# Financial Performance and Contracts Committee

# 8 June 2021

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| **Title** | **Chief Financial Officer Report: Financial Outturn, 2020/21** |
| **Report of** | Director of Finance (Section 151 Officer) |
| **Wards** | All |
| **Status** | Public |
| **Urgent** | No |
| **Key** | No |
| **Enclosures** | Appendix A: Revenue tables |
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## Summary

This report contains a summary of the Council's revenue and capital outturn for the financial year 2020/21 as at 31 March 2021. It also contains information on the level of debt and the top 10 debtors as at 31 March 2021.

## Officer Recommendations

**That the Committee:**

1. **Notes the financial outturn for 2020/21including funds taken forward into the new financial year which are: the C19 funding received committed to be spent in the new financial year; the (planned, or prudent) contributions to service-based reserves arising from non-Covid operations, including specific or ringfenced grants; and the contribution to corporate reserves.**
2. **Notes the cost of the pandemic and the funding of it;**
3. **Notes the use of reserves in the year and the values taken forward;**
4. **Notes the capital investment reported and the funding of it;**
5. **Notes the outturn financial performance for ringfenced and restricted funding including the Housing Revenue Account, Dedicated Schools Grant, Public Health Grant, and the Special Parking Account;**
6. **Notes the current debt position and related actions taken.**

## 1. Summary

1.1 This report sets out the Council's outturn position for the 2020/21 financial year as at 31st March 2021, the financial impact of the Covid 19 pandemic during 2020/21, and other relevant financial information as at that point.[1]

1.2 Marked by the COVID-19 pandemic, 2020/21 was turbulent but ended strongly for the council. The budget was set in March 2020 based on the discussions developed in the preceding 6 months, and was marked by a lack of any planned reliance on the use of reserves. A year later not only was it not necessary to rely on reserves, but in fact there have been contributions to reserves. There were planned contributions of £6.640m, with a further unplanned amount of £9.749m added to corporate reserves and provisions.

1.3 Costs of the pandemic incurred during the year were substantially covered through government funding received, with a balance £8.443m being taken forward to the new year to fund anticipated costs. This balance, together with the reserves created above, are one-off, but they will help to manage pandemic recovery costs during 2021/22.

1.4 The first lockdown was announced in late March 2020, and for several months thereafter there was great uncertainty over the level of cost that might be incurred and the extent of government funding. An early report (June 2020 FPCC) estimated that costs could be as high as £52.4m, with funding at that point only covering half of that. There were widespread concerns at the time that many councils could be pushed into a financial crisis. As it turned out, further financial support was provided. Announcements in July and later in November mean that government has substantially funded the local costs of the pandemic. The sums received have been managed carefully, targeting resources towards areas of greatest need as they were identified while still ensuring there were proper safeguards and effective management of public money.

1.5 As this report sets out, funding has in fact been received at a faster rate than it was spent, with a total of £85.0m received and total spending of £76.6m (excluding business support and support for schools). The balance so far unspent is already committed to a range of known further costs in the new year as being directed to areas such as support to employment, business support and ongoing social care impacts.

1.6 The pandemic impact also extends to the Medium Term Financial Strategy. The MTFS, which covered 2021-26, was based on service delivery assumptions rooted in the months leading up to March 2020, and so reflects a 'pre-pandemic' profile of council operations. At that point, the MTFS indicated a remaining savings requirement for 2022/23 of £8.6m, rising to £14.1m by 2024/25. A key priority for the council in the new financial year (2021/22) and through the budget planning process for 2022/23 and the MTFS period will be to understand the post-pandemic operation of council services and the impact of that on the MFTS.

[1] The committee should note that this report has been prepared alongside the closure of the accounts and reflects the same values. However, the publication of this report precedes the finalisation of the accounts and the external audit review, and as such some values may change (notably around the collection fund outturn and business rates) as the accounting treatment in a number of areas of pandemic response is finalised and agreed.

1.7 In particular, the council will need to identify areas affected for a short period only by the pandemic, as opposed to where the pandemic has had a longer term or even permanent effect. In essence, a 'fundamental financial review' is required for all budgets affected (or possibly affected) by the pandemic. Key areas for review include latest or emerging trend data for social care (Adults and Children's) including mental health and domestic violence support, car parking income, business rates receipts and local business and employment support, and resident expectations of services such as housing provision, leisure, and parks and open spaces, among others. A report will be taken to June Policy & Resources Committee with recommendations regarding the approach to revising the MTFS and setting a budget for 2022/23 to support delivery of the Barnet Plan.

1.8 The direct impact on council finances in the 2020/21 year includes £76.6m of pandemic costs incurred already, with funds of £8.4m carried forward to meet further costs expected in the new year (particularly in wider community impacts such as domestic violence, mental health support, 'lost learning' in schools, and support for small businesses, employment, and skills.

1.9 Costs for non-pandemic related council activity were substantially reduced in the year, as some services could not be delivered as usual, or were delivered differently. Many staff were redirected to support pandemic response work. The overall outcome is that

- overall, budgets have underspent by £9.7m overall, allowing funds to be set aside corporately to provide one-off support to the delivery of future years budgets (including risk cover for adults budgets in the new year)
- planned and prudent contributions have been made to specific service based reserves (including for specific or ringfenced non-C19 grants) totalling £6.6m, including £1.0m added to the insurance reserve, £2.5m has been saved against anticipated capital financing costs, and £0.7m added to the ringfenced public health grant reserve.

1.10 The focus of the new year will clearly be upon stabilisation and pandemic recovery. It will be crucial to understand the emerging profile of social care demand and parking revenues as these stabilise post-pandemic, as well as quantifying emerging needs for domestic violence support, mental health support, employment and business support, addressing lost learning in schools, and other community impacts.

1.11 Notable trends that have financially impacted on the council during the year just ended include:

- Car parking income: £10.4m lost parking income, with a recovery to around 65%-70% of previous levels as lockdown restrictions are eased (lost funding reimbursement arrangements will continue to 30 June); If parking income continues at these latest levels the loss of income in 2021/22 will be c £5m.
- Adult social care: costs £4.9m less than budgeted, after receipt of £29m of additional funding for pandemic costs (including £11.5m of NHS funding for hospital discharges – this funding is continuing into the first quarter of the new year). All new client activity was funded by Health, which increased client related income for 20/21. There has been a significant increase in the number of discharges via hospital, 517 clients discharged with a package of care in 2019-20 compared to 1,394 for the period 19 March 2020 to 31 March 2021 (170% increase). The year also saw a significant trend with demand favouring homecare arrangements over care in nursing and residential settings. The pandemic has also accelerated the use of community based services. Monitoring the changing levels of need for different types of services as NHS support comes to an end and lockdown restrictions ease will be a key priority in the new year.
- Business rates losses: Business rates losses is currently estimated at £4.5m, and council tax losses is estimated to be £2m. These should be substantially funded through remaining government support.

- Housing rent arrears: Increased rent arrears have been reported through the year in housing (GF and HRA), with the likelihood of increased levels of 'bad' debt. Levels of provisions have been reviewed accordingly.
- Employment: 33,000 residents on furlough (3rd highest in London) and 20,000 residents unemployed (borough unemployment has increased from 2.6% in March 2020 to 7.5% in March 2021) – unsurprising statistics given the level of SME and micro businesses in the borough. Early indications as lockdown eases are that businesses are reopening and rehiring but monitoring the positive and negative impacts on the local population will be a key area of focus in the new financial year.
- Temporary Accommodation: households requiring the use of TA has stayed largely stable (2,467 in March 2020; 2,399 in March 2021) mainly due to the government ban on evictions and furlough measures. It is not yet clear how the lifting of the evictions ban and the ending of furlough arrangements will affect local residents, but, as with other areas, this will be a key area to monitor as the new financial year progresses.
- Homelessness: The borough homeless count has decreased by half from an estimated 20 individuals in March 2020 to 11 in March 2021 due to borough-wide policies such as "everyone in".
- Children's social care: the number of 'children looked after' has remained largely stable through the year, although some areas (notably services for 18-25 year olds) have seen increases in the average cost per client – monitoring in the new year will seek to better understand whether this is a product of market provision and client needs, or a temporary feature arising from the pandemic. There are some emerging indications of a growth in demand (seen in referral and contact numbers), which, again, will be monitored to gain a better understanding of post-pandemic needs in this area.

## 2. Outturn position

2.1 The overview as at month 12 is as follows and below (table 1):

- Overall, spending is recorded as £382.2m, which was £73.4m over budget.
- Of this overspend
    - £76.6m additional expenditure was due to the pandemic, fully funded through government grants received.
    - £6.640m was contributed to specific reserves (in line with budget plans, grant terms, or other prudent purposes)
    - Leaving an underspend of £9.75m for non-Covid activities of the council.
- Within this, savings delivery is estimated as £12.253m (71% of the MTFS target).

2.2 The application of the C19 reserves carried forward to 2021/22 is discussed in section 3.

2.3 The net contribution to non-C19 operational reserves of £6.640m is discussed in section 4.

2.4 The non-C19 funds still available at the end of the year of £9.749m are proposed to be allocated as set out in table 2 (below).

2.5 It should be noted that the Growth and Corporate Services service-specific reserves shown in table 1 excludes two transactions which are capital in substance. These are £10.5m of capital receipts drawn down to offset exit costs from Barnet House, in line with the previous P&R committee decision, and £13.5m of CIL receipts collected through the year and transferred to a dedicated reserve at year end.

Table 1 Revenue Outturn for 2020/21

| Service Areas | 2020/21 Budget | Total Spend 2020/21 | Budget variance | COVID Impact | Reserves - Service Specific, non-COVID | Month 12 Outturn | Non-COVID variance |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Adults and Health | 102,538 | 127,450 | 24,911 | 29,285 | 604 | 97,561 | (4,977) |
| Children's Family Services | 70,024 | 77,693 | 7,670 | 7,410 | (418) | 70,701 | 677 |
| Environment | 10,189 | 24,046 | 13,857 | 14,273 | 363 | 9,410 | (779) |
| Growth and Corporate services | 44,065 | 50,858 | 6,793 | 6,453 | 1,662 | 42,743 | (1,322) |
| Assurance | 7,239 | 6,926 | (313) | 1,015 | 1,109 | 4,802 | (2,437) |
| Resources | 57,540 | 73,776 | 16,237 | 14,553 | 2,606 | 56,617 | (922) |
| Public Health | 17,940 | 22,234 | 4,294 | 3,569 | 713 | 17,952 | 12 |
| **Total at Month 12** | **309,535** | **382,985** | **73,450** | **76,559** | **6,640** | **299,786** | **(9,749)** |
| 2019/20 C19 grant unapplied | | | | (8,772) | | | |
| Funding received for C19 in-year | | | | (76,230) | | | |
| C19 funding available in 2020/21 | | | | (85,002) | | | |
| Transfer to 2021/22 via earmarked C19 reserves (grant unapplied) | | | | 8,443 | | | |
| Transfer to earmarked (non-C19) reserves | | | | | | 9,749 | 9,749 |
| **Total at Month 12** | **309,535** | **382,985** | **73,450** | **76,559** | **6,640** | **309,535** | **0** |

Table 2 - allocation of the non-C19 funds available at the end of 2020/21r

| **Non-C19 funds still available at year end** | **(9,749)** |
|---|---|
| Allocation as: | |
| Risk cover for uncertain adult social care demand in the new financial year | 2,000 |
| Your Choice Barnet – to support potential costs in 2021/22 | 1,200 |
| Temporary accommodation additional bad debt provision reflecting increased risk in this area | 766 |
| MTFS reserve: to support MTFS and Barnet Plan delivery | 5,783 |
| **total allocated** | **9,749** |

## 3. Covid-19 Pandemic; financial impact

3.0 The total cost to the Council of the local response to the Covid-19 pandemic along with the funding received is outlined below. In summary, the current year financial impact on the council arising from the pandemic is:

- costs incurred of £78.059m;
- funding announced of £85.002m;
- funds taken into the new year £6.943m.

3.1 Further details on the spending of the grants is outlined in table 3. All spending is fully aligned to the terms of the various grants.

Table 3 Summary of C19 funding application and estimated spending in 2020/21 and 2021/22

| Grant | Directorate | Total Amount Received 2020/21 £000 | Estimated Spend 2020/21 £000 | Estimated Spend 2021/22 £000 | total committed against current funding £000 | Commentary |
|---|---|---|---|---|---|---|
| Estimated reimbursement of losses from Sales, Fees and Charges (75% of 95%) | ALL | 11,091 | 11,091 | 0 | 11,091 | The main factors here are loss of parking income, commercial waste income, court costs, registrar lost income and loss of income from contracts |
| NHS hospital discharge funding (via NCL CCG) | Adults | 11,467 | 11,467 | 0 | 11,467 | To help cover the cost of hospital admission avoidance, post-discharge recovery and support services, rehabilitation and reablement care |
| Estimated Contain Outbreak Management Fund | ALL | 9,557 | 6,381 | 3,176 | 9,557 | Led by Public Health, there are many areas of spend here including funding provided to schools, enforcement, support for those self isolating, targeted support at specific cohorts, rough sleeper additional support and utilisation of local sector to help contain the outbreak. Unspent portion approx. equal to Feb and March allocations. |
| Infection control | Adults | 7,202 | 7,202 | 0 | 7,202 | Supporting adult social care providers to reduce the rate of transmission in and between care homes and to support the wider workforce to deliver infection control |
| Hardship Fund | Resources | 4,133 | 4,133 | 0 | 4,133 | All council tax support residents have had their accounts credited with £150. The remaining funds have been used in line with the crisis fund or discretionary council tax hardship fund as required |
| SR20 collection fund losses reimbursement | Resources | 3,575 | 3,575 | 0 | 3,575 | This represents the 75% loss of council tax funding as a result of the pandemic |
| Test & Trace Allocation | Public Health | 1,599 | 815 | 784 | 1,599 | Predominantly spent on staffing, contract tracing, communication and asymptomatic lateral flow testing. £859k is forecast to be spent on these activities as they continue into 2021/22. |
| Temporary Accommodation | Growth and Corp | 1,040 | 1,040 | 0 | 1,040 | Provision of temporary accommodation to reduce homelessness, continuing to 2021/22. |
| COVID Winter Grant | Adults/CFS | 1,312 | 1,312 | 0 | 1,312 | Main spend has been on passing money to schools to provide food vouchers to vulnerable families for the period Dec-Mar. We have also engaged local organisations such as food banks and supported vulnerable families through this method also |
| Rapid Testing Fund | Adults | 894 | 844 | 50 | 894 | Funding to support additional rapid testing of staff in care homes, and to support visiting professionals and enable indoors, close contact visiting where possible. |
| Workforce Capacity Fund | Adults | 724 | 724 | 0 | 724 | Funding to provide additional care staff where shortages arise, support administrative tasks so experienced and skilled staff can focus on providing care, and help existing staff to take on additional hours if they wish with overtime payments or by covering childcare costs |
| Clinically Extremely Vulnerable (CEV) Funding | Adults | 467 | 9 | 458 | 467 | Providing support such as access to food deliveries and signposting to local support of befriending services to the most at risk to enable them to stay at home as much as possible |

| | | | | | | |
|---|---|---|---|---|---|---|
| other targeted funding | Misc | 2,585 | 2,582 | 3 | 2,585 | |
| Non-ringfenced funding (Grant Tranches 1-5) | ALL | 29,356 | 25,383 | 3,973 | 29,356 | To offset COVID 19 related costs and income losses as reported in monthly returns to MHCLG. Including but not limited to income losses not covered by the 75% reimbursement, supplier relief, increased demand on social care, staffing costs, cleaning costs and increased contract costs. £6.754m expected to be carried forward and spent on similar activities during 2021/22. |
| **Total** | | **85,002** | **76,559** | **8,443** | **85,002** | |
| **Grant** | **Directorate** | **Total Amount Received 2020/21 £000** | **Estimated Spend 2020/21 £000** | **Estimated Spend 2021/22 £000** | **total committed against current funding £000** | **Commentary** |
| Estimated reimbursement of losses from Sales, Fees and Charges (75% of 95%) | ALL | 11,091 | 11,091 | 0 | 11,091 | The main factors here are loss of parking income, commercial waste income, court costs, registrar lost income and loss of income from contracts |
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| Workforce Capacity Fund | Adults | 724 | 724 | 0 | 724 | Funding to provide additional care staff where shortages arise, support administrative tasks so experienced and skilled staff can focus on providing care, and help existing staff to take on additional hours if they wish with overtime payments or by covering childcare costs |
| Clinically Extremely Vulnerable (CEV) Funding | Adults | 467 | 9 | 458 | 467 | Providing support such as access to food deliveries and signposting to local support of befriending services to the most at risk to enable them to stay at home as much as possible |
| other targeted funding | Misc | 2,585 | 2,582 | 3 | 2,585 | |
| Non-ringfenced funding (Grant Tranches 1-5) | ALL | 29,356 | 25,383 | 3,973 | 29,356 | To offset COVID 19 related costs and income losses as reported in monthly returns to MHCLG. Including but not limited to income losses not covered by the 75% reimbursement, supplier relief, increased demand on social care, staffing costs, cleaning costs and increased contract costs. £6.754m expected to be carried forward and spent on similar activities during 2021/22. |
| **Total** | | **85,002** | **76,559** | **8,443** | **85,002** | |

| Grant | Total Amount Received 2020/21 £000 | Estimated Spend 2020/21 £000 | Estimated Spend 2021/22 £000 | total committed against current funding £000 | Commentary |
|---|---|---|---|---|---|
| Estimated reimbursement of losses from Sales, Fees and Charges (75% of 95%) | 11,091 | 11,091 | 0 | 11,091 | Loss of parking income, commercial waste income, court costs, registrar lost income and loss of income from contracts |
| NHS hospital discharge funding (via NCL CCG) | 11,467 | 11,467 | 0 | 11,467 | To help cover the cost of hospital admission avoidance, post-discharge recovery and support services, rehabilitation and reablement care |
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| SR20 collection fund losses reimbursement | 3,575 | 3,575 | 0 | 3,575 | This represents the 75% loss of council tax funding as a result of the pandemic |

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| other targeted funding | 2,585 | 2,582 | 3 | 2,585 | |
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| **Total** | **85,002** | **76,559** | **8,443** | **85,002** | |

3.2 Table 3 excludes:

- Housing Revenue Account (HRA) cost pressures estimated at £1.5m. These are anticipated to be charged to the HRA reserve, although councils continue to lobby government to ask that HRA costs are supported in a way similar to cost pressures in the general fund and collection fund.
- Grant payments passported to schools (£1.5m)

3.3 The value expected to be spent in 2021/22 is to be focused on the following areas:

- Costs of the pandemic response which are continuing into the new financial year (all areas)
- Additional, short-medium term costs arising from the wider impacts of the pandemic, including domestic violence; mental health; lost learning; employment and business support.

3.4 Support continues to be provided to local people and businesses. Current totals are below:

Business Grants

- Since the outbreak of Covid-19 LBB have been asked to deliver 13 separate business grant schemes.
- To date we have paid out over £78m across these schemes.
- Small Business and Retail, Hospitality and Leisure Grants = 4,008 businesses benefiting to a value of £63.3m
- March 2020 to September 2020 Discretionary Grant = 333 businesses benefiting to a value of £3.3m
- Local Covid Alert Level Grants = 2,351 businesses benefiting to a value of £29.6m (data as at 10th May 2021).

Test and Trace Support Payments

- Since the introduction of Local Covid Alert Levels in October 2020, 3,517 requests have been received with a 61% rejection rate.
- To date £678,500 has been paid out to 1,357 Barnet residents who have been forced to self-isolate.

Council Tax

- £3.8m in hardship payments has been distributed to over 24,000 of our poorest council tax payers to reduce their tax liability.
- Alternative payment plans have been agreed with over 5,000 of our tax base to help alleviate the financial impact of Covid.

Emergency financial support for residents

- This is in the form of Discretionary Housing Payments, Discretionary Council Tax Discounts and Crisis Fund all of which has increased significantly against last year
- DHP 48% increase against last year
- Discretionary Council Tax Discounts 223% increase against last year
- Crisis Fund 79% increase against last year

3.5 At the beginning of the COVID-19 pandemic, the Council instituted support to suppliers and strategic partners through three main mechanisms, the first two were local initiatives (subsequently confirmed through PPN01/20 and PPN03/20) with the latter informed:

- Relaxation of payment terms for Accounts Payable from 10 days post-certification to immediate payment post-certification. The Council has maintained this support throughout the pandemic and will do so until at least 31 March 2021.
- Opened up the eligibility criteria for Procurement Card expenditure to enable faster payments to suppliers where it was reasonable to do so. The Council maintained this support until August 2020.
- Provided Supplier Relief – financial and performance – to contractors able to evidence cashflow difficulties on an open book basis under Procurement Policy Notice (PPN) 02/20 to 30 June 2020 and PPN 04/20 until 31 October 2020. Additional support in a similar vein to Supplier Relief has been provided for where agreed with the Director of Resources (S151).

3.6 The table below shows the agreed financial Supplier Reliefs by CMT Service Area, Suppliers to 31 October 2020.

Table 4 COVID-19 Supplier Relief agreed as at Month 12

| Service Areas | Supplier | Relief Provided £'000 | Commentary |
|---|---|---|---|
| Growth and Corporate Services | Re | 2,264 | There exists an income loss totalling £3.964m for contract year 7, of which £1.7m has been capped as Re's liability through the GI shortfall mechanism agreed in accordance with PPN02 and confirmed by letter of variation dated 19th June. The remaining £2.264m is therefore LBB's pressure and expected to be claimed through the supplier relief mechanism. |
| Environment | NSL Marston | 1,092 | Payments on account using previous 3 months' data prior to repurposing as COVID-19 enforcement.<br>1) Deployment.<br>This is normally paid at a unit hourly rate. The payment based on the average was £275,319.91 per month.<br>2) Notice Processing<br>This is normally paid at a unit rate per penalty. The payment based on the average was £85,300.36 per month.<br>3) Abandoned vehicles service<br>This is usually paid based on abandoned vehicle inspections. The payment based on the average was £3,869.39 per month. |
| Adults and Communities | GLL | 1,816 | Loss of income and cashflow support (Q1 = 720k and July = 146k) March 21 = £950k) |
| Children's Family Services | ISS | 1,115 | Loss on school meals income |
| Children's Family Services | Cambridge Education | 565 | Loss on traded income |
| Growth and Corporate Services | Capita CSG | 445 | Capped Schools Traded Income losses. Deficit of £902k, CSG guarantee £457k. Balance of £445k. (Relates to education support such as advisory services, financial management support, HR support etc) |
| Children's Family Services | Manuella Care | 5 | Loss of Homecare provision - committed hours payment |
| Growth and Corporate Services | Norse Group | 2 | Payments of committed hours during March-June lockdown 2020 |
| **Total** | | **7,304** | |

3.7 Contract performance target (KPI) relaxations were agreed under PPN02/20 and PPN04/20 with Capita CSG and Re. There are further conversations with strategic partners regarding ongoing support following the placing of London into Tier 3, Tier 4 and National Restrictions. This support sits outside the PPN process issued by HM Government and relates to maintenance of services for residents, post-restrictions.

3.8 This represents the amounts provided through the supply chain under PPN02/20 and PPN04/20 and is a part of wider support to businesses as outlined earlier in this report through both business rates relief and grants and additional work from services.

3.9 It is notable that the various 'waves' of pandemic infections have primarily reflected the experience of the general population and, in particular, acute hospitals. The impact on council-run services can be similarly immediate (for example, parking and leisure centre revenues), slightly delayed (adult social care), or significantly delayed (such as children's social care - which often relies on concerns that are initially flagged by schools, and employment support – where the extent of need is difficult to gauge ahead of the withdrawal of the furlough scheme). It is therefore expected that many costs arising from the pandemic and the recovery from it will continue to impact on the council for many months to come.

## 4. Reserves

4.0 The table below shows the drawdowns or top-ups to reserves at Month 12.

Table 5 Outturn: planned (drawdown) or top-up of reserves

| Service Areas | Reserve Movements | commentary |
|---|---|---|
| | | |
| Adults and Health | 604 | Against future risks for leisure income (beyond the fees and charges relief period Apr-Jun) |
| Children's Family Services | (418) | Use of Troubled Families balances brought forward |
| Environment | 363 | Drawdown from trees reserve - £350k<br>Contribution to reserves made up of:<br>Flood Risk Management - £263k<br>Re Managed Budgets Reactive maintenance - £330k<br>Street Lighting - £120k |
| Growth and Corporate services | 1,662 | Mainly due to £0.5m top up to general fund housing reserves plus additional bad debt provision relating to temporary accommodation. |
| Assurance | 1,109 | Review of self-insurance provision indicated that likely use was less than the provision. Following an analysis of insurance claim trends, the balance of £1m has been put |
| Resources | 2,606 | £2.480m – Treasury saving due to the timing of borrowing, and rates being lower than anticipated.<br>£0.500m - Benefit Subsidy<br>£0.100m - Housing Benefits: Drawdown<br>£0.040m - Pension Saving statements costs reserve |
| Public Health | 713 | Public Health ring fenced grant top-up. Reflects underspend in demand led contracts, a direct result of the impact of the pandemic on attendance. |
| **Total** | **6,640** | |

4.1 The reserves balances at year-end is shown in the table below.

Table 6 Reserves Balances at Month 12

| Reserve Movements | Balance Brought Forward £000s | In-year use of reserves £000s | Increases to Reserves £000s | net change £000s | Resulting balance £000s |
|---|---|---|---|---|---|
| Revenue Reserves - non-earmarked | 39,813 | (1,408) | 0 | (1,408) | 38,405 |
| Revenue Reserves - earmarked (non-Covid-19) | 9,249 | (175) | 16,903 | 16,728 | 25,977 |
| **Total Revenue Reserves** | 49,062 | (1,583) | 16,903 | 15,320 | 64,382 |
| Revenue Grant - unapplied (Covid-19, general fund) | 8,772 | (8,772) | 8,443 | (329) | 8,443 |
| Revenue Grant - unapplied (Covid-19, business grant reliefs) | 0 | 0 | 22,467 | 22,467 | 22,467 |
| **Total Grants Unapplied** | 8,772 | (8,772) | 30,910 | 22,138 | 30,910 |
| **Total Revenue Reserves & Grant Unapplied** | 57,834 | (10,355) | 47,813 | 37,458 | 95,292 |
| Community Infrastructure Levy (CIL) | 7,419 | | | 13,499 | 20,918 |
| Revenue Implications of Capital | 1,440 | | | 2,481 | 3,921 |
| Other | 999 | | | 0 | 999 |
| **Capital Reserves** | 9,858 | 0 | 15,980 | 15,980 | 25,838 |
| **Total All** | 67,692 | (10,355) | 63,792 | 53,437 | 121,130 |

4.2 Table 6 shows an increase to reserves of £53.437m, from £67.692m to £121.130m. This increase includes

- Non-Covid-19 reserves – net contribution of £15.320m, due to planned or prudent service contributions to earmarked operational reserves (including ringfenced non-C19 funding) and general underspending on non-Covid-19 objectives (discussed above, section 2)
- Revenue Grant Unapplied (Covid-19, general) – net use of £0.329m, with in-year use of Covid-19 grant unapplied of £8.772m and carry-forward of new covid-19 grants received but unapplied within the year of £8.443m (as identified in table 3 and including separate amounts for COMF, test and trace, high-street reopening, and general unringfenced funding).
- Revenue Grant Unapplied (Covid-19, business grant reliefs) – contribution of £22.467m, which represents the LBB share of the full grant afforded by government to support lost business rates due to the pandemic. The amount is fully ringfenced to business rates relief and replaced funding the council would otherwise lose. The technical requirement of the collection fund means that this is received in 2020/21 but will be deployed in later years.
- Capital reserves - £9.898m brought into the year, further contributions or £15.980m (chiefly CIL contributions), and a resulting balance of £25.838m

## 5. Savings

5.1 The 2020/21 budget planned for the council to deliver £17.311m of savings. Table 7 below summarises the value of savings that have been achieved against that programme. (These amounts are also included in table 1.) Of the £5.058m unachieved, c.£2.5m is anticipated to be achieved in the next financial year. The balance of £2.6m relates to increased parking income which is no longer achievable and has been removed in the budget for 2021/22. Savings now reported against Adults & Safeguarding have increased further to review of performance against savings at outturn which indicated a higher level of achievement than reported previously.

5.2 Overall, savings delivery was significantly impacted by the pandemic and the response to it (in the previous year, 91.5% or £18.3m of savings were achieved). Had the savings been delivered at the target level, the underspend overall would have been greater.

5.3 Part of the financial review needed through the new financial year will include consideration of where savings arising through the pandemic (which contributed to the overall underspend) are ongoing and will support the MTFS, or alternatively where they are one-off and will need to be replaced for later years. If all savings prove to be recurrent, the overall MTFS savings target for the year will have been achieved (albeit not in line with the previous plans).

Table 7 Forecast Savings Delivery 2020/21

| Service Area | Savings target 2020/21 £'000 | Savings On Track as at 31/03/21 £'000 | (Gap)/Over to plan £'000 | Service area gap % |
|---|---|---|---|---|
| Adults & Safeguarding | (5,317) | (4,102) | (1,215) | 22.85% |
| Children and Family Services | (2,719) | (2,669) | (50) | 1.84% |
| Environment | (4,150) | (1,450) | (2,700) | 65.06% |
| Growth and Corporate Services | (3,874) | (2,861) | (1,013) | 26.16% |
| Assurance | (247) | (247) | 0 | -0.08% |
| Resources | (580) | (500) | (80) | 13.79% |
| Public Health | (424) | (424) | 0 | 0.00% |
| **Total** | **(17,311)** | **(12,253)** | **(5,058)** | |
| **Percentages** | **100.00%** | **70.78%** | **29.22%** | |

## 6. Ringfenced funding

Housing Revenue Account

6.0 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 8 HRA Outturn Month 11

| ***2019/20 Outturn*** | **Service Areas** | **Revised Budget** | **Outturn** | **Budget Variance** |
|---|---|---|---|---|
| (49,799) | Dwelling Rent | (50,405) | (49,587) | 818 |
| (1,057) | Non-Dwelling Rent | (1,093) | (926) | 168 |
| (7,065) | Service & Other Charges | (7,414) | (1,704) | 5,710 |
| (366) | Other Income | - | (697) | (697) |
| 18,824 | Housing Management | 19,024 | 18,566 | (458) |
| 642 | Other Costs | 1,500 | 759 | (743) |
| 3,704 | Internal recharges | 3,048 | 3,060 | 12 |
| 7,562 | Repairs & Maintenance - Mgt Fee | 6,941 | 7,874 | 933 |
| 1,232 | Repairs & Maintenance - Non Core | 20 | 12 | (7) |
| 333 | Provision for Bad Debt | 258 | 696 | 438 |
| 412 | Regeneration | 837 | 725 | (112) |
| 7,429 | Debt Management Expenses | 8,253 | 7,643 | (611) |
| (3) | Interest on Balances | (80) | (34) | 46 |
| **(18,152)** | **HRA Controllable (Surplus)/Deficit** | **(19,111)** | **(13,612)** | **5,499** |
| 23,045 | Depreciation | 21,651 | 12,422 | (9,229) |
| - | RCCO | - | 4,714 | 4,714 |
| **23,045** | ***HRA Capital Charges*** | **21,651** | **17,137** | **(4,515)** |
| **4,893** | **HRA (Surplus)/Deficit** | **2,540** | **3,525** | **984** |

6.1 At month 12, the final outturn deficit is £3.525m, which is an overspend £0.984m compared to the agreed 2020/21 budget. This will be funded by a draw down from the HRA reserve, at the same value, as shown in Table 9.

6.2 This £3.525m deficit, or draw on the HRA reserve, is made up of £13.612m controllable revenue contributions and £17.137m capital charges, these are reflected in both tables 8 and 9.

6.3 Depreciation has been reduced to £12.422m, a £9.229m reduction from the prior accounting policy, bringing the calculation into line with best practice. In order to prevent an adverse impact on the Major Repairs Reserve and an unusually high closing HRA reserve balance it has been agreed to make a contribution to capital funding from revenue resources (in line with technical requirements). Therefore, a RCCO (revenue contribution to capital outlay) has been agreed at £4.714m, which effectively partially offsets the reduction in depreciation and enables the closing reserve balance to be carried forward at £4m whilst as well as minimising the adverse impact on in-year capital financing. This adjustment is only required in this year and is not repeated in subsequent years.

6.4 Some changes have occurred between the last forecast and the outturn including decreased regeneration costs arising from increased developer funding; increased dwelling and non-dwelling rents due to lower voids than forecast; and increased repairs and maintenance costs as a result of covid-19 delays.

6.5 The impact on the HRA as a result of these changes is an overall £0.233m favourable movement. This has been offset by a reduction in the RCCO in order to eliminate the impact on the HRA reserve and to enable a closing balance of £4m.

6.6 The total forecast Covid 19 reported to MHCLG for March 2021 (£1.547m) is made up of an increase in bad debt provision, lost commercial income, the Mears contract extension following the delayed staff TUPE transfer (repairs staff) and increased operational costs arising from the pandemic.

6.7 Lastly, the key difference between the 2019/20 and 2020/21 outturn (c£5m) is the creation of a provision for the HRA water rate commissions which may be repayable following the outcome of a high-court appeal ruling. Legal advice is being sought, and a decision around remedial action will then be taken.

Table 9 HRA Reserves

| Service Area | B/Fwd | Forecast Revenue Movement | Forecast Depreciation, RCCO and financing | C/Fwd |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| HRA Reserve | (7,525) | (13,612) | 17,137 | (4,000) |
| Major Repairs Reserve | (11,363) | | 4,515 | (6,849) |
| **HRA Reserves** | **(18,888)** | **(13,612)** | **21,651** | **(10,849)** |

## Dedicated Schools Grant

6.8 The final position for the DSG for 20/21 is an underspend of £1.436m which will be transferred to the ringfenced DSG reserve. This is an improvement of £0.177m from last month. See the table below for the breakdown of this.

Table 10a Dedicated Schools Grant M12 Outturn

| | 2020/21 Budget | 2020/21 Outturn | Variance |
|---|---|---|---|
| | **£000** | **£000** | **£000** |
| **Schools** | | | |
| Individual Schools Budget | 142,824 | 142,772 | (52) |
| Growth Fund | 2,545 | 302 | (2,243) |
| Central Schools expenditure | 1,087 | 1,121 | 33 |
| ESG retained funding | 1,054 | 1,054 | 0 |
| **Sub-total** | **147,511** | **145,249** | **(2,262)** |
| Early Years Block | 29,877 | 29,332 | (545) |
| High Needs Block | 49,676 | 51,233 | 1,556 |
| **Sub-total** | **79,553** | **80,565** | **1,011** |
| DSG Income | (227,064) | (227,249) | (185) |
| **Total DSG** | **0** | **(1,436)** | **(1,436)** |
| Contribution to DSG Reserve | 0 | 1,436 | 1,436 |
| **Grand Total** | **0** | **0** | **0** |

- The overspend for the High Needs Block has remained largely in line with forecast ending at £1.556m. The main factor driving the overspend is a significant increase in Education Health and Care Plans (EHCPs). For example, there were 316 new EHCP's in 19/20 whereas in 20/21 there were 410.

- Work is taking place in the new financial year to look at a 3-year forecast for high needs to identify whether the new increased funding from the DfE is sufficient for the anticipated levels of demand.

- For the Early Years Block, January 21 census data is now available and this has been taken into account and an amount accrued for the liability of clawback in 21/22 financial year.

- As part of year-end outturn and the factoring in of the January 21 census data, a further underspend was identified within the Early Years Block. A carry forward into the 21/22 financial year has been made where providers will be paid an additional backdated amount for the 20/21 financial year. This amount will be calculated, communicated and paid between mid-May and mid-June.

- The growth fund has underspent by £2.243m. Since 2019/20, the government has used a separate formula for calculating growth funding. This formula looks at the number of pupils in "middle layer super output areas" (MSOAs) between 2 October census points. Only positive increases are counted, so a local authority with positive growth in one area balanced out by negative growth in another will still receive funding. This level of income does not necessarily match the expenditure required in the growth fund. The Growth fund only funds extra classes or bulge classes in schools. If just 1 or 2 extra pupils are present, but a new class is not set up, no expenditure from the growth fund is required. Estimates for future trends suggest that the number of pupils in these MSOAs will cease to increase, but further bulge classes will be required in the coming years. Work is ongoing in terms of estimating the cost in future years, but early forecasts suggest that the growth fund will be fully used in the next 2 years.

6.9 The DSG reserve will increase as the underspend from 20/21 will now be added to it. This takes the reserve balance to £3.244m as illustrated below:

Table 10b Dedicated Schools Grant Reserve

| Reserves use | Brought forward | Forecast Movement | Forecast carry forward |
|---|---|---|---|
| | £000s | £000s | £000s |
| DSG reserve | 1,808 | 1,436 | 3,244 |

6.10 A significant amount of work is ongoing with both the schools currently in deficit as well as those we have identified at risk of deficit to develop a recovery plan that balances over a 3-5 (maximum) year period.

## Public Health Grant

6.11 The public health grant (£17.477m) was underspent by £0.713m (an increase in the underspend of £0.023m on month 11) as demand led services have seen lower demand than expected as a result of the pandemic. This is mainly relating to Sexual Health services. This underspend will be carried to the Public Health ring fenced reserve at year end. It is possible that the ending of lockdown restrictions may see increased sexual health presentations (where people have not sought help due to virus restrictions) or an increase in demand for other health services funded via the public health grant, and it is intended that the unspent money from this year will help fund such demand, when it arises, during next year.

6.12 There was some additional spending, due to Covid-19, which was offset by additional funding received. The Directorate have also received £1.599m for Test and Trace, with a spend at outturn of £0.815m. The grant underspend of £0.784m will be carried forward into 21/22 to meet future planned commitments. There was also a small underspend against non-ringfenced budget allocations.

Table 11a Public Health Outturn

| Service Area | 2020/21 Budget | 2020/21 Outturn | Covid 19 impact | 2020/21 Outturn excl C19 | Variance |
|---|---|---|---|---|---|
| | £0 | £0 | £0 | £0 | £0 |
| Public Health services (PH grant funded) | 17,477 | 16,764 | 0 | 16,764 | -713 |
| Additional C19 services | | 1,087 | 1,087 | 0 | 0 |
| Health and safety, Intelligence and Insight Hub, EDI | 444 | 425 | 0 | 425 | -19 |
| Test and Trace | 0 | 815 | 815 | 0 | 0 |
| **Public Health Services** | **17,921** | **19,091** | **1,902** | **17,189** | **-732** |

6.13 The Public Health Grant Reserve at year end is £1.901m, which included a month 12 revised ‘top-up’ of £0.713m.

Table 11b Public Health Grant Reserve forecast

| Reserves use | brought forward | budget use | forecast use | forecast carry forward |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Public Health reserve | 1,188 | 713 | 0 | 1,901 |

## Special Parking Account (SPA)

6.14 Income received from parking charges is paid into a Special Parking Account (SPA) this is in order to comply with section 55 Road Traffic Regulations Act (RTRA) 1984. Any surplus is appropriated into the General Fund at year end. The act allows any surplus which is generated to be spent on specified traffic and highways management objectives. Table 12 below illustrates the forecast outturn position for the SPA and the estimated appropriation to the general fund.

Table 12 SPA Forecast Appropriation to General Fund

| SPA Accounts | 2020-21 Budget £000 | Estimated 2020-21 Outturn £000 | £000 | £000 |
|---|---|---|---|---|
| **Income** | **Budgeted SPA Account** | **Outturn Excluding Covid-19** | **Funded Covid-19 losses** | **Outturn** |
| Penalty Charge Notices | (15,525) | (6,670) | (8,855) | (15,525) |
| Residents Permits | (3,020) | (2,849) | (171) | (3,020) |
| Pay & Display | (3,990) | (2,053) | (1,420) | (3,473) |
| CCTV Bus lanes | (370) | (887) | | (887) |
| **Total Income** | **(22,905)** | **(12,459)** | **(10,446)** | **(22,905)** |
| **Operating Expenditure (running costs)** | **6,841** | **6,729** | **0** | **6,729** |
| Net Operating Surplus | **(16,064)** | **(5,730)** | **(10,446)** | **(16,176)** |
| **Appropriation to General Fund** | **(16,064)** | **(5,730)** | **(10,446)** | **(16,176)** |

6.15 Covid-19 had a large impact upon parking income in 20-21 with an underachievement of income against budget of £10.4m.

6.16 Figure 1 below compares the number of Parking Penalty Charge Notices (PCNs) issued in 2019-20 to 2020-21. The graph shows a 95% drop in activity at the end of 2019-20 which coincides with the first national lockdown on 23rd March 2020. This reduction in activity continues throughout the first few months of 2020-21 and starts to recover in line with the easing of restrictions last summer. Towards the end of 2020-21 activity is gradually beginning to improve and current activity levels are around 65-70% of 2019-20 levels.

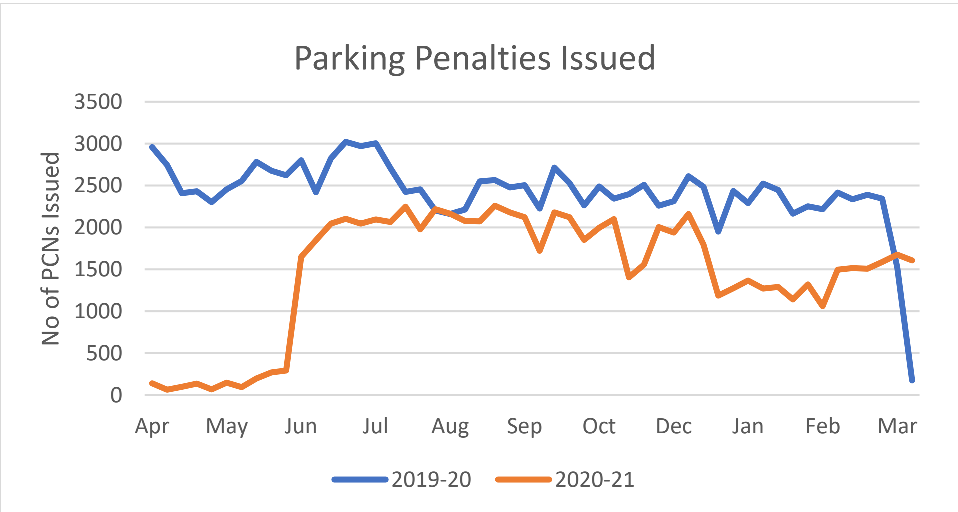
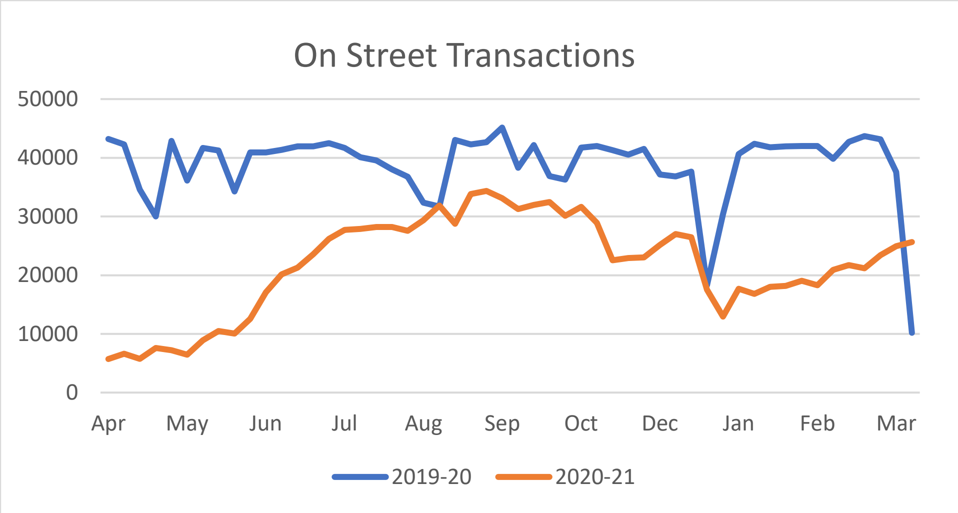
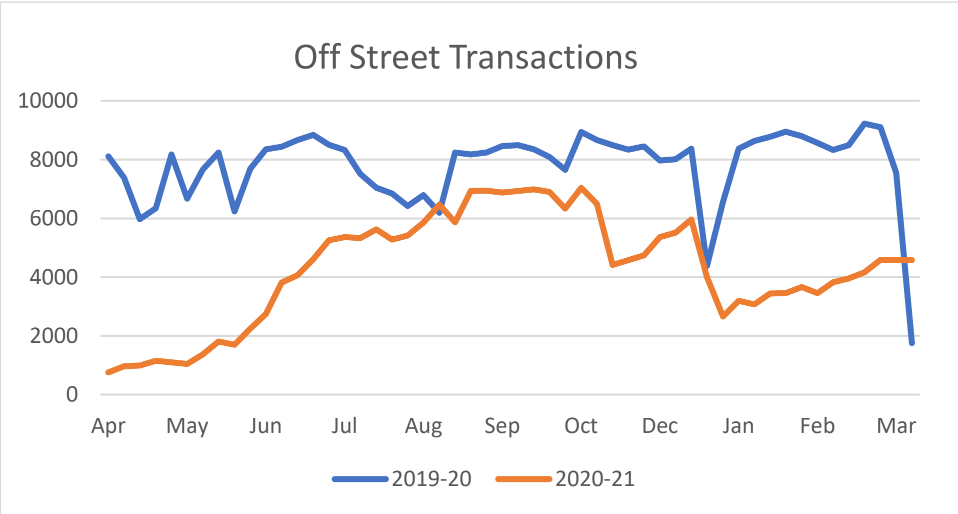



Figure 1 Parking PCN Issued 2019-20 vs 2020-21

6.17 Off Street and On Street activity levels showed a similar trend to PCNs as shown the graphs below. On Street saw activity drop to around 20% of 2019-20 levels during the months of April and May and Off-Street experiences a drop of 17% for the same time period. The recovery of activity has not been as quick as with PCNs and currently On Street parking activity is around 56% when compared with 2019-20 and Off Street is at 52%.




## 7. Capital Programme

7.0 The capital outturn for 2020/21 capital investment programme is £327.144m, of which £269.991m relates to the General Fund programme and £57.153m relates to the HRA capital programme.

Table 13 Capital Outturn

| Service Area | 2020/21 Budget £000 | Additions/ (Deletions) £000 | (Slippage)/ Accelerated Spend £000 | 2020/21 Outturn £000 | Variance £000 |
|---|---|---|---|---|---|
| Adults and Health | 6,109 | 0 | (1,292) | 4,817 | (1,292) |
| Children's Family Services | 14,347 | 0 | (1,253) | 13,094 | (1,253) |
| Growth and Corporate services | 119,413 | (179) | (5,655) | 113,579 | (5,834) |

| Service Area | 2020/21 Budget £000 | Additions/ (Deletions) £000 | (Slippage)/ Accelerated Spend £000 | 2020/21 Outturn £000 | Variance £000 |
|---|---|---|---|---|---|
| Environment | 36,057 | 0 | (10,117) | 25,940 | (10,117) |
| Brent Cross | 140,861 | 0 | (29,619) | 111,242 | (29,619) |
| Resources | 1,419 | 465 | (567) | 1,318 | (101) |
| **General Fund Programme Total** | **318,206** | **286** | **(48,502)** | **269,991** | **(48,216)** |
| HRA | 62,044 | 0 | (4,891) | 57,153 | (4,891) |
| **Grand Total** | **380,250** | **286** | **(53,393)** | **327,144** | **(53,107)** |

7.1 The key issues and variances for each service area are summarised below.

7.2 **Adults and Safeguarding** – The Adults and Safeguarding Capital budget for 2020-21, the outturn position reported an underspend of £1.292m as follows:

- The leisure centres project is nearing completion, the year-end underspend is reported at £0.045m (-£0.045m movement from month 11).

- Mosaic IT spend reports a £0.379m underspend at outturn. The full budget was expected to be spent this financial year on Better Gov delivering Phase 1 and Phase 2 as well as further third party spend to ensure Mosaic reimplementation is completed however Phase 2 will now likely be delivered in 2021-22 resulting in the underspend position being reported. The underspend is proposed for slippage into next year financial year.

- Disabled Facilities Grant – underspend of £0.760m. Final outturn includes £0.997m of costs incurred in Adults Revenue which funds the capitalisation of community equipment, telecare and DFG Occupational Therapist costs, with a revised £1.128m incurred directly through ring fenced grant applications. The grant applications outturn position is a reduction of £0.072m from month 11. In December 2020 the BCF bulletin announced a 13.5% increase to the 2020-21 DFG grant which has been reflected in an increase to the budget. The final underspend position will be slipped into 21/22 and will be needed to complete delayed work because of the pandemic

- Community Equipment spend reports a year-end underspend of £0.107m (a £-0.107m movement on m11). Spend has reduced compared to previous year, consequently spend which can be capitalised has also reduced hence the reported movement from month 11.

7.3 **Children's and Family Service** – The budget for the capital schemes in 2020/21 is £14.347m and the Outturn is £13.094m. This is a variance of £1.253m. The main reasons for the underspend are listed below:

- £0.119m additional spent on the PRU than in-year budget due to progress made on site.

- £0.624m underspend on Modernisation Programme. This is mainly due to £0.401m being held for emergencies which was not required in-year, £0.113m due to planning delays at Bell Lane School, £0.066m spent less on Hollickwood School (Not LA managed Scheme) and £0.044m across various other modernisation schemes.

- £0.254m underspend on Woodside Avenue due to Covid restriction delays.

- £0.176m underspend on the Grammar school project due to a delay in project commencement. This is not an LA managed scheme

- £0.109m underspend in loft conversations as not all expected schemes were signed off in time.

- £0.101m underspend on the Support Demand Transformation- New approved scheme: The budget was allocated to this FY however project not commencing till next FY

- £0.108m underspend is due to various other slippages and additions across various schemes.

7.4 **Growth and Corporate Services –** At Month 12, £2.604m is the net underspend against the in-year capital budget. This underspend is expected to be slipped into 2020/21 as it is a result of covid related programme delays and work re-profiling as opposed to the discontinuation of any specific scheme.

***Housing (Net underspend of £1.957m), variances above £0.500m outlined below:***

- £0.395m underspend on Empty Properties due to project slippage and delays in the year due to Covid.

- £5.784m underspend on Hermitage Lane is due to the final land transfer and loan agreement not being finalised before year end. The transaction is expected to be completed within the next two months.

- £4.724m overspend on Housing Acquisitions Opendoor (500 acquisitions) – the original budget for 2020/21 was at £49m and was revised down during the year to £15m as property purchases were paused temporarily and also processing to complete was taking longer due to Covid restrictions. However, the team were able to complete a number of transactions in the pipeline before year end, including 11 completions over March 21.

- £1.724m overspend on Microsites – reflecting acceleration in building work and funding from the s106 grant.

- £0.160m underspend on Mixed tenure housing programme (Tranche 1) - preparing to engage professionals including architects, construction consultants, legal advisers and valuers and site surveys – costs will fall into 21/22.

- £1.954m underspend on ULF GF SAGE (142) - due to project not starting in January as per original business case. Development agreement signed between Sage and LBB, and a letter of intent has been agreed with the contractors, waiting for Management agreement between Sage and Barnet Homes to be agreed at the June Board.

- The net underspend of £1.957m in Housing General Fund is expected to be fully slipped into 2021/22 and to be fully spent in future years.

***Commercial, Re and other buildings***

- At month 12, £0.205m is the net underspend which is largely related to Grahame Park community facilities and is due to programme delays, this is expected to be slipped into 2021/22 to be spent in future years.

7.5 **Environment** – The capital outturn position for Environment is £10.117m slippage, this is largely made up of:

- Highways Improvement: This programme is reporting a slippage of £2.347m into 2021/22 due to delays in the programme.

- Investment in Roads & Pavement (NRP): is reporting a slippage of £1.553m into the next financial year due to the termination of the term maintenance contract with the existing contractor and entering into a new one with Tarmac Kier from 1st April 2021.

- Mill Corner Drainage Scheme: £1m will be slipped into 21/22 due to delays in carrying out the works.

- Colindale and Rushgrove parks: £0.521m slippage. COVID-19 and BREXIT impact has resulted in delays to start on site. Construction phase will be slipped into Q1 21/22 with an expected start date of April 2021

- Exor Asset Management System: The system implementation, licencing, maintenance requirement and Network configuration have been paid for in this financial year, £0.294m will be slipped into 2021/22.

- Refurb & Regen Hendon Cemetery & Crematorium: £0.378m slippage. Chapel and gate house building have been refurbished. The final tranche of grounds maintenance replacement will be slipped into 2021/22. Slippage is due to COVID-19.

- Data Works Management system: £0.111m due to programme delayed due to Covid-19.

- Vehicles: £0.327m slippage due to delay in placing order due to Covid-19 and extension to ULEZ to October 2021.

- LED Lighting: Slippage is due to the full conversion of the LED lanterns not being completed by the 31.03.2020, payment is only triggered when a Certification certificate is issued.

- Moving traffic cameras: £0.148m slippage due to works being delayed.

- Controlled parking zones review: £0.099m slippage due to works being delayed.

- Highways (permanent re-instatement): £0.070m due to works scheduled to be completed in March delayed due to weather conditions.

- Social distancing project: slippage of £0.538m. This is funded via TfL; a number of schemes were unable to be completed prior to the year end but TfL have confirmed we are able to carry the funding over into 2021-22 and complete the schemes next year.

7.6 **Brent Cross –** The 2020/21 position for the overall scheme has resulted in re-profiling of £29.619m across the various sub elements. The overall programme until completion is currently shown on budget, albeit reports to Housing and Growth Committee and Finance Performance and Contracts Committee acknowledge the budget pressures facing the programme.

- Funding for Land Acquisitions has re-profiled £6.115m into the 2021/22 financial year. This relates to priority acquisitions £5.757m which were initially due to take place in 2020/21, however as reported in February, the forecast was amended to reflect the emerging land acquisitions strategy. This land is needed to deliver the scheme in line with CPO Orders currently in place until May 2021. The remaining £0.356m relates to specific title review charges that did not materialise in year plus a small over-estimation of legal and staff costs to deliver the annual programme.

- Thameslink Station 2020/21 has re-profiled £9.785m into future years. The re-profiling relates to £2.896m net across the Delivery Packages (Station, Sidings and TOC). Station re-profiling of £3.745m is a result of variances in actual valuations received against a contractor cashflow profile and a re-alignment of programme management costs. Rail Systems and Sidings expenditure increased £1.104m mainly due to Network Rail costs brought forward in line with a revised December 2020 profile. The remaining £0.255m re-profiling in TOC relates to a descope of costs as well as programme management and workshare deliverables being re-aligned. The remaining £6.889m total re-profiling is in respect of land acquisitions. Property acquisitions £6.663m did not occur prior to 31st March with the remaining re-profiling relating to legal and joint ventures support costs not materialising in year.

- Critical Infrastructure 2020/21 has re-profiled £12.547m into future years. The re-profiling relates to Plot 53/54 £8.580m, of which £8.221m contractual payment linked to start on site has been delayed due to stopping up objections and £0.359m of contractor costs slipping into 2021/22 offset by an in year unrealised saving. Sub-station re-profiling of £0.607m due to a change in the agreed payment profile with our joint venture partners. The Southern Junctions work package accounts for £3.351m of the remaining re-profiling. This is due to differences between preliminary property cost estimates used to accrue vested property acquisitions last year and updated compensation assessments made available in 2020/21.

- BXS Land Acquisitions has re-profiled £1.172m from 2020/21. This is a result of four properties now forecast to complete in 2021/22.

## HRA Capital Investment

7.7 The HRA has a capital expenditure budget of £62.044m in 2020/21, and the final outturn was £57.153m, which is a £4.891m underspend against the in-year budget but just a £0.182m favourable change from the month 11 forecast. There are no additions or deletions to the capital programme therefore the full £4.891m is to be slipped into 2021/22. A detailed breakdown of the in-year capital variances are as follows:

- Regeneration stock additional investment has an in-year underspend of £2.413m, expected to be slipped into future years and is due to delays getting contractor on site for window/door/access control replacement.

- Extra care pipeline Cheshire House has an in-year underspend of £1.752m, expected to be slipped into future years and is due to delays starting work on site, originally expected to sign agreement by February with onsite work by March.

- HRA direct acquisition has an in-year underspend of £1.709m, expected to be slipped into future years and is due to slower conveyancing process due to Covid 19.

- Major Works has an in-year underspend of £1.242m, expected to be slipped into future years due to Covid related delays during the year. This is offset by an expected acceleration in 2021/22 as more work is matched to the Green Homes Grant.

- HRA Fire Safety Programme has an in-year overspend of £1.396m largely as a result of increased work following policy changes.

## Funding of the Capital Investment Programme

7.8 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 14 Funding the Capital Programme 2020/21

| Service Area | Grants/ Other contributions £000 | S106 £000 | Capital Receipts £000 | Dep'n. / RCCO £000 | CIL £000 | Borrowing £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Adults and Safeguarding | 3,675 | 0 | 0 | 0 | 443 | 699 | 4,817 |
| Children's Family Services | 9,349 | 2 | 257 | 0 | 1,091 | 2,396 | 13,094 |
| Growth and Corporate services | 49 | 3,366 | 9,045 | 0 | 270 | 100,849 | 113,579 |
| Environment | 2,267 | 404 | 2,494 | 0 | 7,501 | 13,274 | 25,940 |
| Brent Cross | 110,178 | 0 | 0 | 0 | 0 | 1,064 | 111,242 |
| Resources | 0 | 817 | 35 | 0 | 465 | 0 | 1,318 |
| **General Fund Programme** | **125,517** | **4,589** | **11,831** | **0** | **9,771** | **118,283** | **269,991** |
| HRA | 3,816 | 0 | 2,652 | 21,651 | 0 | 29,043 | 57,153 |
| **Total Capital Programme** | **129,333** | **4,589** | **14,483** | **21,651** | **9,771** | **147,317** | **327,144** |

## 8. Debtors

8.1 Between February 2021 and March 2021 overall debtors increased by £18.209m. The large increase in money owed is mainly due to £15m being raised with the CCG in month 12. An analysis of debtors as at the 31 March 2021 is provided below at Table 15 and 16. It should be noted that this information is a snapshot as at that date.

Table 15 Aged Debt Analysis as at 31 March 2021

| 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 12 | 20,570 | 12,053 | 2,806 | 992 | 16,812 | 53,233 |
| Month 11 | 8,478 | 3,627 | 1,965 | 5,050 | 15,904 | 35,024 |
| **Movement** | **12,092** | **8,426** | **841** | **-4,058** | **908** | **18,209** |

8.2 Table 16 gives detail of the individual debts by debtor for external organisations where debts are over £1m, totalling £33.739m.

Table 16 External debtors over £1m as at 31 March 2021

| Debtor | Total Debt | Not Overdue | Up to 30 days | 30 - 60 days | 60 - 90 days | Over 90 days |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| NHS North Central London CCG | 23,430 | 8,206 | 8,907 | 1,035 | 233 | 5,050 |
| NHS Barnet CCG | 2,166 | 1,063 | 0 | -71 | 0 | 1,174 |
| Barnet Education Learning Services | 2,046 | 2,038 | 8 | 0 | 0 | 0 |
| BXS Limited Partnership | 1,964 | 1,964 | 0 | 0 | 0 | 0 |
| The Barnet Group | 1,783 | 1,786 | 10 | 73 | 14 | -100 |
| The Fremantle Trust | 1,357 | 0 | 0 | 0 | 0 | 1,357 |
| Comer Homes | 993 | 0 | 0 | 0 | 0 | 993 |
| **Total** | **33,739** | **15,057** | **8,925** | **1,037** | **247** | **8,474** |

8.3 Adult Services and finance business partners have been in regular contact with Barnet/NCL CCG to discuss the outstanding debt position. There has been an upward movement in the debt position at year end as invoicing has been brought up to date. March invoices in respect of the Hospital Discharge scheme are still to be raised c.£1.8m. The CCG continue to be pressed, with a formal letter due to be issued and quarterly debt review meetings being set up for the new year, and the position continues to be actively managed.

8.4 Outside of the table above (which shows individual debtor accounts) is a significant class of debtors which relate to privately funded adults social care placements. At the time of preparing the report, this debt is recorded as being £7.817mm. A dedicated project is in place to maximise recovery of this debt and to further improve its active management. Some of the debt is related to former client's property and collection depends on the conclusion of probate arrangements. The committee will receive further updates on this at future meetings. A bad debt provision has been raised to mitigate the impact of likely difficulties in recovery.

8.5 Other debtors:

- A remittance advice was received from Barnet Education Learning Services for £1.9m in month 2 of 2021/22.
- BXS Limited have not paid the balance owed as the service area did not include a Purchase Order number on the invoice. This is with the service to resolve.
- Discussions are ongoing with The Barnet Group regarding the outstanding balances and the credit we hold on account owing to a duplicate payment made to us in a prior year.
- The Assistant Director of Estates continues discussion with HBPL regarding the Comer Homes debt.

## 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 10 (31 January 2021).

## 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**

12.1.1. 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.

12.1.2. 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

12.1.3. 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)**

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

12.3. **Social Value**

12.3.1. 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**

12.4.1. 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.

12.4.2. 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.

12.4.3. 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; Housing & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee;
- The council's major strategic contracts (Customer Support Group, Development and Regulatory Services, The Barnet Group Ltd (Barnet Homes) and HB Public Law) 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.

12.4.4. 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**

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

12.6. **Equalities and Diversity**

12.6.1. 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:

12.6.2. 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.**

12.6.3. 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.**

12.6.4. 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.

12.6.5. 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.**

12.6.6. 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**

12.6.7. 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.

12.6.8. 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

12.6.9. 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**

12.7.1. 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**

12.8.1. None in the context of this report

12.9. **Insight**

12.9.1. None in the context of this report

**13. BACKGROUND PAPERs**

None.