

APPENDIX A



London Borough of Barking and Dagenham Budget Monitor: Period 9

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Revenue Outturn - There is a forecast overspend of £12m as at P9 on Council Services

The National picture for all Local Authorities shows the financial pressure that Local Government is facing. COVID, the cost-of-living crisis, the uncertainty with funding from Central Government as a result of political instability coupled with increased demand has created a perfect storm.

Local Government is not immune to the cost pressures being experienced by their constituents and we have seen recently many are finding themselves struggling financially with the LGC plus website identifying that 'two dozen Southeast Councils thought to be at risk of Section 114 notices' early last year and even having to issue s.114 notices in the cases of Thurrock, Croydon and Nottinghamshire.

The London Borough of Barking and Dagenham is reporting an overspend at P9, a significant decrease from the previous period as mitigations come into place. What should be noted is that LBBD have been prudent and have the reserve levels needed to weather this situation this financial year. Which is demonstrated on the reserve slides.

We are working hard to ensure that we invest in the right places to drive down costs and increase the service delivered to Constituents. Early Help investment is a clear example of us working to support the most vulnerable and prevent them escalating to more costly Council intervention. We are also investing to support our constituents through this difficult period with the Welfare Reserve Fund and initiatives like Community Banking.

Revenue Outturn - There is a forecast overspend of £12m as at P9 on Council Services

This period has seen the result of in year mitigations, additional government income and a deep dive on spend resulting in a reduction in the overspend. An overall positive movement from last month of £2.99m

The 2022-23 pay award was implemented in December and is now reflected in the actuals and forecasts. The budgets have also been updated.

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:

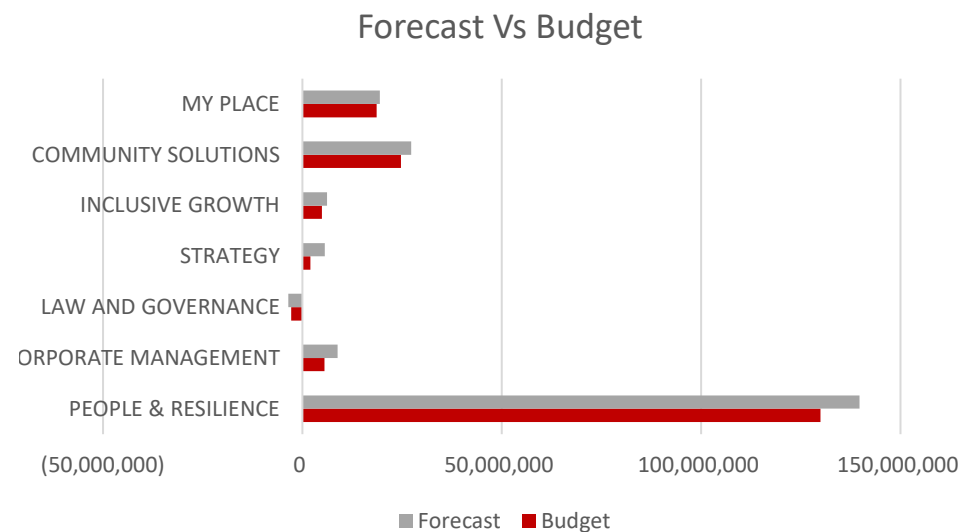
- The overall position has move by £0.28m due to security costs across all Hostels are now back to pre-pandemic levels. This reduction has been inline with National Guidelines.

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 9

	This Years Budget	Actuals/Forecast		Variances Inc Reserves			Additional Information	
	Revised	YTD Actuals	Current Forecast after reserves	Variance	Last Period Variance	Movement in Variance	Variance as % of budget	Reserves Transfers
PEOPLE & RESILIENCE	132,002,012	75,025,231	139,159,667	7,157,655	8,785,977	(1,628,322)	5.4%	(1,104,238)
CORPORATE MANAGEMENT	(254,773)	19,081,558	3,101,540	3,356,313	3,326,718	29,595	-1317.4%	0
LAW AND GOVERNANCE	(2,052,092)	1,568,036	(2,490,176)	(438,085)	102,628	(540,713)	21.3%	605,883
STRATEGY	2,120,949	4,789,003	2,765,439	644,490	690,490	(46,000)	30.4%	(2,927,305)
INCLUSIVE GROWTH	5,227,176	2,734,311	5,895,736	668,560	604,090	64,470	12.8%	(406,677)
COMMUNITY SOLUTIONS	26,090,159	17,297,008	26,467,980	377,821	702,339	(324,518)	1.4%	(1,818,245)
MY PLACE	19,926,700	38,062,053	20,161,889	235,189	788,978	(553,789)	1.2%	272,562
GENERAL FUND I&E	183,060,131	158,557,199	195,062,075	12,001,944	15,001,220	(2,999,276)	6.6%	(5,378,020)
Corporate Funding	(183,060,131)	(154,401,063)	(183,354,401)	(294,270)	0	(294,270)	0.2%	(2,100,000)
GENERAL FUND REVENUE	0	4,156,136	11,707,674	11,707,674	15,001,220	(3,293,546)	6.4%	(7,478,020)

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, 5.4% 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. There has been considerable work in this area to also provide a stable data position to enable better forecasting and an increased ability to identify areas of concerns and respond with mitigations.

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 £0.3m. 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 Muller 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 9 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.

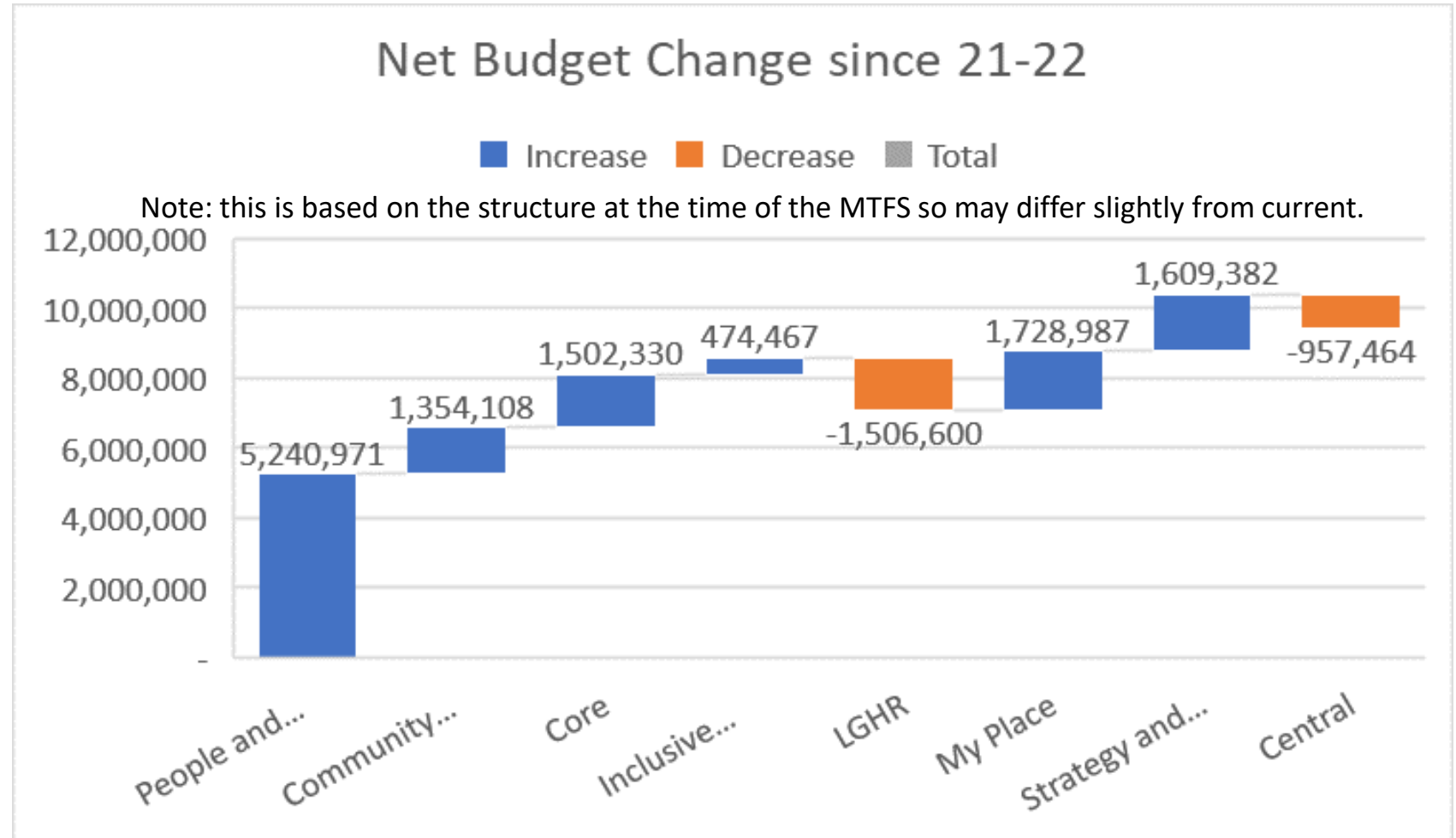
Opportunities

- 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



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	

Reserve Position as at Period 9

The reserve levels mean that the Council is in a financially stable position despite reporting a significant overspend against Service Expenditure.

The below table demonstrates the reserves levels.

Reserves Summary	22-23 Opening Balance	In Year Transactions	Current Balance	Forecasted Drawdown/Addition	Year End Forecast
General Fund Balance	- 17,030,171	-	- 17,030,171		- 17,030,171
Budget Support Reserves	- 22,839,218	688,348	- 22,150,870	14,363,900	- 7,786,970
Ring-fenced Specific Reserves	- 34,520,296	- 6,188,348	- 40,708,644	1,489,668	- 39,218,976
Non-Ringfenced Specific Reserves	- 19,089,432	- 10,476,068	- 29,565,500	1,939,237	- 27,626,263
HRA Reserves	- 44,248,563	-	- 44,248,563	19,210,000	- 25,038,563
Schools Reserves	- 37,550,268	-	- 37,550,268	-	- 37,550,268
Capital and Investment Reserves	- 15,499,568	476,068	- 15,023,500	2,100,000	- 12,923,500
Collection Fund Reserve	- 31,210,527	-	- 31,210,527		- 31,210,527

Notes

- 1) The General Fund Balance must be maintained at £12m or above. Going below this would be an indicator of severe financial issues requiring drastic action and potentially the forerunner to a 114 notice.
- 2) The budget support reserve has been created to support year end overspend positions if required.
- 3) Ring fenced reserves include grants carried forward or monies reserved for specific purposes by legislation or contracts eg Parking reserve, Public Health reserve. In general they cannot be repurposed.
- 4) Non ring fenced specific reserves are monies set aside by the Council for various purposes – these are available for use but this would mean changing plans and policies eg Welfare Reform Reserve, Legal trading account

Community Solutions: Period 9

Forecast Position: £28.3m (overspend of £0.4m, 1.4% 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	26,090,159	20,252,632	5,837,528	17,297,008	28,286,225	190,000	(2,008,245)	377,821	702,339
SUPPORT AND COLLECTIONS	9,290,123	4,654,215	4,635,908	7,181,606	11,227,957		(889,323)	1,048,511	1,116,542
COMMUNITY SOLUTIONS	6,884,839	7,037,389	(152,550)	5,267,489	7,175,908	130,000	(215,000)	206,070	300,922
COMMUNITY PARTICIPATION & PREV	9,915,198	8,561,028	1,354,170	4,847,913	9,882,359	60,000	(903,922)	(876,760)	(715,922)

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 was reduced further in period 8 by **c£0.25m** as security returned to pre pandemic levels in Hostels. The forecast has been reduced further in this period by **c£0.32m**. The Homes for Ukraine scheme is being delivered by existing resources which has freed up general fund (one-off) and the successful recruitment drive in Customer Services has resulted in a reduction in agency staff cost.

There may be potential to reduce the outturn variance further, and this is listed in the opportunities below.

Community Solutions: Period 9 Mitigations Table

Forecast Position: £28.3m (overspend of £0.4m, 1.4% 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 9 Risk and Opportunities

Forecast Position: £28.3m (overspend of £0.4m, 1.4% 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.

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.

Corporate Management: Period 9

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	(254,773)	4,414,742	(4,669,515)	19,081,558	3,101,540	0	0	3,356,313	3,326,718
STRATEGIC LEADERSHIP	(328,556)	417,989	(746,545)	347,761	(387,945)	0	0	(59,389)	(49,668)
FINANCE	5,882,206	12,475,936	(6,593,730)	14,090,994	4,658,300	0	0	(1,223,906)	(1,251,863)
IAS	(4,164,180)	(4,175,900)	11,720	(4,184,187)	(4,254,730)	0	0	(90,550)	(91,678)
CENTRAL EXPENSES	(1,644,243)	(4,303,283)	2,659,040	8,826,990	3,085,915	0	0	4,730,158	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 (£59,000). This is due to a senior leadership vacancy saving of £146,000 less the HRA recharge shortfall of £71,000 (Procurement Gainshare £103,000 less Managing Director £32,000) plus a £19,000 overspend on non-pay budgets.
- **Finance** forecast an underspend of (£1.23m), due to the following areas underspending.

IT is reflecting an underspend of (£1.09m)

(£573,000) projected underspend in IT Third Party Contracts of which 94% is attributable to savings from the Oracle to Advanced E5, Itrent and Brent Hosting contract costs of £540,000.

(£773,000) projected underspend on IT Staff and Agency, largely attributable to staff vacancies.

- £181,000 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.
- £54,000 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 (£346,000) primarily due to staff vacancies, offset by **Assurance** overspend of £150,000 mainly on internal audit fees plus salaries and £122,000 overspend in **Service Finance** due to agency costs.

- **IAS - Investment Strategy** - is reflecting a surplus on the (£4.1m) budget of £91,000, largely due to projected commercial rental income exceeding budget.
- **Central Expenses** - £4.7m overspend: The budget has changed significantly as the funding for the pay award has now been distributed to services. The difference between the cost and the budget is shown here as a pressure. (£3m) There is also a pressure on the estimated bad debt provision. 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 9 Risk and Opportunities

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

- 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.
- Debt management improvement savings have reduced the budget available for providing against bad debt. The forecast currently assumes an overspend despite this as debt continues to rise in some areas as a result of the wider economic situation.
- 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 9

Forecast Position: £6.3m (Overspend of £668,000)

	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	5,227,176	2,287,358	2,939,818	2,734,311	6,302,413	0	(406,677)	668,560	604,090
COMMERCIAL	517,549	(108,411)	625,960	(328,039)	1,204,037	0	0	686,488	711,531
INCLUSIVE GROWTH	4,709,627	2,395,769	2,313,858	3,062,350	5,098,376	0	(406,677)	(17,928)	(107,441)

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to overspend by £668,000 at the end of Period 9. Approximately 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 £686,000

- The **Core Commercial Team** is projecting a (£66,000) underspend due to non pay budgets offset by a £323,000 overspend (excl. salaries) in Procurement. **Procurement** has the greatest HRA impact 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, contributing to 85% of the overspend. Likewise, there is a net £38,500 HRA income shortfall in relation to Accounts Payable.
- **The Film Office** is projecting a £198,000 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 LBB, whilst tenant is on a rent free period.
- Across **Commercial services** there is a pressure of £69,000 on salaries and agency costs, offset by an underspend of (£49,000) on Added years pension top ups.

Inclusive Growth – Forecast an underspend of (£18,000)

- **Parks Commissioning** forecast an overspend of £17,000, comprised of £50,000 projected overspend on energy and services for Eastbrookend Discovery Centre and Park Commissioning core team. Part of the £50,000 overspend relates to £41,000 in projected costs for contaminated land water sewage charges, plus other non pay costs and £9,000 shortfall on Licence & Permit, schools and events income. The overspend is offset by (£18,000) income over achievement on the Central Park Soil importation and (£15,000) underspend on staffing.
- **Culture and Heritage** is reflecting a £101,000 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 £33,000 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 (£173,000). The main contributing factor is (£104,000) projected underspend due to staff vacancies following restructure implementation. The remainder is attributable to (£58,000) HRA recharge contribution increase, (£55,000) CIL admin fee income and CEV Grant offset by £42,000 overspend on non - pay budgets.
- Development Planning reflects a projected overspend of £37,000 as a result of Added Years Compensatory payments.

The £407,000 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 9 Risk and Opportunities

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

Food Sector, Make it Here, Employment & Skills

- 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.
- There are inherent risks associated with expected grants for Works & Skills (Employment Team), as there is the possibility for the bids not being approved.

Heritage and Culture

- 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.

Inclusive Growth: Period 9 Risk and Opportunities

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

Commercial

- 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.

Parks Commissioning

- 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.

Inclusive Growth: Period 9 Risk and Opportunities

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

Food Sector, Make it Here, Employment & Skills

- 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.
- 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.

Heritage and Culture

- 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.

Parks Commissioning:

- 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 9

Forecast Position: -£3.1m (underspend of £438k). Underspend is after transfer of c£1.8m 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	(2,052,092)	460,467	(2,512,559)	1,568,036	(3,096,059)	1,779,000	(1,173,117)	(438,085)	102,628
WORKFORCE CHANGE / HR	755,892	2,518,231	(1,762,339)	2,233,468	1,096,154	0	0	340,262	733,803
LEGAL	1,886,764	3,363,024	(1,476,260)	4,722,310	2,253,203	0	(234,637)	131,802	186,989
ENFORCEMENT	(4,709,269)	(5,693,759)	984,490	(5,630,584)	(6,501,611)	1,779,000	(938,480)	(951,822)	(864,316)
LEADERS OFFICE	14,521	272,971	(258,450)	242,842	56,195	0	0	41,674	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 £616k.

There has been a favourable movement of £541k across Law and Governance from the position reported in P8. The key driver for this favourable movement was due to Workforce Change/ HR identifying additional income from recalculation of the Traded Companies buy back. There has also been reduction in agency staff across Enforcement.

There are delays in the recruitment process for a number of positions within Law & Governance, predominantly within Enforcement where there have been difficulties with recruitment. There are currently 80 vacancies, and It is unlikely that these positions will be filled before April 2023. There are currently 61 agency staff covering permanent roles at a forecast cost of £3.7m. This spend is offset by a £4.1m underspend against permanent salary budgets.

Parking income is forecast to be around £1.8m 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 9 Risk and Opportunities

Forecast Position: -£3.1m (underspend of £438k). Underspend is after transfer of c£1.8m 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. The income for December was lower than forecasted due to adverse weather. If there are further weather disruptions, this will impact on the forecast income.

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 9

Forecast Position: £19.9m (£235,000 Overspend, 1.2% 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
MY PLACE	19,926,700	38,574,263	(18,647,563)	38,062,053	19,889,327	287,000	(14,438)	235,189	788,978
MY PLACE (HOMES & ASSETS)	9,343,149	24,525,892	(15,182,743)	26,373,974	9,877,303	0.00	0.00	534,154	704,772
PUBLIC REALM	10,583,551	14,048,371	(3,464,820)	11,688,080	10,012,023	287,000	(14,438)	(298,966)	84,206

Executive Summary

- **Property and Commercial Portfolios £1.398m** net overspend driven by inflation (maintenance and energy), under recovery of income and savings.
- **Compliance £263,000** net overspend, however, increased HRA charging for Caretaking and other areas reduce this (**£1,122m**).
- **Public Realm underspend of (£299k), this is a significant improvement in the forecast on prior months across all budgets (see next slide).**
- Quantifiable **Risks** stand at **£1.6m** versus **Opportunities (£50,000)**.
- **Public Realm:** intends to carry forward **£287,000** due to delayed activity on Waste and Street Cleansing Strategies.

My Place – Homes & Assets: Forecast Position: £9.9m (£534,000 overspend, 5.7% variance)

Key Drivers of the Position (Summary):

Commercial Portfolio is reflecting a **£595,000** overspend. £242,200 removal of HRA Fixed Recharge, £226,000 income under recovery. The income budget was profiled on the expectation of increased rental income due to rent reviews, however, this has not occurred due to limited capacity. £127,000 from insurance, repairs and maintenance have exacerbated the position. There is also uncertainty over repairs and maintenance charges.

Property Assets is overspending by **£803,000**. **Highways** is projecting a **£936,000** overspend made up of Energy £400,000, £235,000 on contract inflation, £245,000 range of activities such as income recovery, £150,000 non-deliverable 2022/23 savings offset by (£94,000) increase charge to HRA. This is offset in part from an underspend in staffing on **Asset Management (£159,000)**. **Major Works £26,000**.

Compliance expenditure is rising sharply due to the various programmes currently ongoing. The majority of the cost relates to the HRA but the current estimate for General Fund is **£142,000**. There is also a redundant HRA Fixed Recharge cost **£120,720** removed as the Housing Energy Team doesn't exist.

Caretaking will break even due to the HRA Fixed Recharges review. The **My Place HRA Recharge** is reflecting a **(£517,000)** increase in charges to the HRA. The remaining budgets contain a variance of **(£5,000)**.

My Place - Public Realm: Period 9

Forecast Position: £10.0m, ((£299,000) underspend, 2.8% variance)

Key Drivers of the Position (Summary):

Waste Operations is reflecting an overspend of **£703,000**. 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 £138,000 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 £161,000 on other costs such as purchasing new bins.

Fleet is reflecting a **(£536,000)** underspend. Fleet Management (£317,000) due to improved income recovery (£226,000), reduced Transport and other expenditure budgets (£228,000). However, a HRA Fixed Recharge has been removed £137,000 following review. Frizlands Workshop also reflects a (£219,000) underspend primarily due to projected income over recovery.

Parks and Environment – on balance. Ground Maintenance now showing a break even position after positive changes in the planned HRA Fixed Recharge. Arboriculture and Cemeteries are reflecting a (£134,000) underspend which mainly relates to Cemeteries forecast income and reduced expenditure commitments. Parks is reflecting a £92,000 pressure mainly related to increased compliance costs on FRA's. This is an improved position on last month.

Compliance (£348,000) underspend on PEST Control and Compliance, Projects and Administration (CPA). CPA is underspending due to vacancies held ahead of restructure at (£275,000), PEST Control (£131,000) improved income partly offset by £71,000 on Trade and Garden Waste. The position has improved on recent months due in part to Trade Waste expenditure review identifying a double count and PEST Control income.

Street Cleansing £117,000 overspend. This mainly relates to Fleet recharges where fuel, vehicle repair costs are exceeding budget. The position has improved dramatically in recent months particularly around the staffing budget due in part to delayed recruitment.

PR Director has released its purchasing budget to reduce the impact of Operations above **(£62,000)**. **Passenger Transport** is reflecting a forecast underspend of **(£124,000)** due to staffing and **ELWA** is **£5,000**.

My Place: Period 9 Risk and Opportunities

Forecast Position: £19.6m ((£77,000) underspend)

Risks: **£1.625m** (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.
- £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.
- 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 now starting to be reflected in the Outturn. Prices increased significantly in the 2nd half of 2022/23.
 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.
- There may be other areas were it is appropriate to recharge costs to the HRA or to Reside.

People and Resilience: Period 9 – Variance Analysis

Forecast Position: £140.3m (overspend of £7.4m, 6.3% variance) before Education adjustment

	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	132,002,012	109,603,013	22,398,998	75,025,231	140,353,855	231,303	(1,219,800)	7,157,656	8,785,976
DISABILITIES CARE & SUPPORT	30,543,650	29,750,890	792,760	25,007,727	35,576,322	0	0	4,942,722	4,882,565
ADULT'S CARE & SUPPORT	22,734,298	20,043,118	2,691,180	7,470,490	23,326,620	0	(1,110,000)	(517,678)	273,595
COMMISSIONING - CARE & SUPPORT	15,375,128	14,409,653	965,475	2,912,229	13,974,672	0	0	(1,400,456)	(1,398,039)
PUBLIC HEALTH	(318,250)	(381,250)	63,000	374,818	(504,166)	231,303	0	45,387	0
CHILDREN'S CARE & SUPPORT	41,592,331	40,374,206	1,218,125	31,802,293	45,034,202	0	0	3,441,871	4,494,557
EDUCATION, YOUTH & CHILDCARE	20,668,651	4,060,921	16,607,730	7,109,518	20,894,192	0	(109,800)	0	(110,495)
EARLY HELP SERVICE	1,406,203	1,345,475	60,728	348,155	2,052,013	0	0	645,809	643,793

Key Drivers of the Position (Summary):

- **Disabilities Service: - £4.943m**

- **Adults** - Short Term Care £0.155m, Direct Payments (£0.119m), Residential £0.349m, Nursing (£0.168m), Supported Living £1.467m, Day Care £0.152m, DP Refunds (£0.230m), DP Refunds (£0.244m), CHC Income £0.139m. = **Total £1.388m**
- **Children** – Day Care £0.602m, Bed & Breakfast (£0.165m), Legal Fees £0.200m, DSG Cont' (£0.200m), Residential £2.855m, Internal Fostering (£0.389m), Internal Services (£0.973m) Life Planning Team B £0.645m,, Out of Borough Transport £1.038m = **Total £3.547m**

- **Adults Care and Support – (£0.517m)**

- **Over 65** – Resi / Nursing £1.166m, Home Care £1.694m, Direct Payments (£1.566m)
- **Under 65** – Home Care (£0.783m), Direct Payments (£1.855m), Supported Living £0.620m, Direct Payment Refunds £0.425m, Health Funding to support package pressures (£2.902m), MTFS Growth to be allocated (£0.600m),
- **Mental Health**
- **Over 65** – Resi / Nursing £0.701m, Home Care £0.478m, Direct Payment £0.112m
- **Under 65** – Resi / Nursing £0.175m, Home Care (£0.372m), Direct Payments £0.233m, Supported Living £1.268m
- **Reserves Drawdown – (£1.100m)**

- **Commissioning Care and Support – (£1.400m)**

- Staffing – (£0.377m), Ofsted preparation allowed overspend £0.872m, (£1.900m) funding for Early Help is being held here – part offset by spend below. Around £1.4m will not be spent this year due to delays in starting programme.

- **Public Health** - PH is grant funded and is expected to remain within its allocation.

- **Children's Care & Support - £3.442m**

- Agency £2.940m, Staffing (£2.495m), Running Costs (£0.689m). Placements £3.688m, which includes the following material variances Asylum (£0.935m), Leaving Care £0.676m, Secure (£0.672m), Residential £4.451m, Ext agency (£0.244m), Family Ass £0.169m, Int Fostering £1.015m, Adoption (£1.036m).

- **Education, Youth & Childcare** - Reporting breakeven (Manual adjustment to report £0.116m)

- **Early Help - £0.648m** - Agency £0.460m, Consultancy £0.230m

People and Resilience: Period 9 – Material Movements

Disabilities - £0.060m

Whilst the overall variance is not material, there are a number of movements that should be reported.

- Supported Living £0.278m – There are 2 new clients costing £0.153m and several placements receiving higher levels of support.
- NEET Funding (£0.126m) – There has been no expenditure set against this fund.
- Day Care Respite £0.193m – There are 2 new clients costing £0.131m and several placements receiving higher levels of support.
- DSG Funding (£0.200m) – A number of children's placements attracted funding for the Education element of their care.

Adults – (£0.791m)

- Residential & Nursing (£0.460m) Following a review of client contributions, £0.320m was identified and £0.140m was reduced from the cost of several packages.
- Homecare - £0.325m Following a review of the Homecare modelling it was noted that the service was under forecasting the level of spend.
- Winter Pressures – (£0.600m) We have now received grant funding which has been set against expenditure previously allocated to the general fund.

Children – (£1.053m)

- Staffing (£0.715m) – Previously a provision of £0.700m had been set aside to support the cost of statutory sick. It is now confirmed that this is no longer required.
- Running Costs (£0.253m) – Previously a provision has been set aside for the cost of DBS checks. It is now confirmed that this is no longer required.

People and Resilience: Period 9 Risk and Opportunities

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

- The impact of the pandemic and the increased level of inflation are having an adverse and significant financial impact on base costs, market rates, inflation, equipment, materials, and staffing. There are concerns that the lack of D2A and additional contributions in 22/23 from the ICB will negatively impact the local authority as these financial increases are being felt. Additionally, short term funding streams such as the Winter Funding or the Adult Social Care Discharge Fund, although welcome, make long-term planning more difficult and stifle innovation.
- Early Help service TOM has yet to be finalised and it is expected that costs will significantly rise once this is complete. The service is currently significantly understaffed.
- Market stabilisation and Fair Cost of Care is now complete. However, the government have now postponed its implementation, and this has caused market instability as providers are aware of what is deemed "Fair" in the local market.
- 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.

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 and the service is now implementing and client reviews starting to take place, where we hope to see savings/cost avoidance this year and in the future.
- 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 have now received additional funding from Health to support Winter Pressures and we are in a good place to deliver services within sum being provided.
- There is current a provision of £900k in support of costs related to possible refunds to clients who make a claim against incorrect calculations relating to the inclusion savings credits when their cases were being reviewed by the Financial Assessment Team. Following updated Legal advice, it is possible to reduce this provision to £350k.

People and Resilience: Data Analysis

Overall Position

Total forecast spend of £139.3m against a budget of £132.0m, giving an overspend of £7.3m

- An increase in spend of £22.2m from 21/22

Placements costs forecast at £95.8m, an increase of £8.1m from 21/22, against a budget of £79.7m for an overspend of £16.1m. Placement numbers remaining fairly steady between months

- Placements budget has remained static between years
- Service provision has started to increase, in particular for residential placements, after two years of impact from COVID

Children's Services

Reduction in forecast of £1m, a result of a more in depth review and detailed forecasting

830 active placements showing for December, with the number of active placements remaining relatively flat between months

Placements forecast variance of £3.3m to budget

A year on year reduction in placement costs of £0.4m, due to a reduction in the number of high cost placements

46% of all children's placements are with the Adoption service accounting for 14% of total placement costs

Residential placements account for 30% of the total placement costs and has been driven by an increase in total number of placements. High cost placements have ended through the year replaced with more over all placements at a lower weekly cost.

People and Resilience: Data Analysis

Adults Services

Reduction in forecast variance of £0.8m, draw down from reserves of £1.1m

2,019 active placements showing for December, with a small increase of £0.2m to the forecast giving a placements variance of £6.5m to budget.

A year on year increase of £4.5m in placements spend, this is in part due to the impact of COVID in 21/22, with provision picking back up this year and a number of clients with complex needs.

78% of adult's placements are within physical support accounting for 73% of the total placement costs. These are typically complex cases with a higher cost of provision

Disabilities Services

A small increase in forecast variance of £0.1m

1,078 active placements showing for December, with an increase of £0.6m to the forecast giving a placements variance of £6.2m to budget.

A year on year increase of £4m in placements spend, due to the complex needs of clients resulting in a higher cost per placement.

49% of disabilities placements are for adult learning disabilities accounting for 67% of the total placement costs.

Strategy: Period 9

Forecast Position: Overspend of £644,000 or 30%

	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	2,120,949	2,927,119	(806,170)	4,789,003	5,692,744	0	(2,927,305)	644,490	690,490
STRATEGY & TRANSFORMATION	1,183,619	1,495,909	(312,290)	3,290,057	4,254,041	0	(2,927,305)	143,117	135,552
COMMUNICATIONS	937,330	1,431,210	(493,880)	1,498,945	1,438,703	0	0	501,373	554,939

Key Drivers of the Position (Summary):

The Strategy directorate is forecast to overspend by £644,000 at the end of Period 9. The overspend is predominantly due to expenditure in Community Events, Civic Events, and Communications and the reduced HRA recharge, which accounts for £259,000 of the overspend of £644,000. 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 £143,000 overspend

- **The Insight hub** are forecast to overspend by £25,000 due to a £52,000 overspend on subscriptions (Gartner, LG Inform, borough Data Explorer), consultancy fees and IT recharges, offset by a £27,000 underspend on staffing. Advertising is anticipated to exceed the £236,000 income target by £27,000.
- **The PMO** is forecast to overspend by £95,000 due to the HRA income pressure of £116,000 offset by a £21,000 underspend on salaries.
- **Strategy** is forecast to overspend by £70,000 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 £501,000 overspend

- **Community Events** are forecast to overspend by £326,000 consisting of £106,000 on staffing, £581,000 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 £347,000 on 2021/22 Financial Year.
- **Civic Events** are forecast to overspend by £16,000 which is on salaries and events costs.
- **Communications** is forecast to overspend by £159,000 which is a decrease of £22,000 on last month. The overspend consists mainly of £45,000 on pay costs 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 9 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.
- There is a risk of continued overspend on Community events and Civic events in 2023/4 if an affordable programme cannot be agreed. A draft programme, designed within budget, is being presented to the Leader and Deputies on 30 January.

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 of around £15k per annum. This is less than previous estimates which have been affected by the recent economic downturn. Despite this, negotiations are in progress with providers to establish the best possible position for the council. If we cannot achieve a good deal we may decide to wait a year before going to market again. This would delay the income stream. The service is currently in discussions with procurement, finance and external advisers to decide the best route.

HRA: Period 9

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.