

CABINET

16 March 2021

Title: Revenue Budget Monitoring 2020/21 (Period 10, January 2021) and Capital Programme Update	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Director: Philip Gregory, Finance Director	
Summary	
<p>This report sets out at a high level the Council's budget monitoring position and the likely challenges this year.</p> <p>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 £3.702m largely in Care and Support and My Place offset by underspends in Central Expenses and Enforcement. 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 £30.455m including delayed or reversed savings which are also in the main forecast. Including these Covid costs, the Council's final net expenditure for the year is expected to be at least £189.954m. This would be an overall expenditure variance of £30.830m. This is an increased estimate since last month as a result of a reassessment of likely levels of bad debt provision that will be required in a number of areas.</p> <p>There is £22.560m of unringfenced grant support funding for LBBD to support the additional costs of Covid, plus £1.363m has been received and a further £1.7m claimed as compensation for loss of income. In addition, by the end of January £12.6m of specific Covid related grants had been received which have been netted off in the forecasts. The Council has also received £0.634m of other (non Covid) non-ringfenced grants and a business rates pooling benefit of £0.503m. Taking into account this funding, the expected outturn for the Council is an overspend of £3.988m. The estimated pessimistic case for the Council is a further risk of £5.772m.</p> <p>The potential range of outturn variance therefore is between £3.988m at the more optimistic end to £9.76m at the more pessimistic (although still entirely possible) end. This is a narrowing of the range since last month as we approach the end of the financial year. However, this narrowing in part represents a shift of risk and costs into the next financial year rather than an absolute reduction in increased costs. In practice the final outturn is likely to fall between those extremes with a likely overall variance of £6.874m. This is the main estimate and a sensible basis on which to plan. This could be funded</p>	

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.

Capital Programme 2020/21 spend to 31 December 2020 was £140.1m, with most of the spend in the Investment and Acquisition Strategy (£108.3m), Education, Youth and Childcare (£12.2m) and HRA (£12.9m). It is forecast that spend will accelerate towards the end of the financial year, especially in investments, but there remains uncertainty as to the impact of Covid-19 will have on the spend profile.

The Q3 forecast is a total of £285.8m spend in 2020/21, an underspend variance of £42.0m to the revised budget of £327.8m.

The report also sets out proposals for a new scheme relating to Chequers Lane environmental improvements and the associated section 106 allocations as well as proposals relating to the variation of the contract with Sports and Leisure Management Limited, who manage the Borough's leisure centres, in the light of the constraints that the company has faced as a consequence of the Covid-19 pandemic.

Recommendation(s)

The Cabinet is recommended to:

- (i) Note the projected revenue outturn forecast for the 2020/21 financial year as at 31 January 2021, 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 Capital Programme expenditure and forecast position as at 31 December 2020 (Q3), as detailed in section 9 and Appendix 2 to the report;
- (v) Approve a capital budget of £421,319.80 for the Chequers Lane environmental improvements scheme, to be fully funded from Section 106 contributions relating to the area, as set out in section 10 of the report;
- (vi) Approve, in the light of the Covid-19 public health emergency, a contract variation under Contract Rule 58 (c) with Sports and Leisure Management Limited (company no. 02204085) in respect of the management of the Borough's leisure centres, as set out in section 11 of the report; and
- (vii) Authorise the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to take any further decisions necessary in connection with the varied contract with Sports and Leisure Management Limited to ensure continuance of the service, including the entering into of any necessary documents, arrangements and/or further variations to give effect to recommendation (vi) above.

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 final budget monitoring report of the 2020/21 Financial Year. Although normally the main pressures and trends are clear this year there are complications arising from the COVID-19 pandemic and the response which creates 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 is 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. This meant that there was a steep savings challenge and a potential overspend even before the impact of Covid.

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 (to cover additional work) 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 forecasts. 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 £3.703m which includes £3.3m of savings not delivered or delayed as a result of COVID-19. This is offset by £1.138m income above budget. In addition, there are £30.455m net of COVID-19 costs or income losses that have already been incurred or seem unavoidable at this stage. This includes an increased bad debt provision – especially for households in temporary accommodation. This is offset by £25.703m, of general COVID-19 funding and income compensation. A new claim for income compensation has been submitted in December for £1.75m. This results in a net variance of £4.752m. This is a slight improvement since last month reflecting the

minor improvements in Enforcement. 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.

- 2.4. The underlying forecast position has improved this month especially in Care and Support, Enforcement, Core and My Place.

	MAR-21			COVID ISSUES	
DEPARTMENT	ADJUSTED BUDGET	OUTTURN	VARIANCE	Covid Costs	FINAL VARIANCE
SDI COMMISSIONING	9,281,803	9,116,803	(165,000)	2,004,000	1,839,000
CORE	5,003,904	5,690,904	687,000	620,000	1,307,000
CENTRAL MINUS F30080	35,308,521	34,006,514	(1,302,007)	2,396,546	1,094,539
EDUCATION, YOUTH & CHILDCARE	4,251,906	4,251,906	0	741,500	741,500
LAW, GOVERNANCE & HR	(1,594,966)	(3,142,966)	(1,548,000)	1,526,000	(22,000)
STRATEGY & PARTICIPATION	1,757,904	2,482,356	724,452	3,615,282	4,339,734
CARE & SUPPORT	82,880,471	85,644,471	2,764,000	5,000,000	7,764,000
INCLUSIVE GROWTH	1,000,743	1,338,743	338,000	46,000	384,000
COMMUNITY SOLUTIONS	12,470,774	13,427,254	956,480	4,873,663	5,830,143
MY PLACE	5,571,542	6,819,542	1,248,000	1,200,000	2,448,000
REVENUES & BENEFITS	(136,122)	(136,122)	0	1,000,000	1,000,000
COMMERCIAL INCOME				2,275,000	2,275,000
SAVINGS DELAYED	0	0	(3,328,000)	5,157,000	1,829,000
TOTAL GENERAL FUND BUDGET	155,796,480	159,499,405	374,925	30,454,991	30,829,916
CORPORATE FUNDING	(155,796,480)	(156,934,430)	(1,137,950)	(25,703,000)	(26,840,950)
NET GENERAL FUND POSITION	0	2,564,975	(763,025)	4,751,991	3,988,966

3. Main Variances

- 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 £100.4m which would result in an overall budget pressure of £7.5m.

- 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	22,151	19,307	-2,844	-1,155	-243
Adults Commissioning	5,361	5,133	-228	-93	1,242
Disabilities Service	24,229	29,026	4,797	0	4,395
Children's Care & Support	37,762	43,574	5,811	-297	4,330
Children's Commissioning	3,882	3,847	-35	-35	-328
Public Health	(537)	(511)	26	(70)	26
Group Total	92,848	100,378	7,529	-1,506	9,424

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	7,702	3,180	-4,522	-1,232
Adult teams	3,557	3,502	-55	0
Adult homes and centres	2,119	2,403	285	-15
Mental Health	7,413	8,932	1,519	93
Adults Other (Support Service)	1,360	1,290	-71	0
Directorate Total	22,151	19,307	-2,844	-1,155

3.3.2 The net forecast for Adults Care and Support (ACS) is £19.307m, which has resulted in a budget underspend of £2.844m.

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 £4.522m, an improvement of £1.232m from reported period 9 position, this can be attributed to the following.

- £858k overspend on Homecare this has been caused by COVID and the greater need to provide care at home with outbreaks in care homes.
- £618k underspend on Residential and Nursing clients, this underspend 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. Residential forecast has been adjusted to reflect the payment runs by the assessment team in Oracle.
- £949k underspend on Direct Payment as more clients are opting for Managed personal budgets. There is an improvement of £319k from last month's reported position, this position was being held back previously and has now been released to mitigate increasing demand elsewhere.
- £253k overspend on Supported Living attributable to demand led for spot placements.

- £190k overspend on Transport and Day Care service. Investigation underway as it is suggested that some Residential and Nursing care costs have been miscoded here. Appropriate corrective action will be taken to reflect this in next month's monitoring.
- £365k Overspend on Direct payments refunds, as financial assessment team is burst in calculating accurate package costs, hence reduction in clawbacks.
- The above is offset by the winter pressures money of £913k, £1.8m of BCF Funding, £1m of CCG Discharges funding for COVID-19 and £789k of unallocated growth monies from the previous year.

3.3.5 Mental Health (MH) is reporting a total overspend of £1.519m, an increase of £93k from last month reported position.

- £1.044m overspend on Home Care attributable to increases in Dementia cases.
- £526k 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. This service has seen an increment of £170k from last month's position, as forecast has been adjusted to align with assessment team payment runs in Oracle.
- £2344k overspend on Direct Payments due to increases in Dementia cases.
- £367k underspend on Residential and Nursing due to COVID impact on death rate, causing more clients to opt for Home Care instead. An increment of £69k from last month's position as forecast has been adjusted to align with assessment team payment runs.
- £19k underspend on Day Care and transport. This is largely attributable to fear of Covid infection.
- £92k overspend on Additional staffing costs as per Mental Health PID

3.3.6 There is an estimated £285k overspend in the Adults Homes and Centres service, this is firstly, due to Relish café which has been closed for the entire year due to COVID. Secondly, NELFT (NHS) have moved out of Grays Court, hence the service is currently not receiving the normal rental income and business rates.

3.3.7 Reported £55k underspend in Adults Teams due to staffing vacancies. Adults Other block is forecasted to achieve an underspend of £71k. This is mainly centred on the Preventative Technology Grant service, which is not expected to be fully spent this year.

3.3.8 There has been a net favourable movement of £1.2m across Adults Care and Support in this month this is broken down below.

- A budget of £450k set aside for Assistive Technology projects will now not be spent this financial year, thus improving the in-year position.
- £350k built into the Nursing and Residential forecasts for additional pressure expected from the return of our clients from the CCG discharge funding has

been removed as this pressure is not as much as initially expected, but it is expected to continue into the next financial year.

- The forecast for COVID related expenditure was overstated by £400k as it double-counted costs sitting in other parts of Care and Support; this has now been corrected which has improved the Adults position.

3.3.9 Included in this forecast is approx. £1.5m of COVID related expenditure, this includes uplifts to providers and a significant rise in MH cases due to the lockdown.

3.3.10 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	Forecast	Variance	Period Movement
	£0	£0	£0	£'000
Adults Care Packages	13,733	15,650	1,917	27
Children's Care Costs	1,946	2,564	618	0
SEND transport	2,892	4,196	1,304	0
Centres and Care Provision	1,960	2,345	385	(15)
Staffing/Management	3,698	4,272	574	(12)
Directorate Total	24,229	29,026	4,797	0

3.4.2 The Disability Service is projecting an expenditure of £29.026m against a budget allocation of £24.229m. The net position of P10 remains the same as reported in the previous month.

3.4.3 Packages and Placements total overspend of £3.839m, the breakdown of this is reported below: -

- **£1.917m** overspend on Learning Disabilities Adults – There has been an adverse movement of £27k from P9. This is due to a reduction in the expected contribution from supported living clients. The current forecast of LD packages is based on clients recorded on Controcc as at end of January.
- **£1.304m** Out of Borough School Transport overspend -This is due to the redesign of the school routes taking in the light of COVID and social distancing requirements. More vehicles have been deployed on the routes for the protection of the children. There has been no change to the position at P9 but this will be reviewed when the schools re-open fully.
- **£618k** budget pressure on the Children with disabilities social care provision. The forecast at P10 remains unchanged from the previous months position. The overspend is due to various support packages put in place for the children which include respite packages and family support /contact (£484k) secure transportation (£75k), court costs (£40k) and direct payments (£19k).

3.4.4 Teams and Centres total overspend is forecast at £954k which is a reduction of £27k from the previous month. The reduction is mainly due to the grant for infection control in the centres (£15k) and revised staff cost projection across the teams (£12k).

- **£385k** overspend across the centres is due to the loss of income due to the pandemic (£324k) and other unbudgeted but essential expenditure items at 80 Gascoigne (£88k). The overspends are being mitigated by an underspend of £27k at the Heathway centre.
- **£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.
- **£225k** 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.

3.4.5 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	22,069	28,169	6,100	16
Family Support & Safeguarding	5,640	5,617	-23	-76
Assessment & Intervention Team	4,004	3,920	-85	-64
SLT & Service Development	2,193	2,444	251	0
Specialist Intervention Service	2,143	1,953	-190	-190
Adolescence & YOS	1,713	1,471	-242	17
Directorate Total	37,762	43,574	5,811	-297

3.5.2 Children's Care and Support is projecting an outturn position of £43.574m which would result in a budget overspend of £5.811m. There has been a net favourable variance of £297k across the various service areas.

3.5.3 The projected overspend is £6.1m is due to packages and the breakdown is as follows:

- £2.713m overspend on Residential Homes.
- £1.962m overspend on Leaving care services.
- £770k overspend Family Assessment Units

- £612k overspend on Specialist Agency Fostering
- £385k overspend on Adoption Placements.
- £263k overspend in Asylum Seeker
- The overspending above is mitigated by underspends of £605k across inhouse foster care provision, secure placements, and team budgets.

- 3.5.4 The Adolescence and Youth Offending Service is forecast to underspend by £242k this is because of vacant posts within the establishment. There has been an increase in expenditure of £17k from the position at P9. This is because of the review of income due from external funding sources.
- 3.5.5 The Specialist Intervention Service is forecast to underspend by £190k. This is because of posts remaining vacant this financial year and the inability of the teams to deliver the full range of contact and family support work due to the pandemic.
- 3.5.6 Family Support & Safeguarding Team is reporting an underspend of £23k, an improvement of £76k from P9. The forecast for legal and court costs has been revised due to the reduced volume of cases held by external counsel. The virtual court hearings due to COVID has had a positive impact on costs as hearings are booked for half a day instead of the full day and additional expenses incurred by travelling to court.
- 3.5.7 Assessment and Intervention team including the MASH service is projecting an underspend of £85k. There has been a reduction in forecast of £64k from the previous months position. This change is due to the review of staff cost projections in the MASH team. The underspend is due posts which have remained vacant this financial year.
- 3.5.8 The overall position of Children's care and support is a favourable variance of £297k. The reasons for this are a combination of vacant posts, inability of the SIS to deliver its full range of services due to the pandemic and reduced legal expenses. There has been an increase of 1 new LAC case in the January. at a projected cost of £226k.
- 3.5.9 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.
- 3.5.10 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.

PERIOD 9		2020/21	PERIOD 10			
FORECAST	VARIANCE	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
£000	£000		£000	£000	£000	£000
9,913	1,554	MY PLACE	8,399	9,569	1,170	(384)
10,837	1,355	PUBLIC REALM	8,604	9,882	1,278	(77)
20,750	2,909	TOTAL MY PLACE	17,003	19,451	2,448	(462)

3.6.2 The Directorate is reporting a forecast overspend of £2.448m. This represents a positive movement of £462,000 from last month. It is estimated that COVID-19 related costs and income loss account for £1.2m of the overspend.

3.6.3 The budget has been increased since last month: £260k has been applied to reduce the Cemeteries income target and £45k in recognition of Street Lighting price inflation. An increase of £100k has been assumed for Employer Liability insurance funding.

3.6.4 My Place (excluding Public Realm) is reporting a £1.169m overspend which is an improvement of £385k.

PERIOD 9		REPORT LEVEL	PERIOD 10			
FORECAST	VARIANCE		BUDGET	FORECAST	VARIANCE	P9 to P10
£000	£000		£000	£000	£000	£000
2,811	14	BUSINESS DEVELOPMENT	2,798	2,860	63	49
12,969	(189)	CONTRACTS MGMT	13,158	12,887	(271)	(82)
3,992	(42)	LANDLORD SERVICES	4,034	3,982	(52)	(10)
(4,359)	2	LEASEHOLD & COMMERCIAL	(4,361)	(4,385)	(24)	(26)
(19,638)	1,916	MNGMT CENTRAL	(21,553)	(19,918)	1,636	(280)
14,137	(146)	PROPERTY ASSETS	14,324	14,142	(182)	(36)
9,913	1,554	TOTAL	8,399	9,569	1,169	(385)

3.6.5 Management Central is reporting an overspend of £1,636k. This is attributable to a £936k reduction in the recharge from My Place to the HRA plus an estimate of £500k for employer liability insurance premiums which are unfunded and an erroneous income budget of £174k. The position has improved by £280k on last month as agency and consultancy costs have been transferred to the appropriate budgets. There is a small overspend of £63k in Business Development, but other services are underspending by a total of £529k

3.6.6 The overspend on Public Realm has reduced by £77k to £1,278k.

PERIOD 9		2020/21 REPORT LEVEL	PERIOD 10			
FORECAST	VARIANCE		BUDGET	FORECAST	VARIANCE	CHANGE
£000	£000		£000	£000	£000	£000
8,980	1,725	OPERATIONS	7,255	9,343	2,088	363
2,076	(122)	PARKS & ENVIRONMENT	2,458	2,073	(385)	(262)
(401)	(10)	FLEET MANAGEMENT	(391)	(617)	(226)	(216)
(925)	(237)	COMPLIANCE	(718)	(916)	(199)	39
(30)	0	ELWA	(30)	(30)	0	0
9,699	1,355	TOTAL	8,604	9,882	1,278	(77)

3.6.7 Operations is forecast to overspend by £2.088m offset by underspends in Parks, Fleet and Compliance. Operations continues to incur significant COVID related costs across Waste, Street Cleansing and Caretaking due to additional staffing requirements and increased transport costs.

3.7 Strategy and Participation

3.7.1 The Strategy and Participation summary table is below:

	Adjusted Budget £'000	Forecast £'000	Variance £'000	Change £'000
Director	(106)	144	250	226
Leisure Parks and Heritage	(889)	3,063	3,952	68
Culture	1,155	1,183	28	(17)
Participation	998	983	(14)	(68)
Comms	112	153	42	48
Insight	460	473	13	(24)
Advertising	(158)	(33)	126	10
PMO	135	79	(56)	(56)
Transformation	2,139	2,139	0	0
ERP	586	586	0	0
Total	4,432	8,772	4,340	186

3.7.2 Strategy and Participation is forecast to overspend by £4.34m of which £3.615m is due to the impact of COVID-19 on income from the leisure centres concession and loss of income from museums and parks.

3.7.3 Leisure, Parks and Heritage are forecast to overspend by £3,952k. Approximately £3,226k of this is attributable to the support package provided to SLM and associated legal costs. 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. A bid has been made to the National Leisure Recovery Fund and it is anticipated the outcome will be known shortly.

3.7.4 Parks Commissioning are forecasting to overspend by £745k 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 £195k which is partly due to income loss whilst Valence House Museum and Eastbury Manor House are closed.

3.7.6 The advertising budget is forecast to overspend by £125k which is attributable to a loss of income due to COVID. NNDR costs of £19k are unfunded.

3.8 Core

3.8.1 The Core service summary table is below:

	Adjusted Budget £'000	Forecast £'000	Variance £'000	Change £'000
Finance	2,314	1,755	(559)	(447)
IT	1,934	2,106	172	(400)
Commercial	(13)	480	492	(82)
Investment Strategy	(4,673)	(4,674)	(1)	0
Customer Services	7,129	8,236	1,107	(419)
Strategic Leadership	63	159	95	0
Total Core	6,754	8,061	1,307	(1,348)

- 3.8.2 Core Services are forecast to overspend by £1.307m, which is a reduction of £1.348m. COVID costs account for £620k of the overspend.
- 3.8.3 Finance are forecasting to underspend by £559k. This is all attributable to Insurance where income from the recharge of insurance premiums attributable to last financial year has been recovered in 2020/21.
- 3.8.4 IT are forecast to overspend by £172k after drawing down £668k from the Core Infrastructure fund. This forecast is based on a number of factors including assumptions made with regard to the final settlement with Elevate and the level of project recharges.
- 3.8.5 Commercial Services are forecasting a pressure of £492k, which is largely due to the impact of COVID-19 on commercial income. This comprises £172k on the Film Unit and £240k on the CR27 Travelodge investment. There is also a pressure on Procurement of £132k due to non-achievement of income targets.
- 3.8.6 Customer Services are forecast to overspend by £1,107k of which £207k is due to a shortfall in Registrars income due to COVID-19. The balance is due to a budget shortfall on the cost of services transferred from Elevate.
- 3.8.7 Strategic Leadership are forecasting a pressure of £95k which comprises salary budget underspends of £98k offset by £194k of Core Savings which have not been achieved.

3.9 Law and Governance and HR

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

	Adjusted Budget £'000	Forecast £'000	Variance £'000	Change £'000
Enforcement	(2,788)	(2,522)	266	(93)
Democratic Services	1,010	871	(140)	56
HR	(10)	(172)	(162)	(231)
Leader and Cabinet Office	(7)	7	14	(15)
Legal	919	919	0	(0)
Total LGHR	(876)	(897)	(22)	(283)

- 3.9.2 Law Governance and HR are forecast to overspend by £22k after drawing down £452k from reserves. This represents a reduction of £283k from last month.
- 3.9.3 Enforcement are forecast to overspend by £266k. This broadly comprises overspends in Parking of £935k and East Street Market of £532k, offset by salary underspends across most services. Several restructures have taken place over the last year, e.g. Regulatory Services and Community Safety, and several posts remain vacant. The overspends in Parking and East Street Market are due to the impact of COVID on income levels.
- 3.9.4 HR are forecast to underspend by £162k due to a higher level of trading income than anticipated, mainly from schools and the traded entities.

- 3.9.5 Democratic Services are forecast to underspend by £140k, largely because members have claimed less in expenses over lockdown.
- 3.9.6 Legal services are forecast to overspend by £300k due to increased costs and reduced income recovery. This will be met by a transfer from the legal reserve.

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	1,194	807	645
Triage Lifecycle	2,192	1,753	(434)	(453)
Support Lifecycle	4,110	3,498	(612)	(651)
Universal Lifecycle	4,558	4,271	(287)	(287)
Service Dev. & Dir of Comsol	1,194	2,260	1,066	1,099
Works & Skills Lifecycle	523	734	211	282
Revs & Bens Lifecycle	3,331	3,503	172	250
Directorate Total	16,295	17,180	923	885

- 3.10.2 Community Solutions is forecast to overspend by £923k excluding the impact of Covid, unchanged from previous months. The overspend 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 MTFs 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. The improved forecast position which has resulted in the reduction of the reported overspend from £1.094m to £923k overspend is due to the effectiveness of management actions developed to mitigate the overspend which includes, vacancy freeze, moratorium on 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 £172k pro-rata of pension costs for Revenues and Benefits Service that has recently joined Comsol from September.
- 3.10.4 This is a service area that has seen a large impact from Covid including loss of income in Universal services (libraries, nursery and children's centres) and increased voids in hostels and the accommodation of rough sleepers and other homeless families. The bad debt provision has also been assessed and an increase of £2.5m is expected.

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.

3.12 Inclusive Growth

3.12.1 Inclusive Growth is forecasting a £338k overspend. The service has an historic income target of £400k which is unrealistic given the only income generated is a share of the admin fee chargeable on developments subject to Community Infrastructure Levy (CIL). This non achievement is not within the budgetholder's control and needs to be reviewed in next year's budget setting. There may also slight covid effect delaying some CIL income as this is highly variable dependent on the value and timing of developments.

4. Housing Revenue Account

4.1 The HRA is forecast to overspend by £3.034m which is a reduction of £2.2m on last month.

PERIOD 9		PERIOD 10			
FORECAST	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
		£000	£000	£000	£000
45,248	SUPERVISION & MANAGEMENT	45,055	44,264	(791)	(984)
18,579	REPAIRS & MAINTENANCE	14,220	17,520	3,300	(1,059)
419	RENTS, RATES ETC	357	419	62	0
10,742	INTEREST PAYABLE	10,742	10,742	0	0
15,860	DEPRECIATION	15,860	15,860	(0)	(0)
2,200	DISREPAIR PROVISION	0	2,200	2,200	0
3,309	BAD DEBT PROVISION	3,309	3,309	0	0
685	CDC RECHARGE	685	685	0	0
97,042	TOTAL EXPENDITURE	90,227	94,999	4,771	(2,044)
(20,499)	CHARGES FOR SERVICES & FACILITIES	(20,497)	(21,972)	(1,475)	(1,473)
(85,288)	DWELLING & NON-DWELLING RENTS	(85,755)	(85,266)	489	23
(50)	INTEREST & INVESTMENT INCOME	(350)	(50)	300	0
(105,837)	TOTAL INCOME	(106,602)	(107,288)	(685)	(1,450)
0	TRANSFER TO HRA RESERVE	0	1,205	1,205	1,205
14,119	TRANSFER TO MRR	16,375	14,118	(2,257)	(1)
5,324		-0	3,034	3,034	(2,290)

4.2 Supervision and Management is forecast to underspend by £791k which is largely due to the correction of income mapping issues on Street Properties which means this income had previously been understated.

4.3 Repairs and Maintenance is forecast to overspend by £3.3m. This comprises a forecast overspend of £765k on DLO salaries and £2,109k on Revenue Voids and Mechanical and Electrical Compliance maintenance expenditure.

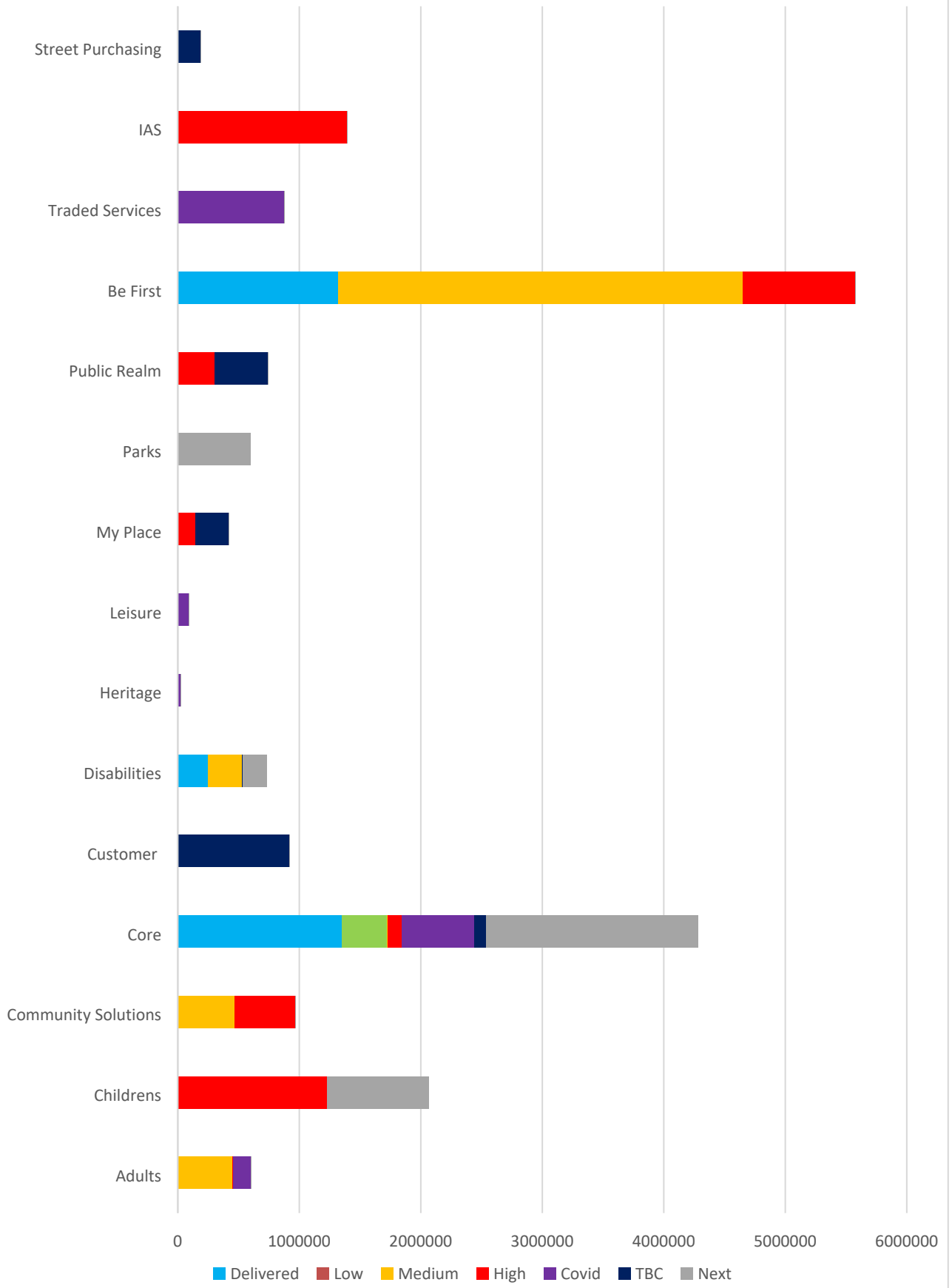
4.4 A provision of £2.2m has been made for the legal costs of disrepair cases. Legal Services have provided an estimated cost in relation to 100 disrepair claims that are underway against LBBD as the landlord. 16 disrepair cases have been settled to date.

- 4.5 Leaseholder Service charges are forecast to over-recover by £1.4m and £1.2m will be transferred to the HRA reserve to fund future Major Works.
- 4.6 There is an overspend of £489k on Dwelling Rents which is within acceptable tolerances. Interest & Investment Income is forecast to overspend by £300k due to reduced investment income and interest accrued on reserve balances. The impact of Covid is likely to require a large increase to the bad debt provision but this can be contained within the budget allowed.

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 undelivered at that point.
- 5.2 Progress on savings delivery has been slow this year – partly as a result of Covid. 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 largely income related and include 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 largest programmes for this year are Be First where we are still awaiting final confirmation of the returns to be made to the Council and the Core programme. A detailed review of this programme has established that 40% of the target is delivered or on track, 40% is expected to be delivered next year while the balance remains high risk. As part of a detailed review of Care and Support for the MTFs, these services have identified new plans to deliver their remaining savings gap through increased income collection, small service efficiencies and commissioning savings. These are expected to come into effect over this financial year and next.
- 5.5 The table below shows the risk breakdown of savings in the current financial year.

2020-21 Savings Risk Profile



6 COVID-19 Risks

- 6.1 The known pressures associated with COVID-19 have been shown separately in the table in section two. 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 has now submitted two claims for the April to November period and claimed £3.127m in total. Further income losses are expected to be compensated at similar levels.
- 6.4 In addition, there have been £12.3m of specific grants including for Test and Trace, Infection Control, Contain Outbreak Management and Welfare Support and Food Assistance and NHS funding available to support discharges from hospital to social care. These have been netted where they are being allocated directly to services.
- 6.5 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 a further £5.8m of further costs. This figure is reducing as we near the end of the financial year but we are now expecting some costs to continue into the next year.
- 6.6 The further risks are chiefly a further £3.5m potential commercial income risk and up to £2.3m risks in Care and Support and Community Solutions (especially Homelessness) if activity increases sharply. There are also risks around loss of Parking income and additional costs in Enforcement and Policy and Participation.

7. Impact on Reserves

- 7.1 The potential range of outturn variance therefore is between £3.988m at the most optimistic end to £9.760 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 £6.8m (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 were sufficient funding across the budget support and restructuring reserves to cover the lower range of scenarios. There would need to be a small drawdown on the general reserve to meet the higher end of the range.
- 7.3 On the basis of these estimates the overspend 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 Programme

Capital Monitoring - Summary Q3 2020/21

- 9.1 The capital programme for 2020/21 was reviewed in Q1 and agreed at the September 2020 Cabinet, with further budget adjustments subsequently approved at December 2020 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 – Q3 Spend

- 9.2.1 The 2020/21 spend to 31 December 2020 was £140.1m, with most of the spend in the Investment and Acquisition Strategy (IAS) - £108.3m, Education, Youth and Childcare - £12.2m and HRA - £12.9m. It is forecast that spend will accelerate towards the end of the financial year, especially in investments but there remains uncertainty as to the impact of Covid-19 will have on the spend profile.
- 9.2.2 The Q3 forecast is a total of £285.8m spend in 2020/21, a variance of (£42.0m) to the revised budget of £327.8m. The majority of the spend will be on residential developments, with a total of £177.2m expected to be spent. A number of schemes are currently being developed and may be completed in 2021/22.
- 9.2.3 A summary of each department's spend, including the forecast spend for each, is provided below.

9.3 **IAS (Forecast to spend 92.7% of £231.2m budget):**

9.3.1 The IAS incurs the largest capital spend, forecast to be £214.3m in 2020/21. Most of this spend (£177.2m) 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 largest developments forecast spend for the year are summarised below, including their forecast completion date:

Scheme Name	2020/21 Expenditure £000s	Forecast Practical Completion Date
Gascoigne West Phase 1	40,232	Jul-2022
Crown House	28,401	Apr-2022
Gascoigne West Phase 2	18,973	Sep-2023
Sebastian Court	15,035	Jul-2021
Gascoigne East Phase 2	14,544	Mar-2022 to Mar-2024
Padnall Lake	6,396	Jan-2024
Grays Court	6,189	Jan-2021
12 Thames Road	5,187	May-2023
Sacred Heart	4,934	Sep-2021
Woodward Road	4,320	Sep-2022
Gascoigne East Phase 3	4,297	Jul-2024
200 Becontree	3,874	Sep-2021
Wivenhoe Containers	3,066	Feb-2021
A House for Artists	3,012	Sep-2021
Weighbridge	2,252	Feb-2021

9.3.2 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. In-year agreements and cost increases can mean that the final budget may differ significantly compared to the budget proposed.

9.3.3 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.

9.3.4 The sale of the majority of the film studio site should be 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 45.4% of £2.2m budget)**

Covid-19 has delayed spend overall. Work has now recommenced, although 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 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. Funding provided for the Breeze Project and for some of the refurbishment for Kallar Lodge.

9.4.2 **Community Infrastructure Levy (Forecast to spend 43.2% of £1.7m 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 £1.7m.

Steady forecast:

BRL Thames Clipper (CIL) On Plan

Green Community Infrastructure "Company Drinks" On plan

Reduced forecast:

Box Up Crime New designers are being bought in to ensure the project is designed and delivered within the allocated budget.

East End Women's Museum Progress dependent on project team recruitment.

Becontree Centenary - Create London Programme delivery reviewed given covid-19 delays

Litter in Parks (CIL) to be spent in 2021/22

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, with projects reaching completion stage once budget is fully spent.

9.4.4 **Core (Forecast to spend 31.6% of £4.2m budget)**

Q4 will see the bulk of the project delivery now that lockdown has been lifted. Work is still required to realign the budgets for IT related projects, it is expected costs relating to the implementation of the new ERP will be capitalised.

9.4.5 Culture, Heritage & Recreation (Forecast to spend 46.5% of £3.069m budget)

An update on individual projects is provided below:

Lakes: This budget has been used to deliver a range of physical lake related improvements at ECP and Mayesbrook Park, and also fund survey related work in support of the 'Redressing Valence' project and associated improvement of the moat and surrounding area. POs have also been raised for lake related works at ECP, including 6 x accessible angling platforms on Tom Thumb Lake & an accessible pond dipping platform on BARDAG lake. Further spend is anticipated this year related to the Barking Park lake revetment works, subject to receiving the final designs and costs. The balance of funding will be carry forward into 2021/22.

Park Infrastructure: This budget has been used 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 in Central Park. A variety of similar infrastructure enhancement schemes are planned, so no carry forward into 2021/22 is anticipated.

Fixed play: A contribution of £8.5k has been made to deliver a Ward Member supported outdoor gym in Heath Road Open Space & works on the embankment slide and crawl tunnel in Barking Park are planned (£16.8k). Discussions are ongoing with Parks and Environment regarding delivery of similar fixed play related schemes in several other parks this financial year (e.g. Greatfields, Oval Road North, KGV and St Chads). So, potentially all the budget will be allocated this year, subject to the development of these identified priority schemes. However, the Greatfields Park proposals will be informed by ongoing consultation being delivered in partnership with The Campaign Company, & the St Chads Park proposal will be delivered when the s106 £50k becomes available. Any balance of funding remaining will need to be carried forward into 2021/22.

Park Building Surveys: Several projects have been completed (e.g. repairs to the Company Drinks pavilion roof in Barking Park). A condition survey for the ECP Discovery Centre has been commissioned & this will identify related building improvement works, including refurbishment of the viewing platform. However, planned repairs (c.£21k) to the Barking Park Indoor Bowls Pavilion have been put on hold. Therefore, the balance of funding will be carried forward into 2021/22.

Abbey – Unlocking Barking's Past: Initial studies and design have been completed. However, scheme completion is dependent on the appointment of a contractor for physical repairs & this work is normally best carried out in summer.

Children's Play: Limited spend to date. However, in partnership with Parks and Environment a programme of fixed play related projects has been developed.

Central Park Master Plan: Following a meeting with Alliance Leisure a revised project timetable and associated budget/spending plan is being prepared. The balance of funding will be carried forward into 2021/22. A response to Planning Conditions was submitted and the last water test was completed mid Jan.

Timetable:

- Phase 1: Start April 2021, Duration 5 months, Completion Sept 2021.
- Phase 2: Start Oct 2021, Phase: 3 start July 2022, Phase 4: start Oct 2022.

However, discussions are taking place with Alliance Leisure regarding 'front loading' the tennis court refurbishment & children's play area as these improvements are not dependent on the 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 2021. The balance of funding (£5k) will be carried forward into 2021/22.

Safer Parks, Healthier Communities: Community engagement is at the heart of this project, but Covid-19 has made this difficult. However, a number of potential project ideas are being developed (e.g. possible support for resident volunteer groups such as Roding Rubbish, CHRA & identified improvements in St Chads Park, initiatives identified in Greatfields Park & ODP c/o The Campaign Company Intervention Plan & related resident engagement). It is hoped some projects will be delivered in 2020/21. However, it is unlikely that the full £84k allocation will be spent, so any balance will be carried forward into 2021/22.

Local Football Facility Plan: The original intention was to use this 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. However, as part of the 'Redressing Valence' Heritage project & associated site wide Conservation Management Plan, the location of the pavilion could potentially change. Therefore, the LFFP scheme is currently on hold. The balance of funding will be carried forward into 2021/22.

9.4.6 Education, Youth and Childcare (Forecast to spend 105.3% of £19.2m budget)

Additional S106 Funding, to replace grant resources for later use. Future years adjusted according to project managers profiling of spend for future years in line with balances available in the Schools Conditions Allowance Basic Needs and Special provisions opening balances. Work is ongoing to confirm forecasts in year. Overall SCA Projects forecast increased by 386k, Expenditure for year revaluated given resource dedication to other prioritised major projects.

Forecast increase:

- Ripple Suffolk Primary-Issues found in ground, spend will occur in Q4.
- Schools Expansion Programme 20/22 acceleration.

Forecast decrease:

- Gascoigne Primary remaining work is to replace windows and doors – due to Covid issues, other projects were given priority. Work will commence next year.
- Eastbury, Dagenham park are PFI School, not owned by LBBDD therefore works have to be arranged by PFI contractors- as contract variation approval issues existed- works will take place next year.

Acceleration of spend beyond in year budget:

- SCA Priority Works & Schools Expansion Prog. – future year allocation exists.
- Roding Primary Classroom Reinstatement – Insurance pay-out expected.

9.4.7 **Enforcement (Forecast to spend 84.0% of £1.1m budget)**

Expansion of CPZ is an invest to save scheme where the repayment from revenue has been factored into the Parking budget, the income target has therefore been increased. Spend to continue in Q4 below budget due to delays caused by Covid, Internal governance processes behind delivering the scheme is ongoing to confirm works the can occur with contractors.

Enforcement Equipment has seen spend above total budget due to CCTV miscodes in revenue which are being capitalised. Further funds have been requested for a complete CCTV overhaul to upgrade (applicable tangibles) and replace street cameras moving them to wireless connections (reducing revenue costs to Virgin Media).

9.4.8 **My Place (Forecast to spend 82.9% of £5.6m budget)**

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

9.4.9 **Transport for London (TfL) (Forecast to spend 69.2% of £2.4m budget)**

Covid has affected the normal funding schedule from the department of transport, with the latest approval increasing allocations by £1.08m. £1.06m is dedicated towards the creation of new projects relating to Low traffic Neighbourhoods and cycle future routes (making it easier for residents to cycle in the borough), with the remaining increasing allocations for existing projects/funding projects that were reported in "Pending Projects".

Low traffic neighbourhood has the aim to promote the "air quality improvement" brand within Barking Town Centre, Pond field, Southwood and Five Elms, with works to be encouraged and supported by community contributions avoiding strict modal filters (road closures) that have been carried out by other boroughs where residents have opposed, enforcement cameras will be put in to action to fine those cars that do not belong to residents in the area, current forecasts are for be first fees, with works to commence in the new financial year.

9.4.10 **Public Realm (Forecast to spend 100.0% of £3.4m budget)**

Discussions on-going regarding revenue implications for invest to save Vehicle Fleet replacements. Various contracts are being revisited due to expiry/waiver requirements that need to follow the correct procurement processes. This has led to a delay in costs being actualised.

9.4.11 **Other (Forecast to spend 124.2% of £1.6m budget)**

82A AND 82B Oval Rd South - Project has the aim of converting the building into a supported living building for children and adults up to the age of 25. The conversion will allow long term savings as provision demand for pressure points (especially those aged 16) are not having demands met by the private sector.

Ward members project has been moved from Core department - Conversations with ward Councillors will be focussed on spending the remaining budget, approving spend from quotes and considering projects for next year.

Creative Industry – This is providing fit out funding for the Creative Industry space at the ground floor of the Barking 360 development. .

Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project – Contract for public realm works and improvements to the building are being entered. Funding is provided through a S106, Owner Contributions and the heritage lottery grant (claimed in arrears).

Infrastructure improvements to Abbey Road carried out last year. In year allocation related to 19.20 Slippage, Project will be kept active as next year a £500k GLA draw down is expected to arrive for second phase of works.

There is a legitimate underspend from an original allocation granted for a historical project (**Gurdwara Way**), a proposal has been submitted to the GLA on which priorities to use this funding for London Road bus stand relocation.

9.5 **HRA Capital (Forecast to spend 57.2% of £49.0m budget)**

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

9.5.2 The new build scheme has been reduced to £2.5m and the estate renewal is currently budgeted at £8m. Estate Renewal is forecast to spend as per budget, but estate renewal is forecast to overspend by £1m to allow for forward programme buybacks that have agreed terms - final spend will be dependent on these completing.

Stock Investment Programme

9.5.3 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.

9.5.4 Delivery Agents (Be First, BDMS and My Place) have updated their forecast spend profiles and are projecting an overall spend of £17.95m against a budget of £38.5m. 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.

9.5.5 The partial lockdown in November and then lockdown since December has slowed some programmes further, although progress is being maintained wherever possible and some of the delayed external 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

9.6.1 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.

9.6.2 Projects include:

- 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.
- WOWNow (formerly known as NWow) – these costs related to the implementation of and move to Microsoft Teams, internet security and other associated costs.

9.7 Capital receipts

9.7.1 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 Chequers Lane Environmental Improvements

10.1 Approval is sought to include £421,319.80 in the capital budget for the Chequers Lane environmental improvements capital scheme which is fully funded by section 106 contributions from planning agreements relating to the area. Further details are set out below.

10.2 A number of s106 agreements totalling £421k relate to Chequers Lane (north of the station) and Dagenham Dock. Chequers Lane has been assessed and a package of works defined to improve the streetscape and quality of environment for its users. This includes some improved lighting around Dagenham Dock station, some hard and soft landscaping improvements and attractive artwork along hoarding lines which dominate the area and will do for a number of years. The hoarding can generate an oppressive feeling to the area but can be radically enhanced with

attractive artwork which reflects the area's heritage and creativity. We would work with artists to produce the hoarding artwork which would be able to be reused elsewhere in the area whenever the hoarding goes.

- 10.3 The area is subject to significant change with new development coming forward at Merriellands Crescent, the Council's 90 home scheme on the former Job Centre site and a potential scheme at Transport House coming to Cabinet in the near future. These s106 funded works would enhance the environment for the new residents as well as existing residents who use Chequers Lane to access the station. In Dagenham Dock there is scope to enhance foot and cycle connections through Dagenham Dock to Barking Riverside addressing some of the existing barriers which prevent access.
- 10.4 **s106 allocation:** This report seeks Cabinet approval to allocate the following section 106 amounts received which have already been approved by Assets and Capital Board and are considered to be in line with the requirements of the planning agreements. There are five contributions for public realm improvements, totalling £421k, that this report recommends allocating to be used to support the provision of environmental improvements at Chequers Lane and Dagenham Dock.

Planning reference	Site Address	Funding Requirements (wording of requirements in agreement)	Amount Received	Amount Requested for this Project
11/00399/OUT	Orion Park, Merriellands Crescent	Public realm improvements incl. to the streetscape along Chequers Lane	£100,000.00	£100,000.00
14/00948/CTY	Hope Cement	Green grid Improvements (public realm)	£194,740.80	£194,740.80
11/00460/FUL	East London Biogas	Green grid improvements (public realm)	£96,000.00	£96,000.00
14/00175/FUL	Gill Aggregates, Thunderer Road	Green grid improvements (public realm)	£5,485.00	£5,485.00
14/00456/FUL	Unit 14, Thames Gateway Park	Green grid improvements (public realm)	£25,094.00	£25,094.00

11. Leisure Centre Contract with Sports and Leisure Management Limited (SLM)

- 11.1 Following a Government order in response to the Covid-19 public health emergency, all leisure centres in the Borough run by Sport and Leisure Management Limited (SLM), under the Service Agreement between SLM and the Council of 2017, have been required to temporarily close to the public at various

times during 2020/21. The leisure centres are key Council assets which SLM manage on our behalf and in order to protect the employment of the staff and to ensure the continued maintenance of the leisure centre buildings in April and in July 2020 the Council agreed to provide financial support to SLM during 2020/21 to enable the re-opening of the facilities and ensure they are maintained until services return.

- 11.2 Since 2017 SLM have invested in building a new 50m pool in the borough as well as delivering both the agreed guaranteed income to the Council and increasing participation within the centres in line with the original contract. It is acknowledged that the leisure centres provide opportunities for social interaction and improving physical and emotional health for the wider community and under SLM's management, usage within the centres has risen from 1.48m in 2017 to 1.72m.
- 11.3 The closure of leisure centres has been one of the longest closures of the lockdown with only a small section of the hospitality sector being required to re-open at a point later than leisure services. This has had a negative impact on the financial performance of the contract and even with the proposed re-opening of centres in April, under the Governments recently announcement roadmap to lifting restrictions, there will continue to be impacts on financial performance for several years with usage and income not expecting to return to pre-Covid levels until at least 2024/25.
- 11.4 It is under these circumstances that a reduction in income to the Council from c£10m to c£6.5m over the remaining 7 years of the contract has been agreed in principle, in addition to a package of measures which will enhance the Council's share of any additional income. The components will comprise:
- (i) the waiver of the concession payment for the period of April 2021 - March 2022;
 - (ii) underwriting a capped sum to cover the operating cost for the period April 2021 - March 2022; and
 - (iii) a revised financial package for the remainder of the contract period up to and including 2027/28.
- 11.5 This variation will protect the significant investment that the Council has made to the facilities over the recent years; the continuation of the commitment SLM has made to increasing participation and enhancing the well-being of residents as well as secure the continued receipt of income under the Concession Contract until the end of the contract in 2027/28.

12 Financial Implications

Implications completed by Katherine Heffernan, Head of Service Finance

- 12.1 This report details the financial position of the Council and the risks and pressures arising in year for both revenue and capital expenditure.
- 12.2 The report also recommends the approval of a contract variation for SLM, the Council's Leisure provider. The potential maximum cost of this variation to the Council is £2.190m in 2021/22 – loss of £1.312m income and financial support/additional payments of £0.878m. This will result in a budget pressure to the council. It is expected that this will be partially offset by additional Government support including National Leisure Recovery Funding and compensation for lost

sales, fees and charges income. The details of the income compensation scheme in 2021/22 are not yet confirmed but in the 2020/21 financial year this provided for a maximum of 71% of any budgeted income lost.

- 12.3 The net residual loss will show as an overspend in the Council's budget and, unless offset by other underspends (which is unlikely) will require a drawdown from the Council's reserves. It will therefore need to be included in the Council's financial planning and monitoring from April 2021.
- 12.4 However the other options considered in this report are assessed as resulting in similar or worse financial outcomes in both the 2021/22 financial year and following years. Despite the poor performance during the Covid period, the contract overall will deliver an income return to the Council of around £6m over ten years.
- 12.5 If further assistance is required – whether additional amounts or an extension of the duration then another assessment of the case will need to be carried out and further approval sought.

13 Legal Implications

Implications completed by Dr Paul Feild, Senior Governance Lawyer, and Alison Stuart, Head of Law

- 13.1 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.
- 13.2 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.
- 13.3 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 these cost will facilitate grounds for seeking Covid 19 support funds.
- 13.4 In respect of the contract with SLM, the Council has power under s 19 of the Local Government (Miscellaneous Provisions) Act 1976 to provide sports and leisure facilities and assistance to others in providing them. It also has the general power of competence available to it under s1 of the Localism Act 2011.
- 13.5 The proposal in the report seeks to give financial assistance to SLM and vary the terms of the Concession contract let to it by the Council.

- 13.6 The Contract is subject to the provisions of the Concession Contract Regulations 2016 and reg 43 (1) (c) provides that these contracts can be varied provided:
- (i) the need for modification has been brought about by circumstances which a diligent contracting authority or utility could not have foreseen,
 - (ii) the modification does not alter the overall nature of the concession contract,
 - (iii) in the case of a concession contract awarded by a contracting authority, any increase in value does not exceed 50% of the value of the original concession contract;
- 13.7 There is a further provision in Reg 43 (2) that provides that the value calculation is aggregated over successive variations, so provided both this and the previous variation do not alter the contract value by more than 50% the variation is permitted under the regulations.
- 13.8 The Council must also consider whether or not the assistance given breaches state aid prohibitions which have been slightly modified by the Withdrawal Agreement. Government guidance issued at the beginning of the year in PPNs 01 and 02 20 suggest that support given due to the pandemic do not amount to State Aid but that it is for authorities to consider each case on its merits.
- 13.9 The Council must also consider its own Contract Rules and any variation must comply with Rule 58 (2) (c).

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

List of Appendices

Appendix A – General Fund Revenue budgets (period 10)

Appendix B – Capital Programme