to provide specialist tuition whilst an appropriate placement is sought. The total cost on this tuition has increased significantly over the last twelve months with the current projection that there will be a £375k overspend in this area which accounts for some of the month 10 adverse movement. Due to the lack of capacity in in-borough special schools some of these pupils have now been placed in Independent special schools increasing the projected expenditure in this area and contributing to the adverse movement being reported at month 10.
140. There was a further increase in the cohort of post-16 SEN placements in 2019/20 and this has put additional pressure on the 2020/21 High Needs budgets with the potential that placements for young people with SEN can continue to be funded up to the age of 25. The current projection has been updated to reflect the changes in placements of this cohort from September 2020.
141. In addition to the cost of pupils with an EHCP, the High Needs Block is now funding Early Support Funding (ESF) as an alternative to the allocation of statutory funding for children with SEN who experience significant barriers to learning. This funding allows schools to access funding quicker to enable them to intervene early and have the greatest impact. Whilst the expectation is that this might reduce total costs in the long-term, we are yet to see the financial impact of this.

### **COVID-19 - Financial Impact on Schools**

142. Some schools have indicated budget pressures because of additional premises related costs in relation to COVID-19. Whilst most schools have now received additional funding to cover some of these exceptional costs the DfE has confirmed that there will be no opportunity for schools to claim for exceptional costs incurred as a result of COVID-19 since September. The expectation is that these costs should be met from existing school funding. Additionally, there will be an opportunity for schools with high staff absence rates as a consequence of COVID-19 to apply for additional 'COVID-19 workforce funding', which will be backdated to the beginning of November.
143. The impact of COVID-19 on income generation has also been significant for some schools. Several schools generate significant levels of additional income from private sources for letting the premises and COVID-19 has resulted in an on-going stop on all such activities. The DfE has confirmed that there will be no additional funding in relation to this and therefore this lost revenue will create an additional pressure on school budgets.
144. The DfE has confirmed that the £650m universal catch-up premium funding will be paid directly to schools through the 2020/21 academic year, on a per pupil basis. Mainstream schools will receive £80 per pupil, with Special Schools receiving £240 per place. Schools will have flexibility to use this funding which should be used for specific activities to support pupils to catch up for lost teaching over the previous months. In addition, schools will be able to

access £350m of funding through a National Tutoring Programme to provide additional targeted support for those children and young people who need the most help.

## COLLECTION FUND

145. A deficit of £4,789k is reported within the Collection Fund relating to an adverse position across both Council Tax and Business Rates, which is predominantly driven by reduced growth in the Council Tax taxbase and a reduction in the Business Rates taxbase as a result of expected business failures due to the COVID-19 pandemic. Additional support within Council Tax is driving approximately 40% of the pressure as households face financial difficulty. The majority of the movement sits within Business Rates and is attributable to a significant reduction in gross yield, nearly wholly offset by Section 31 Grant income as more businesses qualify for Retail Relief.
146. Any deficit realised at outturn will impact on the General Fund budget in future years, with the Government confirming that councils will be required to spread the deficit over a period of three years in equal increments as a result of the in-year deficit being directly attributable to COVID-19, a third of the forecast in-year deficit at Month 9 (£1,958k) would hit the Council's budget position for 2021/22 to 2023/24, effectively increasing the budget gap by this value, offset in 2021/22 by the brought forward surplus of £702k and accounting adjustments within Council Tax outside of the scope of the deficit spreading powers (£326k credit). The Spending Review confirmed that the Government will be funding 75% of this deficit, with further details to follow on the exact mechanics of this announcement, in the interim, the Council is assuming 75% of the £1,958k will be funded through this mechanism in the budget strategy, meaning only £489k will impact on the Council's balances. Any movement from the Month 9 position to Outturn impact on the Council in 2021/22 in their entirety, therefore, the improvement reported in this position will wholly impact in the next financial year.
147. The Council is participating in the 50% Business Rates Retention Pool for London, which provides scope for retaining additional growth while guaranteeing the level of income the Council would have received under the existing 50% Retention system. Business Rates projections below reflect this guaranteed position, with any additional funds available from the pool to be captured separately in budget setting reports as appropriate.

**Table 17: Collection Fund**

| Original Budget<br>£'000 | Budget Changes<br>£'000 | Service                      | Month 10                |                           | Variance<br>(As at Month 10)<br>£'000 | Variance<br>(As at Month 9)<br>£'000 | Movement<br>from Month 9<br>£'000 |            |
|--------------------------|-------------------------|------------------------------|-------------------------|---------------------------|---------------------------------------|--------------------------------------|-----------------------------------|------------|
|                          |                         |                              | Revised Budget<br>£'000 | Forecast Outturn<br>£'000 |                                       |                                      |                                   |            |
| (131,835)                | 0                       | Council Tax                  | Gross Income            | (131,835)                 | (131,035)                             | 800                                  | 660                               | 140        |
| 11,049                   | 0                       |                              | Council Tax Support     | 11,049                    | 13,163                                | 2,114                                | 2,115                             | (1)        |
| 39                       | 0                       |                              | B/fwd Deficit           | 39                        | 303                                   | 264                                  | 264                               | 0          |
| <b>(120,747)</b>         | <b>0</b>                |                              | <b>Sub-Total</b>        | <b>(120,747)</b>          | <b>(117,569)</b>                      | <b>3,178</b>                         | <b>3,039</b>                      | <b>139</b> |
| (112,314)                | 0                       | Business Rates               | Gross Income            | (112,314)                 | (79,858)                              | 32,456                               | 34,140                            | (1,684)    |
| (6,141)                  | 0                       |                              | Section 31 Grants       | (6,141)                   | (33,029)                              | (26,888)                             | (28,191)                          | 1,303      |
| 53,666                   | 0                       |                              | Less: Tariff            | 53,666                    | 53,666                                | 0                                    | 0                                 | 0          |
| 8,784                    | 0                       |                              | Less: Levy              | 8,784                     | 5,794                                 | (2,990)                              | (3,178)                           | 187        |
| (498)                    | 0                       |                              | B/fwd Surplus           | (498)                     | (1,464)                               | (966)                                | (966)                             | 0          |
| <b>(56,503)</b>          | <b>0</b>                | <b>Sub-Total</b>             | <b>(56,503)</b>         | <b>(54,892)</b>           | <b>1,611</b>                          | <b>1,805</b>                         | <b>(194)</b>                      |            |
| <b>(177,250)</b>         | <b>0</b>                | <b>Total Collection Fund</b> | <b>(177,250)</b>        | <b>(177,250)</b>          | <b>4,789</b>                          | <b>4,844</b>                         | <b>(55)</b>                       |            |

148. At Month 10 a deficit of £3,178k is projected against Council Tax, the position includes an adverse variance reported against Gross Income of £800k, which is being driven by a smaller

than forecast growth in the taxbase as a result of delays in property building during the pandemic alongside a reduction in the collection rate forecasting to lead to an increase in the bad debt provision required for 2020/21. The movement from Month 9 is mainly driven by a marginal movement in the taxbase forecast, alongside movements within the debt collection position. The majority of the pressure in Council Tax is driven by a £2,114k pressure within Council Tax Support as a result of increased demand as households face financial difficulties. The position is compounded by a pressure of £264k against the brought forward surplus as a result of an adverse movement at outturn within Council Tax, this is the result of the Council ceasing debt chasing activities at the end of 2019/20 due to the COVID-19 pandemic. Within this position, potential volatility in Discounts and Exemptions continue to be closely monitored.

149. A £1,611k deficit is reported across Business Rates at Month 10, the position includes an adverse variance against in-year activity of £2,577k with this variance being driven by an adverse position within Gross Rates of £32,456k. This is predominantly due to the Government's support package to assist businesses during the pandemic, including 100% rates relief for the retail, hospitality and leisure sectors, this relief is wholly funded by Section 31 Grants and explains the favourable position in this area, represented by an overachievement of grant income of £26,888k. The £32,456k adverse variance against gross rates assumes a reduction in the taxbase due to business failure caused by financial hardship during the pandemic. The additional support offered by Central Government was announced after the Council set the 2020/21 budget and explains why such large variances are being reported.
150. The in-year position includes a favourable position being reported against the Levy of £2,990k, which is the result of the reduction in the taxbase and lower gross rates yield for the Council, leading to a lower levy payment due to Central Government. In addition, a surplus is reported against the brought forward surplus of £966k, driven by a favourable movement at outturn as a result of clarity received from the London Pool position at year end.

## Appendix C – HOUSING REVENUE ACCOUNT

151. The Housing Revenue Account (HRA) is currently forecasting a drawdown of reserves of £1,942k, which is £70k favourable compared to the Month 9 position. This excludes the potential cost pressures of COVID-19, which are estimated at £222k. The 2020/21 closing HRA General Balance is forecast to be £15,133k. The use of reserves is funding investment in new housing stock. The table below presents key variances by service area.

**Table 18: Housing Revenue Account**

| Service                           | Month 10        |                  | Variance (+ adv / - fav)  |                          |                       |
|-----------------------------------|-----------------|------------------|---------------------------|--------------------------|-----------------------|
|                                   | Revised Budget  | Forecast Outturn | Variance (As at Month 10) | Variance (As at Month 9) | Movement from Month 9 |
|                                   | £'000           | £'000            | £'000                     | £'000                    | £'000                 |
| Rent Income                       | (57,872)        | (57,754)         | 118                       | 179                      | (61)                  |
| Other Income                      | (5,414)         | (5,402)          | 12                        | 57                       | (45)                  |
| <b>Net Income</b>                 | <b>(63,286)</b> | <b>(63,156)</b>  | <b>130</b>                | <b>236</b>               | <b>(106)</b>          |
| Housing Management                | 14,741          | 14,643           | (98)                      | (98)                     | 0                     |
| Tenant Services                   | 3,759           | 3,818            | 59                        | 33                       | 26                    |
| Repairs                           | 5,368           | 6,012            | 644                       | 374                      | 270                   |
| Planned Maintenance               | 4,040           | 3,190            | (850)                     | (590)                    | (260)                 |
| Capital Programme Funding         | 20,790          | 20,144           | (646)                     | 0                        | (646)                 |
| Interest & Investment Income      | 15,385          | 15,671           | 286                       | 0                        | 286                   |
| Development & Risk Contingency    | 1,260           | 1,620            | 360                       | 0                        | 360                   |
| <b>Operating Costs</b>            | <b>65,343</b>   | <b>65,098</b>    | <b>(245)</b>              | <b>(281)</b>             | <b>36</b>             |
|                                   |                 |                  |                           |                          |                       |
| <b>(Surplus) / Deficit</b>        | <b>2,057</b>    | <b>1,942</b>     | <b>(115)</b>              | <b>(45)</b>              | <b>(70)</b>           |
| General Balance 01/04/2020        | (17,075)        | (17,075)         | 0                         | 0                        | 0                     |
| <b>General Balance 31/03/2021</b> | <b>(15,018)</b> | <b>(15,133)</b>  | <b>(115)</b>              | <b>(45)</b>              | <b>(70)</b>           |

### Income

152. As at Month 10 the rental income is forecast to under-recover by £118k, a favourable movement of £61k on Month 9 which reflects updated rent and stock movements. Other income is forecast to under-recover by £12k, a favourable movement of £45k on Month 9 due to an increase in income from leaseholders.

153. The number of Right to Buy (RTB) applications received in the first ten months of 2020/21 was 144, compared to 144 for the same period in 2019/20. There have been 22 RTB completions in the first ten months of 2020/21 compared to 43 for the same period in 2019/20; a reduction of 49%. As at Month 10 the 2020/21 forecast for RTB sales is 25; nil movement from Month 9.

### Expenditure

154. The Housing management service is forecast to underspend by £98k, with no forecast movement in this area from the Month 9 position.

155. Tenant services is forecast to overspend by £59k, an adverse movement of £26k on running costs.
156. The repairs and planned maintenance budget totals £9,408k. The forecast is a net underspend of £206k, an adverse net movement of £10k on Month 9. There is an adverse movement in the repairs forecast of £270k relating to voids of £153k and day to day repairs of £117k. There is a favourable movement of £260k on planned maintenance, £145k relating to surveys and remedial works on various service contracts including water hygiene and electricals, and £115k on subsidence surveys and works.
157. As at Month 10 the interest and investment income is forecast to overspend by £286k relating to the interest penalty on the estimated the Right to Buy 1-4-1 capital receipts underspend. The development and risk contingency budget is forecasting an overspend of £360k relating to the revenue costs of the Packet Boat House project. These forecast overspends are to be funded from slippage of £646k in the capital programme funding.

### COVID-19 cost pressures on the HRA

158. The table below summarises the 2020/21 HRA COVID-19 cost pressures that are not included in the 2020/21 HRA forecast position. The COVID-19 cost pressures total £222k at Month 10 and will be kept under review. The movement from Month 9 of £55k reflects both revised calculations and confirmed COVID-19 costs which have been declared in the Month 10 HRA forecast position.
159. The repairs and maintenance cost pressures of £38k due to catch up day-to-day repairs are now confirmed and have been taken out of the pressures table below and declared in the Month 10 HRA forecast position.
160. The potential staffing costs of £25k relating to domestic violence and anti-social behaviour have been revised to £14k, with £8k remaining on the pressures list dependent on the recruitment process and £6k confirmed in the Month 10 HRA forecast position.
161. The bad debt provision totalling £214k due to increasing arrears and the age of the arrears remains on the pressures list and will be finalised as part of the year end calculations which are dependent on the arrears position as at 31<sup>st</sup> March 2021.

**Table 19: HRA COVID-19 pressures**

| HRA COVID-19 pressures                                | 2020/21<br>Month 10 | 2020/21<br>Month 9 | Movement<br>from<br>Month 9 |
|---|---------------------|--------------------|-----------------------------|
|   | £'000               | £'000              | £'000                       |
| Repairs and Planned Maintenance                       | 0                   | 38                 | (38)                        |
| Staffing  | 8                   | 25                 | (17)                        |
| Development and Risk Contingency – Bad Debt Provision | 214                 | 214                | 0                           |
| <b>Total HRA Revenue COVID-19 pressures</b>           | <b>222</b>          | <b>277</b>         | <b>(55)</b>                 |

## HRA Capital Expenditure

162. The HRA capital programme is set out in the table below. The 2020/21 revised budget is £63,009k and forecast expenditure is £33,626k with a net variance of £29,383k of which £28,688k is due to re-phasing and £695k due to cost underspends.

**Table 20: HRA Capital Expenditure**

| Programme                               | 2020/21 Revised Budget | 2020/21 Forecast | 2020/21 Cost Variance Forecast V Revised Budget | 2020/21 Project Re-Phasing | Total Project Budget 2020-25 | Total Project Forecast 2020-25 | Total Project Variance 2020-25 | Movement 2020-25 |
|---|------------------------|------------------|---|----------------------------|------------------------------|--------------------------------|--------------------------------|------------------|
|   | £'000                  | £'000            | £'000   | £'000                      | £'000                        | £'000                          | £'000                          | £'000            |
| <b>Major Projects (Note 1)</b>          |                        |                  |   |                            |                              |                                |                                |                  |
| New General Needs Housing Stock         | 35,389                 | 19,898           | (170)   | (15,321)                   | 140,541                      | 140,371                        | (170)                          | -                |
| New Build - Shared Ownership            | 4,000                  | 250              | (125)   | (3,625)                    | 14,867                       | 14,742                         | (125)                          | -                |
| New Build - Supported Housing Provision | 816                    | 816              | 0   | 0                          | 816                          | 816                            | 0                              | -                |
| <b>Total Major Projects</b>             | <b>40,205</b>          | <b>20,964</b>    | <b>(295)</b>                                    | <b>(18,946)</b>            | <b>156,224</b>               | <b>155,929</b>                 | <b>(295)</b>                   | <b>0</b>         |
| <b>HRA Programmes of Work</b>           |                        |                  |   |                            |                              |                                |                                |                  |
| Works to Stock programme                | 16,753                 | 10,612           | 0   | (6,141)                    | 61,126                       | 61,126                         | 0                              | -                |
| Major Adaptations to Property           | 2,188                  | 1,000            | (400)   | (788)                      | 10,129                       | 9,729                          | (400)                          | 600              |
| Green Homes                             | 3,863                  | 1,050            | 0   | (2,813)                    | 3,863                        | 3,863                          | 0                              | -                |
| <b>Total HRA Programmes of Work</b>     | <b>22,804</b>          | <b>12,662</b>    | <b>(400)</b>                                    | <b>(9,742)</b>             | <b>75,118</b>                | <b>74,718</b>                  | <b>(400)</b>                   | <b>600</b>       |
| <b>Total HRA Capital</b>                | <b>63,009</b>          | <b>33,626</b>    | <b>(695)</b>                                    | <b>(28,688)</b>            | <b>231,342</b>               | <b>230,647</b>                 | <b>(695)</b>                   | <b>600</b>       |
| Movement from Month 5                   | -                      | (7,586)          | 600   | (8,186)                    | -                            | 600                            | 600                            |                  |

**Note 1: see Annex A for a detailed breakdown of the major projects by scheme**

## Major Projects

163. The 2020/21 Major Projects programme revised budget has reduced to £40,205k. Forecast expenditure in 2020/21 is £20,964k, with a re-phasing variance of £18,946k and a cost underspend of £295k forecast in 2020/21.

## New General Needs Housing Stock

164. There is forecast re-phasing of £15,321k across the General Needs programme due to delays in the progress of several projects, partly arising from COVID-19 lockdown. The movement in month of £6,537k is mainly due to the remaining unallocated element of the Acquisitions and Internal Development budget which is no longer expected to be spent this financial year.

165. A cost under spend of £300k is forecast on the completed mixed tenure development at Acol Crescent, apportioned across general needs and shared ownership, after agreement of the final account with the contractor. However, there is a possibility that the defect liabilities' works and additional works due to vandalism may not complete within this financial year. This is marginally offset by a minor over spend of £5k on the acquisition of 17 new build homes over three sites.

166. The redevelopment of Maple and Poplar Day Centre was put on hold due to the COVID-19 crisis but is now expected to commence in 2021/22 once a contractor is able to be appointed. The project has a planned development of 34 units comprising 50% general needs social housing and the remainder being shared ownership.
167. Works are in progress on site for the redevelopment of the former Willow Tree depot into general needs housing and are expected to be complete in April 2021.
168. Construction works at the Nelson Road development were paused due to COVID-19 and the main contractor resumed work on site in July 2020, however due to unsatisfactory progress, the contractor was terminated recently. The remaining construction works will be tendered soon and the construction of the 6 new homes expected to be complete later in 2021.
169. In total £8,519k have been approved this financial year for buy backs of former Right to Buy properties, from the Acquisitions and Internal Developments budget, inclusive of stamp duty, legal fees & expected void repairs costs.
170. In October 2019 Cabinet Members approved the purchase of land at Newport Road and a turnkey package development of 28 units for short-term accommodation, at a total cost of £9,071k including stamp duty and fees, and a deposit of £1,297k was previously paid in 2019/20. Further staged payments will be released in 2020/21 and 2021/22 as the construction works progress, which are due to complete in September 2021.
171. In September 2020 Cabinet Members approved the purchase of freehold acquisition of 253 Park Road, Uxbridge and 9 new build homes for short term accommodation which are currently under construction at a package price of £3,736k including stamp duty and fees, with a deposit of £724k paid on exchange of contracts. A further staged payment will be released in 2020/21 on completion of the construction works, which are due to complete in March 2021.

#### New Build - Shared Ownership

172. Revised plans for the redevelopment of Woodside Day Centre have been appraised following changes to the original plan for the ground floor. Changes to the design are being made before issuing tenders. Construction works are expected to proceed next year.
173. The construction of five new 3-bed shared ownership dwellings at land to the rear of 113-127 Moorfield Road, NFC Homes Limited is expected to commence shortly following the appointment of a main contractor, for which approval has recently been obtained via the capital release process. This includes a virement of £59k from the Acquisitions and Internal Developments budget to cover an increase in the project cost following receipt of tender prices. The scheme had been paused during the pandemic.

#### New Build - Supported Housing

174. Construction of the supported housing projects at Grassy Meadow and Park View are complete and sites are operational, with some minor external works at Grassy Meadow remaining to be completed in 2020/21.
175. Liquidated damages continue to be held against the Park View contractor for delays. Currently the total project costs are expected to come in within the revised budget pending any appeals from the contractor. A mediation hearing is scheduled for the end of February.

## **HRA Programmes of Work**

176. The Works to Stock 2020/21 revised budget is £16,753k following a virement of £883k funding from Major Projects to support additional works at Packet Boat House which are ongoing. Works are in various stages of progress across various work streams with some schemes and planned programmes continuing into next year.
177. The major adaptations to property budget forecast is reporting an underspend of £1,188k based on forecast delivery for the year. The movement of £600k in month reflects an increased level of cases being submitted for approval in recent months.
178. The Council has been successful with an application to the Green Homes Grant Local Authority Delivery scheme for funding to provide energy efficiency upgrades to low-income homes, and has recently been awarded £3,863k from the Department for Business, Energy and Industrial Strategy. Works have been tendered to appoint contractors early in 2021 to provide loft insulation, cavity wall insulation, low energy lights and double glazing across existing Council housing. As these programme elements will continue into 2021/22 there is forecast re-phasing of £2,813k into next financial year.

## **HRA Capital Receipts**

179. There has been 22 Right to Buy sales of council dwellings as at the end of January 2021 for a total gross sales value of £4,399k. A further 3 sales are forecast to bring the yearly total to 25, totalling £5,000k in 2020/21.
180. The application of retained Right to Buy receipts is limited by the retention agreement to a maximum 30% of the cost of replacement housing. In the event that expenditure does not meet the criteria, funds would be payable to the MHCLG.
181. In response to the ongoing situation brought about by the COVID-19 pandemic, the MHCLG has announced in mid-December 2020 the extension of the deadline to spend the Right to Buy 1-4-1 capital receipts generated in 2017/18 by a further 3 months to 31<sup>st</sup> March 2021.
182. During 2020/21, some of the Right to Buy 1-4-1 capital receipts generated in 2017/18 could potentially become repayable unless the following expenditure profile is achieved: £27,950k by Q4.

## Annex A: HRA Capital Expenditure – Major Projects breakdown by scheme

| Prior Years   | Scheme   | Unit Numbers | 2020/21 Total Revised Budget | 2020/21 Total Revised Forecast | 2020/21 Variance | 2020/21 Cost Variance | Proposed Re-phasing | Total Project Budget 2020-2025 | Total Project Forecast 2020-2025 | Total Project Variance 2020-2025 |
|---------------|--|--------------|------------------------------|--------------------------------|------------------|-----------------------|---------------------|--------------------------------|----------------------------------|----------------------------------|
| £'000         |  |              | £'000                        | £'000                          | £'000            | £'000                 | £'000               | £'000                          | £'000                            | £'000                            |
| 6,859         | Acol Crescent                                  | 33           | 711                          | 306                            | (405)            | (300)                 | (105)               | 711                            | 411                              | (300)                            |
| 325           | Belmore Allotments                             | 86           | 4,220                        | 0                              | (4,220)          | 0                     | (4,220)             | 10,493                         | 10,493                           | 0                                |
| 315           | Maple And Poplar                               | 34           | 627                          | 5                              | (622)            | 0                     | (622)               | 6,072                          | 6,072                            | 0                                |
| 315           | Willow Tree                                    | 10           | 2,025                        | 1,984                          | (41)             | 0                     | (41)                | 2,627                          | 2,627                            | 0                                |
| 31            | 2 East Way                                     | 1            | 10                           | 0                              | (10)             | 0                     | (10)                | 203                            | 203                              | 0                                |
| 25            | Bartram Close                                  | 2            | 305                          | 0                              | (305)            | 0                     | (305)               | 305                            | 305                              | 0                                |
| 67            | 34-44 Sullivan Crescent                        | 6            | 41                           | 15                             | (26)             | 0                     | (26)                | 949                            | 949                              | 0                                |
| 363           | Nelson Road                                    | 6            | 1,704                        | 507                            | (1,197)          | 0                     | (1,197)             | 1,944                          | 1,944                            | 0                                |
| 285           | Great Bentley                                  | 2            | 236                          | 0                              | (236)            | 0                     | (236)               | 471                            | 471                              | 0                                |
| 39            | Petworth Gardens                               | 9            | 100                          | 15                             | (85)             | 0                     | (85)                | 3,104                          | 3,104                            | 0                                |
| 14,600        | Parkview                                       | 60           | 786                          | 786                            | 0                | 0                     | 0                   | 786                            | 786                              | 0                                |
| 20,556        | Grassy Meadow                                  | 88           | 30                           | 30                             | 0                | 0                     | 0                   | 30                             | 30                               | 0                                |
| 36            | 113-127 Moorfield Road                         | 5            | 612                          | 30                             | (582)            | 0                     | (582)               | 1,089                          | 1,089                            | 0                                |
| 403           | Woodside Day Centre                            | 27           | 500                          | 24                             | (476)            | 0                     | (476)               | 4,915                          | 4,915                            | 0                                |
| 1,297         | Acquisition Of Freehold Land At TCM House      | 28           | 7,774                        | 3,460                          | (4,314)          | 0                     | (4,314)             | 7,774                          | 7,774                            | 0                                |
| 556           | Acquisition Of 2 Units At 191 Harefield Road   | 2            | 28                           | 0                              | (28)             | 0                     | (28)                | 28                             | 28                               | 0                                |
| 5,400         | Acquisition Of 17 New Build Homes Over 3 Sites | 17           | 265                          | 270                            | 5                | 5                     | 0                   | 265                            | 270                              | 5                                |
| 0             | Acquisition of New Build Flats Park Road       | 9            | 3,736                        | 3,555                          | (181)            | 0                     | (181)               | 3,736                          | 3,736                            | 0                                |
| n/a           | Internal Acquisitions and Developments         |              | 16,495                       | 9,977                          | (6,518)          | 0                     | (6,518)             | 110,722                        | 110,722                          | 0                                |
| <b>51,472</b> |  | <b>425</b>   | <b>40,205</b>                | <b>20,964</b>                  | <b>(19,241)</b>  | <b>(295)</b>          | <b>(18,946)</b>     | <b>156,224</b>                 | <b>155,929</b>                   | <b>(295)</b>                     |
| 16,228        | New General Needs Housing Stock                | 161          | 35,389                       | 19,898                         | (15,491)         | (170)                 | (15,321)            | 140,541                        | 140,371                          | (170)                            |
| 88            | New Build - Shared Ownership                   | 116          | 4,000                        | 250                            | (3,750)          | (125)                 | (3,625)             | 14,867                         | 14,742                           | (125)                            |
| 35,156        | New Build - Supported Housing                  | 148          | 816                          | 816                            | 0                | 0                     | 0                   | 816                            | 816                              | 0                                |
| <b>51,472</b> |  | <b>425</b>   | <b>40,205</b>                | <b>20,964</b>                  | <b>(19,241)</b>  | <b>(295)</b>          | <b>(18,946)</b>     | <b>156,224</b>                 | <b>155,929</b>                   | <b>(295)</b>                     |

## Appendix D - GENERAL FUND CAPITAL PROGRAMME

183. As at Month 10 an under spend of £38,816k is reported on the 2020/21 General Fund Capital Programme of £85,698k, due mainly to re-phasing of project expenditure into future years. The 2020/21 forecast under spend is partly due to various schemes being temporarily put on hold during the Coronavirus pandemic. The forecast outturn variance over the life of the 2020/21 to 2024/25 programme is an under spend of £6,334k.
184. General Fund Capital Receipts of £2,751k are forecast for 2020/21, with a deficit of £383k in total forecast receipts to 2024/25.
185. Overall, Prudential Borrowing required to support the 2020/21 to 2024/25 capital programmes is forecast to be under budget by £2,754k. This is due to cost under spends of £6,334k, offset by a combined shortfall of £1,883k on other Council resources (capital receipts and CIL), and £1,697k grants and contributions.

### Capital Programme Overview

186. Table 21 below sets out the latest forecast outturn on General Fund capital projects, with project level detail contained in annexes A - D to this report. Forecasts for future years include capital projects and programmes of work approved by Cabinet and Council in February 2020.

**Table 21: General Fund Capital Programme Summary**

|                                | Total Project Budget 2020-2025 | Total Project Forecast 2020-2025 | Total Project Variance | Movement     |
|--------------------------------|--------------------------------|----------------------------------|------------------------|--------------|
|                                | £'000                          | £'000                            | £'000                  | £'000        |
| Schools Programme              | 20,244                         | 20,506                           | 262                    | -            |
| Major Projects                 | 189,941                        | 189,816                          | (125)                  | (12)         |
| Programme of Works             | 169,549                        | 163,078                          | (6,471)                | (670)        |
| General Contingency            | 6,557                          | 6,557                            | -                      |              |
| <b>Total Capital Programme</b> | <b>386,291</b>                 | <b>379,957</b>                   | <b>(6,334)</b>         | <b>(682)</b> |
| <b>Movement</b>                | -                              | (682)                            | (682)                  |              |

### Schools Programme

187. The Schools Expansions programme is reporting an overspend of £262k relating mainly to additional items of £277k requested by Ruislip High School included in the expansion, which were not in the original scope of works. Works at Ruislip High were delayed due to COVID-19 lockdown, with completion in November 2020.
188. The installation of a modular classroom at Hedgwood primary school for pupils with special educational needs has been completed for September 2020, funded from the Special Provision Capital Fund. Other plans for the remainder of the grant are under feasibility review with expenditure expected to fall in future years.
189. The additional temporary classrooms budget has been re-phased into future years as it is not forecast to be required this year based on current demand for school places.

## Major Projects

190. Including prior years, the Major Projects programme includes £50,000k prudential borrowing to finance the housing company Hillingdon First with construction work in progress at the residential development site in South Ruislip. The budget will also finance identified potential acquisitions of development land and commencement of construction of other sites, over a number of years. One new development at St Helen's Close, Cowley will commence in 2021/22 and forecast financing of the housing company for this financial year has reduced by £1,000k.
191. The programme includes £15,970k for a major residential development at the Falling Lane site in Yiewsley which will be self-financing from the sale of discounted market sale properties. The scheme has been on hold during the Coronavirus pandemic and is currently under review.
192. Tenders have been issued for the construction works contract to build a new £30,000k leisure centre in Yiewsley/West Drayton. Works on site are planned to start towards the end of 2021. The £2,000k refurbishment of Yiewsley and West Drayton Community Centre is in progress on site for completion in June 2021.
193. Works are expected to commence in March to extend the Uxbridge mortuary, following appointment of the main contractor.
194. The first phase of remedial works at the Battle of Britain Bunker are in progress, with further packages of works planned to take place next year. Works to expand the Rural Activities Garden Centre are currently on hold during the pandemic.
195. The re-provision of Hillingdon Outdoor Activity Centre project is expected to re-commence in 2021 with options under consideration.
196. The new Shopping Parades Initiative programme reports an under spend of £46k as a secondment post is no longer required with lower than anticipated shop front grants at this stage, possibly impacted by COVID-19. The delivery of the programme for planned locations is under review, with public realm work paused until future Transport for London funding or other sources can be identified.
197. There are cost under spends amounting to £74k following settlement of retentions and minor items for completed projects such as the refurbishment of Bessingby FC clubhouse and Battle of Britain Visitor Centre.
198. Detailed design work is in progress on the regeneration of Cranford Park, largely funded from the National Lottery Heritage Fund with Council match funding. Works are expected to start on site next year.
199. Enhancements works at the Battle of Britain bunker and visitors centre have been completed with a minor under spend of £5k on the budget of £172k. In January, Cabinet approved a further £100k for the "Faces of the Battle of Britain" exhibition to be implemented in 2021/22.

## Programmes of Works

200. The 2020/21 Transport for London programme has been severely curtailed with the previously agreed LIP grant significantly reduced due to COVID-19 and the impact it has had on TFL's finances from reduced fare revenues. Following settlement between the Department for Transport and TFL for this financial year, TFL have confirmed an allocation of £946k in respect
-

of the 2020/21 LIP, resulting in the expenditure and grant financing shortfall reducing to £2,725k. Numerous schemes are in progress to fully utilise the grant by the financial year end. The funding outlook for 2021/22 remains uncertain due to the ongoing impact of the pandemic.

201. A number of road safety measures funded from the HS2 Road Safety fund will be implemented this year with further works falling into next year. The Council resourced Road Safety programme reports an under spend of £84k on schemes that can be financed instead from the 2020/21 TFL LIP programme.
202. Several Chrysalis outdoor gyms and playgrounds projects were put on hold when the pandemic started but are now in the process of being implemented, although recent wet ground conditions have caused minor delays.
203. The libraries refurbishment programme continues with eight sites complete or near completion. Works have been completed at Manor Farm and Oak Farm libraries and the refurbishment of Hayes End library is expected to finish in February 2021. Works at Ickenham library are commencing and West Drayton library is planned to start in the near future. As individual library site designs have been made and costings developed for each site over the course of the programme, a forecast over spend of £322k is now reported on the original £3,000k budget.
204. Works are underway on refurbishing the Mezzanine area at the Civic Centre to enable relocation of services. Numerous schemes within the Civic Centre and Property Works Programme are in various stages of progress with works continuing into next year, and £102k total under spends are reported across several completed projects.
205. There is an under spend of £250k on completed schemes within the School Conditions Building Programme. A number of other schemes are in various stages progress and will continue into 2021/22.
206. An overall under spend of £297k is reported within the Environmental and Recreational Initiatives programme, relating mainly to pollution screening works being introduced at various schools this year, with further works to be funded from future year allocations. A number of cemetery schemes are in the process of being implemented.
207. New pay and display parking payment machines has been rolled out across the Borough this year, following approval of the contract award at June Cabinet. An under spend of £140k is reported on the project.
208. Disabled Facilities Grant adaptations are forecast to under spend by £1,827k based on anticipated demand for the year. Social Care equipment capitalisation reports an under spend of £187k based on year to date activity. New essential repair grant cases are lower than previously anticipated increasing the overall forecast under spend for Private Sector Renewal and Landlord Property Grants by £41k.
209. Works are in various stages of progress on a large number of carriageway and footway refurbishments within the Highways improvement programme with £13,158k of works in phases completed or commencing before the end of this financial year, with some schemes continuing into 2021/22.
210. Under Corporate Technology and Innovation, the project to upgrade computer hardware and transition to Windows 10/Microsoft 365 is largely complete. There are under spends of £149k

reported on several completed schemes. The ICT equipment budget is forecast to under spend by £103k, based on existing commitments at this stage of the financial year, a movement of £25k.

211. There have been a number of COVID-19 related general equipment capitalisation items arising this year, however it is expected this will be managed from the existing approved budget. Based on existing commitments to date, the budget is forecast to under spend by £265k, a movement of £100k.

### Capital Financing - General Fund

212. Table 22 below outlines the latest financing projections for the capital programme, with an underspend of £2,754k in the medium term reported on Prudential Borrowing, which represents a favourable movement of £1,575k being driven by favourable movements in programme spend alongside an increase in grant funding.

**Table 22: General Fund Capital Programme Financing Summary**

|                                     | Revised Budget 2020/21 £'000 | Forecast 2020/21 £'000 | Variance £'000  | Total Financing Budget 2020-2025 £'000 | Total Financing Forecast 2020-2025 £'000 | Total Variance £'000 | Movement £'000 |
|-------------------------------------|------------------------------|------------------------|-----------------|--|--|----------------------|----------------|
| <b>Council Resource Requirement</b> |                              |                        |                 |  |  |                      |                |
| Self Financing Schemes              | 11,900                       | 5,026                  | (6,874)         | 62,160                                 | 62,160                                   | -                    | -              |
| Invest to Save Schemes              | 5,881                        | 4,177                  | (1,704)         | 8,881                                  | 8,592                                    | (289)                | -              |
| Service Provision                   | 52,610                       | 25,718                 | (26,892)        | 221,513                                | 217,165                                  | (4,348)              | (1,480)        |
| <b>Total Council Resources</b>      | <b>70,391</b>                | <b>34,921</b>          | <b>(35,470)</b> | <b>292,554</b>                         | <b>287,917</b>                           | <b>(4,637)</b>       | <b>(1,480)</b> |
| <b>Financed By</b>                  |                              |                        |                 |  |  |                      |                |
| Capital Receipts                    | 8,097                        | 2,751                  | (5,346)         | 52,820                                 | 52,437                                   | (383)                | 95             |
| CIL                                 | 3,500                        | 2,000                  | (1,500)         | 17,500                                 | 16,000                                   | (1,500)              | -              |
| Prudential Borrowing                | 58,794                       | 30,170                 | (28,624)        | 222,234                                | 219,480                                  | (2,754)              | (1,575)        |
| <b>Total Council Resources</b>      | <b>70,391</b>                | <b>34,921</b>          | <b>(35,470)</b> | <b>292,554</b>                         | <b>287,917</b>                           | <b>(4,637)</b>       | <b>(1,480)</b> |
| Grants & Contributions              | 15,307                       | 11,961                 | (3,346)         | 93,737                                 | 92,040                                   | (1,697)              | 798            |
| <b>Capital Programme</b>            | <b>85,698</b>                | <b>46,882</b>          | <b>(38,816)</b> | <b>386,291</b>                         | <b>379,957</b>                           | <b>(6,334)</b>       | <b>(682)</b>   |
| Movement                            | -                            | (4,570)                | (4,570)         | -                                      | (682)                                    | (682)                |                |

213. Capital receipts before transformation financing in 2020/21 include £3,412k in sales already achieved and two additional sites planned for auction in February. The overall capital financing forecast has improved by £95k from last month due to a reduction in transformation financing. The overall forecast is a shortfall of £383k mainly due to General Fund share of Right to Buy receipts falling as only 25 RTB sales are expected this year, partly offset by favourable offer prices for recent auction sales.

214. As at the end of January 2021, a total of £1,104k Community Infrastructure Levy receipts have been invoiced, a movement in month of £244k. Forecast receipts for this financial year

are a shortfall of £1,500k as developer activity has been affected by COVID-19 with a subsequent impact on timing and certainty of CIL payments on numerous developments, although some sizable developments may be invoiced before financial year end. Eligible expenditure exceeds the CIL forecast with spend on Highways investment, community assets through the Chrysalis Programme and other major community infrastructure such as schools meeting the criteria for application of CIL monies.

215. Forecast grants and contributions are £1,697k lower than the revised budget, due mainly to the cut to the 2020/21 TFL LIP grant, partially offset by confirmed Capital Maintenance Grant being higher than the estimate included in the capital financing budget, including a further additional award of £994k announced this summer. Forecast grants and contributions financing has increased by £798k mainly due to Disabled Facilities Grant being available to finance estimated costs of £593k for social care equipment. A revenue contribution to capital of £100k from under spend within the Libraries revenue budget is also included to support the Libraries refurbishment programme.
216. Prudential Borrowing has moved favourably by £1,575k due partly to further cost under spends within the overall programme and additional grant financing replacing Council resources.

## ANNEX A - Schools Programme

| Prior Year Cost | Project                                | 2020/21 Revised Budget | 2020/21 Forecast | 2020/21 Cost Variance | Forecast Re-phasing | Total Project Budget 2020-2025 | Total Project Forecast 2020-2025 | Total Project Variance 2020-2025 | Project Forecast Financed by: |                   |               |
|-----------------|--|------------------------|------------------|-----------------------|---------------------|--------------------------------|----------------------------------|----------------------------------|-------------------------------|-------------------|---------------|
|                 |  |                        |                  |                       |                     |                                |                                  |                                  | Council Resources             | Government Grants | Other Cont'ns |
| £'000           |  | £'000                  | £'000            | £'000                 | £'000               | £'000                          | £'000                            | £'000                            | £'000                         | £'000             | £'000         |
|                 | <b>Education and Children Services</b> |                        |                  |                       |                     |                                |                                  |                                  |                               |                   |               |
| 16,032          | New Primary Schools Expansions         | 367                    | 361              | (6)                   | 0                   | 367                            | 361                              | (6)                              | 361                           | 0                 | 0             |
| 16,868          | Secondary Schools Expansions           | 4,781                  | 5,049            | 268                   | 0                   | 9,571                          | 9,839                            | 268                              | 9,049                         | 790               | 0             |
| 0               | Additional Temporary Classrooms        | 0                      | 0                | 0                     | 0                   | 6,650                          | 6,650                            | 0                                | 4,400                         | 2,250             | 0             |
| 458             | Schools SRP                            | 411                    | 391              | 0                     | (20)                | 3,416                          | 3,416                            | 0                                | 0                             | 3,416             | 0             |
| 0               | Meadow School                          | 240                    | 0                | 0                     | (240)               | 240                            | 240                              | 0                                | 240                           | 0                 | 0             |
| <b>33,358</b>   | <b>Total Schools Programme</b>         | <b>5,799</b>           | <b>5,801</b>     | <b>262</b>            | <b>(260)</b>        | <b>20,244</b>                  | <b>20,506</b>                    | <b>262</b>                       | <b>14,050</b>                 | <b>6,456</b>      | <b>0</b>      |

## APPENDIX B – Major Projects

| Prior Year Cost | Project                                   | 2020/21 Revised Budget £'000 | 2020/21 Forecast £'000 | 2020/21 Cost Variance £'000 | 2020/21 Forecast Re-phasing £'000 | Total Project Budget 2020-25 £000 | Total Project Forecast 2020-25 £000 | Total Project Variance 2020-25 £000 | Project Forecast Financed by: |                        |                    |
|-----------------|---|------------------------------|------------------------|-----------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------|------------------------|--------------------|
|                 |   |                              |                        |                             |                                   |                                   |                                     |                                     | Council Resources £000        | Government Grants £000 | Other Cont'ns £000 |
|                 | <b><u>Property and Infrastructure</u></b> |                              |                        |                             |                                   |                                   |                                     |                                     |                               |                        |                    |
| 0               | New Theatre                               | 0                            | 0                      | 0                           | 0                                 | 44,000                            | 44,000                              | 0                                   | 42,950                        | 0                      | 1,050              |
| 963             | New Yiewsley Leisure Centre               | 365                          | 450                    | 0                           | 85                                | 29,037                            | 29,037                              | 0                                   | 29,037                        | 0                      | 0                  |
| 69              | Yiewsley/West Drayton Comm Centre         | 1,500                        | 1,535                  | 0                           | 35                                | 1,931                             | 1,931                               | 0                                   | 1,931                         | 0                      | 0                  |
| 773             | Hillingdon Outdoor Activity Centre        | 250                          | 100                    | 0                           | (100)                             | 25,727                            | 25,727                              | 0                                   | 0                             | 0                      | 25,727             |
| 0               | New Museum                                | 50                           | 5                      | 0                           | (45)                              | 5,632                             | 5,632                               | 0                                   | 4,882                         | 0                      | 750                |
| 7,294           | Hayes Town Centre Improvements            | 437                          | 750                    | 0                           | 313                               | 1,933                             | 1,933                               | 0                                   | 299                           | 350                    | 1,284              |
| 1,597           | Uxbridge Change of Heart                  | 492                          | 492                    | 0                           | 0                                 | 492                               | 492                                 | 0                                   | 438                           | 0                      | 54                 |
| 93              | Battle of Britain Underground Bunker      | 288                          | 220                    | 0                           | (68)                              | 1,462                             | 1,462                               | 0                                   | 1,462                         | 0                      | 0                  |
| 58              | RAGC Expansion                            | 94                           | 20                     | 0                           | (74)                              | 1,356                             | 1,356                               | 0                                   | 1,356                         | 0                      | 0                  |
| 7               | Uxbridge Mortuary Extension               | 1,026                        | 350                    | 0                           | (676)                             | 1,900                             | 1,900                               | 0                                   | 950                           | 0                      | 950                |
| 2               | 1 & 2 Merrimans Housing Project           | 10                           | 5                      | 0                           | (5)                               | 619                               | 619                                 | 0                                   | 619                           | 0                      | 0                  |
| 31              | Uxbridge Cemetery Gatehouse               | 0                            | 0                      | 0                           | 0                                 | 543                               | 543                                 | 0                                   | 543                           | 0                      | 0                  |
| 0               | Uniter Building Refurbishment             | 20                           | 5                      | 0                           | (15)                              | 390                               | 390                                 | 0                                   | 390                           | 0                      | 0                  |
| 0               | Botwell Leisure Centre Football Pitch     | 0                            | 0                      | 0                           | 0                                 | 200                               | 200                                 | 0                                   | 200                           | 0                      | 0                  |
| 6,871           | Housing Company Financing                 | 11,750                       | 5,000                  | 0                           | (6,750)                           | 43,129                            | 43,129                              | 0                                   | 43,129                        | 0                      | 0                  |
| 250             | Yiewsley Site Development                 | 150                          | 26                     | 0                           | (124)                             | 15,970                            | 15,970                              | 0                                   | 15,970                        | 0                      | 0                  |
| 0               | Belmore Allotments Development            | 0                            | 0                      | 0                           | 0                                 | 4,605                             | 4,605                               | 0                                   | 3,061                         | 0                      | 1,544              |
| 0               | Purchase of Uxbridge Police Station       | 0                            | 0                      | 0                           | 0                                 | 5,000                             | 5,000                               | 0                                   | 5,000                         | 0                      | 0                  |
| 1,485           | Bessingby Football/Boxing Clubhouse       | 111                          | 49                     | (62)                        | 0                                 | 111                               | 49                                  | (62)                                | 56                            | 0                      | 0                  |
| 2,552           | Cedars and Grainges Car Park              | 119                          | 60                     | 0                           | (59)                              | 119                               | 119                                 | 0                                   | 119                           | 0                      | 0                  |
| 6,761           | Battle of Britain Visitors Centre         | 20                           | 8                      | (12)                        | 0                                 | 20                                | 8                                   | (12)                                | 8                             | 0                      | 0                  |
| 0               | Battle of Britain Enhancements            | 272                          | 167                    | (5)                         | (100)                             | 272                               | 267                                 | (5)                                 | 272                           | 0                      | 0                  |
|                 | <b><u>Public Safety and Transport</u></b> |                              |                        |                             |                                   |                                   |                                     |                                     |                               |                        |                    |
| 0               | Cranford Park Heritage Lottery Project    | 308                          | 150                    | 0                           | (158)                             | 2,597                             | 2,597                               | 0                                   | 215                           | 1,783                  | 599                |
| 0               | Shopping Parades Initiative               | 503                          | 100                    | (46)                        | (357)                             | 2,896                             | 2,850                               | (46)                                | 2,105                         | 590                    | 155                |
| <b>28,806</b>   | <b>Total Major Projects</b>               | <b>17,765</b>                | <b>9,492</b>           | <b>(125)</b>                | <b>(8,148)</b>                    | <b>189,941</b>                    | <b>189,816</b>                      | <b>(125)</b>                        | <b>154,980</b>                | <b>2,723</b>           | <b>32,113</b>      |

## ANNEX C - Programme of Works

| Prior Year Cost | Project                                | 2020/21 Revised Budget | 2020/21 Forecast | 2020/21 Cost Variance | Forecast Re-phasing | Total Project Budget 2020-2025 | Total Project Forecast 2020-2025 | Total Project Variance 2020-2025 | Project Forecast Financed by: |                   |               |
|-----------------|--|------------------------|------------------|-----------------------|---------------------|--------------------------------|----------------------------------|----------------------------------|-------------------------------|-------------------|---------------|
|                 |  |                        |                  |                       |                     |                                |                                  |                                  | Council Resources             | Government Grants | Other Cont'ns |
| £'000           |  | £'000                  | £'000            | £'000                 | £'000               | £'000                          | £'000                            | £'000                            | £'000                         | £'000             | £'000         |
| N/A             | School Building Condition Works        | 4,706                  | 2,665            | (250)                 | (1,791)             | 10,906                         | 10,656                           | (250)                            | 1,791                         | 7,890             | 975           |
| N/A             | Sports Clubs Rebuild / Refurbishments  | 750                    | 177              | (573)                 | 0                   | 3,750                          | 3,177                            | (573)                            | 3,177                         | 0                 | 0             |
| N/A             | Bowls Clubs Refurbishments             | 556                    | 510              | 0                     | (46)                | 556                            | 556                              | 0                                | 556                           | 0                 | 0             |
| N/A             | Leisure Centre Refurbishment           | 1,946                  | 183              | 0                     | (1,763)             | 3,097                          | 3,097                            | 0                                | 3,097                         | 0                 | 0             |
| N/A             | Libraries Refurbishment Programme      | 2,320                  | 1,521            | 322                   | (1,121)             | 2,320                          | 2,642                            | 322                              | 2,474                         | 0                 | 168           |
| N/A             | Youth Provision                        | 1,620                  | 30               | 0                     | (1,590)             | 3,620                          | 3,620                            | 0                                | 3,620                         | 0                 | 0             |
| N/A             | Harlington Road Depot Improvements     | 586                    | 96               | 0                     | (490)               | 586                            | 586                              | 0                                | 586                           | 0                 | 0             |
| N/A             | Property Works Programme               | 3,227                  | 1,515            | (33)                  | (1,679)             | 8,986                          | 8,953                            | (33)                             | 8,922                         | 31                | 0             |
| N/A             | Civic Centre Works Programme           | 5,156                  | 1,324            | (69)                  | (3,763)             | 8,177                          | 8,108                            | (69)                             | 8,108                         | 0                 | 0             |
| N/A             | CCTV Programme                         | 284                    | 321              | 0                     | 37                  | 384                            | 384                              | 0                                | 384                           | 0                 | 0             |
| N/A             | Highways Structural Works              | 15,684                 | 9,377            | 0                     | (6,307)             | 47,684                         | 47,684                           | 0                                | 47,684                        | 0                 | 0             |
| N/A             | HS2 Road Safety Fund                   | 645                    | 106              | 0                     | (539)               | 645                            | 645                              | 0                                | 0                             | 0                 | 645           |
| N/A             | Transport for London                   | 4,188                  | 1,302            | (2,725)               | (161)               | 17,590                         | 14,865                           | (2,725)                          | 0                             | 14,664            | 201           |
| N/A             | Emergency Active Travel                | 100                    | 100              | 0                     | 0                   | 100                            | 100                              | 0                                | 0                             | 100               | 0             |
| N/A             | Street Lighting Replacement            | 924                    | 744              | (25)                  | (155)               | 2,403                          | 2,378                            | (25)                             | 2,258                         | 0                 | 120           |
| N/A             | Road Safety                            | 310                    | 116              | (84)                  | (110)               | 910                            | 826                              | (84)                             | 826                           | 0                 | 0             |
| N/A             | Disabled Facilities Grant              | 2,852                  | 1,025            | (1,827)               | 0                   | 14,260                         | 12,433                           | (1,827)                          | 0                             | 12,433            | 0             |
| N/A             | Equipment Capitalisation - Social Care | 2,359                  | 2,172            | (187)                 | 0                   | 11,795                         | 11,608                           | (187)                            | 2,824                         | 8,784             | 0             |
| N/A             | PSRG/LPRG                              | 100                    | 34               | (66)                  | 0                   | 500                            | 434                              | (66)                             | 422                           | 12                | 0             |
| N/A             | Homeless Provision                     | 190                    | 50               | 0                     | (140)               | 190                            | 190                              | 0                                | 0                             | 190               | 0             |
| N/A             | Corporate Technology and Innovation    | 3,984                  | 3,359            | (252)                 | (373)               | 7,440                          | 7,188                            | (252)                            | 6,595                         | 593               | 0             |
| N/A             | Environmental/Recreational Initiatives | 1,405                  | 904              | (297)                 | (204)               | 2,905                          | 2,608                            | (297)                            | 823                           | 40                | 1,745         |
| N/A             | Playground Replacement Programme       | 170                    | 130              | 0                     | (40)                | 420                            | 420                              | 0                                | 420                           | 0                 | 0             |
| N/A             | Equipment Capitalisation - General     | 765                    | 500              | (265)                 | 0                   | 3,825                          | 3,560                            | (265)                            | 3,558                         | 2                 | 0             |
| N/A             | Leader's Initiative                    | 356                    | 41               | 0                     | (315)               | 1,156                          | 1,156                            | 0                                | 1,156                         | 0                 | 0             |
| N/A             | Car Park Pay & Display Machines        | 1,040                  | 900              | (140)                 | 0                   | 1,040                          | 900                              | (140)                            | 900                           | 0                 | 0             |
| N/A             | Purchase of Vehicles                   | 2,960                  | 280              | 0                     | (2,680)             | 7,022                          | 7,022                            | 0                                | 7,022                         | 0                 | 0             |
| N/A             | Chrysalis Programme                    | 1,135                  | 465              | 0                     | (670)               | 5,135                          | 5,135                            | 0                                | 5,127                         | 0                 | 8             |
| N/A             | Section 106 Projects                   | 590                    | 416              | 0                     | (174)               | 590                            | 590                              | 0                                | 0                             | 0                 | 590           |
| N/A             | Devolved Capital to Schools            | 669                    | 669              | 0                     | 0                   | 1,557                          | 1,557                            | 0                                | 0                             | 1,159             | 398           |
|                 |  |                        |                  |                       |                     |                                |                                  |                                  |                               |                   |               |
|                 | <b>Total Programme of Works</b>        | <b>61,577</b>          | <b>31,032</b>    | <b>(6,471)</b>        | <b>(24,074)</b>     | <b>169,549</b>                 | <b>163,078</b>                   | <b>(6,471)</b>                   | <b>112,330</b>                | <b>45,898</b>     | <b>4,850</b>  |

## Appendix E – Treasury Management Report as at 31<sup>st</sup> January 2021

**Table 23: Outstanding Deposits – Average Rate of Return 0.09%**

| Period                            | Actual (£m) | Actual (%)    | Benchmark (%) |
|-----------------------------------|-------------|---------------|---------------|
| Call Accounts and MMF's*          | 49.5        | 51.14         | 70.00         |
| Up to 1 Month Fixed-Term Deposits | 27.0        | 27.89         |               |
| Over 1 Month Fixed-Term Deposits  | 5.3         | 5.47          | 0.00          |
| <b>Total</b>                      | <b>81.8</b> | <b>85.62</b>  | <b>70.00</b>  |
| Strategic Pooled Funds            | 15.0        | 15.50         | 30.00         |
| <b>Total</b>                      | <b>96.8</b> | <b>100.00</b> | <b>100.00</b> |

\*Money Market Funds

217. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating and AAA rated Money Market funds. UK deposits are currently held in NatWest Bank plc, Santander UK plc and the DMADF. The average rate of return on day-to-day operational treasury balances is 0.09%. As part of the Council's investment strategy for 20/21, the Council continues to hold a total of £15m in three long-dated strategic pooled funds (£5m in each). The strategic pooled funds have a 3-5 year investment horizon with dividends being distributed periodically.
218. 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 January, 61% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a December benchmark average of 63% in the Local Authority sector (latest benchmark provided quarterly by the Council's treasury advisors Arlingclose). The Council's exposure reduces to 0% once instant access facilities are excluded from the total bail-in percentage.
219. Liquidity was maintained throughout January by placing surplus funds in instant access accounts and making short-term deposits with the DMADF. Cash-flow was managed by ensuring deposit maturities with the DMADF were matched to outflows and where required, funds were withdrawn from instant access facilities.

**Table 24: Outstanding Debt - Average Interest Rate on Debt: 3.23%**  
**Average Interest Rate on Temporary Borrowing: 0.47%**

|                     | Actual (£m)   | Actual (%)    |
|---------------------|---------------|---------------|
| <b>General Fund</b> |               |               |
| PWLB                | 45.10         | 14.55         |
| Long-Term Market    | 15.00         | 4.84          |
| Temporary           | 80.00         | 25.81         |
| <b>HRA</b>          |               |               |
| PWLB                | 136.82        | 44.15         |
| Long-Term Market    | 33.00         | 10.65         |
| <b>Total</b>        | <b>309.92</b> | <b>100.00</b> |

220. There were no scheduled debt repayments during January. Gilt yields moved up during the month, but long term borrowing costs remain consistent with those anticipated in the Council's MTFB and budget strategy. With the Council's long-term borrowing need and with restrictive premiums, early repayment of debt remains unfeasible.

221. There were no breaches of the Prudential Indicators or non-compliance with the Treasury Management Policy and Practices. In order to maintain liquidity for day-to-day business operations during February, cash balances will be placed in instant access accounts and short-term deposits. In addition, £10m of forward dated temporary borrowing will reach settlement.

## Appendix F – Consultancy and agency assignments over £50k approved under delegated authority

223. The following Agency staff costing over £50k have been approved under delegated powers by the Chief Executive in consultation with the Leader and are reported here for information. Social Care Agency approvals were approved for two months in the previous report to ensure continuity over the Christmas and New Year period hence the smaller list of approvals this month.

**Table 25: Consultancy and agency assignments**

**Table 25: Consultancy and agency assignments**

| Post Title                         | Original Start Date | Approved From | Proposed End Date | Previous Approval £'000 | Approved £'000 | Total £'000 |
|------------------------------------|---------------------|---------------|-------------------|-------------------------|----------------|-------------|
| <b>Finance</b>                     |                     |               |                   |                         |                |             |
| Benefit Officer                    | 15/02/2021          | 16/05/2021    | 31/03/2022        | 193                     | 13             | 206         |
| Pensions Accountant                | 02/12/2019          | 08/02/2021    | 19/04/2021        | 192                     | 46             | 238         |
| <b>Social Care</b>                 |                     |               |                   |                         |                |             |
| AMHP                               | 04/02/2019          | 01/02/2021    | 28/02/2021        | 153                     | 6              | 159         |
| AMHP                               | 03/06/2019          | 01/02/2021    | 28/02/2021        | 128                     | 6              | 134         |
| AMHP                               | 01/07/2019          | 01/02/2021    | 28/02/2021        | 122                     | 6              | 128         |
| Social Worker                      | 03/08/2019          | 01/02/2021    | 28/02/2021        | 109                     | 6              | 115         |
| AMHP                               | 30/09/2019          | 01/02/2021    | 28/02/2021        | 103                     | 6              | 109         |
| AMHP                               | 30/09/2019          | 01/02/2021    | 28/02/2021        | 103                     | 6              | 109         |
| Social Worker                      | 01/11/2019          | 01/02/2021    | 28/02/2021        | 110                     | 7              | 117         |
| AMHP                               | 04/11/2019          | 01/02/2021    | 28/02/2021        | 96                      | 6              | 102         |
| Social Worker                      | 03/02/2020          | 01/02/2021    | 28/02/2021        | 52                      | 4              | 56          |
| AMHP                               | 03/02/2020          | 01/02/2021    | 28/02/2021        | 77                      | 6              | 83          |
| Team Manager                       | 03/02/2020          | 01/02/2021    | 28/02/2021        | 85                      | 6              | 91          |
| Social Worker                      | 03/02/2020          | 01/02/2021    | 28/02/2021        | 60                      | 5              | 65          |
| AMHP                               | 04/05/2020          | 01/02/2021    | 28/02/2021        | 57                      | 6              | 63          |
| AMHP                               | 04/05/2020          | 01/02/2021    | 28/02/2021        | 46                      | 5              | 51          |
| Social Worker/Senior Social Worker | 02/08/2020          | 01/02/2021    | 28/02/2021        | 53                      | 6              | 59          |
| AMHP                               | 02/08/2020          | 01/02/2021    | 28/02/2021        | 51                      | 6              | 57          |
| Social Worker                      | 02/08/2020          | 01/02/2021    | 28/02/2021        | 60                      | 7              | 67          |
| Social Worker                      | 02/08/2020          | 01/02/2021    | 28/02/2021        | 59                      | 7              | 66          |
| Social Worker                      | 03/08/2020          | 01/02/2021    | 28/02/2021        | 44                      | 7              | 51          |
| AMHP                               | 04/11/2019          | 01/02/2021    | 28/02/2021        | 159                     | 10             | 169         |
| Social Worker (CHC)                | 03/01/2017          | 01/02/2021    | 28/02/2021        | 200                     | 4              | 204         |
| Social Worker                      | 01/04/2013          | 01/02/2021    | 28/02/2021        | 149                     | 6              | 155         |
| Team Manager                       | 17/07/2017          | 01/02/2021    | 28/02/2021        | 373                     | 8              | 381         |
| Senior Social Worker               | 01/04/2013          | 01/02/2021    | 28/02/2021        | 296                     | 6              | 302         |
| Senior Social Worker               | 01/07/2020          | 01/02/2021    | 28/02/2021        | 47                      | 6              | 53          |
| Social Worker                      | 06/04/2017          | 01/02/2021    | 28/02/2021        | 287                     | 6              | 293         |
| Social Worker                      | 23/10/2017          | 01/02/2021    | 28/02/2021        | 227                     | 5              | 232         |
| Social Worker                      | 16/12/2016          | 01/02/2021    | 28/02/2021        | 324                     | 6              | 330         |

| <b>Post Title</b>                                     | <b>Original Start Date</b> | <b>Approved From</b> | <b>Proposed End Date</b> | <b>Previous Approval £'000</b> | <b>Approved £'000</b> | <b>Total £'000</b> |
|---|----------------------------|----------------------|--------------------------|--------------------------------|-----------------------|--------------------|
| Social Worker   | 21/08/2016                 | 01/02/2021           | 28/02/2021               | 325                            | 6                     | 331                |
| Social Worker   | 10/07/2017                 | 01/02/2021           | 28/02/2021               | 255                            | 6                     | 261                |
| Social Worker   | 04/05/2015                 | 01/02/2021           | 28/02/2021               | 373                            | 5                     | 378                |
| Social Worker   | 13/04/2015                 | 01/02/2021           | 28/02/2021               | 420                            | 6                     | 426                |
| Social Worker   | 11/07/2016                 | 01/02/2021           | 28/02/2021               | 347                            | 6                     | 353                |
| Social Worker   | 01/08/2015                 | 01/02/2021           | 28/02/2021               | 391                            | 7                     | 398                |
| Social Worker   | 27/10/2016                 | 01/02/2021           | 28/02/2021               | 317                            | 6                     | 323                |
| Senior Social Worker                                  | 04/05/2020                 | 01/02/2021           | 28/02/2021               | 49                             | 5                     | 54                 |
| Social Worker - Children With Disabilities (CWD) Team | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 50                             | 6                     | 56                 |
| Educational Psychologist                              | 04/02/2019                 | 01/02/2021           | 28/02/2021               | 292                            | 11                    | 303                |
| Educational Psychologist                              | 15/11/2015                 | 01/02/2021           | 28/02/2021               | 443                            | 8                     | 451                |
| Social Worker   | 11/08/2014                 | 01/02/2021           | 28/02/2021               | 517                            | 6                     | 523                |
| Team Manager  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 45                             | 6                     | 51                 |
| Social Worker   | 01/01/2013                 | 01/02/2021           | 28/02/2021               | 535                            | 6                     | 541                |
| Social Worker   | 01/04/2013                 | 01/02/2021           | 28/02/2021               | 332                            | 6                     | 338                |
| Social Worker   | 26/08/2016                 | 01/02/2021           | 28/02/2021               | 312                            | 6                     | 318                |
| Support Worker  | 20/12/2015                 | 01/02/2021           | 28/02/2021               | 151                            | 3                     | 154                |
| Social Worker   | 04/07/2016                 | 01/02/2021           | 28/02/2021               | 370                            | 6                     | 376                |
| Social Worker   | 24/11/2015                 | 01/02/2021           | 28/02/2021               | 166                            | 4                     | 170                |
| Social Worker   | 21/11/2016                 | 01/02/2021           | 28/02/2021               | 308                            | 6                     | 314                |
| Senior Social Worker                                  | 19/12/2011                 | 01/02/2021           | 28/02/2021               | 166                            | 7                     | 173                |
| Social Worker   | 01/01/2013                 | 01/02/2021           | 28/02/2021               | 533                            | 6                     | 539                |
| Senior Social Worker                                  | 29/06/2017                 | 01/02/2021           | 28/02/2021               | 298                            | 6                     | 304                |
| Senior Educational Psychologist                       | 15/08/2016                 | 01/02/2021           | 28/02/2021               | 421                            | 11                    | 432                |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Social Worker   | 02/07/2017                 | 01/02/2021           | 28/02/2021               | 249                            | 6                     | 255                |
| Senior Social Worker                                  | 01/07/2020                 | 01/02/2021           | 28/02/2021               | 47                             | 6                     | 53                 |
| Senior Social Worker                                  | 21/11/2017                 | 01/02/2021           | 28/02/2021               | 157                            | 7                     | 164                |
| Independent Domestic Violence Advocate                | 01/10/2018                 | 01/02/2021           | 28/02/2021               | 124                            | 4                     | 128                |
| Independent Domestic Violence Advocate                | 01/10/2018                 | 01/02/2021           | 28/02/2021               | 67                             | 4                     | 71                 |

| Post Title  | Original Start Date | Approved From | Proposed End Date | Previous Approval £'000 | Approved £'000 | Total £'000 |
|---|---------------------|---------------|-------------------|-------------------------|----------------|-------------|
| Head of Service - LAC and Young People's Services                     | 17/02/2020          | 01/02/2021    | 28/02/2021        | 97                      | 8              | 105         |
| EDT Senior Social Worker  | 24/04/2020          | 01/02/2021    | 28/02/2021        | 63                      | 6              | 69          |
| EDT - Emergency Duty Team Approved Mental Health Practitioner         | 10/06/2020          | 01/02/2021    | 28/02/2021        | 55                      | 6              | 61          |
| SEND Officer  | 24/04/2020          | 01/02/2021    | 28/02/2021        | 58                      | 6              | 64          |
| Support Worker  | 03/04/2017          | 01/02/2021    | 28/02/2021        | 134                     | 3              | 137         |
| Registered Manager  | 04/02/2019          | 01/02/2021    | 28/02/2021        | 92                      | 5              | 97          |
| Support Worker  | 03/10/2016          | 01/02/2021    | 28/02/2021        | 102                     | 2              | 104         |
| Support Planner   | 03/09/2018          | 01/02/2021    | 28/02/2021        | 81                      | 3              | 84          |
| Care Worker   | 06/07/2016          | 01/02/2021    | 28/02/2021        | 131                     | 2              | 133         |
| Care Worker   | 06/03/2017          | 01/02/2021    | 28/02/2021        | 111                     | 2              | 113         |
| Brokerage Officer   | 03/09/2018          | 01/02/2021    | 28/02/2021        | 70                      | 2              | 72          |
| Residential Worker  | 29/04/2019          | 01/02/2021    | 28/02/2021        | 68                      | 3              | 71          |
| SENDIASS Manager  | 29/04/2019          | 01/02/2021    | 28/02/2021        | 159                     | 7              | 166         |
| Service Development & Quality Assurance Officer                       | 01/04/2019          | 01/02/2021    | 28/02/2021        | 216                     | 9              | 225         |
| Residential Worker  | 29/04/2019          | 01/02/2021    | 28/02/2021        | 60                      | 3              | 63          |
| FIS Officer   | 01/04/2018          | 01/02/2021    | 28/02/2021        | 61                      | 3              | 64          |
| Support Worker  | 03/06/2019          | 01/02/2021    | 28/02/2021        | 56                      | 3              | 59          |
| Residential Worker  | 30/07/2019          | 01/02/2021    | 28/02/2021        | 48                      | 2              | 50          |
| Support Worker  | 07/08/2019          | 01/02/2021    | 28/02/2021        | 63                      | 3              | 66          |
| Residential Worker  | 30/09/2019          | 01/02/2021    | 28/02/2021        | 51                      | 3              | 54          |
| Support Worker  | 02/12/2019          | 01/02/2021    | 28/02/2021        | 49                      | 3              | 52          |
| Online Services Co-ordinator  | 04/03/2019          | 01/02/2021    | 28/02/2021        | 130                     | 5              | 135         |
| Senior Business Analyst (Liquid Logic Implementation)                 | 01/07/2019          | 01/02/2021    | 28/02/2021        | 134                     | 7              | 141         |
| Project Manager/Senior Business Analyst (Liquid Logic Implementation) | 01/07/2019          | 01/02/2021    | 28/02/2021        | 138                     | 7              | 145         |
| Senior Business Analyst (Liquid Logic Implementation)                 | 01/07/2019          | 01/02/2021    | 28/02/2021        | 135                     | 7              | 142         |
| <b>Environment, Education &amp; Community Services</b>                |                     |               |                   |                         |                |             |
| Senior Land Contamination Officer                                     | 18/11/2018          | 29/01/2021    | 26/03/2021        | 151                     | 11             | 163         |
| Housing Options & Homeless Prevention Officer                         | 06/01/2020          | 08/02/2021    | 04/04/2021        | 54                      | 8              | 63          |
| Programme Mger (Capital Programme)                                    |                     | 15/03/2021    | 04/06/2021        | 71                      | 25             | 96          |
| CME Tracker   | 01/08/2018          | 31/12/2020    | 31/03/2021        | 114                     | 15             | 129         |