

REPORT:	Cabinet
DATE OF DECISION	22 February 2023
REPORT TITLE:	Period 8 Financial Performance Report
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151) jane.west@croydon.gov.uk 020 8726 6000 Ext 27320
LEAD OFFICER:	Jane West, Corporate Director of Resources
LEAD MEMBER:	Councillor Jason Cummings Cabinet Member for Finance
KEY DECISION?	NO. The recommendations set out below are not executive decisions and therefore are not key decisions.
CONTAINS EXEMPT INFORMATION?	No
WARDS AFFECTED:	All
SUMMARY OF REPORT:	
<p>This report provides the Council's forecast outturn as at Month 8 (November 2022) for the General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). The report forms part of the Council's financial management process for publicly reporting financial performance monthly.</p>	

FINANCIAL IMPACT

	Forecast Variance Month 8	Forecast Variance Month 7	Movement
	£m	£m	£m
General Fund over/(underspend)	0.0	0.0	0

The General Fund forecast continues to show a balanced budget. This is after all pay and contract inflation provisions have been allocated and no contribution to reserves. The improved financial position in services allows for an increased inflation provision to be held centrally as a hedge against pressures arising for the remainder of the financial year.

This report sets out further risks and opportunities. This indicates a net risk of **£2.6m** (risks **£8.3m** and opportunities of **£5.7m**).

	Forecast Variance Month 8	Forecast Variance Month 7	Movement
	£m	£m	£m
Housing Revenue Account over/(underspend)	4.9	4.6	0.3

The Housing Revenue Account is forecasting a **£4.9m** overspend against budget at the end of the year. The main pressures remain utility inflation, increases in legal disrepair costs and void rents.

	Revised Budget 2022/2023	Actual to Date as at 30/11/22	Forecast for year end 2022/2023	Forecast Variance for year end 2022/2023
	£m	£m	£m	£m
Total General Fund and HRA Capital Programme	118.775	29.886	99.546	(19.229)

The Capital Programme has spent **£29.886m** against a **£118.775m** budget at Month 8. The end of year position is forecast to be an underspend of **£19.229m**.

RECOMMENDATIONS

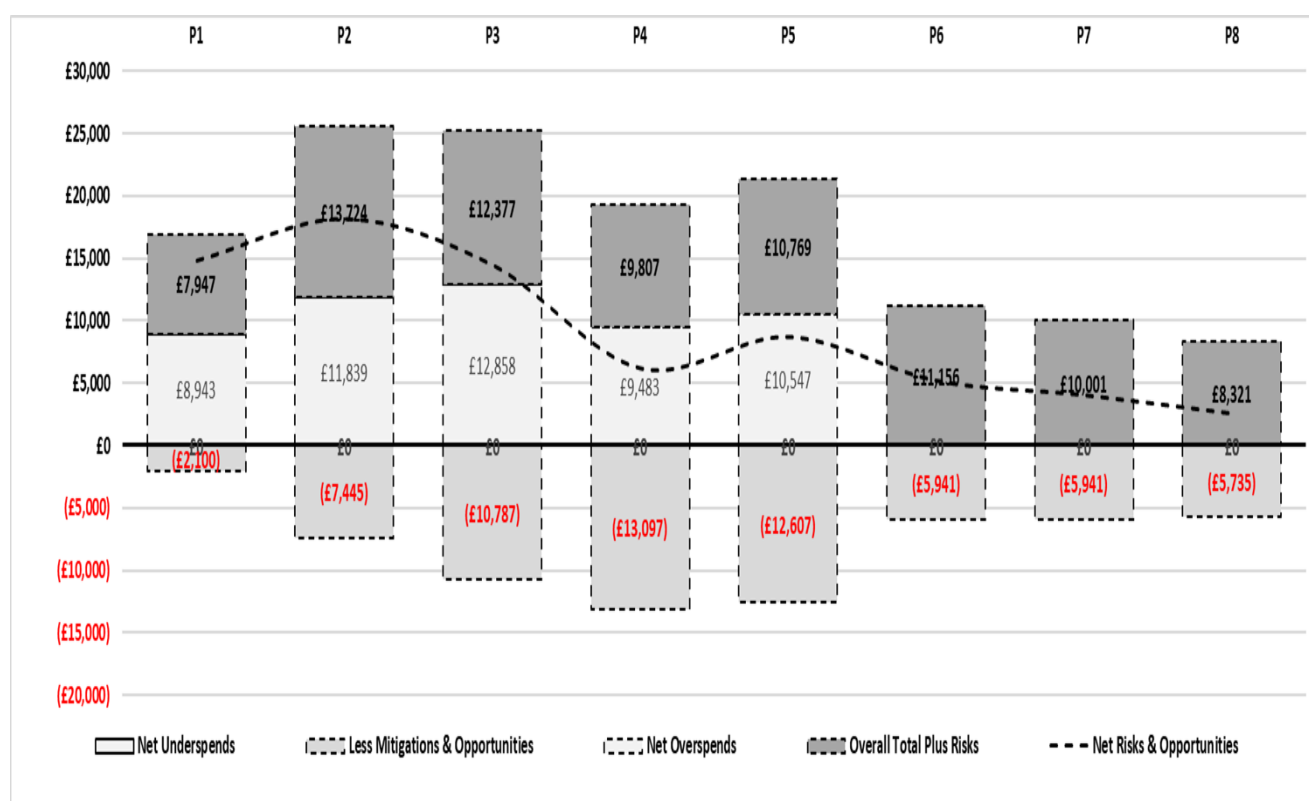
The Executive Mayor, in Cabinet, is recommended to:

- 1.1 Note the General Fund revenue budget outturn is forecast to be balanced at Month 8. Service directorates are indicating a £16.865m overspend. This is offset by £0.978m corporate underspend, £4m use of earmarked inflation reserves, £5m use of the general contingency budget and the budgeted £6.9m contribution to General Fund Balances being released.
- 1.2 Note the forecast elimination of the planned contribution to General Fund Reserves of £6.9m for 2022/23.
- 1.3 Note that a further number of risks and compensating opportunities may materialise which would see the forecast change.
- 1.4 Note the actions being taken through the Deficit Recovery plan. Further details are in paragraph 2.15
- 1.5 To approve the progress of the MTFs savings as indicated within Table 4 and detailed in Appendix 3.
- 1.6 Note the Housing Revenue Account (HRA) is projecting an end of year position of a £4.976m overspend, due to inflation, disrepair costs and void rents.
- 1.7 Note the Capital Programme spend to date for the General Fund of £17.534m (against a budget of £68.160m) with a projected forecast underspend of £15.084m for the end of the year.
- 1.8 Note the Housing Revenue Account Capital Programme spend to date of £12.352m (against a budget of £25.165m), with a projected forecast underspend of £4.145m for the end of the year.
- 1.9 Note, the above figures are predicated on forecasts from Month 8 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.
- 1.11 To approve the virement details in section 7 of this report.

2. EXECUTIVE SUMMARY

- 2.1. The Financial Performance Report (FPR) is presented to each Cabinet meeting, with the exception of Period 1, 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 8 shows a balanced position for the third month in a row. There has been an improvement in the departments financial position which is being used to increase the corporate inflation provision, to act as a hedge against further pressures arising in the remainder of the year.
- 2.3. There are a further set of risks and opportunities, which indicate a net risk of £2.6m (risks £8.3m and opportunities of £5.7m). The risks are issues that are not yet sufficiently developed or certain to warrant inclusion 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 £8.321m. 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 £5.735m. The risks and opportunities are detailed in Appendix 3-6 of the report and summarise in Table 5 by directorate.
- 2.4. The Financial Performance Report for Month 8 begins to cover the issuing of the s114 notice on 22 November 2022. At this stage it is difficult to say by how much the increased spend controls introduced are reflected in the improved departmental financial positions reported. It should be noted that the s114 notice was issued to address the 2023/24 financial forecast.
- 2.5. The chart below illustrates the trend in the monthly monitoring reports for this financial year and shows both the forecast as well as the quantum of risks and opportunities, together with the impact should all risks and opportunities fully materialise (dashed line).

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



- 2.6. Work continues to manage the areas overspending against budget to ensure Council remains within budget.
- 2.7. The Housing Revenue Account is forecasting an overspend of £4.976m (an increase of £0.1390m on the Month 7 forecast).
- 2.8. The Capital Programme for both the General Fund and Housing Revenue Account is reporting a total expenditure to date of £29.886m of which £17.534m is General Fund and £12.352m Housing Revenue Account. The overall capital spend is projected to be £99.546m against a revised budget of £118.775m. This will result in a £19.229m underspend to budget.
- 2.9. 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.
- 2.10. This report forms part of the improved reporting framework by ensuring the delivery of the Council's budget is reported monthly and transparently.
- 2.11. The format of this report will continue to evolve and expand as it will be important for the Council to be able to identify the additional pressures that the

global economic crisis is causing inflation and the impact on supplies and services the Council provides.

- 2.12. The Council continues to build on the improvements in financial management that were made over the past year however there is a considerable amount yet to do, which is fully recognised within the organisation.
- 2.13. The Medium-Term Financial Strategy 2023/24 to 2025/26 Update report to Cabinet on 30 November 2022 set out the latest on the Council's financial position. The "Opening the Books" programme initiated by the Executive Mayor has revealed further historic legacy issues, referred to in previous Finance Performance Reports along with mistakes in the budget set for 2022/23, that have undermined the ability of the Council to become financially and operationally sustainable over the current agreed medium term financial strategy. The report set out in detail these issues, the reasons behind the issuing of a Section 114 Notice in relation to balancing the Council's budget from 2023/24 onwards, and the state of negotiations with DLUHC to agree a further package of support.
- 2.14. 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

- 2.15. Each Directorate has been asked to identify mitigations and in year cost reductions to ensure that the Council brings its expenditure within budget. Table 1 sets out the latest position on the mitigations put in place. Where the proposals are confirmed, their impact is already included in the projected outturn for the year. Where there is further work 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
Forecast Total	5.840	
Delivery Plans as Opportunities		
Public Health	1,000	Cross directorate reallocations of budgets, detailed in 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	0.300	Included within SCRER's Opportunities
Delays in the capital programme	0.605	Reduced amount of £605k included within Corporate as opportunities
Opportunities Total	2.190	
Grand Total	8.131	

2.16. Work will continue throughout the financial year to ensure the Deficit Recovery Plan supports the Council's financial position. The macroeconomic climate is causing pressure on the Council particularly from a very tight labour market and significant inflationary pressures. Energy expenditure has increased costs considerably, partly mitigated by the governments Energy Bill Relief Scheme

Reserves

2.17. When the 2022/23 budget was set £6.887m was set aside to add to General Fund Balances. The Month 8 position continues to reflect the full £6.887m contribution to balances being released to balance the budget. The position is set out in Table 2 below:

Table 2 – General Fund Balances

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

Unresolved Issues

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

3. COST OF LIVING CONSIDERATIONS

- 3.1. This report focuses on the Council's budget forecast. It highlights that there are a number of inflationary pressures that the Council, like all local authorities, is managing. Inflation is at the highest level for 40 years. This impact goes beyond the Council as the 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 control 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 and funds the voluntary sector to provide advice and guidance

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 8 financial forecast is largely driven by £14.492m described as the non-delivery of savings, but which is more a reflection of the issues around the accuracy of budgets. Further to this there are £2.373m of departmental pressures offset by a £0.978m corporate underspend, £4.000m use of earmarked reserves, £5.000m use of the general contingency budget and a budgeted £6.887m contribution to General Fund Reserves no longer going ahead.

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

Table 3 – Month 8 Forecast per Directorate

	Forecast Variance as at Current Month 8	Forecast Variance as at Prior Month 7	Change From Month 8 To 7	Savings Non-Delivery as at Month 8	Other Pressures as at Month 8
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Children, Young People and Education	(2,838)	(1,386)	(1,452)	1,090	(3,928)
Adult Social Care and Health	(748)	(1,098)	350	5,314	(6,062)
Housing	2,647	3,517	(870)	1,761	886
Sustainable Communities Regen & Economic Recovery	14,547	14,662	(115)	5,743	8,804
Resources	3,886	5,200	(1,313)	172	3,714
Assistant Chief Executive	(629)	(241)	(388)	412	(1,041)
Departmental Total	16,865	20,654	(3,787)	14,492	2,373
Corporate Items & Funding	(16,865)	(20,654)	3,787	-	(16,865)
Total General Fund	0	(0)	(0)	14,492	(14,492)

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

Risks and Risk mitigations

- 4.4. The outturn forecast 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. 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. 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 Value £'000s	Change from Prior Month At Risk £'000s
Children, Young People and Education	(9,564)	1,090	7,336	1,077	61	61	0
Adult Social Care and Health	(16,500)	5,314	1,851	8,364	971	971	0
Housing	(2,841)	1,761	682	0	398	398	0
Sustainable Communities Regen & Economic Recovery	(12,396)	5,743	2,969	967	2,718	2,718	0
Resources	(3,029)	172	2,857	0	0	0	0
Assistant Chief Executive	(9,543)	412	8,281	250	600	600	0
TOTAL FOR MTFS	(53,873)	14,492	23,976	10,658	4,748	4,748	0

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.

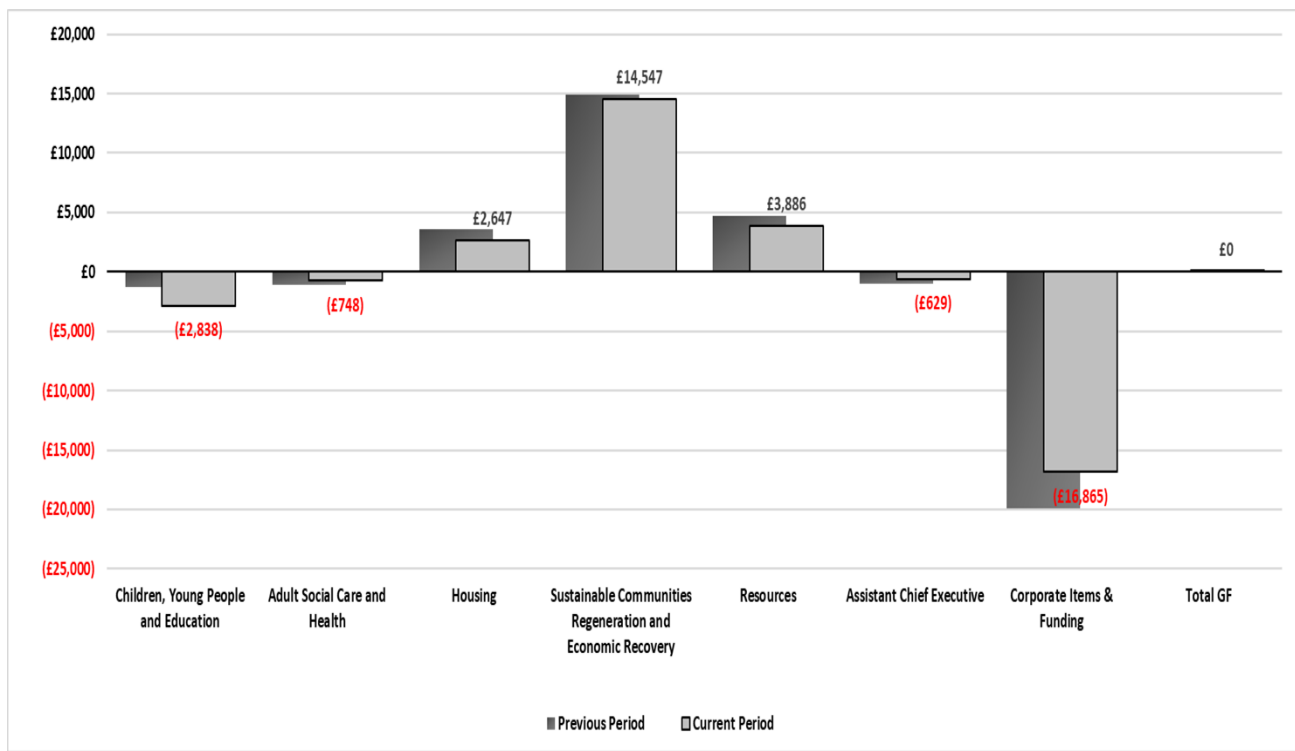
Table 5 – Summary of Risks and Opportunities

	MTFS Savings - At Risk	Other Quantifiable Risks	Quantifiable Opportunities	TOTAL
	£'000	£'000	£'000	£'000
Children, Young People and Education	61	1,698	(3,038)	(1,279)
Adult Social Care and Health	971	-	(380)	591
Housing	398	1,250	-	1,648
Sustainable Communities Regen & Economic Recovery	2,718	625	(1,292)	2,051
Resources	-		(100)	(100)
Assistant Chief Executive	600	-	(320)	280
Corporate Items & Funding	-	-	(605)	(605)
Total Month 8	4,748	3,573	(5,735)	2,586
Total Month 7	4,748	5,602	(4,420)	5,930
Variance	-	(2,029)	(1,315)	(3,345)

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 8



4.8 Children, Young People and Education (CYPE)

At Month 8 a **£2.838m underspend** has been forecast alongside £0.061m of MTFS savings at risk of non-delivery together with £1.698m of other risks against £3.038m of opportunities. This is a favourable movement from Month 7 of £1.452m.

The £2.838m underspend is the net position of £0.807m underspends in Quality, Commissioning and Performance Improvement, £2.074m in Children's Social Care and a minor pressure of £0.043m in non-DSG Education services.

The Directorate has also identified £1.698m of other risks which if realised could have a material impact on the CYPE forecast. This relates to cost pressures such as inflationary pressures above and beyond Council budgets.

However, the Directorate has identified potential one-off opportunities this year of £3.038m across Children's Social Care.

4.9 Adult Social Care and Health (ASCH)

At month 8 an **underspend of £0.748m** is forecast which is an adverse movement of £0.350m.

The forecast underspend of £0.748m is a net position, the key items being:

- £3.514m Underspend in staffing which is a favourable increase of £0.552m. However, this is a barrier to achieving savings as staff are focussed on statutory delivery rather than transformation. There is a national shortage of

both social workers and occupational therapists, recruitment to many roles is proving challenging.

- £0.668m Underspend following the detailed of 21/22 accruals for planned care cost. It is usual that care is delivered at a lower level than planned for many reasons including delayed hospital discharge, temporarily staying with family etc. However, this year is slightly higher than normal which is believed to be Covid related.
- £5.314 Non delivery of savings which had previously been shown as at risk. This is being mitigated by managing demand for care and other underspends. £8.364m savings have been delivered and a further £1.851 are on track to be delivered by year end
- £0.310m Overspend in care for 18–25-year-old Transitions clients which is a favourable movement of £0.245m from last month.
- £0.780m Underspend in Directorate comprising the resolution of Public Health funding issue of £0.380m and £0.400m due to delays to planned projects

Unquantified Risks present continued concerns as to impact upon the Directorate budget over the remainder of the financial year. However recently announced Adult Social Care Discharge Fund should mitigate the costs of new demands developing from the very challenging situation with hospital discharges.

In addition, inflation and rising fuel costs will result in significant expenditure for ASC Providers which may result in claims for increased fees and/or financial instability with potential for 'handing back' contracts.

At period 8 there were no quantified risks or opportunities.

4.10. Housing

At Month 8, Housing is forecasting a **£2.647m overspend** when compared to budget. This is largely a result of the ongoing pressure within the Emergency accommodation area (£2.6m overspend) and other pressures within the longer term leased temporary accommodation (£1.2m) against which there are small underspends to offset in some part these pressures within homelessness support.

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

There has also been a concerted effort to hold homelessness accommodation costs down across London through partnerships with organisations like Capital Letters and via the agreed Pan-London temporary accommodation rates. The rates can no longer be contained through as demand outweighs available affordable supply. At a recent Pan London meeting, all boroughs confirmed that

they are no longer paying the agreed Pan London rates to ensure they meet their demand challenges. A combination of all these factors has led to an increase in both the average cost of emergency and temporary accommodation that Croydon can secure to meet demand, as well as an increase in the use of nightly paid emergency accommodation to compensate for the loss of some longer-term leased accommodation because of landlords leaving the market.

Pressures are expected to continue into 2023/24. DLUHC have responded to the consultation on the Homelessness Prevention Grant (HPG) funding to be made available for homelessness service and announced allocations for 2023/24 and 2024/25. Croydon will receive a 2% uplift on the current grant for 2023/24 and a 3% uplift for 2024/25. Some new reporting requirements will be attached and there are to be penalties for missing current reporting requirements.

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

In Month 8, SCRER is forecasting a net **overspend of £14.547m.**

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 7 by £0.115m.

There are also £0.625m other risks identified and £2.718m of MTFs savings at risk. However, the service has identified £1.292m of opportunities which will need to be worked through to confirm their achievability.

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

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

4.12. Resources

At Month 8, there is a **£3.886m overspend** projected which is a favourable movement from Month 7 of £1.314m. This movement primarily relates to the improved position, by £1.346m since Month 7, within Housing Benefits. This is the result of various on-going workstreams carried out as part of the Housing Benefit Transformation Project.

The forecast overspend for the year remains largely related to loss in housing benefit (HB) The predicted £6.339m 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. This is offset by a net saving of £1.550m in Estates, Asset Management & Facilities. This relates to an historic budget for interest costs which is already covered within a corporate budget, offset by MTFs savings targets that are unachievable.

Currently there is a predicted overspend of £0.491m in Corporate Finance & Treasury. This relates to higher than budgeted spend on specialist finance work and agency costs pending a restructure of the department. A council wide rebasing of HRA recharges will lead to an increased recharge of £0.200m in year from the Finance Team and 0.£689m for increased insurance premium, insurance claim and anti-fraud costs, currently not shown in the forecast for Resources, but held corporately for P8.

There are no additional savings at risk and no further risks are reported at this point.

4.13. **Assistant Chief Executive**

At Month 8, a **£0.629m underspend** is being projected, which is a favourable movement of £0.388m from Month 7.

A proportion of this movement relates to the corporate virement for contract inflation of £0.210m mostly relating to IT contracts and a reduction the forecast of expenditure within the Learning & Organisational Development budget. Planned staffing reviews and holding of vacancies have achieved further savings across the Directorate.

Work is still being carried out to review fees and charges which were devolved to the service without consideration of demand. Delivery of fees and charges savings of £0.205m will not be met but will be offset by savings in other areas. For 2023/24 the saving will be replaced with a more robust fees and charges forecast for Bereavement and Registrars. Work on fees and charges for the Bereavement and Registrars service will be finalised for Month 9. Some work has been carried out within finance that will need confirming with the service early in the new year. Indicative figures have been passed to Corporate Finance.

The rationalisation of the software applications project has identified £0.450m of mitigations, which have been included within the forecast. Whilst the remaining £0.300m cannot be met, this is being mitigated down by in year

savings. This is not sustainable for 2023/24 onwards. A directive to stand down agency staff for two weeks over the Christmas period will go some way to mitigate the £0.600m saving for agency costs. This is a Council wide saving. Early indications are that this Directorate's proportion of the savings target will be met.

4.14. Corporate Budgets

At Month 8, the corporate position is projecting an **underspend of £16.865m**. The corporate budget holds funding and financing streams such as Council Tax, Business Rates income share and General Revenue Support Grant income. The corporate budget also allocates Council wide risk contingency, inflation growth budgets and budgets to fund corporate debt and interest charges.

The corporate projection is after the release of known inflationary pressures and the release of contingency for the impact of the pay award. It also includes a small contingency for further inflation pressures are likely to impact the Council's budget during the remainder of the year. The current uncommitted balance of the corporate inflation provision will continue to be held as a hedge against further pressures. The corporate projection also reflects underspends against contingency budgets and risk provisions. A provision of £1.400m has been released and relates to risks to a key commercial loan which is now expected to be fully paid back in full.

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

As set out in paragraph 2.17 the Month 8 forecast reflects that there will be no contribution to General Fund balances.

5. Housing Revenue Account (HRA)

- 5.1 The HRA is forecasting a total overspend of £4.976m, which is now expected to be offset entirely by reductions in budgeted recharges from the general fund.

The pressure is made up of £2.085m additional utilities costs related to energy price increases; £1.540m of disrepair and legal costs relating to legally mandated repairs to HRA properties; £0.709m of increased bad debt costs as rent collection has worsened during the cost-of-living crisis; void costs of £0.414m; garage voids of £0.286m.

Increased energy costs have been factored into the 2023/24 budget to ensure this is not an ongoing pressure.

A stock condition survey is scheduled to begin imminently which will provide better data to plan and prioritise refurbishment work programmes required which will begin to address the disrepair issues over the longer term.

A programme is underway to address the issue of void properties which is forecast to have a financial impact on tenant rents, tenants service charges and premises security costs of £0.414m in 2022/23.

A corporate review of debt has included HRA debt and a proposal for a further provision increase of up to £3m over and above the current forecast position may be progressed. Getting the debt position right by writing off uncollectable debt and providing for debt at appropriate levels will mean realistic targets and improved monitoring processes can be set up for debt collection, ultimately benefitting the HRA account.

The review of recharges is almost complete, and the next step will be to ultimately confirm the impact on the 2022/23 accounts as well as the other sets of accounts that remain open. The benefit to the HRA remains estimated as £9m-£10m per annum.

Table 5 – Housing Revenue Account Month 8 forecast

	Current Budget 2022/23	YTD (Apr- Nov)	Previous months Forecast M7 October	Current Month Forecast M8	Movement	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
TOTAL INCOME	(91,240)	(56,727)	(89,661)	(89,655)	6	1,585
Total: Responsive Repairs & Safety	17,950	10,295	19,263	19,297	34	1,347
Total Housing Estates & Improvement (Division)	20,961	11,793	21,945	22,011	66	1,050
Tenancy & Resident Engagement	8,374	3,557	10,936	11,186	250	2,812
Homelessness & Assessments	4,382	1,770	4,237	4,186	(51)	(196)
Service Development service	2,060	426	2,068	2,088	0	28
TOTAL EXPENDITURE	91,240	14,501	94,246	94,631	385	3,391
NET EXPENDITURE	0	(42,227)	4,586	4,976	391	4,976

6. Capital Programme

- 6.1 The General Fund and Housing Revenue Account capital programmes have currently spent **£29.886m** to the end of Month 8. This is against a revised budget of **£118.775m** which is subject to approval as part of this report.
- 6.2 Forecast spend for the year is **£99.546m** against the revised budget resulting in a forecast underspend of **£19.229m**.
- 6.3 Table 6 below summarises the capital spend to date by directorate with further details of individual schemes provided in Appendix 2. Table 7 gives details of how the capital programme is financed.

Table 6 – Capital Programme as at Month 8

General Fund Capital Programme	Revised 2022-23	Actual	Forecast as at Month 8	Variance
	2022/23	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000
ADULT SOCIAL CARE AND HEALTH	-	30	30	30
HOUSING	4,392	1,202	3,038	(1,354)
ASSISTANT CHIEF EXECUTIVE	6,965	2,495	7,495	530
CHILDREN, YOUNG PEOPLE AND EDUCATION	6,749	2,428	5,325	(1,424)
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC RECOVERY	37,137	9,466	26,809	(10,328)
RESOURCES	8,868	1,913	6,330	(2,538)
CORPORATE	4,049	-	4,049	-
SUB TOTAL	68,160	17,534	53,076	(15,084)
Capitalisation Direction	25,000	-	25,000	-
General Fund Total	93,160	17,534	78,076	(15,084)
HOUSING REVENUE ACCOUNT	25,615	12,352	21,470	(4,145)
LBC Capital Programme Total	118,775	29,886	99,546	(19,229)

Table 7 – Capital Programme Financing as at Month 8

	Revised 2022-23 Budget	Forecast as at P8	Variance
	£'000	£'000	£'000
General Fund			
CIL	8,953	8,152	801
s106	550	584	(34)
Grants & Other Contributions	19,485	17,775	6,423
Growth Zone	6,888	0	6,888
HRA Contributions	1,742	0	1,742
Capital Receipts	4,049	4,049	0
Reserves	0	0	0
Borrowing	51,493	47,516	3,977
Total General Fund Financing	93,160	78,076	15,084
HRA			
Grant	1,200	0	1,200
MRR	12,336	12,336	0

	Revised 2022-23 Budget	Forecast as at P8	Variance
	£'000	£'000	£'000
Revenue	0	0	0
Reserves	9,902	9,134	768
Borrowing	2,177	0	2,177
Total HRA Financing	25,615	21,470	4,145
Total GF & HRA Financing	118,775	99,546	19,229

6.4 The Month 8 forecast financing indicates a reduction of £4.0m of borrowing required this financial year for the General Fund and a £2.2m reduction in the borrowing required for the Housing Revenue Account.

7 VIREMENTS

7.1 The table below gives details of virements that require Cabinet approval due to their value exceeding £500,000.

Table 8 – 2022/23 Virements

	£000
Allocation of 2021/22 Pay Award - permanent virement not completed in year	2,954
Increase in National insurance of 1.25%	1,488
Clawback of the 1.25% increase that was reversed	614
Contract inflation virement from corporately held budgets to various departments	16,057
2022/23 Pay Award virement from corporately held budgets to departments	11,512
Transfer of Public Health savings from Children's and Adults into Corporate	780

8 FINANCIAL AND RISK ASSESSMENT IMPLICATIONS

8.1 Finance comments have been provided throughout this report.

8.2 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.

8.3 The virements presented for approval are in compliance with section 2.3 of the Financial Regulations, which specifies that inter-departmental virements above £500,000 require approval of the Cabinet.

- 8.4 The Council currently has a General Fund Reserve of £27.50m which serves as a cushion should any overspend materialise by the end of 2022/23. The use of reserves to support the budget is not a permanent solution and reserves must be replenished back to a prudent level in subsequent years if used.

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

9 LEGAL IMPLICATIONS

- 9.1 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.
- 9.2 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.
- 9.3 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. Arrangements under section 151 also include setting appropriate financial accountabilities in Financial Regulations, including in relation to virements.
- 9.4 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)

10 HUMAN RESOURCES IMPACT

- 10.1 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.

- 10.2 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)

11 EQUALITIES IMPLICATIONS

- 11.1 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.
- 11.2 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.
- 11.3 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.
- 11.4 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.

- 11.5 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.
- 11.6 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.
- 11.7 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.
- 11.8 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)

12 ENVIRONMENTAL IMPLICATIONS

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

13 CRIME AND DISORDER IMPLICATIONS

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

14 DATA PROTECTION IMPLICATIONS

- 14.1 There are no specific data protection implications as the report does not contain any sensitive/personal data.

Approved by Nish Popat – Interim Head of Corporate Finance

List of Appendices

Appendix 1 – Service Budgets and Forecasts Month 6

Appendix 2 – Capital Programme Month 6

Appendix 3 – MTFS savings not delivered and at risk

Appendix 4 – MTFS Savings At Risk

Appendix 5 – Other quantifiable and unquantifiable risks

Appendix 6 – Quantifiable and unquantifiable opportunities

Appendix 1 – Service Budgets and Forecasts Month 8

	Approved Budget	Current Actuals	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(£,000's)	(£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	114,832	78,664	113,714	(1,117)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	1,195	806	795	(400)
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	15,333	7,130	16,103	770
TOTAL ADULTS	131,360	86,600	130,612	(748)
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	9,478	6,437	12,132	2,654
C1310E : ESTATES AND IMPROVEMENT	108	325	101	(7)
TOTAL HOUSING	9,586	6,762	12,233	2,647
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(220)	511	(215)	5
C1120E : SUSTAINABLE COMMUNITIES	27,449	32,298	41,101	13,652
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	5,614	4,184	5,042	(572)
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	1,421	4,744	2,883	1,462
TOTAL SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	34,264	41,737	48,811	14,547
C1605E : RESOURCES DIRECTORATE SUMMARY	(6,910)	301	(6,901)	9
C1610E : DIRECTOR OF FINANCE	9,964	110,441	15,054	5,090
C1620E : PENSIONS DIVISION	417	905	369	(48)
C1625E : MONITORING OFFICER	2,436	1,383	2,329	(108)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	1,057	2,220	906	(151)
C1640E : LEGAL SERVICES DIVISION	(1,387)	359	(0)	1,387
C1650E : INTERNAL AUDIT SERVICE	414	674	522	108
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	16,952	5,878	14,552	(2,400)
TOTAL RESOURCES	22,943	122,161	26,829	3,886
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	605	324	605	-

	Approved Budget	Current Actuals	Full-Yr Forecast	Projected Variance
	(£,000's)	(£,000's)	(£,000's)	(£,000's)
C1210E : CHILDREN'S SOCIAL CARE	74,899	40,806	72,825	(2,074)
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	(4,760)	(1,050)	(4,760)	-
C1220E : EDUCATION DIVISION - exc DSG	7,689	26,115	7,732	43
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	6,412	2,501	5,605	(807)
TOTAL CHILDRENS, FAMILIES AND EDUCATION	84,845	68,695	82,007	(2,838)
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(62)	552	53	115
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	23,992	18,749	24,506	514
C1520E : CHIEF PEOPLE OFFICER DIVISION	3,387	2,305	3,083	(304)
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	6,362	7,080	5,409	(953)
C1540E : PUBLIC HEALTH	-	(12,782)	(0)	(0)
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	-	(2,249)	(0)	(0)
TOTAL ASSISTANT CHIEF EXECUTIVE	33,679	13,655	33,050	(629)
TOTAL	316,677	339,611	333,542	16,865

Appendix 2 – Capital Programme Month 8

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 8	Revised 2022-23 Budget	Actual to Date as at 30/11/22	2022/23 Forecasts as at Period 8	Variance for Year
Scheme Name	2022/23	2022/23	2022/23	2022/23
	£'000	(£,000's)	(£,000's)	(£,000's)
Disabled Facilities Grant	3,992	1,039	2,500	(1,492)
Empty Homes Grants	400	25	400	-
Unsuitable Housing Fund	-	138	138	138
HOUSING	4,392	1,202	3,038	(1,354)
Adults ICT	-	-	-	-
Adult Social Care Provision	-	30	30	30
ADULT SOCIAL CARE AND HEALTH	-	30	30	30
Bereavement Services	1,775	1,399	1,775	-
Bereavement Services Vehicles	39	-	39	-
Finance and HR system	-	1	1	1
My Resources Interface Enhancement	75	-	75	-
ICT	-	633	685	685
Network Refresh	141	-	141	-
Tech Refresh	610	-	610	-
Geographical Information Systems	65	-	65	-
Laptop Refresh	222	-	222	-
Cloud and DR	198	-	198	-
People ICT	-	462	85	85
Synergy Education System	1,030	-	1,038	8
NEC Housing System	2,680	-	2,431	(249)
Uniform ICT Upgrade	130	-	130	-
ASSISTANT CHIEF EXECUTIVE	6,965	2,495	7,495	530
Education – Fire Safety Works	776	-	750	(26)
Education - Fixed Term Expansions	747	49	547	(200)
Education - Major Maintenance	3,708	1,844	2,508	(1,200)
Education - Miscellaneous	134	177	134	-
Education - Permanent Expansion	319	22	319	-
Education - Secondary Estate	39	41	41	2
Education - SEN	1,026	295	1,026	-
CHILDREN, YOUNG PEOPLE AND EDUCATION	6,749	2,428	5,325	(1,424)
Allotments	200	177	200	-
Fairfield Halls-Council Fixtures & Fittings FFH	574	571	571	(3)
Growth Zone	5,988	76	2,071	(3,917)

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 8	Revised 2022-23 Budget	Actual to Date as at 30/11/22	2022/23 Forecasts as at Period 8	Variance for Year
Scheme Name	2022/23	2022/23	2022/23	2022/23
	£'000	(£,000's)	(£,000's)	(£,000's)
Grounds Maintenance Insourced Equipment	1,000	-	-	(1,000)
Highways	8,618	5,847	8,618	-
Highways - flood water management	895	370	895	-
Highways - bridges and highways structures	3,403	1,684	2,611	(792)
Highways - Tree works	56	10	56	-
Local Authority Tree Fund	96	-	96	-
Trees Sponsorship	46	-	46	-
Mitigate unauthorised access to parks and open spaces	-	-	-	-
Leisure Equipment Upgrade	306	276	306	-
Leisure centres equipment Contractual Agr	430	-	-	(430)
Leisure Centre - Tennis Crt	75	-	-	(75)
Libraries Investment - General	224	110	224	-
Library Self-Service Kiosks	200	-	-	(200)
Parking	2,731	-	2,731	-
Removal of Pay & Display	366	-	-	(366)
Play Equipment	150	75	150	-
Safety - digital upgrade of CCTV	1,551	-	1,539	(12)
Section 106 Schemes	-	3	3	3
HIGHWAY SIGNAGE	274	-	274	-
South Norwood Good Growth	1,121	(325)	925	(196)
Kenley Good Growth	583	302	583	-
Sustainability Programme	550	-	25	(525)
TFL - LIP	4,835	278	4,835	-
Cycle Parking	226	-	-	(226)
EVCP	1,081	-	-	(1,081)
Car Club	-	-	-	-
Waste and Recycling Investment	1,558	-	-	(1,558)
Waste and Recycling - Don't Mess with Croydon	-	12	50	50
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC RECOVERY	37,137	9,466	26,809	(10,328)
Asset Strategy - Stubbs Mead	50	-	50	-
Asset Strategy Programme	40	-	40	-
Asset Acquisition Fund	50	-	50	-
Clocktower Chillers	30	-	30	-
Corporate Property Maintenance Programme	2,500	638	2,360	(140)

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 8	Revised 2022-23 Budget	Actual to Date as at 30/11/22	2022/23 Forecasts as at Period 8	Variance for Year
Scheme Name	2022/23	2022/23	2022/23	2022/23
	£'000	(£,000's)	(£,000's)	(£,000's)
Brick by Brick programme	4,150	-	2,097	(2,053)
Fairfield Halls - Council	1,500	1,275	1,455	(45)
Fieldway Cluster (Timebridge Community Centre)	248	-	248	-
Former New Addington Leisure Centre	300	-	-	(300)
RESOURCES	8,868	1,913	6,330	(2,538)
Capitalisation Direction	25,000	-	25,000	-
Transformation Spend (Flexible Capital Receipts)	4,049	-	4,049	-
CORPORATE ITEMS & FUNDING	29,049	-	29,049	-
NET GENERAL FUND TOTAL	93,160	17,534	78,076	(15,084)
Asset management ICT database	155	117	155	-
Fire safety programme	-	718	512	512
Major Repairs and Improvements Programme	22,083	11,501	20,803	(1,280)
Trelis Mews	3,377	-	-	(3,377)
Affordable Housing	-	16	-	-
HOUSING REVENUE ACCOUNT	25,615	12,352	21,470	(4,145)
GROSS CAPITAL PROGRAMME	118,775	29,886	99,546	(19,229)

Appendix 3 – MTFS savings not delivered

MTFS Target Reference	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 8
		(£,000's)	(£,000's)
22/23 CYPE 09	Refocusing Public Health funding - New Youth & Wellbeing Offer	(300)	300
22/23 CYPE 07a	NHS Funding	(490)	490
22/23 CYPE 07b	NHS Funding	(300)	300
Children, Young People and Education Total			
22/23 ASCH 07	Refocusing Public Health funding - New Youth & Wellbeing Offer	(380)	380
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	(4,371)	2,021
21/22 ASCH 02	Stretch Savings - Disabilities Operational Budget	(1,213)	1,213
21/22 ASCH 08	Baseline Savings - Older People Operational Budget	(3,195)	1,195
22/23 ASCH 02	Review of Older Adults Packages of Care	(505)	505
Adult Social Care and Health Total			
22/23 HOUS 01	Impact of maximising homelessness prevention	(578)	578
22/23 HOUS 02	Impact of increasing speed of homelessness decisions	(101)	101
22/23 HOUS 03	Increase use of LA Stock for EA/TA	(163)	163
22/23 HOUS 07	Ending EA/TA where the council has no duty	(193)	193
22/23 HOUS 10	Housing supply pipeline maximisation	(80)	80
22/23 HOUS 11	Contract Reviews	(250)	250
22/23 HOUS 13	Income Maximisation - Rent Collection	(240)	0
22/23 HOUS 14	Resident Engagement & Tenancy Services £100,000 saving in 22/23	(100)	100

MTFS Target Reference	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 8
		(£,000's)	(£,000's)
22/23 HOUS 04	Repurpose under-utilised sheltered housing stock	(158)	158
22/23 HOUS 09	Incentivising temporary accommodation leasing schemes	(138)	138
Housing Total			
21/22 SCRER 11	ANPR camera enforcement	(3,180)	2,040
21/22 SCRER 16	Revised Landlord Licensing scheme	(2,300)	2,300
22/23 SCRER 06	Review and reduction of the Neighbourhood Operations (NSO team)	(950)	450
22/23 SCRER 08	Introduction of a variable lighting policy	(417)	417
22/23 SCRER 15	Bus Re-Tender Contract Savings	(120)	40
22/23 SCRER 16	Private Sector Environmental Enforcement	(250)	125
22/23 SCRER 17	Parking charges increase	(650)	285
22/23 SCRER 18	Independent travel optimisation	(20)	20
22/23 SCRER 21	Increase in Pre-Planning Applications	(66)	66
Sustainable Communities Regen & Economic Recovery Total			
21/22 RES 03d	Fees And Charges	(28)	28
22/23 RES 20d	Increase in fees and charges	(142)	142
22/23 RES 20e	Increase in fees and charges	(2)	2
Resources Total			
Corporate Items & Funding Total			
21/22 ACE 05	Fees And Charges	(19)	19
22/23 ACE 12	Increase in fees and charges	(93)	93

MTFS Target Reference	MTFS Savings Description	Total Target	Savings Non-Delivery as at Month 8
		(£,000's)	(£,000's)
22/23 ACE 09	Rationalisation of software applications and contracts	(750)	300
Assistant Chief Executive Total			
Total Savings Not delivered			14,492

Appendix 4 – MTFSS Savings at Risk

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 8	Savings at risk as at Month 7	Change From Prior Month 8 To Month 7
		(£,000's)	(£,000's)	(£,000's)
21/22 CYPE 05	Review Support for Young People where Appeal Rights Exhausted	61	61	0
21/22 CYPE 06	Improve Practice System Efficiency	0	0	0
22/23 CYPE 07a	NHS Funding	0	0	0
22/23 CYPE 07b	NHS Funding	0	0	0
Children, Young People and Education Total		61	61	0
21/22 ASCH 01	Baseline Savings - Disabilities Operational Budget	850	971	0
21/22 ASCH 05	Baseline Savings - Mental Health Operational Budget	0	0	0
21/22 ASCH 08	Baseline Savings - Older People Operational Budget	0	0	0
21/22 ASCH 04	Review of Contracts - OBC Commissioning, Working Age Adults Commissioning and Public Health commissioning	36	36	0
21/22 RES 06	HWA contract savings	35	35	0
22/23 ASCH 03	Review of Mental Health Packages of Care	50	50	0
Adult Social Care and Health Total		971	971	0
22/23 HOUS 12	Staffing Review	158	158	0
22/23 HOUS 13	Income Maximisation - Rent Collection	240	240	0
Housing Total		398	398	0
21/22 SCRER 14a	Fees And Charges	350	350	0

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 8	Savings at risk as at Month 7	Change From Prior Month 8 To Month 7
		(£,000's)	(£,000's)	(£,000's)
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		4,748	4,748	0

Appendix 5 – Other quantifiable and unquantifiable risks

Quantified Risks	P8 £'000	P7 £'000	Details of Risk
Children, Young People and Education	1,698	2,698	<p>CLA Cost of Living £0.500m There is an expectation that children in care providers will increase placement costs as cost of living rises</p>
			<p>Pension shortfall pressure £1.198m The increase in the pension contribution in 2020/21 from 16.1% to 26.2% has not been fully funded</p>
Adult Social Care and Health	-	-	None
Housing	1,250	1,250	<p>Emergency Accommodation (EA) Bad Debt Provision £0.250m The workings behind the forecast for the bad debt provision need reviewing as the model is suggesting increases in the forecast whilst collection rates have improved</p>
			<p>Emergency Accommodation Activity levels £1.000m Targeted changes to service operation have been made to reduce the number of people supported by the EA service. These changes are embedded at August 2022 but the financial ledger and other reporting do not reflect lower numbers in the service but instead suggest that numbers are increasing. Investigatory work is about to commence to better understand the activity drivers and the links to the financial results and ensure a more accurate forecast can be brought in future months.</p>
			<p>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>
			<p>Additional Income (7 additional CEOs) £0.077m Additional Income (7 additional CEOs) Parking Income at risk as we have had difficulties in attracting applicants to the vacant CEO roles</p>
			<p>Additional Income £0.192m Additional Income (10p per 30mins) and Ringo discount threshold lower to 100 CO2g/km</p>

Sustainable Communities Regen & Economic Recovery	625	1,654	Inflationary Pressure on Fairfield Halls £0.187m Inflationary Pressure on Fairfield Halls contribution requested by BH Live 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.
Resources	-	-	None
Assistant Chief Executive	-	-	None
Total Quantified Risks	3,573	5,602	

Un-Quantified Risks	P8 £'000	P7 £'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 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.

			<p>Fire at Sycamore House The financial impact of the fire at Sycamore House, Thornton Heath is as yet unquantifiable.</p>
Sustainable Communities Regen & Economic Recovery	-		<p>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.</p>
Resources	-		<p>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.</p>
Assistant Chief Executive			<p>Risk based upon the lack of available graves for sale until the cemetery extension opens</p>
			<p>Increased competition from neighbouring facilities, perceived increase in direct cremations, viewed as the cheaper option for families as inflation starts to take effect</p>
Corporate Items & Funding	-	-	None
Total Un-Quantified Risks			

Un-Quantified Risks	P8 £'000	P7 £'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	P8 £'000	P7 £'000	Details of Opportunities
Children, Young People and Education	(3,038)	(1,783)	0-17 CWD – (£0.650m) Possible underspend in care packages due to the reduction in 0-17 CWD children numbers
			Grant income – (£0.800) Additional Grant income
			Recruitment – (£0.390m) Vacant social worker posts across the division due to delays in permanent recruitment meaning the recruitment and retention budget will underspend
			Vacancies pending permanent recruitment (£1.198m) Ongoing delays in recruitment and onboarding of international social workers
Adult Social Care and Health	(380)	(380)	Public Health (£0.380m) Ongoing Internal Review of Public Health Funding towards related expenses
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	(1,292)	(1,292)	Community Infrastructure Levy Review (£0.300m) Further use of CIL monies to support revenue expenditure where the conditions met being reviewed.
			Streetlighting review (£0.230m) Current pilot is being evaluated.
			Highways Savings (0.140m) Additional In year Highways Revenue Savings
			Parking Income (£0.192m) Additional In year Parking Income
			HRA charges (£0.430m) HRA Reserve to Cover HRA Budgets Not Recharged Last Year and Expected not To be This Year

Quantified Opportunities	P8 £'000	P7 £'000	Details of Opportunities
Resources	(100)	(100)	Staffing Review £0.100 Staffing review that may lead to further savings on salary costs
Assistant Chief Executive	(320)	(320)	Public Health (£0.320m) Ongoing Internal Review of Public Health Funding towards related expenses.
Corporate Items & Funding	(605)	(605)	Reduced borrowing need (£0.605m) Potential saving as a result of a review of borrowing costs to fund the capital programme.
Total Quantified Opportunities	(5,735)	(4,420)	