

Finance Budget Monitoring – General Fund

APPENDIX A

2023/24

P10 (January 2024)



Period 10: Overspend of £6m, a positive movement of £3.3m from previous period

	Outturn 2022/23	This Years Budget	Actuals/Forecast		Reserves	Variances Inc Reserves			
		Revised Budget	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance	Movement from Last Period	
PEOPLE & RESILIENCE	117,190,113	119,643,783	97,067,294	135,983,115	(3,087,285)	13,252,047	13,624,371	(372,324)	
LAW AND GOVERNANCE	(5,174,523)	3,841,849	4,322,541	3,722,520	(30,000)	(149,329)	(68,573)	(80,756)	
STRATEGY	3,546,790	10,174,884	8,608,509	9,339,295	(497,510)	(1,333,099)	(492,849)	(840,250)	
INCLUSIVE GROWTH	2,229,661	1,269,247	874,890	2,767,905	(1,625,860)	(127,203)	(46,468)	(80,734)	
COMMUNITY SOLUTIONS	25,021,966	15,645,248	15,181,546	17,641,649	(4,721,772)	(2,725,371)	(2,462,006)	(263,365)	
MY PLACE	15,247,563	9,290,250	41,876,993	3,493,529	3,109,000	(2,687,721)	(1,719,443)	(968,278)	
CORPORATE MANAGEMENT	52,696,852	16,986,077	18,571,274	17,389,548	(178,294)	225,177	953,596	(728,419)	
SUB-TOTAL DIRECTORATES	210,758,420	176,851,338	186,503,047	190,337,561	(7,031,721)	6,454,502	9,788,628	(3,334,126)	
CENTRAL EXPENSES		6,074,015	(2,668,297)	6,182,613		108,597	280,104	(171,506)	
INTEREST PAYABLE		14,681,085	5,041,414	3,625,040		(11,056,045)	(11,057,085)	1,040	
INTEREST PAYABLE ON ST BORROWG			(490,661)	3,714,385		3,714,385	3,688,901	25,484	
CAPITALISED INTEREST		(4,542,000)				4,542,000	4,542,000		
INTEREST RECEIVED		(6,502,960)	(1,559,701)	(4,040,977)		2,461,983	2,462,208	(225)	
MRP		10,034,004		10,034,004				()	
LEVIES PAID		15,445,900	16,385,177	15,445,900					
SUB-TOTAL CORPORATE EXPENSES		35,190,044	16,707,932	34,960,965		(229,079)	(83,872)	(145,207)	
GENERAL FUND I&E (EXC. IAS)	210,758,420	212,041,382	203,210,980	225,298,526	(7,031,721)	6,225,423	9,704,756	(3,479,333)	
IAS COMMERCIAL (NET OPERATING RETURN)		(2,442,654)	(4,287,378)	(2,635,095)		(192,441)	(750,664)	558,223	
IAS RESIDENTIAL (RESIDE SCHEME SURPLUS)		(2,810,000)		(3,765,000)		(955,000)	545,000	(1,500,000)	
IAS OTHER				(4,666,000)	4,666,000		(1,127,000)	1,127,000	
IAS INTEREST PAYABLE				14,073,000		14,073,000	14,294,000	(221,000)	
INTEREST PAYABLE ON ST BORROWG				6,193,000		6,193,000	4,865,000	1,328,000	
CAPITALISED INTEREST				(12,000,000)		(12,000,000)	(11,291,000)	(709,000)	
IAS INTEREST RECEIVED				(7,328,000)		(7,328,000)	(6,904,000)	(424,000)	
IAS MRP		1,182,000		1,182,000					
SUB-TOTAL IAS		(4,070,654)	(4,287,378)	(8,946,095)	4,666,000	(209,441)	(368,664)	159,223	
NET COST OF SERVICES	210,758,420	207,970,728	198,923,602	216,352,431	(2,365,721)	6,015,982	9,336,092	(3,320,110)	
TECHNICAL - Movement in Reserves		(13,510,475)	(13,510,475)	(13,510,475)					
GENERAL FUND I&E	210,758,420	194,460,253	185,413,127	202,841,956	(2,365,721)	6,015,982	9,336,092	(3,320,110)	

Period 10: Overspend of £6m, a positive movement of £3.3m from previous period

Key Drivers:

A positive movement across the board. Summary of the movement detailed below.

My Place: (£0.968m) decrease in forecast expenditure:

The P10 My Place forecast movement includes £309k from Enforcement which transferred to My Place in January 2024. The Enforcement positive movement is largely due to unfilled vacant posts. Homes and Assets moved positively by £195k due also to vacant posts, and improved income forecasts on rent from depot and recharges to schools. Public Realm also moved positively by £489k, again due to vacancies and revised expenditure estimates for vehicle fleet costs and higher trading income based on trend to date.

Strategy: (£0.840m) decrease in forecast expenditure.

The two main factors contributing to the positive change in the position is an anticipated transfer of £400,000 of Public Health grant to Insight and the impact of pay award funding of £416,000 on vacant posts.

Corporate Management: (£0.728m) decrease in forecast expenditure.

The budget has increased by £838k from P9 of which £800k is for the 23/24 pay award. The forecast has increased by £126k largely due to the impact of the 23/24 pay award. Transfers from reserves has increased by £17k to reflect additional funding from the Invest to Save reserve for consultancy work for social care.

People and Resilience: (£0.372m) decrease in forecast expenditure.

The positive movement is due to services holding expenditure wherever possible to reduce the in-year overspend. This has come from delayed recruitment and projects, enabling a one-off release of underspends to improve the in-year position. The service continues to review the level of the bad debt provision and the revenue impact of potential write offs has also been updated this period.

Community Solutions: (£0.263m) decrease in forecast expenditure.

The positive movement is due to release of TA Buffer £150k and additional Court Cost Income of £72k.

Central Expenses: (£0.145m) decrease in forecast expenditure.

The positive movement is a result of the final calculation and distribution of the 2023/24 pay award funding.

IAS: £0.159m increase in forecast expenditure.

The negative movement is due to rise in interest rates and the impact of lower rents from commercial holdings due to business going into administration.

Period 10: Movement in Reserves

	Opening Balance	Budgeted Drawdown 23-24	In Year Inter Reserve Transactions 23-24	Pending In Year Inter Reserve Transactions 23-24	Planned Drawdowns (P10) 23-24	Transfer to Reserve (P10) 23-24	BeFirst Dividen Reserve Drawdown	Drawdowns not in P10 - require approval	Release to BSR - Pending Approval	Closing Balance (before overspend)
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
General Reserves	(17.03)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(17.03)
Budget Support Reserve	(16.84)	13.51	0.53	(3.68)	0.00	0.00	0.00	0.00	(6.92)	(13.40)
Sub total	(33.87)	13.51	0.53	(3.68)	0.00	0.00	0.00	0.00	(6.92)	(30.43)
Ring-fenced Reserves	(28.91)	0.00	(0.53)	1.53	7.24	(3.51)	0.00	0.39		(23.79)
PFI Reserves	(14.28)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(14.28)
Levy Funding Reserve	(6.11)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(6.11)
Sub total	(49.30)	0.00	(0.53)	1.53	7.24	(3.51)	0.00	0.39		(44.18)
Non Ring-Fenced Reserves										
Corporate Reserves	(5.91)	0.00	0.00	0.00	0.18	0.00	0.00	0.00		(5.73)
People & Resilience	(0.54)	0.20	0.01	0.00	0.20	0.00	0.00	0.00		(0.13)
Legal, Governance & HR	(0.41)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(0.41)
Strategy	(0.05)	0.00	0.00	0.00	0.03	0.00	0.00	0.02		(0.00)
Inclusive Growth	(1.34)	0.00	0.00	0.00	0.11	(0.14)	0.00	0.00		(1.37)
Community Solutions	(12.64)	1.31	(0.01)	1.66	2.92	0.00	0.00	1.82	3.92	(1.02)
My Place	(0.29)	0.00	0.00	0.29	0.00	0.00	0.00	0.00		0.00
Collection Fund Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Sub total Non-ringfenced	(21.18)	1.50	0.00	1.95	3.44	(0.14)	0.00	1.84	3.92	(8.66)
IAS & Capital Reserves										
Investment Reserves	(16.17)	0.00	1.13	0.00	0.00	0.00	0.00	0.00		(15.03)
Mueller Reserve	(12.00)	0.00	0.00	0.00	0.00	0.00	10.39	0.00		(1.61)
CR27 Hotel Deal reserve	(5.50)	0.00	(0.57)	0.00	0.00	0.00	0.00	0.00		(6.07)
Isle of Dogs Travelodge Reser	(5.50)	0.00	(0.57)	0.00	0.00	0.00	0.00	0.00		(6.07)
IAS Reserve	(3.78)	0.00	0.00	0.00	0.00	(4.67)	0.00	0.00	3.00	(5.45)
Sub total IAS Reserves	(42.95)	0.00	0.00	0.00	0.00	(4.67)	10.39	0.00	3.00	(34.22)
Total	(147.29)	15.01	0.00	(0.20)	10.68	(8.32)	10.39	2.23	0.00	(117.49)

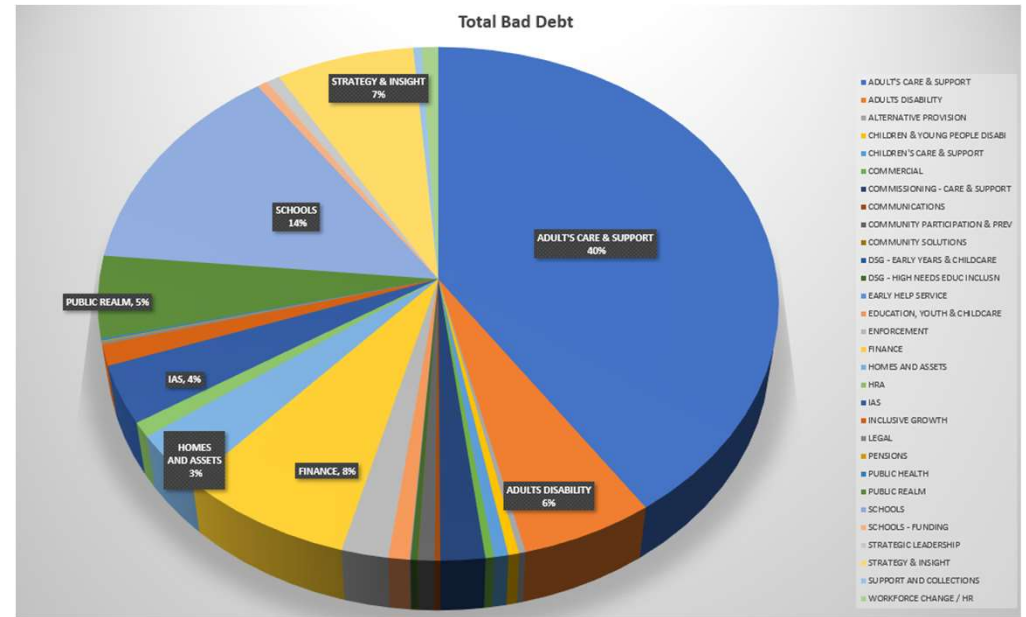
A number of financial risks have materialised in 2023/24 resulting in the need to use reserves to cover the forecast overspend of c£6m. The Budget Support Reserve has a balance of c£13m. However, c£9m has already been earmarked to balance 2024/25 budget. There is insufficient 'free' reserves and management action is required to bring spend in-line with budgets.

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Bad Debt – This is Updated Quarterly. Current Position P9

Row Labels	Sum of Overdue 0-12 months	Sum of Overdue 12-24 months	Sum of Overdue 24-36 months	Sum of Overdue 36 months +	Sum of TOTAL SUM
ADULT'S CARE & SUPPORT	5,772,982.31	3,559,728.90	2,619,167.88	3,937,928.12	15,889,807.21
ADULTS DISABILITY	908,895.44	502,509.18	355,226.55	499,467.18	2,266,098.35
ALTERNATIVE PROVISION	22,313.18	64,907.66	2,068.60	23,919.60	113,209.04
CHILDREN & YOUNG PEOPLE DISABI	50,470.66	59,661.98	36,210.00	35,352.30	181,694.94
CHILDREN'S CARE & SUPPORT	96,585.56	121,402.55	5,110.00	20,627.51	243,725.62
COMMERCIAL	146,238.44				146,238.44
COMMISSIONING - CARE & SUPPORT	482,920.00	103,028.00	154,830.52	14,411.94	755,190.46
COMMUNICATIONS	22,658.82	3,870.00	36,000.00	30,593.31	93,122.13
COMMUNITY PARTICIPATION & PREV	134,671.92	35,431.36	30,834.50	79,432.91	280,370.69
COMMUNITY SOLUTIONS	4,080.00		1,793.85		5,873.85
DSG - EARLY YEARS & CHILDCARE			100.00		100.00
DSG - HIGH NEEDS EDUC INCLUSN	21,631.00	89,892.58	5,570.51	1,106.00	118,200.09
EARLY HELP SERVICE	13,039.00				13,039.00
EDUCATION, YOUTH & CHILDCARE	152,225.42	66,829.10	113,204.79	28,123.96	360,383.27
ENFORCEMENT	268,022.92	175,693.86	311,014.60	46,126.89	800,858.27
FINANCE	1,297,575.57	783,521.56	612,304.83	287,682.28	2,981,084.24
HOMES AND ASSETS	833,134.78	205,144.68	165,674.45	97,071.83	1,301,025.74
HRA	155,073.77	206,076.59	1,062.33	881.00	363,093.69
IAS	1,182,802.87	133,712.01	48,600.00	64,800.00	1,429,914.88
INCLUSIVE GROWTH	125,225.18	328,437.24	9,943.90	52,404.84	516,011.16
LEGAL	12,245.20	25,809.02	12,108.60	19,251.82	69,414.64
PENSIONS	2,382.00	3,010.84		15,507.21	20,900.05
PUBLIC HEALTH			49,200.00		49,200.00
PUBLIC REALM	706,610.49	898,993.54	319,182.89	106,185.92	2,030,972.84
SCHOOLS	4,529,541.55	543,319.92	36,666.79	293,124.59	5,402,652.85
SCHOOLS - FUNDING		150,000.00	2,603.95	57,521.31	210,125.26
STRATEGIC LEADERSHIP				281,213.48	281,213.48
STRATEGY & INSIGHT	959,665.64	1,217,674.48	646,209.20	3,645.60	2,827,194.92
SUPPORT AND COLLECTIONS	40,687.39	103,356.60		26,000.00	170,043.99
WORKFORCE CHANGE / HR	81,475.43	117,434.16	132,266.71	9,041.99	340,218.29
Grand Total	18,023,154.54	9,499,445.81	5,706,955.45	6,031,421.59	39,260,977.39



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

The data shows total invoices outstanding as at 31st December 2023 and has been sorted into aging buckets.

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

At end of quarter three the total level of debt had increased since quarter 2.

At Q3 the BDP calculation shows a negative movement of £0.6m. However, there is £4m of unallocated cash which is being investigated and should reduce the BDP movement. A forecast has not been included for BDP movement.

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2023-24 Savings Progress Overview

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

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

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

Service Area	RED	AMBER	GREEN
Care and Support		(237)	(500)
Community Solutions	(130)	(220)	(1,122)
EYCC		(35)	
Finance & IT			(735)
HR	(577)		
Inclusive Growth	(500)		(370)
Law & Governance			(2,300)
My Place	(155)		(153)
P&P	(15)		
Grand Total	(1,377)	(492)	(5,180)

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Finance Budget Monitoring – HRA,DSG and Investment Strategy

2023/24

P10 (January 2024)



General Fund and IAS Treasury Strategy (P10)

2025/26 IAS and Treasury Forecast	Core Treasury	Loans to Companies				Reside		IAS - Commercial	IAS Surplus	Total	2023/24 Budget	Change
Borrowing (£000s)	374,073	5,046	7,259	5,000	26,476	419,431	217,197	250,696		1,305,179		
Cost Type	Other Loans / Treasury	BeFirst	BDE	BDTP	LEUK	Affordable Rent	SO / PRS	IAS - Commercial	IAS Surplus	Total	2023/24 Budget	Change
Interest Payable	4,081.4	253.8	311.3	245.7	1,327.4	8,355.7	4,094.4	7,816.4		26,485.9	14,681.1	11,804.8
Interest Rate Provision				307.1	812.4					1,119.5		1,119.5
Capitalised Interest			0.0			-7,519.9	-3,328.1	-1,151.8		-11,999.7	-4,542.0	-7,457.7
MRP	10,061.9					0.0	0.0	1,154.1		11,216.0	11,216.0	0.0
Total Financing Costs	14,143.3	253.8	311.3	552.8	2,139.8	835.8	766.3	7,818.6	0.0	26,821.7	21,355.1	5,466.6
Interest Receivable	-2,184.2	-431.4	-435.8	-552.8	-2,139.8	-5,625.0				-11,369.0	-6,503.0	-4,866.0
MRP Income						0.0	0.0	-1,154.1		-1,154.1	-1,154.1	0.0
Commercial Income								-1,564.0		-1,564.0	-2,446.0	882.0
Muller									-4,665.7	-4,665.7		-4,665.7
Residential Rents									-4,365.1	-4,365.1	-3,410.0	-955.1
Hotels									-1,175.7	-1,175.7	-1,175.7	0.0
Total Financing Returns	-2,184.2	-431.4	-435.8	-552.8	-2,139.8	-5,625.0	0.0	-2,718.1	-10,206.4	-24,293.5	-14,688.7	-9,604.8
Net Return	11,959.1	-177.6	-124.5	-0.0	0.0	-4,789.2	766.3	5,100.6	-10,206.4	2,528.2	6,666.4	-4,138.2

Key issues:

Forecast under pressure from interest rate increases with short-term borrowing rates remaining high. ST borrowing allocated to variable rate loans and commercial which are both under pressure.

Provisions for loans to companies remains as there is a lack of clear strategy around dealing with subsidiary loans.

Interest margin on IAS loans provides an additional return to the strategy, although this has been reduced by the poor lettings of PRS and sales of Shared Ownership.

Returns from Reside are currently estimates based on P7, with P9 number due towards the end of February.

Further work is required with Reside to confirm the returns are net of all costs. This is an urgent action as there is currently limited visibility over returns for 2023/24.

Debt repayment (MRP) is allocated to the commercial portfolio and is a cost of £1.154m but this will reduce the cost of the commercial assets.

Commercial income is forecast before interest costs.

IAS has several additional income streams, including two hotels, an additional £600k contribution from Abbey Road and the remaining Muller profits.

CR27 and Travelodge hotels have reserves that have been inflated each year but will not be inflated for 2023/24 as there is sufficient current reserves of £12.1m for both hotels.

Muller liquidation is now completed, with equity and dividends returned to the Council. Additional profit was obtained through LBB treasury managing its cash holdings and from a higher than forecast tax return.

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Investment and Acquisition Reserves forecast 2023/24 – P10

Reserves	2022/23	Inter Reserve Transfer	Drawdown	Planned Transfer to Reserves	2023/24
CAPITAL INVESTMENT RESERVE	3,779	0			3,779
Muller Reserve	12,000	0	-10,390	4,666	6,276
INVESTMENT RESERVE	16,170	-1,140		654	15,684
CR27 Reserve	5,500	570			6,070
Travelodge Reserve	5,500	570			6,070
Total Reserves	42,949	0	-10,390	5,320	37,879

Key issues:

- The value of the reserves is forecast to decrease from £42.95m (Including Muller) to £37.77m as £10.39m is used to fund Be First dividend shortfalls.
- A £654k surplus from the IAS and £4.67m from Muller is available to be transferred to reserves or used to fund Council deficits.
- The IAS reserve is used to protect the IAS from significant market fluctuations, including interest rates and losses.
- Each individual scheme within the IAS has several assumptions that include some contingency and it is only as a last resort that this reserve will be required.
- However, there are pressure from losses incurred at handover, with significant delays from Private Rental lets.
- Pressures on the strategy is also from interest rate increases, with short-term borrowing increasing from near zero in 2021 to 5.25% currently. This has reduced the surplus return from commercial, but rates potentially could decrease into 2024.
- Interest rate increases and build costs have put pressure on the pipeline of schemes, with many schemes now unviable based on the current assumptions used to calculate the viability of schemes.
- The reserve is significant but is against a strategy of a billion and includes some protection against any accounting issues that may need adjustments for the four years of accounts still to be audited, but also from interest pressures, commercial losses and other investment pressures.

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Minimum Revenue Provision 2023/24 – P10

Type of Income / Expense	31/12/2023 Holdings	2023/24 Forecast	2023/24 Budget	Variance
MRP	£'000	£'000	£'000	£'000
Core Council Borrowing	213,964	10,034	10,048	14
IAS Commercial	170,007	1,168	1,168	0
Completed Reside Schemes - Community/Public Realm	5,507	0	0	0
PRS	82,897	0	0	0
Reside schemes (AUC)	435,605	14	0	-14
Loans/Equity on completed schemes	179,799	0	0	0
IAS Writeoff	244	0	0	0
HRA	343,858	0	0	0
MRP excluding PFI and Finance Leases	1,431,880	11,216	11,216	0
Finance Leases and PFI	275,360	4,492	4,492	0
Grand Total	1,707,241	15,754	15,708	0

Key issues:

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

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Investment and Acquisition Assets Under Construction

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

Key issues:

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

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Commercial Subsidiaries

Be First

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

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HRA: Period 10

The HRA is projecting **£5.4m overspend** at Period 10, with an adverse movement of **£392,000**. The movement is largely driven by Repairs & Maintenance **£1.936m** due mostly from BDMS Fleet costs £1.3m, previously reported as a risk, and a reversal of the Compliance forecast. This is offset by **(£1.227m)** Supervision & Management due to reduced energy forecasts and **(£290,000)** improvement on Dwelling Rents.

The primary cause of the overspend is the significant increase of the BDMS R&M Contract which has gone from a budget of £15.670m to £26.472m. **The contract was agreed after the budget was set.** Adjusting for DLO expenditure and Fleet, the net impact is **£11m**. The voluntary MRR allocation has been released as part mitigation.

P9 VARIANCE	2023/24 FORECAST OUTTURN				
	REPORT LEVEL	BUDGET £'000	FORECAST £'000	VARIANCE £'000	CHANGE £'000
£1,797	SUPERVISION & MANAGEMENT	48,394	48,964	£570	(£1,227)
£5,284	REPAIRS & MAINTENANCE	24,473	31,692	£7,220	£1,936
£1,442	RENTS, RATES ETC	1,587	3,031	£1,444	£2
(£290)	INTEREST PAYABLE	11,300	11,010	(£290)	£0
£2,226	DISREPAIR PROVISION	0	2,226	£2,226	£0
(£1,309)	BAD DEBT PROVISION (BDP)	3,309	2,000	(£1,309)	£0
(£252)	CDC RECHARGE	1,102	849	(£252)	£0
£8,897	TOTAL EXPENDITURE	90,164	99,772	£9,608	£711
(£380)	DWELLING RENTS	(£90,432)	(91,102)	(£670)	(£290)
£14	NON-DWELLING RENTS	(£765)	(751)	£14	£0
£1,468	CHARGES FOR SERVICES & FACILITIES	(£26,158)	(24,719)	£1,439	(£29)
(£183)	INTEREST & INVESTMENT INCOME	(£400)	(583)	(£183)	£0
£919	TOTAL INCOME	(£117,755)	(£117,155)	£600	(£319)
£9,816	NET TOTAL BEFORE CAPITAL	(£27,591)	(£17,383)	£10,208	£392
£1,555	DEPRECIATION	19,210	20,765	£1,555	£0
(£6,680)	TRANSFER TO MAJOR REPAIR RESERVE (MRR)	6,680	0	(£6,680)	£0
(£5,126)	CAPITAL PROGRAMME FUNDING	£25,891	£20,765	(£5,126)	£0
£4,691	NET TOTAL AFTER CAPITAL	(£1,700)	£3,382	£5,082	£392
£314	TRANSFER TO HRA LEASEHOLDER RESERVE	£1,700	2,014	£314	£0
£5,005	TRANSFER FROM/(TO) HRA RESERVE	(£0)	£5,396	£5,396	£392

Key Drivers of the Position (Summary):

- **Supervision & Management: £570,000 overspend**
BDMS Contract £3.565m relating to Management of We Fix and agency mostly offset by the removal of reside related costs from the HRA position, energy cost reduction and recharges into the HRA from the GF. The positive movement is mainly due to energy expenditure being reduced following new costing information, but work continues.
 - **Repairs and Maintenance: £7.220m overspend**
We Fix activity is the driving cause, **BDMS Contract £8.558m** relating to service costs (materials, Fleet, subcontractors, contact centre etc) and direct Fleet costs **£500,000** are slightly offset by **Direct Labour Organisation (DLO) (£1.105m)** and **Compliance (£734,000)** underspend. Adverse movement as per summary paragraph.
 - **Provisions: £917,000 overspend**
Bad Debt Provision is estimated to require £2.0m of the £3.309m budget following review at Quarter 3. However, a revised outlook of **Disrepair** Claim cases and current year outlays has meant that the year-end **provision** adjustment is estimated at £2.226m.
 - **Other Expenditure Lines: £901,000 overspend**
Insurance £1.062m reflects higher 2023/24 premiums on Building Insurance together with a recognition that the HRA will likely have to pay **Council Tax** for its void properties **£385,000**. This is offset in part by a reduction in the projected **CDC recharge (£252,000)** which was also reviewed alongside other recharges. **Interest Payable (£290,000)** has largely reduced due to HRA debt balances reducing slightly.
 - **Income: £600,000 under recovery**
Services & Facilities £1.439m is reflecting the removal of Reside income from the HRA position in 2023/24. **Dwelling Rents** is partially mitigating this **(£670,000)** due to reduced RTB sales and likely slippage in Estate Regeneration timetable. Improved **Interest Rates** means a positive outlook for cash balances **(£183,000)**. Positive movement mainly down to improved outlook on Dwelling Rents **(£290,000)**.
 - **Capital Programme & Financing: (£5,126m) underspend**
This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). **Depreciation** is expected to increase by **£1.555m** compared to budget and is mandatory. The **MRR** budget allocation has been released **(£6.680m)** to offer partial mitigation to the in-year overspend but capital borrowing costs could rise in future years for the HRA.
- As the HRA in year position must balance at Outturn, should mitigation not be identified, then this would require funding from the HRA Reserve (£18.4m).**
- Risks: £150,000 + 6 unquantified risks. Opportunities: (£1.3m).**

HRA: Period 10 Risks and Opportunities

ID	Service Area	Risk Description	Likelihood	Impact	Overall	Value '000	RAG	Mitigating Action	Portfolio
QUANTIFIABLE									
R1	Council Tax - voids	Council Tax is due from the HRA when properties are void. £385k is within the forecast position, but this could rise up to £150k.	2	2	4	£ 150		Mitigation can only be by reducing void times and informing Council Tax Team expediently. BDMS are key to this.	Community, Leadership and Engagement
						£ 150			
NON-QUANTIFIABLE									
RA	BDMS Repairs & Maintenance	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.	3	3	9			Service Charge Manager, BDMS and My Place Consultant have been working on this.	Community, Leadership and Engagement
RB	Historic Water Re-selling	Contracts between the water company and Council predating 2016 have been challenged through various legal routes (e.g. Southwark). It wasn't specific that the rate difference between what the Council was charged and the tenant charged covered administration duties by the Council. Could impact over 15,000 tenants.	1	4	4			Monitor. Business is considering options to refund tenants impacted although statute of limitations now applies.	Community, Leadership and Engagement
RC	Landlord Services Legal	Aside from Disrepair activity, there are other legal issues which are backlogging, causing lost rental income but will also likely cost above the budget legal costs to rectify.	4	2	8			Monitor, Landlord Services and Legal to manage	Community, Leadership and Engagement
RD	Capital Works - Blocks - Leasehold	When capital works are carried out on blocks, Leaseholder's within the block should be charged appropriate apportionment for eligible works. The actual cost should be charged within a certain timeframe. Delays from Be First providing final accounts of works causes loss of income to HRA.	3	4	12			Monitor, project group to be setup by Tony.	Community, Leadership and Engagement
RE	Long Term Debt - HRA	The HRA carries long term debt from the 2012 change in Policy which it will be expected to pay back. It has not begun paying back this debt despite being 11 years on. There is still time to do this but the longer this takes, the more material the funding requirement will be in future budgets.	2	2	4			My Place and Finance to monitor.	Community, Leadership and Engagement
RF	Borrowing Costs - Interest	If the Council agrees to a Capital Programme 2023/24 which is still higher than bare essentials, then the cost of this will likely be funded by borrowing. This will incur interest charges in future years.	1	1	1			Monitor and consider revised Capital Programme once completed in the Summer.	Community, Leadership and Engagement

ID	Service Area	Opportunity Description	Likelihood	Impact	Overall	Value '000	RAG	Action	Portfolio
QUANTIFIABLE									
O1	BDP	The Bad Debt Provision Budget is set at £3.309m and has historically not been fully required at year end. The opportunity value allows for some growth in the overall BDP but should be seen as an maximum figure.	3	4	12	(£100)		Following Qtr 3 review, forecast has been updated.	Community, Leadership and Engagement
O2	Compliance	There is a significant commitment in 2023/24 for Compliance expenditure. Some of which maybe capital in nature. Opportunity to transfer costs to Capital Programme.	3	3	9	(£400)		Service continues to review contractor spend.	Community, Leadership and Engagement
O3	Energy	Energy prices have fallen since budget setting was agreed. Plus Reside stock requires stripping from the HRA as part of project. Therefore it is likely a further reduction on Energy will follow in 2023/24.	4	2	8	(£800)		Energy Project is underway. Gas completed, now larger Electricity review has started	Community, Leadership and Engagement
O4					0	£0			
						(£1,300)			

Dedicated Schools Grant (DSG)

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

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

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

Capital Programme to P9

Strategic Function		Budget	Actuals	Forecast	Forecast	Change	Budget	Budget	Budget	Borrowing	Other Sources
		£000s	to P09 £000s	£000s	Variance £000s	in Variance £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s		
										£000s	£000s
GF - CARE & SUPPORT	CAP01	3,719	1,386	2,696	(1,023)	(861)	2,918	0	0	0	3,719
GF - INCLUSIVE GROWTH	CAP02	6,373	1,083	2,865	(3,509)	(3,033)	611	0	0	3,078	3,296
GF - CIL	CAP03	761	35	726	(35)	0	0	0	0	300	461
GF - TFL	CAP04	4,226	1,552	3,916	(310)	(217)	2,200	2,200	0	0	4,226
GF - ICT	CAP06	3,615	2,575	3,128	(487)	(563)	1,200	2,005	200	2,745	870
GF - COMMUNITY SOLUTIONS	CAP05	6	(4)	6	0	0	0	0	0	6	0
GF - CULTURE & HERITAGE	CAP07	1,121	51	527	(594)	(0)	294	294	0	427	694
GF - PARKS COMMISSIONING	CAP11	12,925	5,913	10,912	(2,013)	(9)	153	83	0	7,629	5,296
GF - ENFORCEMENT	CAP08	173	2	173	0	0	330	330	0	173	0
GF - MY PLACE	CAP09	3,937	1,348	2,421	(1,516)	(13)	1,434	1,000	0	3,596	341
GF - PUBLIC REALM	CAP10	8,510	4,653	5,707	(2,803)	28	5,487	5,287	0	7,774	735
GF - EDUCATION, YOUTH & CH	CAP20	15,254	11,540	18,186	2,932	1,619	8,559	11,466	0	0	15,254
GF - SALIX	CAP55	130	40	130	0	0	0	0	0	0	130
General Fund		60,751	30,173	51,394	(9,357)	(3,051)	23,186	22,664	200	25,728	35,023
HRA STOCK INVESTMENT	CAP30	14,000	6,390	13,989	(11)	(11)	20,289	27,933	37,760	0	14,000
HRA ESTATE RENEWAL	CAP31	4,000	1,551	4,000	0	0	4,400	0	0	0	4,000
HRA NEW BUILD SCHEMES	CAP32	544	156	820	276	0	0	0	0	0	544
HRA Total		18,544	8,097	18,810	266	(11)	24,689	27,933	37,760	0	18,544
IAS RESIDENTIAL	CAP40	242,297	180,619	275,182	32,884	17,124	190,378	111,699	18,708	122,154	120,144
IAS COMMERCIAL	CAP42	17,450	14,303	16,446	(1,004)	26	3,092	2,000	1,000	17,450	0
Investments Total		259,747	194,921	291,628	31,881	17,150	193,469	113,699	19,708	139,603	120,144
Total		339,042	233,191	361,832	22,790	14,088	241,344	164,296	57,668	165,331	173,711
Financed By:											
Borrowing		165,331	91,232	224,196	(10,530)	31,083	134,438	92,903	7,012		
Other Sources		173,711	141,959	137,635	33,320	(16,995)	106,907	71,394	50,656		
		339,042	233,191	361,832	22,790	14,088	241,344	164,296	57,668		

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Capital programme 2023/24 (P9)

The capital programme is funded from various sources including, grants, s106, CIL (Community Infrastructure Levy), revenue resources, HRA resources and borrowing. The value of schemes in the 2023/24 programme which are funded from borrowing is £284.192m. This is a reduction of £153m in the amount of borrowing that was approved in the Budget Report to February Cabinet.

Capital Programme Monitoring P9

Forecast outturn expenditure for 2023/24 is £361.832m which results in an in-year variance of £22.790m more than budget. This is an increase in the forecast position from P08 of £14.088m (P08 showed forecast of £8.692m above of in-year budget).

The IAS is reporting a variance against current year budget of £31.881m which is a significant increase in forecast compared to P08. The budgets will now not be updated but will be reported as an acceleration against budget. The accelerated spend is for Gascoigne West 2, and then the inclusion of Gascoigne East 3b and to reflect a revised cashflow for Transport House. This has been reflected in the Capital Programme and Capital Strategy 2023/24 to 2026/27 that will go to Cabinet in February.

The General Fund programme is reporting a forecast of £9.357m below in-year budget which is an increase in the forecast spend variance with the P08 forecast variance of £6.325m below budget, though with a few differences between service areas. The main changes in variance are due to the following:

- Inclusive Growth: Corporate Retrofit project now forecasting £2.772m slippage into 24-25. Works for £2m were due to commence on the leisure centres and CUL/Civic Centre in November-March but are now stalled to await outcome of PSDS3 and SPF bids for the work. £400k of works on the school portfolio have now also been rescheduled for 2024/25.
- Education: Increased costs due to general building cost inflation and accelerated spend compared to original budget profiling. All Education spend is funded from grants which have already been received but are profiled into future year budgets. Total expenditure will be contained within the available grant balances.
- My Place: Stock condition survey forecast revised down by to reflect delays in procuring the Frizlands fuel tanks and CCTV works.

It should be noted that in P8 highways projects were moved from My Place to Public Realm and CPZ works from Enforcement to Public Realm to reflect a recent restructure.

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