

REPORT TO:	Cabinet 30th November 2022
SUBJECT:	Financial Performance Report – Month 6 (September 2022)
LEAD OFFICER:	Jane West, Corporate Director of Resources (Section 151)
CABINET MEMBER:	Councillor Jason Cummings Cabinet Member for Finance

SUMMARY OF REPORT:

This report provides the Council's forecast outturn as at Month 6 (September 2022) for the General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). The report forms part of the Council's financial management process for publicly reporting financial performance monthly.

FINANCIAL IMPACT

	Forecast Variance Month 6	Forecast Variance Month 5	Movement
	£m	£m	£m
General Fund over/(underspend)	0.0	10.5	(10.5)

The General Fund forecast at Month 6 now shows a balanced budget which is an improvement of **£10.5m** compared to the forecast at Month 5. This is mainly due to the ongoing review of inflation requirements which has resulted in the draw-down of funding from the corporate inflation budget to cover the increased cost of utilities within the Resources department (£4.2m) and a reduction in the planned contribution to General Fund Balances (£5.1m). This, supported by the previously reported Deficit Recovery Plan, allows a forecast balanced budget. There remains £6.6m in the corporate inflation contingency budget unallocated which is being held as a hedge against further pressures impacting budgets in the remainder of the year.

This report sets out further risks and opportunities. This indicates a net risk of **£4.1m** (risks **£10.0m** and opportunities of **£5.9m**).

	Forecast Variance Month 6	Forecast Variance Month 5	Movement
	£m	£m	£m
Housing Revenue Account over/(underspend)	4.4	3.2	1.2

The Housing Revenue Account is forecasting a **£4.4m** overspend variance against budget at the end of the year, an adverse movement by **£1.2m** mainly due to increases in legal disrepair costs and void rents.

	Original Approved Budget 2022/2023	Actual to Date as at 31/09/22	Forecast for year end 2022/2023	Forecast Variance for year end 2022/2023
	£m	£m	£m	£m
Total General Fund and HRA Capital Programme	134.152	14.599	116.974	(17.178)

The Capital Programme has spent **£14.599m** against a **£134.152m** budget at Month 6. The end of year position is forecast to be an underspend of **£17.178m**.

The Executive Mayor in Cabinet is recommended to:

- 1.1 Note the General Fund is now forecast to be balanced at Month 6. Service directorates are indicating a £19.895m overspend. This is offset by £5.795m corporate underspend, £4m use of earmarked inflation reserves, £5m use of the general contingency budget and a £5.1m reduced contribution to General Fund Balances.
- 1.2 Note the reduction in the planned contribution to General Fund Reserves from £6.9m to £1.8m and the forecast General Fund Reserve of £29.3m at 31 March 2023.
- 1.3 Note that a further number of risks and compensating opportunities may materialise which would see the forecast change.

- 1.4 Note the actions being taken through the Deficit Recovery plan. Further details are in paragraph 2.16.
- 1.5 To approve the non-delivery of the MTFS savings as indicated within Table 5 and detailed in Appendix 3.
- 1.6 Note the Housing Revenue Account (HRA) is projecting an end of year position of a £4.424m overspend, due to inflation, disrepair costs and void rents.
- 1.7 Note the Capital Programme spend to date for the General Fund of £14.019m (against a budget of £112.069m) with a projected forecast underspend of £14.793m for the end of the year.
- 1.8 Note the Housing Revenue Account Capital Programme spend to date of £0.580m (against a budget of £22.083m), with a projected forecast underspend of £2.385m for the end of the year.
- 1.9 Note, the above figures are predicated on forecasts from Month 6 to the year end and therefore could be subject to change as forecasts are made based on the best available information at this time.
- 1.10 Note, the Council continues to operate a Spend Control Panel to ensure that tight financial control and assurance oversight are maintained. A new financial management culture is being implemented across the organisation through increased scrutiny, such as the monthly assurance meetings, improved communication and budget manager training from CIPFA.

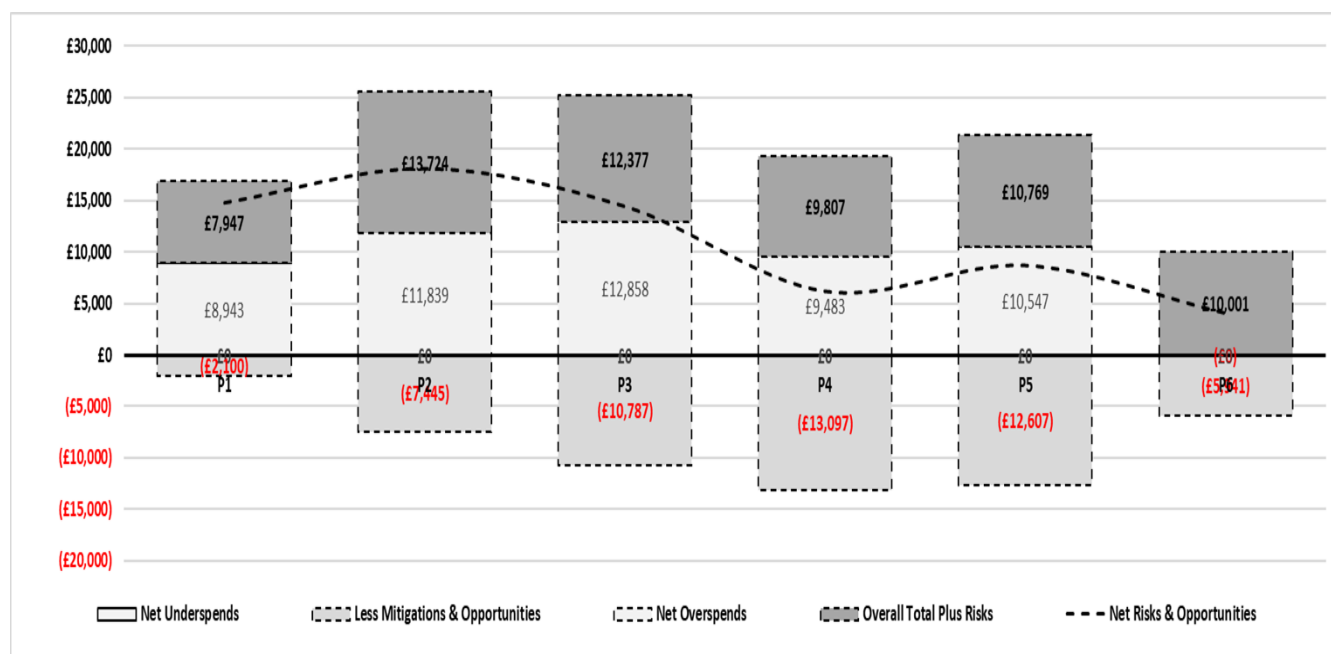
2. EXECUTIVE SUMMARY

- 2.1. The Financial Performance Report (FPR) is presented to each Cabinet meeting and provides a detailed breakdown of the Council's financial position and the in-year challenges it faces. It covers the General Fund, Housing Revenue Account and Capital Programme. The Financial Performance Report ensures there is transparency in the financial position, and enables scrutiny by the Executive Mayor, Cabinet, Scrutiny, and the public. It offers reassurance regarding the commitment by Chief Officers to more effective financial management and discipline.
- 2.2. The General Fund revenue forecast outturn for Month 6 is showing a balanced position. This decrease of £10.5m from Month 5 is mainly as a result of funding known inflation pressures of £4.2m and by reducing the contribution planned to General Fund Balances by £5.1m.
- 2.3. There are a further set of risks and opportunities, which indicate a net risk of £4.1m (risks £10m and opportunities of £5.9m). The risks are not yet sufficiently developed to be included in the outturn forecast. Depending on how the risks

and opportunities materialise, they may have a further negative impact on the projected outturn forecast. Should all the risks materialise, and none of the mitigations be effective, the Council is forecast to overspend by £10.001m. 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 £5.941m. The risks and opportunities are detailed in Appendix 3-6 of the report and summarise in Table 5 by directorate.

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. Work continues to bring the pressures down and find mitigations so that the Council ensures that it stays within budget. 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 £4.424m (an increase of £1.125m on the Month 5 forecast).

2.7. The Capital Programme for both the General Fund and Housing Revenue Account is reporting a total expenditure to date of £14.599m of which £14.019m is General Fund and £0.580m is Housing Revenue Account. The overall capital spend is projected to be £116.974m against a budget of £134.152m. This will result in a £17.178m underspend to budget.

- 2.8. The 2022/23 General Fund budget includes the use of a £25m agreed capitalisation direction. This follows the use of a £50m capitalisation direction in 2021/22. The capitalisation direction was approved (minded to) by the Department of Levelling Up, Housing and Communities (DLUHC) in March 2022 subject to regular positive reports from the Improvement and Assurance Panel and the Budget was approved at Full Council on 7th March 2022. It should be noted that capitalisation directions provide one-off support for a financial year and do not resolve the underlying financial pressures that require their use. The financial report elsewhere on the Cabinet agenda addresses the Council's fundamental financial position.
- 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.
- 2.10. The format of this report will continue to evolve and expand as it will be important for the Council to be able to identify the additional pressures that the global economic crisis is causing in inflation and the impact on supplies and services the Council provides.
- 2.11. 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 current three-year MTFS.
- 2.12. The Opening the Books Project is underway to provide further clarity on 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 potential errors have been identified in areas such as the accounting for Croydon Affordable Homes, the calculation of capital charges and the allocation of charges between capital, the Housing Revenue Account and the General Fund. These findings are delaying the completion of the Council's outturn position for 2021/22. The project 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. In addition, some resident behaviour has changed since covid and this is having an impact on revenue.

- 2.14. This report flags a number of other risks that could be realised and be declared in the outturn forecast during the year which could impact the forecast 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. Table 1 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.

Table 1 – Deficit Recovery Plan

	£m	
Delivery Plans in Forecast		
Duplication of interest costs budget in Resources	2.400	Included within Resources forecast.
Increased Court Costs Income	0.700	Included within Resources forecast.
Council Tax Support Scheme	1.100	Included within Resources forecast.
Reduction in loan non-repayment provision	1.400	The Council plans to release a £1.4m provision previously set aside to support potential risks to commercial loans. The loan is now likely to be repaid in full.
Election Account	0.241	Included within Assistant Chief Executive forecast

	£m	
Forecast Total	5.840	
Delivery Plans as Opportunities		
Public Health	1,000	Cross directorate reallocations of budgets, detailed in opportunities.
Housing Benefits	0.850	Included within Resources opportunities
Staff changes	0.100	Included within Resources opportunities
Children's Services Legal Costs	0.285	Included within Children's opportunities
CIL substitution for General Fund expenditure	0.500	Included within SCRER's Opportunities
Delays in the capital programme	0.605	Reduced amount of £605k included within Corporate as opportunities
Opportunities Total	3.340	
Grand Total	9.180	

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

Reserves

2.18. When the 2022/23 budget was set £6.887m was set aside to add to General Fund Balances. The current financial position of the Council means that it is not essential to top up the balances by the full amount in 2022/23. This was reflected as an opportunity in Month 5. In Month 6 a £5.1m reduced contribution to balances to balance the budget is reflected in the forecast outturn. The position is set out in Table 2 below:

Table 2 – General Fund Balances

General Fund Balances	Budget 2022/2	Forecast Outturn
	£m	£m
Balance at 1st April 2022	27.5	27.5

Planned Contributions to/(from) Reserves	6.9	1.8
Balance at 31st March 2023	34.4	29.3

Unresolved Issues

- 2.19. 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 along with past years accounts.

3. COST OF LIVING CONSIDERATIONS

- 3.1. This report focuses on the Council's budget forecast. It highlights that there are a number of inflationary pressures that the Council, like all local authorities, is managing. The inflation level is at the highest level for 40 years. This impact goes beyond the Council – cost of living is affecting all households and businesses.
- 3.2. These macro-economic factors are impacted by international events, and therefore well beyond the controls of Croydon Council. Despite the limitations, the Council is seeking to support households wherever possible.
- 3.3. A dedicated cost of living information hub has been established on the Council's website. This provides a single source of information, informing residents of the financial support available and signposting to further support, advice and guidance. This information is continually reviewed, updated and improved.
- 3.4. At a national level, household support has been announced in the form of a revised energy price guarantee, designed to limit the inflation on household energy bills. Households with a domestic energy connection are eligible for a £400 discount this winter. Residents on means-tested benefits will receive a £650 cost of living payment from Government.
- 3.5. The Council provides a wide range of support for residents that may be struggling due to the cost of living pressures. These include:
- Discretionary support fund for residents in financial hardship
 - Council Tax support – For residents on a low income or in receipt of benefits, Council Tax bills could be reduced by up to 100%

- Benefits calculator, to ensure residents receive all the support they are entitled to
- Energy advice, including heating and money saving options, through our Croydon Healthy Homes service
- Free holiday activity clubs with healthy meals for children
- Croydon Works to help residents into employment or get training to get them in to work

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

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

4. DETAILED FINANCIAL POSITION

4.1. The Month 6 financial forecast is driven by £14.713m described as the non-delivery of savings but arguably more a reflection of the issues around the accuracy of budgets previously mentioned, £5.182m of departmental pressures offset by a £5.795m corporate underspend, £4.000m use of earmarked reserves, £5.000m use of the general contingency budget and a £5.100m reduced contribution to General Fund Balances.

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

Table 3 – Month 6 Forecast per Directorate

	Forecast Variance as at Current Month 6	Forecast Variance as at Prior Month 5	Change From Month 5 To 6	Savings Non-Delivery as at Month 6	Other Pressures as at Month 6
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Children, Young People and Education	(1,265)	(408)	(857)	1,090	(2,355)
Adult Social Care and Health	(1,064)	(505)	(559)	5,295	(6,359)
Housing	3,589	2,582	1,008	2,001	1,588
Sustainable Communities Regen & Economic Recovery	14,894	15,641	(747)	5,743	9,151

	Forecast Variance as at Current Month 6	Forecast Variance as at Prior Month 5	Change From Month 5 To 6	Savings Non-Delivery as at Month 6	Other Pressures as at Month 6
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Resources	4,714	9,210	(4,496)	172	4,542
Assistant Chief Executive	(974)	(1,204)	230	412	(1,386)
Departmental Total	19,895	25,316	(5,421)	14,713	5,182
Corporate Items & Funding	(19,895)	(14,769)	(5,126)	-	(19,895)
Total General Fund	(0)	10,547	(10,547)	14,713	(14,713)

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

Risks and Risk mitigations

4.4. The outturn forecast has been reported excluding further potential risks and risk mitigations which are summarised in Table 5 and detailed out in Appendix 5. 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.

MTFS Savings

4.5. 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. Table 4 below provides a summary of progress per directorate on delivery of their savings targets. Both savings not delivered and those at risk of non-delivery are detailed in Appendix 3 and 4 of this report.

Table 4 – Progress on MTFS Savings

Division	Target Value £'000s	Balance Not Delivered (In Forecast) £'000s	On Track Value £'000s	Delivered Value £'000s	Current Month At Risk Value £'000s	Prior Month At Risk £'000s	Change from Prior Month At Risk £'000s
Children, Young People and Education	(9,564)	1,090	7,046	1,077	351	1,141	(790)
Adult Social Care and Health	(16,500)	5,295	2,868	7,333	1,004	519	485
Housing	(2,841)	2,001	840	0	0	262	(262)
Sustainable Communities Regen & Economic Recovery	(12,396)	5,743	2,969	967	2,718	2,718	0
Resources	(3,029)	172	2,857	0	0	0	0
Assistant Chief Executive	(9,543)	412	8,281	250	600	600	0
TOTAL FOR MTFS	(53,873)	14,713	24,861	9,627	4,673	5,239	(567)

4.6. Details of the reasons for the variances and movements from the previous month are identified below together with details of risks and opportunities. The detail of each opportunity and risk both those that are quantifiable and non-quantifiable can be seen in detail in appendix 5 and 6 to this report. Table 5 below gives a summary of the risks and opportunities by department.

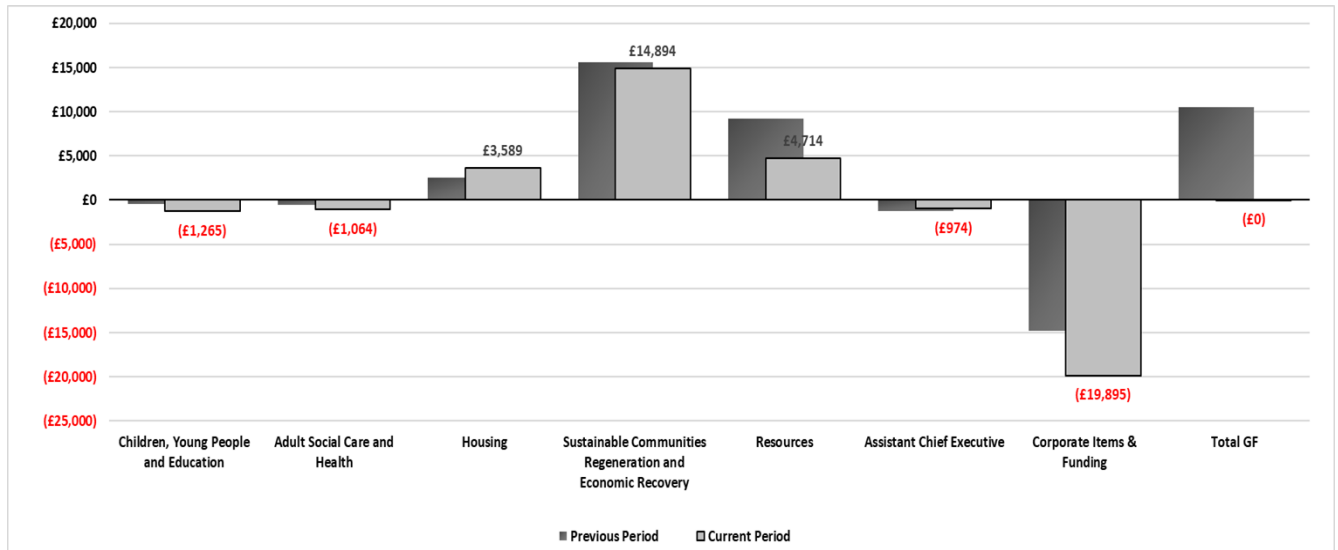
Table 5 – Summary of Risks and Opportunities

	MTFS Savings - At Risk	Other Quantifiable Risks	Quantifiable Opportunities	TOTAL
	£'000	£'000	£'000	£'000
Children, Young People and Education	351	2,932	(2,017)	1,266
Adult Social Care and Health	1,004	-	(380)	624
Housing	-	1,750	-	1,750
Sustainable Communities Regen & Economic Recovery	2,718	646	(1,029)	2,335
Resources	-	-	(950)	(950)
Assistant Chief Executive	600	-	(360)	240
Corporate Items & Funding	-	-	(1,205)	(1,205)
Total Month 6	4,673	5,328	(5,941)	4,060
Total Month 5	5,239	5,530	(12,607)	(1,838)
Variance	(567)	(202)	6,666	5,898

DIRECTORATE VARIANCES

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

Chart 2: Forecast per Directorate as at Month 6



4.8 Children, Young People and Education (CYPE)

At Month 6 a **£1.265m underspend** has been forecast alongside £0.351m of MTFS savings at risk of non-delivery together with £2.932m of other risks against £2.017m of opportunities. This is a favourable movement from Month 5 of £0.857m.

The £0.454m underspend is the net position of a £0.300m incorrect public health income budget which will be corrected offset with a net benefit of £0.754m through underspends in Children's Social Care of £0.605m and £0.149m in non-DSG Education services.

The Directorate has also identified £2.932m of other risks which if realised could have a material impact on the CYPE forecast. These relate to cost pressures such as inflationary pressures above and beyond Council budgets and loss of income or contribution from the Council's partners.

However, the Directorate has identified potential opportunities of £2.017m from re-purposing grants and reducing legal costs substantially due to a reduction in age related assessment challenges.

4.9 Adult Social Care and Health (ASCH)

At month 6 an underspend of £1.064m is forecast with £1.004m MTFS savings at risk of non-delivery. The risk of savings non-delivery has increased by £485k,

and an increase of £4.082 of savings not being achievable is now reflected in the outturn forecast. Quantified opportunities remain the same as period 5.

The forecast underspend of £1.064m is a net position, the key items being:

- £2.177m Underspend in staffing which, in return, is a barrier to achieving savings. There is a national shortage of both social workers and occupational therapists.
- £0.668m Underspend following the detailed of 21/22 accruals for planned care cost. It is usual that care is delivered at a lower level than planned for many reasons including delayed hospital discharge, temporarily staying with family etc. However, this year is slightly higher than normal which is believed to be Covid related.
- £5.295 Non delivery of savings which had previously been shown as at risk, £3.215 in 18-65 Disabilities, £1.195m in Over 65 Localities and a £0.380 incorrect Public Health income budget which will be corrected. This is being mitigated by managing demand for care and other underspends (£3.283m).
- £0.725m Overspend in care for 18–25 year-old Transitions clients which remains the same as Month 5 monitoring.

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

- Potential post COVID-19 latent demand working through the population resulting in additional care package placements and community equipment.
- Inflation, rising fuel costs will result in significant expenditure for ASC Providers – may result in claims for increased fees and/or financial instability with potential for ‘handing back’ contracts.
- Hospital discharge pressure as current system risk is running at winter activity levels due to COVID-19.
- High vacancy rate is caused by significant challenges in recruitment across the Directorate. This means staff are focussed on statutory delivery, rather than transformation. This is a national issue.

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

Finance continues to work closely with the service providing deep dive analysis of the budgets in Transitions, Disability Services, Older Peoples Services and Mental Health to support additional quality assurance.

4.10. Housing

At Month 6, Housing is forecasting a **£3.589m overspend** in relation to temporary accommodation activity in particular overnight paid accommodation, with key risks related to non-delivery of £0.262m of savings, and £1m of other quantifiable risks having been identified that relate to emergency accommodation activity levels and the provisions for bad debts. 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.

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

In Month 6, SCRER is forecasting a net **overspend of £14.894m**.

The main area of overspend relates to £13.6m shortfall in parking income, £0.839m relating to streetlighting energy costs and £0.5m SEN transport costs. This position has moved favourably from Month 5 by £0.747m.

There are also £0.646m other risks identified and £2.668m of MTFs savings at risk. However, the service has identified £1.029m of opportunities which will need to be worked through to confirm their achievability.

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

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

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

4.12. Resources

At Month 6, there is a **£4.714m overspend** projected which is a favourable movement from Month 5 of £4.497m. This movement primarily relates to a draw-down of funding from the corporate inflation budget to cover the increased cost of utilities. This was previously reported as a pressure. There has also been an increase in income following rent reviews and one-off use of income maximisation grant in the Business Support Team, along with increased cost of agency within the Legal Team.

The overspend is largely related to loss in housing benefit (HB). A predicted £7.685m overspend on HB is due to the difference between the value of HB expenditure and funding received from DWP on support exempt and temporary accommodation. A cross council working group is currently working to mitigate this over the next few years.

The pressures on Estates, Asset Management & Facilities are being netted off against a net saving of £1.550m. This relates to an historic budget for interest costs which is already covered within a corporate budget, offset by MTFs savings targets that are unachievable. Currently there is a predicted overspend of £0.279m in Corporate Finance & Treasury. This relates to higher than budgeted spend on specialist finance work and agency costs pending a restructure of the department.

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

4.13. Assistant Chief Executive

At Month 6, a **£0.974m underspend** is being projected, which is an adverse movement of £0.230m from month 5. A review of salaries funded from capital within Croydon Digital & Resident Access and a tightening of the capitalisation policy has led to an increase in salaries funded from the general fund £0.193m, along with the withdrawal of some non-revenue funding for projects £0.297m. This has been mitigated by a more favourable forecast for salaries in the Policy, Programme and Performance Team as officers continue to manage vacancy savings and approved draw down of transformation funding, as additional project staff have been recruited to support the change programmes across the organisation £0.192m. Further planned staffing reviews and holding of vacancies have achieved savings of approximately £0.990m across the Directorate. A review of the Learning & Development budget has led to a saving of £0.100m.

At this early stage, work is still being carried out to review fees and charges which were 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 £0.205m is factored within the forecast. The rationalisation of

software applications project has identified £0.450m of mitigations, which have been included within the forecast. Whilst the remaining £0.300m cannot be met, this is being mitigated down by in year savings. This is not sustainable for 2023/24 onwards.

4.14. Corporate

At Month 6, the corporate position is projecting an **underspend of £19.895m**. The corporate budget holds funding and financing streams such as Council Tax, Business Rates income share and General Revenue Support Grant income. The corporate budget also allocates Council wide risk contingency, inflation growth budgets and budgets to fund corporate debt and interest charges.

The corporate projection includes £20m corporate contingency provision for inflation. This will cover the pressure previously reported in Resources relating to utilities, and current known pressures identified by Directorates. Further inflation pressures are likely to impact the Council's budget during the remainder of the year. The current uncommitted balance of the corporate inflation provision will be held as a hedge against further pressures. The corporate projection also reflects underspends against contingency budgets and risk provisions. A provision of £1.400m has been released and relates to risks to a key commercial loan which is now expected to be fully paid back in full.

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

A risk of £0.6m has been identified relating to the of the National Joint Council (NJC) employers staff pay award offer for 2022/23. The budget held corporately may not be sufficient to cover the pay award just agreed of £2,229 per employee.

As set out in paragraph 2.18 the Month 6 forecast reflects a reduced contribution to General Fund balances.

- 4.15. The report identifies savings at risk and mitigations for both the current and future years. Where risks are quantified currently, these are based on high level information and directorate experience of the service.

5 Housing Revenue Account (HRA)

- 5.1 The forecast overspend across the Housing Revenue Account is £4.4m as at Month 6. This is made up of an additional £1.8m of inflationary pressure on the utilities billings and disrepair costs of £0.8m. The impact of the cost of living increase is reflected through the inclusion of £0.8m pressure on the rents. Other variances include increased costs of managing the estates, £0.5m, and underspends on running costs across the service £0.2m. There is an ongoing review of all budgets and recharges across the Housing Revenue Account to mitigate the existing pressures.

Table 5 – Housing Revenue Month 6 forecast

SERVICES	Projected Variance For Month	Variance For Previous Month	Change From Previous Month	Explanation of Variations
	£'000	£'000	£'000	
Responsive Repairs and Safety	1,392	904	487	Legal Disrepairs compensation forecast has been increased by £752k. Responsive Repairs pressure of £700k has now being absorbed by capitalisation of other Responsive Repair costs. Other savings have been moved to balance the Responsive Repair re-procurement activity.
Asset Planning and Capital Delivery	(74)	(158)	84	There remain a number of staff vacancies within this service area. These vacancies have reduced from Month 5.
Allocations Lettings and Income Collection	1,248	432	817	The potential risk due to cost of living has now been factored into the forecast as pressure. The projected void losses are based on Month 6 performance. A programme is in place to address this. This pressure also includes garage rental voids
Allocations Lettings and Income Collection	(96)	(25)	(71)	Reduction in forecast for Safety Equipment
Tenancy and Resident Engagement	2,454	2,557	(103)	Reduction in forecast for Grounds Maintenance & Legal. The forecast overspend is made up of an additional £1.8m pressure on utilities. Additional grounds maintenance costs; legal fees and legacy water charges are also included in the pressure.
Directorate & Centralised costs	(501)	(500)	(0)	There are vacancies within the centralised budgets. There is also a review underway to ensure charges have been correctly posted to other service areas within the HRA
	4,424	3,210	1,215	

6 Capital Programme

5.1 The General Fund and Housing Revenue Account capital programmes have currently **spent £14.599m** to the end of Month 6 against approved budgets of £134.152m. **Forecast spend** for the year is **£116.974m** resulting in a forecast underspend of £17.178m.

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 – Capital Programme as at Month 6

Department	Original Approved Budget 2022/2023 £'000	Actual to Date as at 31/08/22 £'000	Forecast for year end 2022/2023 £'000	Variance to Date 2022/2023 £'000
	£'000	£'000	£'000	£'000
CHILDREN, YOUNG PEOPLE AND EDUCATION	15,964	2,680	7,052	(8,912)
ADULT SOCIAL CARE AND HEALTH	1,707	30	30	(1,677)
HOUSING	3,493	789	3,555	62
SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	36,971	7,053	31,572	(5,399)
RESOURCES	11,430	1,660	11,993	563
ASSISTANT CHIEF EXECUTIVE	13,455	1,807	14,025	570
CORPORATE ITEMS & FUNDING	29,049	0	29,049	0
General Fund Total	112,069	14,019	97,276	(14,793)
HOUSING REVENUE ACCOUNT	22,083	580	19,698	(2,385)
LBC CAPITAL PROGRAMME TOTAL	134,152	14,599	116,974	(17,178)

Table 7 – Capital Programme Financing as at Month 6

Department	Original Approved Budget 2022/2023 £'000	Forecast for year end 2022/2023 £'000	Variance to Date 2022/2023 £'000
	£'000	£'000	£'000
General Fund Capital Financing			
CIL	7,427	8,952	1,525
s106	2,461	2,441	(20)
Grants & Other Contributions	33,447	18,672	(14,775)
Capital Receipts	4,049	4,049	0
Reserves	70	0	(70)
Borrowing	64,614	63,162	(1,452)
CORPORATE ITEMS & FUNDING	0	0	0
General Fund Total	112,069	97,276	(14,793)
Housing Revenue Account Capital Financing			
Major Repairs Reserve	12,336	12,336	0

Reserves	9,747	7,362	(2,385)
Total Financing - HRA	22,083	19,698	(2,385)
TOTAL PROGRAMME FINANCING	134,152	116,974	(17,178)

5.3 The Month 6 forecast financing indicates a reduction of £1.4m of borrowing required this financial year for the General Fund and a £2.3m reduction in the use of reserves for the Housing Revenue Account.

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 £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.

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

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.

8.2 Section 28 of the Local Government Act 2003 provides that the Council is under a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.

- 8.3 In addition, the Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report.
- 8.4 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report also demonstrates compliance with that legal duty.

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

9 HUMAN RESOURCES IMPACT

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

Approved by Dean Shoesmith, Chief People Officer)

10 EQUALITIES IMPACT

- 10.1 The Council has a statutory duty to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must therefore have due regard to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 10.2 In setting the Council's budget for 2022/2023, all savings proposals must complete an Equality Impact Assessment. As Officers deliver against the

approved budget, including the savings within it, they will continue to monitor for any unanticipated equality impacts. If any impacts arise, officers will offer mitigation to minimise any unintended impact.

- 10.3 The core priority of the Equality Strategy 2020-2024 is to tackle ingrained inequality and poverty and tackling the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. The budget should take due regard to this objective in relation to each protected characteristic. The Borough's responsibility to asylum seekers, young people, disabled people and their families along with adults utilising social care provision is key to this regard. Though families and single parents are not classed as a protected characteristic under Equality Act 2010, the impact may still be considered locally.
- 10.4 The cost-of-living increase has impacted heavily on the most economically vulnerable in society. Energy increases have led to some vulnerable groups having to make a choice between heating and eating. The support provided to some families by the government will go some way to supporting residents and families in need. Despite proposed increases in fees and charges being below the rate of inflation they may still have a detrimental impact on residents from our most vulnerable groups. This could potentially have an adverse impact on poverty and inequality which may potentially impact on some characteristics more than others. Research identifies the impact on some Disabled groups, communities from the Global Majority, African, Asian, African Caribbean households and other communities, young people. Research also indicates that there is an intersectional impact on young people from racialised communities and both Disabled and pregnant women. Deprivation in borough is largely focused in the north and the east where most ethnic residents from the African, African Caribbean and Asian communities reside.
- 10.5 In setting this budget the Council has sought to mitigate the impact on all residents who may be economically affected at this time. Research states that the protected characteristics that are likely to be most impacted by fee rises and the cost-of-living increase are: young people, African, African Caribbean and Asian communities, Disabled people and some pregnant women. There is also an intersectional aspect to the impact on equality, such as a higher impact on female dual heritage Disabled individuals and young people from Asian and African/African Caribbean communities have been more affected.
- 10.6 The Council have undertaken a wide range of initiatives to mitigate the effects for those in most need. Details of mitigation for residents is in paragraphs 3.5. Mitigation through support to residents delivered by other local organisations is detailed in paragraph 3.6. The measures include: a cost-of-living hub, a range of financial support and advice including discretionary support and additional support payments, Council tax support, energy advice and a benefit calculator. Residents are also signposted to support from community partners in the delivery of initiatives to support residents such as healthy Schools Clubs. These packages are available to all eligible residents irrespective of equality characteristics and are targeted at those residents who are in the most need.

10.7 The full impacts of Covid 19 and long Covid on the Adult Social Care Service are suggested to have an impact on potential spend. This will be exasperated throughout the winter months which see increases in both Covid 19 and flu.

10.8 The impact on poverty and inequality may be increased for those residents who were economically affected by Covid 19 and are currently in rent arrears, have debt to energy companies or elsewhere.

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

11 ENVIRONMENTAL 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

List of Appendices

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Appendix 1 – Service Budgets and Forecasts Month 6

	Approved Budget	Current Actuals	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(£,000's)	(£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	107,902	58,306	106,617	(1,285)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	1,175	(1,233)	1,555	380
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	14,748	10,098	14,589	(159)
TOTAL ADULTS	123,825	67,171	122,761	(1,064)
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	8,175	2,033	11,807	3,632
C1310E : ESTATES AND IMPROVEMENT	82	185	39	(43)
TOTAL HOUSING	8,257	2,218	11,846	3,589
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(262)	384	(1,241)	(979)
C1120E : SUSTAINABLE COMMUNITIES	22,479	(417)	36,845	14,366
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	4,543	2,677	4,801	258
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	696	2,748	1,945	1,249
TOTAL SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	27,456	5,393	42,350	14,894
C1605E : RESOURCES DIRECTORATE SUMMARY	(6,901)	224	(6,894)	7
C1610E : DIRECTOR OF FINANCE	9,114	84,029	15,682	6,568
C1620E : PENSIONS DIVISION	343	667	284	(59)
C1625E : MONITORING OFFICER	2,094	1,023	2,079	(15)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	1,018	1,455	831	(187)
C1640E : LEGAL SERVICES DIVISION	(1,644)	125	(1,148)	496
C1650E : INTERNAL AUDIT SERVICE	597	577	848	251
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	11,707	5,566	9,360	(2,347)
TOTAL RESOURCES	16,328	93,666	21,043	4,714
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	584	249	584	-
C1210E : CHILDREN'S SOCIAL CARE	72,417	29,176	71,501	(916)
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	(4,630)	1,737	(4,630)	-
C1220E : EDUCATION DIVISION - exc DSG	7,425	18,535	7,576	151
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	5,978	1,403	5,478	(500)
TOTAL CHILDRENS, FAMILIES AND EDUCATION	81,774	51,100	80,509	(1,265)

	Approved Budget	Current Actuals	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(£,000's)	(£,000's)
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(90)	422	19	109
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	23,149	13,182	23,151	2
C1520E : CHIEF PEOPLE OFFICER DIVISION	3,192	1,796	2,910	(282)
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	6,111	5,896	5,309	(802)
C1540E : PUBLIC HEALTH	-	(7,686)	(0)	(0)
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	-	(1,818)	-	-
TOTAL ASSISTANT CHIEF EXECUTIVE	32,362	11,794	31,388	(974)
TOTAL	290,002	231,340	309,897	19,895

Appendix 2 – Capital Programme Month 6

Scheme Name	Original Approved Budget 2022/2023 £'000	Actual to Date as at 30/09/22 £'000	Forecast for year end 2022/2023 £'000	Variance to Date 2022/2023 £'000
Disabled Facilities Grant	2,993	712	2,993	0
Empty Homes Grants	500	15	500	0
Unsuitable Housing Fund	-	62	62	62
HOUSING	3,493	789	3,555	62
Adults ICT	110		-	(110)
Adult Social Care Provision		30	30	30
Provider Services - Extra Care	500	-	-	(500)
Sheltered Housing	938		-	(938)
Capital investment in Garden Centre	159		-	(159)
ADULT SOCIAL CARE AND HEALTH	1,707	30	30	(1,677)
Bereavement Services	1,000	884	1,686	686
Finance and HR system	500	1	593	93
ICT	8,955	469	6,955	(2,000)
People ICT	3,000	453	4,661	1,661
Uniform ICT Upgrade	-		130	130
ASSISTANT CHIEF EXECUTIVE	13,455	1,807	14,025	570
Education – Fire Safety Works	902		928	26
Education - Fixed Term Expansions	3,243	49	550	(2,693)
Education - Major Maintenance	9,549	2,122	4,049	(5,500)
Education - Miscellaneous	-	139	139	139
Education - Permanent Expansion	44	22	319	275
Education - Secondary Estate	-	41	41	41
Education - SEN	2,226	307	1,026	(1,200)
CHILDREN, YOUNG PEOPLE AND EDUCATION	15,964	2,680	7,052	(8,912)
Allotments	200	177	200	0
Fairfield Halls-Council Fixtures & Fittings FFH		571	571	571
Capitalised Feasibility Fund	330		-	(330)
Growth Zone	4,000	7	5,000	1,000
Grounds Maintenance Insourced Equipment	200		-	(200)
Highways	8,618	3,739	8,618	0
Highways - maintenance programme (staff recharges)	-		-	0
Highways - flood water management	435	332	895	460
Highways - bridges and highways structures	3,403	1,698	3,403	0
Highways - Tree works	56	35	56	0
Mitigate unauthorised access to parks and open spaces	73		-	(73)
Leisure Equipment Upgrade	70	276	306	236
Libraries Investment - General	1,614	109	300	(1,314)
Libraries investment – South Norwood library	412		-	(412)
Museum Archives	75		75	0
Parking	2,141	80	3,862	1,721
Play Equipment	380	64	150	(230)

Scheme Name	Original Approved Budget 2022/2023 £'000	Actual to Date as at 30/09/22 £'000	Forecast for year end 2022/2023 £'000	Variance to Date 2022/2023 £'000
Safety - digital upgrade of CCTV	1,539		1,539	0
Section 106 Schemes	-	4	4	4
Signage	137		274	137
South Norwood Good Growth	1,032	(329)	1,208	176
Kenley Good Growth	425	295	760	335
Sustainability Programme	565		25	(540)
TFL - LIP	9,266	(12)	4,326	(4,940)
Walking and cycling strategy	-		-	0
Waste and Recycling Investment	1,000		-	(1,000)
Waste and Recycling - Don't Mess with Croydon	1,000	7		(1,000)
SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	36,971	7,053	31,572	(5,399)
Asset Strategy - Stubbs Mead	700		300	(400)
Asset Strategy Programme	225		225	0
Asset Acquisition Fund	390		250	(140)
Clocktower Chillers	412		412	0
Corporate Property Maintenance Programme	2,500	385	2,960	460
Brick by Brick programme	6,203		4,150	(2,053)
Fairfield Halls - Council	1,000	1,275	3,448	2,448
Fieldway Cluster (Timebridge Community Centre)	-		248	248
Croydon Healthy Homes				0
RESOURCES	11,430	1,660	11,993	563
Capitalisation Direction	25,000		25,000	0
Transformation Spend (Flexible Capital Receipts)	4,049		4,049	0
CORPORATE ITEMS & FUNDING	29,049	-	29,049	0
NET GENERAL FUND TOTAL	112,069	14,019	97,276	(14,793)
Asset management ICT database			155	155
Fire safety programme		87	396	396
Larger Homes		493		0
Major Repairs and Improvements Programme	22,083	-	19,147	(2,936)
Affordable Housing				0
BBB Properties part funded by GLA and HRA RTB 141				0
Special Transfer Payments				0
HOUSING REVENUE ACCOUNT	22,083	580	19,698	(2,385)
OVERALL CAPITAL PROGRAMME (GF and HRA)	132,603	14,599	116,974	(17,178)

Appendix 3 – MTFs savings not delivered

MTFS Savings Ref	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 6
		(£,000's)	(£,000's)
22/23 CYPE 09	Refocusing Public Health funding - New Youth & Wellbeing Offer	(300)	300
22/23 CYPE 07a/07b	NHS funding	(790)	790
22/23 ASCH 07	Refocusing Public Health funding	(380)	380
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	(4,371)	0
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	(4,371)	2,002
21/22 ASCH 02	Stretch Savings - Disabilities Operational Budget	(1,213)	1,213
21/22 ASCH 08	Baseline Savings - Older People Operational Budget	(3,195)	1,195
22/23 ASCH 02	Review of Older Adults Packages of Care	(505)	505
22/23 HOUS 01	Impact of maximising homelessness prevention	(578)	578
22/23 HOUS 02	Impact of increasing speed of homelessness decisions	(101)	101
22/23 HOUS 03	Increase use of LA Stock for EA/TA	(163)	163
22/23 HOUS 07	Ending EA/TA where the council has no duty	(193)	193
22/23 HOUS 10	Housing supply pipeline maximisation	(80)	80
22/23 HOUS 11	Contract Reviews	(250)	250
22/23 HOUS 13	Income Maximisation - Rent Collection	(240)	240
22/23 HOUS 14	Resident Engagement & Tenancy Services £100,000 saving in 22/23	(100)	100
22/23 HOUS 04	Repurpose under-utilised sheltered housing stock	(158)	158

MTFS Savings Ref	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 6
		(£,000's)	(£,000's)
22/23 HOUS 09	Incentivising temporary accommodation leasing schemes	(138)	138
21/22 SCRER 11	ANPR camera enforcement	(3,180)	2,040
21/22 SCRER 16	Revised Landlord Licensing scheme	(2,300)	2,300
22/23 SCRER 06	Review and reduction of the Neighbourhood Operations (NSO team)	(950)	450
22/23 SCRER 08	Introduction of a variable lighting policy	(417)	417
22/23 SCRER 15	Bus Re-Tender Contract Savings	(120)	40
22/23 SCRER 16	Private Sector Environmental Enforcement	(250)	125
22/23 SCRER 17	Parking charges increase	(650)	285
22/23 SCRER 18	Independent travel optimisation	(20)	20
22/23 SCRER 21	Increase in Pre-Planning Applications	(66)	66
21/22 RES 03d	Fees And Charges	(28)	28
22/23 RES 20d	Increase in fees and charges	(142)	142
22/23 RES 20e	Increase in fees and charges	(2)	2
21/22 ACE 05	Fees And Charges	(19)	19
22/23 ACE 12	Increase in fees and charges	(93)	93
22/23 ACE 09	Rationalisation of software applications and contracts	(750)	300
Total Savings not delivered			14,713

Appendix 4 – MTFs Savings at Risk

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 6	Savings at risk as at Month 5	Change From Prior Month 6 To Month 5
		(£,000's)	(£,000's)	(£,000's)
21/22 CYPE 05	Review Support for Young People where Appeal Rights Exhausted	61	61	0
21/22 CYPE 06	Improve Practice System Efficiency	290	290	0
22/23 CYPE 07a	NHS Funding	0	490	(490)
22/23 CYPE 07b	NHS Funding	0	300	(300)
Children, Young People and Education Total		351	1,141	(790)
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	850	0	850
21/22 ASCH 05	Baseline Savings - Mental Health Operational Budget	0	83	(83)
21/22 ASCH 08	Baseline Savings - Older People Operational Budget	0	194	(194)
21/22 ASCH 04	Review of Contracts - OBC Commissioning, Working Age Adults Commissioning and Public Health commissioning	36	132	(96)
21/22 RES 06	HWA contract savings	35	110	(75)
21/22 ASCH 06	Stretch Savings - Mental Health Operational Budget	33	0	33
22/23 ASCH 03	Review of Mental Health Packages of Care	50	0	50
Adult Social Care and Health Total		1,004	519	485
22/23 HOUS 04	Repurpose under-utilised sheltered housing stock	0	158	(158)
22/23 HOUS 09	Incentivising temporary accommodation leasing schemes	0	104	(104)
Housing Total		0	262	(262)

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 6	Savings at risk as at Month 5	Change From Prior Month 6 To Month 5
		(£,000's)	(£,000's)	(£,000's)
21/22 SCRER 14a	Fees And Charges	350	350	0
22/23 SCRER 06	Review and reduction of the Neighbourhood Operations (NSO team)	260	260	0
22/23 SCRER 12	Contract Savings - Pay and Display Machines	300	300	0
22/23 SCRER 16	Private Sector Environmental Enforcement	63	63	0
22/23 SCRER 19	New gym in Monks Hill Leisure Centre	90	90	0
22/23 SCRER 20	Non-capital and contract impact of Purley Leisure Centre closure	50	50	0
22/23 SCRER 28	Merger of Management Functions in Place	100	100	0
22/23 SCRER 17	Parking charges increase	365	365	0
21/22 SCRER 11	ANPR camera enforcement	1,140	1,140	0
Sustainable Communities Regen & Economic Recovery Total		2,718	2,718	0
22/23 ACE 18	Contract Savings - Managed Service Provider for Temporary Agency Resources £600K saving in 22/23	600	600	0
Assistant Chief Executive Total		600	600	0
Total Savings at Risk		4,673	5,239	566

Appendix 5 – Other quantifiable and unquantifiable risks

Quantified Risks	P6 £'000	P5 £'000	Details of Risk
Children, Young People and Education	2,932	2,284	<p>Pension shortfall pressure (£1.198m) The increase in the pension contribution in 2020/21 from 16.1% to 26.2% has not been fully funded</p>
			<p>CLA Cost of Living (£1.5m) There is an expectation that children in care providers will increase placement costs as cost of living rises</p>
			<p>Business support shortfall pressure (£0.234m) The decentralisation of business support staff left some posts unfunded</p>
Adult Social Care and Health	-	-	None
Housing	1,750	2,000	<p>Emergency Accommodation Activity levels (£1.75m) Targeted changes to service operation have been made to reduce the number of people supported by the EA service. These changes are embedded at August 2022 but the financial ledger and other reporting do not reflect lower numbers in the service but instead suggest that numbers are increasing. Investigatory work is about to commence to better understand the activity drivers and the links to the financial results and ensure a more accurate forecast can be brought in future months.</p>
Sustainable Communities Regen & Economic Recovery	646	646	<p>NSO (£125k) The service is dependent on the closure of the NSO Team and any delays in implementation of the proposal will have an impact on delivery of the saving.</p>

			<p>Planning Income (£325k) There is a £352k risk to planning income between now and the end of the year down to two reasons. A) Number of and income from major applications is down considerably from last year. 22/23 Period 5 £99k income as opposed to 21/22 Period 5 £300k income; 'B) Income at risk from planning applications exceeding the 8(minor)13 (major) week statutory timeframes which can result in reimbursement of fees if not met. This has started to increase and therefore there is a risk that more will be refunded and therefore increase the pressure on the service. It should be noted that the reason for increased expenditure on staff for Period 5 has been to try and mitigate this.</p> <p>Capital Staff Recharges (£169k) As there is no TfL capital funding thus far this year, this is creating a risk of not being able to recharge staff time to capital at the level anticipated in the budget.</p>
Resources	-	-	None
Assistant Chief Executive	-	-	None
Corporate Items & Funding	-	600	NJC pay Award for 2022/23 - the pay award recently announced of a flat rate of £2,229 per employee is now forecast to funded from available corporate inflation budgets.
Total Quantified Risks	5,328	5,530	

Un-Quantified Risks	P6 £'000	P5 £'000	Details of Risk
Children, Young People and Education			None
Adults, Health and Social Care			Potential post Covid-19 pandemic latent demand working through the population resulting in additional care packages placements.
			Inflation , rising fuel and food costs significant expenditure for care providers - may result in claims for increased fees or face financial instability
			High vacancy rate is caused by significant challenges in recruitment across the Directorate. This means staff are focussed on statutory delivery, rather than transformation. This is a national issue.
			There is Hospital discharge pressure as the current system risk is running at winter levels due to Covid and backlog despite being summer. Work is being done on a deep dive, as the numbers of placements and equipment cost are rising.
Housing			New Housing Structure (temporary) There remains a temporary structure within Housing, including an Interim Director of Tenancy Services. A change programme is being developed and a bid for Transformation Funding to resource it has been submitted.
			Fire at Sycamore House The financial impact of the fire at Sycamore House, Thornton Heath is as yet unquantifiable.
Sustainable Communities Regen & Economic Recovery			Risk To NSRWA Related Income Highways and Parking Although unknown at this stage there is a potential risk to New Roads and Street Works Act Income due to delays and disputes with Utility Companies. Further work is being undertaken to quantify these risks and where possible mitigate the effect.
Resources			Legal Trading Model The legal trading services model is under review. Until this review is completed officers are flagging this area as a risk. Last year Legal Services were overspent by £306,000.

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

Appendix 6 Quantifiable and unquantifiable opportunities

Quantified Opportunities	P6 £'000	P5 £'000	Details of Opportunities
Children, Young People and Education	(2,017)		Children Service legal costs (£0.285m) Review on operations to mitigate legal costs arising from challenges from service users. The aim is to improve the operations and process to ensure all aspects of support is carefully provided
			Public Health (£0.300m) Ongoing Internal Review of Public Health Funding towards related expenses
			Vacancies pending permanent recruitment (£1.432m) Ongoing delays in recruitment and onboarding of international social workers
Adult Social Care and Health	(380)	(380)	Public Health (£0.380m) Ongoing Internal Review of Public Health Funding towards related expenses
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	(1,029)	(730)	Community Infrastructure Levy Review (£0.500m) Further use of CIL monies to support revenue expenditure where the conditions met being reviewed.
			Streetlighting review (£0.230m) Current pilot is being evaluated.
			Drawdown From Building Control Account (£0.299m)
Resources	(950)	(915)	Measures to reduce Housing Benefit subsidy loss (£0.815m)
			Staffing Review (£0.100m) Staff reviews that may lead to further savings in salary costs
Assistant Chief Executive	(360)	(320)	Public Health (£0.320m) Ongoing Internal Review of Public Health Funding towards related expenses.

			Bereavement Capitalisation Bid (£0.040m) Bid to be submitted to capitalise the cost of two dumper trucks included as a cost in the revenue forecast
Corporate Items & Funding	(1,205)	(8,092)	Reduced borrowing need (£0.605m) Potential saving as a result of a review of borrowing costs to fund the capital programme. Reversal of National Insurance Increase (£0.600m) The government has announced that the National Insurance increase of 1.25% for employers and employees will be reversed from 6 November 2022
Total Quantified Opportunities	(5,941)	(12,607)	

Un-Quantified Opportunities	P6 £'000	P5 £'000	Details of Opportunities
Children, Young People and Education			None
Adult Social Care and Health			None
Housing			New Housing Structure (temporary) We have a 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.
			Additional Income & Recovered Income for BB recharges and Split rooms Recharges to be recovered from Rough Sleepers Grant or NRTPF or Adults directorate. We can recover monies for split rooms.
			Sycamore Mitigation for the unquantifiable financial risk as a result of the Fire is the use of the insurance policy in place.
Sustainable Communities Regen & Economic Recovery			None

Resources			Recovery of utilities debt from schools 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			Energy Bill Relief Scheme – still unclear at this stage what we can apply for
Total Un-Quantified Opportunities			