CABINET

Report subject	**Financial Outturn Report 2020/21**
Meeting date	23 June 2021
Status	Public Report
Executive summary	This report provides details of the final financial outturn for the revenue account, capital programme, reserves, and the housing revenue account (HRA) for the financial year 2020/21. It also includes a small number of proposed virements to the budget for 2021/22 for new grants awarded since the budget was set in February. The general fund revenue outturn is a surplus of £5.1 million for the year which it is proposed be added to the earmarked medium term financial plan (MTFP) mitigation reserve to manage financial risks over this timeframe. This period includes major projects to transform how the council operates and to regenerate the area. This is an improved position compared with quarter three from work concluded in the final quarter to make the best use of all available grants to support unbudgeted Covid expenditure within services, reductions in cost pressures, most notably within adult social care, and significant income streams performing better than expected.
Recommendations	**It is RECOMMENDED that:** **Cabinet:** **a. Note the year-end financial outturn positions achieved including revenue, capital, reserves and for the HRA.** **b. Accepts the 2021/22 awards from Public Health England for the drug & alcohol homeless grant of £0.688 million and the criminal justice system grant of £0.414 million and delegates authority to the directors of adult social care and housing to implement the programmes of revenue expenditure as set out in paragraphs 92 to 101.** **c. Agree the capital virement in paragraph 153**

	Council: **a. Agree the transfer of the £5.1 million surplus for the year to the MTFP mitigation reserve.** **b. Agree that the contain outbreak management fund (COMF) allocation for 2021/22 of £2.533 million is retained in a contingency to manage any outbreaks that may occur later in the year, as recommended by the director of public health as set out in paragraph 83.** **c. Agree the capital virements in paragraph 154**
Reason for Recommendations	• To comply with accounting codes of practice and best practice which requires councils to report their end of year financial position compared with the budget of the authority. • To comply with the council's financial regulations regarding budget virements and the acceptance of new grants.
Portfolio Holder(s):	Councillor Drew Mellor, Leader and Portfolio Holder for Finance & Transformation
Corporate Director	Graham Farrant, Chief Executive
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Wards	Council-wide
Classification	For Decision

Background

1. In February 2020 Council agreed the annual general fund net revenue budget of £283 million, a capital programme of £106 million and the net use of reserves of only £0.5 million. Budgets were also agreed for the housing revenue account (HRA).

2. The revenue budget year end surplus projected at quarter three enabled £13.3 million to be set aside in the in transformation, Covid19 and MTFP mitigation earmarked reserves as part of the management of budget risks for next year.

3. Government financial support received during the year was substantial with four allocations from the emergency Covid-19 fund (renamed as the Covid pressures grant in 2021/22) totalling £29 million, an estimated £14 million grant to replace a proportion of lost sales, fees, and charges and £34 million of ring-fenced grants for specific services. Overall, this support was sufficient to fund the council's additional costs and lost income from the pandemic during 2020/21 with some grants able to be carried forward to manage the outbreak as lockdown measures are eased in the

new financial year. This demonstrates that the government honoured its commitment to provide the council with all the resources it needed to cope with the pandemic in 2020/21.

4. The government also provided funding for the council to run a range of national and local discretionary schemes to support businesses that were mandated to close or otherwise severely impacted by the pandemic.

Revenue budget monitoring 2020/21

5. The overall revenue budget outturn is a surplus of £5.1 million. It is proposed that this is transferred to the earmarked MTFP mitigation reserve to mitigate the growing risk profile in the medium term linked to the transformation programme and the council's ambitions for regeneration and recovery from the pandemic.

6. The £13.3 million added to the reserves in quarter three to support future costs of transformation was equivalent to the Covid-19 mitigation savings identified by services early in the pandemic and before the government had developed its full package of measures to support local government. At outturn this level of savings has been delivered and is included within the variance analysis for each directorate. The transfer to reserves is included in the central section of the budget.

7. As the year progressed, government departments allocated specific grants for additional service spending, including for outbreak management from the autumn with significant allocations received in quarter four.

8. The full year position reflects service pressures from regeneration and economy of £16.4 million (main item being £10 million of lost carparking income), and children's services of £6.4 million from the rising costs of looked after children and additional staffing.

9. Adult social care saved £4.4 million and environment and community £1.2 million, with Covid pressures supported by specific grants allocated late in the year for those more vulnerable and to reduce homelessness. These net savings are after additional council resources of £4 million were allocated to the adult social care sector from tranche one of government emergency funding early in the pandemic.

10. The outturn position improved significantly over the final quarter with net service pressures reducing by £15 million. Changes are largely related to the evolving pandemic. In adult social care, for example, a range of services could not be delivered or commissioned during the extended national lockdown period and across other services income streams performed better than expected. Children's services outturn remained close to the quarter three position in total.

11. Central items of £9.9 million offset the service savings to give the net £5.1 million improvement overall. These include transformation costs of £1.1 million which at quarter three were planned to be funded from reserves but at outturn not drawn down to preserve resources for the future. Also included are items totalling £6.5 million previously planned to offset pandemic pressures but instead have been transferred to reserves according to the agreed financial strategy. These transfers comprise the contingency of £1.2 million, refinanced capital programme of £2.8 million and unused revenue contribution to capital £2.5 million. Small changes over the quarter in other central budgets and funding adjustments make up the balance.

12. A summary of the 2020/21 revenue outturn position is set out below.

Figure 1: General Fund – Summary outturn as at 31 March 2021

Quarter 3 Variance £m		Approved Resource £m	Covid-19 Pressures £m	Mitigation £m	Other Actuals £m	Reserve Movements £m	Outurn £m	Variance £m
	Service Budgets							
1.5	Adult Social Care & Public Health	111.4	2.1	(3.7)	99.6	9.0	**107.0**	(4.4)
6.3	Children's Services	62.5	5.4	(0.7)	65.2	(1.1)	**68.9**	6.4
2.4	Environmental & Community	51.2	3.0	(3.2)	48.0	2.1	**50.0**	(1.2)
20.4	Regeneration & Economy	6.4	24.1	(4.0)	0.5	2.1	**22.8**	16.4
2.5	Resources	33.4	2.6	(1.3)	32.0	1.1	**34.4**	1.0
0.0	Transformation	0.0	0.0	0.0	2.3	(1.2)	**1.1**	1.1
0.4	100 Day Plan	0.0	0.0	0.0	0.2	0.2	**0.4**	0.4
(0.8)	Furlough of staff	0.0	0.0	(1.0)	0.0	0.0	**(1.0)**	(1.0)
32.7	**Total Service**	**264.9**	**37.2**	**(13.8)**	**247.8**	**12.3**	**283.6**	**18.7**
	Corporate Items							
0.3	Estates Management	0.0	0.0	0.0	0.1	0.2	**0.3**	0.3
0.4	Smarter Structures	0.0	0.0	0.0	0.4	0.0	**0.4**	0.4
2.3	Investment Property Income	(6.2)	0.0	0.0	(4.1)	0.0	**(4.1)**	2.1
0.0	Pensions	5.2	0.0	0.0	4.9	0.0	**4.9**	(0.3)
0.0	Repayment of debt (MRP)	11.0	0.0	0.0	8.6	2.5	**11.0**	0.0
(0.1)	Corporate Items	0.8	0.0	(4.6)	0.4	5.0	**0.7**	(0.1)
(0.2)	Interest on borrowings	1.8	0.0	0.0	1.8	0.0	**1.8**	(0.0)
0.0	Treasury Income	(0.2)	0.0	0.0	(0.2)	0.0	**(0.2)**	(0.0)
(2.5)	Contribution to Capital Projects	2.8	0.0	0.0	0.4	2.5	**2.8**	0.0
13.3	Contribution Covid and Transformation Mitigation Reserves	0.0	0.0	0.0	0.0	13.3	**13.3**	13.3
0.1	Transformation Revenue Implications	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0
0.0	Transfer to Reserves	1.9	0.0	0.0	0.0	1.9	**1.9**	0.1
0.0	Flexible use of Capital Receipts	0.0	0.0	0.0	(0.3)	0.0	**(0.3)**	(0.3)
0.0	Pension Capitalise Costs	0.0	0.0	0.0	0.6	0.0	**0.6**	0.6
13.6	**Total Corporate**	**17.2**	**0.0**	**(4.6)**	**12.5**	**25.3**	**33.2**	**16.0**
(29.0)	Covid-19 Grant	0.0	0.0	(17.9)	0.0	(11.1)	(29.0)	(29.0)
(13.3)	Grant for lost income	0.0	0.0	(14.0)	0.0	1.4	(12.6)	(12.6)
4.0	**Total Budget**	**282.0**	**37.2**	**(50.3)**	**260.3**	**27.9**	**275.0**	**(7.0)**
(1.2)	Contingency	1.2	0.0	0.0	(0.0)	1.2	**1.1**	(0.0)
(2.8)	Refinanced capital projects	0.0	0.0	0.0	(2.8)	2.8	**0.0**	0.0
0.0	HRA Cont to transformation	0.0	0.0	0.0	(2.0)	2.0	**0.0**	0.0
0.0	Review of Inherited Resources	0.0	0.0	0.0	(4.7)	4.7	**0.0**	0.0
(0.0)	**Net Budget**	**283.2**	**37.2**	**(50.3)**	**250.7**	**38.6**	**276.2**	**(7.0)**
	Funding							
0.0	Covid 19 Council Tax Income Guarantee	0.0	0.0	(1.1)	0.0	1.3	**0.2**	0.2
0.0	Covid 19 NNDR Income Guarantee	0.0	0.0	(0.1)	0.0	1.8	**1.6**	1.6
0.0	Council Tax Income	(217.1)	0.0	0.0	(217.1)	0.0	**(217.1)**	(0.0)
0.0	Business Rates Income	(58.1)	0.0	0.0	(98.4)	40.4	**(58.0)**	0.1
0.0	Revenue support grant	(3.0)	0.0	0.0	(3.0)	0.0	**(3.0)**	(0.0)
0.0	New Homes Bonus Grant	(2.6)	0.0	0.0	(2.6)	0.0	**(2.6)**	0.0
0.0	Collection Fund Surplus Distribution	(1.4)	0.0	0.0	(1.4)	0.0	**(1.4)**	(0.0)
0.0	Parish/Town/Neigh Coun & Charter Trustees	(1.0)	0.0	0.0	(1.0)	0.0	**(1.0)**	0.0
0.0	**Total Funding**	**(283.2)**	**0.0**	**(1.2)**	**(323.5)**	**43.5**	**(281.3)**	**1.9**
(0.0)	**Net Position**	**(0.0)**	**37.2**	**(51.6)**	**(72.8)**	**82.0**	**(5.1)**	**(5.1)**

13. The estimated pressures due to the pandemic have decreased from £47.5 million gross of government central grants (£5.2 million net pressure) in the quarter three report to £39.3 million gross (£2.3 million surplus) at outturn. There was significant uncertainty in January about the impact of the third lockdown on council services and the level of additional support expected from government. As in the wider economy, the impact was not as great as feared and net pressures reduced by £7.5 million. This was largely due to an improvement in income recovery, particularly for car parking, seafront trading and recharges to the capital programme with reduced cost pressures particularly in adult social care and housing. Greater use of specific grants has been made to fund unbudgeted Covid-19 expenditure. In adult social care there are also savings from service closures during the third lockdown and higher NHS and service user contributions towards care costs following the completion of assessments for adults discharged rapidly from hospital during the year.

14. Government compensation for lost sales, fees and charges has reduced at outturn from £13.3 million to £12.6 million, as income losses in the final quarter were lower than previously projected. After meeting the first 5% loss of income in full, losses above this level are funded by government at 75%. The grant estimate has been reduced by a transfer to earmarked reserves of £1.4 million. There remains some ambiguity in the calculation methodology and the grant amount has not yet been confirmed by government.

15. Service budget variances not directly related to the pandemic are relatively small at £1.8 million net savings in total. These service savings are in addition to the £13.3 million identified at the start of the pandemic and added into reserves at quarter three. Significant net pressures in this category remain in children's services at £1.7 million due to additional staffing costs. Budget pressures reduced by £4.4 million across all services in this category in the final quarter with the most significant reductions being in adult social care (£2.4 million) mainly from reduced demand for care packages and unfilled staff vacancies, and within resources (£0.9 million) from new savings identified for insurance, desk top replacements and software licences, legal fees and from the revenue and benefits service.

16. Monthly financial reports are continuing in 2021/22 to update MHCLG on the ongoing impact of the pandemic on service pressures, income streams, and tax collection.

17. Appendix A1 includes the detail of all 2020/21 projected budget variances greater than £0.1 million with a full revenue summary presented in Appendix A2.

Summary of 2020/21 outturn by directorate

18. The following paragraphs summarise the 2020/21 outturn position for each directorate.

Adult social care net variance £4.4 million underspend

19. It was noted at quarter three that there was significant uncertainty in the outturn projected overspend of £1.5 million for adult social care as the service remained at the forefront in supporting the NHS achieve rapid hospital discharges of adults due to the pandemic. This involved commissioning care on behalf of the whole health and social care system including self-funders and before processes to determine responsibility for costs could be completed.

20. Responsibility for costs for most people discharged from hospital between March 2020 and August 2021 (Scheme 1) was determined during quarter four when they were assessed and phased out from NHS hospital discharge funding. Also, further work in the final quarter with more data available for people discharged since 1 September 2020 (scheme 2), and the additional funding from government has reduced the estimated care market pressures due to Covid by £1.2 million, contributing to the surplus overall at outturn.

21. The council has supported the market with £4 million in the form of 10% value of commissioned care in the first quarter of the financial year and targeted support for unfilled beds in commissioned contracts due to Covid-19 outbreaks.

22. The Government has provided grant funding for the social care sector as follows: £11.5 million for infection control, £1.5 million for rapid testing and £0.9 million for workforce capacity. These funds have been distributed to the independent sector, in-house care services and the council's trading social care company (Tricuro). The use of these grants has also contributed to the reduction in cost pressures in council services at outturn.

23. During the pandemic many care services were not available to service users. The high level of Covid-19 in our community in January and February 2021 and national lockdown restrictions in quarter 4 meant that service users and carers continued to have restricted access to services. It is expected that most of the savings in the direct payments and respite budgets of £1.9 million are due to the pandemic.

24. In budgets for day care services, the independent sector has savings of £0.7 million and the Tricuro contract was reduced by £0.9 million for periods of closure. It is anticipated that these savings will not be on-going as services will resume to previous levels as the restrictions are removed. Pressures in the other services that remained operational, were met with the use of the specific government grants noted above.

25. Most of the £4.2 million mitigating savings identified to manage pressures early in the year were delivered as intended. The pandemic absorbed all available staffing and it was not possible to proceed with the work required to deliver £0.5 million of savings from a package of measures, which includes targeted reviews for people with learning disabilities.

26. Other movements in the adult social care financial projections include:

- Employee savings of £0.65 million due to recruitment difficulties and use of government grant to support employee costs.
- Reduced pressure in the cost of care packages by £1.6 million, to £0.7 million. Significant uncertainty was highlighted at quarter three when the council was commissioning approximately 20% of new care under the NHS hospital discharge schemes. It was not yet known how much cost would remain the responsibility of the Council after the assessments for each case were completed during quarter four. The reduced pressure also includes anticipated discharges to the community from mental health hospitals not taking place and expected demand did not materialise from people with learning disabilities in the community.
- Additional income from service users, mainly deferred payments of £0.356 million.

- Smaller other net savings reduced from £0.264 million to £0.115 million from the bad debt provision increase in line with the council's accounting policy. The full year savings are from equipment and small adaptations, other equipment and general running costs, and additional income from property rents and deputyship arrangements.

27. The average cost of care home placements commissioned since the beginning of the pandemic under emergency hospital discharge arrangements continue to be higher than budgeted. A sum of £1.3 million has been included in the MTFP for 2021/22 in recognition of these legacy costs but they could be much higher and be a draw on the £9.9 million of Covid-19 emergency funding provided to the Council for 21/22.

Children's services – net variance of £6.4 million overspend

28. The final in-year overspend in children's services for 2020/21 is £6.4m and is due to the extra costs of care and staffing. The total pressure on care is £4.5 million and the overspend in other areas is £1.9 million.

29. The care packages pressure is from both significantly increased cost of some placements due to greater needs and complexity but also a continued increase in numbers of children being placed into care.

30. Permanent savings of £0.2 million are included for staff restructures across the three service areas along with commissioning savings of £0.2 million. There are also other miscellaneous savings of £0.2 million. The £0.1 million one-off contribution from a partnership reserve was not sought from the board as there is a review being undertaken of the whole service area and the reduction was viewed as counterproductive but will be looked at in 2021/22 following the outcome of the review.

31. Staffing pressures continuing from last year include the social work front door team and business support. The major overspend was in the front door team which was, as projected, at £1.2 million. This is due to significant use of agency social workers above vacant establishment posts to clear a significant backlog of cases. The cost of temporary and interim senior posts designed to make rapid improvements in the service is also adding to the overspend on staffing. Additional staffing pressures were also seen in the significantly under pressure SEN team due to the growing caseload and in the case management systems team which is engaged in the wider "care together" programme to establish a single system for the new council.

32. As noted in the budget report from the corporate director for children's services in September, the outturn includes additional expenditure of £0.3 million to support the implementation of the service improvement plan.

33. Pressures projected at quarter three in SEN transport has at outturn come in under budget along with the wider mainstream transport budget. The annual home to school transport budget is traditionally volatile and challenging to project. It is demand-led and impacted by numerous variables outside of the control of the Council. The degree of difficulty was magnified during 2020/21 because of the impact of the pandemic, some of the underspend is directly attributable to school closures, where contactors were paid less with staff furloughed. Other factors may well be the year two realisation of efficiency savings from the integration of Christchurch pupils.

34. At this point it would be unwise to presume that these savings are recurring. Rising home to school transport costs are an annual trend nationally. Despite our on-going efforts to operate efficiently, the trend of increasing demand, more medically and behaviourally challenging passengers and the transport impact of satellite schools are expected to lead to increased expenditure in 2021/22.

35. An additional pressure in the SEN team is that of legal support for work on tribunals (£0.17 million). This reflects the growing caseload for education, health, and care plans (EHCP's) and the continuing pressures outside the general fund in high needs expenditure funded by the Dedicated Schools Grant.

36. There are some miscellaneous underspends and vacancy drag to offset some of the pressures identified.

37. The allocation in December from the public health grant (£0.5 million) has been allocated to support expenditure in early help/children's centres in accordance with the purposes of this ring-fenced grant.

Environment and community – net variance of £1.2 million underspend

38. The quarter three report forecast a year-end position of an overspend of £2.4 million. The outturn position shows an improvement in both the impact of the pandemic, and some day to day operations.

39. In the December position, £5.7 million of the net pressure related to the Covid-19 pandemic, and at outturn this element has reduced to £3.0 million. The main areas contributing to the residual pressures are waste services, bereavement, and property maintenance. These pressures reduced over the fourth quarter and greater use of Covid-19 grants was made to cover other unbudgeted expenditure, particularly in providing temporary accommodation and supporting other vulnerable groups in the community.

40. Waste services have seen pressures from an increase of 7% on waste tonnages collected from domestic properties and a higher gate price for recyclate. There is also a higher level of overdue debt for which provision has been made. Income from the commercial weighbridge and skip-hire has been higher than anticipated mitigating the overall pressure in the service.

41. Within the housing service costs for temporary accommodation, subsistence and security arrangements have increased and the cold weather brought forward more people than expected in earlier estimates. Making these placements has also reduced the amount of housing benefit subsidy the council can claim as some of the accommodation does not attract full subsidy. The favourable movement overall in the final quarter, is due to some costs being covered by the application of the containment outbreak management funding (COMF). The total for all temporary accommodation related unbudgeted costs is £4.8 million but this has been mitigated by the receipt of housing benefit and using grants totalling £4.6 million. This pressure is on-going into 2021/22 and without continued support from MHCLG the financial consequences could be significant.

42. The council's maintenance and works teams lost income through the first lockdown but were hopeful of recovering across the remainder of the year. This was not possible due to further lockdowns but the impact in the fourth quarter was less than expected. In addition, the HRA has taken an appropriate portion of costs as a shared service between the two accounts, reducing the financial impact for the general fund.

43. The pressures within bereavement relate in the main to the council's share of the cost of providing the mortality support facilities at Poole port and in the Dorset Council area. There is some impact in the coroner's service due to an increase in the number of inquests and the special measures required when carrying them out, together with the cost of employing agency pathologists. Cremation service fees were reduced due to the restrictions placed on funerals, and memorial fees were also impacted.

44. There are also significant pressures within the catering & concessions and parks services from facilities being closed and reduced services. The loss of income in quarter four was less than forecast at the end of quarter three, the early opening of Kings Park Nursery also helped bring in additional income.

45. Within community services, the Covid-19 pressures are the impact of lost licensing and fixed penalty notice income, plus some additional security costs for the town centre. Specific grant income to support the clinically extremely vulnerable (CEV) has been received during the year and it appears in appendix A1 as a surplus because the related costs have been incurred across all council services in providing the emergency response. An early decision was taken not to transfer budgets when services were closed (some normally income generating) and staff were redeployed to support those identified as CEV in the community.

46. Across environment and community £3 million of in-year mitigation savings were identified in June, mainly due to postponing the application of corporate priority budgets, supplies and services budget savings and keeping vacant posts empty where possible. An additional £0.17 million has been realised due to the improved income from photovoltaic panels and garage rents. Permanent savings relating to service restructures, vacant posts, photovoltaic and garage rent income and other budget reductions have been applied to the 2021/22 budget.

47. The outturn position for other budgets has resulted in a surplus of £1.0 million. In waste and cleansing the budgeted European taxes on recycling did not materialise. There were savings from contract negotiations within housing related support. Highways maintenance achieved a surplus partly through increased income from installing drop crossings and ensuring that all works attributable to capital were charged to schemes accordingly. Telecare income had been prudently forecast to achieve budget but at outturn there was a surplus of over £0.5 million. Fees and charges span more than one financial year and income recognition calculations have been undertaken at the year end. The service and finance have committed to reviewing processes to ensure better predictions of income levels for future years

Regeneration and economy – net variances of £16.4 million overspend

48. The overall forecast position has improved by £4.0 million since the quarter three report, with both positive and negative movements across services.

49. The main Covid-19 pressures continue to be from lost income due to the lockdown periods and a slow recovery, particularly from car parking. Financial support provided to leisure and conference providers remains a significant pressure for the directorate.

50. The easing of lockdown during the summer enabled some income streams to recover, particularly car parking and seafront trading. The seafront catering service particularly has performed very well. However, this required significant investment in the management of the resort (£0.8 million). Extra measures were put in place to help manage social distancing during this period of high demand with additional

cleansing, security, communication and support to residents, businesses, and visitors. A number of these measures were re-instated in the third lockdown and some are likely to remain on-going. Some of the services included at quarter three in the £1.2 million pressure are now shown embedded within other service variances following a review of all additional costs with £0.8 million specifically related to targeted seafront support.

51. The level of anticipated income losses from the third lockdown did not materialise resulting in a £2.0 million improvement to car parking income and a £0.8 million improvement to seafront trading activities, with catering proving particularly resilient. Some uncertainty remains over leisure and hospitality tenant's ability to pay due to the pandemic.

52. Cultural and heritage budgets have experienced an additional £0.3 million pressure due to support for capital schemes that enhance facilities across the conurbation, updated insurance requirements regarding Russell Cotes Art Gallery and Museum and the PFI reserve has been increased to enable existing but variable obligations to be met. These were not previously provided.

53. In meeting its obligations, the council has agreed to provide significant support to our leisure services partners, BH Live and SLM, to help them through the pandemic and there are similar pressures associated with the council-run 2RM Christchurch leisure centre. Confirmation of the final support packages required by partners combined with reduced expenditure on repairs and maintenance has improved the position by £0.4 million. A £0.9 million reserve has been created to ensuring future year costs can be matched with available resources due to changes to the timing of support payments.

54. Data from engineering staff in the final quarter demonstrated a significant increase in hours worked to deliver the council's extensive range of capital schemes. This has resulted in the associated revenue pressure previously reported of £1.3 million being eliminated.

55. The net pressures expected in planning and building control services have increased by £0.35 million to £1.18 million as the wider economic impact of Covid-19 has crystalised.

56. Pressures in car parking associated with major repair work (£71,000) and business rates (£141,000) remain as well as those related to the transport network (traffic light and signalling contract costs of £99,000).

57. The projected costs of journeys for adult social care and extra Covid-19 requirements did not materialised contributing to a £0.25 million improvement within fleet services compared with the position forecast at quarter three.

58. The PFI contract with Dorset Council covering Christchurch street lighting has a £0.2 million budget pressure.

59. An income pressure of £72,000 in sustainable transport relating to a reduction in departure fees earned at the Bournemouth Travel Interchange.

60. Reduced activity and associated expenditure on staff and external agency and contractor workers in conjunction with an increase in capitalised hours means a £0.2 million saving in transport development and similarly a £0.4 million in flood and coastal management services.

61. Recovery of costs in the smart cities team improved by £69,000 to £169,000 and this has enabled a reserve to be created to ensure the necessary work is ongoing and remains funded into 2021/22.

62. Sustainable transport has utilised less policy budget and contributed £151,000 of savings in the service.

63. Delays to backlog maintenance works on bridges and structures plus reduced work activity on Bournemouth and Poole street lighting has created a £0.242 million saving within engineering but £0.164 million has been set aside in an earmarked reserve to support the completion of delayed works.

64. There is a £0.18 million saving in the signal maintenance contract within highways network management. Additionally, the service has seen an improvement in income for notices and inspections and revenue cost benefits with the introduction of the new street permitting arrangements totalling £0.242 million.

65. Covid-19 budget mitigation savings developed in June remain delivered, except from a new funfair that was not progressed as reported at quarter two and £0.3 million additional trading expenditure was required to achieve income recovery within destination and culture, particularly seafront. Delivered savings include those of a temporary nature arising from the outbreak period of £1.3 million, cancellation of the air festival at £0.3 million, plus the delay by the previous administration until next year of £0.15 million of spend on culture as part of members' priorities. Vacant posts and other budgets continue to provide £0.1 million of savings.

66. The development service has £0.3 million of savings from leaving vacancies unfilled and lower spend on general supplies during the outbreak, and £0.3 million saved by delaying Member priorities.

67. Growth & infrastructure have delivered savings from reduced spend during the outbreak of £0.7 million and unfilled vacancies of £0.5 million.

Resources – net variances of £1.0 million overspend

68. The final year end position for the Resources Directorate was a overspend of £1 million, an improvement of £1.5m compared to the projected quarter three position.

69. Covid pressures remained the biggest cause for the overspend at £2.6 million. The temporary cessation of debt collection for council tax and business rates alongside the courts being closed meant a loss of income of £1.1 million. The pandemic also impacted on income generation particularly for registrars and the land charge services, although recovery over the final quarter was better than expected.

70. The mitigation savings identified of £1.3 million in June were all fully delivered.

71. Additional pressures in the directorate of £0.9 million were mainly in relation to salaries. The intention previously had been to draw down reserves.

72. Additional savings achieved across the directorate total £1.2 million and include from the successful centralisation of stationary project achieving £0.1 million, external legal fees of £0.2 million and IT £0.4 million from reduced licences and desktop replacements.

Central items

73. The quarter 3 projected outturn was balanced by releasing contingency of £1.2 million, avoiding revenue contribution to capital of £2.5 million and utilising £2.8 million of monies refinanced from capital projects. Due to the improvement in the

outturn position during the final quarter, these resources totalling £6.5 million were not required to support the 2020/21 budget and instead can be held in the MTFP mitigation reserve.

74. In previous monitoring reports a pressure totalling £11.9 million has been reported in relation council tax and business rates loss of income. The expectation was this amount would be earmarked in reserves to deal with the estimated collection fund deficit payable in 2021/22. The government in December 2020 confirmed that the council will be able to spread the estimated deficits over 3 years. Therefore, the previous variance has been removed and is no longer showing in appendix A1.

75. The government also announced 75% income guarantees for council tax and non-domestic rates (NNDR) which have impacted in 2020/21. An assessment of the income due has meant council tax and NNDR income has not been as adversely affected as previously assumed with the grant therefore lower. To ensure there is sufficient funds to offset the planned three year spreading of the collection fund deficit, as noted in the above paragraph, a contribution to reserve has been made to make up the difference.

76. In previous monitoring reports it has been highlighted that the budget for a revenue contribution to capital would instead be redirected to support transformation costs. As part of setting the 2021/22 budget a thorough review of resources has been undertaken to ensure the impact on revenue is as limited as possible. This identified that the £2.4 million revenue contribution to capital could be released to further contribute towards the Covid-19 and transformation mitigation reserves.

77. The council's total claim to government for furloughing staff was just under £1m slightly higher than previously assumed in the December position of £0.8 million. Future claims in 2021/22 are expected to be much smaller as lockdown guidelines are eased.

Specific Revenue Covid-19 Grants

78. Specific government grants have been allocated during the year to manage service cost pressures resulting from the pandemic. A list of ring-fenced Covid grants in 2020/21 is included in appendix A3.

Adult social care

79. Grants totalling £13.8 million have been allocated by the Department for Health and Social Care (DHSC) for very specific purposes using national data sets for adult social care.

80. These include £11.5 million for infection control for onward allocation to local care providers according to national criteria, £1.5 million for rapid testing of care sector workers and £0.9 million to support additional workforce costs. Where there have been elements of discretion, decisions have been made in line with the grant conditions and where relevant made by the critical incident management team (CIMT) which was formed to make urgent decisions during the pandemic.

Public health

81. The DHSC allocated £10.9 million for extra public health measures in the second half of the year. Central reporting of expenditure is a condition of these grants, but the council has discretion in how the resources are used. They can be spent over two financial years with unspent amounts at March 2021 carried forward in earmarked reserves.

82. Grant allocations include £1.8 million for community test and trace activity and £9.1 million from the contain outbreak management fund (COMF). The COMF was allocated to councils per head of population in the autumn according to periods within tier levels. This was followed by further funding in the final quarter due to the national lockdown. Grant conditions include expected categories of expenditure and that decisions are made in consultation with the local director of public health. Decisions have been made through CIMT, or by officers on grounds of urgency with £8.1 million of expenditure authorised and £2.9 million spent in the year, leaving £5.2 million carried forward as committed into 2021/22. Main items approved include for testing, tracing, support to rough sleepers, compliance measures and resort management through March and the easing of lockdown in spring and early summer. The report provided at Appendix A4 from the director of public health provides greater detail of the two grants and how they have been allocated.

83. The COMF allocation for 2021/22 is £2.533 million with the director of public health recommending in accordance with financial regulations for **Council decision** that:

The £2.533 million is retained in a contingency to manage any outbreaks that may occur later in the year.

Homelessness

84. Grants include those provided following a successful bidding process, with acceptance approved by Cabinet or Council and these have been spent in accordance the bid. This includes £2 million from the Ministry of Housing, Communities and Local Government (MHCLG) to provide accommodation and support to those otherwise homeless during the pandemic. This funding enabled the council to continue the national 'everybody in' campaign after the end of the first lockdown period up to the end of the financial year. Other specific grants have been allocated during the pandemic to support the homeless and some existing grants were permitted to be repurposed.

Communities

85. Grants have been allocated for urgent spending to support people in our communities who are more vulnerable due to poor health or financial hardship. Grants include the Covid winter grant from the Department for Works and Pensions (DWP) for the provision of food and other essentials of £1.1 million from November up to the year end. Grant conditions include the parameters of supported groups and categories of eligible expenditure, with at least 80% to be allocated to families with children and largely for food. Grants have been received from MHCLG for additional welfare support and new services to help the clinically extremely vulnerable during the pandemic of £1.2 million. Spending plans meeting government criteria have been agreed through CIMT.

Transport

86. Transport grants totalling £0.9 million have been allocated from the DfE to fund the council's additional school transport expenditure and £0.3 million allocated from the Department for Transport (DfT) to support bus operators in maintaining public services with reduced fare-paying passengers.

Resources

87. The council was allocated new burdens funding of £1.1 million to set against the additional administration costs of running government schemes to support business and individuals.

88. During the year, significant government support to businesses has been administered via local councils with BCP allocated £157 million across the various schemes. These include the retail and hospitality business rates relief and cash grants at the start of the first lockdown, followed by further cash grants during subsequent lockdown periods for those mandated to close or severely impacted by the pandemic.

89. The council also administered £4 million of new funding allocated for individuals, being self-isolation payments from the test and trace system and additional support provided under the local council tax support scheme, with more people facing financial hardship as the year progressed.

90. Some of the new burdens funding is being carried forward in an earmarked reserve to fund the extra costs in 2021/22 from clearing the backlog in caseload that has accumulated as staff have needed to focus on administrating the new Covid related schemes.

Acceptance of grants bids for expenditure in 2021/22

91. Two grants requiring approval have been awarded for 2021/22 since the budget was set in February 2021. Under the council's financial regulations grant funding awarded over £100,000 and up to £1 million requires the **approval of Cabinet:**

Drug & Alcohol Homeless Grant - £0.688 million

92. The drug & alcohol commissioning team (DACT) have been successful in bidding to Public Health England for grant funding of £0.688 million for substance misuse support and treatment for individuals residing in temporary / emergency accommodation

93. The proposed budget allocation is:

- £0.319 million for staffing costs, including for the delivery of trauma informed care training to all staff within drug and alcohol support providers, supported housing and temporary accommodation. This will be delivered in partnership with the housing service and will also cover costs for people with lived-in experience who wish to volunteer / peer mentor.
- £0.359 million for additional treatment costs, such as for inpatient detoxification, residential rehabilitation, and trauma counselling.

94. If agreed targets within the bid are met, additional payments for exceeding targets will be received on a quarterly basis and will be ring-fenced to enable treatments to continue.

95. It would be difficult without this funding to target this client group and offer in-reach provision into the temporary and emergency accommodation. This would then adversely impact on the 'everyone in' initiative as people would have limited options for move on accommodation due to chaotic substance misuse. It should reduce the need to attend mainstream drug and alcohol services.

Universal Criminal Justice Grant - £0.414 million

96. DACT have also been successful in bidding to Public Health England for grant funding of £0.414 million to work with individuals returning from the prison estate, those arrested due to crimes linked to substance misuse and to reducing drug related deaths in the area.

97. Terms and conditions of the grant require a service to be delivered for a 12 month period from 1 July 2021 to 30 June 2022. This will give commissioned providers time to recruit suitable workers and a twelve month period to demonstrate outcomes.

98. The main theme of the application is to re-introduce a criminal justice team which had been disbanded in 2015, enhance the criminal justice programme and introduce new initiatives for the more expensive residential programmes.

99. Spend agreed by Public Health England is as follows:

- £8,520 towards data collation and commissioning tasks
- £132,000 for additional treatment options
- £216,480 to increase integration and improve care pathways for people in the criminal justice system
- £37,000 to increase treatment capacity to respond to extra diversions
- £15,000 for trauma informed counselling; and
- £5,000 to enhance harm reduction provision

100. Without this additional funding the council would not be in a position to offer all the additional interventions required to target this group, with high numbers of those with substance misuse issues re-offending and returning to the prison estate which impacts on their families and local communities.

101. This funding will assist in reducing the pressures on the criminal justice statutory agencies (Dorset Police and National Probation Service) and allow continued improvement in pathways and partnership working.

Reserves monitoring 2020/21

102. Earmarked reserves have been set aside for specific purposes and these were reconsidered in June in the light of the new financial environment and need to fund the transformation programme which is fundamental to delivering savings at scale.

103. The position in February was that £13.3 million was added to the transformation and financial resilience reserves, being the projected surplus for the financial year. The updated position now includes £6.5 million (as set out in para 73) to be added to the MTFP mitigation reserve as well as the surplus outturn position of £5.1m.

104. Figure 2 below summarises the projected movement in reserves during the current financial year.

Figure 2: Summary of projected movements in reserves

Reserves Balances	1 April 2020 £m	31 March 2021 £m	Movement £m
Earmarked reserves*	42.7	93.6	50.9
Un-earmarked reserves**	15.4	15.4	0.0
Total before Covid grants	**58.1**	**109.0**	**50.9**
Covid grants / resources	11.1	19.8	8.7
NNDR Covid Grant	0	40.4	40.4
Total reserves	**69.2**	**169.2**	**100**

*These amounts do not include revenue reserves earmarked for capital, schools or HRA.

**These amounts do not include the deficit on the dedicated school's grant

105. The main **movements** on other earmarked reserves during the year are as follow:

Financial Resilience Reserves

a)	(£25,106k)	**Refinancing of the Capital Programme Reserve** New reserve set up as culmination of refinancing the capital programme from borrowing. Amount will be drawn down in 2021/22 to support the budget
b)	(£4,748k)	**Review of Inherited Resources** New reserve set up as a culmination of review of inherited resources into BCP Council and approved by Full Council. Amount will be drawn down in 2021/22 to support the budget.
c)	(£9,982k)	**Covid-19 Financial Resilience Reserve** Contribution from the in-year position to support additional pressures from the ongoing pandemic
d)	(£13,228k)	**MTFP Mitigation Reserve** New reserve set up to manage any emerging issues with the management of the MTFP

Transition and Transformation Reserves

e)	(£14,149k)	**Transformation Mitigation Resilience Reserve** Established to mitigate timing differences in the transformation programme and any capital receipts shortfall.
f)	(£2,000k)	**Contribution from outside the GF towards Transformation** Approved contribution from outside of the general fund towards transformation costs.
g)	£1,179k	**Pay & Reward Strategy** Use of reserve to pay for work on the pay and reward strategy
h)	£909k	**Local Government Reorganisation Costs** Full use of reserve to pay for remaining LGR costs with balance redirected towards the transformation mitigation resilience reserve
i)	£1,181k	**Redundancy Reserve** Full balance of reserve not drawn down and added to transformation mitigation resilience reserve

Government Grants

j)	(£7,346k)	**Covid-19 Grants** Unspent Covid 19 grants which are forecast to be mostly spent during 2021/22
k)	(£40,409k)	**NNDR Covid Grants** Due to the intricacies of the business rates system an amount of section 31 grants has been paid to the council during 2020/21 which needs to be drawn down in 2021/22 to offset the collection fund deficit of circa £40 million.

Corporate Priorities and Improvements

l)	(£750k)	**Other Corporate Priorities & Improvements** Money set aside by services to deal with expected pressures in 2021/22 such as the rollover of unspent monies for the 100-day plan £214,000 and £164,000 to be spent on bridges and structures work.
m)	(£1,318k)	**Covid Recovery Resources** Money set aside by services to deal with expected Covid pressures in 2021/22 including within leisure and the revenue and benefits services.

106. Appendix B provides the detail of projected reserve movements for 2020/21

Dedicated Schools Grant (DSG) 2020/21

107. The DSG is allocated within four expenditure blocks for early years, mainstream schools, central council services and high needs. The aim would normally be to set the DSG budget for a balanced position overall.

108. The council is no longer able to add to the DSG from its own resources with the Department for Education (DfE) imposing a limit on how much funding can be transferred away from mainstream schools to support the high needs budget. Consequently, despite initiatives to reduce expenditure, the high needs budget for 2020/21 was set with a shortfall of £6 million compared with funding available from the DSG.

109. There is a surplus in 2020/21 of £1 million from the school's funding block after all mainstream schools received their full national formula allocations. The DfE did not approve transferring this to support high needs expenditure and it remains unallocated to offset the deficit overall.

110. The accumulated deficit at 31 March 2020 was £4.6 million, with the outturn funding gap of £3.2 million increasing this to £7.8 million at 31 March 2021. This is an improvement compared with the budgeted gap of £5 million and associated accumulated deficit of £9.6 million.

111. Figure 3 below summarises the projected deficit for the dedicated schools grant at 31 March 2021.

Figure 3: Summary position for dedicated schools grant at 31 March 2021

	£m
Accumulated deficit 1 April 2020	**4.6**
Budgeted high needs shortfall	6.0
School funding block surplus	(1.0)
Savings in high needs block (relating to prior years)	(1.3)
Funding adjustments and savings in other blocks	(0.5)
Accumulated deficit at 31 March 2021	**7.8**

112. The £5 million budgeted annual DSG funding gap has been reduced to £3.2 million. This is the result of high needs expenditure accrued in earlier years being settled at

£1.3 million less than provided due to imperfect information from legacy councils, plus £0.5 million from funding adjustments and savings within other expenditure blocks.

113. High needs expenditure relating to 2020/21 was on budget. The plan to flatten the growth in the number of funded education health and care plans (EHCP’s) has been successful at 5.8%. This had been budgeted at 13.5% in line with growth seen in recent years. There has been considerable growth in the number of EHCPs issued without funding attached with the overall growth in plans at 9.5%. Despite the EHCP trend and the creation of a significant number of new local places this element of the budget was still overspent by £0.3 million as the average cost of a plan remained higher than budget due to further reliance on high cost independent providers.

114. There were savings on other high needs budgets due to schools being closed to most pupils, with relatively few new cases coming forward for pupils with medical needs saving £0.4 million. The number of pupils unable to attend mainstream provision will likely return to normal levels in 2021/22.

115. The reduced level of permanent exclusions has not resulted in savings as public sector providers have been funded largely at pre Covid levels for financial sustainability as required.

116. The service in 2021/22 will report progress in bringing the high needs budget into balance at the High Needs Deficit Recovery Board, with meetings planned at six-weekly intervals. Meetings are also planned to be held with the Department for Education twice a year.

Transformation

117. As part of the local government finance settlement 2020/21, the Secretary of State confirmed a three-year extension from 2022/23 of the flexibility to use capital receipts to fund transformation projects. Local authorities can use only capital receipts from the disposal of property, plant and equipment assets received in the years the flexibility is offered. Set up and implementation costs of any new processes or arrangements that will generate future ongoing savings and/or transform service delivery to improve the quality of services in future years can be classified as qualifying expenditure.

118. Council on 7 July 2020 agreed to the extension of the transformation project to a £38 million programme referencing the quantum leap forward in different ways of working as a consequence of the Covid-19 public health emergency and the need to accelerate the pace at which we generate savings and efficiencies. The report set out that the £43.9 million must now be adopted as our minimum expectation of savings and efficiencies.

119. The Council has approved a funding strategy for the transformation programme that utilises capital receipts in accordance with the flexibilities allowed by the government. As of 31 March 2021, the council had utilised £0.3 million of capital receipts to fund transformation resulting in savings against the 2020/21 budget of £5.0 million as set out in figure 4 below.

Figure 4 Transformation Saving 2020/21

Service Area	2020/21 £'000
Adult Social Care	465
Environment and Community	1,942
Regeneration and Economy	1,722
Resources	829
Savings captured in the 2020/21 Budget	**4,958**

120. Savings were not requested from children's services as rapid improvement in performance was required during the year.

121. The 2021/22 budget is premised on the council delivering £7.5 million in savings with additional savings of £34.9 million over the following two years. The 2021/22 savings from the transformation programme are associated with the:

- Work to enable communities to take more responsibilities for their needs.
- Reduction in employee headcount through the consolidation of common roles/work.
- Reduction in employee headcount through the consolidation of organisational layers/structures.
- Reduction in third-party spend through more robust procurement and contract management.
- Review of the corporate structure to continue to reflect and realign management resources to ensure continuous improvement towards being the organisation that we aspire to be and to ensure we deliver our priorities.
- The council's estate and accommodation project.

Consistent use of capital receipts and flexible use of capital receipts

122. As part of the ongoing review of how the council finances the capital and transformation programmes, the application of receipts from housing sales has been considered. There is an element of housing sale capital receipts that is determined as the local authority's share of the receipt. This can be used for any purpose and is not ring-fenced to housing.

123. A consistent approach is developed for both the Bournemouth and Poole area housing capital receipts, whereby the unrestricted portion, after accounting for shares earmarked to repay debt and to transfer to the government, are released to fund transformation or the wider capital programme according to the approved Council principle for the use of capital receipts.

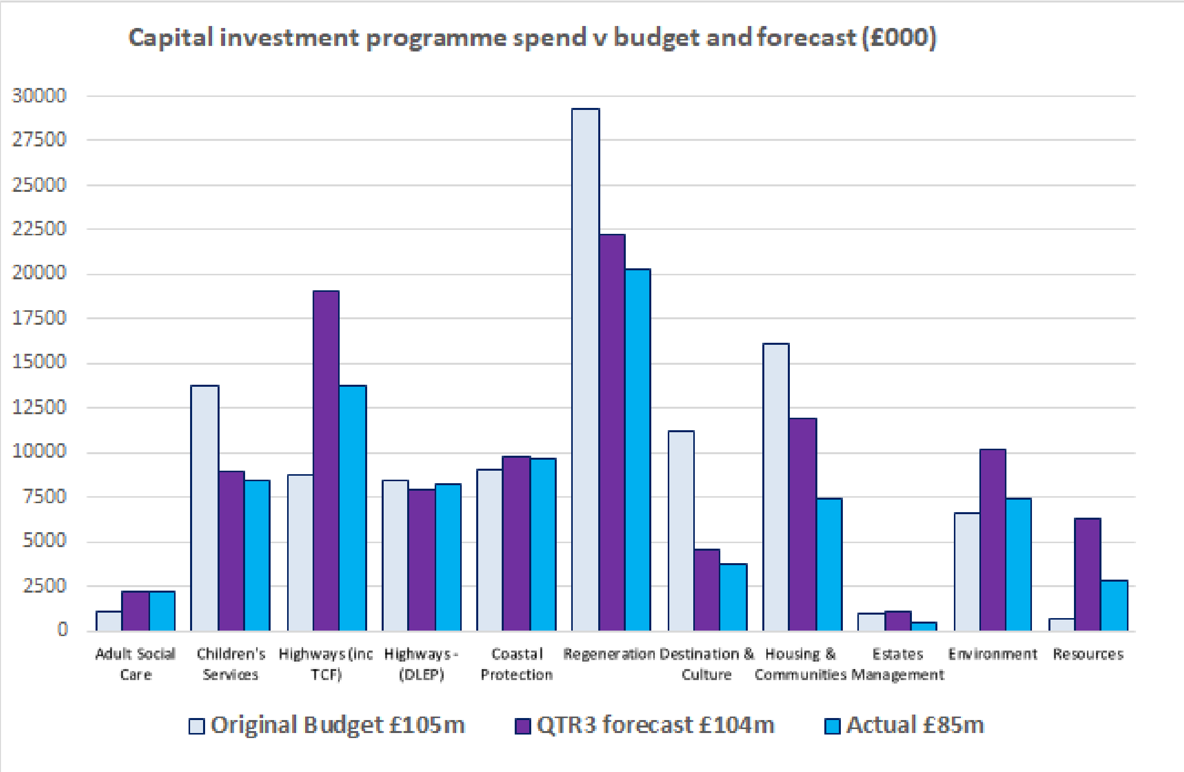
124. The harmonisation of the un-ringfenced elements of housing sale receipts allows £3.19 million that previously funded housing capital expenditure or had been earmarked to do so, to be released. Of this amount, £1.89 million collected from 2016/17 can be used under the government's capital receipts flexibility to fund transformation, and £1.30 million collected prior to 2016/17 can be used to finance the wider capital programme.

Capital budget monitoring 2020/21

125. The council's budgeted capital investment programme (CIP) covers general fund capital expenditure only. Housing Revenue Account (HRA) related capital spend is reported separately in this report.

126. At quarter 3 (produced as the UK was just entering its third national lockdown) forecast full year capital spend was £104.4 million - comparable with the original budget of £105.7 million approved by Council in February 2020. Final spend for the year was £84.6 million (81% of original budget and quarter 3 projections). Approved capital budget not utilised in 2020/21 is carried forward into the capital investment programme for 2021/22.

Figure 5: Capital investment programme spend £84.6 million



Capital investment programme – 2020/21 highlights

127. **Adults Social Care £2.2 million** – Figbury Lodge was completed in July 2019. Defects rectification, originally delayed by access limitations resulting from Covid, are now progressing, and are scheduled to complete by July 2021. BCP has also invested £1.8 million this year in integrated community care equipment to further promote independent living at home.

128. **Children's Services £8.5 million** - Works commenced on Hillbourne School in September and £3.2 million of spend incurred in 2020/21. Hillbourne is a three-phased programme of works, each of which is currently on schedule. The new school buildings and immediate external environs are due to be handed over to the school in October 2021. Following the school's decant over October 2021 half term, vacated school buildings will be demolished, and the remainder of the school's external environs developed for hand over in April 2023. Surplus playing field land will be transferred to the HRA for housing development – currently assumed to be actioned by 31 March 2022. The establishment of the school playing field will take a year and will be available to the school in April 2024. Latest contingency analysis indicates the current budget for the project is sufficient. Numerous defects have been corrected at Ocean Academy (main works completed June 2015), with one

major defect outstanding. The building will be reclad in its entirety by the original contractor, at no cost to the council, during the school's summer 2021 recess. The project is expected to close in 2021/22 within remaining budget. £2.9 million spend incurred this year on Carter School building works, which are now complete (the new school blocks were handed over to the school on 15 March 2021). The final account is yet to be agreed but no additional claims have been raised by the contractor. There are likely to be some residual claims for furniture, fittings and equipment, ICT and fees to resolve in the coming months. The project is expected to be completed within approved budget.

129. The council continues to focus on additional capital investment in local SEND school places to mitigate significant revenue pressures in the high needs block. Around £1.5 million of capital investment was made in 2020/21 on new satellite SEND provision across various sites, with further investment planned in 2021/22. New high needs grant funding of £2.4 million has been received for 2021/22. The council will also have access to the £10 million SEND fund set up in February as funding for future SEND investment.

130. A new Children's Capital Board is being established to oversee delivery of schools related capital projects. A longer term children's capital strategy, informed by pupil numbers and needs, will be developed for approval by Council.

131. **Highways £13.8 million** – Around £6.1 million 2020/21 investment in Transforming Cities Fund (TCF) approved highways improvements to better facilitate sustainable means of travel across the conurbation. The TCF is an ambitious and far-reaching programme of strategic investment that is supported by robust governance arrangements and is delivered in partnership with Dorset Council. The Programme consists of two sustainable travel corridors (S5 and S6) and a cycleway corridor. Each corridor requires the preparation of outline business cases (OBC) published for formal public consultation, followed by full business cases that are informed by consultation results. Public consultation on the cycleway corridor OBC closed 31 March 2021. Consultation on the sustainable travel corridors is due to close 14 June 2021. The DfT has allowed the council to progress discrete schemes from within each Corridor early – Leigh Road (sustainable corridor) (Dorset Council delivered), Whitelegg Way (sustainable corridor) and upper gardens (cycleway corridor). Each of these schemes is supported by an approved final business case. Whilst the TCF programme benefits from £79 million DfT Transforming Cities Fund capital grant funding, it also requires local contributions from both BCP and Dorset to be made (Local Transport Plan (LTP) funding and s106 contributions from developers). BCP local contributions have been allowed for / earmarked within the capital programme. It also assumes significant complementary investment by third parties – including local bus operators. BCP is liaising with local bus operators on the timing of this investment, given delays arising from the impact of Covid.

132. A further £7.7 million investment in non-TCF highways improvements in 2020/21. This represents routine and structural highways and bridges maintenance funded predominantly from LTP and pothole grant (as well as contribution from Dorset Council for shared works). It also includes £0.5 million of DfT Challenge Fund grant funded works. Challenge Fund grant of £4.2 million was received this year – the majority of which is planned to be spent in 2021/22. The council also allocated £0.9 million DfT grant funding towards street scene operations, for highways improvements undertaken across the conurbation.

133. **Highways DLEP £8.3 million** - This includes £6.6 million Dorset Local Enterprise Partnership (DLEP) funding for major highway improvements including Blackwater Junction and A338 widening works, Wallisdown connectivity works, Ferndown – Wallisdown – Poole (FWP) Corridor and Townside Access to the Port of Poole. A further £2.4 million investment in non-DLEP funded phases of work (predominantly FWP Corridor, Townside Access to the Port of Poole and Wallisdown Crossroads is currently planned for 2021/22 and 2022/23 - funded from a combination of DfT capital grant and local contributions.

134. **Coastal protection £9.7 million** – includes £9.2 million investment for timber groyne and beach nourishment phases of the Poole Bay beach management programme. Work has progressed at pace and spend incurred is in line with profile. This programme is delivered in partnership with the Environment Agency.

135. **Regeneration (Service Delivery) £20.3 million** – Significant investment in the ongoing regeneration of the town centres and the Holes Bay area of Poole. Whilst these projects are referred to internally as 'regeneration projects', they are actually 'service delivery' capital projects, essential to the provision of frontline services. The council acquired the former power station land during the year and is now developing plans for new housing on this site, which will include an appropriate level of affordable housing (total spend £15.7 million). The council also approved the relocation of the Skills & Learning Service from Oakdale to units within the Dolphin Centre. This frees up the potential for further new housing in Oakdale. The council is also progressing several other development projects across the conurbation - including Heart of Poole, Turlin Moor housing, civic centres (Poole and Christchurch), Wessex Fields land options, Constitution Hill, Chapel Lane.

136. Lansdowne - In partnership with DLEP, a further £3.2 million has been invested on public realm improvements, 5G digital connectivity and infrastructure improvements in the Lansdowne area. The main public realm programme of works consists of four phases. The first two phases are planned to complete by summer 2021, utilising £1.0 million of DLEP pipeline funding unspent at 31 March 2021 and £2.9 million of BCP funding (predominantly historic unapplied s106 contributions). Total budget approved in 21/22 for phase 1 & 2 completion is £3.9 million. Inherent risks remain within the programme – including:

    - the need to complete phases 1 and 2 by quarter two (at the very latest) to maintain access to £1.0 million DLEP funding.
    - compensation events from changes to contracted phase 1 & 2 works have arisen (latest estimate £50k to £100k) – options to fund these are currently under review.
    - Of the £2.9 million BCP local funding required to complete phase 1 & 2, to date £2.6 million has been identified – resulting in a current shortfall of £0.3 million. The council is reviewing how to fund this shortfall (e.g. further s106 contributions, CIL, unallocated LTP grant).
    - No funding has yet been identified and approved for phases 3 & 4 of the Lansdowne Business District, currently estimated to be £2.4 million.

137. The council's initial £25.0 million Ministry for Housing, Communities and Local Government (MHCLG) Towns Fund earmarked grant allocation has reduced to £21.7 million. This is a result of government repurposing of Towns Fund grant towards (amongst others) freeports. The council must now formally apply for the £21.7 million Towns Fund grant through full business cases for each project. As at

the end of 31 March 2021 £0.2 million of unspent budget remains to meet the cost of business case development. Current estimates for project management and business case development for Towns Fund projects is £1.7 million, which means there is a current funding shortfall of £1.5 million.

138. The £21.7 million earmarked funding is in addition to the £1.0m Towns Fund Accelerator grant funding (awarded 25 September 2020) allocated to digital connectivity, King's Park Indoor Bowls Club and Boscombe public realm Towns Fund projects. The table below shows the impact of reduction in the main Towns Fund grant allocation from £25.0 million to £21.7 million. Revised project allocations were reviewed and approved by the Towns Fund Strategic Board 25 March 2021.

Towns Fund

	Original MHCLG allocation £000	Revised MHCLG allocation £000
Royal Arcade	7,401	7,151
Boscombe Skills Hub	1,250	1,000
The Old School House	160	160
King's Park Bowls Club	752	752
High Street	470	345
Masterplan	10,000	7,500
Toft Steps Beach Box Park	150	150
Events Programme	100	100
Digital Connectivity	1,925	2,050
Local Transport	2,532	2,532
East Cliff Lift (not approved by MHCLG)	260	0
	25,000	**21,740**

139. **Destination & culture £3.7 million –** Spend includes £1.8 million investment in cliff stabilisation works at Canford Cliffs. Subsequent phases of work in the Canford Cliffs area include pavilion works and new beach hut development, currently planned for 2021/22 and 2022/23. The current seafront development programme includes a programme of separate and innovative capital schemes that span the breadth of the council's coastline – including Durley Chine Innovation Hub (£0.6 million spend in 2020/21). Projects are monitored by the council's Seafront Development Board and are planned to be delivered at pace in 2021/22 with £9.5 million currently expected to be spent on the seafront delivery programme in 2021/22. Looking ahead, a draft seafront development strategy (5 year plan) has been developed, with public consultation due to complete in July. Strategy revisions (post consultation) will be made by August, with a view to seeking council approval of the strategy and supporting delivery plan in September 2021. Delivery of the Strategy will require significant new capital funding and dedicated delivery team resource (indicative estimate £2.6 million over 5 years – to be fully costed as part of strategy development). It is likely that some of this resource will be required in advance of September 2021.Outside of seafront development, a further £0.6 million has been invested this year on cultural assets, including Highcliffe Castle, Christchurch Priory walls and Poole Museum.

140. **Housing £7.4 million –** includes £3.8 million for new 46-unit St Stephen's housing development. The project has been completed in partnership with the Bournemouth Development Company (BDC) within the approved total project budget of £12 million. Under the terms of the BDC contract, there is the potential for BCP to

recover some of its capital outlay through final ‘profit-share’. This is subject to final review of costings and approval by BDC Board during 2021/22. The council has also spent £1.3 million on the acquisition of 12 new homes under its temporary housing accommodation portfolio, utilising £0.7 million of MHCLG Next Steps Government grant funding. A further £1.0 million of disabled facilities grant has been utilised to provide adaptations in private homes.

141. **Environment £7.4 million –** £4.2 million of investment in fleet operations, with £2.1 million unspent capital budget carried forward into the 2021/22 capital programme. The council has developed a long-term strategic fleet replacement plan, that is both environmentally and financially sustainable and the details are included in a separate report is on the meeting agenda. The capital programme will be updated once this plan is approved. A further £2.7 million capital spend has been invested in parks and open spaces including £2.0 million in Poole Park.

142. **Civic estate £0.5 million** – this represents hard facilities management spent across the civic estate. The largest element of investment is £0.3 million investment in the maintenance of BH Live assets, funded from council earmarked reserves.

143. **Resources £2.8 million** - Spend includes £1.1 million on the council’s annual ICT investment plan (including desktop replacement and Microsoft Enterprise investment). A further £1.2 million one-off capital ICT investment was made as part of the transformation programme. This includes investment in laptops and Microsoft Teams, to maintain (and improve) agile working arrangements and investment in contact centre telephony, backup and security tools and data management.

144. In November 2020 the council approved capital budget of £5.7 million to facilitate the move to new civic office accommodation in Bournemouth. Of this, £0.5 million was spent during 2020/21, with all remaining works scheduled to complete in 2021/22 (and unspent capital budget from 2020/21 carried forward accordingly).

145. Poole and Christchurch civic centres are earmarked for disposal by 31 March 2022. No financial provision has been made for any building related costs at these sites beyond this date.

Capital investment programme – financing

146. This section summarises the final funding profile for 2020/21 of the £86.4 million capital programme of expenditure. External funding contributions (including government grant) total £59.2 million, and £22.3 million is funded from additional prudential borrowing (including £1.2 million funded from HRA land transfers), and £3.2 million is currently funded from reserves.

147. During the year the council refinanced its capital programme in response to revenue budget pressures. This process focussed on switching capital reserve funding allocated in the capital programme to alternative funding sources (community infrastructure levy or prudential borrowing). As referenced in the quarter three budget monitoring report, some residual reserve allocations remained in the 2020/21 capital programme. These included allocations for Mosaic care system, contributions towards Poole Park, Upton Country Park and Poole Bay beach management plan (representing BCP local contribution towards projects primarily funded from external grants), the use of earmarked revenue reserves for specific capital projects, and the use of council reserves for feasibility projects. The closing value of these residual reserve allocations for 2020/21 is £3.2 million (£8.9m for the three years 2020/21 to 2022/23).

148. Since the quarter three report, a further £1.3 million of housing related capital receipts accruing from before 2016/17 have been allocated as funding for capital spend. These pre-date the council's flexible use of capital receipts policy and can therefore only be applied to capital expenditure. This funding has now been applied to the capital programme, replacing (but not removing) previously approved revenue funding for capital. To emphasise, this adjustment does not alter the total £8.9 million of reserves allocated to the capital programme 2020/21 to 2022/23, it instead swaps revenue funding allocations within this balance for housing related capital receipts.

149. As a continuation of capital programme refinancing already undertaken during the year, a review of the remaining £8.9 million reserves allocations within the 2020/21 and 2021/22 capital programmes has been completed to identify projects where funding could be swapped from reserves to either CIL or prudential borrowing. As a result, it is proposed that a further £4.0 million of reserves is released from the capital programme as follows:

- £1.8 million of reserves are swapped for CIL (£0.4 million from 2020/21 and £1.4 million from 2021/22).
- £2.2 million of reserves are swapped for additional prudential borrowing (£0.9 million from 2020/21 and £1.2 million from 2021/22).
- The £4.0 million reserves release represents both revenue funding for capital expenditure and capital receipts (from 2018/19, 2019/20 and 2021/22) currently assumed to support the capital programme. Whilst revenue funding for capital can be released to support the budget 2021/22, capital receipts can only be used to support the revenue costs of transformation (in line with the council's flexible use of capital receipts policy). The net impact of this is to release £1.8 million from revenue funding for capital to support the revenue budget in 2021/22 and £2.2 million from capital receipts to support the transformation programme. Appendix B2 provides a listing of all capital projects with current reserve funding proposed to be replaced with CIL or borrowing.
- The new borrowing proposed results in additional annual repayment of £0.1 million in 2021/22, increasing to £0.2 million from 2022/23. This new pressure will be factored into the MTFP.
- Residual unallocated CIL balance would reduce from £4.0 million to £2.2 million

150. The proposal will reduce reserve utilisation within the capital programme 2020/21 to 2022/23 from £8.9 million (£3.2 million in 2020/21, £5.2 million in 2021/22 and £0.5 million in 2022/23) to £4.9 million (£1.8 million in 2020/21, £2.6 million in 202122 and £0.5 million in 2022/23). The £4.9 million residual reserve allocation 2020/21 to 2022/23 consists of:

- £1.3 million housing related capital receipts accrued before 2016/17. These predate the council's flexible use of capital receipts policy and can therefore only be applied to capital expenditure (and not to fund the revenue costs of transformation).
- £2.4 million earmarked revenue reserves. These are allocated to feasibility works where there is no certainty that the works will result in a new approved capital project (neither prudential borrowing nor CIL can therefore be applied) and to Mallard Road and King's Park Athletics Club capital projects – both of which utilise third-party contributions that have been received and earmarked for this specific purpose

- £0.3 million HRA right to buy receipts (applied to affordable housing components of general fund housing developments in accordance with MHCLG)
- £0.4 million capital receipts from 2019/20 (applied to small feasibility projects and estates maintenance)
- £0.5 million revenue contribution in 2022/23 - specifically for the maintenance of BH Live assets

151. The financing of the CIP before the proposed £4 million funding swap is shown below in figure 6 and after in figure 7.

Figure 6: Capital investment programme financing (before £4.0 million proposed funding swap to CIL and prudential borrowing)

Current funding in capital programme	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Government Grant	55,895	87,384	58,858	202,137
Third Party Receipts	379	1,846	0	2,225
s106	1,654	6,607	496	8,757
CIL	1,261	789	0	2,051
External Funding Contributions	**59,188**	**96,627**	**59,354**	**215,169**
Corporate revenue funding for capital (in year)	0	0	518	518
Capital fund (historic revenue funding for capital)	1,345	481	0	1,826
Capital receipts (b/f from 18/19)	0	1,764	5	1,769
HRA capital receipts (pre 16/17)	685	615	0	1,300
Capital Receipts (received post 19/20)	261	495	0	756
Earmarked Reserves	863	1,882	0	2,745
BCP reserves	**3,154**	**5,237**	**523**	**8,913**
PRU Borrowing - funded from HRA land transfers	1,185	6,693	402	8,280
PRU Borrowing - funded from MTFP revenue budget	21,111	40,218	14,206	75,535
Prudential borrowing	**22,296**	**46,911**	**14,608**	**83,815**
Total funding	**84,638**	**148,774**	**74,485**	**307,897**

Figure 7: Capital investment programme financing (after £4.0 million proposed funding swap)

Proposed funding in capital programme	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Government Grant	55,895	87,384	58,858	202,137
Third Party Receipts	379	1,846	0	2,225
s106	1,654	6,607	496	8,757
CIL	1,666	2,192	5	3,863
External Funding Contributions	**59,593**	**98,030**	**59,359**	**216,982**
Corporate revenue funding for capital (in year)	(0)	0	518	518
Capital fund (historic revenue funding for capital)	48	349	0	397
Capital receipts (b/f from 18/19)	0	49	0	49
HRA capital receipts (pre 16/17)	685	615	0	1,300
Capital Receipts (received post 19/20)	261	23	0	284
Earmarked Reserves (specific capital and feasibility)	831	1,564	0	2,395
BCP reserves	**1,825**	**2,600**	**518**	**4,942**
PRU Borrowing - funded from HRA land transfers	1,185	6,693	402	8,280
PRU Borrowing - funded from MTFP revenue budget	22,035	41,452	14,206	77,693
Prudential borrowing	**23,220**	**48,145**	**14,608**	**85,973**
Total funding	**84,638**	**148,774**	**74,485**	**307,897**

152. It is also proposed that a further £1.1 million of capital fund is released to support the 2021/22 revenue budget. This is made possible because of the addition of £1.3 million housing related capital receipts (pre 2016/17) as new capital funding to replace previous capital fund allocations. This would leave a net underlying unallocated capital fund for future capital projects and feasibility studies of £0.3 million.

Capital Budget Virements

153. In accordance with BCP Financial Regulations, the following capital budget virement is in excess of £0.5 million but below £1m and therefore requires **Cabinet approval:**

Directorate: **Operations**

Purpose: Accept £0.2 million Homes England capital grant

The Council was successful in its bid for additional £0.2 million Homes England grant funding. This funding is allocated to the Heritage Action Zone project – a capital project to improve and regenerate the High Street locality in Poole.

154. The following capital budget virements are in excess of £1 million and therefore require **Council approval**:

(a) Directorate: **Corporate**

Purpose: Approve the release of £2.9 million reserves currently allocated as funding for capital expenditure to support the budget 2021/22 and the release of £2.2 million capital receipts to support the transformation programme (total £5.1 million)

Council approval is sought for the release of a total £5.1 million of reserves and capital receipts currently allocated to the capital programme to support the budget 2021/22 and the transformation programme. This consists of £4.0 million reserves (to be replaced by CIL and prudential borrowing) and £1.1 million of reserves no longer required because of the addition of £1.3 million historic housing related capital receipts as funding for the capital programme. Of this, £2.9 million is the release of revenue funding for capital that can therefore be used to support the revenue budget 2021/22. The remaining £2.2 million is the release of capital receipts received since 2018/19. Under the council's flexible use of capital receipts policy these can be used to support the revenue costs of transformation.

The proposal will result in additional annual borrowing repayment of £0.1 million in 2021/22, increasing to £0.2 million in 2021/22. The MTFP will be adjusted for this new pressure.

The proposal will also reduce the level of unallocated 'cash received' CIL from £4.0 million to £2.2 million as at 31 March 2021. The proposal will also leave a residual capital fund balance of £0.3 million as unallocated funding within the capital programme, from which to fund future capital or feasibility works, where no other funding source is identified.

(b) Directorate: **Operations**

Purpose: Accept Tranche 2 Transforming Cities Fund (TCF) capital grant of £22.4 million

The Council has been awarded £79.3 million TCF grant to deliver a strategic programme of highways improvements to better facilitate sustainable means of travel across the conurbation. The grant is awarded in tranches - this grant is the third of four annual grants paid over four years from 2019-20 to 2022-23. In line with Department for Transport (DfT) requirements, robust governance arrangements are in place for the delivery of the TCF Programme.

(c) Directorate: **Operations**

Purpose: Accept Salix capital grant of £2.5 million and increase the capital programme accordingly

The Council has successfully bid for Salix funding from the Government's Public Sector Decarbonisation Scheme, which was offered to reduce public sector carbon emissions and cut energy use in local authority buildings. Grant awarded is planned to be used on heating, lighting, and solar PV improvements on various council assets to assist in achieving the climate and ecological emergency commitments.

Housing Revenue Account (HRA) monitoring 2020/21

155. The HRA is a separate account within the council that ring-fences the income and expenditure associated with the council's housing stock. The HRA does not therefore directly impact on the council's wider general fund budget.

156. Within the HRA the council operates two separate neighbourhood accounts. The Bournemouth account comprises of 5,100 tenanted properties and is directly managed in-house by the council. The Poole account comprises of 4,517 tenanted properties and is managed by Poole Housing Partnership (PHP). PHP operate as an arm's length management organisation (ALMO) in line with a management agreement with the council.

157. The impact of the pandemic was initially expected to reduce HRA revenue collection by an increase in the number of void properties leading to lower levels of rent charges raised. This did not occur. The level of right-to-buy sales during the year is below budget and consequently higher rental income has been achieved.

158. Any changes to the revenue outturn from an otherwise balanced position is reflected in either an adjustment to the revenue contribution to capital or a call on HRA reserves within the ringfence.

159. In the capital programme, planned works in people's homes were delayed in the first lockdown period with further delays in November and in the fourth quarter. Maintenance programmes were delivered at 82% in the Bournemouth neighbourhoods and 77% in Poole. As reported last time there has also been significant delays in some of the major capital projects planned for this year with the overall programme delivering at just over 50% in each neighbourhood. These projects will be rephased into future years.

Bournemouth neighbourhood

160. Appendix C1 provides the detail of revenue and capital budget monitoring statements for the Bournemouth neighbourhood.

Revenue account

161. The only material income variance relates to the recharging of salaries to capital works, which is more than budgeted for. The depreciation charge for the year was £1.0 million less than provided, and borrowing costs were also significantly below budget. There was no need to contribute to the bad debt provision for 2020/21,

mainly due to additional provision being made in 2019/20. There were service underspends on supervision and management and repairs and maintenance.

Capital programme

162. The capital programme spent £10.5 million of the £19.7 million budget (53% delivered).

163. Delayed planned maintenance works did not recover during the year. There is reduced expenditure across most categories of spend in this element of the programme. As lockdown releases catch up is anticipated during 2021/22 and £1.4 million will be carried forward into 2021/22.

164. The purchase of individual properties for £1.1 million was not included when the capital budget was set but due to the delay for the programmed works, this was done to use time-restricted right-to-buy (rtb) receipts where these would otherwise have needed to be sent to the government and lost from HRA resources.

165. Significant delay has also been experienced in the development programme from the closedown of some sites during lockdown periods, slipping the programme by a further £7.7 million. These delays will have an impact on the phasing of the programme into future years.

Poole neighbourhood

166. Poole Housing Partnership (PHP) prepare the budget monitoring information for the Poole neighbourhood with the outturn position reported on to the PHP Audit and Risk Committee.

167. Appendix C2 provides the detail of revenue and capital budget monitoring statements for the Poole neighbourhood.

Revenue account

168. The final outturn position is breakeven according to the policy with a £2.4m revenue contribution to capital in 2020/21. The contribution is adjusted to reflect net movements in income and expenditure across the HRA. By delivering good performance across income collection and by holding down costs across all areas this surplus provides a significant contribution to the financing of the HRA's capital programme.

169. At quarter three there were no significant income budget variances projected for the revenue account with the rents raised slightly ahead of budget due to low levels of right-to-buy sales.

170. At outturn there is a favourable income variance of £0.108 million for services and facilities. This is despite administration income from rtb sales in the year being low. An exercise to fully reconcile the HRA's capital receipts account was completed in quarter four and this identified £0.127 million of income from previous years that had not yet been recognised.

171. In expenditure there is a £0.3 million overspend due the waking watch at Sterte Court from delay in the project to replace cladding.

Capital account

172. The February 2020 report to Council agreed a £21.4 million capital programme for the HRA in 2020/21. This budget included carry forwards from 2019/20 of £0.45

million. Additional carry forwards were identified at outturn totalling £0.23 million due to delayed roofing, door replacement and fire risk assessment work. This brings the revised budget for 2020/21 to £21.6 million.

173. The outturn is for delivery of £11.3 million, representing 52% of the programme and a shortfall of £10.3 million. This compares with the projected variance of £7.3 million reported at quarter three. There is slippage in the maintenance programme of £2 million and £8.3 million for major projects.

174. Within major projects the increased slippage in quarter four is largely due to the Old Town tower block works which did not make up as much lost time as previously expected. The first lockdown delayed when the contractors were able to start work on-site, and the pandemic has meant only external works have been undertaken for most of the year. Internal work did not start until March 2021. Works have been re-phased and the underspend in 2020/21 of £3.7m will be carried forward into 2021/22.

175. Other significant project slippage relates to the Herbert Avenue project (£2.3 million) due to the requirement to re-tender and in-fill projects (£1.1 million) with the pipeline developed for delivery in 2021/22.

176. All the £8.3 million major projects budget not used in 2020/21 is to be carried forward into 2021/22 along with £0.250 million of the maintenance programme.

Companies and partner organisations

177. The financial sustainability of the council could also be affected by the performance of partners and subsidiaries in which it has a financial interest. Each of these entities has their own governance framework and their own arrangements for reporting their financial and operating performance.

178. The following paragraphs contain a summary of the outturns for these partner and subsidiary organisations. It should be noted that these are provisional figures and are unapproved by the respective boards of directors and are also subject to audit.

Bournemouth Building & Maintenance Ltd (BBML)

179. The trading activities of BBML consist of programmed works for the council's housing revenue account such as disabled adaptions and building works for other council owned property.

180. Turnover for the financial year was £7.186 million compared with the budget of £7.370 million. The £0.184 million shortfall is due to closures during the pandemic. Provisional profit for the year reflects the reduced activity at £0.059 million compared with a budget of £0.270 million. The Covid-19 related expenditure that BBML has incurred through the furlough scheme is £0.169 million.

181. Due to the materiality level for the council's statement of accounts, BBML will not be consolidated into the group accounts.

Seascape Group Ltd

182. Within Seascape Group Limited there are two subsidiaries, Seascape South Limited and Seascape Homes and Property Limited.

183. The core activities of Seascape South Limited (SSL) are undertaking adaptions and conversions to non-council owned property. These are funded through disabled

facility grants (DFG). Building maintenance and construction services are also offered.

184. Turnover for the financial year for SSL was £0.662 million compared with a budget of £0.824 million. This variance is due to the pandemic which delayed both the DFG and construction works. Provisional profit before tax is £2,000 compared with a budget of £73,000. The reduction is due to reduced activity during the pandemic, prudent defects provisions, and VAT due on specific DFG adaptations.

185. Seascape Homes and Property Limited (SHPL) provides housing solutions through the grant of assured short-hold tenancies to a variety of clients, including the homeless. SHPL leases properties purchased by the council to provide this housing.

186. Turnover for the financial year for SHPL was £0.7 million (budget £0.9 million). There is a provisional loss of £35,000 compared with £3,000 budgeted. This is primarily due the one-off costs of agency and show flat purchases for the “Treetops” development (St Stephen’s Road).

187. The results of the subsidiaries are combined to form the results of Seascape Group Limited (SGL). The provisional turnover for SGL was therefore £1.4 million (budget £1.7 million). The provisional loss, after the deduction of £8,000 operating costs for SGL, is £41,000 compared with the budgeted profit before tax of £54,000.

188. Due to the materiality level for the council’s statement of accounts, Seascape Group will not be consolidated into the group accounts.

Charities

189. The council has close links to three charities, the Five Parks Charity, Lower Central Gardens Trust and Russell-Cotes Art Gallery & Museum Charitable Trust.

190. Due to the materiality levels for the council only Lower Central Gardens Trust will be included in the council’s group accounts. Materiality is assessed with reference to the size of the asset base in the balance sheet.

The Bournemouth Development Company LLP

191. Bournemouth Development Company LLP (“BDC”) is a joint venture between the Council and wholly owned subsidiary of Morgan Sindall Investments Ltd.

192. BDC is an active development partner and regeneration catalyst for the delivery of the Bournemouth Town Centre Vision.

193. BDC has a different year end to the council consequently the figures incorporated in the council’s group accounts rely on an amalgamation of the pro rata amount from the joint venture’s 31 December 2020 year end figures and from the quarter 1 management account information to 31 March 2021. Figures are not available to include in this report due to differing financial reporting yeasr.

Tricuro

194. Tricuro is a group of two companies established under local authority trading company principles to undertake a range of adult social care services on behalf of the now two local authorities in Dorset. Staff transferred from each of the local authorities to the new company with the aim of improving service provision and efficiency.

195. It is structured as a care company (Tricuro Limited) and a company providing support services (Tricuro Support Limited), with management through a joint Board.

Tricuro Support Limited holds the contractual relationships with the two commissioning councils, as well as the property leases and support services agreements.

196. Each authority owns one ordinary share in Tricuro Support Limited, which in turn owns 100% of the equity of Tricuro Limited.

197. The turnover of Tricuro in 2020-21 was £46.4 million, with £17.8 million (38%) attributable to the contract with BCP Council, £23.3 million (50%) from the contract with Dorset Council, £1.6 million (3%) from independent fee and charges and £3.7 million (8%) from specific COVID-19 related funding.

198. Due to the materiality level for BCP Council statement of accounts Tricuro will not be consolidated into BCP Council's group accounts as the operating assets have remained with each council.

Aspire Adoption

199. Aspire Adoption is a partnership between BCP and Dorset Council.

200. Aspire work in partnership with Families for Children, a local voluntary adoption agency.

201. The purpose is to provide services for children and families through enabling and supporting the adoption and special guardianship process.

202. BCP contribution to the partnership is £1.2 million with Dorset Council contributing £0.9 million. Reduced income from external inter-agency income during the year due to the pandemic resulted in a £0.18 million overspend.

Scenario planning

203. This is in the main an outturn report with different scenarios no longer relevant. Provisions have been calculated according to agreed polices and best estimates used to close the accounts when final charges and income due have not yet been received or notified.

204. In the quarter three monitoring report it had been assumed that the impact of the lockdown starting in January 2021 would apply throughout the final quarter. Despite this being the case, at outturn the quarter three income projections have been prudent. New grant income and better use of existing grant streams in the final quarter were unforeseen earlier in the year.

Summary of financial implications

205. This is a financial report with budget implications a key feature of the above paragraphs.

Summary of legal implications

206. The recommendations in this report support the management of budget risks in the MTFP and the overall financial viability of the council. The revenue and capital virements and acceptance of new grants are required by the council's financial regulations.

Summary of human resources implications

207. In relation to acceptance of the grant bids for 2021/22, all staff recruited to the drug and alcohol services will be employed on fixed term contracts for one year to match the grant expenditure profile. All workers based within commissioned providers under a contract with the council and will undergo mandatory training, some of which must take place before they commence any work with service users.

Summary of sustainability impact

208. Different ways of working have continued to reduce staff travel and accommodation costs over the final quarter.

Summary of public health implications

209. The council has maintained appropriate services for the vulnerable during the pandemic and used the specific public health grants to support outbreak management and testing capability in supporting the wellbeing of residents.

210. The outturn includes significant costs of PPE to protect staff and residents to ensure compliance with all guidance to be issued by Public Health England over time.

211. The key priority of the new grant funding for 2021/22 for approval in this report is to improve the health outcomes of individuals accessing the new services by assertively engaging individuals into drug and alcohol treatment and ensuring that they have a physical health check. Requirements of the grant are to ensure all individuals targeted are registered with a GP and engage with mental health support if required.

Summary of equality implications

212. Budget holders have managed their in-year budget savings to minimise any adverse equalities issues.

213. In terms of the new grants to reduce drug and alcohol dependency, any individual who has been identified with a substance misuse issue will be offered an assessment and directed into a bespoke treatment package to meet their assessed needs. As part of the assessment, cultural and ethnic needs are identified and allowed for when offering interventions including access to specialist services out of area, such as faith base services. The quarterly returns to Public Health England include the submission of data around ethnicity, disabilities, age, and gender. The DACT undertook an equality impact assessment in March 2021, as part of the procurement process for a new BCP wide treatment system. The findings and recommendations from that assessment will be applied.

Summary of risk assessment

214. The closure of the accounts requires estimates to be made where final information has not been received or outcomes are uncertain. There is always a risk that in these cases the final outcomes will be different from amounts included and this will impact in future years.

Background papers

215. 2020/21 Quarter 3 Budget Monitoring to Cabinet on 10 February 2021

http://ced-pri-cms-02.ced.local/ieListDocuments.aspx?CId=285&MId=4260&Ver=4&LO=1

Appendices

Appendix A1	Outturn variances greater than £100,000 for 2020/21
Appendix A2	Outturn revenue summary position 2020/21
Appendix A3	Significant unbudgeted Covid-19 grants for 2021/22
Appendix A4	Public Health Grants 2021/22 for Test and Trace and Contain Outbreak Management Fund
Appendix B	Schedule of movement in reserves for 2020/21
Appendix B2	Capital projects with current reserve funding proposed to be replaced with CIL or borrowing.
Appendix C1	Summary of Bournemouth neighbourhood HRA for 2020/21
Appendix C2	Summary of the Poole neighbourhood HRA for 2020/21