

## London Borough of Barking and Dagenham Budget Monitor: Period 10

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one borough; one community; no one left behind

**Barking &  
Dagenham**

## London Borough of Barking and Dagenham Budget Monitor: Period 10

Table 1.	Controllable	BUDGET	Non-Controllable	Full Year Forecast	Variance	Transfer (from)		Variance inc.	Movement from
	FY	BUDGET FY				reserve	Transfer to reserve		
COMMUNITY SOLUTIONS	17,934,548	6,840,150	25,509,496	734,798	(926,000)	200,000	8,798	(1,474,702)	
CORPORATE MANAGEMENT	3,075,140	1,342,250	1,304,051	(3,113,339)			(3,113,339)	(454,222)	
INCLUSIVE GROWTH	322,991	1,018,760	1,384,463	42,712		257,058	299,770	(226,676)	
LAW AND GOVERNANCE	1,359,100	(2,663,360)	(10,891,249)	(9,586,989)		8,761,456	(825,533)	(663,364)	
MY PLACE	9,391,640	7,196,870	18,377,174	1,788,664	(50,000)		1,738,664	193,000	
PEOPLE AND RESILIENCE	99,835,601	24,343,420	126,895,473	2,716,452		1,334,928	4,051,380	(1,814)	
STRATEGY & CULTURE	8,978,030	(5,361,190)	6,664,719	3,047,879	(635,903)		2,411,976	(547,987)	
<b>TOTAL EXPENDITURE</b>	<b>140,897,050</b>	<b>32,716,900</b>	<b>169,244,128</b>	<b>(4,369,822)</b>	<b>(1,611,903)</b>	<b>10,553,442</b>	<b>4,571,717</b>	<b>(3,175,765)</b>	
FUNDING	(140,897,050)	(32,716,900)	(174,134,408)	(520,458)			(520,458)		
<b>TOTAL NET POSITION</b>	<b>0</b>	<b>0</b>	<b>(4,890,280)</b>	<b>(4,890,280)</b>	<b>(1,611,903)</b>	<b>10,553,442</b>	<b>4,051,259</b>	<b>(3,175,765)</b>	

Summary: The NET position has improved to a £4.05m overspend. Total Expenditure is c£4.6m, reduced by c£520k of additional funding, reducing to a NET position £4.05m. This is an overall movement of c£3.176k less expenditure from P9 to P10.

### Key Risks and Opportunities:

- Children's and Disability service remain the two areas of pressure within care and support, resulting in £4.7m of overspend. This is offset by £1.8m underspend within Adult's and minor overspends within Education, Youth and Children's and Public Health. There has been a net reduction in month of c£1.8k within Care and Support.
- Community Solutions – has a net movement of c£1.48m resulting in a overspend of c£9k. This is driven by £400k of additional grant in works and skills, Universal holding vacancies and utilising Kick Start trainees and additional grant £400k, concessionary fares and underspend on staffing in customer contact make up the remainder of the movement. There is the potential for this to move a further £400k, resulting in an underspend of c£391k in this area.
- Law and Governance is reporting a c£9.6m income, a in month movement of £663k is driven by underspends in staffing due to a delay in recruitment. Also, of note is that the transfer to reserves has increased to £8.8m, this is due to forecasted increased income and underspends across the area.
- Strategy and Culture are 67% over budget. This is driven largely because it has 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 but should be limited to £300k. There are also opportunities within this area for additional income from digital advertising and an appeal on NNDR for Eastbury Manor and Valence House . A reduction in the IT forecast from Period 9 to Period 10 has primarily driven the movement of £548k in month.
- 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.
- The company BDTP will not be paying the £2m dividend. This will be covered by the Investment Reserve.

## Community Solutions: Period 10

Forecast Position: £25.5m (overspend of £9k)

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
SUPPORT AND COLLECTIONS	1,936,697	4,603,920	6,714,382	173,765			173,765	(851,235)
COMMUNITY SOLUTIONS	9,303,837	762,310	10,159,398	93,251			93,251	(149,249)
COMMUNITY PARTICIPATION AND PREVENTION	6,694,014	1,473,920	8,635,716	467,782	(926,000)	200,000	(258,218)	(474,218)
<b>TOTAL NET POSITION</b>	<b>17,934,548</b>	<b>6,840,150</b>	<b>25,509,496</b>	<b>734,798</b>	<b>(926,000)</b>	<b>200,000</b>	<b>8,798</b>	<b>(1,474,702)</b>

### Key Drivers of the Position:

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

This has been reduced by (£2.9m) mitigations we have been reporting up to period 9. The additional £1.5m mitigations has been added on to the Mitigation table as at period 10.

This excludes COVID related costs charged to COMF.

The reported overspend at period 9 was **£1.484m**

Details of period 10 mitigations (*these are all one-off mitigations*)

Works & Skills - New Grant award (UKCRF) £400k

Universal – Holding vacancies (Using Kickstart Trainees to deliver service) & Additional Grant (Social Prescribing & COMF) £400k

Customer Contact – Holding vacancies & Concessionary Fares (Based on usage – Travel cards) £530k

Triage – Holding vacancies x3 (these are currently out for recruitment) **£145k**  
**£1,475k**

**Request to transfer £200k to reserve for launch of Community Hubs in 2022/23**

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	Green
2x Scale 5 - Frontline post	66,000	Green
Invest to Save (from Growth)	100,000	Green
GLA collection grant	250,000	Green
Concessionary Fares	350,000	Green
Reallocation of cost to Grant (RSI)	900,000	Green
Brocklebank Rent	58,000	Green
Transformation or CSR	100,000	Green
<b>Total Potential Savings P09</b>	<b>2,896,500</b>	
UKCRF Grant	400,000	Green
Additional COMF	210,000	Green
Social prescribing	69,000	Green
Vacancies (Frontline Officer)	121,000	Green
Concessionary Fares	400,000	Green
Vacancies (Customer Service Officers)	130,000	Green
Vacancies - x3 Frontline Officer	145,000	Green
<b>Total Potential Savings P10</b>	<b>4,371,500</b>	

## Community Solutions: Period 10 Risk and Opportunities

Forecast Position: £25.5m (overspend of £9k)

### **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.
- 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£1m will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income is impacted due to delay in 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
- A **£100k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast.

## Corporate Management: Period 10

Forecast Position: Underspend of £3.113k

CORPORATE MANAGEMENT	Controllable	Non-Controllable		Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
	BUDGET FY	BUDGET FY	Full Year Forecast					
STRATEGIC LEADERSHIP	458,660	(746,620)	(340,707)	(52,747)			(52,747)	(4,630)
FINANCE	2,863,330	(537,890)	1,623,586	(701,854)			(701,854)	(449,632)
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)	40
<b>TOTAL NET POSITION</b>	<b>3,075,140</b>	<b>1,342,250</b>	<b>1,304,051</b>	<b>(3,113,339)</b>	<b>0</b>	<b>0</b>	<b>(3,113,339)</b>	<b>(454,222)</b>

- There is an underspend of £2.4m in Central Expenses. This is a much smaller underspend 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 forecast underspend for Finance has increased by £449k which is largely accounted for by a recharge of £419k to the Pension Fund and the traded entities.

### Mitigation Table

NONE required in this area

## Corporate Management: Period 10 Risk and Opportunities

Forecast Position: £1.76m (underspend of c£2.7m, 53%)

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 several contingency budgets including the central redundancy pot and insurance. If these are not required, then this will contribute further underspends 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 as it is being carried forward for use in future years.

## Inclusive Growth: Period 10

Forecast Position: Overspend of £299k after transferring £257k to reserves

	Controllable BUDGET FY	Non- Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
INCLUSIVE GROWTH								
COMMERCIAL	(220,819)	(216,700)	(405,426)	32,093			32,093	(63,916)
INCLUSIVE GROWTH	543,810	1,235,460	1,789,889	10,619		257,058	267,677	(162,760)
<b>TOTAL NET POSITION</b>	<b>322,991</b>	<b>1,018,760</b>	<b>1,384,463</b>	<b>42,712</b>	<b>0</b>	<b>257,058</b>	<b>299,770</b>	<b>(226,676)</b>

### Key Drivers of the Position (Summary)

The £299k variance is caused by:

- An overspend of £267k for Inclusive Growth. Inclusive Growth have an income target 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. This is offset by an underspend on salaries which is due to vacant posts. (This is the reason why the forecast has reduced.)
- A further contributory factor is £36k unfunded Added Years Compensatory costs which are beyond service control.
- The overspend of £32k in Commercial Services is due to a shortfall in income for the Film Unit due to the reduction in filming locations. This is offset by salary underspends across the service.
- Transfers to reserves comprise £125k Levelling Up grant capacity funding and £132k Economic Development growth funding .

## Law and Governance: Period 10

Forecast Position: Underspend of £826k after transfer of estimated £5.9m parking surplus to reserves and £2.9m PRPL to reserve

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)	363,253	(6,687)			(6,687)	(43,287)
LAW & ASSURANCE	3,821,380	(1,935,890)	1,685,491	(199,999)			(199,999)	(225,212)
ENFORCEMENT	(4,846,530)	1,293,500	(12,970,063)	(9,417,033)		8,761,456	(655,577)	(388,395)
LEADERS OFFICE	251,790	(258,450)	30,070	36,730			36,730	(6,470)
<b>TOTAL NET POSITION</b>	<b>1,359,100</b>	<b>(2,663,360)</b>	<b>(10,891,249)</b>	<b>(9,586,989)</b>	<b>0</b>	<b>8,761,456</b>	<b>(825,533)</b>	<b>(663,364)</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 be around £5.9m above the expected level as traffic levels have increased after lockdown. PCN income to January has averaged £891k 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. £16.2m. This additional income will be taken to the Parking reserve at year end while proposals for its use to improve local transport, highways management, community safety, mobility and environmental concerns are developed. The focus of investment will be to generate future improvements for residents of the Borough. The underspend in Enforcement is due to several vacancies which the service are currently trying to recruit.



## Law and Governance: Period 10 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 actual income will be lower than the current forecast. Performance will be closely monitored, and the forecast will be updated over the course of the year based on actuals.
- 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. LBBB 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 10

Forecast Position: £18.377m (overspend of £1.789m, 9.7% variance excluding transfers from reserves)

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 CENTRAL	(19,225,830)	1,168,320	(16,057,929)	1,999,581			1,999,581	235,000
HOMES AND ASSETS	18,829,630	6,616,350	25,020,489	(425,491)	(50,000)		(475,491)	98,000
PUBLIC REALM	9,787,840	(587,800)	9,414,614	214,574			214,574	(140,000)
<b>TOTAL NET POSITION</b>	<b>9,391,640</b>	<b>7,196,870</b>	<b>18,377,174</b>	<b>1,788,664</b>	<b>(50,000)</b>	<b>0</b>	<b>1,738,664</b>	<b>193,000</b>

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

- My Place £1.574m:
  - 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. Commercial Rent income forecasts have been downgraded in Period 10 by £340,000 following detailed analysis. This is a realisation of the risk.
  - c. Mitigation within Property Assets.
- Public Realm £214k overspend:
  - a. Operations - £734,000 adverse variance related to excess expenditure mainly on transport (£649,000).
  - b. The above line is offset largely by Parks and Environments (£647,000) due to above budget income recharges for Ground Maintenance and Arboriculture as well as utilising internal workforce instead of subcontracting.
  - c. Fleet Management has reduced income recharges £306,000 and this is partly offset by Compliance (£199,000) having favourable income forecasts, mainly on pest control.

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

The HRA/My Place Recharge Budget issue is being addressed in the Budget Setting process for 2022/23.

## My Place: Period 10 Risk and Opportunities

Forecast Position: £18.377m (overspend of £1.789m, 9.7% variance excluding transfers from reserves)

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

- £50k: Dispersed Working Saving (Roycraft House) £312k - the original projected timeline of the closure date has slipped to the 14th February. £122k already in Outturn. Risk reduced as handover date confirmed. Remaining risk associated with Business Rates relief.
- 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. Corporate Repairs and Maintenance charges from BDMS for 2021/22 have now begun to be shared with Budget Holders across the Authority and Schools. The material areas of My Place forecast has been updated.
  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. Succession planning and the reduction in overreliance to the post is being factored into the future establishment structure.
  4. The Compliance Review was undertaken and there is likely to be cost implications mainly impacting 2022/23 for My Place. Current year implications have been factored into the Outturn.

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

- 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 10

Forecast Position: £127m (overspend of £4m, 3% variance)

PEOPLE AND RESILIENCE	Controllable BUDGET FY	Non-Controllable BUDGET FY	Full Year Forecast	Variance	Transfer (from) reserve	Transfer to reserve	Variance inc. Reserves	Movement from last month
DISABILITIES CARE AND SUPPORT	28,314,597	2,376,440	32,869,429	2,178,392			2,178,392	
ADULT'S CARE & SUPPORT	19,000,720	3,076,900	20,888,358	(1,189,262)			(1,189,262)	(8,385)
COMMISSIONING - CARE AND SUPPORT	11,425,014	965,320	11,958,644	(431,690)		409,312	(22,378)	(134)
PUBLIC HEALTH	(559,250)	63,000	(977,769)	(481,519)		800,616	319,097	6,704
CHILDREN'S CARE & SUPPORT	38,078,960	1,216,300	41,738,791	2,443,531		125,000	2,568,531	(0)
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>126,895,473</b>	<b>2,716,452</b>	<b>0</b>	<b>1,334,928</b>	<b>4,051,380</b>	<b>(1,814)</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.
  - This has been a stable position throughout the year with no further change to the position expected this year.
- Adults Care and Support**
  - Adults Care and Support reporting a £1.18m underspend, this is mainly due to one-off income from the CCG for hospital discharges, which is mitigating COVID related increases in demand, especially within Mental Health.
- Commissioning Care and Support**
  - One-off funding from COVID grants & D2A discharge grants have mitigated budget pressures that did exist at the start of the year such as Equipment costs and EH service.
- Public Health**
  - £319k 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 for the Services sits within Corporate Parenting. There has been a substantial increase in Residential placements to a country wide demand for places, which has been exacerbated by the COVID –19 pandemic.
  - This position has remained stable throughout the year and there is no shift to this in period 10.
- 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 Accommodation 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>		
CCG Discharge Funding - Equipment	£240,000	

## People and Resilience: Period 10 Risk and Opportunities

Forecast Position: £127m (overspend of £4m, 3% 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.

### **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.
- 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.
- Brocklebank ASD units although delayed, are expected to bring about cost reductions next year by providing cheaper accommodation for our most complex clients. This should however be flagged as very high risk.
- Government extends Free PPE offer for Adult Social Care sector

## Strategy and Culture: Period 10

Forecast Position: Overspend of £2.4m

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	4,041,847	3,084,007	(560,903)		2,528,104	(17,388)
CHIEF INFORMATION OFFICER	7,160,730	(5,596,210)	1,627,168	62,648			62,648	(423,352)
STRATEGY & PROGRAMMES	1,347,240	(312,290)	944,018	(90,932)	(75,000)		(170,932)	(87,447)
COMMUNICATIONS	553,410	(493,880)	51,686	(7,844)			(7,844)	(19,800)
<b>TOTAL NET POSITION</b>	<b>8,978,030</b>	<b>(5,361,190)</b>	<b>6,664,719</b>	<b>3,047,879</b>	<b>(635,903)</b>	<b>0</b>	<b>2,411,976</b>	<b>(547,987)</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 £898k, offset by Leisure Recovery grant of £515k.

Parks overspend of £939k mainly due to slippage in income from soil importation scheme.

Heritage overspend of £190k due to income under-recovery and overspend on NNDR. As Eastbury Manor remains closed the income target should still be considered at risk.

The transfer from reserves of £560k is mainly grant funding including £514k Leisure Recovery grant.

Chief Information Officer: Forecast overspend of £62k

The forecast overspend for IT at Month 9 was £486k, so is a significant reduction in the forecast overspend. The IT budget has been increased by a contribution of £775k from Central Expenses in recognition of IT technological requirements and increased costs. The resultant forecast is an overspend of £62k.

## Strategy and Culture: Period 10 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.
- The forecast position on IT is to be confirmed.

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. No review of NNDR advised by A Knight – no income for 21/22.
- There may be some soil importation income in 2021/22, as works have commenced. **Amendum P10** – No income for this parks project for 21/22
- Income from Digital Advertising is set to increase. There are currently 33 small format advertising units for which the minimum guaranteed rental income is £5,000 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.
- **P10** Advertising projection added to monitor. Income on Advertising was meant to offset the overspend in the Insight Hub. Insight & Innovation – F1076C outturn now projected for year end and included in P10 spreadsheet (£111,650).

## HRA: Period 10

Forecast Position: (£311,000) under spend

PERIOD 9 VARIANCE	REPORT LEVEL	2021/22 PERIOD 10			
		BUDGET £'000	FORECAST £'000	VARIANCE £'000	CHANGE £'000
(£1,634)	SUPERVISION & MANAGEMENT	44,514	42,273	(£2,242)	(£608)
(£211)	REPAIRS & MAINTENANCE	18,564	19,036	£472	£683
£333	RENTS, RATES ETC	423	701	£279	(£54)
£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
(£2,822)	<b>TOTAL EXPENDITURE</b>	<b>95,116</b>	<b>92,316</b>	<b>(£2,799)</b>	<b>£22</b>
(£915)	CHARGES FOR SERVICES & FACILITIES	(£20,581)	(£22,162)	(£1,581)	(£667)
£2,692	DWELLING RENTS	(£86,882)	(£84,165)	£2,717	£25
£13	NON-DWELLING RENTS	(£770)	(£757)	£13	£0
£0	INTEREST & INVESTMENT INCOME	(£50)	(£50)	£0	£0
£1,790	<b>TOTAL INCOME</b>	<b>(£108,283)</b>	<b>(£107,134)</b>	<b>£1,148</b>	<b>(£642)</b>
£1,281	TRANSFER TO HRA RESERVE	£ -	1,340	£1,340	£59
0	TRANSFER TO MRR	13,167	13,167	£ -	£ -
£249		£0	(£311)	(£311)	(£560)

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

- Supervision & Management: **(£2.242m)**

(£1.502m) of underspend on internal recharges which is predominantly due to the My Place Recharge reduction compared to budget for BD Cleaning (corrected for 2022/23). Plus (£805,000) on utilities which is a mixture of where Gas and Electricity is under review and where water and sewerage expenditure is reducing as less stock exists or tenants switch to metered.

- Bad Debt Provision: **(£1.309m)**

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.

- Repairs and Maintenance: **£472,000**

The projected overspend (and majority of the movement) relates to an increased forecast outturn for Revenue Voids of £800,000, which are out of scope works, carried out by BDMS or sub-contractors to bring properties back to lettable standards. It is likely that some of this expenditure is also to mitigate future disrepair claims. This is partly offset by DLO underspend.

- Dwelling Rents/Service Charges: **£2.476m**

£1.421m in relation to the void rate being 3.2% compared to budget of 1%. This has been compounded by the Regeneration Programme as more HRA stock is decanted. £900,000 related to Target Rent issue which is due to reduce the Rental Income for 2021/22. £397,000 relating to Street Purchases where the budget is set too high in 2021/22. The 2022/23 budget has been adjusted to reflect these activities. Leaseholder Service Charge income has mitigated some of these pressures.



## HRA: Period 10 Risk and Opportunities

Forecast Position: (£311,000) Underspend

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

- **£300,000:** Service Charges are raised based on an estimate, then actualised six months after the financial year. For 3 years, the process has concluded actualisation as lower than the estimate. This is down to issues in budget estimates but also being unable to identify costs at block level in certain areas (e.g. R&M).
- An audit of compliance checks (gas, electricity, fire safety etc) has been completed and the business is preparing a programme to respond. 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)

- **£250,000:** 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 a maximum figure.
- 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 10

### 2021/22 Savings and Income Targets

#### Savings

High Risk	1,974,000	42%
Medium Risk	2,108,147	45%
Low Risk	440,000	9%
Delivered	127,000	3%
<b>Total</b>	<b>4,649,147</b>	<b>100%</b>

#### Income

High Risk	2,351,000	66%
Medium Risk	625,000	18%
Low Risk	442,070	12%
Delivered	143,000	4%
<b>Total</b>	<b>3,561,070</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 through in year as mitigations. Community solutions is a good example of this.

High Risk: The Elevate Exit saving of c£1.04m is now recorded as high risk. £900k of this savings was to be delivered through Revenue and Benefits. This is now considered unachievable. Although, there have been several financial benefits from bringing this service in house. 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 now recorded as medium risk.

Medium 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, £312k 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. A further £150k relating to the Adult's DRE charging policy is high risk. Heritage income of £25k is also recorded as high risk. Strategy & Culture £91k of concessionary fares income.

Medium Risk: £600k relating to Central Park landscaping has been deferred to next financial year. £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.

## Companies Position: Period 10

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:

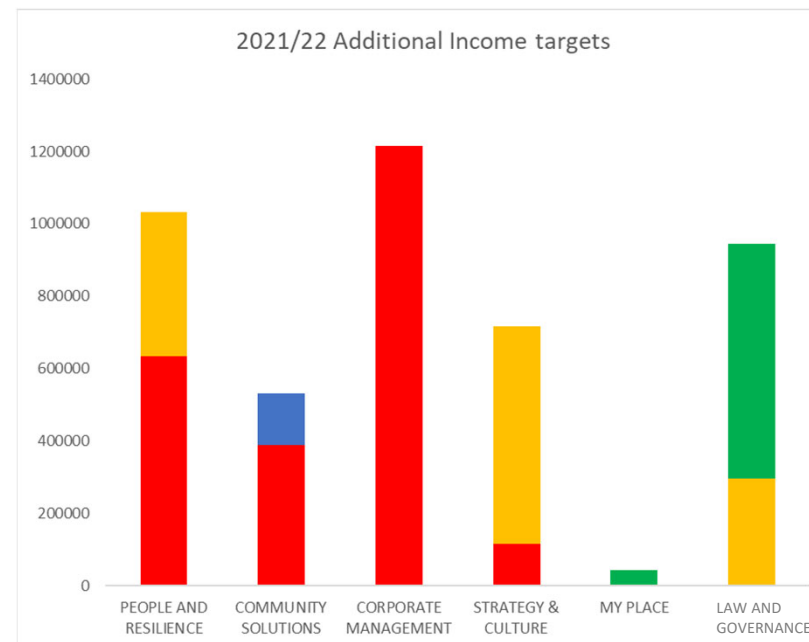
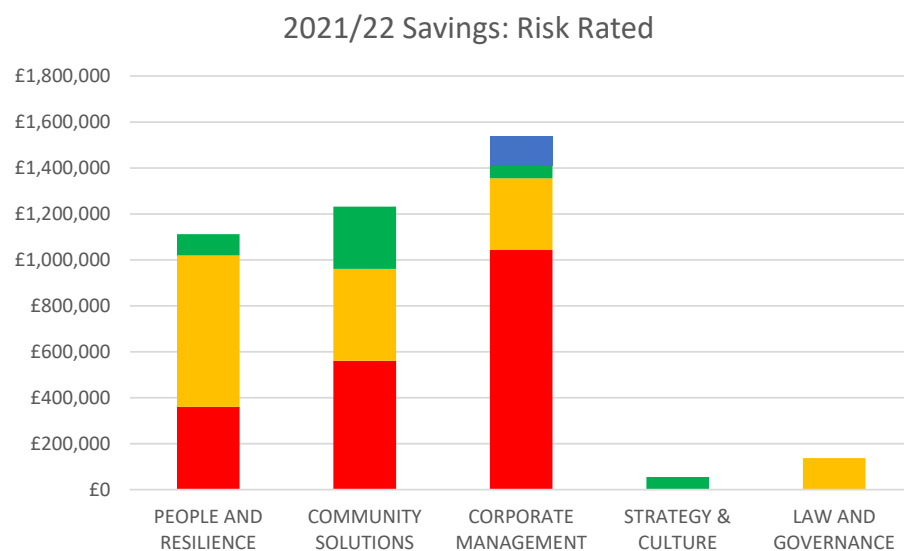
- BDTP – no dividend is forecast for this financial year with a significant risk over the next two years of the MTFP. This is £2m but will be covered by the investment reserve.
- Be First – we are forecasting a £6m dividend payment for this year, post tax, this is the dividend for 2019/20 and 2020/21. 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

It is expected that any overall shortfall this year will be funded by drawing down from the Investment Reserve.

As of March 2021, included within the MTFP is income from dividends and investment activity from subsidiary companies. The income targets currently in the MTFP 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>

## In Year Savings: Period 10



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

Across the MTFS c£16m in savings and income needs to be delivered. 95% 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 52% rated as high or medium risk. C£2.9m 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.