

Report of: Executive Member for Finance and Performance

Meeting of	Date	Ward(s)
Executive	22 July 2021	All
Delete as appropriate	Exempt	Non-exempt

2020/21 PROVISIONAL FINANCIAL OUTTURN

1. SYNOPSIS

- 1.1 This report presents the provisional financial outturn for 2020/21. Overall, there is a balanced General Fund (GF) position, unchanged from the previous reported Month 10 position. Within this, there was a COVID-19 budget overspend of (+£36.5m) across GF council services after the application of service specific grant funding. This was fully balanced by general (non-ring-fenced) COVID-19 government grant received in 2020/21, the estimated full year claim under the government's partial compensation scheme for sales, fees and charges losses and the delivery of underspends elsewhere in the base budget.
- 1.2 Within this overall unchanged balanced GF position, there were some significant favourable movements from Month 10. This was due to a combination of additional government grant funding confirmed late in the financial year (e.g. additional allocations from the Contain Outbreak Management Fund), the significant uncertainty that still existed when the Month 10 forecasts were prepared (not long after the start of a further national lockdown) and additional efficiencies that were not confirmed until the year-end accounts were closed.
- 1.3 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 significantly increase resilience in the council's balance sheet and reserves to reflect hardening budget risks over the medium term (including in respect of council tax and business rates income) and the time-limited (non-recurring) nature of COVID-19 government funding.
- 1.4 There was an in-year deficit of £13.5m on the ring-fenced Housing Revenue Account (HRA) compared to original budget assumptions, funded from a lower than planned contribution to HRA reserves.
- 1.5 Capital expenditure of £111.637m (£6m more than forecast at Month 10) has been delivered against the revised 2020/21 budget of £127.943m, representing 87% spend against budget.

The variance from budget was predominantly due to COVID-19 related delays across the programme, which were already reflected in prior month forecasts.

2. RECOMMENDATIONS

- 2.1. To note the breakdown of the forecast GF outturn by individual variance at **Appendix 1** and by service area at **Appendix 2. (Section 3 and Table 1)**
- 2.2. To note the overall GF net break-even position (before unallocated contingency budget), unchanged from the previous reported position. **(Section 3 and Table 1)**
- 2.3. To note, subject to decision at the next Executive meeting on 2 September 2021, the further proposed allocation of Carbon Offset Funding of £3.037m over the next three years to support delivery of the council's Net Zero Carbon programme. **(Paragraph 4.6 and Table 2)**
- 2.4. To approve the new GF fees and charges relating to filming rights in the borough. **(Paragraph 4.7 and Table 3)**
- 2.5. To note the allocation of Contain Outbreak Management Fund/Test and Trace Support grant funding totalling £8.284m across eligible COVID-19 related expenditure in line with the terms of the grant. **(Paragraph 4.25 and Table 4)**
- 2.6. To approve the outturn transfers to reserves, the movements between reserves and the provisional GF and HRA reserves balances, and to delegate authority to the Section 151 Officer to agree any further movements to/from reserves related to finalising the 2020/21 Statement of Accounts. **(Paragraphs 4.28, 4.30 and 5.5, and Tables 5-6)**
- 2.7. To note the HRA in-year deficit of (+£13.456m), fully funded from a lower contribution to HRA reserves than planned in the original budget. **(Section 5 and Appendix 2)**
- 2.8. To note the 2020/21 capital outturn, financing of the 2020/21 capital programme and the movement in the 2020/21 capital budget since the last reported capital programme at Month 10. **(Section 6, Tables 7-9 and Appendix 3)**
- 2.9. To approve the re-profiling of the 2020/21 capital outturn budget variances (-£16.306m) into the 2021/22 capital programme, with the exception of variances that are underspends rather than re-profiling in nature, and to delegate authority to the Section 151 Officer to agree any further capital financing adjustments related to finalising the 2020/21 Statement of Accounts. **(Section 6, Table 7 and Appendix 3)**
- 2.10. To note, subject to approval by the Borough Investment Panel on 29 July 2021 and decision at the next Executive meeting on 2 September 2021, the proposed allocation of £1.740m Community Infrastructure Levy funding (strategic element) to the People Friendly Streets programme. **(Paragraph 6.7)**

3. REVENUE SUMMARY

- 3.1. A summary position of the GF and HRA is shown in **Table 1**, a breakdown by individual GF variance in **Appendix 1** and a breakdown by GF and HRA service area in **Appendix 2**. In addition, the 2020/21 contingency budget (£5.455m) was not called upon and will be transferred to GF reserves in line with the medium-term financial strategy (MTFS).

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

	CV-19 Related £m	Non CV-19 Related £m	Month 12 Total £m	Month 10 Total £m	Monthly Movement £m
<u>GENERAL FUND</u>					
Chief Executive's	0.328	0.037	0.365	0.340	0.025
Environment and Regeneration	24.277	(6.104)	18.173	20.745	(2.572)
Housing	0.017	(0.017)	0.000	0.000	0.000
People	7.686	(2.127)	5.559	8.882	(3.323)
Public Health	0.399	(0.399)	0.000	(1.323)	1.323
Resources Directorate	5.271	(3.951)	1.320	3.884	(2.564)
DIRECTORATE	37.978	(12.561)	25.417	32.528	(7.111)
Corporate Items	(1.487)	11.430	9.943	12.205	(2.262)
TOTAL GENERAL FUND	36.491	(1.131)	35.360	44.733	(9.373)
COVID-19 Grant Tranches 2-4			(18.359)		
SFC Compensation (Estimate)			(17.001)		
NET GENERAL FUND			(0.000)		
<u>HOUSING REVENUE ACCOUNT</u>					
In-year (Surplus)/Deficit	2.112	11.344	13.456	2.822	10.634

4. GENERAL FUND

Chief Executive's Directorate (+£0.365m)

- 4.1. The Chief Executives directorate outturn position is a (+£0.365m) overspend, consisting of a (+£0.328m) overspend attributable to COVID-19 and a small (£0.037m) overspend on the base budget.

Environment and Regeneration (+£18.173m)

- 4.2. The Environment and Regeneration outturn position is a (+£18.173m) overspend, consisting of a (+£24.277m) overspend attributable to COVID-19 and a (-£6.104m) underspend in the base budget.

- 4.3. COVID-19 related net overspends totalling (+£24.277m) were as follows:

- Parking related income – a decline in income (+£13.731m) relating to a substantial decrease in Pay and Display, Penalty Charge Notices and, Permits and Vouchers;
- Leisure related income – income loss and additional support to GLL leisure provider (+£5.204m);
- Other areas such as Commercial Waste, Planning, Licensing, Energy Services, Highways, Street Markets, Local Land Charges and Pest Control services experienced reduced levels

of service, with income lost across these areas totalling (+£3.926m). This was offset by a reduction in the non-household levy (-£0.744m); and

- (+£2.344m) additional costs for agency cover relating to sickness and isolation, overtime and contract costs for additional COVID-19 social distancing regulations, mortuary costs and personal protective equipment costs. This was offset by service specific COVID-19 grant of (-£0.184m).

4.4. There was a base budget net underspend of (-£6.104m) relating to:

- Additional parking income (-£1.693m) relating to suspensions and road closures, and savings through expenditure controls;
- Underspends in Greenspace and Leisure (-£1.015m) from vacant posts, additional public health income and S106 funding;
- Underspends in Street Environmental Services (-£2.437m) from agency spend controls, additional waste income and fleet savings; and
- Other, minor variances totalling (-£0.892m) across the directorate.

Funding for Net Zero Carbon Programme

4.5. The Environment and Regeneration outturn position is after a (+£2.548m) transfer to earmarked reserves in relation to unbudgeted income from the Low Traffic Neighbourhoods programme to support the delivery of the council's Net Zero Carbon programme in future financial years.

4.6. In addition, the Net Zero Carbon Executive Board and the Borough Investment Panel have recently recommended the further allocation of Carbon Offset Funding of £3.037m over the next three years (in addition to £1.023m previously allocated). The recommended allocations are summarised in **Table 2** for decision at the next Executive meeting on 2 September 2021.

Table 2 – Proposed Allocation of Carbon Offset Funding for Approval

Description	21/22 £m	22/23 £m	23/24 £m	Existing Allocation £m	Proposed New Allocation £m
Housing Low Carbon Delivery Manager	0.063	0.063	0.063	0.000	0.189
Installation of intelligent hot water circulation units	0.000	0.050	0.000	0.000	0.050
Islington Community Energy Fund	0.025	0.025	0.025	0.000	0.075
Energising small businesses grants	0.050	0.050	0.050	0.000	0.150
Energy team staff costs	0.575	0.575	0.575	(0.575)	1.150
Warmth on Prescription Scheme – Energy efficiency measures with tenants that are vulnerable to the effects of the cold/living in fuel poverty	0.448	0.448	0.448	(0.448)	0.896
Feasibility studies	0.100	0.100	0.025	0.000	0.225
Green electricity - Corporate Estate	0.061	0.070	0.070	0.000	0.201
Supplementary Planning Document Officer	0.038	0.050	0.013	0.000	0.101
Total	1.360	1.431	1.269	(1.023)	3.037

New Charges for Filming Rights

- 4.7. Since the 2021/22 budget was agreed, including the full schedule of sales, fees and charges, new charges relating to filming rights (**Table 3**) have been proposed for approval in this report.

Table 3 – New Proposed Fees and Charges for Approval

Category	Charge Type	Charge Detail	2021/22 Price
Environmental Services - Highways	Legal Notices & Works Road Traffic Regulations Act 1984	Temporary Traffic Restriction Orders/Notices (Less than 24 hours) for filming activities under section 16a/2	£1,000.00
Environmental Services - Highways	Highways License	Temporary Structure Agreement (TSA) for Filming Activities	£65.00

Housing General Fund (Break-even position)

- 4.8. The Housing General Fund outturn is a break-even position, after service specific government grant funding and a (+£1.769m) transfer to earmarked reserves. The transfer to earmarked reserves is in relation to inflation and demographic growth in the 2020/21 base budget that was replaced by government grant funding confirmed after the finalisation of the budget.
- 4.9. The break-even position includes 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).

People (+£5.559m)

- 4.10. The People directorate (comprising Children's, Employment and Skills and Adult Social Services) overspent by (+£5.559m) on GF services, consisting of a (+£7.686m) overspend attributable to COVID-19 and an underspend of (-£2.127m) in the base budget.

Children's, Employment and Skills: GF (+£3.604m), Schools (-£4.646m)

- 4.11. Children's, Employment and Skills overspent by (+£3.604m), consisting of a (+£4.732m) overspend attributable to COVID-19 and an underspend of (-£1.128m) in the base budget.
- 4.12. The COVID-19 attributable net adverse variance of (+£4.732m) related to:
- (+£1.514m) net loss of parental fee income in Children's Centres;
 - (+£2.476m) net overspend on the children looked after placements budget;
 - (+£0.547m) 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;
 - (+£0.325m) agreed package of support to Isledon to ensure the continued provision of universal youth services across the borough following significant income pressures due to COVID-19; and
 - (-£0.130m) other net favourable variances.
- 4.13. There was an offsetting (-£1.128m) net favourable variance in the base budget, comprising:
- (-£0.908m) underspend on the council's universal free school meals programme, due to the number of children being educated at home in the summer term;
 - (-£0.175m) underspend against the remand budget as the numbers of young people remanded in custody remained low during the financial year; and

- (-£0.045m) other net favourable variances.

4.14. The Dedicated Schools Grant (DSG) underspent by (-£4.646m). This underspend related to:

- (-£1.931m) contingency balance in early years;
- (-£0.589m) unallocated growth funding for high needs;
- (-£0.463m) prior-year balance in relation to funding for the statutory entitlement for 2-year-old provision;
- (-£0.447m) underspend against high needs, due to a slower rollout of the new area-based inclusion fund to strengthen our SEN support offer than planned due to COVID-19;
- (-£0.254m) underspend against alternative provision and managed moves due to fewer pupil exclusions and a reduced requirement for managed moves;
- (-£0.252m) further underspend in relation to high needs;
- (-£0.163m) underspend against the budget for falling rolls and growth; and
- (-£0.547m) other net favourable variances.

Adult Social Services (+£1.955m)

4.15. Adult Social Services had a net (+£1.955m) overspend, consisting of a (+£2.954m) overspend attributable to COVID-19 and an underspend of (-£0.999m) in the base budget.

4.16. The full year COVID-19 overspend in the department (+£2.954m) related to:

- An overspend of (+£0.176m) in supporting the adult social care market and additional demand (including increased demand due to the COVID-19 Hospital Discharge Service);
- (+£1.444m) personal protective equipment costs;
- (+£0.396m) workforce pressures;
- (+£0.938m) loss of client contributions.

4.17. Adult Social Services underspent by (-£0.999m) on the base budget, comprising additional public health income to fund eligible expenditure (-£0.602m), use of the Workforce Capacity Grant (-£0.208m) and other underspends (-£0.189m).

Public Health (Break-even)

4.18. The Public Health directorate outturn is a break-even position, including a (-£0.770m) drawdown from the earmarked Public Health reserve. Public Health expenditure was funded via a ring-fenced grant of £26.563m in 2020/21.

Resources (+£1.320m)

4.19. The Resources directorate outturn is a (+£1.320m) overspend, consisting of a (+£5.271m) overspend attributable to COVID-19 and an underspend of (-£3.951m) in the base budget.

4.20. The COVID-19 attributable overspend (+£5.271m) related to:

- (+£2.009m) ICT infrastructure costs to support working from home arrangements;
- (+£1.718m) loss of income from events, functions and registrar services;
- (+£0.691m) loss of income due to court activity suspension;
- (+£0.291m) shielding support scheme;
- (+£0.260m) crisis payments and discretionary support;

- (+£0.132m) working from home support scheme for employees;
- (+£0.128m) costs associated with the fast tracking of the legal case management system; and
- (+£0.042m) loss of legal income due to a reduction in demand for legal services in relation to planning and property matters.

4.21. There were underspends/efficiencies on the base budget totalling (-£3.951m), including (-£2.6m) across financial operations and housing benefit subsidy claim budgets and (-£1.2m) core ICT budget savings.

Corporate (+£9.943m)

4.22. The provisional corporate items outturn is an overspend of (+£9.943m), consisting of a (-£1.487m) net underspend attributable to COVID-19 and variance of (+£11.430m) within the base budget. The financial position is detailed by key variance in **Appendix 1** and summarised by division in **Appendix 2**. In addition, there is an underspend of (-£5.455m) on the corporate contingency budget.

4.23. The COVID-19 attributable net underspend (-£1.487m) on the corporate budget related to:

- (+£2.175m) COVID-19 related reprofiling of previously agreed savings;
- (+£2.551m) increase in sundry debtors provision for collection losses due to the impact that COVID-19 is having on debt recovery;
- (+0.734m) costs in relation to mortality management costs allocated across London councils;
- (+£0.558m) transfer to earmarked reserves in relation to the future year budget impact of the 25% of current year council tax losses (+£0.098m) and business rates losses (+£0.460m) not covered by the government's 75% Tax Income Guarantee scheme;
- (+£0.323m) net additional costs of running the wider 'We are Islington' support service that are not reflected in directorate forecasts;
- (+£0.317m) community testing costs;
- (+£0.139m) overspend on the coroners budget; and
- (-£8.284m) Contain Outbreak Management Fund/Test and Trace Support grant funding that has been administered centrally and fully allocated across eligible 2020/21 expenditure in line with the terms of the grant.

4.24. The non COVID-19 variance on the base budget (+£11.430m) related to:

- (+£2.780m) non COVID-19 reprofiling of savings and (+£0.968m) undeliverable savings following review at the start of the financial year;
- (+0.221m) net unbudgeted corporate costs, including the increased local government pay award (2.75% compared to 2.00% budgeted) and in-year vacancy management savings;
- (+£8.395m) net transfers to earmarked reserves in relation to non COVID-19 underspends in order to provide increased resilience for budget risks over the medium term; and
- (-£0.934m) underspend on the corporate financing budget, in part due to COVID-19 related slippage in the capital programme.

- 4.25. The council received Contain Outbreak Management Fund/Test and Trace Support grant funding totalling £8.284m in 2020/21. This funding has been retrospectively allocated across eligible COVID-19 related expenditure in line with the terms of the grant. This is summarised in **Table 4** based on the relevant MHCLG categories of activity.

Table 4 – Allocation of Contain Outbreak Management/Test and Trace Support Grant

MHCLG Categories	£m
Testing	0.317
Tracing	0.000
Vaccine deployment	0.000
Support for those in self-isolation (non-financial support)	0.014
Support for vulnerable groups and targeted community interventions	4.480
Other: Prevention, management of local outbreaks and data intelligence, surveillance and communications	2.295
Compliance and Enforcement: Environmental Health Officers (inc overtime)	0.000
Compliance and Enforcement: COVID-19 Secure Marshals or equivalents (inc overtime)	0.000
Compliance and Enforcement: other activities and staff	0.502
Clinically Extremely Vulnerable	0.000
Other	0.675
Total	8.284

General Fund Reserves

- 4.26. Prior to the COVID-19 crisis, the 2020/21 budget report highlighted the need for the council to strengthen its financial resilience for deteriorating budget risks over the medium term. The 2021/22 budget report reiterated the need to strengthen financial resilience as COVID-19 has highlighted the underlying, significant level of risk in the council's budget.
- 4.27. Similarly, the findings of the External Auditor on the 2019/20 Statement of Accounts noted that the council's non-schools GF reserves are below the average level for London Boroughs and that:
- "It is critical that management continue to look beyond the current crisis and maintain sufficient reserves relative to likely future pressures as systemic change and transformation become embedded and begin to realise substantive recurrent savings, to mitigate risks posed by external factors outside of member and officer control."*
- 4.28. For approval in this report, **Table 5** sets out the movement in GF earmarked and general reserves in 2020/21 and the closing balances as at the end of the financial year. This includes the creation of the following new earmarked reserves based on an assessment of the current risk outlook:
- Business Continuity – to mitigate the risk of disruption to key council services and systems, including cyber security risks;
 - Care Experience – to provide for the potential direct and indirect costs of the non-recent child abuse support payment scheme, which is currently subject to consultation/final approval; and
 - Net Zero Carbon – to support the delivery of the council's Net Zero Carbon programme.
 - Social Care – to mitigate significant uncertainty in social care demographic growth estimates.

Table 5 – GF Earmarked and General Reserves

	Opening Balance 1 April 2020 £m	2020/21 Movements £m	Closing Balance 31 March 2021 £m
GF Earmarked Reserves			
BSF PFI Smoothing	4.979	0.783	5.762
Budget Risk and Insurance	17.396	8.037	25.425
Budget Strategy	21.111	0.000	21.111
Business Continuity	0.000	10.000	10.000
Care Experience	0.000	16.000	16.000
Community Infrastructure Levy	9.428	(0.994)	8.434
Core Funding (formerly NNDR Smoothing)	7.723	33.742	41.465
COVID-19	7.684	(7.684)	0.000
Housing Benefit	7.921	(7.921)	0.000
Joint Cemeteries Trading Account	1.634	0.473	2.107
Net Zero Carbon	0.000	2.548	2.548
Public Health	2.123	(0.770)	1.353
Social Care	0.000	5.985	5.985
Street Markets	0.260	0.000	0.260
Total GF Earmarked Reserves	80.259	60.199	140.450
Non-Earmarked GF Reserves			
General Fund (Non Schools)	16.664	0.000	16.664
Schools Balances	11.208	(1.100)	10.108
Total Non-Earmarked GF Reserves	27.872	(1.100)	26.772

- 4.29. Over the last financial year, councils have seen significant financial turmoil from many different aspects of their local roles, both from the delivery of services and as a conduit for central government to support local businesses. The government has provided significant financial support both directly to councils, but also through councils to support local business with rates relief and support grants. The year-end increase on reserves reflects the early advancement of this government support which will be deployed in 2021/22 to support services and businesses.
- 4.30. The Executive is asked to delegate authority to the Section 151 Officer to agree any further movements to/from reserves related to finalising the 2020/21 Statement of Accounts.

5. HOUSING REVENUE ACCOUNT (HRA)

- 5.1. The provisional outturn for the HRA is an in-year deficit of (+£13.456m) compared to original budget assumptions, comprising (+£2.112m) budget pressures attributable to COVID-19 and other net budget pressures of (+£11.344m). As a consequence of this in-year deficit, the contribution to HRA Risk Equalisation reserve will be £13.456m less than planned in the original budget. This is summarised in **Appendix 2**.
- 5.2. The most significant COVID-19 impact on the HRA has been the increasing rent/service charge arrears. The assessment as to irrecoverable arrears is reflected in the HRA in the form of a bad debt provision increase (+£1.100m).
- 5.3. Other COVID-19 budget pressures were as follows:

- Personal protective equipment costs (+£0.120m) – primarily for caretaking, concierge and repairs staff;
- Use of voids for Temporary Accommodation (+£0.175m) – refurbishment costs and furnishings/white goods;
- Loss of parking income (+£0.095m);
- Caretaking cover (+£0.560m); and
- Other variances (+£0.062m).

5.4. The two most significant non-COVID overspends were as follows:

- General Management - A legally assessed provision of (+£10.324m) in respect of Thames Water commissions and voids allowance, received by the council over the previous 6 years for the collection of water charges on behalf of Thames Water;
- Revenue Contributions to Capital – Increased revenue funding (totalling +£8.424m) of the of the housing new build and property acquisition capital programmes, which ultimately will lead to a saving on costs of borrowing; and
- Other non-COVID variances bringing the net non-COVID overspend to (+£11.344m).

5.5. **Table 6** sets out the movement in HRA reserves during 2020/21. The most significant HRA reserve is the 'Risk Equalisation' reserve, which is set aside to address the financial impact of new housing legislation and other significant financial risks over the 30-year HRA business planning period.

Table 6 – HRA Reserves

	Opening Balance 1 April 2020 £m	2020/21 Movement £m	Closing Balance 31 March 2021 £m
HRA Earmarked Reserves			
Housing PFI 1	5.510	0.000	5.510
Tenants Heating	1.487	0.200	1.687
HRA Risk Equalisation	83.892	0.420	84.312
Total HRA Earmarked Reserves	90.889	0.620	91.509
HRA Working Balance	17.521	0.000	17.521
Major Repairs Reserve	21.909	(16.476)	5.433
Total HRA Reserves	130.319	(15.856)	114.463

CAPITAL PROGRAMME

6.1. Capital expenditure of £111.475m (£6m more than forecast at Month 10) has been delivered against the revised 2020/21 budget of £127.943m, representing 87% spend against budget. The variance from budget is predominantly due to COVID-19 related delays across the programme, which were already reflected in prior month forecasts. This is set out by directorate in **Table 7** and detailed in **Appendix 3**.

Table 7 – Capital Outturn 2020/21

Directorate	2020/21 Budget £m	2020/21 Expenditure £m	Capital Variance (Under)/Over £m
Environment and Regeneration	22.344	15.098	(7.246)
Housing	97.550	90.779	(6.771)
People	5.934	3.620	(2.314)
Resources	2.115	2.140	0.025
Total	127.943	111.637	(16.306)

6.2. The Environment and Regeneration capital variance (-£7.246m) relates predominantly to the following projects:

- Bunhill Energy Centre Phase 2 – reprofiling of (-£2.073m) due to additional works required to connect plant rooms;
- S106/CIL Funded Schemes – gross budget underspend (-£1.796m) with all 2020/21 projects agreed and funded, and future year schemes funded in 2021/22 onwards capital programme;
- Economic Development – reprofiling (-£0.726m) due to delays as a result of COVID-19; and
- Vehicle Replacement – reprofiling (-£0.708m) due to contractor delays as a result of COVID-19.

6.3. The Housing capital variance (-£6.771m) relates predominantly to the following projects:

- New Build Programme reprofiling (-£13.646m) due to programme delays caused by COVID-19; and
- Acceleration of Major Works and Improvement programme (+£7.240m) following award of key contracts.

6.4. The People capital variance (-£2.314m) comprises the following key variances:

- Primary Schools Condition Schemes/Schools Modernisation (-£1.369m) due to delays as a result of COVID-19; and
- Tufnell Park School Expansion (-£0.489m) underspend following agreement of final project account.

6.5. The Resources capital variance (+£0.025m) relates to:

- Hungerford Road Cladding Replacement project reprofiling from 2021/22 (+£0.258m) as the project accelerated in Q4 beyond initial expectations; and
- Laycock Street (-£0.233m) reprofiling due to COVID-19 delays with works to begin on site in June 2021.

6.6. The financing of the 2020/21 capital programme is summarised in **Table 8**.

Table 8 – Financing of Capital Programme 2020/21

	£m
Capital Grants and Third Party Contributions	18.502
Capital Receipts	27.641
HRA – Major Repairs Reserve	46.112
HRA – Revenue Account	8.424

GF Revenue Account	2.882
GF Borrowing	8.076
Total	111.637

- 6.7. Subject to approval by the Borough Investment Panel on 29 July 2021 and decision at the next Executive meeting on 2 September 2021, the financing of the 2020/21 capital programme includes the allocation of £1.740m Community Infrastructure Levy funding (Strategic element) to the People Friendly Streets programme.
- 6.8. The capital budget changes since the previous reported position are summarised in **Table 9** for noting by the Executive.

Table 9 – 2020/21 Capital Budget Changes Since Previous Reported Position

	Month 10 Budget £m	Increase/ (Decrease) £m	Month 12 Budget £m	Explanation of Key Movements
Environment and Regeneration	20.038	2.306	22.344	<ul style="list-style-type: none"> Budget increase to reflect spend on Highbury Pool works following fire (£3.565m) – covered through insurance contribution. Partly offset by budget transfers for Greenspaces works identified as revenue expenditure (-£0.660m) – funded from CIL/S106 contributions. Additional changes relating to confirmation of S106/CIL allocations for Highways works (-£0.269m) with spend lower than anticipated.
Housing	97.550	-	97.550	N/A
People	5.971	(0.037)	5.934	Central Library - delay in tenant occupying premises due to COVID-19 has reduced the contribution by £0.037m.
Resources	2.115	-	2.115	N/A
TOTAL	125.674	2.269	127.943	

- 6.9. Beyond 2020/21, the council has approved a capital programme totalling £539.200m over the three years 2021/22 to 2023/24. The approved capital programme will be reviewed and re-profiled as part of budget monitoring in 2021/22, including for the impact of the reprofiling from 2020/21.

7. IMPLICATIONS

Financial Implications

- 7.1. These are included in the main body of the report.

Legal Implications

- 7.2. 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

- 7.3. This report does not have any direct environmental implications.

Resident Impact Assessment

- 7.4. 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.
- 7.5. 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

Signed by:



13 July 2021

Executive Member for Finance and Performance

Date

Report Author: Martin Houston, Strategic Financial Advisor

Legal Implications Author: Peter Fehler, Acting Director of Law and Governance