

CABINET

19 September 2023

Title: Revenue Budget Monitoring 2023/24 (Period 4, July 2023) and Q1 Capital Programme Update	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
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Summary	
Revenue	
<p>This report sets out the Councils revenue budget monitoring position for 2023/24 as at the end of July 2023, highlighting key risks and opportunities and the forecast position. This is the first budget monitoring report to Cabinet of this financial year.</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 demand and costs of social care services, have continued 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 July overall expenditure is forecast to be £219.4m with a planned drawdown from reserves of £5.818m making a forecast overspend of £14.579m. There is also an overspend of £7.5m on the HRA.</p>	
<p>These are significant forecast overspends for the year and the Council must contain expenditure within the budget envelope approved by Assembly in March 2023. The Council must take action to reduce, delay or avoid costs wherever possible and return to within the budget envelope to prevent a further call upon reserves which is not financially sustainable. The Council's management team is currently working on developing and implementing mitigation actions in order to contain the position. This will be reported regularly to Cabinet throughout the financial year.</p>	
<p>There are a number of identified risks and opportunities which could have a beneficial or detrimental impact on the current forecast position. These need to be managed along with mitigating actions to sustainably reduce overspends in the remainder of the year. This</p>	

level of overspend can be met from the reserves however, this would severely reduce the Council's future financial sustainability and resilience and restrict investment for services and transformation. The position will continue to be closely monitored and risks and opportunities recognised as soon as certain.

Capital

The revised capital programme was agreed by June 2023 Cabinet as part of the 2022/23 Outturn report. The revised capital programme including carry forwards from 2022/23 was agreed at £496.684m for 2023/24, £280.189m for 2024/25 and £266.461m for 2025/26. This report sets out proposed budget changes which would result in revised budgets of £353.256m for 2023/24, £155.863m for 2024/25 and £95.384m for 2025/26. The main changes relate to a reprofiling of the Education programme (£1.385m), a reduction of the HRA programme as a result of the budget pressures in the HRA (£7.894m) and changes to the IAS.

The capital outturn expenditure forecast for 2023/24 is £356.727m which results in an overspend variance of £3.471m against the revised budget.

Recommendation(s)

Cabinet is recommended to:

- (i) Note the projected £14.579m revenue overspend forecast 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 £7.5m revenue overspend forecast for the Housing Revenue Account, as set out in section 4 and Appendix A of the report;
- (iii) Approve the changes to the Capital Programme as detailed in paragraph 5.2 of the report, resulting in revised budgets of £353.256m for 2023/24, £155.863m for 2024/25 and £95.384m for 2025/26;
- (iv) Note the forecast outturn for the 2023/24 Capital Programme, as set out in paragraph 5.3 of the report;
- (v) Note the issues set out in paragraphs 5.4 to 5.6 of the report regarding the handover and letting of new properties, particularly concerning private rental schemes, and the steps being taken to remedy the issues; and
- (vi) Approve virements from the central budget provision totalling £2.718m, 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 as part of the 'Well Run Organisation'.

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 is the first revenue budget monitoring report to Cabinet for the 2023/24 financial year and the forecast position reflects forecast to end of year as at end of Period 4 (July 2023).
- 1.2 This financial year continues to see the high level of financial risk realised in 2022/23 outturn. The risk of inflation, and rising interest rates can not only drive increases in demand but directly impact the costs paid by the Council. These risks are compounding the long-standing pressures that impact across the Local Government sector. These risk factors are beyond the Council's control and are being felt across all local authorities; however, they are at risk of impacting LBBB more significantly as a result of the high levels of deprivation and disadvantage that already exist amongst residents of the Borough.
- 1.3 The Council has a new Interim Section 151 Officer who is introducing some new ways of working to the Council to ensure that the financial risks are effectively managed. This will include changes to the monitoring and reporting processes so the next monitoring report may be in a different format.
- 1.4 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 tackle the overspend in order to ensure the Council remains financially sustainable over the coming years.

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 (or £20m including direct grants to Social Care). 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 £219.399m or £213.580m after planned transfers to and from reserves resulting in a net overspend of £14.579m. 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.

	Last year	This Years Budget	Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves			DoT
	Outturn	Revised	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance	% variance	
GENERAL FUND TOTAL	210,758,420	199,002,253	58,636,302	219,399,007	916,000	(6,734,204)	14,578,549	15,298,143	7.3%	
PEOPLE & RESILIENCE	117,190,113	116,957,652	38,661,485	127,299,347	0	0	10,341,694	13,579,144	8.8%	
CORPORATE MANAGEMENT	52,696,852	44,046,151	495,719	46,833,571	0	(99,360)	2,688,060	(2,495,689)	6.1%	
LAW AND GOVERNANCE	(5,174,523)	(4,081,919)	774,957	(5,521,195)	916,000	(30,000)	(553,276)	(553,276)	13.6%	
STRATEGY	3,546,790	3,387,678	1,232,141	3,554,271	0	(119,000)	47,593	155,053	1.4%	
INCLUSIVE GROWTH	2,229,661	1,695,078	(19,498)	3,919,414	0	(1,754,096)	470,240	801,334	27.7%	
COMMUNITY SOLUTIONS	25,021,966	21,622,624	5,444,404	26,582,404	0	(4,731,748)	228,032	739,768	1.1%	
MY PLACE	15,247,563	15,374,989	12,047,096	16,731,195	0	0	1,356,206	3,071,809	8.8%	

3 Service Variances

3.1 People & Resilience – forecast overspend £10.341m

3.1.1 The overspend in this area relates to payments for care. There is a forecast variance of £3m across Adults and Adults with Disabilities – mostly driven by cost increases in care contracts. To meet its duties of market sustainability and the Council's commitment to the London Living wage there has been a standard uplift of 16% to in borough providers which was only partly funded in the budget. There are also significant overspends in care placements for looked after children (£5.4m) and children with disabilities (£1.6m) which largely reflects the high costs of care for children with complex needs. In addition, there is an overspend on Home to School transport for Children with special educational needs (£0.9m).

3.2 Corporate Management – forecast overspend £2.688m

3.2.1 This overspend is largely driven by the expected local government pay award (forecast to be 6%.) In addition, there is an overspend in the HR department of HRA. This is offset by underspends in IT mostly relating to delays in activity or unfilled posts due to difficulties recruiting specialist skilled staff.

3.3 Law & Governance – forecast underspend £0.553m

3.3.1 There are 95 vacant positions in enforcement, 56 of which are covered by agency staff. Parking income remains buoyant and is contributing to an overall underspend.

3.4 Strategy – forecast overspend £0.047m

3.4.1 There is an overachievement of advertising income and some posts in strategy are being held vacant to offset overspending in Communications and Events.

3.5 Inclusive Growth – forecast overspend £0.470m

3.5.1 This overspend is mainly the result of non-achievement of income especially in Parks Commissioning (£500k) and Heritage. This is being offset by holding vacancies and other management action.

3.6 Community Solutions – forecast overspend of £0.228m

3.6.1 There is a total 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.

3.7 My Place – forecast overspend of £1.356m

3.7.1 This is made up of an overspend in Homes and Assets of £2.2m offset by a £0.868m underspend in Public Realm. 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 over achievement of income

(from the HRA and external charging), staffing vacancies and growth funding not yet being used.

3.8 Risks and Opportunities

3.8.1 Several risks and opportunities are identified that are currently not included within the forecast overspend. Risks of circa £2.4m are identified however it should be noted that there are also several unquantified risks which are very likely to materialise if robust management action is not taken, the impact being an increase to the figure of £2.388m. Potential opportunities of circa £ 3.5m are identified. sustainability and resilience and restrict investment for services and transformation.

3.9 Savings

3.9.1 There is a new savings target of £7.049m for 2022/23. At P4:

- £1.377m (20%) are rated red, not being achieved; (HR £0.577, Parks income £0.5m, My Place (£0.15m) Valence library (£0.13m
- £1.124m (16%) are rated amber / green, forecast as uncertain and may only be part achieved
- £4.548m (64%) are rated green, fully achieved (either now or by year end) or expected to be achieved in year.

3.9.2 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.

4 Housing Revenue Account

4.1 The HRA is forecasting to overspend by £7.48m. 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 has driven an overspend of £2.7m against supervision & management and £6.8m against repairs and maintenance.

4.2 These pressures, along with an under recovery of income due to process challenges with voids and properties taken out of use due to estate regeneration, are being partly mitigated by a slowdown in the capital programme leaving residual pressures of £7.48m. HRA reserves stand at £18m and may reduce by a further £1m once the HRA for 2022/23 is finalised. Drawing a further £7.48m from reserves will significantly deplete HRA reserves.

5 Capital Programme

5.1 The revised capital programme was agreed by June 2023 Cabinet as part of the 2022/23 Outturn report. The revised capital programme including carry forwards from 2022/23 was agreed at £496.684m for 2023/24, £280.189m for 2024/25 and £266.461m for 2025/26.

5.2 Budget Changes Period 3

5.2.1 Several minor budget changes and reprofiling have resulted in a change to the current year budget of £0.655m and changes to the 2024/25 and 2025/26 budgets of -£6.662m and £1.730m respectively.

5.2.2 Proposed budget changes are set out in the table and detailed below. The revised budgets are £353.256m for 2023/24, £155.863m for 2024/25 and £95.384m for 2025/26.

Code		2023/24	2024/25	2025/26
		£'000	£'000	£'000
	P3 Opening Budgets	497,340	273,527	268,191
C05029	Womens Museum	35	0	0
C05123	Tennis Court developments	327	0	0
C05140	Multi-faith Chadwell Heath cemetery	(9)	9	
C03054	LYMINGTON FIELDS SCHOOL 2016	(366)	0	0
C04052	SEND 2018-21	(53)	0	0
C04072	SCHOOL CONDITION ALCTNS 18-19	(33)	0	0
C05033	SCA PRIORITY WORKS 20/22	(392)	0	0
C05034	SCHOOLS EXPANSION PROG 20/22	(711)	218	493
C05069	SCA 20-21	12	413	0
C05078	GREATFIELDS PRIMARY	592	(592)	0
C05098	SCA 21-22	(381)	381	0
C05099	SEND 21	53	0	0
C05105	BASIC NEEDS 21/22	(722)	722	0
C05107	SCA 22-23	66	(388)	322
C05119	SPECIAL SCHOOL FEASIBILITY STUDIES	(50)	50	0
C05141	SCA 23-24	600	1,000	3,650
C05135	SALIX schemes	42	0	0
various	HRA stock investment	(5,260)	(5,000)	(2,000)
C02820	Estate Renewal	(2,145)	4,400	
C03071	Mellish and Sugden	(314)	0	0
C05102	Mellish Close - Austin House	(175)	0	0
various	Investment Strategy (Residential)	(148,586)	(118,931)	(175,272)
various	Investment Strategy (Commercial)	13,386	55	
	net change	(144,083)	(117,664)	(172,807)
	P3 closing/P4 Opening Budgets	353,256	155,863	95,384

- £35k additional CIL funding for the Women's Museum (In addition to £62k revenue funding for staffing).
- The £9k retention payment for Chadwell Heath multi-faith facility has been reprofiled into 2024/25.
- Various adjustments to the Education programme to re-profile between years based on the latest information. Budgets will not be re-reprofiled beyond Q1.
- New SALIX schemes totalling £42k added to the programme, as agreed at July ACB.
- The HRA Stock Investment programme has been updated to reflect the revised programme.

- The Estate Renewal programme reprofiled with £2.145m transferred to 2024/25 and additional funding of £2,254,510 in 2024/25 as requested in the report to August ACB.

5.2.3 The Investment Strategy budgets re-profiled to reflect updated information on approved budgets. Several schemes have been put on hold or are still to be agreed as viability has changed. The adjustments have significantly reduced the budget for 2023/24 by £135.2m.

5.3 Forecast Outturn 2023/24

Table 1: Capital Programme 2023/24 Budgets as at P3 (June 2023)

Strategic Function	P3 Budget	Adjustment	P3 Revised Budget	YTD Actuals	P3 Forecast	P3 Variance	Change in Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
GF - CARE & SUPPORT	3,557	0	3,557	218	3,557	(0)	0
GF - INCLUSIVE GROWTH	6,482	0	6,482	98	5,904	(578)	(61)
GF - CIL	726	35	761	12	761	(0)	0
GF - TFL	2,238	0	2,238	(49)	2,238	(0)	0
GF - ICT	3,013	0	3,013	198	4,739	1,726	1,738
GF - COMMUNITY SOLUTIONS	6	0	6	(4)	6	(0)	0
GF - CULTURE & HERITAGE	1,121	0	1,121	306	527	(594)	162
GF - PARKS COMMISSIONING	12,458	327	12,785	1,368	10,945	(1,840)	0
GF - ENFORCEMENT	2,151	0	2,151	42	2,151	(0)	0
GF - MY PLACE	9,146	(9)	9,138	782	8,475	(663)	350
GF - PUBLIC REALM	1,304	0	1,304	3	1,305	0	913
GF - EDUCATION, YOUTH & CHILD	15,811	(1,385)	14,426	1,424	14,306	(120)	1,520
GF - SALIX	0	42	42	0	42	0	0
General Fund	58,015	(990)	57,025	4,401	54,956	(2,069)	4,623
HRA STOCK INVESTMENT	19,260	(5,260)	14,000	345	14,000	0	0
HRA ESTATE RENEWAL	6,145	(2,145)	4,000	825	4,000	(0)	(0)
HRA NEW BUILD SCHEMES	1,033	(489)	544	18	544	0	169
HRA Total	26,438	(7,894)	18,544	1,189	18,544	(0)	168
IAS RESIDENTIAL	408,821	(148,586)	260,236	47,375	265,777	5,541	116,452
IAS COMMERCIAL	4,065	13,386	17,451	10,257	17,450	(1)	(10,903)
Investments Total	412,887	(135,200)	277,687	57,632	283,227	5,540	105,549
Total	497,340	(144,083)	353,256	63,221	356,727	3,471	110,340

5.3.1 Forecast outturn expenditure for 2023/24 is £356.727m which results in an overspend variance of £3.471m. The variance is much changed from the £106.869m underspend variance reported at P2, due to the reprofiling in the Education programme and Investment Strategy.

5.3.2 For forecasting purposes it has been assumed that the HRA stock investment programme will spend to the revised budget of £14m.

5.3.3 There is currently no budget allocation within the programme for Phase 2 of the ERP project. A report is being taken to Executive team setting out the business case for funding approval. The anticipated expenditure in 2023/24 is £1.738m. This is currently a forecast overspend within the IT programme.

5.4 IAS Handover and lettings

- 5.4.1 Over the past year and a half, many schemes have completed within the IAS. This has resulted in many properties becoming available to let. Letting is carried out by MyPlace and Comsol with most of the lettings being completed through existing systems and processes.
- 5.4.2 The large number of properties has highlighted several issues and has resulted in additional costs. The costs have largely been absorbed within the IAS, through:
- i. capitalising the financing costs during the hold period to the schemes, thereby increasing the cost of each scheme. This has added over £1.5m net costs to schemes that already have viability issues.
 - ii. Some vacant schemes have had security and heating costs that have been charged to the IAS. This has totalled over £0.5m and are costs that should not have been incurred but were essential due to the properties being vacant.
- 5.4.3 The Investment and Acquisition Strategy (IAS) has managed to absorb these costs, but this will not be possible going forward and improvement are required within the handover and lettings. A lot of work has already gone into improving this area with several groups regularly meeting to plan ahead and to address issues. Currently most schemes and tenures are fully let, as summarised below.
- 5.4.4 Overall, from 870 properties, 732 have been let (84%), with a remaining 138 still to be let. The target letting is 98.5% so there is still an improvement required. Excluding Shared Ownership and Private lets, where currently the biggest issues remain, the letting is 98%, with 615 let from 628 units.
- 5.4.5 Most voids within the Social Rents are within LAR and mainly in a relatively new scheme (Shuckford) and of the ten vacant properties, nine have property adaptations. These have been escalated and are being let but it has highlighted issues around reporting and communication issues. These specific unit types will be more closely monitored and reported on to ensure that delays are picked up more quickly.
- 5.4.6 Without the voids within adaptations in Shuckford, lettings would be 99.5%, which would be above the model lets and would improve income to Reside and the Council.
- 5.4.7 Reporting of lettings but also of bad debts should form part of regular performance reporting. This should come via Reside but currently there are issues with reporting in a timely manner and in addition where the reporting should come and how issues should be escalated. Going forward, performance on relets will also be included as this is also an area where outperformance but also losses can occur.

Social Rent Statistics as at 7/8/2023

Social Rents Statistics			
65% Rent	Let	Void	Percentage let
A HOUSE FOR ARTISTS	12	0	100%
Affordable Rent 80			
ARBOR COURT	23	0	100%

ATKIN HOUSE	13	0	100%
BRANTON HOUSE	6	0	100%
CARRIER	80	0	100%
CHALLINGSWORTH HOUSE	57	0	100%
CONVENT COURT	9	0	100%
CONVENT MEWS	20	0	100%
KERWIN HOUSE	62	0	100%
KETCH STREET	2	0	100%
LELEU COURT	2	0	100%
SHUCKFORD COURT	4	0	100%
SIR ALF RAMSEY COURT	33	0	100%
TIDE STREET	4	0	100%
Total Affordable Rent Lets	315	0	100%
LAR			
ARBOR COURT	23	0	100%
CARGO	16	0	100%
FARRIER APARTMENTS	41	0	100%
KERWIN HOUSE	27	1	96%
KETCH STREET	2	0	100%
LELEU COURT	25	1	96%
MARTIN PETERS COURT	29	0	100%
MIZZEN STREET	0	1	1
SHUCKFORD COURT	43	10	81%
Total London Affordable Rents Lets	206	13	94%
LLR			
CHALLINGSWORTH HOUSE	56	0	100%
RTR			
BOUNDARY ROAD	7	0	100%
CARGO	19	0	100%
	26	0	100%
Total Social Properties let	615	13	98%

5.5 Shared Ownership letting

5.5.1 Currently there are issues with selling Shared Ownership properties due to mortgage lenders insisting on a price reduction. Costs for empty properties impact the IAS and there are further discussions around reducing the sales price, converting to other tenures and leaving the properties vacant.

5.5.2 Given current market conditions further action on Challingsworth SO but also future SO properties that are part of Gascoigne F must be taken by Investment Panel.

Shared Ownership Statistics as at 7/8/2023

Shared Ownership	Let	Void	Percentage let
BOBBY MOORE COURT	33	0	100%
CHALLINGSWORTH HOUSE	20	36	36%
Total Shared Ownership Lets	53	36	60%

5.6 Private Rentals

- 5.6.1 Private Rentals is currently the worst performing tenure and with some schemes. Lettings have been very poor in this key tenure, with some schemes remaining vacant for over four months (Mather Court). These issues have been addressed by using an external agency to let the properties but this does have additional costs and will likely lead to competition between the Council and the estate agency letting. Given the inability for the Council to let Private rental properties it is essential that, for future lets, an agent is appointed in advance of any handover, with the potential that properties are pre-let. Currently the rental market is bullish and there is a need for properties, which makes the inability to let these properties concerning.
- 5.6.2 As private rentals are a new tenure there will be teething problems and there are additional letting costs but these have been factored into modelling, with lettings at 20% per month allowing 5 month for a property to be fully let. This should be achievable unless there are issues with the rents being charged, with the demand and with the quality. There has not been any feedback on letting issues and therefore the main issue is capacity within the team.

Market Rent Statistics as at 7/8/2023

Market Rent			
CUTTER COURT		1	0%
FIFESHIRE COURT		1	0%
FORGE	55	24	70%
HERRING COURT	9	26	26%
KETCH STREET		1	0%
MATHER COURT		36	0%
Total Market Rent Lets	64	89	42%

5.7 General Fund

- 5.7.1 **Care and Support:** programme is forecast to come in on budget.

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C00100	AIDS & ADAPTATIONS	1,079		1,079	66	1,079	0	1,000	0	0
C00106	DISABLED FACILITIES GRANT-PRVT	1,861		1,861	97	1,861	0	1,857	0	0
C05125	FAMILY HUBS	117		117	55	117	0	61	0	0
C05127	Care Tech	500		500	0	500	0	0	0	0
CAP01	GF - CARE & SUPPORT	3,557	0	3,557	218	3,557	(0)	2,918	0	0

5.8 Inclusive Growth

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C03028	CORPORATE RETROFIT	2,969		2,969	3	2,551	-418	0	0	0
C03099	ABBEY GREEN & BTC CONS HLF	277		277	24	80	-197	0	0	0
C05084	DECARBONISATION	-		-	0	-	0	0	0	0
C05114	UK SHARED PROSPERITY FUND	256		256	71	354	98	611	0	0
C05136	Local Authority Delivery Ph 3	2,461		2,461	0	2,918	458			
C05137	Home Upgrade Grant Ph 1	519		519	0		-519			
CAP02	GF - INCLUSIVE GROWTH	6,482	-	6,482	98	5,904	(578)	611	-	-

- 5.8.1 Programme is forecasting an underspend variance of £578k. The Corporate Retrofit contract is anticipated to be executed at the end of June with installations starting thereafter.
- 5.8.2 Abbey Green and Barking Town Centre HLF project trying to get one more building improved before the project finishes.
- 5.8.3 There is an anticipated overspend of £98k on the UKSPF programme which will be covered by the 2024/25 budget.

5.9 CIL

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C05028	BOX UP CRIME	455		455	7	455	0	0	0	0
C05029	WOMENS MUSEUM	175	35	210	5	210	0	0	0	0
C05062	LITTER IN PARKS (CIL)	96		96	0	96	0	0	0	0
CAP03	GF - CIL	726	35	761	12	761	(0)	-	-	-

- 5.9.1 The CIL programme is anticipated to come in on budget. Additional funding was allocated in 22/23 to the Box Up Crime scheme. This scheme is awaiting a third party to sign the lease and while the property is vacant there are security costs being incurred (in revenue).
- 5.9.2 Additional funding of £97k was also approved for the Women's Museum. Part of this (£62k) is a salary cost which has been allocated to revenue so is not included in the capital budget, however it is still funded from CIL and meets the definition under the planning legislation for allowable expenditure from CIL. The project is significantly behind schedule and has recently brought back in house to ensure that the museum can be delivered in 2023. Other schemes using CIL funding are shown under the relevant service areas.

5.10 TfL: programme is on target to come in on budget.

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C05052	HEATHWAY HEALTHY STREETS	317		317	(65)	317	0	0	0	0
C05058	TFL MINOR WORKS - VARIOUS LOC	155		155	0	155	0	0	0	0
C05079	CYCLE ROUTE CFR10	177		177	4	177	0	0	0	0
C05080	LOW TRAFFIC NEIGHBOURHOODS	241		241	10	241	0	0	0	0
C05083	BUS PRIORITY	852		852	3	852	0	0	0	0
C05056	VALANCE AVENUE HEALTHY STREETS	43		43	0	43	0	0	0	0
C05128	Porters Avenue Healthy Streets	105		105	0	105	0	0	0	0
C05129	Dagenham Road Healthy Streets	172		172	0	172	0	0	0	0
C05130	High Road Healthy Streets	100		100	0	100	0	0	0	0
C05131	Gascoigne Healthy Streets	77		77	0	77	0	0	0	0
CAP04	GF - TFL	2,238	-	2,238	(49)	2,238	(0)	-	-	-

5.11 IT

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C03052	KEEP THE LIGHTS ON	303		303	50	303	0	0	0	0
C03068	ICT END USER COMPUTING	12		12	0	0	-12	0	0	0
C05132	Laptop Replacement Programme	2,698		2,698	148	2,698	0	200	200	200
C05088	ERP Phase 2			-		1,738	1,738			
CAP06	GF - IT	3,013	-	3,013	198	4,739	1,726	200	200	200

5.11.1 The ERP phase 2 project is yet to be formally agreed to be added to the capital budget. A report is being presented to the Executive Team setting out options for funding this phase of the new system. As this expenditure relates to the implementation of a new system, this is treated as capital expenditure under regulations and can use any capital funding source that is available, including borrowing (if it was revenue Transformation spend, only capital receipts would be available under the Flexible Use rules).

5.12 Community Halls

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C04042	COMMUNITY HALLS	6		6	(4)	6	0	0	0	0
CAP05	GF - COMMUNITY SOLUTIONS	6	-	6	(4)	6	(0)	-	-	-

5.13 Culture and Heritage

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C04031	RE IMAGINING EASTBURY	4		4	0	4	0	0	0	0
C04033	REDRESSING VALENCE	211		211	13	70	-141	0	0	0
C04043	THE ABBEY: UNLOCKING BARKING	347		347	0	26	-321	0	0	0
C05115	WOODWARD ARTS & CULTURE CE	266		266	0	266	0	0	0	0
C05138	MEND Valence House	294		294	294	162	-132	294	294	0
CAP07	GF - CULTURE & HERITAGE	1,121	-	1,121	306	527	(594)	294	294	-

5.13.1 Programme forecasting an underspend variance of £594k. Forecast expenditure on Unlocking Barking Abbey will see the completion of the archaeological investigations integral to this project. There is s106 money allocated to work on additional archaeological finds uncovered during recent redevelopments in Abbey Road. This work has not yet begun and it is not expected there will be spend this financial year.

5.14 Parks Commissioning

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C03032	PARSLOES PARK (CIL)	8,501		8,501	1,274	8,501	0	0	0	0
C04080	CHILDRENS PLAY SPCS & FAC (CIL)	94		94	0	94	0	0	0	0
C04081	PARKS & OPEN SPCS STRAT 17 (CI	169		169	15	169	0	0	0	0
C05060	SAFER PARKS (CIL)	52		52	0	52	0	0	0	0
C05061	B & D LOCAL FOOTBALL FACILITY (C	157		157	0	-	-157	0	0	0
C03090	LAKES	437		437	0	150	-287	0	0	0
C04013	PARK INFRASTRUCTURE ENHNCM	2		2	0	2	0	0	0	0
C04017	FIXED PLAY FACILITIES	73		73	0	73	0	0	0	0
C04018	PARK BUILDINGS BLDNG SUR	62		62	0	62	0	0	0	0
C04084	CENTRAL PARK MASTERPLAN IMP	716		716	0	716	0	0	0	0
C05089	DE-CONTAMINATION AT ECP	1,897		1,897	79	500	-1,397	0	0	0
C05113	OLD DAGENHAM PARK LEVELLING	48		48	0	48	0	0	0	0
C05122	CENTRAL PARK PAVILION	175		175	0	175	0	0	0	0
C05123	TENNIS COURT DEVELOPMENT	75	327	403	0	403	0	0	0	0
CAP11	GF - PARKS COMMISSIONING	12,458	327	12,785	1,368	10,945	(1,840)	-	-	-

5.14.1 Parks Commissioning is forecasting an underspend variance of £1,840k. The Decontamination project accounts for £1,397k of the underspend. The Q1 forecast is an estimate as a comprehensive review of the Contaminated Land Project is required.

5.15 **Enforcement:** No forecasts provided and default forecast is spend to budget.

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C02982	CONTROLLED PARKING ZONES	1,979		1,979	42	1,979	0	0	0	0
C04015	ENFORCEMENT EQUIPMENT	173		173	0	173	0	0	0	0
	GF - ENFORCEMENT	2,151	-	2,151	42	2,151	(0)	-	-	-

5.16 My Place

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C02811	WARD CAPITAL BUDGETS	787		787	58	787	0	0	0	0
C03011	STRUCT REPS & MAINTCE-BRIDGES	27		27	0	27	0	0	0	0
C03065	HIGHWAYS INV PROG	3,660		3,660	312	3,660	0	0	0	0
C04019	REPLACEMENT OF WINTER EQUIP	3		3	0	3	0	0	0	0
C04029	ENGINEERING WORKS (RD SAFETY)	-		-	39	-	0	0	0	0
C04063	FLOOD SURVEY	141		141	0	141	0	0	0	0
C04064	BRIDGES AND STRUCTURES	826		826	(19)	1,000	174	0	0	0
C05018	STOCK CONDITION SURVEY	1,693		1,693	232	1,400	-293	0	0	0
C05038	82A AND 82B OVAL ROAD SOUTH	325		325	0	54	-271	0	0	0
C05055	ROAD SAFETY AND ACCESS	192		192	51	192	0	0	0	0
C05077	DISPERSED WORKING	471		471	149	250	-221	0	0	0
C04032	HABITAT FOR HUMANITY	302		302	(40)	250	-52	0	0	0
C05117	HEALTHY STREETS	369		369	0	369	0	200	0	0
C05140	MULTI-FAITH CHAD HEATH CEM.CIL	350	(9)	341	0	341	0	9	0	0
CAP09	GF - MY PLACE	9,146	(9)	9,138	782	8,475	(663)	209	-	-

5.16.1 My Place are forecasting an underspend variance of £663k. Bridges and Structures are forecast to overspend by £174k as expenditure on remedial works at Choats Road culvert may be up to £1m. It is hoped that build costs can be contained through robust preparation works.

5.16.2 Stock Condition is forecasting an underspend of £293k in 2023/24 but the budget allocation of £1,693k is over-committed.

5.16.3 Ward Budgets are currently forecast to spend to budget. A monitoring group is scheduled to meet each month from September to ensure that projects are delivered and the allocation is maximised.

5.17 Public Realm

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C04012	PARKS BINS RATIONALISATION	27		27	0	27	0	0	0	0
C04070	VEHICLE FLEET REPLACEMENT	1,023		1,023	0	1,023	0	0	0	0
C03083	CHADWELL HEATH CEMETERY EXT	83		83	0	83	0	0	0	0
C05048	PROCURING IN CAB TECH	171		171	3	171	0	0	0	0
C04016	ON-VEHICLE BIN WEIGHING SYS	-		0	0	0	0	0	0	0
CAP10	GF - PUBLIC REALM	1,305	-	1,305	3	1,305	0	-	-	-

5.17.1 The Public Realm programme is forecast to spend to budget.

5.17.2 In-Cab devices are being installed in refuse vehicles with data to be uploaded in August. Data quality and cleansing has taken longer than initially anticipated although the project is expected to complete within budget.

5.18 Education Programme

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C03020	DAGENHAM PARK	77		77	0	77	0	0	0	0
C03022	GREATFIELD SECONDARY SCH (NE	500	0	500	(295)	500	0	0	0	0
C03053	GASCOIGNE PRMRY - 5FE TO 4FE	34		34	0	34	0	0	0	0
C03054	LYMINGTON FIELDS SCHOOL 2016	372	366	6	4	6	0	0	0	0
C04052	SEND 2018-21	53	53	-	5	-	0	0	0	0
C04058	MARKS GATE INFS & JNRS 18-20	55		55	0	55	0	0	0	0
C04059	CHADWELL HEATH ADDI CAPACITY	-		-	0	-	0	0	7,000	0
C04072	SCHOOL CONDITION ALCTNS 18-19	33	33	(0)	0	-	0	0	0	0
C04098	RIPPLE PRIMARY SUFFOLK ROAD	5		5	0	5	0	0	0	0
C05033	SCA PRIORITY WORKS 20/22	392	392	-	0	-	0	0	0	0
C05034	SCHOOLS EXPANSION PROG 20/22	1,461	711	750	16	750	0	600	493	0
C05040	HEALTHY SCHOOL	121		121	0	1	-120	0	0	0
C05069	SCA 20-21	388	12	400	134	400	0	413	0	0
C05078	GREATFIELDS PRIMARY	6,908	592	7,500	1,072	7,500	0	2,746	0	0
C05098	SCA 21-22	981	381	600	127	600	0	381	0	0
C05099	SEND 21	675	53	728	12	728	0	0	0	0
C05105	BASIC NEEDS 21/22	1,322	722	600	2	600	0	722	0	0
C05107	SCA 22-23	1,434	66	1,500	348	1,500	0	800	322	0
C05118	MAYESBROOK ADDITIONAL CLASSR	400		400	0	400	0	0	0	0
C05119	SPECIAL SCHOOL FEASIBILITY STU	100	50	50	0	50	0	50	0	0
C05120	MONTEAGLE DINING HALL EXTENS	500		500	0	500	0	700	0	0
C05141	SCA 23-24	-	600	600	0	600	0	1,000	3,650	0
CAP20	GF - EDUCATION, YOUTH & CHILD	15,811	(1,385)	14,426	1,424	14,306	(120)	7,412	11,466	-

5.18.1 The Education budgets have been re-profiled to reflect the latest information on large contracts going ahead during the school holidays in July and August, which is when a large part of the school capital monies are spent.

5.18.2 After some initial delays, the Greatfields Primary project has now progressed more quickly than expected and construction work has commenced, hence the increase in current year budget for this scheme. Grant funding is being received monthly from the DfE for this scheme, so there are not any timing issues anticipated relating to funding as there were for earlier phases of the Greatfields construction.

5.18.3 The whole education programme is funded through external grant funding and costs will be contained within this, with no impact on MRP or borrowing. A report will be presented to Cabinet later this year in order to add new annual grant allocations to the capital budget.

5.19 HRA Programme

5.19.1 The Estate Renewal programme is the subject of another report on the August ACB agenda, setting out the details of the progress and expected completions for the remaining properties to be bought back for redevelopment. The only remaining phase that requires decants and buybacks is Gascoigne Phase 4. The anticipated spend for 2023/24 is £4m, and £2.145m of the budget has been re-profiled into next year. It is expected that a total of £8.4m (across current and future years) will be needed to complete Phase 4. As such, further HRA funding of £2.255m will be required in future years in addition to the current budget.

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
	External Programme (Be First)	0	1,300	1,300	0	1,300	0	1,300	1,300	1,300
	Works On Site/Programmed	0	5,000	5,000	0	5,000	0	5,000	5,000	5,000
	Capital Voids	0	1,200	1,200	0	1,200	0	1,200	1,200	1,200
	Fees and Stock Condition Survey	0	1,100	1,100	0	1,100	0	1,100	1,100	1,100
	Compliance (Be First fees)	0	1,250	1,250	0	1,250	0	1,250	1,250	1,250
	Fire Doors	0	1,000	1,000	0	1,000	0	1,000	1,000	1,000
	Parkside House Fire Doors	0	100	100	0	100	0	100	100	100
	Aiden Close communal boiler	0	250	250	0	250	0	250	250	250
	LIFT REPLACEMENT	0	400	400	0	400	0	400	400	400
	Contingency/Ad-hoc works	0	1,500	1,500	0	1,500	0	1,500	1,500	1,500
	External Works (Braintree and Cornworth)	0	300	300	0	300	0	300	300	300
	FRA works	0	200	200	0	200	0	200	200	200
	Electrical Testing works	0	200	200	0	200	0	200	200	200
	Replacement Bin Storage	0	200	200	0	200	0	200	200	200
CAP30	HRA STOCK INVESTMENT	19,260	- 5,260	14,000	345	14,000	-	14,000	14,000	14,000
C02820	ESTATE RENEWAL	6,145	- 2,145	4,000	825	4,000	0	4,400	0	0
CAP31	HRA ESTATE RENEWAL	6,145	- 2,145	4,000	825	4,000	- 0	4,400	-	0
C03071	MELISH AND SUGDEN	314	- 314	-	0	0	0	0	0	0
C05102	MELLISH CLOSE - AUSTIN HOUSE	719	- 175	544	18	544	0	0	0	0
CAP32	HRA NEW BUILD SCHEMES	1,033	(489)	544	18	544	-	-	-	-
	HRA TOTAL	26,438	(7,894)	18,544	1,189	18,544	(0)	18,400	14,000	0

5.20 Investment Strategy

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C03072	PURCHASE OF SACRED HEART CONT	76	49	125	0	125	0	0	0	0
C03080	ACQSTN OF ROYAL BRITISH LEGION	23,158	(23,123)	36	16	36	0	0	0	0
C03084	SEBASTIAN COURT - REDEVELOP	871	(521)	350	(121)	350	0	0	0	0
C03086	LAND AT BEC - LIVE WORK SCHEME	111	19	131	157	131	0	0	0	0
C03089	BECONTREE HEATH NEW BUILD	95	233	328	0	328	0	0	0	0
C04062	GASCOIGNE EAST PH2	80	(11,380)	(11,300)	(11,318)	(11,300)	0	0	0	0
C04065	200 BECONTREE AVE	85	(10)	75	0	75	0	0	0	0
C04066	ROXWELL RD	14,162	(3,409)	10,752	2,235	10,752	0	10,582	1,511	0
C04067	12 THAMES RD	21,269	(4,103)	17,166	4,179	17,166	0	4,160	875	0
C04068	OXLOW LNE	9,077	(170)	8,907	2,035	8,907	0	285	0	0
C04069	CROWN HOUSE	1,745	609	2,355	22	2,355	0	0	0	0
C04077	WEIGHBRIDGE	0	143	143	0	143	0	0	0	0
C04090	SITE LONDON RD/NORTH STREET	0	0	0	6	9	9	0	0	0
C04099	GASCOIGNE WEST P1	(767)	1,875	1,109	443	1,109	0	0	0	0
C05020	WOODWARD ROAD	4,186	1,332	5,518	962	5,518	0	600	0	0
C05025	GASCOIGNE WEST PHASE 2	55,348	(22,519)	32,829	9,770	32,829	0	17,395	0	0
C05026	GASCOIGNE EAST PHASE 3A	20,493	(3,559)	16,933	5,545	16,933	0	1,039	0	0
C05035	PADNALL LAKE PHASE 1	5,689	(237)	5,452	3,649	5,452	0	487	142	0
C05041	TRANSPORT HOUSE	24,959	(6,240)	18,719	3,155	18,719	0	14,439	586	0
C05047	GASCOIGNE WEST PHASE 3	3,420	(1,427)	1,994	(132)	1,994	0	1,427	0	0
C05065	CHEQUERS LANE	61	256	317	0	317	0	0	0	0
C05066	BEAM PARK Phase 6	57,715	(24,086)	33,629	76	33,629	0	49,439	46,034	0
C05071	BROCKLEBANK LODGE	1,083	(1,064)	20	6	20	0	0	0	0
C05073	GASCOIGNE EAST 3B	47,823	(39,782)	8,041	2,728	8,041	0	0	0	0
C05076	GASCOIGNE EAST PHASE 2 (E1)	20,013	(20,005)	8	2,408	4,293	4,285	0	0	0
C05081	Beam Park - Phase 7	(386)	25,401	25,016	(214)	25,016	0	10,339	18,782	0
C05082	TROCOLL HOUSE	741	(158)	584	(323)	584	0	152	691	0
C05090	GASCOIGNE EAST 3A - BLOCK I	21,135	6,204	27,339	7,910	27,339	0	3,826	522	0
C05091	GASCOIGNE EAST PHASE 2 F	22,659	7,357	30,016	11,674	30,016	0	1,424	0	0
C05092	GASCOIGNE EAST PHASE 2 E2	5,235	3,197	8,432	2,301	8,432	0	834	0	0
C05093	PADNALL LAKE PHASE 2	7,237	(2,676)	4,561	305	4,561	0	1,480	236	0
C05094	PADNALL LAKE PHASE 3	17,730	(17,471)	259	(93)	259	0	2,264	0	0
C05100	BARKING RIVERSIDE HEALTH	11,420	(11,413)	7	25	1,254	1,247	20	0	0
C05103	TOWN QUAY WHARF	12,417	(2,060)	10,358	(49)	10,358	0	5,574	45	0
C05106	GASCOIGNE ROAD	(123)	153	30	17	30	0	0	0	0
CAP40	IAS RESIDENTIAL	408,821	(148,586)	260,236	47,375	265,777	5,541	125,766	69,424	0

5.20.1 New Build (Direct Delivery) - Completions

Three schemes are currently in the snagging and handover process with Practical Completions forecast for August (Mellish CI, Gascoigne East Phase 2 – Block F and Industria). The contractor performance at Mellish CI is being closely monitored, there is a risk that PC may slip beyond August.

Escalations - Seven projects have been escalated this month: -

- **Roxwell Road** – Extension of time award, to be formalised at IP in August, and remaining contingency low, compared to open risks (£319k v £275k) with 22 months remaining.
- **Woodward Road** - The scheme is significantly delayed, original completion was due in December 2022, latest contractors forecast is April 2024. Scheme is recording significant risk of cost overrun with £400k contingency remaining and out-standing contractual claims to be settled.
- **Gascoigne East Phase 3b** – Sum to deliver the scheme has been agreed with the Contractor at £147.9m, which exceeds the cabinet approved 'Target Cost'. Demolition of the existing buildings continues under Section 2 of the Contract. This project is subject to a separate report to this meeting.
- **Gascoigne East 3a Block J** – A cost rationalisation exercise has been carried out, this is demonstrating a remaining contingency of circa £20k, five months remain to Practical Completion and circa £92k's worth of open risks.
- **Oxlow Lane** - Contingency sum remaining is low for the stage of the project, this is due to increased materials and labour costs associated with 'firming' up Provisional Sums.
- **Mellish Close** – Scheme is significantly delayed due to issues related to proximity to Network Rail assets, and contractor performance. Practical Completion forecast for 8th August 2023 is being closely monitored.
- **Padnall Lake Ph 1** – recording remaining contingency of £61k with 10 mths remaining. Open risks costed at circa £50k, close monitoring is underway.

Further to the project escalations, we are recording a Portfolio Escalation relating to Connection and Supply Agreements and Acceptance Certificates with B&D Energy. This poses a risk to occupation and billing of residents, a schedule of current status is included in the reports.

5.20.2 Turnkey RAG

The Turnkey portfolio is recording red escalations against 4 projects, these are for increases in Total Development Costs and delays to programmes. The Chequers Lane Gateway 5 paper is under review and is scheduled to be presented to IP in August.

Escalations: Three projects are escalated this month:

- **Chequers Lane** - Scheme has a cost overrun of circa £28k relating to a change to the CCTV provision required by the Council, a change form to formalise this will be submitted to IP with the Gateway 5 paper in August.
- **Beam Park 6 & 7** – This project is subject to a separate report to this meeting.

- **Trocoll House** – original contractor appointed by Rail Pen are in administration, risk sits with Rail Pen. New Contractor is being sought with HG being the preferred, due diligence is underway.

5.20.3 Commercial

Project Code	Project Name	P2 Budget	P3 Adjustments	P3 Adjusted Budget	Expenditure to end P3	Forecast at end P3	Forecast Variance	24/25 Budget	25/26 Budget	26/27 Budget
C04078	WIVENHOE CONTAINER	0	0	0	(10)	0	0	0	0	0
C04086	TRAVELODGE ISLE OF DOGS	0	0	0	7	0	0	0	0	0
C04091	PURCHASE OF WELBECK WHARF	403	(403)	0	0	0	0	0	0	0
C04104	1-4 Riverside Industrial	0	223	223	0	223	0	0	0	0
C05023	3 GALLIONS CLOSE	0	30	30	0	30	0	0	0	0
C05024	FILM STUDIOS	0	46	46	19	46	0	0	0	0
C05042	26 THAMES RD	0	1,020	1,020	(37)	1,020	0	0	0	0
C05043	47 THAMES RD	0	70	70	0	70	0	0	0	0
C05046	11-12 RIVERSIDE INDUSTRIAL	0	1	1	0	0	-1	0	0	0
C05067	DAGENHAM HEATHWAY	0	426	426	12	426	0	0	0	0
C05072	INDUSTRIA	3,662	357	4,020	1,405	4,020	0	0	0	0
C05074	BARKING BUSINESS CENTRE	0	200	200	14	200	0	0	0	0
C05110	Purchase of Maritime House	0	1,069	1,069	0	1,069	0	0	0	0
C05112	Purchase of Edwards Waste Site	0	8,844	8,844	8,845	8,844	0	0	0	0
C05133	Dagenham Trades Hall	0	1,502	1,502	0	1,502	0	36	0	0
C03088	14-16 Thames Road	0	0	0	1	0	0	0	0	0
C05070	23 THAMES ROAD	0	0	0	1	0	0	19	0	0
CAP42	IAS COMMERCIAL	4,065	13,386	17,451	10,257	17,450	(1)	55	0	0

Key Risks and Issues

Maritime House - 6th, 9th and 10th Floors remain vacant with minimal viewings. Potential for 2nd, 7th and 8th floors to become vacant if tenants service their break notice. Commercial Development Team are exploring options including changing letting agent, relocating council departments and offering the space as flexi workspace operator. External windows and cladding have been identified as a health and safety issue.

12 Thames Road - Change Control for fit out of commercial space will increase project costs and impact viability.

6. Virements

- 6.1 The Cabinet is asked to approve the distribution of a central budget provision for inflation costs as below. The virements have been assumed to be approved in the budget variance figures presented in this report.

Service	Purpose	Amount
Childrens Care and Support	Foster Carers Fee Uplift	£1,300,000
Highways (My Place)	Street Lighting/Highways	£750,000
Asset Management	Corporate Cleaning Contract Uplift	£320,000
My Place	Energy costs	£180,000
Public Realm	Energy, Fuel, Inflation	£168,000

7. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 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 such as the Post covid and war in Eastern Europe shocks, 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 We must 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 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 action to reduce the financial risks of the organisation.
- 9.2 **Corporate Policy and Equality Impact** – regular monitoring is part of the Council's Well Run Organisation strategy and is a key contributor to the achievement of Value for Money.

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 \(lbbd.gov.uk\)](https://www.lbbd.gov.uk/Budget-Framework-2023-24-Report)

List of appendices:

- **Appendix A:** Revenue Budget Monitoring Pack 2023/24 (Period 4)