

OVERVIEW & SCRUTINY BOARD SUPPLEMENTARY AGENDA

17 June 2020

The following report is attached for consideration and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

7 APRIL 2020 FINANCIAL MONITORING POSITION (Pages 1 - 24)

Andrew Beesley
Head of Democratic Services

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Overview & Scrutiny Board
17 June 2020

Subject Heading:

April 2020 Financial Monitoring Position

Report Author

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SLT Lead

Jane West
Chief Operating Officer

SUMMARY

Attached is a draft April 2020 Financial Monitoring Position Cabinet report. The report will be presented to the Cabinet on 24 June 2020.

RECOMMENDATIONS

The Board is requested to consider the draft report and provide comments to the Cabinet.

IMPLICATIONS AND RISKS

Financial implications and risks: None of this covering report.

Legal implications and risks: None of this covering report.

Human Resources implications and risks: None of this covering report.

Equalities implications and risks: None of this covering report.

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CABINET

Subject Heading:

April 2020 Financial Monitoring Position

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Policy context:

This report sets out the 2020/21 Period 1 (April) financial monitoring position. The report focusses on the financial impact of the Covid-19 pandemic on Havering and the potential financial gap for 2020/21 to be funded from reserves.

Financial summary:

This report includes:

- A summary of the outturn for 2019/20
- Estimated financial impact of the pandemic on the Council for April 2020
- Government support provided to date and potential future commitments
- A financial projection setting out the potential impact on 2020/21

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

EXECUTIVE SUMMARY

The Council has provided a detailed and effective response to the Covid-19 pandemic ensuring Havering's community is supported in many different ways at a very challenging time. This report begins by outlining a summary of the Council's financial outturn in relation to 2019/20 and goes on review the financial impact of dealing with the Covid-19 pandemic, considering the following three areas; additional expenditure incurred, loss of income and the impact on 2020/21 savings. This is presented in a backward look at April and then projected across the remainder of the financial year. The report also sets out the Government support so far.

RECOMMENDATIONS

Cabinet is asked to:

- Note the Council's draft summary financial outturn for 2019/20
- Note the financial projections for 2020/21 set out in this report
- Note that officers will be reviewing actual expenditure, shortfalls in income and the impact on savings both for 2020/21 and the medium term in order to update the forecasts at regular intervals during the year.
- Cabinet is asked to note that services are working to identify mitigating actions to help address the challenging financial position, including scenario planning in the event of the Government failing to fully fund the Council's Covid-19 costs.

REPORT DETAIL

1. Policy and Strategic context

1.1 In February 2020 full Council agreed a balanced budget for 2020/21. The budget was set before the Covid-19 pandemic took hold in March and

therefore was based on an assumption that the Council operations would be as in a normal year.

- 1.2 The budget included a package of £14.5m of savings which had been developed and reviewed throughout the budget process. This meant that a number of the savings proposals were already in place at the start of the year but the majority were based on assumed actions during the remainder of 2019/20 and during the course of 2020/21.
- 1.3 The budget also included a full appendix setting out the proposed fees and charges for the year and was set based on an assumption that this income would be received throughout 2020/21.
- 1.4 The budget setting process includes the Council Tax resolution and agreement of Council Tax levels for the forthcoming year. In calculating the level of Council Tax required to balance the budget an assumption is made on Council Tax collection rates. Havering assumed a collection rate of 98.3% in its taxbase used to calculate Council Tax yield.
- 1.5 Any lower than planned Council Tax or Business Rate yield will cause a deficit in the collection fund. In setting the 2021/22 Council budget the Council is required to estimate any deficits on the collection fund and to include funding to balance the fund. This will clearly be a significant issue in setting the budget for next year unless the Government steps in with further support.

2. Report Detail

2.1 The 2019/20 Outturn

The Council's final net revised budget was £161.105m including levies, contingency and unringfenced grants. The service budget element of this was £131.566m. The final outturn for service directorates and oneSource was £135.086m, resulting in an overspend of £3.520m (2.68%). There were however corporate underspends of £0.610m to reduce the overspend to £2.910m. The detail by departments is set out in Table 1 below.

Cabinet June 24th 2020

Directorate	Revised Budget	Final Outturn	Final Outturn Variance	
	£m	£m	£m	%
Public Health	0.014	0.011	(0.003)	(19.99)
Children's Services	42.386	43.657	1.271	3.00
Adult Services	60.668	61.133	0.465	0.77
Neighbourhoods	10.378	13.486	3.108	29.95
Housing	4.146	3.957	(0.189)	(4.56)
Regeneration Programme Delivery	1.683	1.654	(0.029)	(1.75)
oneSource Non-Shared	(0.218)	(1.201)	(0.983)	(450.25)
Chief Operating Officer	9.394	9.378	(0.016)	(0.17)
SLT	0.614	0.526	(0.088)	(14.31)
oneSource shared	2.500	2.485	(0.015)	(0.61)
Net Service Total	131.566	135.086	3.520	2.68
Corporate Budget	28.539	27.929	(0.610)	(2.14)
Contingency	1.000	1.000	0.000	0.00
Net Controllable Budget	161.105	164.015	2.910	1.81

This remaining overspend has been funded as set out below, leaving a balanced position.

Service Overspend Funded by:

	Final Outturn
Corporate Contingency	(1,000,000)
MRP	(251,000)
Interest Receivable	(261,000)
Regeneration Income	228,000
Interest Payable	(2,732,000)
Additional Corporate Financial Matters	
Taxi Card Service	(110,000)
Audit Fees	(117,000)
HRA & Pub Health CSSA y/e budget changes	686,000
Additional Corporate Risk Budget	
Shortfall on Savings	422,000
Change in Corporate Bad Debt Provision	247,000
Miscellaneous	(22,000)
Total	(2,910,000)

Neighbourhoods returned the largest variation against budget with an overspend of £3.1 million. This sum was made up of a number of items:-

- The parking charges pressure corrected in the 2020/21 budget setting of £1.5 million. Although Monday to Saturday Pay and Display income increased, a shortfall occurred overall due to Sunday charging and parks charging not being enforced plus the fall in income following the Covid-19 lockdown in mid March.
- A one-off increase in the provision for bad debts in relation to historic parking debts and moving traffic offences debts that were inadequately provided for - £1 million
- A staffing overspend of £0.9 million although without the staffing costs that have generated this overspend, the shortfall in parking income would have been lower
- An overspend in Planning of £0.2 million
- An underspend in Highways of £0.8 million, mainly due to over-recovery of income
- Other miscellaneous overspends spread across other teams complete the position.

The outturn position has allowed the Council's general reserve to be increased, as budgeted for, by £400k to £12.687m. This puts the Council in a strong position as it moves into 2020/21.

2.2 The Impact of the Covid-19 pandemic on the 2019/20 outturn.

Councils began experiencing costs and loss of income in relation to the Covid-19 pandemic during March. On 23rd March the Prime Minister instructed the country to stay at home effectively stopping income streams for local authorities from that point onwards.

The table below sets out the estimated income loss experienced by the Council in March. These figures by their nature are estimates and have been absorbed within in the outturn figures for 2019/20 outlined above.

Summary of Covid-19 Loss of Income

Service	Covid-19 loss of Income £m
Environment	0.255
Registration	0.015
Neighbourhoods	0.270
Technical & Transport Services	0.120
Asset Management	0.023
oneSource Non-Shared	0.143

Children	0.148
Children's	0.148
Customer and Communications	0.048
Chief Operating Officer	0.048
Total Loss of Income not Funded	0.609

The Council also started to experience costs directly relating to the pandemic in March. The Government issued its first support allocation to the Council in late March and as these costs were defined amounts a proportion of the grant was matched against these costs. The remaining grant was rolled forward to cover expenditure and income loss in 2020/21

The table below sets out Covid-19 related costs incurred in 2019/20.

Directorate	Covid-19 Costs £
Public Realm	21k
Housing	12k
Transport	6k
Distribution Centre	60k
Total Covid Costs	99k

2.3 **The Financial Position in 2020/21 to date**

The Council is experiencing pressures in three areas currently.

- Expenditure directly relating to supporting the community through the current crisis
- Loss of income from Council services either being curtailed or offered free
- Pressure through savings proposals being either delayed or undeliverable.

2.3.1 **2020/21 Expenditure directly relating to supporting the community through the current crisis**

The Council has responded to the coronavirus crisis with proactive and imaginative leadership. It has sought best value but responded quickly to get help where it is needed. To facilitate support to the community the Council has made a series of executive decisions allowing officers to access the funding they need to provide frontline support to those who need it. The table below sets out the projected costs that were submitted to government in May.

Cabinet June 24th 2020

Service area	April 2020	May 2020	Full Financial Year
	£m	£m	2020-21 £m
Adult Social Care – additional demand	0.281	0.503	1.227
Adult Social Care – supporting the market	0.878	0.740	2.395
Adult Social Care – workforce pressures	0.000	0.200	0.425
Adult Social Care - Personal protective equipment (PPE)	1.215	0.197	2.000
<i>Adult social care total</i>	<i>2.374</i>	<i>1.640</i>	<i>6.047</i>
Children’s Social Care – workforce pressures	0.005	0.063	0.068
Children's Social Care - residential care		0.281	0.555
Children's Social Care - care leavers		0.102	0.203
<i>Children's Social Care total</i>	<i>0.005</i>	<i>0.446</i>	<i>0.826</i>
Education - SEND		0.078	0.156
<i>Education total</i>	<i>0.000</i>	<i>0.078</i>	<i>0.156</i>
Housing - rough sleeping - accommodating and supporting those brought into alternative accommodation	0.058	0.035	0.268
Housing - other excluding HRA	0.032	0.032	0.224
<i>Housing total excluding HRA</i>	<i>0.090</i>	<i>0.067</i>	<i>0.492</i>
Cultural & related - Sports, leisure and community facilities	0.300	0.300	2.100
<i>Cultural & related total</i>	<i>0.300</i>	<i>0.300</i>	<i>2.100</i>
Environment & regulatory - cremation, cemetery and mortuary services/Excess deaths		0.023	0.138
Environment & regulatory - waste management	0.018	0.018	0.126
<i>Environment & regulatory - total</i>	<i>0.018</i>	<i>0.041</i>	<i>0.264</i>
Finance & corporate - ICT & remote working	0.114	0.206	0.32
Finance & corporate - other	0.412		0.412
<i>Finance & corporate - total</i>	<i>0.526</i>	<i>0.206</i>	<i>0.732</i>
Other - Shielding	1.173	1.5	3.5
<i>Other total (includes Shielding)</i>	<i>1.173</i>	<i>1.5</i>	<i>3.5</i>
TOTAL SPENDING PRESSURE (General fund)	4.486	4.278	14.117

Other costs that, on government advice, were not included in the government (MHCLG) return include:-

- The costs of temporary body storage facilities across London, estimated at £650k
- The additional £1.5 million transferred into the Emergency Assistance Scheme from earmarked reserves.

There are also costs that cannot yet be quantified:-

Cabinet June 24th 2020

- Any net cost of the new responsibilities falling on councils such as support to care providers and outbreak management (potential costs are unknown)
- Any further costs in relation to the leisure contract
- It is possible the costs of PPE and food will be reduced through income from care providers, schools, local businesses and residents.

Nothing has been built into the projections in relation to a potential second or third spike in Covid-19 either nationally or locally. It is essential for the health and wellbeing of residents, the survival of businesses and the financial health of the council that everything possible is done to avoid further outbreaks of Covid-19 in the borough. This requires the whole community to work together.

2.3.2 2020/21 Estimated Loss of Income

The Council has set its 2020/21 budget based on an assumption that sales fees and charges will be collected. The budget is also set based on an assumed yield from Business Rates and Council Tax. All of these income streams are at risk due to the current pandemic.

Business Rates and Council Tax Loss of income

The table below sets out the Council's estimated position on potential losses of income from Council Tax and Business Rates.

Collection Fund income Havering share only	April 2020 £m	May 2020 £m	Full financial year 2020-21 £m
Business Rate losses outside Government support (Havering Share)	0.363	0.372	1.568
Council Tax receipt losses - LCTS	0.240	0.240	2.880
Council Tax receipt losses - payment failure	0.625	0.625	7.500
Council Tax receipt losses - other	0.622	0.064	1.320
<i>Council Tax receipt losses total</i>	1.487	0.929	11.700
<i>Collection fund losses total</i>	1.850	1.301	13.268

Based on the collection of Council Tax and Business Rates in April, if this rate of non-collection were to continue, the Council is currently estimating it will potentially lose £13.3m in uncollected Council Tax and Business Rates in 2020/21. These are very high level figures and should only be used as an indication at this time in the year. It is very much hoped this is a worst case projection.

The deficit will not need to be funded by the Council in 2020/21 but will need to be built into the 2021/22 budget as part of the Council Tax setting process

in February 2021. All councils are being similarly impacted and central government is being lobbied by the sector for a cap on losses to be introduced.

Other losses in Income

In a normal year the Council collects approximately £60m in sales fees and charges. As the lockdown is eased the Council can begin to collect these income streams again. The major areas are:

- **Parking:** The reduction in traffic has meant a loss of income from enforcement. The Council has also offered free parking in its car parks and on street pay and display bays. Additionally, resident and business permits are currently not being sold. It is difficult to project how much income will be lost in 2020/21 as this will depend on the speed and nature of the recovery and associated policy decisions
- **Catering:** It is unclear how schools will be operating in the autumn so the income from parents paying for school meals will need to be closely monitored and will be dependent on national guidelines about opening.
- **Fee income from capital projects:** The current capital programme will need to be reviewed based on a wide range of economic factors. If the capital programme is curtailed this could have an impact on regeneration income
- **Public Realm Activities:** The recovery plan will review how quickly public realm activities can re-start. Some such as green waste collection have already recommenced
- **Registrars:** There is currently no indication when weddings and civil ceremonies will be able to recommence so income streams in this area are significantly down
- **Licensing:** Licensing income has seen a downturn in enforcement related Fixed Penalty Notice income.
- **Leisure Provider:** The Council receives a concession payment from its leisure provider as part of the contract. It is unlikely that leisure centres will reopen for some time and the concession payment will not be paid until they are operational again.

The table below sets out potential losses from other income such as fees and charges.

Income source	April 2020 £m	May 2020 £m	Full financial year 2020-21 £m
Highways and Transport Sales Fees & Charges (SFC) losses (Parking)	0.490	0.550	4.000
Cultural & Related Fee losses	0.092	0.092	0.644
Other Sales Fees and Charges income losses	1.681	1.708	9.306
Commercial Income losses	0.224	0.150	1.050
<i>Non collection fund losses total</i>	2.487	2.500	15.000

2.3.3 Losses from non delivery or delay of savings

In the 2020/21 budget the Council assumed £14.5m of savings would be achieved. Some of these savings had already been either realised or developed to an extent that they are still fully achievable in 2020/21. The remainder however have been delayed which will cause a pressure in 2020/21.

At present £9.388m of savings are classified as red with a loss per month of £781k. A key part of the recovery plan will be to kick start these savings proposals and also identify new areas where the Council can reduce costs as it adapts service delivery following the lockdown.

Appendix A highlights the savings which are currently on hold or delayed. Many of these savings are in social care and will not be deliverable until there is a much clearer picture on demand throughout the year and the Government's plans for future funding.

Service area	April 2020 £m	May 2020 £m	Full Financial Year
			2020-21 £m
Unachieved Savings Pressure	0.781	0.781	9.388

2.4 Government support provided so far

The Government has provided two general funding packages so far to support local authority budgets during the pandemic.

In March the Government announced £2.9bn of unringfenced funding for Local Authorities (£1.6bn) and Clinical Commissioning Groups (CCGs) (£1.3bn). A further allocation of £1.6bn for local authorities was announced in April and paid in early May.

The Secretary of State sent a letter with the first round of funding which explained that this funding included money for increased demand for adult social care, children's social care, homelessness and to "meet pressures across other services, as a result of reduced income, rising costs or increased demand". The allocation basis of this funding was 87% on the Adults' relative need formula and 13% via authorities' share of 2013/14 Settlement Funding Assessment or overall relative needs. Havering strongly disagrees with the use of this formula as it discriminates against authorities with high reliance on Council Tax and magnifies the unfairness of past grant distribution which through its lack of fairness over the years has ironically resulted in efficient councils such as Havering having a much higher council tax than others.

The £1.3bn for CCGs is to accelerate the process of discharging people from hospitals. The declared purpose is to cut through the means testing/responsibility issues that cause disputes in the past between CCGs and councils about who has to pay for post-hospital care.

The second funding round of £1.6bn was allocated on a per capita basis, using the latest ONS population projections. The table below sets out the funding received by Havering to date

FUNDING	Nationally (£M)	Havering (£M)
March Funding LA	£1,600.000	£6.433
April Funding	£1,600,000	£7.098
Total	£3,200.000	£13.531

The funding Havering has received will help mitigate the pressures that the Council currently faces but this still will leave the Council with significant challenges going forward.

This is a national issue and councils up and down the country have been working together to ensure the Government is fully aware of the financial impact on local government. In London the boroughs have a collective voice through London Councils and have compared figures to present a joined up message to central government.

Other Funding Support from the Government to date

The table below sets out other funding support from the Government to date

FUNDING	Nationally (£M)	Havering (£M)	Description
Homelessness Self Isolation Support	£3.2m	£0.006	Initial emergency funding will be available to all local authorities in England to reimburse them for the cost of providing accommodation and services to those sleeping on the streets to help them successfully self-isolate.
Hardship Fund	£500m	£1.800	The government expects most of this funding to be used to provide more council tax relief, either through existing Local Council Tax Support schemes, or through complementary reliefs.
Free School Meals	TBC	TBC	Schools to reclaim for additional costs, including supermarket vouchers bought and issued to free school meals families.
Infection Control Fund ASC	£600m	£2.669	Funding provided to support Care Providers based on bed numbers (75%) with the remaining 25% earmarked for infection control

2.5 Business Grant Support

The Government has also announced a number of measures to support businesses through the crisis. This includes Business Rates holidays in 2020/21 and grant support to businesses with rateable value under 51,000. This scheme has been administered by local government but the government are meeting this cost in full.

Havering received an initial payment of £40.2m to allow it to set the scheme in motion. The table below sets out grant distribution to date. It should be noted that any surplus grant will need to be returned to the Government. Equally if our final list exceeds the £40.2m provided to date then the Council can put a claim in for the balance to central government.

LBH - SBGF & RHLGF Grant Awards								
	SBGF		RHL10		RHL25		Total	
	No	Amount	No	Amount	No	Amount	No	Amount
08/04/2020	180	£1,800,000.00	6	£60,000.00	18	£450,000.00	204	£2,310,000.00
09/04/2020	145	£1,450,000.00	8	£80,000.00	20	£500,000.00	173	£2,030,000.00
14/04/2020	477	£4,770,000.00	33	£330,000.00	201	£5,025,000.00	711	£10,125,000.00
15/04/2020	61	£610,000.00	2	£20,000.00	14	£350,000.00	77	£980,000.00
16/04/2020	54	£540,000.00	4	£40,000.00	26	£650,000.00	84	£1,230,000.00
17/04/2020	102	£1,020,000.00	4	£40,000.00	37	£925,000.00	143	£1,985,000.00
20/04/2020	135	£1,350,000.00	9	£90,000.00	40	£1,000,000.00	184	£2,440,000.00
21/04/2020	62	£620,000.00	7	£70,000.00	15	£375,000.00	84	£1,065,000.00
22/04/2020	49	£480,000.00	6	£60,000.00	21	£525,000.00	76	£1,065,000.00
23/04/2020	60	£600,000.00	2	£20,000.00	28	£700,000.00	90	£1,320,000.00
26/04/2020	36	£360,000.00	1	£10,000.00	30	£750,000.00	67	£1,120,000.00
27/04/2020	57	£570,000.00	5	£50,000.00	15	£375,000.00	77	£995,000.00
28/04/2020	22	£220,000.00	3	£30,000.00	11	£275,000.00	36	£525,000.00
29/04/2020	42	£420,000.00	3	£30,000.00	23	£575,000.00	68	£1,025,000.00
30/04/2020	31	£310,000.00	3	£30,000.00	15	£375,000.00	49	£715,000.00
01/05/2020	22	£220,000.00	2	£20,000.00	9	£225,000.00	33	£465,000.00
04/05/2020	46	£460,000.00	18	£180,000.00	30	£750,000.00	94	£1,390,000.00
05/05/2020	31	£310,000.00	1	£10,000.00	8	£200,000.00	40	£520,000.00
06/05/2020	21	£210,000.00	0	£0.00	8	£200,000.00	29	£410,000.00
10/05/2020	37	£370,000.00	1	£10,000.00	7	£175,000.00	45	£555,000.00
Total Awarded to Date	1,670	£16,690,000.00	118	£1,180,000.00	576	£14,400,000.00	2364	£32,270,000.00
Estimated total Award	2,137	£21,370,000.00	211	£2,110,000.00	629	£15,725,000.00	2977	£39,205,000.00
Estimated Balance to Award	467	£4,680,000.00	93	£930,000.00	53	1325000	613	£6,935,000.00

2.6 Matching the Council’s position with grant support provided to date

The grant support to date is welcomed and has allowed the Council to fulfil its duties to support its citizens and the community in the early stages of the pandemic. As the recovery period starts the Council will leave no stone unturned to identify non-essential cost reductions and make efficiency savings where possible. An extensive report will be presented to July Cabinet setting out the Council’s plans through the recovery period.

The Council however is under no illusions that it will face a significant financial deficit on the original 2020/21 budget even with the support provided to date. The table below sets out the potential extent of this gap.

Cabinet June 24th 2020

The Council has presented this financial position to the MHCLG in financial returns in April and May. The Council will continue to lobby for further support to recognise the losses it is incurring each month.

The table below shows the Council's losses against the funding provided so far to illustrate the potential shortfall in funding.

Service area	April 2020	May 2020	Full Financial Year
	£m	£m	2020-21 £m
TOTAL SPENDING PRESSURE (General fund)	4.486	4.278	14.117
Collection fund losses	1.850	1.301	13.268
Non collection fund losses total	2.487	2.500	15.000
Unachieved Savings Pressure	0.781	0.781	9.388
TOTAL PRESSURES	9.604	8.860	51.773
Government grant tranche 1 (99k spent in 2019/20)	-6.334		-6.334
Government grant tranche 2		-7.098	-7.098
NET PRESSURE	3.270	1.762	38.341
Pressure excluding Collection fund loss	1.420	0.461	25.073

As set out above, this excludes temporary body storage costs of £650k, Emergency Assistance costs of up to £1.5 million, additional costs from the leisure contractor and additional net costs of new responsibilities such as care provider support and outbreak management. These could add another £4-5 million.

The Council anticipates that further funding will be made available to local government by central government over the coming months. The returns that have been made by councils to the Ministry of Housing, Communities and Local Government demonstrate universally a huge gap between the costs and income losses so far that have been incurred by councils and the funding so far provided by MHCLG.

The Council's costs will also be mitigated by funding from the Clinical Commissioning Group (CCG) in relation to hospital discharges and provision of Personal Protective Equipment (PPE) by the Council to health settings. The Council is also expecting an income from the local care providers, schools and local businesses it has been providing PPE to. Neither of these income sums are exemplified yet within these figures.

There are also underspends that have been identified that can be used to fund the potential budget gap eg £1.5 million in capital charges and the revenue contingency of £1 million. A number of staff have been furloughed to generate savings in areas such as school catering (loss on income to the

Council) and where staff are unable to work eg due to Shielding or child care issues.

The table above assumes £9.388m of the 2020/21 savings will not be achieved. There are however opportunities emerging from the way the Council has changed how it provides services during the pandemic. Staff have worked from home efficiently and successfully since the lockdown began. This provides the Council great opportunity to review its offer to the public blending the processes before and after lockdown to create a better more efficient service for the public. It is anticipated that a further £2 million in savings can be achieved in 2020/21 to partially bridge the current funding gap.

The Council's business as usual costs are all currently being reviewed for efficiencies. There are opportunities to review or even curtail service provision where it has been established that demand has reduced.

The Government provided significant support through additional grant and the precept in the 2020/21 budget for Social Care. Significant risk continues in this area but it is hoped that the application of this funding could result in a reduction in pressures on the social care budget.

The Collection Fund loss will be a pressure for 2021/22 if the Government does not provide one off compensation.

2.7 Reserves and Balances

In setting the 2020/21 budget the Council recognised the need to increase general balances to mitigate potential future risk. The Council in agreement with our auditors set a target of £20m for general balances over the next few years. General Balances currently stand at £12.7m with a further £900k planned to be added in 2020/21 taking the total to £13.6 million. Earmarked Reserves of £48m are set aside for specific purposes but are being reviewed to ascertain what can be made available to mitigate any potential 2020/21 overspend.

The Council will only use general balances and earmarked reserves as a last resort to cover an overspend in 2020/21. The Council will continue to review all expenditure and income streams to improve the position and will lobby central government at every available opportunity to ask for further funding.

3. Risks

The position presented in this report represents a forecast based on current knowledge. There are many factors which are moving which will directly affect the accuracy of this forecast.

These risks include:

- The speed and strength of the business recovery
- Future Government support for 2020/21
- Council Tax Collection levels
- Significant risk of business closure across the borough
- The adequacy of grant funding to support PPE, Shielding, support to Care Providers and outbreak management
- Potential pressures from discharges if the CCG cannot provide sufficient funding from its government allocation
- Potential pressures if leisure centres continue to be closed for a prolonged period of time
- Additional demand particularly on children's services as post lockdown issues emerge.
- Further outbreaks of Covid-19 nationally or locally.

REASONS AND OPTIONS

Reasons for the decision:

The Council is required to set a balanced budget in advance of the beginning of each financial year. This report sets out the monitoring position at period 1 against the budget.

Other options considered:

The report is for noting and so no other options are required.

IMPLICATIONS AND RISKS

Financial Implications and Risks

The financial implications are included in the body of this report.

Legal Implications and Risks

The content of this report is legally compliant and follows Government guidance.

Human Resource Implications and Risks

There are no immediate Human Resource implications arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any future savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy.

Equalities and Social Inclusion Implications and Risks

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants and this has been considered in its response to Covid-19.

Health and Wellbeing Implications and Risks

The Council considers health and wellbeing implications in all the decisions it takes. The impact on general health and wellbeing is fully considered in setting and actioning the Council's budget each year.

BACKGROUND PAPERS

None

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Directorate	Description	Agreed MTFS 2020/21
		£m
Adults	Day Care Services Review	(100)
Adults	ASC Commissioning - Disabilities Prog. 74 Neave Crescent D1	(15)
Adults	ASC Commissioning - Disabilities Prog. Complex Placement Pathway D2	(120)
Adults	ASC Commissioning - Disabilities Prog. Targeted Reviews D3	(120)
Adults	ASC Commissioning - Disabilities Prog. Peabody and L&Q D4	(15)
Adults	ASC Commissioning - Disabilities Prog. Shared Lives D6	(125)
Adults	ASC Commissioning - Prevention Prog. Homecare Demand Mgt P10	(300)
Adults	ASC Commissioning - Prevention Prog.	(60)
Adults	ASC Commissioning - Prevention Prog. Nursing pathway Review P14	(125)
Adults	ASC Commissioning - Personalisation Prog. Increased Use of Direct Pyts Pr15	(175)
Adults	ASC Commissioning - Integration & Partnerships Programme	(100)
Adults	ASC Commissioning - Mental Health Programme MH1	(20)
Adults	Better Living	(1,267)
Childrens	Review of Transport	(45)
Section 151	Business Intelligence and Analytics	(106)
Section 151	Digital Platform	(77)
oneSource NS	Commercial Income	(100)
oneSource NS	Commerical Property Income	(100)
oneSource S	One Source Investment in ICT and automations	(150)
oneSource S	One Source include more services into model	(100)
oneSource S	One Source General Efficiency	(125)
Section 151	Full Cost recovery	(150)
Section 151	Contracts and Procurement Review	(640)
Section 151	Service Re-Design and Commissioning	(583)
Section 151	Process Automation and Robotics	(50)
Childrens	Scale and spread of Pathways Innovation Programme in Children's Social Care	(125)

Neighbourhoods	Registration and Bereavement Services - Implementation of Witness Committal officers and increased WC ceremonies	(20)
Section 151	Reduction in support service costs	(60)
Childrens	Fostering recruitment and retention	(250)
Childrens	Early Help and education inclusion	(100)
Childrens	SEND passenger transport (existing MTFS saving).	(100)
Childrens	Conversion of agency staff to ASYE	(50)
Childrens	Demand management at the edge of care	(50)
Neighbourhoods	Higways/Parking Team Review	(125)
Neighbourhoods	SCP - rationalisation	(75)
Neighbourhoods	Increase income from Building Control	(50)
Neighbourhoods	Street Trading	(60)
Neighbourhoods	Don't backfill deputy post	(40)
Neighbourhoods	Advertising on Street Assets	(25)
Neighbourhoods	Delete one Team Leader post	(45)
Neighbourhoods	Increased income from enforcement fines	(25)
Neighbourhoods	Premium Saturday Appointment Fee	(15)
Childrens	NRPF reduction in costs	(103)
Childrens	Better procurement of Temporary Accommodation	(169)
Section 151	Business Intelligence	(200)
Section 151	Further efficiency savings through becoming a Digital Council	(150)
Section 151	Contracts and Procurement Review	(500)
Section 151	S106/CIL	(470)
Section 151	Process Redesign	(200)
oneSource S	Debt Enforcement - OPP13	(111)
Section 151	Full Cost recovery (A) - OPP14	(50)
Section 151	Centralisation of business systems support (D) - OPP15	(100)
Section 151	Centralisation of programme and project management (D) - OPP16	(100)
Section 151	Centralisation of complaints members enquiries and FOI (D) - OPP17	(100)
Section 151	Review of Business Support (E) - OPP18	(250)
Section 151	Service Reviews (B) - OPP19	(400)

oneSource NS	Asset Mgmt Romford Administrative Buildings - PLACE05	(455)
Childrens	Childrens Centres - PLACE06	(47)
	Total	(9,388)

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