



Financial Performance and Contracts Contracts Committee

27 October 2020

Title	Chief Financial Officer Report Forecast Outturn Month 5 (July 2020)
Report of	Director of Finance (Section 151 Officer)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
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Summary

This report contains a summary of the Council's revenue and capital forecast outturn for the financial year 2020/21 as at Month 5 (31 August 2020). It also contains information on the level of debt and the top 10 debtors as at 31 August 2020.

Recommendations

That the Committee

1. Notes the significant pressure placed on the Council's finances by the pandemic and the operational response to it.
2. Notes the level of government financial support received in support of the local pandemic response.
3. Notes the current view on use of reserves, and the outlook.
4. Notes the current financial forecast outturn for 2020/21 for General Fund services, Housing (HRA), Schools (DSG) and capital budgets, and also notes the level of uncertainty within that forecast.

1. Summary

- 1.1 This report sets out the Council's financial forecast outturn position for the 2020/21 financial year as at Month 5 (31st August 2020) and presents the current estimate of the impact of the C19 pandemic on the Council's finances during 2020/21. It is the first report on the financial position of the council in the current year to a member Committee. Future meetings of the Committee will receive the latest update in line with the date of the meeting.
- 1.2 At its meeting on 15 June, the Committee received an early view on the financial implication of the pandemic for the Council's finances. At that time, it was estimated that the operational cost falling within the current financial year may be £52.4m, and that £26.2m of funding had been announced, leaving an unfunded gap estimated at £26.2m.
- 1.3 After the June FPCC meeting, on 2 July, MHCLG announced an additional package of funding for local councils including three key measures
- A further tranche of un-ringfenced funding;
 - The opportunity to recover income losses from MHCLG (the first 5% of the loss to be borne by the council, with the remaining 95% being split between a portion (25% of 95%) being born by the council and a portion (75% of 95%) being recoverable from MHCLG.
 - The scope to recover collection fund losses over the following 3 years (these are usually to be recovered fully in the next year)
- These announcements have substantially changed the position for the Council, and the revised position is set out in this report and our current estimate of the revised position is that the deficit of £26m is now reduced to £3m, excluding the £12m CF deficit to be recovered in the next three years.
- 1.4 Despite the new funding announced by government, and further allocations (including for infection control, enforcement, and temporary accommodation), the overall position for the remainder of the year remains unusually uncertain due to both the pandemic response and also to the impact of the pandemic on both the council's costs and incomes.
- 1.5 Overall, the budget forecast for the main operations of the council is shown in table 1 and summarised below.
- Latest agreed budget for the year is net expenditure of £309.535m
 - The current forecast is for net expenditure against this budget of £343.300m. This includes the impact of loss of income from such areas as parking, commercial waste, leisure, etc, but does not include the impact on the collection fund as this is now to be spread over the next three financial years.
 - A forecast variance of an overspend of £33.765m
- 1.6 The forecast overspend is entirely attributable to the impact of the Covid-19 pandemic. The impact is due to additional costs incurred and losses of income which could not have been anticipated at the point of agreeing the budget, combined with the stepping down of other council activity to support the response to the pandemic, and the financial impact of this.
- 1.7 Taking into account the funding already afforded by government to cover these costs, there is an unfunded gap of £13.486m in the current year. This is shown in table 2. Of this, £11.076m can be addressed in the next 3 years but £2.410m must be addressed in this current year. The committee should note that this position continues to evolve month-to-month as new requirements, responsibilities and funding are announced.

- 1.8 The most recent estimate of the position relating to C19 is that unplanned expenditure equivalent to £124m in the year has been incurred so far, including £63m of 'pass-through' support to local businesses and £61m of pressure in operational budgets. This is shown in table 3. Against this, the council has received £47.776m in funding for operational pressures. Pass-through costs have been fully funded.
- 1.9 Additionally, there are a number of areas of uncertainty which officers are working to clarify. These include the level of parking income that may be achieved in the year, and the overall cost to the Council of adult social care (both ongoing activity and specific responses to the pandemic). This means that there remains uncertainty in the overall forecast for the year. However, and in contrast to previous years, the timing of some of these costs may mean that the overall position at outturn is favourable, despite the outlook over the next 2 years remaining very difficult.

2. Month 5 forecast outturn position

2.1 The overview as at month 5 is as follows:

- £37.244m estimated financial impact from the pandemic (in operational budgets).
- £33.867m forecast overall overspend, including the impact of the Covid 19 pandemic. This is less than the overall C19 impact due to the planned use of £641k of reserves, and underspending against previously planned activity.
- Within this forecast, savings delivery is estimated as £11.287m (65.2% of the MTFs target). Savings at risk are forecast to be £6.024m, although in this year some of this is mitigated through C19 grants from the government, however, the impact of the lost savings will be carried forward into next year.

2.2 Excluding C19 costs, the underspend is largely due to the underspend in Resources (Finance), arising from reduced costs of capital arising due to slippage in the delivery of the capital programme.

2.3 The overall position against the budget is shown in further detail in Table 1 below.

Table 1 Forecast Revenue Outturn at Month 5

Service Areas	2020/21 Budget	Reserve Movements	Month 5 Forecast Outturn after reserve movements	Month 5 variation to revised budget	COVID Impact
	£'000	£'000	£'000	£'000	£'000
Adults and Health	120,036	(399)	130,914	10,878	12,114
Children's Family Services	69,379	(242)	73,717	4,338	3,421
Environment	9,380	(552)	22,442	13,061	12,545
Growth and Corporate services	41,413	(422)	48,139	6,725	7,286
Assurance	7,407	75	7,824	417	474
Resources	61,919	900	60,264	(1,655)	1,404
Total at Month 5	309,535	(641)	343,300	33,765	37,244

2.4 The Committee should note that there are a number of significant estimates included in this forecast. Changes in the forecast methodology and the assumptions used in creating the forecast can have a material impact on the outturn position. Current indications are that some financial pressures may lessen, and this remains under review. These include

- The actual level of income received for on- and off-street parking, and the extent of the reimbursement claimed from MHCLG.
- The actual level of funding received via NCL CCG in support of the discharge of patients from hospital (current estimates for the period March-August assume recovery is less than 100% due to error or dispute). New guidance issued in July also impacts financial support for the period September to March, and the value of this is currently being established.
- The actual demand for adult social care provision transpiring in the year – this appears to have shifted as a result of the pandemic. Officers are keeping activity under review and are seeking to better understand emerging trends, but it is not yet clear how the year end outturn may be affected.
- The winter period may also bring (non-pandemic) pressures.

3. Covid-19 Pandemic; financial impact

3.1 The total cost to the Council of the local response to the Covid-19 pandemic has been estimated. As new information becomes available those estimates are being revised each month. A summary of costs incurred and funding received is set out in the table below. To fully compare costs as shown in table 1 with the additional funding provided, some presentational adjustments are needed – principally to ‘gross up’ items shown in table 1 as net values (e.g. an estimated £6.3m of hospital discharge funding due from NCL CCG). This enables the proper comparison of additional expenditure and income (and aligns to the Council's MHCLG reporting on C19 costs).

3.2 Further detail of the current estimate is set out in table 2, below. The Committee should also note that the figures presented exclude two other items:

- HRA cost pressures estimated at £1.382m. These are anticipated to be charged to the HRA reserve.
- Parking income bad debt at £1m. This value, is reported to MHCLG as part of the overall pressure, is a very early estimate that was required to be made for MHCLG reporting. It would not usually be included in budget reporting during the year. Bad debt provisions already exist, and it is not yet clear whether these will need to be increased or not.

Table 2a Summary of Forecast operational pressures relating to C19

Covid-19 costs and funding summary	£000s
General Council operations - increased costs and lost incomes	
Adults and Health	12,114
Children's Family Services	3,421
Environment	12,545
Growth and Corporate services	7,286
Assurance	474
Finance	1,404
General pressures	37,244
Add: Adjusting items to MHCLG return	8,799
Total general pressures	46,043
Collection fund pressures	15,209
Total In-year pressures	61,252

Table 2b Summary of C19 funding announced by government Council and net pressure arising

Covid-19 costs and funding summary	£000s
<u>Funding announced</u>	
Grant tranche 1	(8,772)
Grant tranche 2	(10,830)
Grant tranche 3	(3,259)
Non-ringfenced funding	(22,861)
Hardship Fund	(4,133)
Infection control	(3,500)
Test & Trace Allocation	(1,599)
Homelessness Funding	(18)
Temporary Accommodation	(1,040)
Reopening High Streets	(353)
Patrollers and enforcement	(191)
Reimbursement of losses from Sales, Fees and Charges (75% of 95%)	(7,771)
Targeted funding	(18,605)
NHS hospital discharge funding (via NCL CCG)	(6,300)
All funding announced	(47,766)
Net pressure	13,486
less: Collection fund losses to be recovered over 3 years (as collection fund losses above £15.209m less hardship funding received £4.133m, i.e. £11.076m)	(11,076)
Net pressure remaining (current year only)	2,410

3.3 It should also be noted that substantial funding has been made available by government to support local businesses, effectively 'pass-through' payments). Government determined that local councils were the best route to enable this to be passed on as quickly as possible. Entirely new processes were needed to be set up in order to enable this. In Barnet, the level of payments made to the end of August is summarised below:

- Small Business and Retail, Hospitality and Leisure Grants: £61.8m paid to 4,339 businesses
 - Small Business £10k grant: 2,344 businesses eligible; 2,008 (86%) have been paid (£20m).
 - Retail £10k grant: 410 businesses eligible; 373 (91%) have been paid (£3.7m).
 - Retail £25k grant: 1,585 businesses eligible; 1,522 (96%) have been paid (£38.1m).
- Discretionary Grants (£0.9m paid)
 - 428 applications received
 - Paid 34 £10k grants and paid 80 less than £10k grants
 - Paid 2 £25k grants
 - Value of grants paid £0.877m

Table 3 Summary of all C19 costs and funding

C19 - overall	service delivery £000s	business support £000s	total £000s
Costs			
service delivery costs	61,252		61,252
business grants paid to 4,375 businesses		62,700	62,700
total costs incurred	61,252	62,700	123,952
Funding			
Service funding	(47,766)		(47,766)
S31 grants for businesses		(62,700)	(62,700)
total funding	(47,766)	(62,700)	(110,466)
net costs	13,486	0	13,486
deferred to future years	(11,076)		(11,076)
net costs in year	2,410	0	2,410

4. Reserves

4.1 The table below shows the forecast drawdowns or top-ups to reserves at Month 5.

Table 4 Forecast drawdown/top-up of reserves at Month 5

Service Areas	Reserve Movements M4	Reserve Movements M5	Movement Adverse / (Favourable) £'000	Commentary
Adults and Health	(399)	(399)	0	Drawdown from transformation service supporting workforce, recovery planning and service reviews.
Children's Family Services	(109)	(242)	(133)	Increased drawdown in month to reflect latest transformation plan. Includes: - £0.084m overseas recruitment of social workers - £0.067m funding of 3-year fixed term post - £0.050m funding of Unicef partnership work
Environment	(580)	(552)	28	£0.552m drawdown in respect of the Tree planting programme reduced forecast from previous month
Growth and Corporate services	(422)	(422)	0	£0.250m homelessness support £0.130m development and regulatory services £0.042m strategic contract review
Assurance	75	75	0	£0.150m top-up to local elections reserves £0.075m drawdown in relation to CAFT
Finance	900	900	0	£12.000m – Additional s31 grant received in respect of Brent Cross top-up £10m to MTFs reserve and £2m to Recovery Plan initiatives £0.900m top-up in respect of pension pre-payment
Total	(536)	(641)	(105)	

4.2 Additionally, there is £8.772m shown at the end of last year as 'Revenue Grants Unapplied', which is the unused balance of the C19 Tranche 1 money received in March 2020. This grant will be fully utilised in 2020/21 but is not yet included within the reserves forecast above. Other Tranches (2 & 3) of C19 funding, plus targeted funding, are expected to be deployed within the year in line with the forecasts set out earlier in this report.

4.3 The forecast reserves balances at year-end is shown in Table 6 below. This is based on known, confirmed values so far in the year. Any impact arising from the cost of the response to the pandemic is not included (additional reserves relating to s31 funding received from government for collection fund items – council tax and business rates receipts – may mean that the actual balances carried forward may be substantially higher than set out in table 6, specifically due to those COVID 19 items; other items are anticipated to be substantially in line with current forecasts).

Table 5 Forecast Reserves Balances at Month 5

Reserve Movements	Balance Brought Forward	In-year use of reserves	Increases to Reserves	Resulting balance
	£000s	£000s		£000s
Revenue Reserves - non-earmarked	39,813	(1,723)	1,083	39,172
Revenue Reserves - earmarked	9,249	(12,000)	12,000	9,249
Revenue Grant - unapplied	8,772	(8,772)		0
Total Revenue	57,834	(22,495)	13,083	48,421
Capital Reserves	9,858			9,858
Total All	67,692	(22,495)	13,083	58,280

- 4.4 Earmarked reserves include an amount of £12.0m arising from treatment of a section 31 grant allocation related to the Brent Cross project. The Brent Cross shopping centre has a 'designated area' status in relation to business rates under regulations put in place as part of the original scheme design for the expansion of the centre.
- 4.5 Technical advice obtained has confirmed that this position is correct in relation to existing business rates rules and custom & practice processes. Given the exceptional nature of the current year it is deemed prudent to treat this in a way which does not assume the receipt of this funding until the overall outturn position is confirmed. For transparency, this report shows the funds arising (at a value of £12.0m), but also assumes application in-year (net nil impact), until the appropriate treatment has been clarified.
- 4.6 Additionally, it should be noted that the timing of some cash receipts and payments relating to service pressures encountered during the year may lead to some funds being carried forward at the year-end, due to the timing of actual payments being made. (This will be similar to the receipt of some C19 funding in mid-March 2020, of which £8.772m was carried forward as 'grant unapplied' after 31 March and then disbursed in the new financial year.)
- 4.7 For example, the Government has granted retail reliefs within the borough in the region of £67m. This will be received as grant income and accounted for in 2020/21. However, the deficit on the target collection level which the grants are intended to offset will be deferred for three years from 2021/22. This means that the council will carry forward a significant element of these unapplied grants to offset the collection fund deficits they relate to. The residual deficit is £11m, as set out earlier in this report.

5. Savings

- 5.1 In 2020/21 budget planned for the council to deliver £17.311m of savings. Table 7 below summarises the value of savings that are expected to be achieved against that savings programme. These amounts are included in the forecast shown in table 1 (as either C19 cost impacts or as BAU costs, as appropriate).

Table 6 Forecast Savings Delivery 2020/21

Service Area	Savings target 2020/21 £'000	Savings on Track as at 31/07/2020 £'000	(Gap)/Over to plan £'000	Service area gap %
Adults & Safeguarding	(5,741)	(3,499)	(2,242)	39.05%
Children and Family Services	(2,719)	(2,382)	(337)	12.39%
Environment	(4,150)	(1,855)	(2,295)	55.30%
Growth and Corporate Services	(3,874)	(2,741)	(1,133)	29.25%
Assurance	(247)	(247)	0	0.00%
Finance	(580)	(500)	(80)	13.79%
Total	(17,311)	(11,224)	(6,087)	
Percentages	100.00%	64.84%	35.16%	

6. Ringfenced funding

Housing Revenue Account

6.1 The HRA budget was set following the approval of the HRA business plan in January 2020. The budget for 2020/21 was a deficit budget of £2.540m.

Table 7 HRA Forecast Outturn Month 5

Service Areas	Latest Budget £'000	2019/20 Outturn £'000	P5 Actuals £'000	Forecast Outturn £'000	Budget Variance £'000	Change in Budget Variance £'000
Dwelling Rent	(50,405)	(49,799)	(12,378)	(50,083)	322	-
Non-Dwelling Rent	(1,093)	(1,057)	(244)	(1,005)	88	(117)
Service & Other Charges	(7,414)	(7,065)	(3,220)	(6,590)	824	-
Other Income	-	(366)	-	(800)	(800)	-
Housing Management	19,024	18,824	8,957	18,732	(293)	-
Other Costs	1,500	642	(294)	1,778	278	156
Internal recharges	3,048	3,704	10	3,360	313	-
Repairs & Maintenance - Mgt Fee	6,941	7,562	3,865	7,704	763	112
Repairs & Maintenance - Non Core	20	1,232	-	1,122	1,102	-
Fire repair costs capitalisation	-	-	-	(1,108)	(1,108)	-
Provision for Bad Debt	258	333	1	748	490	10
Regeneration	837	412	(286)	759	(78)	(15)
Debt Management Expenses	8,253	7,429	-	7,570	(683)	-
Capital Charges	21,651	23,045	-	21,651	-	-
Interest on Balances	(80)	(3)	(2)	(80)	-	-
HRA (Surplus)/Deficit	2,540	4,893	(3,591)	3,758	1,217	146

- 6.2 As at month 5, the forecast deficit is £3.758m, which equates to a £1.217m overspend from the agreed 2020/21 budget. This has resulted in an expected forecast draw down from the HRA reserve as summarised in Table 10.
- 6.3 The position has moved adversely from month 4 to month 5 by £0.146m with £0.111m being due to COVID-19 direct costs and the remaining £0.035m being an adverse shift in the underlying position as a result of increasing operational costs.
- 6.4 £1.382m was reported to MHCLG in September as the gross impact of COVID-19 on the 2020/21 outturn position which is an increase of £0.111m from the prior return of £1.347m in August following a detailed review of forecast costs until year end with The Barnet Group.
- 6.5 The total expected COVID-19 costs (£1.382m) is made up of an increase in bad debt provision, lost commercial income, Mears contract extension following the delayed TUPE of 43 dedicated repairs staff and increased operational costs as a direct result of the pandemic.

Table 8 HRA Reserves

Service Area	B/Fwd	Forecast Revenue Movement	Forecast Depreciation	Forecast Funding for Capex CFR	C/Fwd
	£'000	£'000	£'000	£'000	£'000
HRA Reserve	7,428	(3,758)			3,670
Major Repairs Reserve	11,460		21,651	(21,651)	11,460
HRA Reserves	18,888	(3,758)	21,651	(21,651)	15,131

- 6.6 As a result of the emerging forecast position (being close to the prudential minimum HRA reserve balance of £3.000m), work is in hand to establish options and proposals to improve the HRA position. These include:
- Review of accounting policies (Capital charges and depreciation).
 - Review of reserve balances, contributions and movements (HRA reserve and MRR).
 - Review of 50-year business plan and medium-term financial strategy.
 - Review of controllable items, council recharges and other components of the HRA.
 - Comprehensive review of all current arrangements between the council and Barnet Homes to ensure that all information impacting on the financial forecast for the HRA is shared in a timely manner and to promote co-ordination in the overall management of the HRA.

Dedicated Schools Grant

- 6.7 The DSG budget will be updated each month as the DFE announce further updates to allocations.
- 6.8 For month 4, the forecast is showing an overspend of £0.322m which is an improvement of £0.075m from last month. See the table below for the breakdown of this.

Table 9 Dedicated Schools Grant Month 5

	Budget	Month 5 Forecast Outturn after reserve movements	Month 5 variation to revised budget	Month 4 variance	In-Month change
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Schools:					

- Individual Schools Budget	142,824	142,754	(70)	(70)	0
- Growth Fund	2,545	2,545	0	0	0
- Central schools expenditure	1,087	1,087	0	0	0
- ESG retained funding	1,054	1,054	0	0	0
Sub-total	147,510	147,440	(70)	(70)	0
Early Years Block	29,877	29,809	(68)	505	(573)
High Needs Block	49,508	49,878	370	445	(75)
Sub-total	79,385	79,687	302	950	(648)
Total	226,895	227,127	232	880	(648)
Income					
DSG Income	(226,895)	(226,806)	89	(484)	573
DSG c/f	0	0	0	0	0
Total	(226,895)	(226,806)	89	(484)	573
Net DSG	(1)	321		396	(75)

6.9 The overspend on high needs is mainly the result of an increasing number of pupils with EHCP's (24% YOY) and increasing costs being identified as pupils are placed. This accounts for increased spend of £0.888m. Savings mitigating against this have been identified to the value of £500k.

6.10 As it stands, the DSG reserve carried forward at year end 31st March 2021 would be:

- DSG Brought Forward 1/4/20- £1.808m
- In Year overspend- £0.322m
- Forecast DSG Carried Forward 31/03/21- £1.486m

Public Health Grant

6.11 The public health grant (£17.477m) is forecast to remain within budget. There is some additional spending, due to Covid-19, which is offset by additional funding received. The Public Health Grant Reserve is currently £1.188m with no plans for any change during 2020/21.

Table 10a Public Health Grant forecast

Service Area	2020/21 Budget	2020/21 Forecast	Covid 19 impact	2020/21 Forecast	Variance
	£000s	£000s	£000s	£000s	£000s
Public Health services (PH grant funded)	17,477	17,477	0	17,477	0
Additional C19 services		1,243	1,243	0	0
Health and safety, Intelligence and Insight Hub, EDI	301	368	0	368	67
Public Health Services	17,778	19,088	1,243	17,845	67

Table 10b Public Health Grant Reserve forecast

Reserves use	brought forward	budget use	forecast use	forecast carry forward
	£000s	£000s	£000s	£000s
Public Health reserve	1,188	0	0	1,188

7. Capital Programme

- 7.1 The capital forecast outturn for 2020/21 capital investment programme is £446.977m, of which £378.000m relates to the General Fund programme and £68.977m relates to the HRA capital programme.

Table 11 Forecast Capital Outturn

Service Area	2020/21 Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	2020/21 Forecast £000	Variance from Approved Budget £000	Expenditure to date £000
Adults and Health	4,279	(0)		4,279	(0)	412
Children's Family Services	23,298	(23)	(3,655)	19,620	(3,678)	3,233
Growth and Corporate services	132,357		12	132,369	12	18,895
Environment	36,638	1,633	458	38,729	2,091	5,766
Brent Cross	169,717		630	170,347	630	45,345
Regional Enterprise (Re)	12,657			12,657		31
General Fund Programme Total	378,945	1,610	(2,555)	378,000	(945)	73,682
HRA	68,977			68,977		25,585
Grand Total	447,922	1,610	(2,555)	446,977	(945)	99,268

- 7.2 The key issues and variances for each service area are summarised below. Detailed analysis can be found in the individual directorate appendices.

- 7.3 **Adults and Health** – The reported pressure against Adults and Health approved Capital Programme budget 2020-21, as at month 5 is £0.412m. Broken down as follows:

- Sports and Physical Activities underspend £0.300m - project nearing completion, residual risks not now expected.
- Mosaic IT overspend £0.702m - continued support for implementation.

- 7.4 **Children's and Family Service** – The capital programme budget is in line with approval by CSB following several approvals at the latest board which increased the budget from £21.213m to £23.298m.

- There has been a large downwards movement in the forecast from M4 to M5 of £3.8m. This brings the overall position of the capital budget for the full year to an underspend of £3.678m.
- The reason for this movement is almost entirely due to slippage in schemes into future years. The breakdown of the main slippages is:
 - Saracens primary school have reprofiled £1.65m into the next financial year. This is following discussions between council officers and the DfE to understand the current and proposed plans
 - The Oakleigh SEN scheme has reprofiled £1.500m into next year. This is as a result of COVID delaying architect drawings and plans
 - £0.348m has been reprofiled into future years for the Hollockwood scheme. Expenditure on this scheme is contingent on the sale of the land at the school, which is due to be progressed in the coming months.
- These slippages have no impact on the overall value of the individual capital programmes over the life of their schemes. It is just a phasing issue.

- 7.5 **Growth and Corporate services** – The capital programme has a total budget of £132.357m in 2020/21, of which we are forecasting spend of £132.369 and accelerated spend of £0.012m to be funded. Capital budgets were re-profiled and approved by P&R, slipping circa £20m into 2021/22 and explains the minimal variance to current year budget.
- There are no significant contributors to the forecast variance as at P5 due to the re-profile.
- 7.6 **Environment** – the capital programme for environment has additions and deletions of £1.633m as well as a net accelerated spend of £0.458m, creating the forecast overspend.
- The addition reflects the amended treatment of schemes previously funded via the local implementation plan (TfL), but for which funding is now in doubt. Alternative funds have been bid for and the £1.6m principally reflects sunk costs incurred to date. Officers are now seeking alternative funding, and projected spend and funding will be aligned in the coming months.
- 7.7 **Brent Cross** - The 2020/21 forecast is now inclusive of BXS Land Acquisitions CPO2, approved at P&R in September. The scheme is fully recovered by BXS JVLP and has a total budget of £29.1m of which £12.7m relates to 2020/21. The current 2020/21 position for the overall scheme is c£0.6m higher than the budget due to accelerated spend within the Thameslink Station work package £1.1m offset by delays in Critical Infrastructure £0.5m. The overall programme until completion is still shown on budget.
- Funding for Land Acquisitions is inclusive of the latest property cost estimates with a built in 5% contingency and is currently shown on budget overall with a minor acceleration in year. It is expected that all properties forecast will be acquired in 2020/21 however there could be some in-year delays in completions due to the impact of COVID-19. In July & August the council purchased two properties under the CPO Indemnity agreement on behalf of our developer partner, which has subsequently been repaid and a sole hardship property in September for which monies are in transit. Since month M4 £0.435m of secure tenants' expenditure has been reprofiled into 2023/24
 - Thameslink Station 2020/21 is forecasting accelerated spend of £1.1m in 2020/21, whilst the overall programme remains on budget. A further detailed analysis amongst all partners in October will test the current forecast.
 - Critical Infrastructure 2020/21 forecast has slipped £0.5m into future years due to delays in the programme. The BXS Infrastructure works undertaken by our development partner has been reprofiled following an update with all expenditure to be incurred within 2020/21, this is offset by a forecasted realisation of a General Vesting Decision in the council's favour.
- 7.8 **Regional Enterprise (Re)** – At Month 5 slippage and additions reported in previous month have now been included in the budget.

HRA Capital Investment

- 7.9 The HRA has a capital expenditure budget of £103.285m in 2020/21, and the current forecast is for spend of £67.869m, which is a £35.415m underspend. Of this, £35.298m is expected to be slipped into 2021/22 whereas £0.116m is expected to be removed from the programme. The significant variances to budget can be summarised as follows:
- £11.191m Extra Care (Stag & Cheshire) underspend in 2020/21
 - £10.092m Barnet Homes GLA development underspend in 2020/21
 - £8.252m HRA Acquisitions underspend in 2020/21
 - £4.049m New Build 250 units underspend in 2020/21
 - £1.015m M&E / Gas accelerated spend in 2020/21

The underspends overall are largely as a result of delayed construction work.

Funding of the Capital Investment Programme

7.10 The composition of capital funding is detailed in the table below. The level of funding from Capital receipts, Revenue/ Major Repairs Allowance (MRA) and Community Infrastructure Levy (CIL) funding remain broadly the same as the previous period.

Table 12 Funding the Capital Programme 2020/21

Service Area	Grants/ Other contributions £000	S106 £000	Capital Receipts £000	Revenue/MRA £000	CIL £000	Borrowing £000	Total £000
Adults and Health	2,000	0	90	0	1,110	1,079	4,279
Children's Family Services	16,016	0	715	0	297	2,592	19,620
Growth and Corporate services	154	3,108	16,478	491	69	112,068	132,369
Environment	2,186	3,759	2,334	440	10,418	19,592	38,729
Brent Cross	156,739	0	0	0	0	13,608	170,347
Regional Enterprise (Re)	0	893	0	0	3,014	8,750	12,657
General Fund Programme	177,095	7,760	19,617	931	14,908	157,689	378,000
HRA	4,790	0	10,142	31,412	0	22,634	68,977
Total Capital Programme	181,885	7,760	29,759	32,343	14,908	180,322	446,977

8. Debtors

8.1 Between July 2020 and August 2020 overall debtors increased by £9.270m. This reason for this increase is a combination of the initial hold on recovery activity followed by a soft approach to collection and an increase in invoices raised; both in quantity and value since lockdown was relaxed during June. An analysis of debtors as at the 31 August 2020 is provided below at Table 15 and 16. It should be noted that this information is a snapshot as at that date and the position changes daily.

8.2 Overdue debtors (up to 30 days and older) as at 31 August 2020 was £34.119m, an increase of £13.948m for the same period in 2019 when the outstanding balance was £20.171m.

Table 23 Aged Debt Analysis as at 31 August 2020

Debtor	Not Overdue £000	Up to 30 days £000	30 - 60 days £000	60 - 90 days £000	Over 90 days £000	Total Debt £000
Month 5	4,355	5,008	11,919	1,215	15,977	38,474
Month 4	1,942	8,921	1,193	1,420	15,728	29,204
Movement	2,413	-3,913	10,726	-205	249	9,270

8.3 Table 16 gives detail of the top ten individual debts by debtor, totalling £24.551m.

Table 14 Top 10 debtors as at 31 August 2020

Debtor	Total Debt	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days
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	£0	£0	£0	£0	£0	£0
NHS North Central London CCG	10,001	0	2,235	7,174	593	0
Regional Enterprise Ltd	3,742	151	78	3,431	0	82
Mott MacDonald Ltd	3,209	1,343	1,279	0	0	588
NHS Barnet CCG	2,021	0	-15	0	25	2,011
The Barnet Group	1,979	35	162	109	35	1,638
The Fremantle Trust	1,357	0	0	0	0	1,357
Comer Homes	993	0	0	0	0	993
Hasmonean High School	659	5	0	0	0	654
Metropolitan Police Service	360	0	122	0	0	238
Affinity Water	230	2	31	2	195	0.734
Total	24,551	1,536	3,892	10,716	848	7,562

- 8.4 Adult Services, along with support from Finance colleagues, are now in regular contact with the CCG to discuss the outstanding CCG debt position (at 18.9.20 this stood out £10.65m). Most recent updates from the CCG reported that £0.819k had been authorised and/or recently paid. £8.555m is awaiting manager authorisation. £1.278 was in dispute, and being followed up. The CCG have been pushed on a likely payment date for items currently awaiting manager authorisation.
- 8.5 Re have confirmed that payments totalling £3.7m will be made by the end of month 6. This will be monitored closely and escalated should payments not be made.
- 8.6 Mott MacDonald Ltd will be making payment of £616k on 28th September. Remainder being investigated.
- 8.7 The Barnet Group have paid £1.7m in month 6. The remainder is under discussion.
- 8.8 Legal discussions with The Freemantle Trust are ongoing.
- 8.9 The Assistant Director of Estates is currently in discussion with HBPL regarding the Comer Homes debt.
- 8.10 Hasmonean High School have paid in full in month 6.
- 8.11 Barnet Community Safety Team has advised that the invoices raised to the Met Police Service were incorrect and are to be cancelled and then correct invoices re-issued.
- 8.12 Since the end of month 5 Affinity Water has made several payment and the balance outstanding is currently £78k

9. REASONS FOR RECOMMENDATIONS

- 9.1 This report contains a summary of the Council's revenue and capital outturn for the financial year 2020/21 as at Month 5 (31 August 2020).

10. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 10.1 None

11. POST DECISION IMPLEMENTATION

11.1 None

12. IMPLICATIONS OF DECISION

12.1 Corporate Priorities and Performance

- This supports the council's corporate priorities as expressed through the Corporate Plan for 2019-24 which sets out our vision and strategy for the next five years. This includes the outcomes we want to achieve for the borough, the priorities we will focus limited resources on, and our approach for how we will deliver this.
- Our three outcomes for the borough focus on place, people and communities:
 - a pleasant, well maintained borough that we protect and invest in
 - our residents live happy, healthy, independent lives with the most vulnerable protected
 - safe and strong communities where people get along well
- The approach for delivering on this is underpinned by four strands; ensuring residents get a fair deal, maximising on opportunities, sharing responsibilities with the community and partners, and working effectively and efficiently

12.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- This report considers the financial position of the Council at the end of the financial year.

12.3 Social Value

- None applicable to this report, however the council must take into account the requirements of the Public Services (Social Value) Act 2012 to try to maximise the social and local economic value it derives from its procurement spend. The Barnet living wage is an example of where the council has considered its social value powers.

12.4 Legal and Constitutional References

- Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.
- Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income

and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

- The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:
 - The overall financial performance of the council
 - The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Assets, Regeneration & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee; or Housing Committee
 - The council's major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy & Resources Committee and/or theme committees on issues arising from the scrutiny of external providers at the request of the Policy & Resources Committee and/or theme committees
 - consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
 - To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

- The council's Financial Regulations can be found at:
<https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD349&ID=349&RPID=638294>

12.5 Risk Management

- Regular monitoring of financial performance is a key part of the overall risk management approach of the Council.

12.6 Equalities and Diversity

- Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that policy and Resources Committee has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:
 - A public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - Tackle prejudice, and
 - Promote understanding.
- Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:
 - Age
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race,
 - Religion or belief
 - Sex
 - Sexual orientation
 - Marriage and Civil partnership
- This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.
- Progress against the performance measures we use is published on our website at: www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity
- Measures undertaken as part of the Council's response to the Covid-19 pandemic have been undertaken in full awareness of the Council's commitment and

responsibility to act in accordance with its own Equalities Policy and wider legislation. It is notable that the virus does appear to affect some parts of the community more than others, and the Council's actions have been informed by its commitment to mitigate impacts in all areas, and to appropriately protect or shield especially vulnerable individuals, in accordance with national guidelines.

12.7 Corporate Parenting

- In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

12.8 Consultation and Engagement

- None in the context of this report

12.9 Insight

- None in the context of this report

13. BACKGROUND PAPERS

- 13.1 None.