

APPENDIX A

Primary Focus: Top level summary of the financial position of the General Fund.

Budget Outturn Report 2021/22

- 1. Operational Summary
- 2. Risks
- 3. Growth

Review the financial position, including the risks, and opportunities. Identify areas for management action or further review.

Secondary Focus: Top level summary of HRA, DSG, Companies

- 4.HRA
- 5.DSG
- 6.Companies

Review the financial position, including the risks, and opportunities. Identify areas for management action or further review.

Tertiary Focus: Detailed breakdown of service's financial position

- 7. Community Solutions
- 8. Corporate Management
- 9. Inclusive Growth
- 10. Law and Governance
- 11. My Place
- 12. People and Resilience
- 13. Strategy

Financial positions of each directorate and department.

London Borough of Barking and Dagenham Budget Monitor: Period 8

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Revenue Outturn - There is a c£15m overspend forecast as at P8 on Council Services

This period has seen the result of in year mitigations and deep dive on spend resulting in a reduction in the overspend to £15m. An overall positive movement from last month of £1,6m.

Key Movements

People & Resilience:

- The overall position has moved by £1.1m, despite Disabilities increasing by c£0.43m, Commissioning has reduced by £0.574m, Children's has reduced by £0.42m, Adults has reduced by £0.28m, other minor movements add to the £1.1m.

Corp Management:

- The overall position has moved by £0.16m, due to a £100k movement in IT position = reductions across Pension, Treasury, and Finance make up the remainder.

Community Solutions:

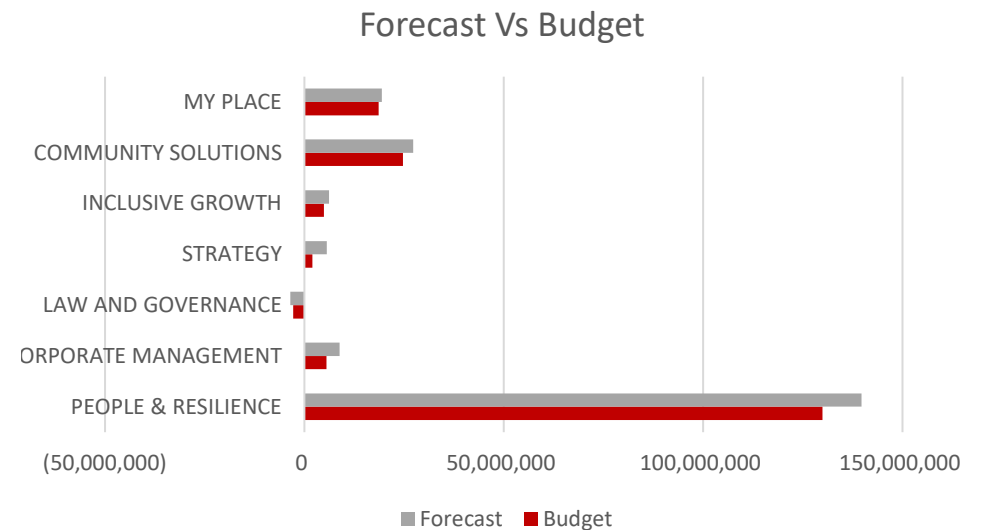
- The overall position has move by £0.28m due to security costs across all Hostels are now back to pre-pandemic levels. This reduction has been inline with National Guidelines.

Inclusive Growth:

- A favourable movement of £0.12m. This is driven by a movement in Commercial Services.

Strategy:

- This is the only area to increase in overspend. The movement is an increase of spend of £146k . The increase is linked to activity in events and communications.



London Borough of Barking and Dagenham Revenue Forecast – Period 8

	This Years Budget	Actuals	Forecast	Variances Inc Reserves		Movement	Additional Information		
	Revised	YTD Actuals	Forecast	Variance	Last Period Variance	Between Periods	Variance as a % of budget	Net Reserve Transfer	
PEOPLE & RESILIENCE	129,929,230	74,307,364	138,715,207	8,785,977	9,925,478	-1,139,501	7%	-988,497	
CORPORATE MANAGEMENT	5,543,596	25,467,547	8,870,314	3,326,718	3,490,151	-163,433	60%	0	
LAW AND GOVERNANCE	-2,781,207	575,652	-2,678,579	102,628	101,799	829	-4%	840,170	
STRATEGY	2,026,429	4,535,133	2,716,920	690,490	544,328	146,163	34%	-2,927,305	
INCLUSIVE GROWTH	4,946,050	606,786	5,550,140	604,090	727,129	-123,040	12%	-648,259	
COMMUNITY SOLUTIONS	24,758,813	12,036,917	25,461,152	702,339	983,218	-280,879	3%	-1,818,245	
MY PLACE	18,637,220	32,928,179	19,426,198	788,978	830,772	-41,794	4%	-14,438	
GENERAL FUND I&E	183,060,131	150,457,577	198,061,352	15,001,219	16,602,875	-1,601,656	8%	-5,556,574	
CORPORATE FUNDING	-183,060,131	-155,126,947	-183,060,131	0	0	0	-1%	-2,000,000	
GENERAL FUND I&E	183,060,131	-4,669,370	20,557,793	15,001,219	16,602,875	-1,601,656	9%	-7,556,574	

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 £8.8m, 7% 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. Mitigation action and deep dive work with the service is ongoing and has already resulted in a reduced overspend this period.

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 reducing the forecast overspend £0.7m. A continued reduction as a result of mitigations.

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. In addition, a mid year forecast of bad debt provision has added £1.6m of pressure. 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 8 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. More detailed is noted in the CP completion slide.
- This month is the fourth time budget holders have used CP. Although good progress is being made we do not yet have full compliance and it may take some time before all managers are confident using the system. This adds an extra degree of risk into the forecast – although Finance carry out reviews and QA to mitigate the risk.
- 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 services across the board are struggling to mitigate the level of reduced income.
- The income for PRPL is forecasting a shortfall of c£0.9m and will require a drawdown from reserve. This will leave a balance of c£0.9m 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. There are several issues currently with departments being able to get position numbers when trying to appoint which is resulting in services reporting losing candidates. The market is extremely competitive across the board currently.

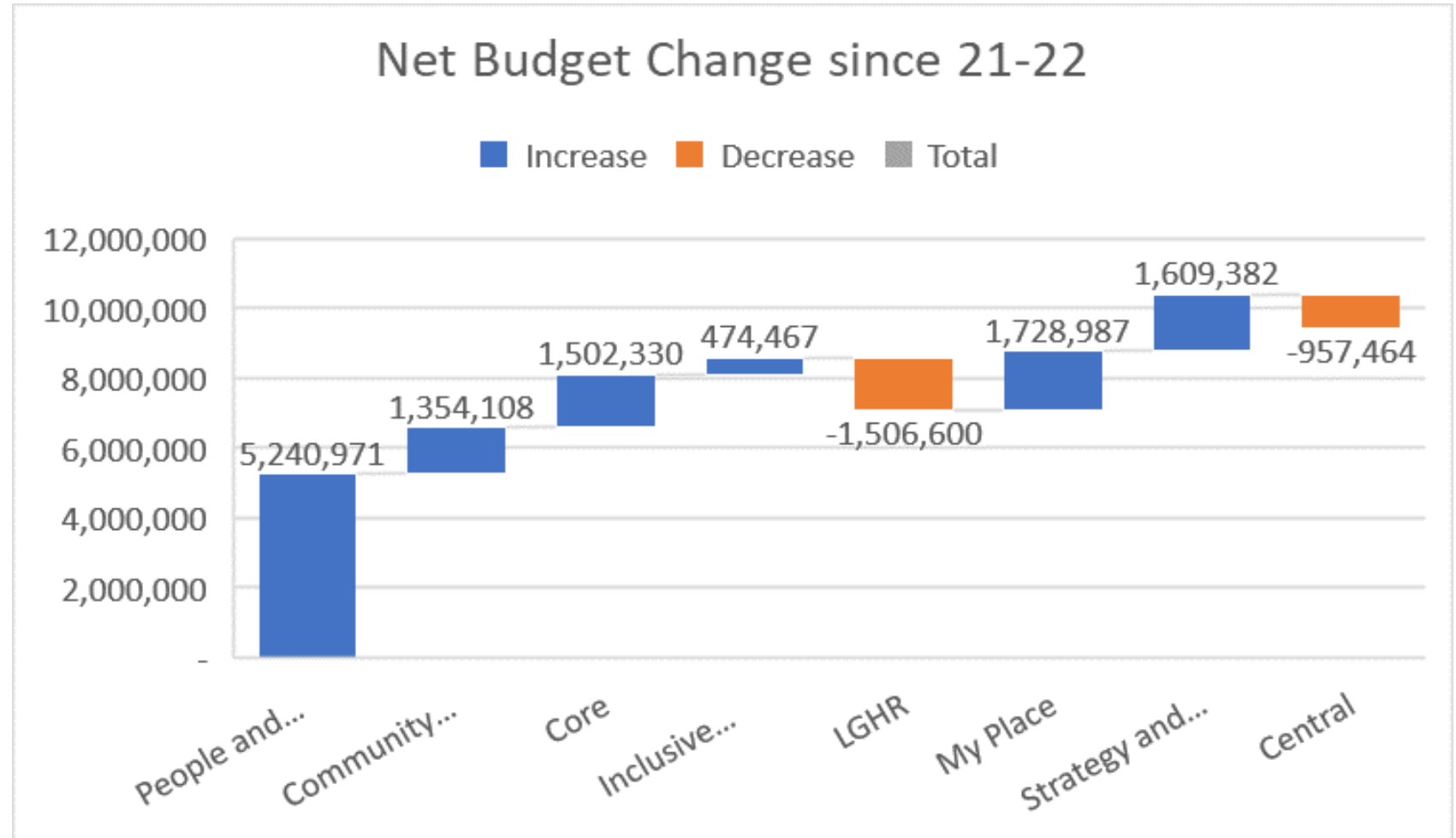
Opportunities

- We are continuing to implement mitigations and management actions to drive down the forecast overspend for the current year. 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. NO CHANGE THIS MONTH

	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 8

Forecast Position: £27.3m (overspend of £0.7m, 2.8% 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	24,758,813	18,923,773	5,835,040	12,036,917	27,279,397	190,000	(2,008,245)	702,339	983,218
SUPPORT AND COLLECTIONS	8,565,815	3,931,645	4,634,170	5,175,706	10,571,680	0	(889,323)	1,116,542	1,517,593
COMMUNITY SOLUTIONS	6,698,956	6,851,506	(152,550)	3,969,789	7,084,878	130,000	(215,000)	300,922	298,702
COMMUNITY PARTICIPATION & PREV	9,494,042	8,140,622	1,353,420	2,891,422	9,622,839	60,000	(903,922)	(715,125)	(833,077)

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. The forecast has been reduced further by **c£0.25m** as security has now returned to pre pandemic levels for Hostels.

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

Community Solutions: Period 8

Forecast Position: £27.3m (overspend of £0.7m, 2.8% 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 till April 2023.
Participation & Engagement	238,000	Release of reserve
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 modulars 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 8 Risk and Opportunities

Forecast Position: £27.3m (overspend of £0.7m, 2.8% 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.
- The creation of a Parking Contact Centre has caused grading difference with existing staff within the Contact Centre. This creates an equal pay issue and is currently being investigated by HR. Further details will be provided in due course.
- A review of Bad Debt provision for Temporary Accommodation is being carried out. It is very likely that when the information is collated that there will be a budget pressure arising from this as collection rates for rents are being squeezed by cost of living and benefit reform changes.

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£280k** as a one-off mitigation.

Corporate Management: Period 8

Forecast Position: Overspend of £3.3m

	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	5,543,596	10,213,186	(4,669,590)	25,467,547	8,870,314	0	0	3,326,718	3,490,151
STRATEGIC LEADERSHIP	(334,261)	412,359	(746,620)	319,879	(383,929)	0	0	(49,668)	(45,309)
FINANCE	5,579,118	12,172,848	(6,593,730)	11,788,831	4,327,255	0	0	(1,251,863)	(1,092,789)
IAS	(4,167,250)	(4,178,970)	11,720	(3,477,311)	(4,258,928)	0	0	(91,678)	(91,678)
CENTRAL EXPENSES	4,465,989	1,806,949	2,659,040	16,836,148	9,185,915	0	0	4,719,926	4,719,926

Key Drivers of the Position:

There is a forecast overspend of £3.3m on Corporate Management which is a reduction of £163,000 on last month's forecast of £3.49m.

- **Strategic Leadership** is forecast to underspend by (£49,000). This is due to a senior leadership vacancy saving of £138,000 less the HRA recharge shortfall of £71,000 (Procurement Gainshare £103,000 less Managing Director £32,000) plus an £18,000 overspend on non-pay budgets.
- **Finance** forecast an underspend of (£1.25m), an improvement of £159,000 from the Period 7 reported variance, due to the following areas underspending.

IT is reflecting an underspend of (£1.14m), £100,000 favourable variance from Period 7. The contributing factors to the underspend are:

- (£675,000) projected underspend in IT Third Party Contracts attributable to £540,000 savings from the Oracle to Advanced E5, Itrent and Brent Hosting contract costs and £135,000 projected underspend on BT and Virgin landlines.
- (£757,000) projected underspend on IT Staff and Agency, largely attributable to staff vacancies.
- (£206,000) projected overspend on IT Projects. Most of the project resource is recharged out to services for which the projects are being delivered. The Projects Team are in the process of reviewing the GTT Projects system to ensure all recharges are captured and implemented.
- £60,000 projected overspend on the IT Telephony linked to the 8x8 Telephony system with recharges to services and entities currently being reviewed; and £26,000 overspend reflecting on Azure cloud due to virtual machines.

Corporate Finance is reflecting a projected underspend of (£363,000) primarily due to staff vacancies, offset by **Assurance** overspend of £139,000 mainly on internal audit fees and £117,000 overspend in **Service Finance** in respect of agency costs.

- **IAS - Investment Strategy** - is reflecting a surplus on the (£4.1m) budget of £92,000, largely due to projected commercial rental income exceeding budget.
- **Central Expenses** - £4.7m 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 8 Risk and Opportunities

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

- 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 in addition to the pay award.
- There is a central provision to meet the costs of redundancies required to make savings. Currently there are no significant exercises underway so half this provision has been released.
- 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 includes estimated 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 8

Forecast Position: £6.2m (Overspend of £604,000)

	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	4,946,050	2,006,340	2,939,710	606,786	6,198,399	0	(648,259)	604,090	727,129
COMMERCIAL	470,749	(155,211)	625,960	(1,122,208)	1,182,280	0	0	711,531	854,720
INCLUSIVE GROWTH	4,475,301	2,161,551	2,313,750	1,728,994	5,016,119	0	(648,259)	(107,441)	(127,591)

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to overspend by £604,000 at the end of Period 8, a favourable decrease of £123,000 from Period 7. Approx. half of the overspend is due to a reduction in the HRA Recharge, resulting in an income shortfall of £312,000.

Commercial Services – Forecast an overspend of £712,000, a favourable variance of £86,000 from the Period 7 reported position

- Commercial Services is projecting a £370,000 overspend due to the reduced HRA recharge. The greatest impact is in the Procurement service where there was a historic fixed fee of £331,000 chargeable by Agilisys to the HRA. As this recharge no longer takes place, there is a budget gap of £331,000.
- The Film Office is projecting a £201,000 overspend due to a shortfall in income generation. The service 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.
- The CR27 Investment forecast £171,000 shortfall in the budgeted net income due to the increased rent payable by LBBD, whilst tenant is on a rent free period.
- Across Commercial services there is a net pressure of £120,000 on the employee budget costs consisting of £85,000 in salaries and agency costs and £35,000 in Added years pension top ups. This overspend is offset by an (£85,000) reduction on Leisure mainly on Added years Compensatory costs and (£54,000) underspend from the Core Commercial Team linked to supply and services budgets.

Inclusive Growth – Forecast an underspend of (£107,000) an adverse variance of £21,000 from the Period 7 reported position

- Parks Commissioning forecast an underspend of (£17,000), comprised of £31,000 projected overspend on energy and services for Eastbrookend Discovery Centre and Park Commissioning core team; part of the £31,000 overspend relates to £12,000 in projected costs for contaminated land water sewage charges. In addition, a £10,000 shortfall on Licence & Permit income is being projected which is partly offset by (£18,000) income over achievement on the Central Park Soil importation and (£39,000) underspend on staffing.
- Culture and Heritage is reflecting a £131,000 overspend due to £44,000 NNDR (Business Rates) budget pressure and a £24,000 increase in internal recharge expenditure compared to budget. The vast majority of the remaining overspend of £63,000 relates to projected Income underachievement, partly due to Eastbury Manor House closure for most of the financial year.
- The Inclusive growth core team is reflecting an underspend of (£251,000). The main contributing factor is (£177,400) projected underspend due to staff vacancies. The remainder is attributable to (£58,000) HRA recharge income increase, (£55,000) anticipated CIL admin fee income and CEV Grant offset by £40,000 overspend on non - pay budgets.
- Development Planning reflects a projected overspend of £36,000 as a result of Added Years Compensatory payments.

The £648,000 transfer from Reserves represents a drawdown from Inclusive Growth reserves, funding the Food Sector development, Made in Dagenham Endowment programme and the Employment team net overspend.

Inclusive Growth: Period 8 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. This is largely due to delays in the restructure implementation being built in Itrent to allow for vacant posts to be advertised and filled.
- There is an inherent risk that external market factors may make it more difficult for tenants of the Council's hotel investments to meet their rent payments.
- 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.
- Income targets – the F14450 Parks Commissioning cost centre includes historical commercialisation income targets (Large commercial events £100k and small-scale commercial activities £33k). These targets are unachievable and must either be relocated to the appropriate team or removed.
- Contaminated land adjacent to Eastbrookend Country Park – risks:
 - Remaining risk of prosecution from Thames Water.
 - Lack of clarity about the future management and maintenance of the contaminated land.
 - Vehicular access – the current AXA licence expires on 1st March 2023. If alternative vehicular access to the site can't be secured this will severely impact on the future management and maintenance of this land parcel.
 - Electricity supply – a permanent electricity supply is essential to avoid future dependency on generator use and diesel deliveries.
 - Land drainage and flood risk assessment issues – still need to be satisfactorily addressed.
- There are inherent risks associated with expected grants for Works & Skills (Employment Team), as there is the possibility for the bids not being approved.

Inclusive Growth: Period 8 Risk and Opportunities

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.
- There are long term opportunities to generate commercial income from apprenticeships and recruitment support, which could be used to cross-subsidise employment support for the harder-to-reach, if resource can be identified to pursue them.
- Tennis Development Proposal – as per the report presented to ACB on 09.11.22, if adopted this proposal could attract significant external investment from the Lawn Tennis Association (c£395k) if the Council contributes c£132k.
- External funding – Parks commissioning has submitted (or has prepared) bids to the Grow Back Greener Fund (c£50k) and 3 x Rewild London Fund (c£40k, c£44k and c£18k). If successful these projects will deliver significant social, environmental, and economic benefits for the borough and residents.
- Green and Resilient Spaces Fund (Round 2) – funding round opens (i.e. project delivery grants from £250k up to £750k) in December and the application deadline is likely to be the beginning of February for projects which can start in April 2023 and be completed by March 2025 (i.e. over a 2 year period). As in round one GLA is looking for projects which are exemplary in quality with a focus on climate resilience and access to green space. Subject to the completion of the current Development Phase and obtaining Council support, Parks Commissioning is planning on submitting a bid for the Parsloes Park 'Gores Brook Living Landscape Project'.

Law and Governance: Period 8

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	(2,781,207)	(268,467)	(2,512,740)	575,652	(3,518,749)	2,000,433	(1,160,263)	102,628	101,799
WORKFORCE CHANGE / HR	569,217	2,331,737	(1,762,520)	1,761,509	1,303,020	0	0	733,803	732,062
LEGAL	1,749,180	3,225,440	(1,476,260)	4,214,147	2,170,108	0	(233,939)	186,989	186,989
ENFORCEMENT	(5,100,025)	(6,084,515)	984,490	(5,605,933)	(7,038,450)	2,000,433	(926,324)	(864,316)	(863,405)
LEADERS OFFICE	421	258,871	(258,450)	205,929	46,573	0	0	46,152	46,152

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 delays in the recruitment process for a number of positions within Law & Governance and a number of vacancies, some of which are covered by agency while others are held vacant resulting in underspends in Enforcement.

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 option to clear current borrowing for the implementation of CPZ of c£1.6m is being explored. The Private Sector Property Licensing (PRPL) scheme income target will not be met and a drawdown of c£0.9m will be required from reserves.

Law and Governance: Period 8 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.

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 8

Forecast Position: **£19.4m (£789,000 overspend, 4.2% 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	18,637,220	37,284,783	(18,647,563)	32,928,179	19,440,636	0	(14,438)	788,978	830,772
10GA/B	MY PLACE (HOMES & ASSETS)	9,044,549	24,227,292	(15,182,743)	23,180,616	9,749,321	0	0	704,772	668,152
10GC	PUBLIC REALM	9,592,671	13,057,491	(3,464,820)	9,747,563	9,691,315	0	(14,438)	84,206	162,620

Executive Summary

- **Property Assets** net overspend is driven by the increased energy prices for **Street Lighting** at **£500,000** over budget.
- **Commercial Portfolio** reflects a **£682,000** overspend projection with 91% related to income under recovery. Service review ongoing.
- Overall **HRA Fixed Recharge** impact on the directorate is **(£547,000)** positive, mainly driven by **Caretaking** and **Grounds Maintenance**.
- **Public Realm** overspend of **£355,000** (adjusting out above line impact) is mainly driven by **Waste Ops** and **Street Cleansing**.
- **(£159,000)** across other budgets within **Homes and Assets** connected to the **HRA**.
- Quantifiable **Risks** stand at **£1.7m** versus **Opportunities (£50,000)**.

My Place – Homes & Assets: Period Forecast Position: **£9.7m (£704,000 overspend, 7.8% variance)**

Key Drivers of the Position (Summary):

Commercial Portfolio is reflecting a **£682,000** overspend (excluding the HRA Recharge below). The income budget was profiled on the expectation of increased rental income due to rent reviews, however, this has not occurred 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 only supplied quarter 1 for corporate and commercial buildings incurred in 2022/23 at the end of October.

Property Assets is overspending by **£603,000**. **Highways** is projecting a **£759,000** overspend (excluding HRA recharge variance below), much of this relates to energy projections on its street lighting and illuminated signage **£500,000**, plus undeliverable 2022/23 savings of **£150,000**. This is offset in part from underspends in staffing on **Asset Management (£126,000)** and **Major Works (£30,000)**.

(£354,000) reflects the variance in the **HRA Fixed Recharges** that were reviewed in April 2022 compared to the current budget. These affect Commercial, Highways, Caretaking and Compliance. **(£263,000)** mainly to do with the **HRA My Place recharge** for Landlord Services, Leasehold, Business Development and Contract Management.

My Place - Public Realm: Period 8

Forecast Position: **£9.691m**, (**£84,000** overspend, less than 1% variance)

Key Drivers of the Position (Summary):

Waste Operations is reflecting an overspend of **£818,000**, which is an increase of **£101,000**. The environment has played a factor in putting pressure on the 2022/23 staffing budgets. Storm Eunice and the pandemic increased carried forward leave, which in turn created a need for overtime and agency cover whilst staff excised their leave. The overspend is due to £268,000 where overtime and agency expenditure exceeds the staffing budget, £404,000 for Fleet recharges related to increased costs on fuel, repairs and maintenance and the hire of two additional refuse vehicles plus £146,000 on other costs such as purchasing new bins.

Fleet is reflecting a (**£418,000**) underspend which is the same as reported last period. The positive variance includes (**£168,000**) of increased external income and (**£213,000**) of increased internal recharge income compared to budget. The remainder is linked to underspend on purchasing budgets.

Parks and Environment is showing a (**£214,000**) underspend, an adverse movement of **£61,000**. Arboriculture and Cemeteries are online. Parks is reflecting a £156,000 pressure mainly related to increased compliance costs on FRA's. Ground Maintenance is reflecting a (**£360,000**) underspend of which 92% relates to positive changes in the planned HRA Fixed Recharge.

Compliance is reflecting a (**£234,000**) underspend, an increase on Period 7 of (**£36,000**) across Green Garden and Trade Waste, PEST Control and Compliance, Projects and Administration (CPA). CPA is underspending due to vacancies held ahead of restructure at (**£277,000**) which is partly offset by £28,000 mainly to do with Trade Waste.

Street Cleansing is reflecting a **£251,000** overspend, a reduction on Period 7 of (**200,000**), due to a reduction in agency and overtime expenditure. The overspend mainly relates to £80,000 where overtime and agency spend exceeds the employee budget plus £144,000 for Fleet recharges where fuel, damage and maintenance costs are exceeding budget.

PR Director Budget has released its purchasing budget to reduce the impact of Operations above (**£87,000**). **Passenger Transport** is reflecting a forecast underspend of (**£19,000**) due to staffing and **ELWA** is (**£12,000**).

My Place: Period 8 Risk and Opportunities

Forecast Position: **£19.5m** (£830,772 overspend, 4.3% variance)

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

- £1.4m: 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 2.** The company has provided Quarter 1 information to Budget Managers on 31st October 2022.
 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 8

Forecast Position: £139.7m (overspend of £8.8m, 6.3% 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
PEOPLE & RESILIENCE	129,929,230	107,532,940	22,396,290	74,307,469	139,703,704	231,303	(1,219,800)	8,785,977	9,925,478
DISABILITIES CARE & SUPPORT	30,345,254	29,552,494	792,760	20,958,819	35,227,819			4,882,565	4,456,126
ADULT'S CARE & SUPPORT	22,254,688	19,563,508	2,691,180	17,582,332	23,638,283		(1,110,000)	273,595	557,298
COMMISSIONING - CARE & SUPPORT	15,135,153	14,169,833	965,320	979,677	13,737,114			(1,398,039)	(824,260)
PUBLIC HEALTH	(318,250)	(381,250)	63,000	(123,301)	(549,553)	231,303			
CHILDREN'S CARE & SUPPORT	40,741,709	39,525,409	1,216,300	27,539,202	45,236,266			4,494,557	4,912,226
EDUCATION, YOUTH & CHILDCARE	20,522,911	3,915,181	16,607,730	7,394,664	20,522,216		(109,800)	(110,495)	(172)
EARLY HELP SERVICE	1,247,765	1,187,765	60,000	(23,923)	1,891,558			643,793	824,260

Key Drivers of the Position (Summary):

- **Disabilities Service: - £4.882m**
 - **Adults** - Short Term Care £0.155m, Direct Payments (£0.119m), Residential £0.333m, Nursing (£0.167m), Supported Living £1.189m, Day Care £0.178m, Consultancy (£0.249m), DP Refunds (£0.248m), CHC Income £0.139m. = **Total £1.211m**
 - **Children** – Direct Payments £0.103m, Day Care £0.409m, Bed & Breakfast (£0.165m), Legal Fees £0.200m, Residential £2.896m, Internal Fostering (£0.391m), Internal Services (£0.368m), Out of Borough Transport £1.038m = **Total £3.670m**
- **Adults Care and Support - £0.274m**
 - **Adults** – Resi / Nursing £1.510m, Home Care £0.787m, Direct Payments (£1.868m), DP Refunds £0.425m, BCF Projects (£0.483m), BCF Winter Pressures (£0.913m), Growth to be allocated (£0.600m), Others (£0.236m) = **Total (£1.378m)**
 - **Disabilities** – Home Care (£0.096m), Direct Payments £0.351m, Resi / Nursing £0.931m, Supported Living £1.288, Others £0.086m, Internal Care £0.203m = **Total £2.762m**
 - Drawn Down – (£1.110m)
- **Commissioning Care and Support – (£1.398m)**
 - Staffing – (£0.368m), Start for Life Grant & Delay in implementing new structure (£1.814m), Ofsted preparation allowed overspend £0.776m
- **Public Health**
 - PH is grant funded and is expected to remain within its allocation.
- **Children's Care & Support - £4,495m**
 - Agency £3.030m, Staffing (£2.422), Asylum (£1.180m), Leaving Care £0.714m, Secure (£0.614m), Residential £4,869m, Ext agency (£0.244m), Family Ass £0.227m, Int Fostering £1.101m, Adoption (£1.086m), others £0.189m
- **Education, Youth & Childcare**
 - Reporting breakeven
- **Early Help - £0.644m**
 - Agency £0.460m, Consultancy £0.230m

People and Resilience: Period 8 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.
- We are scheduled to receive additional funding from Health to support Winter Pressures and we are in a good place to deliver services within sum being provided.

Strategy: Period 8

Forecast Position: Overspend of £690,000 or 34%

		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
10D	STRATEGY	2,026,429	2,832,599	(806,170)	4,535,133	5,644,225	0	(2,927,305)	690,490	544,328
10DC	STRATEGY & TRANSFORMATION	1,147,369	1,459,659	(312,290)	3,105,810	4,210,226	0	(2,927,305)	135,552	159,588
10DD	COMMUNICATIONS	879,060	1,372,940	(493,880)	1,429,324	1,433,999	0	0	554,939	384,740

Key Drivers of the Position (Summary):

The Strategy directorate is forecast to overspend by £690,000 at the end of Period 8 which is an increase of £146,000 on the Period 7 overspend of £544,000. The increase in the overspend is due to increased expenditure in Community Events, Civic Events, and Communications. This increase is partially offset by a reduction in expenditure on the Insight and Strategy teams. The reduced HRA recharge accounts for £259,000 of the overspend of £690,000. The forecast contribution from the HRA is £107,000 – this is under review to establish if an increased contribution can be justified.

Strategy and Transformation – Forecast £135,000 overspend

- The Insight hub are forecast to overspend by £24,000 due to a £52,000 overspend on subscriptions (Gartner, LG Inform, borough Data Explorer), consultancy fees and IT recharges, offset by a £28,000 underspend on staffing. Advertising is anticipated to exceed the £236,000 income target by £33,000.
- The PMO is forecast to overspend by £93,000 due to the HRA income pressure of £116,000 offset by a £24,000 underspend on salaries.
- Strategy is forecast to overspend by £80,000 on the non-pay budget, mainly due to an overspend of £44,000 on subscriptions, and also a reduction in the HRA recharge of £25,000. There is an underspend of £28,000 on the Director cost centre due to a period of vacancy earlier this year.

Communications, Campaigns and Events – Forecast £555,000 overspend

- Events are forecast to overspend by £342,000, which is an increase of £114,000 since last period. The overspend consists of £126,000 on staffing, £577,000 on non-pay budgets less forecast income of £360,000. The forecast net expenditure for events is just over £1m, which is an increase of £344,000 on 2021/22.
- Civic Events are forecast to overspend by £31,000 which is on salaries and overtime.
- Communications is forecast to overspend by £181,000 which is an increase of £43,000 on last month. The overspend consists of £62,000 on salaries plus £117,000 reduced HRA income.
- The £2.927m transfer from Reserves represents a drawdown of £2.262m to finance the ERP programme from the budget support reserve, £167,000 Transformation funding and £498k of Shielding grant.

Strategy Period 8 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 bring the budget back in line with these uncontrollable costs.

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

- Income from Digital Advertising is an area of opportunity. There is potential for new units to generate additional income (estimated at £40k per year). However, after the service recently tested the market, providers were offering low fees to the Council and required a long contract (15 years). As such the team may decide to wait a year before going to market again. This would delay this income opportunity. The service is currently in discussions with procurement, finance and external advisers to decide the best route.

HRA: Period 8 – Held at P7 due to Budget Build

Forecast Position: **£3.7m** overspend.

2022/23 FORECAST OUTTURN				
REPORT LEVEL	BUDGET	PERIOD 7	VARIANCE	CHANGE
	£'000	£'000	£'000	£'000
SUPERVISION & MANAGEMENT	43,523	45,244	£1,722	
REPAIRS & MAINTENANCE	24,215	23,549	(£666)	
RENTS, RATES ETC	950	1,055	£105	
INTEREST PAYABLE	10,944	10,944	£0	
DEPRECIATION	17,088	19,210	£2,122	
DISREPAIR PROVISION	0	0	£0	
BAD DEBT PROVISION	3,309	2,000	(£1,309)	
CDC RECHARGE	1,003	1,003	£0	
TOTAL EXPENDITURE	101,030	103,005	£1,975	£0
DWELLING RENTS	(£88,255)	(86,953)	£1,302	
NON-DWELLING RENTS	(£770)	(743)	£27	
CHARGES FOR SERVICES & FACILITIES	(£22,186)	(22,024)	£161	
INTEREST & INVESTMENT INCOME	(£299)	(299)	£0	
TOTAL INCOME	(£111,509)	(£110,019)	£1,490	£0
TRANSFER TO HRA RESERVE	1,281	1,536	£255	
TRANSFER TO MRR	9,198	9,198	£0	
	£0	£3,720	£3,720	£0

Key Drivers of the Position (Summary):

- Supervision & Management: **£1.722m**

Recharges from the General Fund mainly driven by My Place HRA Recharge due to increased costs projected for Compliance and Consultancy.

- Repairs and Maintenance: **(£666,000)**

Following restatement of the HRA Budget, the forecast for the HRA BDMS Contract is online at £11m for 2022/23. The main driver for the underspend is where BDMS recruitment of additional DLO Operatives this financial year has not been near to capacity (£480,000). The remaining variance is DLO where vacancies and agency recruitment has fallen behind. The DLO is managed by BDMS.

- Dwelling Rents/Service Charges: **£1.745m**

Rents represent a **£1.328m** overspend on a budget of **(£89.025m)** representing **1.5%** variance. The most notable cause is due to the increased RTB sales which had reached 93% of budgeted sales by end of Qtr 2 alone plus estate regeneration plans beyond budgeted assumptions.

Whilst Service Charges is forecasting a **£417,000** overspend, once Leaseholder Reserve (Transfer to HRA Reserve), is accounted for. The main cause is the factoring in of an expected actualisation adjustment of £300,000 at the coming year end. This recognises that service charges raised on estimates tend to actualise below the estimate in recent years.

- Depreciation and BDP: **£813,000**

Depreciation is expected to increase by **£2.122m** compared to budget. This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). The BDP has been reviewed in September and the provision required is **(£1.309m)** less than budget.

HRA: Period 8 Risk and Opportunities - Held at P7 due to Budget Build

Forecast Position: **£3.7m** Overspend

Risks: **£1.6m** (These are risks that are NOT in the forecast that we are monitoring)

- **£1.6m** 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.
- 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.
- Further Compliance costs are expected above budget with the plan to complete Compliance of assets over 3 years.
- 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.
- The Disrepair Provision may require additional resources due to the ongoing backlog and future claims coming forward.

Opportunities: **(£2.1m)** (These are opportunities that are NOT in the forecast that we are monitoring)

- **(£500,000)** the Bad Debt Provision budget is set at £3.309m and currently forecast at £2m. 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.