TITLE OF REPORT :

2020/21 Overall Financial Position, Property Disposals And Acquisitions Report that takes account of the estimated financial impact of Covid-19 and the on-going emergency

Key Decision No. FCR R.48

CABINET MEETING DATE 2020/21 **26TH APRIL 2021**	**CLASSIFICATION:** **Open**

WARD(S) AFFECTED: ALL WARDS
CABINET MEMBER **Councillor Robert Chapman** **Cabinet Member for Finance**
KEY DECISION **Yes** **REASON** **Spending or Savings**
GROUP DIRECTOR **Ian Williams: Finance and Corporate Resources**

1. CABINET MEMBER’S INTRODUCTION

1.1 This Overall Financial Position (OFP) is based on detailed February monitoring data from directorates. We are forecasting an overspend on the General Fund (excluding housing costs) of £58.5m before the application of the Government’s emergency funding (£32.3m). This is equivalent to 5% of the total gross budget and 15% of the net budget. This is a increase of £0.47m in the overspend from January made up of a increase in the Covid-19 related overspend of £1.15m and an decrease in the non Covid-19 related overspend of £0.68m

1.2 Of the £58.5m overspend, £54.9m relates to additional expenditure and reduced income incurred on the General Fund that is owed to Covid-19.

1.3 Further Government support to partially meet the cost of lost local authority income, together with measures allowing for Council Tax and Business Rate shortfalls to be met out of future years’ budgets, mean we are able to currently forecast a year end position of a £2.12m overspend (£3.65m excluding direct Covid-19 spend and grant), and so it is essential that services look again at all areas of spend to drive down the outturn further to minimise any required drawdown on corporate resources which have, as noted previously, been severely impacted upon by Covid-19 and have significantly diminished our corporate flexibility.

1.4 The non-Covid overspend of £3.65m is significant and it is of paramount importance therefore that directorates take all steps to contain further spending increases as failure to do so will make an extremely challenging situation very much worse. Further, during 2021/22 even greater efforts must be made to more intensively monitor and review the outcome of agreed savings schemes to ensure that these are achieved.

1.5 I commend this report to Cabinet

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

2.1 The OFP shows that the Council is forecast to have a £58.5m funding shortfall (General Fund) before the application of the Government’s emergency funding. This is equivalent to 5% of the total gross budget and 15% of the net budget. This is a increase of £0.47m in the overspend from January made up of a increase in the Covid-19 related overspend of £1.15m and an decrease in the non Covid-19 related overspend of £0.68m

2.2 As Cabinet is aware, we were awarded £17.835m of grant in the first two tranches and a further £3.516m from the third tranche of emergency funding, giving a total of £21.351m. On 12th October, the Prime Minister announced that an additional £0.919bn emergency funding would be made available for local government together with £0.1bn for those local authority leisure centres most in need. We did not receive any allocation from the leisure centre funding but our allocation from the £0.919bn was £11.032m, bringing our total emergency funding to £32.349m. According to a Government announcement before Christmas, we have also been allocated a further £11.032m for 2021/22. The 2020/21 emergency funding is reflected in the forecasts below.

2.3 With regards to the scheme that would partially compensate councils for losses in some sales, fees, and charges previously reported to Cabinet; we are required to submit 3 returns. The first covered actual losses in April, May, June, and July; the second related to losses in August, September, October, and November. The third will cover the remainder of the financial year. We have submitted the first two returns and the first return has been accepted in full and we await confirmation (or otherwise) from the Ministry of Housing, Communities and Local Government (MHCLG) on the second. Until we have data for the final four months, we cannot accurately extrapolate to an annual allocation. So, the report continues to assume our best annual estimate of £9.6m although this could change as we receive later data and MHCLG reviews our claims.

2.4 The estimates contained within this report are indicative and will be revised further as more information becomes available. It must also be noted that the Government funding listed in this report is intended to cover the pandemic only and funding is of a one-off nature.

2.5 The position of the General Fund is shown below. The first table shows the funding shortfall of £58.5m of which £54.9m is owed to Covid-19 while the second table analyses the impact of applying Government funding.

TABLE 1: OVERALL ESTIMATED BUDGET SHORTFALL 2020/21

Revised Budgets	Service Unit	Forecast: Change from Revised Budget after Reserves	Variance from Previous Month	Amount of variance owed to Covid	Variance excluding Covid
		£k	£k	£k	£k
61,507	Children's Services	3,487	-15	2,135	1,352
27,081	Education	2,641	-98	2,641	0
95,098	ASC & Commissioning	6,831	11	5,076	1,755
33,763	Community Health	1,443	64	1,873	-430
217,449	**Total CACH**	**14,402**	**-38**	**11,725**	**2,677**
36,653	**Neighbourhood & Housing**	**14,924**	**127**	**14,514**	**410**
19,757	**Finance & Corporate Resources**	**13,743**	**399**	**13,242**	**501**
0	**Reduced Council Tax & Business Rates Income**	**14,500**	**0**	**14,500**	**0**
8,947	**Chief Executive**	**975**	**-21**	**910**	**65**
29,442	**General Finance Account**	**0**	**0**	**0**	**0**
312,248	**GENERAL FUND TOTAL**	**58,544**	**467**	**54,891**	**3,653**

2.6 In order to look at the budgetary implications of this shortfall in 2020/21 we must first adjust for Council Tax and Business Rates. The governing regulations require that any difference between the budgeted income and outturn income for these two income streams is not charged to the General Fund in 2020/21 but instead is charged in the following year. And so without changes to the regulations, the whole of the deficit (now estimated at £14.5m on the basis of final guidance from the Government) would all be charged to the General Fund in 2021/22 thereby increasing the budget gap by an equivalent amount in this year. As reported previously, the Government has introduced a scheme to compensate Councils for reductions in council tax and business rates receipts resulting from Covid-19 that would otherwise be fully charged to the General Fund in 2021-22 which included allowing councils to spread any deficit arising over a three year time frame.

2.7 In the 2020 Spending Review, the Government committed to compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020-21 and we forecast that the charge to the General fund in each year 2021/22 to 2023/24 will be £2.25m. £1.6m of this relates to Council tax and £0.65m to business rates.

2.8 The application of the emergency funding, compensatory funding and the deferral of Council Tax and Business Rates losses to future years is reflected in table 2 below

TABLE 2: SHORTFALL AFTER THE APPLICATION OF GRANT

Revised Budgets	Service Unit	Forecast: Change from Revised Budget after Reserves	Amount of variance owed to COVID-19	Variance excluding COVID-19
		£k	£k	£k
61,507	Children's Services	3,487	2,135	1,352
27,081	Education	2,641	2,641	0
95,098	ASC & Commissioning	6,831	5,076	1,755
33,763	Community Health	1,443	1,873	-430
217,449	**Total CACH**	**14,402**	**11,725**	**2,677**
36,653	**Neighbourhood & Housing**	**14,924**	**14,514**	**410**
19,757	**Finance & Corporate Resources**	**13,743**	**13,242**	**501**
8,947	**Chief Executive**	**975**	**910**	**65**
29,442	**General Finance Account**	**0**	**0**	**0**
312,248	**GENERAL FUND TOTAL**	**44,044**	**40,391**	**3,653**
	Estimated Emergency Fund	**-32,349**	**-32,349**	
	Funding to Partially Compensate loss of Sales, Fees & Charges income	**-9,575**	**-9,575**	
	FUNDING STILL REQUIRED AFTER APPLICATION OF GRANT	**2,120**	**-1,533**	

2.9 The Covid-19 gap after funding is still showing a small surplus but this has fallen £1.15m in February as the impact of the current lockdown is better understood. This surplus though must be disregarded given all the uncertainties that lie ahead. In particular, it must be recognised that the additional spend and income reduction estimates arising from Covid-19 are continuing to increase. We cannot assume therefore that at the end of the year, that the external funding allocations will cover all the additional spend and income losses arising from Covid-19 and further funding may well be needed before April.

2.10 Aside from anything else, we will make a substantial loss on business rates and council tax income which although will not impact this year (other than through reduced cash flow) will impact negatively on the General Fund in 2021/22 to 2023/24. So, the position is not as encouraging as the comparison above suggests.

2.11 Turning to the overall 2020/21 budget gap, this is now £2.12m (£3.65m excluding direct Covid-19 spend and grant) as set out in table 2 above, and so it is essential that services look again at all areas of spend to drive down the outturn further to minimise any required drawdown on corporate resources which have, as noted previously, been severely impacted upon by Covid-19 and have significantly diminished our corporate flexibility.

2.12 As reported in previous reports to Cabinet, it is by no means clear what the longer term financial impact on local government will be as a result of Covid-19 but it looks likely that the UK faces a significant recession, possibly its sharpest recession on record. Clearly this will have an impact on future public sector and local authority budgets. Some commentators, including the IFS are predicting a real terms reduction in non-protected Departments spending, such as Local Government, over the next four years.

3.0 RECOMMENDATIONS

3.1 There are no specific recommendations arising from this report. Members are asked to note the update on the overall financial position for February, covering the General Fund, Capital Finance and the HRA.

4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances.

4.2 CHILDREN, ADULT SOCIAL CARE AND COMMUNITY HEALTH (CACH)

Summary

The CACH directorate is forecasting an overspend of £14.4m after the application of reserves and grants. Covid-19 related expenditure accounts for £11.73m of the reported overspend.

Children's Services

Children's Services (CS) is forecasting a £3.487m overspend as at the end of February after the application of reserves. Covid-19 related expenditure accounts for £2.135m of the reported budget overspend. The draw down from reserves includes:

- £3.9m from the Commissioning Reserve, set up to meet the cost of placements where these exceed the current budget.
- £1.6m for additional staffing required to address a combination of increased demand across the service and management response to the Ofsted inspection.

The forecast also incorporates £4.650m of Social Care Grant funding (that is an additional £3.450m when compared to last year). Set against this, there is a significant increase in spend driven by looked-after children (LAC) and leaving care (LC) placements costs within Corporate Parenting where the net overall spend is forecast to increase by £5.1m compared to last year (this excludes use of reserves and the Social Care Grant), however £1.34m has been identified as relating to COVID-19. There is also an increase in forecast spend on staffing across Children's Services of £2.5m when compared to last year (excludes £0.6m identified as relating to COVID-19). Furthermore, £1.6m is linked to increased staffing levels agreed in response to increased demand and additional posts agreed to assist in responding to the Ofsted recommendations arising from the inspection in November 2019 in which the Council received a 'requires improvement' judgement.

Corporate Parenting is forecast to overspend by £3.8m after the use of £3.9m of commissioning reserves. This overspend includes £1.34m of COVID-19 related expenditure. This position also includes the use of £2.9m of Social Care Grant funding that was announced in the October 2019 Budget - £0.6m is in relation to staffing costs and the remaining £2.3m is for placements. The overall position for Corporate Parenting has improved by £0.05m since January and is largely due to additional income received in CP placements.

Gross expenditure on Looked-After Children and Leaving Care placements (as illustrated in the table below) is forecasted at £25.5m compared to last year's outturn of £20.4m – an increase of £5.1m (this includes £1.34m of COVID-19 expenditure).

Table: Placements Summary for LAC and Leaving Care

Service Type	Budget	Forecast	Forecast Variance	Funded Placements	Current Placements
Residential	3,131	7,975	4,844	15	40
Secure Accommodation (Welfare)	-	21	21	0	-
Independent Foster Agency	6,488	7,665	1,177	129	145
In-House Fostering	2,400	2,055	(345)	108	92
Semi-Independent (Under 18)	1,570	3,256	1,686	24	50
Semi-independent (18+)	1,370	2,461	1,091	72	104
Family & Friends	569	1,016	448	26	49
Residential Family Centre (P & Child)	-	284	284	-	3
Other Local Authorities	-	86	86	-	3
Overstayers (18+)	290	637	347	62	56
Staying Put (18+)	200	533	333	22	39
Extended Fostering (18+)	-	69	69	-	2
UASC	-	(582)	(582)	54	39
Expenditure	16,018	25,477	9,459	513	622

**based on the average cost of placements.*

The gross overspend position on Corporate Parenting placements is £9.5m including UASC income. The UASC income is in excess of the placements costs incurred for the 45 UASC placements in the service hence the additional funding (£0.4m) is offsetting budget pressures in other placements types. As we met the threshold last year for UASC numbers (the trigger was 0.07% of the child population), this meant that we then were eligible for an increase in the funding rate (up from £114 last year to £143 in 2020/21 per person per night). Of the additional funding received this year, £0.2m has been used to fund the additional UASC staffing unit within the Looked-after Children service, and the remaining funds have been used to carry out age assessments and meet additional needs of UASCs. Hackney has been successful in securing further funding this month of £151k from the UASC COVID-19 Fund from the Department of Education to support towards costs incurred as a result of caring for UASCs and former UASCs (who are now care leavers) during the COVID-19 pandemic. This has been factored into the forecast this month.

This gross overspend position is mitigated by reserves of £3.9m and £2.2m Social Care Grant to get to a net reported position for Corporate Planning placements of £3.4m**.** The key driver of the cost pressure in Corporate Parenting is the number of young people in care and care leavers and the unit cost of these placements, both of which have continued to grow year on year. A summary and comparison to the previous month is shown in the table below.

LAC/ Leaving Care Placement Analysis

Placement Type	Annual Forecast £ 000	Weekly Cost £ 000	Weekly Unit Cost (Avg)	Current YP No	Last month YP No
Residential Care	7,975	161	4,026	40	40
Secure Accommodation (Welfare)	21	-	0	0	0
Independent Foster Agency	7,665	140	962	145	147
In-House Fostering	2,055	42	453	92	93
Semi-Independent (Under 18)	3,256	62	1,232	50	55
Semi-independent (18+)	2,461	38	367	104	97
Family & Friends	1,016	20	415	49	48
Residential Family Centre (P&Child)	284	8	2,649	3	3
Other Local Authorities	86	1	414	3	3
Overstayers (18+)	637	17	306	56	61
Staying Put (18+)	533	16	403	39	39
Extended Fostering (18+)	69	1	486	2	2
UASC	(582)	-	778	39	41
Total	25,477	505	12,491	622	629

A major factor in the rise in spend has been an increase in numbers of young people in residential placements and also in high-cost semi-independent placements. Where children in their late teens are deemed to be vulnerable, and in many cases are transitioning from residential to semi-independent placements, they may still require a high-level of support and in extreme circumstances bespoke crisis packages. COVID-19 has also been a factor, and has resulted in delays in young people being able to transition from these placements. This month we have seen a slight increase in in-house fostering placements and a decrease in Independent Fostering Agency (IFA) placements. The annual cost of an IFA placement (£50k) is twice as much as an In-house fostering placements (£25k) so it is increasingly important that we maximise our in-house placements.

The forecast for LAC and Leaving Placements is a net increase of £5.1m compared to last year (excluding reserves and Social Care Grant funding). This is largely attributed to increases in Semi-independent placements (both under and over 18s) of £2.0m; Residential care £2.5m; IFAs £0.6m. This forecast includes additional expenditure of approximately £1.34m in relation to COVID-19. If we exclude the COVID-19 expenditure, the increase compared to the 2019/20 outturn is £4.0m. As reported in previous months, management actions are continuing to be developed by the service to reduce the number and unit cost of residential placements (they average around £200k per annum) and other placement costs. There is an imperative now to bring these actions together in a cost reduction plan by the end of April 2021 as the current position of year on year increases is not sustainable going forward.

This year we continue to see significant pressures on staffing, however this has been partly offset by the Social Care Grant funding which has been allocated to the service. This is mainly due to over-established posts recruited to meet an increase in demand (rise in caseloads), additional capacity to support the response to the Ofsted focused visit at the end of last year and cover for maternity/paternity/sick leave and agency premiums. Given the outcome of the inspection referred to above, alongside further increased demand in the system, as well as the ongoing impact of COVID-19, it is likely that staffing costs will continue to be above establishment and this is being reviewed by the service to ensure there is sufficient capacity for the following year.

The Disabled Children's Service is forecast to overspend by £614k after the use of £476k of reserves. Staffing is projecting an overspend of £289k due to additional staff brought in to address increased demand in the service. This is offset by £360k of additional Social Care Grant funding. Commissioning is projecting a £1,151k overspend attributed to care packages (£692k Home Care, £511k Direct Payments, Short Breaks and other commissioning -£52k). Other operating costs pressures come to £11k.

Children In Need is forecasted to overspend by £40k after the use of reserves. There are significant levels of non-recurrent funding in the service including £687k of Social Care Grant funding in recognition of staffing pressure at the start of the financial year. Recruitment to permanent Social Worker posts are in progress which should address the high numbers of agency staff currently in this service.

Young Hackney is forecast to underspend by £197k due to delays in recruitment for the Sports and Play Services and for the MUGA (Multi-Use Games Area) staff and services which has been delayed due to the ongoing COVID-19 pandemic.

Access and Assessment is forecast to underspend by £189k which primarily relates to delays in recruitment and the Emergency Duty Team demand being projected as lower than anticipated for the year. The reduced demand is linked to the Covid-19 pandemic, however demand has recently started to increase again and we do not expect this to continue into the following year.

Safeguarding and Learning Service is forecast to underspend by £234k. Staffing is underspend by £199k, which is due to some vacancies in the team and delays in recruitment. Supplies and Services are also forecasted to underspend by £80k (mainly due to Security Services and Hire of Room / Halls not being incurred due to COVID-19). However, this is offset by pressures in unachieved income of £45k.

Clinical Services is forecast to underspend by £113k in staffing due to delays in recruitment to their Systemic / Clinical lead posts.

Hackney Education

Hackney Education has a budget of £27.1m net of budgeted income of circa £240m. This income is primarily Dedicated Schools Grant of which the majority is passported to schools and early years settings or spent on high needs placements.

As at the end of February 2021, Hackney Education is forecasting to overspend by around £7.7m. Approximately £2.6m of this is the forecast financial impact of the COVID-19 outbreak. The balance of the overspend (£5.1m) is mainly as a result of a £8.4m forecast over-spend in SEND, offset by a forecast £3.3m of savings in other areas of Hackney Education. The £8.4m over-spend in SEND is a result of previously reported factors, mainly a significant increase in recent years of children and young people with Education Health and Care Plans (EHCP's). The SEND forecast is consistent with the forecast reported in the previous period.The overall forecast has improved by some £700k as a result of: (1) new estimates regarding DSG income; and (2) new estimates regarding unforeseen costs.

The Government has formally confirmed its intention to ensure that local authorities are not left with the burden of SEND cost pressures and have issued new funding regulations which state that deficits arising from DSG shortfalls will not be met from local authorities' general funds unless Secretary of State approval is gained. The finance teams are working on what exactly this will mean for the Council's finances and are also consulting with the auditors and other Councils. At this time it is thought that it is unlikely these changes to funding regulations will have a material impact on the forecast.

Government expectation is that the DSG overspend will remain in the Council's accounts as a deficit balance which will then reduce in future years as additional funding is received. However, the Government's commitment to this additional funding and the level this will be at remains unclear. There is therefore a financial risk to the Council of carrying this deficit forward and we will need to consider options for mitigating this risk which might include setting aside a reserve equivalent to the deficit at year end.

A summary of the budgetary position is shown below:

	Variance £'000	Variance due to COVID £'000	What the variance might have been excluding C19 £'000
SEND Forecast (excluding transport)	8,538	250	8,288
SEND Transport	185	99	86
HLT forecast other	(1,031)	2,292	(3,323)
Net variance	**7,691**	**2,641**	**5,051**

COVID Winter Grant

On 8 November 2020, the Government announced a significant package of extra targeted financial support for those in need over the winter period. This included the £170 million COVID Winter Grant Scheme, which was made available in December 2020 and covers the period until the end of the financial year. Further funding has recently been announced to cover the two weeks for the Easter holiday period. DWP will provide the grant scheme funding to county councils and unitary authorities (including metropolitan councils and London boroughs) who will administer the scheme and provide direct assistance to support families with children, other vulnerable households and individuals. The grant will be used to support those most in need across England with the cost of food, energy and water bills and other associated costs.

The Council has received £1.5m and a working group has been established and has developed a design for the best way to administer this grant. Decisions have been made on the strategy to target low-income vulnerable families with children and Hackney Education worked with schools and other stakeholders to issue food vouchers to families of some 14,000 children aged 0-16. The working group is continuing to look at ways in which to provide further support to college students and families from the Orthodox Jewish community who attend independent schools.

Adult Social Care & Community Health

The forecast for Adult Social Care is a £6.83m overspend. Covid-19 related expenditure accounts for £5.1m of the overspend. This overspend does not include Covid-19 NHS discharge related spend of £3.9m where there is an agreement to fully recharge the cost to the CCG allocated from Department of Health Covid-19 grants.

The overall position for Adult Social Care last year was an overspend of £4.027m. The revenue forecast includes significant levels of non-recurrent funding including iBCF (£3.394m) and Social Care Support Grant (£4.644m). The forecast also includes Infection Control Fund (£1.5m), Rapid Testing Fund (£126k), and the Workforce Capacity Fund (£703k). A lot of this funding has been passported through to care providers.

Announcements on social care funding as part of the Spending Review 2020 provided further clarity on funding levels for 2021/22 but it is still unclear what recurrent funding will be available for Adult Social Care after this period. The announcements included an additional £300m of non-recurrent Social Care grant funding for local authorities and this is being built into our forecasts as part of budget setting for the 2021/22 financial year.

The non-recurrent funding was only intended to be a 'stop-gap' pending a sustainable settlement for social care through the Green Paper, however this is subject to ongoing delay. The implications of any loss of funding will continue to be highlighted in order that these can be factored into the Council's financial plans. This will include ensuring that it is clear what funding is required to run safe services for adults. Alongside this the service continues to take forward actions to contain cost pressures.

Care Support Commissioning (external commissioned packages of care) contains the main element of the overspend in Adult Social Care, with a £6.06m pressure. Covid-19 related expenditure accounts for £4m of the total budget pressure.

Care Support Commissioning (£k)

Service type	2020/21 Budget	Feb 2021 Forecast	Full Year Variance to budget	Variance from Jan 2021	Management Actions
Learning Disabilities	16,735	19,383	2,647	656	- ILDS transitions/demand management and move on strategy - Three conversations - Review of homecare processes - Review of Section 117 arrangements - Personalisation and direct payments - increasing uptake
Physical and Sensory	13,748	15,721	1,973	(349)	
Memory, Cognition and Mental Health ASC (OP)	8,297	9,680	1,383	19	
Occupational Therapy Equipment	740	618	(121)	(13)	
Asylum Seekers Support	170	343	174	(157)	
Total	**39,690**	**45,745**	**6,056**	**156**	

Physical & Sensory Support is forecasting an overspend of £2.0m. This includes a forecast of £1.6m of additional funding support for care providers in response to the COVID-19 pandemic. The remaining pressure of £0.4m relates directly to the number and complexity of care support packages in Physical and Sensory Support offset by support from NHS discharge funds. The overall position has decreased by £349k compared to the previously reported January position, mainly as a result of including further NHS discharge income. The gross forecast spend on care packages in Physical Support is £20.7m (£17.8m in 19/20) and in Sensory Support is £1.05m (£1.04m in 19/20). The forecast also includes £1.1m of iBCF funding towards care packages in 20/21.

Memory, Cognition and Mental Health ASC (OP) is forecasting an overspend of £1.38m. The overall position has remained consistent (£19k forecast change) with the last reported January position. The gross forecast spend on care packages for 20/21 is £12.6m (£12.2m in 19/20). The forecast also includes £1.05m of iBCF towards care packages in 20/21.

The Learning Disabilities service is forecasting an overspend of £2.65m, which reflects an adverse movement of £656k on the January reported position. This continues to be primarily driven by the increasing complexity of care needs for new and existing Learning Disability clients and inflationary pressures experienced by providers. The gross forecast spend on care packages in Learning Disabilities is £33.8m (£30.9m in 19/20). The forecast also includes significant non-recurrent funding from the iBCF (£1m) and Social care (£4.6m) grants. In addition a contribution from the CH-CCG of £2.7m (£2.1m in 2019/20) for jointly funded care packages for service users has been factored into the forecast. This is building on the work completed in 2019/20 to agree the share of funding for complex care packages

The Mental Health service is provided in partnership with the East London Foundation Trust (ELFT), and is forecast to overspend by £1.24m. The overspend is made up of two main elements - a £1.62m overspend on externally commissioned care services and £377k underspend across staffing-related expenditure. The gross spend on care packages in Mental Health (ELFT) is £5.25m (£4.9m in 19/20).

Provided Services is forecasting a balanced position against a budget but within this balance is two contrasting positions:

> Housing with Care has an overspend of £749k**,** of which the majority is in relation to the significant cost of additional agency staff cover employed for staff absences including staff shielding or self-isolating at present due to Covid-19. This position includes £245k support from the Workforce Capacity grant.
>
> Day Care Services are projected to underspend by £739k. The Oswald Street day centre re-opened in October but is currently supporting a much reduced number of service users. Consequently staff vacancies that were forecast to be filled across the day care service are now forecast to remain vacant across the financial year.

Preventative services is forecasting an underspend of £726k. There are forecast underspends on Concessionary Fares (£119k), the Interim Bed facility at Leander Court (£180k) and substance misuse (£187k linked to lower than expected demand for substance misuse placements and the transfer of the contract to Public Health). This year has also seen lower than forecast demand for additional direct payments for Carers over and above the support and signposting provided through the Carers First contract (£266k). The cost of DOLS assessments is lower than previous years. These underspends are offset by staffing pressures within the Information and Assessment team of £150k.

ASC Commissioning is forecasting a £116k underspend but this underspend masks significant one-off reserve funding of £1.7m in 20/21 supporting activity within commissioning - across teams and projects including the project management office, the commissioning team, the direct payments team and supporting the Lime Tree and St Peters' care scheme prior to recommissioning. Disabled Facilities Grant funding has been applied in 20/21 to the Telecare contract. Additional grant funding of £95k has been received for domestic violence services.

Care Management and Adult Divisional Support is forecasting a £364k overspend which is driven primarily by staffing costs within the Integrated Learning Disabilities team (£368k). The team had a relatively high number of agency staff which the service is actively addressing with planned recruitment campaigns.

Public Health

Public Health is forecasting a breakeven position, and this includes £55k for the COVID-19 triage service and delays in the delivery of planned savings (£375k). There are some other miscellaneous COVID-19 related costs in the service that have been captured in the forecast this month.

The Public Health grant increased in 2020/21 by £1.569m. This increase included £955k for the Agenda for Change costs, for costs of eligible staff working in organisations such as the NHS that have been commissioned by the local authority. The remaining grant increase has been distributed to Local Authorities on a flat basis, with each given the same percentage growth in allocations from 2019/20. There is a separate grant allocation for PrEP related activity that was subsequently announced and the local authority has received £344k to fund the costs incurred this year.

The service has pressures in demand-led services including sexual health, and is working closely with commissioners to ensure future provision remains within the allocated sexual health budget in future financial years. This year this is being offset by underspends in other areas of the service and from the increased grant allocation.

Hackney has been allocated £3.1m of the total £300m announced by Government to support Local Authorities to develop and action their plans to reduce the spread of the Covid19 virus in their local area as part of the launch of the wider NHS Test and Trace Service. This funding will enable the local authority to develop and implement tailored local Covid 19 outbreak plans. A working group has been established and plans are being developed to allocate these funds accordingly. To date, £1.43m has been committed against various projects.

Mortuary costs have substantially increased during Covid 19, and the response to the pandemic plan required the Mortality Management Group to activate the Dedicated Disaster Mortuary (DDM) plans for London. Additional capacity was required rapidly to ensure that that was enough capacity to meet predictions in the initial wave. This has come at an increased cost of approximately £23m to date across London, and based on ONS figures, Hackney's estimated additional cost is likely to be £732k. In anticipation of increased demands on the service, a further £16m has been created as a provision across London, and Hackney's share of this will be a further £510k. In addition there has been further £191k of one-off additional costs attributed to the pandemic. This has been factored into the reporting position.

Detailed impact of Covid-19 on CACH

This is set out below

Additional Spend	Reduced Income	Net Effect	Sub-Service	Variance Narrative
674	-	674	FLIP Young Hackney and DAIS CIN, A&A and DCS DMT	**Workforce Pressure** Termination dates for some Family Learning Intervention Project (FLIP) staff have been extended and support is being provided to other service areas via Rapid Support. This is for an additional YH business support officer and DAIS intervention officer due to a peak in workload created by COVID-19 Delays in CIN and A&A agency staff leaving due to COVID-19 pandemic; additional DCS staff due to increase in workload. Increase staffing pressure due to workload cases that are not closed as a result of COVID-19.
1,090	-	1,090	Corporate Parenting (LAC)	**LAC placement costs** This relates to CP placements costs, and is due to delays in step-downs, placements being extended as well as additional support hours. We have also reflected the increased residential placements due to unavailability of foster carers/ IFAs during this period.
281	-	281	Corporate Parenting (LC) NRPF	**Care Leavers & NRPF** From April to August, £28k was provided to the clients by increasing the subsistence payment by 25%, £25 internet allowance for each family and Free School Meal allowance for childrens who were not receiving school meal allowance from their school from COVID-19 lockdown.
90	-	90	DCS / Short Breaks	**Other** This assumes pressure to apply a 10% increase to DCS home care packages in line with home care for adults providers (90k).
1,634	-	1,634	ASC - Care Support Commissioning	**ASC - Supporting the Market** Additional funds provided to care providers - estimated across 12 months
904	-	904	ASC - Provided Services & ASC Commissioning	**ASC - Workforce Pressures** Cost of engaging additional care staff to cover permanent officers shielding or self-isolating. Estimated cost of support workers for COVID-19 Urgent Housing Pathway (£53k)
2,088	-	2, 088	ASC - Care Support Commissioning	**ASC - Additional Demand** A number of care packages across ASC are now being funded by NHS discharge funds. This is the full

				year estimate of the additional demand cost of care packages not being supported by NHS discharge funding.
-	300	300	ASC - Care Support Commissioning	ASC - Loss of care charges income (10% estimated reduction in the collection rate).
150	-	150	ASC Commissioning	Delay in delivery of Housing Related Support savings
65	-	65	PH	**PH - COVID 19 Triage Service** Contracted cost for the year £55k + 10k other COVID-19 related costs
1,433		1,433	PH	**PH - Additional Mortuary costs**
375	-	375	PH	Delay in delivery of PH savings in Substance Misuse and the Healthier City and Hackney Fund
30	319	349	HE	**High Needs and School Places** Kench Hill Charity grant and loss of SEND traded income.
-	138	138	HE	**Education operations** Loss of traded income
-	1,018	1,018	HE	**Early Years, Early Help and Wellbeing** Loss of childcare income in children's centres.
-	471	471	HE	**Schools Standards and Performance** Loss of traded income.
665	-	665	HE	**Contingencies and Recharges** Mainly potential payments to schools to compensate for loss of children centre income and potentially supporting schools with additional costs through COVID-19 in areas not covered by Government schemes.
9,479	**2,246**	**11,725**	**Total**	

4.3 NEIGHBOURHOODS AND HOUSING

The forecast position for Neighbourhoods and Housing Directorate is a £14.9m overspend. The forecast includes the use of £1.1m of reserves, the majority of which are for one off expenditure/projects. The estimated total Covid-19 impact is £14.4m of which £10.6m is an income shortfall and £3.7m additional expenditure. The non-Covid overspend is £0.5m.

Directorate Management continues to show a forecast underspend with all controllable budgets being reviewed on a monthly basis.

Environmental Operations is showing an overspend of £3.745m, which is a small favourable movement of £2k from January 2021. This overspend is made up of £2.349m related to a shortfall in income mainly from commercial waste and hygiene services due to the national lockdowns as businesses have closed and all services which require going into residents' homes have ceased in line with Government guidelines. This income improved slightly from the January forecast. Bulky Waste collections has seen continued improvement in expected income as it has now surpassed its Covid impacted forecast, so that has reduced to £5K under the budgeted income target. A further £1.345m expenditure relates to use of agency staff, additional supplies and services such as PPE and hand sanitisers for all staff, which has now been forecast to the end of March 2021. £40K is the net overspend in the service which relates to various operational running costs within the service. This has reduced by £60k as a result of a costs review to mitigate this overspend. We are still very much in an uncertain period regarding Commercial Waste income due the latest National Lockdown. This continuing lockdown is severely impacting quarter four income for the service. A clearer picture of how many businesses have requested refunds on their commercial waste charges will emerge in March which will give the service a more accurate picture of the commercial waste activity going into 2021/22.

Parking services is showing a net overspend of £5.9m, of which £6m is the forecast income shortfall which relates to Covid. The current lockdown has resulted in a reduced level of income across all income streams within Parking. In the first months of the first lockdown, parking income dropped by 44% from 2019/20. As restrictions were lifted, income levels rose, but due to further restrictions during the year and the additional lockdowns we continue to be prudent in our income forecast. The current forecast in parking income is £19.7m, which is a shortfall in income of £6m (24%) from the budget. The Parking income forecasting model is being updated on a weekly basis taking into account actuals being received and activity volumes which will inform the forecast accordingly.

Market and Shop Front Trading is overspend by £1.570m. This is £89k more than the January forecast. The overspend is due entirely to Covid-19, £1.1m is an income shortfall and the balance is additional expenditure. Throughout the lockdowns the service has followed Government advice to keep markets safe for social distancing which has increased the Covid-19 related expenditure. However, due to reduced footfall, take up of stalls continues to be low. The combined Markets and Shop Trading income budget is £1.6m and it is expected that at best only £475k of that is likely to be achieved.

Streetscene is showing a net overspend of £465k, of which £395k is a shortfall in income against a budget of £2.4m (16%) which is due to Covid-19. The service is expecting things to improve once lockdown is lifted and expects income to recover in 2021/22. The non Covid related overspend of £70K is due to a slowdown in the delivery of the capital programme which impacts the charge to capital for project management fees.

Other than the impact of COVID-19, **Libraries & Heritage** are forecasting a break-even position with the Covid impact detail listed in the table below. There continues to be a prudent approach in the service area and controllable budget forecasts are reviewed and reduced on a monthly basis to mitigate the additional Covid costs and reflect where the service has been non-operational for much of the year.

As with the Library Service, apart from the impact of Covid-19, **Leisure and Green Spaces** are forecasting a break-even position with the Covid impact detail listed in the above table. They continue to take a stringent approach and controllable budget forecasts are reviewed and reduced on a monthly basis to mitigate much of the additional Covid costs where possible.

The main overspend in **Community Safety Enforcement & Business Regulation** is a direct result of ovid-19. The forecast has slightly decreased from January. There has been an increase in spend as a result of the purchase of supplies e.g. PPE and equipment for Civil Protection £54K and £16K overtime in Enforcement and following a review of the remaining spend for the year the Service has identified reductions in other budgets to mitigate this increase in spend. In addition there has been a £29K increase in Grant and other Income.

Planning is forecasting an overspend of £1.635m which is due to a shortfall in planning applications fee income, PPA (Planning Performance Agreement) and CIL income. There has been a £196k adverse forecast income this month due a reduction in land charges, PPA and building control income.

The shortfall in planning application fee income is linked to a decline in the number of very large major applications being received rather than a significant fall in overall planning application numbers for the past 2 years. This has further resulted in a reduction in the CIL and s106 income due to delays of schemes starting construction. There are further large schemes at the pre-application stage which are due to be submitted towards the end of 2020/21, but these may slip over to the next financial year. The development industry is also putting on hold the submission of major planning applications until there is more clarity on the impact of Covid-19, Brexit and the Hackitt review on build cost and sales value as this impacts the viability and deliverability of their schemes.

Despite a 20% uplift in planning fees 2 years ago, the income has consistently fluctuated between £1.5-1.7m over the past 3 years. With a budget of £2.2m and a plateau in the housing market, this level of income is unachievable. The income target for minor applications of £1.2m is forecast to be achieved, however the cost of determination of minor applications is more than the fee received as Local Authorities have not yet been afforded the option by the Government of setting their own fees. In practice, major applications help subsidise minor applications therefore the shortfall in new major applications will also detrimentally affect this cross subsidy.

The Head of Planning has worked with finance to undertake a review of the service to address the cost pressures in the service. However, this review has been delayed due to the impact of the cyber attack on the Planning Service. The review is now complete and officers are considering the report recommendations to bring the Planning budget into balance for 2021/22 and beyond.

Within the Housing General Fund, the underspend mainly relates to savings within staffing due to vacancies.

The favourable variance within Regeneration mainly relates to Private Sector Housing, where a reduction of £20k relating to associated staff costs has been forecast. Vacancies within the Housing Strategy and Policy Team make up the remainder of the variance for the year.

The impact of Covid-19 is shown below

Additional Spend	Reduced Income	Net Effect	Sub-Service	Variance Narrative
64	93	157	Libraries & Heritage	The service is not expecting any income during 20/21 for library fines, room bookings, sales etc due to the initial closure and future uncertainty of how the long term service will operate. The additional Covid related expenditure is based on a prudent approach to security where the contract had not changed despite the closures but with the libraries reopening additional daily cleaning is now required along with security on site during the library opening hours.
865		865	Leisure Services	This is the estimate of additional costs required to support GLL who manage the Leisure centres within Hackney. The total amount is being taken from the contract surplus share which GLL is holding on Hackney's behalf. In late December GLL approached the Council for additional support because of the 3rd National lockdown. The total support requested for the year is £1.53m. The Council agreed to this request in late January and it will be funded by the surplus share held by GLL , £865K, and the National Leisure Recovery Fund (NRLF) grant , £683K,

				from the Government. The announcement on the grant is expected mid February. There is an agreement in place for this for the surplus used to support GLL to be repaid at a future point.
62	331	393	Events & Green Spaces	Parks & Green Spaces have two main areas of expenditure relating to Covid-19, which are additional emptying and cleaning of the bins (£74) across parks and green spaces and cleaning of the toilets (£71k) (which had to be re-opened due to increased usage of the parks since lockdown). There are also additional Parks Signage costs around Social Distancing which are starting to filter through to the cost centres. These additional Covid costs have been mitigated by taking a prudent approach to spending in other areas throughout the year. The loss of income is primarily down to the Events Team - as no bookings are expected this year and Parks in general where all income including from internal sources is on a much reduced expectancy or none at all (corporate volunteering and General parks Events).
1,345	2,349	3,694	Environment Ops	Environment Ops has three main areas of expenditure that have been impacted heavily by Covid-19. The use of agency staff to cover both sickness and staff absences, use of agency staff to cover food deliveries for the council, internal vehicle cleaning every day and where required to help the service or Council (£812k). This forecast is up to the end of Mar 21, previously it was up to Sept 20 and then Dec 20 but further restrictions were introduced by Central Government in Sept and a national lockdown in Nov 20 and again at the end of Dec 20 and an explosion of positive tests and infections has seen large numbers of staff being forced out of work.. The figures will continue to be reviewed regularly to update the forecast. The ongoing purchase of PPE and other equipment to aid daily operational works, such as masks, gloves and sanitizers (£362k). The virus has also had a large impact on income especially Comm Waste due to so many businesses closing during the ongoing lock down (£2,295k), also a further increase in the bad debt provision of (30K) to (170K) to account for more defaulters due to either struggling to reopen or struggling to continue as going concerns. This again has been revised to take into account new Government National Lockdown measures which are set to last at least until Mar 21 with potential further tougher restrictions being introduced. Hygiene Services - the inability to go into

				people's homes and buildings (£50k) and (£15k) on Bulky waste collections which had a significant drop off in requests in Apr and May 20 but has picked up significantly to allow a reduction of 45k to make the shortfall off just 5k on the original 50k impact expected on income. Whilst the lockdown had started to ease and businesses slowly started to reopen subsequent further Government restrictions and lockdowns in Nov 20 and Jan 21 has left everything in an uncertain state again, certainly till Mar 21 at least.
0	6,065	6,065	Parking	There has been a significant impact on Parking services due to Covid-19 in all income areas from PCNs, Pay and Display, Suspension and Permits. Current full year income forecast is £19.3m against a budget of £25.8m which is a shortfall in income of £6.065m. There are various minor underspend variances in other areas of the service of (£201k) giving a net overspend position of £5.8m.
395	1,116	1,511	Markets and Shop Front Trading	Markets stalls and Shop Front Trading have been heavily impacted by Covid 19 as shops and markets have been closed since the lockdown. There has been no income in quarter one or two with minimal income in quarter 3. As the lockdown continues with the Government advice on markets being able to open the take up has been very little and it's difficult to make the areas safe for social distancing despite putting in additional resources into the markets, which has increased the Covid related expenditure.
	395	395	Streetscene	All the variance relates to income shortfall. Whilst the current circumstances have decimated some areas, in particular around NRSWA (s74), there are some signs of recovery. The service anticipates that utilities and developers will start to use their services as lockdown eases and "normal" circumstances resume. The forecast figures are a current cautious projection for this year.
1,122	312	1,434	Community Safety, Enforcement & Business Regulation	Civil Protection - £756k overspend consists of expenditure for: 1) PPE sourced for procurement. 2) Overtime, extra staff costs and other expenses for staff recruited for Covid-19, after authorisation by Gold. 3)Training provided to other teams such as Gold Loggists. 4)Extra infrastructure and equipment costs for needs such as temporary mortuaries, the Mobile Testing Unit site, the PPE Sub regional Hub, Food Hub etc. Enforcement - reduced income

				£62k due to less Fixed Penalty Notices and reduced LNL for Enforcement officers. Enforcement officers overtime & PPE £149K, Agency staff for Parks £83. CS Enforcement BR Management £28K, High court fees for Hackney Marshes & London Fields, £100K Security patrols in Parks. Licensing & Technical Support - Reduced income £250K Fees & Levy. Business Regulation EH & TS - Specialist Noise Advice and Control Officer overtime £7K
3,853	**10,661**	**14,514**		

4.4 FINANCE & CORPORATE RESOURCES

Finance and Corporate Resources is forecasting an overspend of £13.7m (before the inclusion of reduced council tax and business rates income). Of this £13.2m is owed to Covid-19, which leaves a non-covid overspend of £0.5m which is spread across various services.

The impact of Covid-19 on the directorate is as follows: -

Commercial Property is forecasting a £3.3m rental loss relating to Covid-19 and there was also increased expenditure on security and patrols of retail properties during lockdown. This expenditure may increase again in light of the current lockdown status.

Additional Covid-19 cost pressures in Revenues and Benefits sum to £3.4m. The collection of benefits overpayments has reduced by £2.25m because of Covid-19. The remaining £1.15m is primarily due to additional staffing requirements across the service to deal with increased workload resulting from Covid-19 (particularly claims management), increased administrative costs associated with re-billing (print costs and postage costs), anticipated additional expenditure on the Discretionary Crisis Support Scheme and reduced court costs income.

Customer Services is reporting a Covid-19 related cost of £160k relating to additional staff and software needed to add capacity to handle support for vulnerable residents.

There is an estimated £2m of Housing Needs costs arising from Covid-19. The overspend results from two main sources. Firstly, the service has incurred additional staff costs to carry out the rough sleeping initiative and to move people into emergency accommodation and latterly into more settled accommodation; and has incurred additional direct costs of emergency accommodation. The service has also incurred costs with landlord incentives, required to secure accommodation and is forecasting having to make provision for those residents in Temporary Accommodation who are unable to pay their rents due to Covid-19; and there has been a reduction in rent income.

Registration Services have been severely affected by Covid-19 which has created a forecast £480k shortfall resulting from a significant reduction in Ceremony Services (75%) and Citizenship Awards (50%). The impact of Covid-19 has led to a decrease of approximately 56% of income compared to last year whilst expenditure on staffing has also increased as there has been a requirement for sessional staff to cover front line services whilst some vulnerable staff work from home.

The Central Procurement and the Energy Team is forecasting Covid-19 related costs of £2.38m. The Covid-19 expenditure relates to PPE which is being managed as a coordinated effort across the council with the ordering being led by Procurement. The spend on PPE to date is approximately £1.9m. It is difficult to try to estimate the usage going forward, and several items of equipment are still held in stock such that in some instances the stock levels will be sufficient for several months. However, the use of PPE will probably be required over a longer period of time so a forecast of £0.5m further expenditure has been added to the spend to date to try to account for this.

There is a £851k Covid-19 cost in ICT resulting from the requirement for additional agency staff and equipment to ensure staff are able to work from home.

4.5 CHIEF EXECUTIVE

Overall, the Directorate is forecasting to overspend £0.975 of which £0.910m is owed to Covid-19.

Policy, Strategy & Economic Development are reporting an overspend of £301k all of which is due to Covid-19, arising from food parcels for residents who cannot access or afford food during Covid-19, security and moving costs and Emergency Grants to 4 organisations in the Voluntary Sector to provide Covid-19 related services.

Communications is forecasting an overspend of £665k, most of which is due to the impact of Covid-19, which has reduced film, venues, and advertising income.

Legal and Governance, Chief Executive Office and HR are forecast to come in at budget.

4.6 **Housing Revenue Account (HRA)**

The impact of Covid-19 on the HRA is to increase net expenditure by £6.6m. of which £5.2m is an income loss - which is mainly reflected in the increase in the bad debt provision - and £1.4m is additional expenditure. A variance in the Net expenditure on Housing Repairs account is a major component here and is mainly due to a reduction in DLO income as a result of less repairs carried out by the DLO following the announcement of a further national lockdown.

There are also variations from budget which are not related to Covid-19. The Special Services variance is due to increased costs of the integration of the Estate Cleaning service which is being reduced over 3 years. The overspend here though is offset by variations to budget within other services. There is a Supervision and Management underspend due to lower temporary accommodation costs due to a reduction in major repairs, and a reduction in recharges and corporate IT revenue expenditure and a reduction in anticipated court costs. Rents, Rates, Taxes and Other Charges variance is due to increased costs expected from operational buildings.

4.7 CAPITAL

This is the fourth OFP Capital Programme monitoring report for the financial year 2020-21. The actual year to date capital expenditure for the eleven months April 2020 to February 2021 is £125.9m and the forecast is currently **£214.1m, £7.3m** below the revised budget of **£221.4m.** We recognise the large increase between the current actual spend and forecast for the year and this is mainly due to the high number of journals which we expect to come through in this period. A number of these will relate to the capitalisation of revenue spend and we have received assurances from the service areas that the costs will come through close to the forecast level. A summary of the forecast outturn by directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 Summary of the Capital

Table 1 – London Borough of Hackney Capital Programme – Q4 2020-21	Revised Budget Position	Spend as at Feb	Forecast	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Children, Adults & Community Health	7,071	4,273	6,992	(79)
Finance & Corporate Resources	11,877	8,058	11,465	(412)
Mixed Use Development	70,586	49,564	70,828	241
Neighbourhoods & Housing (Non)	27,462	17,133	25,170	(2,292)
Total Non-Housing	**116,997**	**79,027**	**114,455**	**(2,542)**
AMP Capital Schemes HRA	44,649	17,892	35,351	(9,299)
Council Capital Schemes GF	3,851	2,997	10,466	6,615
Private Sector Housing	1,051	450	966	(85)
Estate Renewal	33,576	16,980	33,415	(162)
Housing Supply Programme	11,651	4,446	9,805	(1,846)
Other Council Regeneration	9,586	4,089	9,601	15
Total Housing	**104,365**	**46,853**	**99,603**	**(4,762)**
Total Capital Expenditure	**221,362**	**125,880**	**214,058**	**(7,304)**

CHILDREN, ADULTS AND COMMUNITY HEALTH

The overall forecast for Children, Adults and Community Health is £7m, £0.1m below the revised budget of £7.1m. More detailed commentary is outlined below.

CACH Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	£000	£000	£000
Adult Social Care	67	7	7	(60)
Education Asset Management Plan	1,343	863	1,314	(29)
Building Schools for the Future	229	158	283	54
Other Education & Children's Services	1,078	909	1,044	(34)
Primary School Programmes	1,013	463	892	(121)
Secondary School Programmes	3,341	1,873	3,452	111
TOTAL	**7,071**	**4,273**	**6,992**	**(79)**

Adult Social Care

The main variance relates to the health and safety and fixture costs for Oswald Street Day Centre due this quarter, which are no longer required. The underspend will be offered up as savings at year end.

Education Asset Management Plan

The overall scheme is forecasting a minor underspend against an in-year respective budget of £1.34m. This is the Borough's cyclical and periodic yearly maintenance programme to the education asset. The underspends in the overall scheme largely relate to final invoices due this quarter.

Building Schools for the Future

The main variance relates to Ickburgh works which are due to be completed this financial year. The variance will be supported at year end from underspends where no further work is identified for this financial year.

Other Education & Children's Services

The overall scheme is forecasting a minor underspend against the in-year respective budget of £1.08m. The main schemes relate to the expansion of Hackney's specialist resource provision (SRP) for pupils with Social, Emotional and Mental Health (SEMH) needs in the schools set out below:

Queensbridge School the construction of an additional resource on the ground floor of the annexe is complete ahead of schedule. There is retention outstanding and the variance will be slipped to support the final account.

The Garden School works have been delayed due to the relocation of guardians, the planning consent and the works to remove asbestos.

Gainsborough School building works are ahead of the plan causing an overspend this financial year. The listed building consent has been granted and the contracts have been signed. The budget is fully committed and the retention will be next year.

Primary School Programmes

The overall scheme is forecasting a £0.12m underspend against the in-year respective budget of £1.01m. The main programme relates to the rolling health and safety remedial works to facades of 23 London School Board (LSB) schools that began in 2017. Below is a brief update on some of the schemes:

Shacklewell School and London Fields facade works are complete and final fees settled.

Contingency Budget for Facade Repairs currently there is no further call against the contingency budget resulting in a reduced forecast compared to quarter 3. The variance will support the continued programme of facade works scheduled for 2021-22.

Woodberry Down Children's Centre Relocation project currently has a slight delay in procurement which has impacted on the tender resulting in a reduced forecast this quarter compared to the previous.

Secondary School Programmes

The overall scheme is forecasting an overspend of £0.11m against the in-year respective budget of £3.34m. The Lifecycle Programme is the Borough's cyclical and annual maintenance programme for its secondary and special schools. Below is a brief update on some of the schemes:

Clapton Girls Academy repair to the roof and school wall are complete.

The Urswick School Expansion is forecasting an overspend. The project is now under review due to the material change in the contract value. The science classroom project started in quarter 4 and will be completed in 2021-22.

Ickburgh School health and safety works are complete.

The Contingency Early Failure Reactive budget is forecasting a minor overspend which is due to the emergency health and safety works in the overall programme.

Haggerston School is forecasting a minor overspend to support the boiler replacement and lighting upgrade to be complete this year.

The Garden Lifecycle contract sum quoted is less than originally proposed. This identified savings will support overspends across the overall lifecycle programme.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £82.3m, £0.2m under the revised budget of £82.5m. More detailed commentary is outlined below.

F&R Directorate Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	**£000**	**£000**	**£000**
Property Services	8,275	6,039	8,069	(207)
ICT	2,950	1,745	2,556	(394)
Financial Management	439	142	633	194
Other Schemes	213	131	208	(5)
Total	**11,877**	**8,058**	**11,465**	**(412)**
Mixed Use Development	70,586	49,564	70,828	241
TOTAL	**82,464**	**57,621**	**82,293**	**(170)**

Strategic Property Services – Strategy & Projects

The overall scheme is forecasting an underspend of £0.2m against the in-year respective budget of £8.23m. Below is a brief update on a few of the schemes.

Decant of Maurice Bishop House and Moves to Christopher Addison House (CAH) has been delayed due to the pandemic and the Government's instruction for Council's workforce to work from home. The variance will move into the next financial year to support the roll out of the moves as we come out of lockdown.

The Annex (2 Hillman - the Council's staff building) was leased to DWP (Department for Work and Pensions) for 5 years in December 2020 and the works identified for this financial year are complete. The DWP will be setting up a Jobcentre Plus Team at this site to help our residents in Hackney who are being hit by the impact of the pandemic. The underspend will be used to support the roll out of staff moves to the newly refurbished Christopher Addison House in 2021-22.

Asbestos Surveys slowed down for much of the period from April to Nov 2020 due to Covid-19. The forecast is reduced compared to the previous quarter due to fewer surveys completed compared to the original planned. There was also a procurement process to select a new contractor completed in December 2020. The new surveys have started since December and we are expecting invoicing to follow this quarter.

ICT Capital

The overall scheme is forecasting an underspend of £0.39m against the in-year respective budget of £3m. Below is a brief update on a few of the schemes:

The Digital Discharge to Social Care project has now come to an end following the recent Cyber attack on the main ICT system causing the variance. This is the technical project to develop integrations between the systems used by Health and Social Care Teams. The NHS partners will make a decision on how they wish to spend the remainder of the funds.

End-User Meeting Room Device Refresh project has ended and the variance relates to a buffer budget required in case more devices are required for working from home/other projects.

Hackney Education G-Suite project is completed and the underspend will be offered up as savings at year end.

Mixed Use Developments

Tiger Way and Nile Street are forecasting an overspend of £0.25m against the in-year respective budget of £3m. The two year defects period for the school ends in February and for the residential in June 2021. The original proposal for the replacement roof works of the Nightingale Primary School will be completed after the defects period for the school. All 89 residential units are sold at Tiger Way, and at Nile Street (Makers), which reached practical completion later, there remain 87 unsold units out of a total of 175.

Britannia Site is forecasting to spend the in-year respective budget of £64m. Both the school and leisure centre sites have remained open during the third government lockdown. The work has been carefully managed to minimise the impact of Covid-19. The Covid-19 protection measures in place include weekly lateral flow testing, mandatory wearing of face masks, temperature checks and social distancing. The deliveries of materials have been challenging together with a small reduction in site labour but the works are on track to complete in line with published commitments.

Phase 1a (Leisure centre) - The main pool tiling is now complete and the leisure water flume is installed. The final finishes to the reception area are underway. The roofing is complete and fully waterproofed. The sports hall is progressing well with flooring currently being installed. The commissioning of services is on programme with ‘heating on’ in some spaces and filling of pools and testing is due to commence shortly. The Leisure Centre is on track to open in late Spring / early Summer 2021.

Phase 1b (School) - The external works to the south of the building are now largely complete. All external cladding and windows are complete. Roof finishes, balustrading and fencing are also complete. Services commissioning has commenced with systems being flushed and prepared for start-up. Many classrooms are now complete and locked for snagging. The focus is now on dry lining and plastering to upper levels. The school is on track to complete in the summer in advance of opening in September 2021.

Phase 2a (Residential) - As reported in the previous quarter, early works and demolition have now been suspended until July 2021.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £25.2m, £2.3m under the revised budget of £27.5m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	**£000**	**£000**	**£000**
Museums and Libraries	730	623	720	(10)
Leisure Centres	890	0	250	(640)
Parks and Open Spaces	5,637	3,389	4,513	(1,124)
Infrastructure Programmes	10,296	5,335	9,990	(306)
Environmental & Other Schemes	5,594	4,608	5,548	(47)
Public Realms TfL Funded Schemes	2,470	2,519	3,076	607
Parking and Market Schemes	0	52	53	53
Other Services	100	41	73	(27)
Regulatory Services	0	0	0	0
Safer Communities	763	420	747	(15)
Regeneration	982	145	200	(782)
Total	**27,462**	**17,133**	**25,170**	**(2,292)**

Leisure Centres

The variance relates to Kings Hall works and where the service area was asked to give further detail on the project delivery. The bid was approved by the December Cabinet to spend £0.30m in this financial year and £0.60m in the next. This phasing of the programme has not been reflected in the budget. The forecast spend is £250K which is £50K less than planned. This shortfall is due to further delays arising from the impact of the 3rd national Covid-19 lockdown.

Parks and Open Spaces

The overall Parks and Open Spaces programme is forecasting an underspend of £1.15m against the in-year respective budget of £5.6m. The reasons for the forecast underspend on the overall programme is due to a delay to getting spend approval on certain projects whilst a review of capital was carried out, staff being redirected to support the Council's Covid-19 response and the impact of the 3rd National lockdown.

The projects that have been delayed are as follows:

Parks Public Convenience and Cafes is forecasting an underspend of £291K. The works will be completed in the early part of 2021/22.

London FIelds Learner Pool's is forecasting an underspend of £200K; the entire project has been deferred to 2021-22.

Parks Depot the project is forecasting an underspend of £320K, with the enabling works at the 7 sites having been delayed due to the tightening of lockdown restrictions in the last quarter. The works will continue into the next financial year.

Daubeney Fields Play Area is forecasting an underspend of £140K which is due to a delay in the planning application approval that is required before works can commence.

Infrastructure and Public Realms TfL Funded Schemes

The Infrastructure projects underspend will be slipped and overspends will be funded by next year's budget. The TfL schemes are all grant funded and the spend will be contained within the grant limits. TfL budgets and the value of the grant awarded changes throughout the year therefore it will always have a significant variance from budget.

Regeneration (Non-Housing)

The overall scheme is forecasting a £0.78m underspend against the in-year respective budget of £0.98m. Below is a brief update on a few of the schemes:

80-80a Eastway (Old Baths) Old Depot, Surrounding Spaces Project and Trowbridge Centre - There is a slight delay to the 'on site' date for the MUGA (Multi Use Games Area) and classroom works as BAM (external contractors) completes some other works on site. Neilcott have been procured to carry out the works and are likely to take over the site in April 2021. The costs relating to the purchase of the final pod have now been pushed back to 2021-22, as the machine to manufacture this will not be operational until BAM have completed their works at Eastway.

Ridley Road Improvements variance was caused by a slight delay with the procurement of the contractors. The start ‘on site’ date has now been pushed back to April/May 2021 and therefore the budget will be utilised in 2021-22.

HOUSING

The overall forecast in Housing is £99.6m, £4.8m below the revised budget of £104.4m. More detailed commentary is outlined below.

Housing Capital Forecast	Revised Budget	Spend	Forecast	Variance
	£000	**£000**	**£000**	**£000**
AMP Housing Schemes HRA	44,649	17,892	35,351	(9,299)
Council Schemes GF	3,851	2,997	10,466	6,615
Private Sector Housing	1,051	450	966	(85)
Estate Regeneration	33,576	16,980	33,415	(162)
Housing Supply Programme	11,651	4,446	9,805	(1,846)
Woodberry Down Regeneration	9,586	4,089	9,601	15
Total Housing	**104,365**	**46,853**	**99,603**	**(4,762)**

AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £9.3m against the in-year respective budget of £44.6m. Below is a brief update on a some of the schemes:

Home Improvement Programmes (HiPs) North West - The variance relates to delays to Kitchen and Bathrooms works and other internal works to Fermain Court and Seaton Point. Street properties and Kitchen and Bathroom works have also slowed down due to Covid-19.

Home Improvement Programmes (HiPs) Central - The external works programme re-phased to next year due to Covid-19.

Home Improvement Programmes (HiPs) South West - The external works programme has been deferred to next year due to Covid-19 causing the variance. There are also delays in Section 20s for Suffolk Estate, Warburton & Darcy and De Beauvoir Square.

PAM (Pre-assembled modules Delay Costs for Covid) - There is a lower take up of prolongation costs than anticipated causing an underspend. This is typically claimed for the cost of time related to resources such as site management, site accommodation and key items of plant and machinery.

Bridport Remedial Works - The contractor has agreed to replace all internal fittings at its own costs resulting in the decrease in spend compared to the previous quarter.

Council Schemes GF

The overall scheme is forecasting an overspend of £6.6m against the ll be funded from the Housing Capital programme (AMP Capital Schemes HRA).

Private Sector Housing

A slight underspend is forecast against the budget of £1.05m. Below is a brief update on a few of the schemes:

General repairs grant (GRG) forecasting a slight reduction in forecast compared to quarter 3 as no new applications are expected to be complete this financial year.

Warmth & Security Grant (WSG) are not expecting any further grants this financial year therefore expecting a slight underspend.

Estate Regeneration

The overall scheme is forecasting £0.16m underspend against the in-year respective budget of £33.6m. Below is a brief update on a few of the schemes:

Marian Court demolition has commenced and is due to complete in quarter 1 2021-22, with construction works to start later in the year.

Colville Phase 3-7 expects no further buybacks for the remainder of 2020-21 resulting in a reduced forecast compared to the previous quarter.

Nightingale has had an increase in spend compared to the previous quarter which relates to a CIL payment of £2.2m.

Frampton Park and Lyttleton House sites are handed over. The final accounts may now be settled next year. A retention amount will be held until after the defects period and is included within this years forecast

Tower Court works continue to progress well on site and will continue into next financial year.

Sheep Lane purchase of units completed late 2020 and they are now being marketed for sale.

Garage Conversion Affordable Workspace has a slight delay in expenditure compared to quarter 3 expectations, with the majority of spend this year relating to architect fees as the design progresses.

Housing Supply Programme

The overall scheme is forecasting an underspend of £1.8m against the in-year respective budget of £11.7m. Below is a brief update on a few of the schemes:

Mandeville Street works on site with handover due in May 2021 slightly later than anticipated at quarter 3.

Daubeney Road project is now on site and should complete by September 2021, which is slightly later than forecast at quarter 3 and is the reason for the reduced forecast.

Woodberry Down Regeneration

The overall scheme is forecasting to spend the full in-year respective budget of £7m with a minor overspend. There will be 19 Buybacks expected to be completed this financial year and 10 already completed. The majority will be used as Temporary Accommodation until demolition.

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position and there are no alternative options here.

6.0 BACKGROUND

6.1 **Policy Context**

This report describes the Council's financial position as at the end of February 2021. Full Council agreed the 2020/21 budget on 26th February 2020.

6.2 **Equality Impact Assessment**

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 **Sustainability**

As above

6.4 **Consultations**

Relevant consultations have been carried out in respect of the forecasts contained within this report involving the Mayor, the Cabinet Member for Finance, Housing Needs and Supply, HMT, Heads of Finance and Directors of Finance.

6.5 **Risk Assessment**

The risks associated with the Council's financial position are detailed in this report.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The Group Director, Finance and Corporate Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section

151 officer is responsible for the proper administration of the Council's financial affairs.

8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:

(i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.

(ii) Determine the accounting records to be kept by the Council.

(iii) Ensure there is an appropriate framework of budgetary management and control.

(iv) Monitor performance against the Council's budget and advise upon the corporate financial position.

8.3 Under the Council's constitution although full Council set the overall budget it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions. The Cabinet must take decisions in line with the Council's overall policies and budget.

8.4 Paragraph 2.6.3 of FPR2 Financial Planning and Annual Estimates states that each Group Director in charge of a revenue budget shall monitor and control Directorate expenditure within their approved budget and report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet. This Report is submitted to Cabinet under such provision.

8.5 Article 13.6 of the Constitution states that Key decisions can be taken by the Elected Mayor alone, the Executive collectively, individual Cabinet Members and officers. Therefore, this Report is being submitted to Cabinet for approval.

8.6 All other legal implications have been incorporated within the body of this report.

Report Author	Russell Harvey – Tel: 020-8356-2739 Senior Financial Control Officer russell.harvey@hackney.gov.uk
Comments of the Group Director of Finance and Corporate Resources	Ian Williams – Tel: 020-8356-3003 Group Director of Finance and Corporate Resources ian.williams@hackney.gov.uk
Comments of the Director of Legal and Governance	Dawn Carter-Mcdonald – Tel: 0208-356-6234 Director of Legal and Governance dawn.carter-mcdonald@hackney.gov.uk