

Finance Budget Monitoring – General Fund

APPENDIX A

2023/24

P7 (October 2023)



Period 7: Overspend of £11.6m, a positive movement of £1.05m from previous period

| | Outturn 2022/23 | This Years Budget | Actuals/Forecast | | Reserves | Variances Inc Reserves | | Movement from Last Period | |
|-----------------------------|--------------------|----------------------|--------------------|---------------------|--------------------------------|------------------------|-------------------------|---------------------------------|--|
| | | Revised | YTD Actuals | Current Forecast | Net Movement in Reserves | Variance | Last Period Variance | | |
| GENERAL FUND I&E | 210,758,420 | 199,002,253 | 121,473,670 | 215,495,526 | (4,888,291) | 11,604,982 | 12,651,875 | (1,046,893) | |
| PEOPLE & RESILIENCE | 117,190,113 | 116,957,652 | 61,040,850 | 132,018,930 | 0 | 15,061,278 | 13,408,864 | 1,652,413 | |
| CORPORATE MANAGEMENT | 52,696,852 | 45,112,923 | 14,977,352 | 45,549,808 | (161,574) | 275,311 | 2,632,331 | (2,357,020) | |
| LAW AND GOVERNANCE | (5,174,523) | 6,531,051 | 1,812,729 | 4,886,054 | 1,245,000 | (399,997) | (55,564) | (344,433) | |
| STRATEGY | 3,546,790 | 9,755,640 | 5,894,153 | 9,792,615 | (363,662) | (326,687) | (327,627) | 940 | |
| INCLUSIVE GROWTH | 2,229,661 | 1,735,078 | 1,234,560 | 3,572,705 | (1,713,969) | 123,658 | 211,114 | (87,455) | |
| COMMUNITY SOLUTIONS | 25,021,966 | 14,461,470 | 8,280,948 | 16,786,943 | (4,104,086) | (1,778,613) | (1,745,164) | (33,449) | |
| MY PLACE | 15,247,563 | 4,448,439 | 28,233,078 | 2,888,471 | 210,000 | (1,349,968) | (1,472,078) | 122,110 | |

Key Drivers:

The most significant negative movement is from People and Resilience which moved by £1.6m and My Place - £0.122m. These are offset by an improvement of £0.344m in Law and Governance forecast outturn, £0.087m improvement in Inclusive Growth and movements of -2.357m from Corporate Management.

People and Resilience: £1.6m increase in forecast expenditure in P7.

The movement is largely due to new placements across Children's services and the cancelling of some Adult client debt.

Corporate Management: (£2.357m) decrease in forecast expenditure.

Staff pay award for 2023/24 has been agreed and the average award is 5%. A provision of 6.5% was included in the forecast, this has now been adjusted, which has resulted in a positive movement.

Law and Governance: (£0.344m) decrease in forecast expenditure.

This improvement from P6 is due to suspending recruitment into vacant posts for remainder of the 2023.24 financial year.

My Place: £0.122m increase in forecast expenditure in P7.

The change from P6 is due to recognising 100% bad debt provision for an invoice to BDTP Group relating to services delivered in 2022.23. This has been offset by reductions in forecast spend on maintenance costs and security on commercial properties.

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. An estimate of the additional costs, average 5% pay increase, has been included in Central Expenses resulting in a £2.3m release in forecast and forms part of the Corporate Management outturn forecast.
- There is an inflation provision held centrally of £5.5m for energy and contract costs. £2.3m 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 two 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 £10.4m will be drawn down from reserves and this position is factored within the Corporate Management Directorate. Be First dividends of £10.4m will be covered from the IAS reserve using the Mueller Profit in part as the company are unlikely to deliver returns 23/24. Not drawing down these reserves will further add to the overspend by £10.4m.
- 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£10.4m 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.

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Period 7: Movement in Reserves

| | Opening Balance | Budgeted Drawdown 23-24 | In Year Inter Reserve Transactions 23-24 | Planned Drawdowns 23-24 (P6) | Drawdowns not in P6 - require approval | Transfer to Reserve (P6) | Release to BSR - require approval | Current Balance |
|-----------------------------------|-----------------|-------------------------|--|------------------------------|--|--------------------------|-----------------------------------|-----------------|
| | £'m | £'m | £'m | £'m | £'m | £'m | £'m | £'m |
| General Reserves | (17.03) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (17.03) |
| Budget Support Reserve | (16.84) | 13.51 | 0.53 | 0.00 | 0.00 | 0.00 | (3.68) | (6.48) |
| Sub total | (33.87) | 13.51 | 0.53 | 0.00 | 0.00 | 0.00 | (3.68) | (23.51) |
| Ring-fenced Reserves | (28.91) | 0.00 | (0.53) | 4.32 | 5.49 | (1.64) | 1.53 | (19.74) |
| PFI Reserves | (14.28) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (14.28) |
| Levy Funding Reserve | (6.11) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (6.11) |
| Sub total | (49.30) | 0.00 | (0.53) | 4.32 | 5.49 | (1.64) | 1.53 | (40.13) |
| Non Ring-Fenced Reserves | | | | | | | | |
| Corporate Reserves | (5.91) | 0.00 | 0.00 | 0.10 | 1.37 | 0.00 | 0.00 | (4.45) |
| People & Resilience | (0.54) | 0.20 | 0.01 | 0.00 | 0.17 | 0.00 | 0.00 | (0.17) |
| Legal, Governance & HR | (0.41) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.41) |
| Strategy | (0.05) | 0.00 | 0.00 | 0.03 | 0.02 | 0.00 | 0.00 | (0.00) |
| Inclusive Growth | (1.34) | 0.00 | 0.00 | 0.11 | 0.00 | 0.00 | 0.00 | (1.23) |
| Community Solutions | (12.64) | 1.31 | (0.01) | 1.40 | 3.11 | 0.00 | 1.66 | (5.18) |
| My Place | (0.29) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.29 | 0.00 |
| Collection Fund Reserves | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sub total Non-ringfenced | (21.18) | 1.50 | 0.00 | 1.64 | 4.66 | 0.00 | 1.95 | (11.43) |
| IAS & Capital Reserves | | | | | | | | |
| Investment Reserves | (16.17) | 0.00 | 1.13 | 0.00 | 0.00 | 0.00 | 0.00 | (15.03) |
| Mueller Reserve | (12.00) | 0.00 | 0.00 | 10.39 | 0.00 | 0.00 | 0.00 | (1.61) |
| CR27 Hotel Deal reserve | (5.50) | 0.00 | (0.57) | 0.00 | 0.00 | 0.00 | 0.00 | (6.07) |
| Isle of Dogs Travelodge Reserve | (5.50) | 0.00 | (0.57) | 0.00 | 0.00 | 0.00 | 0.00 | (6.07) |
| Capital Reserves | (3.78) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (3.78) |
| Sub total IAS Reserves | (42.95) | 0.00 | 0.00 | 10.39 | 0.00 | 0.00 | 0.00 | (32.56) |
| Total | (147.29) | 15.01 | 0.00 | 16.35 | 10.15 | (1.64) | (0.20) | (107.63) |

- A number of financial risks have materialised in 2023/24 resulting in the need to use reserves to cover the forecast overspend of £11.6m. The Budget Support Reserve has a balance of £6.48m (after approval of transfer of £3.68m). However, there is insufficient 'free' reserves to cover the 2023/24 forecast overspend and management action is required to bring spend in-line with budgets.
- It is to be borne in mind that the 2024/25 base budget, after savings, has a budget gap of £23m, as outlined in the Budget Strategy Report.

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Key risks

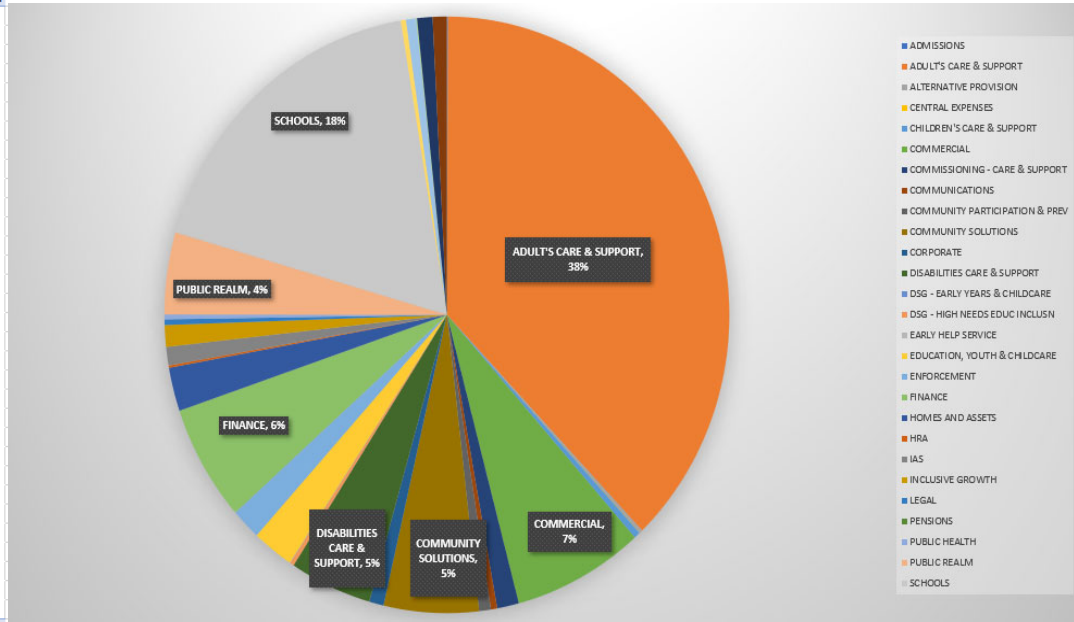
- The Ethical Collection Service is forecasting income of £650k. The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance believe the income will range between £500k - £600k and this may increase the outturn variance.
- Temporary Accommodation 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 there remains a risk. Considerable progress has been made in implementing the decontamination Action Plan, and the immediate threat of prosecution by Thames Water has been withdrawn. However long-term arrangements for the future of the effluent treatment plant and alternative measures to prevent the discharge of landfill leachate to the Thames Water drainage asset are yet to be identified and investigated. If the plant and equipment fail the Council could potentially breach its consent to discharge which may result in fresh prosecutory action.
- 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.
- Based on current projections the reserve levels drop considerably, a reduction of over £50m in a single year.

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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 LBB 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.

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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 |

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Finance Budget Monitoring – HRA,DSG and Investment Strategy

2023/24

P7 (October 2023)



HRA: Period 7

The HRA is projecting **£7.080m overspend** at Period 7, no change on prior month. The voluntary budget allocation to support the Capital Programme of £6.680m has 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**.

| P6 VARIANCE | 2023/24 FORECAST OUTTURN | | | | |
|-----------------|--|-------------------|-------------------|-------------------|-----------------|
| | REPORT LEVEL | BUDGET £'000 | FORECAST £'000 | VARIANCE £'000 | CHANGE £'000 |
| £2,371 | SUPERVISION & MANAGEMENT | 48,394 | 50,765 | £2,371 | £0 |
| £6,901 | REPAIRS & MAINTENANCE | 24,473 | 31,373 | £6,901 | £0 |
| £1,146 | RENTS, RATES ETC | 1,587 | 2,732 | £1,146 | £0 |
| £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 |
| (£170) | CDC RECHARGE | 1,102 | 932 | (£170) | £0 |
| £10,247 | TOTAL EXPENDITURE | 90,164 | 100,411 | £10,247 | £0 |
| (£331) | DWELLING RENTS | (£90,432) | (90,764) | (£331) | £0 |
| £11 | NON-DWELLING RENTS | (£765) | (754) | £11 | £0 |
| £2,266 | CHARGES FOR SERVICES & FACILITIES | (£26,158) | (23,892) | £2,266 | £0 |
| £0 | INTEREST & INVESTMENT INCOME | (£400) | (400) | £0 | £0 |
| £1,945 | TOTAL INCOME | (£117,755) | (£115,810) | £1,945 | £0 |
| £12,193 | NET TOTAL BEFORE CAPITAL | (£27,591) | (£15,398) | £12,193 | £0 |
| £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 |
| £7,067 | NET TOTAL AFTER CAPITAL | (£1,700) | £5,367 | £7,067 | £0 |
| £14 | TRANSFER TO HRA LEASEHOLDER RESERVE | £1,700 | 1,714 | £14 | £0 |
| £7,080 | TRANSFER FROM/(TO) HRA RESERVE | (£0) | £7,080 | £7,080 | £0 |

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)** from P5 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.
 - 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.
 - 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 payments** 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 (P7)

| Type of Income / Expense | 30/09/2023 Holdings | Rate | 2023/24 Forecast | 2023/24 Budget | Variance | 31/10/2023 Holdings | Rate | 2023/24 Forecast | 2023/24 Budget | Variance | Comments |
|----------------------------------|---------------------|--------------|------------------|----------------|---------------|---------------------|--------------|------------------|----------------|---------------|--|
| GF Capital Borrowing | £'000 | % | £'000 | £'000 | £'000 | £'000 | % | £'000 | £'000 | £'000 | |
| GF - Market | 16,711 | 3.76% | 631 | 14,681 | -14,050 | 16,711 | 3.71% | 631 | 14,681 | -14,050 | Budget based on external borrowing requirement |
| Budget Adj. Capitalised Interest | | | | -4,542 | 4,542 | | | 0 | -4,542 | 4,542 | Budget adjusted for the £4.542m capitalised interest |
| GF – ST Borrowing | 118,687 | 4.47% | 2,490 | | 2,490 | 94,017 | 4.65% | 2,708 | 0 | 2,708 | ST borrowing average rate increasing |
| 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 | | | 750 | | 750 | Part of provision used for interest pressure |
| Provision - Loss on Loan | | | 0 | | 0 | | | 224 | | 224 | Provision of loss against loan |
| WC Loan Be First | | | 431 | | 431 | | | 431 | | 431 | Provision for Be First Interest |
| WC Loan BDTP | | | 553 | 0 | 553 | | | 553 | 0 | 553 | Provision for BDTP Interest |
| Total GF Borrowing | 135,398 | 2.31% | 7,245 | 10,139 | -2,894 | 110,728 | 3.02% | 7,436 | 10,139 | -2,703 | Net forecast for General Fund |
| General Fund Investments | | | | | | | | | | | |
| WC Loan Be First | -5,046 | 8.75% | -431 | | | -5,046 | 8.75% | -431 | | | Working Capital loan interest - Be First |
| WC Loan BDTP | -5,000 | 11.25% | -553 | | | -5,000 | 11.25% | -553 | | | Working Capital loan interest -BDTP |
| Energy Company Loan | -7,259 | 5.98% | -436 | | | -7,259 | 7.00% | -436 | | | Loans to the Energy Company |
| LEUK Loan | -26,476 | 8.06% | -2,140 | | | -26,476 | 8.06% | -2,140 | | | LEUK Interest Charge |
| Other Loans | -6,650 | 7.32% | -487 | | | -6,644 | 4.53% | -486 | | | Small loans, generally fixed rate |
| Total GF Investments | -50,431 | 8.02% | -4,046 | -6,503 | 2,457 | -50,425 | 8.02% | -4,046 | -6,503 | 2,457 | |
| Net General Fund | 84,967 | | 3,199 | 3,636 | -437 | 60,303 | | 3,390 | 3,636 | -246 | Small Surplus 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 £246k after several provisions.
- Holdings reflect the month end position. Therefore the amount may reduce, as is the case for short-term borrowing, as the overall full year forecast for interest payments remains higher than the previous quarter.
- 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 capitalised 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 due to pressures and interest and principal provision for community loan.
- ST borrowing costs have increased significantly with rates over 5% and average rate at 4.65%.

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Investment and Acquisition Strategy Funding (P7)

| Type of Income / Expense | 30/09/2023 Holdings | Rate | 2023/24 Forecast | 2023/24 Budget | Variance | 31/10/2023 Holdings | Rate | 2023/24 Forecast | 2023/24 Budget | Variance | Comments |
|-------------------------------------|---------------------|--------------|------------------|----------------|---------------|---------------------|--------------|------------------|----------------|---------------|---|
| | £'000 | % | £'000 | £'000 | £'000 | £'000 | % | £'000 | £'000 | £'000 | |
| IAS Borrowing | | | | | | | | | | | |
| IAS - Market | 71,563 | 2.21% | 1,584 | | 1,584 | 71,563 | 2.21% | 1,584 | | 1,584 | European Investment Bank and Green Bank Loans |
| IAS – PWLB | 602,600 | 1.91% | 11,644 | | 11,644 | 601,092 | 1.96% | 11,586 | | 11,586 | Borrowed for IAS schemes |
| IAS - ST Borrowing | 142,113 | 4.47% | 2,981 | | 2,981 | 142,283 | 4.65% | 4,097 | | 4,097 | Potentially will increase by mitigated by provision |
| IAS - Interest Recharge | | | -6,141 | | -6,141 | | | -6,433 | | -6,433 | Adjusted to reflect delayed completion of Industria |
| Capitalised Interest | | | -10,231 | | -10,231 | | | -10,231 | | -10,231 | Based on AUC and average borrowing cost - updated quarterly |
| Interest Pressure Provision | | | 1,000 | | 1,000 | | | 0 | | 0 | Provision used for Interest Pressure - now in ST forecast |
| Muller Equity | 28,032 | | 0 | | | 28,032 | | 0 | | 0 | No return |
| Total IAS Borrowing | 844,309 | 2.13% | 836 | 0 | 836 | 842,970 | 2.13% | 603 | 0 | 603 | Overspend due to delays in letting and commercial returns |
| Reside Loans | | | | | | | | | | | |
| Reside Loans - B&D Homes | -42,249 | 2.26% | -1,001 | | -1,001 | -42,249 | 2.26% | -1,001 | 0 | -1,001 | Current Loans to B&D Homes |
| Reside Loans - Weavers | -141,303 | 2.65% | -3,867 | | -3,867 | -141,303 | 2.65% | -3,867 | | -3,867 | Current Loans to Weavers |
| Reside Loans - other | -6,756 | 3.08% | -168 | | -168 | -6,756 | 3.08% | -168 | | -168 | Current Other Reside Loans |
| Reside Loans to be completed | -77,202 | 2.64% | -533 | | -533 | -77,202 | 2.64% | -589 | | -589 | Schemes that will complete in second half of 2023/24 |
| Treasury Investments | -38,200 | 4.00% | -1,279 | | -1,279 | -18,200 | 3.84% | -1,279 | | -1,279 | Current Treasury Cash Holdings |
| Reside Leases | -105,618 | | | | 0 | -104,291 | | | | 0 | Leases to Reside for PRS and SO |
| Total IAS / Treasury Returns | -411,327 | | -6,847 | 0 | -6,847 | -390,000 | 0 | -6,904 | 0 | -6,904 | Surplus return |
| Net IAS Treasury Return | | | -6,011 | 0 | -6,011 | | | -6,301 | 0 | -6,301 | 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 and is paid via Reside surpluses.
- ST borrowing allocated to commercial schemes has put pressure on the net return from commercial that gets allocated to Be First and a provision has been included.
- Interest margin on loans provides an additional return to the strategy, although this has been reduced by the poor lettings of PRS and sales of Shared Ownership.
- The net surplus from treasury management for the IAS is £6.3m, 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 £834m 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%

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Investment and Acquisition Strategy Returns (P7)

| Type of Income / Expense | 30/09/2023 Holdings | Rate | 2023/24 Forecast | 2023/24 Budget | Variance | 31/10/2023 Holdings | Rate | 2023/24 Forecast | 2023/24 Budget | Variance | Comments |
|---------------------------------------|---------------------|------|------------------|----------------|--------------|---------------------|------|------------------|----------------|--------------|--|
| | £'000 | % | £'000 | £'000 | £'000 | £'000 | % | £'000 | £'000 | £'000 | |
| IAS Return | | | | | | | | | | | |
| Net Commercial Income | | | -5,657 | -1,252 | -4,405 | | | -5,598 | -1,252 | -4,346 | Gross Rent from Commercial holdings |
| Borrowing Costs - Commercial | | | 6,141 | 0 | 6,141 | | | 6,433 | 0 | 6,433 | Borrowing costs for ST borrowing on commercial portfolio |
| Asset Management Costs | | | 171 | 0 | 171 | | | 177 | 0 | 177 | Mainly Industria - reduces return to Be First |
| Other Costs | | | 0 | 0 | 0 | | | 350 | 0 | 350 | Legal and Security Costs |
| MRP | | | 1,369 | -1,024 | 2,393 | | | 1,458 | -1,024 | 2,482 | Charged as assets have no firm plan for redevelopment |
| Abbey Road Contribution | | | -600 | -600 | 0 | | | -600 | -600 | 0 | Abbey Road 2 Contribution |
| IAS Residential Income | | | -1,706 | -2,810 | 1,104 | | | -1,706 | -2,810 | 1,104 | Forecast surplus from Reside including PRS and SO leases |
| 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 |
| Net IAS Position | | | -1,057 | -6,861 | 5,804 | | | -661 | -6,861 | 6,201 | |
| GF Net IAS & Interest Cost | | | -7,069 | -6,861 | -207 | | | -6,962 | -6,861 | -101 | IAS and Treasury Forecast is £207k surplus |

Key issues:

- Overall there is a shortfall of £6.2m from the IAS, with a return of £661k forecast against a target of £6.861m. With the IAS treasury return the net surplus of £101k
- The strategy includes the two-hotel lease and lease back deals (CR27 and Travelodge). Both hotels have reserves that have been inflated each year but will not be inflated for 2023/24 as there is sufficient current reserves of £12.1m for both hotels.
- **Returns from Reside are currently 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 £1.458m but this will reduce the cost of the commercial assets.

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Investment and Acquisition Reserves forecast 2023/24 – P7

| Reserves | 2022/23 | 2023/24 |
|----------------------------|---------------|---------------|
| CAPITAL INVESTMENT RESERVE | 3,779 | 3,779 |
| INVESTMENT RESERVE | 15,067 | 15,168 |
| CR27 Hotel Inflation | 720 | 720 |
| Travelodge Hotel Interest | 381 | 381 |
| CR27 Reserve | 5,500 | 5,500 |
| Travelodge Reserve | 5,500 | 5,500 |
| Total Reserves | 30,947 | 31,048 |

Key issues:

- The value of the reserves is forecast to increase from £30.95m to £31.05m.
- 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 several 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 5.25% currently. This has reduced the surplus return from commercial, but rates potentially could decrease into 2024.
- 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.
- The reserve is significant but is against a strategy of a billion and includes some protection against any accounting issues that may need adjustments for the four years of accounts still to be audited, but also from interest pressures, commercial losses and other investment pressures.

Minimum Revenue Provision 2023/24 – P7

| Type of Income / Expense | 31/10/2023 Holdings | 2023/24 Forecast | 2023/24 Budget | Variance |
|---|---------------------|------------------|----------------|------------|
| MRP | £'000 | £'000 | £'000 | £'000 |
| Core Council Borrowing | 213,964 | 9,850 | 10,224 | 374 |
| IAS Commercial | 170,007 | 1,154 | 1,154 | -0 |
| Completed Reside Schemes - Community/Public Realm | 5,507 | 0 | 0 | 0 |
| PRS | 82,897 | 0 | 0 | 0 |
| Reside schemes (AUC) | 435,605 | 14 | 14 | 0 |
| Loans/Equity on completed schemes | 179,799 | 0 | 0 | 0 |
| IAS Writeoff | 244 | 244 | 0 | -244 |
| HRA | 343,858 | 0 | 0 | 0 |
| MRP excluding PFI and Finance Leases | 1,431,880 | 11,261 | 11,216 | -45 |
| Finance Leases and PFI | 275,360 | 4,492 | 4,492 | 0 |
| Grand Total | 1,707,241 | 15,754 | 15,708 | -45 |

Key issues:

- Minimum Revenue Provision (MRP) is a revenue cost to repay capital spend within the General Fund (it is not charged for the HRA).
- MRP is split into General Fund schemes, IAS Commercial, IAS Residential (PRS, loans and Assets under construction).
- The total spend, including leases such as the Hotel income strips, Reside Limited and PFI schemes contribute to the Council's Capital Financing Requirement (CFR), which is currently £1.7 billion. This will increase to over £2 billion as additional spend the IAS is accounted.
- MRP will increase significantly over the next few years as the IAS properties become operational and MRP is charged on the loans to Reside.
- MRP between the IAS and General Fund will be reported separately.
- A small overspend of £45k is currently being forecast but this could change to an underspend as recharges to the IAS commercial budget are confirmed.

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Investment and Acquisition Assets Under Construction

| Scheme Name | No. of homes | Tenure Type | Company | Practical Completion Date | Loan Value | Fixed Rate |
|----------------------------|--------------|------------------------|------------------------|---------------------------|-----------------------------|---------------------|
| Gascoigne East Block F1 | 79 | Shared Ownership | BDHL | 01/09/2023 | £34,029,641 | 2.75% |
| Gascoigne East Block F1/F2 | 48 | Affordable Rent | B&D Reside Weavers LLP | 01/09/2023 | £13,715,272 | 2.75% |
| Gascoigne East Block F2 | 4 | London Affordable Rent | BDHL | 30/10/2023 | £1,932,181 | 2.20% |
| Gascoigne East Block J | 66 | London Affordable Rent | BDHL | 11/01/2024 | £14,608,712 | 2.25% |
| Gascoigne East Block J | 58 | Affordable Rent | B&D Reside Weavers LLP | 11/01/2024 | 12915764 | 2.75% |
| Oxlow Lane | 22 | London Affordable Rent | BDHL | 01/03/2024 | £9,352,184 | 2.75% |
| Oxlow Lane | 41 | Affordable Rent | B&D Reside Weavers LLP | 01/03/2024 | £4,534,382 | 2.25% |
| Gascoigne West Phase 2 | 122 | Affordable Rent | B&D Reside Weavers LLP | 11/03/2024 | £36,225,408 | 2.75% |
| Gascoigne West Phase 2 | 46 | London Affordable Rent | BDHL | 11/03/2024 | £12,295,941 | 2.25% |
| Gascoigne West Phase 2 | 60 | Target Rent | BDHL | 11/03/2024 | £15,964,858 | 2.25% |
| Gascoigne East Phase 3A | 102 | Affordable Rent | B&D Reside Weavers LLP | 01/05/2024 | £29,014,154 | 2.75% |
| Woodward Road | 1 | London Affordable Rent | BDHL | 07/06/2024 | £455,681 | 2.25% |
| Woodward Road | 55 | Affordable Rent | B&D Reside Weavers LLP | 07/06/2024 | £15,006,756 | 2.75% |
| 12 Thames Road | 77 | London Affordable Rent | BDHL | 28/06/2024 | £20,043,020 | 2.25% |
| 12 Thames Road | 79 | Affordable Rent | B&D Reside Weavers LLP | 28/06/2024 | £18,133,463 | 2.75% |
| Padnall Lake Phase 2 | 13 | London Affordable Rent | BDHL | 01/05/2024 | £6,037,036 | 2.25% |
| Padnall Lake Phase 2 | 57 | Affordable Rent | B&D Reside Weavers LLP | 01/05/2024 | £13,175,955 | 2.75% |
| Town Quay Wharf | 29 | Target Rent | BDHL | 01/05/2025 | £4,619,827 | 2.50% |
| Town Quay Wharf | 33 | Shared Ownership | BDHL | 01/05/2025 | £3,644,885 | 3.00% |
| Roxwell Road | 25 | London Affordable Rent | BDHL | 01/07/2025 | £4,755,542 | 2.25% |
| Roxwell Road | 62 | Affordable Rent | B&D Reside Weavers LLP | 01/07/2025 | £13,303,341 | 2.75% |
| Transport House | 31 | London Affordable Rent | BDHL | 01/12/2025 | £4,872,865 | 2.25% |
| Transport House | 47 | Affordable Rent | B&D Reside Weavers LLP | 01/12/2025 | £8,180,634 | 2.75% |
| Beam Park Phase 6 | 62 | London Affordable Rent | BDHL | 01/05/2026 | £16,603,970 | 4.50% |
| Beam Park Phase 6 | 265 | Affordable Rent | B&D Reside Weavers LLP | 01/05/2026 | £53,612,591 | 5.00% |
| Beam Park Phase 6 | 134 | Shared Ownership | BDHL | 01/05/2026 | £28,677,663 | 5.00% |
| Beam Park Phase 6 | 59 | London Living Rent | BDHL | 01/05/2026 | £13,654,378 | 5.00% |
| Gascoigne East Phase 3B | 90 | London Affordable Rent | BDHL | 01/05/2026 | £20,913,031 | 3.00% |
| Gascoigne East Phase 3B | 244 | Affordable Rent | B&D Reside Weavers LLP | 01/06/2026 | £75,170,844 | 3.50% |
| Homes Total | 2,011 | | | | Estimated Loan Total | £505,449,979 |

Key issues:

- The table shows schemes agreed schemes that still need to complete and are under construction.
- Loan rate is fixed but the loan value may vary based on the final outturn position for each build.
- Loans and leases will be agreed with Reside and B&D Homes.
- A total of 2,011 homes are still to be completed (excluding Trocoll House) over the next three years.
- Interest rate pressure is impacting on the IAS but mainly in commercial with most of the borrowing required already secured for schemes up to Beam Park.
- Interest rate pressure will impact returns for Shared Ownership as sales are currently slow.
- Practical completion dates do change and these reflect the current position for the completion of the first phase on any scheme.
- Gascoigne East 3b and Beam Park 6 have higher interest rates to reflect the future borrowing requirement.

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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

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Capital Programme

| Strategic Function | Budget | Actuals to P6 | Forecast | Forecast Variance | Change in Variance | FINANCING | |
|----------------------------------|----------------|----------------|----------------|-------------------|--------------------|----------------|---------------|
| | | | | | | Borrowing | Other Sources |
| | | | | | | £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 & CHILDREN | 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 |

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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.

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Appendices:

**Directorate Detail
Budget Monitoring**

**Barking &
Dagenham**

2023/24

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People and Resilience: Period 7

| 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 | 13,967,256 | 23,406,008 | 0 | 0 | 3,527,882 | 3,101,456 | 426,427 |
| Adult's Care and Support | 22,025,777 | 23,535,403 | 11,654,542 | 27,769,359 | 0 | 0 | 4,233,956 | 4,041,427 | 192,528 |
| Commissioning Care and Support | 9,849,999 | 14,602,173 | 8,842,484 | 14,095,686 | 0 | 0 | (506,487) | (507,233) | 746 |
| Public Health | (339,189) | (318,250) | (12,575,420) | (318,249) | 0 | 0 | 1 | 1 | 0 |
| Children's Care and Support | 45,863,019 | 41,486,049 | 26,152,766 | 47,182,251 | 0 | 0 | 5,696,202 | 5,280,115 | 416,088 |
| Education, Youth and Childcare | 4,102,925 | 3,754,781 | 5,313,055 | 3,754,781 | 0 | 0 | (0) | 0 | (1) |
| Early Help Service | 2,876,729 | 3,391,965 | 343,384 | 2,811,662 | 0 | 0 | (580,303) | (580,304) | 1 |
| Children's and Young People Disabilities | 13,913,317 | 10,627,405 | 6,696,971 | 13,317,432 | 0 | 0 | 2,690,027 | 2,073,403 | 616,624 |
| Grand Total | 118,349,054 | 116,957,652 | 60,395,038 | 132,018,930 | 0 | 0 | 15,061,278 | 13,408,864 | 1,652,413 |

Overall Summary

Overall, there is an overspend of £15.061m across the whole of People and Resilience. This is an adverse movement of £1.652m since last month

This is largely due to new, higher cost placements across both Children's and Adult's services and the cancelling of some Adult client debt, with some offsetting income savings and efficiency work within the department in relation to care packages and direct payments.

The underlying pressure is largely to the cost of implementing the council policy of London Living Wage through it's providers contracts and uplifts, 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, and reflective of the increasing demand of Children with complex needs as showing in the disabilities budget. The impact of Young B&D is also significant, the growing number of young and younger working age population in the borough, which has seen steady increases in the number of young working age adults, predominantly with the LD and mental health service, totalling approximately 300 residents, and requiring life long care, replacing older residents with more medium and shorter term care. 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. It should be noted, that a significant number of those clients were not known to children's services in the borough.

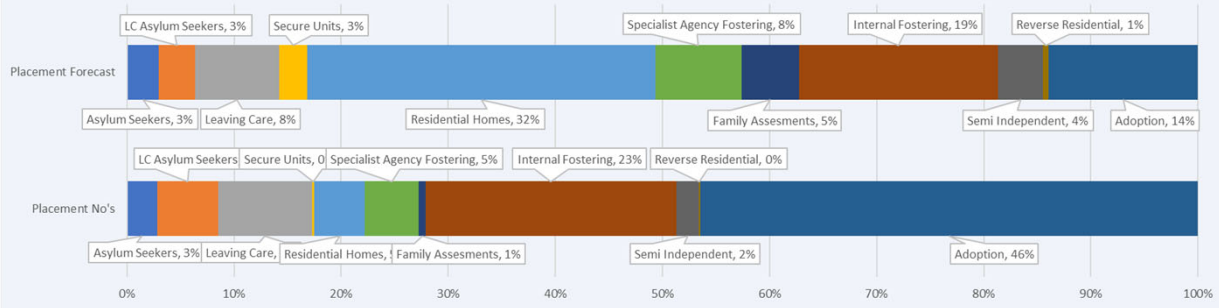
Key assumptions & Risks

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.

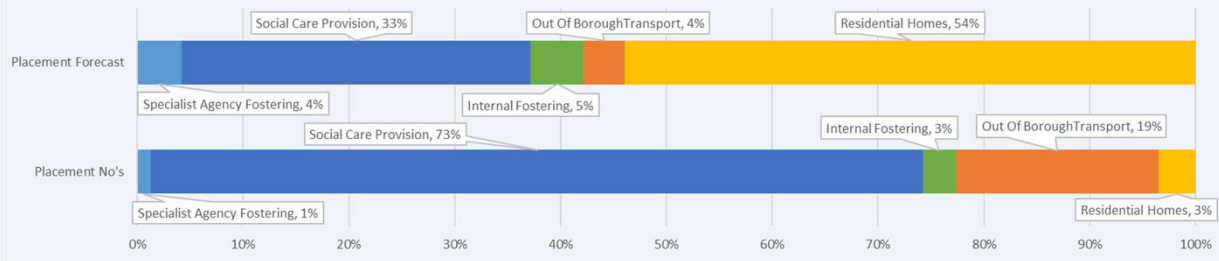
A review of Adult Social Care debt identified 210 clients for whom a financial assessment had not been undertaken due to non-engagement or capability issues. £3.8m income has been forecast to be written off this financial year. It has been assumed that £2.6m of this amount can be met from the existing bad debt provision, so the revenue impact is expected to be £1.2m.

People and Resilience: Period 7 Children's Data

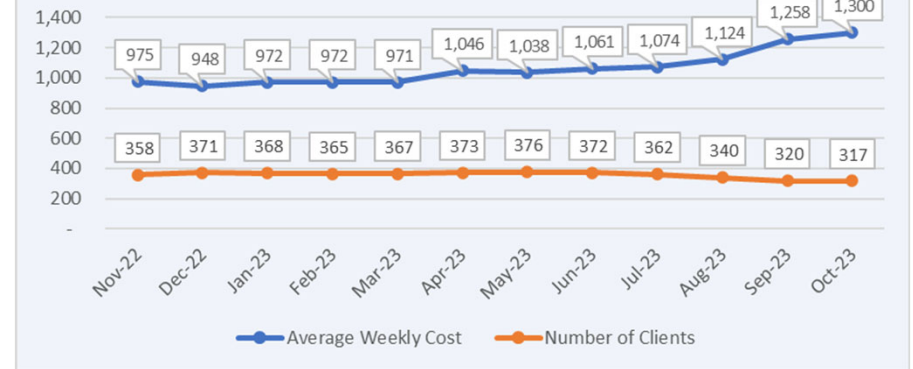
Children's Care and Support
Placements Forecast and Numbers



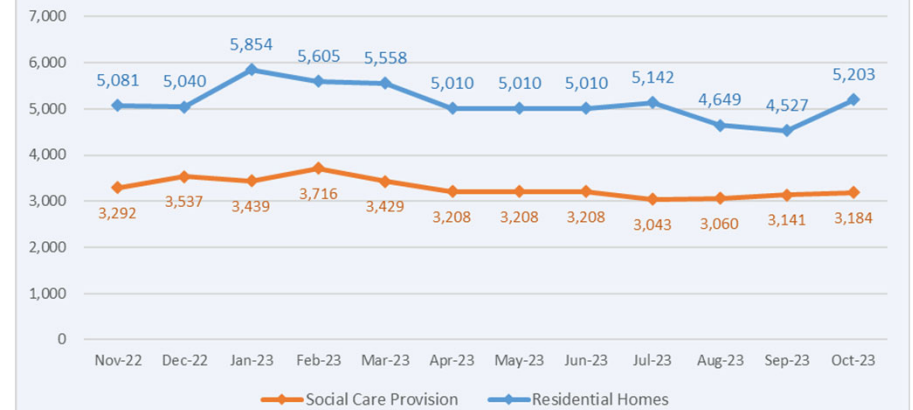
Children's Disabilities
Placement Forecast and Numbers



Children's Care and Support
Looked After Children
Placement Trends



Children's Disabilities
Placement Trends
Forecast £'000's



People and Resilience: Period 7 Adults Data

All Placements – Average Cost

All placements



- Average gross placement prices, the market price of placements, have risen year on year. There was a 16% increase between 2022 to 2023.
- Average net costs to the council (the gross price minus contributions from others) had been relatively stable from 2019 to 2021 but increased by 11% between 2021 and 2022 and has further increased by 18.5% in 2023.
- Gross cost of a residential care placement is approximately £6 more than a nursing placement but costs the council £254 more (higher net cost).
- Net cost of average nursing care is nearly half that of the gross cost due to high rate of contributions for this placement type, which reduces cost to the council. Overall nursing placements have higher rates of client contributions and other contributions and greater proportion of full cost clients.

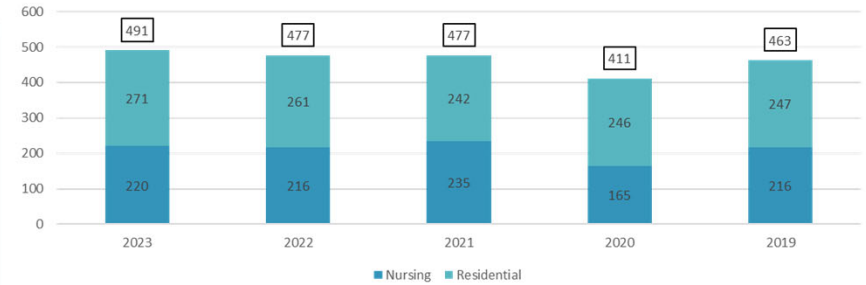
Nursing



Residential



All open placements



All Placements:

- The total number of people in care home placements on 31st October has increased by 14.
- Residential placements equate to a 55% share, this is the same as in 2022.

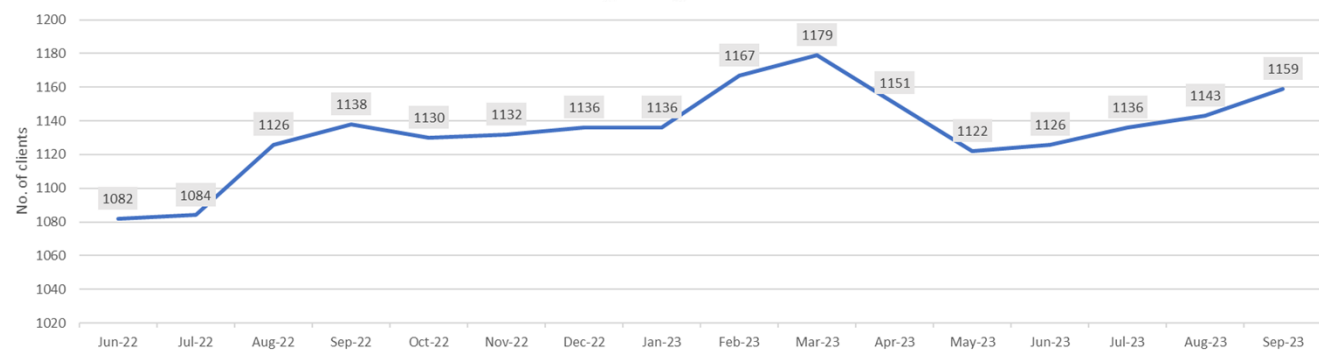
Permanent Placements:

- The number of people in permanent care home placements on 31st October 2023 has increased by 5.
- Residential placements equate to a 54% share, this is the same as 2021 and 2022.

Temporary Placements:

- The number of people in temporary care home placements on 31st October 2023 has increased by 9 compared to the same date last year. This is the highest we have seen other than in COVID times when 38 temporary placements were recorded.

Domiciliary Packages Client Trend



People and Resilience: Period 7 – 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) | (1,708,363) | (4,546,141) | 0 | 0 | (1,208,841) | (1,046,960) | (161,881) | 1 |
| Staffing | 1,913,592 | 2,998,618 | 1,271,972 | 2,397,305 | 0 | 0 | (601,313) | (590,590) | (10,723) | 2 |
| Agency | 468,468 | 0 | 196,895 | 414,829 | 0 | 0 | 414,829 | 399,437 | 15,392 | |
| Premises | 73,874 | 31,600 | 15,970 | 120,117 | 0 | 0 | 88,517 | 88,517 | 0 | |
| Transport | 5,781 | 22,600 | 9,086 | 7,301 | 0 | 0 | (15,299) | (15,299) | 0 | |
| Supplies & Services | 116,672 | 328,800 | 21,628 | 208,148 | 0 | 0 | (120,652) | (120,652) | 0 | |
| Third Party Payments | 20,923,769 | 19,833,808 | 14,160,069 | 24,804,449 | 0 | 0 | 4,970,641 | 4,387,002 | 583,639 | 3 |
| Grand Total | 20,056,478 | 19,878,126 | 13,967,256 | 23,406,008 | 0 | 0 | 3,527,882 | 3,101,456 | 426,427 | |

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 £0.751m in 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 7 – 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) | (26,757,220) | (43,690,460) | 0 | 0 | (2,100,960) | (2,192,430) | 91,470 | 1 |
| Staffing | 8,665,541 | 10,467,442 | 4,876,753 | 8,594,964 | 0 | 0 | (1,872,478) | (1,875,011) | 2,532 | 2 |
| Agency | 696,896 | 0 | 608,993 | 1,625,217 | 0 | 0 | 1,625,217 | 1,581,118 | 44,099 | |
| Premises | 225,553 | 110,580 | 95,812 | 189,967 | 0 | 0 | 79,387 | 79,387 | 0 | |
| Transport | 48,628 | 36,100 | 28,739 | 46,404 | 0 | 0 | 10,304 | 10,304 | 0 | |
| Supplies & Services | 2,982,059 | 645,420 | (532,095) | (150,387) | 0 | 0 | (795,807) | (454,909) | (340,898) | 3 |
| Third Party Payments | 54,438,521 | 53,865,361 | 33,333,560 | 61,153,654 | 0 | 0 | 7,288,293 | 6,892,968 | 395,325 | 4 |
| Grand Total | 22,025,777 | 23,535,403 | 11,654,542 | 27,769,359 | 0 | 0 | 4,233,956 | 4,041,427 | 192,528 | |

1. Income - Variance (£2.1m), 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 it 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 7 – 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 7 – 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) | (2,152,791) | (12,836,667) | 0 | 0 | (1,407,997) | (1,380,717) | (27,280) | 1 |
| Staffing | 6,206,405 | 7,710,742 | 3,638,906 | 6,686,919 | 0 | 0 | (1,023,823) | (1,104,955) | 81,132 | 2 |
| Agency | 1,787,606 | 0 | 1,537,371 | 2,326,494 | 0 | 0 | 2,326,494 | 2,376,476 | (49,982) | |
| Premises | 2,678 | 0 | 4,681 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Transport | 10,447 | 11,600 | 5,166 | 4,395 | 0 | 0 | (7,205) | (5,054) | (2,151) | |
| Supplies & Services | 198,750 | 1,864,367 | (220,345) | 1,598,855 | 0 | 0 | (265,512) | (264,215) | (1,297) | 3 |
| Third Party Payments | 15,222,854 | 16,444,134 | 6,029,496 | 16,315,690 | 0 | 0 | (128,444) | (128,769) | 325 | 4 |
| Grand Total | 9,849,999 | 14,602,173 | 8,842,484 | 14,095,686 | 0 | 0 | (506,487) | (507,233) | 746 | |

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 7 – 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) | (18,367,693) | (14,186,876) | (18,367,243) | 0 | 0 | 450 | (580,163) | 580,613 | |
| Staffing | 737,863 | 1,209,740 | 528,733 | 1,229,959 | 0 | 0 | 20,219 | 20,219 | 0 | |
| Agency | 425,327 | 0 | 301,053 | 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 | 13,781,953 | 119,697 | 6,054,102 | 0 | 0 | (7,727,851) | (7,147,238) | (580,613) | |
| Third Party Payments | 4,001,161 | 2,994,750 | 567,729 | 2,756,750 | 0 | 0 | (238,000) | (238,000) | 0 | |
| Recharges | 13,273,418 | 63,000 | 93,838 | 7,670,423 | 0 | 0 | 7,607,423 | 7,607,423 | 0 | |
| Grand Total | (339,189) | (318,250) | (12,575,420) | (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 7 – 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) | (526,173) | (1,429,938) | 0 | 0 | (672,338) | (672,338) | 0 | 1 |
| Staffing | 939,002 | 1,660,439 | 914,517 | 1,273,870 | 0 | 0 | (386,569) | (430,241) | 43,672 | 2 |
| Agency | 1,088,694 | 0 | 192,762 | 425,630 | 0 | 0 | 425,630 | 627,188 | (201,558) | |
| Premises | 12,307 | 50,000 | 13,016 | 32,557 | 0 | 0 | (17,443) | (17,692) | 249 | |
| Transport | 2,167,617 | 1,498,988 | 1,132,728 | 2,508,624 | 0 | 0 | 1,009,636 | 990,021 | 19,615 | 3 |
| Supplies & Services | 1,329,250 | 510,860 | 104,473 | 700,011 | 0 | 0 | 189,151 | 219,320 | (30,169) | |
| Third Party Payments | 9,278,586 | 7,664,718 | 4,865,648 | 9,806,678 | 0 | 0 | 2,141,960 | 1,357,145 | 784,815 | 4 |
| Grand Total | 13,913,317 | 10,627,405 | 6,696,971 | 13,317,432 | 0 | 0 | 2,690,027 | 2,073,403 | 616,624 | |

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

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

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

Movement is due to delays in the recruitment to the Short Breaks Review Team, forecast has been revised inline with anticipated start dates for these staff.

3. 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.

4. Third Party Payments – Variance £2.1m, Movement £0.8m

The variance of £2.1m is pressure from residential placements, demand led service currently with 19 clients at an average cost of £0.3m per annum. Movement was due to recoding of children from care and support to disability service.

People and Resilience: Period 7 – 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) | (2,497,103) | (6,007,912) | 0 | 0 | (749,612) | (749,612) | 0 | 1 |
| Staffing | 16,535,939 | 19,995,516 | 9,377,131 | 16,191,442 | 0 | 0 | (3,804,074) | (3,872,789) | 68,715 | 2 |
| Agency | 4,199,453 | 522,000 | 2,641,905 | 4,162,347 | 0 | 0 | 3,640,347 | 3,729,606 | (89,259) | |
| Premises | 223,932 | 239,700 | 16,078 | 181,100 | 0 | 0 | (58,600) | (58,600) | 0 | |
| Transport | 274,443 | 286,900 | 153,941 | 220,801 | 0 | 0 | (66,099) | (76,599) | 10,500 | |
| Supplies & Services | 2,605,859 | 1,771,530 | 802,021 | 2,139,033 | 0 | 0 | 367,503 | 525,632 | (158,129) | 3 |
| Third Party Payments | 28,649,385 | 23,928,703 | 15,658,793 | 30,295,440 | 0 | 0 | 6,366,737 | 5,782,477 | 584,260 | 4 |
| Grand Total | 45,863,019 | 41,486,049 | 26,152,766 | 47,182,251 | 0 | 0 | 5,696,202 | 5,280,115 | 416,088 | |

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 £0.0m

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 £0.4m, Movement (£0.2m)

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 £6.4m, Movement £0.6m

- Looked After Children – Variance is driven by number of residential placements, currently 38 active clients, with 3 placements in excess of £10k per week.
- The movement of £0.5m is due to one new secure unit placement at a weekly cost of £12k per week
- Non-Looked After Children – Variance and movement relatively small, reflecting minor changes to rates/placements
- Other – Variance is due to high-cost placements within the safeguarding service.

| | Clients | Budget | Forecast | Variance | Movement |
|--------------|------------|---------------|---------------|--------------|------------|
| | | £'000 | £'000 | £'000 | £'000 |
| LAC | 317 | 15,512 | 21,494 | 5,982 | 506 |
| Non LAC | 494 | 7,252 | 7,219 | (32) | 14 |
| Other | - | 1,165 | 1,582 | 417 | 65 |
| Total | 811 | 23,929 | 30,295 | 6,367 | 584 |

People and Resilience: Period 7 – 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) | (1,412,333) | 0 | 0 | 49,997 | (3) | 50,000 | |
| Staffing | 2,741,402 | 4,739,270 | 2,046,782 | 4,076,478 | 0 | 0 | (662,792) | (607,618) | (55,174) | 1 |
| Agency | 1,056,302 | 0 | 65,050 | 32,492 | 0 | 0 | 32,492 | 27,317 | 5,175 | |
| Premises | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Transport | 6,848 | 0 | 4,512 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Supplies & Services | 965,301 | 0 | 20,372 | 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 | 343,384 | 2,811,662 | 0 | 0 | (580,303) | (580,304) | 1 | |

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 7

Forecast Position: £2.8m (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 | 0 | 1,849,020 | 2,804,748 | 0 | (161,574) | 680,440 | 652,460 |
| STRATEGIC LEADERSHIP | 425,369 | 425,369 | | 279,737 | 472,426 | 0 | (99,360) | (52,303) | (47,492) |
| FINANCE | 12,859,478 | 12,859,478 | | 12,514,501 | 12,696,836 | 0 | (62,214) | (224,856) | (241,238) |
| WORKFORCE CHANGE / HR | 1,917,111 | 1,917,111 | | 2,377,640 | 2,826,211 | 0 | 0 | 909,100 | 892,691 |
| LEADERS OFFICE | 271,251 | 271,251 | | 187,616 | 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 £28,000 from the P6 position due to expected additional costs in Finance and salaries related expenditure in Workforce Change/HR.

- **Strategic Leadership (Chief Executive)** is forecast to underspend by **(£52,303)** due to holding a vacancy.
- **Finance (inc. IT)** is forecast to underspend by **(£224,800)**

IT is reporting an underspend of **(£1.01m)**, a favourable movement of **(£69,100)** from P6.

- **(£1.19m)** of the overall IT variance is projected on IT Staff and Agency, a shift of **(£56,300)** from P6, attributable to difficulties in recruiting to 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.
- **(£65,704)** forecast overachievement is on 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 forecast overspend on IT Projects where the income target needs to be reduced to reflect a lower value of project work.

The underspend in IT is offset by a net £932,000 overspend in other **Finance** areas where we see an adverse movement of £86,000 from P6. The change is due to additional Corporate finance valuation and subscription fees.

Corporate Management: Period 7

Forecast Position: £2.8m (Overspend £0.7m)

Key Drivers of the Position: Continued:

- Workforce Change/HR is forecast to be overspent by £909k, an adverse movement of £16k from P6 due to the increase in staff related costs, there has been no change in Leader's Office position from P6. Therefore, Workforce Change/HR and Leaders Office are expected to overspend by £958k. 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

Corporate Management: Period 7 Risk and Opportunities

HR and Leaders Office

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

HR and Leaders Office

- Vacate Porters Avenue will reduce the forecast overspend by £100k
- Explore options around outsourcing Occupational Health

Central Expenses: Period 7

Forecast Position: £46.8m (Underspend £1.5m)

| | 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 |
| CENTRAL EXPENSES | 48,406,094 | 48,469,094 | (63,000) | 15,394,980 | 46,892,539 | 0 | 0 | (1,513,555) | 871,445 |
| CENTRAL EXPENSES | 48,406,094 | 48,469,094 | (63,000) | 15,394,980 | 46,892,539 | 0 | 0 | (1,513,555) | 871,445 |

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 may 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.

Law and Governance: Period 7

Forecast Position: Underspend of c£0.4m after transfer of c£1.2m PRPL income to reserve.

| | This Years Budget | | | Actuals/Forecast | | Transfers to/from Reserves | | Variances Inc Reserves | |
|--------------------|-------------------|------------|--------------|------------------|------------------|----------------------------|----------------|------------------------|----------------------|
| | Revised | Controlled | UnControlled | YTD Actuals | Current Forecast | Transfers to | Transfers from | Variance | Last Period Variance |
| LAW AND GOVERNANCE | 6,531,051 | 6,531,051 | | 1,812,729 | 4,886,054 | 1,275,000 | (30,000) | (399,997) | (55,564) |
| LEGAL | 3,628,084 | 3,628,084 | | 3,117,924 | 3,513,561 | 0 | (30,000) | (144,523) | (105,196) |
| ENFORCEMENT | 2,902,967 | 2,902,967 | | (1,305,195) | 1,372,493 | 1,275,000 | 0 | (255,474) | 49,632 |

Key Drivers of the Position (Summary):

Parking has been transferred over to Public Realm from Enforcement in P7.

There was a favourable movement of **c£0.3m** from Period 6. The movement is largely within Enforcement.

LEGAL

Legal and Democratic services are reporting an underspend of c£145k, a favourable movement of c£39k from P6. This is primarily due to Grant income received for Electoral Registration. Democratic Services is forecasting underspend of £170k. The underspend is attributable to vacant posts within Democratic Services.

It is worth noting Legal are forecasting an overspend of c£25k, this 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 Enforcement P7 outturn position reflects an underspend of c£255k following the transfer of around £1.275 million in PRPL income to reserves. The favourable movement of c£305k relates to the freeze in recruitment to vacant positions. Currently, there are 59 vacant positions within Enforcement, with 29 of them being temporarily filled by agency staff.

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

Law and Enforcement: Period 7 Risk and Opportunities

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

- 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)

Strategy: Period 7

Forecast Position: £9.8m (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 | | 5,894,153 | 9,792,615 | 0 | (363,662) | (326,687) | (327,627) |
| STRATEGY & INSIGHT | 8,392,400 | 8,392,400 | | 4,953,212 | 8,263,521 | 0 | (351,662) | (480,541) | (455,366) |
| COMMUNICATIONS | 1,363,240 | 1,363,240 | | 940,941 | 1,529,094 | 0 | (12,000) | 153,854 | 127,739 |

Key Drivers of the Position:

The Strategy directorate is forecast to underspend by £326,687 at the end of Period 7.

Strategy & Insight – Forecast Position (480,541) underspend, an improvement of (£25,175) from P6

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 (£133,00) a favourable movement of (£28,000) from P6, mainly due to a £20k reduced expected spend on One View consultancy and (£6k) income in relation to LBBB Support for Havering Insight & Business Intelligence.

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 £31,337 a small improvement from P6 due to salaries underspend. 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 (£136,800). However, this underspend is needed to directly support the overspend in PMO (due to lost HRA income).
- **Director of Strategy** is now forecast to underspend by (£11,159). This is an improvement of (£18,300) from P6 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 (£174,907) mainly due to delayed recruitment of vacant roles. The shift of £27.8k from P6 is attributable to reduced income in Customer Experience and the HRA fixed recharge.

Forecast Position: £9.8m (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 | | 5,894,153 | 9,792,615 | 0 | (363,662) | (326,687) | (327,627) |
| STRATEGY & INSIGHT | 8,392,400 | 8,392,400 | | 4,953,212 | 8,263,521 | 0 | (351,662) | (480,541) | (455,366) |
| COMMUNICATIONS | 1,363,240 | 1,363,240 | | 940,941 | 1,529,094 | 0 | (12,000) | 153,854 | 127,739 |

Key Drivers of the Position: (Continued)

Communications (Campaigns and Events) – Forecast Position: £153,854 overspend, a £26,115 adverse movement from the P6 mainly due to Bad debt provision 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 (£34,600) an adverse shift in the variance from P6 due to £33k bad debt provision. The overall underspend before the bad debt provision, is largely attributable to scaling back the WEM and BMAC events (21,000), additional sponsorship income expected of (12,000) and reduced salaries costs from secondments terminating early (£26,000). Assumptions in the forecast include sponsorship income to be received to meet planned events costs.
- **Civic Events** are reflecting £28,452 over budget due to overspend on salaries by £14,000 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 £160,001 owing to £112,500 reduced HRA income and £17,000 of cancelled duplicate invoices in relation to previous years. The favourable shift from P6 of (£5,800) is due to underspend on the salaries budget.

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 7 Mitigations Table

Forecast Position: Forecast £9.8m (underspend of £0.3m)

| Service | Pressure | RAG/ Mitigation Amount | In Year Mitigation Comment |
|---------------------------|------------------|------------------------|--|
| PMO | 31,337 | | Pressure relates to £116,643 HRA shortfall, mitigated by managed underspend in Corporate Strategy Team |
| | | | 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 |
| Civic Events | 28,452 | | |
| Marketing & Communication | 160,001 | | The Pressure largely due to HRA income shortfall of £112,491 |
| Customer Services | 434,728 | | The Pressure due to HRA Fixed Recharge income shortfall of £434,728 |
| Registrars | 32,479 | | Pressure is due to building maintenance costs of a Grade 2 listed building |
| Other underspends | (1,013,684) | | |
| Total | (326,687) | | |

Strategy Period 7 Opportunities

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

- Customer Experience generate income providing digital services to departments within LBBD. The current target of £60k may fall short due to council wide budget freeze.

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 7

Forecast Position: £3.5m (Overspend of £0.1m)

| | 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 | | 1,234,560 | 3,572,705 | 154,342 | (1,868,311) | 123,658 | 211,114 |
| COMMERCIAL | (761,371) | (761,371) | | (1,401,291) | (883,647) | 154,342 | (40,000) | (7,934) | 14,935 |
| INCLUSIVE GROWTH | 2,496,449 | 2,496,449 | | 2,635,851 | 4,456,352 | 0 | (1,828,311) | 131,592 | 196,178 |

Key Drivers of the Position (Summary):

The Inclusive Growth Directorate is forecast to **overspend by £123,658** at the end of Period 7, an improvement of **(£87,400)** from P6 mainly due to the recruitment pause on vacancies. 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 underspend of (£7,934) an improvement of (£22,900)

- **The Core Commercial Team** is projecting a **(£120,502)** underspend, attributable to a vacancy in the service and a senior role to become vacant from December.
- **Procurement – £17,901 overspend** – Procurement remains affected by the existing £117,000 HRA income shortfall contributing to the overspend.
- **Accounts Payable – (£12,755) underspend** – an improvement of **(£24,800)** from P6 due to the recruitment pause on the Accounts Payable Manager position.
- **The Film Office** is projecting **£70,645 income underachievement**, a small adverse movement from P6 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 **£46,777 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: £3.5m (Overspend of £0.1m)

| | 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 | | 1,234,560 | 3,572,705 | 154,342 | (1,868,311) | 123,658 | 211,114 |
| COMMERCIAL | (761,371) | (761,371) | | (1,401,291) | (883,647) | 154,342 | (40,000) | (7,934) | 14,935 |
| INCLUSIVE GROWTH | 2,496,449 | 2,496,449 | | 2,635,851 | 4,456,352 | 0 | (1,828,311) | 131,592 | 196,178 |

Key Drivers of the Position (continued):

Inclusive Growth – Forecast an overspend of £131,592 an improvement of (£64,500).

- **Parks Commissioning** is forecasting £530,549 overspend. 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 (£56) underspend an improvement of (£2,100) from P7. The change in the variance arises from mitigating actions 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 (323,643) underspend, a favourable movement of (£41,200) mainly due to the recruitment pause and other smaller underspends.
- **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 (112,900) an improvement of (£24,000) from P6 due to salaries underspend. The apprenticeships service alone is overspending by £146,700 an adverse movement of £16,000 from P6 due to a reduction in the Apprenticeship Levy income profiled to November 2023. 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 overspend will be absorbed within the overall Employment & Skills underspends.

The £1.8m transfer from Reserves, represents a drawdown from Inclusive Growth and other reserves: Made in Dagenham Endowment programme (£221,700), Welfare reserve (647,800) and (£958,300) from grants brought forward.

Inclusive Growth: Period 7 Mitigations Table

Forecast Position: £3.5m (Overspend of £0.1m, potential mitigation of £78,000)

| Service | Pressure | RAG/ Mitigation Amount | In Year Mitigation Comment |
|--------------------------------------|----------------|------------------------|---|
| CR27 Investment | 46,777 | (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 | 70,645 | | 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 | 17,901 | | 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) | 146,766 | | 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 - £146,766 overspend |
| Parks Commissioning | 530,549 | | 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 | (726,623) | | |
| Total | 123,658 | (78,000) | |

Inclusive Growth: Period 7 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. 2 of the 5 Barking & Dagenham sites have now been gated by CIA (Old Dagenham Park & Greatfields Park) and the Smart Access systems installed. The associated completing dates for the remaining 3 sites are: Barking Park 27-28th November, St Chads Park 29-30th November, and Central Park 30th November.

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

Parks Commissioning continued:

- The completions dates for temporary lines (note: due to the deteriorating weather conditions the full colour spraying has been scheduled for next Spring), fencing, nets and posts going in and sign off will hopefully be agreed at the next Project Progress meeting (Friday 17th November).
- The contract for the management and maintenance of the borough's tennis courts went out to tender on 23rd October. The submission deadline is 17th November. Award will be December with mobilisation in January 2024.
- 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 7 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 LBBDD 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 is now ready and will be submitted once the planning application fee has been processed.
- 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 documents and administer the terms of the engineering contract in relation to the contestable works.
- Drainage proposal – work commenced on site on Monday 25th September. However, as reported to ACB on 8th November work had to be suspended as a large area of contaminated land was encountered whilst installing the new drainage pipe. Arcadis is investigating an alternative route, but this will be subject to a topographical survey and further ground investigations (e.g., trial pits). Inevitably this will add costs and introduce time delays.

Community Solutions: Period 7

Forecast Position: £16.8m (underspend of £1.8m, -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 | | 8,280,948 | 16,786,943 | 400,000 | (4,504,086) | (1,778,613) | (1,745,164) |
| SUPPORT AND COLLECTIONS | 7,017,112 | 7,017,112 | | 3,308,011 | 7,566,453 | 0 | (1,511,164) | (961,823) | (941,070) |
| COMMUNITY SOLUTIONS | 1,069,410 | 1,069,410 | | 535,809 | 921,075 | 0 | (146,000) | (294,335) | (310,313) |
| COMMUNITY PARTICIPATION & PREV | 7,679,948 | 7,679,948 | | 5,742,128 | 9,604,415 | 400,000 | (2,846,922) | (522,455) | (493,781) |
| TECHNICAL - COMSOLS | (1,305,000) | (1,305,000) | | (1,305,000) | (1,305,000) | 0 | 0 | 0 | 0 |

Key Drivers of the Position:

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

The recalculation of the HRA recharge has resulted in an income shortfall of **cf£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.

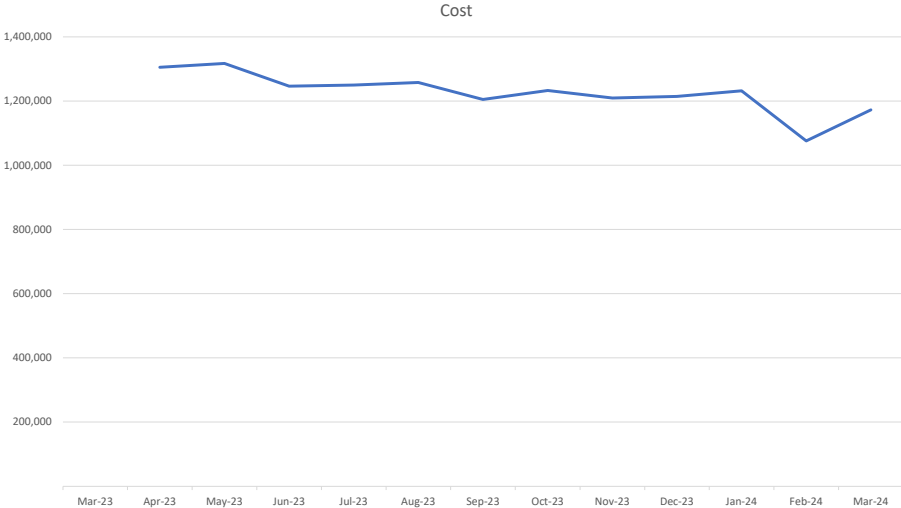
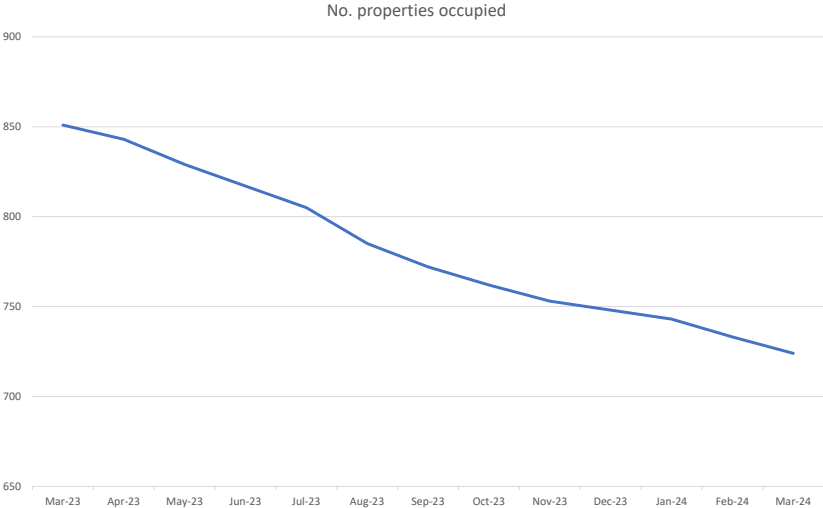
The Ethical Collection Service is forecasting an overspend of **£0.2m**. The service is working towards a higher income collection. However, it is currently unable to cover its costs. Finance still believe the overspend will range from **£0.2m - £0.4m** and this may increase the outturn variance.

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

Refugee Client Allowance applications have reduced significantly, **£0.4m** of the **£0.9m** grant will be moved to reserves for 2024/25.

Community Solutions: Period 7 Data

Forecast Position: £16.8m (underspend of £1.8m, -12% Variance)



Community Solutions: Period 7 Mitigations Table

Forecast Position: £16.8m (underspend of £1.8m, -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 existing 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 7 Risk and Opportunities

Forecast Position: £16.8m (underspend of £1.8m, -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 **£650k**. 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 7

Forecast Position: (£1.350m) 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 | 4,448,439 | 4,448,439 | 0 | 28,233,078 | 2,888,471 | 210,000 | 0 | (1,349,968) | (1,472,078) |
| HOMES AND ASSETS | (1,145,987) | (1,145,987) | 0 | 15,072,599 | (296,626) | 0 | 0 | 849,361 | 1,117,404 |
| PUBLIC REALM | 5,594,426 | 5,594,426 | 0 | 13,160,479 | 3,185,097 | 210,000 | 0 | (2,199,329) | (2,589,482) |

Executive Summary

Parking Service has transferred to My Place Public Realm this month and is the forecast £210,000 reserve movement above to the Parking Reserve. My Place is projecting a **(£1.350m) underspend**, an adverse movement of £122,000. The underlying cause of the movement is an increase in the Bad Debt Provision (BDP) from BDTP Group invoices £318,000 offset by planned reductions in spend within Commercial Portfolio and a contract. It should be noted that the service is carrying significant risks of £2.1m with **(£50,000) Opportunities**.

The variance is driven by:

- **Parking (£1.043m) surplus, HRA Fixed Recharges (£856,000), Employee Expenses (£602,000)** across Public Realm mainly and areas of Homes and Assets **(£450,000)**. Offset by **Commercial Portfolio £643,000, My Place Recharge £656,000 and £302,000 mainly on BDP overspends.**

Homes & Assets: Period 7 £849,000 overspend

Commercial Portfolio is reflecting **£643,000 overspend**, an improvement of **(£147,000)** due to reduced expenditure on repairs, maintenance and security.

- £579,000 income under recovery. The service continues to work with General Income on producing the underlying asset list and rent roll to support forecast and future budget assumptions. The file has now been created but requires validation and additional information to be included to support forecasting and budgeting.
- £64,000 on expenditure relating to staffing costs due to agency costs above establishment budget of 3 FTE which is low for such a significant portfolio.

My Place Recharge Budget: £656,000 overspend, is caused by the net impact of changes to the corporate support recharges on the My Place Recharge budget. The pressure element of £1.051m will not change, as this activity has ceased. The mitigating element is a forecast based in 2022/23 activity.

Continued next slide.

Property Assets is **underspending** by **(£60,000)**, a slight decrease of **£6,000**.

- Asset Management is forecasting a **(£92,000) underspend**:
 - **(£136,000)** due to vacancies being held pending restructure.
 - £265,000 on premises costs.
 - **(£221,000)** forecast income for ELWA use of depot and increased staff capitalisation.
- Major Works is forecasting a **£32,000 overspend** due to reduced staff capitalisation output.

Homes & Assets (Other Areas): (£390,000) underspend offering partial mitigation to the Commercial Portfolio and Recharge pressure. This is mainly from staffing in areas like Business Development and Contract Management and contract commitment revisions.

Public Realm: Period 7 (£2.199m) underspend

The Forecast variance relates to:

- **Parking (£1.043m) underspend** after reserve movement. The in-year Parking Off-Street income surplus of **(£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 **(£0.25m)**, which is also included in the outturn forecast. Parking surplus of **(£0.2m)** will be transferred into Parking reserves (ring fenced).
- **HRA Fixed Recharges (£856,000)** increase in recharge following reviews of all services except Street Cleansing which is nearing completion.
- **Employee Expenses (Excluding Parking) (£602,000) underspend** (includes agency, overtime) across Parks and Environment, Compliance (Admin) and Passenger Transport Service (PTS) mainly with vacancies being frozen and awaiting the My Place Restructure's conclusion.
- This is partly offset by **£302,000 overspend** mainly related to an increase in the **BDP** for two fleet invoices to BDMS in Qtr 2.

There has been an **adverse** movement since Period 6 of **£390,000**:

- **BDP: £318,000 overspend** from 100% BDP raised on two fleet invoices to BDMS and **£67,000 decrease** in the **HRA Fixed Recharge** variance due to revising Graffiti team.
- The service is also facing increasing transport costs this year in part due to the theft of catalytic converters on 4 refuse vehicles earlier in the year and the subsequent cost of hire replacements but also increased damage on other hire vehicles being returned in inadequate condition. The service has mitigated this increase this month through releasing its remaining growth budget.
- The service has flagged a new risk this month in relation to its aging underground fuel tanks which are due for replacement. The service is likely to require a temporary tank as the fuel is becoming contaminated and the risk to damage to vehicles is increasing. The service are working on a temporary cost solution to put into place for Period 8.

2023-24 Savings

| | | 2023/24 | RAG |
|--|--|----------------|--------|
| *negative values (in brackets) are savings | | Target £k | RATING |
| Service Area | Saving Proposal | | |
| Finance & IT | WAN bill reduction £80K | (80) | GREEN |
| 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) | RED |
| Inclusive Growth | Parks Commissioning - Soil Importation | (500) | |
| HR | Restructure | (577) | |
| Total | | (7,049) | |

| | |
|---------|------|
| GREEN | 4548 |
| AMBER/G | 1124 |
| RED | 1377 |
| | 7049 |

2023-24 Savings

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