

## London Borough of Barking and Dagenham Budget Monitor: Period 8

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## London Borough of Barking and Dagenham Budget Monitor: Period 8

Table 1.	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month		
COMMUNITY SOLUTIONS	17,934,548	6,840,150	27,569,198	2,794,500	(1,311,000)		1,483,500	(900,000)	—	
CORPORATE MANAGEMENT	3,075,140	1,342,250	1,853,971	(2,563,419)			(2,563,419)	(46,517)	⬇	
INCLUSIVE GROWTH	322,991	1,018,760	2,083,611	741,860	(126,096)		615,764	(21,498)	✓	
LAW AND GOVERNANCE	1,359,100	(2,663,360)	1,533,571	2,837,831		(3,000,000)	(162,169)		✓	
MY PLACE	9,391,640	7,196,870	18,148,813	1,560,303	(50,000)		1,510,303	(56,000)	✓	
PEOPLE AND RESILIENCE	99,835,601	24,343,420	129,161,109	4,982,088	(328,740)		4,653,348	(833,495)	✓	
STRATEGY & CULTURE	8,978,030	(5,361,190)	7,268,035	3,651,195	(635,903)		3,015,292	14,431	—	
<b>TOTAL EXPENDITURE</b>	<b>140,897,050</b>	<b>32,716,900</b>	<b>187,618,308</b>	<b>14,004,358</b>	<b>(2,451,739)</b>		<b>8,552,619</b>	<b>(1,843,079)</b>	✓	
FUNDING	(140,897,050)	(32,716,900)	(174,758,408)	(1,144,458)			(1,144,458)		✓	
<b>TOTAL NET POSITION</b>	<b>0</b>	<b>0</b>	<b>12,859,900</b>	<b>12,859,900</b>	<b>(2,451,739)</b>		<b>0</b>	<b>7,408,161</b>	<b>(1,843,079)</b>	✓

Summary: The NET position has improved to a £7.4m overspend. This is the result of a £8.5m Overspend against total expenditure , 5% of Budget and favourable variance against funding of £1.144k. There have been improvements in Community Solutions and Care and Support.

Key Risks and Opportunities:

- Children's and Disability - Although there has been a positive movement in the overspend this period there are still large financial pressures in Care and Support arising from additional demand. Increases in the numbers of Children requiring social care intervention is leading to staffing pressures and increases in the cost of care and numbers of children with the most complex needs requiring residential/specialist care is leading to an overspend on placements. Disabilities is also showing a significant overspend and remains an area of risk with Home to School travel and CWD LAC residential placements increasing in number and cost. Adult's is increasingly unable to produce an underspend to mitigate the overspends in Care and Support due to rising Mental Health costs.
- Community Solutions - There are a range of pressures in Community Solutions arising from additional demand and the loss of grant. There are still several opportunities in this area that are being pursued to bring the overspend down. A new grant received this month has resulted in a downwards movement.
- Strategy and Culture remain 84% over budget. This is driven largely because of covid impacts on income. It has also been assumed up until now that the soil importation income target would be met. This has now been removed. Heritage income remains a risk in this area.
- We are now holding fewer central budgets following the write off savings and distribution of some contingencies. This should improve the service position but means there is much less of a buffer than in previous years.

## Community Solutions: Period 8

Forecast Position: £27.6m (overspend of £1.484m, 5.9% variance)

Table 2.

COMMUNITY SOLUTIONS	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
0 SUPPORT AND COLLECTIONS	1,936,697	4,603,920	7,790,617	1,250,000	(225,000)		1,025,000	
0 COMMUNITY SOLUTIONS	9,303,837	762,310	10,488,647	422,500	(180,000)		242,500	(900,000)
0 COMMUNITY PARTICIPATION AND PREVENTION	6,694,014	1,473,920	9,289,934	1,122,000	(906,000)		216,000	
<b>TOTAL NET POSITION</b>	<b>17,934,548</b>	<b>6,840,150</b>	<b>27,569,198</b>	<b>2,794,500</b>	<b>(1,311,000)</b>	<b>0</b>	<b>1,483,500</b>	<b>(900,000)</b>

### Key Drivers of the Position:

The total overspend for the Department is **£4.4m.**

This has been reduced by (£2.9m) mitigations.

The reported overspend of **£1.484m** is caused by the following:

This excludes COVID related costs charged to COMF.

- Reallocation of cost to one-off RSI Winter Grant **-£900k**
- Income target for Brocklebank & Foyer have not been removed, the buildings have been decommissioned. **£775k**
- Works & Skills Loss of grant **£400k**
- Comsol gap (includes £250k income target) **£318k**
- Pressure of TA (Voids & demand led) **£250k**
- Pressure of NRPF **£216k**
- Digitalisation **£180k**
- Contribution to Innovate system which was unbudgeted **£155k**
- CC & Careline (historic budget gap) **£59k**
- R&B Contact Centre (pressure of Agency cost after mitigations) **£31k**

**Total Variance** **£1.484m**

The loss of grant are due to combination of reduced amounts previously confirmed by grant providers , unsuccessful bids and ceased grants within Works & Skills.

Agency costs are due to increased demand and dealing with backlog of cases at contact centre.

### Mitigation Table (Mitigations are included in the forecast):

In Year Mitigation	Amount	RAG Rating
Coroners court - One Year Lease (from July)	112,500	Green
RSI funding SO1 posts	42,000	Green
Homelessness growth for 21/22	260,000	Green
Homelessness growth for 21/22	280,000	Green
Gatefiled Final Payment	53,000	Green
new burdens grant for Bus Rate	229,000	Green
Social Care funding 2 posts PO2 & Scale 5	96,000	Amber
2x Scale 5 - Frontline post	66,000	Amber
Invest to Save (from Growth)	100,000	Amber
GLA collection grant	250,000	Amber
Concessionary Fares	350,000	Amber
Reallocation of cost to Grant (RSI)	900,000	Amber
Brocklebank Rent	58,000	Red
Transformation or CSR	100,000	Red
<b>Total Potential Savings</b>	<b>2,896,500</b>	

## Community Solutions: Period 8 Risk and Opportunities

Forecast Position: £27.6m (overspend of £1.484m, 5.9% variance)

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

- Although Brocklebank has been decommissioned, there are ancillary costs being charged to the cost centre which may have an aggregate impact on the budget. We are investigating what these costs relates to.
- There are inherent risk associated with expected grants for Works & Skills, as there are possibility of the bids not being approved.
- Contributions towards additional costs associated with Community Banking worth £100k may not materialise.
- We are not able to identify Impacts which may arise from the Afghanistan Support Scheme. However, we do expect financial implications to arise.
- It is assumed COVID-19 related costs c£1.5m will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income may be impacted due to delay in Parking data.
- The Customer Services invoice c£700k to BDMS for 2020/21 is still outstanding due to cashflow issues. A further invoice will be issued in 2021/22. This relates to the Housing Repairs Service.

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

- Possible recharge of **£300k** to BDMS for additional duties at Contact centre will have a positive impact on the forecast
- Works & Skills have put forward grant bids worth circa **£245k**, if successful will reduce the overspend forecast
- A **£250k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast.
- An amount of **£775k** is earmarked to be funded from Treasury relating to decommissioning of Brocklebank and development of Foyer.

## Community Solutions: Period 8

Forecast Position: £27.6m (overspend of £1.484m, 5.9% variance)

		Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves
<b>COMMUNITY SOLUTIONS</b>								
SUPPORT AND COLLECTIONS	Support Services	(1,784,300)	3,310,220	2,550,920	1,025,000			1,025,000
	REVENUE SERVICES	(455,120)	1,293,700	1,063,580	225,000	(225,000)		
COMMUNITY SOLUTIONS	DIRECTOR OF COMMUNITY SOLUTIONS	128,550	276,700	(21,750)	(427,000)			(427,000)
	WORKS & SKILLS	394,260	903,860	1,878,120	580,000	(180,000)		400,000
	CUSTOMER CONTACT	7,854,242	(460,050)	7,663,692	269,500			269,500
COMMUNITY PARTICIPATION AND PREVENTION	PARTICIPATION AND ENGAGEMENT	1,160,980	107,380	2,174,360	906,000	(906,000)		
	TRIAGE SERVICES	2,497,044	174,000	2,887,044	216,000			216,000
<b>TOTAL NET POSITION</b>		<b>9,795,656</b>	<b>5,605,810</b>	<b>18,195,966</b>	<b>2,794,500</b>	<b>(1,311,000)</b>	<b>0</b>	<b>1,483,500</b>

### The overspend is due to 3 main lifecycles:

**Support & Collections:** £1.025m (Decommissioning of Brocklebank £525k, development of Foyer £250k, TA voids and demand £250k)

**Community Solutions: (£0.427m)** (relates to reallocation of general fund expenditure to one-off RSI Winter grant (£900k), Comsol historic gap £318k, cost of Innovate (one-off) £155k, W&S loss of grants £400k, digitalisation costs for Intranet re-design and strategy £180k and customer contact caseload agency costs (one-off) £31k & historic budget gap £59k). The Contact Centre is working on automation and efficiencies currently with a view to realise cost reductions by mid October 2022. This should bring the service back in line within budget.

**Community Participation & Prevention:** £216k (NRPF is a statutory function which has seen a 65% increase in demand compared to 2020/21)

## Corporate Management: Period 8

Forecast Position: £1.85m (underspend of £2.56m, 60% underspend variance)

Table 3.

CORPORATE MANAGEMENT	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
STRATEGIC LEADERSHIP	458,660	(746,620)	(320,147)	(32,187)			(32,187)	(58,742)
FINANCE	2,863,330	(537,890)	2,152,946	(172,494)			(172,494)	12,225
IAS	(4,418,610)	11,720	(4,356,890)	50,000			50,000	
CENTRAL EXPENSES	4,171,760	2,615,040	4,378,062	(2,408,738)			(2,408,738)	
<b>TOTAL NET POSITION</b>	<b>3,075,140</b>	<b>1,342,250</b>	<b>1,853,971</b>	<b>(2,563,419)</b>	<b>0</b>	<b>0</b>	<b>(2,563,419)</b>	<b>(46,517)</b>

- There is an underspend of £2.5m in Corporate Management. There is a much smaller underspend in central expenses than in previous years as several provisions have been released into service budgets including the £2m for write off of non achieved savings. This provides much less of a buffer against service overspends.
- The recent one off £50 bonus payment to staff has been funded from this budget
- There is also an underspend of £0.9m against the ELWA levy budget reflecting the latest agreement with the authority.
- The movement has been driven by recruitment for budgeted posts.

### Mitigation Table

NONE required in this area

## Corporate Management: Period 8 Risk and Opportunities

Forecast Position: £1.97m (underspend of £2.4m, 55% variance)

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

- A £2m budget provision has been made for the 21/22 pay award i.e., approx. a 2% uplift. If a higher award is made this will cause a budget pressure (either here or dispersed among services.)
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes a provision in line with last year may be required which would be an overspend of £1m. If the position worsens then further provision would be required.

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

- Currently the forecast assumes full spend against a number of contingency budgets including the central redundancy pot and insurance. If these are not required, then this will contribute further underspend to the Council position.
- In addition to the reduced in year ELWA contribution some previous funding has been returned to the member authorities. This is not included in the forecast.

## Inclusive Growth: Period 8

Forecast Position: £1.979m (overspend of £0. 637m, 47% overspend variance)

Table 4.

INCLUSIVE GROWTH	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
COMMERCIAL	(220,819)	(216,700)	(230,694)	206,825			206,825	(104,598)
INCLUSIVE GROWTH	543,810	1,235,460	2,209,707	430,437			430,437	66,165
<b>TOTAL NET POSITION</b>	<b>322,991</b>	<b>1,018,760</b>	<b>1,979,013</b>	<b>637,262</b>	<b>0</b>	<b>0</b>	<b>637,262</b>	<b>(38,433)</b>

### Key Drivers of the Position (Summary)

The £637k variance is caused by:

- An income target for Inclusive Growth of £394k which will not be met. This target was set several years ago on the basis of grant income which is no longer received. The only income received by IG is the CIL admin fee which is minimal.
- A shortfall of £175k on Film Unit income. The target is unachievable given the reduction in filming locations.
- £36k unfunded Added Years Compensatory costs

**Mitigation Table:** There are no mitigations within the forecast.

Opportunities: (These are NOT in the forecast)

- The forecast is based on gross income of £591,000 for the Film Unit and is based on known income to date. The level of income is anticipated to increase as the year progresses. However, it's unlikely that the net income target of £243,000 will be met, as the opportunity to generate income has been impacted by the reduction in filming locations, and the income target is unachievable.



## Law and Governance: Period 8

Forecast Position: Underspend of £162k after transfer of estimated £3m parking surplus to reserves

Table 5.

LAW AND GOVERNANCE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
WORKFORCE CHANGE / HR	2,132,460	(1,762,520)	406,540	36,600			36,600	
LAW & ASSURANCE	3,821,380	(1,935,890)	1,910,703	25,213			25,213	
ENFORCEMENT	(4,846,530)	1,293,500	(820,212)	2,732,818		(3,000,000)	(267,182)	
LEADERS OFFICE	251,790	(258,450)	36,540	43,200			43,200	
<b>TOTAL NET POSITION</b>	<b>1,359,100</b>	<b>(2,663,360)</b>	<b>1,533,571</b>	<b>2,837,831</b>	<b>0</b>	<b>(3,000,000)</b>	<b>(162,169)</b>	<b>0</b>

### Key Drivers of the Position (Summary):

Following WFB approval the Director of Law and Governance and PA salary costs have been recharged across LGHR. This will require services to work to contain these costs (£244k).

Parking income is forecast to over-achieve by £3m. PCN income to November has averaged £868k per month. It is anticipated that monthly income will fall between now and year end as some cameras will be out of use, but overall annual income including permits is forecast to be approx. £14.8m. The excess income will be taken to the Parking reserve at year end.

### Mitigation Table:

There are vacancies across Enforcement resulting in budget savings which mitigate overspends elsewhere within the Directorate.

## Law and Governance: Period 8 Risk and Opportunities

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 the income forecast will not be met. Performance will be closely monitored, and the forecast will be updated over the course of the year based on actuals.
- Private sector Housing Income target of 100k. There is a risk that this may not be achieved. Although significant penalty income of 314k has been raised, most of this remain unpaid. LBBD may need to apply to the court to progress recovery of invoices raised.

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

- There are significant staff vacancies currently being recruited to following major reorganisation. The level of underspend may vary depending on the success of the recruitment campaign.
- 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.

## My Place: Period 8

Forecast Position: £18.209m (overspend of £1.570m, 8.6% variance)

Table 6.

MY PLACE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
MY PLACE	(396,200)	7,784,670	8,515,133	1,126,663	(50,000)		1,076,663	(56,000)
PUBLIC REALM	9,787,840	(587,800)	9,693,680	493,640			493,640	
<b>TOTAL NET POSITION</b>	<b>9,391,640</b>	<b>7,196,870</b>	<b>18,208,813</b>	<b>1,620,303</b>	<b>(50,000)</b>	<b>0</b>	<b>1,570,303</b>	<b>(56,000)</b>

### Key Drivers of the Position (Summary):

- My Place:
  - a. £1.3m adverse variance due mainly to the recharge of expenditure to the HRA being below budget. The expenditure is being incurred, but was identified as non-HRA after the 2021/22 budget was set.
  - b. (£0.2m) mitigation within Property Assets.
- Public Realm:
  - a. Operations - £1.0m adverse variance related to excess expenditure on transport (£868k) and agency staff (£226k).
  - b. The above line is offset partly by Parks and Environments (£400k) due to above budget income recharges for Ground Maintenance and Arboriculture, Compliance (£169k) having favourable income forecasts, mainly on pest control.

**Mitigation Table:** Only minor mitigations currently in place around holding vacancies where possible for this financial year.

The underlying cause of the HRA recharge budget issue is being investigated to help determine appropriate steps for 2022/23 Budget Setting.

## My Place: Period 8 Risk and Opportunities

Forecast Position: £18.209m (overspend of £1.570m, 8.6% variance)

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

- £130k: Commercial Rental Income due fell in 2020/21 by £170k compared to budget. The service lead is reviewing the current leases.
- £130k: Dispersed Working Saving (Roycraft House) £312k - the original projected timeline of the closure date has slipped. £70k already in Outturn but risk of further slippage if indicated milestones (e.g. start date of new lease arrangement are delayed). This is a one off risk for 2021/22.
- Unquantifiable Risks:
  1. Energy Budget uncertainty not only due to global market but also the delays in actuals coming through and new contract prices engaging from October.
  2. BDMS Corporate Repairs and Maintenance costs have yet to be provided by our partner company for 2021/22. This generates both a possible risk that they could be higher than forecast or conversely, an opportunity if reactive works are limited.
  3. Arboriculture planned works relies on one FTE, therefore it is a recognised point of failure. This could impact forecast income recharges in Parks & Environments.
  4. An external consultant has been commissioned to carry out a Compliance Review that may have wider financial implications for My Place (and the HRA).
  5. It has been identified that Target Rent calculations used to set new lets since 2018/19 have been incorrect. There is a risk to the GF relating to potential benefit paybacks and/or penalty fees. Working Group established to address situation.

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

- (£100k) There is an opportunity that forecast Agency expenditure will reduce due to the easing of restrictions. Particularly around the changing requirements on self-isolation if you come into contact with an individual with C-19.
- Unquantifiable – Transport, with investment in new fleet in recent years, it can be expected that some further reduction in transport expenditure should be realisable from less hire, leasing and breakdowns. This has started to show in the forecast.

## People and Resilience: Period 8

Forecast Position: £129m (overspend of £4.9m, 4.9% variance)

PEOPLE AND RESILIENCE	Controllable	Non-Controllable	Full Year Forecast	Variance	Transfer (from)		Variance inc.	Movement from
	BUDGET FY	BUDGET FY			reserve	Transfer to reserve	Reserves	last month
DISABILITIES CARE AND SUPPORT	28,314,597	2,376,440	33,112,474	2,421,437			2,421,437	(240,000)
ADULT'S CARE & SUPPORT	19,000,720	3,076,900	21,627,620	(450,000)			(450,000)	(450,000)
COMMISSIONING - CARE AND SUPPORT	11,425,014	965,320	12,475,751	85,417			85,417	(200,060)
PUBLIC HEALTH	(559,250)	63,000	144,884	641,134	(328,740)		312,394	56,564
CHILDREN'S CARE & SUPPORT	38,078,960	1,216,300	41,382,360	2,087,100			2,087,100	
EDUCATION, YOUTH & CHILDCARE	3,575,560	16,645,460	20,418,020	197,000			197,000	
<b>TOTAL NET POSITION</b>	<b>99,835,601</b>	<b>24,343,420</b>	<b>129,161,109</b>	<b>4,982,088</b>	<b>(328,740)</b>	<b>0</b>	<b>4,653,348</b>	<b>(833,496)</b>

### Key Drivers of the Position (Summary):

- Disabilities Service:**
  - CWD LAC Disaggregation –is responsible for most of the pressure mainly due to the high-cost residential placements. The average weekly cost being £4,600 .
  - Home to school transport continues to carry an overspend due to the increasing demand for transport and the complexities of our children.
- Adults Care and Support**
  - ACS now reporting a £450k underspend due to £320k of one off CCG winter Pressures funding and £110k of workforce capacity grant funding mitigating existing spends within the service.
- Commissioning Care and Support**
  - Early Help Service has transferred over to Commissioning, bringing with it a pressure of £450k, this is due to a shortage of staff which need immediate short-term coverage.
  - A significant portion of this overspend is being mitigated by one-off in year measures such as BCF funding and underspends across other areas of the service, leaving only a small pressure of £85k.
- Public Health**
  - £312k overspend within PH solely on the Coroners and Mortuary service. This is our share of the overall service overspend which is demand led and is a shared service utilised by us and 4 other neighbouring boroughs.
- Children's Care & Support:**
  - The overall budget pressure sits within Corporate Parenting, in particular Residential placement costs which has seen a substantial increase over the past year due to a lack of suitable affordable placements, which has been exasperated because of COVID.
- Education, Youth & Childcare:**
  - £197k relates to unachievable income budgets due to historical corporate budget adjustments

In Year Mitigations:	Amount	RAG
<b>CCS Commissioning Led Cost Reduction Initiatives 21/22</b>		
Joint CCG Funding over and above budget	£226,000	
Care Leaver Transitions into Accomodation and Care step downs	£278,000	
Retrospective Residential Price Reductions	£82,000	
<b>CCS Operations Led Cost Reduction Initiatives 21/22</b>		
Reductions of Supplies and Services Spend (e.g venue hire)	£110,200	
<b>Disabilities Service</b>		
COMF Grant for HTST COVID Measures	£276,400	
<b>Adults Care and Support</b>		
One-Off CCG Winter Pressures Funding	£320,000	
Workforce Capacity Grant	£110,000	
<b>Commissioning</b>		
One-Off BCF Contrintion	£175,000	

## People and Resilience: Period 8 Risk and Opportunities

Forecast Position: £129m (overspend of £4.9m, 4.9% variance)

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

- D2A CCG Funding to cease – Nursing placement rates inflated due to COVID Discharges which will be difficult to bring back down to LBBB rates in the short term, this additional cost currently being covered by CCG funding which is due to end in September.
- The outcome of the Norfolk judgement is still a significant risk factor, the cost to the service is currently unknown but it is likely to be very significant if the legal case goes against us.
- Early Help service TOM has yet to be finalised, it is expected that the cost of the service will significantly rise once this is complete as the service is currently significantly understaffed.
- Loss of funding such as the BCF in the future is a significant risk for Commissioning as it generally funds annual contract uplifts.
- The Sexual Health service commissioned by Public Health is a demand led service, although there is no data to support a significant increase in demand, if such a scenario was to occur this could cause the service to overspend.
- The cost of coroners' inquest is a significant risk for Public Health. This cost is shared between five London Boroughs, the periodic increases of which is beyond LBBB's control.

### **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, currently going through a tendering process, this is not expected to bring about any cost's reductions/avoidance this financial year, but the hope is that we should see these benefits in the coming years.
- There is potential the forecast within the Disabilities Service can be reduced with the allocation of the workforce capacity fund which has yet to be finalised.
- The successful step down on any LAC in a high-cost placement will help reduce overall costs. The service conducts regular panel meetings to assess suitability of the children to be moved into less expensive settings whilst not compromising on the quality of care.
- There is scope to meet one off, non-recurrent costs of the Targeted Early Help service review from transformation funding. This will mitigate the current budget pressure in Children's Care and Support Commissioning.

## Strategy and Culture: Period 8

Forecast Position: £7.3m net expenditure; overspend £3m; 83% adverse variance

Table 8.

STRATEGY & CULTURE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
CULTURE & RECREATION	(83,350)	1,041,190	4,015,684	3,057,844	(555,903)		2,501,941	(40,885)
CHIEF INFORMATION OFFICER	7,160,730	(5,596,210)	2,050,520	486,000			486,000	
STRATEGY & PROGRAMMES	1,347,240	(312,290)	1,131,663	96,713	(80,000)		16,713	55,378
COMMUNICATIONS	553,410	(493,880)	70,168	10,638			10,638	(62)
<b>TOTAL NET POSITION</b>	<b>8,978,030</b>	<b>(5,361,190)</b>	<b>7,268,035</b>	<b>3,651,195</b>	<b>(635,903)</b>	<b>0</b>	<b>3,015,292</b>	<b>14,431</b>

### Culture and Recreation: Forecast overspend of £2.5m

Leisure overspend of £2m due to loss of concession income of £1.312k and the provision of a support package to Everyone Active of up to £878k, offset by Leisure Recovery grant of £515k.

Parks overspend of £739k mainly due to slippage in income from soil importation scheme.

Heritage overspend of £170k due to income under-recovery and overspend on NNDR. As Eastbury Manor remains closed the income target should still be considered to be at risk.

### Chief Information Officer: Forecast overspend of £486,000

Loss of Income from traded entities £313k. 10% increase in licences due to 250 new users.

IT equipment couriering £79k.

Reduced income from schools due to replacement of VoIP by 8\*8 telephony £45k.

There was a 5% vacancy factor applied to the salaries budget on transfer from Elevate which is not being met.

## Strategy and Culture: Period 8 Risk and Opportunities

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

- Heritage income remains a risk. The exposure should be limited to £300k.

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

- The NNDR bills for Eastbury Manor and Valence House have been appealed and, if successful, may result in a refund of up to £200k.
- There may be some soil importation income in 2021/22, as works have commenced.
- Income from Digital Advertising is set to increase. There are currently 33 small format advertising units for which the minimum guaranteed rental income is £5000 per unit plus a 35% share of income above the guaranteed sum. New units will be coming on-stream throughout the year and will generate additional income. There will be two large format sites in place before year end which will generate £10k each pa. The budget monitor does not currently include any income surplus over and above the income target of £158k.



## HRA: Period 8

Forecast Position: £249,000 overspend

PERIOD 7 VARIANCE	REPORT LEVEL	2021/22 PERIOD 8			
		BUDGET £'000	FORECAST £'000	VARIANCE £'000	CHANGE £'000
(£1,652)	SUPERVISION & MANAGEMENT	44,514	42,880	(£1,634)	£18
(£211)	REPAIRS & MAINTENANCE	18,564	18,353	(£211)	£0
£333	RENTS, RATES ETC	423	755	£333	£0
£0	INTEREST PAYABLE	10,742	10,742	£0	£0
£0	DEPRECIATION	16,879	16,879	£0	£0
£0	DISREPAIR PROVISION	0	0	£0	£0
(£1,309)	BAD DEBT PROVISION	3,309	2,000	(£1,309)	£0
£0	CDC RECHARGE	685	685	£0	£0
(£2,840)	<b>TOTAL EXPENDITURE</b>	<b>95,116</b>	<b>92,294</b>	<b>(£2,822)</b>	<b>£18</b>
(£636)	CHARGES FOR SERVICES & FACILITIES	(£20,581)	(£21,496)	(£915)	(£279)
£2,692	DWELLING RENTS	(£86,882)	(£84,190)	£2,692	£0
£13	NON-DWELLING RENTS	(£770)	(£757)	£13	£0
£0	INTEREST & INVESTMENT INCOME	(£50)	(£50)	£0	£0
£2,069	<b>TOTAL INCOME</b>	<b>(£108,283)</b>	<b>(£106,493)</b>	<b>£1,790</b>	<b>(£279)</b>
£1,281	TRANSFER TO HRA RESERVE	£ -	1,281	£1,281	£0
0	TRANSFER TO MRR	13,167	13,167	£ -	£ -
£510		£0	£249	£249	(£261)

### Key Drivers of the Position (Summary):

- Supervision & Management: **(£1.634m)**

(£1.293m) of underspend on internal recharges which is predominantly due to the My Place Recharge reduction compared to budget. (£287,000) on utilities, (£54,000) on security of premises budget not required this year.

- Bad Debt Provision: **(£1.309m)**

The budget has been prudently set at £3.309m for several years and has always been required at some level each year to bolster the existing provision. Last year the additional provision rose by 50%. However, it is not normally the case that the whole budget is required.

A BDP Review has been undertaken and based on a flat run rate, a £2.0m figure maybe required (compared to £1.2m in 2020/21). Therefore, the forecast has been reduced to match this.

- Dwelling Rents: **£2.692m**

£1.5m relates to void rates higher than both budget and last years Outturn. £900,000 relating to the Target Rent Rate issue, £399,000 Street Purchases which is in part also linked to void rates. £644,000 on service charges, adjusted for the Leaseholder Reserve movement £1.281m, where water and sewerage recovery is lower than budgeted in part due to RTB sales and excess voids.

- Charges for Services & Facilities/Transfer to HRA Reserve: **£366,000**

The Transfer to HRA Reserve line relates to the estimated Leaseholder Reserve Contribution for future planned Major Repairs, therefore, it has a relationship with the Charges for Services & Facilities income line.

The pressure relates to lower than budgeted income for water and sewerage recovery in part due to RTB sales and excess voids linked to the decant programme.

## HRA: Period 8 Risk and Opportunities

Forecast Position: £249,000 Overspend

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

- Unquantified: Energy Budget uncertainty not only due to global market but also the delays in actuals coming through and new contract prices engaging from October.
- An audit of compliance checks (gas, electricity, fire safety etc) is currently under way. Should this identify any areas of weakness or non compliance this will require immediate remedy.

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

- **£250k:** The Bad Debt Provision budget is set at £3.309m and has historically not been fully required at year end.
- Unquantified: Should the Capital Programme forecast for HRA Stock Investment fall by more than £3m, this will create an underspend on the HRA Forecast as less in year funds will be required. It may also reduce interest payable charges slightly due to reduced borrowing requirement. In addition, some schemes in the Programme attract Leaseholder funding which would be used instead of HRA funding where appropriate consultation was undertaken.

## In Year Savings: Period 8

### 2021/22 Savings, Income Targets and Dividends

#### Savings

High Risk	811,000	20%
Medium Risk	2,671,147	66%
Low Risk	440,000	11%
Delivered	127,000	3%
<b>Total</b>	<b>4,049,147</b>	<b>100%</b>

#### Income

High Risk	2,351,000	57%
Medium Risk	625,000	15%
Low Risk	442,027	11%
Delivered	143,000	3%
Deferred	600,000	14%
<b>Total</b>	<b>4,161,027</b>	<b>100%</b>

#### Dividend

Low Risk	5,128,330	100%
<b>Total</b>	<b>5,128,330</b>	<b>100%</b>

For the purposes of reporting savings , additional income targets and dividends are set out separately.

Savings: 86% of savings are high to medium risk currently. In some instances where savings are not being achieved alternatives are being delivered in year as mitigations. Community solutions is a good example of this.

High Risk: The contact centre restructure savings remain high risk. Currently there are staff pressures in this area driven by demand. The Foyer is also not making the £250k saving identified. The CHC transition money within Disabilities is recorded now recorded as medium risk.

Medium Risk: At 66% this is the biggest segment of savings. £1m of this is the result of Elevate Exit savings being identified as at risk. c.£650k of savings from Children's Efficiencies are also recorded as medium risk the area is delivering significant mitigation but is overspent against budget. Community Solutions restructure saving is not being made, but in year mitigations are delivering against this savings target. The remainder is a timing delay in exiting Roycraft House, £300k and HR restructure resulting in the savings being unlikely to be recognised in full. £600k relating to Central Park landscaping has been deferred to next financial year and recognised as income not savings.

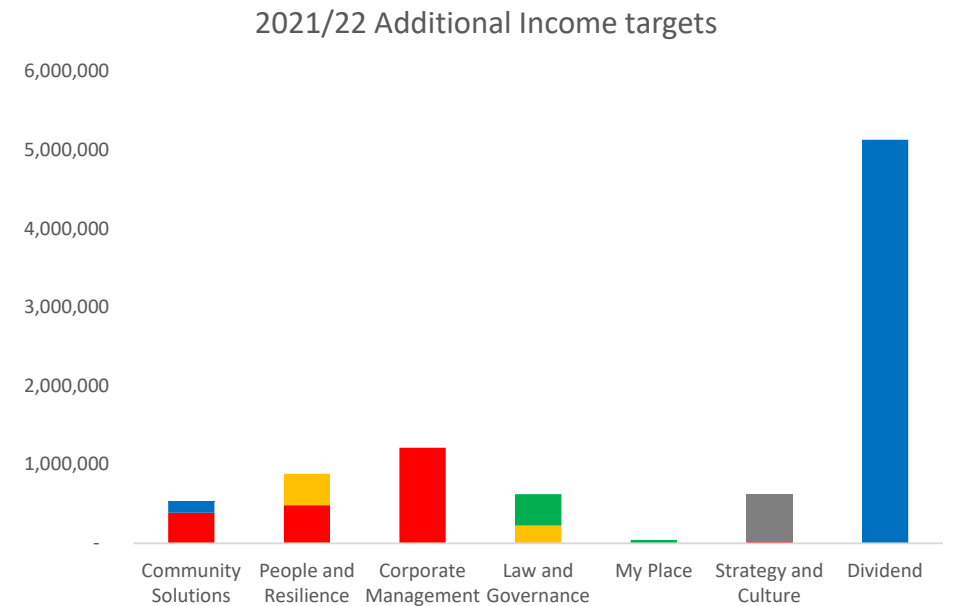
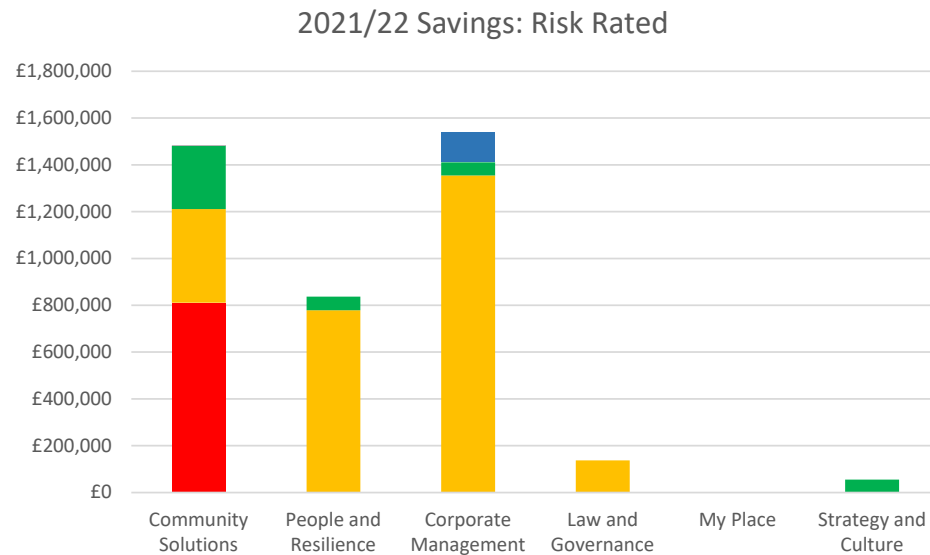
Income:

High Risk: £600k of CTSS, £614k of Central Core debt, £483k of Disabilities improvements, and £388k of improving debt collection income is recorded as high risk. Heritage income of £25k is also recorded as high risk.

Medium Risk: £400k of income generation in Adults social care. £145k in enforcement regulatory service income and £80k of Barking Market extra day income are identified as medium risk.

The biggest movement in this arena is dividends which are now low risk due to the expectation of Be First paying a £6m dividend.

## In Year Savings: Period 8



### MTFS Savings/Income Position: 2021/22 to 2024/25

Across the MTFS c£16m in savings and income needs to be delivered. 75% of these proposals are to be delivered in 2021/22, c£13m, meaning that it is crucial that savings are delivered in this year. Of these 48% rated as high or medium risk. C£2.7m is to be made in 2022/23 and c£0.1k is due in 2023/24.

The savings to be made in 2022/23 are primarily made up of £1.1m from the children's efficient TOM. This is currently high risk and a further £1.1m from Brocklebank within Disabilities, which is also high risk. £0.2m from CHC transitions in Disabilities which is also recorded as high risk.

## Companies Position: Period 8

Dividend income remains high risk.

The Medium-Term Financial Plan outlined a target of £12.4 from Company Dividends. Included in the £12.4m are income targets of £4.3m for Be First and £0.9m for BDTP which were included in the savings and income target programme representing the incremental increases from the previous year.

At present we are forecasting the following for each company:

- BDTP – no dividend is forecast for this financial year with a significant risk over the next two years of the MTFP
- Be First – we are forecasting a £6m dividend payment for this year, post tax, this is the dividend for 2019/20 and 2020/21. The balance of the £10.2m return will be made up of commercial income and New Homes Bonus from current year activity.
- Reside – There will be a marginal dividend, this will not offset the pressures and we will not be certain on the position until closer to year end
- BD Energy – no income is forecasted in this financial year in line with budget

As of March 2021, included within the MTFP is income from dividends and investment activity from subsidiary companies. The income targets currently in the MTFS are shown in the table below:

£million	2020-21	2021-22	2022-23	2023-24	2024-25
Be First	4.733	10.390	10.895	10.707	10.707
BDTP	1.225	2.100	2.100	2.100	2.100
<b>TOTAL INCOME TARGET</b>	<b>5.958</b>	<b>12.490</b>	<b>12.995</b>	<b>12.807</b>	<b>12.807</b>