

REPORT:	Cabinet 25th January 2023	
DATE OF DECISION	25th January 2023	
REPORT TITLE:	Period 7 Financial Performance Report	
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AUTHORITY TO TAKE DECISION:		
KEY DECISION	[Yes] or [No]	NO
CONTAINS EXEMPT INFORMATION	[NO]	NO
WARDS AFFECTED:	ALL	
SUMMARY OF REPORT:		
<p>This report provides the Council's forecast outturn as at Month 7 (October 2022) for the General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). The report forms part of the Council's financial management process for publicly reporting financial performance monthly.</p>		

FINANCIAL IMPACT

	Forecast Variance Month 7	Forecast Variance Month 6	Movement
	£m	£m	£m
General Fund over/(underspend)	0.0	0.0	(0)

The General Fund forecast at Month 7 continues to show a balanced budget. However, the £6.6m inflation provision that was being held at Month 6 has been mostly used-up funding the additional cost of the pay award for 2022/23. In addition, there is now no forecast contribution to reserves (£1.8m contribution at Month 6). There remains £0.9m in the corporate inflation contingency budget unallocated as a hedge against further pressures impacting budgets in the remainder of the year.

This report sets out further risks and opportunities. This indicates a net risk of **£5.9m** (risks **£10.3m** and opportunities of **£4.4m**).

	Forecast Variance Month 7	Forecast Variance Month 6	Movement
	£m	£m	£m
Housing Revenue Account over/(underspend)	4.6	4.4	0.2

The Housing Revenue Account is forecasting a **£4.6m** overspend against budget at the end of the year. The main pressures remain utility inflation, increases in legal disrepair costs and void rents.

	Revised Budget 2022/2023	Actual Spend as at 31/10/22	Forecast for year end 2022/2023	Forecast Variance for year end 2022/2023
	£m	£m	£m	£m
Total General Fund and HRA Capital Programme	118.851	26.122	102.541	(16.310)

The Capital Programme has spent **£26.122m** against a **£118.851m** budget at Month 7. The end of year position is forecast to be an underspend of **£16.310m**.

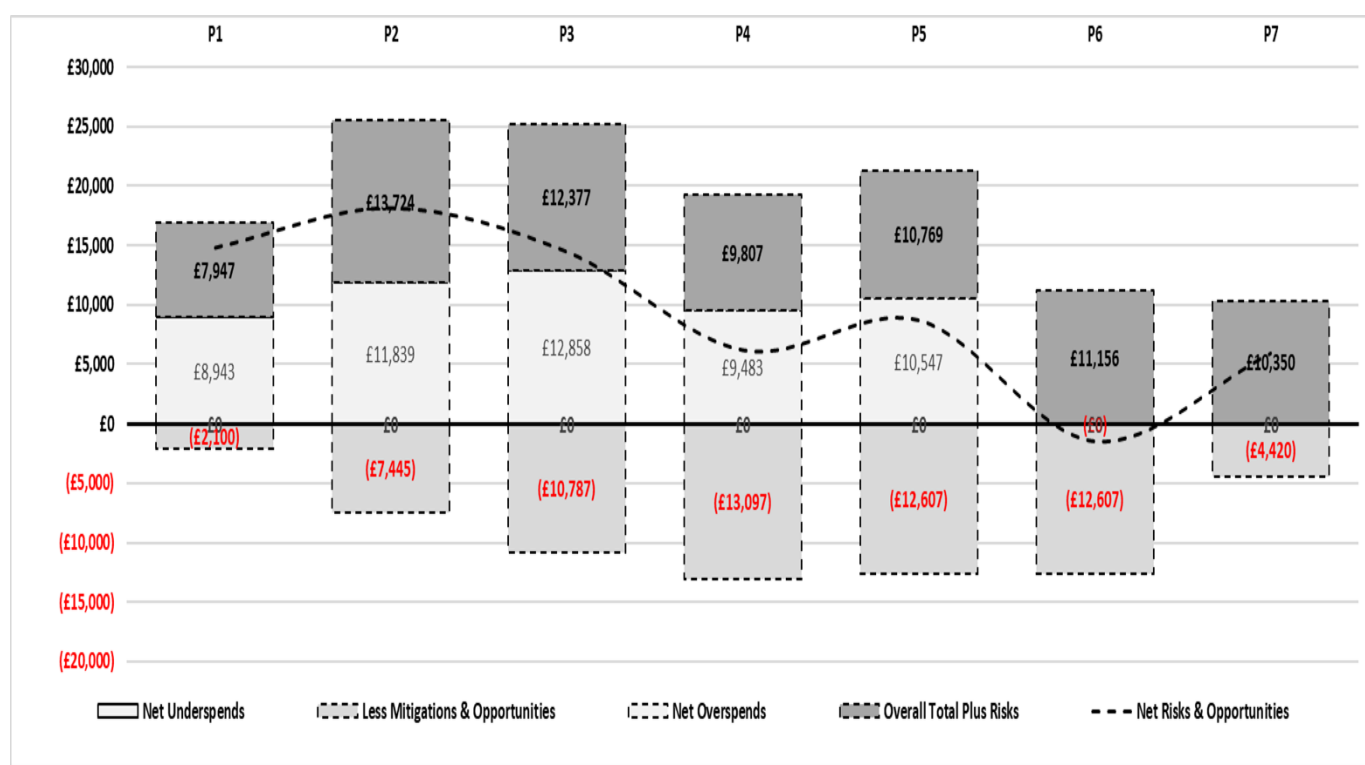
The Executive Mayor in Cabinet is recommended to:

- 1.1 Note the General Fund is forecast to be balanced at Month 7. Service directorates are indicating a £20.656m overspend. This is offset by £4.769m corporate underspend, £4m use of earmarked inflation reserves, £5m use of the general contingency budget and the budgeted £6.8m contribution to General Fund Balances being released.
- 1.2 Note the forecast elimination of the planned contribution to General Fund Reserves of £6.9m for 2022/23.
- 1.3 Note that a further number of risks and compensating opportunities may materialise which would see the forecast change.
- 1.4 Note the actions being taken through the Deficit Recovery plan. Further details are in paragraph 2.16.
- 1.5 To approve the non-delivery of the MTFS savings as indicated within Table 5 and detailed in Appendix 3.
- 1.6 Note the Housing Revenue Account (HRA) is projecting a £4.586m overspend, due to inflation, disrepair costs and void rents.
- 1.7 To approve the capital slippage related to expenditure and financing from 2021/22 of £20.261m as advised in section 6 (Table 6 and 7), and to approve the net reprofiling and additions of £37.505m resulting in a revised capital programme of £118.851m for 2022/23.
- 1.8 Note the Capital Programme spend to date for the General Fund of £16.084m (against a budget of £93.236m) with a projected forecast underspend of £12.165m for the end of the year.
- 1.9 Note the Housing Revenue Account Capital Programme spend to date of £9.318m (against a budget of £25.165m), with a projected forecast underspend of £4.145m for the end of the year.
- 1.10 Note, the above figures are predicated on forecasts from Month 7 to the year end and therefore could be subject to change as forecasts are made based on the best available information at this time.
- 1.11 Note, the Council continues to operate a Spend Control Panel to ensure that tight financial control and assurance oversight are maintained A new financial management culture is being implemented across the organisation through increased scrutiny, such as the monthly assurance meetings, improved communication and budget manager training from CIPFA.

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 the in-year challenges it faces. It covers the General Fund, Housing Revenue Account and Capital Programme. The Financial Performance Report ensures there is transparency in the financial position, and enables scrutiny by the Executive Mayor, Cabinet, Scrutiny, and the public. It offers reassurance regarding the commitment by Chief Officers to more effective financial management and discipline.
- 2.2. The General Fund revenue forecast outturn for Month 7 continues to show a balanced position. There has been an increased pressure in departments which has been offset again reducing the planned contribution to reserves and the amount held back in contingency for future inflationary pressures.
- 2.3. There are a further set of risks and opportunities, which indicate a net risk of £5.9m (risks £10.3m and opportunities of £4.4m). The risks are not yet sufficiently developed to be included in the outturn forecast. Depending on how the risks and opportunities materialise, they may have a further negative impact on the projected outturn forecast. Should all the risks materialise, and none of the mitigations be effective, the Council is forecast to overspend by £10.350m. Key drivers of the projected overspend are non-delivery of savings agreed at Full Council in March 2022 and other new pressures previously not anticipated. However, if none of the risks materialise and all the opportunities are delivered, the Council will underspend by £4.420m. The risks and opportunities are detailed in Appendix 3-6 of the report and summarise in Table 5 by directorate.
- 2.4. The Financial Performance Report for Month 7 predates the issuing of the s114 notice on 22 November 2022 and any impact of the increased spend controls introduced will be reflected in future months' reports. It should be noted that the s114 notice was issued to address the 2023/24 financial forecast.
- 2.5. The chart below illustrates the trend in the monthly monitoring reports for this financial year and shows both the forecast as well as the quantum of risks and opportunities, together with the impact should all risks and opportunities fully materialise (dashed line).

Chart 1 – Monthly financial movements on Monthly Forecast, Risk & Opportunity



- 2.6. Work continues to bring the pressures down and find mitigations to ensure the Council stays within budget. The impact of the in-year position is also being considered as part of the planning for 2023/24.
- 2.7. The Housing Revenue Account is forecasting an overspend of £4.586m (an increase of £0.161m on the Month 6 forecast).
- 2.8. The Capital Programme for both the General Fund and Housing Revenue Account is reporting a total expenditure to date of £26.122m of which £16.804m is General Fund and £9.318m Housing Revenue Account. The overall capital spend is projected to be £102.541m against a revised budget of £118.851m. This will result in a £16.310m underspend to budget.
- 2.9. The 2022/23 General Fund budget includes the use of a £25m capitalisation direction. This follows the use of a £50m capitalisation direction in 2021/22. The capitalisation direction was approved (minded to) by the Department of Levelling Up, Housing and Communities (DLUHC) in March 2022 subject to regular positive reports from the Improvement and Assurance Panel and the Budget was approved at Full Council on 7th March 2022. It should be noted that capitalisation directions provide one-off support for a financial year and do not resolve the underlying financial pressures that require their use.
- 2.10. 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.

- 2.11. The format of this report will continue to evolve and expand as it will be important for the Council to be able to identify the additional pressures that the global economic crisis is causing in inflation and the impact on supplies and services the Council provides.
- 2.12. The Council continues to build on the improvements in financial management that were made over the past year, however there is a considerable amount yet to do, which is fully recognised within the organisation.
- 2.13. The Medium-Term Financial Strategy 2023/24 to 2025/26 Update report to Cabinet on 30 November 2022 set out the latest on the Council's financial position. The "Opening the Books" programme initiated by the Executive Mayor has revealed further historic legacy issues, referred to in previous Finance Performance Reports along with mistakes in the budget set for 2022/23, that have undermined the ability of the Council to become financially and operationally sustainable over the current agreed medium term financial strategy. The report set out in detail these issues, the reasons behind the issuing of a Section 114 Notice in relation to balancing the Council's budget from 2023/24 onwards, and the state of negotiations with DLUHC to agree a further package of support.
- 2.14. A monthly budget assurance process and independent challenge of expenditure by the Improvement and Assurance Panel takes place. This is in addition to Cabinet, and Scrutiny and Overview review. The monthly budget assurance process has been reviewed and strengthened based on the learning from last year. The aim of the officer assurance meetings is to provide the Corporate Director of Resources (Section 151 Officer) and the Chief Executive with an opportunity to scrutinise and challenge the forecast outturn, review risks and opportunities to mitigate, challenge the use of accruals and provisions, ensure savings are delivered and income targets are met. The meetings ensure the Council is doing all it can to reduce overspends and deliver a balanced budget.

Deficit Recovery Plan

- 2.15. Each Directorate has been asked to identify mitigations and in year cost reductions to ensure that the Council brings its expenditure within budget. Table 1 sets out the mitigations put in place. Where the proposals are confirmed, their impact is already included in the projected outturn for the year. Where there is further work required to confirm them, they are included in this report as opportunities.

Table 1 – Deficit Recovery Plan

	£m	
Delivery Plans in Forecast		
Duplication of interest costs budget in Resources	2.400	Included within Resources forecast.
Increased Court Costs Income	0.700	Included within Resources forecast.
Council Tax Support Scheme	1.100	Included within Resources forecast.
Reduction in loan non-repayment provision	1.400	The Council plans to release a £1.4m provision previously set aside to support potential risks to commercial loans. The loan is now likely to be repaid in full.
Election Account	0.241	Included within Assistant Chief Executive forecast
Forecast Total	5.840	
Delivery Plans as Opportunities		
Public Health	1,000	Cross directorate reallocations of budgets, detailed in opportunities.
Housing Benefits	0.850	Included within Resources opportunities
Staff changes	0.100	Included within Resources opportunities
Children's Services Legal Costs	0.285	Included within Children's opportunities
CIL substitution for General Fund expenditure	0.500	Included within SCRER's Opportunities
Delays in the capital programme	0.605	Reduced amount of £605k included within Corporate as opportunities
Opportunities Total	3.340	
Grand Total	9.180	

2.16. Work will continue to ensure the Deficit Recovery Plan supports the Council's financial position. The macroeconomic climate is causing further pressure on the Council particularly from a very tight labour market and significant inflationary pressures. Energy expenditure will increase considerably as the UK sees significant increases in wholesale costs. The Council is mindful of the Chancellor's announcement with regards to Energy Bill Relief Scheme which will help towards some of these costs. Further review will need to be done on this however, this proposal will allow the Council to apply for discounts on its energy bills, which will be provided by the energy supplier. The energy supplier will then be able to claim the funds from Government.

Reserves

- 2.17. When the 2022/23 budget was set £6.887m was set aside to add to General Fund Balances. The current financial position of the Council means that at Month 7 the full £6.887m is being released to balance the budget. The position is set out in Table 2 below:

Table 2 – General Fund Balances

General Fund Balances	Budget 2022/2	Forecast Outturn
	£m	£m
Balance at 1st April 2022	27.5	27.5
Planned Contributions to/(from) Reserves	6.9	0
Balance at 31st March 2023	34.4	27.5

Unresolved Issues

- 2.18. The Council's overall financial position is still subject to a number of unresolved issues. The latest position on these was set out in the 30 November 2022 Cabinet report titled 'Medium Term Financial Strategy 2023/24 to 2025/26 Update'. This report identified that the legacy adjustment required in relation to Croydon Affordable Homes/Croydon Affordable Tenues is likely to be a reduction to reserves of £9m. This is not yet fully resolved and a further adjustment, reducing reserves by a further £61m, may still be necessary. As well as this adjustment, further legacy adjustments have been identified for the 2019/20, 2020/21, 2021/22 and 2022/23 accounts arising from historic accounting errors. These total a reduction to reserves in those years of £74.6m. Many of the legacy issues identified also need to be adjusted in the Medium-Term Financial Strategy on an ongoing basis.

3. COST OF LIVING CONSIDERATIONS

- 3.1. This report focuses on the Council's budget forecast. It highlights that there are a number of inflationary pressures that the Council, like all local authorities, is managing. The inflation level is at the highest level for 40 years. This impact goes beyond the Council – cost of living is affecting all households and businesses.
- 3.2. These macro-economic factors are impacted by international events, and therefore well beyond the controls of Croydon Council. Despite the limitations, the Council is seeking to support households wherever possible.
- 3.3. A dedicated cost of living information hub has been established on the Council's website. This provides a single source of information, informing residents of the financial support available and signposting to further support, advice and guidance. This information is continually reviewed, updated and improved.
- 3.4. At a national level, household support has been announced in the form of a revised energy price guarantee, designed to limit the inflation on household

energy bills. Households with a domestic energy connection are eligible for a £400 discount this winter. Residents on means-tested benefits will receive a £650 cost of living payment from Government.

3.5. The Council provides a wide range of support for residents that may be struggling due to the cost of living pressures. These include:

- Discretionary support fund for residents in financial hardship
- Council Tax support – For residents on a low income or in receipt of benefits, Council Tax bills could be reduced by up to 100%
- Benefits calculator, to ensure residents receive all the support they are entitled to
- Energy advice, including heating and money saving options, through our Croydon Healthy Homes service
- Free holiday activity clubs with healthy meals for children
- Croydon Works to help residents into employment or get training to get them in to work

3.6. The cost of living information hub also signposts residents to a range of support provided by other organisations in Croydon, including:

- NHS Healthy start vouchers for families
- Free school meals
- Support from voluntary, community and faith sector organisations
- Support for businesses through the London Business Hub and the British Business Bank
- CroydonPlus credit union offers affordable ways to manage money, including savings accounts and loans

4. DETAILED FINANCIAL POSITION

4.1. The Month 7 financial forecast is driven by £14.713m described as the non-delivery of savings but is more a reflection of the issues around the accuracy of budgets, £5.182m of departmental pressures offset by a £5.795m corporate underspend, £4.000m use of earmarked reserves, £5.000m use of the general contingency budget and a budgeted £6.887m contribution to General Fund Reserves no longer going ahead.

4.2. The detailed forecast outturn per Directorate for the General Fund is shown below in Table 3.

Table 3 – Month 7 Forecast per Directorate

	Forecast Variance as at Current Month 7	Forecast Variance as at Prior Month 6	Change From Month 7To 6	Savings Non-Delivery as at Month 7	Other Pressures as at Month 7
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Children, Young People and Education	(1386)	(1,265)	(120)	1,090	(2,476)
Adult Social Care and Health	(1,097)	(1,064)	(33)	5,314	(6,411)
Housing	3,517	3,589	(72)	1,761	1,756
Sustainable Communities Regen & Economic Recovery	14,663	14,894	(231)	5,743	8,920
Resources	5,200	4,714	487	172	5,028
Assistant Chief Executive	(241)	(974)	732	412	(653)
Departmental Total	20,656	19,895	762	14,492	6,164
Corporate Items & Funding	(20,656)	(19,895)	(762)	-	(20,656)
Total General Fund	(0)	0	(0)	14,492	(14,492)

4.3. Net overspends and underspends within the service budgets are presented as a forecast variance (as per Table 3) and are additionally classified as either non-delivery of agreed in year savings or other pressures which were not foreseen or quantifiable at the time of setting the budget.

Risks and Risk mitigations

4.4. The outturn forecast excludes further potential risks and risk mitigations which are summarised in Table 5 and detailed out in Appendix 5. Risks are split into MTFS savings risks and other risks. Savings risks relate to savings proposals that were approved at Full Council in March 2022. Other risks are risks that have arisen from other operational challenges but not related to the delivery of savings. Risk mitigations are proposals that the services have identified that would mitigate their risks and help bring spend back within budget.

MTFS Savings

4.5. Savings are at various stages of delivery, and it is important that the Council transparently reports progress. Savings which are not deliverable are included within the forecast as overspends. Table 4 provides a summary of progress per directorate on delivery of their savings targets. Both savings not delivered and those at risk of non-delivery are detailed in Appendix 3 and 4 of this report.

Table 4 – Progress on MTFS Savings

Division	Target Value £'000s	Balance Not Delivered (In Forecast) £'000s	On Track Value £'000s	Delivered Value £'000s	Current Month At Risk Value £'000s	Prior Month At Risk £'000s	Change from Prior Month At Risk £'000s
Children, Young People and Education	(9,564)	1,090	7,336	1,077	61	1,141	(1,080)
Adult Social Care and Health	(16,500)	5,314	1,851	8,364	971	519	452
Housing	(2,841)	1,761	682	0	398	0	398
Sustainable Communities Regen & Economic Recovery	(12,396)	5,743	2,969	967	2,718	2,718	0
Resources	(3,029)	172	2,857	0	0	0	0
Assistant Chief Executive	(9,543)	412	8,281	250	600	600	0
TOTAL FOR MTFS	(53,873)	14,492	23,976	10,658	4,748	4,978	(230)

4.6. The detail of each opportunity and risk both those that are quantifiable and non-quantifiable can be seen in detail in appendix 5 and 6 to this report. Table 5 below gives a summary of the risks and opportunities by department.

Table 5 – Summary of Risks and Opportunities

	MTFS Savings - At Risk	Other Quantifiable Risks	Quantifiable Opportunities	TOTAL
	£'000	£'000	£'000	£'000
Children, Young People and Education	61	2,698	(1,783)	976
Adult Social Care and Health	971	-	(380)	591
Housing	398	1,250	-	1,648
Sustainable Communities Regen & Economic Recovery	2,718	1,654	(1,292)	3,080
Resources	-	-	-	-
Assistant Chief Executive	600	-	(360)	240
Corporate Items & Funding	-	-	(605)	(605)
Total Month 7	4,748	5,602	(4,420)	5,930
Total Month 6	4,978	4,444	(12,607)	(3,186)
Variance	(230)	1,158	8,187	9,115

DIRECTORATE VARIANCES

4.7. The chart below shows the forecast by Directorate for both the current and previous month:

Chart 2: Forecast per Directorate as at Month 7



4.8 Children, Young People and Education (CYPE)

At Month 7 a **£1.386m underspend** has been forecast alongside £0.061m of MTFs savings at risk of non-delivery together with £2.698m of other risks against £1.783m of opportunities. This is a favourable movement from Month 6 of £0.410m.

The £1.386m underspend is the net position of a £0.300m incorrect public health income budget which will be offset with a net benefit of £1.686m through underspends in Quality, Commissioning and Performance Improvement of £0.808m, Children's Social Care of £0.920m and an overspend of £0.042m in non-DSG Education services.

The Directorate has also identified £2.698m of other risks which if realised could have a material impact on the CYPE forecast. These relate to cost pressures such as inflationary pressures above and beyond Council budgets and loss of income or contribution from the Council's partners.

However, the Directorate has identified potential opportunities of £1.783m from re-purposing grants and reducing legal costs substantially due to a reduction in age related assessment challenges.

4.9 Adult Social Care and Health (ASCH)

At Month 7 an **underspend of £1.097m** is forecast which is an improvement of £0.031m. This includes £10.215m savings achieved or on track, £0.971m savings are at risk of non-delivery and £5.314m savings are not deliverable. Quantified opportunities remain the same as period 6.

The forecast underspend of £1.097m is a net position, the key items being:

- £2.962m Underspend in staffing which, in return, is a barrier to achieving savings. This is an increased underspend of £0.785m. There is a national shortage of both social workers and occupational therapists, recruitment to many roles is proving challenging.
- £0.668m Underspend following the detailed of 21/22 accruals for planned care cost. It is usual that care is delivered at a lower level than planned for many reasons including delayed hospital discharge, temporarily staying with family etc. However, this year is slightly higher than normal which is believed to be Covid related.
- £5.295 Non delivery of savings which had previously been shown as at risk, £3.215 in 18-65 Disabilities, £1.195m in Over 65 Localities and a £0.380 incorrect Public Health income budget which will be corrected. This is being mitigated by managing demand for care and other underspends.
- £0.555m Overspend in care for 18–25-year-old Transitions clients which is a reduction of £0.073m from month 6.

Unquantified Risks present continued concerns as to impact upon the Directorate budget over the remainder of the financial year:

- Potential post COVID-19 latent demand working through the population resulting in additional care package placements and community equipment.
- Inflation, rising fuel costs will result in significant expenditure for ASC Providers – may result in claims for increased fees and/or financial instability with potential for ‘handing back’ contracts.
- Hospital discharge pressure as current system risk is running at winter activity levels due to COVID-19. To assist pressures in the health and care system, the Adult Social Care Discharge Fund has recently been announced which should mitigate the worst of these pressures.

- High vacancy rate is caused by significant challenges in recruitment across the Directorate. This means staff are focussed on statutory delivery, rather than transformation. This is a national issue.

Continued detailed analysis of demand and cost will take place each month to the end of the financial year to enable, where possible, an estimate of the value of these current Unquantified Risks as listed.

Finance continues to work closely with the service to improve reporting and monitoring for finance and performance data to give additional quality assurance.

4.10. Housing

At Month 7, Housing is forecasting a **£3.517m overspend** when compared to budget. This is largely a result of the ongoing pressure within the Emergency accommodation area (£2.6m overspend) and other pressures within the longer term leased temporary accommodation (£1.2m) against which there are small underspends to offset in some part these pressures within homelessness support.

The forecast is reflective of the rapidly worsening housing market within London within 2022 as private sector landlords are increasing rents or leaving the market; tenants are struggling with the cost-of- living crisis.

There has also been a concerted effort to hold homelessness accommodation costs down across London through partnerships with organisations like Capital Letters and via the agreed Pan-London temporary accommodation rates. The rates can no longer be contained through as demand outweighs available affordable supply. At a recent Pan London meeting, all boroughs confirmed that they are no longer paying the agreed Pan London rates to ensure they meet their demand challenges. A combination of all these factors has led to an increase in both the average cost of emergency and temporary accommodation that Croydon can secure to meet demand, as well as an increase in the use of nightly paid emergency accommodation to compensate for the loss of some longer-term leased accommodation because of landlords leaving the market.

Transformation projects are underway to review and change processes within the department with the aim of preventing homelessness to reduce the use of emergency accommodation, increasing tenant move-ons into settled housing solutions and becoming more commercial focused in negotiations with private landlords to improve our property supply. Whilst every effort is being made to reduce the overspend and improve the position moving into 2023/24 the pressures in the market will remain challenging.

4.11. Sustainable Communities, Regeneration & Economic Recovery (SCRER)

In Month 7, SCRER is forecasting a net **overspend of £14.663m**.

The main area of overspend relates to £13.6m shortfall in parking income, £0.839m relating to streetlighting energy costs and £0.5m SEN transport costs. This position has moved favourably from Month 6 by £0.231m.

There are also £1.654m other risks identified and £2.718m of MTFs savings at risk. However, the service has identified £1.292m of opportunities which will need to be worked through to confirm their achievability.

The service areas that are experiencing these overspends are within the Sustainable Communities division and particularly in the parking teams. Demand for parking services has not returned to pre-pandemic levels and this is affecting all areas of parking which includes, ANPR, pay and display and on-street parking. The division is also expecting delays in obtaining a license from government to run the Selective Licensing scheme which is further adding pressure of £1.580m.

The Council applied to renew its Landlord Licensing scheme in 2021/22 to the Department of Levelling Up, Housing and Communities (DLUHC). The Council budgeted for £1.5m of income that would be achievable from the scheme in this financial year. However, the scheme was rejected by the Secretary of State for DLUHC due to the lack of a Housing Strategy, one of the requirements for the scheme. The development of the Housing Strategy is being progressed but has not yet been completed due to the many other pressures on the Housing Service and the focus on the delivery of the Housing Improvement Plan. It also requires a review of the Council's policy for Landlord Licensing. It is expected that this will not be completed within the next 12 months and therefore for prudence the service is forecasting the non-delivery of the £1.5m income target.

Further pressures are experienced within Planning and Sustainable Regeneration Services particularly in relation to Building Control income and income from Planning.

4.12. Resources

At Month 7, there is a **£5.200m overspend** projected which is an adverse movement from Month 6 of £0.486m. This movement primarily relates to the re-basing of the income targets for Legal services recharges across the Council £0.633m and a review of the forecast for external legal fees down by £0.398m. This is offset by an increase in Insurance recharge to the HRA for premiums following a review of £0.681m.

The forecast overspend for the year is largely related to loss in housing benefit (HB) The predicted £7.685m overspend on HB is due to the difference between the value of HB expenditure and funding received from DWP on support exempt and temporary accommodation. A cross council working group is currently working to mitigate this over the next few years. This is offset by a net saving of £1.550m in Estates, Asset Management & Facilities. This relates to an historic budget for interest costs which is already covered within a corporate budget, offset by MTFs savings targets that are unachievable.

Currently there is a predicted overspend of £0.279m in Corporate Finance & Treasury. This relates to higher than budgeted spend on specialist finance work and agency costs pending a restructure of the department.

There are no additional savings at risk and no further risks are reported at this point. Unquantifiable opportunities of £0.950m have been identified to try and mitigate the HB subsidy loss in year and reduce staffing costs.

4.13. Assistant Chief Executive

At Month 7, a **£0.241m underspend** is being projected, which is an adverse movement of £0.732m from month 6. The bulk of this movement relates to the final results of a review of salaries funded from capital and transformation within Croydon Digital & Resident Access and a tightening of the capitalisation policy. This has led to an increase in salaries funded from the general fund £1.237m. This has been mitigated by a more favourable forecast for salaries in the Policy, Programme and Performance Team as officers continue to manage vacancy savings of £0.208m and approval for draw down of transformation fund, as additional project staff have been recruited to support the change programmes across the organisation £0.192m. Further planned staffing reviews and holding of vacancies have achieved savings of approximately £0.409m across the Directorate. A review of the Learning & Development budget has led to a saving of £0.100m.

Work is still being carried out to review fees and charges which were devolved to the service without consideration of demand. This will be concluded for P8. The council wide exercise that is taking place will enable the services within ACE to more accurately forecast income and until such time that this is completed, the pressure of £0.205m is factored within the forecast. The rationalisation of software applications project has identified £0.450m of mitigations, which have been included within the forecast. Whilst the remaining £0.300m cannot be met, this is being mitigated down by in year savings. This is not sustainable for 2023/24 onwards. A directive to stand down agency staff for two weeks over the Christmas period will go some way to mitigate the £0.600m saving for agency costs.

4.14. Corporate Budgets

At Month 7, the corporate position is projecting an **underspend of £20,656m**. The corporate budget holds funding and financing streams such as Council Tax, Business Rates income share and General Revenue Support Grant income. The corporate budget also allocates Council wide risk contingency, inflation growth budgets and budgets to fund corporate debt and interest charges.

The corporate projection is after the release of known inflationary pressures and the release of contingency for the impact of the pay award. It also includes a small contingency for further inflation pressures are likely to impact the Council's budget during the remainder of the year. The current uncommitted balance of the corporate inflation provision will be held as a hedge against further pressures. The corporate projection also reflects underspends against contingency budgets

and risk provisions. A provision of £1.400m has been released and relates to risks to a key commercial loan which is now expected to be fully paid back in full.

A one-off £4.0m of reserve drawdown will support the in-year inflationary pressures that the Council is facing. An opportunity has been identified due to the reversal of the 1.25% National insurance increase.

As set out in paragraph 2.17 the Month 7 forecast reflects that there will be no contribution to General Fund balances.

4.15. The report 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 directorate experience of the service.

5. Housing Revenue Account (HRA)

5.1 At Month 7 HRA is forecasting a **£4.586m overspend** compared to budget. The pressure to budget is made up of an additional £1.8m on existing utilities costs as well as disrepair and legal compensation costs increases of £1.5m. Forecasts have also been included recognising the additional inflationary pressure on the repairs service and increased costs of managing the estates.

5.2 While there are some minor underspends that offsetting the increases costs further work to review all budgets and recharges across the HRA is being undertaken to mitigate the pressures.

Table 5 – Housing Revenue Month 7 forecast

SERVICES	Projected Variance Month 7	Variance For Month 6	Change From Previous Month	Explanation of Variations
	£'000	£'000	£'000	
Responsive Repairs and Safety	1,337	1,392	(54)	Legal Disrepairs compensation forecast has been increased by £752k. Responsive Repairs pressure of £700k has now being absorbed by capitalisation of other Responsive Repair costs. Other savings have been moved to balance the Responsive Repair re-procurement activity.
Asset Planning and Capital Delivery	(115)	(74)	(41)	There remain a number of staff vacancies within this service area. These vacancies have reduced from Month 5.
Allocations Lettings and Income Collection	1,366	1,248	117	The potential risk due to cost of living has now been factored into the forecast as pressure. The projected void losses are based on Month 6 performance. A programme is in place to address this. This pressure also includes garage rental voids

SERVICES	Projected Variance Month 7	Variance For Month 6	Change From Previous Month	Explanation of Variations
	£'000	£'000	£'000	
Allocations Lettings and Income Collection	(65)	(96)	31	Reduction in forecast for Safety Equipment
Tenancy and Resident Engagement	2,563	2,454	108	Reduction in forecast for Grounds Maintenance & Legal. The forecast overspend is made up of an additional £1.8m pressure on utilities. Additional grounds maintenance costs; legal fees and legacy water charges are also included in the pressure.
Directorate & Centralised costs	(500)	(501)	1	There are vacancies within the centralised budgets. There is also a review underway to ensure charges have been correctly posted to other service areas within the HRA
	4,586	4,424	161	

6. Capital Programme

- 6.1 The General Fund and Housing Revenue Account capital programmes have currently spent **£26.122m** to the end of Month 7. This is against a revised budget of **£118.851m** which is subject to approval as part of this report. The budget includes proposed slippage of £20.261m from 2021/22 for schemes that had not yet been completed and budget adjustments which have occurred due to a review and reprofiling of capital projects amounting to £37.505m. These adjustments are as a result of a Review of current schemes that are already in the programme that need to be reprofiled and new schemes.
- 6.2 Forecast spend for the year is **£102.541m** against the revised budget resulting in a forecast underspend of **£16.310m**.
- 6.3 Table 6 below summarises the capital spend to date by directorate with further details of individual schemes provided in Appendix 2. Table 7 gives details of how the capital programme is financed.

Table 6 – Capital Programme as at Month 7

General Fund Capital Programme	Approved Budget	Proposed Slippage Subject to Approval	Budget Adjustment	Revised 2022-23 Budget	Actual	Forecast as at M7	Variance
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care and Health	1,707	-	(1,587)	120	30	30	(90)
Housing	3,493	999	(100)	4,392	988	3,501	(891)
Assistant Chief Executive	14,028	2,659	(9,722)	6,965	2,165	6,965	(0)
Children, Young People and Education	15,964	4,730	(13,989)	6,705	2,739	7,052	347
Sustainable Communities Regen & Economic Recovery	37,861	9,576	(10,300)	37,137	9,048	27,799	(9,338)
Resources	11,834	2,142	(5,108)	8,868	1,834	6,675	(2,193)
Corporate	2,500	-	1,549	4,049	-	4,049	-
Capitalisation Direction	25,000	-	-	25,000	-	25,000	-
General Fund Total	112,387	20,106	(39,257)	93,236	16,804	81,071	(12,165)
HOUSING REVENUE ACCOUNT	23,708	155	1,752	25,615	9,318	21,470	(4,145)
LBC Capital Programme Total	136,095	20,261	(37,505)	118,851	26,122	102,541	(16,310)

Table 7 – Capital Programme Financing as at Month 7

	Approved Budget	Proposed Slippage Subject to Approval	Budget Adjustment	Revised 2022-23 Budget	Forecast as at M7	Variance
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund						
CIL	7,427	189	61	7,676	8,152	476
s106	2,965	548	(2,652)	861	2,396	1,535
Grants & Other Contributions	33,747	6,514	(11,084)	29,177	17,533	(11,644)
Capital Receipts	2,500	-	4,049	4,049	4,049	-
Reserves	70	-	(70)	-	-	-
Borrowing	65,678	12,855	(27,061)	51,472	48,941	(2,531)
Total General Fund Financing	112,387	20,106	(39,257)	93,236	81,071	(12,165)

	Approved Budget	Proposed Slippage Subject to Approval	Budget Adjustment	Revised 2022-23 Budget	Forecast as at M7	Variance
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
HRA						
Grant			1,200	1,200		(1,200)
MRR	14,059		(1,723)	12,336	12,336	-
Revenue				-		-
Reserves	9,649	155	98	9,902	9,134	(768)
Borrowing			2,177	2,177		(2,177)
Total HRA Financing	23,708	155	1,752	25,615	21,470	(4,145)
Total GF & HRA Financing	136,095	20,261	(39,138)	118,851	102,541	(16,310)

6.4 The Month 7 forecast financing indicates a reduction of £2.5m of borrowing required this financial year for the General Fund and a £2.2m reduction in the borrowing required for the Housing Revenue Account.

7 FINANCIAL AND RISK ASSESSMENT IMPLICATIONS

7.1 Finance comments have been provided throughout this report.

7.2 The Council continues to operate with internal spending controls to ensure that tight financial control and assurance oversight are maintained, and a new financial management culture is being implemented across the organisation through increased communication on financial issues and training for budget managers.

7.3 In-year savings are being sought across the Council to mitigate the projected overspend. Early actions are reported in the opportunities contained within this report. The impact of the in-year position is also being considered as part of the budget planning for 2023/24.

7.4 The Council currently has a General Fund Reserve of £27.50m which serves as a further cushion should not all the overspend be eliminated by the end of 2022/23. However, any use of these reserves would have to be reinstated in later financial years as it's a one-off support and not a permanent solution.

(Approved: Jane West – Corporate Director of Resources & S151 Officer)

8 LEGAL IMPLICATIONS

- 8.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and 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 Section 28 of the Local Government Act 2003 provides that the Council is under a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 8.3 In addition, 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.
- 8.4 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report also demonstrates compliance with that legal duty.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law and Deputy Monitoring Officer on behalf of the Director of Legal Services and Monitoring Officer)

9 HUMAN RESOURCES IMPLICATIONS

- 9.1 There are no immediate workforce implications as a result of the content of this report, albeit there is potential for a number of the proposals to have an impact on staffing. Any mitigation on budget implications that may have direct effect on staffing will be managed in accordance with relevant human resources policies and where necessary consultation with recognised trade unions.
- 9.2 The Council is aware that many staff may also be impacted by the increase in cost of living. Many staff are also Croydon residents and may seek support from the Council including via the cost of living hub on the intranet. The Council offers support through the Employee Assistant Programme (EAP) and staff may seek help via and be signposted to the EAP and other appropriate sources of assistance and advice on the Council's intranet.

Approved by Dean Shoesmith, Chief People Officer)

10 EQUALITIES IMPLICATIONS

- 10.1 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.
- 10.2 In setting the Council's budget for 2022/2023, all savings proposals must 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. If any impacts arise, officers will offer mitigation to minimise any unintended impact.
- 10.3 The core priority of the Equality Strategy 2020-2024 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, disabled people and their families along with adults utilising social care provision is key to this regard. Though families and single parents are not classed as a protected characteristic under Equality Act 2010, the impact may still be considered locally.
- 10.4 The cost-of-living increase has impacted heavily on the most economically vulnerable in society. Energy increases have led to some vulnerable groups having to make a choice between heating and eating. The support provided to some families by the government will go some way to supporting residents and families in need. Despite proposed increases in fees and charges being below the rate of inflation they may still have a detrimental impact on residents from our most vulnerable groups. This could potentially have an adverse impact on poverty and inequality which may potentially impact on some characteristics more than others. Research identifies the impact on some Disabled groups, communities from the Global Majority, African, Asian, African Caribbean households and other communities, young people. Research also indicates that there is an intersectional impact on young people from racialised communities and both Disabled and pregnant women. Deprivation in borough is largely focused in the north and the east where most ethnic residents from the African, African Caribbean and Asian communities reside.
- 10.5 In setting this budget the Council has sought to mitigate the impact on all residents who may be economically affected at this time. Research states that the protected characteristics that are likely to be most impacted by fee rises and the cost-of-living increase are: young people, African, African Caribbean and Asian communities, Disabled people and some pregnant women. There is also

an intersectional aspect to the impact on equality, such as a higher impact on female dual heritage Disabled individuals and young people from Asian and African/African Caribbean communities have been more affected.

- 10.6 The Council have undertaken a wide range of initiatives to mitigate the effects for those in most need. Details of mitigation for residents is in paragraphs 3.5. Mitigation through support to residents delivered by other local organisations is detailed in paragraph 3.6. The measures include: a cost-of-living hub, a range of financial support and advice including discretionary support and additional support payments, Council tax support, energy advice and a benefit calculator. Residents are also signposted to support from community partners in the delivery of initiatives to support residents such as healthy Schools Clubs. These packages are available to all eligible residents irrespective of equality characteristics and are targeted at those residents who are in the most need.
- 10.7 The full impacts of Covid 19 and long Covid on the Adult Social Care Service are suggested to have an impact on potential spend. This will be exasperated throughout the winter months which see increases in both Covid 19 and flu.
- 10.8 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, have debt to energy companies or elsewhere.

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

11 ENVIRONMENTAL IMPACTATIONS

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

12 CRIME AND DISORDER REDUCTION IMPLICATIONS

- 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

List of Appendices

- Appendix 1 – Service Budgets and Forecasts Month 6
- Appendix 2 – Capital Programme Month 6
- Appendix 3 – MTFS savings not delivered and at risk
- Appendix 4 – MTFS Savings At Risk
- Appendix 5 – Other quantifiable and unquantifiable risks
- Appendix 6 – Quantifiable and unquantifiable opportunities

Appendix 1 – Service Budgets and Forecasts Month 7

	Approved Budget	Current Actuals	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(£,000's)	(£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	107,785	67,705	106,001	(1,784)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	1,171	703	1,551	380
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	14,734	5,589	15,041	307
TOTAL ADULTS	123,690	73,997	122,593	(1,097)
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	8,144	4,638	11,701	3,558
C1310E : ESTATES AND IMPROVEMENT	80	222	39	(41)
TOTAL HOUSING	8,224	4,860	11,740	3,517
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(266)	454	(938)	(672)
C1120E : SUSTAINABLE COMMUNITIES	22,406	24,471	36,455	14,049
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	4,522	3,471	4,298	(224)
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	657	3,789	2,167	1,510
TOTAL SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	27,319	32,184	41,982	14,663
C1605E : RESOURCES DIRECTORATE SUMMARY	(6,922)	273	2,002	8,924
C1610E : DIRECTOR OF FINANCE	9,074	96,815	(130)	(9,204)
C1620E : PENSIONS DIVISION	343	795	9,271	8,928
C1625E : MONITORING OFFICER	2,092	1,217	(6,912)	(9,004)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	1,015	1,684	15,659	14,644
C1640E : LEGAL SERVICES DIVISION	(1,656)	107	292	1,948
C1650E : INTERNAL AUDIT SERVICE	597	729	1,069	472
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	11,688	5,087	179	(11,509)
TOTAL RESOURCES	16,231	106,708	21,431	5,200

	Approved Budget	Current Actuals	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(£,000's)	(£,000's)
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	583	288	583	-
C1210E : CHILDREN'S SOCIAL CARE	72,564	34,851	71,644	(920)
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	(4,630)	(1,428)	(4,630)	-
C1220E : EDUCATION DIVISION - exc DSG	7,073	25,097	7,115	42
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	6,037	1,922	5,529	(508)
TOTAL CHILDRENS, FAMILIES AND EDUCATION	81,709	60,731	80,323	(1,386)
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(93)	486	37	130
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	23,111	15,244	23,859	748
C1520E : CHIEF PEOPLE OFFICER DIVISION	3,198	2,067	2,920	(278)
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	6,097	6,396	5,256	(841)
C1540E : PUBLIC HEALTH	-	(13,042)	(0)	(0)
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	-	(1,719)	0	0
TOTAL ASSISTANT CHIEF EXECUTIVE	32,313	9,432	32,072	(241)
TOTAL	289,486	287,912	310,142	20,656

Appendix 2 – Capital Programme Month 7

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 7	Approved Budget 2022-23	Proposed Slippage Subject to Approval	Budget Adjust- ment	Revised 2022-23 Budget Subject to Cabinet Approval	Actual to Date as at 31/10/22	2022/23 Forecasts as at Month 7	Varia nce for Year
Scheme Name							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Disabled Facilities Grant	2,993	999	-	3,992	865	2,993	(999)
Empty Homes Grants	500	-	(100)	400	15	400	-
Unsuitable Housing Fund	-	-	-	-	108	108	108
HOUSING	3,493	999	(100)	4,392	988	3,501	(891)
Adults ICT	110	-	(110)	-	-	-	-
Adult Social Care Provision	-	-	-	-	30	30	30
Provider Services - Extra Care	500	-	(380)	120	-	-	(120)
Sheltered Housing	938	-	(938)	-	-	-	-
Capital investment in Garden Centre	159	-	(159)	-	-	-	-
ADULT SOCIAL CARE AND HEALTH	1,707	-	(1,587)	120	30	30	(90)
Bereavement Services	1,000	775	-	1,775	1,113	1,775	-
Bereavement Service Dumper Trucks	-	-	39	39	-	39	-
Finance and HR system	500	93	(593)	-	1	-	-
My Resources Interface Enhancement	-	-	75	75	-	75	-
ICT	8,955	-	(8,955)	-	589	-	-
Network Refresh	-	-	141	141	-	141	-
Tech Refresh (was in GF Cap 64)	-	-	610	610	-	610	-
Geographical Information Systems (was in GF Cap 64)	-	-	65	65	-	1,030	965
Laptop Refresh (was in GF Cap 64) NEW BID	-	-	222	222	-	222	-
Cloud and DR (was in GF GAP 64)	-	-	198	198	-	198	-
People ICT	3,000	1,661	(4,661)	-	462	-	-
Synergy Education System	-	-	1,030	1,030	-	65	(965)
NEC Housing System	-	-	2,680	2,680	-	2,680	-

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 7	Approved Budget 2022-23	Proposed Slippage Subject to Approval	Budget Adjust- ment	Revised 2022-23 Budget Subject to Cabinet Approval	Actual to Date as at 31/10/22	2022/23 Forecasts as at Month 7	Varia nce for Year
Scheme Name							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Uniform ICT Upgrade	-	130	-	130	-	130	-
Members Enquiries	43	-	(43)	-	-	-	-
Core Contract Procurement	530	-	(530)	-	-	-	-
ASSISTANT CHIEF EXECUTIVE	14,028	2,659	(9,722)	6,965	2,165	6,965	-
Education – Fire Safety Works	902	26	(152)	776	-	928	152
Education - Fixed Term Expansions	3,243	44	(2,540)	747	49	550	(197)
Education - Major Maintenance	9,549	354	(6,195)	3,708	2,158	4,049	341
Education - Miscellaneous	-	134	232	366	158	139	(227)
Education - Permanent Expansion	44	275	-	319	22	319	-
Education - Secondary Estate	-	39	-	39	41	41	2
Education - SEN	2,226	3,858	(5,334)	750	311	1,026	276
CHILDREN, YOUNG PEOPLE AND EDUCATION	15,964	4,730	(13,989)	6,705	2,739	7,052	347
Allotments	200	-	-	200	177	200	-
Fairfield Halls-Council Fixtures & Fittings FFH	-	574	-	574	571	571	(3)
CALAT Transformation	390	-	(390)	-	-	-	-
Electric Vehicle Charging Points	500	-	(500)	-	-	-	-
Capitalised Feasibility Fund	330	-	(330)	-	-	-	-
Growth Zone	4,000	1,988	-	5,988	60	2,071	(3,917)
Grounds Maintenance Insourced Equipment	200	1,000	(200)	1,000	-	-	(1,000)
Highways	8,618	-	-	8,618	5,510	8,618	-
Highways - flood water management	435	460	-	895	354	895	-

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 7	Approved Budget 2022-23	Proposed Slippage Subject to Approval	Budget Adjust- ment	Revised 2022-23 Budget Subject to Cabinet Approval	Actual to Date as at 31/10/22	2022/23 Forecasts as at Month 7	Varia nce for Year
Scheme Name							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Highways - bridges and highways structures	3,403	-	-	3,403	1,656	2,611	(792)
Highways - Tree works	56	-	-	56	8	56	-
Local Authority Tree Fund	-		96	96	-	-	(96)
Trees Sponsorship	-		46	46	-	-	(46)
Mitigate unauthorised access to parks and open spaces	73	-	(73)	-	-	-	-
Leisure Equipment Upgrade	70	576	(340)	306	276	306	-
Leisure centres equipment Contractual Agr	-		430	430	-	-	(430)
Leisure Centre - Tennis Crt	-		75	75	-	-	(75)
Libraries Investment - General	1,614	224	(1,614)	224	110	224	-
Library Self-Service Kiosks	-		200	200	-	-	(200)
Libraries investment – South Norwood library	412	-	(412)	-	-	-	-
Neighbourhood Support Safety Measures	-	-	-	-	-	-	-
Museum Archives	75	-	(75)	-	-	-	-
Parking	2,141	1,721	(1,131)	2,731	80	3,862	1,131
Removal of Pay & Display	-	-	366	366	-	-	(366)
Play Equipment	380	422	(652)	150	75	150	-
Safety - digital upgrade of CCTV	1,539	12	-	1,551	-	1,539	(12)
Section 106 Schemes	-	-	-	-	4	4	4
Signage	137	137	-	274	-	274	-
South Norwood Good Growth	1,032	176	(87)	1,121	(329)	925	(196)
Kenley Good Growth	425	445	(287)	583	298	583	-
Sustainability Programme	565	60	(75)	550	-	25	(525)

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 7	Approved Budget 2022-23	Proposed Slippage Subject to Approval	Budget Adjust- ment	Revised 2022-23 Budget Subject to Cabinet Approval	Actual to Date as at 31/10/22	2022/23 Forecasts as at Month 7	Varia nce for Year
Scheme Name							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
TFL - LIP	9,266	223	(4,654)	4,835	191	4,835	-
Cycle Parking			226	226	-	-	(226)
EVCP			1,081	1,081	-	-	(1,081)
Car Club			-	-	-	-	-
Waste and Recycling Investment	1,000	1,558	(1,000)	1,558	-	-	(1,558)
Waste and Recycling - Don't Mess with Croydon	1,000	-	(1,000)	-	7	50	50
Schemes with completion date prior to 2020/21	-	-	-	-	-	-	-
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC RECOVERY	37,861	9,576	(10,300)	37,137	9,048	27,799	(9,338)
Asset Strategy - Stubbs Mead	700	250	(900)	50	-	50	-
Asset Strategy Programme	225	23	(208)	40	-	40	-
Asset Acquisition Fund	390	-	(340)	50	-	50	-
Clocktower Chillers	412	-	(382)	30	-	30	-
Corporate Property Maintenance Programme	2,500	1,212	(1,212)	2,500	559	2,360	(140)
Crossfield (relocation of CES)	-	-	-	-	-	-	-
Brick by Brick programme	6,203	(2,053)	-	4,150	-	2,097	(2,053)
Fairfield Halls - Council	1,000	2,448	(1,948)	1,500	1,275	1,500	-
Fieldway Cluster (Timebridge Community Centre)	-	248	-	248	-	248	-
Former New Addington Leisure Centre	-		300	300	-	300	-

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 7	Approved Budget 2022-23	Proposed Slippage Subject to Approval	Budget Adjust- ment	Revised 2022-23 Budget Subject to Cabinet Approval	Actual to Date as at 31/10/22	2022/23 Forecasts as at Month 7	Varia nce for Year
Scheme Name							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Croydon Healthy Homes	404	14	(418)	-	-	-	-
RESOURCES	11,834	2,142	(5,108)	8,868	1,834	6,675	(2,193)
Capitalisation Direction	25,000	-	-	25,000	-	25,000	-
Transformation Spend (Flexible Capital Receipts)	2,500	-	1,549	4,049	-	4,049	-
CORPORATE ITEMS & FUNDING	27,500	-	1,549	29,049	-	29,049	-
NET GENERAL FUND TOTAL	112,387	20,106	(39,257)	93,236	16,804	81,071	(12,165)
Asset management ICT database	-	155	-	155	87	155	-
Fire safety programme	-	-	-	-	512	512	512
Major Repairs and Improvements Programme	23,708	-	(1,625)	22,083	8,703	20,803	(1,280)
TRELIS MEWS	-	-	3,377	3,377	-	-	(3,377)
Affordable Housing	-	-	-	-	16	-	-
BBB Properties part funded by GLA and HRA RTB 141	-	-	-	-	-	-	-
Special Transfer Payments	-	-	-	-	-	-	-
HOUSING REVENUE ACCOUNT	23,708	155	1,752	25,615	9,318	21,470	(4,145)
GROSS CAPITAL PROGRAMME	136,095	20,261	(37,505)	118,851	26,122	102,541	(16,310)

Appendix 3 – MTFS savings not delivered

MTFS Target Reference	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 7
		(£,000's)	(£,000's)
22/23 CYPE 09	Refocusing Public Health funding - New Youth & Wellbeing Offer	(300)	300
22/23 CYPE 07a	NHS Funding	(490)	490
22/23 CYPE 07b	NHS Funding	(300)	300
Children, Young People and Education Total			
22/23 ASCH 07	Refocusing Public Health funding - New Youth & Wellbeing Offer	(380)	380
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	(4,371)	2,021
21/22 ASCH 02	Stretch Savings - Disabilities Operational Budget	(1,213)	1,213
21/22 ASCH 08	Baseline Savings - Older People Operational Budget	(3,195)	1,195
22/23 ASCH 02	Review of Older Adults Packages of Care	(505)	505
Adult Social Care and Health Total			
22/23 HOUS 01	Impact of maximising homelessness prevention	(578)	578
22/23 HOUS 02	Impact of increasing speed of homelessness decisions	(101)	101
22/23 HOUS 03	Increase use of LA Stock for EA/TA	(163)	163
22/23 HOUS 07	Ending EA/TA where the council has no duty	(193)	193
22/23 HOUS 10	Housing supply pipeline maximisation	(80)	80
22/23 HOUS 11	Contract Reviews	(250)	250
22/23 HOUS 13	Income Maximisation - Rent Collection	(240)	0
22/23 HOUS 14	Resident Engagement & Tenancy Services £100,000 saving in 22/23	(100)	100

MTFS Target Reference	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 7
		(£,000's)	(£,000's)
22/23 HOUS 04	Repurpose under-utilised sheltered housing stock	(158)	158
22/23 HOUS 09	Incentivising temporary accommodation leasing schemes	(138)	138
Housing Total			
21/22 SCRER 11	ANPR camera enforcement	(3,180)	2,040
21/22 SCRER 16	Revised Landlord Licensing scheme	(2,300)	2,300
22/23 SCRER 06	Review and reduction of the Neighbourhood Operations (NSO team)	(950)	450
22/23 SCRER 08	Introduction of a variable lighting policy	(417)	417
22/23 SCRER 15	Bus Re-Tender Contract Savings	(120)	40
22/23 SCRER 16	Private Sector Environmental Enforcement	(250)	125
22/23 SCRER 17	Parking charges increase	(650)	285
22/23 SCRER 18	Independent travel optimisation	(20)	20
22/23 SCRER 21	Increase in Pre-Planning Applications	(66)	66
Sustainable Communities Regen & Economic Recovery Total			
21/22 RES 03d	Fees And Charges	(28)	28
22/23 RES 20d	Increase in fees and charges	(142)	142
22/23 RES 20e	Increase in fees and charges	(2)	2
Resources Total			
Corporate Items & Funding Total			
21/22 ACE 05	Fees And Charges	(19)	19
22/23 ACE 12	Increase in fees and charges	(93)	93

MTFS Target Reference	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 7
		(£,000's)	(£,000's)
22/23 ACE 09	Rationalisation of software applications and contracts	(750)	300
Assistant Chief Executive Total			
Total Savings Not delivered			14,492

Appendix 4 – MTFS Savings at Risk

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 7	Savings at risk as at Month 6	Change From Prior Month 7 To Month 6
		(£,000's)	(£,000's)	(£,000's)
21/22 CYPE 05	Review Support for Young People where Appeal Rights Exhausted	61	61	0
21/22 CYPE 06	Improve Practice System Efficiency	0	290	(290)
22/23 CYPE 07a	NHS Funding	0	490	(490)
22/23 CYPE 07b	NHS Funding	0	300	(300)
Children, Young People and Education Total		61	1,141	(1,080)
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	850	0	850
21/22 ASCH 05	Baseline Savings - Mental Health Operational Budget	0	83	(83)
21/22 ASCH 08	Baseline Savings - Older People Operational Budget	0	194	(194)
21/22 ASCH 04	Review of Contracts - OBC Commissioning, Working Age Adults Commissioning and Public Health commissioning	36	132	(96)
21/22 RES 06	HWA contract savings	35	110	(75)
22/23 ASCH 03	Review of Mental Health Packages of Care	50	0	50
Adult Social Care and Health Total		971	519	452
22/23 HOUS 12	Staffing Review	158	0	158
22/23 HOUS 13	Income Maximisation - Rent Collection	240	0	240
Housing Total		398	0	398
21/22 SCRER 14a	Fees And Charges	350	350	0
22/23 SCRER 06	Review and reduction of the Neighbourhood Operations (NSO team)	260	260	0

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 7	Savings at risk as at Month 6	Change From Prior Month 7 To Month 6
		(£,000's)	(£,000's)	(£,000's)
22/23 SCRER 12	Contract Savings - Pay and Display Machines	300	300	0
22/23 SCRER 16	Private Sector Environmental Enforcement	63	63	0
22/23 SCRER 19	New gym in Monks Hill Leisure Centre	90	90	0
22/23 SCRER 20	Non-capital and contract impact of Purley Leisure Centre closure	50	50	0
22/23 SCRER 28	Merger of Management Functions in Place	100	100	0
22/23 SCRER 17	Parking charges increase	365	365	0
21/22 SCRER 11	ANPR camera enforcement	1,140	1,140	0
Sustainable Communities Regen & Economic Recovery Total		2,718	2,718	0
22/23 ACE 18	Contract Savings - Managed Service Provider for Temporary Agency Resources £600K saving in 22/23	600	600	0
Assistant Chief Executive Total		600	600	0
Total Savings at Risk		4,748	4,978	(230)

Appendix 5 – Other quantifiable and unquantifiable risks

Quantified Risks	P7 £'000	P6 £'000	Details of Risk
Children, Young People and Education	2,698	1,198	<p>CLA Cost of Living £1.500m There is an expectation that children in care providers will increase placement costs as cost of living rises</p>
			<p>Pension shortfall pressure £1.198m The increase in the pension contribution in 2020/21 from 16.1% to 26.2% has not been fully funded</p>
Adult Social Care and Health	-	-	None
Housing	1,250	2,000	<p>Emergency Accommodation (EA) Bad Debt Provision £0.250m The workings behind the forecast for the bad debt provision need reviewing as the model is suggesting increases in the forecast whilst collection rates have improved</p>
			<p>Emergency Accommodation Activity levels £1.000m Targeted changes to service operation have been made to reduce the number of people supported by the EA service. These changes are embedded at August 2022 but the financial ledger and other reporting do not reflect lower numbers in the service but instead suggest that numbers are increasing. Investigatory work is about to commence to better understand the activity drivers and the links to the financial results and ensure a more accurate forecast can be brought in future months.</p>
			<p>NSO (£125k) The service is dependent on the closure of the NSO Team and any delays in implementation of the proposal will have an impact on delivery of the saving.</p>

Sustainable Communities Regen & Economic Recovery	1,654	646	<p>Planning Income (£325k) There is a £352k risk to planning income between now and the end of the year down to two reasons. A) Number of and income from major applications is down considerably from last year. 22/23 Period 5 £99k income as opposed to 21/22 Period 5 £300k income; 'B) Income at risk from planning applications exceeding the 8(minor)13 (major) week statutory timeframes which can result in reimbursement of fees if not met. This has started to increase and therefore there is a risk that more will be refunded and therefore increase the pressure on the service. It should be noted that the reason for increased expenditure on staff for Period 5 has been to try and mitigate this.</p>
			<p>Additional Income (7 additional CEOs) £0.077m Additional Income (7 additional CEOs) Parking Income at risk as we have had difficulties in attracting applicants to the vacant CEO roles</p>
			<p>Additional Income £0.192m Additional Income (10p per 30mins) and Ringo discount threshold lower to 100 CO2g/km</p>
			<p>Inflationary Pressure on Fairfield Halls £0.187m Inflationary Pressure on Fairfield Halls contribution requested by BH Live</p>
			<p>GLL Leisure Energy Costs £0.677m 'Pressure Re Contribution to GLL Leisure To Cover Energy Costs Inflation</p>
			<p>Capital Staff Recharges (£169k) As there is no TfL capital funding thus far this year, this is creating a risk of not being able to recharge staff time to capital at the level anticipated in the budget.</p>
Resources	-	-	None
Assistant Chief Executive	-	-	None
Total Quantified Risks	5,602	4,444	

Un-Quantified Risks	P7 £'000	P6 £'000	Details of Risk
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Children, Families and Education	-	-	None
Adults, Health and Social Care			Potential post Covid-19 pandemic latent demand working through the population resulting in additional care packages placements.
			Inflation , rising fuel and food costs significant expenditure for care providers - may result in claims for increased fees or face financial instability
			High vacancy rate is caused by significant challenges in recruitment across the Directorate. This means staff are focussed on statutory delivery, rather than transformation. This is a national issue.
			There is Hospital discharge pressure as the current system risk is running at winter levels due to Covid and backlog despite being summer. Work is being done on a deep dive, as the numbers of placements and equipment cost are rising.
Housing			New Housing Structure (temporary) There remains a temporary structure within Housing, including an Interim Director of Tenancy Services. A change programme is being developed and a bid for Transformation Funding to resource it has been submitted.
			Fire at Sycamore House The financial impact of the fire at Sycamore House, Thornton Heath is as yet unquantifiable.
Sustainable Communities Regen & Economic Recovery	-		Risk To NSRWA Related Income Highways and Parking Although unknown at this stage there is a potential risk to New Roads and Street Works Act Income due to delays and disputes with Utility Companies. Further work is being undertaken to quantify these risks and where possible mitigate the effect.
Resources	-		Legal Trading Model The legal trading services model is under review. Until this review is completed officers are flagging this area as a risk. Last year Legal Services were overspent by £306,000.
Assistant Chief Executive			Risk based upon the lack of available graves for sale until the cemetery extension opens

			Increased competition from neighbouring facilities, perceived increase in direct cremations, viewed as the cheaper option for families as inflation starts to take effect
Corporate Items & Funding	-	-	None
Total Un-Quantified Risks			

Un-Quantified Risks	P7 £'000	P6 £'000	Details of Risk
Children, Young People and Education			None
Adults, Health and Social Care			Potential post Covid-19 pandemic latent demand working through the population resulting in additional care packages placements.
			Inflation , rising fuel and food costs significant expenditure for care providers - may result in claims for increased fees or face financial instability
			High vacancy rate is caused by significant challenges in recruitment across the Directorate. This means staff are focussed on statutory delivery, rather than transformation. This is a national issue.
			There is Hospital discharge pressure as the current system risk is running at winter levels due to Covid and backlog despite being summer. Work is being done on a deep dive, as the numbers of placements and equipment cost are rising.
Housing			New Housing Structure (temporary) There remains a temporary structure within Housing, including an Interim Director of Tenancy Services. A change programme is being developed and a bid for Transformation Funding to resource it has been submitted.
			Fire at Sycamore House The financial impact of the fire at Sycamore House, Thornton Heath is as yet unquantifiable.
Sustainable Communities Regen & Economic Recovery			Risk To NSRWA Related Income Highways and Parking Although unknown at this stage there is a potential risk to New Roads and Street Works Act Income due to delays and disputes with Utility Companies. Further work is being undertaken to quantify these risks and where possible mitigate the effect.
Resources			Legal Trading Model The legal trading services model is under review. Until this review is completed officers are flagging this area as a risk. Last year Legal Services were overspent by £306,000.

			Risk based upon the lack of available graves for sale until the cemetery extension opens
Assistant Chief Executive			Increased competition from neighbouring facilities, perceived increase in direct cremations, viewed as the cheaper option for families as inflation starts to take effect
Corporate Items & Funding			None
Total Un-Quantified Risks			

Appendix 6 Quantifiable and unquantifiable opportunities

Quantified Opportunities	P7 £'000	P6 £'000	Details of Opportunities
Children, Young People and Education	(1,783)	(2,170)	Public Health (£0.300m) Ongoing Internal Review of Public Health Funding towards related expenses
			Children Service legal costs (£0.285m) Review on operations to mitigate legal costs arising from challenges from service users. The aim is to improve the operations and process to ensure all aspects of support is carefully provided
			Vacancies pending permanent recruitment (£1.198m) Ongoing delays in recruitment and onboarding of international social workers
Adult Social Care and Health	(380)	(380)	Public Health (£0.380m) Ongoing Internal Review of Public Health Funding towards related expenses
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	(1,292)	(730)	Community Infrastructure Levy Review (£0.300m) Further use of CIL monies to support revenue expenditure where the conditions met being reviewed.
			Streetlighting review (£0.230m) Current pilot is being evaluated.
			Highways Savings (0.140m) Additional In year Highways Revenue Savings
			Parking Income (£0.192m) Additional In year Parking Income
			Building Control Reserve - (£0.299m) Drawdown from Reserves
			HRA charges (£0.131m) HRA Reserve to Cover HRA Budgets Not Recharged Last Year and Expected not To be This Year

Quantified Opportunities	P7 £'000	P6 £'000	Details of Opportunities
Resources	-	(915)	
Assistant Chief Executive	(360)	(320)	Public Health (£0.320m) Ongoing Internal Review of Public Health Funding towards related expenses.
			Bereavement Capitalisation Bid (£0.040m) Bid request to be submitted to capitalise the cost of 2 dumper trucks included as a cost in the revenue forecast
Corporate Items & Funding	(605)	(8,092)	Reduced borrowing need (£0.605m) Potential saving as a result of a review of borrowing costs to fund the capital programme.
Total Quantified Opportunities	(4,420)	(12,607)	