

REPORT TO:	Cabinet 21st March 2022
SUBJECT:	Financial Performance Report – Month 10 (January 2022)
LEAD OFFICER:	Jane West, Corporate Director of Resources (Section 151)
CABINET MEMBER:	Councillor Callton Young OBE Cabinet Member for Resources and Financial Governance Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal

SUMMARY OF REPORT:

This report provides the Council's annual forecast as at Month 10 (December 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 10 position is currently indicating a net underspend of £1.570m against budget – this represents a £0.244m adverse movement against the Month 9 forecast. This is before taking into account further risks and risk mitigations. In total, £1.876m (Month 9 £3.055m) of further risks are identified but there are £1.500m (Month 9 £2.725m) of potential opportunities to mitigate the risk, these are 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 over spend of £1.281m (Month 9 £1.725m) against budget. This overspend is further detailed within Section 5 of the report.

The Capital Programme is projecting £194.1m by the end of the financial year against a budget of £373.8m.

1. RECOMMENDATIONS to Cabinet:

- 1.1 Note the General Fund is projecting a net adverse movement of £0.244m from Month 9. Service directorates are indicating a net £1.480m overspend (Month 9 £1.236m) but this is projected to be netted off against £3.050m underspend within the corporate budget.
- 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.
- 1.3 Note the Housing Revenue Account (HRA) is projecting a £1.281m (Month 9 £1.725m) overspend for 2021/22. If no further mitigations are found to reduce this

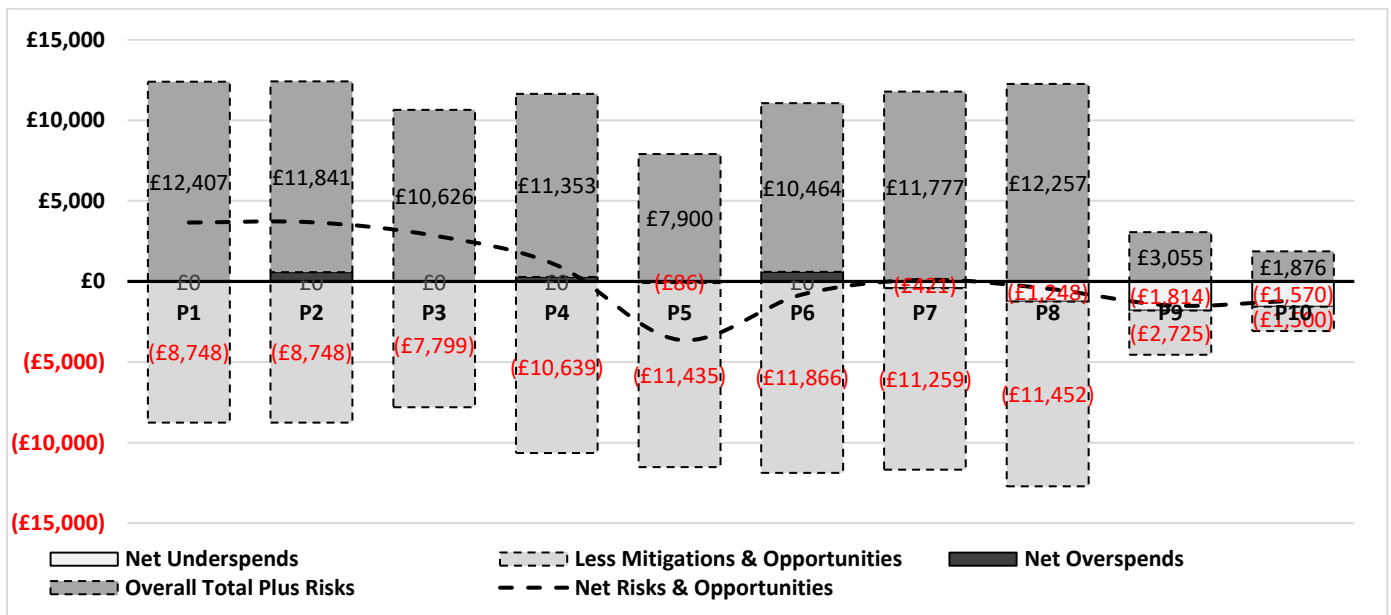
overspend the HRA will need to drawdown reserves from HRA balances. There are sufficient balances to cover this expenditure.

- 1.4 Note the capital spend to date for the General Fund of £58.323m (against a budget of £131.897m) and for the HRA of £12.075m (against a budget of £183.209m), with a projected forecast variance of £5.362m on the General Fund against budget and £121.002m forecast variance against budget for the Housing Revenue Account. All variances are projected to be slipped into future years but this will be reviewed once the outturn position has been confirmed.
- 1.5 Note, the above figures are predicated on forecasts from Month 10 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.
- 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 and Social Care Placement Panels remain. Restrictions have been lifted for ring-fenced accounts such as the Pension Fund, Housing Revenue Account and Coroner's Expenditure as these are directly outside of the General Fund's control. 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. The Financial Performance Report (FPR) is presented to each Cabinet meeting and provides a detailed breakdown of the Council's financial position and in year 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 regards to the commitment by Chief Officers to more effective financial management and disciplines.
- 2.2. The General Fund revenue projected outturn forecast has worsened by £0.244m from a forecast underspend position of £1.814m in Month 9. There are a further set of risks and opportunities, which indicate net risks of £0.376m (risks £1.876m and opportunities of £1.500m), but not yet sufficiently developed to be included in the outturn forecast. Should these materialise it will have a negative impact on the forecast.
- 2.3. The chart below illustrates the trend in the monthly monitoring reports and shows both the forecast as well as quantum of risks and opportunities together with the impact should all risks and opportunities fully materialise (dashed line). The trend indicates the Council will deliver within its budget plan.

Monthly Forecast, Risk & Opportunity Tracker



- 2.4. The Month 10 forecast incorporates detailed work to stress test Risks and Opportunities and to ensure these are now firmed up as we approach financial year end. All risks and opportunities that we know have materialised have now been included within the forecast and only items that have a good confidence level have been included within this report and forecast.
- 2.5. The Housing Revenue Account is forecasting an overspend of £1.281m (a decrease of £0.444m on the Month 9 forecast of £1.725m). This favourable projected variance will be met from HRA reserves.
- 2.6. The capital programme for both the General Fund and HRA is reporting expenditure to date of £70.398m against overall budget of £373.790m, with a forecast underspend of £121.002m.
- 2.7. The 2020/21 financial year was a very difficult year for the Council. The Council issued two Section 114 notices as the Council had insufficient resources to meet its in year expenditure pressures.
- 2.8. 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 MHCLG (Now DLUHC) were minded to fund £50m for 2021/22. The latter allowed the 2021/22 budget to be set.
- 2.9. 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 and the Non-statutory Rapid Review by MHCLG. Their 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, improve culture and practices and develop a more effective system of internal control amongst other improvements to the Council.

- 2.10. As of 26th January 2022 the Council's external auditors, Grant Thornton issued a second Report in Public Interest report in relation to capital expenditure on Fairfield Halls. Whilst this report indicates significant governance and financial management breakdowns in the past, the report will not result in additional financial costs to the Council going forward. All accounting corrections and financial implications have been included within 2019/20 and 2020/21 accounts. The report provided for 12 recommendations that the Council has begun work on and these recommendations will be included within the Council Renewal Plan.
- 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 2019/2020 and 2020/2021 audit of accounts.

3. FINANCIAL POSITION

- 3.1. The FPR shows that the Council is forecast to have a General Fund net underspend variance of £1.570m– an adverse movement of £0.244m on the net forecast reported at Month 9.
- 3.2. Directorate teams and Finance colleagues meet monthly to review the forecast position for each area and including risks to reduce any overspends and identify further options to mitigate these. A list of Risks and Opportunities are provided within various tables within this section.
- 3.3. The forecast outturn position of the General Fund is shown below in Table 1.

Table 1 – Month 10 Projection per Directorate

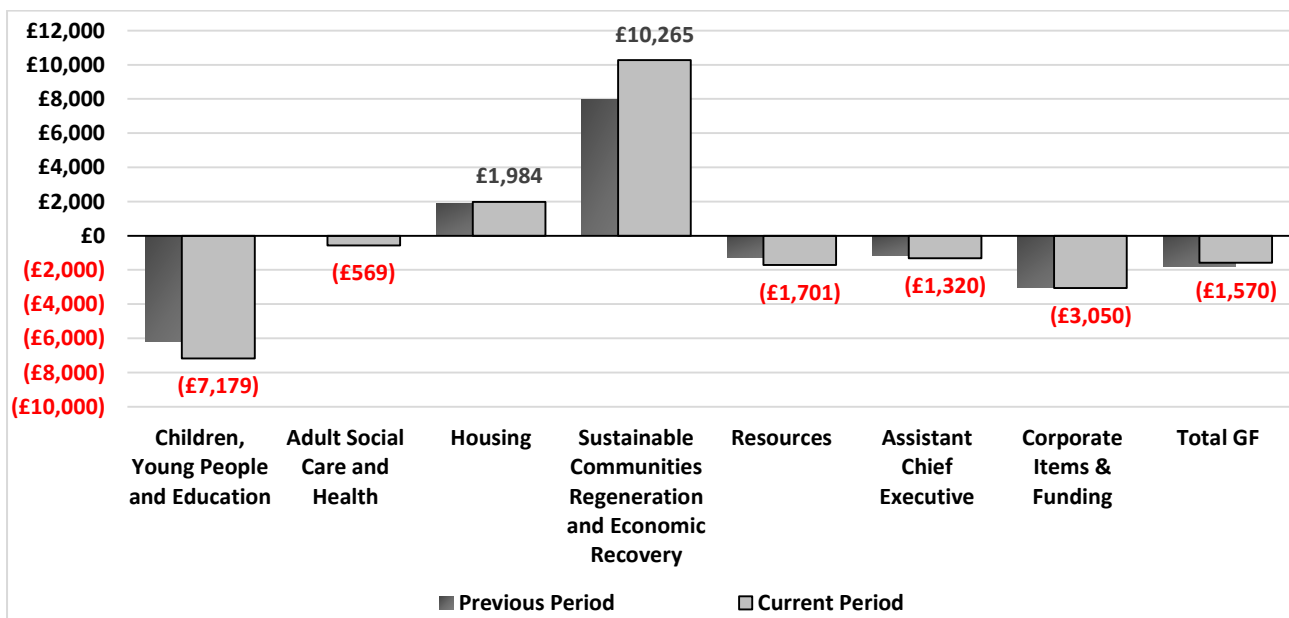
	Month 10	Month 9			
	Forecast Variance	Forecast Variance From Previous month	Change from previous month	Savings Non-Delivery	Other Pressures
	(£,000's)		(£,000's)	(£,000's)	(£,000's)
Children, Young People and Education	(7,179)	(6,179)	(1,000)	118	(7,297)
Adult Social Care and Health	(569)	(28)	(541)	-	(569)
Housing	1,984	1,891	92	-	1,984
Sustainable Communities Regen & Economic Recovery	10,265	7,970	2,295	5,135	5,130

Resources	(1,701)	(1,270)	(431)	-	(1,701)
Assistant Chief Executive	(1,320)	(1,148)	(172)		(1,320)
Departmental Total	1,480	1,236	244	5,253	(3,773)
Corporate Items & Funding	(3,050)	(3,050)	-	-	(3,050)
Total General Fund	(1,570)	(1,814)	244	5,253	(6,823)

3.4. Net overspends and underspends within the service budgets are presented as forecast variance (as per Table 1), and are additionally classified as either non-delivery of agreed in year savings or other pressures which were not foreseen. Non-delivery of savings, which totals £5.253m relates to the 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 2021/2022 Budget. Further explanations of these overspends are provided within Section 4 of this report.

3.5. The chart below shows the forecast by service department for both the current and previous month:

Change in forecast position Month 10



3.6. The main areas of movement from Month 9 are as follows:

- Adult Social Care and Health has moved **favourably** by £0.541m due the service continuing to maintain vacancies to deliver services more efficiently.
- Sustainable Communities, Regeneration and Economic Recovery is indicating an **adverse** movement of £2.295m due to further reported lower than expected

income from parking services. This additional pressure was previously flagged as risk and due to further work it is now expected to crystallise by year end. As previously reported further work has been ongoing with the service to better understand parking transactions and the impact Covid19 has had on the service and forecasting income. The ongoing impact of Covid on parking behaviours and reduced demand for car parking is the cause of the reduced parking income and as such the service has not been able to balance its budget.

- Resources is indicating a £0.431m **favourable** movement relating to continued and improved staffing underspends across various teams.
- Housing is indicating a minor £0.092m **adverse** movement due to continued review of bed and breakfast forecasts.
- Children Young People and Education indicating an overall £1.000m **favourable** movement due to further reductions within the placement spend, and a review of Purchase order commitments.
- No further changes to Corporate items.

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. Risks previously reported in Month 9 have now been tested and scrutinised to determine the likelihood of those risks occurring. Where such position is now certain that risk has been included within the forecast in Table 1.
- 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. All MTFS savings have been reviewed and now form part of the forecasts and there are now no MTFS savings being identified as risks. The savings are subject to a separate assurance process involving both the Chief Executive and the Corporate Director of Resources (Section 151) meeting with the directorates and the Director of policy and programmes.
- 3.10. These meetings identify 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 directorate experiences of the service. Parking Savings continue to be an issue due to further considerations of the March Budget decisions and therefore with 10 months of the year now passed it is likely these specific savings will not be delivered in full.
- 3.11. The rest of the 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.

- 3.12. Section 4 gives details of all the movements between Month 10 and Month 9 and identifies any movements in delivery of MTFs savings, risks and mitigating items that are factored into the forecast assumptions. Service managers have identified these as potential mitigations to the risks identified in table 2. 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 2 – Other quantifiable and unquantifiable risks

Quantified Risks	P10 £'000	P9 £'000	Details of Risk
Children, Young People and Education	0	160	
Adult Social Care and Health	550	550	£550k – Continued risk of increased placement spend due to transitions from Children Social Care into Adult Social care.
Housing	396	396	£96k - Demand for Emergency/Temporary Accommodation likely to increase. £300k Bad debt costs - Arrears are increasing since 2020/21 due to lower collection rates in the first part of the year (Covid related). When this debt becomes 'former' as tenants move on then recovery rates drop to between 5% and 30%. Potential additional debt costs of £300k-£800k beyond total presented based on current calculation methods.
Sustainable Communities Regen & Economic Recovery	1,000	1,859	£1,000m -Fines income is lower than anticipated due to higher than expected compliance by drivers in the borough. Parking income has reduced due to the ongoing impacts Covid has had on driver behaviours. A new Parking Model has been developed to assist the service to take account of the forecasting of likely income from parking activity. The service is using this improved model to explore and better forecast potential income to the council.
Resources	0	90	
Assistant Chief Executive	0	0	
Total Quantified Risks	1,876	3,055	

Un-Quantified Risks	P10 £'000	P9 £'000	Details of Risk
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Children, Families and Education	-	-	None
Adults, Health and Social Care	-	-	Impact of long Covid - not quantifiable at this stage
	-	-	<p>Care sector pressures - The pressures in the social care sector nationally are well known. There are high levels of vacancies within the service and difficulty recruiting to the posts. This may result in providers not being able to provide care safely or within their financial envelope. Increasing utility costs is also a financial pressure. These additional pressures may lead to provider failure and the need to re-provision care with other providers which usually results in higher costs.</p> <p>In addition general unknown additional costs related to placements could result in further costs particularly as we find more patients being discharged from hospital having long Covid symptoms and needing additional and prolonged care.</p>
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	-	-	None
Resources	-	-	Unreconciled holding accounts for BIDS, HR Staff Loans and P-Cards. Risk that holding accounts will not be able to be reconciled and some balances transferred as pressures into forecast
Corporate Items & Funding	-	-	None
Assistant Chief Executive	-	-	Coroners - risk that Croydon's contribution to the Coroners service will increase beyond the current forecast
Total Un-Quantified Risks			

3.13. Table 3 provides a list of quantified and unquantified risk mitigations. These are potential risk mitigations that will require further assurance to be included within the forecast. Service managers have identified these as potential mitigations to the risks identified Tables 2 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 opportunities

Quantified Opportunities	P10 £'000	P9 £'000	Details of Opportunities
Children, Young People and Education	-	(1,000)	Placement Costs - Review of Accrual brought forward
Adult Social Care and Health	(1,377)	(1,377)	The £1.377m benefit is a combination of further impact of Covid health funding (known as Scheme 3 funding in 2021/22) on care packages and Continuation of Hospital Discharge Policy funding until March 2022
Housing	-	-	
Sustainable Communities Regen & Economic Recovery	0	0	None
Resources	-	(100)	£100k within Revs and Bens - There is the probability that the court cost income raised could be higher than what is currently being forecast.
Assistant Chief Executive	(123)	(248)	£123k – Croydon Digital Services - Opportunity of reduction in payment to contractors upon review of performance measures at year end.
Corporate Items & Funding	0	0	Covid Grant has now been applied in the forecast.
Total Quantified Opportunities	(1,500)	(2,725)	
Un-Quantified Opportunities	P10 £'000	P9 £'000	Details of Opportunities
Children, Young People and Education			Potential further savings as part of the review of placement costs
Adult Social Care and Health			None
Housing			None
Sustainable Communities Regen & Economic Recovery			None

Resources			None
Assistant Chief Executive			The council has received Control Outbreak Management Fund grant. Council have carried out work on the conditions of the grant and have understood how this can be applied. Further work will done to allocated funding to meet the grant conditions. Any underspends will be carried forward into next year.
Corporate Items & Funding			None
Total Un-Quantified Opportunities			

3.14. As at Month 10, if all risks and risk mitigations were to materialise, along with the forecast reported in Table 1 the General Fund would underspend by £1.194m (Table 4), however some of the risks and mitigations will need time and validation to confirm the likelihood of them materialising. The situation will be clarified shortly as the year comes to a close on 31st March 2022. Service managers have been instructed all year to identify and implement mitigations to spend within their approved funding envelopes.

3.15. The impact of the Covid pandemic has continued throughout the financial year. 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 have been impacted in delays in delivering travel training to clients thus impacting on transport cost pressures.

4. SERVICE VARIANCE DETAIL

4.1. Children, Young People and Education (CYPE)

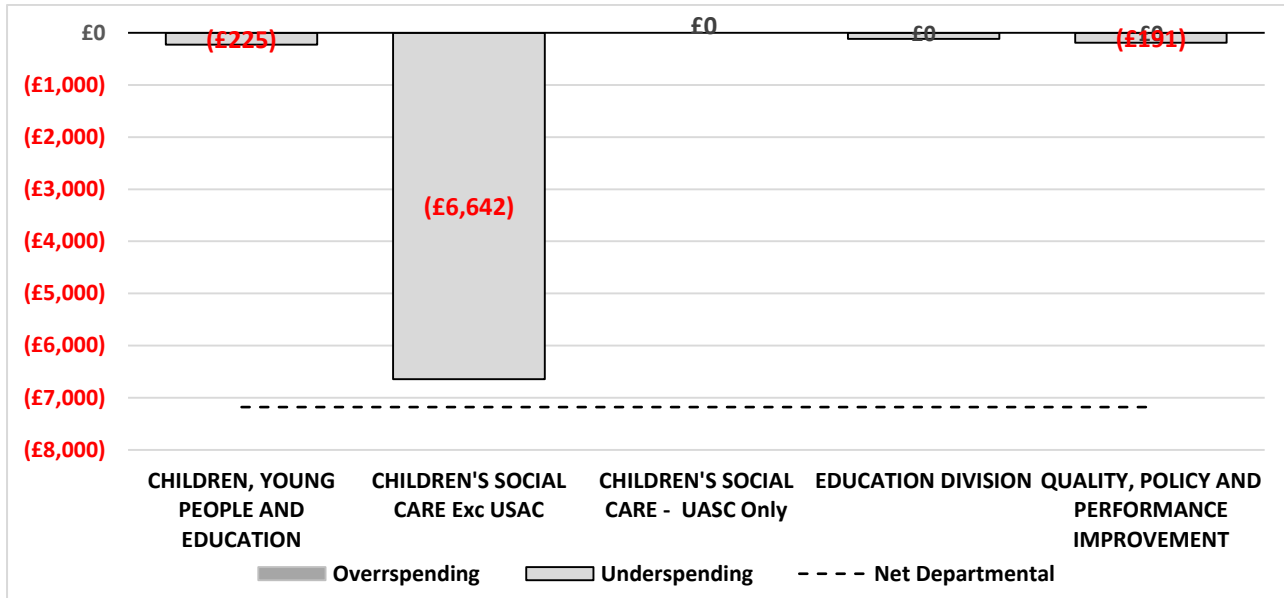
The CYPE directorate is forecasting a £7.179m underspend for Month 10 (favorable movement of £1.0m from Month 9) within the directorate.

The main cause of the underspends are the receipt of additional Grant Income as well as underspends in relation to Children with Disabilities where the Covid Pandemic has had a significant impact. Further underspends in relation to U18 placements and within Leaving Care are attributed to improved commissioning of placements as well as an overall reduction in the numbers of children becoming Looked After due to the ongoing drive to support young people and families within their own communities where appropriate. Staffing underspends are a product of a challenging and volatile market and our priority to recruit permanent staff.

There are no MTFs Savings at risk at Month 10 or opportunities being identified.

The following chart illustrates the divisional forecast variances within Children Young People and Education:

Divisional View of Children Young People & Education Forecasts



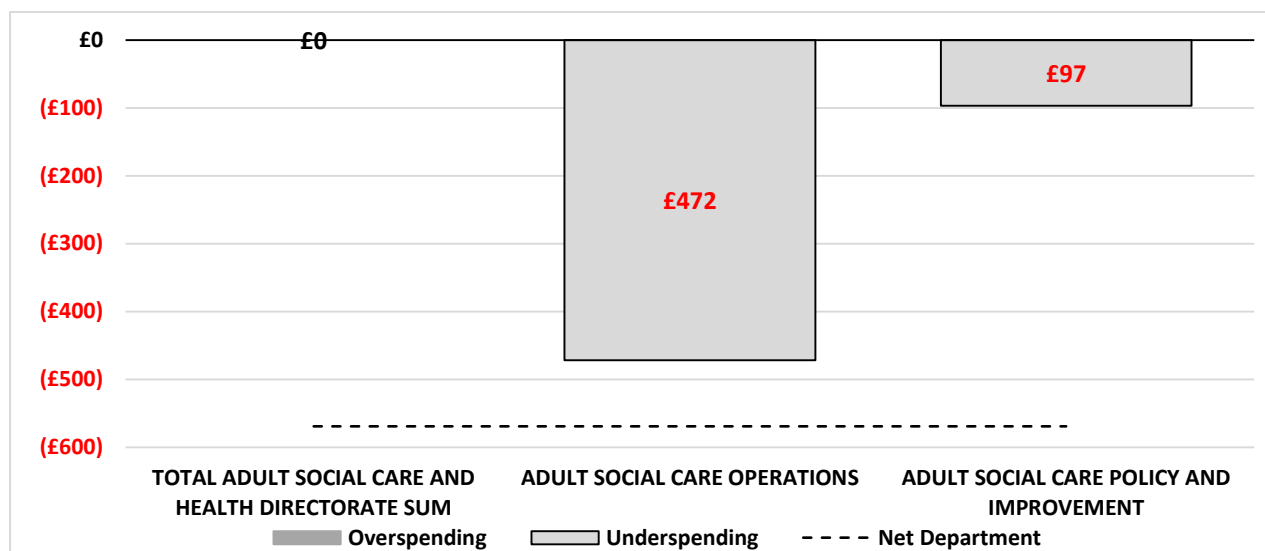
4.2 Adults Social Care and Health Social Care (ASCH)

The ASCH directorate are forecasting an underspend of £0.569m, a favourable movement of £0.541m from Month 9. This movement is mainly due to staffing vacancies which have not been recruited to.

Table 2b identifies a further £0.550m of potential additional risks. The risks identified that relate to transitions of children social care clients to adult services. Whilst the service has had 10 months of actual data it is still plausible that a single case with a significant care package could result in increased costs for the service.

There are no MTFs savings at risk of delivery and there are unquantified risks due to continued impact of long Covid. There are opportunities identified of £1.377m due to potentially further improvements in placement spend, an improvement of £0.070m. The following chart illustrates the divisional service forecast variances within Health, Wellbeing and Adults:

Divisional View of Adult Social Care and Health Forecasts



4.3 Housing

Housing Directorate is forecasting an overspend of £1.984m. This is an adverse movement of £0.092m to the projection reported at Month 9.

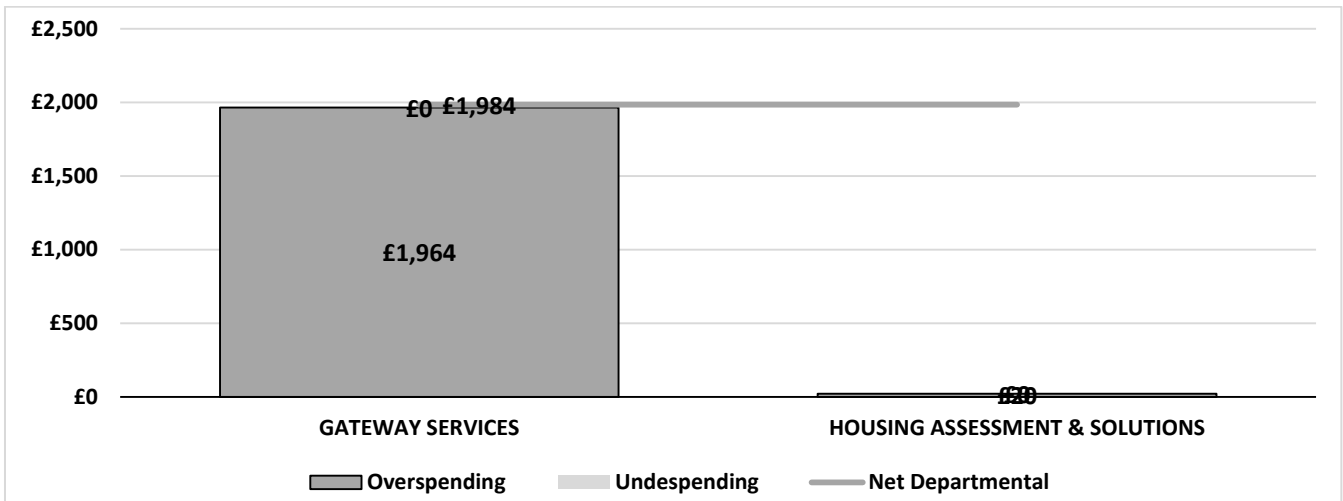
The cause of this slight movement relates to further general operational efficiencies within the service.

Furthermore the service has identified £0.326m of other risks relating to potential further temporary accommodation pressures emerging between now and the end of the financial year. Further work will be done to ensure the bad debt risks are minimised and that the risk does not materialise.

There are no MTFS savings at risk of delivery, however further unquantified risks due to housing demand pressures and income collections risks have been identified. Additional grant funding of £1.51m has been received from Government to tackle homelessness through prevention work. This grant comes with significant conditions in terms of its usage and the service are working to apply the grant as per the conditions and whether it can be applied towards reducing in year pressures. However, due to the time taken to mobilise prevention work it is felt that there is a strong chance that the grant will not benefit the Council in the current year but will support future year homelessness costs.

The following chart illustrates the divisional forecasts within the department:

Divisional View of Housing Forecast



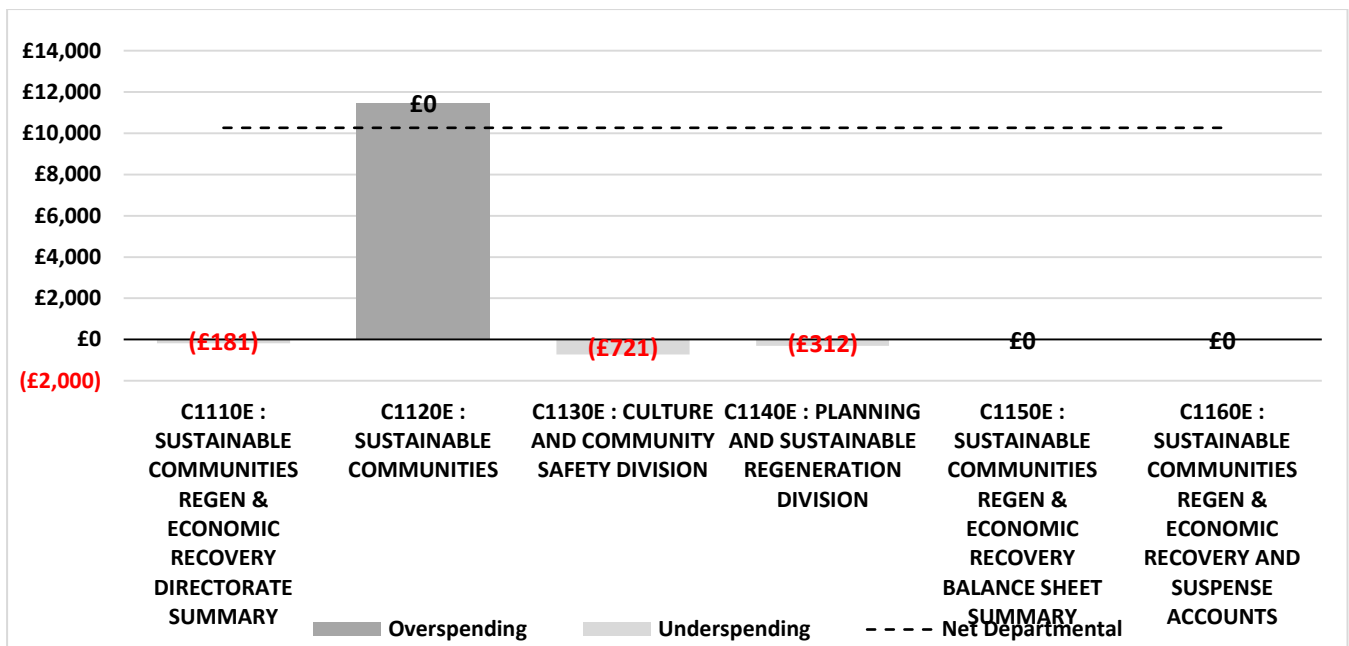
4.4 Sustainable Communities Regeneration & Economic Recovery (SCRER)

The SCRER directorate is forecasting a net overspend of £10.265m (an **adverse** movement of £2.295m from Month 9). The pressures continue to be around Highways (including Parking Services), SEN Transport and Environmental services. Included within the total projected overspend is £5.134m of lower than anticipated parking income. The adverse movement from month 9 to 10 is purely related to Parking income and has continued to be impacted by lower demand for car parking as cautiousness remains due to risks of Covid.

In addition to the forecasted overspend, SCRER directorate have provided for further risks as indicated in Table 2b. The risks of £1.000m relate to continued lower than expected parking income and high compliance by drivers generating fewer than expected fines. A detailed review of the MTFs savings that were at risk have been carried out and these are now being delivered or form part of the forecast outturn where these are now deemed to not be able to be delivered or mitigations not materialised. There are no further opportunities identified by the SCRER directorate.

The following chart illustrates the nature of the overall SCRER Directorate forecast position by Division:

Divisional View of SCRER Forecasts



4.5 Resources

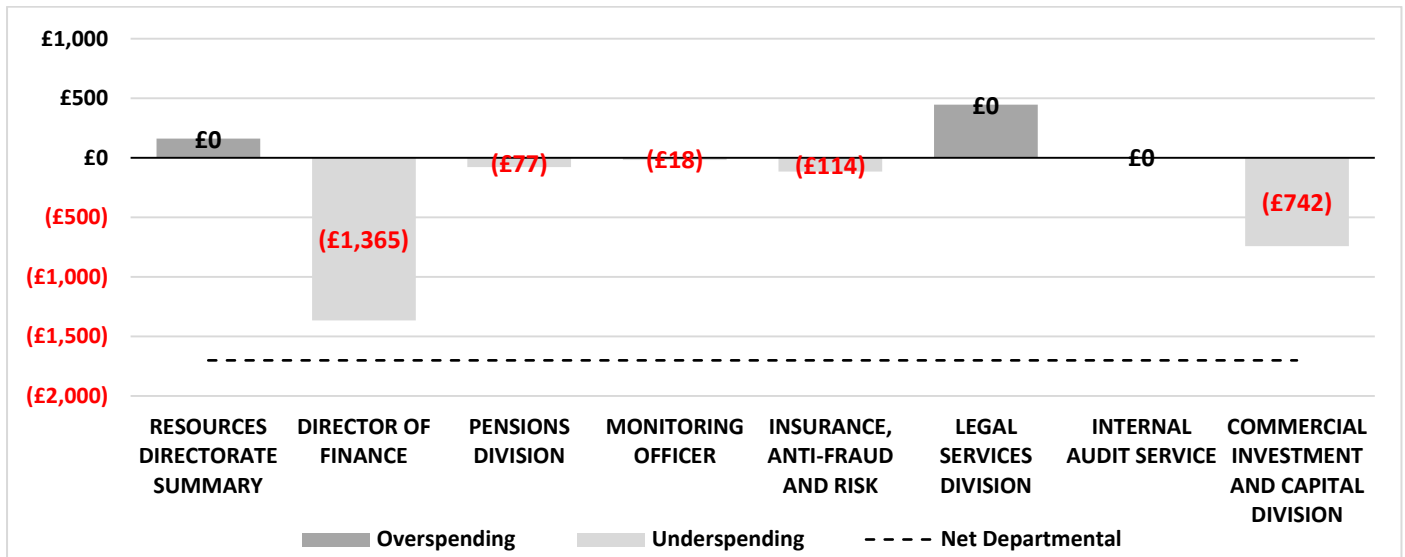
The Resources directorate is forecasting a underspend position of £1.701m (underspend £1.270m in Month 9). This is a net position after factoring all budgeted income and expenditure within the directorate.

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, which has further improved due to the finalisation of restructures within services.

Further work on unquantified risks that had been identified is ongoing and whilst they may still materialise work is ongoing to try and work to mitigate these as we progress through the financial year.

Resources have identified further £0.100m of opportunities which would arise from recoupment of court costs in relation to our Revenues and Benefits service. The following illustrates the split of the overall departmental forecast at a divisional level:

Divisional View of Resources Forecast



4.6 Assistant Chief Executive

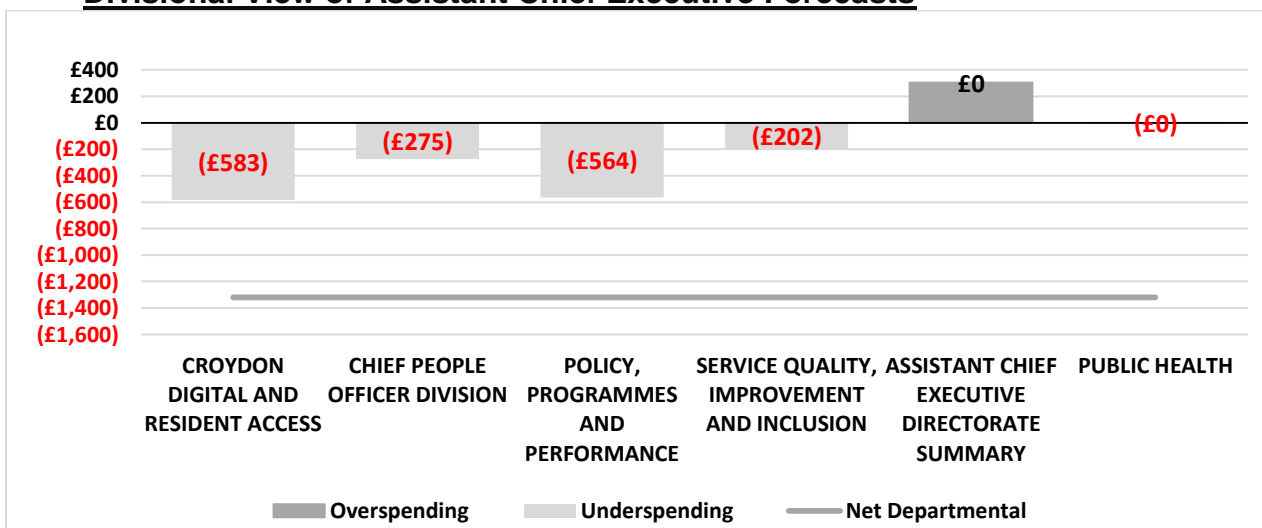
The ACE directorate is forecasting a underspend position of £1.320m (underspend £1.148m in Month 9), an improvement of £0.172m. This is a net position after factoring all budgeted income and expenditure within the directorate.

The main reasons for this underspend relate to various staffing related underspends and identification of grant monies that can be applied within the current financial year. These grants includes usage of Brexit funding and drawdown of Community Fund grants. Main causes of staff related underspends are for vacancies not being filled.

ACE have identified further £0.248m (£0.248m in Month 9) of opportunities which would arise from increased income from digital advertising.

The following illustrates the split of the overall departmental forecast at a divisional level.

Divisional View of Assistant Chief Executive Forecasts



4.7 Corporate

The Corporate forecast has remained as reported in month 9. This includes the full release of the one off non-ring fenced Covid grant and increased pressures as a result of additional minimum revenue provision costs and non-delivery of savings related to £1m for fees and charges.

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 which was announced in the December 2020 Local Government Finance Settlement. As the Council's overall P9 position indicated that the budget will be underspent, the Council has made a prudent decision to appropriate £7m of Covid Grant into an earmarked reserve to support future year pressures and ongoing Covid challenges. This contribution to reserves is in addition to the £10m of reserves that was planned to appropriate when the Budget was set for 2021/22 in March 2021.

The cost of financing the capital programme is retained corporately. This has been reviewed and will continued to be reviewed as we continue to the end of the financial year.

Table 4 – Summary – Month 10 with Month 9 Comparator

	Month 10	Month 9	Variance
	(£,000's)	(£,000's)	(£,000's)
Table 1 - Forecast	(1,570)	(1,814)	244
Table 2a - MTFS Savings Risk	-	-	-
Table 2b - Quantifiable Risks	1,876	3,055	(1,179)
Table 3 - Quantifiable Opportunities	(1,500)	(2,725)	1,225
Total	(1,194)	(1,484)	290

5 Housing Revenue Account (HRA)

- 5.1 Table 5 provides a summary of the HRA Month 10 monitor, which is currently indicating a £1.281m overspend (Month 9 £1.725m). 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 favorable movement from the Month 9 forecast is largely due to specific works being reviewed and now capitalised.
- 5.2 The Housing account has incurred significant disrepair settlement costs over the past month and due to legislative change and staff constraints these costs are projected to increase. The new forecast is based on an assessment of likely case settlement during the remainder of this financial year. In addition, the HRA continues to experience loss of income from garage rent along with increased demand for responsive repairs. 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 10

SERVICES	Projected Variance For Month	Variance For Previous Month	Change From Previous Month	Explanation of Variations
	£'000	£'000	£'000	
Responsive Repairs and Safety	944	1,462	(518)	Additional spend due to high volume and value of Price per Property excluding works - These works are not covered under the PPP fixed costs - These costs are now being Capitalised
Asset Planning and Capital Delivery	(894)	(836)	(58)	Vacancies within the service
Allocations Lettings and Income Collection	766	469	298	Lower demand in home safety equipment Legal commitments increase is offset by other departmental underspend Charges that are incurred when tenants make payment using debit/credit cards & at local points. £50k - Income budget no longer achievable 'Increase in Leasholder's premium for 2021-22
Tenancy and Resident Engagement	(4)	55	(59)	Overspend on costs combined with a high level of voids based on 20/21 outturn Commitments have been reviewed & released
Homelessness and Assessments	200	249	(49)	Overspend on costs combined with a high level of voids based on 20/21 outturn
Directorate & Centralised costs	269	327	(58)	Unbudgeted Executive Director/Corporate Director posts plus support costs
	1,281	1,725	(445)	

5.3 Further work is taking place within the Housing and Legal service to address the number of outstanding disrepair claims. This could have a further impact on the HRA budget in 22/23 if it transpires that additional compensation and legal costs are due to tenants.

6 Capital Programme as Month 10

6.1 The General Fund and HRA capital programme have currently spent a gross £70.398m to the end of the month 10 against approved budgets of £373.790m. Forecast spend is £194.104m resulting in a forecast variance of £121.002m.

6.2 The table below summarises the capital spend to date by directorate with further details of individual schemes provided in Appendix 2.

Table 6 – Capital Programme

Department	2021/22 Budget(including approved slippage from 2020/21)	Revised Approved Budget as at 24/01/2022	Actuals 2021/22 as at Month 10	Forecasts 2021/22 as at Month 10	Variance

	£'000	£'000	£'001	£'000	£'000
ADULTS	1,726	68	4	98	30
HOUSING	4,773	3,393	397	3,101	(292)
ASSISTANT CHIEF EXECUTIVE	20,625	11,867	1,299	11,117	(750)
CHILDREN'S, FAMILIES & EDUCATION	26,078	15,451	10,567	15,451	-
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC DVLPT	76,439	45,269	12,338	40,892	(4,377)
RESOURCES	9,047	3,456	385	3,483	28
CORPORATE	51,893	52,393	33,333	52,393	-
General Fund Total	190,581	131,897	58,323	126,535	(5,362)
Housing Revenue Account	183,209	183,209	12,075	67,569	(115,640)
LBC CAPITAL PROGRAMME TOTAL	373,790	315,106	70,398	194,104	(121,002)

6.3 The variance column is projected to be slipped into the new financial year, subject to Cabinet approval at year end and further due diligence on state of the projects and their future delivery.

6.4 The significant slippage within the HRA Capital Programme relates to the properties that will be purchased by the Council from Brick by Brick. The Council is working with Brick by Brick and the legal team to re-assess the acquisition of the properties with the intention to review if they can be purchased in the current financial year.

7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

7.1 Finance comments have been provided throughout this report.

(Approved: Matt Davis – Interim Director of Finance)

8 LEGAL CONSIDERATIONS

8.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Legal Services and Deputy Monitoring Officer that 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.

8.2 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.

8.3 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: Sandra Herbert Head of Litigation and Corporate Law on behalf of the interim Director of Legal Services and Deputy Monitoring Officer.)

9 HUMAN RESOURCES IMPACT

- 9.1 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: Gillian Bevan Head of Human Resources (Resources and ACE))

10 EQUALITIES IMPACT

- 10.1 There are no specific equalities issues set out in this report.

- 10.2 The Council has a statutory duty to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must therefore have due regard to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 10.3 In setting the Council's budget for 2021/2022, 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.

- 10.4 The Council's core priority is to tackle ingrained inequality and poverty and tackling the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. The budget should take due regard to this objective in relation to each protected characteristic. The Borough's responsibility to asylum seekers, young people, and disabled people and families is key to this regard.

- 10.5 The proposal to increase parking charges is likely to have an adverse impact on poverty and a socio-economic impact on residents. Deprivation in borough is largely focused in the north and the east where most ethnic residents reside. Any increase in parking is likely to impact further on communities already suffering from poverty and the impact of Covid 19 and job losses because of this

- 10.6 The full impacts of Covid 19 and long Covid on the Adult Social Care Service may not be apparent at this time and could possibly lead to more adults experiencing disabilities and additional pressure on Adult Social Care. There may also be a subsequent impact on disabled children along with their parents. It is essential to ensure that both groups receive an appropriate standard of care despite the pressure on services to reduce costs. Subsequently young people transitioning from Children's

social care to Adults Social Care could impact heavily on budget dependent on the needs of individuals identified.

- 10.7 The impact on poverty and inequality may be increased for those residents who were economically affected by Covid 19 and are currently in rent arrears. The rent increase may exasperate this, and mitigation has already been identified to this regard. However, rent increases could potentially increase the number of homeless people and families.
- 10.8 Departments should ensure that they pay due regard to all protected characteristics regarding potential mitigation to proposals.

(Approved by: Denise McCausland, Equalities Programme Manager, Policy Programmes and Performance)

11 ENVIRONMENTAL IMPACT

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

12 CRIME AND DISORDER REDUCTION IMPACT

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

13 DATA PROTECTION IMPLICATIONS

- 13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**
NO

- 13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**
NO, as the report contains no sensitive/personal data

Approved by Nish Popat – Interim Head of Corporate Finance

APPENDIX 1 – SERVICE BUDGETS AND FORECASTS MONTH 10

DIVISION	Approved Budget	Current Actuals	(%age)	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(%age)	(£,000's)	(£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	114,242	89,265	1	113,770	(472)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	7,697	708	0	7,697	-
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	5,412	(1,153)	(0)	5,315	(97)
TOTAL ADULTS	127,351	88,820	1	126,782	(569)
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	14,253	5,572	0	16,217	1,964
C1310E : ESTATES AND IMPROVEMENT	66	273	4	86	20
TOTAL HOUSING	14,319	5,845	0	16,303	1,984
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(167)	911	(5)	(348)	(181)
C1120E : SUSTAINABLE COMMUNITIES	37,911	35,832	1	49,389	11,478
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	12,005	3,104	0	11,284	(721)
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	2,482	2,426	1	2,170	(312)
TOTAL SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	52,231	42,273	1	62,496	10,265
C1605E : RESOURCES DIRECTORATE SUMMARY	145	340	2	307	162
C1610E : DIRECTOR OF FINANCE	11,272	104,225	9	9,907	(1,365)
C1620E : PENSIONS DIVISION	1	1,162	1,162	(76)	(77)
C1625E : MONITORING OFFICER	3,801	1,677	0	3,783	(18)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	32	2,549	80	(82)	(114)
C1640E : LEGAL SERVICES DIVISION	766	(714)	(1)	1,212	446
C1650E : INTERNAL AUDIT SERVICE	8	61	8	14	6
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	19,050	8,336	0	18,308	(742)
TOTAL RESOURCES	35,075	117,635	3	33,374	(1,701)

C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	10,265	424	0	10,040	(225)
C1210E : CHILDREN'S SOCIAL CARE	78,689	48,623	1	71,955	(8,994)
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	795	(2,542)	(3)	886	91
C1220E : EDUCATION DIVISION - exc DSG	12,533	33,083	3	12,413	(120)
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	4,935	3,357	1	4,744	(191)
TOTAL CHILDRENS, FAMILIES AND EDUCATION	107,217	82,944	1	100,038	(7, 179)
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(56)	655	(12)	248	304
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	13,809	22,251	2	13,226	(583)
C1520E : CHIEF PEOPLE OFFICER DIVISION	5	2,126	425	(270)	(275)
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	7,208	6,669	1	6,644	(564)
C1540E : PUBLIC HEALTH	-	(3,624)	-	-0	(0)
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	181	1,290	7	-21	(202)
TOTAL ASSISTANT CHIEF EXECUTIVE	21,147	29,366	1	19,828	(1,320)

Appendix 2 – Capital Programme Month 10

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 8	Approved Budget	Revised Approved Budget as at 24/01/2022	Actual to Date	Forecast for Year	Variance for Year
Scheme Name	2021/22	2021/22	2021/22	2021/22	2021/22
	(£,000's)	£'000	(£,000's)	(£,000's)	(£,000's)
Disabled Facilities Grant	4,373	2,993	676	2,701	(292)
Empty Homes Grants	400	400	(279)	400	-
HOUSING	4,773	3,393	397	3,101	(292)
Adults ICT	284	64	-	64	-
Adult Social Care Provision	4	4	4	4	-
Provider Services - Extra Care	500	-	-	-	-
Sheltered Housing	938	-	-	30	30
ADULTS	1,726	68	4	98	30
Bereavement Services	1,711	800	25	50	(750)
Community Ward Budgets	1,616	-	-	-	-
Finance and HR system	598	498	128	498	-
ICT Refresh & Transformation	9,185	6,430	214	6,430	-
People ICT	7,515	3,500	853	3,500	-
Uniform ICT Upgrade	-	140	79	140	-
Members Enquiries Transformation Bid		29	-	29	(0)
Core Contract Procurement Transformation		470	-	470	-
ASSISTANT CHIEF EXECUTIVE	20,625	11,867	1,299	11,117	(750)
Education - Fire Safety	2,057	450	-	450	-
Education - Fixed Term Expansions	2,124	69	24	69	-
Education - Major Maintenance	7,523	2,945	2,814	2,945	-
Education - Miscellaneous	821	366	354	366	-
Education - Permanent Expansion	403	425	139	425	-
Education - Secondary Estate	134	88	48	88	-
Education - SEN	13,016	11,108	7,188	11,108	-
CHILDREN'S, FAMILIES & EDUCATION	26,078	15,451	10,567	15,451	-
Allotments	309	100	-	100	-
Asset management ICT database	-	-	-	-	-
Brick by Brick programme	20,000	3,797	-	3,797	-
Brick by Brick - Fairfield		4,000	-	4,000	-
Fixtures & Fittings FFH		574	-	574	-
CALAT Transformation	396	6	1	6	-
Electric Vehicle Charging Points	1,700	-	-	-	-
Feasibility Fund	505	505	13	505	-
Fieldway Cluster	3,023	300	(121)	300	-
Growth Zone	8,210	2,500	95	1,700	(800)

Grounds Maintenance Insourced Equipment	1,200	1,000	-	1,000	-
Highways - maintenance programme	17,531	13,474	8,000	11,340	(2,134)
Highways - maintenance programme (staff recharges)	567	-	-	567	567
Highways – flood water management	286	1,076	85	959	(117)
Highways – bridges and highways structures	141	1,139	343	1,139	-
Highways - Tree works	-	89	7	89	0
Measures to mitigate travellers in parks and open spaces	73	73	-	73	-
Leisure centres equipment upgrade	628	628	7	628	-
Libraries Investment - General	1,914	300	76	300	-
Libraries investment – South Norwood library	512	100	-	100	-
Museum Archives	100	-	-	-	-
Neighbourhood Support Safety Measures	50	50	-	50	-
New Addington wellbeing centre	979	-	-	-	-
Parking	3,401	1,735	-	300	(1,435)
Park Life	381	-	-	-	-
Play Equipment	1,522	720	-	720	-
Safety - digital upgrade of CCTV	1,559	20	-	20	-
Section 106 Schemes	4,674	4,674	61	4,674	-
SEN Transport	1,289	-	-	-	-
Signage	137	137	-	137	-
South Norwood Regeneration	5	812	183	626	(186)
Connected Kenley	-	545	-	250	(295)
Sustainability Programme	625	60	-	60	-
TFL - LIP	392	3,884	3,577	3,906	22
Unsuitable Housing Fund	14	14	10	14	-
Waste and Recycling Investment	3,116	1,558	-	1,558	-
Waste and Recycling – Don't Mess with Croydon	1,358	1,558	1	1,558	-
Schemes with completion date prior to 2020/21	(158)	(158)	-	(158)	-
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC DVLPT	76,439	45,269	12,338	40,892	(4,377)
Asset Strategy - Stubbs Mead	3,298	250	-	250	-
Asset Strategy Programme	770	23	-	23	1
Asset Acquisition Fund	415	25	-	25	-
Clocktower Chillers	462	50	-	50	-
Corporate Property Programme	4,248	2,794	350	2,794	-
Crossfield (relocation of CES)	(146)	146	8	146	-
MHCLG Code Sharing Project	-	-	21	21	21
Croydon Healthy Homes (Project code 800156)	-	168	-	168	-

Unclassified Category	-	-	6	6	6
RESOURCES	9,047	3,456	385	3,483	28
Capitalisation Direction	50,000	50,000	33,333	50,000	-
Transformation Spend (Flexible Capital Receipts)	1,893	2,393	-	2,393	-
CORPORATE	51,893	52,393	33,333	52,393	-
NET GENERAL FUND TOTAL	190,581	131,897	58,323	126,535	(5,362)
Asset management ICT database	155	155	-	-	(155)
Fire safety (Sprinkler) programme	5,555	5,555	461	461	(5,094)
Larger Homes	1,339	1,339	-	-	(1,339)
Major Repairs and Improvements Programme	35,306	35,306	11,544	24,547	(10,759)
Affordable Housing	31,932	31,932	22	30,051	(1,881)
BBB Properties part funded by GLA and HRA RTB 141	108,120	108,120	-	5,310	(102,810)
Special Transfer Payments	802	802	48	-	(802)
BBB Land Transfers as Winding Up				7,200	7,200
HOUSING REVENUE ACCOUNT CAPITAL	183,209	183,209	12,075	67,569	(115,640)
GROSS CAPITAL PROGRAMME	373,790	315,106	70,398	194,104	(121,002)