ISLINGTON

Resources Directorate
Newington Barrow Way, London, N7 7EP

Report of: Corporate Director of Resources

Meeting of	Date	Ward(s)
Executive	21 January 2021	All

Delete as appropriate	~~Exempt~~	Non-exempt

2020/21 BUDGET MONITORING – MONTH 8

1. SYNOPSIS

1.1 This report presents the forecast outturn position for the 2020/21 financial year as at the end of month 8 (30th November 2020). The in-year budget position remains very uncertain due to ongoing developments around the COVID-19 crisis.

1.2 Rather than a one-off event that the council's budget is recovering from, COVID-19 will continue to have a significant ongoing impact on the council's budget for the foreseeable future. There is a need to maintain and, where possible, increase resilience in the council's balance sheet and reserves to reflect the increased level of budget risks over the medium term.

1.3 As the forecasts in this report were prepared before London was placed into Tier 3 of local restrictions on 16 December, any impact on the forecasts will be reflected in the month 9 report.

1.4 Overall, the council is currently estimating total COVID-19 related budget pressures of approximately £59m (comprising £18m additional costs and £41m income losses) relating to the current financial year. This includes a forecast in-year General Fund overspend, potential council tax and business rates income ('Collection Fund') losses that would impact future year budgets and Housing Revenue Account (HRA) budget pressures. The council has £26m of COVID-19 general government grant funding to set against these pressures and is currently assuming compensation of £15.7m from the government's sales, fees and charges loss scheme and £8.8m from the tax guarantee scheme for Collection Fund losses. This leaves a net COVID-19 related funding gap of approximately £8m in the current financial year. Any residual shortfall not funded by central government would significantly weaken the council's balance sheet and reserves, which would then need to be replenished in future financial years.

1.5 Within the overall position outlined above, there is a forecast General Fund pressure of (+£49.187m) relating to the current financial year, including forecast Collection Fund losses and non COVID-19 variances. It is currently assumed that this will be balanced by the end of the financial year as follows:

- (-£26.043m) COVID-19 general government grant received to date, net of the amount applied in the previous financial year;
- (-£15.777m) latest forecast compensation from the sales, fees and charges income loss scheme. This is subject to change based on actual irrecoverable losses at the end of the financial year.
- (-£8.860m) assumed compensation from the recently announced Tax Guarantee scheme which will cover 75% of Collection Fund losses relating to the current financial year. This is also subject to change based on actual irrecoverable losses at the end of the financial years.
- (+£1.493m) assumed transfer to the COVID-19 earmarked for currently unfunded future year COVID-19 budget pressures and risks (including collection fund losses).

1.6 In addition, the government has provided a range of specific/ring-fenced COVID-19 funding streams that the council is administering as part of the local response to the crisis. This includes grants to support businesses closed due to COVID-19 restrictions or that have been significantly impacted for periods of national restrictions and local alert levels.

1.7 COVID-19 has also impacted the delivery of the capital programme, with latest forecast slippage of £65m to future financial years. There is a risk of further slippage over the remainder of the financial year.

2. RECOMMENDATIONS

2.1. To note the breakdown of the forecast General Fund outturn by individual variance at **Appendix 1** and by service area at **Appendix 2**, and to note the currently assumed approach to balancing the General Fund budget in 2020/21. (**Section 3** and **Table 1**)

2.2. To agree a transfer to earmarked reserves at the end of the financial year for the estimated net budget impact of 2020/21 council tax and business rates losses on future year budgets (**Paragraph 3.38**)

2.3. To agree that any unallocated balance on the 2020/21 corporate contingency budget at the end of the financial year is transferred to General Fund balances, in line with the MTFS strategy increase resilience in the council's balance sheet and reserves. (**Paragraph 4.39)**

2.4. To note the forecast in-year HRA deficit of (+£3.235m). (**Section 5** and **Appendix 2**)

2.5. To note the revised in-year capital forecast of £124.351m and agree slippage of £65.135m to future financial years, and to note that there is a significant risk of further slippage over the remainder of the financial year. (**Section 6** and **Appendix 3**)

3. REVENUE POSITION: SUMMARY

3.1. A summary position of the General Fund and HRA is shown in **Table 1**, a breakdown by individual General Fund variance in **Appendix 1** and a breakdown by General Fund and HRA service area in **Appendix 2**.

Table 1 – 2020/21 General Fund and HRA Forecast Over/(Under)Spend

	CV-19 Related £m	Non CV-19 Related £m	Month 8 Total £m	Month 7 Total £m	Monthly Movement £m
GENERAL FUND					
Chief Executive's Directorate	0.510	(0.191)	0.319	0.339	(0.021)
Environment and Regeneration	20.420	(4.106)	16.314	16.132	0.182
Housing	0.085	(0.085)	0.000	0.000	0.000
People	12.303	0.196	12.499	12.208	0.291
Public Health	0.393	(1.823)	(1.430)	(1.298)	(0.132)
Resources Directorate	5.694	(0.219)	5.475	5.057	0.418
DIRECTORATE	**39.405**	**(6.229)**	**33.177**	**32.438**	**0.738**
Corporate Items	3.674	0.522	4.196	5.454	(1.258)
IN-YEAR GENERAL FUND	**43.079**	**(5.707)**	**37.373**	**37.892**	**(0.520)**
Collection Fund Losses	11.814	0.000	11.814	12.300	(0.486)
OVERALL GENERAL FUND	**54.893**	**(5.707)**	**49.187**	**50.192**	**(1.006)**
COVID-19 grant – Tranches 1-4			(26.043)		
SFC Compensation Full Year Estimate			(15.777)		
Assumed Tax Guarantee Scheme			(8.860)		
Transfer to COVID-19 Reserve			1.493		
FORECAST NET USE OF GENERAL BALANCES TO FUND OVERSPEND			**0.000**		
HRA					
In-year (Surplus)/Deficit	**3.815**	**(0.580)**	**3.235**	**3.235**	**(0.000)**

GENERAL FUND

Chief Executive's Directorate (+£0.318m, a decrease of -£0.021m since month 7)

3.2. The Chief Executives directorate is currently forecasting a net overspend of (+£0.318m), comprised of (+£0.510m) COVID-19 related budget pressures and a (-£0.192m) non COVID-19 related net underspend. This is detailed in **Appendix 1** and summarised by division in **Appendix 2**.

3.3. COVID-19 has resulted in commercial rental income losses of an estimated (+£0.453m) and loss of advertising income (+£0.007m). In addition, a (+£0.050m) grant was given to the Angel Business Improvement District to support operational spend due to COVID-19 related budget shortfalls.

Environment & Regeneration (+£16.314m, an increase of +£0.182m since month 7)

3.4. The Environment and Regeneration directorate is currently forecasting a net overspend of (+£16.314m), comprised of (+£20.420m) COVID-19 related budget pressures and a (-£4.106m) non COVID-19 related net underspend. This is detailed by key variance in Appendix 1 and summarised by division in Appendix 2

3.5. The department relies heavily on fees and charges income to subsidise its services and the COVID-19 crisis has severely impacted on revenue generating activities across all service areas.

- Parking related income – there has been a substantial decrease in projected income across Pay & Display, Penalty Charge Notices and Permit & Vouchers. It is estimated that the full year impact will see a decline in income across these areas of around £10.472m (unchanged since month 7).
- Leisure related income – the council receives income from operating the leisure centres and from activities and events within our parks and open spaces. The current best estimate of the full year impact of this income loss is £4.813m (an increase of +£0.005m since month 7).
- Other areas such as Commercial Waste, Licensing, Energy Services, Highways, Street Markets, Local Land Charges and Pest Control services are also experiencing reduced levels of service and it is estimated that the income loss across these areas will be £3.805m (a decrease of -£0.005m since month 7).

3.6. The directorate is also incurring additional costs in terms of agency cover for COVID-19 related sickness/self-isolation, overtime and additional contract costs to cover additional enforcement of social distancing, additional mortuary costs and Personal Protective Equipment. It is estimated that these additional costs will amount to £1.330m (an increase of +£0.110m since month 7) over the course of the financial year.

3.7. The main reason for the non COVID-19 related net underspend is additional projected income (-£2.458m, unchanged since month 7) from the acceleration of the Low Traffic Neighbourhood and People Friendly Streets programmes to aid social distancing measures on the streets. The remainder of the non COVID-19 related underspend is due to projected net staffing underspends and additional income such as the Housing Street Properties Fire Safety Inspections by Building Control and one-off income from Trading Standards penalties.

Housing General Fund (Breakeven position, unchanged since month 7)

3.8. The Housing directorate is currently forecasting a net breakeven position for the General Fund, comprised of (+£0.085m) COVID-19 related net budget pressures after specific grant funding and (-£0.085m) non COVID-19 related underspends. This is detailed by key variance in **Appendix 1** and summarised by division in **Appendix 2**. The Housing directorate includes Voluntary and Community Services (VCS) and the council's statutory, yet unfunded by central government, duty to provide a safety net to vulnerable migrants with No Recourse to Public Funds (NRPF) – including European Economic Area Nationals, under social services legislation (including the Care Act 2014 and Children's Act 1989).

3.9. COVID-19 is causing budget pressures across homelessness and NRPF services. This is showing through rising client numbers, increased provider costs, additional legal challenges, extra landlord incentive payments, higher rent arrears and lost income sources. These trends have the potential to be exacerbated by additional COVID-19 pressures over the winter. It has been possible to manage COVID-19 pressures in this financial year through specific government grants (including MHCLG approval to re-purpose Rough Sleepers Initiative grant for related COVID-19 budget pressures) and favourable emergency hotel rental settlements. If this additional income was not present, the forecast position would be a significant overspend. It should be noted that the case increases from COVID-19 will most likely last into 2022/23, but the income streams that support them will not and it is likely that there will be significant budget pressure in this area for some time.

3.10. COVID-19 is also placing pressures on key VCS partner organisations in the borough, including a loss of fundraising/earning potential, higher demand, and delays in applications from partner groups. To meet these pressures, the service estimates that it will need to draw down £0.081m of VCS contingency funding in earmarked reserves in the current financial year.

3.11. Underlying the COVID-19 impact are the continued financial pressures of the Homelessness Reduction Act 2017 and changes to the Statutory Homelessness Code of Guidance. This Act and amended Code are increasing the number of new homeless cases for the Council and resulting in rising legal challenges.

3.12. Islington Lettings remains a cost pressure with long and short-term issues resulting in a high level of 'write offs' of uncollected rent. New management and investigations into long standing issues are expected to result in an improved financial position.

People (+£12.499m, an increase of £0.291m since month 7)

3.13. The People directorate (comprising Children's, Employment and Skills and Adult Social Services) is currently forecasting a (+£12.499m) overspend.

Children's, Employment and Skills - General Fund (+£7.396m, a decrease of -£0.238m since month 7), Schools (-£0.993m, unchanged since month 7)

3.14. Children's, Employment and Skills is currently forecasting a net overspend of (+£7.396m), comprised of (+£7.118m) COVID-19 related budget pressures and risks and (+£0.278m) non COVID-19 related net overspends. This is detailed by key variance in **Appendix 1** and summarised by division in **Appendix 2**.

3.15. The COVID-19 related budget pressures in the department include:

- (+£2.422m) forecast loss of parental fee income in Children's Centres, a reduction of (-£0.356m) since month 7;
- (+£0.150m) legal costs in relation to an increase in emergency child protection orders;
- (+£0.305m) cost of providing IT hardware to enable home learning for children without access to IT hardware at home, cost of providing free school meals over the Autumn half term and over the additional inset days prior to the Christmas break, an increase of (+£0.050m) since month 7;
- (+£0.223m) increase in allowances for carers in recognition of the increased costs of caring for young people while they are at home and the provision of financial support to care leavers through the summer, an increase of (+£0.071m) since month 7;
- (+£1.046m) forecast loss of income in relation to Cardfields, the Laycock Centre, the Arts Service, the Education Library Service and curriculum income in the SEN transport service, a decrease of (-£0.143m) from month 7. We are unlikely to see much recovery in income at Cardfields, the Laycock Centre or in the SEN transport service this year due to the nature of the provision;
- (+£0.064m) forecast cost pressure due to delays in moving families out of temporary accommodation due to COVID-19, unchanged from month 7; and
- (+£0.302m) other COVID-19 cost pressures, an increase of (+£0.012m) since month 7.

3.16. The forecast position includes an additional (+£2.606m, a decrease of -£0.260m since month 7) of COVID-19 budget risks in relation to the cost of packages for looked after children, staffing pressures in children's social care and potential further losses in income for traded services.

3.17. The forecast non COVID-19 related net overspends of (+£0.278m), an increase of (+£0.197m) since month 7, are detailed below.

- (-£0.200m) forecast underspend against the remand budget as numbers of young people remanded to custody by the courts remains low. However, this is a demand led budget, and a small increase in activity can have a significant impact on the budget.
- (+£0.344m) forecast costs in relation to increased care proceedings. There is an estimated further cost risk of (+£0.100m) against this budget. The use of legal Counsel is subject to service director approval to minimise this cost pressure.
- (+£1.021m) forecast net pressure against the children looked after placements budget, an increase of (+£0.125m) from month 7. A number of management actions are being taken to control costs including:
  - Detailed review of costs pressures through the placements board;
  - Focus on increasing in-house recruitment of foster carers;
  - Working with providers to reduce the cost of packages;
  - Discussion with the judiciary to increase special guardianship orders as opposed to care orders; and
  - Service director approval required for all residential / high cost placements.
- (-£0.500m) drawdown of the placements contingency budget.
- (-£0.781m) underspend on the council's Universal Free School Meals programme due to the number of children being educated at home in the summer term. The council continued to provide free school meals/food vouchers to those pupils who were eligible for statutory free school meals in the summer term and all pupils who attended school.
- (+£0.070m) cost pressure in relation to the Post-16 bursary that has been funded from a balance of one-off funding in previous years but presents an ongoing cost pressure to the council that will be factored into 2021/22 budget setting.
- (+£0.060m) historical cost pressure in relation to Holloway Pool that will be factored into 2021/22 budget setting.
- (+£0.264m) of other net overspends across the service, an increase of (+£0.072m) since month 7.

3.18. An underspend of (-£0.993m) is currently forecast on the ring-fenced Dedicated Schools Grant (DSG), unchanged since month 7. This underspend comprises:

- (-£0.094m) underspend against the budget for falling rolls (unchanged since month 7). This forecast may change following the October schools census;
- (-£0.300m) potential underspend against high needs unchanged since month 7), however the risk of overspend has increased as a result of COVID-19. A better understanding of the impact on demand will be known later in the autumn term;
- (-£0.463m) prior year balance in relation to funding for the statutory entitlement for 2-year old provision that is being held by Schools Forum to offset a future funding risk (unchanged since month 7); and
- (-£0.136m) of other forecast underspends against de-delegated budgets that belongs to maintained schools (unchanged since month 7).

Adult Social Services (+£5.103m, an increase of +£0.529m since month 7)

3.19. Adult Social Services is currently forecasting an (+£5.103m) overspend. This is mainly (+£5.185m) attributable to the COVID-19 crisis, with a small underspend of (-£0.082m) in the Adult Social Services base budget. This is detailed by key variance in **Appendix 1** and summarised by division in **Appendix 2**.

3.20. The department is forecasting net COVID-19 related budget pressures of (+£0.749m, a decrease of +£0.573m since month 7) in relation to supporting the adult social care market and additional demand (including the risk of increased demand due to the COVID-19 Hospital Discharge Service). Other COVID-19 related estimated budget pressures totalling (+£4.436m, a decrease of -£0.005m since month 7) relate to:

- PPE costs (+£2.075m, an increase of +£0.156m since month 7);
- Workforce pressures (+£1.265m, an increase of +£0.082m since month 7);
- Loss of client contributions (+£1.096m, a decrease of -£0.001 since month 7).

3.21. People funded though the COVID-19 discharge guidance funding arrangements which commenced on 19 March 2020, who enter a care package between 19 March and 31 August 2020, will continue to be funded through those arrangements. These funding arrangements will apply up until 31 March 2021. Relevant assessments should be completed for these individuals as soon as is practical to ensure transition to normal funding arrangements. After 31 March 2021, any care packages remaining will then need to be funded by Adult Social Services which has the potential to create a large budgetary pressure. Review teams have been set up to attempt to reduce the cost of these packages before the end of the year in order to reduce this pressure.

3.22. Adult Social Services continues to be impacted by wider demographic pressures, including increased demand for services and need of acute care. This is funded through a corporate demographic budget growth allocation.

Public Health (-£1.430m, a movement of -£0.132m since month 7)

3.23. Public Health is funded via a ring-fenced grant of £26.563m for 2020/21. The directorate is currently forecasting a net underspend of (-£1.430m), comprised of (+£0.393m) COVID-19 related budget pressures and (-£1.823m) underspends. This is detailed by key variance in **Appendix 1** and summarised by division in **Appendix 2**. The net underspend will be allocated to wider public health expenditure being incurred across the council due to the pandemic.

3.24. The main COVID-19 budget pressures in the directorate are in the Sexual Health division due to increased online access to STI testing and treatment and online contraception.

3.25. The underspends in the directorate comprise:

- Additional procurement savings in the Substance Misuse division (-£0.163m);
- More efficient procurement in the Sexual Health division due to changes in baseline tariffs (-£0.963m, a movement of -£0.174m since month 7);
- Underspend of (-£0.664m, a movement of +£0.042m since month 7) on public health grant uplift following work with the NHS providers on the NHS pay awards;
- Further small underspends totalling (-£0.033m).

3.26. The council has received Local Authority Test and Trace government grant (£2.431m) to mitigate against and manage local outbreaks of COVID-19, of which £0.524m has been proposed to date and further proposals are currently being worked up to allocate the remaining grant.

3.27. The council is also receiving funding from the Contain Outbreak Management Fund (COMF) whereby authorities receive amounts each month based on tier level: £2 per head for Tier 2 areas and £4 per head for Tier 3 areas. The regular payments from the COMF can be used for Public Health purposes to tackle COVID-19, and must be allocated in coordination with the Director of Public Health. To date, Islington has received £1.940m from the COMF. Following Greater London, being placed under Tier 3 restrictions on 16 December, Islington will receive an additional £4 per head (estimated £0.606m) for every 28 days under these restrictions.

3.28. It is assumed that the Local Authority Test and Trace grant and Contain Outbreak Management Fund will be fully allocated to additional expenditure pressures not currently reflected in the forecast budget variance.

Resources (+£5.475m, an increase of +£0.418m since month 7)

3.29. The Resources directorate is currently forecasting a net overspend of (+£5.475m), comprised of (+5.694m) COVID-19 related budget pressures and a (-£0.219m) non-COVID-19 related underspend. This is detailed by key variance in **Appendix 1** and summarised by division in **Appendix 2**.

3.30. The most significant COVID-19 budget pressure in the directorate is an estimated (+£1.267m, a decrease of -£0.262m since month 7) loss of income from Assembly Hall events and registrars' services (e.g. weddings) relating to cancellation of previously booked events and a lack of new bookings. There are additional net costs anticipated in regard to crisis payments and providing support of (+£0.595m, unchanged since month 7). In addition, there are estimated potential costs of (+£0.161m, unchanged since month 7) related to the re-opening of the Assembly Hall.

3.31. Further COVID-19 related income losses are estimated in relation to court costs (+£0.700m, unchanged since month 7) and legal income from planning and property matters (+£0.119m, unchanged since month 7

3.32. Additional costs of (+£1.987m, unchanged since month 7) are estimated in relation to IT infrastructure projects due to increased home working and additional support/maintenance costs.

3.33. An additional cost of (+£0.500m) is estimated in relation to ICT and office equipment support for colleagues' working from home arrangements.

Corporate (+£4.196m, a movement of -£1.258m since month 7)

3.34. The latest corporate items forecast is a (+£4.196m) overspend, comprising (+£3.674m) COVID-19 related pressures and non COVID-19 related net pressures of (+£0.522m). Key corporate variances are set out in **Appendix 1** and summarised by area of the corporate budget in **Appendix 2**.

3.35. COVID-19 related corporate budget pressures include +£0.417m (a decrease of -£0.008m since month 7) estimated additional costs of running the 'We are Islington' support service that are not reflected in directorate forecasts, +£1.082m (a decrease of -£0.500m) estimated pressure in relation to mortality management costs allocated across London councils.

3.36. Unchanged from month 7, the forecast corporate budget variance also includes re-phasing of savings to future years (+£4.955m, of which +£2.175m is COVID-19 related) and undeliverable savings (+£0.968m) following review at the end of the previous financial year.

3.37. There are forecast non COVID-19 variances in the following areas:

- (-£2.385m) relating to an agreed vacancy factor management action across the council with effect from 1 July 2020 (9 months part-year effect), excluding services where vacancies have to be covered for safeguarding or service performance reasons. Due to a degree of risk around the delivery of this management action, only 75% (£2.385m) of the estimated £3.180m saving is currently factored into the forecast net budget position. However, budgets have been adjusted for the full amount and directorates are required to operate within their revised cash limited budgets;

- (-£1.000m) one-off underspend on the corporate financing budget, in part due to COVID-19 related slippage in the capital programme;
- (-£0.500m) underspend on assumed contract inflation (ongoing);
- (-£0.750m) underspend on assumed contract inflation (one-off in nature); and
- (+£1.409m) previously assumed drawdown from the Housing Benefit reserve that now needs to be maintained in reserves in light of COVID-19 related budget pressures over the medium term; and

3.38. The council is currently forecasting potential council tax and business rates losses of (+£11.814m, a decrease of -£0.486m since month 7) that would impact future year budgets. It should be emphasised that this is the latest prudent assessment of the potential in-year losses and subject to change at the end of the financial year. The government recently announced Tax Guarantee scheme which will cover 75% of Collection Fund losses relating to the current financial year. Therefore, it is assumed that the council will receive £8.860m from this scheme, leaving a net council pressure of (+£2.924m) that will impact future year budgets and for which funding will need to set aside in earmarked reserves. This is subject to change based on actual irrecoverable losses at the end of the financial years. There is likely to be a continued adverse impact on council tax and business rates income over the medium term that will require further government support.

3.39. This position assumes that the 2020/21 corporate contingency budget of £5.455 is required in full for non COVID-19 contingency pressures (including the difference between the 2% pay inflation assumption and the 2.75% local government pay award for 2020/21, as agreed by the Executive previously). In line with the MTFS strategy to increase resilience in the council's balance sheet and reserves, it is recommended that any unallocated balance on the 2020/21 corporate contingency budget at the end of the financial year is transferred to General Fund balances.

4. HOUSING REVENUE ACCOUNT (HRA)

4.1. A COVID-19 related in-year deficit of (+£3.235m) is currently forecast for the HRA, (unchanged since month 7) and summarised in **Appendix 2**. As the HRA is a ring-fenced account, any overspend at the end of the financial year will be funded from HRA reserves.

4.2. The most significant COVID-19 impact on the HRA budget is increasing levels of rent/service charge arrears and the consequent impact on the required provision for irrecoverable losses at the end of the financial year (+£2.050m latest estimate). The potential level of arrears at the end of the financial year and the extent to which the council will be able to recover arrears is very difficult to predict and will depend on the wider economic outlook and particularly tenants' security of employment. The service is actively engaging with tenants in order to both secure the recovery of arrears and prevent the further escalation of arrears.

4.3. Additional HRA COVID-19 related cost pressures (+£1.765m) are forecast in the following areas:

- PPE (+£0.200m) – primarily for caretaking/concierge & repairs staff;
- Use of voids for Temporary Accommodation (+£0.270m) – refurbishment/furnishing costs;
- Commercial Rent waivers in Q1 (+£0.375m);

- Loss of Parking Income (+£0.175m);
- Caretaking cover (+£0.450m);
- Estimated reduction in Leaseholder Service Charges due to reduced service levels (+£0.275m);
- Other (+£0.020m).

4.4. These COVID-19 HRA pressures are partially offset by non COVID-19 related HRA underspends.

5. CAPITAL PROGRAMME

5.1. The delivery of the existing capital programme has been significantly delayed by the COVID-19 pause in construction activity during lockdown and ongoing restrictions.

5.2. In light of the increased risk around the capital programme, the capital monitoring and reporting has been enhanced to include spend to date, plus reason for forecast variance and confidence in forecast. This is reflected in **Appendix 3.** It is intended that this increased rigour in capital reporting to CMB and the Executive continues going forward.

5.3. At the end of month 8 £46.601m (24.6%) of expenditure had been incurred against the 2020/21 capital budget of £189.486m. The revised forecast capital outturn for the financial year is £124.351m, with a forecast budget variance of £65.135m. This forecast variance is largely comprised of £65.192m of slippage to future financial years (for agreement in this report) offset by a £0.057m forecast overspend on the Central Library Renovation scheme (which will be contained within the overall People capital programme). The overall position is summarised by directorate in **Table 2** below.

Table 2 – 2020/21 Capital Programme

Directorate	2020/21 Budget £m	Month 8 Spend to Date £m	2020/21 Forecast Outturn £m	Forecast Variance / Slippage £m
Environment and Regeneration	25.389	6.613	18.260	7.129
Housing	150.846	37.700	97.550	53.296
People	10.159	2.137	6.426	3.733
Resources	3.092	0.151	2.115	0.977
Total	**189.486**	**46.601**	**124.351**	**65.135**

5.4. The revised capital forecast assumes a significant amount of capital expenditure in the last 4 months of the financial year (£77.750m). This level of capital delivery is likely to be impacted by the recently announced further COVID-19 restrictions, and there is a significant risk of further slippage over the remainder of the financial year.

5.5. There is also a risk that COVID-19 pushes up the overall costs of capital projects such as Bunhill Energy Centre Phase 2. Given slippage across the capital programme, cost pressures will largely be felt in future financial years. Work is ongoing to contain cost pressures within the approved capital programme budget.

6. IMPLICATIONS

Financial Implications

6.1. These are included in the main body of the report.

Legal Implications

6.2. The law requires that the council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance (Section 28 Local Government Act 2003; the council's Financial Regulations 3.7 to 3.10 (Revenue Monitoring and Control)).

Environmental Implications

6.3. This report does not have any direct environmental implications.

Resident Impact Assessment

6.4. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

6.5. A resident impact assessment (RIA) was carried out for the 2020/21 Budget Report agreed by Full Council. This report notes the financial performance to date but does not have direct policy implications, so a separate RIA is not required for this report.

Appendices:
Appendix 1 – General Fund Revenue Monitoring by Key Variance
Appendix 2 – Revenue Monitoring by Service Area
Appendix 3 – Capital Programme 2020/21 to 2022/23

Background papers: None

Final report clearance:

Signed by:

8 January 2021

Executive Member for Finance and Performance   Date

Report Author: Martin Houston, Strategic Financial Advisor
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Legal Implications Author: Peter Fehler, Acting Director of Law and Governance