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| REPORT TO: | Cabinet 16 August 2021 |
| SUBJECT: | Financial Performance Report – Month 3 (June 2021) |
| LEAD OFFICER: | Chris Buss, Interim Director of Finance , Investment and Risk (S151 Officer) |

SUMMARY OF REPORT:

This report provides the Council's annual forecast as at Month 3 (June 2021) for the Council's General Fund (GF), Housing Revenue Account (HRA) and the capital programme. The report forms part of the Council's financial management process of publically reporting financial performance against its budgets on a monthly basis.

FINANCIAL IMPACT

The Month 3 position is currently indicating a net overspend of £0.020m against budget – this represents a £0.563m favourable movement against the Period 2 forecast. This is before taking into account further risks and risk mitigations. In total, £10.626m (Month 2 £11.828m) of further risks (of which £2.229m relates to approved savings risks) are identified against which £7.799m (Month 2 £8.748m) of potential opportunities are identified and set out in the body of the report. Section 3 details these risks and risk mitigations and further discusses the impact on the General Fund if these were to materialise.

The HRA is indicating an overspend of £0.802m (Month 2 £1.595m) against budget. This overspend is further detailed within Section 5 of the report.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 Cabinet are asked to note the General Fund is projecting a net favourable movement of £0.563m from Period 2. Service departments are indicating a £3.471m overspend (Month 2 £4.034m) with this being netted of as in the past two months against release of a one off Covid Grant (£3.451m) confirmed to Croydon Council for 21/22 by MHCLG as part of the Local Government Finance Settlement;
- 1.2 Note that a further number of risks and compensating opportunities may materialise which would see the forecast year-end variance change and these are reported within Section 3 of this report. Should these risks materialise or the mitigations not be effective the Council could overspend by £2.847m (Month 2 £3.676m);

- 1.3 Note the Housing Revenue Account (HRA) is projecting a £0.802m (Month 2 £1.595m) overspend for 2021/22. If no further mitigations are found to reduce this overspend the HRA will need to drawdown reserves from HRA balances;
- 1.4 Note the capital spend to date for the General Fund of £4.372m (against a budget of £138.688m) and for the HRA of £4.061m (against a budget of £183.209m);
- 1.5 Note, the above figures are predicated on forecasts from Month 3 to the year end and therefore could be subject to change as forecasts are refined and new and updated information is provided on a monthly basis. Forecasts are made based on the best available information at this time; and
- 1.6 Note that whilst the Section 114 notice has formally been lifted, the internal controls established as part of the S114, such as the Spend Control Panel remain. However, restrictions have been lifted for ring-fenced accounts such as the Pensions Fund, Housing Revenue Account and Coroner's Costs as these do not directly impact on the financial position of the General Fund. The Spending Control Panel which was set up at the beginning of November 2020 continues to meet on a twice daily basis.

2. EXECUTIVE SUMMARY

- 2.1. This reports sets out the Council's current General Fund revenue budget projected outturn for the full year as at Month 3, June 2021.
- 2.2. The forecast General Fund revenue forecast has improved by £0.563m from an overspend of £0.583m in Month 2. As would be expected, the identification of options to mitigate these service overspends tend to follow from the identification of pressures and it is expected and required that services formulate plans to address these overspends over the coming month.
- 2.3. Further risks and opportunities not yet sufficiently developed to be included in the forecast itself of a net £2.827m have been identified (risks £10.626m and opportunities of £7.799m) if all materialising would increase the forecast overspend to £2.547m, without further drawdown of covid grant related reserves.
- 2.4. The Housing Revenue Account is forecasting an overspend of £0.802m (a reduction of £0.793m on the Month 2 forecast of £1.595m). This projected variance impacts on HRA balances rather than GF reserves.
- 2.5. The capital programme for both the General Fund and HRA is reporting a spend to date of £8.433m against overall budget of £321.897m
- 2.6. This is the third financial monthly Cabinet update report for the 2021/22 financial year. This is the first time the Council is reporting on a monthly basis to Cabinet.
- 2.7. The Financial Performance Report (FPR) which will continue to be presented to each Cabinet meeting provides a detailed breakdown of the Council's

financial position and the challenges it faces. It covers the GF, HRA and capital programme and ensures there is transparency in our financial position, enables scrutiny by both members and the public, and offers reassurance as regards the commitment by chief officers to more effective financial management and disciplines.

- 2.8. The 2020/21 financial year was a very difficult year for the Council. The former Director for Finance, Risk and Insurance (Section 151 Officer) had to issue the Council's very first S114 notice in November 2020.
- 2.9. A further S114 notice was issued on the 2 December 2020 as the Council continued to have an unbalance budget. Since 8th March 2021 the S114 notice has been lifted as the Council received confirmation of a Capitalisation Direction from MHCLG of up to £70m for 2020/21 and £50m for 2021/22.
- 2.10. The Council has had the benefit of a number of recommendations from various stakeholders and scrutiny panels such as the external auditor's Report in the Public Interest. These recommendations have been taken on board and the Croydon Renewal Plan has been developed which will over the medium term financial strategy period restore the Council's finances to balance and develop a more effective system of internal control.
- 2.11. This report forms part of the reporting framework on the delivery of the Croydon Renewal Plan by ensuring the delivery of the council's budget is reported monthly and transparently.
- 2.12. The Council is still working with the external auditors on finalising the 2019/20 audit of accounts however the 20/21 Outturn has now been presented to Cabinet on 12th July 2021 based around their findings.

3. FINANCIAL POSITION

- 3.1. The FPR shows that the Council is forecast to have a General Fund net overspend variance of £0.020m (after drawing down on £3.451m of covid-related grant reserves) – an improvement of £0.563m on the net forecast reported at Month 2 (before additional risks and mitigations), whilst the HRA is projecting a £0.802m overspend before risks mitigations. The current financial forecast is based on the known position at the time of writing this report. It is important that cabinet is aware of the much higher profile that the process has within the Council with iterations of the report going through a range of formal officer meetings including directorate meetings, Executive Leadership team and informal meetings with lead members.
- 3.2. Work is ongoing in departments to review the forecast position for each area and MTFs savings and risks to reduce any overspends and identity further options to mitigate these. Further details and options identified will form part of the monthly Finance Performance Reports.

3.3. In 2020/21 the monitoring forecasts presented details of Covid funding that the Council had received from Central Government, however the Government has not provided any further indication that it seeks to continue to fund Local Government in relation to Covid pressures and thus this section has been removed from 2021/22.

3.4. The position of the General Fund is shown below in Table 1.

Table 1 – Month 3 Projection per Directorate

| | Month 3 | Month 2 | | | | |
|----------------------------------|-------------------|---------------------------------------|----------------------------|----------------------|-----------------|-----------|
| | Forecast Variance | Forecast Variance From Previous month | Change from previous month | Savings Non-Delivery | Other Pressures | |
| | (£,000's) | (£,000's) | (£,000's) | (£,000's) | (£,000's) | (£,000's) |
| Children, Families and Education | (554) | (0) | (554) | - | (554) | |
| Adults, Health and Social Care | (187) | (169) | (18) | - | (187) | |
| Gateway & Housing | 1,675 | 234 | 1,441 | - | 1,675 | |
| Place | 3,450 | 3,944 | (494) | - | 3,450 | |
| Resources | (914) | 25 | (939) | - | (914) | |
| Departmental Total | 3,471 | 4,034 | (563) | - | 3471 | |
| Corporate Items | (3,451) | (3,451) | - | - | (3,451) | |
| Total General Fund | 20 | 583 | (563) | - | 20 | |

3.5. Net overspends and underspends within the services budgets are presented as forecast variance (as per Table 1), and are additionally classified as either non-delivery of agreed savings or other pressures. Non-delivery of savings relates to non-achievement of the approved MTFs savings whilst other pressures are as a result of new and external pressures not previously provided for within the Council's 21/22 Budget. Further explanations of these overspends are provided within Section 4 of this report.

3.6 The main areas of movement from Month 2 are as follows:

- Adults, Health and Social Care £0.018m **favourable** movement due to department being able to manage and mitigate the Transitions service overspend;

- Place £0.494m **favourable** movement mainly due to reduced Library services expenditure and additional income received from British Library;
- Resources £0.939m **favourable** movement, principally related to staffing savings / vacancies not being filled, improved projection of court cost income from Revenue and Benefits and release of debt write off costs for closing YourCare Ltd and improvement in delivery of the CES savings delivery
- Housing and Gateway £1.441m **adverse** movement, pressures on homelessness budgets due to increased cases and increases in bad debt provisions.
- Children's Families and Education £0.554m **favourable** movement due to staff vacancies.

Further details can be found in section 4 of this report.

Risks and Risk mitigations

- 3.7 As mentioned within paragraph 3.1 the forecast has been reported excluding further potential risks and risk mitigations. Risks and Risk mitigations are split into quantified and unquantified items.
- 3.8 As with the forecast set out in Table 1 risks are separately reported for those elements that relate to potential under-delivery of approved savings, and those that are new and not directly related to agreed savings plans.
- 3.9 Table 2a below provides for details of MTFs savings at risk with a brief commentary of the projects that are at risk of delivery and Table 2b provides a list of quantified and unquantified other risks. The savings are subject to a separate assurance process involving both the Chief executive and the Section 151 officer meeting with the directorates and the director of policy and programmes, the most recent of these was in early July. This identifies savings at risk and mitigations for both the current and future years. Where risks are quantified currently, these are based on high level information and departmental experiences of the service. At this stage, services are sufficiently confident in being able to manage or mitigate these risks that they are not included as part of the present forecast year-end position. However, the figure has been provided to indicate to Cabinet the likely financial impact on the budget and therefore the need to take action to deal with the risk should they materialise.

Table 2a – MTFS Savings Risk

| MTFS Savings Ref | MTFS Savings Description | Savings at risk month 3 | Savings at risk-month 2 | Change From Prior Month |
|---|---|-------------------------|-------------------------|-------------------------|
| | | (£,000's) | (£,000's) | (£,000's) |
| CFE Sav 07 | Improve Practice System Efficiency | 1,065 | 177 | 888 |
| CFE Sav 09 | Review Children's Centres Delivery Model | 237 | 223 | 14 |
| CFE Sav 10 | Additional Education Savings | 15 | 15 | - |
| CFE Sav 17c | Release of one off investment / full year effect of savings from 2020/21 (for work on social care with children looked after and care leavers) | - | 13 | (13) |
| CFE Sav 14 | Reduce Family Group Conference Service | - | 60 | (60) |
| CFE Sav 03 | Reconfiguration of Adolescent Services | - | 166 | (166) |
| Children, Families and Education Total | | 1,317 | 654 | 663 |
| HWA Sav 17 | PLAN B Contact centre and Access Croydon: Reduction in line management | 23 | 87 | (64) |
| HWA Sav 21 | C13767 - Reduction in Welfare Rights (PLAN B - deletion of service) | 73 | 112 | (39) |
| Gateway & Housing Total | | 96 | 199 | (103) |
| PLA Sav 08 | Public Protection and Licensing Highways & Parking Services merger | 50 | 50 | - |
| PLA Sav 13 | Public Protection and Licensing - Discontinue providing a night time noise service. | 13 | 13 | - |
| PLA Sav 24 | Parking charges increase 30p/30min | 754 | 754 | (1) |
| Place Total | | 817 | 817 | (1) |
| Total Savings at Risk | | 2,229 | 1,670 | 662 |

Data above taken from Savings Tracker 19th July 2021

- 3.10 Table 2a indicates that there are potential £2.229m worth of savings (£1.670m in Month 2) that may not be achieved, however services are currently carrying out further work to ensure these can be delivered or otherwise mitigated. So far no specific mitigations have been fully identified. Directorates are working up proposals to bring these savings at risk back on track.
- 3.11 Future FPR reports will update progress on these savings at risk. If these savings are deemed to be definitely non-deliverable they will be factored into the monthly forecast and incorporated into the forecast outturn position provided in Table 1. The services have been instructed to find mitigations for all savings that cannot be delivered to meet their budgetary total per directorate.
- 3.12 Section 4 gives details of all the movements between month 2 and month 3 and identifies and movements in delivery of MTFs savings, risks and mitigating items that are factored into the forecast assumptions.

Table 2b – Other quantifiable and unquantifiable risks

| Quantified Risks | £'000 | £'000 | Details of Risk |
|----------------------------------|--------------|---------------|--|
| | P3 | P2 | |
| Children, Families and Education | 4,963 | 4,963 | <p>£4,571k - Asylum Seekers (UASC)</p> <p>£232k - CSC Staffing Pressure</p> <p>£160k - Education service for schools (Covid impact on income generation)</p> |
| Adults, Health and Social Care | 700 | 700 | £700k - Transitions - value of late prior year payments based on 20/21 |
| Gateway & Housing | 500 | 1,232 | £500k - Demand for Emergency/Temporary Accommodation likely to increase. |
| Place | 1,500 | 1,500 | <p>SEN Travel - No Travel Training occurring currently and this could impact - current estimates are based on 10% of the overall £2m being at risk, and also the impact on the supplier relief programme of discounts on early payment being at risk.</p> <p>Parking income risks - £1m parking penalties at risk relating to notices issued and collection rates.</p> |
| Resources | 734 | 1,776 | <p>£334k - Complaints recharges of £334k in Revenue and Benefits (£290k + £44k)</p> <p>£400k Insurance and Risk - forecast to budget on basis that schools income pressure can be mitigated by reduction in premiums and claims - risk is currently up to £400k</p> |
| Total Quantified Risks | 8,397 | 10,171 | |
| Un-Quantified Risks | | | |

| | | | |
|----------------------------------|--|--|--|
| Children, Families and Education | | | Children Social Care -Placement costs – validation of growth approved currently being completed |
| Adults, Health and Social Care | | | TBC - Impact of long Covid - not quantifiable at this stage |
| | | | TBC - Potential for further NHS funding for Covid depending on 3rd wave impact - not known at this stage |
| Housing & Gateway | | | Housing Additional unquantified risk related to landlord eviction ban being lifted at the end of May 2021 leading to a significant increase in demand for homeless services. |
| | | | TBC - Potential DFG fees income pressure due to Covid as the service were unable to conduct adaptations 2020/21 - aiming to catchup all outstanding work in 21/22 TBC - NRPF service is demand led so projected underspend could change |
| Place | | | SEN PRESSURE - Some routes split due to Covid social distancing role, No Travel Training occurring over the last 12 months, this potentially has an impact of around £1million/year, Addington Valley Academy additional students, Single students attending schools, Changes to contractors providing services in year, due to performance issues. |
| | | | TBC - Waste Collection and Street Cleansing Contract - Income Risk to Commercial Waste Income Collection in 20/21 due to COVID & 21/22 - under commercial dialogue with Veolia |
| | | | TBC - Further commercial tenants are not able to pay rental income and will need to be written off, or will give notice on leases |
| Resources | | | None |
| Corporate | | | None |

3.13 Table 3 provide a list of quantified and unquantified risk mitigations. These are potential risk mitigations that will require further assurance to be included within the forecast. Services managers have identified these as potential mitigations to the risks identified Tables 2a and 2b. Any additional risk mitigations also help the overall financial position of the Council as these would help generate a larger underspend that can be put away into reserves to support future MTFS gaps.

Table 3 - Quantifiable and unquantifiable risk mitigations

| Quantified Opportunities | P3 £'000 | P2 £'000 | |
|---------------------------------------|----------------|----------------|---|
| CFE | 0 | (312) | |
| HWA | 0 | (73) | |
| Gateway & Housing | 0 | 0 | |
| Place | 0 | (422) | |
| Resources | 0 | (142) | |
| Corporate | (7,799) | (7,799) | Potential reduced spend against the Covid Grant |
| Total Quantified Opportunities | (7,799) | (8,748) | |

| Un-Quantified Opportunities | P3 | P2 | |
|-----------------------------|----|----|--|
| CFE | | | None |
| HWA | | | <p>TBC - The impact of health funding / Scheme 3 funding on care packages</p> <p>TBC - Scheme (3) HDP funding ceases on 30th September. Currently NHSE is taking views on the impact of this funding ending. We have input with SWLCCG requesting that funding continue to the end of the financial year</p> <p>TBC - Leases – renegotiate the lease. Need to confirm the numbers due to expire this financial year TBC</p> |
| Gateway & Housing | | | TBC - Property acquisition coming into HRA portfolio will allow tenants in nightly paid accommodation to move onto Assured Shorthold Tenancy |
| Place | | | <p>Highways - Highways are speaking to FM Conway to negotiate the cost pressure</p> <p>Street Lighting Team reconsidering operational arrangements to consider options to mitigate the risks</p> |
| Resources | | | <p>Revs and Benefits - Recharge to HRA for some Complaints costs to bring income to GF.</p> <p>TBC - Over-achievement of legal income budgets (although internal income would be matched by reduced forecasts costs in departments been charged)</p> |
| Corporate | | | None |

3.14 As at Month 3, if all risks and risk mitigations were to materialise, along with the forecast reported in Table 1 the General Fund would overspend by £2.547m.

However, budget holders at this stage of the financial year tend to be over cautious in terms of identifying potential underspend whilst being more aware of budget pressures. The situation will be clarified as the year progresses and the monthly budget reports show more detail on the patterns of income and expenditure and the longer term impact of Covid on Council services becomes clearer. Service managers have been instructed to identify and implement mitigations to spend within their approved funding envelopes. As such compensating measures are developed the impact of the net risks is expected to decline. Successful examples of this are the positive variances in adult social care & Resources between months 2 and 3.

- 3.15 A number of the projected variances or risks relate to the continued impact of the Covid pandemic and would not be expected to continue for the whole year or over future years. In particular parking and traffic income continues to be affected for which part grant compensation is only receivable for the first quarter of 2021/22. Other pressures such as SEN costs (with no grant funding) have been impacted in delays in delivering travel training impacting on transport cost pressures.
- 3.16 There are however areas where budgets will need to be reviewed with a view to being rebased as they were not adjusted as part of the right sizing of budgets in the 2021/22 budget setting. Two significant areas that will need to be reviewed before budget setting in 2022/23 are SEN transport costs, and costs relating to Emergency and Temporary accommodation. Additional costs arising will need to be funded from within the existing Council wide budget envelope.

4 SERVICE VARIANCE DETAIL

4.1 Children, Families and Education (CFE)

The CFE directorate is forecasting a £0.554m underspend for Month 3 (favorable movement of £0.554m from Month 2). This is a net position after factoring all budgeted income and expenditure within the directorate.

The main cause of this underspend is due to the voluntary redundancy savings previously identified as mitigations now being included within the forecast. Furthermore the service has been carrying a number of other vacancies since the start of the financial year which is contributing towards a projected underspend.

Whilst the forecast is indicating an underspend the Directorate are indicating potential risks that could adversely impact on the forecast. Table 2a details MTFs savings, totaling £1.317m (£0.654m in Month 2), that are at risk of non-delivery. Furthermore, Table 2b indicates that there is a further £4.963m of other risks (£4.963m in Month 2) which could materialise through this financial year. There are no risk mitigations being projected (Month 2 £0.312m) as these have now been included within the forecast. The Directorate is undertaking a review of the UASC model and also discussions are being held with the Government to seek direct funding to support the USAC pressure.

Both MTFs risks and further risks have moved adversely by £0.663m due to reduced confidence in delivery of the operational efficiency saving project.

4.2 **Adults, Health and Social Care**

The HWA directorate are forecasting a small underspend of £0.187m (an improvement of £0.018m from Period 2).

Whilst the department is showing a slight underspend, table 2b identifies a further £0.700m of potential additional risks. The risks identified of £0.700m that relate to transitions of children social care clients to adult services have not moved since the last report and still remain the same.

4.3 **Gateway & Housing**

Housing Directorate is forecasting an overspend of £1.675m. This is an adverse movement of £1.441m to the projection reported at Month 2.

The main cause of this movement relates to cost and demand increases within the Emergency and Temporary Accommodation services. Demand for Emergency Accommodation is assumed to increase due to the negative economic after effects of Covid-19. Furthermore, this is also likely to impact the need to maintain a sufficient level of bad debt provision to cover risks of non-payment of outstanding rents.

The Forecast is based on 1,774 properties in use as Temporary accommodation at the end of June 2021 with a projected additional 8 properties per month till the end of the year across various rent levels. This results in additional pressures of £325k.

Gateway Services are forecasting a net £0.028m overspend, which is a £0.287m adverse movement in their position from Month 2. This is largely due to projected non-achievement of registrars' income due to Covid restrictions.

Furthermore the service is projecting £0.096m (£0.199m in Month 2) risk of non-delivery of savings as per table 2a. These have been identified as a result of more detailed monitoring being carried out at month 3 and are being explored further to see if they can be delivered or other savings identified to mitigate these. A further £0.500m of other risk is identified within this portfolio relating to potential further temporary accommodation pressures emerging. Further work will be done to ensure the bad debt risks are minimised and that risk does not materialise.

4.4 **Place**

The Place directorate is forecasting a net overspend of £3.450m (£3.944m at Month 2) – a reduction of £0.494m. Month 2 reported a range of pressures that contributed to the overspend most of which were focused around Highways, SEN Transport and Environmental services. In Month 3 these overspends are

continued to be provided within the monitor, however the Place Directorate has benefited from reductions within non-staffing spend across the Library service along with receiving additional income from British Library. These benefits have contributed towards the reduced overspend projected in month 3.

In addition to the forecasted overspend the Place directorate, as indicated in Table 2a and 2b, have provided for additional risks due to non-delivery of MTFS savings of £0.817m and £1.500m for other risks. Non delivery of MTFS savings relate to the fall in P&D parking income, and risks have been identified around both SEN in relations to travel training which would lead to an increase/requirement to continue to provide transport and level of penalty charge notices.

4.5 **Resources**

The Resources directorate is forecasting a significantly improved underspend position of £0.914m (overspend £0.025m in Month 2) which is a reduction of £0.939m in pressures from Month 2. This is a net position after factoring all budgeted income and expenditure within the directorate.

The main reasons for this underspend relate to better than projected collection of court cost income in relation to Revenue & Benefits activities and various staffing related underspends. Main causes of staff related underspends are for vacancies not being filled.

These movement in risks have been so far been identified but whilst they may still materialize work is ongoing to try and work to mitigate these as we progress through the financial year.

4.6 **Corporate**

The Council received a non-fenced grant of £11.250m from Central Government in relation to additional costs that may be incurred in the current financial year as a result of Covid 19 and was announced in the December Local Government Finance Settlement. Any costs incurred by departments are expected to be met from existing service budgets and the grant is available to meet any additional service costs over expenditure. Where practicable additional costs including lost income arising from Covid will be identified and reported separately in future reports. The forecast General Fund variance of £3.471m is currently offset by utilizing £3.451m of this grant.

4.7 The cost of financing the capital programme is retained corporately, this will be reviewed in the next month and any variance will be reported in a future monthly report.

4.8 Table 4 below summaries the overall positions

Table 4 – Summary – Month 3 Position

| Month 3 | (£,000's) |
|--------------------------------------|--------------|
| Table 1 - Forecast | 20 |
| Table 2a - MTFS Savings Risk | 2,229 |
| Table 2b - Quantifiable Risks | 8,397 |
| Table 3 - Quantifiable Opportunities | (7,799) |
| Total | 2,847 |

Housing Revenue Account (HRA)

4.9 Table 4 provides a summary of the HRA Month 3 monitor, which is currently indicating a £0.802m overspend (Month 2 £1.595m). The HRA is a self-financing ring-fenced account and will need to ensure it remains within the resources available, taking into account levels of HRA reserves. The improvement from the month 2 forecast is due to the fact that more detailed monitoring has been undertaken and this has identified a number of service underspends in the main due to staff costs and legal fees.

4.10 The Service Finance team are currently working on the HRA business plan that takes a 30 year forward look and this will be presented to Cabinet in September 2021.

4.11 The forecast overspend reported in Table 5 can be contained within HRA reserves provisionally forecast at £27.6m as at 31st March 2021.

Table 5 – Housing Revenue Account (HRA) at Month 3

| SERVICES | Projected Variance For Month 3 | Variance For Previous Month 2 | Change From Previous Month | Explanation of Variations |
|--------------------------------|--------------------------------|-------------------------------|----------------------------|---|
| | £'000 | £'000 | £'000 | |
| Responsive Repairs | 719 | 719 | 0 | <p>£119k - Higher volume of uncompleted PPP repairs work carried over from last year</p> <p>£250k - Increase in average costs due to higher value voids, due to their condition when vacated.</p> <p>£350k - Additional spend particularly linked to disrepair cases relating to damp and mould eradication works, roofing repairs, drainage, door entry repairs and plumbing.</p> |
| Asset Management & Involvement | (381) | 0 | (381) | <p>This area is being split and as new BM's have no access to the system yet this has been manually forecasted</p> <p>(£162k) - Vacancies & secondments not being covered</p> <p>(£219k) - Reduction in forecast on Legal Fees & Employee Recharges, and other minor savings</p> |

| | | | | |
|---------------------------------|-------|-------|-------|---|
| Homes & Schools Improvement | (281) | 0 | (281) | (£281k) - Staffing underspend due to vacancies and long term sick. Service also have supplies & services budget which have been released as staffs still working from home. |
| Regeneration Growth | (273) | (282) | 9 | (£273k) - A restructure targeting general fund savings has resulted in a disbanding of the whole team, including those posts funded by the HRA |
| Neighbourhood Operations | (102) | (123) | 21 | 3 fte vacancies covers non budgeted shift allowance (on overtime code); reduction in forecasting on Supplies & Services Recharge - based on previous years |
| Housing Renewal | (19) | (19) | 0 | (£19k) - Under spend due to reflecting current years demand for home safety equipment |
| Housing Solutions | 207 | 460 | (253) | £250k - Concord, Sycamore & Windsor overspend on costs combined with a high level of voids based on 20/21 outturn (£43k) - Housing Standards Team staffing variance (1 fte vacant) |
| People Centralised | 0 | 0 | 0 | |
| Service Development | (54) | (54) | 0 | (£54k) - Various Supplies & Services budgets released to offset pressure within service area. |
| Income & Lettings | 137 | 98 | 39 | £133k - Unachievable income recharges £41k - Bank charges incurred when payments are made by debit/credit cards (£37k) offset by underspend of -£37k within supplies & services |
| Neighbourhood & Tenancy Service | 258 | 274 | (16) | £100k - Overtime for caretakers, due to week end work £125k - Security costs - CAYSH & Profile security services £29k - Ombudsman subscription £22k - Regina road expenses (£18k) - Supplies & Services underspend |
| Emergency Accommodation | 10 | 120 | (110) | (£51k) - staffing variance (2 fte vacant) £18k - Consultancy - medical advice £43k - Membership and subscriptions - Home Connections |
| Leaseholder Services | 30 | 0 | 30 | £30k - increase on premises insurance |
| Tenants Income | 0 | 0 | 0 | |

| | | | | |
|----------------------------------|------------|--------------|--------------|--|
| Garage and Commercial Properties | 224 | 157 | 67 | <p>£27k - Rent allowance</p> <p>£20k - shortfall in other sources of income</p> <p>£121k - Garage rent loss through voids due to additional garage in a disrepair state being handed over by BBB</p> <p>£80k - Court costs income</p> <p>(£24k) - Minor Variation</p> |
| Directorate & Centralised costs | 327 | 245 | 82 | <p>£200k - Unbudgeted Executive Director / Corporate Director posts plus support costs for 10 months</p> <p>£45k - Supernumerary Policy & Performance post to progress Housing Strategy for 9 months</p> <p>£82k - unbudgeted insurance cover for HRA excess liabilities historically charged to the general fund</p> |
| Total HRA | 802 | 1,595 | (793) | |

5 Capital Programme as Month 3

- 5.1 The General Fund and HRA capital programmes have currently spent a gross £8,433m to the end of the third month against approved budgets of £321,897m. Actuals to date are still impacted by accruals brought forward from 2020/21 which have yet to be invoiced and do not take into account accruals for works so far completed.
- 5.2 The table below summarises the capital spend to date by department with further details of individual schemes provided in Appendix 2.

Table 6 – Capital Programme

| Department | Revised Budget 2021/22 (including approved slippage from 2020/21) | Actuals 2021/22 as Month 3 | Forecasts 2021/22 as Month 3 | Variance |
|------------------------------------|---|----------------------------|------------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Adult Social Care and Health | 2,499 | 28 | 2,606 | 107 |
| Housing | 5,711 | -646 | 4,773 | -938 |
| Children, Families and Education | 26,078 | 3,648 | 26,207 | 129 |
| Place | 78,055 | 992 | 61,359 | -16,696 |
| Resources | 26,345 | 350 | 20,706 | -5,639 |
| General Fund Total | 138,688 | 4,372 | 115,651 | -23,037 |
| Housing Revenue Account | 183,209 | 4,061 | 102,396 | -80,813 |
| LBC CAPITAL PROGRAMME TOTAL | 321,897 | 8,433 | 218,047 | -103,850 |

5.3 Further work will be done over the coming months to review the budget provision for 21/22 and the review will focus on ensuring the capital budgets are properly profiled to reflect the actual delivery of various projects. This work will include the reflection of 20/21 slippage and will be reported to a future meeting of the cabinet for approval.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 Finance comments have been provided throughout this report.

Approved by Chris Buss, Interim Director of Finance, Investment and Risk (S151 Officer)

7 LEGAL CONSIDERATIONS

7.1 The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

7.2 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report

7.3 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report also complies with that legal duty.

Approved by Doutimi Aseh, Director of Law and Governance & Deputy Monitoring Officer (interim)

8 HUMAN RESOURCES IMPACT

- 8.1 There are no immediate workforce implications as a result of the recommendations in this report. Any mitigation on budget implications that may have effect on direct staffing will be managed in accordance with relevant human resources policies and where necessary consultation with recognised trade unions.

Approved by: Sue Moorman the Director of Human Resources

9 EQUALITIES IMPACT

- 9.1 There are no specific equalities issues set out in this report.
- 9.2 In setting the Council's budget for 2021/22, all savings proposals were required to complete an Equality Impact Assessment. As Officers deliver against the approved budget, including the savings within it, they will continue to monitor for any unanticipated equality impacts.

Approved by: Gavin Handford, Director of Policy & Partnership

10 ENVIRONMENTAL IMPACT

- 10.1 There are no specific environmental impacts set out in this report

11 CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no specific crime and disorder impacts set out in this report

12 DATA PROTECTION IMPLICATIONS

- 12.1 There are no specific data protection impacts set out in this report

REPORT AUTHOR: Matthew Davis, Deputy Section 151 Officer

APPENDICES: Appendix 1 – Service Budgets and Forecasts
Appendix 2 – Capital Budget and Spend

BACKGROUND DOCUMENTS: None