Council Budget Monitoring Report as at 31st December 2020-21

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Report of	Corporate Director of Resources
Lead Member	Cllr Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Ahsan Khan, Head of Strategic Finance (Chief Accountant)
Wards affected	All Wards
Key Decision?	No

Summary

General Fund forecast £2.9m overspend

Dedicated Schools Grant (DSG) £0.1m overspend

Housing Revenue Account (HRA) forecast £1.5m underspend

Forecast position as overspend/(underspend)

£m	**Gross impact on General Fund**	Estimated COVID-19 non-ring fenced grants	Variance before reserve adjustments	Contribution to /(from) Reserves	Net impact on General Fund GF/DSG/ HRA
Children & Culture (GF)	6.6	(5.3)	1.3	0.0	**1.3**
Resources	21.6	(9.2)	12.4	(7.8)	**4.6**
HA&C	6.9	(2.4)	4.5	(0.8)	**3.7**
Place	12.0	(12.2)	(0.2)	(4.3)	**(4.5)**
Governance	1.0	(3.8)	(2.8)	(0.1)	**(2.9)**
Sub-total GF Services	**48.1**	**(32.9)**	**15.2**	**(13.0)**	**2.2**
Corporate and financing costs	**9.5**	**(5.1)**	**4.4**	**(3.7)**	**0.7**
COVID relief	0.0	(7.5)	(7.5)	7.5	**0.0**
General Fund	**57.6**	**(45.5)**	**12.1**	**(9.2)**	**2.9**
Ringfenced Items					
Dedicated Schools Grant			0.1	0.0	**0.1**
Public Health GF			0.0	0.0	**0.0**
HRA			(1.5)	0.0	**(1.5)**
Overall Position			**10.7**	**(9.2)**	**1.5**

**The estimated COVID-19 non-ring fenced grants include funding for both expenditure incurred and income foregone pressures expected on non-ring fenced Covid grants*

General Fund

The General Fund forecast position is a net overspend of **£2.9m,** a £3.2m deterioration on the P8 forecast. There is an underlying overspend of £15.2m in services (before contributions from reserves of £13m) and there are significant savings to be delivered in 2021/22, so strategically these are very challenging circumstances. Any overspend at the year-end will have to be financed from reserves and to note that the reserves position remains uncertain pending the delayed closure and audit of the Council’s accounts for the period 2016 – 2020.

Covid-19

The Council’s response to the pandemic continues to overlay considerable complexity and uncertainty to forecasting, given that the financial impact ranges from additional expenditure requirements, increases in demand from vulnerable clients, consequential losses of income, unachievable savings and for services having to work differently. The forecasting in this area is also affected both by the unknown length of the emergency and indeed the extent and depth of any consequential recession.

To date the government has provided total non-ringfenced grant of £38.1m (tranches 1-4), of which £0.1m was utilised in 2019/20. In addition, the Government will reimburse a proportion of income foregone, estimated at £7.6m. The total relief for 2020/21 is, therefore, estimated at £45.6m. This exceeds the estimated gross costs by £7.5m in the General Fund (including the DSG COVID-19 pressure of £0.1m).

There are ongoing reviews of service expenditure for the remainder of this, and next, financial year which is likely to result in eligible expenditure that may be chargeable against the Covid relief grant. Thus the £7.5m will be used to mitigate against the anticipated pressures from the on-going pandemic for the remainder of this financial year and future years. Further details of Covid-19 related costs are detailed in section 10.

Collection Fund

This forecast currently does not allocate any of the non-ring fenced Covid grant to the forecast LBTH share of the estimated Collection Fund deficits for Business Rates (£10.2m) and Council Tax (£4.4m).

Dedicated Schools Budget

After the application of the COVID-19 grant, the forecast overspend is £0.1m. This will increase the brought forward cumulative deficit of £11.1m to **£11.2m** into 2021/22. A mitigation plan is being developed by the Council to address pressures on the Dedicated Schools Budgets and the cumulative deficit.

HRA

The HRA is forecast to underspend by £1.5m.

Children and Culture

2.1

Forecast overspend £1.3m General Fund

Forecast DSG overspend of £0.1m

	Forecast Variance		
£m	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution to /(from) Reserves
Children and Culture (GF)	1.3	1.3	(0.0)
Children and Culture (DSG)	-	0.1	(0.1)

The general fund is projected to be overspent by a gross £6.6m, an improvement of £0.1m on the position reported at P8. This position is before any relief for COVID-19 has been applied. This forecast includes the impact of Covid-19 is estimated at a £5.3m pressure as at period 9, resulting, therefore, in a net GF position of a **£1.3m overspend** separate from the impact of Covid-19, this is an improvement of £0.3m on the position at P8.

The gross overspend is as follows: Children's Social Care £0.4m, Education & Partnerships £1.7m, Youth Services & Commissioning £1.6m, Sports, Leisure and Culture £2.5m and Children's Resources £0.4m. The position after Covid costs are taken out is as follows: Children's Social Care -£0.1m; Education & Partnerships -£0.3m core revenue but £1.3m school closures and amalgamations; Youth & Commissioning £0.5m; Sports, Leisure and Culture £0.

The heightening Covid-19 position has meant that uncertainty remains in a number of services, where there had been an expectation that income sources would return and pressures on expenditure reduce, however forecasts are now looking at this pressure continuing for the remainder of the financial year. . Work continues to review all the spend and lost income badged as due to Covid-19 in order to ensure that none of this will create ongoing pressures in 21/22.

Budget savings for 2021/22 are still being reviewed as are possible savings for the remainder of this financial year and early opportunities to bring savings forwards. It is anticipated that this work will begin to realise further reduction of the current overspend in the remainder of the financial year.

The positive trend in reducing the overspends in respect of core revenue spending relates to a number of strategies including:

- Recruitment freeze of all non-essential posts
- Earlier closure of locum contracts
- Review of all non-essential spend
- Tight control of demand costs
- Review of all commissioning spend
- Maximising all opportunities for income
- Understanding the relationship of spend in areas such as placements and Section 17 spend with the current Covid Position
- Review of statutory and discretionary services and the potential for further income from Schools

The DSG is projected to be overspent by a gross of £0.25m before any relief of COVID-19 has been applied. There is a Covid-19 pressure of £0.1m within the High Needs Block.

Details of the significant variances on the General Fund are shown below:

		£m	Forecast variance commentary
Children's Resource		**£0.4m**	
Covid Spend £0.4m			This pressure is as a result of Covid Spend and will be funded from the grant received from government. This pressure is as a result of Covid Spend covering PPE costs and other Covid related costs and will be funded from the grant received from government.
Children's Social Care		**£0.4m**	
(i)	**CSC - Staffing £0.3m**		The division continues to work to reduce the previous reliance on agency staff. This work has been effective in reducing overall cost but there is still work to do in relation to some Group Manager and Team Manager posts within the Assessment and Intervention teams. There has continued to be good progress with the number of permanent newly qualified Social Workers starting within the Social Work Academy and we have seen agency contracts terminated and started realising savings showing a significant improvement of the previous month's forecast.
(ii)	**CSC - Looked After Children (LAC) Placements (£0.5m)**		LAC placements are forecast to underspend by £0.5m. Despite the pressures of lock-down, CIC numbers remain steady and in line with previous years.
(iii)	**Leaving Care Placement-change (£0.4m)**		This service is currently reporting an underspend position of £0.4k. This is due to a realignment of the young person database and identifying some areas which need strengthening, this work continues to be done to ensure a clear forecast on the final outturn position.
(iv)	**Section 17 £0.3m**		This overspend is related to Covid-19 and is linked to increased demand of no recourse to public funds claims. This appears to be driven by families that previously had income via the "off the books" hospitality/fast-food sector no longer having income due to lockdown. The position here continues to be improved – due to tighter grip on non-essential spend.
(v)	**Disability Services Direct Payments and Family Support £0.4m**		There is a forecast pressure of £0.4m for Direct Payments where there has been an in-year increase in the hourly rate paid for all direct payments. Some of the pressure is offset by an underspend in Short Breaks, the service would benefit from a clear realignment of the budget.
(vi)	**General Non Staffing expenditure £0.3m**		Several areas showed an underspend in 2019/20 due to invoices being received late and not recorded in the correct period. This has meant that costs relating to 2019/20 have been met this year on top of the costs for 2020/21. This pressure has emerged as costs have accrued over the year.

Youth Services and Commissioning	**£1.6m**	
(i) Contract Services £2.0m		The pressure in contract services remains challenging. Whilst the return to school has meant the number of meals provided has increased, the ongoing closures of year group bubbles has meant short notice reductions in the number of meals taken at the same time as there has been an increase in the number of temporary staff required to cover staff who are self-isolating. Options for the future delivery of Contract Services continue to be reviewed to maximise the service whilst minimising the budget impact, for both the remainder of this Financial Year and for the budget for 2021/22.
(ii) Children's Centres (£0.4m)		Children's Centres are forecasting to underspend by £0.4m through tightening on non-essential spend and reduced use of centres during periods of restriction. Further review of current costs whilst the centres are being utilised less could realise future months savings
(iii) Professional Development Centre £0.2m		Whilst there was a structural deficit problem for 2019/20 the position has worsened with the effect of Covid -19 and income not being generated. Future options for the ongoing use of the PDC as a building are currently being explored by the Division and these will be presented, as part of the Contract Services' restructure, to Children's DLT in Q4 (2020/21).
(iv) Early Help Services (£0.3m)		This underspend relates primarily to staffing.
Sports, Leisure and Culture	**£2.5m**	
(i) Arts, Parks and Events £1.3m		Income for filming, Victoria Park Arts and Events are all severely affected by Covid-19. No income for filming has been forecast and the income forecast for Victoria park has been prudent. The AEG income of £1.3m has remained forecast as unrecoverable and is included in Covid-19 related lost income. However, negotiations are underway as an offer has been made by AEG. £0.3m saving is included in the position with the cancellation of the annual fireworks and Mela events.
(ii) Sports and Physical Activity £0.8m		There is a forecast pressure in Sports and Physical Activity of £0.9m, mainly due to the management fee support provided to the leisure provider GLL and Poplar Baths driven by Covid-19 and agreements to support loss of income by the providers. Discussions are underway with GLL to consider further support after Covid-19 restrictions have once again forced leisure centre closures.
(iii) Community Language Service £0.4m		The pressure of £0.4m has arisen as savings were attributed to this budget as the service was due to be restructured. This restructure was delayed and staffing costs are now forecast till December when staff will leave the service.

Education and Partnerships	£1.7m
Loss of Income from School SLAs £0.8m	A pressure of £0.7m has arisen as a result of the loss of SLA income from Schools. This is made up of Support for Learning Service (£0.2m), Parental Engagement and Support (£0.2m), School Governance (£0.1m), Arts and Music Service (£0.1m), Safeguarding Services (£0.1m) and Schools Library Services (£0.1m)
Closure of Raines School and the amalgamation of Guardian Angels and St Anne's schools £1.2m	The expected General Fund pressure from the closure of Raines School and the amalgamation of Guardian Angels and St Anne's schools, resulting is forecast pressure of £1.2m, final reconciliation of these school costs will be in month 10 following exploration of opportunities to offset against DSG.
SEN Transport Services (£0.4m)	Whilst SEN transport continues to be a pressure, during lock down the use of Vehicle hire (taxis) reduced and a £0.4m saving was recognised.

The Dedicated Schools Grant (DSG)	£0.1m	The key impact on the DSG is the significant overspend in the High Needs Funding Block element.
High Needs Block (HNB) Plus £11.782m deficit from 2018-19 and 2019/20	£0.1m	The position remains improved with high needs currently being forecast as a small in year overspend of £0.2m, £0.1m adjusted for Covid costs. High needs continues to be a volatile budget and whilst the budget is showing a strong in year position the accrued deficit of £11.782m will need to be addressed over a number of years.
Early Years Block (EYB)		The Early Years Block had seen an increase in its funding and is now reporting a breakeven position after the application of funding to remove the deficit from 2019/20. However, an announcement on December 17th indicated a return to participation funding for all providers that could push forward a pressure on this term's budget.

Resources

Forecast overspend of £4.6m, after reserves drawdown

	Forecast Variance		
£m	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution to /(from) Reserves
Resources	4.6	12.4	(7.8)

The Resources directorate is forecasting a £4.6m overspend due to housing benefit costs, following assumed Covid-19 funding and expected drawdown of £7.75m from reserves. The reserves drawdown consists of £7.0m from the ICT Transformation Reserve, £0.4m for the Finance Improvement Team from the Transformation Reserve and £0.35m from the insurance reserve.

Details of the areas of overspending and mitigations are summarised below.

	£m	Forecast variance commentary
Benefits Service Temporary accommodation costs above grant level	4.6	Housing Benefits forecast overspend of £8.9m, based on current activity level before any other grants have been applied above the housing benefit grant. This forecast overspend is due to temporary accommodation costs and increased demand due to the pandemic and its economic impact on the level of housing benefit claims. The situation will need to be kept under constant review as the economic impact of the pandemic and the government response to local government funding requirements unfolds. Funding sources could include the non-ringfenced Covid-19 emergency grant and specific government grants for homelessness and rough sleeping to support the £4.3m increase since 2019-20. The 2020-21 Benefits service – centralisation of assessments – service review and restructure saving of £0.6m has been delayed due to needing to facilitate grant payments and new business rates reliefs relating to the Covid-19 pandemic and a significant increase in the number of residents submitting new claims for Council Tax Reduction. Replacement funding of £0.6m from the Covid-19 emergency grant is requested to meet this short-term pressure in 2020-21. The extra £40k impact from pay inflation of £2.75% compared to the central MTFS budget assumption of 2% is being offset in 2020-21 through employees paid on spinal points lower than the budgeted top of grade. Improved Recovery of Housing Benefits Overpayments saving (reference SAV/ RES 01 / 18-19) in 2020-21 of £0.5m will not be achieved in 2020-21 due to the economic impact of Covid-19 and this savings slippage is therefore requested to be funded through the Covid-19 emergency grant. As well as the main Housing Benefits Administration Grant, the Benefits Service has also historically received adhoc grants from government departments, such as from the DWP for participation in pilot schemes. Due to the Covid-19 pandemic, these other grants have not been available in 2020-21 resulting in an income pressure of £1.115m which is requested to be funded through the non-ringfenced Covid-19 emergency grant.

Human Resources Phase 2 review slippage	0.4	Savings slippage on phase 2 of the RES001a/17-18 Human Resources saving of £0.7m. This saving is being requested through the 2021-24 MTFS budget setting to be re-profiled to 2023-24. In 2020-21 this saving is being partially mitigated through temporary vacancies and reductions in non-pay expenditure (£0.3m). The forecast includes an impact of £27k from pay inflation above budget and £19k for changes to staff terms and conditions. The 2020-21 HR Services - Additional Staffing Efficiencies saving of £0.1m has been achieved. Covid-19 grant funding of £83k is requested for 2020-21 for extra staffing costs relating to co-ordinating key worker information, monitoring and managing the Coronavirus inbox, managing redeployments, collating health and wellbeing information for key workers, and supporting managers with increased staff absences for muscular skeletal, mental health and Covid-19 issues.
Business Support Phase 2 review slippage	0.3	The forecast overspend relates to savings slippage which will be actioned in Phase 2 of the business support review. The forecast includes the impact from pay inflation above budget (£86k) and for changes to staff terms and conditions (£30k).
Customer Access	-	Customer Access is forecasting a breakeven position in staffing, outside of a £30k overtime pressure for Covid-19 work, for 2020-21 due to staff being on lower spinal points in grades (budget set at top spinal point) which is mitigating the unachieved 2020-21 Additional Local Presence Efficiencies saving of £0.3m in 2020-21. The forecast incorporates the extra pay inflation cost above budget of £73k and staffing terms and conditions changes of £37k. It is requested that Covid-19 grant funding is provided to fund the £30k overtime costs caused by pandemic work carried out in the Customer Contact Centre and Idea Stores. Customer Access model savings slippage in 2019-20 of £0.9m has now been achieved for full year effect in 2020-21. Idea Stores have a budget pressure from lost income relating to room hire, currently the service hope to mitigate this from underspends in other areas. Idea Stores Learning has lost £218k income from adult community learning classes due to Covid-19 for the period April to November. The Council has submitted claims to MHCLG for reimbursement of £165k, based on the guidance which does not allow claims for the initial 5% of lost budgeted income and reimburses 75% of the remaining lost income. This demonstrates a shortfall in reimbursed income of £53k for April to November, and will be monitored going forward as we return to business as usual to see if there are further income losses in 2020-21. The non-reimbursed income pressure is being offset through expenditure efficiencies.
Finance, Procurement and Audit	-	A breakeven position is forecast, following the expected drawdowns of £0.4m from the transformation reserve for the Finance Improvement Team and £0.35m from the insurance reserve for insurance related costs. The Council has committed to continue with its improvement journey following issues highlighted in the ongoing audits of the Council's accounts for 2018-19 and 2019-20. It is anticipated a further £1m will need to be drawn down from the Transformation Reserve in 2021-22 to fund the completion of the improvements. This sum has been taken into account in the forecast Council reserve levels going forward. The breakeven position includes £82k extra staffing cost of pay inflation

		above budget and £34k from terms and conditions changes. The 2020-21 saving for Internal Audit – Streamline Management and Explore Shared Service Options (£50k) is being achieved in 2020-21 through holding vacancies, and will be permanently achieved in the future Finance, Procurement & Audit review of the 2019 restructure.
Information Technology	-	Breakeven forecast position, including £33k extra pay inflation cost above budget and £19k from terms and conditions changes which are being offset through vacancies. Infrastructure improvement costs will be funded by a drawdown from the ICT transformation reserve (circa £7.0m). Regarding the 2020-21 ICT savings of £0.2m, the telephony IVR rationalisation saving of £0.1m has been achieved. The rack rationalisation has been delayed due to supporting the Covid-19 BECC and will achieve part-year savings of £0.04m in 2020-21. Efficiencies in contracted services will meet the short-term £0.06m savings delay pressure in 2020-21. The pandemic has slowed down the end user computing migration (as low as 40 employees per week in March compared to 300 per week) and this has created extra costs of £0.8m for staffing and prolonged retention of legacy systems (licences, maintenance and support). Funding of £0.8m from the Covid-19 emergency grant is requested to meet this 2020-21 pressure.
Revenues Service	0.2	Covid-19 has had a significant impact on the staffing levels required in Revenues Services for administering Council Tax, Housing Benefits and Council Tax reduction claims. The 2020-21 extra cost is estimated at £1m demonstrated by £0.8m direct staffing costs and a £0.2m commissioned contract for external processing support. The government has announced that it will provide Additional Burdens Funding for administration of the Covid-19 business grants schemes, Local Restriction Grants and the Council Tax Hardship Fund. Allocations have not been announced however it is estimated that this could be circa £0.5m to fund extra staffing time and any required system changes. It is requested that the additional administration costs not met by Additional Burdens Funding, estimated at £0.5m, are funded by the non-ringfenced Covid-19 emergency grant. The Council has increased the use of self-service options for the payment of bills by residents. This has successfully aided the achievement of staffing savings, however the increased bank transaction fees for card payments online and by touchtone phone has created a £0.2m pressure against the collection charges budget. Enforcement activity to recover debts through the courts has been suspended during the Covid-19 pandemic and this has created a £1m under-achievement in court costs awarded income, which is requested to be funded through the non-ringfenced Covid-19 emergency grant.
Programme Management Office and Central Resources	(0.9)	Programme Management Office forecast staffing underspend of £0.45m (including £17k pay inflation cost above budget and £5k cost from changes in terms and conditions) and central resources forecast underspend in third party payments of £0.45m. Covid costs of £80k are requested to be funded through non-ringfenced Covid emergency grant monies, being £68k for BECC staffing, £7k for London GOLD contribution and £5k for communication mailouts. The Department for Business, Energy & Industrial Strategy has provided a Christmas Support for Wet-led Pubs Grant of £1k per eligible business. These grant payments to businesses commenced in January and the current estimate is £100k of cost which will be reclaimed from BEIS.

Health, Adults & Community

2.3

Forecast £3.7m overspend on the General Fund

Public Health breaks even

£m	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution to / (from) Reserves
	Forecast Variance		
HA&C	3.7	4.5	(0.8)
Public Health	-	0.0	0.0

The Adults, Health and Community Directorate forecast outturn for 2020-21 at period 9 is for a £3.758m overspend after accounting for a drawdown of £0.76m from reserves to fund the Partnership Taskforce. This is an increase in the forecast compared to Month 8 of £0.1m. Additional staffing costs relating to the Tower Rewards implementation were included in the forecast from Month 4. The forecast position is net of Covid19 related expenditure of £2.417m which is assumed to be fully funded through corporately held government grants. A full review of Covid-19 expenditure being incurred and recharged to the CCG has been undertaken, in line with the NHS Discharge Guidance and the projected income from the CCG for 2020/21 is estimated to be £4.343m. The main challenge remains around the demand for and cost of services within Adult Social Care. The main variances are summarised below.

The 2020/21 budgets include £2.55m of savings, including £0.78m of savings from 2019/20. The directorate is forecasting to achieve £2.165m (84%) of these savings in 2020/21, though these savings contain a range of risks to delivery.

A recovery plan is in place to address the budget pressure and is regularly reviewed – this includes stringent reviews of the cost of all new placements and existing placements, recruitment/agency controls and no non-essential expenditure. There is ongoing work to track progress against the recovery plan (robustness of data remains a concern in this regard) and also to identify further savings opportunities if possible. Progress in delivering the recovery plan has yet to make a material impact on the forecast outturn. Agency staff has already been reduced and is under further review – some critical front-line roles in adult social care still require cover by agency staff at this time however all posts are now out to permanent recruitment following a restructure.

There are a number of risks across the directorate through demand and price pressures. The ongoing impact of the Covid-19 pandemic continues to affect demand for services and have a financial impact on service providers' operating costs and their risks of financial viability. We are seeing an increase in complexity of cases when people are being assessed, resulting in more costly packages, more 1-1 support, in part due to the impacts of the extended and ongoing disruptions to regular routines and not seeing loved ones in care settings. We are also unaware of the true impact of those who may not have sought support or not visited hospital as usual, and expect as these people present that demand subsequently rises, with an impact due to care being delayed on the continued reluctance to engage with the health and social care system. The ongoing impact on social care due to long-Covid is still to be assessed, as is the associated mental health impacts of continued lock-downs.

Details of the main areas of overspending and mitigations are summarised below:

(in numerical descending order)

Forecast variance commentary

Adult Social Care & Integrated Commissioning
Forecast overspend variance £4.119m (£0.087m increase on Period 8)

The forecast outturn variance is a £4.119m overspend against a net budget of £101.40m (4.0% overspend) a small increase of £0.087m compared to P8.

The forecast overspend is caused by ongoing demand pressures across all service areas and underlying price pressures on placements/care packages. The council supports approximately 3400 people across all types of care. These overspends are a continuation of the pressures seen and reported in previous years. Similar pressures in adult social care budgets are reported by authorities nationally. An independent review of budgets, expenditure, savings and future projections has been commissioned.

The main pressures in the forecast at P9 continue to be reported on ASC Care Packages. However, these are offset by savings elsewhere, primarily on Employee Costs in the Directorate.

ASC Care Packages (£4.938m forecast overspend, £0.542m deterioration over P8)
This reflects a continuation of the underlying financial position as reported in the 2019/20 outturn. Demand for services and unit cost for the services exceeds the available budget. The cost of all new placements is strictly controlled and all existing high cost packages are being reviewed. As we review all care packages using strengths based approaches, some service users, carers, providers and stakeholders are raising concerns about changes to support arrangements – this is inevitable as we try to draw more on universal and community support and increased short-term services with a reablement focus.

Care support plan assurance meetings (CSPAM) are held on a weekly basis to review new placements and challenge the costs of existing placements that are subject to regular review. CSPAM Tier 1 consider all packages where the cost of care packages exceeds £500. Since the 1st of April CSPAM tier 1 has considered 347 cases, 102 of the cases resulted in an approved increase, 91 resulted in a decrease and 134 remained the same, with a further 20 were new placements. Excluding new placements the financial impact was a net weekly increase of £10,341. CSPAM tier 2 considers cases below £500. In the period from 1st of April to date some 306 cases have been considered, 99 resulted in an agreed increase, 133 were reduced, 52 remained the same and 22 were new placements. The financial impact of CSPAM tier 1 and 2 is summarised in the tables presented below:

CSPAM Tier I Summary	No. of clients	Change in weekly cost	Full year impact
Increase	102	44,911	2,341,664
Decrease	91	(34,570)	(1,802,483)
No Change	134	0	0
TOTAL	**327**	**10,341**	**539,180**
NEW clients	20	17,248	899,317

CSPAM Tier II Summary	No. of clients	Change in weekly cost	Full year impact
Increase	99	9034	471,031
Decrease	133	(24,475)	(1,276,105)
No Change	52	0	0
TOTAL	**284**	**(15,441)**	**(805,074)**
New	22	1,965	102,477

The outcome of weekly CSPAM meetings is fed back to social care and commissioning staff, where social care practise may need to be refined and improved and where there is a lack of capacity in certain sectors that integrated commissioning needs to address.

The key areas of overspend for placements budgets are as follows:

Learning Disability services is currently forecasting an overspend of £2.420m, a £0.142m deterioration over period 8. The level of overspend exceeds the savings that the service needs to achieve through the Supporting Independence programme. There are significant pressures on the service from transition of young people from Children's Services. With an assumption that these part year costs will be c£1.2m in the current financial year. In addition, lockdown has presented significant challenges for many families/family carers of people with learning disabilities. High cost packages are being reviewed as part of the recovery plan and in the medium to long-term we continue to focus on developing more local options for independent living with support. The cost of packages of care and placements is also an area of focus. A further iteration of the recovery plan, specific to learning disabilities is being articulated. Overall placement numbers have not materially changed over the course of the financial year to date.

The costs of supporting young adults with a Learning Disability can be extremely expensive where the current average cost of a residential placement is in excess of £1,779 per week and a Supported Living placement approaching £1,150 per week.

Mental health services are currently forecast to overspend by £1.390m a slight improvement of £0.025m over period 8. This includes support for those of working age and support for those over the age of 65 including those with dementia. A further iteration of the recovery plan, specific to mental health has been articulated. Over the course of the year to date there has been a small reduction of placements for those aged 65+ (227 down to 222) but an increase for younger adults from 312 to 350. Any continuation of the trend in placements for younger adults could lead to further budget pressures.

There is an a £1.706m overspend in Physical Disability services, a deterioration of £0.170m from period 8, mainly in direct payment client costs. All packages are being reviewed under the **Care and Support Planning Assurance Meetings** (CSPAM) by looking at alternative provision that meets needs whilst bringing down overall cost of the service. In terms of placements, the number of older adults shows a net change of 17 fewer placement since April but the number of younger adults has increased by 28 in the same period.

Other (£0.701m forecast underspend, an improvement of £0.464m from P8)
An improvement forecast position on staffing budgets where a corporate contribution to the costs of the national pay award has led to an increase in the budgets and the moving of miscoded expenditure. A continuing underspend in the recharge for transport costs is being realised as day opportunities remain closed.

Income (£1.177m forecast shortfall, £0.041 deterioration from last month)
Income from joint health funded placements is forecast to be lower than budgeted. This is a concern which requires further investigation with partners. There are risks associated with changes in guidance on hospital discharges during the latter part of 2020 – this could reduce the level of NHS funding available post admissions and may increase cost pressures in Adult Social Care. In addition, the assessment process for Continuing Health Care (CHC) has recommenced (although may again be suspended) – it is essential that those entitled to assessments for CHC are supported through this process in order to access free NHS care where they are eligible for this due to the level of their needs.

Integrated Commissioning (£1.295m forecast underspend, £0.009m deterioration compared to P8)
The majority of this underspend relates to a recent restructure saving of £202k, delays in recruitment, staff vacancies and allocation of BCF funding held in Integrated Commissioning, where expenditure is incurred in Adult Social Care.

Community Safety
Forecast underspend of £0.361m (£0.02m deterioration on Period 8)

The forecast outturn variance is a £0.361m underspend against a net budget of £5.734m, a small deterioration of £0.027m compared to P8.

A recovery plan is in place to address an overspend which was identified at the start of the year (relating to the costs of operating the CCTV service) which has brought the financial position back on target and this month has seen a further improvement as a result of a forecast reduction in the operational costs for CCTV.

There is also an improvement in the forecast position for Drug and Alcohol Action Team where latest information suggest that the costs of prescribing could be lower than previously forecast. Risks remain with this forecast as the demand for this service does fluctuate.,

The agreed recovery plan contained a list of proposals totalling £560k as set out below

Savings Area	Value £'000
Reduce CCTV Operator hours	161
Negotiate Charter Management Fee	16
Reduce camera maintenance	100
Hold ASB post vacant	53
Hold Partnership Task Force vacancies / stop funding	200
Income Generation	30
Total	**560**

		Progress has been made against each of the savings areas with the amounts RAG rated green totalling £530k, but there is a low likelihood that the remaining £30k will be delivered. The reduction in camera maintenance is having an impact on the number of cameras in use with a greater number now inoperable. The project is underway to acquire replacement digital cameras which are due to come on stream from 2022. The additional costs of Tower Rewards and Pay Award have been factored into the forecast.
Public Health Breakeven position forecast	-	It is currently forecast that the Public Health grant will be fully utilised in 2020/21.

£m	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution to /(from) Reserves
	Forecast Variance		
Place	(4.5)	(0.2)	(4.3)

The Place Directorate is forecasting to underspend by £4.5m after adjustments for reserve movements and COVID-19 funding. Significant underspends have been forecast within Housing & Regeneration and Public Realm, with smaller underspends in Planning & Building Control and Growth & Economic Development. Property & Major Projects is overspending, primarily as a result of rent loss at Jack Dash House. This represents an adverse movement of £1.1m when compared to the previous reported forecast, primarily as a result of one-off costs that are going to be incurred clearing fly tipped waste on public highways at Ailsa Wharf.

The Directorate is budgeting to drawdown £4.3m from reserves to support specific activities, the use of which has been projected in the forecast above.

- Waste Mobilisation (Transformation reserve) £0.5m
- Mayors Tackling Poverty Reserve £2.1m
- Flexible Homeless Support Grant Reserve £1.1m
- PRS Grant Reserve £0.1m
- Building Control Trading Account Reserve £0.1m
- MPG (Incentivising Recycling on Estates) £0.4m

The Place Directorate has been significantly impacted by COVID-19, with income being reduced primarily in Public Realm and Planning and additional costs within Housing and Growth & Economic Development. An assumption has been made that all directly attributable costs and income will be fully recoverable through Government funding with the exception of rent holidays for community groups, as these were local decisions and therefore cannot be reclaimed.

The gross forecast for the Place Directorate is a £16.6m overspend before any Government funding is applied for COVID-19 and budgeted reserve drawdowns. Direct costs and income loss attributable to COVID-19 across the Place Directorate total £16.8m and assuming this will be funded in full from Government grant results in an underspend of £0.2m before any budgeted reserve drawdowns. After budgeted reserve drawdowns of £4.3m the Place Directorate is forecasting to underspend by £4.5m from its business as usual activities.

The Directorate has £3.1m of savings targets in 2020/21. Although there is an additional risk of non-delivery as a result of COVID-19, it is currently felt that they will be delivered with the exception of £0.1m for a saving relating to the in-sourcing of THH which will be written off corporately. The impact of the savings proposals is included within the forecast for each division.

Property & Major Programmes
Reduction in income from occupation of Jack Dash House; Security costs on void properties; Recovery of costs relating to Architects; Increased lease costs for Mulberry House; Increased business rate costs on buildings; rent holiday for commercial properties

1.3 ***Property & Major Programmes (£1.3m Overspend)***

The Property & Major Projects division is forecasting a gross overspend of £1.9m. This includes a total of £0.6m of COVID related cost and lost income, being offset by the general Covid grant or through the income recompense scheme. This results in an overspend of £1.3m from business as usual activity. There are a number of factors contributing to the business as usual overspend that are detailed below.

Facilities Management (£0.1m Underspend)

An underspend against postal costs of £0.1m where new ways of working are reducing the volumes of postage and a reduced contract cost

The new Town Hall revenue budget is forecasting an underspend of £0.1m. The majority of costs being incurred at present are being capitalised, resulting in the underspend. Nearer to completion further revenue costs will be incurred so there is an ongoing need for this budget.

There is a £0.1m pressure relating to security costs for a void property (Bromley Hall School) that has transferred to Property and Major Projects from Children's services without any budget adjustment as the property was previously funded from the education basic needs grant.

COVID related costs totalling £0.4m are projected to be incurred to make buildings COVID secure, additional cleaning, signage, hand sanitiser and PPE purchases. It is assumed that this amount will be offset against the government grant received and will not impact on the divisions outturn position.

Loss of £0.1m income within the events team from hire of buildings as a result of COVID and the buildings being closed during lockdown. This will be recovered through the fee and charge claim to MHCLG and has a nil impact on the outturn position.

Capital Delivery Team (£0.2m Overspend)

The Architects team budget to recharge their costs on a cost-plus basis. However, the income target assigned to the team is unlikely to be achieved as a result of the capital programme to date being in abeyance with little scheme development and the majority of work completed relating to the internal capital programme where time is recharged at cost. Work is ongoing to mitigate this pressure from within Capital Delivery.

Asset Management (£1.2m Overspend)

A reconciliation of the Agresso finance system and the TF Cloud asset management system has identified rental income of £0.4m relating to general fund properties that have been leased to third parties. Historically this income has been coded incorrectly to the HRA rather than the CLM rents. There is no general fund budget for these rents.

A pressure of £1m resulting from loss of rent following Tower Hamlets Homes move from Jack Dash House in July 2018. This is an ongoing budgetary pressure that will only be part mitigated once the building is occupied. At present several organisations are renting floor space within the building but rental income is low as the leases come with a rental holiday of up to a year. There is also further interest in leasing the vacant floors and negotiations are ongoing.

The Asset Maximisation Board is working to mitigate this pressure and to deliver future savings targets. Although occupancy will increase over the months ahead, organisations will only enter into lease agreements if a one year rental holiday is given, which will mean any mitigation will be delayed.

		Even if the building is fully occupied there will be an income shortfall of £0.3m A budget pressure of £0.3m on business rates where there has been an increase in the multiplier over several years. These increases are not included in the MTFS. A pressure of £0.8m relating to rents and service charges paid by the Council. The lease for Mulberry Place has increased from £2.8m to £4m per annum as of July 2020. No growth bid was included as part of the 2020/21 budget setting process, creating a pressure. This pressure has been partly mitigated through other savings, reducing the impact to £0.3m. An MTFS growth bid will mitigate this pressure in future years. There is a forecast loss of rent of £0.1m following the decision to give community groups a three-month rent holiday as part of the Council's response to COVID-19. This is a local decision and therefore cannot be recovered through the income loss claim to MHCLG. It is therefore assumed that this cost will be met from the COVID emergency grant funding as approved by an Individual Mayoral Decision on 17th April 2020 and will have no impact on the outturn position.
Resources	-	***Resources (Nil Variance)*** There are no material variances forecast within this area.
Planning & Building Control Reduced fee income in relation to Planning and local land charges; vacant posts; Planning appeals relating to Bell Foundry and West Ferry Printworks;	(0.4)	***Planning & Building Control (£0.4m Underspend)*** Planning & Building Control is forecasting a gross overspend of £0.4m against budget. This includes a loss of income of £0.7m directly attributable to reduced activity as a result of COVID-19 and £0.1m of reserve funding to offset the forecast overspend within the traded building control account. After making these adjustments there is a forecast underspend of £0.4m from business as usual activity. *Salaries (£0.6m underspend)* There are salary underspends across the Division projected at £0.6m. There are vacancies within Building Control (general fund and trading), Development Management, Application Support, Local Land Charges and Infrastructure Planning. Development Management is largely funded by planning fee income, and the under recovery of income set out below is being managed through the vacancies in this area. *Income (Nil Variance)* There is a savings target of £0.1m relating to new fees for Planning Performance Agreements. There has been significant interest for this service to provide a more personalised journey through the planning process and large developers have signed up for the service. It is forecast that the full two-year saving of £0.2m will be delivered in the current financial year, resulting in additional income of £0.1m. Planning Performance Agreement income is projecting a further underspend against budget of £0.2m on top of the saving detailed above. Demand for this service is above budgeted levels. Based on current projections, planning fee income is forecasting to under recover by £0.5m against budget. Planning income reduced by £0.4m as a result of delays in developers bringing forward sites for planning consent due to COVID-19, however we are seeing some big sites that had stalled

		during the summer coming back in again for pre-app. It is assumed this shortfall will be reclaimed as part of the COVID income, resulting in a forecast overspend of £0.1m. The mood within the industry is less confident post COVID-19 with some developers nervous to develop as a result of financial pressures. This will be monitored throughout the year to identify the impact on income streams. Income relating to land searches reduced by 60% from April to June as a result of the impact of COVID-19, with the number of house sales significantly falling, resulting in an income shortfall of £0.2m. Relaxing of stamp duty post COVID has encouraged more house sales and land searches have returned to pre-COVID levels. It is assumed that this income shortfall will be recovered through the Council's COVID income grant claim, resulting in no variance against budget. Building Control General Fund income is projecting a shortfall of £0.2m against budget. The shortfall results from competition for work from the private sector. *Other Costs (£0.2m Overspend)* LBTH can offset directly attributable costs against Mayoral CIL (MCIL) up to 4% and Tower Hamlets CIL (THCIL) up to 5%. Projections indicate that the Council will receive more CIL income in year than initially expected and as a result the amount of expenditure charged against it will increase, resulting in a forecast underspend of £0.2m against budget. The Secretary of State has called in planning decisions at the Bell Foundry on Whitechapel estate and the Chest Hospital. It is estimated that the appeals will result in costs of £0.2m for which there is no budgetary provision. The Council has received notification that the enquiry on Westferry Printworks is going ahead and as a result the Council will incur further costs. The original appeal cost £0.5m. It is assumed costs will be lower this time and it is prudent to include £0.2m as a projected cost at this stage. Progress will be monitored over the months ahead and the forecast adjusted accordingly. *Building Control Trading Account (nil variance)* The Building Control Trading Account is projecting to outturn with a £0.1m overspend against budget. There is a £0.3m forecast pressure on income as a result of reduced service following COVID-19 and competition from the private sector which is being offset by vacancies (£0.1m) within the service. £0.1m of the income loss is specifically COVID related and will be reclaimed through the income loss recompense. The Building Control trading account has a net nil impact on the general fund. The overspend will be mitigated by a £0.1m drawdown from the earmarked reserve at year end. There are sufficient funds held within the reserve to meet this budget shortfall.
Growth & Economic Development Vacant posts within Economic Development; reduced use of apprenticeship scheme	(0.7)	***Growth & Economic Development (£0.7m Underspend)*** The Growth & Economic Development division is forecasting a gross overspend of £2.3m. This includes a pressure of £3.2m directly attributable to the COVID-19 pandemic through additional work undertaken by the tackling poverty team. These costs will be met primarily from specific grants received for this Covid related activity. The forecast underspend of £0.7m from business as usual activity includes a budgeted drawdown of £2.1m from the

Mayors Tackling Poverty reserve and the budgeted use of £1.2m of s106 funding.

A specific Covid grant of £0.3m has been received and is being spent in full in year on reopening the high streets safely.

Economic Development (£0.3m Underspend)
Economic Development are projecting to underspend against budget by £0.3m. This underspend relates to vacant posts within Enterprise Support and Performance and Value teams This underspend position assumes approved s106 funding and mayoral growth monies will be utilised as planned in the base budget.

Any unspent funding relating to project work such as Apprenticeships, Women into Health, Women into Childcare and Tackling Poverty programmes will be returned to the balance sheet for future use and previous years underspends drawn down from the balance sheet to mitigate any approved additional spend.

Tackling Poverty *(Nil Variance)*
There is a total of £3.1m in the Mayor's Tackling Poverty Reserve, of which £2.1m is forecast to be spent in year. The remaining balance of £1m will primarily fund the team costs, specific project work and money for credit union in 2021/22.

Additional costs have been agreed in year that relate to spend on projects that have been approved by the Poverty & Inequalities board for children's social care and purchasing small items for families, an additional loan scheme forming part of the residents support package. The board has also approved the recruitment to three new posts. These costs have all been factored into the projections detailed above.

The Tackling Poverty team has undertaken significant additional work from COVID-19 with rules around the resident support scheme being relaxed and through the opening of a food bank and food deliveries to vulnerable and shielding residents. Food vouchers have also been distributed to vulnerable residents and a track and trace system implemented. In total Covid related costs are estimated at £3m in 2020/21.

This amount will be funded from various grants including £1.2m winter COVID grant, £1m test and trace grant and £0.5m from the emergency assistance grant fund from DEFRA. It is assumed that £0.3m will be funded from the general COVID grant. No impact on the outturn position has been forecast.

The Tackling Poverty team are providing an extended holiday hunger programme following the Marcus Rashford campaign and have received funding of £0.455m which is being used to provide food vouchers to vulnerable children and residents over the Christmas holiday period. Further funding of £2.3m will be received in the new year to further extend the scheme in 2021/22.

Careers Service (Nil Variance)
The Careers service is forecasting to outturn in line with budget. Costs are predominantly salary related and any vacancies are offsetting agency costs being incurred. The budget has recently transferred to Growth & Economic Development and is short by £0.2m, the result of a restructure savings proposal that has not delivered the required level of saving. It has been

agreed that any of this pressure that cannot be mitigated will be funded corporately.

PAS Scheme (£0.4m Underspend)
An underspend of £0.4m relating to the apprenticeship scheme is being forecast. This scheme places local residents in apprenticeship placements outside of the Council and the Council make a contribution to the cost. There has been no spend in this area and it represents a priority for review in 2020/21.

Public Realm Impact of COVID-19 on both income and expenditure being offset by vacancies and savings against the waste disposal contract	(1.0)	***Public Realm (£1m Underspend)***

The Public Realm division is forecasting gross costs of £10.2m over budget. This includes £8.8m of cost and lost income and cost directly attributable to COVID-19 that will be recoverable from Government funding. There are also budgeted reserve drawdowns totalling £0.9m and balance sheet transfers totalling £1.5 for rechargeable works and licensing, resulting in a forecast underspend of £1m from its business as usual activities.

Parking Control (£0.8m Underspend)
The Parking service is projecting a gross overspend of £1.7m against budget before any adjustments. Lost income totalling £2.5m has been forecast as a direct result of COVID-19. It is anticipated that this pressure will be met from Government funding and the parking service will outturn £0.8m under budget from its business as usual activity.

Enforcement
The Enforcement service was suspended for April and May with commencement of a reduced service in early June. As a result, there is a gross £0.8m loss of income to the end of May where 15k fewer tickets were issued when compared with the previous year. Since June the enforcement service has been in operation and PCN income has been increasing. This income loss is being reclaimed through the income recompense scheme and will have no impact on the outturn position.

During the year the Council has opened the Wapping Bus Gate which is generating 3,500 additional tickets per month. This combined with income from the mobile cameras is resulting in £0.8m over achievement of the budgeted income target.

Suspensions
Bay suspension income is forecasting to over recover by £0.6m despite COVID-19 with demand for the service continuing to be high. In previous years a number of large multiple year suspensions has resulted in significantly more income being collected. This is not being projected for the current year, making the level of additional income modest when compared with previous years.

Casual Parking
Gross Casual Parking income is projected to be £1.5m lower than budget. During lockdown casual parking income is being impacted with fewer visitors to the Borough. This income loss will be claimed back against the income recompense scheme and will not impact on the outturn position.

Overall, it is forecast that income will be in line with budget from business as usual activities.

This position includes an increased income budgeted target of £1.5m with the service contributing to a Corporate savings target for the maximisation of income. This additional budget target is being achieved from unbudgeted income that is being realised from the diesel surcharge levy.

Permits
There is an under recovery of £0.5m against permit income. This relates to a reduction in the income received from visitor vouchers which are now sold individually rather than in books, a reduced demand post lockdown for business and public service permits and relaxing enforcement during lockdown resulting in fewer resident permit renewals.

Removals
A reduced removals service has resulted in a net loss of £0.2m to the Council and being COVID related it is assumed will be met from Government funding.

Concessionary Fares (£0.1m Underspend)
The mobility support service is forecasting to underspend by £0.1m, with the contribution towards the cost of Taxi Cards being less than budgeted. This is a demand led budget, with little ability for the Council to control or reduce costs.

The Council incurs spend of £9.8m per annum on the freedom pass scheme, being charged for bus journeys for card holders that terminate in the Borough. Usage of freedom passes has reduced over the first quarter of 2019/20 by 80%, which would result in a saving of £1.8m. However, this saving will not be realised in year as the freedom pass charge is calculated on past year usage and the benefit will therefore be in future years.

Street Trading Account (£0.4m Overspend)
The Markets service is forecasting to overspend by £1.8m of which £1.4m is directly attributable to COVID-19. All markets were closed from April until the middle of June, with a phased re-opening of some markets from 15th June. The majority of the markets have closed again during November as a result of the second lockdown. This overspend position includes any small savings resulting from the markets closure, such as reduced cleaning. To date a decision has been made not to furlough market officers and therefore the salary costs are included in this forecast.

Markets continued to struggle after the phased re-opening. £50k of invoices have been cancelled where traders have ceased to continue, permanent traders have not returned to pre-COVID levels, there are fewer casual traders and the tightening of Government restrictions around groups of people meeting is impacting on the footfall through the markets. This has resulted in a forecast £0.2m budget pressure from business as usual activity.

From July the service has experienced increased levels of income from footway licensing with more traders looking at outdoor seating rather than indoors, but this is being offset by casual market trader income not being collected as these traders have not been allowed to return to the markets. The impact on income will be monitored in the months ahead.

It is forecast that the markets service will be able to recover £1.4m of income from Government funding as it is directly attributable to COVID-19.

There is a risk of further cost being incurred as the PSI Fusion handheld project has been cancelled and engagement with a new supplier is ongoing. Capital expenditure totalling £0.4m in total has been incurred on the PSI Fusion project, some of which is likely to be abortive and written back to revenue. This amount will need to be shared across various service areas that were part of this project including markets, parks and community safety. Further work is being undertaken to identify any capital expenditure that requires writing back to revenue.

Being a traded service there should be no impact on the General Fund arising from surpluses and losses within the markets service. However, the reserve balance was utilised in full last year and there is now no reserve against which to offset losses. As a result, £0.4m will need to be absorbed by the General Fund. This includes an in-year pressure of £0.2m and a balance of £0.2m currently held as a debit against the reserve from the previous year overspend.

Environmental & Regulatory Services (£0.3m Underspend)
The Environment & Regulatory Service (ERS) is forecasting a gross overspend position of £1.3m. This includes £1.5m of pan- London mortuary costs (LBTH share of the cost) and £0.1m of additional burial costs, both of which are directly attributable to COVID-19 and projected to be funded in full from Government grant, resulting in an underspend of £0.3m from business as usual activity.

The projected net outturn position is an underspend of £0.3m from business as usual activity. This forecast includes budgeted transfers from the balance sheet of £1.2m for various licensing services.

The forecast underspend results from vacancies held within the out of hours noise service, pest control, traveller's liaison, licensing administration and food safety services. These vacancies are projected to save £0.3m in year. These posts have been very difficult to fill and staff retention is a problem within this area.

Additional income from Landlord Licensing, HMO (House in Multiple Occupation) and Late-Night Levy licenses are being profiled to be allocated over the life of each licence issued. Income is received up front and drawn down over the license period for which it is valid to cover costs incurred. A budgeted drawdown of £1.2m is forecast which will result in no projected variance.

The one-off costs totalling £1.5m relating to London wide mortuary costs outlined above has been incurred in year. This reflects the additional mortality management service costs across London during the pandemic. These costs are being met by the 33 Boroughs based on ONS population projections and this cost represents LBTH's share. Further cost of £0.1m has been incurred for additional staffing and consumables within the mortuary service as a result of the increased number of deaths caused by COVID-19. These costs are projected to be met in full from Government grant funding and will have no impact on the forecast position.

A further £0.3m is being spent on Covid marshalls who are patrolling the borough to ensure compliance with Covid lockdown rules. This cost is being met from specific MHCLG grant and therefore has no impact on the business as usual forecast.

Public Realm Management & Administration (Nil Variance)
The outsourced waste collection and Trade Waste services have been brought back in-house in 2020/21. One-off funding was approved through growth bids to fund the cost of implementation, resulting in a £0.3m budget in 2020/21. Current forecasts indicate that this budget will be spent in full and additional costs totalling £0.5m will be incurred for planned work around

staff inductions, I.T. and service consumables slipping into this financial year. It is assumed that this will be funded from reserves in year.

<u>Operational Services (£0.1m Overspend)</u>
Waste Collection service has been insourced in 2020/21 and internal budgets created for the provision of the in-house service. At present a £0.6m overspend is being forecast which can be directly attributed to additional costs incurred as part of COVID-19. The use of agency staff to cover high levels of sickness and staff that are self-isolating combined with reduced numbers of men on lorries and additional PPE requirements has resulted in this pressure which is forecast to be met from Government funding.

A £0.5m underspend is being forecast for waste disposal and recycling. This is mostly related to underspends against the disposal contract and income from rebates for recyclable materials

Unbudgeted costs of £0.4m are forecast to be incurred for incentivising recycling on estates. This cost will be met from approved Mayoral Priority Growth reserve funding and therefore has a nil impact on the revenue outturn position.

Commercial Waste income is forecast to be short of budget by £2.2m. As a result of COVID-19 many of the commercial waste customers were on lockdown and either suspended or cancelled accounts. Some of these customers may not return to the Council after lockdown or will cease trading and combined with ceasing debt collection is compounding the pressure. An aggressive marketing campaign will be undertaken in an attempt to increase the portfolio and mitigate this pressure in future years. It is assumed that LBTH will be able to reclaim this lost income through the COVID income grant recompense scheme, resulting in a net nil impact on the Directorate outturn.

The Contracts Development Team is forecasting to underspend by £0.3m. Growth for graffiti removal is unlikely to be spent, with the cost of works being absorbed within existing budgetary provision.

There is an emerging pressure of £0.8m relating to fly tipping at Ailsa Wharf. The Ailsa Wharf site is currently in the process of being sold to Country Gardens, with completion due in the current financial year. LBTH has statutory responsibility to clear the highway, which Country Gardens will require to access their site once purchased. The clearing of the site will be outsourced and £0.8m is deemed to be a worse case cost.

Riverside walk has overspent by £0.1m. There is a historical income target relating to the Travelodge site. The site was sold and a capital receipt realised. However, the site was generating an income and this lost income is resulting in a pressure.

<u>Highways and Traffic Management (£0.3m Underspend)</u>
A £0.4m overspend is being forecast against street works where additional agency support is being incurred along with unbudgeted costs associated with running the street manager platform, a requirement of the Department for Transport, and a reduction in income from Traffic Management Orders (TMOs). The reduction in income is a direct result of COVID-19 and amounts to £0.2m. This is forecast to be recovered from COVID-19 funding, resulting in a £0.2m overspend from business as usual activity.

An underspend of £0.2m from reduced maintenance of street lights and from the use of LED light bulbs.

Forecast spend on rechargeable works is in line with budget which will allow the Council to draw down £0.3m of fees (27.5% of cost). This is in line with the budgeted drawdown. It is LBTH policy for any amounts held in reserve for longer than six years to be utilised within the general fund if not claimed back. There is the potential for a further £0.3m to be used in this way in 2020/21 and it is assumed that the General Fund will take advantage of this in year.

Fleet (Nil Variance)
The Fleet service is forecasting to outturn in line with budget. During lockdown there has been a reduced service where schools have been closed and the passenger transport vehicles not in use. These savings will be passed on to Adults and Children's through reduced recharges.

Housing & Regeneration
Additional income from buyback programme above that budgeted; Over recovery of income relating to lettings service

(3.7)

Housing & Regeneration (£3.8m Underspend)

The Housing & Regeneration division is forecasting to underspend by £3.7m from its business as usual activities. This forecast includes a budgeted £1.1m drawdown against the Flexible Homelessness Support Grant reserve and £0.1m from PRS Access Grant reserve. The forecast also includes budgeted use of £5.9m of grant received in year.

There are £3.4m of additional costs relating to rough sleeping that are directly attributable to COVID-19. It is assumed that these costs will be met from a combination of general COVID grant (£2.58m) and ringfenced money received through the Government's Next Steps Accommodation programme (£0.820m). Details of the variances are outlined below.

Homelessness (Underspend £3.5m)
The Homelessness and Temporary Accommodation services are forecasting to outturn with an underspend of £3.5m. However, this excludes the Housing Benefit subsidy loss of £4.6m which is reported within the Resources section of this report. The overall cost of Homelessness is a £1.1m overspend against budget.

Homelessness numbers continue to increase, placing more pressure on the use of expensive nightly booked and bed & breakfast accommodation at additional cost. However, additional rental income relating to 400 property acquisitions as part of the buyback programme is mitigating this cost pressure by generating additional rental income over that budgeted and reducing the reliance expensive nightly booked and bed & breakfast accommodation. The Housing Options service are working through the backlog of assessment cases and moving more people on to housing benefit, resulting in further increases in income. Until assessment is complete the Council is meeting the cost of housing these families but not receiving the rental income through housing benefit.

This forecast is inclusive of the continued utilisation of grant received for homelessness and rough sleeping in year and from reserve drawdowns. In total budgeted grants totalling £5.9m are planned to be received in year and spent, covering specific activity including rough sleeping initiatives (£0.6m), homelessness reduction act (£1.2m), flexible homelessness support (£3.9m) and cold weather fund (£0.2m). Reserve drawdowns totalling £1.2m are budgeted on top of these amounts, £1.1m from the FHSG reserve to cover the cost of the annual rent increase which is not passed on to tenants due to the negative impact it has on the HB subsidy loss and additional contributions to the bad debt provision that are forecast in year. A further £0.1m drawdown is being forecast from the PRS Access grant reserve which is funding two posts.

Housing Options Lettings (Underspend £0.2m)
The Housing Options Lettings service is forecasting to underspend by £0.2m as a result of vacant posts and income from Registered Social Landlords (RSL's) exceeding budgeted targets. RSL's are using the Council's common housing register above budgeted levels and a charge is being made to them for this service.

COVID-19 Response
As part of its COVID-19 response, the Government asked local authorities to put in place a plan of support for all rough sleepers, accommodating them in hotels and other forms of emergency accommodation during the response to the pandemic. This has resulted in over 200 individuals rough sleeping on the streets or at imminent risk of rough sleeping being found suitable emergency accommodation in the past two months. The Council incurred additional cost of £1.8m from the initial response to the end of July. Ongoing costs for accommodation and support packages totalling £1.6m are forecast for the remainder of the year as part of the next steps programme. Specific grant funding of £1.4m has been received for this work, with the remaining £2m costs projected to be met from the general COVID grant allocation. In total, costs directly attributable to COVID-19 are forecast at £3.4m for the year.

Governance

2.5

Forecast £2.9m underspend after reserves drawdown

Forecast Variance

£m	Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution to /(from) Reserves
Governance	(2.9)	(2.8)	(0.1)

The Governance directorate forecast outturn impact on the general fund is an underspend of £2.9m. This position is following assumed Covid-19 funding and after requested drawdown from the transformation reserve of £0.040m (for Communications support of transformation initiatives) and the EU exit preparations grant reserve of £0.105m.

The 2020-21 budgets include £0.6m of Strategy, Policy and Performance centralisation savings slippage to be achieved through the enabling functions review across the Council.

Details of the areas of overspending and mitigations are summarised below.

(in numerical descending order)	£m	Forecast variance commentary
Communications	0.1	Communications is forecasting a potential overspend of £66k, being an estimated £50k from changes in staffing terms and conditions including contractual changes for out of hours working (cost impact to be evaluated as level of additional hours becomes evident) and £16k impact from pay inflation of £2.75% compared to the central MTFS budget assumption of 2%. This forecast position is after the requested drawdown of transformation reserves for extra staffing to support Council-wide transformation initiatives of £40k.
Information Governance	0.1	An overspend of £63k due to staffing costs (£33k) and i-casework software costs (£30k). The staffing costs overspend includes one-off agency costs of £11k (which ended as the team became fully staffed with permanent employees) and £8k cost pressure from pay inflation above budget. The Council's corporate information governance software (i-casework) is currently unfunded however it is planned for this system to become part of the Council's customer relationship management (CRM) system in the future.
Strategy, Policy & Performance (SPP)	(2.8)	The £2.8m underspend forecast position for SPP is demonstrated through a forecast underspend of £2.9m in third party payments, partially offset by a £0.1m forecast overspend in staffing. This forecast position is after the requested drawdown of the EU exit grant reserve created in 2019-20 to support EU exit preparations. The staffing forecast overspend is due to pay spine increases from changes in staffing terms and conditions of £59k and pay inflation above budget of £44k. There are £3.6m of costs which are requested to be funded from the Covid-19 emergency grant for volunteering and data analysis/reporting to support Covid-19 planning and monitoring. In addition to offset the delay from Covid-19 on the enabling functions review of SPP functions across the Council. The Council successfully bid to receive a grant of £260k as part of the ESOL for Integration Fund (EFIF) from MHCLG. Three providers have been commissioned and the project will seek to boost language skills, build confidence, reduce isolation and ensure everyone can participate in their local community.

Democratic Services and Mayor's Office	-	A breakeven forecast position, with the £24k pressure from pay inflation above budget and £2k pressure from new terms and conditions being offset through an underspend in non-pay expenditure.
Legal Services	-	Forecast breakeven position for 2020-21. Temporary staffing vacancies are offsetting the staffing pressures from pay inflation above budget (£31k) and pay spine increases from changes in terms and conditions (£12k).
Registrars Services	-	Forecast underspend of £23k in staffing and non-pay expenditure. There has been an increase in the registration of deaths due to Covid-19, however this has been managed within existing staffing budgets by prioritising this over other services. There has been a reduction in income due to not delivering all services, including wedding ceremony fees, birth and notice of marriage and other certificates including immigration services. For the period April to November, the Registrars Service has lost £159k in net income after mitigating some of the effect by reducing contracted staff overtime and casual staffing costs. The Council has submitted claims to MHCLG for reimbursement of £106k, based on the guidance which does not allow claims for the initial 5% of lost budgeted income and reimburses 75% of the remaining lost income. This demonstrates a shortfall in reimbursed income of £53k for April to November. Many ceremonies and events have been deferred rather than cancelled, however further potential losses will be monitored for the rest of the financial year.
Corporate Management	(0.1)	Net forecast underspend of £54k in the areas of the Chief Executive's Office, Corporate Director of Governance and Monitoring Officer duties, Investors In People (IIP) assessment and staff conferences/events. Covid-19 related costs of £46k are requested to be funded by the non-ringfenced Covid-19 grant for communications, additional cleaning and security at Registrars buildings.
Electoral Services	(0.2)	Electoral services is currently projecting a forecast underspend of £150k due to staffing vacancies and no elections or referendums planned in 2020-21. National elections (GE, European, GLA) are funded, in part, through a maximum recoverable amount grant and this is a system that provides a 75% advance and 25% to be claimed back, with surpluses being assessed by government with no guarantee. The 2020-21 position includes a £122k assumption of income accrued for previous year elections, of which £92k has been recently agreed by the Elections Claims Unit as settlement for the 2019 European Parliamentary elections but will be received in April. The remainder of the accrued income should be achieved through two Parliamentary Constituency Claims yet to be settled.

Corporate Costs

Forecast overspend of £0.7m after drawdowns from reserves

£m	Forecast Variance: Estimated impact on General Fund (GF)	Variance before reserve adjustments	Contribution to /(from) Reserves
Corporate and financing costs	0.7	4.4	(3.7)

The corporate and financing costs area is forecasting an overspend of £0.7m, following assumed Covid-19 funding and after the planned drawdown from reserves for £3.730m contribution to non-recurrent expenditure in the MTFS position.

The planned drawdown from reserves consists of the £2m short-term funding of Free School Meals from the Free School Meals Reserve and £1.730m short-term funding of the Programme Management Office from the Transformation Reserve.

Details of the variances are summarised below:

(in numerical descending order)	£m	Forecast variance commentary
Cross-Directorate Savings Slippage in savings achievement	3.7	Slippage in cross-directorate savings held centrally of £4.45m, being £1.6m Debt Management & Income Optimisation, £1.35m Review of Printing/Scanning/Use of Multi-Functional Devices (MFD's), £1.15m Local Presence savings, £0.25m Income Through Housing Companies and £0.1m THH - Potential support service savings. The Covid-19 pandemic has delayed achievement of the £1.6m Debt Management & Income Optimisation saving and therefore replacement funding for 2020-21 is requested from the Covid-19 emergency grant. Unachievable saving held centrally of £0.8m Appropriation of Housing Revenue Account (HRA) Shops to General Fund (GF) which is being requested to be written off through the 2021-24 MTFS budget setting process. The TOWER Rewards terms and conditions saving of £2m has been offset against the £2m central budget originally held to fund spinal point increases which directorates will now manage within their overall budgets.
Social Care Grant and Winter Pressures Grant	4.0	Removal of double counted income between Core Funding and the HA&C and C&C directorates.
Central Support Costs Unallocated support costs	3.2	Forecast of overhead costs that are funded centrally (not apportioned out to directorates).
Redundancy, Severance and Early Retirement Forecast overspends to be funded by capital or reserves	-	There is a forecast overspend of £3.2m although this is based purely on the 2019-20 level of expenditure, which consisted of £1.9m in severance costs (nil budget), £0.8m in early retirement pension strain and £0.5m in redundancy costs. The corporate budget only funds redundancy costs where these relate to achieving savings agreed in the medium term financial strategy (MTFS). The forecast net nil position assumes these costs will either be capitalised or funded through reserves.

Central costs	-	It is requested that the Covid-19 non-ringfenced grant is utilised to fund the Council's contribution to the London Resilience Fund of £30k.
Pension Fund deficit repayment Forecast underspend against budget	(1.0)	Forecast underspend against the budget allowed (£12.8m) for the payment to the Pension Fund to meet deficit estimated by the actuary.
Corporate contingency Budget to cover unforeseen circumstances	(3.1)	There are currently no commitments against the contingency budget of £3.1m.
Treasury Management Forecast underspend on borrowing costs budget	(6.1)	A forecast underspend on the borrowing costs budget, due to slippage in the capital programme. An estimated £3.6m of the Minimum Revenue Provision (MRP) internal borrowing cost will be funded by the rental income earned through the property buyback programme in Place directorate. It is forecast that interest and dividend income in 2020-21 will be £1.9m. This is significantly lower than the 2019-20 achievement of £5.4m, due to the Covid-19 impact on the economy and the Bank of England subsequently reducing its base rate to 0.1%. It is assumed that the £3.5m reduction in income can be claimed through Covid-19 grant funding from central government.

Housing Revenue Account (HRA)

Forecast variance for HRA £1.5m underspend

£m	Estimated impact on HRA	Forecast Variance Variance before reserve adjustments	Contribution to /(from) Reserves
HRA	(1.5)	(1.5)	0.0

The HRA is forecasting to underspend before reserve movements by £1.5m. This projection includes the impact of COVID-19 on both income collection and expenditure budgets. Projections will be input into the HRA business plan during the year to identify any pressures or opportunities arising at the earliest stage to enable strategic decision making within the ringfenced HRA.

(in numerical descending order)	Variance £m	Outturn variance commentary
Tenants Rent & Service Charges	(0.3)	A new service charge has been implemented charging tenants for the MOPAC work, where police patrol the estates to combat anti-social behaviour. The underspend represents the part year effect of this charge
Leasehold Income	(1.1)	There has been a significant increase of repairs undertaken on leasehold properties which has resulted in an increase in the charge and therefore income forecast for leaseholders.
Leasehold Admin Fee	0.1	The Leasehold admin fee is projected to be short of budgeted levels as a result of the reduced number of right to buy sales
Bad Debt Provision	1.6	It is felt that it is prudent to increase the provision for bad debt for both leasehold and tenant rent debt as a direct impact of COVID-19. Where outstanding debt is not being chased and potential hardship caused from COVID, the amount of debt requiring write off is likely to increase. This will be closely monitored but a 1% increase in the tenant rent provision and 5% for leasehold debt has been applied.
Repairs & Maintenance	(1.7)	An underspend on repairs & maintenance is forecast as a result of less responsive repairs on internal decorations, internal repairs and play areas, reduced works on passenger lifts and repairs to communal areas. Access to properties has been limited due to Covid. There has been no asbestos work due to COVID restrictions. These underspends are being partially offset by additional work on risk assessments on water storage
Communal Energy	(0.3)	The communal energy contract was re-procured at the end of last year, resulting in savings against budget.
Concierge		

	0.1	The Concierge budget is forecasting to overspend as a result of increased fire safety patrols that are currently in place
Community Investment Budget	(0.5)	This budget is used to support organisations within the Borough. The impact of COVID has resulted in reduced service provision and a saving against the budget.
Business Rates charges – Community Centres	0.1	Charges for business rates on community centres held within the HRA is £0.1m higher than budgeted. This results from annual inflation that has not been applied to the budget.
Major Works	0.5	A 10% administrative charge is applied to major works bills passed on to leaseholders. Activity has been significantly reduced as a result of the abeyance of the capital programme which has resulted in a reduced admin fee.

The table shows how the General Fund balances are under pressure and how this might be managed by means of utilising earmarked reserves. Note the reserves position of the Council is uncertain pending the formal closure of statement of accounts for the period 2016 – 2020.

	Draft balances at 31 March 2020 as per 2019/20 Accounts	Assumed Contribution to / (from) Reserve	*Potential adjustment to maintain GF balances*	Projected Balance 31 March 2021
£m	£m	£m		£m
GF balances (general reserve)	**20.4**	(2.9)	4.2	**21.7**
Budgeted drawdown in MTFS	**0.0**	(1.7)	0.0	**(1.7)**
	20.4	**(4.6)**	**4.2**	**20.0**
Earmarked reserves consist of: Earmarked reserves with restrictions				
Insurance	**8.7**	(0.4)	0.0	**8.3**
New Civic Centre*	**17.0**	(17.0)	0.0	**0.0**
Parking Control	**3.3**	0.0	0.0	**3.3**
Collection Fund Smoothing**	**6.5**	28.4	0.0	**34.9**
Free School Meals Reserve	**2.0**	4.0	0.0	**6.0**
Public Health Reserve	**1.0**	0.0	0.0	**1.0**
Revenue Grants Unused	**8.5**	(1.3)	0.0	**7.2**
COVID 19 grant	**10.3**	(2.8)	0.0	**7.5**
CIL	**7.8**	0.0	0.0	**7.8**
Earmarked reserves with restrictions – Subtotal	**65.1**	**10.9**	**0.0**	**76.0**
Earmarked reserves without restrictions				
Risk Reserve*	**4.5**	(0.9)	0.0	**3.6**
Transformation Reserve	**5.3**	(2.6)	0.0	**2.7**
ICT Reserve	**14.5**	(7.0)	0.0	**7.5**
Mayor's Tackling Poverty Reserve	**3.4**	(2.1)	0.0	**1.3**
Mayor's Priority Investment Reserve	**5.4**	(1.2)	0.0	**4.2**
New Homes Bonus	**30.6**	10.0	(4.2)	**36.4**
Services Reserve	**3.2**	(0.2)	0.0	**3.0**
Earmarked reserves without restrictions - Subtotal	**66.9**	**(4.0)**	**(4.2)**	**58.7**
Total Earmarked Reserves	**132.0**	**6.9**	**(4.2)**	**134.7**
Total GF and Earmarked reserves	**152.4**	**2.3**	**0.0**	**154.7**

*The Civic Centre will now be funded by borrowing, and the balance of this reserve will be used to fund the Business Rates Collection Fund Deficit together with £0.9m from the Risk Reserve.

** The Collection Fund Smoothing Reserve is restricted in its use as it is solely intended to deal with surpluses and deficits that arise on an annual basis in the collection fund. The reserve figure above excludes the Local Council Tax Support Grant (£4.0m) and the Lower Tier Services Grant (£1.4m) which are expected to be received and utilised in 2021-22.

HRA and DSG Reserves 6

The table shows the projected position for the Housing Revenue Account, and for Dedicated Schools Grant.

HRA and DSG reserves	Draft balances at 31 March 2020 as per 2019/20 Accounts £m	Movement £m	Projected Balance 31 March 2021 £m
Housing Revenue Account (HRA)	**43.8**	1.5	**45.3**
HRA Earmarked Reserve	**9.0**	0.0	**9.0**
Dedicated Schools Grant (DSG)	**(11.1)**	(0.1)	**(11.2)**
Total Other Reserves	**41.7**	1.4	**43.1**

Overall Position **We have £234m of investments and £72m borrowing.**	For this period our portfolio totals £234m, and we are currently receiving an average income return of 1.01% and total return (including capital gains/losses) of 0.60% due to the short-term impact of Covid-19 on the capital value of pooled funds.
Income Position **Forecast investment income of £1.9m is below the budget of £2.3m.**	The 2020-21 revised budget for investment income is £2.3m. Based on current interest rates and portfolio size we are forecasting to achieve £1.9m income. This is below the budget and significantly lower than the 2019-20 achievement of £5.4m, mainly due to the Covid-19 impact on the economy and the subsequent reduction in base rate to 0.1% by the Bank of England.
Benchmarking **We compare favourably for the return we get from our investments.**	According to the Quarter 3 benchmarking information received from our advisors, Arlingclose Ltd, our average income return of 1.01% is out-performing a group of sixteen London councils (0.54% average income return) and a group of 130 national local authorities (0.77% average income return). We are continuing to look at alternatives that retain and protect the capital value of our investments while maximising income return.
Liquidity	28% of funds are available within 7 days. 41% of funds are available within 100 days.
Inflation **Monies invested are holding value against current inflation.**	As at November 2020, the Consumer Prices Index (CPI) inflation was 0.3%, down from 0.7% in October. The Council's average income return of 1.01% is therefore higher. This means that the future value of the funds invested today will be more. The income return is positively impacted by dividends received from investments in externally managed pooled funds. The capital values of these funds were negatively affected by the economic impact of Covid-19. These have however improved in value since the beginning of the financial year (£75.2m at the end of December) and are currently 1.05% lower than purchase price (£76m).
Borrowing **Forecast interest payable cost on external borrowing is £2.25m.**	The Council has Public Works Loan Board (PWLB) loans totalling £54.8m and fixed rate bank loans totalling £17.5m. There is a forecast underspend on the borrowing costs budget due to slippage in the capital programme.

This section shows the amount of money we have collected from tax payers of the borough, and the split between the amount that is retained and the amounts paid over to central government and the GLA.

Due to the effect of the Covid-19 pandemic on the Collection Fund deficits for 2020-21, the government announced that 2020-21 deficits can be repaid over the three year period 2021-24. This is a further spread of the impact over more years than the normal requirements for repayment periods. The Spending Review 2020 and subsequent provisional LGFS stated that the government will cover 75% of 2020-21 Collection Fund deficits for Business Rates and Council Tax.

To date, the government has provided £4.4m funding through the Council Tax Hardship Fund of which £1.8m has been used for £150 hardship payments to Council Tax support claimants, and the remaining balance could support the increase in costs of the overall Local Council Tax Reduction Scheme.

NNDR (Business Rates)

We are expected to collect £356m in total for 2020-21.

Collection levels have been impacted by the Covid-19 pandemic.

There is an accumulated Business Rates Collection Fund deficit to the end of 2019-20, of which the Council share is circa £22.5m, and the Council will repay this in 2020-21.

The Council share of the 2020-21 Business Rates deficit is currently forecast to be £10.2m, which will be repaid over the three year period 2021-24 and the government will fund 75% of the deficit.

The Covid-19 pandemic has significantly impacted the 2020-21 business rates income through revaluations, other changes to the rating list and a reduction in collection rates. The level of the deficit will continue to be affected by changes in the pandemic and its economic impacts and is therefore being monitored closely.

For the total Business Rates income (retained by the Council and passported to the GLA and central government), the original estimate for Business Rates net rates payable for 2020-21 was £472m. This has reduced to £356m after the introduction of the Extended Retail Relief Scheme and Section 31 grant was provided to offset this reduction and the effect of rateable value changes in the valuation list. The shortfall in Business Rates collected to date is circa £38m (Council share is £11.4m) due to non-payment at this point in time, however these debts are expected in the main to be collected in the future as enforcement procedures are reinstated.

To the end of November, we have collected £264.5m (71.8% in-year collection rate) compared to 74.5% for the same period in 2019-20. This includes collection of the Business Rate Supplement (BRS) for the London Crossrail development.

Council Tax

We are expected to collect £142m in total for 2020-21.

Collection levels have been impacted by the Covid-19 pandemic.

Council Tax income is split between the Council (77%) and the

There is an accumulated Council Tax Collection Fund deficit to the end of 2019-20, of which the Council share is £7.9m, and the Council will repay this in 2021-22 (£6.5m will be funded through the Council's smoothing reserve).

The Council share of the 2020-21 Council Tax deficit is currently forecast to be £4.4m, which will be repaid over the three year period 2021-24 and the government will fund 75% of the deficit.

GLA (23%).	The Covid-19 pandemic has reduced growth in the number of new properties (the Tax Base), reduced the collection rate and it has increased significantly those claiming benefits including through the Local Council Tax Reduction Scheme (LCTRS). The cost of the LCTRS scheme has risen from £26.7m in 2019-20 to circa £31.8m in 2020-21. For total Council Tax income (both retained by the Council and passported to the GLA) the collectable budget for 2020-21 is £142m. To the end of November we have collected £86.2m of the £139.9m Council Tax bills raised (61.6% in-year collection rate) compared to 65.12% for the same period in 2019.

Savings

Target for year £21.0m

£11.7m savings to be delivered

£m	20-21 Target	Prior Year Slippage	Saving Target	Forecast Savings	Slippage	Under Recovery	Over recovery
	A	B	C = A + B				
HA&C	1.3	0.9	2.2	1.3	-	0.9	-
Children and Culture	1.5	1.0	2.5	2.0	0.6	-	-
Place	2.8	0.3	3.1	2.9	0.1	0.1	-
Governance	-	-	-	-	-	-	-
Resources	2.2	1.7	3.9	1.5	2.4	-	-
All	2.4	6.9	9.3	4.0	2.0	3.2	-
Total	**10.2**	**10.8**	**21.0**	**11.7**	**5.1**	**4.2**	**-**

Total savings target for 2020-21 is £21.0m (£10.2m relates to approved savings as part of the 2020-21 budget setting process, and £10.8m as a result of previous years' savings not delivered, which have been re-evaluated since the last report).

- £11.7m is identified as being on track to deliver savings;
- A net position of £5.1m is forecast to slip into future years due to timing issues;
- £4.2m has been identified as unachievable

Total impact of Covid £38.0m

Income forecast to reimbursed (as per MHCLG return) £7.6m

£m	Total Covid expenditure claimed against non-ringfenced grant	Reduced income not relating to sales fees and charges and claimed against non-ring fenced grant	Sales fees and charges income expected to be reimbursed	Sales fees and charges income not being reimbursed claimed from non ring-fenced grant	Total
Children and Culture	2.2	0.0	2.2	0.9	5.3
Resources	6.9	2.1	0.2	0.0	9.2
HA&C	2.4	0.0	0.0	0.0	2.4
Place	7.0	0.0	5.1	0.1	12.2
Governance	3.7	0.0	0.1	0.0	3.8
Corporate and financing costs	1.6	3.5	0.0	0.0	5.1
Total	**23.8**	**5.6**	**7.6**	**1.0**	**38.0**

As a consequence of Covid, the total additional expenditure impact (excluding ring-fenced grants spend) on General Fund services in 2020-21 is forecast at £38.0m. The council is forecasting foregone income of £7.6m as a consequence of Covid will be reimbursed by Central Government.

The total impacts of pressures from Covid in 2020-21 on non-ring fenced Covid grants have decreased by £5.2m from the previously reported P8 position. This is due to decreases within Place, amounting to £3.2m, largely due to previously forecast Covid pressures on non-ring fenced grants now anticipated to be funded from ring fenced specific grants and decreases within HA&C, amounting to £2.7m, largely due to previously forecast pressures on non-ring fenced Covid grants are now anticipated to be funded from projected income from the CCG. These decreases in pressures on non-ring fenced Covid grants have been off-set by forecast pressures from interest income for Treasury Management which has reduced by a further £0.4m to £1.9m within Corporate and Financing costs from P8 due to medium term deposits ending which had a higher interest rate prior to the pandemic period and within Children's and Culture, where there is an additional forecast loss on Catering income of £0.2m from last month.

Please refer to Appendix C – 2020-21 Covid-19 Financial Forecast Summary for an analysis of the non ring-fenced and ring-fenced Covid-19 grants and estimated overall Covid related spend and reduced income. It should be noted that Appendix C also highlights Covid grants that relate to financial year 2021/22 and beyond.

General Fund P9 Capital Monitoring

Theme	Directorate	November Budget 2020-21 (£m)	P9 Forecast 2020-21 (£m)	Actual P9 (£m)	Variance Nov Budget Vs P9 Forecast (£m)
Approved Programme	**Children's**	7.698	7.439	2.105	(0.259)
	Health, Adults and Community	12.240	4.252	1.144	(7.988)
	Place	88.482	55.342	26.224	(33.140)
	Resources	3.867	9.132	5.511	5.265
Total		**112.286**	**76.165**	**34.984**	**(36.121)**
Annual Rolling	**Children's**	3.991	3.155	1.990	(0.836)
Programme	**Health, Adults and Community**	0.300	0.000	0.000	(0.300)
	Place	12.276	8.224	1.796	(4.053)
Total		**16.567**	**11.378**	**3.787**	**(5.189)**
Invest to Save	**Place**	36.455	18.222	11.470	(18.233)
	Resources	3.530	0.000	0.000	(3.530)
Total		**39.984**	**18.222**	**11.470**	**(21.763)**
Completed	**All Directorates**	0.478	0.077	0.059	(0.401)
Total		**0.478**	**0.077**	**0.059**	**(0.401)**
General Fund TOTAL		**169.315**	**105.841**	**50.301**	**(63.474)**

The total approved General Fund capital programme for 2020/21 was approved at November 2020 Cabinet totalling £169.315m. The current estimated General Fund capital expenditure for the year is forecast at £105.841m, which represents 63% of the approved budget. The spend to date is £50.301m, representing 30% of the total approved budget.

Services are projecting £63.474m underspend against the budget and this will slip into future years, much of which has been re-profiled through the January Capital Programme 2021/22 to 2023/24 report. Based on the spend to date and with the prevailing pandemic, services are finding it difficult to forecast accurately and to deliver as programmed, due to the stop/start nature of working conditions during the year. While the current forecast does appear to be ambitious, this will be closely monitored through to outturn.

The major variances are described below:

Approved Programme:

Children's

Budget £7.698m
Forecast: £7.439m
Variance: (£0.259m) underspend

The major programme under Children's services is the Basic Need and Expansion programme, within this programme there are several large schemes currently under way and in the early stages. The forecast for Period 9 shows that the programme spend is in line with the budget. However, it is noted that the previous forecast reported in January showed a larger forecast spend for Children Services. The reasons for this change in forecast relates to St Paul's Way, which is now showing a reduction of £0.600m, this funding is no longer needed for the school and will be released back to the Basic Need programme. Works that were forecast to take place this year to a lab at George Green have been pushed back to the of summer 2021 (£0.277m).

Other delays relate to some certification of materials that are currently under review for Bow SEN (Phoenix Upper) , and this has pushed the scheme into 2021/22 (£0.900m), when it had been thought that the bulk of the works would have been completed this financial year - this change however brings Bow (Phoenix Upper) back to it's original budget forecast.

Health, Adults and Communities

Budget £12.240m
Forecast: £4.252m
Variance: (£7.988m) underspend

The key forecast underspends are due to Adult Social Care and Goodman's Fields. The Adult Social Care forecast underspend of £3.000m relates to community safety schemes which were formally approved late in this financial year, therefore the spend has been reprofiled to slip into future years. Goodman's fields project is projected to underspend by c£2.500m. This project is being delivered by the NHS, therefore the spend and forecast shown here are dependent on the NHS's capacity to deliver given the priority and focus on tackling Covid-19 pandemic. Aberfeldy Practice, also being delivered by the NHS, is also showing an underspend of approximately £1.000m. The rest of the underspend within HAC is made up of several smaller scale schemes.

Place

Budget £88.482m
Forecast: £55.342m
Variance: (£33.140m) underspend

The key projects that make up the forecast underspend variance of £33.140m are The New Town Hall and London Square forecast underspend of £15.782m and this is due the resequencing of programme works due to uncertainty in supply chain; COVID-19 has prolonged procurement of works packages, hence higher forecast in 2021/22. Works on London Square have been delayed and are due to start in 2021/22.

The Registered Provider Grant Scheme is showing an underspend of £6.108m. This project is delivered by external registered providers. Where specific allocations were made to Registered Providers, amounting to £2.2m of the budget, sites have experienced delays as a result of the effects of Covid-19, and one site has experienced delays due to a high profile accident on site. There has been delays in allocating the remaining unallocated budget due to due diligence needed to be carried out in relation to a new Registered Provider partner ahead of the grant allocation process (£3.9m).

The original budget profile for South Dock Bridge was estimated based on the initial feasibility study. The programme timetable has now been amended as a result of extensive consultation with stakeholders and Members, a change of approach to the bridge design to ensure the project demonstrates value for money and delays in procurement and pre-application public consultation due to the pandemic. The completion of the detailed design has enabled firmer project cost projections and a revised profile to be established. The projected completion date is Spring 2023.

Resources

Budget £3.867m
Forecast: £9.132m
Variance: £5.265m overspend

The overspend for IT - Smarter Working of £5.265m is due to the increased spend on various IT projects and these will be funded by the IT transformational Reserve and capital receipts, as previously approved by Cabinet.

In the January 2021 cabinet report, the cabinet approved the additional budget for ICT Transformation and Smarter Working.
The movement from the previous forecast and P9 forecast relates to the slowdown in the roll-out of the IT transformation scheme, and this will continue to September 2021. This includes the CRM project (£0.400m), the Fraud investigation system and the Power BI schemes (£0.100m) will slip into 2021/22.

Annual Rolling Programme:

Place

Budget £12.276m
Forecast: £8.224m
Variance: (£4.053m) underspend

The Disabled Facilities Grant is forecasting an underspend this year of £1.035m, this is due to a reduction in referrals being made to the team, and the inability to gain access to vulnerable people's homes, due to the effects of Covid-19.

Local Infrastructure Initiatives had a budget of £3m this year but is now projecting an underspend of £2.613m. The LIF programme has got off to a slow start this year and has been under development. A new team is in place within the council and it is forecast to increase spend next year.

The remaining underspend within the Annual Rolling Programme is made up of several smaller scale schemes in Health, Adults and Community and Children's.

Resources

Budget £3.530m
Forecast: £0.000m
Variance: (£3.530m) underspend

The reported variance is due to a planned review underway on 3 of the Council's housing companies.

Housing Revenue Account (HRA) forecast £18.632m underspend

HRA P9 Capital Monitoring

Theme	Directorate	November Budget 2020-21 (£m)	P9 Forecast 2020-21 (£m)	Actual P9 (£m)	Variance Nov Budget Vs P9 Forecast (£m)
Annual Rolling Programme	HRA	24.512	17.814	9.129	(6.698)
Approved Programme	HRA	52.889	40.955	13.298	(11.934)
Total		**77.401**	**58.769**	**22.427**	**(18.632)**

The approved HRA budget for 2020/21 is £77.401m. The forecast for the year is £58.769m, which represents 76% of the budget. The spend to date is £22.427m which is 29% of the budget. The HRA capital programme is forecast to underspend by £18.632m in 2020/21.

The major variances are described below:

Tower Hamlets Homes (THH) - Annual Rolling Programme

Budget £24.512m
Forecast: £17.814m
Variance: (£6.698m) underspend

Of the £24.512m budget, THH are projecting spend of £17.814m, an underspend of £6.698m is anticipated at year end. This is principally due to an underspend in the Mechanical and Electrical programmes for council dwellings, which have been hampered by COVID-19.

Approved Programme – First 1,000 Homes

Budget £52.889m
Forecast: £40.955m
Variance:(£11.934m) underspend

Works commenced to deliver 150 new council homes in March 2020, and to deliver a further 17 new homes in December 2020. Progress on some sites is ahead of schedule, but on others, there have been issues which have caused delays to physical starts on site, many of which have been beyond the council's control such as challenges associated with utility providers and agreement of wayleaves and easements with third parties. This has resulted in underspend and at P9 it is no longer possible for the 2020/21 delivery targets programmed by the contractors to be met.