

# Scrutiny & Overview Committee Supplementary Agenda



**7. Budget Monitoring - Period 4 (Pages 3 - 82)**

The Committee is asked to review the latest Budget Monitoring report for Period 4 (July 2022) and consider whether it is reassured by the progress made in delivering the budget or whether there are any concerns it wishes to flag.

Budget report for 14 September 2022 Cabinet meeting attached.

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<b>REPORT TO:</b>	<b>Cabinet 14<sup>th</sup> September 2022</b>
<b>SUBJECT:</b>	<b>Financial Performance Report – Month 4 (July 2022)</b>
<b>LEAD OFFICER:</b>	<b>Jane West, Corporate Director of Resources (Section 151)</b>
<b>CABINET MEMBER:</b>	<b>Councillor Jason Cummings Cabinet Member for Finance</b>

**SUMMARY OF REPORT:**

This report provides the Council's annual forecast as at Month 4 (July 2022) for the Council's General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). The report forms part of the Council's financial management process of publicly reporting financial performance against its budgets on a monthly basis. Reports for Month 2 and Month 3 are attached for information as this is the first Cabinet meeting since the Month 1 position was reported as part of the Opening the Books Cabinet report in July.

**FINANCIAL IMPACT**

The Month 4 position shows an improvement of the Council's forecast outturn for 2022/23 since Month 3 and a Deficit Recovery Plan has been put in place to deliver savings to mitigate the projected overspend. Work is continuing to look at measures to mitigate and avert any further adverse impacts on the forecast. Early mitigating 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 early planning for 2023/24.

The end of year projection is currently indicating a net overspend of £9.483m against budget. There are a further set of risks and opportunities, which indicate a net opportunity of £3.290m (risks £9.807m and opportunities of £13.097m), but they are not yet sufficiently developed to be included in the outturn forecast.

Should all these risks materialise, and none of the mitigations be effective, the Council is forecast to overspend by £19.290m. However, if none of the risks materialise and all the opportunities are delivered, the Council will underspend by £3.614m.

Paragraph 2.15 includes an initial Deficit Recovery Plan which sets out the actions the Council is taking to mitigate the projected overspend with a view to eliminating it by the end of the financial year.

Section 3 details the risks and opportunities that have been identified at this stage.

The HRA is indicating a £3.147m overspend variance against budget at the end of the year, an adverse movement by £2.071m mainly due to inflation in energy costs.

The Capital Programme has spent £11.360m against a £134.152m budget in the fourth month. The end of year position is forecast to be an underspend of £10.026m.

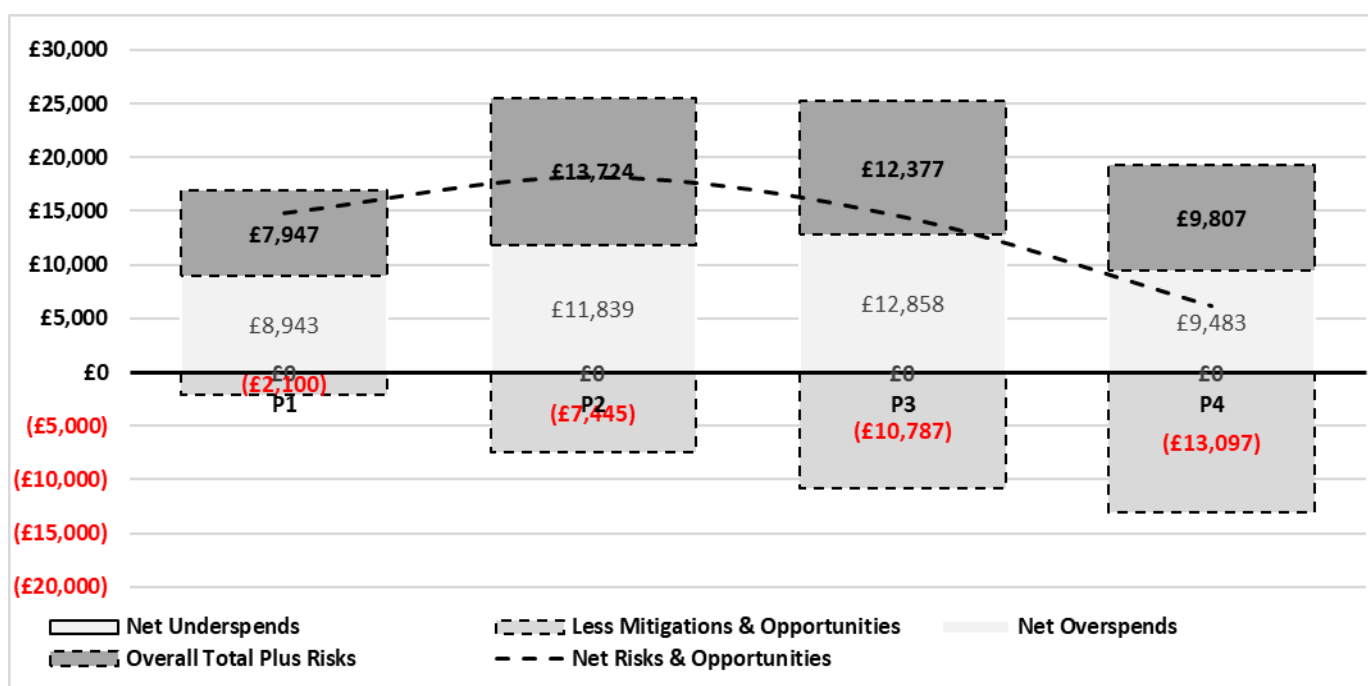
**The Executive Mayor in Cabinet is recommended to:**

- 1.1 Note the General Fund is projecting a net overspend of £9.483m as at Month 4. Service directorates are indicating a £24.252m overspend with a £14.769m underspend corporately.
- 1.2 Note that a further number of risks and compensating opportunities may materialise which would see the forecast year-end variance change. These indicate a net opportunity of £3.290m (risks £9.807m and opportunities of £13.097m) and are reported within Section 3 of this report. Should all these risks materialise, and none of the mitigations be effective, the Council is forecast to overspend by £19.290m. However, if none of the risks materialise and all the opportunities are delivered, the Council will underspend by £3.614m.
- 1.3 Note the further actions being taken, through development of the Deficit Recovery plan, to mitigate the projected overspend with a view to eliminating it by the end of the financial year. Further details are in paragraph 2.15.
- 1.4 To approve that the MTFs savings within Table 2b are not deliverable.
- 1.5 Note the Housing Revenue Account (HRA) is projecting an end of year position of a £3.147m overspend, mainly due to inflation in energy costs.
- 1.6 Note the Capital Programme spend to date for the General Fund of £7.882m (against a budget of £112.069m) with a projected forecast underspend of £5.207m for the end of the year.
- 1.7 Note the Housing Revenue Account Capital Programme spend to date of £3.478m (against a budget of £22.083m), with a projected forecast underspend of £4.819m for the end of the year.
- 1.8 Note, the above figures are predicated on forecasts from Month 4 to the year end and therefore could be subject to change as forecasts are made based on the best available information at this time.
- 1.9 Note, the Council continues to operate with the Spend Control Panel 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 scrutiny, such as the Assurance meetings, improved communication and budget manager training from CIPFA.
- 1.10 Note the full Financial Performance Reports for month 3 (June) and month 2 (May) are provided as appendix 3 and 4 respectively to this report.
- 1.11 Agree the capital schemes listed in paragraph 6.3 are removed from the Capital Programme as following a detailed review, it has been established that they do not meet capital expenditure criteria. These schemes will be assessed as to whether they are still relevant and if so, whether resources are available to deliver them within the General Fund budget for 2022/23.

## 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 GF, HRA and Capital Programme. The FPR ensures there is transparency in our 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 GF revenue forecast outturn for Month 4 is an overspend of £9.483m. This is a favourable movement of £3.375m from Month 3.
- 2.3. There are a further set of risks and opportunities, which indicate a net opportunity of £3.290m (risks £9.807m and opportunities of £13.097m), but 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 £19.290m. 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 £3.614m. These are outlined in detail in Section 3 of this report.
- 2.4. 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**



- 2.5. Further work continues to bring the pressures down and find new mitigations so that the Council ensures that it stays within budget. Early mitigating actions for the projected overspend are reported within the opportunities contained in this report. The impact of the in-year position is also being considered as part of the planning for 2023/24.
- 2.6. The Housing Revenue Account is forecasting an overspend of £3.147m (an increase of £2.071m on the Month 3 forecast). This unfavourable projected variance will either be met by new in-year cost reductions or be met from HRA reserves. The detail of these will be included in the Month 5 report.
- 2.7. The Capital Programme for both the GF and HRA is reporting a total expenditure to date of £11.360m of which £7.882m is within GF and £3.477m for the HRA. The overall capital spend is projected to be £124.126m against a budget of £134.152m. This will result in a £10.026m underspend to budget. A review is currently underway of the Capital Programme with a view to reducing spend in 2022/23.
- 2.8. The 2022/23 outturn forecast includes the use of a £25.00m agreed capitalisation direction, to balance the Council's revenue budget. 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 7<sup>th</sup> March 2022.
- 2.9. 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. The format of this report will continue to evolve over this financial year.
- 2.10. The format of this report will 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.
- 2.11. 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. The Council's financial recovery is outlined within the three-year MTFS. The second year of that strategy has always been recognised as the toughest of the three to deliver as the Council steps down from its reliance on capitalisation directions that allow it to meet revenue costs from capital funding.
- 2.12. The Opening the Books Project is underway to further assure the Council's financial position, the full results of which will be available by January 2023. The project is examining the last three years of the Council's accounts as errors have been identified in areas such as capital charges. It is also examining the accuracy of budgets and the methodology and process for setting them. As an example, overspends totalling £19m have arisen from mistakes in setting three specific budgets:
  - Parking income – the reduction in demand for parking in the borough following the pandemic should have been better reflected in the assumptions for projected activity in 2022/23

- New traffic income projections were included with insufficient contingency built in to reflect the operational challenges of implementing new traffic schemes
- A deficit in the Housing Benefit budget for 2021/22 should have been recognised earlier. It was only picked up at the very end of the year and therefore has not been built into the 2022/23 budget.

2.13. In addition, and as this report identifies, the Council continues to face significant financial pressures. The delivery of Year 1 of the MTFs / financial recovery plan (2021/22) was aided by covid depressed demand for Council services that enabled the monthly expenditure to be reported as an underspend in many areas. Demand has begun to pick up for some Council services which is removing that underspend. There are also early signs of demand increasing for some services due to the cost-of-living pressures being driven by the current national economic outlook. In addition, some resident behaviour which has generated revenue for the Council in the past has failed to be reinstated post-covid. The inflationary pressures already showing in this forecast outturn are significant and further detailed at 2.16.

2.14. The outturn forecast identifies an overspend that the Council will need to mitigate. The Deficit Recovery Plan sets out a range of initiatives to eliminate this overspend. However, this report flags a number of other risks that could be realised and be declared in the outturn forecast during the year which would further worsen the position.

2.15. Over the last financial year, a monthly budget assurance process and independent challenge of expenditure by the Improvement and Assurance Panel took 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. Overall, the meetings ensure the Council is doing all it can to reduce overspends and deliver a balanced budget.

### **Deficit Recovery Plan**

2.16. Each Directorate has been asked to identify mitigations and in year cost reductions to ensure that the Council brings its expenditure within budget to avoid any call on reserves. The following table sets out the mitigations proposed to date. Where the proposals are confirmed, their impact is already included in the projected outturn for the year. Where there is further work to be done to confirm them, they are included in this report as opportunities.

	£m	Allocation with P4
<b>Delivery Plans in Forecast</b>		
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.

Homelessness process changes	0.500	This has been factored within the Housing forecast as it contributes to the reduction in Housing.
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.
<b>Forecast Total</b>	<b>6.100</b>	
<b>Delivery Plans as Opportunities</b>		
Public Health	1.000	Cross department reallocations of budgets, detailed in opportunities.
Housing Benefits (unquantified)	0.815	Included within Resources opportunities
Staff changes	0.100	Included within Resources opportunities
Children's Services Legal Costs	0.570	Included within Children's opportunities
Leaving Care Grant	0.800	Included within Children's opportunities
Children Operational savings	0.500	Included within Children's opportunities
Review of election accounts	0.300	Included within ACE'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
<b>Opportunities Total</b>	<b>5.190</b>	
<b>Total</b>	<b>11.290</b>	

- 2.17. In addition, the Council may be in the position that it does not need to use the budgeted addition to its reserves of £6.9m at the end of 2022/23. The financial year 2021/22 is still subject to further work, but the early indications are that reserves will be sufficient and that a further contribution may not be required. Should it not be necessary to transfer the full £6.9m into reserves, the Council's net expenditure would decrease by £6.9m. This further opportunity increases the total opportunities to £13.097m. If none of the risks materialise and all the opportunities are delivered, the Council will underspend by £3.614m.
- 2.18. Further work will be undertaken to add to this Deficit Recovery Plan. Without this Deficit Recovery Plan the Council's pressures would have been considerably higher.
- 2.19. 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 has budgeted a 5% inflationary uplift on all its contracts costs which is a prudent level compared to historic standards. However current inflation rates, which are higher than 10% and therefore significantly higher than budgeted, pose an added challenge that the Council does not have full control over. The Council cannot absorb all inflationary costs itself and will need to find ways to ensure the burden of these costs is fairly shared with our suppliers and customers.
- 2.20. The Council's overall financial position is still subject to a number of unresolved issues. The Opening the Books project is currently underway reviewing many aspects of the Council's accounts, the results of which will be reported by January 2023. The Council is continuing to work closely with the external auditors on finalising the 2019/2020 and 2020/2021 audit of accounts and is in the process of completing the accounts for



2021/22. The 2019/20 accounts require a resolution in relation to the accounting treatment of Croydon Affordable Homes and Croydon Affordable Tenures which, as previously reported, may have a c£70m impact on the Council's available reserves. Work is ongoing in this area in collaboration with Grant Thornton, the Council's External Auditors. All these areas of work may have implications for this year's budget.

### 3. FINANCIAL POSITION

- 3.1. The overspend of £9.483m is driven by two underlying factors, which are £6.887m non-delivery of savings and £2.596m other pressures which are expanded in section 4 of this report. The 2022/23 General Fund Budget included a number of proposed savings which have ultimately proved to be undeliverable or which are still at risk four months into the financial year. Work is underway to improve budget setting processes and the Opening the Books project is examining this area in order to identify further improvements that can be made.
- 3.2. Directorate teams and Finance colleagues meet monthly to review the forecast position for each area, including risks of overspending and identify further options to mitigate these. A table of risks and opportunities are provided within this section where applicable.
- 3.3. The forecast outturn position of the General Fund is shown below in Table 1.

**Table 1 – Month 4 Forecast per Directorate**

	Forecast Variance as at Current Month 4	Forecast Variance as at Prior Month 3	Change From Month 4 To 3	Savings Non-Delivery as at Month 4	Other Pressures as at Month 4
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Children, Young People and Education	(133)	(125)	(8)	300	(433)
Adult Social Care and Health	(217)	58	(275)	380	(597)
Housing	847	1,386	(539)	50	797
Sustainable Communities Regen & Economic Recovery	15,140	16,491	(1,351)	5,743	9,397
Resources	9,135	8,803	332	302	8,833
Assistant Chief Executive	(520)	(387)	(133)	112	(632)
<b>Departmental Total</b>	<b>24,252</b>	<b>26,227</b>	<b>(1,975)</b>	<b>6,887</b>	<b>17,365</b>
Corporate Items & Funding	(14,769)	(13,369)	(1,400)	-	(14,769)
<b>Total General Fund</b>	<b>9,483</b>	<b>12,858</b>	<b>(3,375)</b>	<b>6,887</b>	<b>2,596</b>

3.4. Net overspends and underspends within the service budgets are presented as a 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 or quantifiable at the time of setting the budget.

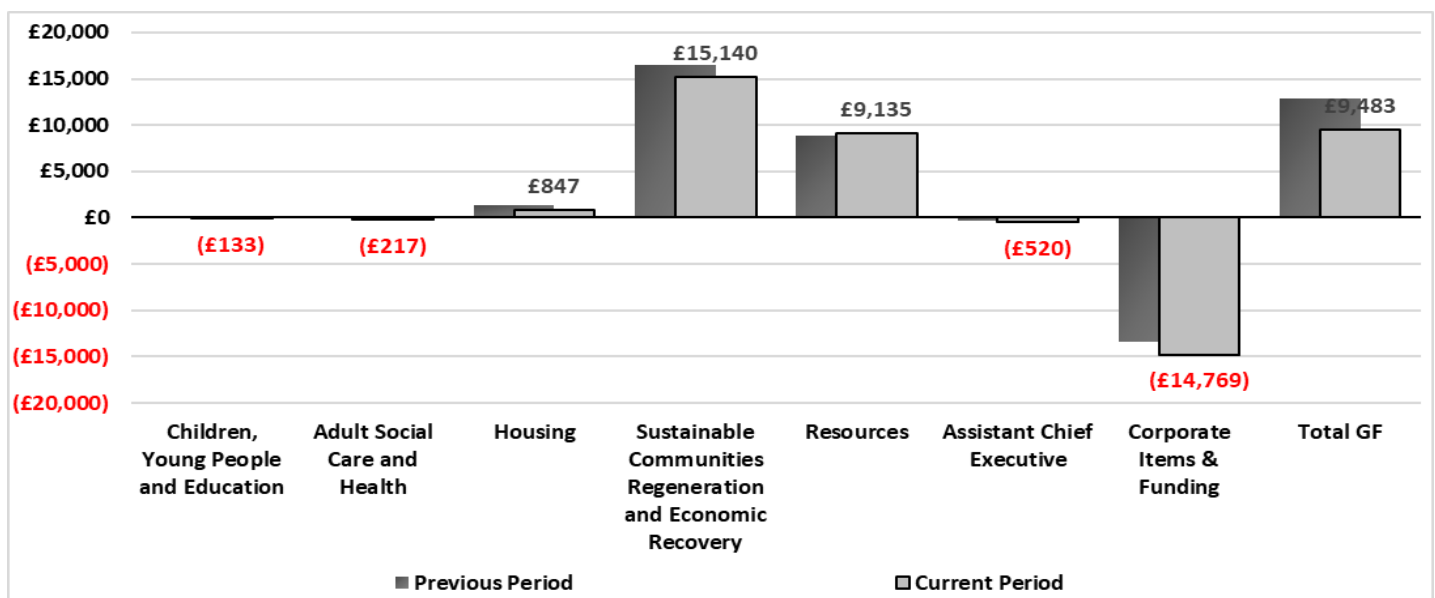
3.5. The main areas of movement from Month 3 are as follows:

- Adult Social Care and Health Directorate’s £0.275m **favourable** movement is due in the main to a staffing underspend particularly within provider services and the assessments team.
- Sustainable Communities, Regeneration and Economic Recovery Directorate’s **favourable** movement of £1.351m is due to the release of corporately held budgets to cover off some inflationary pressures.
- Resources Directorate has moved £0.332m **adversely** from Month 3, which is largely as a result of one-off costs in relation to key consultancy advice sought to support the wider review of companies, increase in agency spend and continued pressures on Housing Benefit shortfall.
- Housing Directorate is indicating a £0.539m **favourable** movement due to further work to identify appropriate properties for Temporary Accommodation and also due to less demand than previously projected.
- Children, Young People and Education Directorate is reporting a £0.008m **favourable** movement from Month 3 relates to staffing underspends.
- Corporate Budget is projecting a further favourable movement of £1.400m from Month 3 due to release of a one-off provision.

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

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

**Chart 2: Forecast per Directorate as at Month 4**



## Risks and Risk mitigations

- 3.7. The outturn forecast has been reported excluding further potential risks and risk mitigations. Risks are split in to MTFS savings risks and other risks. Savings risks relate to savings proposals that were approved at Full Council in March 2022 to deliver a balanced budget. Other risks are risks that have risen 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.
- 3.8. Savings are at various stages in their delivery, and it is important that the Council transparently reports the progress on these. Savings which are not deliverable are included within the forecast as overspends, however other MTFS savings which are at risk of non-delivery are reported in Table 2c, with Table 2b identifying balanced not delivered. Table 2a below provides a summary of progress per directorate on delivery of their savings targets.

**Table 2a – Progress on MTFS Savings**

Division	Target Value £'000s	Savings Not Delivered (In Forecast) £'000s	On Track Value £'000s	Delivered Value £'000s	Current Month At Risk Value £'000s
Children, Young People and Education	(9,564)	300	6,882	1,077	1,305
Adult Social Care and Health	(16,500)	380	8,315	6,453	1,352
Housing	(2,841)	50	1,862	0	929
Sustainable Communities Regen & Economic Recovery	(12,396)	5,743	2,969	967	2,718
Resources	(3,029)	172	2,727	0	0
Assistant Chief Executive	(9,543)	112	8,281	250	900
<b>TOTAL FOR MTFS</b>	<b>(53,873)</b>	<b>6,757</b>	<b>31,036</b>	<b>8,747</b>	<b>7,204</b>

**Table 2b – MTFS savings not delivered**

Directorate & Saving Description	Target Value £000	Savings not Delivered £000
<b>Adult Social Care and Health</b>	<b>-16,500</b>	<b>380</b>
Refocusing Public Health funding - New Youth & Wellbeing Offer	-380	380
<b>Assistant Chief Executive</b>	<b>-9,543</b>	<b>112</b>

Fees And Charges	-19	19
Increase in fees and charges	-93	93
<b>Children, Young People and Education</b>	<b>-9,564</b>	<b>300</b>
Refocusing Public Health funding - New Youth & Wellbeing Offer	-300	300
<b>Housing</b>	<b>-2,853</b>	<b>50</b>
C13767 - Reduction in Welfare Rights by 5 FTE (PLAN A)	-88	50
<b>Resources</b>	<b>-3,139</b>	<b>172</b>
Fees And Charges	-44	28
Increase in fees and charges	-218	144
<b>Sustainable Communities Regen &amp; Economic Recovery</b>	<b>-12,396</b>	<b>5,743</b>
ANPR camera enforcement	-3,180	2,040
Bus Re-Tender Contract Savings	-120	40
Increase in Pre-Planning Applications	-66	66
Independent travel optimisation	-20	20
Introduction of a variable lighting policy	-417	417
Parking charges increase	-650	285
Private Sector Environmental Enforcement	-250	125
Review and reduction of the Neighbourhood Operations (NSO team)	-950	450
Revised Landlord Licensing scheme	-2,300	2,300
<b>Grand Total</b>	<b>-53,873</b>	<b>6,757</b>

- 3.9. Other risks and risk mitigations are split into quantified and unquantified items.
- 3.10. As with the outturn forecast set out in Table 1, risks are separately reported for those elements that relate to potential non or under-delivery of approved savings, as agreed by Full Council in March 2022, and those that are new and not directly related to agreed savings plans.
- 3.11. The Council is encouraged to be transparent in flagging its risks that could potentially result in a change to the outturn forecast. This allows the Council to act and support these challenges before they become realised.
- 3.12. Table 2c below provides for details of MTFs savings that are at risk of non-delivery with a brief commentary of the projects that are not or are unlikely to deliver the expected savings and Table 2d provides a list of quantified and unquantified other risks, which are in addition to the savings risks.
- 3.13. 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.

**Table 2c – Month 4 MTFS Savings Risk**

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 4	Savings at risk as at Month 3	Change From Prior Month 4 To Month 3
		(£,000's)	(£,000's)	(£,000's)
21/22 CYPE 05	Review Support for Young People where Appeal Rights Exhausted	225	225	0
21/22 CYPE 06	Improve Practice System Efficiency	290	290	0
22/23 CYPE 07a and 7b	NHS Funding	790	790	0
<b>Children, Young People and Education Total</b>		<b>1,305</b>	<b>1,305</b>	<b>0</b>
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	833	833	0
21/22 ASCH 05	Baseline Savings - Mental Health Operational Budget	83	83	0
21/22 ASCH 08	Baseline Savings - Older People Operational Budget	194	194	0
21/22 ASCH 04	Review of Contracts - OBC Commissioning, Working Age Adults Commissioning and Public Health commissioning	132	0	132
21/22 RES 06	HWA contract savings	110	0	110
<b>Adult Social Care and Health Total</b>		<b>1,352</b>	<b>1,110</b>	<b>242</b>
22/23 HOUS 11	Procurement of EA Contracts	100	125	(25)
22/23 HOUS 12	Staffing Review	0	113	(113)
22/23 HOUS 13	Income Maximisation - Rent Collection	101	168	(67)
22/23 HOUS 17	Housing Benefit Maximisation	0	60	(60)
22/23 HOUS 04	Repurpose under-utilised sheltered housing stock	158	158	0
22/23 HOUS 07	Ending EA/TA where the council has no duty	97	97	0
22/23 HOUS 09	Incentivising temporary accommodation leasing schemes	104	104	0
22/23 HOUS 01	Impact of maximising homelessness prevention	214	289	(75)
22/23 HOUS 02	Impact of increasing speed of homelessness decisions	40	40	0
22/23 HOUS 14	Resident Engagement & Tenancy Services £100,000 saving in 22/23	60	60	0
22/23 HOUS 03	Increase use of LA Stock for EA/TA	56	0	56
<b>Housing Total</b>		<b>929</b>	<b>1,213</b>	<b>(284)</b>
21/22 SCRER 09	Reduce Spatial Planning (Local Plan Team and Place Making Team)	0	484	(484)

<b>Various</b>	Fees And Charges	350	350	0
<b>21/22 SCRER 16</b>	Revised Landlord Licensing scheme	0	150	(150)
<b>22/23 SCRER 06</b>	Review and reduction of the Neighbourhood Operations (NSO team)	260	260	0
<b>22/23 SCRER 12</b>	Contract Savings - Pay and Display Machines	300	0	300
<b>22/23 SCRER 16</b>	Private Sector Environmental Enforcement	63	63	0
<b>22/23 SCRER 19</b>	New gym in Monks Hill Leisure Centre	90	90	0
<b>22/23 SCRER 20</b>	Leisure contract saving	50	0	50
<b>22/23 SCRER 28</b>	Merger of Management Functions in Place	100	100	0
<b>22/23 SCRER 17</b>	Parking charges increase	365	0	365
<b>21/22 SCRER 11</b>	ANPR camera enforcement	1,140	0	1,140
<b>Sustainable Communities Regen &amp; Economic Recovery Total</b>		<b>2,718</b>	<b>1,497</b>	<b>1,221</b>
<b>22/23 COR SAV 09</b>	Rationalisation of software applications and contracts	300	300	0
<b>22/23 ACE 18</b>	Contract Savings - Managed Service Provider for Temporary Agency Resources £600K saving in 22/23	600	600	0
<b>Assistant Chief Executive Total</b>		<b>900</b>	<b>900</b>	<b>0</b>
<b>Total Savings at Risk</b>		<b>7,204</b>	<b>6,024</b>	<b>1,180</b>

**Table 2d – Other quantifiable and unquantifiable risks**

Quantified Risks	P4 £'000	P3 £'000	Details of Risk
Children, Young People and Education	2,284	3,334	<p><b>Capitalisation income (£0.784m)</b> This is a historic income budget that was added to Children's Social Care. This amount was funded from capital receipts until 2020/21</p> <p><b>CLA Cost of Living (£1.5m)</b> There is an expectation that children in care providers will increase placement costs as cost of living rises</p>
Adult Social Care and Health	-	-	None
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	319	2,592	<p><b>NSO (£0.319m)</b> 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>

			<b>PCN Income</b> Parking Income at risk as we have had difficulties in attracting applicants to the vacant CEO roles.
Resources	-	-	None
Assistant Chief Executive	-	427	None
<b>Total Quantified Risks</b>	<b>2,603</b>	<b>6,353</b>	

<b>Un-Quantified Risks</b>	<b>P4 £'000</b>	<b>P3 £'000</b>	<b>Details of Risk</b>
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.
			<b>Inflation</b> , rising fuel and food costs significant expenditure for care providers - may result in claims for increased fees or face financial instability
			<b>High vacancy rate</b> 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.
			<b>There is Hospital discharge pressure</b> 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			<b>New Housing Structure (temporary)</b> 'We have a new temporary structure within Housing, including an Interim Director of Tenancy Services and three Change Managers, approx. £100k. We have bid for Transformation Funding to resources these additional positions.
Sustainable Communities Regen & Economic Recovery			Although Unknown at this stage there is a potential risk to NSWRA Income due to delays and disputes with Utility Companies in relation to coring activities. Further work is being undertaken to quantify these risks and where possible mitigate the affect.
			<b>SEN Passenger Transport Pressures</b> At present there is a £1m risk in identified within quantifiable risks due to demand on the service in terms of the number of users. Additionally, there is now inflation that is affecting the service with information on what new routes will be being collated. Until the number of required routes is established there is a significant risk of additional costs as fuel rates are high.

Resources			<b>Legal Trading Model</b> 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 £0.306m.
Assistant Chief Executive			<b>Green Lawn Memorial Park</b> Risk based upon the lack of available graves until the cemetery extension opens
			<b>Crematorium</b> 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
<b>Total Un-Quantified Risks</b>			

3.14. Table 3 provides a list of quantified and unquantified risk mitigations or opportunities. 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.

**Table 3 - Quantifiable and unquantifiable opportunities**

Quantified Opportunities	P4 £'000	P3 £'000	Details of Opportunities
Children, Young People and Education	<b>(2,170)</b>	<b>(1,870)</b>	<b>Staying Put Grant (£0.800m)</b> Increasing the income budget in 2022/23 in line with the actual grant
			<b>Children Service legal costs (£0.570m)</b> 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
			<b>Operational Efficiency Savings in Children Social Care (£0.500m)</b> Sustained impact of hybrid working has reduced use of workplace supplies and services across CYPE.
			<b>Public Health (£0.300m)</b> Ongoing Internal Review of Public Health Funding towards related expenses
Adult Social Care and Health	<b>(380)</b>	<b>(380)</b>	<b>Public Health (£0.380m)</b> Ongoing Internal Review of Public Health Funding towards related expenses
Housing	<b>(790)</b>	<b>(790)</b>	<b>Homelessness Prevention Grant reserve (£0.790m)</b> There is a Homelessness prevention reserve available of £790k that can be drawn down on to implement the prevention work. This will be used only when all other in year mitigation options are identified.
Sustainable Communities Regen & Economic Recovery	<b>(730)</b>	<b>(2,697)</b>	<b>CIL Review (£0.500m)</b> Further CIL monies being reviewed to support revenue expenditure where the conditions met.



			<b>Streetlighting review (£0.230m)</b> Current pilot is being evaluated.
Resources	(915)	-	<b>Measures to reduce HB subsidy loss (£0.815m)</b> Measures to reduce Housing Benefit subsidy loss
			<b>Staffing Review (£0.100m)</b> Staff reviews that may lead to further savings in salary costs
Assistant Chief Executive	(620)	(445)	<b>Public Health (£0.320m)</b> Ongoing Internal Review of Public Health Funding towards related expenses Public Health
			<b>Drawdown of Election Reserve Funding (£0.300m)</b> The Council review of the Election Fund Account has identified additional funding available in a reserve.
Corporate Items & Funding	(7,492)	(4,605)	<b>Reduced borrowing need than budgeted (£0.605m)</b> Potential saving as a result of a review of borrowing costs to fund the capital programme.
			<b>Release of Corporate Reserve Top Up (£6.887m)</b> The Council will release corporate reserve top up budget to support in year pressures.
<b>Total Quantified Opportunities</b>	<b>(13,097)</b>	<b>(10,787)</b>	
<b>Un-Quantified Opportunities</b>	<b>P4 £'000</b>	<b>P3 £'000</b>	<b>Details of Opportunities</b>
Children, Young People and Education	-	-	None
Adult Social Care and Health	-	-	None
Housing	-	-	<b>New Housing Structure (temporary)</b> We have a new temporary structure within Housing, including an Interim Director of Tenancy Services and three Change Managers, approx. £100k. We have bid for Transformation Funding to resources these additional positions.
Sustainable Communities Regen & Economic Recovery	-	-	None
Resources	-	-	<b>Recovery of utilities debt from schools</b> still owed from when bills were paid by the council and recharged to schools rather than been billed direct
Assistant Chief Executive	-	-	None
Corporate Items & Funding	-	-	None
<b>Total Un-Quantified Opportunities</b>			

## 4. DIRECTORATE VARIANCE DETAIL

### 4.1. Children, Young People and Education (CYPE)

At Month 4 a £0.133m underspend has been forecast alongside £1.305m of MTFS savings at risk of non-delivery together with £2.284m of other risks against £1.67m of opportunities. This is a **favourable** movement from Period 3 of £0.008m.

The £0.133m underspend is net position of £0.300m of non-delivery of the MTFS saving related to Public Health funding offset with a net benefit of £0.433m through underspends in Children's Social Care of £0.278m and £0.155m in non-DSG Education services.

The Directorate has also identified £2.284m of other risks in Table 2(b) 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 £2.170m from re-purposing grants and reducing legal costs substantially due to a reduction in age related assessment challenges.

### 4.2. Adult Social Care and Health (ASCH)

At Month 4, an underspend of £0.217m is forecast with £1.352m MTFS savings at risk of non-delivery and £0.380m opportunities have been identified.

The underspend is due in the main to the level of vacant posts across provider services.

The forecast has improved and there are still risks that some savings may not be achieved. This is, in part, due to the level of social work vacancies within Social Care Operations. The total risk indicated is £1.252m.

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

- 1) Potential post COVID-19 latent demand working through the population resulting in additional care package placements and community equipment.
- 2) 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.
- 3) Hospital discharge pressure as current system risk is running at winter activity levels due to COVID-19.

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.

There are also opportunities of £0.380m identified in relation of public health.

Deep dive analysis of the budgets in Transitions, Disability Services, Older Peoples Services and Mental Health is underway to support additional quality assurance and grip on the finances of these large and volatile budgets.

#### 4.3. **Housing**

At Month 4, Housing is forecasting a £0.847m overspend in relation to temporary accommodation activity with key risks related to non-delivery of £0.929m of savings. However, the Directorate is looking to draw down £0.790m of housing reserves to support in year pressures and have identified this as an opportunity subject to further review. This will only be released once all other in-year mitigations have been exhausted.

The service is seeing an increase in demand for temporary accommodation and is also facing rising rental costs as the Council struggles to find viable accommodation.

#### 4.4. **Sustainable Communities, Regeneration & Economic Recovery (SCRER)**

In Month 4, SCRER is forecasting a net overspend of £15.140m.

The main area of overspend relates to £10.5m shortfall in parking income, £0.950m relating to streetlighting energy costs and £0.5m SEN transport costs. This position has moved favourably from Month 3 by £1.351m.

There are also £0.319m other risks identified and £2.718m of MTFs savings at risk. However, the service has indicated £0.480m of opportunities which will need to be worked through to confirm their deliverability.

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 in 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.

#### 4.5. Resources

There are no additional savings at risk and no further risks, however opportunities of £0.950m have been identified in relation to reducing the loss in relation to housing benefit which are being reviewed at this point and staff savings.

At this point in the year there are two significant areas of overspend.

1. Council wide utilities £4m. This is a national issue caused by wholesale increases in energy markets. Croydon's contract which was renewed in April 2022 is now subject to wholesale variations resulting in increased costs in 22/23.
2. Housing benefit recovery £7.685m (net position).

These are offset by interest payable on commercial properties gross of £2.445m (Net £1.636m).

Of the three key risks that were identified two have been mitigated down by predicted savings elsewhere.

Finance will be working closely with the services over the coming months to monitor and assist with mitigating these risks and pressures.

Work is ongoing around with the Legal Department to resolve the issues with the recharge budgets across the Council.

#### 4.6. Assistant Chief Executive

At Month 4, £0.520m underspend is being projected, which is a favourable movement of £0.133m from month 3. Continued review on the income projections related to registrars and bereavement services has indicated an improvement to Month 3. This has led to risks reported at month 3 being removed at month 4 (£427k). Opportunities of £0.620m have also been identified.

Forecasting models are being reviewed and continue to improve. Risks around savings targets for Croydon Digital & Resident software rationalisation have been managed down by the service. Delivery of fees and charges savings of £205k will not be met but will be offset by savings in other areas. Movement from the previous month relates primarily to increased predicted underspends on staffing in Croydon Digital & Resident and Policy, Programmes & Performance.

#### 4.7. Corporate

At Month 4, the corporate position is projecting an underspend of **£14.769m**. 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.

There has been no movement from Month 3 in the corporate projection. The release of contingency budgets and risk provisions were made to support some unexpected pressures arising from demand and inflationary pressures. A £1.400m of a provision release relates to risks to a key commercial loan which is now expected to be fully paid back in full. The total risk and provision assessments has released £10.769m.

Corporate Finance have also identified a further one-off £4.0m of reserve drawdown in 2021/22 to support the in year inflationary pressures that the Council is facing as a result of macroeconomic factors which are largely not in the Council's control.

4.8. Table 4 below summaries the overall position:

**Table 4 – Summary – Month 4 with Month 3 Comparator**

	Month 4	Month 3	Variance
	(£,000's)	(£,000's)	(£,000's)
<b>Table 1 - Forecast</b>	9,483	12,858	(3,375)
<b>Table 2a - MTFS Savings Risk</b>	7,204	6,024	1,180
<b>Table2c - Other Quantifiable Risks</b>	2,603	6,353	(3,750)
<b>Table 3 - Quantifiable Opportunities</b>	(13,097)	(10,787)	(2,310)
<b>Total</b>	<b>6.193</b>	<b>14,448</b>	<b>(8,255)</b>

## 5 Housing Revenue Account (HRA)

5.1 The HRA is currently forecasting a £3.147m variance against budget.

**Table 5 – Housing Revenue Month 4 forecast**

SERVICES	Projected Variance for Month	Variance For Previous Month	Change From Previous Month	Explanation of Variations
	£'000	£'000	£'000	
Responsive Repairs and Safety	893	616	277	£161k forecast for Disrepair compensation internal legal Fees. £700k overspend due to Axis expected contract inflation due to a change in inflationary basis which was reported as quantified risk and is now upgraded to pressure. £586k underspend due to vacant posts.
Asset Planning and Capital Delivery	(15)	0	(15)	Minor
Allocations Lettings and Income Collection	337	364	(27)	Minor
Tenancy and Resident Engagement	2,382	546	1,836	Pressure due to energy inflation costs expected to be £1.8m higher than budget.
Homelessness and Assessments	50	50	0	
Directorate & Centralised costs	(500)	(500)	0	
	<b>3,147</b>	<b>1,076</b>	<b>2,071</b>	

5.2 The variance at Month 4 has increased considerably and the service will need to ensure it delivers the HRA within its allocated budget. Nonetheless, the HRA has sufficient ring-fenced reserves to meet the £3.147m overspend currently projected if in year mitigations can't be found.

## 6 Capital Programme as Month 4

5.1 The GF and HRA capital programme have currently spent a gross £11.360m to the end of Month 4 against approved budgets of £134.152m. Forecast spend is £124.126m resulting in a forecast variance of £10.026m.

5.2 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 below also has been revised for the items removed as per para 6.3 below.

**Table 6 – Capital Programme as Month 4**

Department	Approved Budget 2022-23	Actual to Date as at 31/07/22	2022/23 Forecasts as at Period 4	Variance To date 2022/23
	£'000	£'000	£'000	£'000
ADULT SOCIAL CARE AND HEALTH	1,707	-	1,707	-
HOUSING	3,493	381	3,493	-
ASSISTANT CHIEF EXECUTIVE	13,455	883	14,230	775
CHILDREN, YOUNG PEOPLE AND EDUCATION	15,964	635	7,314	(8,650)
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC RECOVERY	36,971	4,467	37,267	296
RESOURCES	11,430	1,516	13,802	2,372
CORPORATE ITEMS & FUNDING	29,049	-	29,049	-
<b>General Fund Total</b>	<b>112,069</b>	<b>7,882</b>	<b>106,862</b>	<b>(5,207)</b>
HOUSING REVEUNE ACCOUNT	22,083	3,478	17,264	(4,819)
<b>LBC CAPITAL PROGRAMME TOTAL</b>	<b>134,152</b>	<b>11,360</b>	<b>124,126</b>	<b>(10,026)</b>

**Table 7 – Capital Programme Financing as at Month 4**

	Approved Budget 2022/23 £'000	Forecast as at P4 2022/23 £'000	Variance 2022/23 £'000
<b>General Fund Capital Financing</b>			
CIL	7,427	7,427	-
s106	2,461	2,441	(20)
Grants & Other Contributions	33,447	19,939	(13,508)
Capital Receipts	4,049	4,049	0
Reserves	70	70	0
Borrowing	64,615	72,936	8,321
<b>Total Financing – GF</b>	<b>112,069</b>	<b>106,862</b>	<b>(5,207)</b>
<b>Housing Revenue Account Capital Financing</b>			
MRR	12,336	7,517	(4,819)
Reserves	9,747	9,747	0
Total Financing - HRA	22,083	17,264	(4,819)
<b>TOTAL PROGRAMME</b>	<b>134,152</b>	<b>124,126</b>	<b>(10,026)</b>

5.3 Work has been undertaken to review capital projects. The aim was to determine the nature of the spend and the challenges faced by the project leads when carrying out forecasting. Through this process it has transpired that there were a few capital projects that didn't meet the definition and criteria for capital spend and therefore they need to be removed from the capital programme. These schemes are:

1. Croydon Healthy Homes - £0.404m

2. Library Books purchase programme - £0.300m (part of Libraries Investment – General project)
3. CALAT Transformation - £0.390m
4. Members Enquiries reviews - £0.043m
5. Core Contract Procurement reviews- £0.530m

5.4 These schemes will be charged to revenue where funding exists and where there is no funding the scheme will need to stop until a funding source is identified. The purchase of Library books will continue as there is Revenue CIL funding available.

## **7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

5.1 Finance comments have been provided throughout this report.

5.2 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.

5.3 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 early planning for 2023/24.

5.4 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 CONSIDERATIONS**

5.5 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.

5.6 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.

5.7 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.

- 5.8 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 and Deputy Monitoring Officer on behalf of the Director of Legal Services and Monitoring Officer)

## **9 HUMAN RESOURCES IMPACT**

- 5.1 There are no immediate workforce implications as a result of the recommendations in 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.

Approved by: (Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of Dean Shoesmith, Chief People Officer)

## **10 EQUALITIES IMPACT**

- 5.1 There are no specific equalities issues set out in this report.
- 5.2 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.
- 5.3 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.
- 5.4 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

Council is committed to tackling inequality and tackling socio economic inequality so may also consider the impact on families.

- 5.5 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. 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 and a socio-economic impact on residents. 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. Officers will seek mitigation if any equality analysis on a proposed change demonstrates a potential adverse impact. Such mitigation may include signposting to agencies which offer support with debt management.
- 5.6 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 either physical or mental and place 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.
- 5.7 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, have debt to energy companies or elsewhere.

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

## **11 ENVIRONMENTAL IMPACT**

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

## **12 CRIME AND DISORDER REDUCTION IMPACT**

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

## **13 DATA PROTECTION IMPLICATIONS**

- 5.2 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

- 5.3 **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 4

	Approved Budget	Current Actuals	(%age)	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(%age)	(£,000's)	(£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	111,275	39,979	0	110,844	(431)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	1,175	(1,492)	(1)	1,555	380
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	11,375	4,526	0	11,210	(166)
<b>TOTAL ADULT SOCIAL CARE AND HEALTH</b>	<b>123,825</b>	<b>43,013</b>	<b>0</b>	<b>123,609</b>	<b>(217)</b>
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	8,175	(2,997)	(0)	9,065	890
C1310E : ESTATES AND IMPROVEMENT	82	109	1	39	(43)
<b>TOTAL HOUSING</b>	<b>8,257</b>	<b>(2,887)</b>	<b>(0)</b>	<b>9,104</b>	<b>847</b>
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(262)	263	(1)	(1,440)	(1,178)
C1120E : SUSTAINABLE COMMUNITIES	22,479	10,197	0	37,705	15,226
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	4,543	1,827	0	4,793	250
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	696	1,407	2	1,538	842
<b>TOTAL SUSTAINABLE COMMUNITIES REGEN &amp; ECONOMIC RECOVERY</b>	<b>27,456</b>	<b>13,693</b>	<b>0</b>	<b>42,596</b>	<b>15,140</b>
C1605E : RESOURCES DIRECTORATE SUMMARY	(6,901)	172	(0)	(6,910)	(9)
C1610E : DIRECTOR OF FINANCE	9,114	57,580	6	15,953	6,839
C1620E : PENSIONS DIVISION	343	441	1	296	(47)
C1625E : MONITORING OFFICER	2,094	665	0	2,122	28
C1630E : INSURANCE, ANTI-FRAUD AND RISK	1,018	919	1	886	(132)
C1640E : LEGAL SERVICES DIVISION	(1,644)	136	(0)	(1,292)	352
C1650E : INTERNAL AUDIT SERVICE	597	708	1	644	47
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	11,707	4,104	0	13,763	2,056
<b>TOTAL RESOURCES</b>	<b>16,328</b>	<b>64,725</b>	<b>4</b>	<b>25,463</b>	<b>9,135</b>
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	584	160	0	584	-
C1210E : CHILDREN'S SOCIAL CARE	67,787	16,888	0	67,509	(278)

UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	-	-	-	-	-
C1220E : EDUCATION DIVISION - exc DSG	7,425	13,698	2	7,270	(155)
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	5,978	(3,618)	(1)	6,278	300
<b>TOTAL CHILDREN'S, YOUNG PEOPLE AND EDUCATION</b>	<b>81,774</b>	<b>27,128</b>	<b>0</b>	<b>81,641</b>	<b>(133)</b>
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(90)	287	(3)	127	217
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	23,149	7,403	0	22,793	(356)
C1520E : CHIEF PEOPLE OFFICER DIVISION	3,192	1,156	0	3,032	(160)
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	6,111	4,830	1	5,889	(222)
C1540E : PUBLIC HEALTH	-	(11,117)	-	0	0
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	-	-	-	-	-
<b>TOTAL ASSISTANT CHIEF EXECUTIVE</b>	<b>32,362</b>	<b>2,558</b>	<b>0</b>	<b>31,842</b>	<b>(520)</b>

## Appendix 2 – Capital Programme Month 4

Scheme Name	Type	Original Approved Budget 2022/2023 £'000	Actual to Date as at 31/07/22 £'000	Forecast for year end 2022/2023 £'000	Variance to Date 2022/2023 £'000
Disabled Facilities Grant	Spend	2,993	381	2,993	0
Empty Homes Grants	Spend	500	0	500	0
<b>HOUSING</b>		<b>£3,493</b>	<b>£381</b>	<b>£3,493</b>	<b>£0</b>
Adults ICT	Spend	110	0	110	0
Adult Social Care Provision	Spend	0	0	0	0
Provider Services - Extra Care	Spend	500	0	500	0
Sheltered Housing	Spend	938	0	938	0
Capital investment in Garden Centre	Spend	159	0	159	0
<b>ADULT SOCIAL CARE AND HEALTH</b>		<b>£1,707</b>	<b>£0</b>	<b>£1,707</b>	<b>£0</b>
Bereavement Services	Spend	1,000	269	1,775	775
Community Ward Budgets	Spend	0	0		0
Finance and HR system	Spend	500	0	500	0
ICT Refresh & Transformation	Spend	8,955	279	8,955	0
People ICT	Spend	3,000	335	3,000	0
Uniform ICT Upgrade	Spend	0	0	0	0
<b>ASSISTANT CHIEF EXECUTIVE</b>		<b>£13,455</b>	<b>£883</b>	<b>£14,230</b>	<b>£775</b>
Education – Fire Safety Works	Spend	902	0	902	0
Education - Fixed Term Expansions	Spend	3,243	3	843	(2,400)
Education - Major Maintenance	Spend	9,549	324	4,049	(5,500)
Education - Miscellaneous	Spend	0	112	134	134
Education - Permanent Expansion	Spend	44	22	319	275
Education - Secondary Estate	Spend	0	41	41	41
Education - SEN	Spend	2,226	133	1,026	(1,200)
<b>CHILDREN'S, YOUNG PEOPLE &amp; EDUCATION</b>		<b>£15,964</b>	<b>£635</b>	<b>£7,314</b>	<b>(£8,650)</b>
Allotments	Spend	200	177	200	0
Fixtures & Fittings FFH	Spend		571	571	571
CALAT Transformation	Spend		0	0	0
Capitalised Feasibility Fund	Spend	330	0	330	0
Growth Zone	Spend	4,000	7	4,000	0
Grounds Maintenance Insourced Equipment	Spend	200	0	200	0
Highways - maintenance programme	Spend	8,618	1,376	13,290	4,672
Highways - maintenance programme (staff recharges)	Spend	0	0	0	0
Highways – flood water management	Spend	435	174	895	460
Highways - bridges and highways structures	Spend	3,403	1,102	3,403	0
Highways - Tree works	Spend	56	0	56	0
Mitigate unauthorised access to parks and open spaces	Spend	73	0	73	0
Leisure centres equipment upgrade	Spend	70	56	206	136
Libraries Investment - General	Spend	1,614	98	300	(1,314)
Libraries investment – South Norwood library	Spend	412	0	412	0
Museum Archives	Spend	75	0	75	0

Neighbourhood Support Safety Measures	Spend		0		0
Parking	Spend	2,141	64	2,141	0
Play Equipment	Spend	380	53	380	0
Safety - digital upgrade of CCTV	Spend	1,539	0	1,539	0
Section 106 Schemes	Spend	0	2	2	2
Signage	Spend	137	0	274	137
South Norwood Good Growth	Spend	1,032	45	1,208	176
Kenley Good Growth	Spend	425	39	760	335
Sustainability Programme	Spend	565	0	565	0
TFL - LIP	Spend	9,266	635	4,326	(4,940)
Unsuitable Housing Fund	Spend	0	61	61	61
Walking and cycling strategy	Spend	0	0	0	0
Waste and Recycling Investment	Spend	1,000	0	1,000	0
Waste and Recycling - Don't Mess with Croydon	Spend	1,000	7	1,000	0
Schemes with completion date prior to 2020/21	Spend	0	0		0
<b>SUSTAINABLE COMMUNITIES, REGEN &amp; ECONOMIC DVLPT</b>		<b>£36,971</b>	<b>£4,467</b>	<b>£37,267</b>	<b>£296</b>
Asset Strategy - Stubbs Mead	Spend	700	0	300	(400)
Asset Strategy Programme	Spend	225	0	225	0
Asset Acquisition Fund	Spend	390	0	250	(140)
Clocktower Chillers	Spend	412	0	412	0
Corporate Property Maintenance Programme	Spend	2,500	242	2,716	216
Crossfield (relocation of CES)	Spend	0	0	0	0
MHCLG Code Sharing Project	Spend		0		0
Brick by Brick programme	Spend	6,203	0	6,203	0
Fairfield	Spend	1,000	1,274	3,448	2,448
Fieldway Cluster (Timebridge Community Centre)	Spend	0	0	248	248
<b>RESOURCES</b>		<b>£11,430</b>	<b>£1,516</b>	<b>£13,802</b>	<b>£2,372</b>
Capitalisation Direction	Spend	25,000	0	25,000	0
Transformation Spend (Flexible Capital Receipts)	Spend	4,622	0	4,049	0
<b>CORPORATE ITEMS &amp; FUNDING</b>		<b>£29,622</b>	<b>£0</b>	<b>£29,049</b>	<b>£0</b>
<b>NET GENERAL FUND TOTAL</b>		<b>£112,642</b>	<b>£7,882</b>	<b>£106,862</b>	<b>(£5,207)</b>
Asset management ICT database	Spend		84	155	155
Fire safety programme	Spend		292		0
Larger Homes	Spend		0		0
Major Repairs and Improvements Programme	Spend	22,083	3,101	17,109	(4,974)
Affordable Housing	Spend		1		0
<b>HOUSING REVENUE ACCOUNT</b>		<b>£22,083</b>	<b>£3,478</b>	<b>£17,264</b>	<b>(£4,819)</b>
<b>OVERALL CAPITAL PROGRAMME (GF and HRA)</b>		<b>£134,725</b>	<b>£11,360</b>	<b>£124,126</b>	<b>(£10,026)</b>

Appendix 3

<b>REPORT TO:</b>	<b>Cabinet 14<sup>th</sup> September 2022</b>
<b>SUBJECT:</b>	<b>Financial Performance Report – Month 3 (June 2022)</b>
<b>LEAD OFFICER:</b>	<b>Jane West, Corporate Director of Resources (Section 151)</b>
<b>CABINET MEMBER:</b>	<b>Councillor Jason Cummings Cabinet Member for Finance</b>

**SUMMARY OF REPORT:**

This report provides the Council’s annual forecast as at Month 3 (June 2022) for the Council’s General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). The report forms part of the Council’s financial management process of publicly reporting financial performance against its budgets on a monthly basis.

**FINANCIAL IMPACT**

The Month 3 position shows a further deterioration of the Council’s forecast outturn for 2022/23 since Month 2. This is the third month in succession that the position has worsened, and urgent measures are being planned to reverse this trend. Early mitigating 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 early planning for 2023/24.

The end of year projection is currently indicating a net overspend of £12.857m against budget. There are a further set of risks and opportunities, which indicate a net risk of £2.070m (risks £12.377m and opportunities of £10.307m), but they are not yet sufficiently developed to be included in the outturn forecast. Should these materialise, they will have a further negative impact on the projected outturn forecast.

Section 3 details these risks and the risk mitigations that have been identified at this stage, and further discusses the impact on the GF if these risks were to materialise and the mitigations are not effective.

The HRA is indicating a £1.076m overspend variance against budget.

The Capital Programme has spent £4.907m against a £134.470m budget in the third month. The end of year position is forecast to be an underspend of £5.658m.

**The Executive Mayor in Cabinet is recommended to:**

1.12 Note the General Fund is projecting a net overspend of £12.857m as at Month 3. Service directorates are indicating a £26.226m overspend with a £13.369m underspend corporately.

1.13 Note that a further number of risks and compensating opportunities may materialise which would see the forecast year-end variance change. These indicate a net risk of £2.070m (risks £12.377m and opportunities of £10.307m) and

are reported within Section 3 of this report. Should all these risks materialise, and none of the mitigations be effective, the Council is forecast to overspend by £25.234m.

- 1.14 To approve the non-delivery of the MTFs savings as indicated within Table 2a.
- 1.15 Note the Housing Revenue Account (HRA) is projecting a £1.076m overspend.
- 1.16 Note the Capital Programme spend to date for the General Fund of £3.516m (against a budget of £114.549m) with a projected forecast underspend of £5.813m for the end of the year.
- 1.17 Note the Housing Revenue Account Capital Programme spend to date of £1.391m (against a budget of £22.083m), with a projected forecast overspend of £0.155m for the end of the year.
- 1.18 Note, the above figures are predicated on forecasts from Month 3 to the year end and therefore could be subject to change as forecasts are made based on the best available information at this time.
- 1.19 Note, the Council continues to operate with the Spend Control Panel 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 scrutiny, such as the Assurance meetings, improved communication and budget manager training from CIPFA.
- 1.20 Agree that the three capital schemes listed in paragraph 6.3 are removed from the Capital Programme as following a detailed review, it has been established that they do not meet capital expenditure criteria. These schemes will be assessed as to whether they are still relevant and if so, whether resources are available to deliver them within the General Fund budget for 2022/23.

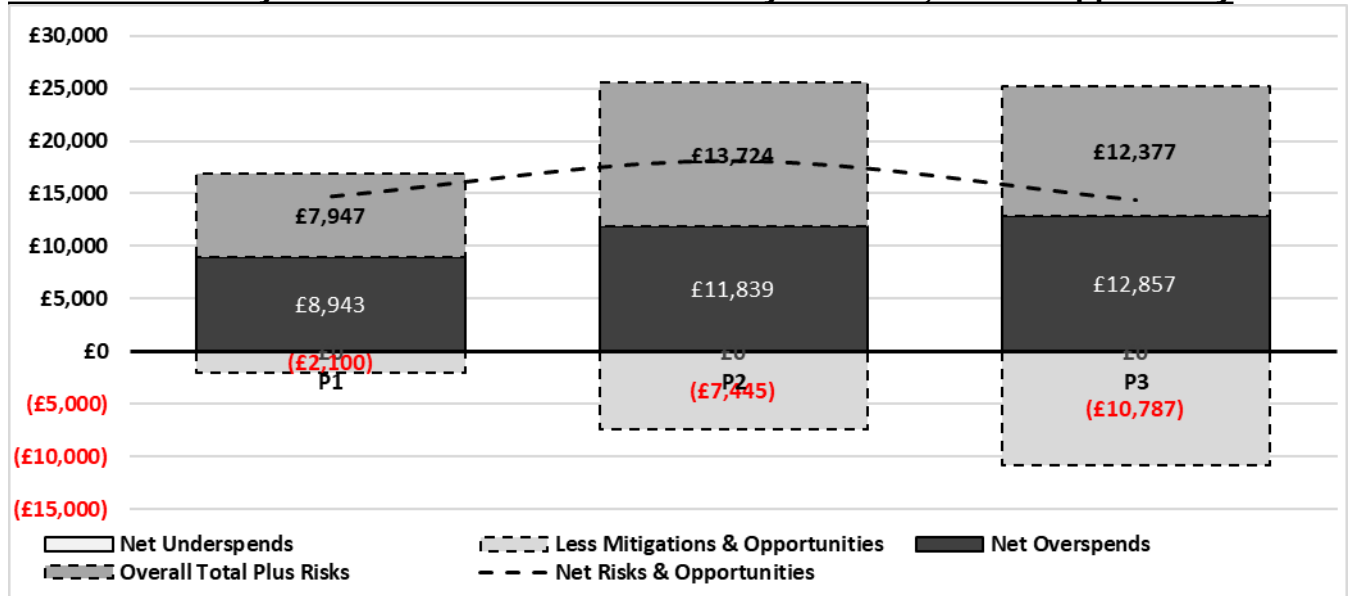
## **2. EXECUTIVE SUMMARY**

- 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 GF, HRA and Capital Programme. The FPR ensures there is transparency in our financial position, and enables scrutiny by the Executive Mayor, Cabinet, Scrutiny and the public. It offers reassurance in regard to the commitment by Chief Officers to more effective financial management and discipline.
- 2.2. The GF revenue forecast outturn for Month 3 is an overspend of £12.857m. This is an adverse movement of £1.019m from Month 2 representing the third month in succession that the position has worsened.
- 2.3. There are a further set of risks and opportunities, which indicate a net risk of £2.070m to that outturn forecast (risks £12.377m and opportunities of £10.307m), but the risks are not yet sufficiently developed to be included in the outturn forecast. Should they materialise, they will have a further negative impact on the projected outturn forecast. These are outlined in detail in Section 3 of this report.



2.4. 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**



2.5. This report provides a Month 3 position, which is still at an early stage of the financial year and therefore gives the Council an opportunity to ensure the significant pressures being reported are being mitigated. Early mitigating actions for the projected overspend are reported within the opportunities contained in this report. The impact of the in-year position is also being considered as part of the planning for 2023/24.

2.6. The Housing Revenue Account is forecasting an overspend of £1.076m (an increase of £1.027m on the Month 2 forecast). This unfavourable projected variance will either be met by new in-year cost reductions or be met from HRA reserves.

2.7. The Capital Programme for both the GF and HRA is reporting a total expenditure to date of £4.907m of which £3.516m is within GF and £1.391m for the HRA. The overall capital spend is projected to be £130.974m against a budget of £136.632m. This will result in a £5.813m underspend to budget. A review is currently underway of the Capital Programme with a view to reducing spend in 2022/23.

2.8. The 2022/23 outturn forecast includes the use of a £25.00m agreed capitalisation direction, to balance the Council’s revenue budget. 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 7<sup>th</sup> March 2022.

2.9. 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. The format of this report will continue to evolve over this financial year.

- 2.10. The format of this report will 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.
- 2.11. 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. The Council's financial recovery is outlined within the three-year MTFs. The second year of that strategy has always been recognised as the toughest of the three to deliver.
- 2.12. In addition, and as this report identifies, the Council continues to face significant financial pressures. The delivery of Year 1 of the MTFs / financial recovery plan (2021/22) was aided by covid depressed demand for Council services that enabled the monthly expenditure to be reported as an underspend in many areas. Demand has begun to pick up for some Council services which is removing that underspend. There are also early signs of demand increasing for some services due to the cost-of-living pressures being driven by the current national economic outlook. In addition, some resident behaviour which has generated revenue for the Council in the past has failed to be reinstated post-covid. The inflationary pressures already showing in this forecast outturn are significant and further detailed at 2.16 and 2.17.
- 2.13. The outturn forecast identifies an overspend that the Council will need to mitigate. This report flags a number of other risks that could be realised and be declared in the outturn forecast during the year which would further worsen the position.
- 2.14. Over the last financial year, a monthly budget assurance process and independent challenge of expenditure by the Improvement and Assurance Panel took 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. Overall, the meetings ensure the Council is doing all it can to reduce overspends and deliver a balanced budget. Each Directorate is asked to identify mitigations and in year cost reductions to ensure that the Council brings its expenditure within budget to avoid any call on reserves.
- 2.15. 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 has budgeted a 5% inflationary uplift on all its contracts costs which is a prudent level compared to historic standards. However current inflation rates, which are north of 9% and therefore significantly higher than budgeted, poses an added challenge that the Council does not have full control over. The Council cannot absorb all inflationary costs itself and will need to find ways to ensure the burden of these costs is fairly shared with our suppliers and customers.
- 2.16. Within the forecast currently the Council has included a total of £7m gross inflationary pressure and this is based on recent requests that the Council has received from

suppliers. The corporate budget of £4m has been released to support this, but this still leaves a gap of £3.00m that would need to be funded. The Council has reserves to support this, however the first option will be to find in year mitigations from current operations to avoid overspends. Energy cost inflation contributes significantly to these pressures, for instance the streetlighting energy costs have increased by £1.18m.

2.17. In addition, the Council is continuing to work closely with the external auditors on finalising the 2019/2020 and 2020/2021 audit of accounts and is in the process of completing the accounts for 2021/22. The finalisation of the accounts may have implications for this year's budget.

### 3. FINANCIAL POSITION

3.1. The FPR shows that the Council is forecast to have a GF net overspend variance of £12.857m as at Month 3. This is an adverse movement from Month 2 by £1.019m. As Table 1 indicates, the overarching cause of the reported pressure is as a result of £7.892m non-delivery of savings and £4.965m other pressures which are expanded in section 4 of this report.

3.2. Directorate teams and Finance colleagues meet monthly to review the forecast position for each area, including risks of overspending and identify further options to mitigate these. A table of risks and opportunities are provided within this section where applicable.

3.3. The forecast outturn position of the General Fund is shown below in Table 1.

**Table 1 – Month 3 Forecast per Directorate**

Directorates	Month 3 Forecast Variance (£,000's)	Month 2 Forecast Variance from Previous month (£,000's)	Change from previous month (£,000's)	Savings Non- Delivery (£,000's)	Other Pressures (£,000's)
Children, Young People and Education	(125)	(422)	297	300	(425)
Adult Social Care and Health	58	(158)	216	380	(322)
Housing	1,386	661	725	50	1,336
Sustainable Communities Regen & Economic Recovery	16,491	15,820	672	6,748	9,743
Resources	8,803	9,298	(495)	302	8,501
Assistant Chief Executive	(387)	9	(396)	112	(499)
<b>Departmental Total</b>	<b>26,227</b>	<b>25,208</b>	<b>1,019</b>	<b>7,892</b>	<b>18,334</b>
Corporate Items & Funding	(13,369)	(13,369)	-	-	(13,369)
<b>Total General Fund</b>	<b>12,858</b>	<b>11,839</b>	<b>1,019</b>	<b>7,892</b>	<b>4,965</b>

3.4. Net overspends and underspends within the service budgets are presented as a 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 or quantifiable at the time of setting the budget.

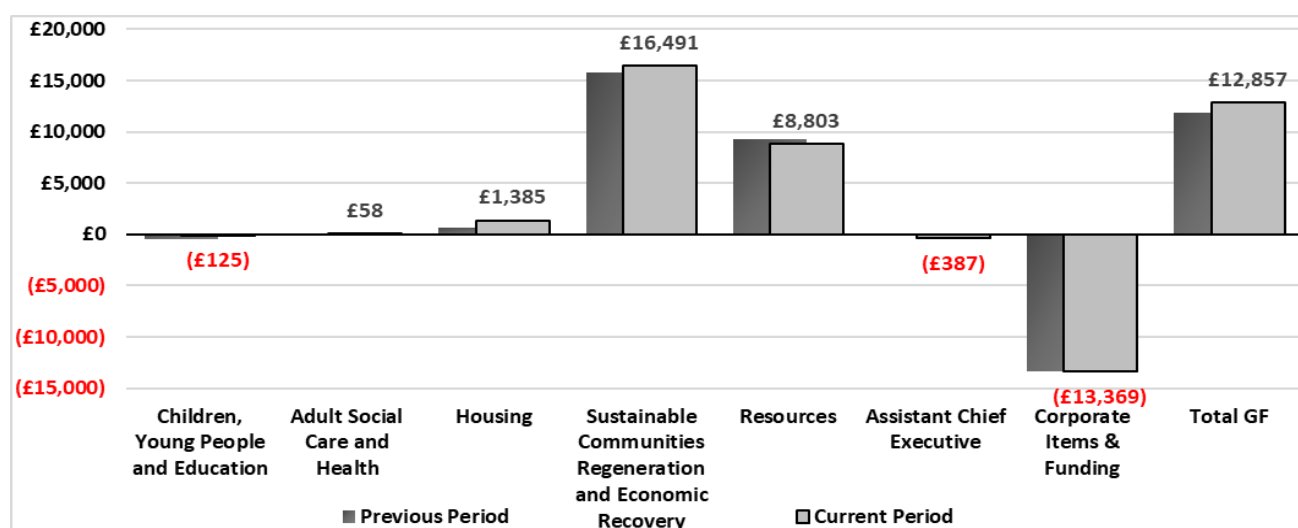
3.5. The main areas of movement from Month 2 are as follows:

- Adult Social Care and Health Directorate's £0.216m **adverse** movement is due in the main to a reappraisal of the financial impact of Care Act 2014 assessment outcomes in the Transition and 18 – 65 year Disability Services latent demand.
- Sustainable Communities, Regeneration and Economic Recovery Directorate's **adverse** movement of £0.672m is due to lower-than-expected income from various parking services and projected additional pressures in relation to street lighting energy costs which are above the 5% Council wide inflation allocation.
- Resources Directorate has moved £0.495m **favourably** from Month 2, which is largely as a result of an opportunity of £2.445m previously reported in Month 2 in relation to an interest charge budget which is no longer required as this is budgeted corporately. This is now identified as an achievable saving. However, the forecast is impacted by an adverse movement from housing benefit claims by £2.00m. This has arisen due to pressures related to housing provision for temporary accommodation clients who are placed in sheltered accommodation. This has been identified in an annual external audit report which shows housing benefit expenditure that is not eligible for grant funding from the Department of Work and Pensions. This is on top of the shortfall on the housing benefit budget of £5m identified in Month 1.
- Housing Directorate is indicating a £0.725m **adverse** movement due to an increase in demand for temporary accommodation.
- Children, Young People and Education Directorate is reporting a £0.297m **adverse** movement from Month 2 mainly due to £0.300m income shortfall related to review of public health expenditure that can now not attract public health funding.
- Corporate Budget is projecting a net nil movement from Month 2.

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

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

**Chart 2: Forecast per Directorate as at Month 3**



## Risks and Risk mitigations

- 3.7. The outturn forecast has been reported excluding further potential risks and risk mitigations. Risks are split in to MTFS savings risks and other risks. Savings risks relate to savings proposals that were approved at Full Council in March 2022 to deliver a balanced budget. Other risks are risks that have risen 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. These are not firmed up proposals and there is always the risk the opportunities will not materialise once detailed work has been done.
- 3.8. Savings are at various stages in their delivery, and it is important that the Council transparently reports the progress on these. Savings which are not deliverable are included within the forecast as overspends, however other MTFS savings which are at risk of non-delivery are reported in Table 2b. Table 2a below provides a summary of progress per directorate on delivery of their savings targets.

**Table 2a – Progress on MTFS Savings**

Directorate	Target	Delivered	On Track	At Risk	Not Deliverable (In Forecast)
Adult Social Care and Health	(£16,378,000)	£5,490,000	£9,398,000	£1,110,000	£380,000
Assistant Chief Executive	(£9,543,000)	£250,000	£8,281,000	£900,000	£112,000
Children, Young People and Education	(£9,564,000)	£896,000	£7,063,000	£1,305,000	£300,000
Housing	(£2,853,000)	£12,000	£1,577,600	£1,213,400	£50,000
Resources	(£3,139,000)	£0	£2,727,000	£0	£302,000
Sustainable Communities Regen & Economic Recovery	(£12,396,000)	£967,000	£3,134,500	£1,496,500	£6,748,000
<b>Grand Total</b>	<b>(£53,873,000)</b>	<b>£7,615,000</b>	<b>£32,181,100</b>	<b>£6,024,900</b>	<b>£7,892,000</b>

- 3.9. Other risks and risk mitigations are split into quantified and unquantified items.

- 3.10. As with the outturn forecast set out in Table 1, risks are separately reported for those elements that relate to potential non or under-delivery of approved savings, as agreed by Full Council in March 2022, and those that are new and not directly related to agreed savings plans.
- 3.11. The Council is encouraged to be transparent in flagging its risks that could potentially result in a change to the outturn forecast. This allows the Council to act and support these challenges before they become realised.
- 3.12. Table 2b below provides for details of MTFS savings that are at risk of non-delivery with a brief commentary of the projects that are not or are unlikely to deliver the expected savings and Table 2c provides a list of quantified and unquantified other risks, which are in addition to the savings risks.
- 3.13. 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.

**Table 2b – Month 3 MTFS Savings Risk**

MTFS Savings Ref	MTFS Savings Description	Savings at risk Current Month P3 (£,000's)	Savings at risk Previous Month P2 (£,000's)	Change From Prior Month (£,000's)
<b>21/22 CYPE 05</b>	Review Support for Young People where Appeal Rights Exhausted	225	140	85
<b>21/22 CYPE 06</b>	Improve Practice System Efficiency	290	290	0
<b>22/23 CYPE 07a</b>	NHS Funding- children with disability funding	490	490	0
<b>22/23 CYPE 07b</b>	NHS Funding – EHCP therapies funding	300	300	0
<b>Children, Young People and Education Total</b>		<b>1,305</b>	<b>1,220</b>	<b>85</b>
<b>21/22 ASCH 01</b>	Baseline Savings - Disabilities Operational Budget	833	833	0
<b>21/22 ASCH 05</b>	Baseline Savings - Mental Health Operational Budget	83	83	0
<b>21/22 ASCH 08</b>	Baseline Savings - Older People Operational Budget	194	194	0
<b>Adult Social Care and Health Total</b>		<b>1,110</b>	<b>1,110</b>	<b>0</b>
<b>22/23 HOUS 11</b>	Procurement of EA Contracts	125	125	0
<b>22/23 HOUS 12</b>	Staffing Review	113	113	0

<b>22/23 HOUS 13</b>	Income Maximisation - Rent Collection	168	168	0
<b>22/23 HOUS 17</b>	Housing Benefit Maximisation	60	60	0
<b>22/23 HOUS 04</b>	Repurpose under-utilised sheltered housing stock	158	0	158
<b>22/23 HOUS 07</b>	Ending EA/TA where the council has no duty	97	0	97
<b>22/23 HOUS 09</b>	Incentivising temporary accommodation leasing schemes	104	0	104
<b>22/23 HOUS 01</b>	Impact of maximising homelessness prevention	289	0	289
<b>22/23 HOUS 02</b>	Impact of increasing speed of homelessness decisions	40	0	40
<b>22/23 HOUS 14</b>	Resident Engagement & Tenancy Services £100,000 saving in 22/23	60	0	60
<b>Housing Total</b>		<b>1,213</b>	<b>466</b>	<b>747</b>
<b>21/22 SCRER 09</b>	Reduce Spatial Planning (Local Plan Team and Place Making Team)	484	484	0
<b>21/22 SCRER 14</b>	Fees And Charges Income	58	58	0
<b>21/22 SCRER 16</b>	Revised Landlord Licensing scheme	150	150	0
<b>22/23 SCRER 06</b>	Review and reduction of the Neighbourhood Operations (NSO team)	260	260	0
<b>22/23 SCRER 12</b>	Contract Savings - Pay and Display Machines	0	300	(300)
<b>22/23 SCRER 16</b>	Private Sector Environmental Enforcement	63	63	0
<b>22/23 SCRER 19</b>	New gym in Monks Hill Leisure Centre	90	90	0
<b>22/23 SCRER 22</b>	22/23 Increase in fees and charges income	292	292	0
<b>22/23 SCRER 28</b>	Merger of Management Functions in Place	100	100	0
<b>Sustainable Communities Regen &amp; Economic Recovery Total</b>		<b>1,497</b>	<b>1,797</b>	<b>(300)</b>
<b>22/23 RES SAV 01</b>	Council wide legal services review	0	130	(130)
<b>Transfer 02</b>	Fees And Charges	0	26	(26)
<b>22/23 O/S Form 20</b>	Increase in fees and charges	0	143	(143)

<b>Resources Total</b>		<b>0</b>	<b>299</b>	<b>(299)</b>
<b>Corporate Items &amp; Funding Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>22/23 COR SAV 09</b>	Rationalisation of software applications and contracts	300	750	(450)
<b>22/23 ACE 18</b>	Contract Savings - Managed Service Provider for Temporary Agency Resources £600K saving in 22/23	600	0	600
<b>Assistant Chief Executive Total</b>		<b>900</b>	<b>750</b>	<b>150</b>
<b>Total Savings at Risk</b>		<b>6,024</b>	<b>5,641</b>	<b>383</b>

### Savings at significant risk of delivery (in forecast)

Directorate & Saving Description	Sum of Target £'000	Sum of Balance to Deliver £'000
<b>Adult Social Care and Health</b>	<b>(16,378)</b>	<b>380</b>
Refocusing Public Health funding - New Youth & Wellbeing Offer	(380)	380
<b>Assistant Chief Executive</b>	<b>(9,543)</b>	<b>112</b>
Fees And Charges	(19)	19
Increase in fees and charges	(93)	93
<b>Children, Young People and Education</b>	<b>(9,564)</b>	<b>300</b>
Refocusing Public Health funding - New Youth & Wellbeing Offer	(300)	300
<b>Housing</b>	<b>(2,853)</b>	<b>50</b>
Reduction in Welfare Rights by 5 FTE (PLAN A)	(88)	50
<b>Resources</b>	<b>(3,139)</b>	<b>302</b>
Council wide legal services review	(130)	130
Fees And Charges	(44)	28
Increase in fees and charges	(218)	144
<b>Sustainable Communities Regen &amp; Economic Recovery</b>	<b>(12,396)</b>	<b>6,748</b>
ANPR camera enforcement	(3,180)	3,180
Business Tender Contract Savings	(120)	40
Contract Savings - Pay and Display Machines	(300)	300
Increase in Pre-Planning Applications	(66)	66
Independent travel optimisation	(20)	20
Introduction of a variable lighting policy	(417)	417
Parking charges increase	(650)	650
Private Sector Environmental Enforcement	(250)	125
Review and reduction of the Neighbourhood Operations (NSO team)	(950)	450
Revised Landlord Licensing scheme	(2,300)	1,500
<b>Grand Total</b>	<b>(53,873)</b>	<b>7,892</b>



**Table 2c – Other quantifiable and unquantifiable risks**

Quantified Risks	P3 £'000	P2 £'000	Details of Risk
Children, Young People and Education	3,334	3,734	<b>Education and Health Care Coordinators staffing cost to be chargeable to General Fund (£1.000m)</b> This represents additional staffing resources more likely to be required to meet the SEND Strategy
			<b>Capitalisation income (£0.784m)</b> This is a historic income budget that was added to Children's Social Care. This amount was funded from capital receipts until 2020/21 and the budget was not corrected in 2022/23 budget setting
			<b>CLA Cost of Living (£1.500m)</b> There is an expectation that children in care providers will increase placement costs as the cost of living rises
			<b>Delayed implementation of Children Centre (£0.050m)</b> Expected savings from project at risk due to delayed implementation
Adult Social Care and Health	-	-	None
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	2,592	3,082	<b>Energy cost pressure in Leisure Contract (£0.500m)</b> This may need renegotiation with the Leisure provider and therefore cannot be fully quantified at this time.
			<b>Additional RISK in SEN Transport (£1.000m)</b> Due to continuing increase in the number of SEN Users and passenger routes coupled with price rises from providers there is a risk the costs for SEN transport could increase further.
			<b>Waste Guaranteed Income Risk (£0.812m)</b> Risk identified by SLWP in connection with Veolia Claim for reduction in Guaranteed Income Payable to Council due the continued effect on commercial income related to Covid. This is being disputed by the SWLP.
			<b>Implementation delay in closure of NSO service (£0.125m)</b> The outsourcing of Environmental Enforcement Team Earmarked in MTFs for 22/23 was based on the closure of the NSO Service however this has faced delays in implementation. This element is the 50% of the total savings target and the other 50% is within forecast.
			<b>Delay in recruitment of Community Enforcement Officers [CEO] (£0.155m)</b>  Parking income at risk as difficulties in attracting applicants to the vacant CEO roles
Resources	-	640	<b>Masts Income</b> HRA masts Income budget that was previously incorrectly included in GF has now been moved in forecast and the service is not projecting any new risks.

Assistant Chief Executive	427	627	<b>Green Lawn Memorial Park (£0.127m)</b> Risk based upon the lack of available graves until the cemetery extension opens. Memorial Park works are anticipated to be complete by November 2022 and ready for operation by the spring of 2023.
			<b>Crematorium (£0.300m)</b> Increased competition from neighbouring facilities and direct cremations could lead to lower income from fees & charges. This risk is being flagged and the service will review profiling of income targets for the year.
<b>Total Quantified Risks</b>	<b>6,353</b>	<b>8,083</b>	

Un-Quantified Risks	P3 £'000	P2 £'000	Details of Risk
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 focused on statutory delivery, rather than transformation. This is a national issue.
	-	-	Hospital discharge pressure as current system risk is running on winter volume levels due to Covid and backlog, despite being summer.
Housing	-	-	<b>New temporary Housing staffing structure</b> A bid for transformation funding is being sought to support delivery of efficiencies within the service and bring in cost reductions.
Sustainable Communities Regen & Economic Recovery	-	-	Although unknown at this stage there is a potential £500k risk to Roads and Street Network Income due to delays and disputes with utility companies in relation to coring activities. Further work is being undertaken to quantify these risks and where possible mitigate the effect.
	-	-	At present there is a £1m risk in quantifiable risks due to demand on the SEN Transport service in terms of the number of users. Additionally, there is now inflation that is affecting the service with information on what new routes will be being collated.  Until the number of required routes is established (should be done by end of July as school numbers will be known by then) there is a significant risk of additional costs as fuel rates are high
Resources	-	-	<b>Core Savings and Fees &amp; Charges Review</b> Budgeted savings on fees & charges (£312,000) and contracts (£350,000) will be difficult to achieve. Costs in these areas for this service are contract based and are not easily varied in the short term. Officers hope to

			mitigate this in year but would like to highlight the risk at this stage.
	-	-	<b>Legal Trading Model</b> 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.
	-	-	<b>Permanent Establishment Shortfall</b> There is a permanent shortfall in the establishment budget of £0.527m. Last year this was mitigated by vacancy savings and court cost recovery. Vacancies have been identified as savings in 2022/23 and it is expected that court cost recovery levels will reduce once backlogs caused by the pandemic, are managed down. It is hoped to mitigate this in year.
Assistant Chief Executive	-	-	None
Corporate Items & Funding	-	-	None
<b>Total Un-Quantified Risks</b>			

3.14. Table 3 provides a list of quantified and unquantified risk mitigations or opportunities. 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.

**Table 3 - Quantifiable and unquantifiable opportunities**

Quantified Opportunities	P3 £'000	P2 £'000	Details of Opportunities
Children, Young People and Education	(1,870)	(1,000)	<p><b>Staying Put Grant (£1.00m)</b> The Council received additional allocation of the staying put grant in 2021/22 and it is anticipated that this funding will be available in 2022/23. The service is waiting for confirmation from Government.</p> <p><b>Public Health funding (£0.300m)</b> Further review, to support the service, is ongoing to ensure public health related spend is met from Public Health Grant.</p> <p><b>Children Service legal costs (£0.570m)</b> 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.</p>
Adult Social Care and Health	(380)	-	<b>Public Health funding (£0.380m)</b>

			Further review to support the service, is ongoing to ensure public health related spend is met from Public Health Grant.
Housing	(790)	-	<b>Homelessness Prevention Reserve (£790k)</b> There is a Homelessness prevention reserve available of £790k that can be drawn down on to implement the prevention work. This will be used only when all other in year mitigation options are identified.
Sustainable Communities Regen & Economic Recovery	(1,717)	-	<b>Additional funding from corporate inflation (£1.717m)</b> Reserves to support unique challenges in significant increases in energy costs which will impact key services within Directorate. This includes significant pressures in streetlighting energy costs, waste management and transport for SEN.
	(500)	0	<b>Leisure centre price rises (£500k)</b> Increases in prices at leisure centres will help mitigate energy pressures.
	(250)	0	<b>CIL Review (£250k)</b> Further CIL monies being reviewed to support revenue expenditure where the conditions met.
	(230)	0	<b>Streetlighting operational hour review (£230k)</b> Cost reduction from additional dimming and switch off streetlighting during the evening and late at night.
Resources	-	(2,445)	The service has an additional Interest Charge budget in Property which is also available in corporate budgets. Therefore, this has now been confirmed as achievable and is in the forecast.
Assistant Chief Executive	(445)	-	<b>Public Health Grant Review (£320k)</b> Potential for Public Health grant to be used to cover related spend across other Council areas.
			<b>Staffing Review (£125k)</b> Staff reviews that may lead to further savings in salary costs.
Corporate Items & Funding	(4,605)	(4,000)	<b>Cost of Living Reserve (£4.00m)</b> Additional drawdown of cost-of-living reserve to support inflationary pressures caused by adverse macroeconomic conditions.  <b>Staffing Cost Review (£0.125m)</b> Further corporate review of staffing costs across every directorate to reduce  <b>Reduced borrowing for capital programme (£0.480m)</b> The total borrowing required to fund the 21/22 capital programme is less than projected and therefore it is expected that the Council will incur lower interest costs.

<b>Total Quantified Opportunities</b>	<b>(10,787)</b>	<b>(7,445)</b>	
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<b>Un-Quantified Opportunities</b>	<b>P3 £'000</b>	<b>P2 £'000</b>	<b>Details of Opportunities</b>
Children, Young People and Education	-	-	None
Adult Social Care and Health	-	-	None
Housing	-	-	<b>New Temporary Housing Staffing Structure</b> We have a new temporary structure within Housing, including an Interim Director of Tenancy Services and three Change Managers. A transformation bid has been submitted and is being reviewed.
Sustainable Communities Regen & Economic Recovery	-	-	<b>Fees and Charges allocations against Statutory Charges</b> Inflated income targets have been allocated to services who are unable to increase their fees and charges to meet those targets because the fees are set by government. The service will seek alternative ways to mitigate these pressures.
Resources	-	-	Review of Housing Benefit payments to support exempt accommodation. The work will involve invest to save proposal and close working with Housing to determine how quickly the cost reductions can be
Assistant Chief Executive	-	-	Review of concessionary fares scheme to generate cost savings.
Corporate Items & Funding	-	-	Review of the capital programme to delay projects where borrowing as a funding source.
<b>Total Un-Quantified Opportunities</b>			

#### 4. DIRECTORATE VARIANCE DETAIL

##### 4.1. Children, Young People and Education (CYPE)

At Month 3 a £0.125m underspend has been forecast alongside £1.305m of MTFs savings at risk of non-delivery together with £3.334m of other risks against £1.0m of opportunities. This is an **adverse** movement from Period 2 of £0.297m.

The £0.125m underspend is net position of £0.300m of non-delivery of the MTFs saving related to Public Health funding offset with a net benefit of £0.425m through underspends in Children's Social Care of £0.278m and £0.146m in non-DSG Education services.

The Directorate has also identified £3.334m of other risks in Table 2(b) 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 a potential opportunity from the allocation of one-off grant funding that could be used to support costs that the Council is currently paying for. The terms of this grant are being evaluated and if confirmed this will be adjusted within the forecast.

#### **4.2. Adult Social Care and Health (ASCH)**

At Month 3, an overspend of £0.058m is forecast with £1.110m MTFS savings at risk of non-delivery. No further risks or opportunities have been identified.

The overspend is due in the main to a reappraisal of the financial impact of Care Act 2014 assessment outcomes in the Transition and 18 – 65 year Disability Services latent demand.

However, whilst the current forecast projects a slight overspend, there is a risk that some savings may not be achieved. This is, in part, due to the level of social work vacancies within Social Care Operations. The total risk indicated is £1.110m.

There are unquantified risks due to:

- The potential post Covid-19 latent demand resulting in additional care requirements.
- The current and future levels of inflation for care providers which may result in increased costs for existing and new care.
- High vacancy rate is causing significant challenges in recruitment across the Directorate. This means staff are focused on statutory delivery, rather than transformation.

The potential hospital discharge pressure as current system risk is running on winter volume levels due to Covid and backlog, despite it being summer.

#### **4.3. Housing**

At Month 3, Housing is forecasting a £1.386m overspend in relation to temporary accommodation activity with key risks related to non-delivery of £1.213m of savings. However, the Directorate is looking to draw down £0.790m of housing reserves to support in year pressures and have identified this as an opportunity subject to further review. This will only be released once all other in-year mitigations have been exhausted.

The service is seeing an increase in demand for temporary accommodation and is also facing rising rental costs as the Council struggles to find viable accommodation.

#### **4.4. Sustainable Communities, Regeneration & Economic Recovery (SCRER)**

In Month 3, SCRER is forecasting a net overspend of £16.491m.

The main area of overspend relates to £10.5m shortfall in parking income, £0.950m relating to streetlighting energy costs and £0.5m SEN transport costs. This position has moved adversely from Month 2 by £0.672m.

There are also £2.592m other risks identified and £1.547m of MTFs savings at risk. However, the service has indicated £1.717m of opportunities which will need to be worked through with 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 service is also experiencing significant inflationary pressure in relation to energy costs from provision of streetlighting across the boroughs. The total pressure related to energy inflation costs are £1.18m above the base budget.

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 £1.58m 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 in 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 £1.58m income target.

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

#### 4.5. Resources

At Month 3, there is a £8.803m overspend projected which is a favourable movement from Month 2 by £0.495m. The overspend is largely related to loss in housing benefit (HB) subsidy and projected increases in energy costs across the Council's corporate estates.

£7.60m overspend on HB is due to the difference between the value of HB expenditure and funding received from DWP on sheltered accommodation. The Council cannot claim HB on this accommodation under guidelines, but steps are being taken to mitigate this. An updated position will be reflected in Month 4.

A further pressure of £4.039m is due to increased energy costs on utilities for the Council estate and further £0.900m as result of loss of rent on commercial rents.

The pressures are being netted off against a £2.445m historic budget for interest costs which is now not needed as the interest costs are covered within a corporate budget. There are no additional savings at risk and no further risks or opportunities are reported at this point.

#### 4.6. **Assistant Chief Executive**

At Month 3, £0.387m underspend is being projected, which is a favorable movement of £0.396m from month 2.

The service has carried out a detailed review on the income projections related to registrars and bereavement services and this has indicated an improvement to Month 2.

At this early-stage further work is still being carried out to review fees and charges which was devolved to the service without consideration of demand. 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 £205k is factored within the forecast.

The rationalisation of software applications project has identified £450k of mitigations, which have been included within the forecast, and further work is being done to focus on the remaining £300k. This risk is included within the MTFS Savings Risk table 2b.

#### 4.7. **Corporate**

At Month 3, the corporate position is projecting an underspend of **£13.369m**. 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.

There has been no movement from Month 2 in the corporate projection. The release of contingency and risk provision budgets were made to support some unexpected pressures arising from demand and inflationary pressures.

Corporate Finance have also identified a further one-off £4.0m of reserve drawdown in 2021/22 to support the in year inflationary pressures that the Council is facing as a result of macroeconomic factors which are largely not in the Council's control.

#### 4.8. Table 4 below summaries the overall position:



**Table 4 – Summary – Month 3 with Month 2 Comparator**

	<b>Month 3</b>	<b>Month 2</b>	<b>Variance</b>
	<b>(£,000's)</b>	<b>(£,000's)</b>	<b>(£,000's)</b>
<b>Table 1 - Forecast</b>	12,857	11,839	1,019
<b>Table 2b - MTFs Savings Risk</b>	6,024	5,641	383
<b>Table 2c - Quantifiable Risks</b>	6,353	8,083	(1,730)
<b>Table 3 - Quantifiable Opportunities</b>	(10,787)	(7,445)	(3,342)
<b>Total</b>	<b>14,447</b>	<b>18,118</b>	<b>(3,671)</b>

## 5. Housing Revenue Account (HRA)

5.1. The HRA is currently forecasting a £1.076m variance against budget.

**Table 5 – Housing Revenue Month 3 forecast**

<b>SERVICES</b>	<b>Projected Variance for Month</b>	<b>Variance For Previous Month</b>	<b>Change From Previous Month</b>	<b>Explanation of Variations</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Responsive Repairs and Safety	616	(7)	623	The service is experiencing a rise in disrepair claims and legal costs associated with dealing with those claims.
Asset Planning and Capital Delivery	0	0	0	
Allocations Lettings and Income Collection	364	(0)	365	A number of works related to general maintenance of communal areas, such as graffiti removal, grounds maintenance and cleaning need to be progressed due to extensive backlog.
Tenancy and Resident Engagement	546	6	540	The service is facing a number of voids which is impacting income collection for rent and service recharges.
Homelessness and Assessments	50	50	(1)	Overspend on costs based on 21/22 outturn in relation to Concord, Sycamore and Windsor
Directorate & Centralised costs	(500)	(0)	(500)	Underspends in staffing costs as result of new Housing restructure.
	<b>1,076</b>	<b>49</b>	<b>1,027</b>	

5.2. The variance at Month 3 has increased considerably and the service will need to ensure it delivers the HRA within its allocated budget. Nonetheless, the HRA has

sufficient ring-fenced reserves to meet the £1.076m overspend currently projected if in year mitigations can't be found.

## 6. Capital Programme as Month 3

- 6.1. The GF and HRA capital programme have currently spent a gross £4.907m to the end of Month 3 against approved budgets of £134.470m. Forecast spend is £128.812m resulting in a forecast variance of £5.658m.
- 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 as Month 3**

Department	Approved Budget 2022-23	Actual to Date as at 30/06/22	2022/23 Forecasts as at Period 3	Variance
	£'000	£'000	£'000	£'000
ADULT SOCIAL CARE AND HEALTH	1,707	-	1,707	-
HOUSING	3,493	174	3,493	-
ASSISTANT CHIEF EXECUTIVE	14,028	548	14,803	775
CHILDREN, YOUNG PEOPLE AND EDUCATION	15,964	393	7,714	(8,250)
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC RECOVERY	37,861	972	37,555	(306)
RESOURCES	11,834	1,429	13,802	1,968
CORPORATE ITEMS & FUNDING	27,500	-	27,500	-
<b>General Fund Total</b>	<b>112,387</b>	<b>3,516</b>	<b>106,574</b>	<b>(5,813)</b>
HOUSING REVEUNE ACCOUNT	22,083	1,391	22,238	155
<b>LBC CAPITAL PROGRAMME TOTAL</b>	<b>134,470</b>	<b>4,907</b>	<b>128,812</b>	<b>(5,658)</b>

- 6.3. During Period 3 additional work began in relation to capital projects. The aim was to determine the nature of the spend and the challenges faced by the project leads when carrying out forecasting. Through this process it has transpired that there were a few capital projects that didn't meet the definition and criteria for capital spend and therefore will be removed from the capital programme. These schemes are:
6. Croydon Healthy Homes - £0.404m Budget
  7. Library Books purchase programme - £0.300m (part of Libraries Investment – General project)
  8. CALAT Transformation - £0.390m
- 6.4. These schemes will be charged to revenue where funding exists and where there is no funding the scheme will need to stop until a funding source is identified. The purchase of Library books will continue as there is Revenue CIL funding available, however the other schemes will be stopped.
- 6.5. Further work is ongoing to improve Capital Programme management including improved profiling over a 5-year period and the increased transparency in how the programme is funded. This will be presented in period 4 once the detailed review is completed.

## **7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 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 early planning for 2023/24.
- 7.4. The Council currently has a General Fund Reserve of £27m 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: Matt Davis – Interim Director of Finance)

## **8. LEGAL CONSIDERATIONS**

- 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.
- 5.1 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.
- 8.2. 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.
- 8.3. 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 and Deputy Monitoring Officer on behalf of the Director of Legal Services and Monitoring Officer)

## **9. HUMAN RESOURCES IMPACT**

- 9.1. There are no immediate workforce implications as a result of the recommendations in 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.

Approved by: (Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on half of Dean Shoesmith, Chief People Officer)

## **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:
- (d) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (e) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  - (f) 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 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.
- 10.4. 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 Council is committed to tackling inequality and tackling socio economic inequality so may also consider the impact on families.
- 10.5. 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. 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 and a socio-economic impact on residents. 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. Officers will seek mitigation if any equality analysis on a proposed change demonstrates a potential adverse impact. Such mitigation may include signposting to agencies which offer support with debt management.

- 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 either physical or mental and place 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, have debt to energy companies or elsewhere.

(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 3

	Approved Budget	Current Actuals	(%age)	Full-Yr. Forecast	Projected Variance
	(£,000's)	(£,000's)	(%age)	(£,000's)	(£,000's)
C1410E: ADULT SOCIAL CARE OPERATIONS	109,328	28,040	0	109,172	(156)
C1405E: TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	1,175	(1,592)	(1)	1,555	380
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	4,535	1,131	0	4,370	(165)
<b>TOTAL ADULTS</b>	<b>115,038</b>	<b>27,580</b>	<b>0</b>	<b>115,097</b>	<b>58</b>
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	8,175	(4,863)	(1)	9,561	1,387
C1310E : ESTATES AND IMPROVEMENT	82	80	1	82	(0)
<b>TOTAL HOUSING</b>	<b>8,257</b>	<b>(4,782)</b>	<b>(1)</b>	<b>9,643</b>	<b>1,386</b>
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(262)	193	(1)	(262)	(0)
C1120E : SUSTAINABLE COMMUNITIES	22,479	8,880	0	37,667	15,188
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	4,543	943	0	4,996	453
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	696	839	1	1,546	850
<b>TOTAL SUSTAINABLE COMMUNITIES REGEN &amp; ECONOMIC RECOVERY</b>	<b>27,456</b>	<b>10,856</b>	<b>0</b>	<b>43,947</b>	<b>16,491</b>
C1605E : RESOURCES DIRECTORATE SUMMARY	(6,901)	122	(0)	(6,905)	(4)
C1610E : DIRECTOR OF FINANCE	9,114	19,349	2	15,622	6,508
C1620E : PENSIONS DIVISION	343	309	1	297	(46)
C1625E : MONITORING OFFICER	2,094	495	0	2,081	(13)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	1,018	816	1	875	(143)
C1640E : LEGAL SERVICES DIVISION	(1,644)	181	(0)	(1,253)	391
C1650E : INTERNAL AUDIT SERVICE	597	143	0	642	45
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	21,433	(714)	(0)	23,497	2,064
<b>TOTAL RESOURCES</b>	<b>26,054</b>	<b>20,700</b>	<b>1</b>	<b>34,857</b>	<b>8,803</b>
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	584	120	0	584	-
C1210E : CHILDREN'S SOCIAL CARE	72,879	11,252	0	72,601	-278
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	(4,630)	675	(0)	(4,630)	-
C1220E : EDUCATION DIVISION - exc DSG	7,425	11,602	2	7,579	154
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	4,577	1,236	0	4,577	0
<b>TOTAL CHILDRENS, FAMILIES AND EDUCATION</b>	<b>80,835</b>	<b>24,886</b>	<b>0</b>	<b>80,710</b>	<b>-125</b>

C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(90)	212	(2)	126	216
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	23,149	6,110	0	22,731	(418)
C1520E : CHIEF PEOPLE OFFICER DIVISION	3,192	824	0	3,193	1
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	6,111	3,891	1	5,925	(186)
C1540E : PUBLIC HEALTH	-	(4,455)	-	(0)	(0)
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	-	-	-	-	-
<b>TOTAL ASSISTANT CHIEF EXECUTIVE</b>	<b>32,362</b>	<b>6,583</b>	<b>0</b>	<b>31,975</b>	<b>(387)</b>

## Appendix 2 – Capital Programme Month 3

	Revised Approved Budget	Actual to Date as at 30/06/22	Forecasts as at Period 3	Variance for Year
<b>CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 3</b>				
Scheme Name	2022/23	2022/23	2022/23	2022/23
	(£'000's)	(£,000's)	(£,000's)	(£,000's)
Disabled Facilities Grant	2,993	174	2,993	0
Empty Homes Grants	500	0	500	0
<b>HOUSING</b>	<b>3,493</b>	<b>174</b>	<b>3,493</b>	<b>0</b>
Adults ICT	110	0	110	0
Provider Services - Extra Care	500	0	500	0
Sheltered Housing	938	0	938	0
Capital investment in Garden Centre	159	0	159	0
<b>ADULT SOCIAL CARE AND HEALTH</b>	<b>1,707</b>	<b>0</b>	<b>1,707</b>	<b>0</b>
Bereavement Services	1,000	2	1,775	775
Finance and HR system	500	0	500	0
ICT	8,955	211	8,955	0
People ICT	3,000	335	3,000	0
Members Enquiries Transformation Bid	43	0	43	0
Core Contract Procurement Transformation	530	0	530	0
<b>ASSISTANT CHIEF EXECUTIVE</b>	<b>14,028</b>	<b>548</b>	<b>14,803</b>	<b>775</b>
Education – Fire Safety Works	902	0	902	0
Education - Fixed Term Expansions	3,243	3	1,243	(2,000)
Education - Major Maintenance	9,549	209	4,049	(5,500)
Education - Miscellaneous	0	7	134	134
Education - Permanent Expansion	44	0	319	275
Education - Secondary Estate	0	41	41	41
Education - SEN	2,226	133	1,026	(1,200)
<b>CHILDREN, YOUNG PEOPLE AND EDUCATION</b>	<b>15,964</b>	<b>393</b>	<b>7,714</b>	<b>(8,250)</b>
Allotments	200	0	200	0
Fixtures & Fittings FFH	0	574	574	574
CALAT Transformation	390	0		(390)
Electric Vehicle Charging Points	500	0	500	0
Capitalised Feasibility Fund	330	0	330	0
Growth Zone	4,000	5	4,000	0
Grounds Maintenance Insourced Equipment	200	0	200	0
Highways - maintenance programme	8,618	0	13,290	4,672
Highways – flood water management	435	0	895	460
Highways - bridges and highways structures	3,403	67	3,403	0
Highways - Tree works	56	0	56	0
Mitigate unauthorised access to parks and open spaces	73	0	73	0
Leisure Equipment Upgrade	70	56	206	136
Libraries Investment - General	1,614	81	300	(1,314)
Libraries investment – South Norwood library	412	0	412	0
Museum Archives	75	0	75	0
Parking	2,141	63	0	(2,141)
Play Equipment	380	0	2,141	1,761
Safety - digital upgrade of CCTV	1,539	0	380	(1,159)
Section 106 Schemes	0	2	1,539	1,539



Signage	137	0	0	(137)
South Norwood Good Growth	1,032	38	274	(758)
Kenley Good Growth	425	35	1,208	783
Sustainability Programme	565	0	760	195
TFL - LIP	9,266	57	565	(8,701)
Unsuitable Housing Fund	0	(13)	4,174	4,174
Waste and Recycling Investment	1,000	0	1,000	0
Waste and Recycling - Don't Mess with Croydon	1,000	7	1,000	0
<b>SUSTAINABLE COMMUNITIES, REGEN &amp; ECONOMIC RECOVERY</b>	<b>37,861</b>	<b>972</b>	<b>37,555</b>	<b>(306)</b>
Asset Strategy - Stubbs Mead	700	0	300	(400)
Asset Strategy Programme	225	0	225	0
Asset Acquisition Fund	390	0	250	(140)
Clocktower Chillers	412	0	412	0
Corporate Property Maintenance Programme	2,500	158	2,716	216
Brick by Brick programme	6,203	0	6,203	0
Fairfield	1,000	1,271	3,448	2,448
Fieldway Cluster (Timebridge Community Centre)	0	0	248	248
Croydon Healthy Homes	404	0	0	(404)
<b>RESOURCES</b>	<b>11,834</b>	<b>1,429</b>	<b>13,802</b>	<b>1,968</b>
Capitalisation Direction	25,000	0	25,000	0
Transformation Spend (Flexible Capital Receipts)	2,500	0	2,500	0
<b>CORPORATE ITEMS &amp; FUNDING</b>	<b>27,500</b>	<b>0</b>	<b>27,500</b>	<b>0</b>
<b>NET GENERAL FUND TOTAL</b>	<b>112,387</b>	<b>3,516</b>	<b>106,574</b>	<b>(5,813)</b>
Asset management ICT database	0	9	155	155
Fire safety programme	0	(20)	0	0
Larger Homes	0	0	0	0
Major Repairs and Improvements Programme	22,083	1,402	22,083	0
Affordable Housing	0	0	0	0
BBB Properties part funded by GLA and HRA RTB 141	0	0	0	0
Special Transfer Payments	0	0	0	0
<b>HOUSING REVENUE ACCOUNT</b>	<b>22,083</b>	<b>1,391</b>	<b>22,238</b>	<b>155</b>
<b>GROSS CAPITAL PROGRAMME</b>	<b>134,470</b>	<b>4,907</b>	<b>128,812</b>	<b>(5,658)</b>

#### Appendix 4 – Period 2 Financial Performance Report

<b>SUBJECT:</b>	<b>Financial Performance Report – Month 2 (May 2022)</b>
<b>LEAD OFFICER:</b>	<b>Jane West, Corporate Director of Resources (Section 151)</b>
<b>CABINET MEMBER:</b>	<b>Councillor Jason Cummings Cabinet Member for Finance</b>

#### **SUMMARY OF REPORT:**

This report provides the Council's annual forecast as at Month 2 (May 2022) for the Council's General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). The report forms part of the Council's financial management process of publicly reporting financial performance against its budgets on a monthly basis.

#### **FINANCIAL IMPACT**

The Month 2 position is currently indicating a net overspend of £11.839m against budget. There are a further set of risks and opportunities, which indicate a net risk of £6.299m (risks £13.744m and opportunities of £7.445m), but they are not yet sufficiently developed to be included in the outturn forecast. Should these materialise, they will have a further negative impact on the projected outturn forecast.

Section 3 details these risks and the risk mitigations that have been identified at this stage, and further discusses the impact on the GF if these risks were to materialise and the mitigations are not effective.

The HRA is indicating a £0.049m overspend variance against budget.

The Capital Programme has spent £3.312m against a £138.257m budget in the first month. Spend is forecast to be on target to the delivery timeline.

#### **The Executive Mayor in Cabinet is recommended to:**

- 1.21 Note the General Fund is projecting a net overspend of £11.839m as at Month 2. Service directorates are indicating a net £25.209m overspend with a £13.369m underspend corporately.
- 1.22 Note that a further number of risks and compensating opportunities may materialise which would see the forecast year-end variance change. These indicate a net risk of £6.279m (risks £13.724m and opportunities of £7.445m) and are reported within Section 3 of this report. Should these risks materialise, or the mitigations not be effective, the Council is forecast to overspend by £25.61m
- 1.23 Note the Housing Revenue Account (HRA) is projecting a £0.049m overspend.
- 1.24 Note the Capital Programme spend to date for the General Fund of £2.325m (against a budget of £114.549m) and for the Housing Revenue Account of

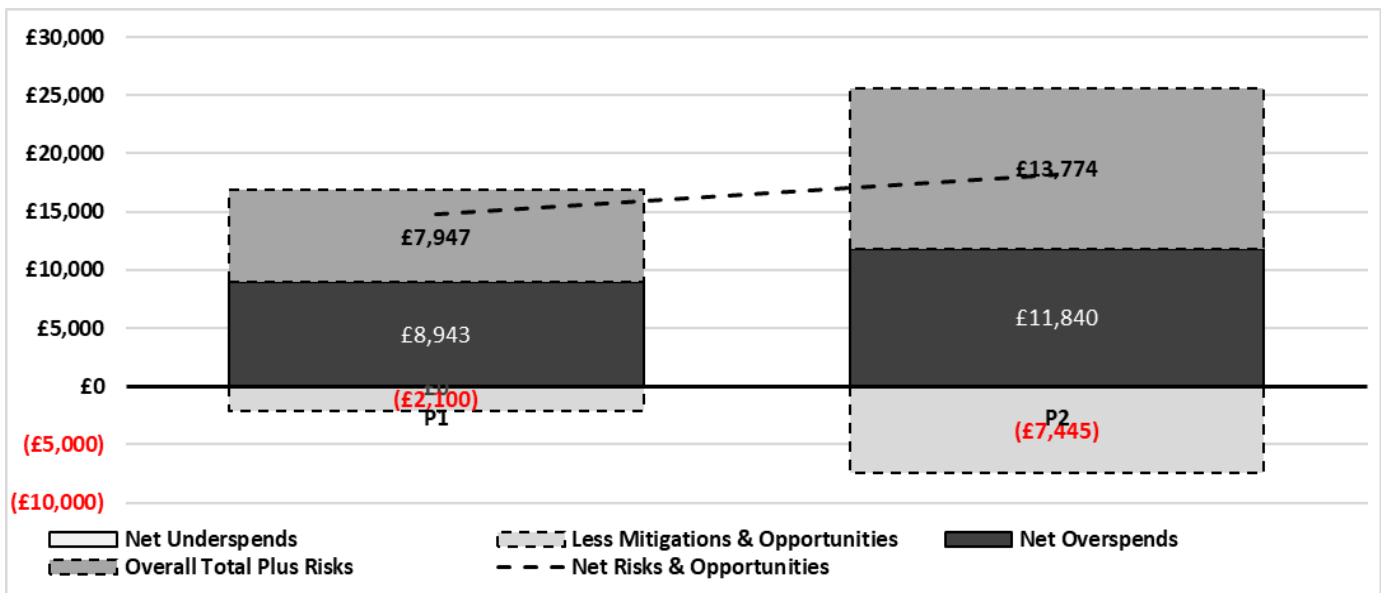
£0.246m (against a budget of £23.708m), with a projected forecast underspend of £6.782m variance for the General Fund and underspend of £1.625m for the Housing Revenue Account.

- 1.25 Note, the above figures are predicated on forecasts from Month 2 to the year end and therefore could be subject to change as forecasts are made based on the best available information at this time.
- 1.26 Note, the Council continues to operate with internal spending controls to ensure the financial control, oversight and strong financial culture continues to be embedded and practiced across the organisation.

## 5. EXECUTIVE SUMMARY

- 5.1. 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 GF, HRA and Capital Programme. The FPR ensures there is transparency in our financial position, enables scrutiny by both Members and the public, and offers reassurance in regard to the commitment by Chief Officers to more effective financial management and disciplines.
- 5.2. The GF revenue projected outturn forecast for Month 2 is a forecast overspend position of £11.839m.
- 5.3. There are a further set of risks and opportunities, which indicate a net risk of £6.279m (risks £13.724m and opportunities of £7.445m), but they are not yet sufficiently developed to be included in the outturn forecast. Should these materialise, they will have a further negative impact on the projected outturn forecast. These are outlined in detail in Section 3 of this report.
- 5.4. The chart below illustrates the trend in the monthly monitoring reports for this financial year 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)

## Monthly Forecast, Risk & Opportunity Tracker



- 5.5. The Housing Revenue Account is forecasting an overspend of £0.049m (an increase of £0.049m on the Month 1 forecast). This unfavourable projected variance will be either be met by new in-year savings or be met from HRA reserves.
- 5.6. The Capital Programme for both the GF and HRA is reporting a total expenditure to date of £2.571m of which £2.325m is within GF and £0.246m for the HRA. The overall capital spend is projected to be £129.850m against a budget of £138.257m. This will result in a £8.407m underspend to budget at which a point a review will be done to reprofile the budget or save depending on stage of each corresponding project.
- 5.7. The 2022/23 outturn forecast includes the use of a £25m agreed capitalisation direction, which is currently used to balance the Council's budget.
- 5.8. 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. Month 1 of this financial year reported in full the detail of Mayor Perry's Opening the Books initiative and provided a narrative update on the financial position. This report provides both narrative and tabular updates for Members. The format of this report will continue to evolve over this financial year. 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.
- 5.9. The Council continues to build on the improvements that were made over the past year however there is a considerable amount yet to do, which is fully recognised within the organisation. The Council's financial recovery is outlined within the three-year MTFS. The second year of that strategy has always been recognised as the toughest of the three to deliver.
- 5.10. In addition, and as this report identifies, the Council continues to face significant financial pressures. The outturn forecast identifies a serious overspend that the Council will need to mitigate, and this report flags a number of other risks that could

be realised and be declared in the outturn forecast which would further worsen the position.

- 5.11. Over the last financial year, a monthly budget assurance process and independent challenge of expenditure by the Improvement and Assurance Panel took place. This is in addition to Member scrutiny. The monthly budget assurance process has been reviewed and strengthened based on the learning from last year. The aim of the assurance meetings is to provide the 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 and overall ensure the Council is doing all it can to reduce overspends and deliver a balanced budget.
- 5.12. This report provides a Month 2 position, which is still at an early stage of the financial year and therefore gives the Council opportunity to ensure the significant pressures are mitigated. The macroeconomic climate is causing further pressures on the Council particularly from a very tight labour market and the significant inflationary pressures. Energy expenditure will increase considerably as the UK sees significant increases in wholesale input costs. The Council has budgeted a 5% inflationary uplift on all its contracts costs which is a prudent level compared to historic standards. However current inflation rates are significantly higher than this which poses an added challenge. The Council cannot absorb all inflationary costs and will need to find ways to ensure the burden of these costs is fairly shared with our suppliers.
- 5.13. In addition, the Council is continuing to work closely with the external auditors on finalising the 2019/2020 and 2020/2021 audit of accounts and is in the process of completing the accounts for 2021/22.

## **6. FINANCIAL POSITION**

- 6.1. The FPR shows that the Council is forecast to have a GF net overspend variance of £11.839m as at Month 2.
- 6.2. Directorate teams and Finance colleagues meet monthly to review the forecast position for each area, including risks of overspending and identify further options to mitigate these. A table of risks and opportunities are provided within this section where applicable.
- 6.3. The forecast outturn position of the General Fund is shown below in Table 1.

**Table 1 – Month 2 Projection per Directorate**

	Month 2				
	Forecast Variance		Change from previous month	Savings Non-Delivery	Other Pressures / (Mitigations)
	(£,000's)		(£,000's)	(£,000's)	(£,000's)
Children, Young People and Education	(421)		(421)	0	(421)
Adult Social Care and Health	(158)		(538)	380	(538)
Housing	661		661	50	611
Sustainable Communities Regen & Economic Recovery	15,820		2,888	6,448	9,372
Resources	9,298		4,298	0	9,298
Assistant Chief Executive	9		9	112	(103)
<b>Departmental Total</b>	<b>25,208</b>		<b>6,897</b>	<b>6,990</b>	<b>18,219</b>
Corporate Items & Funding	(13,369)		(4,000)	0	(13,369)
<b>Total General Fund</b>	<b>11,839</b>		<b>2,897</b>	<b>6,990</b>	<b>4,850</b>

6.4. 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. Explanations of any variances are provided within Section 4 of this report.

6.5. The main areas of movement from Month 1 are as follows:

- Adult Social Care and Health £0.538m **favourable** movement due to an underspend in staff due to vacancies.
- Sustainable Communities, Regeneration and Economic Recovery **adverse** movement of £2.888m due to reported lower than expected income from various Parking services and projected additional pressures in relation to Street lighting energy costs which are above the 5% Council wide inflation allocation.
- Resources £4.298m **adverse** movement, principally related the shortfall in Housing Benefit subsidy claimable and a overspend in relation to utility costs due to an increase in energy prices which are above the 5% Council wide inflation allocation.
- Housing is indicating a £0.661m **adverse** movement due to an increase in Temporary Accommodation spend.
- Children Young People and Education indicating an overall £0.421m **favourable** movement due to underspends from holding vacancies and reduced children

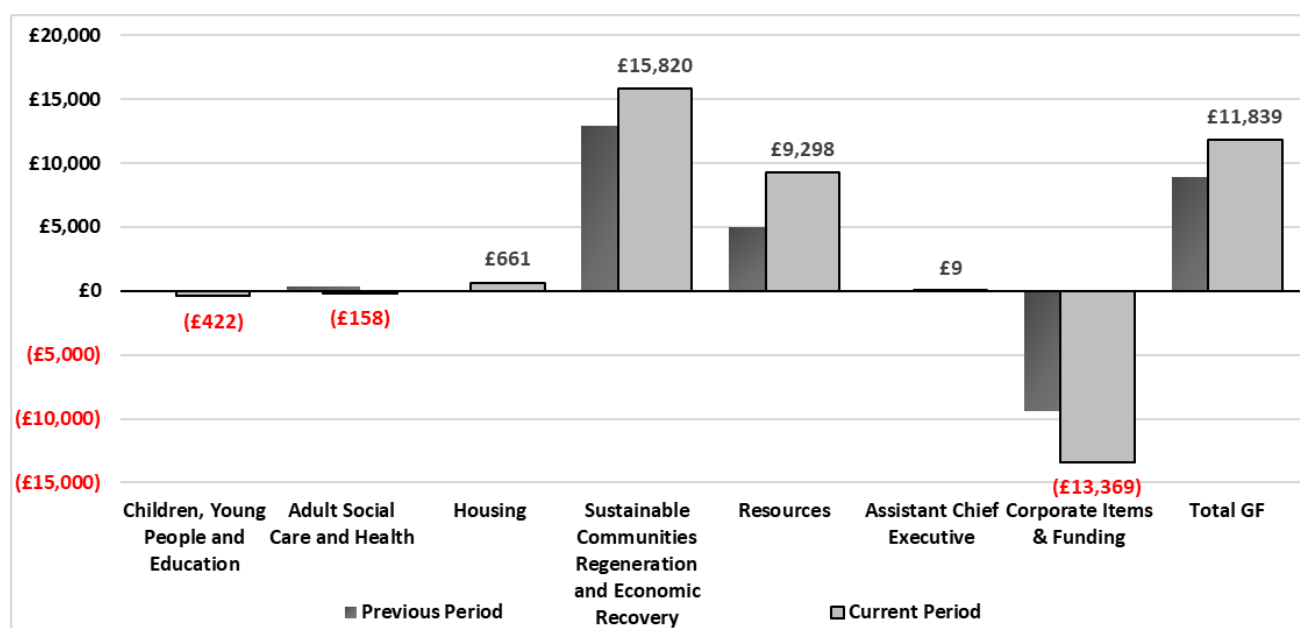
numbers in care which is resulting in projected lower placement costs with providers.

- Corporate Budget has released £5.00m of its contingency pot along with £4m of contract inflation budget to support some of the in year inflationary pressures that the services are experiencing.

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

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

### Forecast as at Month 2



### Risks and Risk mitigations

- 6.7. The outturn forecast has been reported excluding further potential risks and risk mitigations. Risks and risk mitigations are split into quantified and unquantified items.
- 6.8. As with the outturn forecast set out in Table 1 risks are separately reported for those elements that relate to potential under-delivery of approved savings, as agreed by Full Council in March 2022, and those that are new and not directly related to agreed savings plans. The Council is encouraged to be transparent in flagging its risks that could potentially result in a change to the outturn forecast. This allows the Council to act and support these challenges before they become realised.
- 6.9. Table 2a below provides for details of MTFs savings that have not been delivered with a brief commentary of the projects that are not delivering the expected savings and Table 2b provides a list of quantified and unquantified other risks, which are in addition to the savings risks.

6.10. 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.

**Table 2a – Month 2 MTFS Savings Risk**

MTFS Savings Ref	MTFS Savings Description	Savings at risk Month 2	Savings at risk Month 1	Change From Prior Month
		(£,000's)	(£,000's)	(£,000's)
<b>22/23 O/S Form 02</b>	Review Children's Centres Delivery Model	790	0	790
<b>CFE Sav 06</b>	Review Support for Young People where Appeal Rights Exhausted	140	0	140
<b>CFE Sav 07</b>	Improve Practice System Efficiency	290	0	290
<b>Children, Young People and Education Total</b>		<b>1,220</b>	<b>0</b>	<b>1,220</b>
<b>HWA Sav 06</b>	Baseline Savings - Disabilities Operational Budget	833	0	833
<b>HWA Sav 09</b>	Baseline Savings - Mental Health Operational Budget	83	0	83
<b>HWA Sav 19</b>	Baseline Savings - Older People Operational Budget	194	0	194
<b>Adult Social Care and Health Total</b>		<b>1,110</b>	<b>0</b>	<b>1,110</b>
<b>22/23 HSG SAV 11</b>	Procurement of Emergency Accommodation Contracts	125	125	0
<b>22/23 HSG SAV 12</b>	Staffing Review	113	113	0
<b>22/23 HSG SAV 13</b>	Income Maximisation - Rent Collection	168	168	0
<b>22/23 HSG SAV 14</b>	Housing Benefit Maximisation	60	60	0
<b>Housing Total</b>		<b>466</b>	<b>466</b>	<b>0</b>
<b>22/23 COR SAV 13x</b>	Contract Savings - Pay and Display Machines	300	0	300
<b>22/23 PLA SAV 03</b>	Review and reduction of the Neighbourhood Operations (NSO team) 22/23 £950k 23/24 £150k	260	0	260
<b>22/23 PLA SAV 04</b>	Private Sector Environmental Enforcement	63	0	63
<b>22/23 PLA SAV 28</b>	New gym in Monks Hill Leisure Centre	90	0	90
<b>22/23 PLA SAV 31</b>	Merger of Management Functions	100	0	100



<b>PLA Sav 07</b>	Reduce Spatial Planning (Local Plan Team and Place Making Team)	484	0	484
<b>PLA Sav 12</b>	Revised Landlord Licensing scheme	150	0	150
<b>Transfer 02</b>	Fees And Charges	58	0	58
<b>22/23 O/S Form 20</b>	Increase in fees and charges	292		292
<b>Sustainable Communities Regen &amp; Economic Recovery Total</b>		<b>1,797</b>	<b>0</b>	<b>1,847</b>
<b>22/23 RES SAV 01</b>	Council wide legal services review	130	0	130
<b>Transfer 02</b>	Fees and Charges	26	0	26
<b>22/23 O/S Form 20</b>	Increase in fees and charges	143	0	143
<b>Resources Total</b>		<b>299</b>	<b>0</b>	<b>299</b>
<b>Corporate Items &amp; Funding Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>22/23 COR SAV 09</b>	Rationalisation of software applications and contracts	750	0	750
<b>Assistant Chief Executive Total</b>		<b>750</b>	<b>0</b>	<b>750</b>
<b>Total Savings at Risk</b>		<b>5,641</b>	<b>466</b>	<b>5,226</b>

**Table 2b – Other quantifiable and unquantifiable risks**

Quantified Risks	Month 2 £'000	Month 1 £'000	Details of Risk
Children, Young People and Education	3,734	4,200	<b>Education and Health Care Coordinators staffing cost that will need to be funded by the Council. (£1.00m)</b> This represents additional staffing resources more likely to be required to meet the SEND Strategy
			<b>Capitalisation income (£0.784m)</b> This is a historic income budget that was added to Children's Social Care. This amount was funded from capital receipts until 2020/21 and the directorate will need to find alternative sources. .
			<b>Public Health savings (£0.400m)</b> Work previously supported by the Public Health grant by the service cannot be recharged to Public Health and so the service will need to find alternative funding sources.

			<p><b>CLA Cost of Living (£1.500m)</b> There is an expectation that children in care providers will increase placement costs as cost of living rises</p> <p><b>Delayed implementation of Children Centre (£0.050m)</b> In House project Expected savings from project at risk due to delayed implementation - savings at risk.</p>
Adult Social Care and Health	-	-	None
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	3,082	3,281	<p><b>Energy cost pressure in Leisure Contract – (£0.500m)</b> This may need renegotiation with the Leisure provider and therefore cannot be fully quantified at this time.</p> <p><b>Risk of Additional Street Lighting Energy Costs (£0.195m)</b> Projections give a higher and lower projection and this is if the higher projection comes to fruition.</p> <p><b>Additional RISK in SEN Transport (£1.00m)</b> Due to continuing increase in the number of SEN Users and passenger rote number variances due to COVID pressures.</p> <p><b>Waste Guaranteed Income Risk (£0.812m)</b> Risk Identified by SLWP in connection with Veolia Claim for reduction in Guaranteed Income Payable to Council due the continued effect on Commercial Income Due to Covid. This is being disputed by the South London Waste Partnership</p> <p><b>Delay in closure of NSO service Pressure (£0.450m)</b> - due to internal review of the process to close NSO service following internal review. This is being reconsidered and the risk maybe mitigated and will be reported in P3.</p> <p><b>Additional pressure due to internal review of the process of closure of NSO service (£0.125m).</b> The outsourcing of Environmental Enforcement Team earmarked in MTFS for 22/23 was based on the closure of the NSO Service which has been delayed due to an further review.</p>
Resources	640	-	<p><b>Masts Income (£0.200m)</b> Income from masts stationed on various Housing buildings will need to be charged to the HRA rather than the GF.</p> <p><b>Additional Fees and Charges pressure in addition to Savings Target (£0.143m)</b></p> <p><b>Vacant Commercial Units which are proving difficult to rent out (£0.297m)</b></p>
Assistant Chief Executive	627	-	<p><b>Green Lawn Memorial Park (£0.127m)</b> Risk based upon the current reduced death rate and the lack of available graves for sale until the cemetery extension opens.</p>

			<p><b>Crematorium (£0.300m)</b> Death rate currently decreasing, increased competition from neighbouring facilities</p> <p><b>Registrars (£0.200m)</b> Future demand particularly around weddings is difficult to predict but current recorded income is well behind target.</p>
<b>Total Quantified Risks</b>	<b>8,083</b>	<b>7,481</b>	

<b>Un-Quantified Risks</b>	<b>Month 2 £'000</b>	<b>Month 1 £'000</b>	<b>Details of Risk</b>
Children, Families and Education			<b>None</b>
Adults, Health and Social Care			<p><b>Latent Demand</b> Potential post Covid-19 pandemic latent demand working through the population resulting in additional care packages placements.</p> <p><b>Rising Provider Costs</b> Inflation, rising fuel and food costs significant expenditure for care providers - may result in claims for increased fees or face financial instability</p>
Housing			<p><b>New Housing Structure (temporary)</b> We have a new temporary structure within Housing, including an Interim Director of Tenancy Services and three Change Managers, approx £100k Transformation Funding has been requested to resource these additional positions.</p>
Sustainable Communities Regen & Economic Recovery			<b>None</b>
Resources			<p><b>Core Savings and Fees &amp; Charges Review</b> Budgeted savings on fees &amp; charges (£312,000) and contracts (£350,000) will be difficult to achieve. Costs in these areas for this service are contract based and are not easily varied in the short term. It is intended to mitigate this in year.</p>
			<p><b>Legal Trading Model</b> 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.</p>
			<p><b>Permanent Establishment Shortfall</b> There is a permanent shortfall in the establishment budget of £527,000. Last year this was mitigated by vacancy savings and court cost recovery. Vacancies have been identified as savings in 2022/23 and it is expected that court cost recovery levels will reduce once backlogs caused by the pandemic, are managed down. It is intended to mitigate this in year</p>
Assistant Chief Executive			The service is exploring options for achieving the £750k savings, but until they are assured they can be achieved this is flagged as a risk.

			The ACE department needs to review fees and charges budgets. Until the exercise is completed this saving is at risk if not being achieved.
Corporate Items & Funding			None
<b>Total Un-Quantified Risks</b>			

6.11. Table 3 provides a list of quantified and unquantified risk mitigations or opportunities. 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 2a and 2b.

**Table 3 - Quantifiable and unquantifiable opportunities**

Quantified Opportunities	Month 2 £'000	Month 1 £'000	Details of Opportunities
Children, Young People and Education	(1,000)	(2,100)	<b>Staying Put Grant (£1.00m)</b> Increasing the income budget in 2022/23 in line with the actual grant
Adult Social Care and Health	-	-	None
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	-	-	None
Resources	(2,445)	-	Additional Interest Charge budget in Property
Assistant Chief Executive	-	-	None
Corporate Items & Funding	(4,000)		Call on Corporate Earmarked One-off contingency reserves to fund additional inflationary pressures across the Council.
<b>Total Quantified Opportunities</b>	<b>(7,445)</b>	<b>(2,100)</b>	
Un-Quantified Opportunities	Month 2 £'000	Month 1 £'000	Details of Opportunities
Children, Young People and Education	-	-	<b>Legal</b> This is being reviewed by Resources as part of the legal recharges and the service are also looking to reduce legal costs.
Adult Social Care and Health	-	-	None
Housing	-		<b>New Housing Structure (temporary)</b> We have a new temporary structure within Housing, including an Interim Director of Tenancy Services and three Change Managers, approx £100k. Transformation Funding has been requested to resource these additional positions.

	-	-	<b>Corporate Inflation Reserve to Cover Inflation on Waste Disposal Contract</b> Bid still to be made for corporate inflation reserve funding (awaiting Waste Disposal Contract Inflation to be agreed before putting directorate bid In.
Sustainable Communities Regen & Economic Recovery	-	-	<b>Fees and Charges Allocations against Statutory Charges</b> Fees and Charges increases have been allocated to budget which have now been identified as not deliverable. However, a one-off corporate funding is expected to support.
	-	-	<b>Salary Savings</b> Further salary underspends likely through holding vacancies and managing recruitment of staff needs.
Resources	-	-	None
Assistant Chief Executive	-	-	None
Corporate Items & Funding	-	-	None
<b>Total Un-Quantified Opportunities</b>			

## 7. SERVICE VARIANCE DETAIL

### 7.1. Children, Young People and Education (CYPE)

At Month 2 a £0.421m **underspend** has been forecast, with £1.2m of MTFS savings at risk of non-delivery together with £3.73m of other risks against £1.0m of opportunities.

The forecast is a combination of a projected underspend within Children Social Care service of £0.65m and an overspend of £0.225m within non-DSG Education services. The Children Social Care team is projecting underspends within placement costs for both under 18 and 18+ children looked after.

The Directorate has identified £3.73m of other risks which if realised could have a material impact on the CYPE forecast. The risks as indicated within Table 2b relate to costs pressures such inflationary pressures above and beyond Council budgets and loss of income and contribution from the Council's partners. However, the Directorate has identified a potential opportunity as well from the allocation of one-off grant funding that could be used to support costs that the Council is currently paying for. The terms of this grant are being evaluated and once confirmed this will be adjusted within the Forecast.

### 7.2. Adult Social Care and Health Social Care (ASCH)

At Month 2 an **underspend** of £0.158m is forecast with £1.110m MTFs savings at risk of non-delivery.

The underspend forecast is a net position of a projected overspend within the Adult Social Directorate of £0.380m and a projected underspend of £0.536m within Adult Social Care Operations.

The overspend within Directorate relates to Public Health income, which was allocated to Adults but, due to service changes, there is now insufficient expenditure that meets Public Health outcomes and so the income cannot be achieved. Further work is being undertaken to ascertain where this funding can be utilised.

The underspend within Adult Social Care Operations relates to vacancies which are expected to be filled over the coming months.

However, whilst the current forecast projects an underspend there is a risk that some savings may not be achieved. This is, in part, due to the levels of vacancies within Social Care Operations. The total risk indicated is £1.110m.

In addition, there are unquantified risks due to potential post Covid-19 latent demand resulting in additional care requirements and the rising inflation for care providers which may result in increased costs for existing care.

### 7.3. **Housing**

At Month 2 Housing is forecasting a £0.661m **overspend** in relation to temporary accommodation with risks around the non-delivery of £0.466m of savings and a potential unquantified opportunity in relation to the funding for the current interim structure in tenancy services.

### 7.4. **Sustainable Communities, Regeneration & Economic Recovery (SCRER)**

The SCRER directorate is forecasting a net **overspend** of £15.820m, the main area of overspend relates to £10.5m shortfall in parking income, £0.950m relating to streetlighting energy costs and £0.5m SEN transport costs.

There are also £3.00m risks identified and £1.847m savings at risk, at this early stage no quantified opportunities have been identified by the SCRER directorate.

The key service areas that are experiencing these overspend are within the Sustainable Communities division and particularly parking teams. Demand for parking services has not reached pre-pandemic levels and this is affecting all areas of parking which includes, ANPR income shortfall, pay and display shortfall and on-street parking. The division is also expecting delays in obtaining a License to run the Selective Licensing scheme is further adding pressures.

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

### 7.5. **Resources**

At Month 2 there is a £9.298m **overspend** forecasted, which is largely relating to loss in housing benefit subsidy and projected increases in energy costs across the Council's corporate estates. The £5m HB pressures is being reviewed and further work is being done to review the pressure and steps are being taken to mitigate this. An updated position will be reflected in Month 3.

In addition, there are savings at risk of £0.299m and £0.640m of other risks in relation to fees and charges but these can be offset against a potential opportunity of £2.4m in relation to a budget held for covering costs of interest for commercial properties financed using borrowing.

#### 7.6. **Assistant Chief Executive**

At Month 2 £0.009m **overspend** is being projected with further savings risk of £0.750m being at risk of delivery. In addition, the service has identified £0.627m of other risks within bereavement and registrars however no mitigations or opportunities have been identified.

At this early-stage further work is still being carried out to review fees and charges and the rationalisation of software applications to ensure that the savings delivery risks are mitigated.

#### 7.7. **Corporate**

At Month 2, the Corporate position is projecting an underspend of **£13.369m**. The Corporate budget holds key 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.

As part of the Month 2 position, the Council has determined that it would be fair to allocate the General Risk Provision of **£6.415m** to support service-related pressures that have arisen in the Month 2 monitor. Furthermore, the Council set aside **£2.954m** as part of the 2022/23 Budget to support the need for additional responsibilities Croydon has towards Unaccompanied Asylum-Seeking children (UASC). Based on the outturn for 2021/22 and a better management of these costs, with support from external partners and Government, it is prudent to release this budget and use this to support the pressures currently being experienced within services.

Furthermore, some services have projected inflationary increases within their forecasts. The Council had budgeted 5% towards contract inflation costs and as some services have factored these costs within their forecast the corporate allocation has been released to support those increases which account for **£4.00m**. A detailed inflation allocation exercise will be carried out in Month 3 and Month 4 as more information is gathered from conversations with suppliers along with contractual assessments have been done.

Corporate Finance have also identified a further £4.0m of reserve drawdown in 2021/22 to support the in year inflationary pressures that the Council is facing as a result of macroeconomic factors which are largely not in the Council's control.

7.8. Table 4 below summaries the overall position:

**Table 4 – Summary – Month 2 with Month 1 Comparator**

	<b>Month 2</b>	<b>Month 1</b>	<b>Variance</b>
	<b>(£,000's)</b>	<b>(£,000's)</b>	<b>(£,000's)</b>
<b>Table 1 - Forecast</b>	11,839	8,943	2,897
<b>Table 2a - MTFS Savings Risk</b>	5,641	466	5,226
<b>Table 2b - Quantifiable Risks</b>	8,083	7,481	602
<b>Table 3 - Quantifiable Opportunities</b>	(7,445)	(2,100)	(1,345)
<b>Total</b>	<b>18,118</b>	<b>14,789</b>	<b>7,379</b>



## 8. Housing Revenue Account (HRA)

8.1. The HRA is currently forecasting a £0.049m variance against budget.

**Table 5 – Housing Revenue Month 2 forecast**

SERVICES	Projected Variance for Month	Variance For Previous Month	Change From Previous Month	Explanation of Variations
	£'000	£'000	£'000	
Responsive Repairs and Safety	(7)	0	(7)	
Asset Planning and Capital Delivery	0	0	0	
Allocations Lettings and Income Collection	(0)	0	(0)	
Tenancy and Resident Engagement	6	0	6	
Homelessness and Assessments	50	0	50	Overspend on costs based on 21/22 outturn in relation to Concord, Sycamore and Windsor
Directorate & Centralised costs	(0)	0	(0)	
	<b>49</b>	<b>0</b>	<b>49</b>	

8.2. The variance at Month 2 is relatively small and the service will continue to ensure it delivers the HRA within allocated budget. Nonetheless, the HRA has sufficient ring-fenced reserves to meet the £0.049m overspend currently projected if in year mitigations can't be found.

## 9. Capital Programme as Month 2

9.1. The GF and HRA capital programme have currently spent a gross £2.571m to the end of Month 2 against approved budgets of £138.257m. Forecast spend is £129.850m resulting in a forecast variance of £8.407m.

9.2. 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 as Month 2**

Department	Approved Budget 2022/23	Actuals 2022/23 as at Month 2	Forecasts 2022/23 as at Month 2	Variance
	£'000	£'000	£'000	£'000
CHILDREN, YOUNG PEOPLE AND EDUCATION	15,964	276	7,714	(8,250)
ADULT SOCIAL CARE AND HEALTH	1,707	0	1,707	0
HOUSING	3,493	78	3,493	0
SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	45,064	1,618	45,757	693
RESOURCES	4,631	112	4,631	0
ASSISTANT CHIEF EXECUTIVE	14,028	241	14,803	775
CORPORATE ITEMS & FUNDING	29,662	0	29,662	0
<b>General Fund Total</b>	<b>114,549</b>	<b>2,325</b>	<b>107,767</b>	<b>(6,782)</b>
HOUSING REVENUE ACCOUNT	23,708	246	22,083	(1,625)
<b>LBC CAPITAL PROGRAMME TOTAL</b>	<b>138,257</b>	<b>2,571</b>	<b>129,850</b>	<b>(8,407)</b>

9.3. At this early stage no underspends have been identified, but as we continue through the year any variances projected will be considered to be slipped into the new financial year, subject to Mayoral approval at year end and further due diligence on the state of the projects and their future delivery needs and prospects.

## 10. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.9 Finance comments have been provided throughout this report.

(Approved: Matt Davis – Interim Director of Finance)

## 11. LEGAL CONSIDERATIONS

5.10 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance 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.

5.11 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.

5.12 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.

(To Be Approved by: Doutimi Aseh - Interim Director of Legal Services & Deputy Monitoring Officer)

## **12. HUMAN RESOURCES IMPACT**

5.13 There are no immediate workforce implications as a result of the recommendations in 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.

Approved by: Dean Shoesmith, Chief People Officer

## **13. EQUALITIES IMPACT**

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

5.15 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:

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

5.16 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.

5.17 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.

5.18 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

5.19 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.

5.20 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.

5.21 Departments should ensure that they pay due regard to all protected characteristics regarding potential mitigation to proposals.

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

#### **14 ENVIRONMENTAL IMPACT**

There are no specific environmental impacts set out in this report

#### **15 CRIME AND DISORDER REDUCTION IMPACT**

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

#### **16 DATA PROTECTION IMPLICATIONS**

##### **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

##### **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO, as the report contains no sensitive/personal data

## APPENDIX 1 – SERVICE BUDGETS AND FORECASTS MONTH 2

	Approved Budget	Current Actuals	(%age)	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(%age)	(£,000's)	(£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	107,125	17,416	0	106,589	(538)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	2,683	(1,691)	(1)	3,063	380
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	4,407	626	0	4,407	-
<b>TOTAL ADULTS</b>	<b>114,215</b>	<b>16,351</b>	<b>0</b>	<b>114,059</b>	<b>(158)</b>
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	7,962	(1,344)	1	8,623	661
C1310E : ESTATES AND IMPROVEMENT	66	48	0	66	0
<b>TOTAL HOUSING</b>	<b>8,028</b>	<b>4,146</b>	<b>1</b>	<b>8,689</b>	<b>661</b>
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(286)	141	(0)	(286)	(0)
C1120E : SUSTAINABLE COMMUNITIES	21,710	4,205	0	36,524	14,814
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	4,652	546	0	5,018	366
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	391	1,331	3	1,031	640
<b>TOTAL SUSTAINABLE COMMUNITIES REGEN &amp; ECONOMIC RECOVERY</b>	<b>26,467</b>	<b>6,224</b>	<b>0</b>	<b>42,287</b>	<b>15,820</b>
C1605E : RESOURCES DIRECTORATE SUMMARY	(7,511)	78	(0)	(7,510)	1
C1610E : DIRECTOR OF FINANCE	8,838	26,833	3	13,838	5,000
C1620E : PENSIONS DIVISION	315	206	1	315	(0)
C1625E : MONITORING OFFICER	2,078	323	0	2,066	(12)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	994	491	0	987	(7)
C1640E : LEGAL SERVICES DIVISION	(1,713)	(247)	0	(1,322)	391
C1650E : INTERNAL AUDIT SERVICE	595	88	0	639	44
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	21,191	(3,447)	(0)	25,072	3,881
<b>TOTAL RESOURCES</b>	<b>24,787</b>	<b>24,324</b>	<b>1</b>	<b>34,085</b>	<b>9,298</b>

	Approved Budget	Current Actuals	(%age)	Full-Yr Forecast	Projected Variance
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	574	81	0	574	-
C1210E : CHILDREN'S SOCIAL CARE	72,014	7,776	0	71,368	(646)
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	(4,630)	2,072	(0)	(4,630)	(0)
C1220E : EDUCATION DIVISION - exc DSG	7,257	12,109	2	7,482	225
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	4,468	742	0	4,468	-
<b>TOTAL CHILDRENS, FAMILIES AND EDUCATION</b>	<b>79,683</b>	<b>22,780</b>	<b>0</b>	<b>78,702</b>	<b>(421)</b>
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(104)	153	(1)	130	234
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	22,887	3,687	0	22,807	(80)
C1520E : CHIEF PEOPLE OFFICER DIVISION	3,689	536	0	3,755	66
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	6,006	2,597	0	5,794	(212)
C1540E : PUBLIC HEALTH	-	(7,650)	-	0	(0)
<b>TOTAL ASSISTANT CHIEF EXECUTIVE</b>	<b>32,478</b>	<b>(677)</b>	<b>(0)</b>	<b>32,487</b>	<b>9</b>

## Appendix 2 – Capital Programme Month 2

Scheme Name	Approved Budget 2022/2023 £'000	Actual to Date as at Period 2 £'000	Forecast for year end 2022/2023 £'000	Variance to Date 2022/2023 £'000
Disabled Facilities Grant	2,993	78	2,993	0
Empty Homes Grants	500	0	500	0
<b>HOUSING</b>	<b>£3,493</b>	<b>£78</b>	<b>£3,493</b>	<b>£0</b>
Adults ICT	110	0	110	0
Provider Services - Extra Care	500	0	500	0
Sheltered Housing	938	0	938	0
Capital investment in Garden Centre for People with social care needs	159	0	159	0
<b>ADULT SOCIAL CARE AND HEALTH</b>	<b>£1,707</b>	<b>£0</b>	<b>£1,707</b>	<b>£0</b>
Bereavement Services	1,000	2	1,775	775
Finance and HR system	500	0	500	0
ICT Refresh & Transformation	8,955	33	8,955	0
People ICT	3,000	206	3,000	0
Members Enquiries Transformation Bid	43	0	43	0
Core Contract Procurement Transformation	530	0	530	0
<b>ASSISTANT CHIEF EXECUTIVE</b>	<b>£14,028</b>	<b>£241</b>	<b>£14,803</b>	<b>£775</b>
Education – Fire Safety Works	902	0	902	0
Education - Fixed Term Expansions	3,243	2	1,243	(2,000)
Education - Major Maintenance	9,549	94	4,049	(5,500)
Kenley School Modular Replacement Works	0	7	134	134
Education - Permanent Expansion	44	0	319	275
Education - Secondary Estate	0	41	41	41
Education - SEN	2,226	132	1,026	(1,200)
<b>CHILDREN, YOUNG PEOPLE AND EDUCATION</b>	<b>£15,964</b>	<b>£276</b>	<b>£7,714</b>	<b>(£8,250)</b>
Allotments	200	0	200	0
Brick by Brick programme	6,203	0	6,203	0
Fairfield Halls Refurb	1,000	1,274	2,300	1,300
Fixtures & Fittings FFH	0	571	571	571
CALAT Transformation	390	0	390	0
Electric Vehicle Charging Points	500	0	500	0
Capitalised Feasibility Fund	330	0	330	0
Growth Zone	4,000	(25)	4,000	0
Grounds Maintenance Insourced Equipment	200	0	200	0
Highways - maintenance programme	8,618	0	8,618	0
Highways – flood water management	435	0	435	0
Highways – bridges and highways structures	3,403	57	3,403	0
Highways - Tree works	56	(33)	56	0
Mitigate unauthorised access to parks and open spaces	73	0	73	0
Leisure centres equipment upgrade	70	56	206	136
Libraries Investment - General	1,614	63	300	(1,314)

Libraries investment – South Norwood library	412		412	0
Museum Archives	75		75	0
Parking	2,141	63	2,141	0
Play Equipment	380	0	380	0
Safety - digital upgrade of CCTV	1,539	(8)	1,539	0
Section 106 Schemes	0	1	0	0
Signage	137	0	137	0
South Norwood Regeneration	1,032	(377)	1,032	0
Connected Kenley	425	0	425	0
Sustainability Programme	565	0	565	0
TFL - LIP	9,266	0	9,266	0
Waste and Recycling Investment	1,000	0	1,000	0
Waste and Recycling – Don't Mess with Croydon	1,000	7	1,000	0
<b>SUSTAINABLE COMMUNITIES REGEN &amp; ECONOMIC RECOVERY</b>	<b>£45,064</b>	<b>£1,618</b>	<b>£45,757</b>	<b>£693</b>
Asset Strategy - Stubbs Mead	700	0	700	0
Asset Strategy Programme	225	0	225	0
Asset Acquisition Fund	390	0	390	0
Clocktower Chillers	412	0	412	0
Corporate Property Programme	2,500	112	2,500	0
Croydon Healthy Homes	404	0	404	0
<b>RESOURCES</b>	<b>£4,631</b>	<b>£112</b>	<b>£4,631</b>	<b>£0</b>
Capitalisation Direction	25,000	0	25,000	0
Transformation Spend (Flexible Capital Receipts)	4,662	0	4,662	0
<b>CORPORATE</b>	<b>£29,662</b>	<b>£0</b>	<b>£29,662</b>	<b>£0</b>
<b>NET GENERAL FUND TOTAL</b>	<b>£114,549</b>	<b>£2,325</b>	<b>£107,767</b>	<b>(£6,782)</b>
Fire safety (Sprinkler) programme		(28)		0
Major Repairs and Improvements Programme	23,708	274	22,083	(1,625)
<b>HOUSING REVENUE ACCOUNT</b>	<b>£23,708</b>	<b>£246</b>	<b>£22,083</b>	<b>(£1,625)</b>
	<b>£138,257</b>	<b>£2,571</b>	<b>£129,850</b>	<b>(£8,407)</b>





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