

APPENDIX A



London Borough of Barking and Dagenham Budget Monitor: Period 6

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Revenue Outturn - There is a c£13.6m overspend forecast as at P6 on Council Services

This is a better position since last month as the dividend gap will be met from a smoothing reserve and Community Solutions have identified £2.4m of mitigation measures. However, People and Resilience pressures have increased.

Key Drivers

People & Resilience:

The position is c£7m over. C£3m within disabilities driven by the overspend in the SEND travel spend and LAC with disabilities. Children's is c£4.7m overspent as a result of Corporate Parenting, with a pressure of £3.9m, a £900k increase from last year. This is mostly down to Fostering, where the full year effect of the uplift given to carers is now being felt. The remaining pressure is on the cost of residential placements and 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:

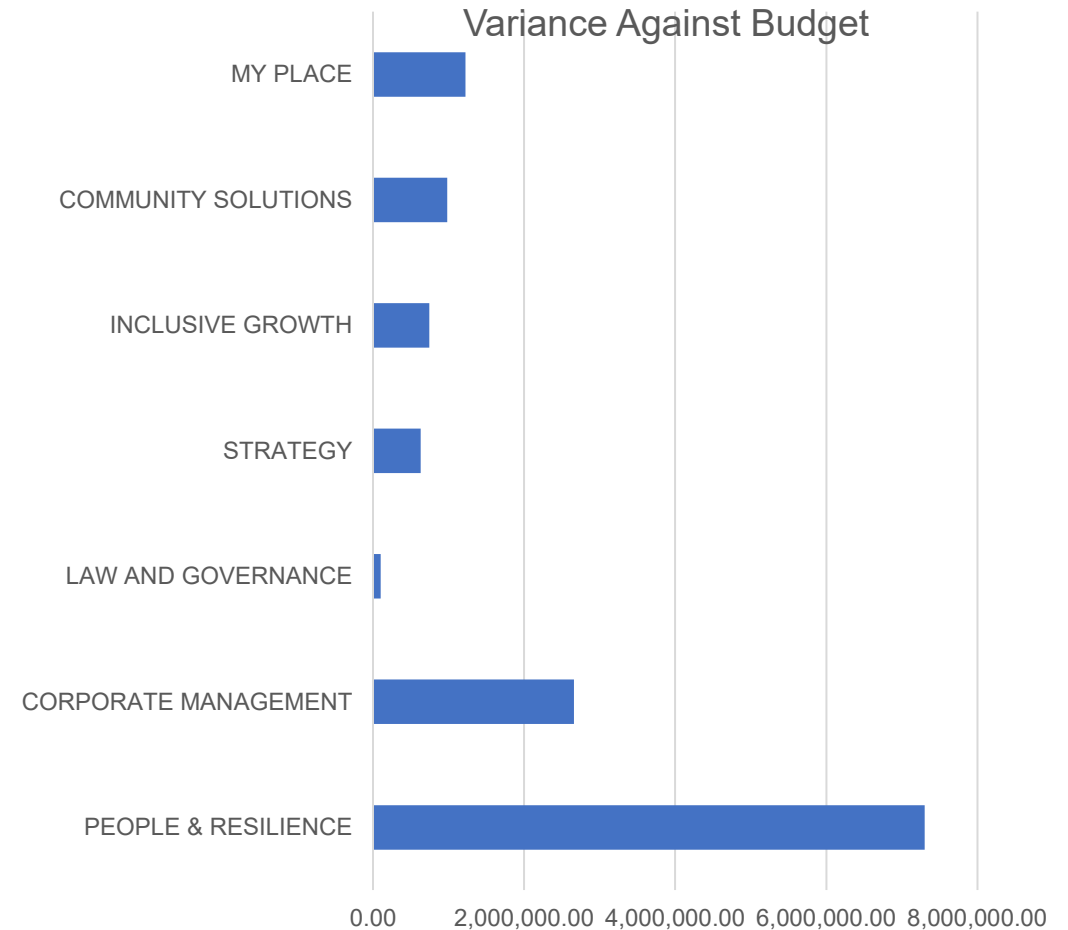
The budget reflects a 2% pay rise provision. Noting inflation and public sector pay awards the forecast reflects a 6% pay rise resulting in a £4m overspend within this area. Contingency budgets held here in previous years have been redistributed to services leaving no central underspend cushion. There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

Community Solutions:

£0.9m variance from budget which is the net result of a £3.3m pressure offset by £2.4m of mitigations and management actions.

Company Dividends:

£2m lower as a result of BDTP being unable to meet the budgeted income. However, this will be met from a smoothing reserve.



London Borough of Barking and Dagenham Revenue Forecast

	This Years Budget	Actuals	Forecast Including Reserve Movements	Variances Inc Reserves		Variance as a % of Budget	Net Reserve Movements
	Revised Budget	YTD Actuals		Variance	Last Period Variance		
PEOPLE & RESILIENCE	129,929,230	56,488,532	137,233,316	7,304,086	6,055,613	▲ 6%	-2,973,000
CORPORATE MANAGEMENT	5,358,105	15,038,785	8,017,450	2,659,345	3,483,092	▼ 50%	
LAW AND GOVERNANCE	-2,777,915	1,458,761	-2,679,411	98,504	235,704	▼ -4%	840,170
STRATEGY	2,026,429	3,620,395	2,655,163	628,734	359,128	▲ 31%	-2,915,904
INCLUSIVE GROWTH	4,950,240	-348,632	5,696,411	746,171	817,152	▼ 15%	-699,836
COMMUNITY SOLUTIONS	24,817,263	7,582,986	25,796,824	979,561	3,390,916	▼ 4%	-1,818,245
MY PLACE	18,756,779	21,755,639	19,977,855	1,221,076	1,153,758	▲ 7%	148,000
GENERAL FUND I&E	183,060,131	105,596,466	196,697,608	13,637,477	15,495,363	7%	-7,418,815
GENERAL FUND FUNDING	-183,060,131	-55,346,306	-183,060,131	-	-		-2,000,000
GENERAL FUND POSITION	0	50,250,160	13,637,477	13,637,477	15,495,363		-9,418,815

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 £7m, 6% of the overall budget. This is primarily driven by the overspend within Children's and Disabilities. 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 and has £2m of pressures driven by the HRA. This is a key area of risk, but in-year mitigations have been developed in direct response to the financial challenge and overspend, 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. This is offset by underspends in IT

BDTP is not expected 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. It has now been agreed to take the £2m from the IAS smoothing reserve so it will not hit the General Fund or Budget Support Reserve this year.

London Borough of Barking and Dagenham Budget Monitor: Period 6 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 second time budget holders have used CP. There were some technical issues and delays but there was still a good response by many budget holders. However, 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. There may be a small offset from the changes to National Insurance – however this has not yet been adjusted for.
- 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.
- Recruitment is being reported as increasingly difficult across the Council and with delivery partners. This is driving up the usage of agency staff at a higher wage bill than budgeted permanent staff.

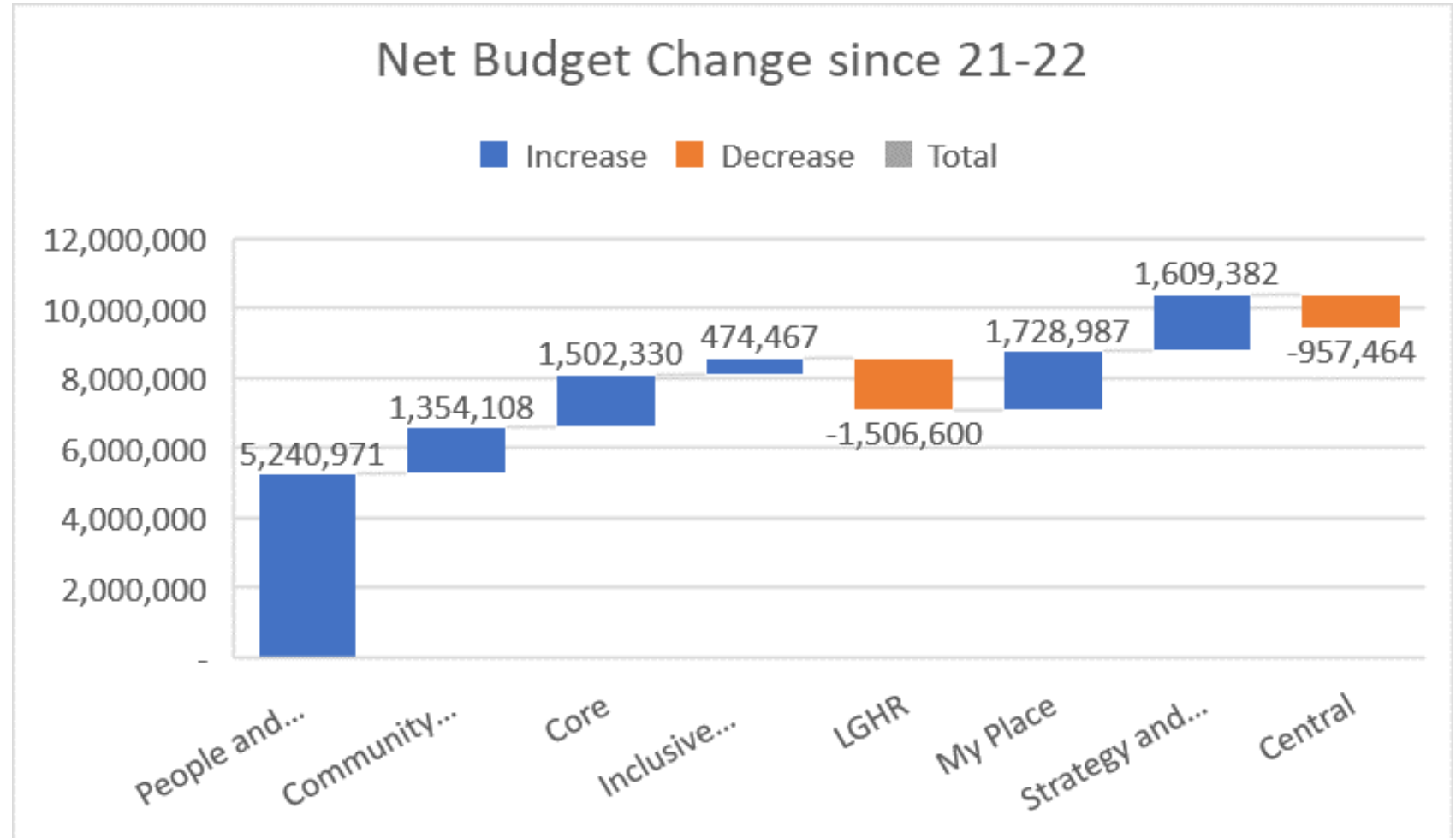
Opportunities

- 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.

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.

one borough; one community; no one left behind

**Barking &
Dagenham**

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 6

Forecast Position: £25.8m (overspend of £0.98m, 3.9% 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
COMMUNITY SOLUTIONS	24,817,263	18,923,773	5,893,490	7,582,986	27,615,069	190,000	(2,008,245)	979,561	3,370,916
SUPPORT AND COLLECTIONS	8,624,265	3,931,645	4,692,620	2,008,377	11,090,905		(889,323)	1,577,316	2,652,758
COMMUNITY SOLUTIONS	6,698,956	6,851,506	(152,550)	3,638,214	7,046,930	130,000	(215,000)	262,974	873,584
COMMUNITY PARTICIPATION & PREV	9,494,042	8,140,622	1,353,420	1,936,395	9,477,234	60,000	(903,922)	(860,730)	(155,426)

Key Drivers of the Position:

The total overspend pressure for Community Solutions is **£3.4m**.

The HRA recharge has been recalculated and this has resulted in an income shortfall of **£1.9m**. There are historic budget pressures of **£0.8m** and in-year budget pressures of **£0.7m**.

Following on from the MTFS session in September, Community Solutions held a DMT session to identify one-off in-year mitigations to help reduce their impact on the forecast outturn position. Community Solutions have taken a number of difficult decisions and identified one-off mitigations of **£2.4m** to reduce the outturn variance, which are listed in the mitigations table. It is to be noted that these mitigations come with their own level of risk/impact and this will be closely monitored.

There may be potential to reduce the outturn variance further, and these have been listed in the opportunities below.

Community Solutions: Period 6

Forecast Position: £25.8m (overspend of £0.98m, 3.9% Variance)

In Year Mitigation	Amount	Comments
Service Development Salary underspend	166,000	There has been a high staff turnover in 2022/23 within Service Development and a decision has been taken to not fill the Transformation Manager Position until the substantive post holder returns from secondment.
Strategic Director Salary underspend	150,000	The Strategic Director position was covered by agency on an interim basis. It is assumed the post will remain vacant from Oct-Mar and there will be no further consultants.
Customer Service Salary underspend	297,000	There have been a number of resignation over the summer and the transfer from Elevate to LBBB contracts has meant there are more than x13 vacancies. Currently we have x5 agency staff and the remain positions will not be filled before April 2023.
Triage Salary underspend	290,000	There are x4 vacancies within the NRPF team which will be held until April 2023.
Participation & Engagement	238,000	
Universal underspend	188,000	Vacancies across libraries, which have been covered using Kickstart trainees.
Household Support Fund Admin Fee	400,000	Confirmation of HSF allocation and fee received at the end of September for Oct-Mar
Butler Court (Reserve draw down)	89,000	Drawdown of reserve to offset R&M
TA Modular (No MRP)	440,000	We have received confirmation in September that there will be no MRP payments on the modulares in 2022/23. MRP payments will commence from 2023/24.
Reduce TA Buffer	150,000	A decision has been taken to reduce the buffer in TA from £250k to £100k.
Total Mitigations	2,408,000	

Community Solutions: Period 6 Risk and Opportunities

Forecast Position: £25.8m (overspend of £0.98m, 3.9% Variance)

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

- It is assumed COVID-19 related costs **c£100k** will be funded from COMF and other COVID Grants.
- The Ethical Collection Service Fee Income of **c£650k** is impacted due to delay in data and recruitment.

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

- A **£100k** gatekeeping buffer has been set-aside for Temporary accommodation due to Voids and demand, if unused will reduce the forecast outturn.
- Options are being explored around delivering the Homes for Ukraine scheme with existing resources to free up general fund **c£300k** as a one-off mitigation.

Corporate Management: Period 6

Forecast Position: £8m (Overspend of 2.7m)

	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
CORPORATE MANAGEMENT	5,358,105	10,027,695	(4,669,590)	15,038,785	8,017,450			2,659,345	6,454,902
STRATEGIC LEADERSHIP	(334,261)	412,359	(746,620)	236,273	(303,285)			30,976	88,312
FINANCE	5,579,118	12,172,848	(6,593,730)	7,897,128	4,449,107			(1,130,011)	2,183,427
IAS	(4,167,250)	(4,178,970)	11,720	(3,163,390)	(4,164,907)			2,343	2,341
CENTRAL EXPENSES	4,280,498	1,621,458	2,659,040	10,068,773	8,036,535			3,756,037	4,180,822

Key Drivers of the Position:

There is a forecast overspend of £2.6m on Corporate Management . There is a net shortfall in income from the HRA of £338k.

- **Strategic Leadership** - £31k overspend: HRA recharge shortfall of £103k on Procurement Gainshare offset by £72K underspend on senior leadership vacancies. There is currently a PA review which may further alter these results.
- **Finance and IT** - £1,130m underspend:
 - IT - 981k underspend due to £343k underspend on salaries and £542k savings from the Oracle to Advanced E5, Itrent and Brent Hosting contract costs; £96K in internal recharges.
 - Finance – underspend of £148k mainly due to £345K underspend in salaries for Corporate Finance offset by forecasted overspend in Salaries and agency costs in Service Finance and Pensions.
- **Investment Strategy** - £2k overspend
- **Central Expenses** - £3.8m 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 6 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 may 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 6

Forecast Position: Overspend of £746k

	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
INCLUSIVE GROWTH	4,950,240	2,010,530	2,939,710	(348,632)	6,396,247		(699,836)	746,171	817,152
COMMERCIAL	470,749	(155,211)	625,960	(1,349,580)	1,325,344		0	854,595	757,771
INCLUSIVE GROWTH	4,479,491	2,165,741	2,313,750	1,000,949	5,070,903		(699,836)	(108,424)	59,381

Key Drivers of the Position (Summary):

Inclusive Growth are forecasting an overspend of £746k. There is a net shortfall in income from the HRA of £312k due to the HRA recharges review.

- **Commercial Services – 855k 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.
 - £210k 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. A growth bid has been submitted to reduce this target and has been approved.
 - £171k shortfall in net income for the CR27 Investment due to increased rent payable by LBBB whilst tenant is on rent free period.
- Across Commercial services there is a net pressure of £60k on salaries budgets including agency costs. In addition, there is a forecasted overspend of £35k from added years pension top ups.
- **Inclusive Growth – 108k underspend**
 - Parks Commissioning: £3k underspend: £14k budget pressure costs for Eastbrookend Discovery Centre and £12k shortfall for Licence & Permit income offset by Income overachievement on Central Park Soil importation of £18k and salary underspend of £6k
 - Culture and Heritage: £124k overspend on salaries, NNDR and income under-achievement.
 - Inclusive growth core team: £270k underspend due to 57k HRA recharge income increase, anticipated CIL admin fee income £45k and staffing costs underspend of £145k due to restructure implementation.
 - The £699.8k transfer from Reserves represents a drawdown to finance the Food Sector development, Made in Dagenham Endowment programme, Employment team net overspend.

Inclusive Growth: Period 6 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.
- There is an unquantified risk to the Parks Commissioning budget overspending due to Capital projects revenue related expenditure not capitalizable being charged to the revenue budget.
- There are inherent risks associated with expected grants for Works & Skills, as there are possibility of the bids not being approved.

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 to £200k.
- for Eastbury Manor and Valence House have been appealed and, if successful, may result in a refund.

Law and Governance: Period 6

Forecast Position: -£2.7m (overspend of £0.1m, 3.5% Variance). Overspend is after transfer of c£2m parking surplus to reserves and drawdown c£0.9m 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
LAW AND GOVERNANCE	(2,777,915)	(265,175)	(2,512,740)	1,458,761	(3,519,581)	2,000,433	(1,160,263)	98,504	235,704
WORKFORCE CHANGE / HR	569,217	2,331,737	(1,762,520)	1,980,045	1,301,276			732,059	483,803
LEGAL	1,749,180	3,225,440	(1,476,260)	3,412,107	2,170,107		(233,939)	186,988	155,637
ENFORCEMENT	(5,096,733)	(6,081,223)	984,490	(4,084,936)	(7,037,538)	2,000,433	(926,324)	(866,696)	(449,889)
LEADERS OFFICE	421	258,871	(258,450)	151,545	46,573			46,152	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.

The Health & Safety team has been moved from Enforcement to HR which has led to a movement in variance in both areas, overall a net nil impact.

There are delays in the recruitment process for a number of positions within Law & Governance. There are currently 112 vacancies and It is unlikely that these positions will be filled before April 2023. There are currently 69 agency staff covering permanent roles at a forecast cost of £3.89m.

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 meet and a drawdown of c£0.9m will be required from reserves.

Law and Governance: Period 6 Risk and Opportunities

Forecast Position: -£2.7m (overspend of £0.1m, 3.5% Variance). Overspend is after transfer of c£2m parking surplus to reserves and drawdown c£0.9m 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.

Law and Governance: Enforcement Noting

CCTV Upgrade

We are seeking access of up to £1.03m of parking reserves to pay for various CCTV upgrades and improvements. This is in addition to the £927k of parking reserves agreed at CPG in June 2021 and would make the total amount of reserves requested £2m. A previous paper to CSG highlighted the need to upgrade the CCTV control room and on street cameras to ensure it was both compliant with data protection and surveillance regulations as well as providing improvements to the quality and flexibility of the system. A capital loan has been used to fund immediate works to maintain the system but following a detailed assessment of options and market research a full scope has now been developed and costed and further funding is required. The principal reasons for seeking additional funding are to cover building works in the town hall, purchasing additional cameras to expand the system, increases in costs of the equipment required and to build in contingency for the project. A high-level breakdown of funding required is as follows:

Costs to relocate the control room i.e. building works	£ 450,000.00
Costs to install new control room i.e. technology and commissioning of system	£ 312,000.00
All on street works – replacing cameras, wireless infrastructure etc	£ 1,195,000.00
Total	£ 1,957,000.00
Amount previously agreed at CPG June 21	£ - 927, 000.00
Additional funding requested	£ 1, 030,000.00

Contingency @ 20% included in the above

Any surplus made from parking income is governed by Section 55 of the Road Traffic Regulation Act, 1984 and specifies that (amongst other things) the surplus may be used for the purposes of environmental improvement in the local authority's area and anything which facilitates the implementation of the Mayor of London's Transport Strategy. The Mayor of London's Transport Strategy states that:

‘People should feel safe and secure moving around London at any time of the day or night. Better street lighting, well designed and well-maintained public spaces and transport infrastructure, and CCTV coverage will help to achieve this. If streets and public transport do not feel safe to use, then people are more likely to take other options, including taking more car trips’

It is therefore believed that accessing the parking reserve for this purpose is a legitimate use of the money. Approval would enable all improvement works to be completed without any ongoing financial impact on the community safety service through the payment of a loan. The investment in CCTV will obviously bring benefits in terms of improved safety within the borough but also brings opportunities to increase income. The upgrade will provide important additional coverage of parking hotspots and will enable the team to enforce at these locations, meaning additional fine revenue. The new control room will also bring commercial opportunities including providing camera and alarm monitoring, key holding services and other security functions.

There is currently c£8.8m in the reserve account with a further c£2m forecast to be transferred into it at the end of this financial year.

Resilience Team

We are seeking agreement to access £110k of unrestricted parking income (from off street parking) to increase the budget for the Resilience Team. The Resilience Team has recently been set up following the end of a tri borough arrangement for emergency planning and business continuity with Redbridge and Waltham Forest. A staffing structure was agreed at Workforce Board in June 22 with the paper highlighting that the shortfall in funding would be picked up by the unrestricted parking income budget. . A further paper to Workforce Board in Oct 22 agreed that certain officers trained and deployed to support the council during emergencies should be remunerated, so it is necessary to identify the budget for this. The Resilience Team also require funding for an annual training and development programme for people acting as Gold’s and Silvers, which is key recommendation following an assessment of the Council’s response the Beam Parklands fire in July 2022. The breakdown of additional funding required is as follows:

- Staff costs - £90k
- Training and development - £10k
- Remuneration of staff on the emergency rota - £10k

The unrestricted parking income budget is currently forecasting a surplus of £648k

My Place: Period 6

Forecast Position: **£19.8m** (£1.221m overspend, 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
10G	MY PLACE	18,756,779	37,453,434	(18,696,655)	19,774,347	19,829,855	148,000	0.00	1,221,076	1,153,758
10GA/B	MY PLACE (HOMES & ASSETS)	8,291,725	23,855,380	(15,563,655)	12,599,179	9,712,909	0.00	0.00	1,421,184	1,019,210
10GC	PUBLIC REALM	10,465,054	13,598,054	(3,133,000)	9,156,459	10,116,946	148,000	0.00	(200,108)	134,548

Executive Summary

- Property Assets net overspend is driven by the increased energy prices for **Street Lighting** at **£600,000** over budget.
- Commercial Portfolio reflects a **£729,000** overspend projection with 74% related to income under recovery. Service review underway for P7.
- Overall HRA Fixed Recharge impact on the directorate is **(£547,000)** positive, mainly driven by Caretaking.
- Remaining adverse overspend **£439,000** is mainly driven by Public Realm Operations offset by Compliance and Fleet. Fleet remains under review.
- Quantifiable risks stand at £2.7m versus opportunities **(£50,000)**.
- This is the second month of Collaborative Planning and it is clear that further time is required for Budget Managers to learn.

My Place – Homes & Assets: Period 6

Forecast Position: **£9.7m** (£1.421m overspend, 14.6% variance)

Key Drivers of the Position (Summary):

Commercial Portfolio is reflecting a **£729,000** overspend (excluding the HRA Recharge included in next area). 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. There is also uncertainty over repairs and maintenance charges due as BDMS have not supplied any charges for Corporate and Commercial buildings incurred in 2022/23 to date.

Property Assets is overspending by **£602,000**. **Highways** is projecting a **£787,000** overspend (excluding HRA recharge variance below), much of this relates to energy projections on its street lighting and illuminated signage (£600,000) plus undeliverable 2022/23 savings of £150,000. This is offset in part from underspends in staffing on **Asset Management** (**£155,000**) and **Major Works** (**£30,000**).

£266,000 reflects the variance in the **HRA Fixed Recharges** that were reviewed in April 2022 compared to the current budget. These affect Commercial, Highways and Compliance. (**£176,000**) mainly to do with the **HRA My Place recharge** for Landlord Services, Leasehold, Business Development and Contract Management.

My Place - Public Realm: Period 6

Forecast Position: **£10.1m** (**£200,108**) underspend, **(2%)** variance)

Key Drivers of the Position (Summary):

Operations consists of Waste Ops and Street Cleansing and is reflecting an overall overspend of **£1.280m**, an adverse movement on Period 5 of **£269,000**. The environment has played a factor in putting pressure on the 2022/23 staffing **Operations** budgets. Storm Eunice and the pandemic increased carried forward leave, which in turn creating a need for overtime and agency cover whilst staff excised their leave in 2022/23. The projected staffing overspend is £558,000 (Waste Ops) and £281,000 (Street Cleansing). Continuing with Operations, further overspends are projected in *Fleet* costs of £277,000 (Waste Ops) and £266,000 (Street Cleansing). Other areas reduce this pressure slightly by **(£102,000)**.

Fleet is reflecting a **(£716,000)** underspend, a favourable movement on Period 5 (**£1.276m**), following a review on Period 5. The movement relates to **(£400,000)** as a high level adjustment to avoid an overall imbalance in the Period 6 position following a review of the recharge forecast process. **(£558,000)** following the Head of Waste Ops and Fleet's review of the Council's expected fleet purchasing expenditure. **(£268,000)** increase income from Fleet activity and a reduced staffing forecast **(£50,000)**. The imbalance is expected to be addressed in Period 7.

Caretaking and Graffiti is reflecting an underspend of **(£623,000)** which is the impact from the HRA Recharge Review 2021 compared to budget. It is expected that these budgets will migrate to My Place on the previous slide for Period 7 as it better fits with Housing. **Parks and Environments** is reflecting an **(£18,000)** underspend, a deterioration by **£343,000**. The movement includes a £148,000 adjustment to fund last years capital fleet purchases and the balance is mainly to do with a revised purchasing forecast in Ground Maintenance.

Compliance is reflecting a **(£263,000)** underspend, a reduction on Period 5 of **£165,000** across Green Garden and Trade Waste, PEST Control and Compliance, Projects and Administration (CPA). CPA is the main driver of the underspend, with **(£237,000)** projected over 2022/23 due mainly to staffing vacancies held mainly for the restructure. PEST Control and Trade Waste were brought more in line with budget at £29,000 over whilst the service reviews its income projections. These areas were the main driver behind the weakened movement in Period 6. Green Garden Waste is showing an overspend projection of £32,000 which is more or less in line with 2021/22. Public Realm Management has released its purchasing budget to reduce the impact of Operations above **(£87,000)**.

Passenger Transport is reflecting a forecast underspend of **(£8,000)** due to staffing. **ELWA** is online. Finally, a **£148,000** movement to reserves reflects the reduction in available revenue *fleet* budget due to 2021/22 Capital Fleet Purchases as part of the 2018 strategy.

My Place: Period 6 Risk and Opportunities

Forecast Position: **£19.8m** (£1.221m overspend, 6% variance)

Risks: **£2.700m** (These are risks that are NOT in the forecast that we are monitoring)

- £2.4m: Total of outstanding invoices with BD Management Services relating to Fleet running costs **plus** forecast for 2022/23 built into Public Realm (invoices £1.9m).
- £150,000: Highways is facing inflationary pressures (26% indexation costs in current year) on maintenance contracts.
- £75,000: 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.
- £75,000: 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. **Corporate Repairs and Maintenance charges from BDMS for 2022/23 are now overdue for Quarter 1 and 2. The company has not billed Corporate or Commercial budget managers for works undertaken in 2022/23 (six months).**
 2. Energy Budget uncertainty (other than Street Lighting).
 3. Further HRA Fixed Recharges are expected to be reviewed which could generate further adverse variances until funding is identified from the general fund.
 4. 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.

Opportunities: **(£50,000)** (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 6

Forecast Position: £140m (overspend of £7.3m, 5.6% 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
PEOPLE & RESILIENCE	129,929,230	107,532,940	22,396,290	56,488,532	140,206,316	0	-2,973,000	7,304,086	6,055,336
DISABILITIES CARE & SUPPORT	30,669,482	29,876,722	792,760	15,433,647	33,929,341	0	0	3,259,859	2,100,635
ADULT'S CARE & SUPPORT	22,060,260	19,369,080	2,691,180	12,919,935	22,514,674	0	-1,110,000	-655,586	-164,648
COMMISSIONING - CARE & SUPPORT	15,005,353	14,040,033	965,320	-1,128,850	14,989,387	0	0	-15,966	0
PUBLIC HEALTH	-318,250	-381,250	63,000	4,334,293	1,544,750	0	-1,863,000	0	-0
CHILDREN'S CARE & SUPPORT	40,741,709	39,525,409	1,216,300	20,575,339	45,457,488	0	0	4,715,779	4,340,032
EDUCATION, YOUTH & CHILDCARE	20,522,911	3,915,181	16,607,730	4,972,903	20,522,911	0	0	0	275,227
EARLY HELP SERVICE	1,247,765	1,187,765	60,000	-618,734	1,247,765	0	0	-0	-1,247,765

Key Drivers of the Position (Summary):

- **Disabilities Service:**
 - The pressure is made up predominantly of two key areas, LAC Children with Disabilities which has a budget pressure of £2.4m and Home to School Transport which has a pressure of £874k
- **Adults Care and Support**
 - Due to the rising cost of homecare placements Adults is reporting a £454k overspend, however this is offset by reserves of £1.1m giving us a net underspend position this year.
- **Commissioning Care and Support**
 - Currently reporting a small underspend.
- **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 £3.4m, however a £1.3m increase in cost from last year.
 - The increase is partly down to Fostering, where the full year effect of the uplift given to carers is now being felt, but the majority is in Residential where external factors has significantly impacted the cost of placements.
 - The remaining pressure is on staffing where the heavy reliance on agency/interim staff has created £500k pressure but an increase in costs of £750k from last year.
- **Education, Youth & Childcare:**
 - Currently reporting breakeven.
- **Early Help Service:**
 - Currently reporting breakeven.

People and Resilience: Period 6 – Adults Care and Support Detailed Summary

Forecast Position: £140m (overspend of £7.3m, 5.6% variance)

ADULT CARE & SUPPORT	FINANCE DATA FOR THE PERIOD END SEPT 2022									
Placement Type	21-22 Budget	21-22 Outturn	21-22 Variance	22-23 Budget	22-23 Actuals to Date	Forecast	22-23 Variance	22-23 Movement Between Months	Year on Year Movement	Comments
Homecare	7,162,600	8,199,360	1,036,760	7,162,600	4,660,586	8,813,578	1,650,978	708,397	614,218	Homecare across AC&S this year has increased by over £700k, this is predominantly down to increasing numbers and uplifts to hourly rates to meet LLW.
Residential & Nursing	8,093,300	9,841,980	1,748,680	8,093,300	4,349,543	10,060,078	1,966,778	-398,863	218,098	In-Year pressure of Homecare partially offset by reduction in pressure on Residential and Nursing largely down to improved client contributions, however it is worth noting year on year this is a significant area of pressure for us like homecare, due to rising costs of placements and numbers.
Supported Living	3,790,200	4,932,472	1,142,272	3,790,200	2,561,083	5,220,468	1,430,268	0	287,996	No Change this month, however year on year we have a significant rise in cost due to increased numbers
Direct Payments	7,825,800	5,197,069	-2,628,732	7,825,800	3,100,846	5,277,069	-2,548,731	0	80,001	No change this month and a small increase in costs on last year, one area which has been fairly stable
Other Placements	662,300	634,983	-27,317	1,043,200	266,731	923,107	-120,093	-3,178	288,124	This is predominantly day care which has seen a rise in costs since COVID as day services return to normal.
TOTAL PLACEMENTS PRESSURE	27,534,200	28,805,862	1,271,662	27,915,100	14,938,788	30,294,300	2,379,200	306,356	1,488,438	
80 GASCOIGNE ROAD	803,699	862,109	58,410	840,026	418,303	1,114,893	274,867	274,867	252,784	Pressure largely down to overtime due to sickness cover
Rest of ASC	-6,976,174	-11,861,907	-4,885,733	-6,624,998	-2,437,156	-8,824,652	-2,199,654	35,073	3,037,255	This increase in cost from last year is predominantly down to loss of external income in the form of one-off CCG monies for Discharges and winter pressures which accounted to over £2.5m, as well as one-off COVID related grants which was used to offset workforce capacity pressures of £320k, finally our DP refunds have been falling annually and this makes up a further £115k of the movement.
TOTAL ADULTS CARE & SUPPORT POSITION	21,361,725	17,806,064	-3,555,661	22,130,128	12,919,935	22,584,541	454,413	616,296	4,778,477	On the whole the movement this period can be put down to increased homecare pressure and staffing costs on Gascoigne. Year on year there has been a rise in Placement costs of over £1m, showing that overall demand and costs are rising. Going forward the pressure on adults will continue to worsen.
Mitigations				0	0	-1,110,000	-1,110,000	-1,110,000	-1,110,000	Reserve drawdown of Carried Forward BCF Underspend
Revised Position				22,130,128	12,919,935	21,474,541	-655,587	-493,704	3,668,477	

*The position above has corporate recharge budgets and forecasts stripped out in order to show a truer reflection of the annual cost increase.

People and Resilience: Period 6 – Disabilities Service Detailed Summary

Forecast Position: £140m (overspend of £7.3m, 5.6% variance)

Disabilities Service	21-22 Budget	21-22 Outturn	21-22 Variance	22-23 Budget	22-23 Actuals to Date	Forecast	22-23 Variance	22-23 Movement Between Months	Year on Year Movement	Comments
DISABILITIES CENTRES	960,041	834,682	-125,359	1,046,821	288,817	1,037,219	-9,602	80,548	202,537	Increased staffing costs
DISABILITIES CARE PACKAGES	15,975,540	15,319,370	-656,170	15,978,330	8,041,174	15,755,181	-223,149	608,440	435,811	Both the monthly and annual movement in this area is solely down to Day Care costs, this is due to a return to normal service since the end of COVID restrictions.
DISABILITIES TEAMS	3,258,746	2,829,567	-429,179	4,236,906	2,046,261	3,968,853	-268,053	689,860	1,139,286	Growth was awarded in this area to recruit Social Workers and LD Enablers as part of the Disabilities Improvement programme, we are now seeing the full year impact of these costs as well as a significant loss of income here from One-Off COVID grants awarded to support workforce capacity issues during lockdowns.
CHILDRENS CARE PACKAGES	2,886,837	2,840,170	-46,667	2,886,837	1,778,704	3,362,599	475,762	0	522,429	Approx £200k increase in Court/Legal costs and a further £314k increase in Day care placement costs
HOME TO SCHOOL TRANSPORT	1,504,000	2,298,529	794,529	1,504,000	757,019	2,378,101	874,101	0	79,572	Fairly stable at the moment, the service has come back into line after a couple of years of turbulence due to COVID.
CWD PLACEMENTS	3,164,200	4,975,047	1,810,847	3,164,200	2,521,672	5,575,054	2,410,854	0	600,007	The two key cost drivers here are In-House Foster Placements and Residential, both have significant cost pressures across all of social care. Foster Carers allowances were uplifted last year to bring them in line with our neighbouring boroughs in order to retain them. Residential placements have been heavily impacted by Brexit/COVID which has drastically caused the market rate for these placements to increase significantly.
Grand Total	27,749,364	29,097,366	1,348,002	28,817,094	15,433,647	32,077,007	3,259,913	1,378,848	2,979,641	On the whole the variance can be attributed to LAC Children with disabilities and Home to school transport as the main cost drivers, there is also a significant day care and legal pressure that is being offset by underspends in the team's budgets. These budgets are being propped up by the 22-23 growth award which still needs re-allocating to pressure areas.

**The position above has corporate recharge budgets and forecasts stripped out in order to show a truer reflection of the annual cost increase.*

People and Resilience: Period 6 – Children’s Care & Support Detailed Summary

Forecast Position: £140m (overspend of £7.3m, 5.6% variance)

CHILDREN'S CARE & SUPPORT									
PLACEMENTS	21-22 Budget	21-22 Outturn	21-22 Variance	22-23 Actuals to Date	22-23 Budget	22-23 Forecast	22-23 Variance	Year on Year Change	COMMENTS
ADOPTION PLACEMENT COSTS	4,445,830	4,200,572	-245,258	1,625,061	4,445,830	4,200,000	-245,830	-572	No change
ASYLUM SEEKERS	219,200	-440,012	-659,212	218,876	219,200	-605,250	-824,450	-165,238	Improvement in grant income for this year expected
FAMILY ASSESSMENT UNITS	1,045,400	916,701	-128,699	255,238	1,045,400	730,563	-314,837	-186,137	Currently at 6 less children than last year
INTERNAL FOSTERING PLACEMENT	3,928,200	4,535,536	607,336	2,266,103	3,928,200	4,980,714	1,052,514	445,179	Increases in cost here was expected due to Carer rate uplift last year, the reason it is only £445k more than last year is due to lower children numbers
LEAVING CARE SERVICE	1,774,370	3,062,939	1,288,569	1,355,821	1,774,370	2,587,114	812,744	-475,824	We are seeing falling numbers in Leaving care with the lifting of COVID restrictions
PRIV & VOL. RES. HOMES WITH ED	2,903,220	4,940,753	2,037,533	2,403,515	2,918,050	7,026,675	4,108,625	2,085,922	Unfortunately, residential care costs are increase across the board, but significantly worse in children's this is due to a multitude of factors including Brexit, Cost of Living crisis, complexity of children and the pandemic inflating rates.
SECURE UNITS	409,700	307,249	-102,451	-267,572	409,700	-197,860	-607,560	-505,109	Very volatile area, due to the high-cost nature of these packages, this can easily shift if a couple of children get reprimanded, currently showing a significant improvement as we have moved on 4 children from last year.
SPECIALIST AGENCY FOSTERING	3,122,850	3,185,896	63,046	1,327,044	3,122,850	3,279,314	156,464	93,418	Fairly stable, but costs rising here as more complex cases come through.
TOTAL PLACEMENTS POSITION	17,848,770	20,709,632	2,860,862	9,184,087	17,863,600	22,001,271	4,137,671	1,291,639	
PERMANENT STAFF	17,677,870	15,251,719	-2,426,151	7,864,191	17,892,389	15,050,382	-2,842,007	-201,337	Decrease in permanent staffing
AGENCY STAFF	522,000	2,905,935	2,383,935	3,558,556	522,000	3,858,556	3,336,556	952,621	Significant increase and reliance on Agency/Interim Staff
TOTAL STAFFING POSITION	18,199,870	18,157,654	-42,216	11,422,748	18,414,389	18,908,939	494,550	751,284	In total staffing costs have increased by over £750k from last year. This is in line with expectations as an additional £800k of pressure was approved by CPG
LEGAL & COURT COSTS	693,500	635,610	-57,890	350,520	693,500	1,014,426	320,926	378,815	With the re-opening of courts since the pandemic we have seen a sharp rise in legal/court costs
EMERGENCY DUTY TEAM	275,000	278,182	3,182	72,835	275,000	509,846	234,846	231,664	The EDT costs have doubled from last year, although the budget remains the same.
FAMILY SUPP & SAFEGUARDING S17	171,700	146,209	-25,491	103,495	171,700	382,512	210,812	236,303	Significant rise in S17 and S20 payments, finance are investigating the reason for this, there may potentially be miscoding of other costs taking place.
FAMILY SUPP & SAFEGUARDING S20	166,000	174,282	8,282	148,781	166,000	443,269	277,269	268,988	
OTHER COSTS	1,342,050	894,257	-447,793	557,064	1,956,050	995,597	-960,453	101,340	General running costs across the council has gone up.
Grand Total	38,696,890	40,995,826	2,298,936	21,839,530	39,540,239	44,255,860	4,715,621	3,260,033	On the whole the CC&S position is reporting a £4.7m overspend, despite additional growth of £614k being awarded for this year, the above highlights the key reasons why the service is costing over £3.2m more to run this year than last with placement pressures (in particular residential care) and staffing being the main cause.

*The position above has corporate recharge budgets and forecasts stripped out in order to show a truer reflection of the annual cost increase.

People and Resilience: Period 6 Risk and Opportunities

Forecast Position: £140m (overspend of £7.3m, 5.6% 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 6

Forecast Position: Overspend of 628k

	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
STRATEGY	2,026,429	2,832,599	(806,170)	3,620,395	5,571,067		(2,915,904)	628,734	1,175,937
STRATEGY & TRANSFORMATION	1,147,369	1,459,659	(312,290)	2,498,307	4,251,592		(2,915,904)	188,319	98,990
COMMUNICATIONS	879,060	1,372,940	(493,880)	1,122,088	1,319,475			440,415	1,076,947

Key Drivers of the Position (Summary):

The Strategy directorate is forecast to overspend by £628K. This is in the main attributable to the revised HRA recharge which is causing a budget pressure of £259k.

- **Strategy and Transformation – Forecast 188k overspend**
 - The PMO is forecast to overspend by £90k due to reduced HRA income pressure of £116k offset by 26k Salaries underspend.
 - The Insight hub team are forecast to overspend by 49k due to fees and charges income shortfall and overspend on subscriptions.
 - Advertising is forecasting an income surplus of £34k.
 - The Strategy teams are forecasting a net overspend of £83k which is due to a forecasted overspend on staffing, subscriptions and reduced HRA income
- **Communications and Marketing (including Events) – Forecast 440k overspend**
 - There is a budget pressure of £117k from the reduced HRA recharge. There is also a pressure of £307k in Events due to salaries, increased costs and an increase in the number of events being staged.
 - The £2,915m transfer from Reserves represents a drawdown to finance the ERP programme and £497k of Shielding grant expenditure.

Strategy Period 6 Risk and Opportunities

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

There is the risks of continued overspend on Strategy on membership and subscription fees. A growth bid has been submitted to potentially mitigate overspend.

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. Currently a new tender is pending and if approved could generate £40k per year for the next 7 years.

HRA: Period 6

Forecast Position: **£279,000** overspend.

2022/23 FORECAST OUTTURN				
REPORT LEVEL	BUDGET	PERIOD 6	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	
TOTAL EXPENDITURE	96,454	101,422	£4,968	£0
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	
TOTAL INCOME	(£111,371)	(£112,041)	(£670)	£0
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 6 Risk and Opportunities

Forecast Position: **£279,000** Overspend

Risks: **£3.1m** (These are risks that are NOT in the forecast that we are monitoring)

- **£2.8m** Backlog of repairs and maintenance jobs within Housing based on BDMS volumes and My Place costing estimates. The timing of this delivery is uncertain, as the valuation and approach to be undertaken.
- **£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 November 2022. Additional resources are required in the Energy team to analyse impact and manage housing energy in the future.
- 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: **(£3.4m)** (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.
- **(£1.6m)** The current year budget for revenue voids is likely to be released following a review of the current BDMS HRA Contract.