

Notice of Meeting

CABINET

Tuesday, 19 December 2023 - 4:00 pm
Council Chamber, Town Hall, Barking

Members: Cllr Darren Rodwell (Chair); Cllr Saima Ashraf (Deputy Chair) and Cllr Dominic Twomey (Deputy Chair); Cllr Sade Bright, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones, Cllr Elizabeth Kangethe and Cllr Maureen Worby

Invited: Cllr John Dulwich (non-voting)

Date of publication: 11 December 2023

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Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

AGENDA

1. Apologies for Absence

2. Declaration of Members' Interests

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting.

3. Minutes - To confirm as correct the minutes of the meeting held on 14 November 2023 (Pages 3 - 11)

4. Revenue Budget Monitoring 2023/24 (Period 7, October 2023) (Pages 13 - 82)

5. Budget Strategy 2024/25 to 2026/27 (Pages 83 - 101)

6. Urgent Action - Potential Acquisition of the former Chaseview Care Home, Dagenham Road, Rush Green, Romford (Pages 103 - 129)

Appendix A to the report is exempt from publication as it contains commercially confidential information (exempt under paragraph 3, Part 1, Schedule 12A of the Local Government Act 1972 (as amended)).

7. Any other public items which the Chair decides are urgent

8. To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.

Private Business

The public and press have a legal right to attend / observe Council meetings such as the Cabinet, except where business is confidential or certain other sensitive information is to be discussed. Item 6 above includes appendices which are exempt from publication, as described. ***There are no other such items at the time of preparing this agenda.***

9. Any other confidential or exempt items which the Chair decides are urgent

Our Vision for Barking and Dagenham

**ONE BOROUGH; ONE COMMUNITY;
NO-ONE LEFT BEHIND**

Our Priorities

- Residents are supported during the current Cost-of-Living Crisis;
- Residents are safe, protected, and supported at their most vulnerable;
- Residents live healthier, happier, independent lives for longer;
- Residents prosper from good education, skills development, and secure employment;
- Residents benefit from inclusive growth and regeneration;
- Residents live in, and play their part in creating, safer, cleaner, and greener neighbourhoods;
- Residents live in good housing and avoid becoming homeless.

To support the delivery of these priorities, the Council will:

- Work in partnership;
- Engage and facilitate co-production;
- Be evidence-led and data driven;
- Focus on prevention and early intervention;
- Provide value for money;
- Be strengths-based;
- Strengthen risk management and compliance;
- Adopt a “Health in all policies” approach.

The Council has also established the following three objectives that will underpin its approach to equality, diversity, equity and inclusion:

- Addressing structural inequality: activity aimed at addressing inequalities related to the wider determinants of health and wellbeing, including unemployment, debt, and safety;
- Providing leadership in the community: activity related to community leadership, including faith, cohesion and integration; building awareness within the community throughout programme of equalities events;
- Fair and transparent services: activity aimed at addressing workforce issues related to leadership, recruitment, retention, and staff experience; organisational policies and processes including use of Equality Impact Assessments, commissioning practices and approach to social value.

MINUTES OF CABINET

Tuesday, 14 November 2023
(7:01 - 8:10 pm)

Present: Cllr Dominic Twomey (Deputy Chair in the Chair), Cllr Sade Bright, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones, Cllr Elizabeth Kangethe and Cllr Maureen Worby; Cllr John Dulwich

Also Present: Cllr Mukhtar Yusuf

Apologies: Cllr Darren Rodwell and Cllr Saima Ashraf

54. Declaration of Members' Interests

There were no declarations of interest.

55. Minutes (17 October 2023)

The minutes of the meeting held on 17 October 2023 were confirmed as correct.

56. Revenue Budget Monitoring 2023/24 (Period 6, September 2023)

The Cabinet Member for Finance, Growth and Core Services introduced the Council's revenue budget monitoring report for the 2023/24 financial year as of 30 September 2023 (period 6).

The Council's General Fund revenue budget for 2023/24 was £199.002m and the forecast outturn position at the end of September projected a net overspend of £12.652m. The Cabinet Member explained that whilst there had been a sizeable improvement between periods 4 and 5 following the Star Chamber process, the position between periods 5 and 6 had worsened by £1.614m.

The Cabinet Member referred to several of the issues that were impacting on the in-year position, such as continuing demand pressures and increasing social care costs, as well as the impact that the projected overspend would have on reserves and the Council's ability to set a balanced budget for 2024/25. He pointed out that whilst areas such as Barking and Dagenham, with its high levels of deprivation, had been experiencing the effects of the Government's austerity measures for several years, those effects were now being felt nationwide, with a projected £3billion funding gap over the next two years across the local government sector. The Cabinet Member had consistently called on the Government to put an end to austerity and arising from the discussions, he took on board the suggestion that the Council should coordinate a campaign, in partnership with its North East London neighbouring boroughs, to increase the pressure on the Government via lobbying and Parliamentary Questions raised by the respective local MPs.

The Housing Revenue Account (HRA) was showing a projected overspend of £7.080m for 2023/24, which was slightly higher than the position at period 5 (£6.899m). The Cabinet Member confirmed that, as with the General Fund, that level of overspend was not sustainable and work would continue to reduce

overspends and find mitigating measures to improve the situation by the year end.

Cabinet **resolved** to:

- (i) Note the projected £12.652m revenue overspend forecast at Period 6 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report;
- (ii) Note the projected £7.080m revenue overspend forecast for the Housing Revenue Account, as set out in section 4 and Appendix A of the report; and
- (iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 5 and Appendix A of the report.

57. Barking and Dagenham Net Zero Carbon Roadmaps and Framework

The Cabinet Member for Public Realm and Climate Change introduced a report on the proposed roadmap and framework that would assist the Council in achieving its commitment of becoming a carbon neutral Authority by 2030 and for the wider Borough to become net zero carbon by 2050.

The Cabinet Member advised that the Council had commissioned Anthesis, a leading sustainability consultancy, and the Carbon Trust to identify the Council's and Borough's carbon footprint (based on 2019/20 data). That data showed that the Council itself was deemed to be responsible for 119,000 tonnes of CO₂ emissions through its day-to-day operations, corporate estate, fleet and supply chains, over 70% of which related to purchased goods and services and leased buildings. The Borough-wide footprint had been assessed at 566 kilo-tonnes of CO₂ emissions. The work carried out by Anthesis and the Carbon Trust also included the production of roadmaps that contained ambitious targets and trajectories to support the journey to net zero.

Stemming from that work, the Council had developed a framework of actions and interventions that achieved a balance between ambition and deliverability, reflecting the Council's position as an 'enabler' and agent for change. The Cabinet Member referred to the significant cost challenges associated with achieving net zero, referencing a projected £9m cost merely to upgrade the Council's Refuse vehicle fleet to green energy.

It was noted that the Council had been awarded a £48m grant to support its plans to decarbonise its corporate estate, including homes and buildings, as well as installing additional electric charging points and the Cabinet Member was hopeful that future grant applications would also be successful to enable the Council to continue its journey. Another exciting initiative was the recently signed partnership agreement between the Council, the Seoul Digital Foundation and other organisations which would see the launch of a Smart Homes Innovation Hub in the Borough and the development of solutions to improve the energy and heating efficiency of existing homes. The Cabinet Member also confirmed that the Council had planted 52,000 new trees and restored 50 hectares of wetlands over the past two years to capture carbon emissions and reduce its carbon footprint, with plans to plant a further 50,000 new trees by 2030.

Cabinet **resolved** to:

- (i) Approve the Council's Operational Net Zero Carbon Roadmap at Appendix 1 to the report;
- (ii) Approve the Borough-wide Net Zero Carbon Roadmap at Appendix 2 to the report; and
- (iii) Approve the Net Zero Carbon Delivery Framework at Appendix 3 to the report.

58. Contaminated Land Inspection Strategy 2023 - 2028

The Cabinet Member for Enforcement and Community Safety introduced a report on an updated Contaminated Land Inspection Strategy (CLIS) for the Borough covering the period 2023 to 2028.

The Cabinet Member explained that legislation implemented in 2000 under Part 2A of the Environmental Protection Act 1990 required local authorities to undertake assessments of potential contaminated land and publish a CLIS. Stemming from that work, thirteen high-risk sites across the Borough were subject to detailed evaluation at a total cost of £2.5m and only one, the Wantz Road Depot site, met the legal definition of contaminated land. That assessment related to groundwater pollution and remediation works were subsequently carried out.

The Cabinet Member advised that the updated CLIS identified no high-risk sites that warranted further detailed land inspections and it was confirmed that any potential future issues or concerns would be dealt with through the statutory planning process.

Cabinet **resolved** to:

- (i) Approve the Contaminated Land Inspection Strategy 2023-2028 as set out at Appendix 1 to the report; and
- (ii) Agree the Council's position that, to the best of its knowledge, the London Borough of Barking and Dagenham no longer had any high-risk sites to investigate.

59. Annual Education Performance Review 2022/23 and Education and Participation Strategic Plan 2023-26

The Cabinet Member for Educational Attainment and School Improvement presented the annual education performance review report for 2022/23 and the draft Education and Participation Strategic Plan (EPSP) 2023-2026.

The Cabinet Member explained that during 2022/23, many pupils were taking their first exams since the start of the Covid pandemic. Despite the lingering effects of the pandemic and the impact of the cost-of-living crisis on pupils' education and wellbeing, there were a range of successes and improvements during 2022/23 for the Borough's young people and Schools to be proud of, which included:

- 57 of 59 (96.6%) of the Borough's schools were now rated 'Good' or 'Outstanding' by Ofsted.
- At the Early Years Foundation Stage, children achieving the Good Level of Development rose by 2.7% to 65.2%.
- For GCSE English and Maths, performance at grades 9-4 increased by 3.9% to 65.8% in comparison to 2019 (when exams were last taken) and by 5.8% to 48.4% at grades 9-5.
- A Level results were at their highest level excluding the pandemic years, with A*- B grades improving by 13% to 51.8% and A*- C grades improving by 11.4% to 78.6%. The Cabinet Member added that the latter meant that the Borough rate was, for the first time, above the national rate of 75.4%, enabling more young people from the Borough to access the most competitive Higher Education (HE) courses and apprenticeships.
- The number of young people progressing to Higher Education (HE) from Barking and Dagenham institutions rose by 8% between 2021 and 2022, representing 81% of the Year 13 cohort, with over a third of those progressing to the most competitive universities.
- The performance of Looked After Children (LAC), disadvantaged pupils and pupils with English as an additional language (EAL) exceeded the national average across many headline measures.

The Cabinet Member for Children's Social Care and Disabilities spoke specifically on the highly inclusive and effective approach within the Borough's schools in respect of children and young people with special educational needs and disabilities (SEND), with many receiving their education in a mainstream setting. The Borough's ARPs had also received quality assurance assessments over the Summer of 2023 and the feedback received highlighted a wealth of strong practice, commitment and passion for those within the ARP setting, many of whom present a range of complex and often highly challenging behaviours and needs.

In respect of the draft EPSP, the Cabinet Member for Educational Attainment and School Improvement advised on the revised priorities for 2023-26, as listed below, which closely mirrored those in the 2018-2022 strategy and which would support the delivery of the overarching "Barking and Dagenham Best Chance Strategy 2022-25: Our partnership plan for babies, children, young people and their families":

- A place in a good or outstanding school or setting.
- Supporting achievement for all, including children exceeding national then London standards.
- Strengthening outcomes, support and opportunities for vulnerable children and young people, including those with SEND.
- Supporting the wellbeing and resilience of children and young people.
- Improving opportunities for young people post 16 and maximising numbers who are in education, employment and training.

Cabinet Members congratulated the Borough's schools and other educational establishments for their contributions to the ongoing improvements and commended the partnership approach that existed between the Council and other agencies.

Cabinet **resolved** to:

- (i) Reaffirm the Council's commitment to strengthening and developing partnerships with Barking and Dagenham's family of schools, BDSIP, Barking & Dagenham College, CU London and other key partners such as Health, to achieve the best possible outcomes and opportunities for the borough's children and young people;
- (ii) Note performance against the priorities of the Education and Participation Strategy 2018-22 as set out in section 2 of the report and in the dataset at Appendix A to the report; and
- (iii) Endorse the draft Education and Participation Strategic Plan 2023-26 as set out in Appendix B to the report.

60. Treasury Management and Investment and Acquisition Strategy 2023/24 Mid-Year Review

Further to Minute 79 (20 February 2023), the Cabinet Member for Finance, Growth and Core Services introduced a report on the mid-year review of the Council's treasury management activities and Investment and Acquisition Strategy (IAS) for 2023/24.

The Cabinet Member highlighted the main factors that had impacted on the Council's treasury management and IAS position, such as the current economic situation, interest rate rises and the Council's borrowing position, and advised that the current projection showed a deficit of circa £6m on the overall forecast for 2023/24. Other factors affecting the overall position included lost income from delayed property lettings and performance issues amongst some of the Council's commercial entities, although the Cabinet Member was confident that the remedial measures being implemented would resolve those issues.

The Cabinet Member commented that successful treasury management and investment and acquisition activities underpinned much of the Borough-wide regeneration aspirations as well as everyday service provision. He stressed, however, that the Council's diligent and prudent approach to investments had never been more important due to the current economic situation and it may be that projects previously assessed as viable may need to be put on hold or even abandoned, to avoid placing even more pressures on the Council's finances.

Cabinet **resolved to recommend the Assembly to:**

- (i) The Treasury Management Strategy Statement Mid-Year Review 2023/24;
- (ii) The economic update covering the increase in inflation and the Bank of England Base Rate increases;
- (iii) The pressures currently impacting Treasury and Investment and Acquisition Strategy (IAS) returns, including:
 - Significantly increased interest rates impacting on the Council's borrowing requirements to support cashflow and capital programme;
 - Delays to renting of Private Rental units and Disposal of Shared

- Ownership units developed by the Council for Reside Group of companies impacting on revenue income via lease payments;
- Loss of income from commercial holdings due to delays in renting the assets and further increased borrowing costs due to debt used to deliver the commercial assets being held for longer than projected.
 - Loss of interest income from wholly owned companies including Be First and BDTP as they are unable to meet interest payments; and
 - Reporting and administrative delays from Reside to accurately forecast rental income back to the Council.
- (iv) That the value of the treasury investments and cash balances at 30 September 2023 totalled £38.2m at a rate of 4.2%;
- (v) That the value of the residential loans lent by the Council to Reside at 30 September 2023 totalled £190.3m at an average rate of 2.6%;
- (vi) That the total value of borrowing incurred for Private Rented Schemes, planned to be transferred to Reside, at 30 September 2023 was £105.7m;
- (vii) That the total of other loans which included loans to LEUK, Energy Loans and Working Capital Loans total £50.4m;
- (viii) That IAS borrowing at 30 September 2023 totalled £844.3m, with an additional £295.9m of Housing Revenue Account (HRA) borrowing and a further £135.4m of General Fund (GF) borrowing taking total borrowing position for the Council of £1.275.6bn;
- (ix) That HRA interest payable was forecast to be £11.033m against a budget of £10.742m, which represented an overspend of £0.291m;
- (x) That IAS and GF borrowing was forecasting a gross interest payable amount of £21.33m, to be covered by capitalised interest of £10.231m and allocation of commercial rent to pay for interest costs of £6.141m, leaving a net interest payable charge of £5m against a budget of £10.139m which represented a surplus of £5.182m;
- (xi) That interest receivable from loans, IAS and treasury activity was forecast to be £10.9m, split into £4.046m (non-IAS Council loans and GF investments) and £6.848m (Reside Loans, treasury investments and IAS treasury investments), against a budget of £6.5m, representing a surplus of £4.4m;
- (xii) That IAS operational income was forecast to be £1.057m against a budget of £6.861m, representing a deficit of £5.8m;
- (xiii) That the net surplus from the IAS was £207k and the net surplus from the GF treasury strategy was forecast to be £454k for a combined surplus of £661k, which would be added to the IAS reserve, increasing it to £31.6m by the year-end; and
- (xiv) That in the first half of the 2023/24 financial year, the Council complied with all 2023/24 treasury management indicators.

61. Fees and Charges 2024

The Cabinet Member for Finance, Growth and Core Services introduced a report on the proposed fees and charges for Council services, the majority of which would take effect from 1 January 2024.

The Cabinet Member referred to the three main principles of the Council's Charging Policy for the services that it offered, namely (1) services should raise income wherever there was a power or duty to do so; (2) wherever possible, the income raised should cover the full cost of providing the service, including all overheads; and (3) any departures from the policy must be justified in a transparent manner with reference to the Council's priorities and policies. He confirmed that the proposed fees and charges had been reviewed in the context of those principles, although due to the level of financial pressures on the Council and the high rate of inflation there may be some instances where a proposed charge may not reflect full-cost recovery. In that regard, it was noted that it may be necessary for a further report to Cabinet in the coming months if it was deemed appropriate to raise any charges again from April 2024.

The Cabinet Member further advised that since the publication of the report, it had become apparent that the proposed fee for Green Garden Waste collections for 2024 (line 1200 in Appendix A to the report) should increase from £43 to £50 to achieve full-cost recovery.

Cabinet Members acknowledged that, in order for the Council to continue to provide the wide range of services that it did, it was necessary to increase fees and charges in line with inflation etc. due to the lack of funding from Central Government. The impact of increased fees and charges on the local community was also acknowledged and it was suggested that the Council should initiate a communications campaign to explain the make-up of certain fees and charges, to give a clearer understanding of the costs the Council incurred in providing such services.

Cabinet **resolved** to:

- (i) Agree the proposed fees and charges as set out in Appendix A to the report, to be effective from 1 January 2024 unless otherwise stated, subject to an increase in the fee for Green Garden Waste collections for 2024 from £43 to £50;
- (ii) Note the fees and charges no longer applicable from 1 January 2024, as set out in Appendix B to the report;
- (iii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Strategic Director, Resources and the relevant Cabinet Members, to set fees and charges to be applied from September for schools and academic year-based activities; and
- (iv) Note that it may be necessary to bring a further report to Cabinet before agreement of the final budget for 2024/25 to propose further changes to fees and charges to reflect full cost recovery and apply those revised fees

from 1 April 2024.

62. Procurement Strategy for Housing Major Works

The Cabinet considered a report on proposals to use the South East Consortium Dynamic Purchasing System (SEC DPS) as the compliant route to market for a mix of refurbishment and improvement projects associated with the delivery of the Council's Housing Major Works programme over the five year period commencing November 2023.

The Cabinet Member for Regeneration and Economic Development advised on the range of works that would be covered under the procurement and confirmed that leaseholders would be consulted on relevant projects in advance of tender documents being issued, in accordance with the Council's obligations as a landlord under Section 20 of the Landlord and Tenant Act 1985 (as amended).

Cabinet **resolved** to:

- (i) Agree that, subject to the endorsement of the Procurement Board, the Council proceeds with the procurement strategy for Housing Major Works and all other necessary or ancillary agreements in accordance with the strategy set out in the report; and
- (ii) Authorise the Strategic Director, My Place, in consultation with the Cabinet Member for Community Leadership and Engagement, the Strategic Director, Resources and the Head of Legal, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements to fully implement and effect the proposals.

63. Private Business

Cabinet **resolved** to exclude the public and press for the remainder of the meeting by reason of the nature of the business to be discussed which included information exempt from publication by virtue of paragraph 3 of Part 1, Schedule 12A to the Local Government Act 1972 (as amended).

64. Potential Acquisition of Land at Thames Road, Barking

The Cabinet Member for Regeneration and Economic Development presented a report on the potential purchase of two key plots of land within the Thames Road Transformation Area.

The Cabinet Member advised on the current circumstances regarding ownership of the land and the opportunities that purchasing the sites could create for the Council. It was noted, however, that the Council's proposed offer for each of the two sites was based on overall costs having no adverse impact on the performance of the Be First commercial portfolio and the Council's General Fund, meaning that the purchase price and other associated costs must be covered by a sustainable forecast of income generated from the sites.

Cabinet **resolved** to:

- (i) Agree to the submission of bids for the purchase of two parcels of land within the Thames Road Transformation Area on the terms set out in the report; and
- (ii) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to complete the necessary documentation to acquire the site(s) should the Council's bid(s) be successful.

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CABINET

19 December 2023

Title: Revenue Budget Monitoring 2023/24 (Period 7, October 2023)	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: Nurul Alom, Finance Manager David Dickinson, Head of Capital and Investments	Contact Details: E-mails: nurul.alom@lbbd.gov.uk david.dickinson@lbbd.gov.uk
Accountable Director: Nish Popat, Interim Deputy Section 151 Officer	
Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Finance & Investment	
Summary	
<p>This report sets out the Council's revenue budget monitoring position for 2023/24 as at the end of October 2023 (Period 7), highlighting key risks and opportunities and the forecast position.</p> <p>At the end of the last financial year, the Council was overspent across a range of service areas. Some of this was one-off in nature but there was an underlying permanent overspend of £8m, which continues to impact the current financial year. The factors contributing to this, especially increasing needs and costs of social care services, have continued and worsened into this financial year resulting in a further overspend forecast position.</p> <p>The Council's General Fund budget for 2023/24 is £199.002m. Based on the information available at the end of September (Period 6) overall expenditure was forecast to be £228.939m with a planned drawdown from reserves of £17.285m making a forecast overspend of £12.652m. The Council continues to be impacted by needs and increasing care costs related to social care. Continued mitigations and cost reductions will be pursued to ensure the Council limits the overspend by year end.</p> <p>At the end of October (Period 7) forecast expenditure after transfers to and from reserves is now £210.607m resulting in a forecast overspend of £11.605m. This represents a positive movement of £1.047m from Period 6. Work to reduce spending will need to continue further to reduce the draw down from Council's reserves. This will be reported regularly throughout the year.</p> <p>There is also the inherent risk that demand costs increase and other unforeseen costs materialise which result in additional expenditure or shortfalls of income not currently include within the P7 forecast.</p>	

There is also a projected overspend of £7.080m on the HRA, which is consistent with Period 6, but slightly higher than the position at Period 5 (£6.899m). This level of overspend is not sustainable and work is currently underway to reduce this level of overspend going forward.

Currently corporate funding is expected to be in line with the budget but this year's dividend from Be First (estimated at c£10.4m) is expected to be drawn down from reserves. Last year an exceptional return was made from the Muller deal, and it was agreed this could be spread over two years via a reserve.

If the forecast level of overspend continues, this could result in the requirement to draw funds down from the General Fund balance of c£17m. This will reduce the financial resilience of the Council and curtail future ability to meet cost pressures. It is important to maintain a strong level of the general balance to meet any unknown future risks and all efforts must be made to reduce in year overspends to nil and deliver services within exiting budgets. The position will continue to be closely monitored with a reserve position reported as part of the Budget Strategy report, which is elsewhere on this agenda.

Recommendation(s)

Cabinet is recommended to:

- (i) Note the projected £11.605m revenue overspend forecast at Period 7 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report, and the net projected year-end drawdown of £4.888m to support the in-year position, as shown in Table 1 of the report;
- (ii) Note the projected £7.08m revenue overspend forecast for the Housing Revenue Account, as set out in section 4 and Appendix A of the report;
- (iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 5 and Appendix A of the report;
- (iv) Approve a virement of £10,733,468 from the Enforcement Service budget to the Public Realm budget to reflect the transfer of the Parking service to Public Realm during period 7; and
- (v) Approve the re-appropriation of reserves of £3.684m to the Budget Support Reserve from other non-ringfenced reserves, as detailed in section 6 of the report.

Reason(s)

As a matter of good financial practice, the Cabinet should be informed about the Council's financial risks, spending performance and budgetary position. This will assist in holding officers to account and inform further financial decisions and support the objective of achieving Value for Money.

Chapter 2 of Part 4 of the Council's Constitution requires regular reporting to Cabinet on the overall financial position of each service and the current projected year-end outturn together with corrective actions as necessary.

1. Introduction and Background

- 1.1 This budget monitoring report to Cabinet reflects the forecast position for the end of the 2023/24 financial year as at end of October 2023 (Period 7).
- 1.2 This financial year continues to see the high level of financial risk realised in 2022/23 outturn which feeds into 2023/24. The risk of inflation, and rising interest rates can not only drive increases in demand but directly impact the costs paid by the Council to staff and suppliers. The performance of Council's companies is also impacted and are unable to deliver on the dividends which requires the Council to drawdown on reserves.
- 1.3 The pressure identified in this report are significant and will be factored into the Council's MTFs Planning process to identify long term financial implications on the Council. It is important that the Council begins to significantly reduce the forecast overspend in order to ensure the Council remains financially sustainable over the coming years. The continued drawdown of reserves to support budget pressures is unsustainable and viable solutions will need to be identified to bring spend in line with allocated budgets.

2. Overall Financial Position - General Fund

- 2.1 The 2023/24 budget was approved by the Assembly in March 2023 and is £199.002m – a net increase of £16m from last year. Growth funding was supplied to most services to meet known demand and cost pressures and a central provision was made for the expected Local Government pay award. In addition, there were £7.049m of savings included in the budget.
- 2.2 As **Appendix A** shows, the expenditure forecast is £210.607m after planned transfers to and from reserves resulting in a net overspend of £11.605m. Approved transfers to and from reserves are not normally considered to be overspends since they are planned and agreed spending for which funding sources has been identified – often grant income brought forward from previous years. The table below summarises the overall financial forecast for the Council followed by a narrative highlighting the key drivers behind the forecasts. More detail is given in Appendix A.

Table 1: Overall Financial Forecasted Position by Directorate

	This Years Budget		Actuals/Forecast		Reserves	Variances Inc Reserves		Movement from Last Period	
	Outturn 2022/23	Revised	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance		
GENERAL FUND I&E	210,758,420	199,002,253	121,473,670	215,495,526	(4,888,291)	11,604,982	12,651,875	(1,046,893)	
PEOPLE & RESILIENCE	117,190,113	116,957,652	61,040,850	132,018,930	0	15,061,278	13,408,864	1,652,413	
CORPORATE MANAGEMENT	52,696,852	45,112,923	14,977,352	45,549,808	(161,574)	275,311	2,632,331	(2,357,020)	
LAW AND GOVERNANCE	(5,174,523)	6,531,051	1,812,729	4,886,054	1,245,000	(399,997)	(55,564)	(344,433)	
STRATEGY	3,546,790	9,755,640	5,894,153	9,792,615	(363,662)	(326,687)	(327,627)	940	
INCLUSIVE GROWTH	2,229,661	1,735,078	1,234,560	3,572,705	(1,713,969)	123,658	211,114	(87,455)	
COMMUNITY SOLUTIONS	25,021,966	14,461,470	8,280,948	16,786,943	(4,104,086)	(1,778,613)	(1,745,164)	(33,449)	
MY PLACE	15,247,563	4,448,439	28,233,078	2,888,471	210,000	(1,349,968)	(1,472,078)	122,110	

- 2.2.1 People and Resilience has a negative movement of £1.6m from period 6. The movement is largely due to new placements across Children's services and the cancelling of some Adult client debt.
- 2.2.2 Corporate Management has had a positive movement of £2.4m from period 6. The staff pay award for 2023/24 has been agreed and the average award is 5%. A provision of 6.5% was included in the forecast, this has now been adjusted, which has resulted in the positive movement.
- 2.2.3 Law and Governance has had a positive movement of £0.3m from Period 6, this is due to suspending recruitment into vacant posts for remainder of this financial year.
- 2.2.4 My Place has had a negative movement of £0.1m from period 6. The change is due to recognising 100% bad debt provision for an invoice to BDTP Group relating to services delivered in 2022/23. This has been offset by reductions in forecast spend on maintenance costs and security on commercial properties.

2.3 Key Organisational Risks

- 2.3.1 Temporary Accommodation rental properties available: We are currently at capacity within our own hostels and have received several hand backs requests for Private Sector Landlord's which may lead to moving tenants into more expensive accommodation such as into B&B's and Hotels. Modelling is being carried out against various assumptions which will enable a more robust forecast. This is a national issue. This will also impact support for Social Care clients with the immigration status of No Recourse to Public Funds (NRPF).
- 2.3.2 Social Care budgets are highly dependent on demand for services and effects of price rises on provision of care packages. As costs of care are very high even small changes in numbers of people needing support can cause large swings in the overall forecast. The Adult's service was holding some health funding in reserve to offset against potential winter pressures, but this has now been released to offset budget pressures much earlier than anticipated, which carries significant risk.
- 2.3.3 My Place is the managing agent for Reside properties. It therefore attracts expenditure which in turn must be passed to the relevant reside company. There is a risk of the current insufficient breakdown of the expenditure between HRA and Reside properties hindering My Place from being able to secure payment for invoices from the relevant company, leaving the service with an overspend.
- 2.3.4 Commercial Services – Leisure Income: Sports and Leisure Management (SLM) has given notice that they will be terminating the Leisure contract from September 2024. It is assumed that SLM will continue to pay the concession fee up to the termination date. The assumed income is £665k in 2023/24. It is highly unlikely that the new leisure provider will be able to provide the same level of management fee income to the Council as factored into the MTFs.
- 2.3.5 Contaminated Land by Eastbrookend Park. Although a provision was made for this issue at the end of 2021/22 there remains a risk. Considerable progress has been made in implementing the decontamination Action Plan, and the immediate threat of prosecution by Thames Water has been withdrawn. However, long-term

arrangements for the future of the effluent treatment plant and alternative measures to prevent the discharge of landfill leachate to the Thames Water drainage asset are yet to be identified and investigated. If the plant and equipment fail the Council could potentially breach its consent to discharge which may result in fresh prosecutory action.

2.3.6 HB subsidy and overpayments recovery, the forecasts are based on the current returns and are subject to change throughout the year. There are new players in the market that are claiming the Supported Exempt Status, this means they are exempt from Universal Credit and can claim HB. The Department for Work and Pensions (DWP) will only pay the amount in rent to the LA that is advised by the rent officer. Where there are new entrants to the market there is no comparator for rent and therefore there are risks that the LA will be picking up the cost of the gap between the rent officer rate and the provider rate.

2.4 Key assumptions made within the Organisational Forecast

2.4.1 Forecasts are provided by budget holders and service managers with Finance advice and support.

2.4.2 Staffing costs are estimated within services at 2022/23 pay rates. An estimate of the additional costs, average 5% pay increase, has been included in Central Expenses resulting in a £2.7m positive movement from Period 6.

2.4.3 There is an inflation provision held centrally of £5.5m for energy and contract costs. £2.7m has been distributed to services and a further £0.7m is shown as an underspend against declared service pressures leaving c£2m.

2.4.4 Care and Support figures are based on known clients and care packages held on CONTROC and does not factor in clients going through the onboarding process. Any increases in clients or shifts in types of placements above this assumption will create variances. Since individual clients can require very expensive packages these budgets can be very volatile. Further work is now being picked up to better forecast for placement spend with a clear model being developed.

2.4.5 Quarter two debt monitoring did not support an increase in bad debt provision as the increase in debt to date is attributed to seasonal effects so there is currently no forecast for this being required. Bad debt is revisited Quarterly and will be updated in P9 with a final position identified and reported at year end.

2.4.6 It is assumed that the company dividends of £10.4m will be drawn down from reserves and this position is factored within Corporate Funding. Be First £10.4m will be covered from the IAS reserve using the Mueller Profit t as the company is unlikely to deliver returns 2023/24. Not drawing down these reserves will further add to the overspend by £10.4m.

2.4.7 Parking Income has been forecast to include the current trend. Currently forecasting additional income of £1.2m of which £0.2m will be transferred to Reserves and c£1m is included in the outturn position. There are schemes to come online in year that may increase the achieved income. We have been prudent in the income forecast. There is a potential uplift of c£0.3m up to c£.5m but this will depend on the timescales of delivering schemes.

2.4.8 There is no variance reported on borrowing and interest costs and income or the MRP budget – in previous years this has been managed by use of reserves.

3 Service Variances

3.1 People & Resilience – forecast overspend £15.1m

Income/Expenditure	People and Resilience								
	Prior Year	Current Year			Reserves		Variances inc Reserves		
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement
Adult's Disabilities	20,056,478	19,878,126	13,967,256	23,406,008	0	0	3,527,882	3,101,456	426,427
Adult's Care and Support	22,025,777	23,535,403	11,654,542	27,769,359	0	0	4,233,956	4,041,427	192,528
Commissioning Care and Support	9,849,999	14,602,173	8,842,484	14,095,686	0	0	(506,487)	(507,233)	746
Public Health	(339,189)	(318,250)	(12,575,420)	(318,249)	0	0	1	1	0
Children's Care and Support	45,863,019	41,486,049	26,152,766	47,182,251	0	0	5,696,202	5,280,115	416,088
Education, Youth and Childcare	4,102,925	3,754,781	5,313,055	3,754,781	0	0	(0)	0	(1)
Early Help Service	2,876,729	3,391,965	343,384	2,811,662	0	0	(580,303)	(580,304)	1
Children's and Young People Disabilities	13,913,317	10,627,405	6,696,971	13,317,432	0	0	2,690,027	2,073,403	616,624
Grand Total	118,349,054	116,957,652	60,395,038	132,018,930	0	0	15,061,278	13,408,864	1,652,413

3.1.1 Overall, there is an overspend of £15.061m across the whole of People and Resilience. This is an adverse movement of £1.652m since last month.

3.1.2 This is largely due to new placements across Children's services and the writing-off of some Adult client debt.

3.1.3 The underlying pressure is largely to the cost of implementing supplier uplifts and paying the London Living Wage to all providers, which had led to a pressure of £5.6m. The service is experiencing a significant rise in the number of Education, Health and Care plans, which has resulted in an increasing overspend on the Children with Disabilities budget. The impact of Young B&D is also significant. There are around 300 18-25s receiving care, who are causing a significant financial pressure as they transfer to Adults. The clients transferring are entering Adult care at far greater cost than those clients leaving. Given the numbers, this will have long-term financial implications for the authority.

3.1.4 Placement forecasts within Children's and Adults Services are based on actual client's full year costs as shown in the social care placements database (ContrOcc). The service intends to move towards a position where the forecast incorporates estimated future activity, which should lead to less volatility in the monthly forecast. The current estimated outturn moving to this methodology is a likely year end overspend of approximately £16m. This work has commenced and has been partially incorporated into the P7 forecast.

3.1.5 A review of Adult Social Care debt identified 210 clients for whom a financial assessment had not been undertaken due to non-engagement or capability issues. £3.8m income has been forecast to be written off this financial year. It has been assumed that £2.6m of this amount can be met from the existing bad debt provision, so the revenue impact is expected to be £1.2m.

3.2 Corporate Management – forecast overspend £0.68m

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CORPORATE MANAGEMENT	1,962,734	1,962,734	0	1,849,020	2,804,748	0	(161,574)	680,440	652,460
STRATEGIC LEADERSHIP	425,369	425,369		279,737	472,426	0	(99,360)	(52,303)	(47,492)
FINANCE	12,859,478	12,859,478		12,514,501	12,696,836	0	(62,214)	(224,856)	(241,238)
WORKFORCE CHANGE / HR	1,917,111	1,917,111		2,377,640	2,826,211	0	0	909,100	892,691
LEADERS OFFICE	271,251	271,251		187,616	319,750	0	0	48,499	48,499
TECHNICAL - CORP MGMT	(13,510,475)	(13,510,475)		(13,510,475)	(13,510,475)	0	0	0	0

3.2.1 There is a forecast overspend of £680K in Corporate Management, an adverse movement of £28K from P6, which is due to additional staffing costs in Finance and Workforce Change/HR.

3.2.2 IT (within Finance) is reflecting an underspend of (£1.1m) with an increase in the underspend of (£69k) due to the recruitment pause.

3.2.3 Workforce Change/HR is forecast to overspend by £909k, an adverse movement of £16k from P6 which is due to an increase in staffing costs. The review of the HRA recharge has led to an income deficit of £437k. This change, along with ongoing challenges, has made it impractical for HR to meet the originally projected savings of £577k in the 2023/24 financial year. The delays in implementing the ERP system and the Self-Service Manager model are contributing factors to this setback.

Central Expenses – forecast underspend (£1.5m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CENTRAL EXPENSES	48,406,094	48,469,094	(63,000)	15,394,980	46,892,539	0	0	(1,513,555)	871,445
CENTRAL EXPENSES	48,406,094	48,469,094	(63,000)	15,394,980	46,892,539	0	0	(1,513,555)	871,445

3.2.4 A £2.7m inflation provision has been released to support services and a further £0.7m is offsetting overspends elsewhere. The assumption in the previous forecast was a pay award of 4% considering the offers to other Public Sector workers averaging over 6% the forecast has increased the pay award assumption to 6.5%. This is a change in assumption from last period. This is resulting in a net forecast overspend of £2.6m. There is a small underspend of £0.2m on MRP. This is a change in assumption from last period. This is resulting in a net forecast overspend of £2.6m. There is a small underspend of £0.2m on MRP.

3.2.5 There are £4.2m contingency budgets and provisions which are assumed to be fully spent including the redundancy provision (£1.3m) and the remaining inflation pot (£2m.) The biggest risk is bad debt provision as there is only £1.9m of budget. No pressure is currently being forecast. This will be reviewed at the end of quarter three. There is £110k overspend on HB Overpayment Recovery and Subsidy due to overpayment reclaims.

3.2.6 In previous years the Council has usually made a healthy underspend on net interest income and expenditure – up to £7m in a good year. However, this may not be so achievable in the current economic climate. This is currently not included in the forecast as it is generally taken to the IAS reserve to fund future borrowing / investment.

3.3 Law & Governance – forecast underspend (£0.4m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
LAW AND GOVERNANCE	6,531,051	6,531,051		1,812,729	4,886,054	1,275,000	(30,000)	(399,997)	(55,564)
LEGAL	3,628,084	3,628,084		3,117,924	3,513,561	0	(30,000)	(144,523)	(105,196)
ENFORCEMENT	2,902,967	2,902,967		(1,305,195)	1,372,493	1,275,000	0	(255,474)	49,632

3.3.1 There was a favourable movement of c£0.3m from Period 6. The movement is largely within Enforcement.

3.3.2 Legal and Democratic services are reporting an underspend of c£145k, a favourable movement of c£39k from P6. This is primarily due to Grant income received for Electoral Registration. Democratic Services is forecasting underspend of £170k. The underspend is attributable to vacant posts within Democratic Services. It is worth noting Legal are forecasting an overspend of c£25k, this overspend is primarily due to the recalculation of the HRA recharge, resulting in an income shortfall of c£180k within Legal. In summary, while Legal and Democratic Services have experienced a favourable financial outcome due to the conversion of agency staff and staff resignations, Legal's overspend is partially offset by the ongoing vacancies in both departments.

3.3.3 The Enforcement P7 outturn position reflects an underspend of c£255k following the transfer of circa £1.275 million in PRPL income to reserves. The favourable movement of c£305k relates to the pause in recruitment to vacant positions. Currently, there are 59 vacant positions within Enforcement, with 29 of them being temporarily filled by agency staff. The Private Sector Property Licensing (PRPL) scheme income target will be met and a transfer of c£1.2m to reserve for future years.

3.4 Strategy – forecast underspend (£0.327m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
STRATEGY	9,755,640	9,755,640		5,894,153	9,792,615	0	(363,662)	(326,687)	(327,627)
STRATEGY & INSIGHT	8,392,400	8,392,400		4,953,212	8,263,521	0	(351,662)	(480,541)	(455,366)
COMMUNICATIONS	1,363,240	1,363,240		940,941	1,529,094	0	(12,000)	153,854	127,739

3.4.1 The Directorate forecast underspend of (£326k) is unchanged from Period 6.

3.4.2 There are underspends across the following services, mainly due to vacancy savings: Customer Contact (£175k), Strategy (£148k), and Insight (£133k). Advertising is forecast to exceed the £236k income target by (£56k).

3.4.3 There are overspends within Communications and Events £154k and the PMO £31K. These overspends are in the main driven by a shortfall in HRA income: £112k in Comms and £116k in the PMO. These overspends are mitigated by holding vacant posts.

3.4.4 The following sums are being drawn down from reserves: £283k growth funding for the Customer Experience team, £50k to Insight for the One View, £19k for salaries carry forwards within Strategy and £12k Women's Empowerment funding to Events.

3.5 Inclusive Growth – forecast overspend £0.124m

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
INCLUSIVE GROWTH	1,735,078	1,735,078		1,234,560	3,572,705	154,342	(1,868,311)	123,658	211,114
COMMERCIAL	(761,371)	(761,371)		(1,401,291)	(883,647)	154,342	(40,000)	(7,934)	14,935
INCLUSIVE GROWTH	2,496,449	2,496,449		2,635,851	4,456,352	0	(1,828,311)	131,592	196,178

3.5.1 Inclusive Growth are forecast to overspend of £123k. The overspend is due to a £500k income target (for 2023/24 only) for Soil Importation within Parks Commissioning which will not be met. This is being offset by holding vacancies and other management action. The overspend has reduced by (£87k) from Period 6 due to the pause on recruitment.

3.5.2 The main risk within this service area is income from the leisure contract, although the risk is from September 2024/25 when the current leisure contract ends. The procurement process for a new leisure provider is underway, and it is not yet known what level of management fee income will be secured.

3.5.3 Drawdowns from Reserves consist of £1m of grant income, £648k from the Welfare reserve, and £221k from the Made in Dagenham film reserve. The £154k transfer to reserves is the balance from the Leisure contract termination fee.

3.6 Community Solutions – forecast underspend of (£1.778m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
COMMUNITY SOLUTIONS	14,461,470	14,461,470		8,280,948	16,786,943	400,000	(4,504,086)	(1,778,613)	(1,745,164)
SUPPORT AND COLLECTIONS	7,017,112	7,017,112		3,308,011	7,566,453	0	(1,511,164)	(961,823)	(941,070)
COMMUNITY SOLUTIONS	1,069,410	1,069,410		535,809	921,075	0	(146,000)	(294,335)	(310,313)
COMMUNITY PARTICIPATION & PREV	7,679,948	7,679,948		5,742,128	9,604,415	400,000	(2,846,922)	(522,455)	(493,781)
TECHNICAL - COMSOLS	(1,305,000)	(1,305,000)		(1,305,000)	(1,305,000)	0	0	0	0

3.6.1 Within this forecast there is a financial pressure of £3.4m – mostly relating to services no longer being charged to the HRA. This is being managed in-year with a mitigation plan including holding vacancies and drawing heavily on reserves. The service has also been successful in increasing its income including grant income from the GLA, Health income and HRA recharges.

3.6.2 The key risks are Becontree Collection Service achieving the forecast income of £650k in 2023/24 and limiting the use of B&B's and Hostels for Temporary Accommodation.

3.7 My Place – forecast underspend of (£1.350m)

3.7.1 The Parking service transferred to Public Realm in Period 7. The total value of the budget transfer is a credit budget of £10,733,468.

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
MY PLACE	4,448,439	4,448,439	0	28,233,078	2,888,471	210,000	0	(1,349,968)	(1,472,078)
HOMES AND ASSETS	(1,145,987)	(1,145,987)	0	15,072,599	(296,626)	0	0	849,361	1,117,404
PUBLIC REALM	5,594,426	5,594,426	0	13,160,479	3,185,097	210,000	0	(2,199,329)	(2,589,482)

3.7.2 The Directorate underspend of (£1.35m) comprises an underspend in Public Realm of (£2.199m) offset by a £0.849m overspend in Homes and Assets. The Homes and Assets pressure results from a reduced ability to charge to the HRA and a shortfall on Commercial Property income while the Public Realm underspend relates to an increased recharge to HRA of appropriate costs following reviews, staffing vacancies being held ahead of a restructure and due to recruitment pause and finally the Parking surplus (£1.0m) adjusted for £210,000 transfer to the Parking Reserve at year end.

3.7.3 Homes and Assets is currently forecasting a £0.643m overspend within the Commercial Portfolio, this is seen as an underlying pressure within the outturn. The Strategic Director has tasked the Commercial Lead with completing a full asset list and rent roll to determine the recoverability of the pressure and support budget setting assumptions for 2024/25. This is currently being validated.

3.7.4 One of the primary risks for Homes and Assets is its ability to recover costs in the role of the managing agent for the Reside group of entities. This raises several risks from identifying all Reside related expenditure, aggregating it between the different blocks and companies, raising service charge invoices and managing the debt position of this all within the General Fund. The risk is that the service is left holding the expenditure.

3.7.5 The position has slightly weakened this month by £122,000, with the main cause driven by a £318,000 Bad Debt Provision (BDP) adjustment for invoices raised by Public Realm to BDMS in Quarter 2. The company has outstanding fleet invoices owing since 2020/21.

3.8 Savings

	Savings Rated Green £ 000s	Savings Rated Amber £ 000s	Savings Rated Green £ 000s
Care and Support		237	500
Community Solutions	130	220	1,122
My Place	155		153
Inclusive Growth	500		370
Finance & IT			735
Law & Governance			2,300
HR	577		
Education	15		
EYCC		35	
Total	1,377	492	5,180

3.8.1 The MTFs savings target for 2023/24 is £7.049m. At P7:

- £1.377m (20%) are rated red, not being achieved; (HR £0.577m, Parks income £0.5m, My Place £0.15m, Valence library £0.13m)
- £0.492m (16%) are rated amber / green, forecast as uncertain and may only be part achieved

- £5.18m (64%) are rated green, fully achieved (either now or by year end) or expected to be achieved in year.

3.8.2 Red savings are reflected in the service overspends. Unachieved savings in the current financial year increases the risk to the medium-term financial strategy moving forward and will increase the budget gap unless viable alternative savings can be found.

3.8.3 The table below is a breakdown of the unachieved savings in 2023/24.

Service Area	Savings Proposal	2023/24	RAG
		Target £'000	RATING
P&P	FPN income	(15)	
Inclusive Growth	Parks Commissioning - Soil Importation	(500)	
HR	Restructure	(577)	
Community Solutions	Creation of Heritage site at Valence Library - 2.5FTE Sc5	(130)	
My Place	No longer have a dedicated Graffiti team	(75)	
My Place	Reduce the opening days and times of the Town Hall and other buildings	(50)	
My Place	Increase the commercial income	(30)	
		(1,377)	

4 Housing Revenue Account

4.1 The HRA is forecasting to overspend by £7.080m. The primary cause of the overspend is the significant increase in the BDMS contract for Housing Repairs and Maintenance which has increased from £15.670m to £25m, an agreed increase after budget setting. This movement is not like for like with some costs being removed and others added during the one-year contract extension. The overall increase, taking account of the DLO underspend is £9.907m across Repairs and Maintenance, Supervision and Management

4.2 These costs are being partly mitigated by a slowdown in the capital programme leaving residual pressures of £7.080m. HRA reserves stand at £18m and may reduce by a further £1m once the HRA for 2022/23 is finalised. Drawing a further £7m from reserves will significantly deplete HRA reserves. It should also be noted that reducing capital spending may result in a further increase in reactive costs in future years vs planned.

4.4 There are a range of risks confronting the HRA totalling £2.040m together with at least 10 further areas that are non-quantified. The most significant quantified risk at this time is £1.5m relating to Fleet costs incurred within BDMS which they are seeking outside of the contract price. In terms of opportunities, there is upwards of (£1.5m) potentially from releasing Bad Debt Provision budget but currently being cautious with the cost of living and awareness that the other Disrepair Provision may require further funding in the current year.

5. Investment and Acquisition Strategy and Treasury Management

5.1 The Council has an Investment and Acquisition Strategy to achieve a financial return while supporting the regeneration of the borough. This is reported on in detail at regular intervals but a short summary of the current in-year forecast is provided in Appendix A.

5.2 Overall there is a shortfall of £6.201m on returns with only £660k being forecast to be achieved against a target of £6.861m. However, this is offset by a £6.9m net over achievement of income on borrowing and investment income creating a net surplus of £101k. The significant difference between the returns and the treasury outperformance reflects the reduced returns from commercial income but the increased return from Reside loans and from the impact of capitalised interest.

5.3 There is also a small surplus forecast of £246k on general treasury management activity. This has not been incorporated into the main budget forecast as the economic situation remains volatile but it does represent an opportunity to decrease the overspend if returns remain favourable.

6. Reserve Movements

6.1 A review of the reserves has been carried out and services have identified £3.684m which can be transferred to the Budget Support Reserve. This release of reserves by the services will help strengthen the Council's overall flexibility when applying new reserves.

6.2 Table of proposed transfer to Budget Support Reserve.

Reserve	Project Code	Current Balance	Release to		Comments
			BSR/GF Reserve	Current Balance	
Budget Support Reserve	BR0008	(2,798,777.96)	(3,684,200.08)	(6,482,978.04)	
VAT Market Repayment Reserve	BR0027	(223,406.08)	223,406.08	0.00	Historic Reserve, no contractual commitment - Release to BSR
Parking (Off Street) Reserve	BR0042	(1,154,100.00)	1,154,100.00	0.00	Non-ring-fenced parking income - release to BSR
Service Grants C/F- Comm Sol	BR0057	(3,483,572.93)	155,794.00	(3,327,778.93)	Historic Grant from 2019/20 - Release to BSR
Welfare Reform Reserve	BR0043	(4,060,854.66)	1,363,900.00	(2,696,954.66)	Various cost of living projects reviewed - £1.36m To be released back to BSR
Departmental Reserve - Comm S	BR0053	(2,806,807.18)	300,000.00	(2,506,807.18)	Historic Reserve, no contractual commitment - Release to BSR
Departmental Reserve - My Place	BR0062	(287,000.00)	287,000.00	0.00	For modelling of waste strategy/cleaner communities campaign - Director has released to GF reserve.
Education Youth & Childcare	BR0009	(1,230,083.59)	200,000.00	(1,030,083.59)	£200k GF balance to be released to BSR - As per Star Chambers
		(16,044,602.40)	0.00	(16,044,602.40)	

6.3 The Section 151 Officer has reviewed the proposed transfer to Budget Support Reserve and recommends Cabinet approval.

7. Financial Implications

Implications completed by: Nish Popat, Deputy Section 151 Officer

7.1 This report is one of a series of regular updates to Cabinet about the Council's financial position and the main body of the report provides key financial implications.

8 Legal Implications

Implications completed by: Dr Paul Feild, Senior Standards & Governance Lawyer

8.1 Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and

ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

- 8.2 In spite of inflationary pressures arising from post covid and the war in Eastern Europe, the fiduciary duty to Council taxpayers and the Government for proper stewardship of funds entrusted to the Council together with ensuring value for money plus the legal duties to achieve best value still apply. Furthermore, there remains an obligation to ensure statutory services and care standards for the vulnerable are maintained.
- 8.3 The Council should continue careful tracking of all costs and itemise and document the reasoning for procurement choices to ensure expenditure is in line with the Local Government Act 1999 duty to secure continuous improvement in the way in which the Council's functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. If there should be a need to make changes in services provision, then there is a duty to carry out proper consultation and have due regard to any impact on human rights and the Council's Public Sector Equality Duty under the Equality Act 2010 before finalising any decision.

9. Other Implications

- 9.1 **Risk Management** – Regular monitoring and reporting of the Council's budget position is a key management control to reduce the financial risks to the organisation and features on the Council's strategic risk register.
- 9.2 **Corporate Policy and Equality Impact** – Regular budget monitoring is key to the Council being a well-run organisation, which provides value for money for residents. It also ensures that the Council will be able to focus resources on delivering the priorities set out in the Corporate Plan 2023-26. Where any new savings proposals are put forward, or if there is need to make changes in services provision, the Council has a duty to carry out proper consultation and have due regard to any impact on people with protected characteristics, as part of the Council's Public Sector Equality Duty under the Equality Act 2010. The equality implications should be considered at the early stages of planning.

Public Background Papers used in preparation of this report:

- The Council's MTFs and budget setting report, Assembly 1 March 2023
[Budget Framework 2023-24 Report \(lbbd.gov.uk\)](#)

List of appendices:

- **Appendix A:** Revenue Budget Monitoring Pack 2023/24 (Period 7)

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Finance Budget Monitoring – General Fund

APPENDIX A

2023/24

P7 (October 2023)

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Period 7: Overspend of £11.6m, a positive movement of £1.05m from previous period

	Outturn 2022/23	This Years Budget	Actuals/Forecast		Reserves	Variances Inc Reserves		Movement from Last Period	
		Revised	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance		
GENERAL FUND I&E	210,758,420	199,002,253	121,473,670	215,495,526	(4,888,291)	11,604,982	12,651,875	(1,046,893)	
PEOPLE & RESILIENCE	117,190,113	116,957,652	61,040,850	132,018,930	0	15,061,278	13,408,864	1,652,413	
CORPORATE MANAGEMENT	52,696,852	45,112,923	14,977,352	45,549,808	(161,574)	275,311	2,632,331	(2,357,020)	
LAW AND GOVERNANCE	(5,174,523)	6,531,051	1,812,729	4,886,054	1,245,000	(399,997)	(55,564)	(344,433)	
STRATEGY	3,546,790	9,755,640	5,894,153	9,792,615	(363,662)	(326,687)	(327,627)	940	
INCLUSIVE GROWTH	2,229,661	1,735,078	1,234,560	3,572,705	(1,713,969)	123,658	211,114	(87,455)	
COMMUNITY SOLUTIONS	25,021,966	14,461,470	8,280,948	16,786,943	(4,104,086)	(1,778,613)	(1,745,164)	(33,449)	
MY PLACE	15,247,563	4,448,439	28,233,078	2,888,471	210,000	(1,349,968)	(1,472,078)	122,110	

Key Drivers:

The most significant negative movement is from People and Resilience which moved by £1.6m and My Place - £0.122m. These are offset by an improvement of £0.344m in Law and Governance forecast outturn, £0.087m improvement in Inclusive Growth and movements of -2.357m from Corporate Management.

People and Resilience: £1.6m increase in forecast expenditure in P7.

The movement is largely due to new placements across Children's services and the cancelling of some Adult client debt.

Corporate Management: (£2.357m) decrease in forecast expenditure.

Staff pay award for 2023/24 has been agreed and the average award is 5%. A provision of 6.5% was included in the forecast, this has now been adjusted, which has resulted in a positive movement.

Law and Governance: (£0.344m) decrease in forecast expenditure.

This improvement from P6 is due to suspending recruitment into vacant posts for remainder of the 2023.24 financial year.

My Place: £0.122m increase in forecast expenditure in P7.

The change from P6 is due to recognising 100% bad debt provision for an invoice to BDTP Group relating to services delivered in 2022.23. This has been offset by reductions in forecast spend on maintenance costs and security on commercial properties.

Key assumptions

- Forecasts are provided by budget holders and service managers with Finance advice and support
- Staff are costed within services at 22/23 pay rates. An estimate of the additional costs, average 5% pay increase, has been included in Central Expenses resulting in a £2.3m release in forecast and forms part of the Corporate Management outturn forecast.
- There is an inflation provision held centrally of £5.5m for energy and contract costs. £2.3m has been distributed to services and a further £0.7m is shown as an underspend against declared service pressures leaving c£2m.
- Care and Support figures are based on known clients and care packages held on ContrOcc and does not factor in clients going through the onboarding process . Any increases in clients or shifts in types of placement above this assumption will create variances. Since individual clients can require very expensive packages these budgets can be very volatile. Further work is now being picked up to better forecast for placement spend with a clear model being developed.
- Quarter two debt monitoring did not support an increase in bad debt provision so there is currently no forecast for this being required. Bad debt is revisited Quarterly and will be updated in P9 with a clearer position identified at year end
- It is assumed that the company dividends total of £10.4m will be drawn down from reserves and this position is factored within the Corporate Management Directorate. Be First dividends of £10.4m will be covered from the IAS reserve using the Mueller Profit in part as the company are unlikely to deliver returns 23/24. Not drawing down these reserves will further add to the overspend by £10.4m.
- Parking Income has been forecast to include the current trend. Currently forecasting additional income of £1.2m of which £0.2m will be transferred to Reserves and c£1m is included in the outturn position. There are schemes to come online in year that may increase the achieved income. We have been prudent in the income forecast. There is a potential uplift of c£0.3m up to c£.5m but this will depend on the timescales of delivering schemes.
- There is no variance reported on borrowing and interest costs and income or the MRP budget – in previous years this has been managed by use of reserves.

Funding assumptions

- The Budget assumes funding from Subsidiaries of c£10.4m via dividends, however this seems unlikely as stated in this report. The non-achievement of dividend will now be funded from Reserves.
- There was a deficit on the 22/23 Collection Fund that will be brought into this year's General Fund (in accordance with regulations.) This will be covered by a drawdown from reserves as reported in the February 2023 budget and this was planned.
- The Market Sustainability Grant was given by Government to cover Adult Social Care costs but was given as part of our overall Spending Power. It is therefore shown as Corporate Funding and has been used to fund Adult's budget growth.
- There are currently no forecast variances on Corporate Funding. In previous years the Council has received additional in year section 31 grants – if this occurs again this year this will potentially be used to offset the overspend or to replenish reserves.

Period 7: Movement in Reserves

	Opening Balance	Budgeted Drawdown 23-24	In Year Inter Reserve Transactions 23-24	Planned Drawdowns 23-24 (P6)	Drawdowns not in P6 - require approval	Transfer to Reserve (P6)	Release to BSR - require approval	Current Balance
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
General Reserves	(17.03)	0.00	0.00	0.00	0.00	0.00	0.00	(17.03)
Budget Support Reserve	(16.84)	13.51	0.53	0.00	0.00	0.00	(3.68)	(6.48)
Sub total	(33.87)	13.51	0.53	0.00	0.00	0.00	(3.68)	(23.51)
Ring-fenced Reserves	(28.91)	0.00	(0.53)	4.32	5.49	(1.64)	1.53	(19.74)
PFI Reserves	(14.28)	0.00	0.00	0.00	0.00	0.00	0.00	(14.28)
Levy Funding Reserve	(6.11)	0.00	0.00	0.00	0.00	0.00	0.00	(6.11)
Sub total	(49.30)	0.00	(0.53)	4.32	5.49	(1.64)	1.53	(40.13)
Non Ring-Fenced Reserves								
Corporate Reserves	(5.91)	0.00	0.00	0.10	1.37	0.00	0.00	(4.45)
People & Resilience	(0.54)	0.20	0.01	0.00	0.17	0.00	0.00	(0.17)
Legal, Governance & HR	(0.41)	0.00	0.00	0.00	0.00	0.00	0.00	(0.41)
Strategy	(0.05)	0.00	0.00	0.03	0.02	0.00	0.00	(0.00)
Inclusive Growth	(1.34)	0.00	0.00	0.11	0.00	0.00	0.00	(1.23)
Community Solutions	(12.64)	1.31	(0.01)	1.40	3.11	0.00	1.66	(5.18)
My Place	(0.29)	0.00	0.00	0.00	0.00	0.00	0.29	0.00
Collection Fund Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub total Non-ringfenced	(21.18)	1.50	0.00	1.64	4.66	0.00	1.95	(11.43)
IAS & Capital Reserves								
Investment Reserves	(16.17)	0.00	1.13	0.00	0.00	0.00	0.00	(15.03)
Mueller Reserve	(12.00)	0.00	0.00	10.39	0.00	0.00	0.00	(1.61)
CR27 Hotel Deal reserve	(5.50)	0.00	(0.57)	0.00	0.00	0.00	0.00	(6.07)
Isle of Dogs Travelodge Reserve	(5.50)	0.00	(0.57)	0.00	0.00	0.00	0.00	(6.07)
Capital Reserves	(3.78)	0.00	0.00	0.00	0.00	0.00	0.00	(3.78)
Sub total IAS Reserves	(42.95)	0.00	0.00	10.39	0.00	0.00	0.00	(32.56)
Total	(147.29)	15.01	0.00	16.35	10.15	(1.64)	(0.20)	(107.63)

- A number of financial risks have materialised in 2023/24 resulting in the need to use reserves to cover the forecast overspend of £11.6m. The Budget Support Reserve has a balance of £6.48m (after approval of transfer of £3.68m). However, there is insufficient 'free' reserves to cover the 2023/24 forecast overspend and management action is required to bring spend in-line with budgets.
- It is to be borne in mind that the 2024/25 base budget, after savings, has a budget gap of £23m, as outlined in the Budget Strategy Report.

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Key risks

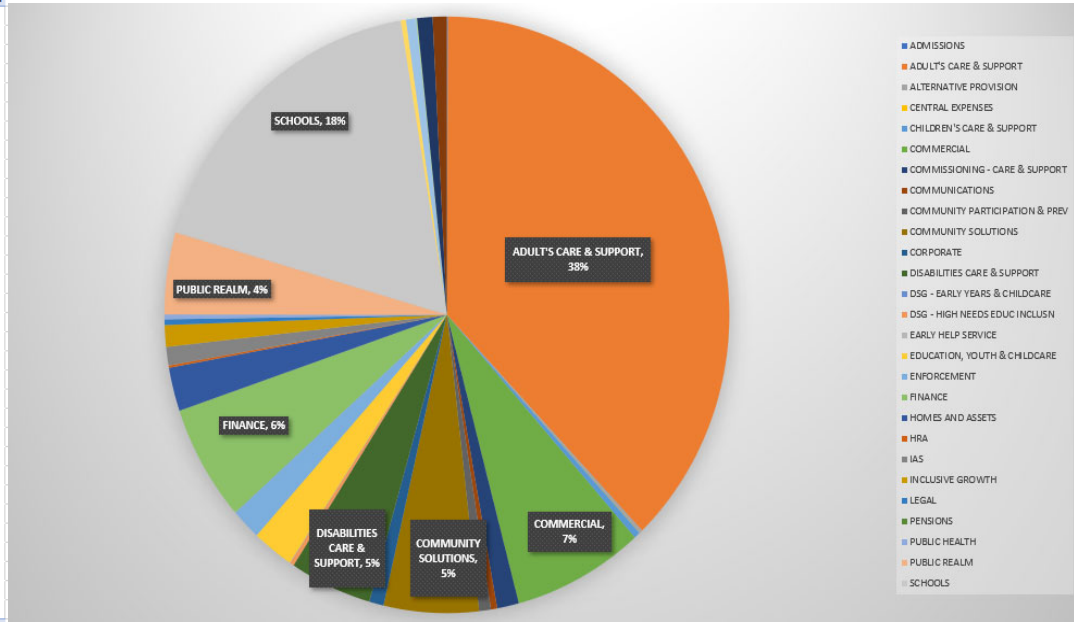
- The Ethical Collection Service is forecasting income of £650k. The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance believe the income will range between £500k - £600k and this may increase the outturn variance.
 - Temporary Accommodation rental properties available - We are currently at capacity within our own hostels and have received several hand backs requests for PSL's which may lead to an overspill into B&B's and Hotels. Modelling is being carried out against various assumptions which will enable a more robust forecast. This is a national issue. This will also impact support for Social Care clients with the immigration status of No Recourse to Public Funds (NRPF)
 - Social Care budgets are highly dependent on demand for services which cannot be controlled at the point of need. As costs of care are very high even small changes in numbers of people needing support can cause large swings in the overall forecast. The Adult's service was holding some health funding in reserve to offset against potential winter pressures, but this has now been released, which carries significant risk.
 - My Place is the managing agent for Reside properties. It therefore attracts expenditure which in turn must be passed to the relevant reside company. The risk if there is insufficient breakdown of the expenditure then My Place will not be able to secure invoices from the relevant company and will be left with an overspend.
- Commercial Services – Leisure Income: SLM has given notice that they will be terminating the Leisure contract from September 2024. It is assumed that SLM will continue to pay the concession fee up to the termination date. The assumed income is £665k in 2023/24. It is highly unlikely that the new leisure provider will be able to provide the same level of management fee income to the Council as factored into the MTFS.
- Contaminated Land by Eastbrookend Park. Although a provision was made for this issue at the end of 21/22 there remains a risk. Considerable progress has been made in implementing the decontamination Action Plan, and the immediate threat of prosecution by Thames Water has been withdrawn. However long-term arrangements for the future of the effluent treatment plant and alternative measures to prevent the discharge of landfill leachate to the Thames Water drainage asset are yet to be identified and investigated. If the plant and equipment fail the Council could potentially breach its consent to discharge which may result in fresh prosecutory action.
 - HB subsidy and overpayments recovery, the forecasts are based on the current returns and are subject to change throughout the year. There are new players in the market that are claiming the Supported Exempt Status, this means they are exempt from Universal Credit and can claim HB. DWP will only pay the amount in rent to the LA that is advised by the rent officer. Where there are new entrants to the market there is no comparator for rent and therefore there are risks that the LA will be picking up the cost of the gap between the rent officer rate and the provider rate.
 - Based on current projections the reserve levels drop considerably, a reduction of over £50m in a single year.

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Bad Debt – This is Updated Quarterly. Current Position P6

Row Labels	Sum of Overdue 0-12 months	Sum of Overdue 12-24 months	Sum of Overdue 24-36 months	Sum of Overdue 36 months +	Sum of TOTAL SUM
ADMISSIONS	2,574	26,729	-	1,106	30,409
ADULT'S CARE & SUPPORT	6,182,826	4,795,652	2,981,441	4,690,990	18,650,909
ALTERNATIVE PROVISION	270	50,110	7,326	29,524	87,230
CENTRAL EXPENSES	-	-	-	7,608	7,608
CHILDREN'S CARE & SUPPORT	3,190	120,853	6,020	48,672	178,734
COMMERCIAL	3,688,599	-	230	5,643	3,694,472
COMMISSIONING - CARE & SUPPORT	210,940	202,009	154,831	47,430	615,209
COMMUNICATIONS	78,007	32,089	37,210	30,723	178,029
COMMUNITY PARTICIPATION & PREV	167,893	19,487	52,829	90,672	330,881
COMMUNITY SOLUTIONS	836,325	1,197,016	641,326	1,485	2,676,152
CORPORATE	298,730	103,931	5,154	520	408,334
DISABILITIES CARE & SUPPORT	501,683	767,223	394,552	657,576	2,321,034
DSG - EARLY YEARS & CHILDCARE	-	-	25	75	100
DSG - HIGH NEEDS EDUC INCLUSN	20,720	88,516	967	230	110,433
EARLY HELP SERVICE	-	15,857	-	-	15,857
EDUCATION, YOUTH & CHILDCARE	296,977	119,977	328,687	426,219	1,171,861
ENFORCEMENT	276,902	194,519	311,969	58,177	841,567
FINANCE	1,139,343	598,561	979,531	400,831	3,118,265
HOMES AND ASSETS	520,237	208,474	179,863	258,142	1,166,715
HRA	60	37,053	18,321	5,804	61,238
IAS	143,273	129,601	139,946	81,000	493,819
INCLUSIVE GROWTH	43,560	197,660	299,818	37,747	578,786
LEGAL	96,145	23,059	10,729	20,632	150,564
PENSIONS	280	-	-	-	280
PUBLIC HEALTH	-	80,000	49,200	-	129,200
PUBLIC REALM	519,892	821,540	754,992	94,614	2,191,038
SCHOOLS	8,598,880	215,738	9,714	17,106	8,841,437
SCHOOLS - FUNDING	-	150,000	-	-	150,000
STRATEGIC LEADERSHIP	-	-	-	281,213	281,213
STRATEGY & TRANSFORMATION	-	-	24,530	3,646	28,175
SUPPORT AND COLLECTIONS	-	278,412	112,943	42,956	434,312
WORKFORCE CHANGE / HR	65,128	185,989	27,166	120,061	398,344
Grand Total	23,692,434	10,660,054	7,529,317	7,460,402	49,342,206



The above data comes from the 'All Invoices' report run from E5 and has been split out by Directorate based on the cost centre linked to the invoice.

The data shows total invoices outstanding as at 30th September 2023 and has been sorted into aging buckets.

Total Bad Debt above includes LBB schools and companies which would normally be excluded when calculating the bad debt provision.

At end of quarter two the total level of debt had increased since quarter 1 – however it is thought this be in part a seasonal effect. We will not include bad debt in the forecast until the trend is clearly established.

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2023-24 Savings Progress Overview

There were several savings targets identified as part of the MTFs process. The table opposite shows the performance in relation to those savings by area.

It is crucial that savings proposals are met, or alternatives found.

More detail on the specific savings can be found in the appendices.

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	Savings Rated Green £ 000s	Savings Rated Amber £ 000s	Savings Rated Green £ 000s
Care and Support		237	500
Community Solutions	130	220	1,122
My Place	155		153
Inclusive Growth	500		370
Finance & IT			735
Law & Governance			2,300
HR	577		
Education	15		
EYCC		35	
Total	1,377	492	5,180

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Finance Budget Monitoring – HRA,DSG and Investment Strategy

2023/24

P7 (October 2023)

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HRA: Period 7

The HRA is projecting **£7.080m overspend** at Period 7, no change on prior month. The voluntary budget allocation to support the Capital Programme of £6.680m has been released in part mitigation. The primary cause of the overspend is the significant increase of the BDMS R&M Contract which has gone from a budget of £15.670m to £26.472m. **The contract was agreed after the budget was set.** Adjusting for DLO expenditure, the net impact is **£9.907m**.

P6 VARIANCE	2023/24 FORECAST OUTTURN				
	REPORT LEVEL	BUDGET £'000	FORECAST £'000	VARIANCE £'000	CHANGE £'000
£2,371	SUPERVISION & MANAGEMENT	48,394	50,765	£2,371	£0
£6,901	REPAIRS & MAINTENANCE	24,473	31,373	£6,901	£0
£1,146	RENTS, RATES ETC	1,587	2,732	£1,146	£0
£0	INTEREST PAYABLE	11,300	11,300	£0	£0
£0	DISREPAIR PROVISION	0	0	£0	£0
£0	BAD DEBT PROVISION (BDP)	3,309	3,309	£0	£0
(£170)	CDC RECHARGE	1,102	932	(£170)	£0
£10,247	TOTAL EXPENDITURE	90,164	100,411	£10,247	£0
(£331)	DWELLING RENTS	(£90,432)	(90,764)	(£331)	£0
£11	NON-DWELLING RENTS	(£765)	(754)	£11	£0
£2,266	CHARGES FOR SERVICES & FACILITIES	(£26,158)	(23,892)	£2,266	£0
£0	INTEREST & INVESTMENT INCOME	(£400)	(400)	£0	£0
£1,945	TOTAL INCOME	(£117,755)	(£115,810)	£1,945	£0
£12,193	NET TOTAL BEFORE CAPITAL	(£27,591)	(£15,398)	£12,193	£0
£1,555	DEPRECIATION	19,210	20,765	£1,555	£0
(£6,680)	TRANSFER TO MAJOR REPAIR RESERVE (MRR)	6,680	0	(£6,680)	£0
(£5,126)	CAPITAL PROGRAMME FUNDING	£25,891	£20,765	(£5,126)	£0
£7,067	NET TOTAL AFTER CAPITAL	(£1,700)	£5,367	£7,067	£0
£14	TRANSFER TO HRA LEASEHOLDER RESERVE	£1,700	1,714	£14	£0
£7,080	TRANSFER FROM/(TO) HRA RESERVE	(£0)	£7,080	£7,080	£0

Key Drivers of the Position (Summary):

- **Supervision & Management: £2.371m overspend**
BDMS Contract £3.565m relating to Management of We Fix and Agency mostly offset by the removal of reside related costs from the HRA position in 2023/24 and Recharges into the HRA from the GF. The positive movement (**£232,000**) from P5 is the net impact of both My Place Recharge and HRA Fixed Recharge reviewed positions.
Repairs and Maintenance: £6.901m overspend
We Fix activity is the driving cause, **BDMS Contract £7.238m** relating to service costs (materials, subcontractors, contact centre etc) and Fleet costs **£500,000** are slightly offset by **Direct Labour Organisation (DLO) (£903,000)** underspend.
 - **Other Expenditure Lines: £976,000 overspend**
Rents, Rates: £1.146m - Insurance £762,000 reflects higher 2023/24 premiums on Building Insurance together with a recognition that the HRA will likely have to pay **Council Tax** for its void properties **£385,000**. This is offset in part by a reduction in the projected **CDC recharge (£170,000)** which was also reviewed alongside other recharges.
 - **Income: £1.945m under recovery**
Services & Facilities £2.266m is reflecting the removal of Reside income from the HRA position in 2023/24 and tenant service charges shortfall £174,000. **Dwelling Rents** is partially mitigating this (**£320,000**) due to reduced RTB sales and likely slippage in Estate Regeneration timetable.
 - **Capital Programme & Financing: (£5,126m) underspend**
This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). **Depreciation** is expected to increase by **£1.555m** compared to budget and is mandatory. The **MRR** budget allocation has been released (**£6.680m**) to offer partial mitigation to the in-year overspend but capital borrowing costs could rise in future years for the HRA.
- As the HRA in year position must balance at Outturn, should mitigation not be identified, then this would require funding from the HRA Reserve (£18.4m).**
- Risks: £2.050m + 10 unquantified risks**
Opportunities: (£1.950m) +1 unquantified opportunity.

Dedicated Schools Grant (DSG)

Estimated DSG forecast for 23/24 is an overspend of **£3.5m**, this is mainly due to pressures within High Needs Block. The main drivers are combination of the following factors:

- Out of borough non-maintained **fees & top-up payments**
- **Revised HN funding allocation** announced in July by DfE reduced our HN funding by **£1.1m** from £50.9m to £49.8m due to import & export adjustments and recoupment for academies.
- **One-off exceptional payments** to schools to help alleviate the financial pressures schools are facing due to the ongoing demand and complex cases of children with SEND
- **The overspend will be funded from DSG reserves.**
There's no impact on the councils General Fund.

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Dedicated Schools Grant {DSG} Forecast	2023-24 Budget	2023-24 Projected Outturn	Surplus / (Deficit) Outturn March 2024
	£'000	£'000	£'000
Schools Block – ISB	188,955	188,955	0
Central Block	2,162	2,162	0
High Needs Block	49,837	53,337	(3,500)
Early Years Block	23,174	23,174	0
Total	264,128	267,628	(3,500)
DSG Surplus B/F			10,073
Revised DSG Reserve			6,573
add EY refund			264
23/24 DSG Reserve			6,837
Of which:			
SFFD retained		963	
Growth & Falling Fund B/F		309	
Net DSG Reserve			5,565

General Fund Treasury Strategy (P7)

Type of Income / Expense	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	31/10/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	Comments
	£'000	%	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	
GF Capital Borrowing											
GF - Market	16,711	3.76%	631	14,681	-14,050	16,711	3.71%	631	14,681	-14,050	Budget based on external borrowing requirement
Budget Adj. Capitalised Interest				-4,542	4,542			0	-4,542	4,542	Budget adjusted for the £4.542m capitalised interest
GF – ST Borrowing	118,687	4.47%	2,490		2,490	94,017	4.65%	2,708	0	2,708	ST borrowing average rate increasing
LEUK Loan Provision			2,140		2,140			2,140		2,140	Likely write-off of interest from LEUK
Interest Pressure Provision			1,000		1,000			750		750	Part of provision used for interest pressure
Provision - Loss on Loan			0		0			224		224	Provision of loss against loan
WC Loan Be First			431		431			431		431	Provision for Be First Interest
WC Loan BDTP			553	0	553			553	0	553	Provision for BDTP Interest
Total GF Borrowing	135,398	2.31%	7,245	10,139	-2,894	110,728	3.02%	7,436	10,139	-2,703	Net forecast for General Fund
General Fund Investments											
WC Loan Be First	-5,046	8.75%	-431			-5,046	8.75%	-431			Working Capital loan interest - Be First
WC Loan BDTP	-5,000	11.25%	-553			-5,000	11.25%	-553			Working Capital loan interest -BDTP
Energy Company Loan	-7,259	5.98%	-436			-7,259	7.00%	-436			Loans to the Energy Company
LEUK Loan	-26,476	8.06%	-2,140			-26,476	8.06%	-2,140			LEUK Interest Charge
Other Loans	-6,650	7.32%	-487			-6,644	4.53%	-486			Small loans, generally fixed rate
Total GF Investments	-50,431	8.02%	-4,046	-6,503	2,457	-50,425	8.02%	-4,046	-6,503	2,457	
Net General Fund	84,967		3,199	3,636	-437	60,303		3,390	3,636	-246	Small Surplus against net budget cost of £3m

Key issues:

- Investment strategy income and expenditure removed but budget remains. Forecast is for a small surplus to the General Fund of £246k after several provisions.
- Holdings reflect the month end position. Therefore the amount may reduce, as is the case for short-term borrowing, as the overall full year forecast for interest payments remains higher than the previous quarter.
- Forecast under pressure from interest rate increases on short-term borrowing but this may decrease between now and year end – provision included but may not be needed.
- Interest payable budget adjusted for £4.5m virement for capitalised interest and £638k Temporary Accommodation virement.
- ST borrowing allocated to variable rate loans to reduce risk but variable rate loans include working capital loans and LEUK loans are under pressure.
- ST borrowing also used to replace internal borrowing, with remaining ST borrowing used to fund IAS commercial.
- Provision for LEUK, Be First and BDTP interest due to pressures and interest and principal provision for community loan.
- ST borrowing costs have increased significantly with rates over 5% and average rate at 4.65%.

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Investment and Acquisition Strategy Funding (P7)

Type of Income / Expense	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	31/10/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	Comments
	£'000	%	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	
IAS Borrowing											
IAS - Market	71,563	2.21%	1,584		1,584	71,563	2.21%	1,584		1,584	European Investment Bank and Green Bank Loans
IAS – PWLB	602,600	1.91%	11,644		11,644	601,092	1.96%	11,586		11,586	Borrowed for IAS schemes
IAS - ST Borrowing	142,113	4.47%	2,981		2,981	142,283	4.65%	4,097		4,097	Potentially will increase by mitigated by provision
IAS - Interest Recharge			-6,141		-6,141			-6,433		-6,433	Adjusted to reflect delayed completion of Industria
Capitalised Interest			-10,231		-10,231			-10,231		-10,231	Based on AUC and average borrowing cost - updated quarterly
Interest Pressure Provision			1,000		1,000			0		0	Provision used for Interest Pressure - now in ST forecast
Muller Equity	28,032		0			28,032		0		0	No return
Total IAS Borrowing	844,309	2.13%	836	0	836	842,970	2.13%	603	0	603	Overspend due to delays in letting and commercial returns
Reside Loans											
Reside Loans - B&D Homes	-42,249	2.26%	-1,001		-1,001	-42,249	2.26%	-1,001	0	-1,001	Current Loans to B&D Homes
Reside Loans - Weavers	-141,303	2.65%	-3,867		-3,867	-141,303	2.65%	-3,867		-3,867	Current Loans to Weavers
Reside Loans - other	-6,756	3.08%	-168		-168	-6,756	3.08%	-168		-168	Current Other Reside Loans
Reside Loans to be completed	-77,202	2.64%	-533		-533	-77,202	2.64%	-589		-589	Schemes that will complete in second half of 2023/24
Treasury Investments	-38,200	4.00%	-1,279		-1,279	-18,200	3.84%	-1,279		-1,279	Current Treasury Cash Holdings
Reside Leases	-105,618				0	-104,291				0	Leases to Reside for PRS and SO
Total IAS / Treasury Returns	-411,327		-6,847	0	-6,847	-390,000	0	-6,904	0	-6,904	Surplus return
Net IAS Treasury Return			-6,011	0	-6,011			-6,301	0	-6,301	IAS return on Treasury part of developments

Key issues:

- Investment strategy income and expenditure separated from General Fund and HRA and now has no budget allocated as needs to cover costs with no Council funding.
- Interest payable is netted off against capitalised interest and interest from internal lending for commercial schemes.
- Lease income is currently forecast as a net nil position due to continued delays in letting PRS properties and slow sales for shared ownership schemes and is paid via Reside surpluses.
- ST borrowing allocated to commercial schemes has put pressure on the net return from commercial that gets allocated to Be First and a provision has been included.
- Interest margin on loans provides an additional return to the strategy, although this has been reduced by the poor lettings of PRS and sales of Shared Ownership.
- The net surplus from treasury management for the IAS is £6.3m, which will be used to support underperformance in the surplus returns for the IAS, which is covered in the next slide.
- Total IAS borrowing is £834m at an average cost of 2.13%. Residential average on-lending rate is 2.65% and commercial is 3.62%, with a blended rate of 3.21%

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Investment and Acquisition Strategy Returns (P7)

Type of Income / Expense	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	31/10/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	Comments
	£'000	%	£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	
IAS Return											
Net Commercial Income			-5,657	-1,252	-4,405			-5,598	-1,252	-4,346	Gross Rent from Commercial holdings
Borrowing Costs - Commercial			6,141	0	6,141			6,433	0	6,433	Borrowing costs for ST borrowing on commercial portfolio
Asset Management Costs			171	0	171			177	0	177	Mainly Industria - reduces return to Be First
Other Costs			0	0	0			350	0	350	Legal and Security Costs
MRP			1,369	-1,024	2,393			1,458	-1,024	2,482	Charged as assets have no firm plan for redevelopment
Abbey Road Contribution			-600	-600	0			-600	-600	0	Abbey Road 2 Contribution
IAS Residential Income			-1,706	-2,810	1,104			-1,706	-2,810	1,104	Forecast surplus from Reside including PRS and SO leases
CR27 Lease and Leasback			-862	-862	0			-862	-862	0	Travelodge and CR27 Hotel deals - lease surplus
Leases and Reserves			-314	-314	0			-314	-314	0	Travelodge and CR27 Hotel deals - lease surplus
Net IAS Position			-1,057	-6,861	5,804			-661	-6,861	6,201	
GF Net IAS & Interest Cost			-7,069	-6,861	-207			-6,962	-6,861	-101	IAS and Treasury Forecast is £207k surplus

Key issues:

- Overall there is a shortfall of £6.2m from the IAS, with a return of £661k forecast against a target of £6.861m. With the IAS treasury return the net surplus of £101k
- The strategy includes the two-hotel lease and lease back deals (CR27 and Travelodge). Both hotels have reserves that have been inflated each year but will not be inflated for 2023/24 as there is sufficient current reserves of £12.1m for both hotels.
- **Returns from Reside are currently estimates as the pressures from operational costs make forecasting difficult. Further work is required with Reside to firm up the net contribution. This is an urgent action as there is currently no visibility over returns for 2023/24.**
- **Commercial income is currently forecasting a loss. This should be picked up from Be First, but they are not forecasting a dividend for this year and will need to use the surplus from the sale of Muller to fund this. Decision is whether to use the IAS return or Muller surplus to fund the IAS commercial loss.**
- Debt repayment (MRP) is allocated to the commercial portfolio and is a cost of £1.458m but this will reduce the cost of the commercial assets.

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Investment and Acquisition Reserves forecast 2023/24 – P7

Reserves	2022/23	2023/24
CAPITAL INVESTMENT RESERVE	3,779	3,779
INVESTMENT RESERVE	15,067	15,168
CR27 Hotel Inflation	720	720
Travelodge Hotel Interest	381	381
CR27 Reserve	5,500	5,500
Travelodge Reserve	5,500	5,500
Total Reserves	30,947	31,048

Key issues:

- The value of the reserves is forecast to increase from £30.95m to £31.05m.
- The IAS reserve is used to protect the IAS from significant market fluctuations, including interest rates and losses.
- Each individual scheme within the IAS has several assumptions that include some contingency and it is only as a last resort that this reserve will be required.
- However, there are pressure from losses incurred at handover, with significant delays from Private Rental lets.
- Pressures on the strategy is also from interest rate increases, with short-term borrowing increasing from near zero in 2021 to 5.25% currently. This has reduced the surplus return from commercial, but rates potentially could decrease into 2024.
- Interest rate increases and build costs have put pressure on the pipeline of schemes, with many schemes now unviable based on the current assumptions used to calculate the viability of schemes.
- The reserve is significant but is against a strategy of a billion and includes some protection against any accounting issues that may need adjustments for the four years of accounts still to be audited, but also from interest pressures, commercial losses and other investment pressures.

Minimum Revenue Provision 2023/24 – P7

Type of Income / Expense	31/10/2023 Holdings	2023/24 Forecast	2023/24 Budget	Variance
MRP	£'000	£'000	£'000	£'000
Core Council Borrowing	213,964	9,850	10,224	374
IAS Commercial	170,007	1,154	1,154	-0
Completed Reside Schemes - Community/Public Realm	5,507	0	0	0
PRS	82,897	0	0	0
Reside schemes (AUC)	435,605	14	14	0
Loans/Equity on completed schemes	179,799	0	0	0
IAS Writeoff	244	244	0	-244
HRA	343,858	0	0	0
MRP excluding PFI and Finance Leases	1,431,880	11,261	11,216	-45
Finance Leases and PFI	275,360	4,492	4,492	0
Grand Total	1,707,241	15,754	15,708	-45

Key issues:

- Minimum Revenue Provision (MRP) is a revenue cost to repay capital spend within the General Fund (it is not charged for the HRA).
- MRP is split into General Fund schemes, IAS Commercial, IAS Residential (PRS, loans and Assets under construction).
- The total spend, including leases such as the Hotel income strips, Reside Limited and PFI schemes contribute to the Council's Capital Financing Requirement (CFR), which is currently £1.7 billion. This will increase to over £2 billion as additional spend the IAS is accounted.
- MRP will increase significantly over the next few years as the IAS properties become operational and MRP is charged on the loans to Reside.
- MRP between the IAS and General Fund will be reported separately.
- A small overspend of £45k is currently being forecast but this could change to an underspend as recharges to the IAS commercial budget are confirmed.

Investment and Acquisition Assets Under Construction

Scheme Name	No. of homes	Tenure Type	Company	Practical Completion Date	Loan Value	Fixed Rate
Gascoigne East Block F1	79	Shared Ownership	BDHL	01/09/2023	£34,029,641	2.75%
Gascoigne East Block F1/F2	48	Affordable Rent	B&D Reside Weavers LLP	01/09/2023	£13,715,272	2.75%
Gascoigne East Block F2	4	London Affordable Rent	BDHL	30/10/2023	£1,932,181	2.20%
Gascoigne East Block J	66	London Affordable Rent	BDHL	11/01/2024	£14,608,712	2.25%
Gascoigne East Block J	58	Affordable Rent	B&D Reside Weavers LLP	11/01/2024	12915764	2.75%
Oxlow Lane	22	London Affordable Rent	BDHL	01/03/2024	£9,352,184	2.75%
Oxlow Lane	41	Affordable Rent	B&D Reside Weavers LLP	01/03/2024	£4,534,382	2.25%
Gascoigne West Phase 2	122	Affordable Rent	B&D Reside Weavers LLP	11/03/2024	£36,225,408	2.75%
Gascoigne West Phase 2	46	London Affordable Rent	BDHL	11/03/2024	£12,295,941	2.25%
Gascoigne West Phase 2	60	Target Rent	BDHL	11/03/2024	£15,964,858	2.25%
Gascoigne East Phase 3A	102	Affordable Rent	B&D Reside Weavers LLP	01/05/2024	£29,014,154	2.75%
Woodward Road	1	London Affordable Rent	BDHL	07/06/2024	£455,681	2.25%
Woodward Road	55	Affordable Rent	B&D Reside Weavers LLP	07/06/2024	£15,006,756	2.75%
12 Thames Road	77	London Affordable Rent	BDHL	28/06/2024	£20,043,020	2.25%
12 Thames Road	79	Affordable Rent	B&D Reside Weavers LLP	28/06/2024	£18,133,463	2.75%
Padnall Lake Phase 2	13	London Affordable Rent	BDHL	01/05/2024	£6,037,036	2.25%
Padnall Lake Phase 2	57	Affordable Rent	B&D Reside Weavers LLP	01/05/2024	£13,175,955	2.75%
Town Quay Wharf	29	Target Rent	BDHL	01/05/2025	£4,619,827	2.50%
Town Quay Wharf	33	Shared Ownership	BDHL	01/05/2025	£3,644,885	3.00%
Roxwell Road	25	London Affordable Rent	BDHL	01/07/2025	£4,755,542	2.25%
Roxwell Road	62	Affordable Rent	B&D Reside Weavers LLP	01/07/2025	£13,303,341	2.75%
Transport House	31	London Affordable Rent	BDHL	01/12/2025	£4,872,865	2.25%
Transport House	47	Affordable Rent	B&D Reside Weavers LLP	01/12/2025	£8,180,634	2.75%
Beam Park Phase 6	62	London Affordable Rent	BDHL	01/05/2026	£16,603,970	4.50%
Beam Park Phase 6	265	Affordable Rent	B&D Reside Weavers LLP	01/05/2026	£53,612,591	5.00%
Beam Park Phase 6	134	Shared Ownership	BDHL	01/05/2026	£28,677,663	5.00%
Beam Park Phase 6	59	London Living Rent	BDHL	01/05/2026	£13,654,378	5.00%
Gascoigne East Phase 3B	90	London Affordable Rent	BDHL	01/05/2026	£20,913,031	3.00%
Gascoigne East Phase 3B	244	Affordable Rent	B&D Reside Weavers LLP	01/06/2026	£75,170,844	3.50%
Homes Total	2,011				Estimated Loan Total	£505,449,979

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Key issues:

- The table shows schemes agreed schemes that still need to complete and are under construction.
- Loan rate is fixed but the loan value may vary based on the final outturn position for each build.
- Loans and leases will be agreed with Reside and B&D Homes.
- A total of 2,011 homes are still to be completed (excluding Trocoll House) over the next three years.
- Interest rate pressure is impacting on the IAS but mainly in commercial with most of the borrowing required already secured for schemes up to Beam Park.
- Interest rate pressure will impact returns for Shared Ownership as sales are currently slow.
- Practical completion dates do change and these reflect the current position for the completion of the first phase on any scheme.
- Gascoigne East 3b and Beam Park 6 have higher interest rates to reflect the future borrowing requirement.

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Commercial Subsidiaries

Be First

- In FY23/24 budget, we have the annual target return of £10.3m which is made up of the following components:
 - **New Homes Bonus** - £1.9m forecast for the year
 - **Commercial Income** – Expected to be at least the same level as FY23/24 - £300k
 - **Dividend** – the remaining balance to be made up from dividend
 - Be First did not declare a dividend in FY22/23 which means no dividend will be received in FY23/24
 - The gap will be filled by the Muller earmarked reserve
- **BD Group**
 - No dividend expected this year
 - Significant work underway to return to breakeven position

Capital Programme

Strategic Function	Budget	Actuals to P6	Forecast	Forecast Variance	Change in Variance	FINANCING	
						Borrowing	Other Sources
						£000s	£000s
GF - CARE & SUPPORT	3,557	791	3,557	(0)	0	0	3,557
GF - INCLUSIVE GROWTH	6,373	143	5,904	(470)	101	3,158	3,215
GF - CIL	761	25	726	(35)	0	300	461
GF - TFL	2,680	390	2,510	(170)	80	0	2,681
GF - ICT	3,013	2,191	2,941	(71)	(1,758)	2,415	598
GF - COMMUNITY SOLUTIONS	6	(4)	6	(0)	0	6	0
GF - CULTURE & HERITAGE	1,121	31	527	(594)	0	362	760
GF - PARKS COMMISSIONING	12,925	3,724	10,945	(1,980)	(140)	6,678	6,247
GF - ENFORCEMENT	2,151	78	498	(1,654)	(1,654)	2,152	0
GF - MY PLACE	9,145	3,997	8,433	(713)	470	8,225	920
GF - PUBLIC REALM	1,305	139	392	(913)	(1,023)	1,304	0
GF - EDUCATION, YOUTH & CHILDREN	15,253	5,568	14,732	(521)	(400)	0	15,252
GF - SALIX	130	40	128	(2)	40	0	130
General Fund	58,422	17,113	51,300	(7,122)	(4,284)	24,600	33,822
HRA STOCK INVESTMENT	14,000	3,715	14,000	0	(0)	0	14,000
HRA ESTATE RENEWAL	4,000	1,311	4,000	(0)	0	0	4,000
HRA NEW BUILD SCHEMES	544	102	549	5	0	0	544
HRA Total	18,544	5,128	18,549	5	0	0	18,544
IAS RESIDENTIAL	242,297	113,571	258,309	16,012	18,142	242,099	200
IAS COMMERCIAL	17,450	11,450	13,714	(3,736)	(598)	17,450	0
Investments Total	259,747	125,021	272,022	12,276	17,544	259,549	200
Total	336,713	147,262	341,871	5,158	13,260	284,149	52,566

Capital programme

The capital programme is funded from various sources including, grants, s106, CIL (Community Infrastructure Levy), revenue resources, HRA resources and borrowing. The value of schemes in the 2023/24 programme which are funded from borrowing is £284.149m . This is a reduction of £153m in the amount of borrowing that was approved in the Budget Report to February Cabinet.

Capital Programme Monitoring P6

Forecast outturn expenditure for 2023/24 is £341.871m which results in an overspend variance of £5.158m. This is an increase in the variance from P4 of £13.26m (P4 showed an underspend forecast of £8.101m).

The Investment and Acquisition Strategy (IAS) is reporting an overspend of £12.276m which is an increase of £17.544m (P4 showed underspend forecast of £5.268m). This will be corrected in P6 as the budget will increase to reflect a revised, accelerated cashflow for Gascoigne West Phase 2 and to reflect a revised cashflow due to upfront costs of offsite manufacturing for Transport House.

The General Fund programme is reporting an underspend of £7.122m which is an increase in the underspend of £4.284m. This is mainly due to :

- The removal of forecast expenditure on ERP Phase 2, which had been included in the P4 forecast. Although a reduced programme has been agreed there is further work to be done to establish the capital/revenue split. The financing of the programme will be picked up in the review of MRP that is currently taking place.

- A change in the forecast for the CPZ programme which is now reporting an underspend variance of £1,654k due to delayed roll-out compared to the original delivery programme.

- A reduction in the forecast on vehicle fleet replacement to an underspend of £943k, as there are no plans to invest in the purchase of further vehicles before year-end.

Appendices:

**Directorate Detail
Budget Monitoring**

**Barking &
Dagenham**

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2023/24

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People and Resilience: Period 7

People and Resilience									
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves		
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement
Adult's Disabilities	20,056,478	19,878,126	13,967,256	23,406,008	0	0	3,527,882	3,101,456	426,427
Adult's Care and Support	22,025,777	23,535,403	11,654,542	27,769,359	0	0	4,233,956	4,041,427	192,528
Commissioning Care and Support	9,849,999	14,602,173	8,842,484	14,095,686	0	0	(506,487)	(507,233)	746
Public Health	(339,189)	(318,250)	(12,575,420)	(318,249)	0	0	1	1	0
Children's Care and Support	45,863,019	41,486,049	26,152,766	47,182,251	0	0	5,696,202	5,280,115	416,088
Education, Youth and Childcare	4,102,925	3,754,781	5,313,055	3,754,781	0	0	(0)	0	(1)
Early Help Service	2,876,729	3,391,965	343,384	2,811,662	0	0	(580,303)	(580,304)	1
Children's and Young People Disabilities	13,913,317	10,627,405	6,696,971	13,317,432	0	0	2,690,027	2,073,403	616,624
Grand Total	118,349,054	116,957,652	60,395,038	132,018,930	0	0	15,061,278	13,408,864	1,652,413

Overall Summary

Overall, there is an overspend of £15.061m across the whole of People and Resilience. This is an adverse movement of £1.652m since last month

This is largely due to new, higher cost placements across both Children's and Adult's services and the cancelling of some Adult client debt, with some offsetting income savings and efficiency work within the department in relation to care packages and direct payments.

The underlying pressure is largely to the cost of implementing the council policy of London Living Wage through it's providers contracts and uplifts, which had led to a pressure of £5.6m. The service is experiencing a significant rise in the number of Education, Health and Care plans, which has resulted in an increasing overspend, and reflective of the increasing demand of Children with complex needs as showing in the disabilities budget. The impact of Young B&D is also significant, the growing number of young and younger working age population in the borough, which has seen steady increases in the number of young working age adults, predominantly with the LD and mental health service, totalling approximately 300 residents, and requiring life long care, replacing older residents with more medium and shorter term care. The clients transferring are entering Adult care at far greater cost than those clients leaving. Given the numbers, this will have long-term financial implications for the authority. It should be noted, that a significant number of those clients were not known to children's services in the borough.

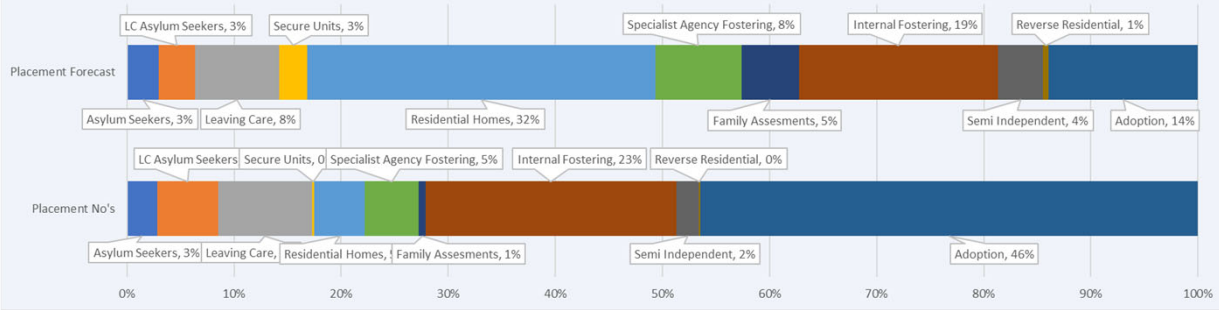
Key assumptions & Risks

Placement forecasts within Children's and Adults Services are based on actual client's full year costs as shown in the social care placements database (ContrOcc). The service intends to move towards a position where the forecast incorporates estimated future activity, which should lead to less volatility in the monthly forecast. The current estimated outturn moving to this methodology is a likely year end overspend of approximately £16m. As this is work in progress, the forecast has not yet been updated to reflect this likely increase.

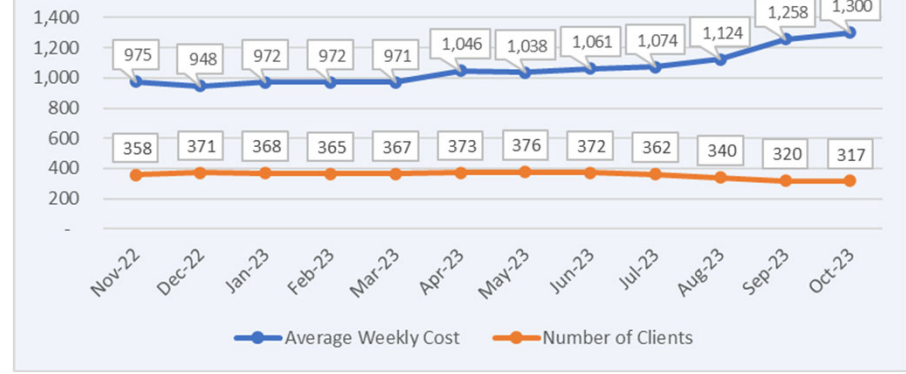
A review of Adult Social Care debt identified 210 clients for whom a financial assessment had not been undertaken due to non-engagement or capability issues. £3.8m income has been forecast to be written off this financial year. It has been assumed that £2.6m of this amount can be met from the existing bad debt provision, so the revenue impact is expected to be £1.2m.

People and Resilience: Period 7 Children's Data

Children's Care and Support
Placements Forecast and Numbers

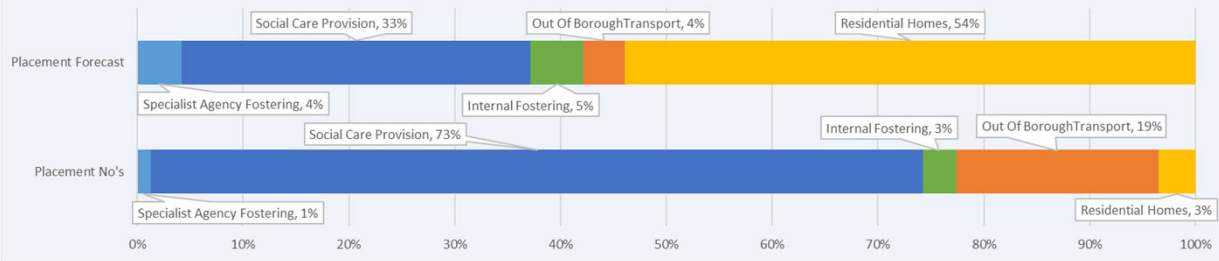


Children's Care and Support
Looked After Children
Placement Trends

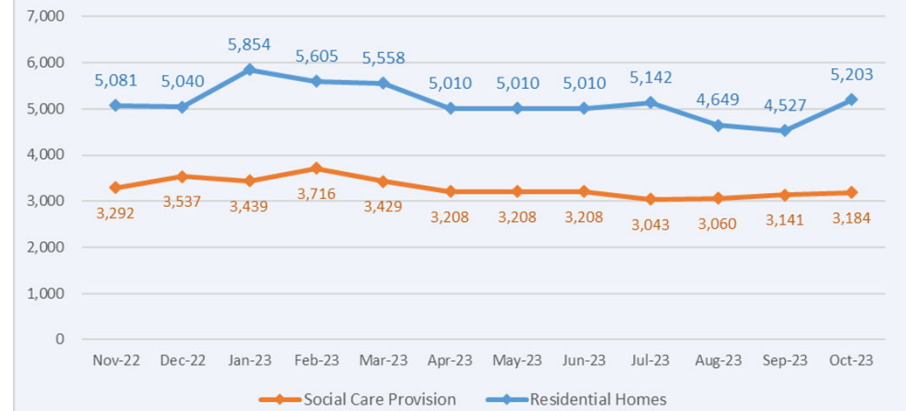


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Children's Disabilities
Placement Forecast and Numbers



Children's Disabilities
Placement Trends
Forecast £'000's



People and Resilience: Period 7 Adults Data

All Placements – Average Cost

All placements



- Average gross placement prices, the market price of placements, have risen year on year. There was a 16% increase between 2022 to 2023.
- Average net costs to the council (the gross price minus contributions from others) had been relatively stable from 2019 to 2021 but increased by 11% between 2021 and 2022 and has further increased by 18.5% in 2023.
- Gross cost of a residential care placement is approximately £6 more than a nursing placement but costs the council £254 more (higher net cost).
- Net cost of average nursing care is nearly half that of the gross cost due to high rate of contributions for this placement type, which reduces cost to the council. Overall nursing placements have higher rates of client contributions and other contributions and greater proportion of full cost clients.

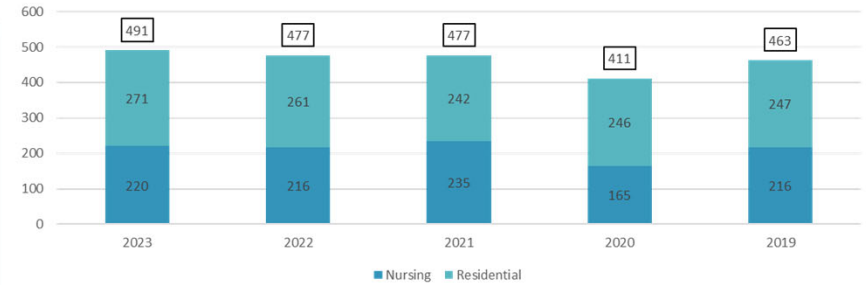
Nursing



Residential



All open placements



All Placements:

- The total number of people in care home placements on 31st October has increased by 14.
- Residential placements equate to a 55% share, this is the same as in 2022.

Permanent Placements:

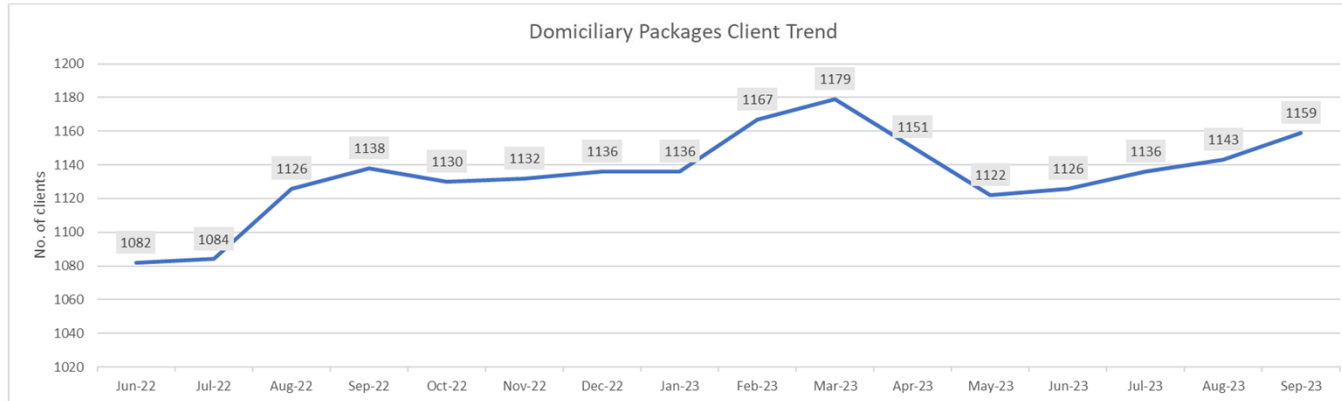
- The number of people in permanent care home placements on 31st October 2023 has increased by 5.
- Residential placements equate to a 54% share, this is the same as 2021 and 2022.

Temporary Placements:

- The number of people in temporary care home placements on 31st October 2023 has increased by 9 compared to the same date last year. This is the highest we have seen other than in COVID times when 38 temporary placements were recorded.

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Domiciliary Packages Client Trend



People and Resilience: Period 7 – Adults with Disabilities

Adult's Disabilities										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(3,445,678)	(3,337,300)	(1,708,363)	(4,546,141)	0	0	(1,208,841)	(1,046,960)	(161,881)	1
Staffing	1,913,592	2,998,618	1,271,972	2,397,305	0	0	(601,313)	(590,590)	(10,723)	2
Agency	468,468	0	196,895	414,829	0	0	414,829	399,437	15,392	
Premises	73,874	31,600	15,970	120,117	0	0	88,517	88,517	0	
Transport	5,781	22,600	9,086	7,301	0	0	(15,299)	(15,299)	0	
Supplies & Services	116,672	328,800	21,628	208,148	0	0	(120,652)	(120,652)	0	
Third Party Payments	20,923,769	19,833,808	14,160,069	24,804,449	0	0	4,970,641	4,387,002	583,639	3
Grand Total	20,056,478	19,878,126	13,967,256	23,406,008	0	0	3,527,882	3,101,456	426,427	

1. Income - Variance (£1.0m), Movement £0.0m

The favourable variance is largely due to the receipt of and £1.1m additional Market Sustainability and Improvement fund from central government to support the workforce and inflationary pressures incurred by providers. The income stream was introduced part way through the financial year, hence is unbudgeted additional income.

Staffing and Agency- Variance (£0.2m), Movement £0.0m

Whilst the variance is not material it should be noted that 7fte posts are currently being filled by agency staff, due to difficulties in recruitment.

3. Third Party Payments- Variance £4.4m, Movement £0.2m

This area is made up of three areas of material variance.

- This figure incorporates an uplift of £2.9m (16.17%) which was applied to all disability placements in 23-24. This takes into consideration the effect of London Living Wage. The Market Sustainability Grant, £1.1m was applied to mitigate this pressure.
- This left £1.2m in Supported Living and £0.751m in Residential and Nursing of uplift pressures un-mitigated.
- A further £1.7m is continuing prior year pressures on Supported Living and Residential & Nursing which were apparent in the last financial year.

Movements

- The Residential and Nursing forecast has increased by £0.14m, which is primarily due to a client transitioning from the Children's Disability Service, in which costs have been backdated to the start of the financial year.
- The Supported Living forecast a further £0.08m which is due to the inclusion of 2 new placements, which has been partially offset by 1 client leaving the service.

People and Resilience: Period 7 – Adults Care & Support

Adult's Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(45,031,421)	(41,589,500)	(26,757,220)	(43,690,460)	0	0	(2,100,960)	(2,192,430)	91,470	1
Staffing	8,665,541	10,467,442	4,876,753	8,594,964	0	0	(1,872,478)	(1,875,011)	2,532	2
Agency	696,896	0	608,993	1,625,217	0	0	1,625,217	1,581,118	44,099	
Premises	225,553	110,580	95,812	189,967	0	0	79,387	79,387	0	
Transport	48,628	36,100	28,739	46,404	0	0	10,304	10,304	0	
Supplies & Services	2,982,059	645,420	(532,095)	(150,387)	0	0	(795,807)	(454,909)	(340,898)	3
Third Party Payments	54,438,521	53,865,361	33,333,560	61,153,654	0	0	7,288,293	6,892,968	395,325	4
Grand Total	22,025,777	23,535,403	11,654,542	27,769,359	0	0	4,233,956	4,041,427	192,528	

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1. Income - Variance (£2.1m), Movement £0.4m

The overall variance is due to receipt of additional Discharge Funding of £1.851m, £2.402m Market Sustainability Improvement and £0.414m Kallar Lodge uplift in income.

The unfavourable movement of £0.4m is primarily due to large one-off refunds to 3 clients who have been subject to financial assessment, in which it was determined that these clients were not appropriate to be charged for their care.

The process is currently being analysed as it is likely that there are other clients which are due to be financially reassessed, which could result in a potential adverse movement in the income forecast.

2. Staffing an Agency- Variance (£0.3m), Movement £0m.

The positive variance is due to Mental Health AMHP incentive pay being fully funded (£0.125m) and an underspend of £0.145m against the team that were funded to make the council ready for CQC inspection.

3. Supplies and Service – Variance (£0.5m), Movement (£0m)

This variance is due to the allocation of £0.456m better Care Fund.

People and Resilience: Period 7 – Adults Care & Support

4. Third Party Payments- Variance £6.9m, Movement £1.5m

Variance

This is largely attributable to the 16.17% uplift across all care types, which incorporates the effect of London Living Wage, which has caused an increased cost of £5.6m and the ongoing pressure of £2.9m in Mental Health, which overall has been part mitigated by the growth allocation of £3m.

This has also been contributed to by several older placements having ceased whereby clients have either passed away or have been moved onto enhanced packages of care. A number of these older placements were originally commissioned at a much lower rate, in which the market rate has seen a larger than usual upturn in price.

Movement

Residential & Nursing has increased by £0.552m due to 14 new and enhanced placements, 6 placements being uplifted and 1 inclusion of a Discharge to Assess placement. This has been partially offset by 12 clients leaving the service.

The Homecare forecast has increased by £0.736m due to an increase in the average monthly payment run. The current forecast is based on the monthly payment runs being projected forwards.

People and Resilience: Period 7 – Commissioning Care & Support

Commissioning Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Period Movement	£250k deminimus
Income	(13,578,742)	(11,428,670)	(2,152,791)	(12,836,667)	0	0	(1,407,997)	(1,380,717)	(27,280)	1
Staffing	6,206,405	7,710,742	3,638,906	6,686,919	0	0	(1,023,823)	(1,104,955)	81,132	2
Agency	1,787,606	0	1,537,371	2,326,494	0	0	2,326,494	2,376,476	(49,982)	
Premises	2,678	0	4,681	0	0	0	0	0	0	
Transport	10,447	11,600	5,166	4,395	0	0	(7,205)	(5,054)	(2,151)	
Supplies & Services	198,750	1,864,367	(220,345)	1,598,855	0	0	(265,512)	(264,215)	(1,297)	3
Third Party Payments	15,222,854	16,444,134	6,029,496	16,315,690	0	0	(128,444)	(128,769)	325	4
Grand Total	9,849,999	14,602,173	8,842,484	14,095,686	0	0	(506,487)	(507,233)	746	

1. Income – Variance (£1.4m), Movement £0.0m

This variance is largely due to additional grant income from Supporting Families Grant and Public Health grant reserve.

2. Staffing and Agency – Variance £1.3m, Movement £0.1m

This is due to service agency staff costs mainly for Early Help and Start for Life projects. The service has vacancies filled by agency staff, due to delays in recruiting to vacant posts.

The movement is due to reforecasting agency staff end dates to reflect revised expected end dates due to the importance of the roles they are currently undertaking in completing key projects.

3. Supplies and Services – Variance (£0.3m), Movement £0.1m

This variance is due to underspend meant to fund agency staff costs. This will be re-aligned into the staffing budget.

4. Third Party Payments – Variance (£0.1m), Movement £0.0m

The variance is due to savings from renewal of a major contract.

People and Resilience: Period 7 – Public Health Grant

Public Health										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(19,381,114)	(18,367,693)	(14,186,876)	(18,367,243)	0	0	450	(580,163)	580,613	
Staffing	737,863	1,209,740	528,733	1,229,959	0	0	20,219	20,219	0	
Agency	425,327	0	301,053	337,760	0	0	337,760	337,760	0	
Premises	73	0	0	0	0	0	0	0	0	
Transport	216	0	407	0	0	0	0	0	0	
Supplies & Services	603,868	13,781,953	119,697	6,054,102	0	0	(7,727,851)	(7,147,238)	(580,613)	
Third Party Payments	4,001,161	2,994,750	567,729	2,756,750	0	0	(238,000)	(238,000)	0	
Recharges	13,273,418	63,000	93,838	7,670,423	0	0	7,607,423	7,607,423	0	
Grand Total	(339,189)	(318,250)	(12,575,420)	(318,249)	0	0	1	1	0	1

- Public Health (PH) is grant funded by Office for Health Improvement and Disparities (OHID), forecast includes reserve movement resulting in a net nil overall variance.
- Even though PH is reporting a breakeven, the Senior Procurement and Contracts Manager has identified a potential underspend of £0.550m and is looking at re-prioritising budgets towards services permitted within the terms of the grant.
- It should be noted that the service has £3.94m in reserves, which has been raised as a concern by OHID. A 3-year business plan has been developed and the expenditure against allocations is being closely monitored.
- The service will continue to review allocations for levels of spend, with the objective of re-prioritising where underspends are identified.

People and Resilience: Period 7 – Children with Disabilities

Children's and Young People Disabilities										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(902,139)	(757,600)	(526,173)	(1,429,938)	0	0	(672,338)	(672,338)	0	1
Staffing	939,002	1,660,439	914,517	1,273,870	0	0	(386,569)	(430,241)	43,672	2
Agency	1,088,694	0	192,762	425,630	0	0	425,630	627,188	(201,558)	
Premises	12,307	50,000	13,016	32,557	0	0	(17,443)	(17,692)	249	
Transport	2,167,617	1,498,988	1,132,728	2,508,624	0	0	1,009,636	990,021	19,615	3
Supplies & Services	1,329,250	510,860	104,473	700,011	0	0	189,151	219,320	(30,169)	
Third Party Payments	9,278,586	7,664,718	4,865,648	9,806,678	0	0	2,141,960	1,357,145	784,815	4
Grand Total	13,913,317	10,627,405	6,696,971	13,317,432	0	0	2,690,027	2,073,403	616,624	

Income – Variance (£0.7m), Movement (£0.0m)

Variance is due to an expected DP clawback not previously forecast, figures are yet to be verified by finance.

Staffing and Agency – Variance £0.0m, Movement (£0.2m)

Movement is due to delays in the recruitment to the Short Breaks Review Team, forecast has been revised inline with anticipated start dates for these staff.

3. Transport – Variance £1.0m, Movement £0m

The variance for this service is driven by the demand for transport services. New routes/travel plans have mostly been completed, but there are 47 outstanding requests being reviewed though not all are expected to be approved. This risk is not considered significant.

4. Third Party Payments – Variance £2.1m, Movement £0.8m

The variance of £2.1m is pressure from residential placements, demand led service currently with 19 clients at an average cost of £0.3m per annum. Movement was due to recoding of children from care and support to disability service.

People and Resilience: Period 7 – Childrens Care & Support

Children's Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(6,625,992)	(5,258,300)	(2,497,103)	(6,007,912)	0	0	(749,612)	(749,612)	0	1
Staffing	16,535,939	19,995,516	9,377,131	16,191,442	0	0	(3,804,074)	(3,872,789)	68,715	2
Agency	4,199,453	522,000	2,641,905	4,162,347	0	0	3,640,347	3,729,606	(89,259)	
Premises	223,932	239,700	16,078	181,100	0	0	(58,600)	(58,600)	0	
Transport	274,443	286,900	153,941	220,801	0	0	(66,099)	(76,599)	10,500	
Supplies & Services	2,605,859	1,771,530	802,021	2,139,033	0	0	367,503	525,632	(158,129)	3
Third Party Payments	28,649,385	23,928,703	15,658,793	30,295,440	0	0	6,366,737	5,782,477	584,260	4
Grand Total	45,863,019	41,486,049	26,152,766	47,182,251	0	0	5,696,202	5,280,115	416,088	

1. Income – Variance (£0.7m), Movement (£0.0m)

This variance is due to additional income from Trading Standards, Youth Justice Board, Public Health, and HM Prisons and Probation

2. Staffing and Agency – Variance (£0.1m), Movement £0.0m

This variance is due to the service carrying 68fte vacancies, currently covered by 59.6fte agency staff, along with an underspend on recruitment budget which had been used for overseas recruitment last year.

The movement is due to an increase in the number of agency staff overall, and an increase to permanent staff.

Currently Public Health have agreed to provide funding of circa £0.4m to cover staffing costs for PAUSE and other roles within the service. With additional income from Health, MoJ, and other bodies funding a number of other roles within the service.

3. Supplies and Services – Variance £0.4m, Movement (£0.2m)

This variance is being driven by legal costs for cases being presented at court.

The movement reflects the reduced recharge for legal advocacy work over and above the standard corporate legal recharge.

4. Third Party Payments – Variance £6.4m, Movement £0.6m

- Looked After Children – Variance is driven by number of residential placements, currently 38 active clients, with 3 placements in excess of £10k per week.
- The movement of £0.5m is due to one new secure unit placement at a weekly cost of £12k per week
- Non-Looked After Children – Variance and movement relatively small, reflecting minor changes to rates/placements
- Other – Variance is due to high-cost placements within the safeguarding service.

	Clients	Budget	Forecast	Variance	Movement
		£'000	£'000	£'000	£'000
LAC	317	15,512	21,494	5,982	506
Non LAC	494	7,252	7,219	(32)	14
Other	-	1,165	1,582	417	65
Total	811	23,929	30,295	6,367	584

People and Resilience: Period 7 – Early Help

Early Help Service										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(1,909,529)	(1,462,330)	(1,793,333)	(1,412,333)	0	0	49,997	(3)	50,000	
Staffing	2,741,402	4,739,270	2,046,782	4,076,478	0	0	(662,792)	(607,618)	(55,174)	1
Agency	1,056,302	0	65,050	32,492	0	0	32,492	27,317	5,175	
Premises	0	0	0	0	0	0	0	0	0	
Transport	6,848	0	4,512	0	0	0	0	0	0	
Supplies & Services	965,301	0	20,372	0	0	0	0	0	0	
Third Party Payments	16,405	115,025	0	115,025	0	0	0	0	0	
Grand Total	2,876,729	3,391,965	343,384	2,811,662	0	0	(580,303)	(580,304)	1	

1. Staffing and Agency – Variance (£0.6m), Movement (£0.1m)

This is due to the services inability to fill all vacancies, partly due to recruitment freeze. The movement is due to review of start dates for vacant positions and postponing them to later dates.

Corporate Management: Period 7

Forecast Position: £2.8m (Overspend £0.6m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CORPORATE MANAGEMENT	1,962,734	1,962,734	0	1,849,020	2,804,748	0	(161,574)	680,440	652,460
STRATEGIC LEADERSHIP	425,369	425,369		279,737	472,426	0	(99,360)	(52,303)	(47,492)
FINANCE	12,859,478	12,859,478		12,514,501	12,696,836	0	(62,214)	(224,856)	(241,238)
WORKFORCE CHANGE / HR	1,917,111	1,917,111		2,377,640	2,826,211	0	0	909,100	892,691
LEADERS OFFICE	271,251	271,251		187,616	319,750	0	0	48,499	48,499
TECHNICAL - CORP MGMT	(13,510,475)	(13,510,475)		(13,510,475)	(13,510,475)	0	0	0	0

Key Drivers of the Position:

There is a forecast overspend of £0.6m in Corporate Management, an adverse movement of £28,000 from the P6 position due to expected additional costs in Finance and salaries related expenditure in Workforce Change/HR.

- **Strategic Leadership (Chief Executive)** is forecast to underspend by **(£52,303)** due to holding a vacancy.
- **Finance (inc. IT)** is forecast to underspend by **(£224,800)**

IT is reporting an underspend of **(£1.01m)**, a favourable movement of **(£69,100)** from P6.

- **(£1.19m)** of the overall IT variance is projected on IT Staff and Agency, a shift of **(£56,300)** from P6, attributable to difficulties in recruiting to vacant positions and recruitment pause. The underspend could decrease depending on IT business as usual work requiring interim expertise to cover the shortfall in resource.
- **(£65,704)** forecast overachievement is on external recharges for entity telephone and IT service charges. Further work is underway to agree the recharge position for the financial year reliant on finalising service level agreements with the entities which may alter the projected position.
- £182,927 forecast overspend on IT Projects where the income target needs to be reduced to reflect a lower value of project work.

The underspend in IT is offset by a net £932,000 overspend in other **Finance** areas where we see an adverse movement of £86,000 from P6. The change is due to additional Corporate finance valuation and subscription fees.

Corporate Management: Period 7

Forecast Position: £2.8m (Overspend £0.7m)

Key Drivers of the Position: Continued:

- Page 60 Workforce Change/HR is forecast to be overspent by £909k, an adverse movement of £16k from P6 due to the increase in staff related costs, there has been no change in Leader's Office position from P6. Therefore, Workforce Change/HR and Leaders Office are expected to overspend by £958k. Within the HR department, re-evaluation of the Housing Revenue Account (HRA) recharge has led to an income deficit of £437k. This change, along with ongoing challenges, has made it impractical for HR to meet the originally projected savings of £577k in the 2023/24 financial year. The delays in implementing the ERP system and the Self-Service Manager model are contributing factors to this setback. Furthermore, the Leader's Office is grappling with a historical budget pressure of £50k.
- The 161,574 transfer from reserves covers a £99,300 drawdown from Invest to Save reserves to fund a diagnostic social care service review and £62,200 IT Cyber Security grant brought forward

Corporate Management: Period 7 Risk and Opportunities

HR and Leaders Office

- HR income levels need to be met in order to deliver against the forecast
- Further delays in implementing the Self-Service Manager model will delay the MTFS savings.

HR and Leaders Office

- Vacate Porters Avenue will reduce the forecast overspend by £100k
- Explore options around outsourcing Occupational Health

Central Expenses: Period 7

Forecast Position: £46.8m (Underspend £1.5m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
CENTRAL EXPENSES	48,406,094	48,469,094	(63,000)	15,394,980	46,892,539	0	0	(1,513,555)	871,445
CENTRAL EXPENSES	48,406,094	48,469,094	(63,000)	15,394,980	46,892,539	0	0	(1,513,555)	871,445

Key Drivers of the Position:

- £2.7m inflation provision has been released from here to support services and a further £0.7m is shown as offsetting overspends elsewhere. The assumption in the previous forecast was a pay award of 4% considering the offers to other Public Sector workers averaging over 6% the forecast has increased the pay award assumption to 6.5%. This is a change in assumption from last period. This is resulting in a net forecast overspend of £2.6m. There is a small underspend of £0.2m on MRP.
- There are £4.2m contingency budgets and provisions which are assumed to be fully spent including the redundancy provision (£1.3m) and the remaining inflation pot (£2m.) The biggest risk is bad debt provision as there is only £1.9m of budget. No pressure is currently being forecast. This will be reviewed at the end of quarter two. There is £110k overspend on HB Overpayment Recovery and Subsidy due to overpayment reclaims.
- In previous years the Council has usually made a healthy underspend on net interest income and expenditure – up to £7m in a good year. However, this may not be so achievable in the current economic climate. This is currently not included in the forecast as is generally taken to the IAS reserve to fund future borrowing/investment.

Law and Governance: Period 7

Forecast Position: Underspend of c£0.4m after transfer of c£1.2m PRPL income to reserve.

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
LAW AND GOVERNANCE	6,531,051	6,531,051		1,812,729	4,886,054	1,275,000	(30,000)	(399,997)	(55,564)
LEGAL	3,628,084	3,628,084		3,117,924	3,513,561	0	(30,000)	(144,523)	(105,196)
ENFORCEMENT	2,902,967	2,902,967		(1,305,195)	1,372,493	1,275,000	0	(255,474)	49,632

Key Drivers of the Position (Summary):

Parking has been transferred over to Public Realm from Enforcement in P7.

There was a favourable movement of **c£0.3m** from Period 6. The movement is largely within Enforcement.

LEGAL

Legal and Democratic services are reporting an underspend of c£145k, a favourable movement of c£39k from P6. This is primarily due to Grant income received for Electoral Registration. Democratic Services is forecasting underspend of £170k. The underspend is attributable to vacant posts within Democratic Services.

It is worth noting Legal are forecasting an overspend of c£25k, this overspend is primarily due to the recalculation of the HRA recharge, resulting in an income shortfall of c£180k within Legal.

In summary, while Legal and Democratic Services have experienced a favourable financial outcome due to the conversion of agency staff and staff resignations, Legal's overspend is partially offset by the ongoing vacancies in both departments.

ENFORCEMENT

The Enforcement P7 outturn position reflects an underspend of c£255k following the transfer of around £1.275 million in PRPL income to reserves. The favourable movement of c£305k relates to the freeze in recruitment to vacant positions. Currently, there are 59 vacant positions within Enforcement, with 29 of them being temporarily filled by agency staff.

The Private Sector Property Licensing (PRPL) scheme income target will be met and a transfer of c£1.2m to reserve for future years.

Law and Enforcement: Period 7 Risk and Opportunities

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- The Barking Market - there is no budget provision for Security in the Market c£45k. Traders Parking is now covered by the Markets Team which has created a budget gap of £24k. The Waste Collection SLA is currently being agreed which is likely to cause a further gap of c£80k.
- Discussion are being held re: Street Cleaning in Barking Market. Public Realm are proposing to charge the cost of £360k to the Markets.
- The potential end of the SLA with Thurrock Council would mean a net decrease in Legal's income of c£80k. The current value of the contract with Thurrock Council is £320k, the cost to deliver the council is c£240k (5 FTE's).

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

Strategy: Period 7

Forecast Position: £9.8m (Underspend of £0.3m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
STRATEGY	9,755,640	9,755,640		5,894,153	9,792,615	0	(363,662)	(326,687)	(327,627)
STRATEGY & INSIGHT	8,392,400	8,392,400		4,953,212	8,263,521	0	(351,662)	(480,541)	(455,366)
COMMUNICATIONS	1,363,240	1,363,240		940,941	1,529,094	0	(12,000)	153,854	127,739

Key Drivers of the Position:

The Strategy directorate is forecast to underspend by £326,687 at the end of Period 7.

Strategy & Insight – Forecast Position (480,541) underspend, an improvement of (£25,175) from P6

Insight:

The Advertising contract is expected to exceed the £236,000 income target by (£56,000) based on historical revenue information. Nonetheless, the excess income is variable and subject to change based on economic conditions.

- **Insight hub** is forecast to underspend by (£133,00) a favourable movement of (£28,000) from P6, mainly due to a £20k reduced expected spend on One View consultancy and (£6k) income in relation to LBBB Support for Havering Insight & Business Intelligence.

Strategy: The following 3 cost centres (PMO, Corporate Strategy Team and Director of Strategy) net result will be a balanced budget.

- **The PMO** is forecasting a reduced overspend of £31,337 a small improvement from P6 due to salaries underspend. The main contributing factor to the overspend is the removal of the HRA income (the net result of which is a shortfall of £116,643).
- **The Corporate Strategy team** is forecast to underspend by (£136,800). However, this underspend is needed to directly support the overspend in PMO (due to lost HRA income).
- **Director of Strategy** is now forecast to underspend by (£11,159). This is an improvement of (£18,300) from P6 due to a recruitment gap into the Strategy Director post.

Customer Contact:

- **Customer Contact:** With a budget of £6,368m has a forecast underspend of (£174,907) mainly due to delayed recruitment of vacant roles. The shift of £27.8k from P6 is attributable to reduced income in Customer Experience and the HRA fixed recharge.

Forecast Position: £9.8m (Underspend of £0.3m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
STRATEGY	9,755,640	9,755,640		5,894,153	9,792,615	0	(363,662)	(326,687)	(327,627)
STRATEGY & INSIGHT	8,392,400	8,392,400		4,953,212	8,263,521	0	(351,662)	(480,541)	(455,366)
COMMUNICATIONS	1,363,240	1,363,240		940,941	1,529,094	0	(12,000)	153,854	127,739

Key Drivers of the Position: (Continued)

Communications (Campaigns and Events) – Forecast Position: £153,854 overspend, a £26,115 adverse movement from the P6 mainly due to Bad debt provision in Community Events. The HRA income shortfall of £112,000 is the main contributing factor to the overspend.

- **Community Events** are forecast to underspend by (£34,600) an adverse shift in the variance from P6 due to £33k bad debt provision. The overall underspend before the bad debt provision, is largely attributable to scaling back the WEM and BMAC events (21,000), additional sponsorship income expected of (12,000) and reduced Salaries costs from secondments terminating early (£26,000). Assumptions in the forecast include sponsorship income to be received to meet planned events costs.
- **Civic Events** are reflecting £28,452 over budget due to overspend on salaries by £14,000 and £15,000 on overtime. Some of these costs are attributable to the Mayors Fund, and will be recharged, although the exact sum is to be determined.
- **Marketing & Communications** is forecast to overspend by £160,001 owing to £112,500 reduced HRA income and £17,000 of cancelled duplicate invoices in relation to previous years. The favourable shift from P6 of (£5,800) is due to underspend on the salaries budget.

The £363,662 transfer from Reserves represents a drawdown of £50,000 from the Supporting Families grant for the One View programme, £19k towards the salaries cost of the WRES post in the Director of Strategy service, £282,662 for Customer Experience Team Growth bid and £12k towards Women Empowerment event.

Strategy: Period 7 Mitigations Table

Forecast Position: Forecast £9.8m (underspend of £0.3m)

Service	Pressure	RAG/ Mitigation Amount	In Year Mitigation Comment
PMO	31,337		Pressure relates to £116,643 HRA shortfall, mitigated by managed underspend in Corporate Strategy Team
			Mitigation : Purchase cards spend - Team are working hard to keep spends to an absolute minimum. Members Allowance- A spending cap has been introduced on the engagements that the Mayor and her guests attend to ensure budget is not exceeded To gather different quotes and choose the cheapest option for all events to ensure value for money. The Mayors Fundraising events - now solely funded from the Mayors Charity Account from which overtime for these events will be funded
Civic Events	28,452		
Marketing & Communication	160,001		The Pressure largely due to HRA income shortfall of £112,491
Customer Services	434,728		The Pressure due to HRA Fixed Recharge income shortfall of £434,728
Registrars	32,479		Pressure is due to building maintenance costs of a Grade 2 listed building
Other underspends	(1,013,684)		
Total	(326,687)		

Strategy Period 7 Opportunities

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- Customer Experience generate income providing digital services to departments within LBBD. The current target of £60k may fall short due to council wide budget freeze.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- Income from Digital Advertising is an area of opportunity. There is potential for new units to generate additional income of around £15k per annum. This is less than previous estimates which have been affected by the recent economic downturn. Despite this, negotiations are in progress with providers to establish the best possible position for the council. If we cannot achieve a good deal we may decide to wait a year before going to market again. This would delay the income stream. The service is currently in discussions with procurement, finance and external advisers to decide the best route.

Inclusive Growth: Period 7

Forecast Position: £3.5m (Overspend of £0.1m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
INCLUSIVE GROWTH	1,735,078	1,735,078		1,234,560	3,572,705	154,342	(1,868,311)	123,658	211,114
COMMERCIAL	(761,371)	(761,371)		(1,401,291)	(883,647)	154,342	(40,000)	(7,934)	14,935
INCLUSIVE GROWTH	2,496,449	2,496,449		2,635,851	4,456,352	0	(1,828,311)	131,592	196,178

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to **overspend by £123,658** at the end of Period 7, an improvement of (£87,400) from P6 mainly due to the recruitment pause on vacancies. The Inclusive Growth overspend is largely attributable to the one- off (£500,000) MTFS Soil importation income target and (£133,000) commercialisation income target, both unachievable in 23/24 and in future years.

Commercial Services – Forecast an underspend of (£7,934) an improvement of (£22,900)

- **The Core Commercial Team** is projecting a (£120,502) underspend, attributable to a vacancy in the service and a senior role to become vacant from December.
- **Procurement – £17,901 overspend** – Procurement remains affected by the existing £117,000 HRA income shortfall contributing to the overspend.
- **Accounts Payable – (£12,755) underspend** – an improvement of (£24,800) from P6 due to the recruitment pause on the Accounts Payable Manager position.
- **The Film Office** is projecting **£70,645 income underachievement**, a small adverse movement from P6 due to ongoing industry strikes leading to income generation uncertainties. This has especially impacted the film service to generate income from larger budget production. The forecast includes a drawdown of £40,000 and assumes there will be some productions re- commencing, although is impossible to predict the level of full year income achievable given the ad - hoc and site-specific requirements.
- **The CR27 Investment** is forecasting a **£46,777 income underachievement**. Further work is underway to determine insurance recharge to tenants (via the Insurance department) which is expected to favourably alter this position.
- **The Isle of Dogs TL investment** is forecast to **overachieve by (£10,000)** due to a reduction in the level of external advice required.
- **Leisure** is forecasting a breakeven position after incorporating part of the £200,000 termination payment to cover re-procurement costs. The balance of £154,342 is to be held in reserves to cover part of the 24/25 income shortfalls. **Leisure income for financial years 24/25 to 27/28 will be reduced as it is unlikely the new Leisure contract will provide the return as originally modelled in the MTFS. The forecast further assumes the 23/24 concession income of £665,575 will be received in full, with half (333k) already received in P6.**

Forecast Position: £3.5m (Overspend of £0.1m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
INCLUSIVE GROWTH	1,735,078	1,735,078		1,234,560	3,572,705	154,342	(1,868,311)	123,658	211,114
COMMERCIAL	(761,371)	(761,371)		(1,401,291)	(883,647)	154,342	(40,000)	(7,934)	14,935
INCLUSIVE GROWTH	2,496,449	2,496,449		2,635,851	4,456,352	0	(1,828,311)	131,592	196,178

Key Drivers of the Position (continued):

Inclusive Growth – Forecast an overspend of £131,592 an improvement of (£64,500).

- **Parks Commissioning** is forecasting £530,549 overspend. Parks Commissioning main cost driver is the £500,000 income generation target from the soil importation that cannot be achieved in year or in future years; There is a further pressure of £133,000 income generation from Parks commercialisation projects which will not be achieved as part of the 23/24 MTFs or in future years, as commercial returns are credited to the events team budget. Finance to confirm permanent removal of this budget pressure from Parks Commissioning.
- **Culture and Heritage** is reflecting a (£56) underspend an improvement of (£2,100) from P7. The change in the variance arises from mitigating actions being worked on to deliver services that can sustainably operate within the 23/24 budget and in future years.
- The **Inclusive growth core teams** (Inclusive Economy, place and development, Sustainability and core IG) forecast a combined (323,643) underspend, a favourable movement of (£41,200) mainly due to the recruitment pause and other smaller underspends.
- **Development Planning** is projecting a pressure of £38,000 driven by Added Years Compensatory pension payments to ex – employees, subject to a potential increase. There is no existing budget allocation to cover these costs.
- **Adult College, Apprenticeships and Employment & skills** are projecting an underspend of (112,900) an improvement of (£24,000) from P6 due to salaries underspend. The apprenticeships service alone is overspending by £146,700 an adverse movement of £16,000 from P6 due to a reduction in the Apprenticeship Levy income profiled to November 2023. Following a review of its financial sustainability, the winding down process of apprenticeship delivery has been formally initiated and may potentially increase the overspend once actual lost income and payments to providers is determined. The overspend will be absorbed within the overall Employment & Skills underspends.

The £1.8m transfer from Reserves, represents a drawdown from Inclusive Growth and other reserves: Made in Dagenham Endowment programme (£221,700), Welfare reserve (647,800) and (£958,300) from grants brought forward.

Inclusive Growth: Period 7 Mitigations Table

Forecast Position: £3.5m (Overspend of £0.1m, potential mitigation of £78,000)

Service	Pressure	RAG/ Mitigation Amount	In Year Mitigation Comment
CR27 Investment	46,777	(78,000)	LBBD Insurance department is yet to confirm insurance value to recharge directly to tenants. The net amount between CR27 insurance paid and recharge to tenants should offset wholly or in part this overspend. In 22/23 the surplus from recharge was £42,000. The rent levels are also due to be indexed upwards by 4.25% (capped) in July with potential income achievable of £36,000
Film	70,645		Industry strikes are still ongoing which is having an impact on the filming productions and meeting the income target. Despite this the film service will be covering costs and still bring in a surplus to the council. Towards the end of January 2024 there is an expectation for an agreement to be made with the Industry unions.
Procurement	17,901		No planned mitigation
Commissioning & programmes	37,643		No planned mitigation. Pressure relates to Added Years Compensatory pension costs with no supporting budget
Employment Team (Apprenticeships)	146,766		Although the Employment Team service is now forecasting an underspend as a whole, the apprenticeships service is now formally winding down delivery to mitigate the cost pressure in the long run. The winding down process could potentially increase the overspend once actual lost income and payments to providers is determined. The underspend will be absorbed within the overall overspends and Employment & Skills departmental reserve if necessary. Full year effect of cost avoidance to be achieved in the coming financial years. Apprenticeships - £146,766 overspend
Parks Commissioning	530,549		Parks Commissioning main cost driver is the £500,000 income generation target from the soil importation that cannot be achieved in year. In addition a further pressure of £133,000 income generation from Parks commercialisation projects which will not be achieved as part of the 23/24 MTFS
Other underspends	(726,623)		
Total	123,658	(78,000)	

Inclusive Growth: Period 7 Opportunities

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

Food Sector, Make it Here, Employment & Skills

- We have scope to draw down further funding for Employment for staff costs from an existing European Social Fund contract up to the value of £114K – we are looking to maximise this.
- We are using the food and film sector endowments from the City of London and MBS/Hackman to leverage additional funding from external funders – including a potential grant from Film London – and establish sustainable training programmes that do not require significant ongoing funding from the Council/key partners.

Heritage and Culture

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Valence House Museum is awaiting a response to the legal challenge on the rates currently being charged to the site. Our expectation based on legal advice is we will receive a significant reimbursement; however, we have just encountered a setback from the VO who have queried whether different rates should be charged to different buildings across the broader site, which could mean another year-long delay in their formal response and the reimbursement.

Parks Commissioning:

- Tennis Development Proposal – as per the associated report presented to Cabinet on 21.03.23 Parks Commissioning has secured internal (£75,400) and external funding from the LTA (£327,417) to invest in the borough's 17 tennis courts to bring them back up to a playable standard.
- Work on site commenced at Central Park (the first of 5 x sites) on 11th August, followed by Barking Park, St Chads Park, Old Dagenham Park, and Greatfields Park. 2 of the 5 Barking & Dagenham sites have now been gated by CIA (Old Dagenham Park & Greatfields Park) and the Smart Access systems installed. The associated completing dates for the remaining 3 sites are: Barking Park 27-28th November, St Chads Park 29-30th November, and Central Park 30th November.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

Parks Commissioning continued:

- The completions dates for temporary lines (note: due to the deteriorating weather conditions the full colour spraying has been scheduled for next Spring), fencing, nets and posts going in and sign off will hopefully be agreed at the next Project Progress meeting (Friday 17th November).
- The contract for the management and maintenance of the borough's tennis courts went out to tender on 23rd October. The submission deadline is 17th November. Award will be December with mobilisation in January 2024.
- External funding – Parks commissioning was successful in securing Rewild London (Round 2) funding including £39,000 and £35,410 respectively to deliver the River Rom Phase II and Reptile Survey projects. These projects will deliver significant social, environmental, and economic benefits for the borough and residents. £50k has been secured from London Marathon Community Trust's 'Active Spaces Fund' and will be used to refurbish the toddler play area at Old Dagenham Park. Other external funding bids and associated EOIs (e.g., Environment Agency's Natural Flood Management Programme) are also being prepared.

Inclusive Growth: Period 7 Risk

Risks: (These are risks that are NOT in the forecast that we are monitoring)

Food Sector, Make it Here, Employment & Skills

- The Adult College budget relies on maximising income potential from assets – work is underway to secure sustainable tenants for Ripple Road.
- There are long term risks to economic development funding, as the food, film and care sector projects are all funded by temporary grants/endowments. We are working with key partners to secure ongoing funding.

Heritage and Culture

- There is a risk The Arts Council grant for Archivist is not guaranteed for future years – net £41k.
- The Women's Museum project is currently being funded through the Cultural Commissioning budget, with additional funds being granted through SCIL. Currently there is a future budget pressure expected next financial year as the site is opened and operational costs will need to be covered into the long term. The Service is looking into fundraising significantly into the coming months to meet this pressure, and in the interim period will continue to support the project through CC

Commercial Risk:

- There is an inherent risk that external market factors may make it more difficult for tenants of the Council's hotel investments to meet their rent payments

Parks Commissioning - Contaminated land adjacent to Eastbrookend Country Park – risks:

- Remaining risk of prosecution from Thames Water – if LBBDD fails to deliver the agreed Contaminated Land Action Plan.
- Lack of clarity about the future management and maintenance of the contaminated land, and especially the Effluent Treatment Plan, and where this responsibility sits within the Council.
- Vehicular access – the planning application is now ready and will be submitted once the planning application fee has been processed.
- Electricity supply – a permanent electricity supply is essential to avoid future dependency on generator use and diesel deliveries. We are currently waiting for a fee proposal from Arcadis to prepare tender documents and administer the terms of the engineering contract in relation to the contestable works.
- Drainage proposal – work commenced on site on Monday 25th September. However, as reported to ACB on 8th November work had to be suspended as a large area of contaminated land was encountered whilst installing the new drainage pipe. Arcadis is investigating an alternative route, but this will be subject to a topographical survey and further ground investigations (e.g., trial pits). Inevitably this will add costs and introduce time delays.

Community Solutions: Period 7

Forecast Position: £16.8m (underspend of £1.8m, -12% Variance)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
COMMUNITY SOLUTIONS	14,461,470	14,461,470		8,280,948	16,786,943	400,000	(4,504,086)	(1,778,613)	(1,745,164)
SUPPORT AND COLLECTIONS	7,017,112	7,017,112		3,308,011	7,566,453	0	(1,511,164)	(961,823)	(941,070)
COMMUNITY SOLUTIONS	1,069,410	1,069,410		535,809	921,075	0	(146,000)	(294,335)	(310,313)
COMMUNITY PARTICIPATION & PREV	7,679,948	7,679,948		5,742,128	9,604,415	400,000	(2,846,922)	(522,455)	(493,781)
TECHNICAL - COMSOLS	(1,305,000)	(1,305,000)		(1,305,000)	(1,305,000)	0	0	0	0

Key Drivers of the Position:

The total overspend pressure for Community Solutions is **cf£3.7m**

The recalculation of the HRA recharge has resulted in an income shortfall of **cf£3.1m** across Community Solutions. There are delays in delivering MTFs savings across Community Participation & Prevention of **£0.3m** which is being closely monitored. The MTFs savings for transfer of buildings to VCS has been paused due to the emerging locality model proposals from Adults.

The Ethical Collection Service is forecasting an overspend of **£0.2m**. The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance still believe the overspend will range from **£0.2m - £0.4m** and this may increase the outturn variance.

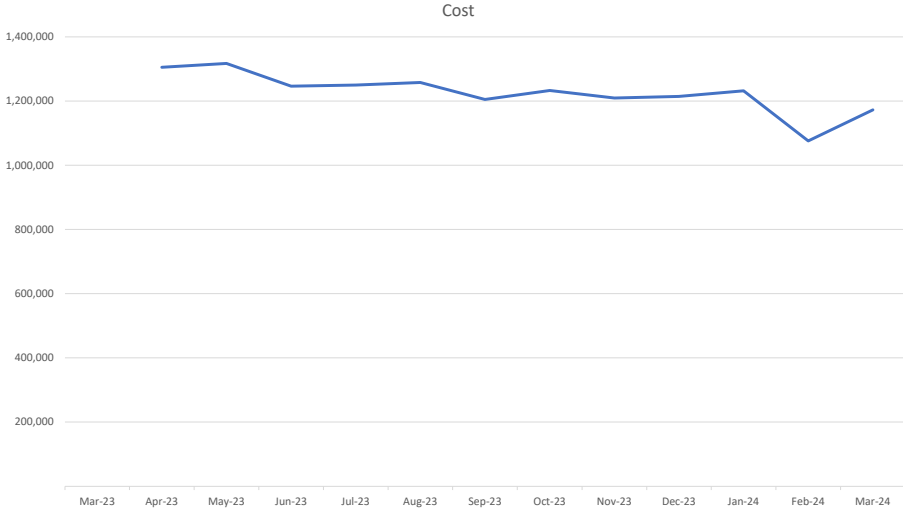
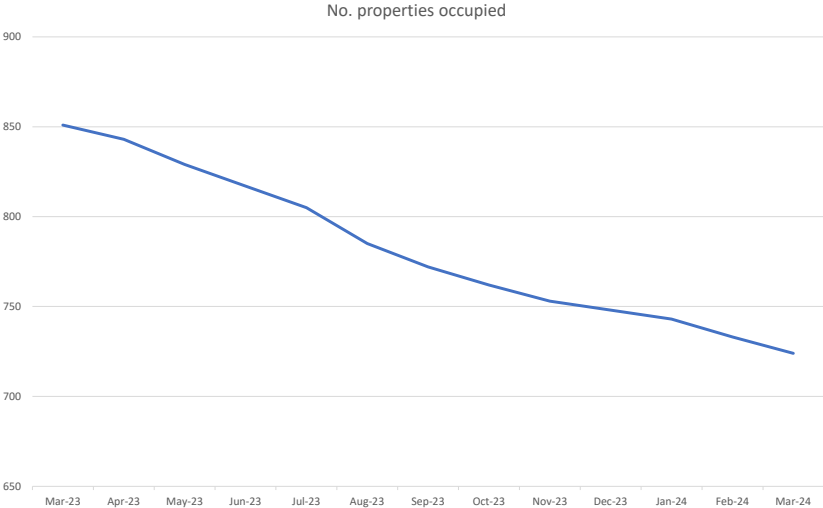
Community Solutions have taken a number of difficult decisions and identified one-off mitigations of **cf£3.9m** to reduce the outturn variance, which are listed in the mitigations table. It is to be noted that these mitigations come with their own level of risk/impact and this will be closely monitored.

Refugee Client Allowance applications have reduced significantly, **£0.4m** of the **£0.9m** grant will be moved to reserves for 2024/25.

Community Solutions: Period 7 Data

Forecast Position: £16.8m (underspend of £1.8m, -12% Variance)

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Community Solutions: Period 7 Mitigations Table

Forecast Position: £16.8m (underspend of £1.8m, -12% Variance)

	Amount	Comments
Service Development Salary underspend	100,000	A decision has been taken to not fill the Transformation Manager Position in the current financial year
Strategic Director Salary underspend	188,000	The Strategic Director position will not be filled in 2023/24.
Funding swap with additional HPG Grant - release GF	1,135,000	Additional grant to support Ukraine, will be delivered from existing stock
Additional Asylum Dispersal Grant - Funding Swap	475,000	Additional grant to support dispersal of Asylum seekers, using existing stock
Court officers	25,000	Excelerate savings
SD Officer Secondment Cover	25,000	Hold vacancy
Consultancy Fee (SM)	100,000	Release of funding
Household Support Fund Admin Fee	400,000	HSF allocation for 2023/24 has been confirmed and attracts a fee income
Triage Salary underspend	80,000	There is a vacancy and not all staff are at the top of the grade.
Hold vacancy in CPP	40,000	RR Service area vacancy
P&E Vacancy	31,000	Hold vacancy
Migration reserve release	200,000	
GLA CTAX Income	515,000	Confirmation of grant for CTAX
Correction of cleaning forecast	100,000	Budget vired - forecast updated
Other corrections	100,000	
Play & Comm Recharge agreed	160,000	Recharge only for 2023/24
ICB Funding for 2023/24 confirmed	188,000	
Total Mitigations	3,862,000	

Mitigations highlighted blue have been added in P5

Community Solutions: Period 7 Risk and Opportunities

Forecast Position: £16.8m (underspend of £1.8m, -12% Variance)

Risks: (These are risks that are NOT in the forecast that we are monitoring)

- The Ethical Collection Service is forecasting fee income of **£650k**. The income is dependent on a steady flow of warrants from Parking, Council Tax and Business rates. There is currently a delay in the warrants from Parking and the age of the debt is causing issues with recovery. Finance believe the fee income will range between **£0.4m - £0.6m**.
- Temporary Accommodation – due to the current climate, the use of B&B's and Hotels is on the rise. This is causing LA's to overspend against their TA budget. We are currently at capacity within our own hostels and have received a number of hand backs requests for PSL's which may lead to an overspill into B&B's and Hotels. Modelling will be carried out in August against various assumptions which will enable a more robust forecast. This is a national issue.

Opportunities: (These are opportunities that are NOT in the forecast that we are monitoring)

- A **£250k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast.

My Place Summary: Period 7

Forecast Position: (£1.350m) underspend

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
MY PLACE	4,448,439	4,448,439	0	28,233,078	2,888,471	210,000	0	(1,349,968)	(1,472,078)
HOMES AND ASSETS	(1,145,987)	(1,145,987)	0	15,072,599	(296,626)	0	0	849,361	1,117,404
PUBLIC REALM	5,594,426	5,594,426	0	13,160,479	3,185,097	210,000	0	(2,199,329)	(2,589,482)

Executive Summary

Parking Service has transferred to My Place Public Realm this month and is the forecast £210,000 reserve movement above to the Parking Reserve.

My Place is projecting a **(£1.350m) underspend**, an adverse movement of £122,000. The underlying cause of the movement is an increase in the Bad Debt Provision (BDP) from BDTP Group invoices £318,000 offset by planned reductions in spend within Commercial Portfolio and a contract.

It should be noted that the service is carrying significant risks of £2.1m with **(£50,000) Opportunities**.

The variance is driven by:

Parking (£1.043m) surplus, HRA Fixed Recharges (£856,000), Employee Expenses (£602,000) across Public Realm mainly and areas of Homes and Assets **(£450,000)**. Offset by **Commercial Portfolio £643,000, My Place Recharge £656,000 and £302,000 mainly on BDP overspends.**

Homes & Assets: Period 7 £849,000 overspend

Commercial Portfolio is reflecting **£643,000 overspend**, an improvement of **(£147,000)** due to reduced expenditure on repairs, maintenance and security.

- £579,000 income under recovery. The service continues to work with General Income on producing the underlying asset list and rent roll to support forecast and future budget assumptions. The file has now been created but requires validation and additional information to be included to support forecasting and budgeting.
- £64,000 on expenditure relating to staffing costs due to agency costs above establishment budget of 3 FTE which is low for such a significant portfolio.

My Place Recharge Budget: £656,000 overspend, is caused by the net impact of changes to the corporate support recharges on the My Place Recharge budget. The pressure element of £1.051m will not change, as this activity has ceased. The mitigating element is a forecast based in 2022/23 activity.

Continued next slide.

Property Assets is **underspending** by **(£60,000)**, a slight decrease of **£6,000**.

- Asset Management is forecasting a **(£92,000) underspend**:
 - **(£136,000)** due to vacancies being held pending restructure.
 - £265,000 on premises costs.
 - **(£221,000)** forecast income for ELWA use of depot and increased staff capitalisation.
- Major Works is forecasting a **£32,000 overspend** due to reduced staff capitalisation output.

Homes & Assets (Other Areas): (£390,000) underspend offering partial mitigation to the Commercial Portfolio and Recharge pressure. This is mainly from staffing in areas like Business Development and Contract Management and contract commitment revisions.

Public Realm: Period 7 (£2.199m) underspend

The Forecast variance relates to:

- **Parking (£1.043m) underspend** after reserve movement. The in-year Parking Off-Street income surplus of **(£0.75m)** will not be transferred to reserve and is included in the outturn forecast as a mitigation. Parking are also overachieving the Traffic Management Order income by net **(£0.25m)**, which is also included in the outturn forecast. Parking surplus of **(£0.2m)** will be transferred into Parking reserves (ring fenced).
- **HRA Fixed Recharges (£856,000)** increase in recharge following reviews of all services except Street Cleansing which is nearing completion.
- **Employee Expenses (Excluding Parking) (£602,000) underspend** (includes agency, overtime) across Parks and Environment, Compliance (Admin) and Passenger Transport Service (PTS) mainly with vacancies being frozen and awaiting the My Place Restructure's conclusion.
- This is partly offset by **£302,000 overspend** mainly related to an increase in the **BDP** for two fleet invoices to BDMS in Qtr 2.

There has been an **adverse** movement since Period 6 of **£390,000**:

- **BDP: £318,000 overspend** from 100% BDP raised on two fleet invoices to BDMS and **£67,000 decrease** in the **HRA Fixed Recharge** variance due to revising Graffiti team.
- The service is also facing increasing transport costs this year in part due to the theft of catalytic converters on 4 refuse vehicles earlier in the year and the subsequent cost of hire replacements but also increased damage on other hire vehicles being returned in inadequate condition. The service has mitigated this increase this month through releasing its remaining growth budget.
- The service has flagged a new risk this month in relation to its aging underground fuel tanks which are due for replacement. The service is likely to require a temporary tank as the fuel is becoming contaminated and the risk to damage to vehicles is increasing. The service are working on a temporary cost solution to put into place for Period 8.

2023-24 Savings

		2023/24	RAG
*negative values (in brackets) are savings		Target £k	RATING
Service Area	Saving Proposal		
Finance & IT	WAN bill reduction £80K	(80)	GREEN
Finance & IT	ICT Consultancy £40K	(40)	
Finance & IT	Staff Dev & train £28K	(28)	
Finance & IT	Staff other expenses £10K	(10)	
Finance & IT	Entity recharges + 10% £48K (income)	(48)	
Finance & IT	Ezitracker £24K	(24)	
Finance & IT	One Trust £10K	(10)	
Finance & IT	Jontek £17K	(17)	
Finance & IT	Oracle Saving	(409)	
Law & Governance	Parking Services Income	(2,300)	
My Place	Property Management & Capital Delivery	(66)	
Finance & IT	Digital Identity Verification (requires £100k Capital)	(25)	
Finance & IT	Streamline IT Procurement	(44)	
EYCC	Staff Savings and DSG recharge	(35)	
P&P	FPN income	(15)	
Community Solutions	Everyone Everyday	(100)	RED
Inclusive Growth	Parks Commissioning - Soil Importation	(500)	
HR	Restructure	(577)	
Total		(7,049)	

GREEN	4548
AMBER/G	1124
RED	1377
	7049

2023-24 Savings

*negative values (in brackets) are savings		2023/24 Target £k	RAG RATING
Service Area	Saving Proposal		
Care and Support	Finance Review Officer	(57)	Yellow
Care and Support	Early Help Investment deferral into 2024-25	(500)	Green
Care and Support	Early Years & Childcare	(180)	Yellow
Community Solution	Fund HAM Hub through collection fund surplus 40% - reserve transfer (Non-HRA)	(390)	Green
Community Solution	Delete x5 FTE vacancy from Welfare	(230)	Green
Community Solution	Service Development - Delete x2 FTE and x1 FTE recharge to Supporting Families Grant	(197)	Green
Community Solution	Customer Services - Delete X1 CSO	(34)	Green
Community Solution	Customer Experience team - Delete Internet Officer	(51)	Green
Community Solution	Delete x3 FTE Vacancy from Triage	(120)	Green
Community Solution	Stop Play and Comm Service (4.5FTE). Transfer to Family Hubs to be funded by Grant	(160)	Yellow
Community Solution	Transfer to VCS - WILLIAM BELLAMY CHILDREN'S CENTRE	(30)	Yellow
Community Solution	Transfer to VCS - LEYS CHILDREN'S CENTRE	(15)	Yellow
Community Solution	Transfer to VCS - SUE BRAMLEY CHILDREN'S CENTRE/ LIBRARY	(15)	Yellow
Community Solution	Creation of Heritage site at VALENCE LIBRARY + 2.5FTE Sc5	(130)	Red
My Place	NRSWA Income Stream Opportunities - Public Highway	(52)	Green
My Place	No longer have a dedicated Graffiti team.	(75)	Red
My Place	Security of vacant land.	(10)	Green
My Place	Reduce the opening days and times of the Town Hall and other buildings.	(50)	Red
My Place	Closure of Pondfield depot	(25)	Green
My Place	Increase the commercial income	(30)	Red
Inclusive Growth	New Town Culture	(260)	Green
Inclusive Growth	Line by Line Budget Review	(110)	Green

CABINET

19 December 2023

Title: Budget Strategy 2024/25 to 2026/27	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Nish Popat – Deputy Section 151 Officer	Contact Details: Email: nish.popat@lbbd.gov.uk
Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Resources (S151 Officer)	
<p>Summary</p> <p>By Minute 20 (18 July 2023), the Cabinet approved a refreshed Medium Term Financial Strategy (MTFS) for 2023/24 to 2027/28 for the Council's General Fund. The report was prepared on the backdrop of financial uncertainty arising from a period of increasing inflation following conflict in Ukraine and the COVID-19 pandemic. The Council continues to experience cost pressures which is resulting in overspends against budget.</p> <p>This report reconsiders that strategy and refreshes the financial plan in light of a detailed review of the Council's current financial risks and challenges that it faces. There will always be an element of uncertainty inherent in financial forecasting and this report is based on predictions of funding ahead of the Local Government Draft Settlement which is not likely to be issued until just before Christmas.</p> <p>However, following the Autumn Statement by Government in November there is an expectation of a one-year funding settlement for 2024/25 particularly with an expected election next financial year. Whilst local authorities have previously been given indicative funding forecasts at a sector level, at this stage there is uncertainty surrounding the allocation of funding from Government on an individual borough basis. The financial plan will be updated with the Final Settlement figures for the final Budget Framework report planned for Cabinet in February 2024.</p> <p>It is in this context that the report updates Cabinet on changes to the Council's medium term financial position and includes the latest projected budget gap of £23.335m. This gap is after the identification of £10.618m of savings. The net savings, after growth, is £8.327m. The savings proposals are included within this report and approval is sought to begin consultation on those proposals.</p> <p>A policy statement issued by Central Government in early December confirms that the Government's intended approach is to increase Council Tax in line with 2023/24.</p> <p>Given the financial challenges that the Council is facing, the assumption is that the permitted increase will be agreed by Members and applied.</p>	

The final budget report to be presented to Cabinet and Assembly in February 2024 will also include the Council's 5-year capital programme which will be accompanied by a proposed Capital Strategy and the revenue impacts on the General Fund proposals.

The Council's DSG and HRA budgets will also be presented together with the revised Treasury Management Strategy for 2024/25 and beyond.

Recommendation(s)

The Cabinet is recommended to:

- (i) Note the revised Budget Gap for 2024/25 of £23.335m and the projection of the future Medium Term Financial Strategy position for years 2025/26 and 2026/27;
- (ii) Note the current savings and growth proposals to help balance the 2024/25 budget as detailed in Appendix A to the report and agree the arrangements for public and stakeholder consultation as set out in Section 7 of the report;
- (iii) Agree to consult Borough residents and taxpayers on the levying of a 2.99% General Council Tax increase and a 2% Adult Social Care Precept to support the Borough's most vulnerable residents, subject to those thresholds being confirmed by Central Government;
- (iv) Note that from 2024/25, the Council's policy to support alignment with the London Living Wage in its contracts with third parties shall be reviewed on a contract-by-contract basis; and
- (v) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, to agree any additional savings proposals for 2024/25 for public consultation.

Reason(s)

The setting of a robust and balanced Medium Term Financial Strategy will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium-Term Financial Strategy underpins the delivery of the Council's vision of: One borough; one community and no one left behind and delivery of the priorities within available resources.

1. Introduction and Background

- 1.1. This report presents the latest financial budget gap for 2024/25 and sets the context for the future financial position for the London Borough of Barking and Dagenham. This budget strategy aims to update Cabinet on the work done to arrive at the latest financial position and seeks the Cabinet's approval to begin the statutory and necessary consultation process.
- 1.2. As detailed in section 2 of this report, the Council is facing a significant shortfall in its budget to reach a balanced budget for 2024/25 which has predominantly arisen because of significant cost pressures arising from high inflation, increases in

interest rates, increases in demand and/or change in the needs of existing service users.

- 1.3. This has led to the 2023/24 base budgets being under considerable pressure which is borne out in the Period 7 budget monitoring report presented as a separate report on the same agenda and highlights a forecast £11.6m overspend in 2023/24, predominantly in the People and Resilience Directorate.
- 1.4. These base budget pressures are projected to continue in future years. This report reflects those challenges together with future projections of new pressures forecast next year in 2024/25.
- 1.5. This Budget Strategy report will underpin the Council's Budget Framework and Medium-Term Financial Strategy planned for February 2024 Cabinet and Assembly. The Medium-Term Financial Strategy (MTFS) is a statement on the Council's approach to the management of its financial resources to meet its Corporate Priorities.
- 1.6. The Council is currently only planning on a MTFS 3-year horizon (2024/25 to 2026/27) due to significant level of uncertainty post 2024/25 and the wider context within which it is operating. It is expected that the UK will see a General Election in 2024/25 and for this reason estimating future funding streams is difficult (with or without a change in government) and further macro-economic scenarios are likely to arise next financial year which will require a further refresh to the MTFS with the ambition to propose a new 5-year plan.
- 1.7. Looking at the wider context, Barking and Dagenham is likely to be facing further inflationary pressures, expectations of rising demand for services and/or changes in complexity of need, particularly for social and housing provision. The financial sustainability of the whole of Local Government is under stress and this has been seen by a number of Local Authorities issuing a Section 114 notice, effectively signifying their inability to deliver a balanced budget. However, what is different now is that the reason for these notices is purely that increases in funding have not kept pace with expenditure.
- 1.8. The Government published their Autumn Statement on 22 November 2023. This set out the spending proposals for government, including the Department for Levelling Up, Homes and Communities (DLUHC), for the next 5 years with a number of policy and funding announcements related to local government. However, DLUHC are anticipated to provide a one-year funding settlement for 2024/25 with only indications on the direction of travel for later years.
- 1.9. DLUHC are in the process of allocating funding to individual local authorities and these allocations will be published in late December 2023. The draft Local Government Finance Settlement will provide the basis on which the detailed budget for 2024/25 is prepared for approval by Assembly in February 2024.
- 1.10. Previous budget reports have commented on the significant reduction in funding from Central Government, with the key measure of Core Spending Power, continuing to show reduced level of funding since 2010. The 2023/24 financial year saw an average increase of 9.2% in core spending power (CSP) – the government's measure of overall core funding – for London boroughs from £8.01bn to £8.75bn.

However, despite the overall increase, CSP for London Boroughs will remain 18% below 2010 levels in real terms.

- 1.11. Rising interest rates impacts on the Council's borrowing costs and in particular on the ambitions of the Council's Investment and Acquisition (IAS) Strategy.
- 1.12. The IAS Strategy was established to be self-financing and had a target ambition of delivering a 5% revenue return to the Council both of which are now at real risk. An inherent aspect of the IAS, and regeneration more generally, is the length of time it takes from a decision being taken by Cabinet to proceed with a regeneration scheme and the actual delivery of that scheme.
- 1.13. This long duration, often spanning many financial years, means that the Council is exposed to construction cost risk until such time as development contracts are entered into but also interest rate risk. Unfortunately, global events in recent years have meant that both these risks have crystallised with significant increases in both construction costs and interest rates.
- 1.14. These changes have had significant impacts on IAS scheme viabilities with many schemes not delivering anywhere near the returns that were originally forecast and this was highlighted in the two reports for Beam Park and Gascoigne 3b which were presented to Cabinet in September 2023.
- 1.15. They have also made the approval of new schemes extremely difficult, and the Council has spent just over £13m on scheme initial phase costs and is struggling to find viable solutions to be able to progress those schemes.
- 1.16. In order to carry out regeneration the Council also makes open market purchases by way of land assembly for those schemes and for this reason has acquired a significant IAS Commercial Portfolio. As these are assets which are being held for regeneration purposes, and may be disposed of, they have been funded by short-term borrowing for which there has been a sharp increase in costs.
- 1.17. The Council's subsidiaries financial positions are also integrated into the Council overall financial position with the Council's base budget including a permanent income budget of just under £13m for dividend income receivable from its subsidiaries. Difficulties with new scheme viabilities has led to a reduction on regeneration activity which in turn impacts on fees earned by the Council's regeneration subsidiary and their ability to declare dividend income.
- 1.18. The Council has also made working capital and other loans to its subsidiaries and there are financial risks associated with both the dividend income and the servicing of the subsidiary debt. Relevant officers and Members are working closely with the Chief Executive and Boards of those subsidiaries to ensure that there is no financial impact on the Council's HRA or General Fund over the MTFS period. This report makes certain assumptions in this respect which may need to be revisited once that work has completed.
- 1.19. The MTFS also considers the appropriate level of reserves that the Council holds to mitigate current and longer-term risks. The Council's S151 Officer will be required to make a statement (known as the Section 25 statement) that the budget proposals

are robust and that the proposed levels of reserves (after setting the budget) are adequate taking into account the financial risks that the Council is facing.

- 1.20. The Council continues to try to find ways to tackle all of these challenges to enable a balanced budget to be set and that poor performance is improved so that target income and financial returns are achieved.
- 1.21. Medium term financial planning must make assumptions about the future demand profile and cost pressures on expenditure and on factors that affect income sources and there is always the inherent risk that these assumptions may prove to be incorrect. The MTFS represents a summary of these assumptions and their impact on the funding of the council.

2. Council Priorities and Strategic Framework

- 2.1. The MTFS is underpinned by the Council's Corporate Plan 2023-26 which sets out the vision of the Council to make Barking and Dagenham a place people are proud of and where they want to live, work, study and stay, whilst ensuring that no-one is left behind.
- 2.2. The Corporate Plan 2023-26 sets out the seven strategic priorities by which this vision will be achieved:
 - Residents are supported during the current Cost-of-Living crisis;
 - Residents are safe, protected and supported at their most vulnerable;
 - Residents live healthier, happier, independent lives for longer;
 - Residents prosper from good education, skills development and secure employment;
 - Residents benefit from inclusive growth and regeneration;
 - Residents live in and play their part in creating safer, cleaner and greener neighbourhoods;
 - Residents live in good housing and avoid becoming homeless.
- 2.3. To support our priorities a set of principles have been developed to be applied to our work across the whole Council. These principles, together with our values and culture, will drive service delivery, performance, and innovation:
 - Work in partnership;
 - Engage and facilitate co-production;
 - Be evidence-led and data driven;
 - Focus on prevention and early intervention;
 - Provide value-for-money;
 - Be strengths-based ;
 - Adopt a "health in all policies" approach;
 - Strengthen risk management and compliance.

3. Revised Budget Gap 2024/25 and Budget Assumptions

- 3.1. The updated MTFS identifies a potential 2024/25 budget deficit of £23.335m, after allowing for savings proposals totalling £10.618m. The net savings, after growth, is £8.327m. The cumulative budget deficit increases to £37.053m by 2026/27 as

detailed in Table 3 below. The current proposed savings for 2024/25 are outlined in Appendix A although officers and Cabinet Members are continuing to work together to identify further potential areas for budget savings.

- 3.2. This is an increase in the funding gap compared to £11.865m reported to Cabinet in July 2023 and section 5 of this report details the key drivers for this significant worsening position.
- 3.3. The Period 7 Budget Monitoring report, included elsewhere on this agenda, forecasts a £11.605m overspend after projected net drawdown of reserves of £4.888m. In addition, the Council has budgeted to receive £10.3m dividend income from Be First, which is now at risk and likely to be funded by a further reserve drawdown. Without the use of reserves, the overspend for 2023/24 would be £26.7m. Unfortunately, the forecast overspend is being largely driven by new permanent budget pressures and demonstrates that the Council's budgets are not sustainable.
- 3.4. Further work undertaken by officers since July has identified local historic legacy budget risks which have now been corrected and accurately reflected in next year's financial plan. The total additional Growth is £45.778m, which includes all growth proposals and correction of legacy budget shortfalls and reversal of non-achievable savings from 2023/24.
- 3.5. The 2023/24 budget was also supported by a drawdown on reserves of nearly £9m in order to set a balanced budget. Using reserves in this way is only a temporary measure as reserves are a one-off source of funding. Without identifying plans to address this shortfall in 2023/24, this has added additional pressures onto 2024/25. Reserve drawdowns have also supported the Council's finances last financial year with the result that the Council's earmarked reserves have reduced significantly.
- 3.6. This includes the rising cost of financing the Council's relatively large debt balance. Over the past 12 months the cost of borrowing has risen due to rising Bank of England's base rate. The weighted average cost of borrowing has risen from 2.07% to 2.56% and this is impacting on the interest payable budget, particularly as the Council is required to re-finance its debts.
- 3.7. From 2024/25, the Council's policy to support alignment with the London living Wage be considered on a contract-by-contract basis, in consultation with the relevant Portfolio Holder.
- 3.8. The Budget plan for next financial year and for the following two years includes a range of savings and growth proposals that have been generated during this financial year along with those approved in July 2023 Cabinet report. The Council initiated two rounds of savings requests from Directorates which were carried out between September 2023 and November 2023. A total of £10.618m in savings have been found which includes £0.571m from those that were pre-approved in July 2023.
- 3.9. A summary of the 2024/25 savings and growth by Directorate proposed to-date is set out in Table 1 below.

Table 1 – Savings and Growth summary by Directorate

Directorate	Feb-23 Savings £'000	Feb-23 Growth £'000	Star Chamber Savings £'000	Oct-23 Savings £'000	Oct-23 Growth £'000	Total Net Savings £'000
Community Solutions	(150)	42	(184)	(1,105)		(1,397)
Inclusive Growth		1,233			(567)	666
Law & Governance			(352)	(90)		(442)
My Place	(215)	1,000	(1,822)	(1,108)		(2,145)
People and Resilience		570	(1,307)	(2,142)	13	(2,865)
Resources	(56)			(983)		(1,039)
Strategy	(150)		(566)	(389)		(1,104)
Grand Total	(571)	2,845	(4,230)	(5,817)	(554)	(8,327)

- 3.10. It is crucial that these savings are delivered as proposed. Failure to deliver these savings will result in an overspend in 2024/25 and an increase in future year budget gaps. Officers have reviewed these savings proposals and at this stage all are viewed as deliverable.
- 3.11. Further savings proposals are in development and are due to be submitted to Finance by 15 December. These will be presented to Executive Team on 21 December for formal sign-off. It is proposed that the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth & Core Services, will agree additional savings proposals to be included for public consultation.
- 3.12. As highlighted above the outcome of the provisional financial settlement for Local Government was not known at the time of writing this report and therefore further prudent assumptions in relation to funding streams have also been made. Table 2 below details some of the key assumptions that have been made when setting the 3-Year MTFs. Despite the uncertainty regarding the level and type of future government support, the Council is required to develop plans for its 2024/25 budget.
- 3.13. These funding assumptions will only be finalised once the final settlement is issued by Department of Levelling Up, Homes and Communities (DLUHC) in January 2024.

Table 2 - Budget Assumptions

Item	Assumption Level	Total Allocation	Explanation
Expenditure			
Pay Inflation	5%	£8.862m	This reflects the net agreed average increase across all pay grades in 2023/24 with similar pressure on pay expected in future years. This allocation will be under review with further economic data being released over coming months
Contract Inflation	5%	£8.766m	Whilst inflation has eased over the past few months, a prudent provision is maintained due to uncertainties within the macro-economy.
Social Care New Demand	£13.5m	£13.5m	This reflects the overspend that the People and Resilience directorate currently faces
Other Demand and Demographic Changes		£2m	A total of £2m has been added as contingency to support unknown demand and other pressures.
Interest Costs	3%	£14.043m	Assumes further increases on weighted average cost of debt as current interest are much higher than have been in the past.
Funding			
Council Tax General Rate Increase	2.99%		In line with previous increases within the referendum cap.
Council Tax Base Increase	55,336		1.7% increase in Council Tax base in-line with prudent estimation of new properties being delivered in the Borough.
Council Tax Adult Social Care Precept Increase	2%		In line with previous increases within the referendum cap.
Business Rates Increase	4.6%	£25.062m	In line with September CPI print
Social Care Grants	4.6%	£19.716m	In line with September CPI print.

3.14. The net General Fund expenditure budget for 2023/24 is £199.002m, a net increase from the previous year (2022/23) of £15.942m. Based on savings and growth adjustments for the net General Fund expenditure Budget for 2024/25 will rise to £234.162m with net funding currently projected to be £210.828m.

3.15. The 2024/25 forecast budget is summarised in Table 3 below.

Table 3 – Medium Term Financial Strategy

	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
NET COST OF SERVICES	199.002	234.162	248.423
Financial Planning			
Savings - Existing Plans	(0.571)	(1.198)	(0.988)
Pre-Approved Growth	16.196	5.343	5.424
Savings Identified 23-24	(10.047)	-	-
Growth Identified 23-24	12.887	-	-
Inflation and Demographic Change	16.695	10.116	10.068
Capital	-	-	-
Reserves			
Contributions to Earmarked Reserves	-	-	-
Contributions from Budget Support Reserve	-	-	-
Contribution from Collection Fund Smoothing Reserve	-	-	-
Use of General Reserve	-	-	-
Net Expenditure after Reserves	234.162	248.423	262.927
Funding			
RSG	(22.274)	(22.274)	(22.274)
NDR	(25.062)	(23.000)	(23.000)
NDR Top Up and S31 Grants	(38.601)	(43.862)	(43.862)
(Surplus)/Deficit on Collection Fund	2.821		
BRR Pooling	(1.000)	(1.000)	(1.000)
Council tax	(80.973)	(85.887)	(91.042)
S31 Grants and Other Admin Grants	(5.104)	(14.900)	(14.900)
Market Sustainability & Fair Cost of Care Grant	(3.215)	(3.215)	(3.215)
Services Grant	(2.333)	(2.333)	(2.333)
Social Care Support Grant	(19.716)	(19.268)	(19.268)
NHB	(1.938)	(1.938)	(1.938)
Core Funding Total	(197.396)	(217.677)	(222.832)
Company Dividends	(10.390)		
Investment Income	(3.042)	(3.042)	(3.042)
Investment/Subsidiary Income	(13.432)	(3.042)	(3.042)
Total Funding	(210.828)	(220.719)	(225.874)
Cumulative Budget Gap	23.335	27.703	37.053

- 3.16. A detailed breakdown of the Budget against each Directorate has been provided in Appendix B.
- 3.17. Table 3 presents a cumulative gap position with significant pressures in 2024/25, which once covered will ease pressures in future years. Therefore, if the Council can find additional permanent savings to bridge the £23.335m gap, the gap for

2025/26, based on current assumptions, will reduce to £4.37m. However, if it cannot find these savings then the gap will increase by any shortfall.

- 3.18. With a forecast £11.065m overspend forecast for 2023/24, a residual budget gap for 2024/25 of £23.335m and significantly reduced usable General Fund reserves, Barking and Dagenham faces serious financial challenges. The Council must reduce its expenditure significantly over the short to medium-term to match its funding and income. Difficult decisions are required on service delivery to ensure that the Council reaches a sustainable budget position. The Council will also need to ensure all inefficiencies are tackled and it also re-considers its capital investment needs as the Council continues to take on new debt which results in increased Minimum Revenue Provision and interest costs.
- 3.19. The Investment and Acquisition Strategy will also need to be reviewed and potentially an amended strategy brought forward either before, or at the same time, as the Council's MTFS and 2024/25 final budget proposals.

Financial Measures to support a balanced budget

- 3.20. In identifying further savings proposals, further financial measures that the Council may consider closing this deficit include:
- Reconsider inflationary pressures for next year and ensure the Council better negotiates with its suppliers to limit increase for future years;
 - Minimise the need for additional future capital borrowing by realising increased capital receipts;
 - Reviewing the IAS commercial portfolio to reduce the current forecast pressure and working with the wholly owned Council companies to improve returns to the Council;
 - Continue scrutiny of the Council's vacancies and agency costs and ensure these are managed at the most appropriate levels;
 - Constraining new demand and demographic growth requests within the funding envelope assumed within the forward financial plan and/or identifying alternative funding streams and improve the prevention strategy;
 - Development of a robust reserves strategy and action plan for the Council that mitigates against key financial risks whilst supporting necessary investment;
 - Review the resource forecast as it evolves over the forthcoming months. It will be updated in line with new government announcements and actual data on business rates and council tax collection;
 - Dialogue with central government on the options available to share the Council's financial burden across government, the Council and residents as service recipients.

4. Government Funding Changes

- 4.1. Key funding streams for 2024/25 and their contribution to the Council's budget are detailed below.
- **Council Tax** – DLUHC are expected to confirm in the draft Local Government Finance Settlement that there will be a council tax referendum threshold of 2.99% with an adult social care precept of 2% for 2024/25. The MTFS currently

assumes the total 4.99% increase in council tax 2024/25 and similar increases for 2025/26.

Growth in the council tax base has been estimated by using data on expected new homes being occupied over the MTFS period. A prudent deduction has been made to account for properties that may be delayed or where council tax will not be payable in full, e.g., recipient of CTS. This assumption will be kept under review annually.

The total Council Tax for Barking and Dagenham is budgeted at £80.972m a net increase of £3.192m after adjusting for the revised CTRS scheme that is undergoing consultation as per the October 2023 Report.

- **Business Rates** – from 1 April 2023 a revaluation was implemented which has resulted in increases in valuations to which Business Rates will be calculated. An increase of £3.72m is assumed in the overall funding receivable from business rates in 2024/25 from new developments within the borough and through allowance for inflation. As part of the Autumn Statement For 2024/25, the small business multiplier in England will be frozen for a fourth consecutive year at 49.9p, while the standard multiplier will be updated by September CPI to 54.6p. The current 75% relief for eligible Retail, Hospitality and Leisure (RHL) properties is being extended for 2024-25.

Local Authorities will be fully compensated for the loss of income because of these business rates measures and will receive new burdens funding for administrative and IT costs.

- **Business Rates Pooling 2024/25** - The Council has agreed to participate in business rates pool with Thurrock and Havering and this is expected to generate a further £1.00m in additional funding for the Council. This arrangement will be reviewed annually in line with projection from Pool partners to ensure the Council continues to benefit from the arrangement.
- **Social Care Funding** – Local Government will continue to receive Social Care funding in addition to the 2% Adult Social Care precept. It is expected that the Social Care Grant will increase in line with Inflation and the MTFS projects an increase to £19.71m from £16.627m in the current year.

4.2. **Various Grants** – Over the past couple of years the Government has announced a few grants to support Local Authority Budgets and these grants (listed below) are expected to continue in 2024/25 and over the next 3 years of the MTFS cycle.

- **New Homes Bonus** – The Council will continue to receive its share of the New Homes Bonus to reflect and incentivise housing growth in their areas. The Government has committed to maintaining the funding of the NHB. However no specific details have been provided to increases in future years and therefore the budget plan assumes a constant allocation from current year to 2024/25 with no increases in 2025/26 onwards.

Previously this grant was budgeted as part of the total return from investment in Be First. However, upon further review this has now been split into a separate line to reflect the direct award to the Council.

- **Public Health Grant** – this is a ringfenced grant and, whilst we assume the grant will continue at current levels, there is a lack of clarity on whether there will be additional funding to support ongoing public health initiatives related to the recovery from COVID-19.

5. Budget Changes from July 2023 and Budget Risks

- 5.1. The report to Cabinet in July 2023 set out the following financial forecasts over the medium term:

	2024-25 £m	2025-26 £m	2026-27 £m
Budget Gap (incremental)	11.865	3.682	9.413
Budget Gap (cumulative)	11.865	15.547	24.960

- 5.2. A review of the assumptions has been undertaken and the financial forecast has been updated as shown in the table below. These updates are best estimates of the impact of the changes and are subject to change before the MTF5 is presented for approval in February / March 2024:

	2024-25 £m	2025-26 £m	2026-27 £m
Budget Gap July 2023 (cumulative)	11.865	15.547	24.960
Legacy Budget Corrections	3.604	0	0
Net Budget Changes (Growth and Savings 2023)*	7.866	12.156	12.093
REVISED BUDGET GAP	23.335	27.703	37.053

*subject to consultation and approval

6. Council Reserves

- 6.1. Barking and Dagenham is facing considerable financial pressures and whilst the Council's reserve balances have been strong over recent years, that support is now being diminished as those reserves have been utilised. The Council's ability to rely on reserves is now largely over and structural changes will be required to ensure a sustainable balanced budget position.
- 6.2. The Council's S151 Officer will be required to make a statement as to whether the reserves are adequate for the financial risks that the Council is facing in 2024/25 and beyond. This is a professional judgement based on the risks identified, how likely they are to materialise, and the financial impact should they do so.
- 6.3. A significant piece of work has been undertaken to review the Council's earmarked reserves, revisiting whether they are still required for the original purpose they were set aside for. For any reserve funds that have been identified as no longer required, approval will be sought to move the released funds into the Budget Smoothing Reserve to bolster the Council's financial sustainability as there are currently no provisions to replenish reserves within the Council's base budgets.

- 6.4. The Period 7 monitoring for 2023/24 includes outcomes from that work and proposals to move released earmarked funds to the Budget Smoothing Reserve. The table below sets out the projected General Fund reserve balances at 31 March 2024 in line with the Period 7 request being implemented.

Table 4 – Summary of Reserves.

	Opening Balance	Budgeted Drawdown 23-24	In Year Inter Reserve Transactions 23-24	Planned Drawdowns 23-24 (P6)	Drawdowns not in P6 - require approval	Transfer to Reserve (P6)	Release to BSR - require approval	Current Balance
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
General Reserves	(17.03)	0.00	0.00	0.00	0.00	0.00	0.00	(17.03)
Budget Support Reserve	(16.84)	13.51	0.53	0.00	0.00	0.00	(3.68)	(6.48)
Sub total	(33.87)	13.51	0.53	0.00	0.00	0.00	(3.68)	(23.51)
Ring Fenced Reserves	(49.30)	0.00	(0.53)	4.32	5.49	(1.64)	1.53	(40.13)
Non-ringfenced Reserves	(21.18)	1.50	0.00	1.64	4.66	0.00	1.95	(11.43)
IAS Reserves & Capital Reserves	(42.95)	0.00	0.00	10.39	0.00	0.00	0.00	(32.56)
Total	(147.29)	15.01	0.00	16.35	10.15	(1.64)	(0.20)	(107.63)

- 6.5. If the projected overspend of £11.6m for 2023/24 continues then this will also need to be funded from reserves.

7. Proposed Consultation Process

- 7.1. As the Council is proposing new savings proposals, it is intended that consultation events will be undertaken as follows:
- An online budget consultation will commence on 20 December 2023, following publication of the draft Local Government Finance Settlement.
 - Budget consultation Facebook Live with the Leader and Cllr Twomey will take place on 16 January 2024
- 7.2. The savings proposals and wider Budget Strategy plans will also be considered by the Overview and Scrutiny Committee at its meeting on 24 January 2024.
- 7.3. Cabinet will be asked to recommend the 2024/25 budget on 19 February 2024 with Assembly being asked to formally approve on 28 February 2024. All the responses to the communications and consultation will be collated and will be presented to Councillors before final decisions are taken on the budget in February 2024.
- 7.4. This report commences the 2024-25 budget engagement with residents, businesses, the voluntary sector and other stakeholders.
- 7.5. It is important that a wider audience fully understands the position the Council faces. To this end, Council officers have been engaging with Central Government and its Councillors throughout the development of this Budget Strategy.

8. Capital Programme

- 8.1. The MTFS proposals within this report include a provision of £5m to fund a small corporate capital programme for operational requirements pending the outcome of work underway on the Council's Capital Strategy and associated capital programme. The process is being co-ordinated by the Capital and Assets Board.

9. Financial Implications

- 9.1. As this is a financial report by the Council's S151 Officer, the financial implications are as set out in the main body of this report.

10. Legal Implications

Implications provided by Dr Paul Feild, Principal Corporate Governance Solicitor

- 10.1. Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report contributes to that requirement. Specific legal advice may be required on the detailed implementation of any agreed savings options.
- 10.2. The strain on logistics of the Covid 19 epidemic has raised on-costs and scarcity particularly for products sourced overseas, the costs have not returned to pre-Covid levels and the War in Ukraine persists with the knock-on effect particularly impacting on food and energy costs. There is no reason to suppose that in 2024 the situation will be alleviated, indeed there will be more uncertainty with the United States Presidential election in Autumn 2024 as well as the General Election in the UK being called as early as May. As explained in the body of this report construction inflation and the precarious domestic and commercial property environment in terms of value stability presents the Council with the prospect of the need to purchase additional supplies and services with heavy competition for scarce resources. Furthermore, there are additional regulatory pressures on property development raising costs. Value for money and the Local Government Act 1999 best value duties still apply. There is also the issue of the Councils existing suppliers and service providers also facing issues of pressure on supply chains and staffing matters of availability. As a result, these pressures will inevitably create extra costs which will have to be paid to ensure statutory services and care standards for the vulnerable are maintained.
- 10.3. Where budgetary balancing requirements proposals identify the need for the reduction of, or closure or discontinuance of a service or services, appropriate consultation will need to be carried out. Therefore, savings proposals that affect staff will require consultation with Unions and employees. In addition to that, Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet because the Public Sector Equalities Duty ('PSED') set out in section 149 of the Equality Act 2010 obliges the Council in performing its functions "to have due regard to" the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this [Equality] Act;

- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it”.

10.4. This means an assessment needs to be carried out of the impact of financial strategy measures and a decision taken in the light of such information within the PSED context.

10.5. Further clarification has been given by the Supreme Court as to the following as general principles of consultation being:

- That consultation must be at a time when proposals are still at a formative stage;
- That the proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
- That adequate time must be given for consideration and response; and
- That the product of consultation must be conscientiously taken into account in finalising any statutory proposals.

10.6. If at any point a resort to constricting expenditure is required, it is essential that due regard is given to statutory duties and responsibilities. In particular the Council must have regard to:

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must either be fulfilled or varied with agreement of current providers;
- any legitimate expectations that persons already receiving a service (that is earmarked for reduction) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
- any rights which statute may have conferred on individuals that as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs following a statement of special educational needs;
- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
- the response to any consultation undertaken.

11. Risk Management

11.1. In each of the areas set out in this report, the significant risks have been identified with some of the impacts from those risks highlighted for consideration. Mitigation for those risks is alluded to within this report and have been integrated into the implementation plan to deliver the Budget Strategy.

12. Equality Impact Assessments

12.1. Full Equality Impact Assessments will be carried out on all applicable proposed savings at early stages of the planning process and be an essential part of the decision-making process, to ensure that the Council continues to fulfil its Public Sector Equality Duty.

Public Background Papers Used in the Preparation of the Report:

- Budget Framework 2023/24 and Medium-Term Financial Strategy 2023/24 to 2026/27 – February 2023 Cabinet
<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12611&Ver=4>
- Medium Term Financial Strategy and Reserves Policy 2023/24 to 2027/28 – July 2023 Cabinet
<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12955&Ver=4>

List of appendices:

- **Appendix A** –2024/25 to 2026/27 Savings Proposals
- **Appendix B** – Projected 2024/25 Budgets

Appendix A - Savings and Growth Proposals for 2024/25

Savings /Growth	Ref	Directorate	Proposal	Feb-23 savings	Star Chamber Savings	Oct-23 savings	Total
Savings	23 2 25 COMSOL S01	Community Solutions	Everyone Everyday Contribution	(150,000)		(50,000)	(200,000)
Savings	24 2 25COMSOL S03	Community Solutions	Review capacity in smaller and under-utilised Community Hub locations			(350,000)	(350,000)
Savings	24 2 25COMSOL S04	Community Solutions	Review Participation and Engagement Function			(159,960)	(159,960)
Savings	24 2 25COMSOL S07	Community Solutions	Review Mental Health and Vocational Support Service			(181,311)	(181,311)
Savings	24 2 25COMSOL S01	Community Solutions	Consultancy budget		(100,000)		(100,000)
Savings	24 2 25COMSOL S02	Community Solutions	Review Homes and Money Hub Service		(84,000)		(84,000)
Savings	24 2 25COMSOL S05	Community Solutions	Review Business Rates collection Service			(59,712)	(59,712)
Savings	24 2 25COMSOL S06	Community Solutions	Review of Service and staff resources			(303,583)	(303,583)
Savings	24 2 25 L&G S02	Law & Governance	Review and merge Community Safety and CCTV & Security			(90,000)	(90,000)
Savings	24 2 25 L&G S04	Law & Governance	Member Development Budget		(15,000)		(15,000)
Savings	24 2 25 L&G S03	Law & Governance	Delete vacant Deputy Head of Legal		(118,000)		(118,000)
Savings	24 2 25 L&G S01	Law & Governance	Enforcement Support Review		(218,954)		(218,954)
Savings	23 2 25 MY PLACE S02	My Place	Property Management & Capital Delivery	(65,000)			(65,000)
Savings	24 2 25 MY PLACE S04	My Place	Option to lease an unused section of BTH commercially to Care City		(15,000)		(15,000)
Savings	24 2 25 MY PLACE S06	My Place	Barking Town Hall - Energy related income Broadway Theatre (Barking College)		(60,000)		(60,000)
Savings	24 2 25 MY PLACE S10	My Place	Town Hall Franking Machine - contract savings			(6,500)	(6,500)
Savings	24 2 25 MY PLACE S11	My Place	Review Town Hall facilities management			(70,589)	(70,589)
Savings	24 2 25 MY PLACE S12	My Place	Review Depot Facilities Management Team			(29,032)	(29,032)
Savings	24 2 25 MY PLACE S13	My Place	Transfer of facilities help desk cost to BDTP contract from 2023.24			(120,000)	(120,000)
Savings	23 2 25 MY PLACE S01	My Place	Parking Services Income	(150,000)			(150,000)
Savings	24 2 25 MY PLACE S01	My Place	Street PCN income		(892,485)		(892,485)
Savings	24 2 25 MY PLACE S02	My Place	CCTV PCNs		(525,000)		(525,000)
Savings	24 2 25 MY PLACE S05	My Place	My Place review		(205,000)		(205,000)
Savings	24 2 25 MY PLACE S07	My Place	Change of Mowing regimes in parks to support biodiversity		(64,586)		(64,586)
Savings	24 2 25 MY PLACE S08	My Place	Cemetery Fees and Charges 10% Increase (above CPI of 6.7%)		(60,000)		(60,000)
Savings	24 2 25 MY PLACE S09	My Place	Passenger Transport (PTS) deletion of 1.73 FTE vacancies			(63,000)	(63,000)
Savings	24 2 25 MY PLACE S14	My Place	Review Pest Control Service			(45,379)	(45,379)
Savings	24 2 25 MY PLACE S15	My Place	Street Cleansing Post Reduction			(47,820)	(47,820)
Savings	24 2 25 MY PLACE S16	My Place	Waste pre-agreed budget growth amendment			(726,000)	(726,000)
Savings	24 2 25 P&R S02	People and Resilience	ASC Double Handed Care Review			(1,018,000)	(1,018,000)
Savings	24 2 25 P&R S04	People and Resilience	Enhance Reablement offer			(283,000)	(283,000)
Savings	24 2 25 P&R S05	People and Resilience	Increase Continuing Health Care contributions			(44,500)	(44,500)
Savings	24 2 25 P&R S06	People and Resilience	Review of adults social care in house provision			(448,000)	(448,000)
Savings	24 2 25 P&R S07	People and Resilience	2023-24 Direct payment returns		(500,000)		(500,000)
Savings	24 2 25 P&R S08	People and Resilience	2023-24 Reduce SW agency spend		(300,000)		(300,000)
Savings	24 2 25 P&R S09	People and Resilience	ASC Safeguarding Q & A & Implementation Team - delay recruitment		(100,000)		(100,000)

Savings /Growth	Ref	Directorate	Proposal	Feb-23 savings	Star Chamber Savings	Oct-23 savings	Total
Savings	24 2 25 P&R S10	People and Resilience	Service Manager review - delay recruitment		(93,361)		(93,361)
Savings	24 2 25 P&R S11	People and Resilience	ASC Head of Adults Disabilities - delay recruitment		(81,686)		(81,686)
Savings	24 2 25 P&R S12	People and Resilience	CSC Care Leaver Housing			(5,000)	(5,000)
Savings	24 2 25 P&R S13	People and Resilience	CSC in house Expert Assessment Centre			(203,970)	(203,970)
Savings	24 2 25 P&R S14	People and Resilience	CSC Adolescent Support Pathway			(139,212)	(139,212)
Savings	24 2 25 P&R S15	People and Resilience	Rationalise Business Support - phase 1		(111,520)		(111,520)
Savings	24 2 25 P&R S16	People and Resilience	Brokerage improvements		(45,000)		(45,000)
Savings	24 2 25 P&R S17	People and Resilience	CSC CARES academy		(75,000)		(75,000)
Savings	24 2 25 HR S01	Resources	Review HR/OD Service Management Team			(79,000)	(79,000)
Savings	24 2 25 HR S02	Resources	Review HR/OD functions			(19,000)	(19,000)
Savings	24 2 25 HR S03	Resources	Delete Learning Development Officer vacancy			(19,000)	(19,000)
Savings	23 2 25 IT S01	Resources	Streamline IT Procurement	(56,000)			(56,000)
Savings	24 2 25 IT S01	Resources	Azure CSP			(28,814)	(28,814)
Savings	24 2 25 IT S02	Resources	Remove Eset and move to Defender			(6,446)	(6,446)
Savings	24 2 25 IT S03	Resources	Docusign cancellation			(24,095)	(24,095)
Savings	24 2 25 IT S04	Resources	Reduction of MFD printer leases			(11,904)	(11,904)
Savings	24 2 25 IT S05	Resources	Cancel SOCITM subscription			(1,995)	(1,995)
Savings	24 2 25 IT S06	Resources	Duplicate Growth Bid for Security			(105,000)	(105,000)
Savings	24 2 25 IT S07	Resources	IT Service Restructure and review			(443,182)	(443,182)
Savings	24 2 25 IT S08	Resources	Reduce Print and Post costs - channel shift to more email use			(100,000)	(100,000)
Savings	24 2 25 IT S09	Resources	Reduction in Daisy licences for mobile SIMS			(24,000)	(24,000)
Savings	24 2 25 IT S10	Resources	Reduction in number of Microsoft E3 licences			(70,000)	(70,000)
Savings	24 2 25 IT S11	Resources	Reduction in low usage 8*8 licences			(51,000)	(51,000)
Savings	24 2 25 STR S01	Strategy	Scale back community events		(150,000)		(150,000)
Savings	24 2 25 STR S02	Strategy	Income from commercial events		(200,000)		(200,000)
Savings	24 2 25 STR S03	Strategy	Review Events Service Team			(69,200)	(69,200)
Savings	24 2 25 STR S05	Strategy	Review Communications Service			(13,400)	(13,400)
Savings	23 2 25 STR S01	Strategy	Single customer access function	(150,000)			(150,000)
Savings	24 2 25 STR S08	Strategy	Return of Digitised growth funding			(306,000)	(306,000)
Savings	24 2 25 STR S04	Strategy	Merge core data and change teams into a single function		(200,000)		(200,000)
Savings	24 2 25 STR S06	Strategy	Subscription: New Local Government Network		(13,321)		(13,321)
Savings	24 2 25 STR S07	Strategy	Subscription review (further consultation required)		(2,500)		(2,500)
			Total Savings	(571,000)	(4,230,413)	(5,816,604)	(10,618,017)

Savings /Growth	Ref	Directorate	Proposal	Feb-23 Growth	Star Chamber Growth	Oct-23 Growth	Total
Growth	23 2 25 COMSOL G01	Community Solutions	Review Revenue Service	42,000			42,000
Growth	23 2 25 IG G01	Inclusive Growth	Remove concession fee income	1,232,575		(567,000)	665,575
Growth	23 2 25 MY PLACE G01	My Place	New year on year pressure of £2,295k by 2025/26 to implement the National Waste Strategy, including weekly food collection, free Green Garden Waste and weekly recycling.	1,000,000			1,000,000
Growth	23 2 25 P&R G02	People and Resilience	Adults' Care and Support and Commissioning posts following CPG approval (Legislative Change and Demography)	70,000			70,000
Growth	23 2 25 P&R G01	People and Resilience	Early Help Investment deferral into 2024-25	500,000			500,000
Growth	24 2 25 P&R G01	People and Resilience	ASC Fews Lodge Extension to Kallar Lodge			13,000	13,000
			Total Growth	2,844,575		(554,000)	2,290,575

Net (Savings)/Growth				2,273,575	(4,230,413)	(6,370,604)	(8,327,442)
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Appendix B - 2024/25 Budget Allocations

Budget Lines	Budget	Budget	Net Movement
	2023/24 '000	2024/25 '000	'000
PEOPLE & RESILIENCE	£116,940	£128,395	£11,455
CORPORATE MANAGEMENT	£15,557	£14,555	-£1,002
LAW AND GOVERNANCE	-£4,082	-£4,371	-£289
STRATEGY	£3,304	£2,282	-£1,022
INCLUSIVE GROWTH	£1,716	£2,920	£1,203
COMMUNITY SOLUTIONS	£22,882	£24,653	£1,771
MY PLACE	£15,375	£15,922	£547
SERVICE DIRECTORATES	£171,693	£184,355	£12,662
Central Items			
Central Pay	£8,285	£8,926	£641
Contract Inflation	£822	£8,766	£7,943
Central BDP	£2,041	£2,041	£0
Central Expenses	£2,998	£2,000	-£998
HB/LEVIIES	£15,588	£16,388	£800
MRP	£10,935	£11,535	£600
Interest Payable	£14,043	£14,043	£0
TOTAL GROSS EXPENDITURE	£226,404	£248,054	£21,649
HRA CDC	-£641	-£641	£0
Interest Receivable	-£6,503	-£6,503	£0
IAS -Commercial Rents & Reside Int	-£5,443	-£5,443	£0
Reserves	-£14,815	-£1,304	£13,511
TOTAL NET BUDGET REQUIREMENT	£199,002	£234,162	£35,160
Revenue Support Grant	-£20,563	-£22,274	-£1,712
Retained business rates	-£21,334	-£25,062	-£3,728
Top-Up Grant	-£38,837	-£38,601	£236
Collection fund deficit/(surplus)	£4,567	£2,821	-£1,746
BRR Pooling - Havering & Thurrock	£0	-£1,000	-£1,000
Council tax	-£77,780	-£80,973	-£3,192
S31 Grants and Other Admin Grants	-£10,196	-£5,104	£5,092
Market sustainability Grant	-£2,138	-£3,215	-£1,077
Services Grant	-£2,241	-£2,333	-£92
Social Care Support Grant	-£16,627	-£19,716	-£3,089
New Homes Bonus	£1,938	-£1,938	-£3,876
Dividends - BeFirst	-£10,390	-£10,390	£0
Other Investment Income - Interest Capitalisation	-£4,542	-£3,042	£1,500
TOTAL CORPORATE FUNDING	-£199,002	-£210,828	-£11,825
Net Budget (Surplus)/Deficit	-£0	£23,335	£23,335

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CABINET**19 December 2023**

Title: Urgent Action - Potential Acquisition of the former Chaseview Care Home, Dagenham Road, Rush Green, Romford	
Report of the Chief Executive	
Open Report	For Information
Wards Affected: Eastbrook and Rush Green	Key Decision: No
Report Author: Alan Dawson, Head of Governance and Electoral Services	Contact Details: Tel: 020 8227 2348 Email: alan.dawson@lbbd.gov.uk
Accountable Executive Team Director: Fiona Taylor, Chief Executive	
<p>Summary:</p> <p>The former Chaseview care home site extends to 2.2 acres and the former Chaseview care home comprises 120 beds in 4 linked wings with adjacent landscaping and car parking areas. The site lies at the eastern edge of the Borough, adjacent to the Eastbrookend Country Park and Barking and Dagenham College's Rush Green campus. The surrounding residential area was developed at a similar time when the former hospital site was re-developed.</p> <p>Chaseview has been put on the market for freehold disposal by agents acting on behalf of the owners, HC One. HC One hopes to secure a freehold disposal before the end of December 2023 and sought a first round of bids by midday on 30 November. Best and final offers were then anticipated in early December, with a contract being issued in the same month. Given the time needed for legal due diligence, the expectation was that the acquisition would complete in early January 2024.</p> <p>There are a range of potential uses that justified an intervention by the Council, which are detailed in the report attached at Appendix A and its accompanying appendices – these documents are exempt from publication as they contain commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972).</p> <p>In view of the timetable set by the owners and as the next meeting of the Cabinet was not until 19 December, the Chief Executive agreed that it would be appropriate to approve the proposals under the Urgent Action provisions of Part 2, Chapter 16, paragraph 4 of the Constitution.</p> <p>In line with the Urgent Action provisions, the Chair of the Cabinet and the Chair of the Overview and Scrutiny Committee was consulted on the matter prior to the Chief Executive taking the action on 30 November and the matter is being reported to this meeting for information.</p>	

Recommendation(s)

The Cabinet is asked to note the action taken by the Chief Executive, in accordance with the Urgent Action procedures set out in Part 2, Chapter 16, paragraph 4 of the Council Constitution, in relation to:

- (i) Agreeing that Be First, on behalf of the Council, submit a bid as set out in Appendix 2 to the attached report for the acquisition of the former Chaseview Care Home;
- (ii) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, the Strategic Director, Inclusive Growth and the Head of Legal, to submit a best and final bid should the Council be successful in the initial bid round;
- (iii) Note that the final bid would be subject to further refinement of the modelling and financial assumptions along with better profiling of the delivery plan to take into account legal, procurement and planning timelines; and
- (iv) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to complete the necessary documentation to acquire the site should the Council's bid be successful.

The Cabinet is asked to further note that subsequent to the submission of the Council's bid, confirmation has been received that HC One had received higher bids from established care home providers and was currently considering the detail of those bids.

Reasons

To accord with the requirements of the urgency procedures contained within the Council Constitution.

Public Background Papers Used in the Preparation of the Report:

- Letter signed by the Chief Executive dated 30 November 2023 entitled "Urgent Action under Part 2, Chapter 16, paragraph 4 of the Constitution – Potential Acquisition of the former Chaseview Care Home, Dagenham Road, Rush Green, Romford"
(<https://modgov.lbbd.gov.uk/Internet/documents/s164876/CE%20Signed%20letter%2030.11.23.pdf>)

List of appendices:

- **Appendix A** - Report entitled "Potential Acquisition of the former Chaseview Care Home, Dagenham Road, Rush Green, Romford"

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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