

APPENDIX A



London Borough of Barking and Dagenham Budget Monitor: Period 10

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Revenue Outturn - There is a forecast overspend of £10m as at P10 on Council Services

This period has seen the result of in year mitigations, additional government income and a deep dive on spend resulting in a reduction in the overspend. An overall positive movement from last month of £1.7m

The 2022-23 pay award was implemented in December and is now reflected in the actuals and forecasts. The budgets have also been updated.

Key Movements

People & Resilience:

- The overall position has moved by £1.1m, despite Disabilities increasing by c£0.43m, Commissioning has reduced by £0.574m, Children's has reduced by £0.42m, Adults has reduced by £0.28m, other minor movements add to the £1.1m.

Corp Management:

- The overall position has moved by £0.417m, due to changes in forecast for bad debt and other contingencies offset by reductions across Pension, Treasury, and Finance make up the remainder.

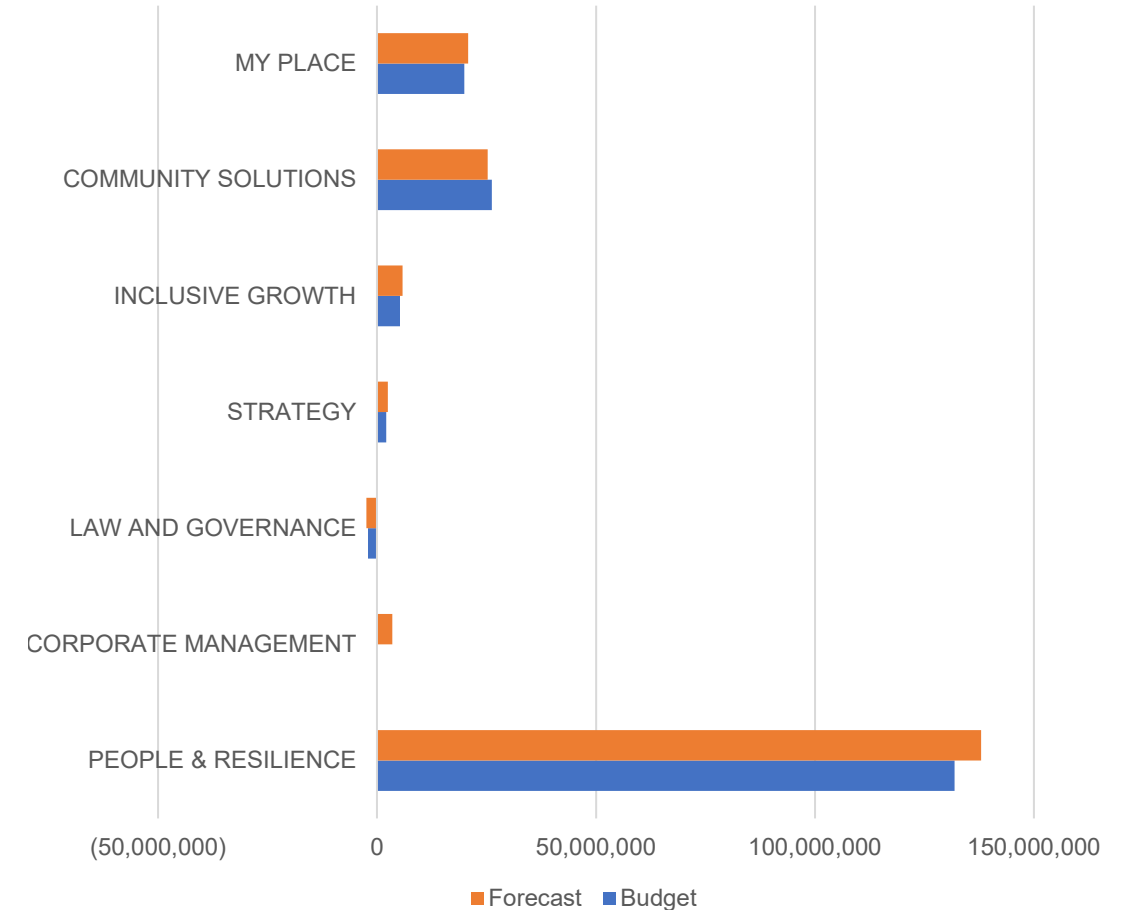
Community Solutions:

- The overall position has improved by £0.9m mostly within Support and Collections. This is due to vacancies and some costs reducing – in particular security costs across all Hostels are now back to pre-pandemic levels. This reduction has been inline with National Guidelines.

Inclusive Growth:

- A favourable movement of £0.1m. This is driven by good news in Culture and Heritage where the NNDR review has reduced costs for Eastbury.

Forecast v Budget by Service



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**Barking &
Dagenham**

London Borough of Barking and Dagenham Revenue Forecast – Period 10

	This Years Budget	Actuals/Forecast			Variances Inc Reserves			Transfers to/from Reserves	%
	Revised	YTD Actuals	Current Forecast	Forecast After Reserves	Variance	Last Period Variance	Movement in Variance	Net Reserves	
PEOPLE & RESILIENCE	131,900,126	86,302,677	140,052,386	137,916,845	6,016,719	7,157,655	(1,140,936)	(1,904,238)	4.6%
CORPORATE MANAGEMENT	(254,848)	21,887,483	6,678,513	3,518,652	3,773,500	3,356,313	417,187	(4,162,243)	-1480.7%
LAW AND GOVERNANCE	(2,052,273)	1,336,912	(3,015,118)	(2,426,798)	(374,525)	(438,085)	63,560	588,320	18.2%
STRATEGY	2,120,949	4,877,319	3,254,141	2,491,649	370,700	644,490	(273,790)	(601,853)	17.5%
INCLUSIVE GROWTH	5,227,068	2,427,428	6,286,543	5,794,654	567,586	668,560	(100,974)	(491,889)	10.9%
COMMUNITY SOLUTIONS	26,192,409	19,558,240	27,109,492	25,723,247	(469,162)	377,821	(846,983)	(1,818,245)	-1.8%
MY PLACE	19,926,700	42,168,561	20,489,340	20,776,340	849,640	235,189	614,451	287,000	4.3%
GENERAL FUND I&E	183,060,131	178,558,621	200,855,296	193,794,588	10,734,457	12,001,943	(1,267,486)	(8,103,148)	5.9%
CORPORATE FUNDING	(183,060,131)	(181,964,896)		(183,354,401)	(294,270)	(294,270)	0	(2,100,000)	0.2%
GENERAL FUND REVENUE	0	(3,406,275)	200,855,296	10,440,187	10,440,187	11,707,673	(1,267,486)	(10,203,148)	5.7%

The main drivers of the variance to budget are the change in HRA policy, which is seen across several areas within the Council, most notably Community Solutions, Inclusive Growth and Law and Governance.

Aside from this People and Resilience is the most significant area of overspend of £7m, 5.4% of the overall budget. This is primarily driven by the overspend within Children's and Disabilities. The area has received £5m in growth in 2021/22 to their base budget. This is a key area of risk for the Council as a small % variance can have a significant impact on the overall position. Mitigation action and deep dive work with the service is ongoing and has already resulted in a reduced overspend this period. There has been considerable work in this area to also provide a stable data position to enable better forecasting and an increased ability to identify areas of concerns and respond with mitigations.

Community Solutions is a volatile area that is demand driven and has £2m of pressures driven by the HRA. This is a key area of risk, but in-year mitigations have been developed in direct response to the financial challenge and overspend, reducing the forecast to an underspend of £0.47m. A continued reduction as a result of mitigations.

Corporate Management has been reduced to allocate budgets to services. There is less availability of this resource to cover other overspends. The area is forecasting an overspend as a result of the forecasted 6% pay award. In addition, a mid year forecast of bad debt provision has added £1.6m of pressure. This is offset by underspends in IT

BDTP is not expected to make £2m in dividend payment this year, which has reduced funding. The Be First contribution is currently assumed to be secure as a result of the Mueller site profits. It has now been agreed to take the £2m from the IAS smoothing reserve so it will not hit the General Fund or Budget Support Reserve this year.

London Borough of Barking and Dagenham Budget Monitor: Period 10 Risk and opportunities

Risk

- There are still some data and reporting issues arising from the implementation of the new ERP and Financial Systems which are making it harder for Finance and budget holders to gain full and up to date financial information. This has been improving over time but remains a significant financial risk with incomplete data available to make financial decisions, or to take remedial action if spend profiles are driving an overspend or under achievement in income. Particular remaining issues are the backlog of payroll/agency miscodings and some issues with income. More detailed is noted in the CP completion slide.
- This month is the fifth time budget holders have used CP. Although good progress is being made we do not yet have full compliance and it may take some time before all managers are confident using the system. This adds an extra degree of risk into the forecast – although Finance carry out reviews and QA to mitigate the risk.
- HRA and General Fund recharge policy change has resulted in an increase of costs of c£2.7m within the General Fund. This will drive an overspend to be managed in year as this was not built into the budget. The services across the board are struggling to mitigate the level of reduced income.
- The income for PRPL is forecasting a shortfall of c£0.9m and will require a drawdown from reserve. This will leave a balance of c£0.9m on the reserve. The scheme is currently in year 3 of 5. A full review of the scheme will be carried out in the current year.
- Recruitment is being reported as increasingly difficult across the Council and with delivery partners. This is driving up the usage of agency staff at a higher wage bill than budgeted permanent staff. There are several issues currently with departments being able to get position numbers when trying to appoint which is resulting in services reporting losing candidates. The market is extremely competitive across the board currently.

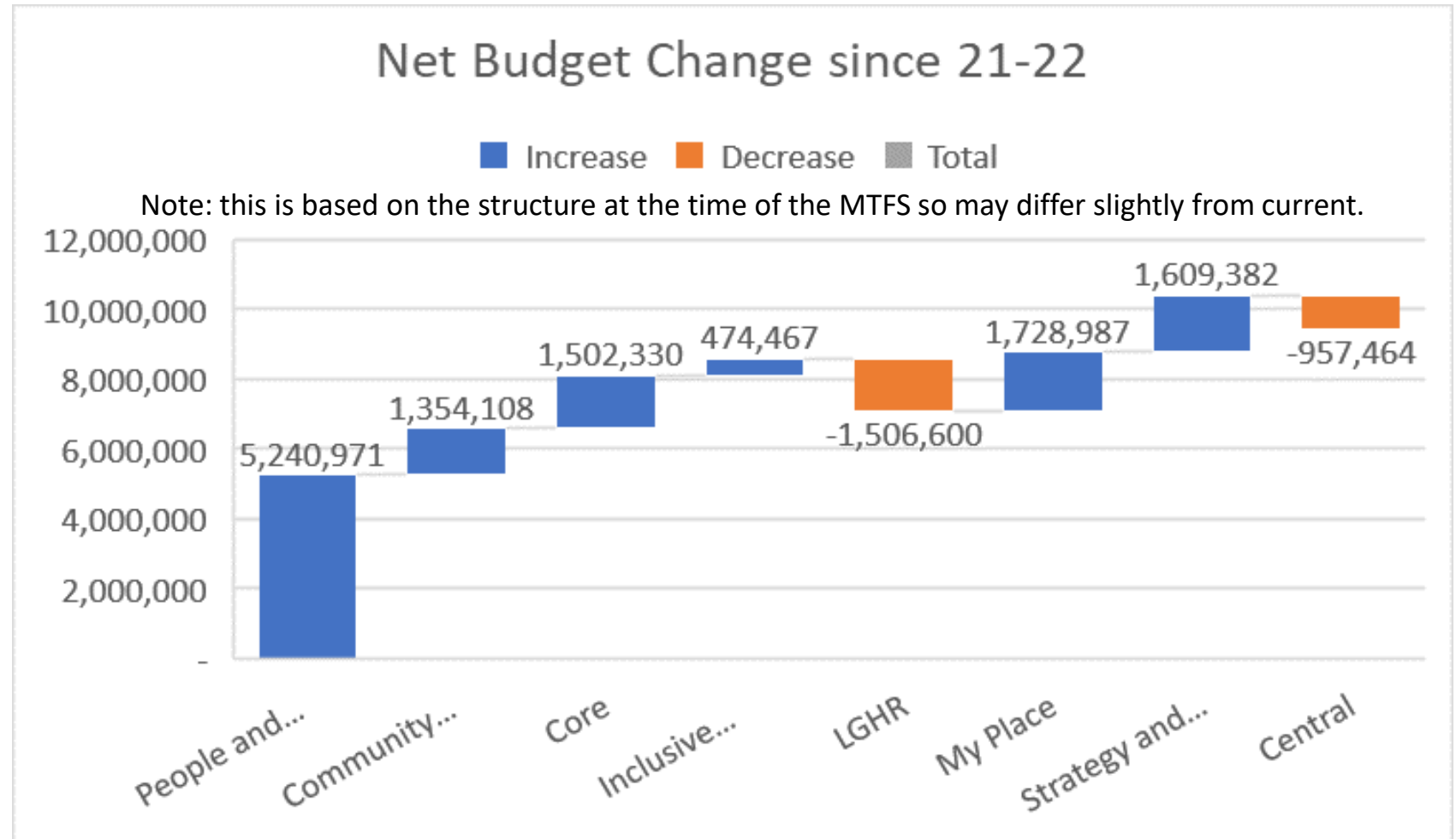
Opportunities

- We are continuing to implement mitigations and management actions to drive down the forecast overspend for the current year. We would therefore anticipate that this forecast will reduce as the year progresses and mitigations take effect.
- Income for Parking is forecasting a c£2m surplus. This is in-line with prior year income. The income target has been increased by c£3.5m in the current year. There is a likelihood that the income will be higher than forecast. This will be a result of introduction of new CPZ schemes and Safer School Streets, but this is currently difficult to quantify.

Budget Increase: The Budget has increased by a net £9.4m from £173.6m to £183.1m since 2021-22

Several areas have received growth since 2021/22.

- **People & Resilience:**
 - Demographic and Inflation growth and investment in Early Help, Coroners
- **Community Solutions**
 - Concessionary Fares (-), debt strategy, NRPF, Core savings written off, loss of Brocklebank income, community hubs
- **Law and Governance:**
 - Increased income
- **Inclusive Growth**
 - Foyer written off; old income written off
- **Core:**
 - Investment in IT and HR
- **My Place**
 - Improving waste and recycling
- **Strategy and Culture**
 - Realignment of Leisure fees post Covid, small increase in Policy/strategy team
- **Central**
 - Distribution of centrally held contingency budgets to support services



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**Barking &
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2022- 23 Savings – including brought forward savings. Small Improvement this month

	2022-23 MTFS Savings	TOTAL SAVING '£000s	RAG RATING	Target for 22-23	Expected Achieved 22-23	Comments
EYC	Fixed Penalty Income	50	Green	50	50	Finance estimate based on rag rating
ComSol	Working with VCS in community centres	90	Achieved	90	90	albeit by other means
LGHR	Parking Income	250	Achieved	250	250	
LGHR	Other Income - fines and market	70	Green	70	70	Income running slightly under profile but forecast to be achieved
LGHR	Further Parking Income	1,498	Green	1,498	1498	Income very robust
IT	Cyber Security	40	Achieved	40	40	
ComSol	Debt and Affordable Credit	580	Green	580	580	
My Place	Property Management	154	Red	154	0	Won't be achieved in 22/23 as dependent on restructure.
IT	various efficiencies	167	Amber	167	167	MPLS and Mobile Telephony achieved. Digital postroom and IT Procurement in progress
Disabilities	New CHC Monies from Transition clients	240	Amber	240	0	
Disabilities	Brocklebank	1,100	Red	1,100	0	Plans still being decided, timeline not achieved
Childrens	Efficient TOM	1,100	Red	1,100	0	Implementation postponed
		5,339		5,339	2,745	
	Brought Forward from previous years					
Inclusive Gr	Central Parks Landscaping Income	400	Green	400	400	Anticipated total income is £825k across 3 years
Adults	Transformation Income Generation	400	Green	400	400	
Enforcemen	Barking Market Additional Day	80	Green	80	80	
	TOTAL	6,219		6,219	3,625	

Community Solutions: Period 10

Forecast Position: £27.1m (underspend of £0.5m)

		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
10F	COMMUNITY SOLUTIONS	26,192,409	20,357,369	5,835,040	19,558,240	27,541,492	190,000	(2,008,245)	(469,162)	377,821
10FA	SUPPORT AND COLLECTIONS	9,288,385	4,654,215	4,634,170	8,293,829	10,573,351		(889,323)	395,642	1,048,511
10FB	COMMUNITY SOLUTIONS	6,888,076	7,040,626	(152,550)	5,683,005	7,129,190	130,000	(215,000)	156,114	206,070
10FC	COMMUNITY PARTICIPATION & PREV	10,015,948	8,662,528	1,353,420	5,581,406	9,838,952	60,000	(903,922)	(1,020,918)	(876,760)

Key Drivers of the Position:

The total overspend pressure for Community Solutions is **£3.4m.**

The HRA recharge has been recalculated and this has resulted in an income shortfall of **£1.9m.** There are historic budget pressures of **£0.8m** and in-year budget pressures of **£0.7m.**

Following on from the MTFs session in September, Community Solutions held a DMT session to identify one-off in-year mitigations to help reduce their impact on the forecast outturn position. Community Solutions have taken a number of difficult decisions and identified one-off mitigations of **£2.4m** 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. The forecast was reduced further in period 8 by **c£0.25m** as security returned to pre pandemic levels in Hostels. The forecast was then reduced further in period 9 by **c£0.32m.** The Homes for Ukraine scheme is being delivered by existing resources which has freed up general fund (one-off) and the successful recruitment drive in Customer Services has resulted in a reduction in agency staff cost.

The forecast has been reduced further in this period by **c£0.8m** this largely relates to **c£0.5m** miscoded staffing costs and staffing recharges of **c£0.3m.**

There may be potential to reduce the outturn variance further, and this is listed in the opportunities below.

Community Solutions: Period 10 Mitigations Table

Forecast Position: £27.1m (underspend of £0.5m)

In Year Mitigation	Amount	Comments
Service Development Salary underspend	166,000	There has been a high staff turnover in 2022/23 within Service Development and a decision has been taken to not fill the Transformation Manager Position until the substantive post holder returns from secondment.
Strategic Director Salary underspend	150,000	The Strategic Director position was covered by agency on an interim basis. It is assumed the post will remain vacant from Oct-Mar and there will be no further consultants.
Customer Service Salary underspend	297,000	There have been a number of resignation over the summer and the transfer from Elevate to LBBB contracts has meant there are more than x13 vacancies. Currently we have x5 agency staff and the remain positions will not be filled before April 2023.
Triage Salary underspend	290,000	There are x4 vacancies within the NRPF team which will be held till April 2023.
Participation & Engagement	238,000	Release of reserve
Universal underspend	188,000	Vacancies across libraries, which have been covered using Kickstart trainees.
Household Support Fund Admin Fee	400,000	Confirmation of HSF allocation and fee received at the end of September for Oct-Mar
Butler Court (Reserve draw down)	89,000	Drawdown of reserve to offset R&M
TA Modular (No MRP)	440,000	We have received confirmation in September that there will be no MRP payments on the modulars in 2022/23. MRP payments will commence from 2023/24.
Reduce TA Buffer	150,000	A decision has been taken to reduce the buffer in TA from £250k to £100k.
Total Mitigations	2,408,000	

Community Solutions: Period 10 Risk and Opportunities

Forecast Position: £27.1m (underspend of £0.5m)

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

- It is assumed COVID-19 related costs c£100k will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income of c£650k is impacted due to delay in data and recruitment.
- The creation of a Parking Contact Centre has caused grading difference with existing staff within the Contact Centre. This creates an equal pay issue and is currently being investigated by HR. Further details will be provided in due course.

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

- A £100k gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast outturn.

Corporate Management: Period 10

Forecast Position: Overspend of £3.5m

	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
CORPORATE MANAGEMENT	(254,848)	4,414,742	(4,669,590)	21,887,483	7,426,047	0	(4,162,243)	3,518,652	3,356,313
STRATEGIC LEADERSHIP	(330,281)	416,339	(746,620)	354,239	(396,539)	0	0	(66,258)	(59,389)
FINANCE	5,883,856	12,477,586	(6,593,730)	14,684,386	4,460,128	0	(32,768)	(1,456,496)	(1,223,905)
IAS	(4,164,180)	(4,175,900)	11,720	(5,627,855)	(4,254,773)	0	0	(90,593)	(90,550)
CENTRAL EXPENSES	(1,644,243)	(4,303,283)	2,659,040	12,476,712	7,617,230	0	(4,129,475)	5,131,998	4,730,158

Key Drivers of the Position:

There is a forecast overspend of £3.5m on Corporate Management which is an adverse movement of £162,000 on the Period 9 forecast of £3.3m.

- **Strategic Leadership** is forecast to underspend by (£66,000). This is due to a senior leadership vacancy saving of £146,000 less the HRA recharge shortfall of £71,000 (Procurement Gainshare £103,000 less Managing Director £32,000) plus a £9,000 overspend on non-pay budgets.
- **Finance** forecast an underspend of (£1.46m), due to the following areas underspending.

IT is reflecting an underspend of (£1.2m):

(£616,000) projected underspend in IT Third Party Contracts of which 87% is attributable to savings from the Oracle to Advanced E5, Itrent and Brent Hosting contract costs of £540,000.

(£779,000) projected underspend on IT Staff and Agency, largely attributable to staff vacancies.

£170,000 projected overspend on IT Projects. Most of the project resource is recharged out to services for which the projects are being delivered. The Projects Team are in the process of reviewing the GTT Projects system to ensure all recharges are captured and implemented.

(£16,000) projected net underspend on the IT Telephony linked to the 8x8 Telephony system with recharges to services and entities currently being reviewed; and £38,000 overspend reflecting on Azure cloud due to virtual machines.

Corporate Finance is reflecting a projected underspend of (£346,000) primarily due to staff vacancies offset by £122,000 overspend in **Service Finance** due to agency costs.

- **IAS - Investment Strategy** - is reflecting a surplus on the (£4.1m) budget of £91,000, largely due to projected commercial rental income exceeding budget.
- **Central Expenses** - £5.1m overspend: The budget has changed significantly as the funding for the pay award has now been distributed to services. The difference between the cost and the budget is shown here as a pressure. (£3m) There is also a pressure on the estimated bad debt provision. Currently other contingencies and provisions are assumed to be fully used. It should be noted that these are much lower than in previous years as funds have been transferred to services.

Corporate Management: Period 10 Risk and Opportunities

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

- There are risks from the Senior Leadership review and also a number of services are reporting recruitment/retention issues that mean result in other upwards pressures on pay in addition to the pay award.
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes an overspend despite this as debt continues to rise in some areas as a result of the wider economic situation.
- Finance recruitment and staff retention becoming increasingly difficult
- Insufficient engagement within the Council over risk management & Internal audit practices

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

- Currently the forecast includes estimated spend against several contingency budgets including the central redundancy pot and insurance. If these are not required, then this will contribute further underspends the Council position.

Law and Governance: Period 10

Forecast Position: -£3.1m (underspend of £375k). Underspend is after transfer of c£1.8m parking surplus to reserves and drawdown c£0.9m PRPL from 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	(2,052,273)	460,467	(2,512,740)	1,336,912	(3,015,118)	1,779,000	(1,190,680)	(374,525)	(438,085)
WORKFORCE CHANGE / HR	755,711	2,518,231	(1,762,520)	2,381,161	1,082,255	0	0	326,544	340,262
LEGAL	1,886,764	3,363,024	(1,476,260)	4,519,214	2,349,227	0	(252,200)	210,263	131,802
ENFORCEMENT	(4,709,269)	(5,693,759)	984,490	(5,832,629)	(6,512,313)	1,779,000	(938,480)	(962,524)	(951,822)
LEADERS OFFICE	14,521	272,971	(258,450)	269,165	65,713	0	0	51,192	41,674

Key Drivers of the Position (Summary):

The HRA recharge has been recalculated and this has resulted in an income shortfall across Law and Governance of £616k.

There has been a marginal movement of £64k across Law and Governance from the position reported in P9.

There are delays in the recruitment process for a number of positions within Law & Governance, predominantly within Enforcement where there have been difficulties with recruitment. There are currently 80 vacancies, and It is unlikely that these positions will be filled before April 2023. There are currently 61 agency staff covering permanent roles at a forecast cost of £3.7m. This spend is offset by a £4.1m underspend against permanent salary budgets.

Parking income is forecast to be around £1.8m above the expected level as traffic levels have increased after lockdown and the introduction of new CPZ schemes. This additional income will be taken to the Parking reserve at year end while proposals for its use to improve local transport, highways management, community safety, mobility and environmental concerns are developed. The focus of investment will be to generate future improvements for residents of the Borough. The option to clear current borrowing for the implementation of CPZ of c£1.6m is being explored. The Private Sector Property Licensing (PRPL) scheme income target will not be met and a drawdown of c£0.9m will be required from reserves.

Law and Governance: Period 10 Risk and Opportunities

Forecast Position: -£3.1m (underspend of £375k). Underspend is after transfer of c£1.8m parking surplus to reserves and drawdown c£0.9m PRPL from reserve

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

- The Private Sector Property Licensing (PRPL) scheme has a challenging income target across five years and so there is a long term risk that it might not generate sufficient net income to meet the income target of £1.924m. This is not currently assessed as high risk but must be monitored.
- Parking income is volatile and depends on driver behaviour and compliance. There is a risk that actual income will be lower than the current forecast. Performance will be closely monitored, and the forecast will be updated over the course of the year based on actuals. The income for December was lower than forecasted due to adverse weather. If there are further weather disruptions, this will impact on the forecast income.

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

- Barking Market Income: The current income level is influenced by post COVID activities. The monthly income can increase or decrease in future. An extra day was added based on a return to pre COVID levels, this is not being achieved yet and it depends on how COVID impact develops.

Inclusive Growth: Period 10

Forecast Position: £6.3m (Overspend of £567,000)

	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	5,227,068	2,287,358	2,939,710	2,427,428	6,286,543	0	(491,889)	567,586	668,560
COMMERCIAL	517,549	(108,411)	625,960	(1,084,346)	1,222,394	0	0	704,845	686,488
INCLUSIVE GROWTH	4,709,519	2,395,769	2,313,750	3,511,774	5,064,149	0	(491,889)	(137,259)	(17,928)

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to overspend by £567,000 at the end of Period 10. The reduction in the HRA Recharge, results in an income shortfall of £312,000 which equates to 55% of this overspend.

Commercial Services – Forecast an overspend of £704,800

- **The Core Commercial Team** is projecting a (£67,000) underspend on staffing costs and non pay budgets.
- **Procurement** is reflecting £407,000 overspend. Procurement has the greatest HRA impact within the directorate where there was a historic fixed fee of £331,000 chargeable by Agilisys to the HRA. As this recharge no longer takes place, there is a budget gap of £331,000 plus £64,000 overspend on salaries. Likewise, there is a net £38,500 HRA income shortfall in relation to Accounts Payable.
- **The Film Office** is projecting a £191,000 overspend due to a shortfall in income generation. The service is finding it increasingly difficult to meet the income target, as the number of filming locations dwindles as the borough is being regenerated. A growth bid has been submitted to reduce this target and has been approved.
- **The CR27** Investment forecast £171,000 shortfall in the budgeted net income due to the increased rent payable by LBBB, whilst tenant is on a rent free period.

Inclusive Growth – Forecast an underspend of (£137,000)

- **Parks Commissioning** is forecasting an underspend of (£30,000). £24,000 relates to a budget pressure on energy and services for Eastbrookend Discovery Centre and Park Commissioning core team plus £9,000 shortfall on projected Licence & Permit, schools and events income. The overspend is offset by (£18,000) income over achievement on the Central Park Soil importation and (£44,000) underspend on staffing.
- **Culture and Heritage** is reflecting a £78,000 overspend mainly due to £44,000 NNDR (Business Rates), £49,000 on projected Income underachievement largely relating to Eastbury Manor House Closure for most of the financial year offset by salaries underspend due to a recent restructure implementation. The **Inclusive growth core team** is reflecting an underspend of (£222,000). The main contributing factor is (£108,000) net projected underspend due carrying staff vacancies offset by agency costs. The remainder is attributable to (£58,000) HRA recharge contribution increase, (£45,000) expected CIL admin fee income.
- **Development Planning** reflects a projected overspend of £37,000 due to Added Years Compensatory payments.

The £492,000 transfer from Reserves represents a drawdown from Inclusive Growth reserves: Made in Dagenham Endowment programme (155,500), Employment & skills net overspend (£93,000) and (£243,000) grants drawdown from reserves.

Inclusive Growth: Period 10 Risk and Opportunities

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

Food Sector, Make it Here, Employment & Skills

- Key risk is that the film studios operator MBS/Hackman do not continue to fund the existing post or the programme beyond the initial endowment, which is projected to last 5 years.
- There is a risk that the City of London does not re-locate the wholesale markets to the borough, in which case we will not receive additional funding beyond the s106 funding received to date. This would shorten the impact and length of the programme to 2 years. Longer term, there is a risk that the City of London does not provide funding to support the ongoing nature of the programme beyond the s106 funding.
- There are inherent risks associated with expected grants for Works & Skills (Employment Team), as there is the possibility for the bids not being approved.

Heritage and Culture

- Heritage income remains at risk with Eastbury Manor House only open 1 day per week, making it difficult to meet income targets. This is largely due to delays in the restructure implementation being built in Itrent to allow for vacant posts to be advertised and filled.

Inclusive Growth: Period 10 Risk and Opportunities

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

Commercial

- 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

- There is an unquantified risk to the Parks Commissioning budget overspending due to Capital projects revenue related expenditure not capitalizable being charged to the revenue budget.
- Income targets – the F14450 Parks Commissioning cost centre includes historical commercialisation income targets (Large commercial events £100k and small-scale commercial activities £33k). These targets are unachievable and must either be relocated to the appropriate team or removed.
- Contaminated land adjacent to Eastbrookend Country Park – risks:
 - - Remaining risk of prosecution from Thames Water.
 - - Lack of clarity about the future management and maintenance of the contaminated land.
 - - Vehicular access – the current AXA licence expires on 1st March 2023. If alternative vehicular access to the site can't be secured this will severely impact on the future management and maintenance of this land parcel.
 - - Electricity supply – a permanent electricity supply is essential to avoid future dependency on generator use and diesel deliveries.

Inclusive Growth: Period 10 Risk and Opportunities

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

Food Sector, Make it Here, Employment & Skills

- The opportunity is to establish ongoing sponsorship from MBS/Hackman for the film studios, as well as using the endowment to leverage additional funding and resources from the sector and visiting productions. There are also opportunities to commercialise/self-fund elements of the programme, to ensure long term
- Sustainability, including by creating a training space that can be leased to different providers to deliver sector-specific training.
- The opportunity for the food sector is to establish ongoing sponsorship from the City of London, and leverage further additional funding from external sponsors.
- There are long term opportunities to generate commercial income from apprenticeships and recruitment support, which could be used to cross-subsidise employment support for the harder-to-reach, if resource can be identified to pursue them.

Heritage and Culture

- The Business Rates bills for Eastbury Manor and Valence House have been appealed. and, if successful, may result in a refund of up to £200k.

Parks Commissioning:

- Tennis Development Proposal – as per the report presented to ACB on 09.11.22, if adopted this proposal could attract significant external investment from the Lawn Tennis Association (c£395k) if the Council contributes c£132k.
- External funding – Parks commissioning has submitted (or has prepared) bids to the Grow Back Greener Fund (c£50k) and 3 x Rewild London Fund (c£40k, c£44k and c£18k). If successful these projects will deliver significant social, environmental, and economic benefits for the borough and residents.
- Green and Resilient Spaces Fund (Round 2) – funding round opens (i.e. project delivery grants from £250k up to £750k) in December and the application deadline is likely to be the beginning of February for projects which can start in April 2023 and be completed by March 2025 (i.e. over a 2 year period). As in round one GLA is looking for projects which are exemplary in quality with a focus on climate resilience and access to green space. Subject to the completion of the current Development Phase and obtaining Council support, Parks Commissioning is planning on submitting a bid for the Parsloes Park 'Gores Brook Living Landscape Project'.

My Place: Period 10

Forecast Position: £20.5m (£850,000 overspend)

		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
10G	MY PLACE	19,926,700	38,574,263	(18,647,563)	42,168,561	20,489,340	287,000		849,640	235,188
10GA/B	MY PLACE (HOMES & ASSETS)	9,343,149	24,525,892	(15,182,743)	28,457,537	9,678,293	0	0	335,144	534,154
10GC	PUBLIC REALM	10,583,551	14,048,371	(3,464,820)	13,711,024	10,811,047	287,000	0	514,496	(298,966)

Executive Summary

- **Property and Commercial Portfolios £1.217m** net overspend driven by inflation (maintenance and energy), under recovery of income and savings.
- **Compliance £284,000** net overspend, however, increased HRA recharging for Caretaking and other areas reduce this (**£1,170m**).
- **Public Realm overspend of £515,000, this is a reversal of last months improvement (see next slide).**
- Quantifiable **Risks** stand at **£1.6m (see slide 25)**.
- **Public Realm:** intends to carry forward **£287,000** due to delayed activity on Waste and Street Cleansing Strategies.

My Place – Homes & Assets: Forecast Position: £9.7m (£335,000 overspend, 3.6% variance)

Commercial Portfolio is reflecting a **£609,000** overspend. £242,200 removal of HRA Fixed Recharge, £226,000 income under recovery. The income budget was profiled on the expectation of increased rental income due to rent reviews, however, this has not occurred due to limited capacity. £141,000 from insurance, repairs and maintenance have exacerbated the position. There is also uncertainty over repairs and maintenance charges.

Property Assets is overspending by **£613,000**. **Highways** is projecting a **£897,000** overspend made up of Energy £400,000, £235,000 on contract inflation, £206,000 range of activities such as income recovery, £150,000 non-deliverable 2022/23 savings offset by (£94,000) increase charge to HRA. This is offset in part from an underspend in staffing on **Asset Management (£64,000)**. **Major Works, the main reason for the positive movement, is due to reduced Agency cost expectations (£239,000)**.

Compliance expenditure is rising sharply due to the various programmes currently ongoing. The majority of the cost relates to the HRA but the current estimate for General Fund is **£163,000**. There is also a redundant HRA Fixed Recharge cost **£120,720** removed as the Housing Energy Team doesn't exist.

Caretaking will break even due to the HRA Fixed Recharges review, credit variance of (**£604,000**). The **My Place HRA Recharge** is reflecting a (**£517,000**) increase in charges to the HRA. The remaining budgets contain a variance of (**£49,000**).

My Place - Public Realm: Period 10

Forecast Position: £10.8m, (£515,000 overspend, 4.9% variance)

The adverse movement in Period 10 of **£814,000** was predominantly linked to an increase in staffing related costs (£600,000) across Waste Operations, Street Cleansing, Parks and Fleet. This was driven by a more significant increase in Agency costs in January which effectively reversed last month's positive movement. Other factors were in Fleet with adjustments to Fuel expenditure for the Council fleet £120,000 plus motor insurance £168,000.

Waste Operations is reflecting an overspend of **£1.013m**. The environment has played a factor in putting pressure on the 2022/23 staffing budgets. The overspend is due to £395,000 where agency and overtime expenditure exceeds the staffing budget, £457,000 for Fleet recharges related to increased costs on fuel, repairs and maintenance and the hire of two additional refuse vehicles plus £161,000 on other costs such as purchasing new bins.

Fleet is reflecting a **(£234,000)** underspend. Fleet Management **(£25,000)** due to improved income recovery **(£226,000)** offset by Fleet costs of £64,000. However, a HRA Fixed Recharge has been removed £137,000 following review. Frizlands Workshop also reflects a **(£209,000)** underspend primarily due to projected income over recovery.

Parks and Environment is reflecting a **(£248,000)**. Ground Maintenance **(£92,000)** mainly after positive changes in the planned HRA Fixed Recharges. Arboriculture and Cemeteries are reflecting a **(£188,000)** underspend which relates to Cemeteries forecast income and reduced expenditure commitments. Parks is reflecting a £32,000 pressure mainly related to increased compliance costs on FRA's.

Compliance (£286,000) underspend on PEST Control and Compliance, Projects and Administration (CPA). CPA is underspending due to vacancies held ahead of restructure at **(£275,000)**, PEST Control **(£129,000)** improved income partly offset by £116,000 on Trade and Garden Waste. The position has improved on recent months due in part to Trade Waste expenditure review identifying a double count and PEST Control income.

Street Cleansing £337,000 overspend. £201,000 relates to Agency costs exceeding staffing budget and Fleet recharges where fuel, vehicle repair costs are exceeding budget. The position has mainly reversed the Period 9 improvement.

PR Director has released its purchasing budget to reduce the impact of Operations above **(£62,000)**. **Passenger Transport** is reflecting a forecast underspend of **(£21,000)** due to staffing and **ELWA** is **£15,000**.

My Place: Period 10 Risk and Opportunities

Forecast Position: £20.5m (£850,000 overspend)

Risks: **£1.625m** (These are risks that are NOT in the forecast that we are monitoring)

- £1.4m Total of outstanding invoices with BD Management Services relating to Fleet running costs **plus** forecast for 2022/23 built into Public Realm.
- £150,000: Highways is facing inflationary pressures (26% indexation costs in current year) on maintenance contracts.
- £75,000: Ward Budget expenditure should only be capital in nature. However, sometimes schemes are progressed that do not meet the definition and this expenditure must be charged to the general fund revenue budget. The value is based on last years impact.
- Unquantifiable Risks:
 1. **Corporate Repairs and Maintenance charges from BDMS for 2022/23 are now overdue for Quarter 3.** The company has provided Quarter 1 and 2 information to Budget Managers.
 2. Energy Budget uncertainty now starting to be reflected in the Outturn. Prices increased significantly in the 2nd half of 2022/23.
 3. Further HRA Fixed Recharges are expected to be reviewed which could generate further adverse variances until funding is identified from the general fund.
 4. Arboriculture planned works relies on one FTE, therefore it is a recognised point of failure. This could impact forecast income recharges in Parks & Environments. Succession planning and the reduction in overreliance to the post is being factored into the future establishment structure.
 5. Food Waste collection is to be introduced from March 2025. This will involve a major change in service provision and will have an impact on all residents. The costs are unquantified but will be significant.

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

- There may be other areas were it is appropriate to recharge costs to the HRA or to Reside (unquantifiable).

People and Resilience: Period 10 – Variance Analysis

Forecast Position: £141.2 (overspend of £6.0m, 4.26% variance) before Education adjustment

	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
People & Resilience	131,900,126	109,503,836	22,396,290	86,302,677	140,052,386	0	(2,135,541)	6,016,719	7,157,655
Disabilities Care & Support	30,543,650	29,750,890	792,760	27,830,004	35,736,703	0	0	5,193,053	4,942,722
Adults Care & Support	22,734,298	20,043,118	2,691,180	15,357,690	23,173,554	0	(1,910,000)	(1,470,744)	(517,678)
Commissioning	15,374,973	14,409,653	965,320	3,655,310	15,247,308	0	0	(127,665)	(1,400,456)
Public Health	(318,250)	(381,250)	63,000	(3,788,451)	(318,250)	0	0	0	45,387
Childrens Care & Support	41,491,329	40,275,029	1,216,300	34,503,935	44,485,667	0	0	2,994,338	3,441,871
Ed, Youth & Child Care	20,668,651	4,060,921	16,607,730	8,108,545	20,894,169	0	(225,541)	(23)	(0)
Early Help Service	1,405,475	1,345,475	60,000	635,644	833,235	0	0	(572,240)	645,809

Key Drivers of the Position (Summary):

- **Disabilities Service: - £5.193m**
 - **Adults** - Short Term Care £0.165m, Residential £0.461m, Nursing (£0.153m), Supported Living £1.440m, Day Care £0.250m, Package Reviews (£0.230m), NEET Funding (£0.150m), DP Refunds (£0.248m), CHC Income £0.137m. = **Total £1.663m**
 - **Children** – Day Care £0.572m, Bed & Breakfast (£0.165m), Legal Fees £0.200m, DSG Cont' (£0.200m), Residential £2.990m, Internal Fostering (£0.389m), Internal Services (£0.973m) Life Planning Team B £0.602m,, Out of Borough Transport £1.045m = **Total £3.530m**
- **Adults Care and Support – (£1.471m)**
 - **Over 65** – Resi / Nursing £1.1101m, Home Care £1.694m, Direct Payments (£1.550m)
 - **Under 65** – Home Care (£0.783m), Direct Payments (£1.875m), Supported Living £0.620m, Direct Payment Refunds £0.425m, Health Funding to support package pressures (£3.312m), MTFs Growth to be allocated (£0.600m),
 - **Mental Health**
 - **Over 65** – Resi / Nursing £0.701m, Home Care £0.489m, Direct Payment £0.112m
 - **Under 65** – Resi / Nursing £0.384m, Home Care (£0.372m), Direct Payments £0.273m, Supported Living £1.242m
 - **Reserves Drawdown – (£1.910m)**
- **Commissioning Care and Support – (£0.127m)**
 - DP Support Salaries - (£0.219m), Children's Commissioning (£0.682m), Safeguarding Ofsted preparedness £0.788m,
- **Public Health** - PH is grant funded and is expected to remain within its allocation.
- **Children's Care & Support - £2.994m**
 - Agency £3.056mm, Staffing (£2.495m), Running Costs (£0.581m). Placements £3.011m, which includes the following material variances Asylum (£1,584m), Leaving Care £1.321m, Secure (£0.508m), Residential £3,115m, Family Ass £0.330m, Int Fostering £1.199m, Adoption (£0.955m).
- **Education, Youth & Childcare** - Reporting breakeven (Manual adjustment to report £0.227m)
- **Early Help - (£0.572m)** delay in filling of Target Operating Model.

People and Resilience: Period 10 – Material Movements

Disabilities - £0.250m

Whilst the overall variance is not material, there are a number of movements that should be reported.

- Residential £0.127m Largely due to two sizeable uplifts in client packages
- DP Adults £0.106m Largely due to 1 new large package of care and 2 sizeable uplifts

Adults – (£0.953m)

- Residential & Nursing £0.213m Following a review of the forecasting model.
- Discharge to Assess (£0.411m) Release of funds to support costs already incurred.
- Savings Credit Provision Release - (£0.800m) Following a review of the potential liability, the provision has been accordingly reduced.

Children – (£0.549m)

- Secure Units - £0.164m - Secure Accommodation Grant was lower than previously anticipated and 1 additional client.
- Residential - (£0.860m) - Reduction of costs due to movements of 9 leavers, 4 package reductions, 6 starters and 1 package uplift (£0.286m) Review High Needs Block Funding from the Dedicated Schools Grant (£0.574m).
- Family Assessment Units - £0.161m Whilst there was a net movement of zero, with 3 starters and 3 leavers, the packages for starters was substantially higher.
- Internal Fostering - £0.184m - 24 leavers (£0.153m), 25 new £0.159m, 6 non placements costs £0.014m, 7 rate reductions (£0.079m), 20 rate uplifts £0.203m.

People and Resilience: Period 10 – Risks and Opportunities

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

The impact of the pandemic and the increased level of inflation are having an adverse and significant financial impact on base costs, market rates, equipment, materials, and staffing. There are concerns that the lack of D2A and additional contributions in 22/23 from the ICB will negatively impact the local authority as these financial increases are being felt. Additionally, short term funding streams such as the Winter Funding or the Adult Social Care Discharge Fund, although welcome, make long-term planning more difficult and stifle innovation.

Early Help service TOM has yet to be finalised and it is expected that costs will significantly rise once this is complete. The service is currently significantly understaffed.

Market stabilisation and Fair Cost of Care is now complete. However, the government have now postponed its implementation, and this has caused market instability as providers are aware of what is deemed "Fair" in the local market.

Cap on Care Costs legislative change will mean that more costs will fall on the LA rather than the individual within Adults Care and Support.

The Home Office has not paid the Prevent Grant claim of £85k for quarter 4 of 2021/22 despite several reminders. There is potential budget pressure stemming from loss of the grant.

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

The use of Care Technology is the biggest opportunity care and support has to exploit and the service is now implementing and client reviews starting to take place, where we hope to see savings/cost avoidance this year and in the future.

If the interim resources projected in Children's care and support are not brought in immediately this could potentially improve the position with some of the cost falling into the next financial year.

We have now received additional funding from Health to support Winter Pressures and we are in a good place to deliver services within sum being provided.

People and Resilience: Data Analysis

Overall Position

Total forecast spend of £139.3 against a budget of £131.9m, giving an overspend of £7.4m

- An increase in spend of £22.3m from 21/22

Gross Cost of Placements costs forecast at £97.6m, an increase of £9.6m from 21/22, against a budget of £79.9m for an overspend of £17.7m. Placement numbers remaining steady between months

- Placements budget has remained static between years
- Service provision has started to increase, in particular for residential placements, after two years of impact from COVID

Children's Services

Reduction in forecast of £0.549m, a result of a more in-depth review and detailed forecasting

956 active placements showing for January, with the number of active placements remaining relatively flat between months

Gross Cost of Placements forecast variance of £4.2m to budget

A year-on-year increase in placement costs of £0.500m, due to an increased in the overall number of placements

50% of all children's placements are with the Adoption service accounting for 14% of total placement costs

Residential placements account for 28% of the total placement costs and has been driven by an increase in total number of placements. High-cost placements have ended through the year replaced with more over all placements at a lower weekly cost.

People and Resilience: Data Analysis

Adults Services

Reduction in forecast variance of £1.1m, draw down from reserves of £2.1m

2,053 active placements showing for January, with a small increase of £0.4m to the forecast giving a placements variance of £6.9m to budget.

A year-on-year increase of £4.9m in gross placements spend, this is in part due to the impact of COVID in 21/22, with provision picking back up this year and a number of clients with complex needs.

79% of adult's placements are within physical support accounting for 72% of the total placement costs. These are typically complex cases with a higher cost of provision

Disabilities Services

A small increase in forecast variance of £0.4m

1,079 active placements showing for January, with an increase of £0.4m to the forecast giving a placements variance of £6.7m to budget.

A year-on year increase of £4.4m in placements spend, due to the complex needs of clients resulting in a higher cost per placement

49% of disabilities placements are for adult learning disabilities accounting for 67% of the total placement costs

[Further Information](#) can be found at the end of these slides.

Strategy: Period 10

Forecast Position: Overspend of £370,700

	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	2,120,949	2,927,119	(806,170)	4,877,319	3,093,502	0	(601,853)	370,700	644,490
STRATEGY & TRANSFORMATION	1,183,619	1,495,909	(312,290)	3,273,900	1,687,477	0	(601,853)	(97,995)	143,117
COMMUNICATIONS	937,330	1,431,210	(493,880)	1,603,419	1,406,024	0	0	468,694	501,373

Key Drivers of the Position (Summary):

The Strategy directorate is forecast to overspend by £370,700 at the end of Period 10, a significant reduction of £273,000 from Period 9. The overspend is due to expenditure in Community Events, Civic Events, and Communications and the reduced HRA recharge, which accounts for £259,000 (70%) of the overspend. The forecast contribution from the HRA is £107,000 – this is under review to establish if an increased contribution can be justified.

Strategy and Transformation – Forecast Position: (£97,995) underspend

- **The Insight hub** is reflecting a £9,000 overspend due to £50,000 overspend on subscriptions (Gartner, LG Inform, borough Data Explorer), consultancy fees and IT recharges, offset by an increased forecast underspend on staffing of £43,000. **Advertising** is also anticipated to exceed the £236,000 income target, overachieving by (£53,000).
- **The PMO** is forecast to overspend by £96,000 due to the HRA income pressure of £116,000 offset by a (£20,000) underspend on salaries.
- **Transformation programme**, consisting of the ERP and Transformation programmes which are fully funded and reflecting (£49,000) underspend due to an unused pay budget.
- **Strategy** is forecast to underspend by (£101,000). The favourable movement of (£143,000) from P9 is mainly attributable to a reduction of (£147,000) in spending expectations within the core Strategy team, offset in part by £44,000 overspend on subscriptions, and a reduction in the HRA recharge of £25,000. There is also a forecasted underspend of (£7,000) on the Director cost centre due to a period of vacancy and net (£16,000) underspend on other budget areas.
- The £602,000 transfer from Reserves represents a drawdown of £498,000 Shielding grant and £104,121 towards the Scan it, Scrap it, Store project costs now concluded.

Strategy: Period 10

Forecast Position: Overspend of £370,700

Communications, Campaigns and Events – Forecast Position: £469,000 overspend

- **Community Events** are forecast to overspend by £273,000 a favourable reduction of £53,000 from Period 9. £75,000 overspend is on pay budgets made of £26,000 on staffing and agency costs and £49,000 on overtime, £558,000 on non-pay budgets less forecast income of £360,000. The forecast net expenditure for events is close to £1m, which is an increase of £300,000 or 43% on 2021/22 Financial Year.
- **Civic Events** are reflecting £33,000 over budget, relating to staff costs and events.
- **Marketing & Communications** is forecast to overspend by **£163,000**. £50,000 overspend is reflected on pay budgets, primarily driven by agency costs exceeding staffing budget and £33,000 net overspend relating to non - pay budgets. The £117,000 reduced HRA is a large contributing factor to the given position plus recharged income of (£36,000).

Strategy Period 10 Risk and Opportunities

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

- There is the risks of continued overspend on Strategy on membership and subscription fees. A growth bid has been submitted to bring the budget back in line with these uncontrollable costs in FY 2023/24
- There is a risk of continued overspend on Community events and Civic events in 2023/24 if an affordable programme cannot be agreed. A draft programme, designed within budget, has been ready since December, but requires some adaptations to secure political sign off. This is being worked on currently, with the aim to have this approved before the end of February. Work cannot progress until this is agreed.

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.

HRA: Period 10

Executive Summary

The HRA position should always be brought online at Provisional Outturn. The equivalent comparison to the Period 9 overspend position is **£3.422m**, an improvement of **(£298,000)**.

The overspend is driven by Recharges from the General Fund, Energy and insurance increases and inevitably leaves less funding available to fund Capital Improvements. The Period 10 Capital Programme is projected at £19.6m, with only £5.8m (29%) projected to be available from residual rental income. That means a considerable increase in borrowing costs for the HRA. This is not sustainable in the long term.

PERIOD 9		2022/23 FORECAST OUTTURN (PERIOD 10)			
VARIANCE	REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
		£'000	£'000	£'000	£'000
£1,722	SUPERVISION & MANAGEMENT	43,523	46,674	£3,152	£1,430
(£666)	REPAIRS & MAINTENANCE	24,215	22,685	(£1,529)	(£864)
£105	RENTS, RATES ETC	950	1,290	£341	£236
£0	INTEREST PAYABLE	10,944	11,300	£356	£356
£0	DISREPAIR PROVISION	0	0	£0	£0
(£1,309)	BAD DEBT PROVISION (BDP)	3,309	2,000	(£1,309)	£0
£0	CDC RECHARGE	1,003	1,003	£0	£0
(£148)	TOTAL EXPENDITURE	83,942	84,953	£1,010	£1,158
£1,302	DWELLING RENTS	(£88,255)	(87,403)	£852	(£450)
£27	NON-DWELLING RENTS	(£770)	(768)	£2	(£25)
£161	CHARGES FOR SERVICES & FACILITIES	(£22,186)	(22,954)	(£768)	(£930)
£0	INTEREST & INVESTMENT INCOME	(£299)	(350)	(£51)	(£51)
£1,490	TOTAL INCOME	(£111,509)	(£111,475)	£34	(£1,456)
£255	TRANSFER TO HRA RESERVE	£1,281	1,536	£255	£0
£1,597	NET TOTAL	(£26,286)	(£24,986)	£1,300	(£298)
£2,122	DEPRECIATION	17,088	19,210	£2,122	£0
£0	TRANSFER TO MAJOR REPAIR RESERVE (MRR)	9,198	5,776	(£3,422)	(£3,422)
£2,122	CAPITAL PROGRAMME FUNDING	£26,286	£24,986	(£1,300)	(£3,422)
£3,720		(£0)	(£0)	(£0)	(£3,720)

Forecast Position: Online (see Executive Summary)

Key Drivers of the Position (Summary):

- **Supervision & Management: £3.152m overspend**
Recharges **£1.668m** from the General Fund mainly driven by My Place HRA Recharge due to increased costs projected for Compliance and Consultancy, **Energy £530,000, accounting treatment £813,000** are the main factors.
- **Repairs and Maintenance: (£1.529m) underspend**
Following restatement of the HRA Budget, the forecast for the **HRA BDMS Contract** is online at **£11m** for 2022/23. The main drivers for the underspend are **Out of Scope Works (£699,000)**, **DLO Agency Operatives (£560,000)** and the **DLO (£340,000)**. BDMS have not been able to recruit sufficiently to the roles within the DLO.
- **Other Expenditure Lines: (£612,000) underspend**
The **BDP** was reviewed in September and the revised estimate changed **(£1.309m)**. **Interest Payable £356,000** is due to expectations of increased Capital Programme borrowing and **Rents, Rates £341,000** reflects Building Insurance Premium increases which have been significant.
- **Income: £34,000 under recovery**
Rents represent a **£854,000** shortfall on a budget of **(£89.025m)** representing **1.0%** variance. The most notable cause is due to the increased RTB sales which had reached 93% of budgeted sales by end of Qtr 2 alone plus estate regeneration plans beyond budgeted assumptions. **Service Charges (£768,000)** over recovery, the main contributing factor is the other side of the **accounting treatment** in S&M, whilst **Interest Receivable (£51,000)** recognises the rising **interest rates** available for sums on account.
- **Capital Programme & Financing: (£1.300m)**
This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). **Depreciation** is expected to increase by **£2.122m** compared to budget.

As the HRA in year position must balance, the overspend mainly attributed to Supervision & Management, means there is less funding left over from rental income to finance this years Capital Programme.

HRA: Period 10 Risk and Opportunities

Forecast Position: **Online**

Risks: £1.6m (These are risks that are NOT in the forecast that we are monitoring)

- **£1.6m** Backlog of repairs and maintenance jobs within Housing based on BDMS volumes and My Place costing estimates. The timing of this delivery is uncertain, as the valuation and approach to be undertaken. Much of this is likely to fall in 2023/24 now.
- There is uncertainty over energy budgets due to the world market. However, much of this has now been reflected in new contract prices and so what has gone up is within the Forecast Outturn.
- Further Compliance costs are expected above budget with the plan to complete Compliance of assets over 3 years. Some of this has been built into the forecast.
- Uncertainty over what repairs and maintenance activities are in scope of the existing contract and what are not means a lack of assurance. This could be creating additional costs to the HRA.
- Insufficient backing information from BDMS leaves Leasehold Services unable to apply the true cost of R&M to Leaseholders, reducing cost recovery to the HRA.
- Contracts between the water companies and Council's predating 2016 have been challenged through various legal routes (e.g. Southwark). There is a risk that partial compensation maybe required.
- The Disrepair Provision may require additional resources due to the ongoing backlog and future claims coming forward.

Opportunities: (£1.4m) (These are opportunities that are NOT in the forecast that we are monitoring)

- **(£500,000)** the Bad Debt Provision budget is set at £3.309m and currently forecast at £2m. The opportunity value allows for some growth in the overall BDP but should be seen as a maximum figure.
- **(£900,000)** Revenue voids is in dispute between My Place and BDMS as to whether or not it falls within the current BDMS HRA contract.