

<b>REPORT:</b>	<b>Cabinet</b>
<b>DATE OF DECISION</b>	<b>22<sup>nd</sup> MARCH 2023</b>
<b>REPORT TITLE:</b>	<b>Month 9 Financial Performance Report</b>
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<b>LEAD OFFICER:</b>	<b>Jane West, Corporate Director of Resources</b>
<b>LEAD MEMBER:</b>	<b>Councillor Jason Cummings Cabinet Member for Finance</b>
<b>KEY DECISION?</b>	<b>NO.</b> The recommendations set out below are not executive decisions and therefore are not key decisions.
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>No</b>
<b>WARDS AFFECTED:</b>	<b>All</b>
<b>SUMMARY OF REPORT:</b>	
<p>This report provides the Council's forecast outturn as at Month 9 (December 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 9	Forecast Variance Month 8	Movement
	£m	£m	£m
<b>General Fund</b> over/(underspend)	<b>0.0</b>	<b>0.0</b>	<b>0</b>

The General Fund forecast continues to show a balanced budget. This is after pay and contract inflation provisions have been allocated to services and reflects no contribution to reserves. There remains £1.8m in the inflation provision held centrally to act 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 **£4.8m** (risks **£7.1m** and opportunities of **£2.3m**).

	Forecast Variance Month 9	Forecast Variance Month 8	Movement
	£m	£m	£m
<b>Housing Revenue Account</b> over/(underspend)	<b>0.9</b>	<b>4.9</b>	<b>4.0</b>

The Housing Revenue Account is forecasting a **£0.9m** overspend against budget at the end of the year. This has reduced significantly due to the work undertaken to review recharges between the HRA and the General fund.

	Revised Budget 2022/2023	Actual to Date as at 31/12/22	Forecast for year end 2022/2023	Forecast Variance for year end 2022/2023
	£m	£m	£m	£m
<b>Total General Fund and HRA Capital Programme</b>	<b>281.293</b>	<b>32.397</b>	<b>261.908</b>	<b>(19.385)</b>

The Capital Programme has spent **£32.397m** against a **£281.293m** revised budget. The Month 9 budget has increased to recognise the additional £161m capitalisation direction requested of Government. The end of year position is forecast to be an underspend of **£19.385m**.

## **RECOMMENDATIONS**

The Executive Mayor, in Cabinet, is recommended to:

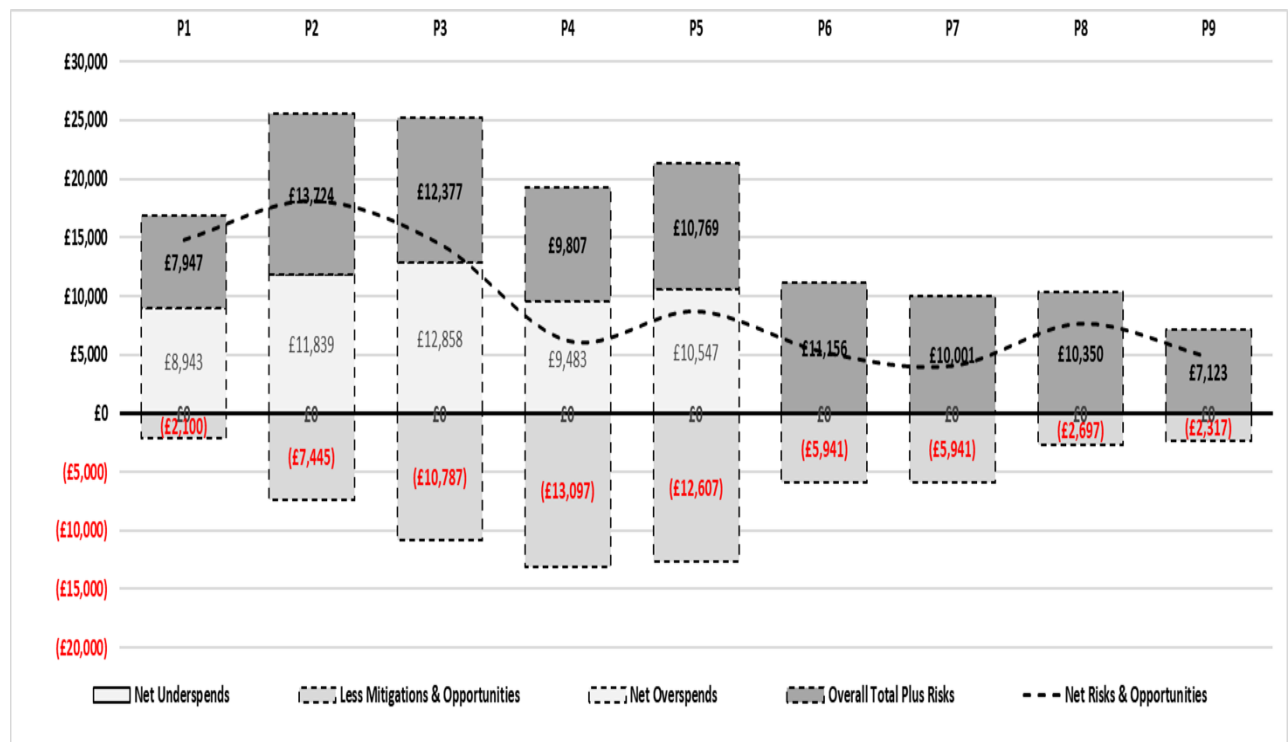
- 1.1 Note the General Fund revenue budget outturn is forecast to be balanced at Month 9.
- 1.2 Note the forecast elimination of the planned contribution to General Fund Reserves of £6.9m for 2022/23.
- 1.3 Note that a further number of risks and compensating opportunities may materialise which could see the forecast change.
- 1.4 To approve the progress of the MTFs savings as indicated within Table 4 and detailed in Appendix 3.
- 1.5 Note the Housing Revenue Account (HRA) is projecting an end of year position of a £0.918m overspend.
- 1.6 Note the Capital Programme spend to date for the General Fund of £18.296m (against a budget of £253.936m) with a projected forecast underspend of £17.488m for the end of the year.
- 1.7 Note the Housing Revenue Account Capital Programme spend to date of £14.101m (against a budget of £27.357m), with a projected forecast underspend of £1.897m for the end of the year.
- 1.8 Note, the above figures are predicated on forecasts from Month 9 to the year end and therefore could be subject to change as forecasts are made based on the best available information at this time.
- 1.9 Note, the Council continues to operate 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 9 shows a balanced position for the fourth month in a row. Currently there is still £1.8m of the inflation contingency that was set aside to as a hedge against any further pressures that may arise during what remains of the financial year.
- 2.3. There remain a set of risks and opportunities, which indicate a net risk of £4.8m (risks £7.1m and opportunities of £2.3m). As Chart 1 illustrates risks and opportunities have been diminishing in the latter part of the year and are expected to continue to do so. 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 9 covers the periods following the issuing of the s114 notice on 22 November 2022. The forecasts will reflect a full month under increased spend controls. It should be noted that the s114 notice was issued to address the 2023/24 financial forecast.
- 2.5. Chart 1 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 the Council remains within budget.
- 2.7. The Housing Revenue Account is forecasting an overspend of £0.918m (a decrease of £4.058m on the Month 8 forecast).

- 2.8. The Capital Programme for both the General Fund and Housing Revenue Account is reporting a total expenditure to date of £32.397m of which £18.296m is General Fund and £14.101m Housing Revenue Account. The overall capital spend is projected to be £261.908m against a revised budget of £281.293m. This will result in a £19.385m underspend to budget.

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 7 March 2022. It should be noted that capitalisation directions provide one-off support for a financial year and do not resolve the underlying financial conditions that require their use. A further request has also been made to the government to provide the Council with a Capitalisation Direction of £161.6m in relation to outstanding legacy issues facing the council as set out in the Revenue Budget and Council Tax Levels 2023/24 report to Cabinet on 22 February 2023.

- 2.9. This report forms part of the improved reporting framework by ensuring the delivery of the Council's budget is reported monthly and transparently.
- 2.10. 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.
- 2.11. Over the last financial year, a monthly budget assurance process and independent challenge of expenditure 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 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**

- 2.13 The Deficit Recovery Plan has been very successful. The success of the recovery plan is one of the main reasons we will not be overspending in 2022/23.

### **Reserves**

- 2.12. When the 2022/23 budget was set £6.887m was set aside to add to General Fund Balances. The Month 9 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**

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

### **Unresolved Issues**

- 2.13. 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 22 February 2023 Cabinet report titled 'Revenue Budget and Council Tax Levels 2023/24'. The report stated that a request has also been approved by government to provide the Council with a Capitalisation Direction of £161.6m to cover the historic finance issues that have been revealed through the Opening the Books programme. The Council needs to correct a range of misstatements in its legacy accounts from 2019/20 which are currently still not fully closed. This was more than the £74.6m previously identified in the MTFS Update report to Cabinet in November 2022. The Council's Provision for Bad Debt was found to be understated by £46m rather than the £20m previously assumed and a prudent decision was made to include the potential £70m gap in the accounts caused by wrongful accounting for Croydon Affordable Homes and Tenures, instead of the £9m previously assumed. With three years of accounts still open, there remains a risk that further legacy issues will be uncovered. The Capital Programme for Month 9 reflects an increase in the programme budget to reflect the £161.6m which government has approved in addition to the £25m capitalisation direction previously approved.

### **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 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 9 financial forecast is largely driven by £14.492m described as the non-delivery of savings within this year's budget, but which is more a reflection of the issues around the accuracy of some of the budget forecast savings, an issue addressed in the 2023/24 budget. Further to this there are £2.873m of departmental pressures.

4.2. This has all been 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.

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

**Table 3 – Month 9 Forecast per Directorate**

	Forecast Variance as at Current Month 9	Forecast Variance as at Prior Month 8	Change From Month 9 To 8	Savings Non-Delivery as at Month 9	Other Pressures as at Month 9
	£'000	£'000	£'000	£'000	£'000
Children, Young People and Education	(3,056)	(2,838)	(218)	1,090	(4,146)
Adult Social Care and Health	(748)	(748)	-	5,314	(6,062)
Housing	3,364	2,647	717	1,761	1,603
Sustainable Communities Regeneration & Economic Recovery	14,547	14,547	-	5,743	8,804
Resources	3,886	3,886	-	172	3,714
Assistant Chief Executive	(629)	(629)	-	412	(1,041)
<b>Departmental Total</b>	<b>17,365</b>	<b>16,865</b>	499	<b>14,492</b>	<b>2,873</b>
Corporate Items & Funding	(17,365)	(16,865)	(500)	-	(17,365)
<b>Total General Fund</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>14,492</b>	<b>(14,492)</b>

- 4.4. Month 9 net overspends and underspends 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**

- 4.5. 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**

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

4.7. 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.

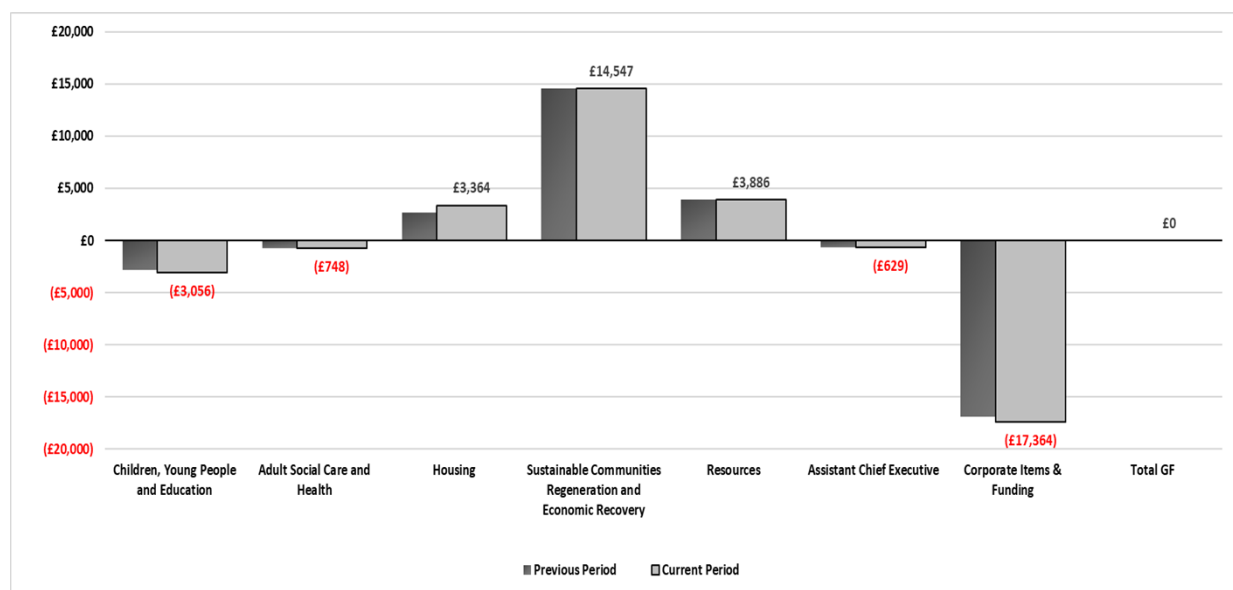
**Table 5 – Summary of Risks and Opportunities**

	<b>MTFS Savings - At Risk</b>	<b>Other Quantifiable Risks</b>	<b>Quantifiable Opportunities</b>	<b>TOTAL</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children, Young People and Education	61	500	-	561
Adult Social Care and Health	971	-	-	971
Housing	398	1,250	-	1,648
Sustainable Communities Regeneration & Economic Recovery	2,718	625	- 1,292	2,051
Resources	-	-	- 100	- 100
Assistant Chief Executive	600	-	- 320	280
Corporate Items & Funding	-	-	- 605	- 605
<b>Total Month 9</b>	<b>4,748</b>	<b>2,375</b>	<b>- 2,317</b>	<b>4,806</b>
Total Month 8	4,748	3,573	- 5,735	2,586
<b>Variance</b>	<b>-</b>	<b>- 1,198</b>	<b>3,418</b>	<b>2,220</b>

**DIRECTORATE VARIANCES**

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

**Chart 2: Forecast per Directorate as at Month 9**



#### 4.8 Children, Young People and Education (CYPE)

At Month 9 a **£3.056m underspend** has been forecast alongside £0.061m of MTFS savings at risk of non-delivery. This is a favourable movement from Month 8 of £0.248m.

The £3.056m underspend is the net position of £0.807m underspends in Quality, Commissioning and Performance Improvement, £2.074m in Children’s Social Care and £0.175m in non-DSG Education services.

Previously the Directorate identified £5.293m of other risks, which included £3.595m for Unaccompanied Asylum Seeker Children (UASC) income budget pressure. The £1.198m pension budget shortfall has been managed within the P9 staffing budget underspend.

The P9 forecast now includes the £3.595m UASC income shortfall pressure. There are no opportunities reported in the P9 forecast as these have offset the UASC pressures, along with a further reduction in Looked After Children placements and slippage in recruitment since P8. Therefore, the UASC pressure has been managed within the P9 forecast.

The adjustment is a one-off for 2022/23. Numbers of Child Protection and Looked After Children are expected to rise in 2023/24 which is likely to minimise any opportunities for 2023/24.

#### 4.9 Adult Social Care and Health (ASCH)

At month 9 an **underspend of £0.748m** is forecast.

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.
- £0.400m Underspend in Directorate. This is due to delays to projects commencing, including additional costs of preparing for Care Quality Commission (CQC) inspection which has now be delayed by CQC for a year and projects to improve performance/efficiency which have been delayed due to recruitment issues

Unquantified Risks present continued concerns as to impact upon the Directorate budget over the remainder of the financial year. However the 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 9 there were no quantified risks or opportunities.

#### 4.10. Housing

At Month 9, Housing is forecasting a **£3.363m 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 these, there are small underspends to offset in some part these pressures within homelessness support. The increase from month 8 is specifically from including the pressures of the provision of temporary accommodation services at Concorde, Sycamore and Windsor within the general fund. The costs previously were captured within the HRA

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 increased cost of living.

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 though 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 reporting requirements.

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

In Month 9, 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 8 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.

Further pressures are experienced within Planning and Sustainable Regeneration Services particularly in relation to Building Control income and income from Planning of £2m. This pressure has been addressed and corrected in the budget for 2023/24.

Parking Services continue to have delays in connection with the roll out of new ANPR cameras which could affect the anticipated income levels within the service both in the 22/23 financial year and ongoing into 23/24. The Parking budget has been rebased for 23/24 based on a timetabled roll out of

Healthy Neighbourhood Schemes so any delays in the implementation of the cameras could have a detrimental effect.

#### 4.12. Resources

At Month 9, there is a **£3.886m overspend** projected. There is no movement from Month 8.

The forecast overspend for the year is 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. A cross council working group is currently working to mitigate this over the next few years.

This is offset by a net saving of £1.550m in Estates, Asset Management & Facilities. This relates to an historic budget for interest costs which is already covered within a corporate budget, offset by MTFs savings targets that are unachievable.

Currently there is a predicted overspend of £0.491m in Corporate Finance & Treasury. This relates to higher than budgeted spend on specialist finance work and agency costs pending a restructure of the department.

There are no additional savings at risk and no further risks are reported at this point. Unquantifiable opportunities of £0.950m have been identified to try and mitigate the HB subsidy loss in year and reduce staffing costs. To date £0.815m savings in relation to those opportunities have been achieved.

#### 4.13. Assistant Chief Executive

At Month 9, a **£0.629m underspend** is being projected. There is no movement from month 8.

Work has finished on the exercise to review fees and charges for 2023/24. Delivery of fees and charges savings of £205k will not be met but will be offset by savings in other areas. The budgets for 22/23 fees & charges were devolved to the service without consideration of deliverability.

For 2023/24 the saving has been replaced with a more robust fees and charges forecast for Bereavement and Registrars.

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.

The directive to stand down agency staff for two weeks over the Christmas period has led to a significant mitigation of the £0.600m saving target for agency costs. This is a Council wide saving.

#### 4.14. Corporate Budgets

At Month 9, the corporate budget position is projecting an **underspend of £17.864m**. 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 to services 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 likely to impact the Council's budget during the remainder of the year. The current uncommitted balance of £1.8m of the corporate inflation provision will continue to be held as a hedge against any further in-year pressures. 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.

## 5. Housing Revenue Account (HRA)

- 5.1 The HRA is forecasting a total **overspend of £0.918m**, a £4m improvement on Month 8 and due largely to reductions in budgeted recharges from the general fund.

In-year pressures are 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; £0.788m of additional inflation costs on the responsive repairs contract with Axis; £0.709m of increased bad debt costs as rent collection has worsened with the increased cost of living; void costs of £0.414m; garage voids of £0.286m.

These in-year pressures are largely offset by a review of overhead recharges which has led to a £4.306m reduction in this recharge to the HRA. This reduction in HRA costs increases General Fund costs. The General Fund impact has been included in the capitalisation direction requested for legacy issues.

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

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 in June . This will provide better data to plan and prioritise refurbishment work programmes and begin to address the disrepair issues.

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 cross council review of debt includes HRA debt. Early indications are that that the HRA bad debt provision could increase by up to £3m over and above the current forecast. Getting the debt position right, will mean realistic targets and improved monitoring processes which can be set up that will drive better debt collection, ultimately benefitting the HRA account and all tenants.



**Table 5 – Housing Revenue Account Month 9 forecast**

DESCRIPTION	Current Budget December	YTD (Apr-Dec)	Previous months FY Forecast November	Revised Forecast December	Movement	Var Revised Forecast to Current Budget
<b>INCOME</b>						
<b>TOTAL INCOME</b>	<b>-91,240</b>	<b>-63,548</b>	<b>-89,654</b>	<b>-89,654</b>	<b>0</b>	<b>1,585</b>
<b>EXPENDITURE</b>						
Total: Centralised Directorate expenditure	48,933	-5,789	49,229	44,924	-4,304	-4,008
Total: Responsive Repairs & Safety	18,085,	12,670,	19,296	20,084	787	1,999
Asset Planning	1,644,	943,	1,423,	1,423,	0	-220
Capital Delivery (Homes & Schools)	1,478,	799,	1,291,	1,291,	0	-186
Tenancy & Resident Engagement	8,689,	4,712,	11,185,	11,185,	0	2,496,
Homelessness & Assessments	4,395,	2,149,	4,186,	3,645,	-540	-749
Total service development and Income	8,016,	3,731,	8,018,	8,018,	0	2,377
<b>TOTAL EXPENDITURE</b>	<b>91,240</b>	<b>19,218</b>	<b>94,631</b>	<b>90,573</b>	<b>-4,057</b>	<b>-666</b>
<b>NET EXPENDITURE</b>	<b>0</b>	<b>-44,330</b>	<b>4,976</b>	<b>918</b>	<b>-4,057</b>	<b>918</b>

## 6. Capital Programme

- 6.1 The General Fund and Housing Revenue Account capital programmes have currently spent **£32.397m** to the end of Month 9. This is against a revised budget of **£281.293m**. The revised budget reflects the additional £161.6m capitalisation direction requested of the Government. The Mayor and Cabinet are asked to approve this revised capital programme budget.
- 6.2 Forecast spend for the year is **£261.908m**, including the assumed full use of the £186m (£161m + £25m) total capitalisation direction, against the revised budget resulting in a forecast underspend of **£19.385m**.

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 9**

General Fund Capital Programme	Revised 2022-23 Budget	Actual	Forecast as at P9	Variance
	£'000	£'000	£'000	£'000
ADULT, SOCIAL CARE AND HEALTH	-	66	66	66
HOUSING	4,392	1,278	2,900	(1,492)
ASSISTANT CHIEF EXECUTIVE	6,965	2,552	6,716	(249)
CHILDREN'S, YOUNG PEOPLE AND EDUCATION	7,930	2,848	5,325	(2,605)
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC RECOVERY	36,345	9,591	27,472	(8,873)
RESOURCES	8,255	1,961	3,920	(4,335)
CORPORATE	4,049	-	4,049	-
<b>SUB TOTAL</b>	<b>67,936</b>	<b>18,296</b>	<b>50,448</b>	<b>(17,488)</b>
CAPITALISATION DIRECTION – LEGACY ISSUES	161,000		161,000	
CAPITALISATION DIRECTION – IN YEAR	25,000		25,000	-
<b>General Fund Total</b>	<b>253,936</b>	<b>18,296</b>	<b>236,448</b>	<b>(17,488)</b>
HOUSING REVENUE ACCOUNT	27,357	14,101	25,460	(1,897)
<b>LBC Capital Programme Total</b>	<b>281,293</b>	<b>32,397</b>	<b>261,908</b>	<b>(19,385)</b>

**Table 7 – Capital Programme Financing as at Month 9**

	Revised 2022-23 Budget £'000	Forecast as at Month 9 £'000	Variance £'000
<b>General Fund</b>			
CIL	2,856	1,690	1,166
s106	550	444	106
Grants & Other Contributions	18,297	13,127	5,170
Growth Zone	6,888	2,971	3,917
HRA Contributions	1,742	1,742	0
Capital Receipts	25,049	25,049	0
Reserves	0	0	0
Borrowing	198,553	191,425	7,128
<b>Total General Fund Financing</b>	<b>253,935</b>	<b>236,448</b>	<b>17,487</b>
<b>HRA</b>			-
Grant	1,200	1,200	0
MRR	12,336	12,949	(613)
Revenue	-		-

	Revised 2022-23 Budget £'000	Forecast as at Month 9 £'000	Variance £'000
Reserves	13,821	11,311	2,510
Borrowing	-		-
<b>Total HRA Financing</b>	<b>27,357</b>	<b>25,460</b>	<b>1,897</b>
<b>Total GF &amp; HRA Financing</b>	<b>281,292</b>	<b>261,908</b>	<b>19,385</b>

6.4 The Month 9 forecast financing indicates a reduction of £7.0m of borrowing required this financial year for the General Fund compared to the revised budget and no borrowing required for the Housing Revenue Account. However total borrowing will be significantly increased over previous forecasts given the inclusion from Month 9 of the additional £161.6m capitalisation direction which will be funded from borrowing.

## 7 FINANCIAL AND RISK ASSESSMENT IMPLICATIONS

7.1 Finance comments have been provided throughout this report.

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

7.3 The inclusion this month of the additional £161m capitalisation requested of government for legacy issues significantly increases the borrowing costs for the budget for future years.

7.4 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)

## 8 LEGAL IMPLICATIONS

8.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer that the Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

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

with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.

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

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

## **9 HUMAN RESOURCES 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, the Guardians programme, and other appropriate sources of assistance and advice on the Council's intranet.

(Approved by Dean Shoesmith, Chief People Officer)

## **10 EQUALITIES IMPLICATIONS**

- 10.1 The Council has a statutory duty to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must therefore have due regard to:
1. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
  2. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  3. 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 This report sets out a number of proposals that will change the services and provisions we provide for residents across Croydon. These proposals are subject to further work decisions.
- 10.4 The Council must, therefore, ensure that we have considered any equality Implications. The Council has an established Equality Impact Assessment [EqIA] process, with clear guidance, templates and training for managers to use whenever new policies or services changes are being considered. This approach ensures that proposals are checked in relation to the impact on people with protected characteristics under Equality Act 2010.
- 10.5 Assessing the impact of proposed changes to policies, procedures, services and organisational change is not just something the law requires; it is a positive opportunity for the council to ensure it makes better decisions, based on robust evidence.
- 10.6 Our approach is to ensure the equality impact assessments are data led, using user information, demographic data and forecasts, as well as service specific data and national evidence to fully understand the impact of each savings proposal. This enables the Council to have proper regard to its statutory equality duties.
- 10.7 We have a large number of vulnerable children and asylum seekers who are in need of our services. We have also been faced with the rise of costs of the provision of adult social care, which has been exasperated following the pandemic. Alongside this our residents have been hit with the increased cost of living, we have supported residents by providing mitigation for changes where possible and signposting to other support organisations in the borough who can provide support. We will continue to seek mitigation during the equality analysis process where possible.
- 10.8 Our initial data suggests that residents across all equality characterises may be affected by changes. National and local data highlights that this may have a greater impact on race, disabilities, sex, pregnancy and maternity and age. We will continue to assess the impact and strive to improve our evidence and data collection, to enable us to make informed decisions.
- 10.9 Where consultations take place, we will ensure that we make it accessible for all characteristics including those with disabilities including neurodiversity by ensuring that we adopt Disability standards in our consultation platform. Notwithstanding those residents who are digitally excluded. We will also consult using plain English to support our residents who do not have English as a first language.

- 10.10 With regard to potential staff redundancies, as a diverse borough we will undertake equality analysis and seek mitigation for staff by offering redeployment and employability support. We will also assess the impact of job losses on protected characteristics.
- 10.11 Research from existing EQIAs identifies that rising costs impact on some Disabled groups, communities from the Global Majority, African, Asian, African Caribbean households, young people, some people aged 15 – 64 and some people in the pregnancy/maternity characteristic . Research also indicates that there is an intersectional impact on young people from the Global Majority and both Disabled and Dual Heritage communities. Deprivation in borough is largely focused in the north and the east where the Global Majority of residents from the African, African Caribbean and Asian communities reside.
- 10.12 The Council have undertaken a wide range of initiatives to mitigate the effects for those in most need. Details of mitigation for residents is includes support to residents delivered by other local organisations. The measures include hardship funds one of which may be used for any resident that has had a financial crisis which will be managed by a community organisation and will have more flexible eligibility than council led schemes. Residents are also signposted to support from community partners who deliver 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.

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

## **11 ENVIRONMENTAL IMPLICATIONS**

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

## **12 CRIME AND DISORDER IMPLICATIONS**

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

## **13 DATA PROTECTION IMPLICATIONS**

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

Approved by Alan Layton – Interim Head of Corporate Finance

## **List of Appendices**

- Appendix 1 – Service Budgets and Forecasts Month 9
- Appendix 2 – Capital Programme Month 9
- 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 9

	Approved Budget £'000	Current Actuals £'000	Full-Yr Forecast £'000	Projected Variance £'000
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
<b>TOTAL ADULT SOCIAL CARE AND HEALTH</b>	<b>131,360</b>	<b>86,600</b>	<b>130,612</b>	<b>(748)</b>
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	9,478	6,437	12,849	3,371
C1310E : ESTATES AND IMPROVEMENT	108	325	101	(7)
<b>TOTAL HOUSING</b>	<b>9,586</b>	<b>6,762</b>	<b>12,950</b>	<b>3,364</b>
C1110E : SUSTAINABLE COMMUNITIES REGENERATION & 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
<b>TOTAL SUSTAINABLE COMMUNITIES REGENERATION &amp; ECONOMIC RECOVERY</b>	<b>34,264</b>	<b>41,737</b>	<b>48,811</b>	<b>14,547</b>
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)
<b>TOTAL RESOURCES</b>	<b>22,943</b>	<b>122,161</b>	<b>26,829</b>	<b>3,886</b>
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	605	324	605	-



	<b>Approved Budget £'000</b>	<b>Current Actuals £'000</b>	<b>Full-Yr Forecast £'000</b>	<b>Projected Variance £'000</b>
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	7,514	(175)
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	6,412	2,501	5,605	(807)
<b>TOTAL CHILDRENS, YOUNG PEOPLE AND EDUCATION</b>	<b>84,845</b>	<b>68,695</b>	<b>81,759</b>	<b>(3,086)</b>
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)
<b>TOTAL ASSISTANT CHIEF EXECUTIVE</b>	<b>33,679</b>	<b>13,655</b>	<b>33,050</b>	<b>(629)</b>
<b>TOTAL</b>	<b>316,677</b>	<b>339,611</b>	<b>334,541</b>	<b>17,864</b>

## Appendix 2 – Capital Programme Month 9

<b>CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 9</b>	<b>Revised 2022-23 Budget Subject to Cabinet Approval</b>	<b>Actual to Date as at 30/11/22</b>	<b>2022/23 Forecasts as at Period 9</b>	<b>Variance for Year</b>
<b>Scheme Name</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Disabled Facilities Grant	3,992	1,253	2,500	(1,492)
Empty Homes Grants	400	25	400	-
<b>HOUSING</b>	<b>4,392</b>	<b>1,278</b>	<b>2,900</b>	<b>(1,492)</b>
Adult Social Care Provision	-	30	30	30
Provider Services - Extra Care	-	36	36	36
<b>ADULT SOCIAL CARE AND HEALTH</b>	<b>-</b>	<b>66</b>	<b>66</b>	<b>66</b>
Bereavement Services	1,775	1,399	1,775	-
Bereavement Service Dumper Trucks	39	-	39	-
<b>Finance and HR system</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
My Resources Interface Enhancement	75	-	75	-
<b>ICT</b>	<b>-</b>	<b>682</b>	<b>-</b>	<b>-</b>
Network Refresh	141	-	141	-
Tech Refresh	610	-	610	-
Geographical Information Systems	65	-	65	-
Laptop Refresh	222	-	222	-
Cloud and DR	198	-	198	-
<b>People ICT</b>	<b>-</b>	<b>470</b>	<b>-</b>	<b>-</b>
Synergy Education System	1,030	-	1,030	0
NEC Housing System	2,680	-	2,431	(249)
Uniform ICT Upgrade	130	-	130	-
<b>ASSISTANT CHIEF EXECUTIVE</b>	<b>6,965</b>	<b>2,552</b>	<b>6,716</b>	<b>(249)</b>
Education – Fire Safety Works	776	-	750	(26)
Education - Fixed Term Expansions	747	329	547	(200)
Education - Major Maintenance	4,062	1,962	2,508	(1,554)
Education - Miscellaneous	134	192	134	-
Education - Permanent Expansion	319	22	319	-
Education - Secondary Estate	39	41	41	2
Education - SEN	1,853	302	1,026	(827)
<b>CHILDREN, YOUNG PEOPLE AND EDUCATION</b>	<b>7,930</b>	<b>2,848</b>	<b>5,325</b>	<b>(2,605)</b>
Allotments	200	177	200	-
Fairfield Halls-Council Fixtures & Fittings FFH	574	571	571	(3)
Growth Zone	5,988	139	2,071	(3,917)
Grounds Maintenance Insourced Equipment	1,000	-	800	(200)
Highways	8,618	5,870	8,618	-
Highways - flood water management	895	370	895	-
Highways - bridges and highways structures	2,611	1,685	2,611	-

<b>CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 9</b>	<b>Revised 2022-23 Budget Subject to Cabinet Approval</b>	<b>Actual to Date as at 30/11/22</b>	<b>2022/23 Forecasts as at Period 9</b>	<b>Variance for Year</b>
<b>Scheme Name</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Highways - Tree works	56	10	56	-
Local Authority Tree Fund	96	-	96	-
Trees Sponsorship	46	-	46	-
Leisure Equipment Upgrade	306	331	331	25
Leisure centres equipment Contractual Agr	430	-	-	(430)
Leisure Centre - Tennis Crt	75	-	-	(75)
Libraries Investment - General	224	110	-	(224)
Library Self-Service Kiosks	200	138	138	(62)
Parking	2,731	70	2,731	-
Removal of Pay & Display	366	1	1	(365)
Play Equipment	150	75	150	-
Safety - digital upgrade of CCTV	1,551	-	1,539	(12)
Section 106 Schemes	-	1	1	1
HIGHWAY SIGNAGE	274	-	274	-
South Norwood Good Growth	1,121	52	925	(196)
Kenley Good Growth	583	308	508	(75)
Sustainability Programme	550	-	25	(525)
TFL - LIP	4,835	(733)	4,835	-
Cycle Parking	226	-	-	(226)
Electric Vehicle Charging Point (EVCP)	1,081	404	-	(1,081)
Waste and Recycling Investment	1,558	-	-	(1,558)
Waste and Recycling - Don't Mess with Croydon	-	12	50	50
<b>SUSTAINABLE COMMUNITIES, REGEN &amp; ECONOMIC RECOVERY</b>	<b>36,345</b>	<b>9,591</b>	<b>27,472</b>	<b>(8,873)</b>
Asset Strategy - Stubbs Mead	50	3	50	-
Asset Strategy Programme	25	-	25	-
Clocktower Chillers	30	-	30	-
Corporate Property Maintenance Programme	2,500	683	2,360	(140)
Brick by Brick programme	4,150	-	-	(4,150)
Fairfield Halls - Council	1,500	1,275	1,455	(45)
<b>RESOURCES</b>	<b>8,255</b>	<b>1,961</b>	<b>3,920</b>	<b>(4,335)</b>
Capitalisation Direction 2022/23	25,000	-	25,000	-
Capitalisation Direction Legacy Issues	162,000	-	162,000	-
Transformation Spend (Flexible Capital Receipts)	4,049	-	4,049	-
<b>CORPORATE ITEMS &amp; FUNDING</b>	<b>190,049</b>	<b>-</b>	<b>190,049</b>	<b>-</b>
<b>NET GENERAL FUND TOTAL</b>	<b>253,936</b>	<b>18,296</b>	<b>236,448</b>	<b>(17,488)</b>
Asset management ICT database	155	117	155	-

<b>CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 9</b>	<b>Revised 2022-23 Budget Subject to Cabinet Approval</b>	<b>Actual to Date as at 30/11/22</b>	<b>2022/23 Forecasts as at Period 9</b>	<b>Variance for Year</b>
<b>Scheme Name</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Major Repairs and Improvements Programme	22,083	13,984	21,928	(155)
TRELIS MEWS	3,377	-	3,377	-
NEC Housing System	1,742			(1,742)
<b>HOUSING REVENUE ACCOUNT</b>	<b>27,357</b>	<b>14,101</b>	<b>25,460</b>	<b>(1,897)</b>
<b>GROSS CAPITAL PROGRAMME</b>	<b>281,293</b>	<b>32,397</b>	<b>261,908</b>	<b>(19,385)</b>

### Appendix 3 – MTFS savings not delivered

MTFS Target Reference	MTFS Savings Description	Total Target £'000	Savings Non-Delivery as at Month 9 £'000
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
<b>Children, Young People and Education Total</b>			
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
<b>Adult Social Care and Health Total</b>			
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)	100

MTFS Target Reference	MTFS Savings Description	Total Target £'000	Savings Non-Delivery as at Month 9 £'000
22/23 HOUS 04	Repurpose under-utilised sheltered housing stock	(158)	158
22/23 HOUS 09	Incentivising temporary accommodation leasing schemes	(138)	138
<b>Housing Total</b>			
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
<b>Sustainable Communities Regen &amp; Economic Recovery Total</b>			
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
<b>Resources Total</b>			
<b>Corporate Items &amp; Funding Total</b>			
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 £'000	Savings Non-Delivery as at Month 9 £'000
22/23 ACE 09	Rationalisation of software applications and contracts	(750)	300
<b>Assistant Chief Executive Total</b>			
<b>Total Savings Not delivered</b>			<b>14,492</b>

#### Appendix 4 – MTFS Savings at Risk

MTFS Savings Ref	MTFS Savings Description	Savings at risk as at Month 8	Savings at risk as at Month 9	Change From Prior Month 9 To Month 8
		£'000	£'000	£'000
<b>21/22 CYPE 05</b>	Review Support for Young People where Appeal Rights Exhausted	61	61	0
<b>Children, Young People and Education Total</b>		<b>61</b>	<b>61</b>	<b>0</b>
<b>21/22 ASCH 01</b>	Baseline Savings - Disabilities Operational Budget	850	971	0
<b>21/22 ASCH 04</b>	Review of Contracts - OBC Commissioning, Working Age Adults Commissioning and Public Health commissioning	36	36	0
<b>21/22 RES 06</b>	HWA contract savings	35	35	0
<b>22/23 ASCH 03</b>	Review of Mental Health Packages of Care	50	50	0
<b>Adult Social Care and Health Total</b>		<b>971</b>	<b>971</b>	<b>0</b>
<b>22/23 HOUS 12</b>	Staffing Review	158	158	0
<b>22/23 HOUS 13</b>	Income Maximisation - Rent Collection	240	240	0
<b>Housing Total</b>		<b>398</b>	<b>398</b>	<b>0</b>
<b>21/22 SCRER 14a</b>	Fees And Charges	350	350	0
<b>22/23 SCRER 06</b>	Review and reduction of the Neighbourhood Operations (NSO team)	260	260	0
<b>22/23 SCRER 12</b>	Contract Savings - Pay and Display Machines	300	300	0
<b>22/23 SCRER 16</b>	Private Sector Environmental Enforcement	63	63	0
<b>22/23 SCRER 19</b>	New gym in Monks Hill Leisure Centre	90	90	0
<b>22/23 SCRER 20</b>	Non-capital and contract impact of Purley Leisure Centre closure	50	50	0



<b>MTFS Savings Ref</b>	<b>MTFS Savings Description</b>	<b>Savings at risk as at Month 8</b>	<b>Savings at risk as at Month 9</b>	<b>Change From Prior Month 9 To Month 8</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>22/23 SCRER 28</b>	Merger of Management Functions in Place	100	100	0
<b>22/23 SCRER 17</b>	Parking charges increase	365	365	0
<b>21/22 SCRER 11</b>	ANPR camera enforcement	1,140	1,140	0
<b>Sustainable Communities Regen &amp; Economic Recovery Total</b>		<b>2,718</b>	<b>2,718</b>	<b>0</b>
<b>22/23 ACE 18</b>	Contract Savings - Managed Service Provider for Temporary Agency Resources £600K saving in 22/23	600	600	0
<b>Assistant Chief Executive Total</b>		<b>600</b>	<b>600</b>	<b>0</b>
<b>Total Savings at Risk</b>		<b>4,748</b>	<b>4,748</b>	<b>0</b>

## Appendix 5 – Other quantifiable and unquantifiable risks

Quantified Risks	M9 £'000	M8 £'000	Details of Risk
Children, Young People and Education	500	2,698	<b>CLA Cost of Living £0.500m</b> There is an expectation that children in care providers will increase placement costs as cost of living rises
Adult Social Care and Health	-	-	None
Housing	1,250	1,250	<p><b>Emergency Accommodation (EA) Bad Debt Provision £0.250m</b> 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><b>Emergency Accommodation Activity levels £1.000m</b> Targeted changes to service operation have been made to reduce the number of people supported by the EA service.</p> <p>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.</p> <p>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>
	625	1,654	<p><b>Capital Staff Recharges (£169k)</b> 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><b>Additional Income (7 additional CEOs) £0.077m</b> Additional Income (7 additional CEOs) Parking Income at risk as we have had difficulties in attracting applicants to the vacant CEO roles</p> <p><b>Additional Income £0.192m</b> Additional Income (10p per 30mins) and Ringo discount threshold lower to 100 CO2g/km</p>

Sustainable Communities Regen & Economic Recovery			<b>Inflationary Pressure on Fairfield Halls £0.187m</b> Inflationary Pressure on Fairfield Halls contribution requested by BH Live
Resources	-	-	None
Assistant Chief Executive	-	-	None
<b>Total Quantified Risks</b>	<b>2,375</b>	<b>5,602</b>	

Un-Quantified Risks	M9 £'000	M8 £'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.
			<b>Inflation</b> , rising fuel and food costs significant expenditure for care providers - may result in claims for increased fees or face financial instability
			<b>High vacancy rate</b> is caused by significant challenges in recruitment across the Directorate. This means staff are focussed on statutory delivery, rather than transformation. This is a national issue.
			<b>There is hospital discharge pressure</b> as the current system risk is running at winter levels due to Covid and backlog despite being summer. Work is being done on a deep dive, as the numbers of placements and equipment cost are rising.
Housing			<b>New Housing Structure (temporary)</b> 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><b>Fire at Sycamore House</b> The financial impact of the fire at Sycamore House, Thornton Heath is as yet unquantifiable.</p>
Sustainable Communities Regen & Economic Recovery	-		<p><b>Risk To NSRWA Related Income Highways and Parking</b> 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><b>Legal Trading Model</b> The legal trading services model is under review. Until this review is completed officers are flagging this area as a risk. Last year Legal Services were overspent by £306,000.</p>
Assistant Chief Executive			Risk based upon the lack of available graves for sale until the cemetery extension opens
			Increased competition from neighbouring facilities, perceived increase in direct cremations, viewed as the cheaper option for families as inflation starts to take effect
Corporate Items & Funding	-	-	None
<b>Total Un-Quantified Risks</b>			

## Appendix 6 Quantifiable and unquantifiable opportunities

Quantified Opportunities	M9 £'000	M8 £'000	Details of Opportunities
Children, Young People and Education	-	(1,783)	
Adult Social Care and Health	-	(380)	
Housing	-	-	None
Sustainable Communities Regen & Economic Recovery	(1,292)	(1,292)	<b>Community Infrastructure Levy Review (£0.300m)</b> Further use of CIL monies to support revenue expenditure where the conditions met being reviewed.
			<b>Streetlighting review (£0.230m)</b> Current pilot is being evaluated.
			<b>Highways Savings (0.140m)</b> Additional In year Highways Revenue Savings
			<b>Parking Income (£0.192m)</b> Additional In year Parking Income
			<b>HRA charges (£0.430m)</b> HRA Reserve to Cover HRA Budgets Not Recharged last year and expected not To be This Year
Resources	(100)	(100)	<b>Staffing Review £0.100</b> Staffing review that may lead to further savings on salary costs
Assistant Chief Executive	(320)	(320)	<b>Public Health (£0.320m)</b> Ongoing Internal Review of Public Health Funding towards related expenses.
Corporate Items & Funding	(605)	(605)	<b>Reduced borrowing need (£0.605m)</b> Potential saving as a result of a review of borrowing costs to fund the capital programme.
<b>Total Quantified Opportunities</b>	<b>(2,317)</b>	<b>(4,420)</b>	