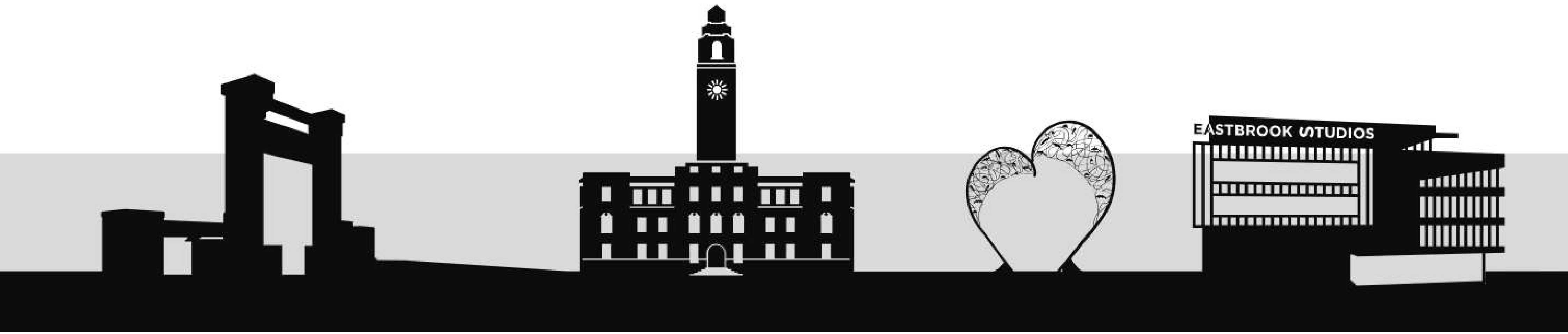
Finance Budget Monitoring – General Fund

APPENDIX A

2023/24

P6 (September 2023)



Period 6: <u>Overspend</u> of £12.65m, a negative movement of £1.61m from previous period

		This Years Budget	Actuals/Forecast		Reserves	Variances Inc Reserves			
	Outturn 2022/23	Revised	YTD Actuals	Current Forecast	Net Movement in Reserves	Variance	Last Period Variance	Movement from Last Period	
GENERAL FUND I&E	210,758,420	199,002,253	100,560,955	228,938,748	(17,284,620)	12,651,875	11,037,395	1,614,479	
PEOPLE & RESILIENCE	117,190,113	116,957,652	56,758,574	130,366,517	0	13,408,864	11,020,797	2,388,067	
CORPORATE MANAGEMENT	52,696,852	45,112,923	8,195,233	59,906,828	(12,161,574)	2,632,331	2,240,899	391,431	
LAW AND GOVERNANCE	(5,174,523)	(4,202,417)	916,060	(6,755,603)	1,455,000	(1,098,186)	(945,775)	(152,411)	
STRATEGY	3,546,790	9,755,640	5,437,282	9,791,675	(363,662)	(327,627)	(813,576)	485,949	
INCLUSIVE GROWTH	2,229,661	1,735,078	2,436,307	3,711,490	(1,765,298)	211,114	274,848	(63,734)	
COMMUNITY SOLUTIONS	25,021,966	14,461,470	7,267,630	17,165,392	(4,449,086)	(1,745,164)	(1,431,665)	(313,499)	
MY PLACE	15,247,563	15,181,907	19,549,868	14,752,450	0	(429,456)	691,867	(1,121,323)	

Key Drivers:

The most significant negative movement is from People and Resilience which moved by £2.39m with other relatively smaller movements from Corporate Management - 0.391m, and Strategy - £0.486m. These are offset by an improvement of £1.12m in My Place forecast outturn and £0.313m improvement on Community Solutions.

People and Resilience: £2.39m increase in forecast expenditure in P6.
The movement is largely due to new placements across both Children's and Adult's services and the cancelling of some Adult client debt, with some offsetting income from clawback of direct payments.

My Place: £1.12m reduction in forecast expenditure.
One of the key movement in P6 is from the review of the My Place HRA fixed recharges (£0.807m) which is now mostly completed with Street Cleansing the only outstanding area in My Place. The other is from holding vacancies in the department to deliver one off savings in 2023/24 (£0.250m) in line with the current recruitment freeze.

Corporate Management has been split in the detail section of this report with Central Expenses and Investment Acquisition Strategy (IAS) now separated from core corporate management of Strategic Leader's Office, Finance, Human Resources, Leadership office and Technical accounting items. The Corporate Management Directorate also factors in the non-achievement of £12m of dividend income from BeFirst and Reside but this pressures is supported from additional drawdown of reserves.

Key assumptions

- Forecasts are provided by budget holders and service managers with Finance advice and support

- Staff are costed within services at 22/23 pay rates within services. An estimate of the additional costs of a 6.5% pay increase has been included in Central Expenses resulting in a £3.7m overspend and forms part of the Corporate Management overspend.

- There is an inflation provision held centrally of £5.5m for energy and contract costs. £2.7m has been distributed to services and a further £0.7m is shown as an underspend against declared service pressures leaving c£2m.

- Care and Support figures are based on known clients and care packages held on ContrOcc and does not factor in clients going through the onboarding process . Any increases in clients or shifts in types of placement above this assumption will create variances. Since individual clients can require very expensive packages these budgets can be very volatile. Further work is now being picked up to better forecast for placement spend with a clear model being developed.

- Quarter one debt monitoring did not support an increase in bad debt provision so there is currently no forecast for this being required. Bad debt is revisited Quarterly and will be updated in P9 with a clearer position identified at year end

- It is assumed that the company dividends total of £12m will be drawn down from reserves and this position is factored within the Corporate Management Directorate. Be First £10m and BDTP £2m will be covered from the IAS reserve using the Mueller Profit in part as the companies are unlikely to deliver returns 23/24. Not drawing down these reserves will further add to the overspend by £12m.

- Parking Income has been forecast to include the current trend. Currently forecasting additional income of £1.2m of which £0.2m will be transferred to Reserves and c£1m is included in the outturn position. There are schemes to come online in year that may increase the achieved income. We have been prudent in the income forecast. There is a potential uplift of c£0.3m up to c£.5m but this will depend on the timescales of delivering schemes.

- There is no variance reported on borrowing and interest costs and income or the MRP budget – in previous years this has been managed by use of reserves.

Funding assumptions

- The Budget assumes funding from Subsidiaries of c£12m via dividends, however this seems unlikely as stated in this report. The non-achievement of dividend will now be funded from Reserves.
- There was a deficit on the 22/23 Collection Fund that will be brought into this year's General Fund (in accordance with regulations.) This will be covered by a drawdown from reserves as reported in the February 2023 budget and this was planned.
- The Market Sustainability Grant was given by Government to cover Adult Social Care costs but was given as part of our overall Spending Power. It is therefore shown as Corporate Funding and has been used to fund Adult's budget growth.
- There are currently no forecast variances on Corporate Funding. In previous years the Council has received additional in year section 31 grants – if this occurs again this year this will potentially be used to offset the overspend or to replenish reserves.

Key risks

- The Ethical Collection Service is forecasting income of £600k. The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance believe the income will range between £400k - £600k and this may increase the outturn variance.

- Temporary Accommodation rental properties available - We are currently at capacity within our own hostels and have received several hand backs requests for PSL's which may lead to an overspill into B&B's and Hotels. Modelling is being carried out against various assumptions which will enable a more robust forecast. This is a national issue. This will also impact support for Social Care clients with the immigration status of No Recourse to Public Funds (NRPF)

- Social Care budgets are highly dependent on demand for services which cannot be controlled at the point of need. As costs of care are very high even small changes in numbers of people needing support can cause large swings in the overall forecast. The Adult's service was holding some health funding in reserve to offset against potential winter pressures, but this has now been released, which carries significant risk.

- My Place is the managing agent for Reside properties. It therefore attracts expenditure which in turn must be passed to the relevant reside company. The risk if there is insufficient breakdown of the expenditure then My Place will not be able to secure invoices from the relevant company and will be left with an overspend.

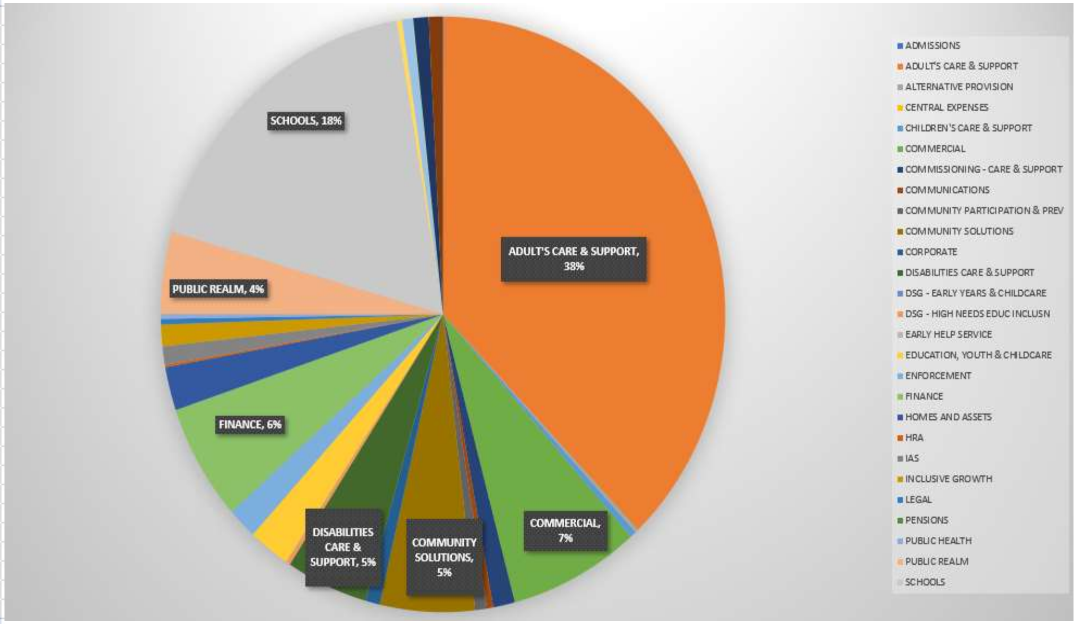
- Commercial Services – Leisure Income: SLM has given notice that they will be terminating the Leisure contract from September 2024. It is assumed that SLM will continue to pay the concession fee up to the termination date. The assumed income is £665k in 2023/24. It is highly unlikely that the new leisure provider will be able to provide the same level of management fee income to the Council as factored into the MTFS.

- Contaminated Land by Eastbrookend Park. Although a provision was made for this issue at the end of 21/22 until the matter is settled then there remains a risk.

- HB subsidy and overpayments recovery, the forecasts are based on the current returns and are subject to change throughout the year. There are new players in the market that are claiming the Supported Exempt Status, this means they are exempt from Universal Credit and can claim HB. DWP will only pay the amount in rent to the LA that is advised by the rent officer. Where there are new entrants to the market there is no comparator for rent and therefore there are risks that the LA will be picking up the cost of the gap between the rent officer rate and the provider rate.

Bad Debt – This is Updated Quarterly. Current Position P6

Row Labels	Sum of Overdue 0-12 months	Sum of Overdue 12-24 months	Sum of Overdue 24-36 months	Sum of Overdue 36 months +	Sum of TOTAL SUM
ADMISSIONS	2,574	26,729	-	1,106	30,409
ADULT'S CARE & SUPPORT	6,182,826	4,795,652	2,981,441	4,690,990	18,650,909
ALTERNATIVE PROVISION	270	50,110	7,326	29,524	87,230
CENTRAL EXPENSES	-	-	-	7,608	7,608
CHILDREN'S CARE & SUPPORT	3,190	120,853	6,020	48,672	178,734
COMMERCIAL	3,688,599	-	230	5,643	3,694,472
COMMISSIONING - CARE & SUPPORT	210,940	202,009	154,831	47,430	615,209
COMMUNICATIONS	78,007	32,089	37,210	30,723	178,029
COMMUNITY PARTICIPATION & PREV	167,893	19,487	52,829	90,672	330,881
COMMUNITY SOLUTIONS	836,325	1,197,016	641,326	1,485	2,676,152
CORPORATE	298,730	103,931	5,154	520	408,334
DISABILITIES CARE & SUPPORT	501,683	767,223	394,552	657,576	2,321,034
DSG - EARLY YEARS & CHILDCARE	-	-	25	75	100
DSG - HIGH NEEDS EDUC INCLUSN	20,720	88,516	967	230	110,433
EARLY HELP SERVICE	-	15,857	-	-	15,857
EDUCATION, YOUTH & CHILDCARE	296,977	119,977	328,687	426,219	1,171,861
ENFORCEMENT	276,902	194,519	311,969	58,177	841,567
FINANCE	1,139,343	598,561	979,531	400,831	3,118,265
HOMES AND ASSETS	520,237	208,474	179,863	258,142	1,166,715
HRA	60	37,053	18,321	5,804	61,238
IAS	143,273	129,601	139,946	81,000	493,819
INCLUSIVE GROWTH	43,560	197,660	299,818	37,747	578,786
LEGAL	96,145	23,059	10,729	20,632	150,564
PENSIONS	280	-	-	-	280
PUBLIC HEALTH	-	80,000	49,200	-	129,200
PUBLIC REALM	519,892	821,540	754,992	94,614	2,191,038
SCHOOLS	8,598,880	215,738	9,714	17,106	8,841,437
SCHOOLS - FUNDING	-	150,000	-	-	150,000
STRATEGIC LEADERSHIP	-	-	-	281,213	281,213
STRATEGY & TRANSFORMATION	-	-	24,530	3,646	28,175
SUPPORT AND COLLECTIONS	-	278,412	112,943	42,956	434,312
WORKFORCE CHANGE / HR	65,128	185,989	27,166	120,061	398,344
Grand Total	**23,692,434**	**10,660,054**	**7,529,317**	**7,460,402**	**49,342,206**



The above data comes from the ‘All Invoices’ report run from E5 and has been split out by Directorate based on the cost centre linked to the invoice.

The data shows total invoices outstanding as at 30th September 2023 and has been sorted into aging buckets.

Total Bad Debt above includes LBBD schools and companies which would normally be excluded when calculating the bad debt provision.

At end of quarter two the total level of debt had increased since quarter 1 – however it is thought this be in part a seasonal effect. We will not include bad debt in the forecast until the trend is clearly established.

2023-24 Savings Progress Overview

There were several savings targets identified as part of the MTFS process. The table opposite shows the performance in relation to those savings by area.

It is crucial that savings proposals are met, or alternatives found.

More detail on the specific savings can be found in the appendices.

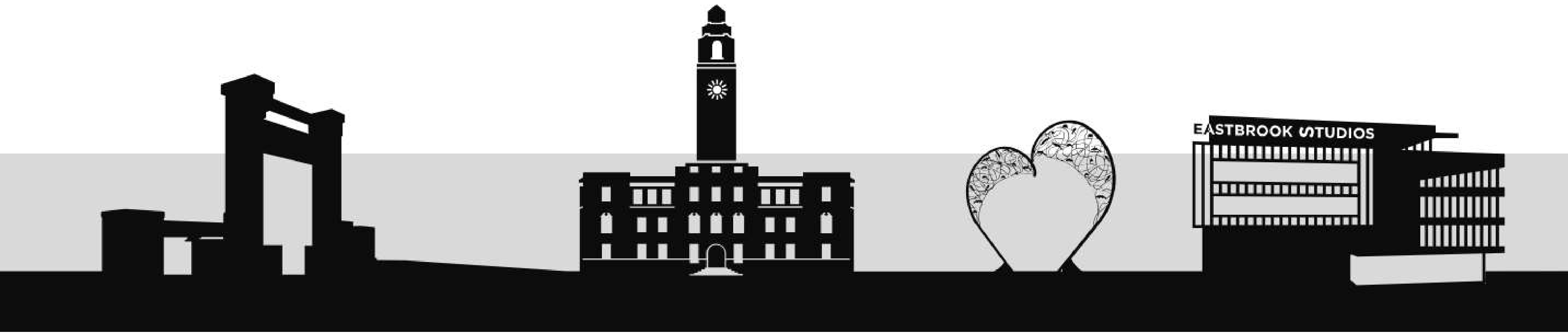
	Savings Rated Green £ 000s	**Savings Rated Amber £ 000s**	**Savings Rated Green £ 000s**
Care and Support		237	500
Community Solutions	130	220	1,122
My Place	155		153
Inclusive Growth	500		370
Finance & IT			735
Law & Governance			2,300
HR	577		
Education	15		
EYCC		35	
Total	1,377	492	5,180

Finance Budget Monitoring – HRA,DSG and Investment Strategy

P4

2023/24

P6 (September 2023)



HRA: Period 6

The HRA is projecting **£7.080m overspend** at Period 6, an **adverse** movement of **£182,000**. The voluntary budget allocation to support the Capital Programme of £6.680m been released in part mitigation. The primary cause of the overspend is the significant increase of the BDMS R&M Contract which has gone from a budget of £15.670m to £26.472m. **The contract was agreed after the budget was set.** Adjusting for DLO expenditure, the net impact is **£9.907m.**

The Period 6 movement is driven by revised forecasts to HRA recharges £456,000, Compliance £324,000, and cost of Council Tax £185,000. This is offset by reductions in DLO (£183,000), Insurance (£307,000) and improved void levels (£263,000).

P5 VARIANCE	2023/24 FORECAST OUTTURN REPORT LEVEL	BUDGET	FORECAST	VARIANCE	CHANGE
		£'000	£'000	£'000	£'000
£2,603	SUPERVISION & MANAGEMENT	48,394	50,765	£2,371	(£232)
£6,759	REPAIRS & MAINTENANCE	24,473	31,373	£6,901	£142
£1,268	RENTS, RATES ETC	1,587	2,732	£1,146	(£122)
£0	INTEREST PAYABLE	11,300	11,300	£0	£0
£0	DISREPAIR PROVISION	0	0	£0	£0
£0	BAD DEBT PROVISION (BDP)	3,309	3,309	£0	£0
(£257)	CDC RECHARGE	1,102	932	(£170)	£87
£10,372	**TOTAL EXPENDITURE**	**90,164**	**100,411**	**£10,247**	**(£125)**
(£59)	DWELLING RENTS	(£90,432)	(90,764)	(£331)	(£273)
£11	NON-DWELLING RENTS	(£765)	(754)	£11	£0
£1,691	CHARGES FOR SERVICES & FACILITIES	(£26,158)	(23,892)	£2,266	£574
£0	INTEREST & INVESTMENT INCOME	(£400)	(400)	£0	£0
£1,644	**TOTAL INCOME**	**(£117,755)**	**(£115,810)**	**£1,945**	**£302**
£12,016	**NET TOTAL BEFORE CAPITAL**	**(£27,591)**	**(£15,398)**	**£12,193**	**£177**
£1,555	DEPRECIATION	19,210	20,765	£1,555	£0
(£6,680)	TRANSFER TO MAJOR REPAIR RESERVE (MRR)	6,680	0	(£6,680)	£0
(£5,126)	**CAPITAL PROGRAMME FUNDING**	**£25,891**	**£20,765**	**(£5,126)**	**£0**
£6,890	**NET TOTAL AFTER CAPITAL**	**(£1,700)**	**£5,367**	**£7,067**	**£177**
£8	TRANSFER TO HRA LEASEHOLDER RESERVE	£1,700	1,714	£14	£5
£6,899	**TRANSFER FROM/(TO) HRA RESERVE**	**(£0)**	**£7,080**	**£7,080**	**£182**

Key Drivers of the Position (Summary):

- **Supervision & Management: £2.371m overspend**
  BDMS Contract £3.565m relating to Management of We Fix and Agency mostly offset by the removal of reside related costs from the HRA position in 2023/24 and Recharges into the HRA from the GF. The positive movement **(£232,000)** is the net impact of both My Place Recharge and HRA Fixed Recharge reviewed positions.

  Repairs and Maintenance: £6.901m overspend
  We Fix activity is the driving cause, **BDMS Contract £7.238m** relating to service costs (materials, subcontractors, contact centre etc) and Fleet costs **£500,000** are slightly offset by **Direct Labour Organisation (DLO) (£903,000)** underspend. **Movement** this month **£142,000** relates mainly to Compliance work outside of BDMS contract.

- **Other Expenditure Lines: £976,000 overspend**
  Rents, Rates: £1.146m - Insurance £762,000 reflects higher 2023/24 premiums on Building Insurance together with a recognition that the HRA will likely have to pay **Council Tax** for its void properties **£385,000**. This is offset in part by a reduction in the projected **CDC recharge (£170,000)** which was also reviewed alongside other recharges.

- **Income: £1.945m under recovery**
  Services & Facilities £2.266m is reflecting the removal of Reside income from the HRA position in 2023/24 and tenant service charges shortfall £174,000. **Dwelling Rents** is partially mitigating this **(£320,000)** due to reduced RTB sales and likely slippage in Estate Regeneration timetable. The positive movement in Dwelling Rents was down to the void rate reducing, which means more stock generates income. Services & Facilities negative movement was related to My Place Recharge (less RTB sales, lower Admin Fees).

- **Capital Programme & Financing: (£5,126m) underspend**
  This essentially finances the HRA element of the Capital Programme alongside the Transfer to MRR (Major Repairs Reserve). **Depreciation** is expected to increase by **£1.555m** compared to budget and is mandatory. The **MRR** budget allocation has been released **(£6.680m)** to offer partial mitigation to the in-year overspend but capital borrowing costs could rise in future years for the HRA.

  As the HRA in year position must balance at Outturn, should mitigation not be identified, then this would require funding from the HRA Reserve (£18.4m).

  Risks: £2.050m + 10 unquantified risks
  Opportunities: (£1.950m) +1 unquantified opportunity.

Dedicated Schools Grant (DSG)

Estimated DSG forecast for 23/24 is an overspend of **£3.5m,** this is mainly due to pressures within High Needs Block. The main drivers are combination of the following factors:

- Out of borough non-maintained **fees & top-up payments**
- **Revised HN funding allocation** announced in July by DfE reduced our HN funding by **£1.1m** from £50.9m to £49.8m due to import & export adjustments and recoupment for academies.
- **One-off exceptional payment**s to schools to help alleviate the financial pressures schools are facing due to the ongoing demand and complex cases of children with SEND
- **The overspend will be funded from DSG reserves.**
- **There's no impact on the councils General Fund.**

Dedicated Schools Grant {DSG} Forecast	2023-24 Budget	2023-24 Projected Outturn	Surplus / (Deficit) Outturn March 2024
	£'000	**£'000**	**£'000**
Schools Block – ISB	188,955	188,955	0
Central Block	2,162	2,162	0
High Needs Block	49,837	53,337	(3,500)
Early Years Block	23,174	23,174	0
Total	**264,128**	**267,628**	**(3,500)**
DSG Surplus B/F			10,073
Revised DSG Reserve			**6,573**
add EY refund			264
23/24 DSG Reserve			**6,837**
Of which:			
SFFD retained		963	
Growth & Falling Fund B/F		309	
Net DSG Reserve			**5,565**

General Fund Treasury Strategy (P6)

Type of Income / Expense	31/8/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	Comments
General Fund Borrowing											
GF - Market	16,733	3.76%	631			16,711	3.76%	631			Borrowing for Street lights and original LOBO
GF – ST Borrowing	81,887	4.35%	2,000			118,687	4.47%	2,490			ST borrowing allocated to variable loans but there is some pressure
Total GF Borrowing	**98,620**	**2.67%**	**2,631**	**10,139**	-7,507	**135,398**	**2.31%**	**3,121**	**10,139**	-7,018	Budget adjusted for the £4.542m capitalised interest and TA interest virement of £638k
General Fund Investments											
Company WC Loan	-10,046	**9.78%**	**-984**			-10,046	**9.78%**	**-984**			Working Capital loan interest (Be First and BDTP)- revised dates
Energy Company Loan	-7,259	**5.98%**	**-436**			-7,259	**5.98%**	**-436**			Loans to the Energy Company
LEUK Loan	-26,476	**8.06%**	**-2,140**			-26,476	**8.06%**	**-2,140**			Loan to BDTP for LEUK. Purchased for £22m, valued at £30m, BDTP sold £8m of land but used to fund operational cost. Company valued at £21.7m now and cannot pay interest
Other Loans	-6,650	**7.32%**	**-487**			-6,650	**7.32%**	**-487**			Small loans, generally fixed rate
Total GF Investments	**-50,431**	**8.02%**	**-4,046**	**-6,503**	2,457	**-50,431**	**8.02%**	**-4,046**	**-6,503**	2,457	
LEUK Loan Provision			2,140		2,140			2,140		2,140	Likely write-off of interest from LEUK
Interest Pressure Provision			1,000		1,000			1,000		1,000	
Be First and BDTP Interest			984	0	968			984	0	968	Possible loss of interest from loan to Be First and BDTP
Net General Fund	**48,189**		**2,709**	**3,636**	**-943**	**84,967**		**3,199**	**3,636**	**-454**	Small Sumplus against net budget cost of £3m

Key issues:

- Investment strategy income and expenditure removed but budget remains. Forecast is for a small surplus to the General Fund of £454k after a number of provisions.
- Forecast under pressure from interest rate increases on short-term borrowing but this may decrease between now and year end – provision included but may not be needed.
- Interest payable budget adjusted for £4.5m virement for captialised interest and £638k Temporary Accommodation virement.
- ST borrowing allocated to variable rate loans to reduce risk but variable rate loans include working capital loans and LEUK loans are under pressure.
- ST borrowing also used to replace internal borrowing, with remaining ST borrowing used to fund IAS commercial.
- Provision for LEUK, Be First and BDTP interest as will struggle to pay and capitalising interest not preferred option due to operational difficulties at each.
- Need to confirm approach to Company loans as current approach is not sustainable and pressures are within each company.
- ST borrowing costs have increased significantly with rates over 5% and average rate at 4.47%.
- Borrowing relates to the non-IAS capital spend, which includes Temporary Accommodation, and is profiled to the asset life.
- There is the potential that the energy company capital loan and LEUK loan will transfer across to the IAS if formally agreed.

Investment and Acquisition Strategy Funding (P6)

Type of Income / Expense	31/8/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	Comments
IAS Borrowing											
IAS - Market	71,563	2.21%	1,584		1,584	71,563	2.21%	1,584		1,584	Intial EIB loan to fund intial developments - on-lending rate is 3% = 0.8% margin
IAS – PWLB	606,383	1.91%	11,644		11,669	602,600	1.91%	11,644		11,669	Forecast based on completions, new schemes, rate at 2.6% = 0.8% margin
IAS - ST Borrowing	142,113	4.35%	3,471		3,471	142,113	4.47%	2,981		2,981	Includes £50m additional borrowing
IAS - Interest Recharge			-5,143		-5,143			-6,141		-5,143	Based on commercial portfolio (no new schemes) - average rate is 3.62% = loss of 0.18%
Capitalised Interest			-10,231		-10,231			-10,231		-10,231	Based on AUC - currently WACC is 2.4%, budgeted 2.5% - when complete moves to 2.6% Reside loan
Interest Pressure Provision			1,000		1,000			1,000		1,000	
Muller Equity	26,111		0			28,032		0			Currently ST borrowing but also same as return from MMF so net nil
Total IAS Borrowing	**846,171**	**2.13%**	**2,324**	**0**	**2,350**	**844,309**	**2.13%**	**836**	**0**	**1,860**	Small(ish) overspend from commercial and delays in handing over properties
Reside Loans	-190,418	**2.61%**	**-5,568**	**0**	-5,568	-190,308	**2.61%**	**-5,568**	**0**	-5,568	Interest from Reside - average 2.61% compared to average borrowing of 1.87%- 0.74% margin
Treasury Investments	-46,450	**4.00%**	**-1,279**		-1,279	-38,200	**4.00%**	**-1,279**		-1,279	Returns on cash held. In my opinion this can be part of IAS os used to cover ST borrowing costs
Reside Leases	-105,659				0	-105,659				0	Leases for Private Rents and Shared Ownership - forecast is currently nil due to delays in lettings and sales
Total IAS / Treasury Returns	**-342,527**	**2.00%**	**-6,848**	**0**	-6,848	**-334,167**	**2.05%**	**-6,848**	**0**	-6,848	Surplus return
Net IAS Treasury Return	**503,644**	**-0.90%**	**-4,523**	**0**	**-4,523**	**510,141**	**-1.18%**	**-6,011**	**0**	**-6,011**	**IAS return on Treasury part of developments**

Key issues:

- Investment strategy income and expenditure separated from General Fund and HRA and now has no budget allocated as needs to cover costs with no Council funding.
- Interest payable is netted off against capitalised interest and interest from internal lending for commercial schemes.
- Lease income is currently forecast as a net nil position due to continued delays in letting PRS properties and slow sales for shared ownership schemes. As more certainty over the lettings and sales is confirmed then it may produce a net income for 2023/24.
- ST borrowing allocated to commercial schemes but this has put pressure on the net return from commercial that gets allocated to Be First and a provision has been included.
- Increase in IAS funding return impacted by reduced surplus from IAS as ST interest pressures used to fund commercial increase treasury charge but decreases IAS commercial return.
- A significant number of schemes became operational in 2022/23 and the on-lending interest rate of 2.65% is higher than the average capitalised interest rate of 2.45% (which was 2% in 2022/23). This has provided an additional return to the strategy, although this has been reduced by the poor lettings of private rental schemes.
- The net surplus from treasury management for the IAS is £6.01m, which will be used to support underperformance in the surplus returns for the IAS, which is covered in the next slide.
- Total IAS borrowing is £844m at an average cost of 2.13%. Residential average on-lending rate is 2.65% and commercial is 3.62%, with a blended rate of 3.21%

Investment and Acquisition Strategy Returns (P6)

Type of Income / Expense	31/8/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	30/09/2023 Holdings	Rate	2023/24 Forecast	2023/24 Budget	Variance	Comments
IAS Return											
Net Commercial Income			-7,828	-1,252	-6,576			-5,657	-1,252	-4,405	Gross Rent from Commercial holdings
Borrowing Costs - Commercial			4,443	0	4,443			6,141	0	6,141	Borrowing costs for ST borrowing on commercial portfolio
Costs			1,838	0	1,838			171	0	171	Mainly Industria - reduces return to Be First
MRP			-600	-600	0			1,369	-1,024	2,393	Charged as assets have no firm plan for redevelopment
Abbey Road MRP			-1,706	-2,810	1,104			-600	-600	0	This was initially a saving (was not paying MRP on a development) - this is now part of the IAS return
IAS Residential Income			1,024	-1,024	2,048			-1,706	-2,810	1,104	Forecast net surplus from Reside
CR27 Lease and Leasback			-862	-862	0			-862	-862	0	Travelodge and CR27 Hotel deals - lease surplus
Leases and Reserves			-314	-314	0			-314	-314	0	Travelodge and CR27 Hotel deals - lease surplus
CR27 Hotel Inflation			413		413			200		200	
Travelodge Hotel Inflation			390		390			200		200	
Net IAS Position			**-3,201**	**-6,861**	**3,660**			**-1,057**	**-6,861**	**5,804**	
GF Net IAS & Interest Cost			**-7,725**	**-6,861**	**-863**			**-7,069**	**-6,861**	**-207**	IAS and Treasury Forecast is £207k surplus

Key issues:

- Overall there is a shortfall of £5.8m from the IAS, with a return of £1.1m forecast against a target of £6.9m. With the IAS treasury return the net surplus of £207k
- The strategy includes the two-hotel lease and lease back deals (CR27 and Travelodge). Both hotels have reserves that include an inflation link, with inflation currently at high levels. The reserves are inflated by £200k each and this has placed a pressure on the IAS as it is used to fund the inflation. The result of this is that the hotel reserves are forecast to be £12.5m.
- **Returns from Reside are currently rough estimates as the pressures from operational costs make forecasting difficult. Further work is required with Reside to firm up the net contribution. This is an urgent action as there is currently no visibility over returns for 2023/24.**
- **Commercial income is currently forecasting a loss. This should be picked up from Be First, but they are not forecasting a dividend for this year and will need to use the surplus from the sale of Muller to fund this. Decision is whether to use the IAS return or Muller surplus to fund the IAS commercial loss.**
- Debt repayment (MRP) is allocated to the commercial portfolio and is a cost of £1.4m but this will reduce the cost of the commercial assets. P5 figures for costs included MRP, which is now reported separately.
- A total of £1.8m will be transferred to reserves based on current forecasts but pressures within the IAS commercial may require this due to increased costs with a number of new completed commercial developments.

Investment and Acquisition Reserves forecast 2023/24 – P5

	Reserves	2022/23	2023/24
BR0014	CAPITAL INVESTMENT RESERVE	3,779	3,779
BR0029	INVESTMENT RESERVE	15,067	15,274
BR0029	CR27 Hotel Inflation	720	920
BR0029	Travelodge Hotel Interest	381	581
F00000.351100.0000.BR0033	CR27 Reserve	5,500	5,500
F00000.351100.0000.BR0044	Travelodge Reserve	5,500	5,500
	Total Reserves	30,947	31,554

Key issues:

- The value of the reserves is forecast to increase from £30.95m to £31.55m.
- The IAS reserve is used to protect the IAS from significant market fluctuations, including interest rates and losses.
- Each individual scheme within the IAS has a number of assumptions that include some contingency and it is only as a last resort that this reserve will be required.
- However, there are pressure from losses incurred at handover, with significant delays from Private Rental lets.
- Pressures on the strategy is also from interest rate increases, with short-term borrowing increasing from near zero in 2021 to 5.5% currently. This has reduced the surplus return from commercial.
- Interest rate increases and build costs have put pressure on the pipeline of schemes, with many schemes now unviable based on the current assumptions used to calculate the viability of schemes.

Commercial Subsidiaries

Be First

- In FY23/24 budget, we have the annual target return of £10.3m which is made up of the following components:
  - **New Homes Bonus** - £1.9m forecast for the year
  - **Commercial Income** – Expected to be at least the same level as FY23/24 - £300k
  - **Dividend** – the remaining balance to be made up from dividend
    - Be First did not declare a dividend in FY22/23 which means no dividend will be received in FY23/24
    - The gap will be filled by the Muller earmarked reserve

- **BD Group**
  - No dividend expected this year
  - Significant work underway to return to breakeven position

Capital Programme

Strategic Function	Budget	Actuals to P6	Forecast	Forecast Variance	Change in Variance	FINANCING Borrowing	FINANCING Other Sources
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
GF - CARE & SUPPORT	3,557	791	3,557	(0)	0	0	3,557
GF - INCLUSIVE GROWTH	6,373	143	5,904	(470)	101	3,158	3,215
GF - CIL	761	25	726	(35)	0	300	461
GF - TFL	2,680	390	2,510	(170)	80	0	2,681
GF - ICT	3,013	2,191	2,941	(71)	(1,758)	2,415	598
GF - COMMUNITY SOLUTIONS	6	(4)	6	(0)	0	6	0
GF - CULTURE & HERITAGE	1,121	31	527	(594)	0	362	760
GF - PARKS COMMISSIONING	12,925	3,724	10,945	(1,980)	(140)	6,678	6,247
GF - ENFORCEMENT	2,151	78	498	(1,654)	(1,654)	2,152	0
GF - MY PLACE	9,145	3,997	8,433	(713)	470	8,225	920
GF - PUBLIC REALM	1,305	139	392	(913)	(1,023)	1,304	0
GF - EDUCATION, YOUTH & CHILI	15,253	5,568	14,732	(521)	(400)	0	15,252
GF - SALIX	130	40	128	(2)	40	0	130
General Fund	**58,422**	**17,113**	**51,300**	**(7,122)**	**(4,284)**	**24,600**	**33,822**
HRA STOCK INVESTMENT	14,000	3,715	14,000	0	(0)	0	14,000
HRA ESTATE RENEWAL	4,000	1,311	4,000	(0)	0	0	4,000
HRA NEW BUILD SCHEMES	544	102	549	5	0	0	544
HRA Total	**18,544**	**5,128**	**18,549**	**5**	**0**	**0**	**18,544**
IAS RESIDENTIAL	242,297	113,571	258,309	16,012	18,142	242,099	200
IAS COMMERCIAL	17,450	11,450	13,714	(3,736)	(598)	17,450	0
Investments Total	**259,747**	**125,021**	**272,022**	**12,276**	**17,544**	**259,549**	**200**
Total	**336,713**	**147,262**	**341,871**	**5,158**	**13,260**	**284,149**	**52,566**

Capital programme

The capital programme is funded from various sources including, grants, s106, CIL (Community Infrastructure Levy), revenue resources, HRA resources and borrowing. The value of schemes in the 2023/24 programme which are funded from borrowing is £284.149m . This is a reduction of £153m in the amount of borrowing that was approved in the Budget Report to February Cabinet.

Capital Programme Monitoring P6

Forecast outturn expenditure for 2023/24 is £341.871m which results in an overspend variance of £5.158m. This is an increase in the variance from P4 of £13.26m (P4 showed an underspend forecast of £8.101m).

The Investment and Acquisition Strategy (IAS) is reporting an overspend of £12.276m which is an increase of £17.544m (P4 showed underspend forecast of £5.268m). This will be corrected in P6 as the budget will increase to reflect a revised, accelerated cashflow for Gascoigne West Phase 2 and to reflect a revised cashflow due to upfront costs of offsite manufacturing for Transport House.

The General Fund programme is reporting an underspend of £7.122m which is an increase in the underspend of £4.284m. This is mainly due to :

- The removal of forecast expenditure on ERP Phase 2, which had been included in the P4 forecast. Although a reduced programme has been agreed there is further work to be done to establish the capital/revenue split. The financing of the programme will be picked up in the review of MRP that is currently taking place.

-A change in the forecast for the CPZ programme which is now reporting an underspend variance of £1,654k due to delayed roll-out compared to the original delivery programme.

-A reduction in the forecast on vehicle fleet replacement to an underspend of £943k, as there are no plans to invest in the purchase of further vehicles before year-end.

Appendices:

Directorate Detail Budget Monitoring

Barking & Dagenham

2023/24

one borough; one community; no one left behind

People and Resilience: Period 6

People and Resilience									
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves		
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement
Adult's Disabilities	20,056,478	19,878,126	11,980,552	22,979,582	0	0	3,101,456	2,853,564	247,891
Adult's Care and Support	22,025,777	23,535,403	9,701,446	27,576,830	0	0	4,041,427	2,137,009	1,904,418
Commissioning Care and Support	9,849,999	14,602,173	7,620,074	14,094,940	0	0	(507,233)	(667,622)	160,389
Public Health	(339,189)	(318,250)	(8,667,618)	(318,249)	0	0	1	1	0
Children's Care and Support	45,863,019	41,486,049	22,853,766	46,766,164	0	0	5,280,115	4,472,249	807,865
Education, Youth and Childcare	4,102,925	3,754,781	6,929,857	3,754,781	0	0	0	0	0
Early Help Service	2,876,729	3,391,965	60,402	2,811,661	0	0	(580,304)	(432,376)	(147,928)
Children's and Young People Disabilities	13,913,317	10,627,405	5,861,665	12,700,808	0	0	2,073,403	2,657,972	(584,569)
Grand Total	**118,349,054**	**116,957,652**	**56,340,145**	**130,366,517**	**0**	**0**	**13,408,864**	**11,020,797**	**2,388,067**

<u>Overall Summary</u>

Overall, there is an overspend of £13.409m across the whole of People and Resilience. This is an adverse movement of £2.388m since last month

This is largely due to new placements across both Children's and Adult's services and the cancelling of some Adult client debt, with some offsetting income from clawback of direct payments.

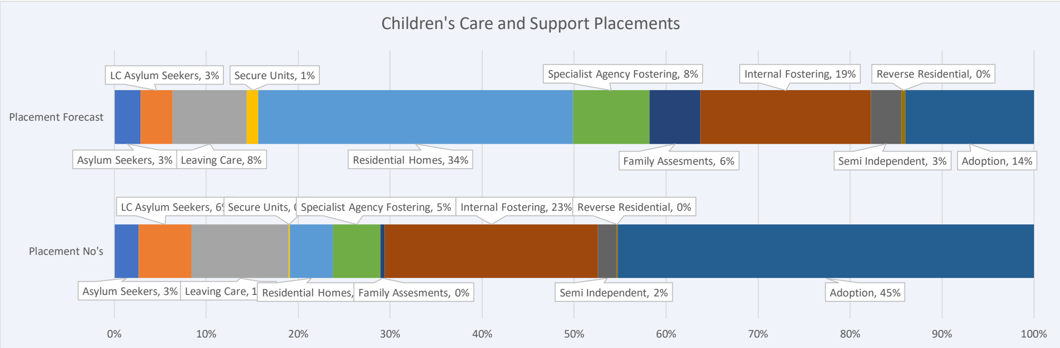
The underlying pressure is largely to the cost of implementing supplier uplifts and paying the London Living Wage to all providers, which had led to a pressure of £5.6m. The service is experiencing a significant rise in the number of Education, Health and Care plans, which has resulted in an increasing overspend on the Children with Disabilities budget. The impact of Young B&D is also significant. There are around 300 18-25s receiving care, who are causing a significant financial pressure as they transfer to Adults . The clients transferring are entering Adult care at far greater cost than those clients leaving. Given the numbers, this will have long-term financial implications for the authority.

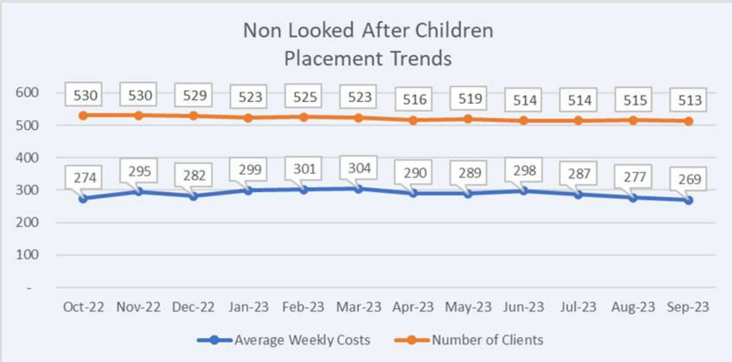
<u>Key assumptions & Risks</u>

Placement forecasts within Children's and Adults Services are based on actual client's full year costs as shown in the social care placements database (ContrOcc). The service intends to move towards a position where the forecast incorporates estimated future activity, which should lead to less volatility in the monthly forecast. The current estimated outturn moving to this methodology is a likely year end overspend of approximately £16m. As this is work in progress, the forecast has not yet been updated to reflect this likely increase.

A review of Adult Social Care debt has identified 210 clients for whom a financial assessment has not been undertaken due to non-engagement or capability issues. To date, contributions totally £4.3m have been assumed as income by the authority over a multi-year period. There is a risk that this income will have to be written off if these clients are subsequently found not to be liable for these charges.

People and Resilience: Period 6 Data





In here please include relevant graphs that show the actuals and forecast projections

People and Resilience: Period 6 – Adults with Disabilities

Adult's Disabilities											
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(3,445,678)	(3,337,300)	(1,530,023)	(4,384,260)	0	0	(1,046,960)	(1,045,024)	(1,936)	1
Staffing	1,913,592	2,998,618	1,074,458	2,408,028	0	0	(590,590)	(590,590)	0	2
Agency	468,468	0	181,445	399,437	0	0	399,437	399,437	0	
Premises	73,874	31,600	11,942	120,117	0	0	88,517	88,517	0	
Transport	5,781	22,600	8,360	7,301	0	0	(15,299)	(15,299)	0	
Supplies & Services	116,672	328,800	18,236	208,148	0	0	(120,652)	(120,652)	0	
Third Party Payments	20,923,769	19,833,808	12,216,134	24,220,810	0	0	4,387,002	4,137,175	249,827	3
Grand Total	**20,056,478**	**19,878,126**	**11,980,552**	**22,979,582**	**0**	**0**	**3,101,456**	**2,853,564**	**247,891**	

1. **Income - Variance (£1.0m), Movement £0.0m**

The favourable variance is largely due to the receipt of and £1.1m additional Market Sustainability and Improvement fund from central government to support the workforce and inflationary pressures incurred by providers. The income stream was introduced part way through the financial year, hence is unbudgeted additional income.

2. **Staffing and Agency- Variance (£0.2m), Movement £0.0m**

Whilst the variance is not material it should be noted that 7fte posts are currently being filled by agency staff, due to difficulties in recruitment.

3. **Third Party Payments- Variance £4.4m, Movement £0.2m**

This area is made up of three areas of material variance.

- This figure incorporates an uplift of £2.9m (16.17%) which was applied to all disability placements in 23-24. This takes into consideration the effect of London Living Wage. The Market Sustainability Grant, £1.1m was applied to mitigate this pressure.
- This left £1.2m in Supported Living and £0.751min Residential and Nursing of uplift pressures un-mitigated.
- A further £1.7m is continuing prior year pressures on Supported Living and Residential & Nursing which were apparent in the last financial year.

Movements

- The Residential and Nursing forecast has increased by £0.14m, which is primarily due to a client transitioning from the Children's Disability Service, in which costs have been backdated to the start of the financial year.
- The Supported Living forecast a further £0.08m which is due to the inclusion of 2 new placements, which has been partially offset by 1 client leaving the service.

People and Resilience: Period 6 – Adults Care & Support

Adult's Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(45,031,421)	(41,589,500)	(23,449,361)	(43,781,930)	0	0	(2,192,430)	(2,629,166)	436,736	1
Staffing	8,665,541	10,467,442	4,164,140	8,592,431	0	0	(1,875,011)	(1,875,009)	(2)	2
Agency	696,896	0	526,688	1,581,118	0	0	1,581,118	1,581,118	0	
Premises	225,553	110,580	82,867	189,967	0	0	79,387	79,387	0	
Transport	48,628	36,100	25,134	46,404	0	0	10,304	10,304	0	
Supplies & Services	2,982,059	645,420	(254,567)	190,511	0	0	(454,909)	(454,909)	0	3
Third Party Payments	54,438,521	53,865,361	28,606,546	60,758,329	0	0	6,892,968	5,425,284	1,467,684	4
Grand Total	**22,025,777**	**23,535,403**	**9,701,446**	**27,576,830**	**0**	**0**	**4,041,427**	**2,137,009**	**1,904,418**	

1. **Income - Variance (£2.2m), Movement £0.4m**

The overall variance is due to receipt of additional Discharge Funding of £1.851m, £2.402m Market Sustainability Improvement and £0.414m Kallar Lodge uplift in income.

The unfavourable movement of £0.4m is primarily due to large one-off refunds to 3 clients who have been subject to financial assessment, in which is was determined that these clients were not appropriate to be charged for their care.

The process is currently being analysed as it is likely that there are other clients which are due to be financially reassessed, which could result in a potential adverse movement in the income forecast.

2. **Staffing an Agency- Variance (£0.3m), Movement £0m.**

The positive variance is due to Mental Health AMHP incentive pay being fully funded (£0.125m) and an underspend of £0.145m against the team that were funded to make the council ready for CQC inspection.

3. **Supplies and Service – Variance (£0.5m), Movement (£0m)**

This variance is due to the allocation of £0.456m better Care Fund.

People and Resilience: Period 6 – Adults Care & Support

4. **Third Party Payments- Variance £6.9m, Movement £1.5m**

Variance

This is largely attributable to the 16.17% uplift across all care types, which incorporates the effect of London Living Wage, which has caused an increased cost of £5.6m and the ongoing pressure of £2.9m in Mental Health, which overall has been part mitigated by the growth allocation of £3m.

This has also been contributed to by several older placements having ceased whereby clients have either passed away or have been moved onto enhanced packages of care. A number of these older placements were originally commissioned at a much lower rate, in which the market rate has seen a larger than usual upturn in price.

Movement

Residential & Nursing has increased by £0.552m due to 14 new and enhanced placements, 6 placements being uplifted and 1 inclusion of a Discharge to Assess placement. This has been partially offset by 12 clients leaving the service.

The Homecare forecast has increased by £0.736m due to an increase in the average monthly payment run. The current forecast is based on the monthly payment runs being projected forwards.

People and Resilience: Period 6
– Commissioning Care & Support

Commissioning Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Period Movement	£250k deminimus
Income	(13,578,742)	(11,428,670)	(1,647,742)	(12,809,387)	0	0	(1,380,717)	(1,389,055)	8,338	1
Staffing	6,206,405	7,710,742	3,101,836	6,605,787	0	0	(1,104,955)	(1,115,513)	10,559	2
Agency	1,787,606	0	1,340,621	2,376,476	0	0	2,376,476	2,304,887	71,589	
Premises	2,678	0	4,681	0	0	0	0	0	0	
Transport	10,447	11,600	4,732	6,546	0	0	(5,054)	(6,655)	1,601	
Supplies & Services	198,750	1,864,367	(143,494)	1,600,152	0	0	(264,215)	(332,458)	68,243	3
Third Party Payments	15,222,854	16,444,134	4,959,440	16,315,365	0	0	(128,769)	(128,828)	59	4
Grand Total	**9,849,999**	**14,602,173**	**7,620,074**	**14,094,940**	**0**	**0**	**(507,233)**	**(667,622)**	**160,389**	

1. Income – Variance (£1.4m), Movement £0.0m

This variance is largely due to additional grant income from Supporting Families Grant and Public Health grant reserve.

2. Staffing and Agency – Variance £1.3m, Movement £0.1m

This is due to service agency staff costs mainly for Early Help and Start for Life projects. The service has vacancies filled by agency staff, due to delays in recruiting to vacant posts.

The movement is due to reforecasting agency staff end dates to reflect revised expected end dates due to the importance of the roles they are currently undertaking in completing key projects.

3. Supplies and Services – Variance (£0.3m), Movement £0.1m

This variance is due to underspend meant to fund agency staff costs. This will be re-aligned into the staffing budget.

4. Third Party Payments – Variance (£0.1m), Movement £0.0m

The variance is due to savings from renewal of a major contract.

People and Resilience: Period 6
– Public Health Grant

Public Health										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(19,381,114)	(17,787,080)	(9,595,067)	(18,367,243)	0	0	(580,163)	(580,163)	0	
Staffing	737,863	1,209,740	439,943	1,229,959	0	0	20,219	20,219	0	
Agency	425,327	0	260,189	337,760	0	0	337,760	337,760	0	
Premises	73	0	0	0	0	0	0	0	0	
Transport	216	0	407	0	0	0	0	0	0	
Supplies & Services	603,868	13,201,340	96,651	6,054,102	0	0	(7,147,238)	(7,147,238)	0	
Third Party Payments	4,001,161	2,994,750	50,259	2,756,750	0	0	(238,000)	(238,000)	0	
Recharges	13,273,418	63,000	80,000	7,670,423	0	0	7,607,423	7,607,423	0	
Grand Total	**(339,189)**	**(318,250)**	**(8,667,618)**	**(318,249)**	**0**	**0**	**1**	**1**	**0**	**1**

•Public Health (PH) is grant funded by Office for Health Improvement and Disparities (OHID), forecast includes reserve movement resulting in a net nil overall variance.

•Even though PH is reporting a breakeven, the Senior Procurement and Contracts Manager has identified a potential underspend of £0.550m and is looking at re-prioritising budgets towards services permitted within the terms of the grant.

•It should be noted that the service has £3.94m in reserves, which has been raised as a concern by OHID. A 3-year business plan has been developed and the expenditure against allocations is being closely monitored.

•The service will continue to review allocations for levels of spend, with the objective of re-prioritising where underspends are identified.

People and Resilience: Period 6 – Children with Disabilities

Children's and Young People Disabilities										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(902,139)	(757,600)	(516,587)	(1,429,938)	0	0	(672,338)	(162,668)	(509,670)	1
Staffing	939,002	1,660,439	789,434	1,230,198	0	0	(430,241)	(333,453)	(96,788)	2
Agency	1,088,694	0	169,795	627,188	0	0	627,188	585,447	41,741	
Premises	12,307	50,000	13,016	32,308	0	0	(17,692)	(17,692)	0	
Transport	2,167,617	1,498,988	879,052	2,489,009	0	0	990,021	980,021	10,000	3
Supplies & Services	1,329,250	510,860	234,129	730,180	0	0	219,320	219,320	0	
Third Party Payments	9,278,586	7,664,718	4,292,826	9,021,863	0	0	1,357,145	1,386,997	(29,852)	4
Grand Total	**13,913,317**	**10,627,405**	**5,861,665**	**12,700,808**	**0**	**0**	**2,073,403**	**2,657,972**	**(584,569)**	

1. **Income – Variance (£0.7m), Movement (£0.5m)**

   Variance and movement is due to an expected DP clawback not previously forecast, figures are yet to be verified by finance.

1. **Staffing and Agency – Variance £0.2m, Movement (£0.1m)**

   Variance is due to the higher cost of agency staff covering vacancies and the inclusion of a forecast for an unfunded new team (short break review team).

   The movement is due to a realignment of the forecast.

1. **Transport – Variance £1.0m, Movement £0m**

   The variance for this service is driven by the demand for transport services. New routes/travel plans have mostly been completed, but there are 47 outstanding requests being reviewed though not all are expected to be approved. This risk is not considered significant.

1. **Third Party Payments – Variance £1.4m, Movement £0.0m**

   The variance of £1.4m is pressure from residential placements, demand led service currently with 18 clients at an average cost of £0.3m per annum.

People and Resilience: Period 6
– Childrens Care & Support

Children's Care and Support										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(6,625,992)	(5,258,300)	(1,813,863)	(6,007,912)	0	0	(749,612)	(746,572)	(3,040)	1
Staffing	16,535,939	19,995,516	8,052,485	16,122,727	0	0	(3,872,789)	(4,042,533)	169,744	2
Agency	4,199,453	522,000	2,241,147	4,251,606	0	0	3,729,606	3,709,326	20,280	
Premises	223,932	239,700	9,480	181,100	0	0	(58,600)	(58,600)	0	
Transport	274,443	286,900	129,788	210,301	0	0	(76,599)	(76,600)	1	
Supplies & Services	2,605,859	1,771,530	880,562	2,297,162	0	0	525,632	666,631	(140,999)	3
Third Party Payments	28,649,385	23,928,703	13,354,167	29,711,180	0	0	5,782,477	5,020,597	761,880	4
Grand Total	**45,863,019**	**41,486,049**	**22,853,766**	**46,766,164**	**0**	**0**	**5,280,115**	**4,472,249**	**807,865**	

1. Income – Variance (£0.7m), Movement (£0.0m)

This variance is due to additional income from Trading Standards, Youth Justice Board, Public Health, and HM Prisons and Probation

2. Staffing and Agency – Variance (£0.1m), Movement £0.2m

This variance is due to the service carrying 68fte vacancies, currently covered by 59.6fte agency staff, along with an underspend on recruitment budget which had been used for overseas recruitment last year.

The movement is due to an increase in the number of agency staff overall, and an increase to permanent staff.

Currently Public Health have agreed to provide funding of circa £0.4m to cover staffing costs for PAUSE and other roles within the service. With additional income from Health, MoJ, and other bodies funding a number of other roles within the service.

3. Supplies and Services – Variance £0.5m, Movement (£0.1m)

This variance is being driven by legal costs for cases being presented at court.

The movement reflects the reduced recharge for legal advocacy work over and above the standard corporate legal recharge.

4. Third Party Payments – Variance £5.8m, Movement £0.8m

- Looked After Children – Variance is driven by number of residential placements, currently 46 active clients, with 2 placements in excess of £10k per week.
- The movement of £0.8m was due to three additional high cost placements starting this month, with weekly costs ranging from £7.7k to £10.5k
- An additional provision of £0.2m was made for an expected high cost placement, circa £15k per week, once the client has been located.
- However, we have noted that the movement in Internal Fostering is larger than normal levels. The service is currently verifying this is accurate.
- Non-Looked After Children – Movement is due to clients moving on from care altogether.
- Other – Variance is due to high-cost placements within the safeguarding service.

	Clients	Budget £'000	Forecast £'000	Variance £'000	Movement £'000
LAC	320	15,512	20,988	5,476	995
Non LAC	513	7,252	7,206	(46)	(233)
Other	-	1,165	1,518	352	-
Total	**833**	**23,929**	**29,711**	**5,782**	**762**

People and Resilience: Period 6 – Early Help

Early Help Service										
Income/Expenditure	Prior Year	Current Year			Reserves		Variances inc Reserves			Notes
	Outturn	Budget	Actual YTD	Forecast	Transfers To	Transfers From	Variance	Last Period Variance	Movement	£250k deminimus
Income	(1,909,529)	(1,462,330)	(1,793,333)	(1,462,333)	0	0	(3)	(3)	0	
Staffing	2,741,402	4,739,270	1,766,957	4,131,652	0	0	(607,618)	(459,690)	(147,928)	1
Agency	1,056,302	0	65,050	27,317	0	0	27,317	27,317	0	
Premises	0	0	0	0	0	0	0	0	0	
Transport	6,848	0	3,764	0	0	0	0	0	0	
Supplies & Services	965,301	0	17,964	0	0	0	0	0	0	
Third Party Payments	16,405	115,025	0	115,025	0	0	0	0	0	
Grand Total	**2,876,729**	**3,391,965**	**60,402**	**2,811,661**	**0**	**0**	**(580,304)**	**(432,376)**	**(147,928)**	

1. **Staffing and Agency – Variance (£0.6m), Movement (£0.1m)**

   This is due to the services inability to fill all vacancies, partly due to recruitment freeze. The movement is due to review of start dates for vacant positions and postponing them to later dates.

Corporate Management: Period 6

Forecast Position: £2.7m (Overspend £0.6m)

	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	**1,962,734**	**1,962,734**		**632,331**	**2,776,768**	**0**	**(161,574)**	**652,460**	**(90,811)**
STRATEGIC LEADERSHIP	425,369	425,369		198,715	477,237	0	(99,360)	(47,492)	(105,132)
FINANCE	12,859,478	12,859,478		11,709,508	12,680,454	0	(62,214)	(241,238)	(936,169)
WORKFORCE CHANGE / HR	1,917,111	1,917,111		2,073,484	2,809,802	0	0	892,691	901,991
LEADERS OFFICE	271,251	271,251		161,099	319,750	0	0	48,499	48,499
TECHNICAL - CORP MGMT	(13,510,475)	(13,510,475)		(13,510,475)	(13,510,475)	0	0	0	0

Key Drivers of the Position:

There is a forecast overspend of £0.6m in Corporate Management, an adverse movement of £743,000 from P5 mainly due to estimated additional audit fees to be accrued, relating to prior years, coupled with additional finance interim resource costs.

- **Strategic Leadership (Chief Executive)** is forecast to underspend by (£47,400) an adverse movement of £58,000 from P5 of which £37,000 relates to a reduction in HRA recharge following a recent review and £21,000 increase in salaries costs.

- **Finance (includes IT)** are forecast to underspend by (241,238) combined summarised as follows:

IT is reflecting an underspend of (£1.03m) with an increase in the underspend of (£77,000) is due to delayed recruitment to vacancies and recent recruitment pause. £8,071 projected overspend in IT Third Party Contracts. The main cost driver for the cost centre is the maintenance and support contracts for IT systems. A £17,000 Budget virement is due to be transferred in P7 from Law and Governance to fund the Express mobile canvas application which improve the position.

(£1.13m) projected underspend on IT Staff and Agency, is largely attributable to difficulties in recruiting to existing vacant positions and recruitment pause. The underspend could decrease depending on IT business as usual work requiring interim expertise to cover the shortfall in resource.

(£64,791) forecast overachievement on Entity and external recharges for entity telephone and IT service charges. Further work is underway to agree the recharge position for the financial year reliant on finalising service level agreements with the entities which may alter the projected position.

£182,927 overspend on IT Projects where the income target needs to be reduced to reflect a lower value of project work.

Corporate Management: Period 6

Forecast Position: £2.7m (Overspend £0.6m)

	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
CORPORATE MANAGEMENT	1,962,734	1,962,734	0	632,331	2,776,768	0	(161,574)	652,460	(100,111)
STRATEGIC LEADERSHIP	425,369	425,369		198,715	477,237	0	(99,360)	(47,492)	(105,132)
FINANCE	12,859,478	12,859,478		11,709,508	12,680,454	0	(62,214)	(241,238)	(936,169)
WORKFORCE CHANGE / HR	1,917,111	1,917,111		2,073,484	2,809,802	0	0	892,691	892,691
LEADERS OFFICE	271,251	271,251		161,099	319,750	0	0	48,499	48,499
TECHNICAL - CORP MGMT	(13,510,475)	(13,510,475)		(13,510,475)	(13,510,475)	0	0	0	0

Key Drivers of the Position: Continued:

- The underspend in IT is offset by a net £798k overspend in other **Finance** areas where we see an adverse movement of £618,300 from P5. The increase is largely due £452,000 in additional audit fees costs in Corporate Finance covering financial years 18/19, 19/20 and 22/23 plus £160,000 in expected interim resource costs; this is likely to increase.

- Workforce Change/HR and the Leader's Office have not shown any significant changes since P5. Therefore, the current forecast remains consistent, indicating an expected overspend of £950k. Within the HR department, re-evaluation of the Housing Revenue Account (HRA) recharge has led to an income deficit of £437k. This change, along with ongoing challenges, has made it impractical for HR to meet the originally projected savings of £577k in the 2023/24 financial year. The delays in implementing the ERP system and the Self-Service Manager model are contributing factors to this setback. Furthermore, the Leader's Office is grappling with a historical budget pressure of £50k.

- The 161,574 transfer from reserves covers a £99,300 drawdown from Invest to Save reserves to fund a diagnostic social care service review and £62,200 IT Cyber Security grant brought forward

Central Expenses: Period 6

Forecast Position: £49.2m (Overspend £2m)

	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
CENTRAL EXPENSES	47,252,029	47,315,029	(63,000)	9,011,114	61,277,539	0	(12,000,000)	2,025,510	2,431,013

Key Drivers of the Position:

- £2.7m inflation provision has been released from here to support services and a further £0.7m is shown as offsetting overspends elsewhere. The assumption in the previous forecast was a pay award of 4% considering the offers to other Public Sector workers averaging over 6% the forecast has increased the pay award assumption to 6.5%. This is a change in assumption from last period. This is resulting in a net forecast overspend of £2.6m. There is a small underspend of £0.2m on MRP.

- There are £4.2m contingency budgets and provisions which are assumed to be fully spent including the redundancy provision (£1.3m) and the remaining inflation pot (£2m.) The biggest risk is bad debt provision as there is only £1.9m of budget. No pressure is currently being forecast. This will be reviewed at the end of quarter two. There is £110k overspend on HB Overpayment Recovery and Subsidy due to overpayment reclaims.

- In previous years the Council has usually made a healthy underspend on net interest income and expenditure – up to £7m in a good year. However, this made not be so achievable in the current economic climate. This is currently not included in the forecast as is generally taken to the IAS reserve to fund future borrowing/investment.

Corporate Management: Period 6 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.

HR and Leaders Office

- HR income levels need to be meet in order to deliver against the forecast
- Further delays in implementing the Self-Service Manager model will delay the MTFS savings.

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.

HR and Leaders Office

- Vacate Porters Avenue will reduce the forecast overspend by £100k
- Explore options around outsourcing Occupational Health
- Interest is currently forecast as on budget, but there is a potential £1.8m in interest income that could be realised in year. This could be used to offset an overspend but is likely to be transferred to reserve.

Law and Governance: Period 6

Forecast Position: Underspend of c£1.1m after transfer of c£1.2m PRPL income to reserve and transfer of c£0.2m parking surplus to reserves.

		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
10C	**LAW AND GOVERNANCE**	**(4,202,417)**	**(4,202,417)**	**0**	**916,060**	**(6,755,603)**	**1,485,000**	**(30,000)**	**(1,098,186)**	**(829,375)**
10CB	LEGAL	3,628,084	3,628,084	0	2,662,299	3,552,888	0	(30,000)	(105,196)	28,995
10CC	ENFORCEMENT	(7,830,501)	(7,830,501)	0	(1,746,239)	(10,308,491)	1,485,000	0	(992,990)	(858,370)

Key Drivers of the Position (Summary):

There was a favourable movement of **c£0.1m** from Period 5. The movement is largely within Legal.

AE0

LEGAL

Legal and Democratic services are reporting an underspend of c£105k, a favourable movement of c£134k from P5. This is primarily due to the conversion of two agency staff members into permanent positions, as well as two permanent staff resigning. Consequently, these positions will remain vacant during this financial year. Additionally, recruitment of vacant posts within Democratic Services processes have encountered delays.

It is worth noting Legal are forecasting an overspend of c£35k, his overspend is primarily due to the recalculation of the HRA recharge, resulting in an income shortfall of c£180k within Legal.

In summary, while Legal and Democratic Services have experienced a favourable financial outcome due to the conversion of agency staff and staff resignations, Legal's overspend is partially offset by the ongoing vacancies in both departments.

ENFORCEMENT

The in-year Parking Off-Street income surplus of **c£0.75m** will not be transferred to reserve and is included in the outturn forecast as a mitigation. Parking are also overachieving the Traffic Management Order income by net **c£0.25m,** which is also included in the outturn forecast. Parking surplus of **c£0.2m** will be transferred into Parking reserves (ring fenced).

The Private Sector Property Licensing (PRPL) scheme income target will be met and a transfer of **c£1.2m** to reserve for future years.

Slide 33

AE0 [@Nurul Alom] Hi, the previous month variance here is different from the figure reported in P5. Can you review please.

Alex Essilfie-Bondzie, 2023-10-25T12:04:46.395

Law and Enforcement: Period 6 Risk and Opportunities

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

- 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 Barking Market - there is no budget provision for Security in the Market c£45k. Traders Parking is now covered by the Markets Team which has created a budget gap of £24k. The Waste Collection SLA is currently being agreed which is likely to cause a further gap of c£80k.
- Discussion are being held re: Street Cleaning in Barking Market. Public Realm are proposing to charge the cost of £360k to the Markets.
- The potential end of the SLA with Thurrock Council would mean a net decrease in Legal's income of c£80k. The current value of the contract with Thurrock Council is £320k, the cost to deliver the council is c£240k (5 FTE's).

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

- There are significant staff vacancies currently being recruited. The level of underspend may vary depending on the success of the recruitment campaign.

Strategy: Period 6

Forecast Position: Forecast £9.7m (underspend of £0.3m)

	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
STRATEGY	**9,755,640**	**9,755,640**		**5,437,282**	**9,791,675**	**0**	**(363,662)**	**(327,627)**	**(813,576)**
STRATEGY & INSIGHT	8,392,400	8,392,400		4,573,272	8,288,696	0	(351,662)	(455,366)	(955,253)
COMMUNICATIONS	1,363,240	1,363,240		864,010	1,502,979	0	(12,000)	127,739	141,677

Key Drivers of the Position:

The Strategy directorate is forecast to underspend by £327,627 at the end of Period 6. The adverse movement from P5 of £486,000 relates to a £482,790 reduction in the HRA recharge in Customer Contact.

Strategy & Insight – Forecast Position (455,366) underspend, a decrease of (£499,000) from P5

Insight:

- **The Advertising contract** is expected to exceed the £236,000 income target by (£56,000) based on historical revenue information. Nonetheless, the excess income is variable and subject to change based on economic conditions.
- **Insight hub** is forecast to underspend by (£104,530) due to one vacancy and £50,000 drawdown from reserves in respect of the One View contract.

Strategy: The following 3 cost centres (PMO, Corporate Strategy Team and Director of Strategy) net result will be a balanced budget.

- **The PMO** is forecasting a reduced overspend of £38,759 an improvement of (£20,900) from P5 due to two vacancies being held, one of which now has a NMT Graduate attached for 6 months from 16 October. The main contributing factor to the overspend is the removal of the HRA income (the net result of which is a shortfall of £116,643).
- **The Corporate Strategy team** is forecast to underspend by (£139,100). However, this underspend is needed to directly support the overspend in PMO (due to lost HRA income).
- **Director of Strategy** is forecast to overspend by £8,228. This is an improvement of (£12,000) from P5 due to a recruitment gap into the Strategy Director post.

Customer Contact:

- **Customer contact**: With a budget of £6,368m has a forecast underspend of (£202,739) mainly due to delayed recruitment of vacant roles. The shift from P5 is attributable to the HRA Fixed recharge reduction of £482,790 and 16,000 overspend in Registrars due to Premises costs; maintenance of a Grade 2 listed building and security.

Forecast Position: Forecast £9.7m (underspend of £0.3m)

	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
STRATEGY	**9,755,640**	**9,755,640**		**5,437,282**	**9,791,675**	**0**	**(363,662)**	**(327,627)**	**(813,576)**
STRATEGY & INSIGHT	8,392,400	8,392,400		4,573,272	8,288,696	0	(351,662)	(455,366)	(955,253)
COMMUNICATIONS	1,363,240	1,363,240		864,010	1,502,979	0	(12,000)	127,739	141,677

Key Drivers of the Position: (Continued)

Communications (Campaigns and Events) – Forecast Position: £127,739 overspend, a (14,000) favourable movement from P5 position due to a reduction in event and employee costs in Community events. The HRA income shortfall of £112,000 is the main contributing factor to the overspend.

- **Community Events** are forecast to underspend by £67,900 an improvement of £55,000 in P5 due to scaling back the WEM and BMAC events (21,000), reduced salaries costs from secondments terminating early (£26,000) and additional sponsorship income expected (12,000). Assumptions in the forecast include sponsorship income to be received to meet planned events costs.

- **Civic Events** are reflecting £29,700 over budget, largely attributable to a forecast overspend of £14,000 on salaries and £15,000 on overtime. Some of these costs are attributable to the Mayors Fund, and will be recharged, although the exact sum is to be determined.

- **Marketing & Communications** is forecast to overspend by £165,870 attributable to £112,500 reduced HRA income and £17,000 overspend due to cancelled duplicate invoices pertaining to previous financial years. The overspend increase of £40,714 from P5 relates mainly to the Q1 bad debt provision of £34,000.

The £363,662 transfer from Reserves represents a drawdown of £50,000 from the Supporting Families grant for the One View programme, £19k towards the salaries cost of the WRES post in the Director of Strategy service, £282,662 for Customer Experience Team Growth bid and £12k towards Women Empowerment event.

Strategy: Period 6 Mitigations Table

Forecast Position: Forecast £9.7m (underspend of £0.3m)

Service	Pressure	RAG/ Mitigation Amount	In Year Mitigation Comment
PMO	38,759	0	Pressure relates to £116,643 HRA shortfall, mitigated by managed underspend in Corporate Strategy Team
Director of Strategy	8,228	0	Mitigated by managed underspend in Corporate Strategy Team
Civic Events	29,790		Mitigation : Purchase cards spend - Team are working hard to keep spends to an absolute minimum. Members Allowance- A spending cap has been introduced on the engagements that the Mayor and her guests attend to ensure budget is not exceeded To gather different quotes and choose the cheapest option for all events to ensure value for money. The Mayors Fundraising events - now solely funded from the Mayors Charity Account from which overtime for these events will be funded
Marketing & Communication	165,870	0	The Pressure largely due to HRA income shortfall of £112,491
Other underspends	(570,274)		
Total	**(327,627)**	**0**	

Strategy Period 6 Opportunities

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.

Inclusive Growth: Period 6

Forecast Position: £3.7m (Overspend of £0.2m)

	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	**1,735,078**	**1,735,078**		**2,436,307**	**3,711,490**	**154,342**	**(1,919,640)**	**211,114**	**274,848**
COMMERCIAL	(761,371)	(761,371)		61,091	(860,778)	154,342	(40,000)	14,935	45,733
INCLUSIVE GROWTH	2,496,449	2,496,449		2,375,216	4,572,267	0	(1,879,640)	196,178	229,115

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to **overspend by £211,114** at the end of Period 6, an improvement of (£63,700) from P5 due to the recruitment pause on vacancies, including a senior management role due to become vacant in December. The Inclusive Growth overspend is largely attributable to the one- off (£500,000) MTFS Soil importation income target and (£133,000) commercialisation income target, both unachievable in 23/24 and in future years.

Commercial Services – Forecast an overspend of £14,935 an improvement of (£31,000)

- **The Core Commercial Team** is projecting a **(£120,502) underspend,** a movement of (£71,000) from P5 attributable to difficulty recruiting into a vacancy in the service and senior role vacant from December.
- **Procurement – £17,640 overspend –**Procurement remains affected by the existing £117,000 HRA income shortfall contributing to the overspend.
- **Accounts Payable – £12,000 overspend** – the overspend is driven by the current recruitment process for the Accounts Payable Manager vacant position. Although this is an existing post within the structure, due to the £36,000 HRA income shortfall there is insufficient budget to cover the cost if it becomes filled.
- **The Film Office** is projecting **£69,900 income underachievemen**t, an adverse movement of £39,000 from P5 due to ongoing industry strikes leading to income generation uncertainties. This has especially impacted the film service to generate income from larger budget production. The forecast includes a drawdown of £40,000 and assumes there will be some productions re- commencing, although is impossible to predict the level of full year income achievable given the ad - hoc and site-specific requirements.
- **The CR27** Investment is forecasting a **£45,700 income underachievement**. Further work is underway to determine insurance recharge to tenants (via the Insurance department) which is expected to favourably alter this position.
- **The Isle of Dogs TL** investment is forecast to **overachieve by (£10,000)** due to a reduction in the level of external advice required.
- **Leisure** is forecasting a breakeven position after incorporating part of the £200,000 termination payment to cover re-procurement costs. The balance of £154,342 is to be held in reserves to cover part of the 24/25 income shortfalls. **Leisure income for financial years 24/25 to 27/28 will be reduced as it is unlikely the new Leisure contract will provide the return as originally modelled in the MTFS. The forecast further assumes the 23/24 concession income of £665,575 will be received in full, with half (333k) already received in P6.**

Forecast Position: £3.7m (Overspend of £0.2m)

	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	**1,735,078**	**1,735,078**		**2,436,307**	**3,711,490**	**154,342**	**(1,919,640)**	**211,114**	**274,848**
COMMERCIAL	(761,371)	(761,371)		61,091	(860,778)	154,342	(40,000)	14,935	45,733
INCLUSIVE GROWTH	2,496,449	2,496,449		2,375,216	4,572,267	0	(1,879,640)	196,178	229,115

Key Drivers of the Position (continued):

Inclusive Growth – Forecast an overspend of £196,178 an improvement of (£33,000).

- **Parks Commissioning** is forecasting £527,674 overspend, a positive movement of (£11,100) from P5 mainly due vacancy recruitment pause. Parks Commissioning main cost driver is the £500,000 income generation target from the soil importation that cannot be achieved in year or in future years; There is a further pressure of £133,000 income generation from Parks commercialisation projects which will not be achieved as part of the 23/24 MTFS or in future years, as commercial returns are credited to the events team budget. Finance to confirm permanent removal of this budget pressure from Parks Commissioning.

- **Culture and Heritage** is reflecting a £2,101 overspend. The main contributing factor to the reduced overspend is utilising the allocated £57,000 UKSPF funding, £30,600 central funding towards inflationary pressures at Valance House and Eastbury Manor and a reduction in the forecast for casual staff in Eastbury Manor. The staff cost reduction follows the recent change in the building opening days from 4 days down to 3 a week in the quest to drive down costs. Further mitigating actions are being worked on to deliver services that can sustainably operate within the 23/24 budget and in future years.

- The **Inclusive growth core teams** (Inclusive Economy, place and development, Sustainability and core IG) forecast a combined **(282,291) underspend,** a favourable movement of (£10,300) mainly due to the recruitment pause offset by a £25k HRA recharge reduction following a recent review.

- **Development Planning** is projecting a **pressure of £38,000** driven by Added Years Compensatory pension payments to ex – employees, subject to a potential increase. There is no existing budget allocation to cover these costs.

- **Adult College, Apprenticeships and Employment & skills** are projecting an **underspend of (£88,000)** after drawing down from the Welfare Bid reserve, due to salaries underspend and kickstart prior years income posted in 23/24. This is an improvement of (11,600) from P5, although, the Apprenticeships service alone is overspending by £130,000 and has been unable to cover overspends over the years. Following a review of its financial sustainability, the winding down process of apprenticeship delivery has been formally initiated and may potentially increase the overspend once actual lost income and payments to providers is determined. The underspend will be absorbed within the overall overspends and Employment & Skills departmental reserve if necessary.

The £1.9m transfer from Reserves, represents a drawdown from Inclusive Growth and other reserves: Made in Dagenham Endowment programme (£273,200), Welfare reserve (647,800) and (£998,600) from grants brought forward.

Inclusive Growth: Period 6 Mitigations Table

Forecast Position: £3.7m (Overspend of £0.2m, potential mitigation of £78,000)

Service	Pressure	RAG/ Mitigation Amount	In Year Mitigation Comment
CR27 Investment	45,777	(78,000)	LBBD Insurance department is yet to confirm insurance value to recharge directly to tenants. The net amount between CR27 insurance paid and recharge to tenants should offset wholly or in part this overspend. In 22/23 the surplus from recharge was £42,000. The rent levels are also due to be indexed upwards by 4.25% (capped) in July with potential income achievable of £36,000
Film	69,917		Industry strikes are still ongoing which is having an impact on the filming productions and meeting the income target. Despite this the film service will be covering costs and still bring in a surplus to the council. Towards the end of January 2024 there is an expectation for an agreement to be made with the Industry unions.
Procurement	17,640		No planned mitigation
Accounts Payable	12,103		No planned mitigation
Commissioning & programmes	37,643		No planned mitigation. Pressure relates to Added Years Compensatory pension costs with no supporting budget
Employment Team (**Apprenticeships)**	130,576		Although the Employment Team service is now forecasting an underspend as a whole,the **apprenticeships service is now formally** winding down delivery to mitigate the cost pressure in the long run. The winding down process could potentially increase the overspend once actual lost income and payments to providers is determined. The underspend will be absorbed within the overall overspends and Employment & Skills departmental reserve if necessary.Full year effect of cost avoidance to be achieved in the coming financial years. **Apprenticeships -** £130,000 overspend
Heritage & Culture	2,101		A final mitigation plan is underway and to include: Potential reduction in opening days Valence House in order to cut running costs. (Value to be fully quantified); increase income through engagement activities (Valence House) and increasing venue hire for weddings and other appropriate events/hires (Eastbury Manor).
Parks Commissioning	527,674		Parks Commissioning main cost driver is the £500,000 income generation target from the soil importation that cannot be achieved in year. In addition a further pressure of £133,000 income generation from Parks commercialisation projects which will not be achieved as part of the 23/24 MTFS
Other underspends	(632,317)		
Total	**211,114**	(78,000)	

Inclusive Growth: Period 6 Opportunities

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

Food Sector, Make it Here, Employment & Skills

- We have scope to draw down further funding for Employment for staff costs from an existing European Social Fund contract up to the value of £114K – we are looking to maximise this.
- We are using the food and film sector endowments from the City of London and MBS/Hackman to leverage additional funding from external funders – including a potential grant from Film London – and establish sustainable training programmes that do not require significant ongoing funding from the Council/key partners.

Heritage and Culture

- Valence House Museum is awaiting a response to the legal challenge on the rates currently being charged to the site. Our expectation based on legal advice is we will receive a significant reimbursement; however, we have just encountered a setback from the VO who have queried whether different rates should be charged to different buildings across the broader site, which could mean another year-long delay in their formal response and the reimbursement.

Parks Commissioning:

- Tennis Development Proposal – as per the associated report presented to Cabinet on 21.03.23 Parks Commissioning has secured internal (£75,400) and external funding from the LTA (£327,417) to invest in the borough's 17 tennis courts to bring them back up to a playable standard. Work on site commenced at Central Park (the first of 5 x sites) on 11th August, followed by Barking Park, St Chads Park, Old Dagenham Park, and Greatfields Park. The court works are due to be completed early November. The contract for the management and maintenance of the borough's tennis courts is due to go out to tender in October.
- External funding – Parks commissioning was successful in securing Rewild London (Round 2) funding including £39,000 and £35,410 respectively to deliver the River Rom Phase II and Reptile Survey projects. These projects will deliver significant social, environmental, and economic benefits for the borough and residents. £50k has been secured from London Marathon Community Trust's 'Active Spaces Fund' and will be used to refurbish the toddler play area at Old Dagenham Park. Other external funding bids and associated EOIs (e.g., Environment Agency's Natural Flood Management Programme) are also being prepared.

Inclusive Growth: Period 6 Risk

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

Food Sector, Make it Here, Employment & Skills

- The Adult College budget relies on maximising income potential from assets – work is underway to secure sustainable tenants for Ripple Road.
- There are long term risks to economic development funding, as the food, film and care sector projects are all funded by temporary grants/endowments. We are working with key partners to secure ongoing funding.

Heritage and Culture

- There is a risk The Arts Council grant for Archivist is not guaranteed for future years – net £41k.
- The Women's Museum project is currently being funded through the Cultural Commissioning budget, with additional funds being granted through SCIL. Currently there is a future budget pressure expected next financial year as the site is opened and operational costs will need to be covered into the long term. The Service is looking into fundraising significantly into the coming months to meet this pressure, and in the interim period will continue to support the project through CC

Commercial Risk:

- 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 - Contaminated land adjacent to Eastbrookend Country Park – risks:

- Remaining risk of prosecution from Thames Water – if LBBD fails to deliver the agreed Contaminated Land Action Plan.
- Lack of clarity about the future management and maintenance of the contaminated land, and especially the Effluent Treatment Plan, and where this responsibility sits within the Council.
- Vehicular access – the planning application still needs to be submitted and planning consent obtained. However, progress has been made, including: the revised planning application drawings have been submitted, the Transport Statement has been completed and is ready to be issued, the BNG/UGF reports are being progressed, the Arboricultural Impact Report has been commissioned and a survey undertaken, so the report is expected before end October. So, the aim is to complete all the reports before COP Friday 27th October ready for the submission of the planning application.
- Electricity supply – a permanent electricity supply is essential to avoid future dependency on generator use and diesel deliveries. We are currently waiting for a fee proposal from Arcadis to prepare tender docs.
- Drainage proposal – work commenced on site on Monday 25th September. The weather and ground conditions could impact on the delivery of the works and delay the implementation of the drainage works.

Community Solutions: Period 6

Forecast Position: £17.2m (underspend of £1.7m, -12% 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	**14,461,470**	**14,461,470**		**7,267,630**	**17,165,392**		**(4,449,086)**	**(1,745,164)**	**(1,558,065)**
SUPPORT AND COLLECTIONS	7,017,112	7,017,112		3,386,379	7,587,206		(1,511,164)	(941,070)	(774,156)
COMMUNITY SOLUTIONS	1,069,410	1,069,410		451,124	915,097		(156,000)	(310,313)	(316,010)
COMMUNITY PARTICIPATION & PREV	7,679,948	7,679,948		4,735,127	9,968,089		(2,781,922)	(493,781)	(467,898)
TECHNICAL - COMSOLS	(1,305,000)	(1,305,000)		(1,305,000)	(1,305,000)				

Key Drivers of the Position:

The total overspend pressure for Community Solutions is **c£3.7m**

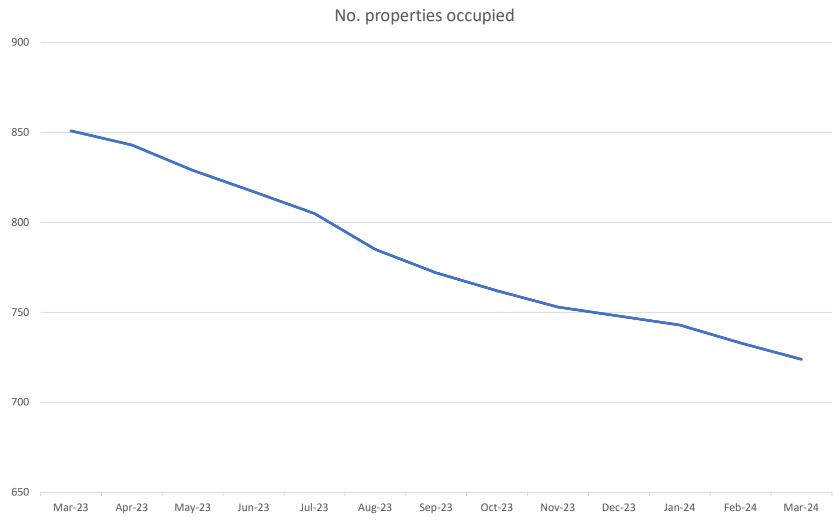
The recalculation of the HRA recharge has resulted in an income shortfall of **c£3.1m** across Community Solutions. There are delays in delivering MTFS savings across Community Participation & Prevention of **£0.3m** which is being closely monitored. The MTFS savings for transfer of buildings to VCS has been paused due to the emerging locality model proposals from Adults.

The Ethical Collection Service is forecasting an overspend of **£0.3m.** The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance still believe the overspend will range from **£0.3m - £0.5m** and this may increase the outturn variance.

Community Solutions have taken a number of difficult decisions and identified one-off mitigations of **c£3.9m** 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.

Community Solutions: Period 6 Data

Temporary Accommodation – forecast PSL properties occupied and cost



Community Solutions: Period 6 Mitigations Table

Forecast Position: £17.2m (underspend of £1.7m, -12% Variance)

	Amount	Comments
Service Development Salary underspend	100,000	A decision has been taken to not fill the Transformation Manager Position in the current financial year
Strategic Director Salary underspend	188,000	The Strategic Director position will not be filled in 2023/24.
Funding swap with additional HPG Grant - release GF	1,135,000	Additional grant to support Ukraine, will be delivered from exisiting stock
Additional Asylum Dispersal Grant - Funding Swap	475,000	Additional grant to support dispersal of Asylum seekers, using existing stock
Court officers	25,000	Excelerate savings
SD Officer Secondment Cover	25,000	Hold vacancy
Consultancy Fee (SM)	100,000	Release of funding
Household Support Fund Admin Fee	400,000	HSF allocation for 2023/24 has been confirmed and attracts a fee income
Triage Salary underspend	80,000	There is a vacancy and not all staff are at the top of the grade.
Hold vacancy in CPP	40,000	RR Service area vacancy
P&E Vacancy	31,000	Hold vacancy
Migration reserve release	200,000	
GLA CTAX Income	515,000	Confirmation of grant for CTAX
Correction of cleaning forecast	100,000	Budget vired - forecast updated
Other corrections	100,000	
Play & Comm Recharge agreed	160,000	Recharge only for 2023/24
ICB Funding for 2023/24 confirmed	188,000	
Total Mitigations	**3,862,000**	

Mitigations highlighted blue have been added in P5

Community Solutions: Period 6 Risk and Opportunities

Forecast Position: £17.2m (underspend of £1.7m, -12% Variance)

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

- The Ethical Collection Service is forecasting fee income of **£600k**. The income is dependent on a steady flow of warrants from Parking, Council Tax and Business rates. There is currently a delay in the warrants from Parking and the age of the debt is causing issues with recovery. Finance believe the fee income will range between **£0.4m - £0.6m.**

- Temporary Accommodation – due to the current climate, the use of B&B's and Hotels is on the rise. This is causing LA's to overspend against their TA budget. We are currently at capacity within our own hostels and have received a number of hand backs requests for PSL's which may lead to an overspill into B&B's and Hotels. Modelling will be carried out in August against various assumptions which will enable a more robust forecast. This is a national issue.

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

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

My Place Summary: Period 6

Forecast Position: (£429,000) underspend

	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	**15,181,907**	**15,181,907**	**0**	**19,549,868**	**14,752,451**	**0**	**0**	**(429,456)**	**691,867**
HOMES AND ASSETS	(1,145,987)	(1,145,987)	0	8,395,670	(28,583)	0	0	1,117,404	1,442,774
PUBLIC REALM	16,327,894	16,327,894	0	11,154,198	14,781,034	0	0	(1,546,860)	(750,907)

Executive Summary

The service is projecting a (£429,000) underspend, a positive movement of (£1.121m). The budget has been increased since Period 3 to fund inflationary pressures of £1.418m. The main drivers behind the positive movement in the variance at Period 6 is (£807,000) HRA Fixed Recharges following reviews and partial mitigation of My Place Recharge pressure. It should be noted that the service is carrying significant risks of £2.5m with (£250,000) Opportunities.

The variance is driven by:

- **HRA Fixed Recharges (£902,000), Employee Expenses (£624,000)** across Public Realm mainly and areas of Homes and Assets **(£350,000)**. Offset by;
- **Commercial Portfolio: £790,000 and My Place Recharge Budget: £656,000 overspends.**

Homes & Assets: Period 6 £1.117m overspend

Commercial Portfolio is reflecting **£790,000 overspend**, a minor improvement of **(£25,000).**

- £577,000 income under recovery including £30,000 of non-deliverable income. The service did not meet deadline to produce underlying asset list and rent roll to support forecast and future budget assumptions. Commercial Lead has confirmed with Strategic Director to redirect resources for delivery in time for Period 7 reporting. This is critical.
- £156,000 Premises expenditure which is primarily security of premises that are vacant, for Period 7, this will be reviewed to confirm appropriate commitments between the Portfolio and IAS.
- £57,000 Staffing costs which is due to agency costs above establishment budget. The establishment is only 3 FTE for a significant portfolio.
- The improvement on Period 5 of **(£25,000)** was related to revising Business Rates forecast (£70,000) offset mainly by worsening of income position.

Continued…

Property Assets is underspending by (£65,000), a slight improvement of (18,000).

- Highways has now transferred into Public Realm.
- Asset Management is forecasting a **(£109,000)** underspend:
  - (£166,000) due to vacancies being held pending restructure.
  - £206,000 on premises costs.
  - (£149,000) forecast income for ELWA use of depot and increased staff capitalisation.
- Major Works is forecasting a **£44,000 overspend** due to reduced staff capitalisation output.

My Place Recharge Budget: £656,000 overspend, is caused by the change in non-controllable budgets and how they are funded by the HRA £1.051m. The related non-controllable budget and charge was removed but the loss of charging it to the HRA must still be addressed. (£400,000) is offsetting this in Period 6 but further analysis is complicated by movements in Period 6 from structural, forecast and budget adjustments in Homes and Assets.

Homes & Assets (Other Areas): (£264,000) underspends across other areas are offering partial mitigation to the Commercial Portfolio and Recharge pressure. This is mainly from staffing in areas like Business Development and Contract Management where posts are held due to restructure and a contract commitment being revised down.

Public Realm: Period 6 (£1.547m) underspend

There has been a positive movement since Period 5 of **(£796,000).** This is primarily down to:

- **HRA Fixed Recharges: (£423,000)** relating to **Domestic Waste** and **Highways recharges** following review. Street Cleansing now remains the only outstanding area to be completed which is due in the next month.
- **Waste Operations: (£141,000)** relating to reductions in staffing forecasts following assimilation of agency staff into permanent positions.
- **Parks & Environment: (£153,000)** relating to reduction in staffing forecast and an increased positive outlook on cemeteries income.

The Forecast Variance relates to:

- **(£923,000)** – Relating to **HRA Fixed Recharges** following reviews of all services except Street Cleansing which is nearing completion.
- **(£624,000)** – **Employee Expenses** (includes agency, overtime) across Parks and Environment, Compliance (Admin) and Passenger Transport Service (PTS) mainly. Waste and Street Cleansing have been transferring agency staff to permanent vacancies but overall, the cause is from withholding recruitment until the My Place Restructure is completed. There is now the recruitment freeze until 1st March which is adding to this.

2023-24 Savings

		2023/24 Target £k	RAG RATING
*negative values (in brackets) are savings			
Service Area	Saving Proposal		
Care and Support	Finance Review Officer	(57)	
Care and Support	Early Help Investment deferral into 2024-25	(500)	
Care and Support	Early Years & Childcare	(180)	
Community Solution	Fund HAM Hub through collection fund surplus 40% - reserve transfer (Non-HRA)	(390)	
Community Solution	Delete x5 FTE vacancy from Welfare	(230)	
Community Solution	Service Development - Delete x2 FTE and x1 FTE recharge to Supporting Families Grant	(197)	
Community Solution	Customer Services - Delete X1 CSO	(34)	
Community Solution	Customer Experience team - Delete Internet Officer	(51)	
Community Solution	Delete x3 FTE Vacancy from Triage	(120)	
Community Solution	Stop Play and Comm Service (4.5FTE). Transfer to Family Hubs to be funded by Grant	(160)	
Community Solution	Transfer to VCS - WILLIAM BELLAMY CHILDREN'S CENTRE	(30)	
Community Solution	Transfer to VCS - LEYS CHILDREN'S CENTRE	(15)	
Community Solution	Transfer to VCS - SUE BRAMLEY CHILDREN'S CENTRE/ LIBRARY	(15)	
Community Solution	Creation of Heritage site at VALENCE LIBRARY + 2.5FTE Sc5	(130)	
My Place	NRSWA Income Stream Opportunities - Public Highway	(52)	
My Place	No longer have a dedicated Graffiti team.	(75)	
My Place	Security of vacant land.	(10)	
My Place	Reduce the opening days and times of the Town Hall and other buildings.	(50)	
My Place	Closure of Pondfield depot	(25)	
My Place	Increase the commercial income	(30)	
Inclusive Growth	New Town Culture	(260)	
Inclusive Growth	Line by Line Budget Review	(110)	

2023-24 Savings

		2023/24 Target £k	RAG RATING
*negative values (in brackets) are savings			
Service Area	Saving Proposal		
Finance & IT	WAN bill reduction £80K	(80)	
Finance & IT	ICT Consultancy £40K	(40)	
Finance & IT	Staff Dev & train £28K	(28)	
Finance & IT	Staff other expenses £10K	(10)	
Finance & IT	Entity recharges + 10% £48K (income)	(48)	
Finance & IT	Ezitracker £24K	(24)	
Finance & IT	One Trust £10K	(10)	
Finance & IT	Jontek £17K	(17)	
Finance & IT	Oracle Saving	(409)	
Law & Governance	Parking Services Income	(2,300)	
My Place	Property Management & Capital Delivery	(66)	
Finance & IT	Digital Identity Verification (requires £100k Capital)	(25)	
Finance & IT	Streamline IT Procurement	(44)	
EYCC	Staff Savings and DSG recharge	(35)	
P&P	FPN income	(15)	
Community Solutions	Everyone Everyday	(100)	
Inclusive Growth	Parks Commissioning - Soil Importation	(500)	
HR	Restructure	(577)	
Total		**(7,049)**	

GREEN	4548
AMBER/G	1124
RED	1377
	7049