



Corporate Management Team

28 July 2020

Title	Chief Financial Officer Report Forecast Outturn Month 3 (June 2020)
Report of	Director of Finance (Section 151 Officer)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: Adults Month 3 Report Appendix B: Childrens and Family Services Month 3 Report Appendix C: Environment Month 3 Report Appendix D: Growth and Corporate Services Month 3 Report Appendix E: Assurance Month 3 Report Appendix F: Finance Month 3 Report
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Summary

This report contains a summary of the Council's revenue and capital forecast outturn for the financial year 2020/21 as at Month 3 (30 June 2020). It also contains information on the level of debt and the top 10 debtors as at 30 June 2020.

Recommendations

That CMT

1. Notes the overall financial forecast outturn for 2020/21 for General Fund services, Housing (HRA), Schools (DSG) and capital budgets.
2. Notes that while the underlying General Fund position is favourable, the impact of the pandemic response has been to create significant financial pressure.
3. Notes the forecast position on savings delivery and consider what further actions could be taken to maintain or improve delivery.

1. Summary

- 1.1 This report sets out the Council's financial forecast outturn position for the 2020/21 financial year as at Month 3 (30th June 2020).
- 1.2 It is intended that this report will be published on the Council website as the next FPCC is not until 27 October 2020, although some sections (notably the sections relating to accruals) may be removed prior to publication, and, when published, the directorate reports (not circulated with this report) will be attached as appendices. There will be an opportunity for CMT to review their respective reports prior to publication.
- 1.3 The overall position is complicated by the impact of the pandemic and the response to it, and so the forecast shows this separately. However, there remains uncertainty in most areas of forecasting, and so the report should be read with that in mind.
- 1.4 The position as at month 3 is as follows:
- £29.846m forecast overall overspend, including the impact of the Covid 19 pandemic.
 - £32.470m estimated financial impact from the pandemic.
 - £2.624m underspend underlying forecast, excluding pandemic response costs.
 - Within this forecast, savings delivery is estimated as £10.945m (63.2% of the MTFs target). Savings at risk are forecast to be £6.366m.
- 1.5 This is shown in further detail in Table 1 below.

Table 1 Month 3 Forecast Outturn

Service Areas	2020/21 Budget	Actuals to 30/06/2020	Reserve Movements	Month 3 Forecast Outturn	Month 3 variance	COVID Impact	Variance to budget excluding COVID impact	Month 2 variance	In-Month change
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	120,036	20,427	(399)	131,846	11,810	11,456	354	0	354
Children's Family Services	69,379	18,995	(109)	72,022	2,643	2,819	(176)	851	(1,027)
Environment	9,380	11,308	(581)	22,186	12,805	11,973	833	464	369
Growth and Corporate services	43,013	38,570	(422)	48,816	5,803	5,938	(134)	168	(303)
Assurance	7,312	2,428	100	7,593	281	285	(4)	(10)	6
Finance	60,415	58,072	900	56,918	(3,497)	0	(3,497)	(899)	(2,598)
Total at Month 3	309,535	21,656	(511)	339,381	29,846	32,470	(2,624)	574	(3,198)

- 1.6 Table 2 provides a breakdown of the in-month movement between the Month 2 and Month 3 underlying budget position.

Table 2 Movement in variance Month 2 to Month 3

Service Areas	Movement Adverse / (Favourable) £'000	commentary
Adults and Health	354	Net pressure across the Directorate (estimated pandemic costs remained constant) Main movements; Placements (-£.0878m) Non-Placements (+£1.165m) Non-placements pressure; primarily staffing costs across the Workforce service. Plus additional support for IT services (Mosaic)
Children's Family Services	(1,027)	Favourable movement largely made up of: - £0.443m improvement in savings achievement- new information in month especially around UASC home office grant contributing to this - £0.584 improvement in BAU, largely due to a more detailed forecast which has led to revising the position excluding COVID to £0.177m underspend
Environment	369	The overall position is an improvement of £0.237m for Environment from Month 2 as £0.600m from garden waste was earmarked towards enhancing street cleansing services within the Month 2 report but due to timing this was not reflected within the figures. The positive movement is largely made up: - A positive movement of £0.221m as parking Income assumptions have been revised upwards based on the latest activity data received as parking enforcement has now resumed. This increase is partially offset by revising forecast savings that can be achieved in year.
Growth and Corporate services	(303)	Favourable movement is made up of increased pressure on schools traded income and increased staff costs in growth recruitment, fully offset by a corporate mitigation in HR and service mitigations put in place in estates management.
Assurance	6	Immaterial movement
Finance	(2,598)	Favourable movement largely made up of: - A favourable movement within Central expenses caused mainly by capital financing and income generation. This has resulted in a reduction in anticipated interest payable (£0.155m) and an increase in interest receivable following ODH loan and Treasury Investment interest (£0.722m). -Following June P&R committee, there was a virement of income budgets relating to Council Tax court costs awarded and the business rates collection grant from Growth & Corporate Services to Finance. This movement was followed by the revised forecast and increase in income.
Total	(3,198)	

Covid-19 Pandemic; financial impact

- 1.7 The total cost to the Council of the local response to the Covid-19 pandemic has been estimated as £32.470m. As new information becomes available those estimates are being revised. further detail of the current estimate is set out in table 3a, below.
- 1.8 **CMT should note that costs do not make any provision for a 'second wave'**, but rather assume that the current circumstances continue and slightly improve through the remainder of the year. (Collection Fund figures do reflect the anticipated impact of the ending of the national 'furlough' arrangements.)

Table 3a Covid 19 Financial Impact

Directorate	Covid-19 Financial Impact	Main spend areas
Adults and Health	11,456	£1.3m net costs of Early Hospital Discharge Process. £4.3m discretionary Support to the Adult Care Market. £2.8m cost of the Help Hub and additional PPE. £1.9m support to the local leisure sector plus resulting MTFs savings where achievement is in doubt. Plus, other misc. variances.

Children's Family Services	2,819	£1.2m supplier relief for Cambridge Education and ISS. £0.4m cost pressure for young adults identified as requiring more support as a result of placement/homelife breakdown. £0.2m for individuals who will stay in current placements. £0.2m increased subsistence for those out of school/college. £0.3m block booking of residential placements in line with anticipated demand. Plus, other misc. variances.
Environment	11,973	£8.0m loss of parking income, £1.2m loss of commercial waste income £1.0m additional costs for mortuary services £0.3m loss of TFL funding for the LIP programme £0.3m additional agency cost within Street scene £0.4m vehicle hire costs due to introduction of Ultra Low Emission Zone £0.5m loss of advertising income £0.2m loss of rents, sporting and cultural event income
Growth and Corporate services	5,938	£0.8m - TA Payments, discretionary payments, BDP increase totalling £1.302m; all offset by rental income from increased TA (£0.500m). £3.2m – Re Guaranteed Income supplier relief £0.1m – Re Indexation pressure £0.9m - £0.202m lost commercial rent from Barnet House, £337k lost income from commercial property acquisitions, £0.275m budget removed for review of commercial portfolio whereby costs are still being incurred in 2020/21 due to COVID delays, £0.120m security costs on land at risk of encampment. £0.4m - £0.231m IT and Customer services related costs, £0.164m short fall in B, D & M income compared to last year £0.1m - £52k campaigns costs to date plus additional £75k expected which includes issues of Barnet first. £0.1m - TPAP corporate re-entry programme, shortfall in filming and advertising revenue
Assurance	285	£0.050m – CAFT, Loss of POCA income not funded by reserves £0.014m – Emergency responders, additional costs £0.221m - Parks patrol additional costs alongside environmental enforcement income
Finance	0	
Total	32,470	

1.9 Table 3b below provides a breakdown of key movements in the forecast Covid financial impact between month 2 and month 3.

Table 3b Movement in Covid Financial Impact Month 2 to Month 3

Service Areas	Covid Impact M2	Covid Impact M3	Movement Adverse / (Favourable)	commentary
	£'000	£'000	£'000	
Adults and Health	11,456	11,456	0	No movement recorded in month.
Children's Family Services	2,867	2,819	(48)	Reduction in misc. costs- not material
Environment	11,403	11,973	569	Adverse movement due to: An adverse movement of £1.0m due to additional mortuary costs which were flagged as a risk at Month 2 but has now materialised A positive movement of £0.8m due to reduced impact from loss of TFL funding for the LIP programme An adverse movement of £0.2m related to parking income as whilst there was an increased forecast in PCN income there were adverse movements in the impact of achieving parking savings due to covid as well as reduced off street parking income.
Growth and Corporate services	2,458	5,938	3,480	Adverse movement is predominately in Re and is due to the shortfall in Guaranteed Income expected to be funded by the supplier relief mechanism. The actual impact of the pandemic on income levels and the consequent impact of the cap on RE's liability only became apparent in early July following the agreement of a contract change notice. RE Guaranteed Income shortfall is predominantly attributable to the following areas: <ul style="list-style-type: none"> • Planning, Planning direct action and Panning strategy services • Land Charges • Building Control

				<ul style="list-style-type: none"> Care & Repair Empty Property Enforcement
Assurance	150	285	135	Adverse movement due to the emergence of detailed information on emergency responders, CAFT income shortfall and additional community safety costs.
Finance	0	0	0	
Total	28,334	32,470	4,136	

1.10 The comparison of the costs set out in tables 3a and 3b with available funding is set out below in table 4. The following points should be noted:

- Adjusting items – GF Costs and incomes are shown net, so some adjustments have been made to match gross funding (the presentation of the NCL CCG funding anticipated, and for targeted grants for the safe reopening of High Streets, Test and Trace, and Prevention Control).
- The 2 July announcement set out an additional tranche of funding, of which the Council is to receive £3.2m.
- The announcement also made provision for collection fund deficits, which would ordinarily be carried forward to the following year now to be spread over 3 years (rather than to be recovered in a single year). NB - Recovery over 3 years will impact on the general fund.
- The table assumes £7.441m as the benefit arising from the “75%” funding proposal for Sales, Fees and Charges income losses, also announced. The full detail of this calculation is being worked through and guidance continues to evolve, so this estimate is subject to change.

1.11 Taking these changes and updates into account, there remains an unfunded pressure within the year of £2.150m, with pressures of £11.976m deferred into future years.

Table 4 Covid costs and funding

Covid-19 costs and funding summary	month 2	month 3	change
	£000s	£000s	£000s
General Fund net cost pressures (as above)	28,334	32,470	4,136
Add: Adjusting items (net costs grossed up for NCL income assumed; and expenditure linked to targeted funding – reopening High Streets, Infection control, and Test and Trace)	10,200	8,852	(1,348)
Total General Fund pressures (gross)	38,534	41,322	2,788
Collection fund pressures	17,733	16,109	(1,624)
Total In-year pressures	56,267	57,431	1,164
Less: funding available	(30,653)	(35,864)	(5,211)
Net pressure identified in-year	25,614	21,567	(4,047)
Further mitigations (2 July announcement)			
Collection fund losses deferred and spread over 3 years		(11,976)	
Estimated mitigation of income losses from Sales, Fees and Charges		(7,441)	
Net pressure remaining in-year		2,150	

(based on current information, i.e. no 2nd wave)			
Memorandum: Collection fund pressure deferred to later years (will impact GF savings)			
2021/22		3,992	
2022/23		3,992	
2023/24		3,992	
<i>Total</i>		11,976	

1.12 CMT should be aware that the figures presented above exclude two items:

- HRA cost pressures estimated at £1.347m. These are anticipated to be charged to the HRA reserve, so will not impact the figures above unless there is a policy decision to provide funding from within the General Fund.
- Parking income bad debt at £1m. This value is reported to MHCLG as part of the overall pressure, but would not usually be included in general fund monitoring during the year. Bad debt provisions already exist, and it is not clear whether the estimate of £1m is an accurate estimate, nor whether this will become a liability for the revenue accounts or be addressed through other year end bad debt adjustments.

1.13 Details are also being worked through on how the funding received is to be allocated between services, using the priorities agreed by the Policy and Resources Committee (cost pressures, income losses, and savings unachieved). It is intended that allocations will be determined quarterly based on known commitments, but only finalised at year end once all actual costs are known. Current estimates indicate that the funding received is close to the estimated costs, and it is not anticipated that any service will be adversely impacted as a result of, for example, costs which transpire late in the year.

1.14 CMT should also note that the deferral of collection fund impacts into later years and the application of specific (section 31) grants is expected to mean that there will be a significant increase in the council's reserves being carried forward into 2021/22. However, this is due to government and legal regulations regarding the treatment of collection fund and section 31 grant balances and will not represent a material change to the overall financial position (MTFS) of the council. (Figures above reflect the anticipated deficit between s31 grant receipts and actual cash losses to the council.)

1.15 **CMT may wish to consider the impact of this most recent MHCLG announcement** and the changed perspective for the Council's financial position in the year.

- Savings will continue to be required for 2021/22 as previously indicated.
- The additional funding, and the basis for it, appears designed to mitigate the significant pressures flagged through the monthly MHCLG returns, and highlighted through specific media coverage, other council publicity, and lobbying through different council groups (London Councils, District and County Council Networks, SIGOMA etc).
- There will clearly be a pressure to fully deploy the additional funding afforded to local councils to ensure that key areas of supply (e.g. the adults' and children's care sectors) are supported and are resilient for any future second wave or local lockdown.
- Additionally, local government will be expected to play a key role in supporting and promoting the resilience and growth of our local and regional economies.

Reserves

1.16 The table below shows the forecast drawdowns or top-ups to reserves at Month 3.

Table 4 Forecast drawdown/top-up of reserves at Month 3

Service Areas	Forecast (drawdown)/top-up to reserves	commentary
	£'000	
Adults and Health	(399)	Drawdown from transformation service supporting workforce, recovery planning and service reviews.
Children's Family Services	(109)	Forecast drawdown from transformation reserve for international recruitment and voice of child activities.
Environment	(581)	£0.581m drawdown in respect of the Tree planting programme
Growth and Corporate services	(422)	£0.250m homelessness support £0.130m DRS management fee £0.042m strategic contract review
Assurance	100	£0.150m top-up to local elections reserves £0.050m drawdown in relation to CAFT
Finance	900	£12.000m – Additional s31 grant received in respect of Brent Cross top-up £10m to MTFs reserve and £2m to Recovery Plan initiatives £0.9000m top-up in respect of pension pre-payment
Total	(511)	

1.17 Additionally, there is £8.772m in the Revenue Grants unapplied reserve which is in relation to Covid Tranche 1 money received in March 2020. This grant will be fully utilised in 2020/21 but is not yet included within the forecast above.

1.18 The forecast reserves balances at year-end is shown in Table 6 below. This is based on known, confirmed values so far in the year. Any impact arising from the cost of the response to the pandemic is not included.

Table 5 Reserves Balances Month 3 Forecast

Reserve Movements	Balance Brought Forward	In-year use of reserves	Increases to Reserves	Resulting balance
	£000s	£000s		£000s
Revenue Reserves - non-earmarked	39,813	(1,594)	1,083	39,302
Revenue Reserves - earmarked	9,249	(12,000)	12,000	9,249
Revenue Grant - unapplied	8,772	(8,772)		0
Total Revenue	57,834	(22,366)	13,083	48,551
Capital Reserves	9,858			9,858
Total All	67,692	(22,366)	13,083	58,409

1.19 Earmarked reserves include an amount of £12.0m arising from treatment of a section 31 grant allocation related to the Brent Cross project. This is a technical anomaly arising from the 'designated area' status afforded to the project combined with the recent covid-19 business rate reliefs and appears to be a windfall for the council. Technical advice is being sought to confirm the status of the funds and the appropriate treatment and possible use of them. For transparency, this report shows the funds arising, but also assumes application in-year (net nil impact), until the appropriate treatment has been clarified.

Savings

1.20 In 2020/21 budget planned for the council to deliver £17.311m of savings. Table 7 below summarises the value of savings that are expected to be achieved against that savings programme. These amounts are included in the forecast shown in table 1.

1.21 **CMT are invited to consider** what actions could be taken to maximise delivery of savings during the year, given the constraint on this arising from the response to the pandemic.

Table 6 Savings Delivery 2020/21

Service Area	Savings target 2020/21 £'000	Savings On Track as at 30/06/2020 £'000	(Gap)/Over to plan £'000	Service area gap %
Adults & Safeguarding	(5,741)	(3,386)	(2,355)	41.02%
Children and Family Services	(2,719)	(2,232)	(487)	17.91%
Environment	(4,150)	(1,855)	(2,295)	55.30%
Growth and Corporate Services	(3,874)	(2,739)	(1,135)	29.30%
Assurance	(247)	(233)	(14)	5.67%
Finance	(580)	(500)	(80)	13.79%
Total	(17,311)	(10,945)	(6,366)	
Percentages	100.00%	63.23%	36.77%	

1.22 Further details of the Month 3 forecast position can be found in the Appendices A-F in this report. The values of accruals under- or over-applied are excluded from the forecast set out at table 1.

2. Ringfenced funding

Housing Revenue Account

2.1 The HRA budget was set following the approval of the HRA business plan in January 2020. The budget for 2020/21 was a deficit budget of £2.540m.

Table 7 HRA Forecast Outturn Month 3

HRA Housing	2020/21 Budget £	Actuals to date £	Forecast £	Variance to Budget £	Variance change from prior period £
Dwelling Rent	(50,404,962)	(8,307,214)	(50,083,284)	321,678	(383,284)
Non-Dwelling Rent	(1,093,275)	(231,176)	(888,100)	205,175	171,900
Service & Other Charges	(7,413,687)	(2,673,475)	(6,627,600)	786,087	72,400
Other income	0	0	(800,000)	(800,000)	(800,000)
Housing Management Fee	19,024,394	4,478,670	18,731,761	(292,633)	570,000
Other admin and staff costs	1,500,274	(445,645)	1,658,580	158,306	(248,000)
Internal recharges	3,047,794	0	3,425,403	377,609	164,952
Repairs & Main'tce - Mgt Fee	6,940,886	1,735,500	7,592,000	651,114	650,000
Repairs & Main'tce - Non core	20,000	0	837,868	817,868	20,000
Provision for Bad Debt	257,789	725	737,789	480,000	407,789
Regeneration	837,000	45,099	829,000	(8,000)	2,000
Capital Charges	8,253,255	0	7,570,000	(683,255)	0
Depreciation	21,651,168	0	21,651,168	0	(848,832)
Interest on Balances	(80,153)	(872)	(80,153)	0	0
(Surplus)/Deficit	2,540,483	(5,398,388)	4,554,432	2,013,949	(221,076)

2.2 As at month 3, the forecast deficit is £4.554m, which equates to a £2.013m overspend from the agreed 2020/21 budget. This has resulted in an expected forecast draw down from the HRA reserve as summarised in the following table. The position has moved favourably from P2 to P3 by £0.221m due to the emergence of more accurate information on costs and income.

Table 8 HRA Reserves

Service Area	B/Fwd	Forecast Revenue Movement	Forecast Depreciation	Forecast Funding for Capex CFR	C/Fwd
	£'000	£'000	£'000	£'000	£'000
HRA Reserve	7,427,983	(4,554,432)			2,873,551
Major Repairs Reserve	11,460,381		21,651,168	(21,651,168)	11,460,381
HRA Reserves	18,888,364	(4,554,432)	21,651,168	(21,651,168)	14,333,932

2.3 As a result of the emerging forecast position, work is in hand to establish a number of options, recommendations and proposals to improve the HRA position. This includes:

- Review of accounting policies (Capital charges and depreciation).
- Review of reserve balances, contributions and movements (HRA reserve and MRR).
- Review of 50-year business plan and medium-term financial strategy.
- Review of controllable items, council recharges and other components of the HRA.
- Comprehensive review of all current arrangements between the council and Barnet Homes to ensure that all information impacting on the financial forecast for the HRA is shared in a timely manner and to promote co-ordination in the overall management of the HRA.

Dedicated Schools Grant

2.4 The DSG budget has been updated this month to match more accurately the allocations indicated by the DFE. Further change will be made once the DFE further update allocations. For month 3, the forecast is showing a minor underspend of £0.070m. The table below shows the forecast as at month 3:

Table 9 Dedicated Schools Grant Month 3

	Budget	Month 3 Forecast Outturn after reserve movements	Month 3 variation to revised budget
	£'000	£'000	£'000
<u>Expenditure</u>			
Schools:			
- Individual Schools Budget	142,824	142,824	0
- Growth Fund	2,545	2,545	0
- Central schools expenditure	1,087	1,087	0
- ESG retained funding	1,054	1,054	0
Sub-total	147,511	147,511	0
Early Years Block	29,304	29,236	(68)
High Needs Block	49,508	49,506	(2)
Sub-total	78,812	78,741	(70)
Total	226,322	226,252	(70)
<u>Income</u>			
DSG Income	(226,322)	(226,322)	0

DSG c/f	0	0	0
Total	(226,322)	(226,322)	0
Net DSG	0	(70)	(70)

- DSG Brought Forward 1/4/20- £1.808m
- In Year underspend- £0.070m
- Forecast DSG Carried Forward 31/03/21- £1.878m

Public Health Grant

2.5 The public health grant is currently expected to remain within budget. There is some overspending in the service area, due to Covid 19 pressures. Further details are set out in appendix A.

3. Capital Programme

3.1 The capital forecast outturn for 2020/21 capital investment programme is £461.811m, of which £378.245m relates to the General Fund programme and £83.566m relates to the HRA capital programme.

Table 10 Capital Forecast Outturn

Service Area	2020/21 Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	2020/21 Forecast Outturn £000	Variance from Approved Budget £000	Expenditure to date £000
Adults and Health	3,877	402		4,279	402	28
Children's Family Services	21,213	114	2,019	23,346	2,133	1,300
Growth and Corporate services	157,342	286	(16,984)	140,644	(16,698)	17,493
Environment	35,343	2,036	(1,071)	36,308	965	593
Brent Cross	168,043		(7,031)	161,012	(7,031)	(743)
Regional Enterprise (Re)	16,381		(3,724)	12,657	(3,724)	2
General Fund Programme Total	402,199	2,837	(26,791)	378,245	(23,954)	18,674
HRA	103,285	(3,472)	(16,247)	83,566	(19,719)	16,144
Grand Total	505,484	(635)	(43,038)	461,811	(43,673)	34,817

3.2 The key issues and variances for each service area are summarised below. Detailed analysis can be found in the individual directorate appendices.

3.3 **Adults and Health** – The reported pressure against Adults and Health approved Capital Programme budget 2020-21, as at month 3 is £0.402m. Broken down as follows:

- Sports and Physical Activities underspend £0.300m - project nearing completion, residual risks not now expected.
- Mosaic IT overspend £0.702m - continued support for implementation.

3.4 **Children's and Family Service** – The capital programme is in line with approval by P&R. This is currently showing as accelerated spend of £2.019m and we are anticipating additional spend of £0.114m that will be included once approved by CSB.

- 3.5 **Growth and Corporate services** – The capital programme has a total budget of £157m in 2020/21, of which we are forecasting spend of £141m and an underspend of £16.7m. All of this is expected to be slipped into 2020/21. The significant contributors to the forecast underspend can be summarised as follows:
- £11.502m delay in the Saracen loan to bring in line with the latest financial model
 - £2.637m micro site development for affordable homes, again as a result of construction delays
 - £1.9m for the development of empty properties as a result of construction delays
- 3.6 **Environment** – the capital programme for environment has additions and deletions of £2.036m as well as a net slippage of £1.071m:
- This is largely made up of an addition of £2.049m against the local implementation plan – assumed that funding which has been bid for will be received.
 - £0.091m deletion in relation to Travel Plan Implementation
 - £0.078m addition against drainage schemes.
 - These additions have not yet received approval through internal reporting and P&R Committee.
 - There is slippage of £3.846m slippage in relation to Street Scene Vehicles. The projection includes the orders placed for 12 RCVs to be delivered in Q2 and 31 RCV to be delivered in Q3/4.
 - Accelerated spend of £2.710m in relation to LED lighting due to the project expecting to be fully completed in 20-21. The project is being partially funded from a Salix loan which will be repaid after the project completes.
- 3.7 **Brent Cross** - The 2020/21 forecast has slipped £7m into future years since the M2 analysis, this is the latest programme update. The overall scheme remains on budget.
- Funding for Land Acquisition is inclusive of the latest property cost estimates with a built in 5% contingency and is currently shown on budget. It is expected that all properties forecast will be acquired in 2020/21 however there could be some in-year delays in completions due to the impact of COVID-19. Three properties and a hardship case are in the process of being acquired. In July the council purchased a sole property under the CPO Indemnity agreement on behalf of our developer partner, which has subsequently been repaid.
 - Thameslink Station 2020/21 forecast has slipped £5.1m into future years. This is made up of £3.3m under the Waste Transfer Station (WTS) and £1.8m under Rail Systems work packages. The TOC & Sidings elements of the programme are now complete, and the WTS procurement is currently at SQ stage. BXT transfer to a new provider has been evaluated with the successful bidder recommend to HAG Committee on the 6th July after an extensive review.
 - Critical Infrastructure 2020/21 forecast has slipped £1.9m into future years. The BXS Infrastructure works undertaken by our development partner has been reprofiled in line with the impact of Covid. This has resulted in £1.2m being profiled into 2021/22. The remaining £0.7m relates to further realigning of the programme budget in year.
- 3.8 **Regional Enterprise (Re)** – At Month 3 slippage of £3.724m has been reported, this mainly consists of the following £1.783m slippage against Colindale - Highways & Transport as there is no project plan in place due to COVID-19. Projected spend for planning costs for larger schemes in future years; and £1.941m against Grahame Park - Community Facilities. This project is 100% affordable as the project is not relying on the market, therefore no COVID impact. Projection based on £0.160m for refurbishing existing health facility, and £0.020m fees. The remaining to be used on the new health facility in the next 3-4 years.

HRA Capital Investment

3.9 The HRA has a capital expenditure budget of £103.285m in 2020/21, of which we are currently forecasting to spend £83.566m which is a £19.719m underspend. Of this underspend, £16.247m is expected to be slipped into 2021/22 whereas £3.472m is expected to be removed from the programme. The significant variances to budget can be summarised as follows:

- £9.9m Barnet Homes GLA development underspend in 2020/21
- £7.6m Extra Care (Stag & Cheshire) underspend in 2020/21
- £1m M&E / Gas accelerated spend in 2020/21

The underspends overall are largely as a result of delayed construction work.

Funding of the Capital Investment Programme

3.10 The composition of capital funding is detailed in the table below. The level of funding from Capital receipts, Revenue/ Major Repairs Allowance (MRA) and Community Infrastructure Levy (CIL) funding remain broadly the same as the previous period.

Table 11 Funding the Capital Programme 2020/21

Service Area	Grants/ Other contributions £000	S106 £000	Capital Receipts £000	Revenue/MRA £000	CIL £000	Borrowing £000	Unfunded £000	Total £000
Adults and Health	2,000	0	90	0	1,110	377	702	4,279
Children's Family Services	19,435	4	715	0	297	2,781	114	23,346
Growth and Corporate services	154	4,782	13,443	491	69	119,414	2,289	140,644
Environment	59	3,398	2,334	440	10,418	17,532	2,127	36,308
Brent Cross	146,969	0	0	0	0	14,043	0	161,012
Regional Enterprise (Re)	0	893	0	0	3,014	8,750	0	12,657
General Fund Programme	168,617	9,077	16,582	931	14,908	162,898	5,231	378,245
HRA	4,984	0	10,142	31,535	0	36,905	0	83,566
Total Capital Programme	173,601	9,077	26,724	32,466	14,908	199,803	5,231	461,811

3.11 The unfunded items are in relation to additions that have not yet gained CSB/P&R approval. These will go to the July CSB and September P&R. They are broken down as follows:

- £0.701m Improvement to Mosaic
- £0.014m Monkfrith School flooring
- £2.289m Disabled Facilities Grant additions
- £2.049m LIP funding
- £0.078m River Brook Trash Screens

4. Debtors

4.1 Between May 2020 and June 2020 overall debtors decreased by £2.824m. An analysis of debtors as at the 30 June 2020 is provided below at Table 15 and 16. It should be noted that this information is a snapshot as at that date and the position will change daily.

4.2 Overdue debtors (up to 30 days and older) as at 30 June 2020 was £28.270m an increase of £5.956m for the same period in 2019 where the outstanding balance was £22.314m.

Table 12 Aged Debt Analysis as at 30 June 2020

Debtor	Not Overdue £000	Up to 30 days £000	30 - 60 days £000	60 - 90 days £000	Over 90 days £000	Total Debt £000
Month 3	2,140	6,178	928	4,439	16,593	30,278
Month 2	2,461	1,550	5,788	6,637	16,666	33,102
Movement	-321	4,628	-4,860	-2,198	-73	-2,824

4.3 Table 16 gives detail of the top ten individual debts by debtor, totalling £17.577m. Comments on specific debtors follow.

Table 13 Top 10 debtors as at 30 June 2020

Debtor	Total Debt £000	Not Overdue £000	Up to 30 days £000	30 - 60 days £000	60 - 90 days £000	Over 90 days £000
NHS Barnet CCG	5,808	0	25	19	808	4,956
Regional Enterprise Ltd	3,408	160	2,856	47	0	346
The Barnet Group	1,737	5	-31	22	1,745	-5
The Fremantle Trust	1,357	0	0	0	0	1,357
Barnet PF	1,319	0	1,319	0	0	0
Barratt Metropolitan LLP	1,063	649	232.040	0	6	176
Comer Homes	993	0	0	0	0.000	993
NHS North Central London CCG	797	204	593	0	0	0
Hasmonean High School	655	0	0	0	654	1
London Borough Of Ealing	442	0	0	0	247	195
Total	17,577	1,017	4,994	88	3,460	8,019

- NHS Barnet paid £4.9m in June reducing the outstanding balance considerably. The balance outstanding does not yet include any invoices for covid 19 response costs.
- Discussions are taking place with Regional Enterprise to clear their outstanding balance.
- Discussions are taking place with The Barnet Group to clear their outstanding balance.
- There has been no recent activity with the Fremantle Trust owing to Adults prioritising Covid-19 related work.
- Barnet PF debt was cleared in month 4.
- Barratt Metropolitan paid £232k in month 4 and a statement of account has been issued explaining the remaining debt.
- Estates had agreed to hold the Comer Homes debt until June. The Assistant Director of Estates is now back in discussion with HBPL regarding this debt.
- The NHS North Central London are relatively new invoices and will be discussed as part of the wider CCG debt.
- Discussions are now taking place with the Hasmonean High School debt and will be escalated in month 4 as appropriate.
- Discussions are taking place between HBPL, the Director of Adult Social Care and his counterpart at Ealing to try and resolve this debt.

4.4 At the end of June, the Accounts Receivable team returned to their substantive posts following their Covid-19 redeployment. They have commenced a series of telephone campaigns to re-engage with our debtors and offer support and encourage payment. The team will shortly be issuing 'soft' reminders to those who have still not brought accounts up to date and these will be of a supportive nature. This approach has reaped some benefit with the overall debt position reducing by £2.8m. Discussions continue to take place with both the debtors and the relevant service areas to achieve collection.