CABINET

15 December 2020

Title: Revenue Budget Monitoring 2020/21 (Period 7, October 2020) and Q2 Capital Programme Monitoring	
Open Report	**For Decision** Yes
Wards Affected: All	**Key Decision:** Yes
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Summary

This report sets out at a high level the Council's budget monitoring position and the likely challenges this year.

The Council's General Fund budget for 2020-21 is £155.796m. As a result of underlying financial pressures including increased costs, demographic and other demand growth, savings not yet delivered and other risks there is an underlying budget variance of £5.743m largely in Care and Support and My Place. In addition, as a result of the COVID-19 epidemic, the lockdown, and subsequent economic impacts the Council has experienced a high level of additional costs and pressures including loss of service income from fees and charges. The minimum impact from this is assessed to be £26.307m including £4.137m relating to delayed or reversed savings which are also in the main forecast – although this is net of around £5m of specific grant and NHS funding. Including these Covid costs, the Council's final net expenditure for the year is expected to be at least £187.846m. This would be an overall expenditure variance of £27.913m. This is an increased estimate since last month as it incorporates some of the Covid associated losses incurred by one of the Council's subsidiary companies.

Another tranche of unringfenced grant support funding for Local Government was announced in mid October taking the total allocation for LBBD to £22.560m, plus £1.363m has been received as compensation for loss of income. Taking into account this funding the expected outturn for the Council is an overspend of £3.991m. However, this is the position as at the end of October before the start of the second national lockdown. The report is written mid November and so it is too early to assess properly the impact of this second lock down and any subsequent restrictions over the rest of the Winter period. This means that the position for the Council is more risky than usual. The estimated pessimistic case for the Council is a net further risk of £8.7m.

The potential range of outturn variance therefore is between £3.991m at the more optimistic end to £12.664m at the more pessimistic (although still entirely possible) end. This is a further narrowing of the range since last month. In practice it is likely to fall between those extremes with a likely overall variance of £8.327m. This is the main estimate and a sensible basis on which to plan. This could be funded from the budget support reserve and some draw from the general fund – although the higher estimate would also mean more drawdown from the general fund reserve was required. It is therefore important that all possible action should be taken to reduce the overspend by

identification and implementation of efficiency savings, short term cost reductions (such as delaying recruitment or non-urgent projects) or maximisation of income where possible given anti COVID-19 constraints.

This report also contains the Q2 monitoring position on the Capital Programme. The Capital Programme spend to 30 September 2020 (Q2) was £63.0m, with most of the spend in the Investments and Acquisition Strategy (£45.7m), Education, Youth and Childcare (£6.4m) and HRA (£6.4m). It is forecast that spend will accelerate towards the end of the financial year but there remains uncertainty as to what extent the impact of Covid-19 will have on the spend profile.

The Q2 forecast is a total of £274.9m spend in 2020/21, a variance of (£17.2m) to the revised budget of £292.1m.

Recommendation(s)

Cabinet is recommended to:

(i) Note the projected revenue outturn forecast for the 2020/21 financial year as set out in sections 2 to 4 and Appendix A of the report and the potential impact on the reserves position as set out in section 7 of the report;

(ii) Note the update on key savings programmes, as set out in section 5 of the report;

(iii) Note the update on the impact of COVID-19 and the lockdown, as set out in section 6 of the report;

(iv) Note the update on the Capital Programme, as set out in section 9 and Appendix B of the report;

(v) Agree the following Section106 allocations, as detailed in section 10 of the report;

a) £1.8m towards the affordable housing development at Padnall Lake
b) £0.373m towards facilities for accommodating additional pupils at Robert Clack school (Lymington Fields)

(vi) Approve funding of £420,000 for phase one of the Dispersed Working Programme in the current financial year, as detailed in section 11 of the report; and

(vii) Approve the minor amendments, corrections and addenda to the Fees and Charges as set out in section 12 and Appendix C of the report.

Reason(s)

As a matter of good financial practice, the Cabinet should be informed about the Council's financial risks, spending performance and budgetary position. This will assist in holding officers to account and inform further financial decisions.

1. Introduction and Background

1.1 This is the third budget monitoring report of the 2020/21 Financial Year. At this stage of the year there is still only a limited amount of data available and in addition, this year there are complications arising from the COVID-19 pandemic and the response which creates further uncertainty. For this reason a range of potential outcomes is being reported. The Council should plan on the basis of the main forecast but should seek to be assured that the pessimistic/worst case scenario can be managed within its resources.

1.2 It is clear that this will be a difficult financial year. The final outturn for 2019/20 was an overall overspend of £4.930m with £11m of overspent expenditure being offset by additional income. Most of this overspend was driven by long term budgetary pressures including demographic/demand pressures in Social Care and other frontline services. Considerable growth funding was provided in the MTFS including the use of additional government grant, but this was not sufficient to cover the level of pressure.

2. The 2020-21 Budget Monitoring Position - Summary

2.1. The 2020-21 budget was approved by the Cabinet in February and is £155.796m – a net increase of £6.976m from last year. Growth funding was supplied for Care and Support (to meet demographic and cost pressures), ComSol (for Temporary Accommodation), Public Realm (to cover additional work from housing growth), Legal and Policy and Participation (for the Community Engagement Strategy.) It also includes £12.696m of new savings plans.

2.2. In response to the Covid situation the Government has made available to Local Authorities a range of grants. Where these are ring fenced grants for specific activities these have generally been netted off within the forceasts. However the main support is in the form of a large unringfenced grant which has been treated as corporate income (like Revenue Support Grant.) Services that have incurred additional costs as a result of this epidemic have been identified in the financial systems with a project code. These additional costs are shown as an overspend against the original budget, offset by additional corporate income.

2.3. As shown in the table below there is an underlying pressure of £5.744m which includes £4.1m of savings not delivered or delayed as a result of COVID-19. In addition, there are £26.307 net of COVID-19 costs or income losses that have already been incurred or seem unavoidable at this stage. This is offset by £23.923, of general COVID-19 funding and income compensation. This results in a net variance of £3.991m. However, it should be noted that there are further risks that are discussed further down in this report. A fuller table can be found in Appendix A showing the underlying pre COVID variances, the additional costs that are clearly attributable to COVID and the further level of COVID cost risk that the Council is facing.

DEPARTMENT	ADJUSTED BUDGET	OUTTURN	VARIANCE	CoVid Costs	FINAL VARIANCE
PIR COMMISSIONING	8,903	8,850	(53)	1,900	1,847
CORE	5,962	7,895	1,933	601	2,534
CENTRAL	34,655	31,271	(3,384)	1,368	(2,016)
EDUCATION, YOUTH & CHILDCARE	4,057	4,447	390	787	1,177
LAW, GOVERNANCE & HR	(1,404)	(2,088)	(684)	1,514	830
POLICY & PARTICIPATION	1,758	2,549	791	3,355	4,146
CARE & SUPPORT	83,260	87,021	3,761	5,150	8,911
INCLUSIVE GROWTH	1,001	1,001	0	0	0
COMMUNITY SOLUTIONS	12,471	13,565	1,094	1,661	2,755
MY PLACE	6,230	8,125	1,895	975	2,870
REVENUES AND BENEFITS	(1,094)	(1,094)	0	1,000	1,000
COVID SAVINGS DELAYED	0	0	(4,137)	5,723	1,586
COMMERCIAL INCOME RISK	0	0	0	2,273	2,273
TOTAL GENERAL FUND BUDGET	**155,796**	**161,540**	**1,607**	**26,307**	27,913
CORPORATE FUNDING	**(155,796)**	**(155,796)**	**0**	**(23,923)**	(23,923)
NET GENERAL FUND POSITION	**0**	**5,744**	**1,607**	**2,384**	**3,991**

3. Budget Monitoring

3.1 This section sets out the main service variances in this financial year. In some areas there are underlying pressures and also there are known COVID-19 costs or income losses. As far as possible we have tried to distinguish between these but in some areas the relationship is complicated.

3.2 Care and Support

3.2.1 The total expenditure forecast for 2020/21 is £102m which would result in an overall budget pressure of £8.86m – around £5m of which is attributable to COVID.

3.2.2 The table below summarises the overall position for each service.

People & Resilience Group	20/21 Budget £000	20/21 Forecast £000	Variance £000	Period Movement £000	Change since 2019/20 £000
Adults Care & Support	22,511	20,823	-1,689	119	912
Adults Commissioning	5,580	5,448	-132	-132	1,335
Disabilities Service	24,248	29,119	4,872	77	4,468
Children's Care & Support	37,762	43,487	5,728	86	4,249
Children's Commissioning	3,864	3,864	0	0	-293
Public Health	(537)	(458)	79	6	79
Group Total	**93,428**	**102,286**	**8,858**	**156**	**10,750**

3.3 Adults' Care & Support

3.3.1 Adults' Care and Support (ACS) detailed summary table below;

Service Area	20/21 Budget £'000	20/21 Forecast £'000	Variance £'000	Period Movement £'000
Adult packages	8,044	5,053	-2,991	90
Adult teams	3,557	3,557	0	1
Adult homes and centres	2,119	2,219	100	0
Mental Health	7,431	8,634	1,202	28
Adults Other (Support Service)	1,360	1,360	0	0
Directorate Total	**22,511**	**20,823**	**-1,689**	**119**

3.3.2 The net forecast for Adults Care and Support (ACS) is £20.8m, which has resulted in a budget underspend of £1.69m. This month has seen an adverse movement of £119k compared to last period, this will be explained below.

3.3.3 Significant work has been undertaken by finance to re-align budgets to reflect a more realistic and current picture of our spend and income, the result is a much clearer picture of where our pressures or underspends are. However, there may be further realignments required this year in line with some changes in responsibility as set out in the Adults, Disabilities and MH PIDs.

3.3.4 Adults packages is forecasted to underspend by £2.991m this is attributable to the following:

- £1.031 overspend on Homecare this has been caused by COVID and the greater need to provide care at home with outbreaks in care homes.
- £1.331m underspend on Residential and Nursing clients, this reduction is attributable to the fact the CCG has been funding and allocating placements for the first 6 months of the year due to COVID and the need to free up hospital beds quickly.
- Direct Payment is forecasted to achieve a break-even position
- £274k overspend on Supported Living attributable to demand led for spot placements
- The above is offset by the winter pressures money, which is now part of the iBCF, and equates to £913k
- £1.2m of unallocated BCF funding
- The remainder of the growth pot which has not yet been allocated to budgets which is approx. £789k

3.3.5 Mental Health (MH) is reporting a total overspend of £1.202m, this is broken down below.

- £1.051m overspend on Home Care attributable to increases in Dementia cases
- £196k overspend on Supported Living due to lack of Housing options for young people with MH and transitional cases. Additionally, the Complexity and chronicity in needs had also pushed costs up.
- £215k overspend on Direct Payments due to in increases in Dementia cases
- £326k underspend on Residential and Nursing due to COVID impact on death rate
- £15k underspend on Day Care and transport
- £105k overspend on Additional staffing costs as per Mental Health PID

3.3.6 Finally there is an estimated £100k pressure in the Adults Homes and Centres service, this is predominantly due to Relish café which has been closed the entire year due to COVID.

3.3.7 The period 7 position has had an adverse movement of £119k, this can be predominantly attributed to the cost of refunding clients for a savings credit which was mistakenly added to their financial assessments, although this has now been corrected, we estimate approximately £350k needs to go back to clients for overcharged contributions.

3.3.8 Included in this position is approx. £2m of additional spend due to COVID-19. Half of this has been interim uplifts to providers, the other half has seen a very sharp increase in numbers of residents requiring both medical/NHS and social care support for Mental Health issues.

3.3.9 There has been a significant rise in demand within mental health, this is a culmination of increasing numbers but also the full year impact of the dementia cases that moved over to MH in the last financial year. Due to this unforeseen pressure, our contingencies for COVID-19 have been swallowed up leading to the movement in the position mentioned above.

3.4 **Disabilities Care and Support**

3.4.1 The Disabilities service detailed summary table is below:

Service Area	20/21 Budget £'000	20/21 Forecast £'000	Variance £'000	Period Movement £'000
Adults Care Packages	13,733	15,750	2,017	(4)
Children's Care Costs	1,946	2,512	566	140
SEND transport	2,892	4,196	1,304	(0)
Centres and Care Provision	1,960	2,374	414	(40)
Staffing/Management	3,717	4,288	571	(19)
Directorate Total	**24,248**	**29,119**	**4,872**	**77**

3.4.2 The forecast for Disability Services for period 6 is an overspend of £4.872m. There has been a small adverse movement of £77k from the position reported at P6.

3.4.3 Packages and Placements total overspend of £3.887m, the breakdown of this is reported below:

- £2.017m overspend on Learning Disabilities Adults – the current forecast is based on clients recorded on Controcc as at end of October. The cohort of clients remains stable. The net favourable variance at P7 is because of an increase in spend on equipment and adaptations of £77k being offset by the improvement of £81k due to the direct payment refunds.
- £1.304m Out of Borough School Transport overspend -This is due to the redesign of the school routes taking in the need for 1meter social distancing on the school buses. This requirement has led to the need to have more vehicles covering the school routes for the protection of the children. There has been no change to the position at P6.

- £566k budget pressure on the Children with disabilities social care provision. There has been an increase of £141k due to higher day care private contractor costs.

3.4.4 Teams and Centres total overspend is forecast at £985k which is a decrease of £59k from the previous month. The reduction is due to savings on general office expenditure across the teams. The areas of significant variances are highlighted below:

- £345k Overspend on School Psychological Services due to loss of income due to school closures over the pandemic and schools only purchasing the statutory minimum for the new school year.
- £228k overspend against the other Teams budget. This is due to the need to recruit agency staff in both Life planning teams due to the increase in caseloads as a direct result of the pandemic. Included in the overspend also is the staff pay awards and unbudgeted employers liability insurance.
- £108k overspend on 80 Gascoigne Rd, mostly staffing pressures.

3.4.5 The forecasted overspend has increased this period by £77k, the reasons are outline below.

3.4.6 The adverse movement at P7 is mainly attributable to an increase on the forecast of equipment and minor adaptation for clients affected by COVID-19. Specific orders have been placed for hoists and beds (£69k) to support client discharges over and above the normal levels. It is the expectation that the additional spend will be offset by the COVID support grant provided by Central Government.

3.4.7 Included in this forecast is the estimated COVID-19 related expenditure of £1.075m. £648k on additional vehicles for home to school transport, £128k one off direct payment support, £197k of equipment and minor adaptation following hospital discharges and £90k for additional agency staff to cover the increased case workload.

3.5 Children's Care & Support

3.5.1 Children's Care and Support detailed summary table below;

Service Area	20/21 Budget £'000	20/21 Forecast £'000	Variance £'000	Period Movement £'000
Corporate Parenting & Permanence	22,054	27,483	5,415	143
Family Support & Safeguarding	5,655	5,822	182	-91
Assessment &Intervention Team	4,004	4,105	100	60
Senior Leadership Team &Service Dev.	2,193	2,441	251	-3
Specialist Intervention Service	2,143	2,143	0	0
Adolescence & YOS	1,713	1,493	-220	-23
Directorate Total	**37,762**	**43,487**	**5,728**	**86**

3.5.2 Children's Care and Support is forecast to spend £43.5m and would result in a budget overspend of £5.6m. There has been an adverse movement of £0.86m from the position reported at P6.

3.5.3 The most significant variance is in Corporate Parenting & Permanence, which is due to the placement costs for Looked After Children service. There has been an increase in the forecast of £143k from the previous month. The projected overspend of **£5.415m** is due to packages and the breakdown is as follows:

- £2.937m overspend on Residential Homes, decrease of £1m from P6.
- £1.613m overspend on Leaving care services, an increase of £865k.
- £486k overspend Family Assessment Units, an increase of £300k.
- £403k overspend on Specialist Agency Fostering, an increase of £186k.
- £343k overspend on Adoption Placements, a small increase of £13k.
- £300k overspend in Asylum Seekers, a reduction of £88k.
- This is being mitigated by underspending in Secure placements & In-house fostering budget of £253k.

3.5.4 The Adolescence and Youth Offending Service is forecast to underspend by £220k this is because of vacant posts within the establishment. There has been a further reduction in the staff cost projection of £23k at P7.

3.5.5 Family Support & Safeguarding Team is reporting an overspend of £182k, this is down to staffing and the reliance on agency social workers to meet caseload demands. There has been a favourable movement of £91k from previous months position due to a review of posts being filled.

3.5.6 Assessment and Intervention team including the MASH service is projecting an overspend of £100k this is due to the use of agency staff in both teams at present. There are a few permanent staff on boarding in future months which should improve this position.

3.5.7 The increase in the overall overspend in Children’s care and support is mainly due to the cost of placements. There has been a significant increase in the cost of family assessment units due to the early intervention work of the pre-birth team. This has led to more referrals for family assessments and some of the cases for periods longer than the average expected 16 weeks.

3.5.8 The budget pressure on residential placements is in part due to the impact of the COVID-19 pandemic and the availability of providers to meet the increased demand and complexity of cases. There are 15 children with disabilities in this cohort with a projected expenditure of £3.493m.

3.5.9 There has also been an increase in the forecast spend on agency foster care placements of £186k. 6 new clients were placed with agency foster carers in October. All the cases are being reviewed by the placement finding team and service manager, but it is unlikely any significant reduction will be made before the end of the financial year. This is due to the constraint of finding suitable alternative placements. In addition, some of the children are undergoing 18-month therapy which cannot be disrupted in their current setting.

3.5.10 Reduction of £91k in the Family Support and Safeguarding team because of reviewing the projection of staffing costs, delays in onboarding permanent staff has led to some savings in the in-year costs. There is approx. £1.9m of spend within the forecast that can be directly attributed to the COVID Pandemic.

3.6 **My Place**

3.6.1 The My Place summary table is below.

2020/21	PERIOD 7			
REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
	£000	£000	£000	£000
MY PLACE	8,359	9,695	1,336	(264)
PUBLIC REALM	9,302	10,837	1,535	(157)
TOTAL MY PLACE	**17,661**	**20,532**	**2,870**	**(421)**

3.6.2 The Directorate is reporting a forecast outturn of £20.532m at Period 7, representing a projected overspend of £2.870m. This represents an improvement of £421,000 on P6. The main causes of this are the increased confidence in receiving income from RtB sales within My Place and for Public Realm, reduced employee forecast expenditure in Operations and increased income expectations in Pest Control.

3.6.3 My Place is reporting a £1.336m overspend on the 2020/21 Budget of £8.359m. This is an improvement of £264k on the position reported in P6.

	PERIOD 7			
REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
	£000	£000	£000	£000
BUSINESS DEVELOPMENT	2,798	2,733	(64)	161
CONTRACTS MGMT	13,158	13,149	(8)	(19)
LANDLORD SERVICES	4,671	4,394	(278)	(320)
MNGMT CENTRAL	(21,553)	(20,023)	1,530	252
PROPERTY ASSETS	9,285	9,441	156	(337)
TOTAL	**8,359**	**9,695**	**1,336**	**(264)**

3.6.4 The £320k positive movement for Landlord Services is due to an increase in the forecast for Right to Buy admin fees income, together with a further increase in ward budget under- utilisation. This is offset by an increase in consultancy and agency fees.

3.6.5 Management & Central is forecasting an overspend of £1.530m. This is due to unfunded employee liability insurance costs of £450k and pressures of £718k from core savings, mainly Adecco and Gainshare. Employee and consultancy costs are the main reason for the underlying movement.

3.6.6 Property Assets is forecasting an overspend of £156k. The Street Lighting electricity budget was reduced by £455k to meet savings and also repayment of the capital investment in LED street lights. Although savings are being made, there remains a cost pressure.

3.6.7 Public Realm services are forecast to overspend by £1.535m, which is an improvement of £137k on the P6 position and is mainly due to an improved position within Caretaking plus an increase in income generation within Compliance.

2020/21	PERIOD 7			
REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
	£000	£000	£000	£000
OPERATIONS	7,856	9,391	1,534	(114)
PARKS & ENVIRONMENT	2,240	2,413	173	28
FLEET MANAGEMENT	(76)	(95)	(18)	(31)
COMPLIANCE	(718)	(871)	(154)	(41)
ELWA	(30)	(30)	0	0
TOTAL	**9,302**	**10,837**	**1,535**	**(157)**

3.6.8 Operations are forecasting an overspend of £1.534m, due to use of agency and transport costs, in particular repayment of the capital investment in new fleet. Expenditure on vehicle hire costs and other transport-related costs has not reduced sufficiently to meet the budget reductions necessary to make the repayments.

3.7 **Policy and Participation**

3.7.1 The Policy and Participation summary table is below:

	Budget	Forecast	Variance	Change
	£'000	£'000	£'000	£'000
Director	118	142	24	3
Culture	1,328	1,375	48	(21)
Leisure, Parks and Heritage	(889)	2,995	3,884	(76)
Communications and Policy	112	104	(7)	17
Participation and Engagement	1,329	1,378	49	25
Insight and Innovation	460	492	32	6
Advertising	(158)	(42)	116	25
Transformation	508	508	0	0
PMO	140	140	0	0
Total Policy & Participation	2,947	7,092	4,146	(21)

3.7.2 Policy and Participation is forecast to overspend by £4.1m of which £3.4m is due to the impact of COVID-19 on income from the leisure centres concession and loss of income from museums and parks. There has been a reduction of £21k in the overspend forecast.

3.7.3 Leisure, Parks and Heritage are forecast to overspend by £3,884k. Approximately £3m of this is attributable to the support package provided to SLM. The £2,057k concession fee for 2020/21 has been waived and funding of up to £965k is to be provided. Cashflow support of £241k to cover payroll costs has been repaid to the Council.

3.7.4 Parks Commissioning are forecasting to overspend by £793k due to non-achievement of MTFS savings for 2020/21. It was planned to meet the savings target through income from soil importation to Central Park, but the timescale for this has slipped.

3.7.5 Heritage services are forecast to overspend by £240k which is partly due to income loss whilst Valence and Eastbury are closed.

3.7.6 The advertising budget is forecast to overspend by £116k. This is largely due to a £91k shortfall in advertising income resulting from delays in the current contractor removing advertising hardware from sites. NNDR costs of £22k are unfunded.

3.8 Core

3.8.1 The Core service summary table is below:

	Budget £'000	Forecast £'000	Variance £'000	Change £'000
Finance	2,314	2,202	(112)	0
IT	1,266	1,838	572	0
Commercial	(36)	546	581	(61)
Investment Strategy	(4,673)	(4,674)	(1)	0
Customer Services	7,129	8,455	1,326	0
Strategic Leadership	63	231	167	0
Total Core	6,064	8,597	2,533	(61)

3.8.2 Core Services are forecast to overspend by £2.5m, of which £600k is attributable to COVID-19

3.8.3 IT are forecast to overspend by £572k. Further detailed work needs to be undertaken to reconcile actual and planned expenditure on IT contracts with all IT funding streams, including capital and the IT reserve.

3.8.4 Commercial Services are forecasting a pressure of £581k, which is largely due to the impact of COVID-19 on commercial income. This comprises £263k on the Film Unit and £240k on the CR27 Travelodge investment. There is also a pressure on Procurement of £131k due to non-achievement of income targets.

3.8.5 Customer Services are forecast to overspend by £1.3m of which £122k is due to a shortfall in Registrars income due to COVID-19. The balance is due to the shortfall on the cost of services transferred from Elevate.

3.8.6 Strategic Leadership are forecasting a pressure of £167k which is the balance of Core Savings which were not deducted from service budgets.

3.9 Law and Governance and HR

3.9.1 The Law and Governance and HR service summary table is below:

	Budget £'000	Forecast £'000	Variance £'000	Reserves £'000	Net Variance £'000	Change £'000
Enforcement	(2,797)	(1,924)	873	0	873	5
Democratic Services	1,010	868	(142)	0	(142)	0
HR	38	107	69	0	69	0
Leader and Cabinet Office	(7)	22	29	0	29	0
Legal	619	674	55	(55)	0	0
	(1,137)	(252)	885	(55)	830	5

3.9.2 Law Governance and HR are forecast to overspend by £830k after drawing down £50k from the legal reserve. This is a reduction of £100k in last month's planned reserve drawdown.

3.9.3 Enforcement are forecast to overspend by £873k which is £5k more than last month. The main areas of overspend are Parking and East Street Market. This is due to an income shortfall over the lockdown period. Both services were making a good recovery and income levels had improved improvement prior to the current lockdown. Given the current uncertainties it is difficult to forecast future income streams.

3.9.4 If it were not for the impact of COVID on income levels, Enforcement would be forecasting an underlying underspend of approx. £500k largely due to underspends on salaries budgets as vacancies remain unfilled.

3.9.5 Within Enforcement, the Parking service is forecast to overspend by £935k which is an adverse movement of £20k from P6. Parking income to the end of October is £4.9m and the annual income target is approx. £10m. Income in October was £844k compared to £923k for September. An additional 10 CEOs have been recruited which will boost income levels between now and year-end. Further traffic enforcement cameras are due to come on-stream and this will generate further income.

3.9.6 Parking fees and charges are being amended from January 2021. This will impact upon income levels but not to a significant level for 2020/21, as the bulk of the income is from residents' permits and these fees are unchanged.

3.9.7 Also within Enforcement, East Street Market is forecast to overspend by £515k. This is due to reduced income from the impact of COVID. Income to the end of October is £230k against an annual target of £900k.

3.10 Community Solutions

3.10.1 The Community Solutions service detailed summary table is below:

Service Area	20/21 Budget £000	Forecast £000	Variance £000	Period Movement £'000
Intervention Lifecycle	387,249	(802,642)	(1,189,891)	(1,189,891)
Triage Lifecycle	2,191,970	5,053,037	2,861,067	2,861,067
Support Lifecycle	4,109,937	2,274,457	(1,835,480)	(1,835,480)
Universal Lifecycle	4,558,092	4,559,417	1,325	1,325
Service Dev. & Dir of Comsol	1,194,153	1,959,900	765,747	765,747
Works & Skills Lifecyle	523,383	1,016,747	493,364	493,364
Directorate Total	**12,964,784**	**14,060,916**	**1,096,132**	**1,096,132**

3.10.2 Community Solutions is forecast to overspend by £1.09m. This is due to combination of factors including the loss of grant income for the Works and Skills lifecycle and the brought forward budget gap for staffing costs within the service. There are also risks to the savings plan for reducing the cost of homelessness. The service has worked on budget realignment to ensure that the Oracle budget matches the respective budgets for each area. A management action plan is being developed to mitigate this overspend which includes, vacancy freeze, use of consultancy budget, reattribution of costs to grants, savings on print & posts etc.

3.10.3 The management actions being delivered by the service has been effective in achieving savings and in most cases are resulting in the downward trend in overall outturn forecast, however because the service costs are volatile and sensitive to unpredictable demands, we are gatekeeping a strict monitoring regime to avoid reporting monthly fluctuating outturn position. The reported figures for Comsol include circa £250,000 pro-rata of pension costs for Revenues and Benefits Service that has recently joined Comsol from September.

3.11 **Revenues and Benefits**

3.11.1 Revenues and Benefits is forecast to overspend by £1m due to a loss of courts income as a result of COVID-19. The Court service has been suspended, and courts remain closed for all cases with the exception of those deemed priority. This means that it is not possible to obtain a liability order which allows further action by enforcement agents.

4. Housing Revenue Account

4.1 The HRA is forecast to overspend by £4.879m on Revenue or £3.235m once the reduced capital programme is taken into account.

	PERIOD 7			
REPORT LEVEL	**BUDGET**	**FORECAST**	**VARIANCE**	**CHANGE**
	£000	**£000**	**£000**	**£000**
SUPERVISION & MANAGEMENT	43,137	44,722	1,585	546
REPAIRS & MAINTENANCE	16,372	18,745	2,373	1,900
RENTS, RATES ETC	120	139	19	15
INTEREST PAYABLE	10,742	10,742	0	0
DEPRECIATION	15,860	15,860	0	0
BAD DEBT PROVISION	3,309	3,309	0	0
CDC RECHARGE	685	685	0	0
TOTAL EXPENDITURE	**90,226**	**94,201**	**3,977**	**2,461**
CHARGES FOR SERVICES & FACILITIES	-20,479	-19,777	702	145
DWELLING RENTS	-85,755	-85,555	200	39
INTEREST & INVESTMENT INCOME	-50	-50	0	0
TOTAL INCOME	**-106,284**	**-105,382**	**902**	**184**
Funding for capital programme	16,059	14,415	(1,644)	(1,644)
	0	**3,234**	**3,235**	**900**

4.2 The forecast variance for Supervision and Management has increased by £546k to £1,585k. The increase is due to Leaseholder building insurance premiums which have not previously been recharged by the insurance section and were not included in previous forecasts.

4.3 There is an overspend of £2m on Repairs and Maintenance. This is largely the result of budget savings from the Transformation Programme not being achieved.

In addition, there has been no uplift to the budget for inflation or pay awards in recent years.

4.4 The income variance has increased by £184k to £902k. A review has been undertaken of charges for services and facilities which has resulted in a reduction of £145k in the income forecast. The forecast for Rents income is reduced by £39k. It should be noted that there is also an additional risk on rent arrears as a result of Covid. The worst-case potential shortfall is £4.5m over the whole year.

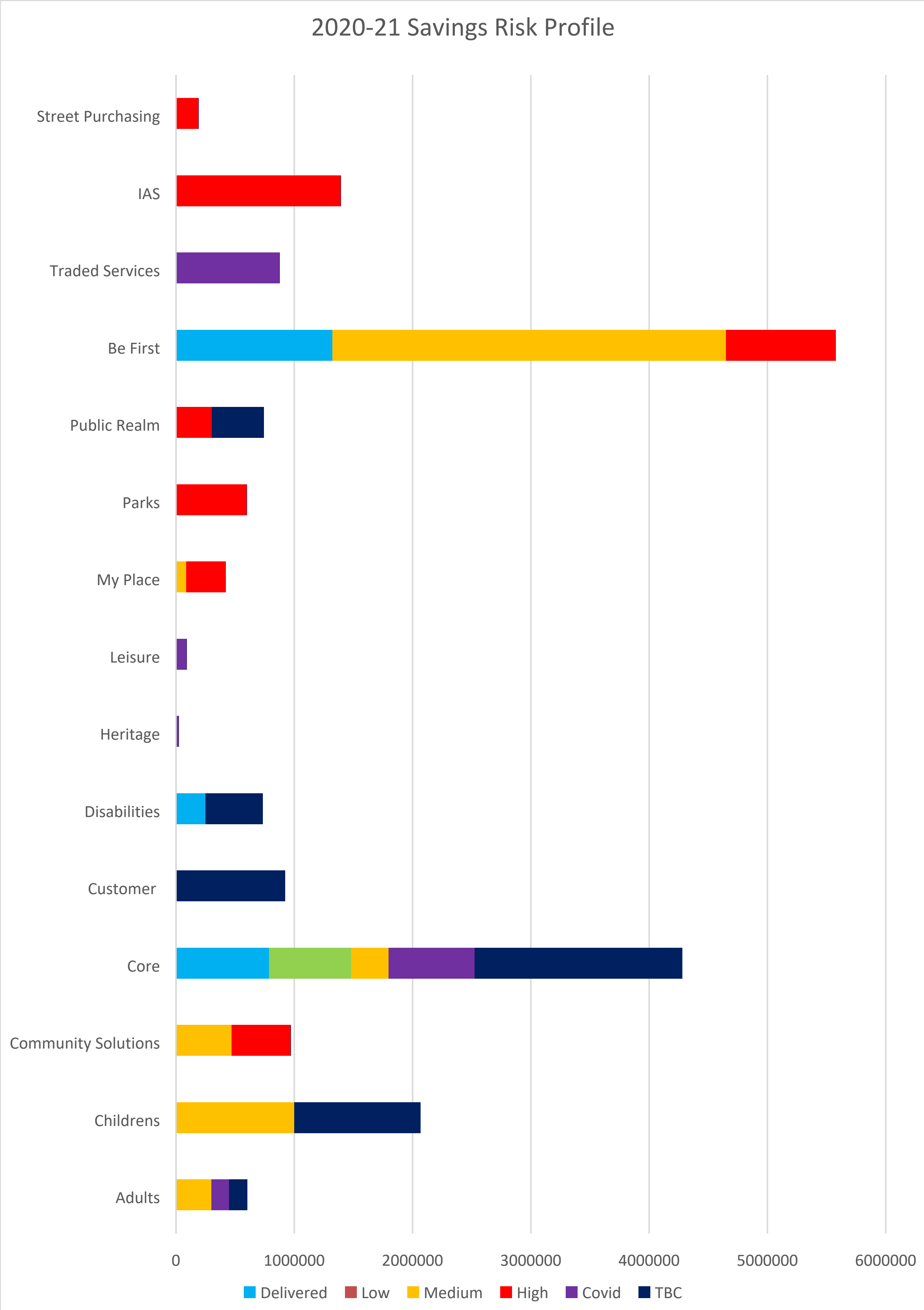
5. Key Savings Programmes

5.1 2020/21 is the fourth and final year of the original Ambition 2020 savings and transformation programme. The total savings for the target is £48.8m of which £36.129m was originally profiled as to be delivered by the end of 2019/20 and £12.696m is due in 2020/21. As at the end of 2019/20 the total delivered was £29.314m leaving £6.788m so far undelivered. This includes contributions from Be First (which would normally come a year in arrears following audit of accounts), and undelivered savings in Care and Support, My Place/Public Realm, Customer Services and the first tranche of income from the Central Park re-landscaping. The chart below shows performance to date against the total target for the MTFS.

5.2 The total savings yet to be delivered in 2020/21 were already high risk even before the COVID-19 situation arose and the pandemic and the response has considerably worsened the situation. A small number of savings have been assessed as impossible to deliver in the current year but may be possible to reinstate in future years. These are the Leisure Concession Fee which will not be payable in 2020/21, increased Heritage income, a further change to the Adults Charging Policy and the Council Tax Support Scheme (part of the Core programme) where the impact of the epidemic has reversed the previous reduction in this scheme.

5.3 In addition there are a large number of savings where the original plans have been delayed (My Place restructure) or are much more difficult/high risk (Debt collection in Core, Homelessness reductions in COMSOL.) In addition, it is now expected that the additional income from BDTP will not be achieved this year as a direct result of COVID.

5.4 The table below shows the risk breakdown of savings in the current financial year. £5.7m of non-delivered savings has been included as a COVID-19 cost on the MHCLG return (broadly those shown as COVID-19 or tbc below.)


2020-21 Savings Risk Profile
Street Purchasing
IAS
Traded Services
Be First
Public Realm
Parks
My Place
Leisure
Heritage
Disabilities
Customer
Core
Community Solutions
Childrens
Adults
0
1000000
2000000
3000000
4000000
5000000
6000000
Delivered
Low
Medium
High
Covid
TBC

6 COVID-19 Risks

6.1 The pressures associated with COVID-19 have been shown separately. The Council has experienced both cost increases and loss of income. Cost pressures are made up of additional demand for services and additional costs of providing services including the costs of PPE for front line works and new IT equipment for those working from home.

6.2 Income losses were incurred across the Council with the almost total suspension of a range of normal activities during the initial period of lockdown. Almost all services experienced some degree of loss but Enforcement was particularly affected from the reduction in parking, licensing and market income. In addition, the Council's leisure centres were closed and return to normal activity is expected to be slow resulting in the loss of the concession income from the managing partner company. Since the easing of the lockdown income levels for Enforcement have begun to increase again but whether this can be sustained will depend on whether further restrictions are introduced.

6.3 Details of the Income Loss Compensation scheme have now been announced. This provides 75% compensation for income losses after the first five percent reduction. The Council submitted its first claim for the April to July period and claimed £1.393m.

6.4 The level of costs that has been experienced already or that appear to be unavoidable at this stage is £24.06m. However, this is based on the assumption that there is no increase in costs from increased infection or the introduction of further restrictions. Given that London is now in Tier Two this may not be the case.

6.5 Central Government has announced four tranches of non-ringfenced grants to support Local Government in this situation. The LBBD allocation is £22.559m. In addition, there have been specific grants for Test and Trace, Infection Control, Welfare Support and Food Assistance and some NHS funding is available to support discharges from hospital to social care. These have been netted where they are being allocated directly to services.

6.6 The announcement of the fourth tranche of funding now means that the Council's confirmed or likely COVID costs are mostly covered. However there do remain risks to the financial position if further pressures are experienced in the second half of the year and from risks to our commercial income

6.7 However there are further risks to the Council from the second lockdown and any further impacts. The total pessimistic case estimate is a total pressure in the region of £38.015m – a further £11.7m of further costs. However, there are specific grants that will offset these reducing the risk to £8.673m

6.8 The further risks are chiefly a further £5m potential commercial income risk and up to £5m risks in Care and Support and Community Solutions (Homelessness) if activity increases sharply. There are also risks around loss of Parking income and income from Culture, Heritage and Leisure.

7. Impact on Reserves

7.1 The potential range of outturn variance therefore is between £3.99m at the most optimistic end to £12.664m at the more pessimistic (although still entirely possible) end. In practice it is likely to fall between those extremes with a likely overall variance of £8.327m (ie assuming that half of the future risks come to pass.)

7.2 There are several reserves that would be available to meet this level of pressure. As at the end of 2019/20 there was £6.349m in the budget support reserve and £0.735 in the restructuring reserve. This is sufficient to cover the lower range of scenarios.

7.3 The worst case scenario of £12.664m would fully deplete both these reserves and reduce the General fund reserve from £17.031m to £11.451m which is marginally below the minimum level set in our reserves policy. The midcase estimate of £8.327m would leave £15.788m in the General Reserve. This means that even the worst case estimate is containable within Council resources but could have a detrimental effect on our future financial resilience.

7.4 Alternatively if we wish to preserve the General Fund or if further call on reserves is required there are a number of reserves held for longer term investment such as the Capital Investment reserve and the Corporate Infrastructure reserve that could be used in the short term. They would require repayment in future years in order to deliver against the Council's longer-term plans and strategies.

8 Council Companies

8.1 The accounts for the 2019/20 are being finalised and will be subject to audit. Following this there will be a formal process to agree any returns or dividends to the Council. It must be remembered that although the dividends will be based on the previous financial year, the company boards will need to consider the current financial and trading position before agreeing release of funds and so the COVID-19 risks could result in a lower return than expected in 2021/22. For this reason there is now a high expectation that it may not be possible for BDTP to make a full payment of dividend in this financial year. The company did return a profit in 2019/20 but some of their trading in this year has been affected by the Covid lockdown. It would not therefore be prudent for them to diminish their cash reserves by returning a payment this year. This has created a £2.273m in year financial risk. It is expected that this is a short term impact and dividends will be payable in future years. The other companies are less exposed to the lockdown effect and we are still forecasting returns from them. The process for the respective boards to meet and approve dividends will take place in the next few months.

9. Capital Monitoring - Summary Q2 2020/21

9.1 The capital programme for 2020/21 was reviewed in Q1 and agreed at the September Cabinet. The revised budget provides a more achievable capital programme but even with the relatively reduced capital programme, spend to date remains significantly below the revised budgets.

9.2 **Capital Programme 2020/21 – Q2 Spend**

The Capital Programme spend to 30 September (Q2) was £63.0m, with most of the spend in the Investments and Acquisition Strategy (£45.7m), Education, Youth & Childcare (£6.4m) and HRA (£6.4m). It is forecast that spend will accelerate towards the end of the financial year but there remains uncertainty as to what extent the impact of Covid-19 will have on the spend profile.

The Q2 forecast is a total of £274.9m spend in 2020/21, a variance of (£17.2m) to the revised budget of £292.1m. The majority of the spend will be on residential schemes, with a total of £177.8m expected to be spent. A number of schemes are currently being developed and may be completed in 2021/22.

A summary of each department's spend, including the forecast spend for each, is provided in the remainder of section 1, with a summary of the Capital programme in table 1.

9.3 **Investment and Acquisition Strategy (IAS)** (**Forecast to spend 103.0% of £197.7m budget):**

The IAS incurs the largest capital spend, forecast to be £203.6m in 2020/21. Most of this spend (£177.8m) will be in residential developments with nearly 80% of the homes being built will be affordable, with a number of them completing in the next two years. The 10 largest developments are summarised below:

Scheme Name	**2020/21 Expenditure**
Gascoigne West P1 Development (Phase 1)	40,659,347
Crown House	31,285,507
Gascoigne East Phase 2	22,702,873
Gascoigne West Phase 2	19,256,390
Sebastian Court - Redevelop	16,414,081
Chequers Lane	9,941,066
12 Thames Road	7,629,474
Padnall Lake	6,529,452
Gascoigne East Phase 3	4,281,103
Woodward Road	4,255,735

The capital spend is the gross development cost, with grant and sales funding removed via funding to produce a net borrowing amount. Expenditure, where the spend is incurred in a Special Purpose Vehicle, such as for Muller, are not included as this is reflected as a loan or equity investment rather than capital spend. Work has been undertaken to improve the reporting and prevent a significant underspend being reported, as it was in 2019/20. However, in-year agreements and cost increases can mean that the final budget may differ significantly compared to the budget proposed.

A number of large-scale developments have recently been brought to Cabinet agreement. These will have a significant impact on future capital budgets but the impact on 2020/21 will likely be limited. A number of schemes also require budgets to be revised as a result of overspends and in some cases acceleration. Due to the size of some of the contracts that have been awarded, commitments may be significantly higher than the forecast spend for 2020/21.

The sale of the majority of the film studio site should completed in 2020/21 and the resulting cash, funded by long term borrowing, will be used to fund further investments in the IAS.

9.4 **General Fund:**

9.4.1 Adults Care & Support (Forecast to spend 90.6% of £1.976m budget)

Covid-19 has delayed spend overall. The Council has agreed to allow works to commence, resistance on entry by residents exists, with delays expected due to the winter period effecting desirability of works by residents in cold weathers. DFG funding will allow carry forward. There is now a clear alignment between the budget and the actual DFG funding available. There are 83 live streams of works taking place with increased streams to occur. Payments for the final implementation of the Liquid Logic social care system paid bringing project to completion.

9.4.2 Community Infrastructure Levy Schemes (Forecast to spend 57.6% of £2.116m budget)

Several new schemes have come on stream including, Boxed(up Crime, Kingsley Hall, and the East End Women's Museum. There will be an impact on some of the spend as a result of Covid(19. Allocations agreed by developers and LBBD in 2019/20 to fund community infrastructure and can be used to help fund parks and youth services. The project manager (PM) is waiting on the 3rd parties to submit their claims before releasing the funds of £1.964m. Profiling of contributions are on(going with incentive to pull budgets forwarded as needed.

9.4.3 Community Solutions (Forecast to spend 100.0% of £187k budget)

The funding is being used for building improvement and modernisation works including the creation and design of additional spaces to future proof the building and make it more accessible for residents and service users. A project to redesign the children's library is underway which will make full use of the area and create an inspirational learning space that will stimulate young minds and encourage cognitive and literary development. The remaining funds are to be used to redevelop the space formerly occupied by Bath Haus Spa. Contractors are currently providing quotes that will allow the space to be opened up and create additional capacity for staff including desks, offices, and rest facilities. It is currently envisioned that work will commence in Q4 2021.

The budget for Barking Learning Centre Works will be spent in Q3 & 4 and will be used to increase the scope and coverage of CCTV & Panic Alarms including in the newly created areas that are being developed. Conversations with contractors underway (80k), with projects reaching completion stage once budget is fully spent.

9.4.4 Core (Forecast to spend 94.3% of £4.576m budget)

Q3 will see the bulk of the project delivery now that lockdown has been lifted. Conversations with ward Councillors will be focussed on the spending the remaining unallocated budgets, approving spend from quotes and considering projects for next year.

9.4.5 <u>Culture, Heritage & Recreation (Forecast to spend 77.6% of £3.008m budget)</u>

Work is being completed on confirming the grant available, includes CIL funding specific to the council rather than for a third party. Parsloes Park Activation is out to tender, with expenditure slipped into 2021/22. An update on individual projects is provided below:

Lakes: Funding surveys related work in support of the ‘Redressing Valence’ project and associated improvement of the moat and surrounding area. Further spend is anticipate related to the Barking Park lake side footpath repairs, subject to receiving the final designs and costs.

Park Infrastructure: To deliver a wide range of infrastructure enhancements, most recently footpath improvements and CCTV foundation repairs in Barking Park and new fencing to secure the old bowling green, now home to Growing Communities.

Fixed play: A contribution of £7.5k has been made to deliver a Ward Member supported outdoor gym in Heath Road Open Space, & it is anticipated that comparable contributions will help Parks and Environment deliver several similar fixed play related schemes in several other parks.

Park Building Surveys: Schemes include repairs to the pavilion roof in Barking Park and a condition survey for the ECP Discovery Centre & related building improvement works. However, planed repairs (c.£21k) to the Barking Park Indoor Bowls Pavilion have been put on hold.

Abbey – Unlocking Barking’s Past: Initial studies and design will be completed by December 2020. However, the completion of the scheme is dependent on the further appointment of a contractor for physical repairs, and this work is normally best carried out in summer.

Children’s Play: Limited spend so far this year. However, in partnership with Parks and Environment a programme of fixed play related projects has been developed.

Central Park Master Plan: Mobilisation on site. April 2021: Soil importation.

Valence Park ‘Love where you live’ Project: In accordance with the original agreement with Community Resources to deliver an activation programme in Valence Park, the Council agreed to pay £30k: £20k in 2019, £5k in 2020 & £5k in 2020/21.

Safer Parks, Healthier Communities: Community engagement is at the heart of this project, but Covid-19 has made this difficult.

Local Football Facility Plan: The original intention was to use SCIL as match funding to bring in additional Football Foundation investment to refurbish the existing Valence Park sports pavilion. Therefore, expenditure to date relates to a new building condition survey.

9.4.6 <u>Education, Youth and Childcare (Forecast to spend 93.7% of £19.193m budget)</u>

Work is being completed on reprofiling some of the budgets and confirming the grants. The Education programme is financed by DfE grant and work is being completed in ensuring sufficient grant is provided for all schemes. £19.8m of DfE grant funding was received in September, which marks the move to a new phase of the Greatfields Free School build project. An additional amount of funding was announced for the School Condition Allocation DfE grant (as reported to Cabinet as part of the Education 'Review of School Places' report in September) which is being built into the period 6 budget. 5.6M allocation has been profiled through to 2022/23 for Project SCA 20(21 covering school condition work

£700k of historically uncommitted basic needs adjusted in Q2 budget for Greatfields Primary.

9.4.7 Enforcement (Forecast to spend 100.0% of £1.116m budget)

Spend on CPZ and enforcement equipment will now continue in 2020/21, although there has been a delay in spend during Q1 and Q2.

9.4.8 My Place (Forecast to spend 85.9% of £5.332m budget)

Allocations likely to roll forward, dependent on environmental elements, Covid delay on meeting certain processes and talks with engineers. Risks mitigated through careful planning and programming of priorities PM to provide breakdown of funding sources for projects. Expected that Stock Condition Survey budget will be reprofiled to increase the 20/21 budget.

9.4.9 Transport for London (TfL) (Forecast to spend 100.0% of £596k budget)

TfL in the process of confirming grants available, which have been changed as a result of Covid.

9.4.10 Public Realm (Forecast to spend 100.0% of £3.391m budget)

£1.131m of net slippage was requested into 2020/21. Work on establishing budgets to cover the financing of the fleet replacement is being carried out.

9.5 **HRA Capital (Forecast to spend 61.0% of £48.958m budget)**

The HRA capital programme is financed by the HRA using Government grants, capital receipts and HRA revenue.

The new build scheme has been reduced to £2.5m and the estate renewal is currently budgeted at £8m. Both of these areas are forecast to spend as per budget, and this is reflected, to a degree, in the expenditure to date.

9.5.1 **Stock Investment Programme**

The delivery of the HRA Stock Investment Programme has been hugely disrupted by the impact of the lockdown, with all programmes ceasing from March with contractors and supply chains not fully mobilising until September. Leaseholder consultation (S20) was also suspended during this time and has now recommenced, which has also had a knock-on effect with regards works to blocks containing leaseholders.

Delivery Agents (Be First, BDMS and My Place) have updated their forecast spend profiles and are projecting an overall spend of £19.8m against a budget of £38.4m. Access arrangements to homes in order to carry out works is improving and takes into account those are shielding or self-isolating. Some projects (such as the estate road improvements) have only been partially impacted by the pandemic.

The partial lockdown in November has slowed some programmes further, although progress is being maintained wherever possible and some of the delayed externals works (roofs & windows that were scheduled for completion over the Spring and Summer) may still be affected by any inclement winter weather.

9.6 **Transformation (Forecast to spend 100.0% of £2.777m budget)**

The budget is funded by capital receipts, which will predominantly be from the sale of Shared Ownership units for Becontree Heath and Kingsbridge. Discussions are underway to establish the amount of capital funding required for the new ERP system project. Projects include:

- Setting up of a new booking system and the restructure of some elements of Children's Services including reducing the reliance on agency care workers. The programme is expected to support the delivery of the Children's MTSF savings.
- Anticipating capital expenditure for refurbishment of Mayesbrook school (50k) with remaining expenditure to be reflected in Revenue in due course.
- Implementation of new IT systems across ComSol, primarily B&D OneView. The scope of the transformation programme has altered to include significant investment in areas such as hardware for the Adult College to facilitate online learning, a new social prescribing platform and GP integration and further development to B&D OneView.
- NWow (now known as WOWNow) – these costs related to the implementation of and move to Microsoft Teams, internet security and other associated costs.

9.7 **Capital receipts:**

Capital receipts from the sale of Shared Ownership units at Becontree Heath will be split into profit (to the IAS) and net cost. Net cost will be split into an amount to fund transformation and reduce the Capital Financing Requirement (i.e. repay the build costs). Currently the forecast is for £3.9m to be received from the first tranche sales receipts in 2020/21 (see table below).

Date	Amount £000s
To 31 Oct	2,693.50
Nov-20	218.75
Dec-20	126.25
Jan-21	388.00
Feb-21	465.50
Total	**3,892.00**

10. Section106 Allocations for Approval

10.1 Financial obligations can be negotiated from developers as part of the planning process, under s106 of the Town and Country Planning Act 1990. Under a s106 legal agreement the developer agrees to make a financial contribution or other obligation to mitigate any harmful impact of the development. The legal agreements are usually specific as to what the money can be spent on, and it usually needs to be spent within 5 years of receipt.

10.2 Assets and Capital Board approve the allocation of contributions to schemes which meet the specific conditions set out in the legal agreement, however for amounts greater than £200k, Cabinet approval is sought. A full list of s106 allocations to schemes from historical receipts will be presented to Cabinet in a future report for noting.

10.3 This report seeks Cabinet approval to allocate the following amounts which have already been approved by Assets and Capital Board:

a) £1.8m towards affordable housing development at Padnall Lake from PA/15/00362/FUL and PA/16/01025/FUL as set out below
b) £0.373m towards facilities for accommodating additional pupils at Robert Clack school (Lymington Fields) from PA/08/00470/FUL as set out below

10.4 **Padnall Lake:** There are two contributions for affordable housing, totalling £1.8 million, that this report recommends allocating to be used to support the provision of affordable housing at Padnall Lake. Cabinet approved the residential development of Padnall Lake, subject to planning permission, in November 2019. The s106 was received from the following schemes:

Planning reference	Address	Development	Approved	Obligation
15/00362 /FUL	New Enterprise House, High Road, Chadwell Heath	Construction 2 additional floors and internal alterations to create 44 flats	DC Board 12/72016 S106 issued 28/10/2016	£0.8m for provision of submarket housing in the borough
16/01025/ FUL	Bagleys Spring, Whalebone Lane North, Chadwell Heath	Erection of 55 dwellings	DC Board 7/11/2016, s106 issued 24/11/2016	£1m for provision of offsite affordable housing

10.5 **Lymington Fields:** A sum of £373,473 was received from planning application ref 08/00470 in 2016. The planning permission was granted on 8 March 2010, to give planning permission for the erection of 2 additional stories on a former office block at 22(24 Freshwater Road, and conversion of the resultant building to 60 flats, 20 of which would be for affordable housing.

In 2014 a Deed of Variation was made to the s106. This deed allowed the developer to pay £373,473 to be released from the obligation to provide affordable housing. It is proposed that this money be moved to the education budget to be used for the expansion of school facilities to accommodate the additional pupil yield from residential development.

Planning reference	Address	Development	Approved	Obligation
08/00470 /FUL	22(24 Freshwater Road, Dagenham	Construction 2 additional floors and internal alterations to create 60 flats and ground floor business space (20 units affordable)	S106 issued 8/3/2010	20 of the units to be for affordable housing
08/00470 /FUL	22(24 Freshwater Road, Dagenham	Construction 2 additional floors and internal alterations to create 60 flats and ground floor business space (all private)	Deed of Variation to the s106 issued 8/3/2010. DoV issued 20/8/2014	Payment of £373,473 to release the developer from the affordable housing obligation

11. Additional Funding for Dispersed Working

11.1 The Covid epidemic and the response to it has provided an opportunity for the Council to review how it works and, in particular, its use of office space and accommodation. Our goal is to embed a dispersed working model, built around a ‘core community hubs’ offer. It is proposed that a fund be created to further develop this work which is expected to provide both efficiency savings and also service benefits including improved staff wellbeing and a different approach to working with the community. The initial resources ask is shown in the table below. This will cover phase one – to spring 2021. This will be funded from slippage on the capital programme and by the flexible use of capital receipts. The work will lead to expected savings on accommodation costs which means it meets the eligibility criteria for this funding. Any further requirements or consequent savings will be incorporated into the MTFS.

Capital	
• Capital investment to support a range of spatial tests associated with phase one, including the set-up of informal touchdown space at Dagenham Library, the creation of a secure base at the Town Hall, the creation of an office hub for those with office hub worker status, and the creation of a test collaboration space at the Town Hall (~£40,000) • Capital investment to support the reconfiguration of the Lower Ground Floor of the Town Hall, with a short-term focus on the creation of an alternative build room and base for IT to secure the vacating of Roycraft House (~£60,000) • Reconfiguration of Frizlands to provide wider My Place management space (~£60,000)	£160,000
Project/programme costs	
• Full time secondee to provide coordination and facilitation support across Community Hubs and Dispersed Working (~£40,000)	£260,000

• Budget to commission options appraisal on the potential for future Core hubs redevelopment at selected sites (~£40,000) • Budget to commission BD Collective to support with the development of local hubs proposition and plans (~£10,000) • Project manager seconded from Be First into My Place assets team to support phase one development and testing of the Dispersed Working model and commissioning work to review strategy and operating model for the existing and future commercial portfolio (~£60,000) • Flexible IT and digital budget to support phase one development and testing across Community Hubs and Dispersed Working, including support with the development of the staff information hub 2.0 and the intranet (~£40,000) • Commissioned OD resource to support phase one testing and development work in relation to wellbeing and leadership development under Dispersed Working (~£40,000) • Commissioning budget to support phase one options appraisal in relation to the future development of Roycraft House (~£30,000)	
Total phase one costs	**£420,000**

12. Fees and Charges Update

12.1 A report was presented to the Cabinet last month with the proposed fees and charges for calendar year 2021. A number of small amendments have been requested to the Parking section to clarify or make consistent the structure of charges. These are effectively small technical amendments that are wholly in line with the overall policy. Cabinet are requested to approve these corrections.

The November Cabinet report fee reference is given in brackets after the relevant paragraph. The updated fee schedule for Parking is provided as appendix C to this report.

- The report has been updated to introduce a new fee of £100 (inc. VAT) for a Keyworker permit for Off Street Parking. The fee of £100 for a Key Worker permit introduced in the November report has been amended to show this is for On Street Only. (594)
- The permits for Care Agencies, the Voluntary Enterprise sector and Motor Cycles have been amended to On Street only. (595,596,598)
- The fee for Staff Permit (Standard) Annual Band 1 has been deleted, as annual Standard permits are no longer available. (634)
- The fee for a daily Staff Permit (Standard) Band 7 has been amended from £7.50 to £8. (665)
- The fees for London Road car park and the Mall and for On and Off Street Parking have been amended to a CO2 emissions-based charging basis. Rows 673 to 703 of the November report have been deleted and replaced. Monthly season tickets fees are now included.
- The diesel surcharge on season tickets for The Mall have been amended to bring them in line with similar charges at London Road car park (786,794)

13. **Financial Implications**

Implications completed by Katherine Heffernan, Head of Service Finance

13.1 This report details the financial position of the Council.

14. **Legal Implications**

Implications completed by Dr Paul Feild, Senior Governance Lawyer

14.1 Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

14.2 In this current Covid 19 emergency, the general laws still apply unless there are special legislative measures to take account of the factors which may or will have an effect on the Council and its duties, powers and obligations. The key provision at time of writing being the Coronavirus Act 2020 which addresses specific issues connected with the challenges that the pandemic presents rather than matters of finance and procurement.

14.3 Nevertheless, the unique situation presents the prospect of the need to purchase additional supplies and services with heavy competition. Value for money and best value duties still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained. Careful tracking of theses cost will facilitate grounds for seeking Covid 19 support funds.

Public Background Papers Used in the Preparation of the Report: None

List of Appendices

- **Appendix A** – General Fund Revenue budgets
- **Appendix B** – Capital Programme
- **Appendix C** – Corrections to the Fees and Charges