CABINET

Subject Heading:	**Budget Monitoring Report - Period 9 December 2022**
Cabinet Member:	**Councillor Chris Wilkins (Cabinet Member for Finance and transformation)**
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Policy context:	The report provides an update on the Financial monitoring position of the Council at the end of Period 9
Financial summary:	This report includes: • Projected Revenue Outturn at Period 9 • Projected Capital spend as at Period 9 • Update on 2022/23 savings

Is this a Key Decision? No

1. EXECUTIVE SUMMARY

1.1. This Report sets out the monitoring position for the Council for 2022/23 based on figures to period nine (31st December). The section also sets out the mitigations and action plans the services are undertaking in order to reduce the current overspend.

1.2. The overall Council overspend has reduced since Period 6 by £2.3m to £11.8m at Period 9. The Council will continue to work hard to reduce the overspend in the remaining months of the year. Both Adults and Children Services are particularly vulnerable to changes in demand at this time of year and have accordingly been prudent with their forecasting. This position is reflected in the commentary for those services in this report.

1.3. The table below shows the net service budgets, forecast outturn and variances**.**

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A3000B-Public Health Total	(1.650)	(0.274)	(0.274)	0.000	0.000
A4000B-Childrens Total	46.496	52.342	57.515	5.173	5.994
A4600B-Adults Total	72.523	73.403	75.684	2.281	4.141
A5000B-Neighbourhoods Total	11.514	12.109	16.117	4.008	2.444
A5500B-Regeneration Programme Delivery Total	1.262	1.324	0.952	(0.372)	(0.282)
A5700B-Housing Total	3.883	4.016	4.016	0.000	0.000
A7000B-oneSource Shared Total	1.895	3.521	6.059	2.538	2.014
A8000B-oneSource Non-Shared LBH Total	0.361	0.726	1.607	0.881	1.269
A9000B-Chief Operating Officer Total	4.891	5.870	4.949	(0.931)	0.088
Service Total	**141.175**	**153.037**	**166.616**	**13.579**	**15.668**
Treasury Management	8.136	8.136	5.136	(3.000)	(2.800)
Corporate Contingency Total	1.000	1.000	0.000	(1.000)	(1.000)
Other Corporate budgets	22.599	10.737	12.987	2.250	2.250
Overall Total	**172.910**	**172.910**	**184.739**	**11.829**	**14.118**

1.4. Further details of the reported variances are set out in Section 3 of this report. This section also sets out the steps being taken to address the reported overspend.

1.5. There are then sections setting out the Corporate position, including Treasury and the Collection Fund.

1.6. The report then has a section setting out the position on the HRA and Capital.

2. RECOMMENDATIONS

2.1 Cabinet are asked to note the revenue and Capital financial positions at Period 9 and the action plans being taken by services to reduce the overspend.

3. REPORT DETAIL

3.1 Background

The combined effects of the recovery from the COVID pandemic and the current economic crisis has placed pressure on the Council's finances. In March 2022 the Council set a balanced budget for 2022/23 but since then the combined effect of increased demand in Social Care, rising costs and inflation have caused the Council to project a significant overspend in the current year.

3.2 Current Variances by Department

This monitoring report sets out the service reported position at the end of December and the directorates view on the potential outturn position from all known information. The paragraphs below set out department commentary on the current variances.

3.3 Public Health Directorate

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A3100C-Public Health Total	(1.650)	(0.274)	(0.274)	0.000	0.000
A3105C-Public Health - Non Grant Expenditure Total	0.000	0.000	0.000	0.000	0.000
A3000B-Public Health Total	**(1.650)**	**(0.274)**	**(0.274)**	**0.000**	**0.000**

The Public Health Directorate is reporting a nil BAU variance. As at period 9 expenditure for the 22/23 financial year is forecast to be £11.557m against £11.622m ring-fenced Public Health grant. This results in a £0.065m underspend against the Public Health Grant which will be transferred to the Public Health reserve to bring the BAU variance back to zero.

3.4 Children's Directorate

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A4100C-Learning & Achievement Total	11.030	11.643	16.816	5.173	4.864
A4200C-Childrens Services Total	33.856	38.992	38.992	0.000	0.944
A4250C-Safeguarding - Quality and Assurance Total	1.610	1.708	1.708	0.000	0.186
A4000B-Childrens Total	**46.496**	**52.342**	**57.515**	**5.173**	**5.994**

Children's is forecasting an overspend position at P9 of £5.173m this is an overall decrease of £0.821m from the position reported at P6. This decrease is primarily due to a decrease in the forecast overspend on SEN transport, release of contingency for SEN placements and delays to recruitment in Children's Social Care.

These figures include £5.000m growth allocated as part of the 2022/23 budget round. The analysis of the forecast position is as follows:

LAC Placements	£2.454m
CWD Placements/Short Breaks/SEND	£0.254m
SEN Transport	£2.055m
Catering	£0.219m
UASC 18+	£0.539m
Staffing	£0.080m
Sub-total	**£5.601m**
Savings already identified	(£0.428m)
P9 pressure	**£5.173m**

The Service received £5m growth as part of the 2022/23 budget process. This has been applied across the three main areas of overspend. The balances above are the remaining pressures in those areas. The 2023/24 budget process recognises these remaining pressures and funding has been added to these areas to mitigate these pressures in the new year.

3.4.1 Learning and Achievement

- The SEN Transport budget is forecasting a significant overspend of £2.055m (includes £1m of allocated growth). The increase in the overspend is due to a change in the taxi spend for under 16's, and budget adjustments by PTS. Demand for transport assistance is still increasing following a continuing increase in EHCPs. PTS have now finalised the bus charges for the new academic year, and whilst the total number of routes have reduced, the unit costs have increased. The routes continue to be closely monitored, and the transport assessor in the JCU is working with families currently applying for transport assistance to ensure they are offered the most cost-effective support.

- LAC placements continue to increase in numbers. The forecast has been increased by £0.199m this month to reflect new high cost residential placements. The contingency being held has been reduced to offset some of this increase, as there are some cases in court that may result in extremely costly placements. The budget remains under significant pressure.

- The data on CWD indicate increased client numbers and more complex needs. The forecast assumes an overall increase in expenditure of 25% for CWD over 2021/22 levels based on client data and projections. However, despite this, the service has continued to be able to avoid new placements. However, expenditure continues to rise on short break provision, though this course of action is preventing more expensive placements. Whilst the number of new placements this year remains very low, children are being supported in their own families with access to short breaks, and this is testing family resilience, and therefore could result in new placements being required later this year. As the service has been able to hold the position, despite the pressure on short breaks, the contingency has been reduced to £0.200m for any potential additional costs.

- The Catering Service is forecasting a year-end overspend of £0.219m. The overspend is in part due to inflationary increases in supply chain costs, currently estimated at £0.162m. There have also been variations in meal uptake linked to the cost of living crisis, which we expect will see an increased number of children becoming eligible for FSM. In addition, the equipment maintenance costs are forecast to overspend by £0.050m, although this has been offset in part by contributions from schools as part of an equipment SLA. The service is also exploring the possibility of increasing charges to schools for meals as part of a review of Fees and Charges.

3.4.2 Children's Services

- Dependency on agency continues to be an issue in Social Care despite significant efforts to recruit and retain permanent staff. However, there has been an improvement in the staffing forecast of £0.430m due to a number of staff departures and the inability to recruit even agency workers to some posts. Additionally, there have been delays to on-boarding staff, which has resulted in a reduction in the forecast. Whilst this financial improvement is positive, having a stable permanent workforce is key if the service is to be able to control placement costs going forward.

- UASC 18+ cases are increasing and the costs of these clients exceed the Governments weekly allowance. Additionally, the threshold at which an authority does not have to accept new clients has increased from 0.07% to 0.1% of the general child population. This equates to an additional 50 clients that the authority could be asked to accommodate. The forecast overspend increased by £0.087m this month, based on lower estimates of under 18 cases for the remainder of this financial year. As income for under 18's covers and in most cases exceeds costs, there is estimated to be a lower than previously expected surplus in this area to mitigate some of the 18+ pressure.

The Directorate has undertaken a ZBB exercise which has informed the above forecast. As part of this review, the service has looked closely at activities that can be controlled further to avoid cost or reduced in order to alleviate the financial pressure. This exercise has resulted in a reduction in the predicted overspend of £0.428m through the service realigning budget to the overspending areas and through the release of some one-off grant funding. These savings are already incorporated into the overspend figures reported above.

The Directorate is proactively implementing a workforce strategy in an effort to recruit and retain higher levels of permanent staff to reduce caseloads, thereby making the roles more attractive to potential applicants and driving consistent practice performance. The strategy is focused on developing improved recruitment offers/promotional activity, strengthened on-boarding and projects to target potential recruits from particular sectors including growing the newly qualified social worker cohort, scoping a business case for recruitment from abroad and reorganising work flow mechanisms via service reshaping.

In order to try to mitigate the pressure from SEND activity, the service is endeavouring to increase travel training to reduce the demand for more expensive transport. Other areas being scoped include a further full end to end review of SEND and Passenger Transport Services eligibility criteria, processes and overarching policy. The Directorate is working with intensively with colleagues across the Council, DfE and regional/sub-regional groups to plan and develop a wide range of provision for children with disabilities and children in care placements designed to reduce the use of high cost external provision, improve quality and keep even more children in Borough.

Additionally, the Service is reviewing commissioning processes with colleagues in the JCU, and have strengthened the Havering Access to Resources panel which rigorously scrutinises all placement requests. A similar multi-agency panel has been introduced to ensure partner contributions to costs are rigorously benchmarked, pursued and challenge applied as required.

3.4.3 DSG

The DSG remains under significant pressure. Projections for 22-23 take into account the £2.5m in-year overspend, and a cumulative overspend of £7.2m is now projected for the High Needs budget.

3.5 Adults Directorate

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A4600C-Adult Services Total	6.970	7.983	8.035	0.052	0.607
A4610C-ASC Business Management Total	12.479	3.941	3.866	(0.075)	(0.114)
A4620C-ASC Integrated Services Total	53.075	61.479	63.783	2.304	3.648
A4600B-Adults Total	**72.523**	**73.403**	**75.684**	**2.281**	**4.141**

3.5.1 The period 9 reported position for the Adults' Directorate is an overspend of £2.281m, a decrease of £1.8m from P6. The main factor in this reduction is due to allocating an addition £0.994m of Hospital Discharge Funding to the forecast. In addition to this 2 cases have received backdated CHC funding which has reduced the forecast by a further £200k.

3.5.2 The forecast now includes £1.394m of the £2.273m allocated to Havering from the Governments national fund of £500 million. This funding has been allocated across various activity areas which has resulted in large swings in the variances across several activity areas.

The service is currently reviewing this planned expenditure through the winter period, against the funding received, and has been able to reduce the forecast for P9. Further forecast reductions are anticipated, particularly should expected activity not materialise.

The overall overspend is largely due to placement pressures in both Community Teams and LD, as well as increasing demand in Mental Health.

Targeted Reviews savings achieved to date are £1.39m. Due to considerable efforts and focus on challenging Continuing Health Care funding in both the last financial year and this year, the service has achieved significant cost transfers to date.

There is increasing pressure on the service from providers and increasing costs. A small number of providers are leaving the market meaning clients are needing to be rehomed often at a higher cost. This has started happening and several more cases are in the process of being relocated. There are also increasing pressures from carers. There were a significant number of elderly carers who advise of their difficulties in maintaining their caring role and have said they would be seeking increased resources and potentially long term placements for the people they care for. This is an area of concern, as those engaged with to date are a small proportion of the total number of carers / families with caring responsibilities.

It is becoming more difficult to find providers who will accept LBH rates with rates now exceeding £1000pw for residential and respite. This is due to neighbouring boroughs and Essex increasing the number of beds they are using in Havering, the overall increase across the NEL footprint in demand for care home placements, and the likelihood of some providers are now pricing in inflationary and wage cost pressures. There is a further concern that as self-funding clients run out of funds they will become a Havering client with the associated costs.

Better Living savings achieved to date are £1.158m. We are assuming full delivery of the MTFS for both Better Living and Targeted Reviews at this stage, however further work is being undertaken to establish whether this is still realistic. It will be challenging to achieve full savings delivery in some areas, particularly LD, so there is some risk attached to our current budget assumptions which will be revisited during the final quarter.

The MTFS plan agreed by Cabinet in February 2022, assumed £4m income based on dialogue with NEL CCG at the time, and was based on project income for Discharge to Assess for 2021/22, however ASC received £1.9m from the NHS, with an additional £1.4m specifically for reablement.

The main variances at period 9 relate to:

Learning Disabilities	£2.368m
Adult Community Team	(£0.021m)
Mental Health	£0.506m
Adult Safeguarding	(£0.310m)
Other Minor Variances	(£0.262m)
P9 pressure	**£2.281m**

An overspend within Learning Disability Services of £2.368m –The increase from period 9 is mainly due to an increase in existing client costs and an adjustment to the estimated clawback in direct payments that is anticipated by year end. LD is facing an issue of high cost clients, which is becoming an increasing problem when clients need to be rehomed at an increased rate. Costs of Care in this area are also being worked on.

There are various risks and pressures:

LD provider uplifts:

All LD providers are raising with the service cost pressures related to inflation and other pressures. To look at provider requests on an individual basis risks significant impact to the service budget, however not addressing this carries market risks. Providers leaving the market is starting to occur with a number of clients in a residential setting being moved, in some cases to higher costs placements. Work is currently being undertaken by the Joint Commissioning Unit and an allocation of an in year uplift to some of these providers is being discussed. The cost of which is not currently factored into the period 9 forecast.

Rents: Supported Living is an area that needs attention, in terms of costs and rates.

Better Living:

The team continues to work to deliver Better Living savings. Senior managers and the LD resource panel are scrutinising all requests for appropriateness and proportionality.

Targeted reviews:

There are capacity issues within the team, with the volume of unplanned activity extremely high. Complaints are increasing and some quality issues are arising. A new resource is in place who is scoping what cases could be targeted to drive savings.

An underspend of £0.021m against the Adult Community Team Budget –

Period 9 is showing in a reduction in the forecast overspend position which is due to allocating £500k Hospital Discharge Funding and also due to 2 cases having backdated CHC funding applied which resulted in a reduction of £200k along with an increase in the anticipated income received by year end. The cost pressures and volume of demand continue to impact on the Community budget. Over half of placements commissioned are above the usual LBH rates. This is due to a combination of limited availability and homes requesting higher rates due to the complex needs of residents being placed. Our average rate is now around £900 per week, with some costing over £1,000 per week. Respite placement costs are also increasing. There are more 121 nursing placements coming through.
Nursing - We have seen new starters costing more than leavers, driving up overall cost to the council. The 1:1 packages are all on the targeted review list.

- **An overspend of £0.506m in respect of Mental Health non S75** –

  The overspend is driven by placement pressures in year. A plan is being put in place to bring spend down as far as is feasible for the remainder of the year. The pressure is mainly due to provision costs, supported accommodation/living and homecare. This month's reduction is due to the allocation of £300k Hospital Discharge Funding. Work is ongoing to reduce the budget pressure, including identifying clients that are applicable for health funding.

- **An underspend of £0.310m on Adult Safeguarding** –
  This underspend is a result of additional LPS funding allocated to this area, the scheme has not been fully implemented which is causing a budget underspend but this funding will be needed when the LPS scheme is fully implemented.

- **Other budget areas** with minor variances cumulatively offset the above pressures by c£0.262m, leaving a net pressure of £2.281m

3.6 Neighbourhoods

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A2300C-Public Realm Total	8.254	8.772	12.388	3.616	2.126
A2310C-Civil Protection Total	1.476	1.278	1.186	(0.092)	(0.053)
A2350C-Bereavement and Registration Services Total	(2.631)	(2.197)	(2.103)	0.094	0.038
A2860C-Planning Total	3.058	2.814	3.403	0.589	0.507
A2900C-Business Support - Neighbourhoods Total	1.359	1.442	1.243	(0.199)	(0.174)
A5000B-Neighbourhoods Total	**11.514**	**12.109**	**16.117**	**4.008**	**2.445**

At P9 Neighbourhoods has identified potential pressures of £4.008m across its services, an increase of £1.6m on the previously reported over spend position at P6. The variance is primarily due to reduced income forecasts for parking services. The service have developed further action plans to try to contain these pressures.

The main pressure areas are:

3.6.1 Public Realm

Environment - currently projecting a pressure of £0.971m, The pressure is mainly as a result of costs relating to the deferral of the integrated Public Realm Contract work to 22/23, which was paused when the nation went into lock down in 2020. The increase in the Household waste and recycling collection cost is as a result of the post extension contract cost with SERCO including enhanced staff cost, 50:50 vehicle share cost. These costs are now agreed with SERCO and incorporated within the latest forecast projections. There are a number of mitigating actions (removal of the final weed spray for 2022/23, reducing the number of waste round collection made in one day, restriction on the use of agency staff) being implemented to reduce the overall pressure.

Parking - currently projecting a pressure of £1.545m; a movement of £1.3m on previously reported £0.175m pressure at P6. The movement is mainly as a result of revised income projection in the PCN / MTC. There has been a slower roll out of the new MTC camera’s than was previously envisaged, due to further member’s engagement on some sites and some supplier chain issue with the contract, both have resulted in a reduction in the income projections. In addition, the number of CEOs recruited is slightly below target which means the PCN forecast is below the levels expected. The Council has also suffered a reduction in P&D income due to a reduction in overall paid for parking sessions.

Highways - currently anticipate a £1.256m pressure. The impact of reduced external works for TFL funded projects has reduced anticipated income. The Service has suffered an unsuccessful recruitment plan in DSO. As a part of the mitigation plan. more works are now under taken by external suppliers, this has resulted in additional pressure. Other mitigating plans introduced by the Service and constantly monitored include, reducing spend on minor operational adjustments, structures and schemes budgets. These pressures are slightly offset by an increase in the licensing income (scaffolding, hoarding and skips).

3.6.2 Planning

There is a potential budget pressure of £0.589m in planning services. Public Protection, which used to be part of Civil Protection has now transferred over and is reported under Planning. The potential pressure within Planning is as a result of unbudgeted legal costs in relation to an upcoming Public Inquiry, in addition, the under achievement of the planning application fee and building control fee income.

3.6.3 Civil Protection

Civil Protection is currently projecting an under spend of £0.092m this is due to a reduction in staff costs across the Enforcement team.

3.6.4 Bereavement and Registration Services

There are also potential pressures of £0.094m across Bereavement and Registration Services. which the Service is working towards mitigating for the end of the financial year.

The forecast position includes Directorate underspends of £0.354m mainly as a result of staffing underspend within Business Support, and reduced consultancy cost.

3.7 Regeneration Programme Delivery

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A2850C-Regeneration Total	1.262	1.324	0.952	(0.372)	(0.282)
A5500B-Regeneration Programme Delivery Total	**1.262**	**1.324**	**0.952**	**(0.372)**	**(0.330)**

3.7.1 Regeneration

Regeneration are reporting an underspend position of (£0.372m) on revenue at Period 9. This is mainly due to a planned reduction in business development costs in response to corporate budget pressures and capitalisation of project management costs. This also includes meeting the planned achievable MTFS savings of (£0.1m).

3.8 Housing General Fund

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A4300C-Housing Services (GF) Total	3.883	4.016	4.016	0.000	0.000
A5700B-Housing Total	**3.883**	**4.016**	**4.016**	**0.000**	**0.000**

3.8.1 Housing General Fund

As at Period 9, Housing Services (GF) is projecting to spend to budget. There are undeliverable MTFS savings this year (details below) and other pressures listed but at the service expects these costs to be covered by containing expenditure and application of grants. There is some degree of risk to this position which will be closely monitored through the remainder of the financial year.

The £100k MLH saving is undeliverable as the project to provide 125 units of accommodation is no longer going ahead. The price per property saving of £102k is also undeliverable, as PSL property numbers continue to fall and there is a lack of interest from landlords to take up the scheme. The scheme was expected to deliver further saving in 23/24 and 24/25. It is also worth noting that Capital Letters have not been able to deliver this year on their targets, as they also have been experiencing significant market challenges trying to secure private rented accommodation.

We have seen a £70k increase in PSL void responsive repairs costs and are projecting to spend £170k on Ukrainian refugee households. This group do not qualify for full Universal Credit, due to being benefit capped, this also applies to those on family visas. These costs are being absorbed by the Homeless Prevention Grant (HPG).

The cost of living crisis and hotel spend has given cause for concern with projected hotel costs becoming particularly challenging during the current winter period. We anticipate hotel costs to reach £834k as a result of the private rented market drying up and our the increased number of homeless approaches. Some of these costs will be met by the Homeless Prevention Grant

This forecast assumes that the balance of the 2022/23 Homeless Prevention Grant and Rough Sleepers Initiative Grant, ring-fenced to address homelessness can be carried forward to help us to deliver on our homelessness obligations for 2023/24.

3.9 OneSource Shared

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A7100C-oS Finance Total	(0.063)	0.018	0.019	0.001	0.007
A7131C-Procurement Total	0.006	0.019	0.184	0.165	0.156
A7200C-oS Business Services Total	(0.035)	0.111	0.358	0.247	0.237
A7300C-oS Exchequer & Transactional Services Total	1.970	2.814	3.890	1.076	0.945
A7500C-oS Legal & Governance Total	0.026	0.325	0.420	0.095	0.100
A7600C-oS ICT Services Total	(0.073)	0.054	1.018	0.964	0.568
A7700C-oS Asset Management Services Total	0.044	0.102	0.093	(0.009)	0.001
A7800C-oS Strategic & Operational HR Total	0.020	0.078	0.077	(0.001)	(0.000)
A7000B-oneSource Shared Total	**1.895**	**3.521**	**6.059**	**2.538**	**2.014**

3.9.1 ICT Services

ICT Services is forecasting an overspend of £1.0m. This is due to an increase in costs relating to Microsoft Enterprise Licences due to increased functionality, coupled with some additional recruitment within the information assurance team.

3.9.2 Exchequer and Transactional Services

The Exchequer and Transactional Service is forecasting an overspend of £1m which relates in the main to an anticipated enforcement income shortfall against target. The income target has recently been increased in recent years whilst the level of income has not increased at the same rate.

A contract delivered on behalf of another London Borough ended this year which has partially caused the overspend. The service continually aim to increase income and as and when new contracts are secured, or caseloads increase, the income forecast will be updated accordingly.

3.9.3 Procurement

Procurement is forecasting an overspend of £0.1m which is largely due to interim posts that are being retained in order to support the delivery of the council’s procurement savings target and to prepare the service for upcoming procurement legislation changes which are being brought in since leaving the EU.

3.9.4 Legal

An overspend of £0.1m is projected within Legal Services due to locum and agency spend; as and when recruitment concludes the forecasts will be updated/improved accordingly.

3.9.5 Business Service

Prior years undelivered savings targets are causing an overspend of £0.2m; it is anticipated that these will be addressed as part of the ongoing review of the future of oneSource.

3.10 OneSource Non-Shared

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 8 Forecast Variance to Budget £'m
A5200C-Exchequer Services Total	(1.396)	(1.595)	(1.693)	(0.098)	(0.060)
A5350C-Business Services Total	0.002	0.002	0.000	(0.002)	(0.002)
A5750C-oS non Shared Finance Total	0.933	1.204	1.162	(0.042)	0.281
A5800C-Asset Management Total	(1.264)	(1.095)	(0.124)	0.971	0.994
A5850C-Strategic HR & OD Total	0.012	0.124	0.178	0.054	(0.002)
A5900C-Legal & Democratic Svs Total	2.096	2.086	2.144	0.059	0.114
A5950C-ICT Services Total	(0.022)	0.000	(0.060)	(0.060)	(0.055)
A8000B-oneSource Non-Shared LBH Total	**0.361**	**0.726**	**1.607**	**0.881**	**1.269**

3.10.1 Asset Management

There is a combination of pressure points within the service which have contributed to the £1.0m forecasted overspend:

- The budget contains a £0.6m savings target which relates to the decant of Mercury House office accommodation as a result of increased working from home since the pandemic; of this, only £0.2m is being forecasted as achieved in 22/23 due to the continuation of some residual occupation. The forecasted partial delivery of £0.2m relates to some reduced running costs, NNDR exemptions and rental income (relating to River Chambers).
- Commercial property is forecasting an income shortfall of £0.5m, due to commercial rents £0.3m and Romford Market £0.2m. The income target for the commercial property income is suffering from a higher than usual number vacant properties within the Hilldene area owing to uncertainty over plans for its future development. This pressure has been mitigated by a £0.3m drawdown from reserves

- Corporate Landlord is projecting an overspend on building repairs and maintenance costs of £0.1m; the service will continue to review the prioritisation of works, the ability to capitalise spend and the costs paid for repairs and maintenance contracts with a view to improving the forecasted overspend.
- Within the forecast, it is assumed that a transfer to reserves will be agreed for the Health and Safety settlement monies of £0.2m following the separation of the shared service with Newham in April 2022.

3.10.2 Legal

The forecasted over spend of £0.1m relates to a combination of slippage on the delivery of a £0.055m savings target relating to reducing the cost of external legal spend in wider council budgets coupled with income pressures resulting from a reduction in school appeal income.

3.10.3 Transactional & Exchequer

There is a projected (£0.1m) surplus relating to Housing Benefit overpayment recovery income. It should be noted this activity is difficult to forecast with a high degree of accuracy due to its complexity, the volume of transactions, and the total values involved, however, indications are that the service is performing well with regard to maximising the amount of benefit overpayment recovered from central government and from claimants.

3.11 Chief Operating Officer

Service	Original Budget £'m	Revised Budget £'m	Forecast £'m	Current Forecast Variance to Budget £'m	Period 6 Forecast Variance to Budget £'m
A2100C-Customer and Communications Total	1.214	1.735	1.949	0.214	0.472
A2600C-Policy, Performance and Community Total	3.119	3.395	3.149	(0.246)	0.000
A3150C-Joint Commissioning Unit Total	0.040	0.179	(0.134)	(0.313)	(0.000)
A5300C-Transformation Agenda Total	0.519	0.561	0.552	(0.009)	0.193
One off use of reserves to support budget			(0.577)	(0.577)	(0.577)
A9000B-Chief Operating Officer Total	**4.891**	**5.870**	**4.949**	**(0931)**	**0.088**

3.11.1 Customer and Communications

There are continuing income shortfalls in relation to the Council's leisure contract with SLM, which at period 9 is £0.3m. The Council is monitoring the position closely through regular recovery meetings with SLM, but it is widely recognised that the pandemic has had a significant impact on the leisure industry.

Havering Music School is experiencing a £0.2m shortfall of income largely due to a decline in pupil numbers and reduced school uptake, however this is partly offset by approx. £0.1m of salary underspends. The Music School is seeing the impact of families who are weighing up the cost of living versus continuing with music lessons. The service is working hard to attract new pupils and increase school uptake by prioritising Marketing with the Council's internal communication team and Traded Services unit. Additionally, further costs may be incurred such as hall hire due to rising inflation however at present, this is contained within existing budgets.

Offsetting the aforementioned pressures are a number of smaller variances across the service as a whole totalling approx. (£0.1m) which relate in the main to vacancy management.

3.11.2 Transformation Agenda

Although the Transformation Service appear to be on budget, there is an on-going unachieved £0.2m corporate savings target in relation to Digital Platform for delivery of the CRM and D365 project offset by a one-off £0.2m underspend in relation to vacancy management within the Transformation area.

3.11.3 Joint Commissioning Unit

The service is forecasting an underspend of £0.3m in period 9 as a result of holding off recruiting to a number of vacant posts, which will no longer be filled in the course of this financial year due to a service restructure.

3.11.4 Policy, Performance & Community

The service is forecasting an underspend of £0.3m in period 9 due to a lag in recruiting to vacant posts for the READI and HATE crime projects. The period 9 forecast assumes the approval of carry forward to reserves of £0.4m for the following projects: £0.2m READI; £0.05m PMO Insight; £0.06m Liquid Logic unfunded post and & £0.05m for equalities & diversity training for members and Employment & Skills match funding.

4. ACHIEVEMENT OF SAVINGS

In setting the 2022/23 budget the Council identified £15.028m of savings proposals which would need to be delivered in order to balance the budget. These proposals were partially offset by a £2.0m budget provision recognising that potentially some proposals might not be fully realised. Departments are working collectively to achieve savings wherever possible. Below however is a list of the reported unachievable savings.

4.1 Unachieved Savings

Directorate	2022/23 MTFS Description	2022/23 MTFS Ref	2022/23 MTFS Variance	2022/23 Theme	2022/23 RAG Rating
A5700B : Housing	PSL Capital Letters	Ref.060	100,000	Communities	red
A5700B : Housing	Introduce price per property repairs service for PSLs.	Ref.061	102,000	Communities	red
A7000B : oneSource Shared	ICT Restructure	Ref.081	150,000	Opportunities	red
A7000B : oneSource Shared	Increase net contribution from providing enforcement to others OSS	Ref.082	450,000	Opportunities	red
			852,000		

4.1.1 Staffing Savings

The Council is fundamentally reviewing its staff base and structures to modernise services and improve efficiency. The main initiatives to identify post savings are:

- A voluntary release scheme. This will allow the Council to release a number of individuals and make staffing savings through restructure and reorganisation of services. The process is well underway and the posts that will be able to be released will be confirmed in the next few weeks. It is anticipated this will deliver a significant saving in 2022/23 with a full year effect in 2023/24. At present is estimated £0.750m will be realised through this process in 2022/23 with a full year effect of £1.6m.

- The Council is reviewing all agency placements with the aim of significantly reducing the need for these more expensive costs. The review will identify where recruitment to permanent posts can take place and if the agency placement is project based look at other means to deliver that project to minimise the level of agency cover required. It is accepted that in some difficult to recruit areas such as social care there will always be an element of agency costs but those services are doing everything they can to promote and encourage permanent recruitment.

- The Council is looking at its Target operating model (TOM) and staffing structures to flatten management structures and reduce management costs where possible and also to restructure service provision to deliver more efficient outcomes. There was a full report to November Cabinet which set out the planned approach to delivering the new target operating model

- The Council is also reviewing all current vacant posts to establish if those roles are required or if the services can reconfigure to continue to deliver outcomes without the need for recruitment

The VR exercise will generate savings of the order of £1.6m in a full year. The work described above is expected to deliver further staffing savings although it is recognised the majority of the achievement will be in 23/24. This position is recognised both in this monitoring report and the Council's medium term financial strategy.

5 CORPORATE BUDGETS AND CONTINGENCY

5.1 The Council holds a central contingency of £1m each year. This is held for unforeseen events and the Council would only use this as a last resort if no other funding is available.

The Contingency has been released to support the overall budget position. The Provision set aside for unachieved savings has also been added to this table.

5.1.1 The Council also holds a number of budgets centrally mostly pending allocation to departments. These budgets are reviewed, on a monthly basis, by the Section 151 Officer, as part of the monitoring cycle.

5.1.2 Corporate Budgets

Corporate Variances			
	Budget	Known Commitments	(Under)/ Over spend
Corporate Items	£m	£m	£m
Corporate Contingency	1.000	0.000	(1.000)
Treasury Management Underspend	8.136	5.136	(3.000)
Other Corporate Budgets	17.255	19.505	2.250
Total	**26.391**	**24.641**	**(1.750)**

5.2 The Collection Fund

The Council continues to collect both Council Tax and Business Rates income where chargeable. Council Tax collection over the current year is strong despite the effects of the pandemic and at this stage is on target for the collection rates set in the budget.

5.3 Treasury Management Forecast

The Council sets its treasury budgets based on the assumed Capital programme and forecasted level of cash balances each year. There are fluctuations on these budgets due to slippage and changes to the Capital programme, prevailing interest rates and borrowing decisions and the level of cash balances held by the Council.

Slippage in the Capital programme and current cash balances of over £100m has meant that there has been no General Fund external borrowing to date in 2022/23. It should be noted that the Council is reliant on internal borrowing to fund its CFR and further borrowing maybe necessary in 2022/23 and interest rates are rising. The Council remains in regular contact with its treasury advisors to determine the most appropriate time to undertake any external borrowing.

The Council has also benefitted from increased interest receivable from its deposits. At the time the budget was set interest rates were extremely low and therefore the budget was set to reflect this. Rates have now risen which has increased the yield on cash deposits. These factors have resulted in a forecasted underspend on the treasury budget of £3.0m.

6 EARMARKED AND GENERAL RESERVES

6.1 The Council holds general balances to mitigate against unforeseen risks. At the end of 2021/22 General Fund Balances stood at £10.942m. The Council has planned contributions to general balances in 2022/23 of £2m. There is however a current year overspend and Council will do everything it can to identify efficiencies in order to reduce this to minimise the impact on general balances.

6.2 In a previous budget round the Council identified and agreed that balances should be increased to £20m over the next few years to properly reflect both the size of the authority and also the current risks it faces. This remains a priority for the authority and the Council is on track despite the current year overspend. The budget for 2023/24 contains further planned contributions so even if the current year overspend results in a lower than planned level of balances it is expected that this position will be recovered in future years.

6.3 The Council held General Fund Earmarked Reserves which totalled £59.633m* at the end of 2021/22. These reserves are held for planned purposes and some have been drawn down during the course of 2022/23 for those specific purposes. The table below sets out the expected year end position on Earmarked Reserves. Further details of these reserves can be found at **Appendix A**

Reserves are reviewed regularly and at year end in particular some reserves are either released or replenished in order to best represent future need moving into the new year.

Earmarked Reserve	2022/23 Opening Balance (M)	2022/23 Expected Drawdown or contribution (M)	2022/23 Projected Closing Balance (M)
Public Health Reserve	-2.643	-0.157	-2.800
Reserve earmarked for Regeneration and future Capital	-8.549	2.961	-5.588
Sub Total Corporate Reserves	-29.998	15.526	-14.472
Sub Total Service Reserves	-18.443	5.628	-12.815
TOTAL GF EARMARKED RESERVES	**-59.633**	**23.958**	**-35.675**

HOUSING REVENUE ACCOUNT

	2022-23 Budget £m	2022-23 Forecast £m	Current Forecast Variance £m	Previous Forecast Variance £m
Income and Expenditure				
Income				
Dwelling rents	(49.025)	(49.216)	(0.191)	(0.191)
Garages	(0.370)	(0.370)	-	-
Charges for services and facilities - Tenants	(6.547)	(6.547)	-	-
Charges for services and facilities - Leaseholders	(1.745)	(1.745)	-	-
Shared ownership	(0.279)	(0.279)	-	-
Other	(0.733)	(0.733)	-	-
Total Income	**(58.698)**	**(58.889)**	**(0.191)**	**(0.191)**
Expenditure				
Repairs and maintenance	10.864	10.864	-	-
Supervision and management plus recharges	26.859	25.879	(0.980)	(1.522)
Depreciation and impairment	16.590	16.590	-	-
Debt management costs	0.048	0.048	-	-
Bad debt	0.665	0.665	-	-
Total Expenditure	**55.027**	**54.047**	**(0.980)**	**(1.522)**
Net cost of HRA services	**(3.671)**	**(4.842)**	**(1.171)**	**(1.713)**
Interest payable and similar charges	9.701	9.701	-	-
Interest and investment income	(0.036)	(0.036)	-	-
Surplus or deficit for the year on HRA services	**5.994**	**4.823**	**(1.171)**	**(1.713)**

Statement on movement of HRA balances				
Surplus or deficit for the year on HRA services	**5.994**	**4.823**	**(1.171)**	**(1.713)**
Capital expenditure funded by the HRA	4.270	4.270	-	-
Reversal of impairment charge	(7.110)	(7.110)	-	-
Net (income)/Expenditure	**3.154**	**1.983**	**(1.171)**	**(1.713)**

HRA balance brought forward	**(17.029)**	**(17.029)**	**-**	**-**
Net (income)/Expenditure	3.154	1.983	(1.171)	(1.713)
HRA balance carried forward	**(13.874)**	**(15.045)**	**(1.171)**	**(1.713)**

The HRA is projecting an underspend of £1.171m. This is due to delays in the commencement of the Open Housing Upgrade/Replacement Project, which has been delayed until next year.

There has been additional income generated from properties let at Brunswick Court, Dell Court and Royal Jubilee Court, which has also reduced the void loss, as many of the properties were long term voids.

There are pressures coming from the increase cost of utility bills, the decant costs for Abercrombie House and the security required at the New Green development.

The movement since last month is due to the impact of the 2022/23 pay award.

6.4 Rent & Service Charge Income.

The figures below are up to and including month 8 of 2022/23.

	Rent Debit Raised	Income			Arrears	Collection Rate
		Housing Benefit	Direct Payments	Total Income		
Rent	44,717,257.96	- 14,169,655.89	- 29,626,400.97	- 43,796,056.86	921,201.10	98%

7 CAPITAL MONITORING

7.1 Capital Programme Overview

The Capital programme for 2022/23 through to 2026/27 was agreed at Council in February 2022. In addition to the approved capital programme, slippage from 2021/22 has since been added (detailed in the capital outturn report) and there have been some additions relating to external grants and contributions. The current approved full Capital Programme is set out below.

Summary of Existing Approved Capital Programme	Previous Years Budget £m	2022/23 Budget £m	2023/24 Budget £m	2024/25 to 2026/27 £m	Total Budget £m
Adults Services	3.434	3.109	4.252	0.000	10.794
Adults Services	**3.434**	**3.109**	**4.252**	**0.000**	**10.794**
Customer & Communications	28.191	6.560	1.033	4.552	40.336
Transformation	3.182	4.607	9.457	9.654	26.900
Chief Operating Officer	**31.373**	**11.167**	**10.490**	**14.206**	**67.236**
Children’s Services	0.254	1.039	2.225	0.000	3.518
Learning & Achievement Service	0.512	1.486	0.837	0.022	2.857
Children’s Services	**0.766**	**2.525**	**3.062**	**0.022**	**6.374**
Housing Services	211.948	150.149	195.982	652.557	1,210.636
Housing Services	**211.948**	**150.149**	**195.982**	**652.557**	**1,210.636**
Bereavement Services	5.392	1.502	0.070	0.000	6.964
Environment	36.462	23.396	3.838	0.932	64.628
Civil Protection	0.151	1.503	0.000	0.000	1.653
Neighbourhoods	**42.005**	**26.400**	**3.908**	**0.932**	**73.245**
Asset Management	32.917	13.602	23.761	22.883	93.163
ICT Services	4.231	5.646	6.982	5.261	22.121
Finance	0.000	7.291	0.000	0.000	7.291
OneSource	**37.149**	**26.539**	**30.743**	**28.145**	**122.575**
Regeneration	27.808	36.328	210.360	190.733	465.229
Regeneration	**27.808**	**36.328**	**210.360**	**190.733**	**465.229**
Grand Total	**354.482**	**256.216**	**458.797**	**886.595**	**1,956.090**

7.2 Financing

The Council finances its capital expenditure through a combination of resources both internal and externally generated. Each funding stream is considered in terms of risk and affordability in the short and long term. The current and future climates have a significant influence on capital funding decisions. As a result planned disposals and borrowing costs are kept under regular review to ensure timing maximises any potential receipts and reduces borrowing costs.

Excluding previous years spend (totalling £354.482m shown for information above) the total programme for 2022/23 and beyond is £1,601.608m and for information purposes is funded as set out in the following table.

Financing	2022/23 Financing Budgets £m	2023/24 Financing Budgets £m	2024/25 to 2026/27 Financing Budgets £m	Total Financing Budgets £m
Capital Receipts	33.318	110.873	81.563	225.754
HRA Specific Capital Receipts	43.738	78.261	293.065	415.063
Revenue & Reserves	11.475	3.340	23.483	38.298
Grants and Other Contributions	20.786	35.520	24.686	80.993
Borrowing	146.899	230.803	463.798	841.501
Total	**256.216**	**458.797**	**886.595**	**1,601.608**

7.3 Capital Achievements

Capital expenditure as at the 31st December is £94.853m to date. Notable achievements so far for 2022/23 are as follows:

- £37.491m on the 12 estates project to improve housing across the borough
- £15.674m spent on enhancing and increasing our existing housing stock
- £7.490m on improving the quality of our roads and infrastructure
- £2.366m on improving and refurbishing the Town Hall
- £3.459m on the construction of a new leisure centre in Rainham
- £0.8m on improving the council's IT infrastructure
- £1.2m on improving Traffic safety via the implementation of CCTV cameras
- £1m on improving parks and open spaces across the borough
- £2.98m on improvements to our school buildings
- £1m on the Rainham & Beam Park regeneration project

7.4 Capital Monitoring @ Period 9

The report below sets out the latest Period 9 position for the Council's capital programme for the 2022/23 financial year.

Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m	Current Year Actuals @ Per 9 £m
Adults Services	3.109	2.776	(0.332)	0.476

Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m	Current Year Actuals @ Per 9 £m
OneSource	26.539	13.051	(13.488)	6.755
Neighbourhoods	26.400	24.943	(1.457)	11.071
Regeneration Programme	36.328	10.909	(25.419)	1.229
Childrens Services	2.525	1.489	(1.036)	0.202
Chief Operating Officer	11.167	9.810	(1.357)	5.030
Housing Services	150.149	135.574	(14.575)	70.092
Total	**256.216**	**198.552**	**(57.665)**	**94.853**

The forecast expenditure for 2022/23 is £198.552m with actual expenditure at the end of Period 9 of £94.853m. Whilst most project budgets are on track to be spent over the full MTFS period there are a number of projects where expenditure has slipped back into future years, the explanations for the main programmes that contribute towards the slippage provided below:

7.5 Adult Services

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m
Adults - DFG	2.056	1.847	(0.209)
Adults - Other	1.053	0.929	(0.124)
Adults Services	3.109	2.776	(0.332)
Adults Services	**3.109**	**2.776**	**(0.332)**

7.6 OneSource

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m
Asset Management - Other	1.333	0.542	(0.791)
Corporate Buildings	3.448	3.428	(0.020)
Health & Safety	0.199	0.169	(0.030)
Pre Sale Expenses	0.161	0.119	(0.043)
Schools Building Maintenance	3.883	4.151	0.268
Schools Expansions	2.531	2.435	(0.095)
Vehicle Replacement	2.046	0.046	(2.000)
Asset Management	**13.602**	**10.891**	**(2.712)**
ICT Infrastructure	5.646	2.160	(3.486)
ICT Services	**5.646**	**2.160**	**(3.486)**

Contingency	0.691	0.000	(0.691)
Internal Leasing	6.600	0.000	(6.600)
Finance	**7.291**	**0.000**	**(7.291)**
OneSource	**26.539**	**13.051**	**(13.488)**

Asset Management - Other – Slippage of £0.791m
The slippage of £0.791m relates to Emmanuel Community Free School. The project is further delayed and invoice will be issued in 2023/24 financial year.
ICT Infrastructure – Slippage of £3.486m
£2.362m of the slippage relates to the Data Centre & Core Network. The Programme has experienced delays and Tender clarifications have pushed back the award date and therefore bulk of spend will be incurred in 2023/24.
Vehicle Replacement – Slippage of £2.000m
The slippage of £2.000m relates to the procurement 27 vehicles for Passenger Travel Services scheme. The Tender exercise has been completed to replace some of these vehicles. The 8 oldest vehicles will be replaced instead of all 27 vehicles at this current time. The remaining 19 vehicles may still be replaced depending on the outcome of the review being undertaken by the Director of Children Services and is expected to be completed in March 2023.
Finance
The Contingency budget is used for projects that are allocated as and when required. The budget is allocated to services by the Section 151 Officer.
The Internal Leasing budget is used to purchase vehicles that would otherwise have been leased by a service. The service repays the purchase cost over the life of the asset thus replenishing the budget for future purchases.
Expenditure is not shown against these programme areas as the budget is allocated to existing or new schemes across all directorates.

7.7 Neighbourhoods

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m
Public Protection	1.503	1.503	0.000
Civil Protection	**1.503**	**1.503**	**0.000**
Cemeteries and Crematorium	1.502	1.012	(0.490)
Bereavement Services - Cems & Crems	**1.502**	**1.012**	**(0.490**
Environment - Other	8.250	8.220	(0.030)
Environment - TFL	0.950	0.803	(0.146)
Grounds Maintenance	0.100	0.150	0.050
Environment - Highways	11.078	10.824	(0.254)
Environment - Parking	0.405	0.407	0.002
Environment - Parks	2.613	2.023	(0.590)
Environment	**23.396**	**22.428**	**(0.968)**
Neighbourhoods	**26.400**	**24.943**	**(1.457)**

Environment – Parks – Slippage of £0.590m
The slippage relates to the Parks Improvement Programme. This project has experienced delays and will complete in 2023/24.

7.8 Regeneration

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m
Mercury Land Holdings	11.600	7.835	(3.765)
Rainham & Beam Park	20.901	2.430	(18.470)
Regeneration - Other	3.327	0.493	(2.834)
Regeneration - TFL	0.500	0.150	(0.350)
Regeneration	**36.328**	**10.909**	**(25.419)**
Regeneration	**36.328**	**10.909**	**(25.419)**

MLH – Slippage of £3.765m
£3.765m of the slippage relates to the Quarles scheme. The Quarles scheme is ready for a start on site in 2022/23, expected by the end of January 2023, confirmed with MLH for Period 9.

Rainham & Beam Park – Slippage of £18.470m
The Rainham Beam Park equity budget acquisitions funds drawdowns to the RBP joint venture. The scheme is currently impacted by delays with the approval/delivery of Beam Parkway station, equity drawdown requirements for the 2022/23 financial year are significantly reduced.

Regeneration - Other – Slippage of £2.834m
The slippage relates to the Farnham & Hilldene - Medical Centre. The scheme is currently in the planning process with a resolution to grant having been awarded. Construction to progress in 2023/24 with some pre-construction costs expected beforehand.

Regeneration – TfL – Slippage of £0.350m
The slippage of £0.350m relates to the Beam Parkway Major Scheme, which is part funded by TfL. The estimated spend for 2022/23 is for consultancy costs for the scheme. No further funding has been confirmed by TfL, scope and other funding options are being explored.

7.9 Children's Services

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m
Learning & Achievement - Other	0.000	0.000	0.000
Schools	1.486	0.450	(1.036)
Learning & Achievement Service	**1.486**	**0.450**	**(1.036)**
Childrens - Other	1.039	1.039	0.000

Childrens Services	**1.039**	**1.039**	**0.000**
Childrens Services	**2.525**	**1.489**	**(1.036)**

Schools – Slippage of £1.036m
Most of the slippage relates to two schemes, £0.450m Harris Academy ARP and £0.542m St Edward's Primary School. The Harris Academy ARP scheme will be delivered by the Academy. The payment schedule has been agreed. The St Edward's Primary School scheme start on site was delayed by planning issues. The scheme is now expected to complete by October 2023.

7.10 Chief Operating Officer

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m
Leisure Other	5.875	5.516	(0.359)
Leisure SLM	0.415	0.397	(0.018)
Libraries	0.270	0.270	0.000
Customer, Communication & Culture	**6.560**	**6.183**	**(0.377)**
Transformation	4.607	3.627	(0.980)
Transformation	**4.607**	**3.627**	**(0.980)**
Chief Operating Officer	**11.167**	**9.810**	**(1.357)**

Transformation – Slippage of £0.980m
The main elements of the slippage are discussed below –
£0.479m of the slippage relates to Platforms & Integration programme. This programme includes the Alloy Implementation, Civica APP Replacement, a Cyber Security/ Business Continuity project and Application Risk Management Review and a new Digital Strategy. Programme estimates are broadly in line with Period 6 estimates, although there is variance at a project level as scope, plans and maturity have been progressed.
£0.126m of the slippage relate to the Smart Working plus budget. It has been agreed to formally close Smart Working plus budget by SLT 6th December 2022. This is subject to understanding Business Support Review (BSR) and Potential Digital Signatures with the MS Suite.
Discussions on how remaining budget to be allocated and apportioned to be agreed for Period 9. The remaining budget has been moved to Platforms & Integration programme to be reallocated in 2023/24.
£0.100m of the slippage relates to the Evergreening Capital – Digital Portfolio. This project is currently being revised to reflect current requirements. Work is currently underway to rescope this project for 2023/24.

7.11 Housing Services

Programme Area /Service/ Directorate	Budget 2022/23 £m	2022/23 Forecast Period 9 £m	2022/23 Variance £m
Bridge Close Acquisitions	31.827	22.471	(9.356)
Bridge Close Regeneration	1.003	0.557	(0.447)
HRA	37.725	32.858	(4.867)
HRA Regeneration	57.705	59.236	1.531
HRA Stock Adjustments	21.888	20.453	(1.435)
Housing Services	**150.149**	**135.574**	**(14.575)**
Housing Services	**150.149**	**135.574**	**(14.575)**

Bridge Close Acquisitions – Slippage of £9.356m
£9.356m of the slippage relates to the Acquisitions budget. The forecast has been updated to reflect likely completions of property acquisitions, there is £8.720m made up of 2 items due to complete shortly and a further £11.900m made up of a further 3 items for land assembly. It should be noted that if these items do not complete in 2022/23 the outturn would be significant lower than is currently being anticipated.

HRA – Slippage of £4.867m
£2.338m of the slippage relates to the Decent Homes Works – External. There are variance £0.855m on the Roofing budget due to no current contract in place, however Officers are in negotiations with Mears. £0.750m underspend on the Environment Improvement Works budget, this will be allocated in year to Corporate CCTV project. £0.990m slippage relates to the Residents Safety Related Works budget.

HRA Regeneration – Acceleration of £1.531m
The main elements of the acceleration are discussed below –
£1.531m of the acceleration relates to the 12 Estates Affordable Housing Programme. Projections have been revised in line with JV partner cash flows for active schemes, NNP and SSS, with NNP concluding in December 2022/January 2023. Waterloo construction will not begin until 2023/24 and intermediate costs will be picked up through demolition contract and PCSA (cash drawdowns budget)

HRA Stock Adjustments – Slippage of £1.435m
£1.435m of the slippage relates to the Affordable Housing budget. St Georges completion has slipped to May/June 2023. This budget will be carried forward to spend in 2023/24.

9.0 BACKGROUND PAPERS

None

10.0 IMPLICATIONS AND RISKS

10.1 Financial Implications and Risks

The Council set the 2022/23 budget in March 2022. This report is an important part of the monitoring process and sets out progress against the budget. The report explains the variances to the budget and this information can be used to develop action plans to reduce spend and also to inform the 2023/24 budget development process

10.2 Legal Implications and Risks

The Council is required by section S151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs.

Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its financial position. The proposals set out in this report aim to address the Council's current position.

In accordance with section 3 of the Local Government Act 1999, a local authority has a duty "to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." (This is "the best value duty".) The monitoring of the financial position assists the Council in meeting that duty.

10.3 Human Resource Implications and Risks

There are no immediate Human Resource implications arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any future savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy."

10.4 Equalities and Social Inclusion Implications and Risks

Havering has a diverse community made up of many different groups and individuals. The Council values diversity and believes it essential to understand and include the different contributions, perspectives and experience that people from different backgrounds bring.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

(i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
(ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
(iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, gender, race and disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council demonstrates its commitment to the Equality Act in its decision-making processes, the provision, procurement and commissioning of its services, and employment practices concerning its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing of all Havering residents in respect of socio-economics and health determinants.

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