

## APPENDIX A



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## London Borough of Barking and Dagenham Budget Monitor: Period 5

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**Barking &  
Dagenham**

## Revenue Outturn - There is a c£17.5m overspend forecast as at P5, £15.5m overspent on services and a £2m under recovery of funding

### Variance against Budget

#### Summary:

This is a worse position since last month mainly driven by the worsening position in My Place linked to increasing operational costs in Public Realm

#### Key Drivers

##### • People & Resilience:

- The position is c£6m over, C£2m within disabilities driven by the overspend in the SEND travel spend and LAC with disabilities. Children's is c£4m overspent as a result as a result of Corporate Parenting, with a pressure of £3.9m, a £900k increase from last year. This is solely down to Fostering, where the full year effect of the uplift given to carers is now being felt. The remaining pressure is on staffing where there has been special dispensation given to increase spend on temporary resource to address the Ofsted recommendation on senior manager review of caseloads within CIN this directly relates to case load levels. The Ofsted letter is available online to review and the CPG paper approving the spend can also be provided.

##### • Corp Management:

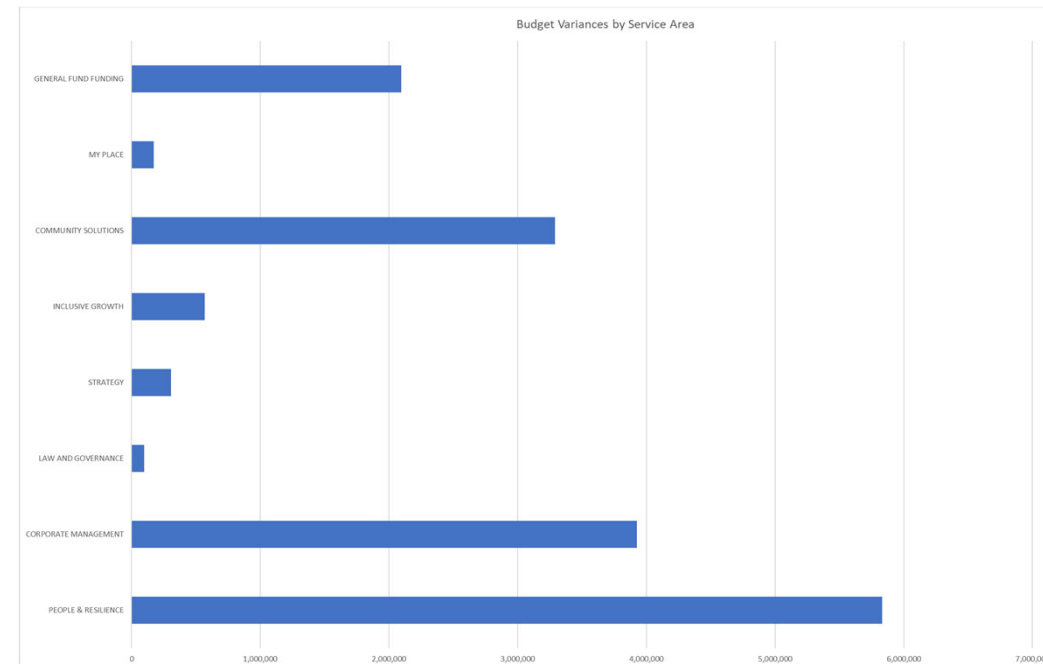
- The budget reflects a 2% pay rise provision. Noting inflation and public sector pay awards the forecast reflects a 6% pay rise resulting in a £4m overspend within this area. Contingency budgets held here in previous years have been redistributed to services leaving no central underspend cushion.

##### • Community Solutions:

- £3.3m variance from budget. This is driven by the change in the HRA recharge policy which has had a c£2m impact. The remainder are variance across the services.

##### • Company Dividends:

- The company dividends are forecast to be £2m lower as a result of BDTP being unable to meet the budgeted income.



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**Barking &  
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## London Borough of Barking and Dagenham Revenue Forecast

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
PEOPLE & RESILIENCE	129,929,230	107,532,940	22,396,290	43,523,396	135,984,843	0	0	6,055,613	6,055,636
CORPORATE MANAGEMENT	4,933,320	9,602,910	-4,669,590	16,701,074	8,416,412	0	0	3,483,092	3,927,745
LAW AND GOVERNANCE	-2,777,915	-265,175	-2,512,740	1,291,728	-2,956,320	1,946,433	-1,532,324	235,704	97,522
STRATEGY	2,026,429	2,832,599	-806,170	3,185,339	3,959,603	0	-1,574,046	359,128	304,248
INCLUSIVE GROWTH	4,737,340	1,797,630	2,939,710	-1,642,058	6,280,101	0	-725,609	817,152	568,815
COMMUNITY SOLUTIONS	25,454,948	19,561,458	5,893,490	6,744,784	30,357,864	295,000	-1,807,000	3,390,916	3,289,356
MY PLACE	18,756,779	37,453,434	-18,696,655	19,774,347	19,910,537	0	0	1,153,758	172,558
<b>GENERAL FUND I&amp;E</b>	<b>183,060,131</b>	<b>178,515,796</b>	<b>4,544,335</b>	<b>89,578,610</b>	<b>201,953,040</b>	<b>2,241,433</b>	<b>-5,638,979</b>	<b>15,495,363</b>	<b>14,415,881</b>
<b>GENERAL FUND FUNDING</b>	<b>-183,060,131</b>	<b>-183,060,131</b>		<b>-5,763,627</b>	<b>-180,965,131</b>	<b>0</b>	<b>0</b>	<b>2,095,000</b>	<b>2,095,000</b>
<b>GENERAL FUND</b>	<b>0</b>	<b>-4,544,335</b>	<b>4,544,335</b>	<b>83,814,983</b>	<b>20,987,909</b>	<b>2,241,433</b>	<b>-5,638,979</b>	<b>17,590,363</b>	<b>16,510,881</b>

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

Aside from this People and Resilience is the most significant area of overspend of **£6m, 5.6% of the overall budget**. This is primarily driven by the overspend within Children's. The area has received £5m in growth in 2021/22 to their base budget. This is a key area of risk for the Council as a small variance can have a significant impact on the overall position.

Community Solutions is a volatile area that is demand driven, **although £2m of it's overspend is driven by the HRA**. This is a key area of risk where mitigations are being developed, growth was allocated to this area to write off unachievable savings in prior years.

Corporate Management has been reduced to allocate budgets to services. There is less availability of this resource to cover other overspends. The area is forecasting an overspend as a **result of the forecasted 6% pay award**.

BDTP is not assumed to **make £2m in dividend payment this year**, which has reduced funding. The Be First contribution is currently assumed to be secure as a result of the Mueller site profits.

## London Borough of Barking and Dagenham Budget Monitor: Period 5 Risk and opportunities

### Risk

- There are still some data and reporting issues arising from the implementation of the new ERP and Financial Systems which are making it harder for Finance and budget holders to gain full and up to date financial information. This has been improving over time but remains a significant financial risk with incomplete data available to make financial decisions, or to take remedial action if spend profiles are driving an overspend or under achievement in income. Particular remaining issues are the backlog of payroll/agency miscodings and some issues with income.
- This month is the first time budget holders have used CP. Although there has been a good start we do not yet have full compliance and it may take some time before all managers are confident using the system.
- The cost-of-living crisis and increased inflation has meant pressure on the pay award request. Built into the budget was a 2% award however the LGA employers offer amounts to around a 6% increase creating a significant pressure. In addition, we have made provision of £0.5m for the PWC review of Senior Pay and £0.5m other potential recruitment/retention requirements.
- HRA and General Fund recharge policy change has resulted in an increase of costs of c£2.7m within the General Fund. This will drive an overspend to be managed in year as this was not built into the budget.
- The income for PRPL is forecasting a shortfall of c£1.5m and will require a drawdown from reserve. This will leave a balance of c£0.3m on the reserve. The scheme is currently in year 3 of 5. A full review of the scheme will be carried out in the current year.

### Opportunities

- At this early point of the year forecasts will reflect risks but there has been little time to build an exact mitigations. We would therefore anticipate that this forecast will reduce as the year progresses and mitigations take effect.
- Income for Parking is forecasting a c£2m surplus. This is in-line with prior year income. The income target has been increased by c£3.5m in the current year. There is a likelihood that the income will be higher than forecast. This will be a result of introduction of new CPZ schemes and Safer School Streets, but this is currently difficult to quantify.

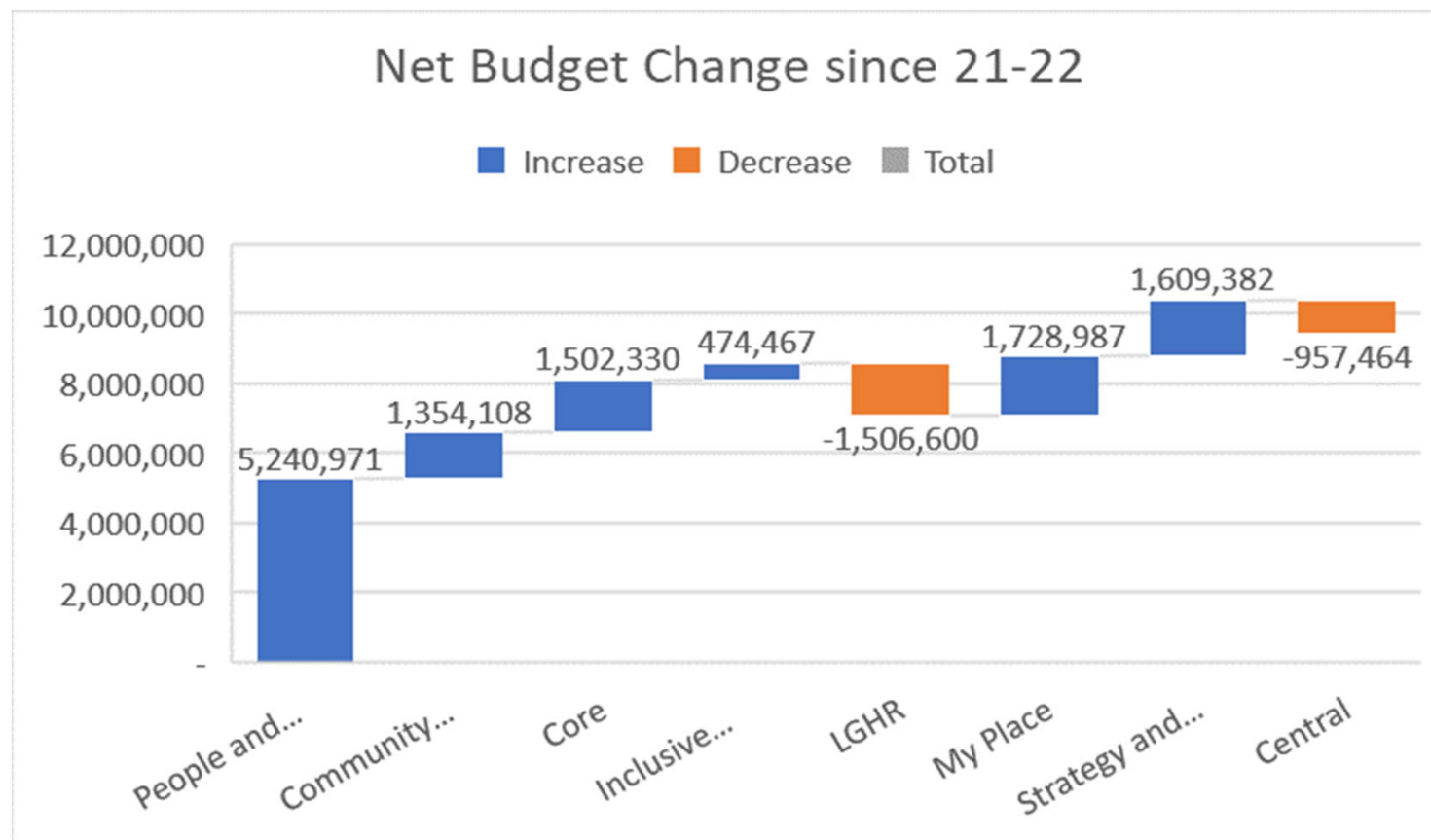
## **London Borough of Barking and Dagenham Budget Monitor: Methodology**

- This month is the first month where Collaborative Planning has been used and budget holders have been asked to enter and submit their forecasts.
- The tables are largely drawn directly from CP and show the data entered on that system – except an offline correction has been made for Early Help as changes to the reporting structure in month caused a technical issue.
- In CP reports default to showing TOTALS at the top of the tables not at the bottom.
- CPG are asked to note the completion rates show that the majority of users are entering data at cost centre level. This is promising given the newness of the system and the short timetable this month (because 1st Sept fell on a Thursday the deadlines were particularly tight. However the full cycle of review and approval at higher levels is not yet in place – this will take time to embed but is likely to be an important driver of compliance.

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

### Several areas have received growth since 2021/22.

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



Note: this is based on the structure at the time of the MTFS so may differ slightly from current.  
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## 2022- 23 Savings – including brought forward savings

	2022-23 MTFs Savings	TOTAL SAVING '£000s	RAG RATING	Target for 22-23	Expected Achieved 22-23	Comments
EYC	Fixed Penalty Income	50	Amber	50	25	Finance estimate based on rag rating
ComSol	Working with VCS in community centres	90	Achieved	90	90	albeit by other means
LGHR	Parking Income	250	Achieved	250	250	
LGHR	Other Income - fines and market	70	Green	70	70	Income running slightly under profile but forecast to be achieved
LGHR	Further Parking Income	1,498	Green	1,498	1498	Income very robust
IT	Cyber Security	40	Achieved	40	40	
ComSol	Debt and Affordable Credit	580	Green	580	580	
My Place	Property Management	154	Red	154	0	Won't be achieved in 22/23 as dependent on restructure.
IT	various efficiencies	167	Amber	167	167	MPLS and Mobile Telephony achieved. Digital postroom and IT Procurement in progress
Disabilities	New CHC Monies from Transition clients	240	Amber	240	0	
Disabilities	Brocklebank	1,100	Red	1,100	0	Plans still being decided, timeline not achieved
Childrens	Efficient TOM	1,100	Red	1,100	0	Implementation postponed
		5,339		5,339	2,720	
	Brought Forward from previous years					
Inclusive Gr	Central Parks Landscaping Income	400	Green	400	400	Anticipated total income is £825k across 3 years
Adults	Transformation Income Generation	400	Green	400	400	
Enforcemen	Barking Market Additional Day	80	Green	80	80	
	TOTAL	6,219		6,219	3,600	



## Community Solutions: Period 5

Forecast Position: £28.8m (overspend of £3.4m, 13.3% Variance)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
<b>COMMUNITY SOLUTIONS</b>	<b>25,454,948</b>	<b>19,561,458</b>	<b>5,893,490</b>	<b>6,744,784</b>	<b>30,357,864</b>	<b>295,000</b>	<b>(1,807,000)</b>	<b>3,390,916</b>	<b>3,289,356</b>
SUPPORT AND COLLECTIONS	9,261,950	4,569,330	4,692,620	2,339,882	12,714,708		(800,000)	2,652,758	2,582,709
COMMUNITY SOLUTIONS	6,698,956	6,851,506	(152,550)	3,547,741	7,657,540	130,000	(215,000)	873,584	839,344
COMMUNITY PARTICIPATION & PREV	9,494,042	8,140,622	1,353,420	857,160	9,985,616	165,000	(792,000)	(135,426)	(132,698)

### Key Drivers of the Position:

The reported overspend of **£3,391k** is caused by the following:

#### **Support & Collections;**

• Impact of HRA recalculation	£1,656k	
• Pressure on TA (Voids & demand led)	£250k	
• Under recovery on Bailiff Fees	£530k	
• Revenues & Benefits Budget Pressure (Historic Budget Pressure)	<u>£217k</u>	
		<b>£2,653k</b>

#### **Community Solutions;**

• Impact of HRA recalculation	£311k	
• Oneview System Annual Subscription	£300k	
• Customer Services FTC Staff	<u>£262k</u>	
		<b>£873k</b>

#### **Community Participation & Prevention;**

• Impact of HRA recalculation	-£33k	
• Everyone Everyday	<u>-£100k</u>	
		<b>-£135k</b>
		<b><u>£3,391k</u></b>

## Community Solutions: Period 5 Risk and Opportunities

Forecast Position: £28.8m (overspend of £3.4m, 13.3% 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 not able to identify Impacts which may arise from the Homes for Ukraine scheme. However, we do expect financial implications to arise.
- It is assumed COVID-19 related costs c£0.1m will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income is impacted due to delay in data and recruitment.

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

- A **£250k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast.

## Corporate Management: Period 5

Forecast Position: £8.4 (Overspend of 3.4m)

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers	Variance	Last Period
CORPORATE MANAGEMENT	4,933,320	9,602,910	(4,669,590)	16,701,074	8,416,412			3,483,092	3,927,745
STRATEGIC LEADERSHIP	(334,261)	412,359	(746,620)	200,739	(370,914)			(36,653)	(2,327)
FINANCE	5,579,118	12,172,848	(6,593,730)	6,803,595	4,915,700			(663,418)	(250,750)
IAS	(4,167,250)	(4,178,970)	11,720	(2,476,600)	(4,164,909)			2,341	
CENTRAL EXPENSES	3,855,713	1,196,673	2,659,040	12,173,340	8,036,535			4,180,822	4,180,822

### Key Drivers of the Position:

There is a forecast overspend of £3.483m on Corporate Management . There is a net shortfall in income from the HRA of £338k.

- **Strategic Leadership** - £36k underspend : HRA recharge shortfall of £103k on Procurement Gainshare offset by underspends of £140k due to senior leadership vacancies.
- **Finance** - £663k underspend:  
 IT - 794k underspend mainly due to £315k underspend on salaries and £458k savings from the Oracle to Advanced E5 and Itrent contract costs offset by 26k over recovery estimate on entities and external recharges.  
 Finance and Audit - £131k overspend with Finance and Audit, largely due to a HRA income shortfall of £188k.
- **Investment Strategy** - £2k overspend
- **Central Expenses** - £4.18m overspend: The Local Government employers offer is an approx. 6% pay increase on average (higher for lower grades, lower for managers/professional grades). This is significantly higher than the roughly 2% provision made in the MTFs. Currently other contingencies and provisions are assumed to be fully used. It should be noted that these are much lower than in previous years as funds have been transferred to services.

## Corporate Management: Period 5 Risk and Opportunities

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

- A £2m budget provision made for the 22/23 pay award. If a higher award is made this will cause a budget pressure (either here or dispersed among services.) The forecast assumes an approx. 6% award in line with offers made to other public service workers. However the final position is unlikely to be settled for some time. In addition there are risks from the Senior Leadership review and also a number of services are reporting recruitment/retention issues that mean result in other upwards pressures on pay.
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes spend to budget – however the economic situation may mean that debt could rise.
- Finance recruitment and staff retention becoming increasingly difficult
- Insufficient engagement within the Council over risk management & Internal audit practices

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

- Currently the forecast 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.

## Inclusive Growth: Period 5

Forecast Position: Overspend of £817k

		This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variance Inc Reserves	
		Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
10E	INCLUSIVE GROWTH TOTAL	4,737,340	1,797,630	2,939,710	(1,642,058)	6,280,101		(725,609)	817,152	568,815
10EA	COMMERCIAL	257,849	(368,111)	625,960	(2,654,533)	1,015,620			757,771	515,932
10EB	INCLUSIVE GROWTH	4,479,491	2,165,741	2,313,750	1,012,475	5,264,481		(725,609)	59,381	52,883

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

Inclusive Growth are forecasting an overspend of £817k. There is a net shortfall in income from the HRA of £312k. This is because the value of the recharges to the HRA has been recalculated but the budget has not been adjusted.

- **Commercial Services – 757k overspend**
- £370k relates to the reduced HRA recharge. The greatest impact is in Procurement where there was a historic fixed fee of £331k chargeable by Agilisys to the HRA. As part of the Elevate exit business case it was agreed that Procurement would continue to make the charge to the HRA. Now the recharge no longer takes place this has left a budget gap of £331k.
- £218k estimated Film Income shortfall. The Film Office is finding it increasingly difficult to meet the income target, as the number of filming locations dwindles as the borough is being regenerated.
- Across Commercial services there is a net pressure of £76k on salaries budgets in addition to a forecast overspend of £33k from added years pension top ups.
- **Inclusive Growth – 59k overspend**
- Parks Commissioning: £35k overspend : £17k budget pressure costs for Eastbrookend Discovery Centre and £21k shortfall for Licence & Permit income.
- Culture and Heritage :£175k overspend on salaries, NNDR and income under-achievement.
- Inclusive growth core team: £191k underspend due to 58k HRA recharge income increase, anticipated CIL admin fee income £40k and staffing underspend of £71k due to restructure implementation.

## Inclusive Growth: Period 5 Risk and Opportunities

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

- Key risk is that the film studios operator MBS/Hackman do not continue to fund the existing post or the programme beyond the initial endowment, which is projected to last 5 years.
- There is a risk that the City of London does not re-locate the wholesale markets to the borough, in which case we will not receive additional funding beyond the s106 funding received to date. This would shorten the impact and length of the programme to 2 years. Longer term, there is a risk that the City of London does not provide funding to support the ongoing nature of the programme beyond the s106 funding.
- Heritage income remains at risk with Eastbury Manor House only open 1 day per week, making it difficult to meet income targets.

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

- The opportunity is to establish ongoing sponsorship from MBS/Hackman for the film studios, as well as using the endowment to leverage additional funding and resources from the sector and visiting productions. There are also opportunities to commercialise/self-fund elements of the programme, to ensure long term sustainability, including by creating a training space that can be leased to different providers to deliver sector-specific training.
- The opportunity for the food sector is to establish ongoing sponsorship from the City of London, and leverage further additional funding from external sponsors.
- The Business Rates bills for Eastbury Manor and Valence House have been appealed and, if successful, may result in a refund of up to £200k.

## Law and Governance: Period 5

Forecast Position: -£2.5m (overspend of £0.2m, 8.4% Variance). Overspend is after transfer of c£2m parking surplus to reserves and drawdown c£1.5m PRPL from reserve

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
<b>LAW AND GOVERNANCE</b>	<b>(2,777,915)</b>	<b>(265,175)</b>	<b>(2,512,740)</b>	<b>1,291,728</b>	<b>(2,956,320)</b>	<b>1,946,433</b>	<b>(1,532,324)</b>	<b>235,704</b>	<b>97,522</b>
WORKFORCE CHANGE / HR	569,217	2,331,737	(1,762,520)	1,600,864	1,053,020			483,803	469,495
LEGAL	1,749,180	3,225,440	(1,476,260)	3,220,407	1,904,817			155,637	177,688
ENFORCEMENT	(5,096,733)	(6,081,223)	984,490	(3,657,008)	(5,960,731)	1,946,433	(1,532,324)	(449,889)	(549,661)
LEADERS OFFICE	421	258,871	(258,450)	127,464	46,574			46,153	

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

The HRA recharge has been recalculated and this has resulted in an income shortfall across Law and Governance of £615k.

There are significant staff vacancies within the Enforcement Service which has resulted in a forecast underspend of c£450k. A recruitment campaign is currently in process, which may slightly impact the forecast underspend.

Parking income is forecast to be around £2m above the expected level as traffic levels have increased after lockdown and the introduction of new CPZ schemes. This additional income will be taken to the Parking reserve at year end while proposals for its use to improve local transport, highways management, community safety, mobility and environmental concerns are developed. The focus of investment will be to generate future improvements for residents of the Borough. The Private Sector Property Licensing (PRPL) scheme income target will not be met and a drawdown of c£1.5m will be required from reserves.

## Law and Governance: Period 5 Risk and Opportunities

Forecast Position: -£2.5m (overspend of £0.2m, 8.4% Variance) Overspend is after transfer of c£2m parking surplus to reserves and drawdown c£1.5m PRPL from reserve

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

- The Private Sector Property Licensing (PRPL) scheme has a challenging income target across five years and so there is a long term risk that it might not generate sufficient net income to meet the income target of £1.924m. This is not currently assessed as high risk but must be monitored.
- Parking income is volatile and depends on driver behaviour and compliance. There is a risk that actual income will be lower than the current forecast. Performance will be closely monitored, and the forecast will be updated over the course of the year based on actuals.
- Private sector Housing Income target of 100k. There is a risk that this may not be achieved.

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

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



## My Place: Period 5

Forecast Position: **£1.154m** overspend (£1.700m underlying after adjusting for HRA Fixed Recharges impact)

		This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
		Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
10G	MY PLACE	18,756,779	37,453,434	(18,696,655)	19,774,347	19,910,537			1,153,758	172,558
10GA/B	MY PLACE (HOMES & ASSETS)	8,291,725	23,855,380	(15,563,655)	11,820,206	9,310,935	0	0	1,019,210	685,649
10GC	PUBLIC REALM	10,465,054	13,598,054	(3,133,000)	7,954,142	10,599,602	0	0	134,548	(513,091)

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

- My Place **£1.019m**:
  - a. £266,000 reflects the variance in the HRA Fixed Recharges that were reviewed in April 2022 compared to the current budget. These affect Depots, Highways and Compliance. Therefore, the underlying variance is **£753,000** driven by:
    - a. Commercial Assets: £657,000  
The income budget was profiled on the expectation of increased rental income due to rent reviews, however, this has not occurred yet due to changes in the team and limited capacity. Furthermore, increased costs from insurance, repairs and maintenance have exacerbated the position
    - b. Property Assets: £338,000  
Highways is projecting a £857,000 overspend, much of this relates to energy projections on its street lighting and illuminated signage plus undeliverable savings of £150,000. This is offset in part from underspends in staffing on Asset Management (**£152,000**) and Major Works (**£367,000**). The later of which, will require more review and could be partially reversed in Period 6.
    - c. (**£242,000**) in Business Development and Contract Management.

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

- **Public Realm £135,000** Overspend:
  - (**£813,000**) the HRA Fixed Recharges that were reviewed in April 2022 compared to the current budget.
  - Offset by:
    - Waste Operations: £325,000, Street Cleansing: £406,000  
The environment has played a factor in putting pressure on the 2022/23 staffing budget with Storm Eunice, the pandemic impacting carried forward leave for staff, creating a need for overtime and agency cover whilst staff have taken leave. Compounding this in year, the fire in Beam Parklands and the ongoing heatwave and drought has had its effect.
    - Fleet & Transport Expenditure £623,000  
Following Qtr 1 recharges, the forecasts have been revised which have seen increases in Waste and Street Cleansing in particular. Fleet Management & Workshop itself has seen a £385,000 increase. A review is required.
    - (**£406,000**) mainly within Compliance with increased income forecast compared to budget and vacancies.

## My Place: Period 5 Risk and Opportunities

Forecast Position: **£1.154m** overspend (£1.700m underlying after adjusting for HRA Fixed Recharges impact)

Risks: **£2.300m** (These are risks that are NOT in the forecast that we are monitoring)

- £2.0m: Total of outstanding invoices with BD Management Services relating to Fleet running costs.
- £150k: Highways is facing inflationary pressures on maintenance contracts.
- £75k: Ward Budget expenditure should only be capital in nature. However, sometimes schemes are progressed that do not meet the definition and this expenditure must be charged to the general fund revenue budget. The value is based on last years impact.
- £75k: Cemetery and Crematoria income is at risk despite prudently reducing the income budget for 2022/23. This risk is based on current fees and charges.
- Unquantifiable Risks:
  1. Energy Budget uncertainty (other than Street Lighting).
  2. Corporate Repairs and Maintenance charges from BDMS for 2022/23 are now due for Quarter 1.
  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. Further HRA Fixed Recharges are expected to be reviewed which could generate further adverse variances until funding is identified from the general fund.

Opportunities: **(£102k)** (These are opportunities that are NOT in the forecast that we are monitoring)

- Commercial: The overspend in Commercial Assets could be reduced if the service is able to initiate some of the budgeted plans around rent reviews and letting voided properties.

## People and Resilience: Period 5

Forecast Position: £136m (overspend of £6m, 4.6% variance)

		This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
		Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
<b>10A</b>	<b>PEOPLE &amp; RESILIENCE</b>	<b>129,929,230</b>	<b>107,532,940</b>	<b>22,396,290</b>	<b>43,523,396</b>	<b>135,984,843</b>			<b>6,055,636</b>	<b>6,055,636</b>
10AA	DISABILITIES CARE & SUPPORT	29,550,582	28,757,822	792,760	12,643,815	31,430,833			1,880,251	1,880,251
10AB	ADULT'S CARE & SUPPORT	23,629,160	20,937,980	2,691,180	10,188,628	23,464,512			(164,648)	(164,648)
10AC	COMMISSIONING - CARE & SUPPORT	14,555,353	13,590,033	965,320	(3,654,023)	14,555,353				
10AD	PUBLIC HEALTH	(318,250)	(381,250)	63,000	4,117,709	(318,250)				
10AE	CHILDREN'S CARE & SUPPORT	40,741,709	39,525,409	1,216,300	16,338,839	45,081,741			4,340,032	4,340,032
10AF	EDUCATION, YOUTH & CHILDCARE	20,522,911	3,915,181	16,607,730	4,751,925	20,522,888				
10AG	EARLY HELP SERVICE	1,247,765	1,187,765	60,000	(863,497)	1,247,765				

### 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 should be noted as not being within the control of the Disabilities director, but currently reports under here.
- **Adults Care and Support**
  - Adults Care and Support currently reporting a small underspend.
- **Commissioning Care and Support**
  - Currently reporting breakeven.
- **Public Health**
  - Growth was awarded to the Coroners and mortuary service which means this service currently has no budget pressure, PH is grant funded and is expected to remain within its allocation.
- **Children's Care & Support:**
  - The overall budget pressure for the Services sits mainly within Corporate Parenting, with a pressure of £3.9m, a £900k increase from last year.
  - The increase is currently solely down to Fostering, where the full year effect of the uplift given to carers is now being felt.
  - The remaining pressure is on staffing where there already exists a significant pressure due to increased resources being brought in to manage rising case numbers since the pandemic. This has increased further this year due to special dispensation being awarded to increase spend in order to recruit additional temporary resources to meet Ofsted recommendations specifically around the review of cases.
  - This has been partly offset by the growth award for 22/23.
- **Education, Youth & Childcare:**
  - Currently reporting breakeven.
- **Early Help Service:**
  - Currently reporting breakeven.

## People and Resilience: Period 5 Risk and Opportunities

Forecast Position: £136m (overspend of £6m, 4.6% variance)

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

- D2A CCG Funding has now ceased, although there is some short term funding, the lasting impact of the pandemic is expected to increase base costs permanently.
- 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.
- Market stabilisation and Fair Cost of Care impact is currently being worked on, although there is some short term funding to mitigate this, the ongoing impact is currently unfunded and will increase our base care rates.
- Cap on Care Costs legislative change will mean that more costs will fall on the LA rather than the individual within Adults Care and Support.
- The 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.
- Hays Social Worker Review may lead to an increase in salary and incentive offers to social workers across the board.

### **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, service is in now implemented and client reviews starting to take place, we hope to see savings/cost avoidance this year and in the future.
- The HDP reserves are currently not in the forecast, this could potentially improve the forecasted outturn or mitigate some of the fair cost of care risk once it materialises.
- If the interim resources projected in Children's care and support are not brought in immediately this could potentially improve the position with some of the cost falling into the next financial year.

## Strategy: Period 5

Forecast Position: Overspend of £359k

	This Years Budget			Actuals/Forecast		Transfers to/from Reserves		Variances Inc Reserves	
	Revised	Controlled	UnControlled	YTD Actuals	Current Forecast	Transfers to	Transfers from	Variance	Last Period Variance
<b>STRATEGY TOTAL</b>	<b>2,026,429</b>	<b>2,832,599</b>	<b>(806,170)</b>	<b>3,185,339</b>	<b>3,959,603</b>	<b>0</b>	<b>(1,574,046)</b>	<b>359,128</b>	<b>304,248</b>
STRATEGY & TRANSFORMATION	1,147,369	1,459,659	(312,290)	2,268,838	2,663,597	0	(1,574,046)	(57,819)	(88,183)
COMMUNICATIONS	879,060	1,372,940	(493,880)	916,501	1,296,007	0	0	416,947	392,431

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

The Strategy directorate is forecast to overspend by £359k. This is in the main attributable to the revised HRA recharge which is causing a budget pressure of £259k.

- **Strategy and Transformation – Forecast 57k underspend**
- There is a budget pressure from the reduced HRA recharge in Strategy and the PMO of £141k. This is offset by vacancies in the PMO and the Strategy team of (£215k) combined. The Insight team are forecast to overspend by 71k. Advertising is forecasting an income surplus of (£95k).
- **Communications (including Events) – Forecast 417k overspend**
- There is a budget pressure of £118k from the reduced HRA recharge. There is also a pressure of £275k in Events due to salaries, increased costs and an increase in the number of events being staged.
- The £1.574m transfer from Reserves represents a drawdown to finance the ERP programme and £497k of Shielding grant expenditure.

## Strategy Period 5 Risk and Opportunities

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

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

- Income from Digital Advertising is potentially set to increase. There is potential for new units coming on-stream and will generate additional income.

## HRA: Period 5

Forecast Position: £279,000 overspend, this is the first reported month of 2022/23.

2022/23 FORECAST OUTTURN				
REPORT LEVEL	BUDGET	PERIOD 5	VARIANCE	CHANGE
	£'000	£'000	£'000	£'000
SUPERVISION & MANAGEMENT	44,628	44,244	(£383)	
REPAIRS & MAINTENANCE	18,851	23,780	£4,928	
RENTS, RATES ETC	950	1,055	£105	
INTEREST PAYABLE	10,944	10,944	£0	
DEPRECIATION	17,088	17,088	£0	
DISREPAIR PROVISION	0	0	£0	
BAD DEBT PROVISION	3,309	3,309	£0	
CDC RECHARGE	685	1,003	£318	
<b>TOTAL EXPENDITURE</b>	<b>96,454</b>	<b>101,422</b>	<b>£4,968</b>	<b>£0</b>
DWELLING RENTS	(£88,255)	(88,097)	£158	
NON-DWELLING RENTS	(£770)	(772)	(£2)	
CHARGES FOR SERVICES & FACILITIES	(£22,048)	(22,874)	(£826)	
INTEREST & INVESTMENT INCOME	(£299)	(299)	£0	
<b>TOTAL INCOME</b>	<b>(£111,371)</b>	<b>(£112,041)</b>	<b>(£670)</b>	<b>£0</b>
TRANSFER TO HRA RESERVE	1,281	1,700	£419	
TRANSFER TO MRR	13,636	9,198	(£4,438)	
	£0	£279	£279	£0

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

- Supervision & Management: **(£383,000)**

**£2.3m** projected increase in the BDMS contract for Management of the DLO. **£114,000** for additional legal costs related to Disrepair Claims management. Offset by **(£2.8m)** reduction in planned and estimated recharges from the General Fund for HRA Fixed Recharges and the My Place Recharge. These are predominantly addressed in the HRA Budget Restatement above.

- Repairs and Maintenance: **£4.928m**

**£3.760m** projected in the BDMS contract for Repairs and Maintenance Services in 2022/23 plus **£1.0m** projection of BDMS Agency for additional capacity within the DLO to manage disrepair and void property delays. In addition, £224,000 in relation to former DLO Apprentice posts commitment as qualified. These variances are addressed in the HRA Budget Restatement above

- Dwelling Rents/Service Charges: **(£670,000)**

Rents represent a £156,000 overspend on a budget of **(£89m)** representing less than 0.02% variance. Whilst Service Charges is expected to be **(£826,000)** higher than budget, approximately half of this is related to Leaseholder Major Repairs and is therefore ringfenced to be transferred to reserves or drawn down to fund the Capital Programme block works.

- Transfer to Major Repairs Reserve: **(£4.438m)**

As set out in the Budget Restatement, the Capital Programme for 2022/23 requires reprofiling and therefore there is less funding required.

## HRA: Period 5 Risk and Opportunities

Forecast Position: £279,000 Overspend

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).
- There is uncertainty over energy budgets due to the world market but also the timing delays in receiving charges. Price uplift is further expected in October 2022. Additional resources are required in the Energy team to analyse impact.
- Following the Compliance Review, there is an expectation that increased costs will follow in this area. Awaiting the Head of Compliance to provide an update.
- Uncertainty over what repairs and maintenance activities are in scope of the existing contract and what are not means a lack of assurance. This could be creating additional costs to the HRA.
- Insufficient backing information from BDMS leaves Leasehold Services unable to apply the true cost of R&M to Leaseholders, reducing cost recovery to the HRA.
- Contracts between the water companies and Council's predating 2016 have been challenged through various legal routes (e.g. Southwark). There is a risk that partial compensation maybe required.

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

- **£1.8m:** 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.