TITLE OF REPORT :

2021/22 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 R79

CABINET MEETING DATE 2020/21	CLASSIFICATION:
13th September 2021	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 is the second Overall Financial Position (OFP) report for 2021-22. It shows that the Council is forecast to have an overspend of £6.544m on the general fund. This is a significant and concerning increase from the overspend reported before the summer (£3.929m), especially as we are only a few months into the year. It is vital that we maintain a balanced budget to maintain the services our residents rely on. The Group Director has formulated various proposals which are set out in his commentary below.

1.2 Much of this overspend relates to the Covid-19 expenditure and the cyberattack, but there are significant areas of non-Covid/Cyberattack pressures in respect of looked-after-children placements, staffing in Children's Services, and care packages in Adults Services. As reported to the July Cabinet, Group Directors and Directors were charged with the development of actions to reduce expenditure. Although some actions are noted below, it is clear that, currently, these will not be sufficient to bring expenditure back into balance. HMT are considering further corporate measures to reduce spend (as set out in paragraph 2.5 below) and an update on these will be included in the next OFP report.

1.3 The Covid-19, Children and Education and Cyberattack set asides as provided in the budget for 2021/22 have all been fully applied in this forecast. As part of the budget monitoring cycle the implementation of the vacancy factor has been reviewed. At this stage in the year it is forecast that 90 ─ 95% of the total saving of £6m will be achieved.

1.4 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 an overspend of £6.544m after the application of the Covid-19, Children's and Cyberattack set asides as provided for in the budget. The impact of Cyberattack, estimated to be c. £6.3m currently, the vast majority of which falls primarily in F&CR (ICT and Revenue and Benefits).

2.2 The estimated impact of Covid-19 and the Cyberattack included in the report are, at this stage, estimates which are not final and so we expect revisions to these during the next few months.

2.3 The financial position for July is shown below.

Table 1: Overall Financial Position (General Fund) July 2021

Service Area	Forecast Variance Before Reserves	Reserves Usage	Forecast Variance After reserves	Change in Variance from last month	How much of spend/reduced income is due to Covid19	How much of spend/reduced income is due to Cyber
	£k	£k	£k	£k	£k	£k
Children and Education	11,003	-8,516	2,487	444	1,699	32
Adults, Health and Integration	6,560	-3,448	3,112	70	1,557	627
Neighbourhood & Housing	4,126	-1,913	2,213	310	1,386	80
Finance & Corporate Resources	14,761	-7,441	7,320	2,781	1,050	5,582
Chief Executive	3,487	-3,075	412	-139	1,131	0
General Finance Account	0	0	0	0	0	0
GENERAL FUND TOTAL	**39,937**	**-24,393**	**15,544**	**3,466**	**6,823**	**6,321**

2.4 The overspend before application of the Covid and Cyberattack set-asides is £15.5m. How this will be funded and the resulting net overspend is shown below.

	Forecast Variance Before Reserves
	£000
GENERAL FUND TOTAL (OVERSPEND)	15,544
LESS COVID SET ASIDE	-4,000
LESS CHILDREN'S SET ASIDE	-2,000
LESS CYBER SET ASIDE	-2,000
LESS CYBER ADDITIONAL RESERVE CREATED IN 2021-22	-1,000
NET OVERSPEND	**6,544**

2.5 There has been a significant increase in the overspend since the May report and is now of concern at £6.5m and moreover, there may be continuing increased pressures relating to the Cyberattack and to other services. As flagged in the OFP reported to the July Cabinet, Group Directors and Directors were charged with the development of actions to reduce spend and although some actions are noted below, it is clear that these will not be sufficient to bring expenditure back into balance. It follows that we must give urgent consideration to introducing corporate cost reduction measures very soon while there is still time to address the overspend. I am discussing these measures and how these and/or others can be implemented as a matter of urgency with HMT and will provide an update in next month's OFP. Measures we could consider include:

- Increased controls on non-essential spend (non-essential spend to be determined by Group Directors of their respective directorates)
- Increased controls on filling vacancies.

- Reduction in agency staff, for example, 20 per cent reduction on current levels.
- Additional controls over remaining agency spend (i.e. ensuring long-term agency staff are required to take equivalent leave of permanent roles and work a maximum of 36 hours a week).

2.6 It should be noted that we are forecasting full achievement of the 2021-22 budget savings and 90-95% of the vacancy savings.

2.7 This report also seeks approval to extend the lease to Clarion Housing to 999 years. The Council granted a development lease to Clarion Housing's predecessor, Circle 33, for a term of 125 years in 2004. This lease now has 108 years unexpired. This single head lease incorporates the site of buildings known as Hexton Court, Barkway Court, Bennington Court and Aston Court, all located close to the junction of Brownswood Road and Queens Drive, London N4. The development comprises one hundred individual flats, a proportion of which were sold outright on completion of the development in 2004. There are also a significant number of shared ownership units within the complex and the remainder held under agreed forms of assured tenancies. The Barkway Court building itself comprises forty 1 & 2 bed bedroom sheltered housing units, socially rented, and managed by Clarion Housing. The complex also incorporates a 250 sq metre retail unit, currently operated under the Costcutter banner.

2.8 Although the Council granted the development lease for a term of 125 years, the shared ownership leasehold interests were sold by Circle 33 / Clarion for a term of 100 years only; these leases now have only 82 years remaining. Leaseholders have expressed concern, both in terms of saleability of their leasehold interest and renewal premium costs. As time passes more residents may perceive that they are trapped in unsaleable properties. This has prompted Clarion to propose an extension of the term of the lease.

The land was previously held in the HRA, however for the lease disposal in 2004 it would have been appropriated to the General Fund for disposal as it was no longer required for housing provided by the Council. Therefore the receipt would be for the General Fund.

The housing provided on the site is for the benefit of residents, Clarion tenants and owner occupiers. Therefore the lease extension has no impact on the Council’s housing provision.

2.9 This lease falls outside the ambit of the Leasehold Reform, Housing and Urban Development Act 1993 and as such there is no statutory right to an extended lease under that Act. Council officers have valued the site and have negotiated with Clarion a price of £225,000 for an extension to 999 years. The Director of Strategic Property Services confirms that the price offered meets the statutory requirements of s.123 of the Local Government Act 1972.

2.10 We have experienced delays in producing this report because of the ongoing impact of the cyberattack and covid which explains why this report is late.

3.0 RECOMMENDATIONS

3.1 Authorise the extension of the lease to Clarion Housing to 999 years as set out in 2.7 to 2.9

3.2 Authorise the Group Director of Finance and Resources to negotiate and settle all the commercial terms of the proposed transaction.

3.3 Authorise the Director of Legal to agree and enter into all necessary documentation to effect this transaction.

3.4 To note the update on the overall financial position for July, covering the General Fund, Capital and the HRA.

4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances and to approve the property proposal

4.2 CHILDREN AND EDUCATION

Summary Position

The Children's & Education Directorate is forecasting an overspend of £2.5m after the application of reserves and grants.

The cyber attack continues to have a significant impact on a number of key systems across the local authority. There is a clear project plan to restore the social care system, and the service is working with ICT, finance and performance to ensure that we restore the system and take opportunities to build back better. For Children and Families Services the significant area of financial risk is in relation to monitoring and capturing the cost of any additional demand for care, as the social care system (Mosaic) which holds and records this information remains inaccessible. Mitigation plans continue to be developed in collaboration with ICT colleagues which includes the development of an interim finance solution to capture additional demand and changes to existing care provision, until we have fully restored and recovered the social care system. A key issue to highlight is that these mitigating actions will require extensive reconciliations once the data is restored.

There are no significant financial management risks within Education as a result of the cyber attack.

Covid19

The financial impact of Covid-19 across the Children and Education directorate continues to have an impact on the overall forecast. The main impact in the forecast this year is in relation to childcare fee income losses in Hackney's children centres. The impact on childcare fees has been revised down in the region of £400k-500k as the demand for childcare places has picked up post lockdown although this is still early in the financial year and these forecasts may change again as demand for childcare places in children's centres returns back to pre-Covid 19 occupancy levels. In Children and Families, we are forecasting that the impact will be in the region of £1.2m largely due to delays in placement step downs and staffing to provide additional capacity to respond to the pandemic. The costs associated with responding to the Covid-19 pandemic will continue to be discussed with budget holders and reported in this report on a monthly basis.

Children's Services

Children and Families Services (CFS) is forecasting a £2.487m overspend (4.1%) at the end of July 2021 after the application of reserves. Covid-19 related expenditure accounts for £1.7m of the reported budget overspend. The draw down from reserves includes:

- £4.2m from the CFS Commissioning and CACH Transformation reserves (£3.7m and £0.5m respectively) to meet the cost of placements where these exceed the current budget.
- £1.2m from the Disabled Children's Reserve, to offset homecare and direct payments care package pressures in Disabled Children Services.

In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This grant has increased incrementally year on year and in this financial year the total grant available is £12.6m. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast this financial year. It is clear that this is not a sustainable way to fund demand pressures in social care services, and we continue to lobby Central Government for a long term funding solution.

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 £0.9m compared to last year (this excludes use of reserves and the Social Care Grant). The service view is that the increasing numbers are partly due to an increase in adolescents coming into care with more complex needs, and the impact of austerity measures and overcrowded housing leading to increased family pressures.

There is a gross budget pressure in staffing across Children and Families Services of £2.8m, and this is above the £1.2m that was added into the budget last year to create permanent posts linked to the Social Care Grant. The gross budget pressure of £2.8m is then offset by £1.6m of Social Care Grant funding. Following the Ofsted inspection in 2019, £1.6m of non-recurrent funding was agreed for 2020/21 to increase staffing levels to manage demand alongside additional posts to respond to specific recommendations from the inspection. The intention was that after 2020/21, the funding would cease pending a wider staffing review of the service, however this has been delayed. For this financial year, the £1.6m of additional resources has been funded from the increase in the Social Care Grant, however this is not sustainable and a review will need to be completed as soon as possible. This will need to be undertaken by the new Group Director and Director and form part of the wider review of the service.

Corporate Parenting is forecast to overspend by £1.6m after the use of £4.2m of commissioning reserves. This overspend includes £0.971m of COVID-19 related expenditure. This position also includes the use of £4.8m of Social Care Grant funding - £0.6m is in relation to staffing costs and the remaining £4.2m is for placements. The overall position for Corporate Parenting has increased by £0.9m since March and is largely due to corporate parenting placements.

Gross expenditure on Looked-After Children and Leaving Care placements (as illustrated in the table below) is forecasted at £26.2m compared to last year’s outturn of £25.3m – an increase of £0.9m.

Table 3: Placements Summary for LAC and Leaving Care

Service Type	Budget	Forecast	Forecast Variance	Funded Placements	Current Placements
Residential	4,981	8,764	3,784	21	39
Secure Accommodation (Welfare)	-	339	339	-	1
Independent Foster Agency	7,688	7,661	(27)	150	147
In-House Fostering	2,400	1,873	(527)	111	84
Semi-Independent (Under 18)	1,570	2,117	547	23	32
Semi-independent (18+)	1,370	2,465	1,095	89	121
Family & Friends	869	1,013	145	40	47
Residential Family Centre (P & Child)	300	258	(42)	1	1
Other Local Authorities	-	135	135	-	6
Overstayers (18+)	290	1,120	830	21	69
Staying Put (18+)	500	884	384	36	56
Extended Fostering (18+)	-	94	94	-	4
UASC	-	(515)	(515)	37	25
Expenditure	19,967	26,208	6,240	529	632

**based on the average cost of placements.*

The gross overspend position on Corporate Parenting placements is £6.2m including UASC income. The UASC income is in excess of the placement costs incurred for the 25 UASC placements in the service; hence the additional funding is funding the additional staffing unit within the Looked after Children Service.

Table 4: 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	8,870	178	4,552	39	40
Secure Accommodation (Welfare)	234	7	0	1	0
Independent Foster Agency	7,661	145	983	147	138
In-House Fostering	1,873	36	424	84	88
Semi-Independent (Under 18)	2,117	42	1,298	32	32
Semi-independent (18+)	2,465	36	296	121	121
Family & Friends	1,013	20	418	47	44
Residential Family Centre (P&Child)	258	5	4,511	1	3
Other Local Authorities	135	2	390	6	5
Overstayers (18+)	1,120	19	271	69	70
Staying Put (18+)	884	22	401	56	46
Extended Fostering (18+)	94	2	471	4	2
UASC	(515)	-	0	25	24
Total	26,208	511	14,015	632	613

The pattern in the last few years has been a consistent increase in numbers of young people in residential placements and 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. 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. It is essential that the service delivers its agreed cost reduction plans which have been factored into the overall forecast for the Children and Families Service and not delivering will result in further budget pressures.

Access and Assessment full year forecast overspend of £305k relates to maternity cover for three posts, the vacancy factor which is being delivered in other areas of the department and additional staffing resources related to Corporate Parenting for a period of six months. The movement from the last period of £128k mainly relates to the additional staffing resources to Corporate Parenting and profiling for maternity cover.

The Disabled Children's Service is forecast to overspend by £231k after the use of £1.2m of reserves. Staffing is projecting an overspend due to additional staff being brought in to address increased demand in the service. The challenge in this service is that demand continues to rise year-on-year in care packages including homecare, direct payments and short breaks.

Young Hackney is forecast to overspend by £164k due to shortfall in funding for the Trusted Relationship service (£43k), additional staff resource due to Covid (£48k) and staffing pressure due to maternity cover (£73k). The movement from last period of £128k primarily relates to the profiling for maternity cover costs including bringing forward new starter dates and sessional staff costs across the service as Young Hackney will be celebrating their 10th year anniversary this summer.

Domestic Abuse Intervention Service is forecast to overspend by £127k due to Domestic Homicide Case Review costs (£45k) which is a statutory service that the Council must provide, additional staff resource due to Covid-19 (£45k) and staffing pressure due to maternity cover (£37k).

Safeguarding Service is forecasted to overspend by £106k. This is primarily due to the unachievement of income targets (£66k) and staffing pressures.

The Parenting Support Service is forecast to overspend by £105k due to two over-established Social Worker posts to support increased caseloads.

The No Recourse to Public Fund team is forecast to underspend by £190k in Section 17 as the number of clients are declining. The underspend in Section 17 is used to offset cost pressures in other areas of the department. The movement from the last period of £139k mainly relates to a net increase in the number of clients.

Clinical Services is forecast to underspend by £92k due to late recruitment to Specialist Clinical Practitioner posts.

Hackney Education

Hackney Education has a budget of £23.8m net of budgeted income of circa £220m. 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.

Hackney Education is forecasting to overspend by around £4.5m. Approximately £0.5m of this is the forecast financial impact of the pandemic in relation to childcare fee income losses in Hackney's children centres. The balance of the overspend is mainly as a result of a £6.4m forecast over-spend in SEND, offset by a forecast £1.9m of savings in other areas of Hackney Education. The £6.4m over-spend in SEND is a result of a significant increase in recent years of children and young people with Education Health and Care Plans (EHCP’s).

The Government 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 Government’s 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.

The table below provides a breakdown of the forecast against service areas in HE and an explanation for significant variances.

Original Budget	Virement	Revised Budget	Service Unit	Forecast Variance Before Reserves	Reserves Usage	Forecast Variance After reserves	Narrative
53,224	-	53,224	High Needs and School Places	7,500	(1,100)	6,400	Continuing projected increase of £5m in year in the cost of ECHP provision with SEND based on the experience of the last 2 financial years.
3,524	-	3,524	Education Operations	274	-	274	Year-end forecast under 5%. Over establishment of payroll, maternity cover costs for SPAG and a shortfall of income for Tomlinson Centre.
42,571	-	42,571	Early Years, Early Help and Wellbeing	309	(500)	(191)	Budget pressures from previous years' savings being delayed and Covid-19 additional costs from the continuing loss of childcare fees income.
1,705	-	1,705	School Standards and Performance	(45)		(45)	Forecast underspend primarily relates to the expected in-year release of Monitoring and Brokerage Grant reserves and further update next reporting cycle.
8,854	-	8,854	Contingencies and recharges	(1,075)	-	(1,075)	Forecast under-spends in contingency and savings delivered in previous years.
134,360	-	134,360	Delegated school funding to maintained mainstream schools	(851)	-	(851)	Forecast variance reflects Schools' Forum agreement to vire from Schools Block of the DSG to the High Needs block to contribute to the SEND pressure.
(220,433)		(220,433)	DSG income	-	-	-	Estimated additional Early Years DSG
23,805	**-**	**23,805**	**Totals**	**6,112**	**(1,600)**	**4,512**	

2021-22 Vacancy Rate Savings. A vacancy rate savings target of £1,754k has been set for the directorate in 2021-22 (£900k for Children and Families and £854k for Education). This saving is a challenging target for services with a significant number of front-line staff. At this point in the financial year, it is forecast that it will be achieved. Progress against the target will be carefully monitored and tracked by the C&E Senior Management Team and this will continue to be monitored closely and reported with each OFP report. The directorate has outlined a series of actions that will aim to achieve the vacancy rate savings in 2021-22. Actions include identifying specific vacant posts and holding them vacant, identifying all staff who are below the top of their salary grade or part-time in full-time posts, waiting to recruit to any vacant posts, except where there are multiple vacancies within teams (i.e. due to long term sickness) or particular covid or cyber related pressures, continuing to seek external funding sources - e.g. through partnership working, monitoring agency spend closely and ensuring those staff take the annual leave they have accrued, as well as identifying any non-essential budgets that can be held for the year. However, there are long term risks to the sustainability of this approach, and the directorate approach will need to be reviewed to take into account where the vacancy factor is being met by non-recurrent savings.

2021-22 Savings The directorate has a savings target of £532k. It is forecast that these will be achieved. The savings are spread across seven service areas including Virtual Schools, the Safeguarding & Learning Service, re-organisation of the MISA team and executive and administrative support structure, and the re-organisation of school improvement services. Each of these are c. £100k and there are smaller savings in three other service areas. All of these are on track to be delivered.

2021-22 Cost Reduction Proposals

The service has also developed various proposals for cost reductions which have been endorsed across Children & Education in 2021-22. These are as follows:

Cost Reduction Proposals

#	Service	Initiative	Description	Target
1	CFS	Reduction of residential placements	As part of the forensic analysis of residential placements, the service is targeting a reduction of five residential placements (costing on average £200k per annum, per placement)	£1m
2	CFS	Operations: Implementation of an overall panel process and forensic review of the Top 20 high cost placements.	Bringing together multiple panel processes into one process, enabling closer financial oversight and strategic oversight across all operational services. The £250k cost reduction will be achieved by reviewing the top 20 high cost placements and seeking a 5% reduction in costs through analysis of care package support (through the CFC tool) and through targeted negotiations with care providers.	£250K
3	CFS	Review Agency Spend & implement a new process for sign off for new agency staff	Reviewing spending on agency staff will enable us to make savings/reduce overspend. Regular reporting and scrutiny through the Workforce Development Board for sign-off for new agency staff will enable the directorate to closely monitor the use of agency staff and related expenditure. This will also prevent new staff being employed without agreement over the staffing establishment, preventing overspending.	£100K
4	CFS	Placement Management Business Support Improvement	The cost reductions realised from the Leaving Care Welfare/ Benefits Officer post will achieve in the region of £130k-£230k, by increasing the number of young people claiming housing benefit post 18 from 50% to between 60%-70%.	£150K
5	Ed	Developing in-borough SEND provision	The Council currently spends a significant amount on independent special schools settings. There is an ongoing plan to develop further in-borough provision.	TBC
6	Ed	Reviewing SEND Transport eligibility	Reviewing the way transport agreements are made for children and young people with special educational needs against our legal duties. This will include benchmarking against local authorities to understand how our offer compares to others.	TBC

The reporting against these cost reduction proposals will be monitored on a monthly basis through this report highlighting delivery against these indicative targets. It is essential that the service delivers against these plans as this has been factored into the overall forecast for the directorate. It is important to emphasise that further cost reduction proposals will need to be identified as the current proposals will bring the forecast back in line with the budget. Detailed plans continue to be developed for these proposals, and these will be part of monthly discussions at C&E SMT.

4.3 Adults, Health & Integration (AH&I)

Summary Position

The AH&I directorate is forecasting an overspend of £3.1m after the application of reserves of £3.4m.

The cyber attack continues to have a significant impact on a number of key systems across the local authority. There is a clear project plan to restore the social care system, and the service is working with ICT, finance and performance to ensure that we restore the system and take opportunities to build back better.

For Adult Social Care the significant area of financial risk is in relation to monitoring and capturing the cost of any additional demand for care, as the social care system (Mosaic) which holds and records this information remains inaccessible. In addition, the service is currently unable to complete financial assessments for new service users, resulting in a significant loss of care-charging income. The estimated cost impact from the cyber attack for this financial year is £627k, of which £286k relates to additional staffing deployed within the service and the remaining £341k relates to loss of care charges income as a result of not being able to undertake financial assessments.

Mitigation plans continue to be developed in collaboration with ICT colleagues which includes the development of an interim finance solution to capture additional demand and changes to existing care provision, until we have fully restored and recovered the social care system. A key issue to highlight is that these mitigating actions will require extensive reconciliations once the data is restored.

There are no significant financial management risks within Public Health as a result of the cyber attack.

Covid19 Covid-19 presents a significant financial risk to the Adults, Health & Integration forecast for 2021-22 with the costs resulting from actions undertaken to limit the spread of infection. In recognition of this risk, the local authority has provided corporate growth of £3m to offset increased costs attributed to Covid-19 within Adult Social Care. However, the reduction of NHS funding to 6 weeks in 2021/22 for hospital discharge care packages has led to a £3.2m reduction in Covid-19 funding this year. The estimated net cost of the pandemic for the directorate above the level of corporate and grant funding received is a net cost of £1.55m this financial year.

Adults

The July 2021 forecast for Adult Social Care is a £2.7m overspend. Covid-19 related expenditure accounts for £1.14m of the reported budget overspend.

The overall position for Adult Social Care last year was an overspend of £6.9m (this included £5.1m attributed to the Covid-19 pandemic). The revenue forecast includes significant levels of non-recurrent funding including iBCF (£2m), Social Care Support Grant (£6.3m), and Independent Living Fund (£0.7m).

In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This has increased incrementally year on year and in this financial year, the grant totals £12.6m. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast this financial year. It is clear that this is not a sustainable way to fund demand pressures in social care services, and we continue to lobby Central Government for a long term funding solution.

This financial year, Adult Social Care received a further £712k (third tranche) and £486k (fourth tranche) of Infection Control and Rapid Testing Funding for care homes to fight COVID-19. Our role in this is primarily one of passporting the funding and so the allocation we received cannot be viewed as further assistance to mitigate the financial pressures we are under.

Care Support Commissioning (external commissioned packages of care) contains the main element of the overspend in Adult Social Care, with a £2.1m pressure. The cyber attack continues to impact on the ability to forecast the expenditure accurately in this area since a number of manual processes require additional reconciliation. Again, this poses a risk to the forecast that new service users are not included in these manual processes, and understates the budget pressures in the service area. Finance is working closely with the service to ensure that manual processes seek to capture all new clients, and any changes to care package provision.

The current forecast includes only existing service users and does not include any potential costs arising from additional demand above estimated initial demographic growth assumptions. Year-on-year, the forecast increases by approximately 10% which represents an additional cost in the region of £4m. The service will need to have a really robust panel process to enable closer financial scrutiny and oversight to reduce costs of care packages. It is expected alongside this, the additional work required from the manual processes will result in greater volatility in the forecast over the coming months than would normally be expected.

Service type	2021/22 Budget	July 2021 Forecast	Full Year Variance to budget	Variance from previous period
Learning Disabilities	18,002	18,889	887	705
Physical and Sensory	16,712	17,512	800	(44)
Memory, Cognition and Mental Health ASC (OP)	8,592	8,885	292	(312)
Occupational Therapy Equipment	740	741	1	1
Asylum Seekers Support	170	317	147	41
Total	44,216	46,344	2,127	391

Physical & Sensory Support is forecasting an overspend of £0.80m. The gross forecast spend on care packages in Physical Support is £24.7m (£23.3m in May-21) and in Sensory Support is £1.21m (£1.04m in May-21). Forecasts have been revised upwards based on continuing review of care package costs particularly in residential care settings and the cost of home care. The forecast includes £350k of iBCF funding, £1.0m of social care grant and £1.1m of reserve funding towards the increased level of care packages in 21/22.

Memory, Cognition and Mental Health ASC (OP) is forecasting an overspend of £0.3m (£0.6m in May-21). The reduction is partly attributable to renegotiated nursing home rates with one of the main providers. The gross forecast spend on care packages for 21/22 is £12.2m (£12.7m in May-21). The forecast includes £350k of iBCF funding, £650k of social care grant and £400k of reserve funding towards care package costs in 21/22.

The Learning Disabilities service is forecasting an overspend of £0.88m (£0.18m in May-21). There continues to be pressures driven by the increasing complexity of care needs for new and existing clients coupled with inflationary pressures requested by care providers. The gross forecast spend on care packages in Learning Disabilities is £32.7m (£32.0m in May-21). The forecast also includes significant non-recurrent funding from the iBCF (£1.0m) and Social Care Grant (£4.66m). In addition, a contribution from the CCG of £2.7m (no change since May-21) for jointly funded care packages for service users has been factored into the forecast. This is building on the work completed across previous years to agree joint funding for complex health and social care packages within the service.

The Mental Health service is provided in partnership with the East London Foundation Trust (ELFT), and is forecasting an overspend of £0.95m (£1.03m in May-21). The overall position is largely attributed to an overspend on externally commissioned care services, and as part of the cost reduction plans, Adult Services and the ELFT will work closely to forensically review care packages within the service to seek a reduction of at least £350k this financial year.

Provided Services is forecasting an overspend of £0.53m (£0.5m in May-21). Within this position are two contrasting positions:

- *Housing with Care* has an overspend of £1.1m (£1.0m in May-21), of which the majority is in relation to the significant cost of additional agency staff employed to cover for staff who are absent or unable to carry out full duties at present due to Covid-19. The savings target of £500k for efficiencies across the Housing with Care schemes is not forecast to be achieved within this financial year and will be delivered through contract efficiencies within commissioned services. There are a number of void properties within Housing with Care schemes where property rental continues to be paid whilst the flats remain vacant. This cost pressure is reflected within care support commissioning budgets and will form part of the short term review of the service to deliver efficiencies.
- *Day Care Services* are projected to underspend by £0.57m (£0.5m in May-21). The Oswald Street day centre re-opened in October 2020 but is still currently supporting a reduced number of service users due to Covid-19 restrictions. Consequently, staff vacancies are forecast to remain vacant across a proportion of the financial year.

<u>ASC Commissioning</u> is forecasting a £0.21m underspend (£0.2m underspend in May-21), and this includes significant levels of one-off funding of £1.66m in 2021/22 (£1.8m in May-21) supporting activity within commissioning. Within teams this includes increased capacity with the Project Management Office (PMO), ASC Commissioning, and the Direct Payments Teams. This also includes a project to fund the Lime Tree and St Peters' care scheme prior to a wider recommissioning exercise. Disabled Facilities Grant funding has been applied to the Telecare contract. The service has renegotiated some Housing Related Support contracts which has resulted in efficiency savings of approximately £0.5m in 21/22, and this has largely offset the Housing with Care savings on a non-recurrent basis this financial year.

<u>Preventative Services</u> is forecasting an underspend of £0.96m and is primarily attributable to the interim bed facility at Leander Court (£0.58m) and Substance Misuse (£0.2m) linked to lower than expected demand for rehab placements. In addition Carers services reflect an underspend of £0.22m due to a significant reduction in carers assessment activity linked to the C19 pandemic.

<u>Care Management and Adult Divisional Support</u> is forecasting an overspend of £0.25m (£0.15m in May-21) and this is driven primarily by increased staffing costs within the Integrated Learning Disabilities team (£0.3m) and staffing pressure within the Long Term Team (£0.1m) which is partly offset by underspends in other areas of the service.

Public Health

Public Health is forecasting a breakeven position, this includes the delivery of planned savings of £217k.

The Public Health (PH) grant increased by approximately 1m in 2021/22, although £775k of the total increase relates to the funding allocated for PrEP related activity, as this was previously funded via a separate grant in 2020/21 (£344k). The 2021/22 grant will continue to be subject to conditions, including a ring-fence requiring local authorities to use the grant exclusively for public health activity which may include public health challenges arising directly or indirectly from COVID-19.

The Covid-19 pandemic has seen a significant increase in Public Health activities specifically around helping reduce the spread of the virus in the local area, whilst still continuing to ensure other non-covid related demand-led services such as sexual health continue to be managed.

As previously advised Hackney was allocated £3.1m of the total £300m announced by the Government to support Local Authorities in 2020/21 to develop and action their plans to reduce the spread of the virus in their local area as part of the launch of the wider NHS Test and Trace Service. Last financial year, £1.5m was spent, with a further planned commitment this year of £1.6m. This funding continues to support the development and implementation of tailored local Covid 19 outbreak plans, with all decisions on how the funding is allocated being approved by the Health Protection Board chaired by the Director of Public Health. The £1.6m for this financial year is reflected as a net nil position in the forecast as it is offset by the income we received the previous year. In addition to the Test and Trace funding, the Local authority has also been allocated £2.8m in 2021/22 from the Contain Outbreak Management fund (COMF) to help support public health activities to tackle Covid-19. Plans are being developed with the service to ensure that these funds are committed in line with the grant criteria.

The Hackney Mortuary service is forecast to overspend by £432k, of which £410k relates to the balance remaining from Hackney's Wave 2 mortality management contribution. As highlighted previously Mortuary costs increased significantly last year during Covid-19 with the response to the pandemic plan requiring the Mortality Management Group to activate the Dedicated Disaster Mortuary (DDM) plans for London. Additional capacity was required rapidly to ensure that there was enough capacity to meet demand from the initial wave, and subsequently to meet increased demand for the second wave. Hackney's share of the total additional cost for Wave 1 (£732k) & Wave 2 (£510k) combined was £1.242m. Recently we were informed that Hackney's provision for Wave 2 was not fully spent in the last financial year, with the remaining balance of £410k now being rolled forward into the 2021/22 financial year. The expectation is this will be fully spent in the current financial year.

Vacancy Rate and 2021/22 Savings

A vacancy rate savings target of £864k has been set for Adult Social Care in 2021-22. This saving is a challenging target for a service with a significant number of front-line staff. At this point in the financial year, it is forecast that it will be achieved. Progress against the target will be carefully monitored and tracked by the AH&I Senior Management Team and this will continue to be monitored closely and reported with each OFP report.

The directorate has outlined a series of actions that will aim to achieve the vacancy rate savings in 2021-22. Actions include identifying specific vacant posts and holding them vacant, identifying all staff who are below the top of their salary grade or part-time in full-time posts, waiting to recruit to any vacant posts, except where there are multiple vacancies within teams (i.e. due to long term sickness) or particular covid or cyber related pressures, continuing to seek external funding sources - e.g. through partnership working, monitoring agency spend closely and ensuring those staff take the annual leave they have accrued, as well as identifying any non-essential budgets that can be held for the year. However, there are long term risks to the sustainability of this approach, and the directorate approach will need to be reviewed to take into account where the vacancy factor is being met by non-recurrent savings.

A review of actual spend on salaries showed that £338k had been achieved against this target to date. This shows progress against the annual target of £864k so far - consequently the full year forecast is shown as on track at this stage in the year and will continue to be monitored closely through the ASC Workforce Development Board.

The 2021-22 savings are on track to be achieved with the exception of Housing with Care (HcW). The AH&I Group Director is reviewing the Service, and wants to pause the service review whilst we consider different methods of service delivery. To plug the savings gap, contract efficiencies will be made within commissioned services to ensure there is not a budget pressure during this period. There will be four project focused delivery groups to support the delivery of savings within HwC. The first two will be operational groups focused on delivering immediate savings and efficiencies through reviewing the use of agency and a revised process to maximise void usage. The commissioning groups will then look at immediate contract efficiencies and the other group will focus on a long-term review of services and service redesign.

2021-22 Cost Reduction Proposals

The service has also developed various proposals for cost reductions. The table below outlines the key proposals for cost reductions which have been endorsed across Adult Services in 2021-22.

Table 1D: Cost Reduction Proposals

	Initiative / Area	Description	Initial Indicative Target
1	Operations: Implementation of an overall panel process	Bringing together multiple panel processes into one process, enabling closer financial oversight and strategic oversight across all operational services. The £250K indicative target is based on the avoidance of approximately 3-4 placements, through the introduction of the new panel process to reduce the number of longer term placements. Alternatives to residential care placements are being explored thoroughly along with the use of assistive technology to reduce care package costs. The process also means that the importance of 6 week reviews to step down packages is being highlighted.	£250K
2	Provided Services: Review of operational staffing issues	Reviewing operational staffing issues across Housing with Care will enable us to ensure that we are getting the most from our workforce. 20 staff who were originally assessed as being unable to carry out face to face work due to Covid-19 vulnerability are being referred to occupational health as temporary cover arrangements are unsustainable from an operational and financial perspective.	TBC
3	Adult Services: Review Agency Spend & implement a new process for sign off for new agency staff	Reviewing spend on agency staff will enable us to make savings/reduce overspend.This includes a review of every agency member of staff with managers and checking that no agency staff are working more than 36 hours per week and that they are all regularly taking annual leave. Introducing a new process for sign-off for new agency staff will enable the directorate to closely monitor the use of agency staff and related expenditure. This will also prevent new staff being employed without agreement over the budgeted staffing establishment.	£100K
4	Mental Health Budget - reduce overspend	Working with ELFT to bring expenditure back in line with the budget. This will be delivered through the joint working group meetings with ELFT. Overspend in the region of £700k, and the service will work on a £350k reduction in Year 1 and then a further £350k reduction in spend in Year 2. Implementation of a more robust panel process in line with the ASC panel process is being implemented. Options around use of HwC are being explored along with commissioning discussions around the use of spot-purchased supported living. Efficiencies are also being sought through utilisation of the in-house cleaning service for blitz cleans.	£350K

The cost reduction proposals will be monitored on a monthly basis highlighting delivery against these indicative targets. It is essential that the service delivers against these plans as this has been factored into the overall forecast for Adult Social Care. Detailed plans continue to be developed for these proposals, and these will be part of monthly discussions at AH&I SMT.

In addition to the initiatives listed above, the department has reduced costs in other areas:

From April 2021, the Direct Payments team has implemented more robust monitoring of accounts, which has led to recovery of £322,816 to date. It is expected that recovery of funds will continue at a similar rate throughout the financial year, resulting in further cost reductions.

The Occupational Therapy team is delivering a Better Care project between April 2021 - Oct 2021, aiming to reduce the number of residents receiving double-handed care, through implementing new and innovative moving and handling equipment and techniques. To date, this has resulted in cost reductions of £300k.

4.4 NEIGHBOURHOODS & HOUSING DIRECTORATE

The directorate is forecasting an overspend of £2.2m of which £1.4m is due to the impact of Covid as set out below.

Planning Services is forecasting an overspend of £636K, after the use of £514K reserves. £14K of reserve usage is to fund the completion of one area action plan and £500K to part-fund the underlying overspend in the services. This is an improvement of £193K on the May position which is due a forecast reduction in staffing costs. The underlying overspend in Planning Services is primarily related to Planning application fees and building control fees income. In addition there are other cost pressures; there is a non-achievement of the vacancy factor savings of £150K and there is an estimated overspend of £80K relating to the impact of the cyberattack, a shortfall in Land Charges income and additional staffing costs to restore data to the new planning systems.

The shortfall in planning application fee income, within the underlying overspend, 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 - 3 years. This has further resulted in a reduction in the CIL and s106 income due to delays of schemes starting construction.

Despite a 20% uplift in planning fees 3 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. The review is now complete and the report recommendations bringing the Planning budget into balance over the medium term are being implemented. This includes an allocation from reserves to mitigate part of the overspend as agreed with the Acting Chief Executive and Section 151 Officer.

Environmental Operations is showing a forecast overspend of £677K which is primarily due to the impact of the Pandemic. The Covid impact on the service is currently forecast at £667k where there is an estimated loss of £492k on Commercial Waste income, £155k for use of agency staff to cover sickness/self isolation absence and additional vehicle cleansing forecast up to the end of September, and £20k spend on additional PPE and other materials. The service has adopted a prudent approach to potential spend arising from the pandemic and the forecast loss of income and will keep a close eye on developments over the summer in case things change drastically and further lockdown restrictions re-introduced

Waste Strategy is expected to break even as any underspends within the service will be applied to any ongoing or new recycling initiatives and to support the fortnightly refuse and recycling collection service change which will reduce the call on reserves to deliver the project.

Markets and Shop Front Trading is showing an overspend of £265k which is an adverse movement of £87k from the May position. Additional staffing costs and shortfall in income account for £235k due to covid impact on income and expenditure (made up of £61k income shortfall and £174k additional expenditure of security measures and staffing to ensure Covid safe trading). The service is drawing up plans to mitigate this overspend, in particular staffing which will be reviewed from September 2021. The other area of overspend is non-delivery of the vacancy factor which is being delivered by Parking Services.

Other than the impact of Covid, loss of income and expenditure from Covid, Leisure & Green Spaces are forecasting a break-even budget position. Parks and Green Spaces have a projected Covid Impact of £84k due to the loss of income (£60k), which primarily relates to the Events Team as there are very few bookings as activity is not expected to return to pre 2020/21 levels for some time yet. The remaining £24k relates to legal fees and expenses to remove an unauthorised encampment of people protesting about COVID restrictions on Hackney Downs. The actual estimated cost of this is £50k but some net underspends are being held to help mitigate this overspend.

Whilst Streetscene is showing a forecast to budget, there are two key risks which need to be managed, both relating to income. The recharge to capital income is dependent on Transport for Funding (TfL) funding which has not been confirmed for the full year and is expected to be less than in previous years. The Head of Streetscene maintains a watching brief on the position to ensure that the service is able to react swiftly to funding announcements thereby ensuring maximisation of available funding. The Network team income collection is the other risk area and the forecast has been reduced as the service is being prudent on income projections and it is still uncertain if business will pick up sufficiently as the lockdown comes to an end to meet income targets. Income will be closely monitored throughout the year.

Within the Housing GF there is a slight underspend currently forecast relating to staffing on the Travellers cost centre.

The main overspend in Community Safety Enforcement & Business Regulation is within Civil Protection for covid related costs of £400K which may decrease if grants are applied directly to the service. The areas of expenditure are: Staff costs including training, uniforms, overtime and four additional staff covering covid tasks; security for infrastructure and testing sites; PPE expenditure; temporary mortuary expenses; premises costs arising from setting up, folding down, repairs and cleaning of testing sites and, the hire of vehicles.

Vacancy Factor and Savings 2021-22

The Directorate is forecasting a full achievement of the directorate savings plan of £1.4m and a forecast achievement of £1.2m, 89%, of the vacancy factor savings. The area of non-achievement of the vacancy factor savings is Planning Services. In respect of Planning, the Strategic Director, Sustainability and Public Realm is working with his management team to develop alternative plans to achieve this vacancy factor saving in these areas and this will be reported in the next OFP report to Cabinet.

4.5 FINANCE & CORPORATE RESOURCES

F&R is forecasting an overspend of £7.320m. Of this, £5.6m is due to the impact of the Cyberattack and £1m is due to the impact of Covid. With regards to the Cyberattack, system problems are still causing significant overspends across Revenues and Benefits (£1.35m) and Housing Needs (£500k). This is the estimated cost of resources required to restore lost data and clear the backlog incurred whilst the systems were out of action. This is higher than last month because the estimated cost of recovery for Revenues, which was anticipated to be split over 2 years, has been brought forward into 21/22 with the aim of getting up to date before annual billing. ICT are currently reporting £3.6m of costs relating to restoring or rebuilding systems. This is likely to increase but some of the spend may be capitalised. An additional resource in finance has also been allocated to cyber £100k.

Covid 19

The cost of Covid is estimated to total £1.05m in additional costs and lost income after taking into account what can be covered with existing budgets, government grants and earmarked reserves. Main services that are affected are Commercial Property rental income, due to tenants experiencing difficulties, and Revenues and Benefits and Housing Needs due to increased demand. In the event of an economic downturn there is a risk that Covid could impact these areas in years to come through changes in the lettings market and increased demand for Benefits and Temporary Accommodation. Costs in these areas are expected to be covered by grant funding and one off reserves. The residual balance will be covered by the Covid set aside. It should be noted that the current extra demand in Benefits is very difficult to assign to Cyber or Covid as there is a big backlog of work due to Cyber but until the work is completed, we do not know what is contained and the reasons for changes in circumstances.

Strategic Property Services are forecasting an overall overspend of £900k after the application of provisions and reserves for cost pressures such as for empty properties, staff costs within Corporate Property and Asset Management (CPAM) and NNDR costs within Fleet Maintenance. The remaining overspend relates to lost rental income due to Covid. The actual loss is £2.2m but £1.3m can be absorbed within the budget.

R&B Core Services Revenues and Benefits continue to be impacted significantly by both Covid and the system outage. Benefits have some revenue grants unapplied which will cover the anticipated additional demand as a result of Covid. However, it is estimated that an additional resource of £500k could be incurred to clear the backlog of claims. Revenues are reporting a severely reduced court cost income due to Covid of around £800k, however it is expected that half of this may be offset with reduced legal costs and other underspends across the service, reducing the impact to £400k which will be covered by grants set aside from previous periods. There is also an additional estimate to clear the outage backlog of £850k. Customer Services have just finalised consultation on a restructure which consolidates the corporate and housing contact centres, and is within the budget envelope. This is unlikely to be live until October, there are a number of moving parts, and currently it has been agreed with the Head of Service that an overspend of £200k is a reasonable estimate to cover agency costs that continue to be incurred until the restructure is complete. After the application of unapplied grants, and cyberattack- set-aside to these pressures, the overall overspend is estimated to be £200k.

Housing Needs is forecasting an overspend of £500k due to system failures after use of reserves of £1.9m. There isn’t much change in forecast cost from previous months, it is more that some of the proposed reserves usage can be covered from grants received in-year. The service continues to provide support for rough sleepers accommodated under the ‘Everyone In’ programme at the start of Covid. Extending the programme in its current format for the full year will cost approximately £2.4m. Specific funding has been identified for approximately £0.5m of this cost, and if no further funding is identified it will be covered by grants unapplied from previous periods. We are also expecting an increased demand as the tenants eviction protection has ended. It is impossible to predict this demand. Additional funding has been provided by MHCLG in the form of a higher homelessness grant, and it is expected at this stage that this will cover the costs. There are still system issues which mean we are unable to get a Temporary Accommodation rent forecast for the year as we currently have no visibility of income, and are unable to set up new accounts at this stage. The system issues are also likely to cause additional resources required to catch up the backlog. There is currently an estimate of £500k in the forecast overspend for this.

The ICT Division is forecast to overspend by £3.556m, most of which is owed to the impact of the Cyberattack. Much of the cyber spend is reactive to the discovery of the most appropriate ways to restore council systems and therefore there is a risk of significant unexpected expenditure in future months. Hackney Education ICT is predicted to overspend by £463k. The Head of Education ICT is carrying out a financial sustainability review of the service in response to historic overspends, which continue to be reflected in this year's forecast. This will be reported to the Director of Education and Strategic Director, Customer & Workspace in September. The objectives of the review are to clarify cost drivers which underpin the historic overspends, reprofile budgets for 2021/22 to better reflect the service, and to confirm the business plan to achieve a balanced budget in 2021/22, moving to a surplus position by 2023/2

The Central Procurement Service and the Energy Team are forecasting to come in under budget, except for a £100k PPE cost. This is a nominal amount, purely to represent that it is likely that there will be some costs incurred but we are unsure how much. We have yet to purchase any additional stock and any further costs will be driven by changes in Covid guidance and restrictions.

FM, HR, Registration, Audit and Anti Fraud and Education Partnerships are currently forecast to come in at or close to the budget.

Vacancy Rate and 2021/22 Savings

The vacancy target is £1.622m and it is forecast that £1.521m will be achieved. The underachievement of £0.101m is in Property and the directorate is looking at ways to deliver offsetting savings in other areas. All of the budgeted 2021-22 savings are forecast to be achieved.

4.6 CHIEF EXECUTIVE

The Chief Executive services are forecasting to overspend by £0.412m after the application of reserves, including a Covid impact of £1.7m.

Covid

Engagement, Culture and Organisational Development are still being impacted by the effects of Covid19 relating to income generation activity from running events. Hackney Council has taken a local decision to maintain restrictions such as social distancing at venues resulting in an increased number of cancellation and refunds.The service is currently estimating a loss of income in the region of £327k. However, it is very difficult to determine the income projection for the year with further cancellations likely in the coming months as local restrictions apply. The income levels will be closely monitored going forward. Libraries & Heritage have little prospect of meeting their income targets where fines are currently suspended and there are no room bookings and minimal sales etc. It is hoped that income collection will gradually pick up in the coming months but this will be a slow process and will need to be reviewed on a monthly basis, currently this is giving a £56k pressure/overspend within the service due to the ongoing effect of the COVID Pandemic.

Inclusive Economy and Corporate Policy Covid related expenditure of £748k is due to the self-isolation support framework forecast to cost £546k and support for clinically extremely vulnerable £97k, which are fully funded from a combination of government grants and health funding. There is £105k covid cost relating to running of the elections which will be met from GLA and reserves.

Engagement, Culture and Organisational Development are forecasting an overspend of £352k after the use of reserves of £382k. This is an adverse movement of £30k from the position as of May 2021. The ongoing impact of Covid19 accounts for the £327k loss of income as mentioned above. The other significant overspend area is Hackney Today. There is a £215k loss of income generated from advertising and publishing statutory notices due to the court ruling to limit the publications of Hackney Today/Hackney Life. The Strategic Director, Engagement, Culture and Organisational Development is developing options on the future of the Council's print publications which range from continuing the existing model, which is financially unsustainable, through to a more limited frequency and circulation. In the meantime, other budget lines across the service are being reviewed by the Strategic Director to mitigate this pressure. To date, underspends generated by the design and film income teams totaling £66k and other small net underspends totaling £124k are being held by managers to mitigate the overspend.

Libraries & Heritage are forecasting an overspend of £97k of which £56k can be attributed to the lasting effects of COVID. The remaining overspend is being caused by two ongoing pressures: NNDR, where there is no additional budget to cover the increases that are passed on to the service and security costs due to the need to have increased security in the Libraries since the pandemic. There continues to be a prudent approach in the service area and controllable budget forecasts are reviewed on a monthly basis to mitigate the overspend.

Legal & Governance services are forecasting an overspend of £24k after usage of reserves of £218k. This is a favourable movement of £166k from the position reported in May 2021. The overspend is due to a forecast shortfall in external income targets of £290k from capital recharges, property and S106 income with activity reducing. This has largely been offset by a forecast underspend of £270k from a combination of vacant posts and a reduction in externally commissioned legal services.

Inclusive Economy and Corporate Policy are currently forecasting an overspend of £10k due to minor cost pressures across the whole service.

Within Regeneration, there is a £71k underspend currently forecast. The majority of this relates to underspends within Private Sector Housing, which is offset somewhat by cost pressure in the Housing Strategy and Policy Team.

Vacancy Rate Savings and 2021/22 Savings

The vacancy target is £0.677m and it is forecast that this will be achieved. All of the budgeted savings are forecast to be achieved.

4.6 HOUSING REVENUE ACCOUNT (HRA)

The HRA forecast, which is projected to come in at budget, includes the continuing impact of Covid, with limitations on the repairs that can be carried out and the moratorium on evictions during the first quarter. As restrictions are lifted, there is likely to be more calls for repairs which tenants have not reported and so if volume exceeds capacity of the DLO, additional work will be allocated to contractors. During the past year there has been a significant increase in arrears, as procedures are introduced to escalate tenants in arrears and it is forecast that the arrears will reduce. The resultant overspend will be funded from a reduction in RCCO. The capital contracts are coming to an end of their contract period and are being procured, and so there is limited value remaining on the expiring contracts and there will be time to mobilise the new contracts. Therefore there is less capital funding required during the year. However, the works and the funding will be required in future years and factored into a revision of the HRA business plan.

More specifically, Dwelling Rent and Tenant Charges is forecast at £1m over budget due to a continued increase in voids due to the reletting of properties. The performance of voids and relets is being monitored but the lack of an IT system results in the process taking longer.

The Non-dwelling Rent forecast has reduced due to the continued lack of booking in Community Halls. Bookings and usage will be monitored during the year but it is unlikely to achieve the budget level of income. However, there may be a NNDR rebate due for the period of the pandemic which will offset this variance.

On Expenditure, the Housing Repairs Account is forecast to overspend by £1.3m due to restriction during the first quarter and the potential for increased demand as restrictions are lifted. In addition, there is an increasing number of legal disrepair cases that will require work. The Special Services variance of a £385k overspend is due to potential increase in utility costs. There is also an increase in Bad and Doubtful debt as a result of the increase in arrears potentially being written off during the year. To off-set the variances, the RCCO has been reduced to forecast a balanced budget. This capital resource is not required in the year due to a reduced capital programme.

4.7 CAPITAL

This is the first OFP Capital Programme monitoring report for the financial year 2021/22. The actual year to date capital expenditure for the four months April 2021 to July 2021 is £14.7m and the forecast is currently **£188.5m**. This represents a forecast of 80% of the approved budget of £236.4m, approved by Cabinet in February 2021 (Council's Budget Report) and is relative to the previous year's outturn of £202.2m. Covid-19 and the additional financial pressures have had a major impact on the Capital Programme in particular with the start times and the delivery of projects and programmes. Each financial year, two re-profiling exercises within the capital programme are carried out in order that the budgets and monitoring reflect the anticipated progress of schemes. The September Cabinet will be asked to approve a total of £71.5m into future years together with details of the requested transfer of slippage from 2020/21 into the 2021/22 capital programme. A summary of the forecast and phase 1 re-profiling 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

Capital Programme Q1 2021-22	Budget Set at Feb Cab 2021	Budget at July Cab & Slippage	Spend	Forecast	Variance (Under/Over)	To Re-Profile 2021/22	Capital Adjustments & New Bids	Updated Budget Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive's (Non-Housing)	3,047	5,911	49	3,465	(2,446)	(2,323)	246	3,834
Adults, Health & Integration	39	130	0	0	(130)	(130)	0	0
Children & Education	15,858	20,933	297	17,202	(3,731)	(3,638)	(120)	17,175
Finance & Corporate Resources	15,292	18,468	316	12,867	(5,601)	(5,805)	(30)	12,633
Mixed Use Development	34,315	25,881	604	15,920	(9,961)	(9,961)	0	15,920
Neighbourhoods & Housing (Non)	26,974	36,577	1,266	30,526	(6,051)	(5,579)	598	31,596
Total Non-Housing	**95,525**	**107,900**	**2,533**	**79,980**	**(27,919)**	**(27,436)**	**(150)**	**81,1584**
AMP Housing Schemes HRA	64,175	74,519	3,335	46,440	(28,079)	(27,930)	(149)	46,440
Council Schemes GF	11,273	5,387	2,037	20,690	15,303	20,000	0	25,387
Private Sector Housing	2,122	2,091	155	1,580	(511)	0	0	2,091
Estate Regeneration	38,394	45,494	3,023	21,317	(24,177)	(24,177)	0	21,317
Housing Supply Programme	18,638	25,344	1,123	11,502	(13,841)	(13,841)	0	11,502
Woodberry Down Regeneration	6,263	5,075	2,453	6,949	1,874	1,852	0	6,927
Total Housing	**140,864**	**157,909**	**12,126**	**108,478**	**(49,431)**	**(44,096)**	**(149)**	**113,664**
Total Capital Budget	**236,389**	**265,809**	**14,658**	**188,459**	**(77,351)**	**(71,532)**	**545**	**194,822**

CHIEF EXECUTIVE'S (NON-HOUSING)

The current forecast is £3.5m, £2.5m below the revised budget of £5.9m. More detailed commentary is outlined below.

CX Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Employment, Skills & Adult Learning	0	13	0	13	0
Libraries and Archives	1,753	2,354	23	964	(1,390)
Area Regeneration	1,294	3,544	26	2,488	(1,055)
Total Non-Housing	**3,047**	**5,911**	**49**	**3,465**	**(2,446)**

Employment, Skills & Adult Learning

The overall scheme is forecast to spend the full budget this financial year. The main scheme is a Greater London Authority (GLA) grant funded project to provide ICT equipment to support the needs of adult learners during this pandemic and at risk of digital exclusion. Most of the equipment was ordered and delivered back in March 2021 and awaiting final invoices. The team is looking at spending the remaining budget on equipment for face-to-face adult learning at the employment Hubs.

Libraries and Archives

The overall scheme is forecasting £1.4m underspend against the respective in-year budget of £2.4m. The main project which is causing the variance relates to the budget set aside for the refurbishments to Stoke Newington Library. The spend for this year will be for the initial surveys and development plans with further decisions made later on in the year. Therefore the budget will be re-profiled to reflect the likely timeframe of the project.

Area Regeneration

The overall scheme is forecasting £1.1m underspend against the respective in-year budget of £3.5m. Below is a brief update on a few of the schemes.

Dalston and Hackney Town Centre - The most significant underspend relates to the resource held for the development plans for the Dalston & Hackney Town Centre. The project is in progress with the Invitation to Tender in final draft form, to be issued in the coming month to ensure the Design Team is appointed for commencement in early January 2022. The development of the site briefs has been supported by due diligence, including review of heritage assets undertaken by specialist advisors. The Area Regeneration team is looking to appoint a Senior Capital Project Manager (PM) to support the delivery of the programme. The delay to recruitment of the PM officer and design team means a slight shift in expected spend against spend approval from 2021/22 to 2022/23. The team will be looking to confirm resource approval early in the new year, with the appointment of the lead consultant to align with the jointly agreed programme. The budget will, therefore, be re-profiled to 2022/23.

Multi Use Games Area (MUGA) and Classroom Project at 80-80a Eastway - Following the delays to the start of the works, the Contractor (Neilcott) is on site. The works are progressing and aiming for practical completion in the early part of the Autumn 2021.

ADULTS, HEALTH AND INTEGRATION

The overall scheme is forecasting no spend this financial year against the respective in-year budget of £0.1m. The variance relates to the resource set aside for Median Road which has been put on hold with plans to review in future years. The remaining budget will be reviewed in the next quarter and if not required will be offered up as savings.

AHI Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Adults, Health and Integration	39	130	0	0	(130)
TOTAL	**39**	**130**	**0**	**0**	**(130)**

CHILDREN, ADULTS AND COMMUNITY HEALTH

The current forecast is £17.2m, £3.7m below the revised budget of £20.9m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	0	572	2	572	0
Education Asset Management Plan	3,484	3,225	302	3,410	185
Building Schools for the Future	0	250	0	370	120
Other Education & Children's Services	1,937	2,771	479	2,765	(5)
Primary School Programmes	6,548	8,589	(237)	5,909	(2,680)
Secondary School Programmes	3,889	5,525	(249)	4,175	(1,350)
TOTAL	**15,858**	**20,933**	**297**	**17,202**	**(3,731)**

Children & Family Services

The overall scheme is forecast to spend the in-year respective budget and there are two capital projects in this area. Below is a brief update on these projects:

Loft conversions - The Loft conversions to three of the Council foster carers' homes to increase the space in their homes. This physical space will offer additional space to children who are currently sharing a room, accommodate overnight stays, and offer extra long term placement to another child. This project is progressing with the full budget forecasted to spend.

Shoreditch Park Play Adventure - This capital project is the refurbishment of the Shoreditch Play Adventure Playground and Play Hut. The plan is to demolish the existing and build a new modular play-hut with a cabin/classroom and landscaping to this site. This will significantly improve play provision, creating a rich play environment as well ensuring improved accessibility for young people with special educational needs and disabilities to access and engage in all of the play activities offered at the playground. This project is progressing with the full budget forecasted to spend.

Education Asset Management Plan

The overall scheme is forecasting a minor overspend of £0.02m against an in-year respective budget of £3.2m. This is the Borough's cyclical and periodic yearly maintenance programme to the education asset which includes works such as upgrades to lighting, heating, boiler, fire safety and refurbishments to toilets and playgrounds. Below is a brief update on a few of the schemes:

Jubilee School - This project is the work on the school's lighting. The contract award is signed and the works will commence by the summer.

Colvestone School - This project is to refurbish the toilets. Currently on site with anticipated completion by early autumn.

Shoreditch Park School - A Section 77 application has been submitted to the Secretary of State for Education to release a section of the land on the existing site to change the use. Following the decision the overall budget will be reviewed.

Sir Thomas Abney School - This project is in the initial stages and awaiting feedback from the condition survey.

Berger School - The planning application has been granted for installation of 10 condenser units to roof level and the installation is iminent.

Daubeney School - The Contractor has withdrawn and another contractor has been approached for a further quotation on the works.

Building Schools for the Future

The overall scheme is forecasting an overspend of £0.01m against the in-year respective budget of £0.02m.

Ickburgh School (on the site Formerly used by Cardinal Pole Upper School) - The variance relates to the on-going works to rectify poor installation of heating at this site. In addition, the Council received further Government funding to help local authorities create new school places for children and young people with SEND. This capital expenditure will be spent on the expansion of post 16 resources at the School and consist of creation of additional storage, additional toilet provision, associated staff facilities and the relocation of a bike store to provide additional space for bus parking.

Other Education & Children's Services

The overall scheme is forecasting a minor underspend against the in-year respective budget of £2.7m. The schemes relate to the expansion of Hackney’s specialist resource provision (SRP) for pupils with Social, Emotional and Mental Health (SEMH) and Autisic Spectrum Disorder (ASD) needs funded by the SEN Special Provision capital grant fund. Below is a brief update on the schemes:

Gainsborough School - The variance is to support ongoing works and retention which will be settled in 2022/23.

The Garden School (on the site Formerly used by Ickburgh School) - The main expansion works are progressing. The asbestos removal, which was discovered during the major works, has started. The asbestos removal will take place alongside the major works and be completed by autumn 2021. This capital project is to deliver additional places for pupils aged 14-16 years, post 16 pupils and expand the school building. The forecast is to spend the full budget this financial year.

Primary School Programmes

The overall Primary School Programme is forecasting an underspend of £2.7m against the in-year respective budget of £8.6m. 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. Several of the schools are at the planning and tendering stages which have been delayed. Further explanations of the schemes causing the variance is set out below. A total of £3.4m will be re-profiled from the 2021/2 budget to 2022/23 budget to reflect the anticipated spend. We are currently seeking further explanation as to this significant slippage.

Woodberry Down Children's Centre Relocation - Currently out to tender. The Contract Award is expected by autumn 2021.

Princess, Hoxton Gardens and De Beauvoir Facade - Contractor is on site.

Daubeney, Colvestone Mandeville and Gayhurst Facade - Currently in the planning stage and the tender application is nearing completion.

Grasmere Facade - Due to ‘lead time’ for windows manufacturing, there is a delay to the start of the project. The ‘lead time’ is the time between the initiation and completion of the production process. The project is anticipated to be completed by early 2022.

Harrington Hill Facade - Tender documentation near completion, contractor needs to update survey for site visit to schools in the autumn of 2021. Contractor starts onsite for early 2022, anticipated completion is summer 2022.

Millfields, Rushmore and Morningside Facade - The scaffold design has delayed the start. The completion is due by the autumn of 2021.

Queensbridge Facade - Rear wall structural design and architectural design are approved. The works will start by the autumn of 2021.

Southwold, Springfield, William Patten, Orchard and Tyssen Facade - All tender documents for these sites have been issued to contractors for a school site visit in October 2021. Contract Award due January 2022 and anticipated contract completion date is summer 2022.

Woodberry Down Facade - There will be no spend this financial year. The business case will be completed by autumn 2021 and the tender documentation by winter 2021.

Secondary School Programmes

The overall scheme is forecasting an underspend of £1.4m against the in-year respective budget of £5.5m.

The Urswick School Expansion - The main variance is the expansion to the school. The variance is due to the changes to the project. The science lab was completed in July 2021 and two temporary classrooms will be installed in August 2021. The retention period is February 2022. The modular classroom is currently at the contract award stage. The variance has been re-profiled to 2022/23 to reflect the anticipated spend.

FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £28.8m, £15.6m under the revised budget of £44.4m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	11,022	13,235	223	8,061	(5,175)
ICT	3,518	3,861	163	3,861	0
Financial Management	0	0	(139)	0	0
Other Schemes	752	1,371	69	945	(426)
Total	**15,292**	**18,468**	**316**	**12,867**	**(5,601)**
Mixed Use Development	34,315	25,881	604	15,920	(9,961)
TOTAL	**49,607**	**44,349**	**920**	**28,787**	**(15,562)**

Strategic Properties Services - Strategy & Projects

The overall scheme is forecasting an overspend of £5.2m against the in-year respective budget of £13.2m.

The City & Hackney Clinical Commissioning Group (CCG) Primary Care Project - This project is the main cause of the variance in Strategic Property. It is forecasting an underspend of £3.7m. This project is to develop The City & Hackney Clinical Commissioning Group (CCG) Primary Care estate. This scheme proposes to construct one new build primary care surgery and convert and expand a listed building to accommodate two practices at land rear of 2- 28 Belfast Road and The Portico Building at 34 Linscott Road. The project is still at the planning application stage, which has been reflected in the slippage of spend into 2022/23. All the spend to date is on the feasibility and project management costs to develop the restate pre-construction works. The construction work is expected to start in January/February 2022. Very little of the main project budget will be spent this year.

ICT Capital

The overall ICT scheme is forecast to spend the full in-year respective budget of £3.7m. The main variance resource will be held along with any other underspends across the overall scheme to support any costs relating to the cyber recovery.

Other Schemes

The schemes are forecasting an underspend of £0.4m against the in-year respective budget of £0.8m.

Solar Panel - The main variance relates to the Solar Panel Installation project. Following consultation with key stakeholders, 9 sites were chosen with an additional 3 to potentially go ahead. They are all commercial properties. The contract has been awarded to the supplier and the work has started on planning applications and Distribution Network Operator (DNO) for connection. We anticipate starting onsite in the autumn of 2021. This follows the successful pilot of solar installation to West Reservoir Leisure Centre and the London Fields Lido. The variance has been re-profiled to 2022/23.

Mixed Use Developments

The schemes are forecasting an underspend of £10m against the in-year respective budget of £25.8m.

Tiger Way - The school (Nightingale Primary School) and residential building are now occupied with all residential units sold. The variance relates to retention payments and the budget has been reprofiled to reflect this.

Nile Street - The school (New Regents College) is completed and occupied. As at July 2021, 89 of the 175 residential units have been sold. The variance relates to retention payments which will be due in 2022/23 and the budget has been reprofiled to reflect this.

Britannia Site - The overall forecast is an underspend of £4m against the in-year respective budget of £20m. Phase 1a (new Leisure centre) - The Britannia Leisure Centre is now open to the public and in operation. Phase 1b (School) - City of London Academy Shoreditch Park is now completed and occupied by the school. Phase 2a (Residential) - This phase remains under review and the variance re-profiled to 2022/23.

NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £30.5m, £6.1m under the revised budget of £36.6m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Leisure, Parks & Green Spaces	13,566	17,328	279	13,716	(3,612)
Streetscene	11,856	16,366	685	14,904	(1,461)
Environmental Operations & Other	626	1,227	0	601	(627)
Public Realms TfL Funded Schemes	0	23	234	23	0
Parking & Market Schemes	358	358	0	100	(258)
Community Safety, Enforcement & Business Regulations	567	1,275	68	1,182	(94)
Total	**26,974**	**36,577**	**1,266**	**30,526**	**(6,051)**

Leisure, Parks and Green Spaces

The overall scheme is forecasting an underspend of £3.6m against the in-year respective budget of £17.3m. Below is the brief update on the schemes.

Abney Park Refurbishment - The project is showing the most significant variance which was caused by delays in the procurement process. The approval from the Cabinet Procurement and Insourcing Committee was granted in June 2021 to appoint the Contractor (Quinn Construction Limited). Quinn will commence mobilisation on 6 September 2021 and will start work on site early November 2021. The contract programme is 62 weeks so they expect to complete work in the autumn of 2022. The underspend has been re-profiled to 2022/23 to reflect the change in the programme of works.

Shoreditch Park Refurbishment - The planning application has been granted and the tender application is nearing completion. The plan is to go out to tender for the main contractor by the end of this summer with a scheduled start onsite by quarter 3 of 2021/22. It is anticipated the forecasted budget will be fully spent this financial year.

Parks Depot - The team will be concentrating on Millfields depot initially and it is likely that the works to the remaining depots will slip to 2022/23. The variance has been reprofiled to 2022/23 to recognise the re-prioritising of these works.

Environmental Services and Other

The variance is due to the delay to the delivery of vehicles. The Street Winter Gritter and a Gully cleansing vehicle are now due for delivery in autumn 2021. The remaining budget has been re-profiled for now and will be reviewed to see if this budget can be released as part of the Council's budget-setting exercise.

HOUSING

The overall forecast in Housing is £108.5m, £49.4m below the revised budget of £157.9m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2021	Budget at July Cab Plus Slippage 20/21	Spend	Forecast	Variance
		£000	£000	£000	£000
AMP Housing Schemes HRA	64,175	74,519	3,335	46,440	(28,079)
Council Schemes GF	11,273	5,387	2,037	20,690	15,303
Private Sector Housing	2,122	2,091	155	1,580	(511)
Estate Regeneration	38,394	45,494	3,023	21,317	(24,177)
Housing Supply Programme	18,638	25,344	1,123	11,502	(13,841)
Woodberry Down Regeneration	6,263	5,075	2,453	6,949	1,874
Total Housing	**140,864**	**157,909**	**12,126**	**108,478**	**(49,431)**

AMP Housing Schemes HRA

The overall scheme is forecasting an underspend of £28.1m against the in-year respective budget of £74.5m. The Housing AMP is underspent this year because the main contract (£40-50m p.a.) is ending on 31 August 2021 and no more works can be issued under that contract. However, the work and the budget are required when the new contracts are awarded later in the year, but work and spend will not commence until 2022/23. The variance has been reprofiled to 2022/23 to recognise the change affecting the programme of works.

Council Schemes GF

The overall scheme is forecasting an overspend of £15.3m against the in-year budget of £5.4m. The additional cost in Council Schemes GF is the funding of the buyback scheme approved by Cabinet. £10m for Local Space Properties and £10m for Leaseholders including 9 properties from L&Q Housing Association. The budget from 2022/23 and 2023/24 has been re-profiled back to the current year to support this overspend.

Estate Regeneration and Housing Supply Programme

The Estate Regeneration scheme (ERP) is forecasting an underspend of £24.2m against the in-year respective budget of £45.5m and the Housing Supply Programme (HSP) is forecasting an underspend of £13.8m against the in-year respective budget of £25.3m. Both schemes (ERP and HSP) are underspent due to slippage in the programme. There are 3 schemes on site, all of which will complete toward the end of the year. There are 5 other schemes with tenders returned, but as the tenders are higher than the appraisal cost, there is additional work to reduce the cost and make the schemes viable before awarding the contract. Once awarded, there is a period of mobiliation before the works and expenditure commences. This additional work on the viability of schemes has led to a delay to contract awards and the start of site works which means significant slippage on the programme. These budgets will be slipped into 2022/23 and be rephased to reflect the build programme once contracts are awarded. There are a further 3 schemes due to go out to tender, but as a result of the high tender returns, more work is being done before tendering to ensure their viability. This will lead to further slippage on the programmes and so reprofiling of these schemes will be carried out as part of the capital budget development process for 2022/23.

Woodberry Down Regeneration

The £1.9m overspend on Woodberry Down is based on the forecast of 15 Buybacks due this financial year. The budget has been re-profiled from 2022-23 back into the 2021/22 budget to cover the anticipated spend.

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. There are no options to the Property proposal described at 2.7 to 2.9.

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of May 2021. Full Council agreed the 2021/22 budget on 24th February 2021.

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 sets 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 On the Property Proposal, an extension of the lease with Clarion will be a surrender and re-grant; the grant of a 999 year lease is a disposal. Under the Hackney Mayoral Scheme of Delegation of January 2017, the disposal of land is reserved to the Mayor and Cabinet. Section 123(1) of the Local Government Act 1972 provides the Council with the power to dispose of land and property, provided such disposal is made for the best consideration reasonably obtainable. However, the General Disposal Consent 2003 removes the requirement for local authorities to seek specific consent from the Secretary of State for any disposal of land where: the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of: (i) the promotion or improvement of economic well-being; (ii) the promotion or improvement of social well-being; (iii) the promotion or improvement of environmental well-being; and the "undervalue" (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2 million or less. Where the case does not fall within the terms of this General Consent then an application to the Secretary of State for Communities and Local Government for a specific consent is required. Furthermore, the General Consent Order 2003 specifies that it is the responsibility of the Council to satisfy itself that the land is held under powers which permit it to be disposed of under the terms of the 1972 Act. A grant of a long lease is defined as a disposal within the Local Government Act 1972.

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

9.0 COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES

9.1 The Director of Strategic Property Services confirms that the price offered meets the statutory requirements of s.123 of the Local Government Act 1972.

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