
CABINET

Subject Heading:

**Budget Monitoring Report - Period 6
September 2023**

Cabinet Member:

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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 6 2023-2024.

Financial summary:

This report includes:

- Impact of Spending Controls put in place for 2023/24
- Projected Outturn at Period 6
- Projected Capital spend as at Period 6 (Shown in Appendix 1)
- Update on progress towards delivering the 2023/24 savings

Is this a Key Decision?

No

1. Executive Summary

- 1.1. This Report sets out the monitoring position for the Council for 2023/24 based on figures to period six (30th September).
- 1.2. The table below shows the net service controllable budgets, spend and variances and actuals to date.

Directorates at Activity level	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Resources - Strategic Directorate	7.238	6.010	5.834	6.110	0.100
People - Strategic Directorate	112.279	122.257	70.702	144.063	21.806
Place - Strategic Directorate	5.010	6.608	4.602	10.279	3.671
OneSource Shared	9.096	10.113	6.892	11.991	1.878
OneSource Non-Shared LBH	6.120	6.201	2.387	6.318	0.117
Total Service Budgets	139.743	151.189	90.417	178.761	27.572
Corporate budgets and provisions	16.124	14.844	2.915	14.844	0.000
Concessionary Fares	5.076	4.865	1.279	4.865	0.000
Treasury Mgt. & Capital Financing	9.452	9.149	(0.312)	6.149	(3.000)
Service Growth held corporately	18.483	10.439	0.000	10.439	0.000
Contributions to the Pension Fund	12.086	12.086	3.160	12.086	0.000
Corporate Mitigations and in year savings	0.000	0.000	0.000	(3.450)	(3.450)
Corporate Finance Total	61.221	51.383	7.042	44.933	(6.450)
Contingency	1.000	1.000	0.000	1.000	0.000
Un-ringfenced Service Grants	(38.493)	(40.101)	(19.178)	(40.101)	0.000
Levies	18.535	18.535	9.553	18.535	0.000
Corporate Total	42.263	30.817	(2.583)	24.367	(6.450)
Total	182.006	182.006	87.834	203.128	21.122

- 1.3. Further details of the reported variances are set out in Section 4 of this report. This section also sets out the steps taken to address the reported overspend. There are then sections setting out the Corporate position, including Treasury management.

2. RECOMMENDATIONS

- 2.1. Cabinet are asked to note the revenue financial position at Period 6 and the action taken to mitigate the overspend.

3. BACKGROUND

- 3.1. The early months of 2023/24 has seen significant pressures on the Council's budget. The largest increases are in People Services in the following areas:

- 3.1.1. *Housing Demand* - The increase in cost of living has had a resultant impact on the cost of Housing provision across London. Demand has increased and the Council has been forced to use high cost temporary accommodation on an increasing basis. The number

of PSL's available has also decreased over the last couple of years again increasing the use of hotels and B and B.

3.1.2. *Looked after Children with Complex need* - The numbers of Looked After Children requiring Council support has increased over the last few years. In 2022/23 the number of Children requiring complex support through residential placements has risen from 16 up to 29 placements. This number has continued to increase and there are now over 30 children in residential care. These placements are high cost resulting in a significant pressure on the budget. The Council has a statutory duty to support these Children and will regularly review each placement to ensure the best outcomes for each individual.

3.1.3. *Uncertainty over continued Health Funding and the rising unit cost of Adult placements*
The number of Adults in Social care continues to rise but more significantly the unit cost of provision driven by inflation has significantly increased. The Council was expecting these increases and over £9m was built into the Adults budget to cover these costs. The costs of care provision have continued to rise above and beyond these levels causing further pressures. People Services will continue to work closely with Health partners to recognise the Council's pressures and to secure funding where it is due.

3.2. These pressures have resulted in a significant gap in the Council's forecasted budget position. Services will continue to work hard to both contain demand and reduce costs to improve this position through the remainder of the year. It should be noted that the Council is not alone in facing these pressures. Many other boroughs are reporting similar positions with rising costs driven by inflation and rising demand.

3.3 Introduction of Spending Controls and the identification of Savings to improve the forecast outturn position

3.3.1 The Council has introduced strict Spending Controls for the remainder of the 2023/24 financial year. These measures include:

- Review of all agency placements
- Panel set up to oversee recruitment with only key and statutory posts to be recruited to
- Reviews of all high-cost social care placements to ensure the placement is both appropriate for the service user and represents best value for the authority
- Review of placements to identify in-house opportunities rather than more expensive out of borough placements
- Review of staffing and structures including ensuring funds are appropriately charged to revenue, capital and the Housing Revenue Account
- Ensure the Public Health Grant is utilised effectively to deliver strategic health aims of the Council
- Improve debt collection within Housing and from Private Sector Landlords
- Joint work with Health and hospitals to ensure better outcomes for adults leaving hospital and costs for continuing care are shared appropriately

Whilst the Spending Controls are now in place it will be sometime before the full impact of these measures is reflected in an improved monitoring position. Officers will continue to review the budget position on a monthly basis to assess the impact of these measures. All staff understand the importance of containing spend wherever possible. The effectiveness of these measures will be included and exemplified in future monitoring reports

It should be noted however that the Projected variance excludes both £1.5m of additional Social Care Grant announced in July 2023 and Childrens social care contingency (£1m) are not yet incorporated in the forecast. These amounts are currently held to mitigate anticipated winter pressures but if demand is contained they will be released to improve the forecast position.

3.3.2 The Council has also identified a number of Corporate savings and adjustments in order to reduce the budget gap. These proposals include:

Corporate Adjustments and in-year savings	Value	Description
Redirect agency levy in 23/24 to assist the General Fund Budget	1.500	The levy is an 8% overhead on agency costs which is passported to the pension fund to reflect the loss of contributions from permanent staff to the fund. The financial cash position of the pension fund is such that this can be redirected for 23/24 and 24/25 safely
Temporarily stop payments to the Zurich Insurance imprest account	0.450	Saving is planned until March 2025 and would need reviewing based on balance on account. The account has sufficient funds to pay claims over the next 18 months
Treasury adjustment to reflect HRA benefit of using internal borrowing to fund the capital programme	1.500	Each year the HRA builds in a budget for external borrowing to fund the capital programme. The Council however has used internal borrowing to fund the HRA capital programme. The balances are largely General Fund related so it is estimated that a year end adjustment is needed to reflect this imbalance
TOTAL CORPORATE ADJUSTMENTS AND INYEAR SAVINGS	3.450	

3.3.3 Services are also reviewing their budgets to identify in year savings. As part of the proposed 2024/25 savings to November cabinet two savings were identified which if actioned early would generate a saving for 23/24. These savings are:

- Removal of 50% discount for unsuccessful PCN appeals
- Reducing to basic reactive maintenance

Officers and members are reviewing these options and if they are brought in for 23/24 they will be introduced with the appropriate governance.

4. PERIOD 6 SERVICE PROJECTIONS

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

4.2. RESOURCES

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Public Health	(1.932)	(1.932)	(3.065)	(1.932)	0.000
Communication	0.824	0.824	0.460	0.824	0.000
Customer Services	2.633	3.141	2.467	2.706	(0.435)
Finance	1.088	(0.097)	0.836	(0.097)	0.000
Partnership Impact and Delivery	2.529	1.924	1.814	2.423	0.499
Public Health - Non Grant	1.699	1.754	1.309	1.790	0.036
HR & OD	0.397	0.397	2.012	0.397	0.000
Resources - Strategic Directorate	7.238	6.011	5.834	6.111	0.100

4.2.1. Customer Services are projecting a total underspend of £0.435m in period 6. Within this there is an underspend of £0.195m due to holding vacant posts. This position will be revised in period eight when the levels of call wait times (demand) at the contact centre is reviewed in addition to reviewing if efficiencies are realised from implementation of the new D365 solution. The Complaints Information & Communication activity is also projecting an underspend of £0.238m in period 6 due to holding vacant posts.

4.2.2. There is a projected overspend on Partnership Impact and Delivery of £0.499m which is due to agency staff covering vacant posts within commissioning. The current forecast assumes that the service will not be in receipt of previous year one-off funding, however, should the service be notified of any such funding during the course of the year the forecast will be updated accordingly.

4.3. PEOPLE

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
People - Starting Well Total	45.461	47.746	27.526	57.150	9.404
People - Ageing Well Total	64.772	71.513	41.587	80.137	8.624
People - Living Well (Housing Demand)	2.046	2.998	1.589	6.776	3.778
People - Strategic Directorate	112.279	122.257	70.702	144.063	21.806

4.3.1. Starting Well

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Education	5.613	6.676	3.592	6.676	0.000
Children's Social Care	38.379	39.601	23.390	49.005	9.404
Principal Social Worker	1.469	1.469	0.543	1.469	0.000
People - Starting Well Total	45.461	47.746	27.525	57.150	9.404

4.3.1.1. Children's Social Care

4.3.1.2. Children's Social Care is forecasting an overspend position at P6 of £9.404m based on best estimated of future demand levels. Considerable work is underway to review all Looked after Children placements over the next few weeks. This exercise will reduce the cost of some placements but it should be noted that the Council has a statutory duty to protect children and further new complex placements have been necessary in September taking the numbers in residential care to over 30.

4.3.1.3. The ongoing review of high cost placements has resulted in the forecast for LAC Placements has reducing by £350k. This work will continue and close controls and regular reviews of placements are expected to reduce costs further in the future

4.3.1.4. The Children with Disability service CWD service has successfully avoided making new placements over recent months, however one additional placement has recently. 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. Given the children's complexities this is testing family resilience, and could result in new placements being required later this year.

4.3.1.5. The SEN Transport budget is forecasting a significant overspend of £1.284m. Demand for transport assistance is still increasing due to a continuing increase in EHCPs, which have resulted in increased applications for transport support. PTS are still to update

charges in respect of routes running for the new academic year – these are expected in October 2023. 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. Whilst there has been some reduction in taxi usage, with pupils being moved to buses, there has not been a corresponding decrease in charges. A new transport strategy is out for consultation with parents for implementation in 2024.

- 4.3.1.6. The Leaving Care service is reporting a pressure of £2.000m, which reflects an increase in the number of care leavers in the current year. The pressure excludes potential increases in semi-independent costs, which could amount to a further £0.360m based on current numbers.
- 4.3.1.7. UASC 18+ cases are increasing and the costs of these clients exceed the Governments weekly allowance. The authority is also currently accommodating a very high cost under 18 asylum seeker, whose costs are not covered by government grant. Additionally, the threshold at which an authority does not have to accept new UASC clients has increased from 0.07% to 0.1% of the general child population. The authority could be asked to accommodate a further 30 cases as a result. These potential costs could amount to a further £0.425m, but have not currently been included in the forecast above.
- 4.3.1.8. 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.
- 4.3.1.9. 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 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.
- 4.3.1.10. 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.
- 4.3.1.11. The DSG also remains under significant pressure. Projections for 23-24 take into account the £8.0m in-year forecast overspend, and a cumulative overspend of £16.5m is now projected for the end of this financial year

4.3.2. Ageing Well

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Adult Social Care Total	63.643	70.383	41.034	79.007	8.624
Adult Safeguarding Total	1.129	1.129	0.553	1.129	0.000
People - Ageing Well Total	64.772	71.513	41.587	80.136	8.624

Adult Social Care

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Transforming Health & Social Care	0.000	0.000	(4.832)	0.000	0.000
Strategy and Commissioning	2.688	2.663	2.657	2.996	0.333
Mental Health - Section 75	2.244	1.637	0.274	1.445	(0.192)
Mental Health - Non Section 75	1.176	2.021	1.718	2.587	0.566
ASC Covid Spend	0.000	0.002	0.014	0.002	0.000
Adult Community Team	33.130	37.234	23.335	40.796	3.562
Hospital Discharge	0.086	0.086	0.513	0.084	(0.002)
Learning Disabilities	24.325	26.029	17.653	30.292	4.263
Health & Social Care Other	(0.006)	0.711	(0.322)	0.805	0.094
Disabled Adult Services-Dummy	0.000	0.000	0.024	0.000	0.000
Adult Social Care Total	63.643	70.383	41.034	79.007	8.624

- 4.3.2.1. The period 6 reported position for the Adults Social Care Service area is an overspend of £8.624m.
- 4.3.2.2. The pressure is mainly due to the high inflationary increases that were applied for the 23/24 rates, the estimated forecast of the inflationary increases are in the region of £6.500m. Even with large inflationary increases being paid to providers, it is still proving difficult to place clients at Havering's usual rates for care homes with many providers are not currently accepting Havering's rates, resulting in higher weekly costs for most placements which is a large contributor to the overspend. Work is being undertaken by commissioning and brokerage with the market to understand and manage the current pressures. The primary driver of this is ongoing inflationary pressures being experienced by care home providers, over a sustained period since the cost of living crisis began over the course of 2022/23.
- 4.3.2.3. The table below sets out the significant increase in rates paid on average over the last year:

SERVICE	RATE	22/23 Rate	% UPLIFT	New rate	ESTIMATED ANNUAL COST OF UPLIFT
					(£)
RESIDENTIAL CARE	STANDARD WEEKLY	£620.00	13.00%	£700.60	105,000
	ENHANCED WEEKLY	£695.00	11.00%	£771.45	502,000
	VARIABLE 1 WEEKLY	variable	6.00%	variable	169,000
	VARIABLE 2 WEEKLY	variable	8.00%	variable	864,000
	1 to 1 HOURLY	variable	0.00%	variable	0
NURSING CARE	STANDARD WEEKLY	£632.00	13.00%	£714.16	87,000
	ENHANCED WEEKLY	£678.00	11.00%	£752.58	345,000
	VARIABLE 1 WEEKLY	variable	6.00%	variable	211,000
	VARIABLE 2 WEEKLY	variable	8.00%	variable	111,000
	1 to 1 HOURLY	variable	0.00%	variable	0
SUPPORTED LIVING	VARIABLE WEEKLY	variable	8.00%	variable	1,109,000
HOMECARE	STANDARD HOURLY	£19.68	11.00%	£21.84	1,239,000
	VARIABLE HOURLY	variable	6.00%	variable	9,000
	VARIABLE WEEKLY	variable	6.00%	variable	18,000
LIVE-IN CARE	VARIABLE WEEKLY	variable	9.00%	variable	81,000
	1 to 1 HOURLY	variable	9.00%	variable	14,000
ESTIMATED COST OF PROVISION UPLIFTS					4,864,000

4.3.2.4. There is also increasing placement pressures in both Adult Community Teams and LD in terms of number of clients being supported and the complexity of packages. There is also increasing demand in Mental Health with an increase in complex packages and an increase in the number of clients being supported.

4.3.2.5. Progress on Aging Well savings - The 23/24 savings applied to the Ageing well budget was £3.245m. The forecast assumes that these savings will be achieved in full by year end although further work is currently being undertaken to review the achievability of some of these savings. As at period 6, £1.840m of these savings have been achieved. £0.748m of the Better Living savings have been achieved and the teams continue to work to continue to deliver better living savings, Senior managers and the LD resource panel are scrutinising all requests for appropriateness and proportionality. £0.427m of the Targeted reviews savings have been achieved and the teams are continually working on scoping what other cases could be targeted to achieve the saving.

4.3.3. Living Well (Culture and Housing Demand)

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Culture & Leisure	(1.890)	(1.568)	(0.749)	(1.493)	0.075
Housing Demand	3.936	4.566	2.338	8.269	3.703
People - Living Well	2.046	2.998	1.589	6.776	3.778

4.3.3.1. The Period 6 projected position for Housing Demand is £3.703m which mainly relates to the additional hotel costs for families and singles. Repairs and maintenance costs have also increased resulting in an overspend of £781k.

4.3.3.2. The table below demonstrates the increase in temporary accommodation costs and demand over the first five months of the year

		Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep 23
FAMILIES	Total days cost in month	2606	2941	3384	3515	3966	4160
	Total cost in month (m)	0.210	0.237	0.288	0.311	0.360	0.371
SINGLES	Total days cost in month	1399	1531	1617	1698	1583	1543
	Total cost in month (m)	0.092	0.104	0.112	0.119	0.113	0.107

4.3.3.3. There have been some mitigations mobilised to reduce the impact of hotels, which mainly consists of Royal Jubilee Court £674k. However, the winter period could add additional pressure to the service:

Sites	Number of units	Timeframe	In year budget impact £m
Royal Jubilee Court	71 units	Nov-23	(0.674)
National Housing Group	15 units	Mar-24	(0.029)
Total			(0.703)

4.3.3.4. The Royal Jubilee Court opening has been delayed but the number of units has increased. There is delays in handing over other units and the Chalkhill and Notting Hill Housing Group will now be delivered in 2024/5.

4.4. PLACE

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Place - Environment	5.490	7.235	2.459	9.643	2.408
Place - Planning & Public Protection	2.647	2.579	2.231	3.382	0.803
Place - Housing & Property	(3.127)	(3.206)	(0.088)	(2.746)	0.460
Place - Strategic Directorate	5.010	6.608	4.602	10.279	3.671

4.4.1. Environment

4.4.1.1. Environment are projecting an overspend position of £2.408m at Period 6; The main reasons for the overspend are as follows:

- 4.4.1.2. Parking – an over spend of £1.728m, a movement of £0.376m on previously reported over spend position of £1.352m. The overspend is mainly as a result of an underachievement in PCN / MTC income, reversal of the permit charges and reduced income from the new school street offer. The adverse movement is mainly due to decline in PCN income and off street car park income. Issuance of PCN in the month of September 2023 has been lower than expected and there has been an increase in the debt registration cost.
- 4.4.1.3. Public Realm – an over spend of £0.474m, a favourable movement of £0.173m on the previously reported over spend position of £0.647m. The over spend is mainly as a result of procurement, consultancy and ongoing Legal support costs relating to the deferral of the integrated Public Realm Contract. As per the extension agreement with SERCO, there has been an increase in the Household waste and recycling collection cost, as well as the confirmed contract price increase, based on indexation. These confirmed cost have been included with the forecast. The movement is a reflection of the introduction of various spending controls which has resulted in a reduction of the forecast pressure across the Service.
- 4.4.1.4. Highways – an over spend of £0.640m, a favourable movement of £0.202m on the previously reported over spend position of £0.842m. The over spend is mainly as a result of the unachievable income target within DSO. A strategy is now in place for a wider procurement of highways services to include expected cost efficiencies by outsourcing the DSO, any benefits to be realised in 2024/2025. Within this financial year, a credit of £0.387m has been received from the energy supplier, as a refund for over payment in energy charges in previous years. This one off credit has resulted in a reduction of the previously reported over spend position. The forecast position includes Directorate under spends of £0.434m predominantly as a result of staffing under spends within Business Support and reduced spend across the Directorate.

4.4.2. **Planning & Public Protection**

- 4.4.2.1. Planning & Public Protection are projecting an over spend position of £0.803m at Period 6, a movement of £0.042m on previously reported over spend position of £0.761m. Pressures within Planning and Public Protection are as a result of under achievement of the planning application fee income, building control fee income, local land charges and business licensing fee income. In addition to, unbudgeted legal costs in relation to upcoming Public Inquiries within planning and costs for Terraquest, the external service provider for planning application validation. There are cost pressures in connection with the Local Plan and Lower Thames Crossing Development Consent Order programme, and the mortuary contract.
- 4.4.2.2. These over spends are slightly offset by salary underspends across the Service.

4.4.3. Housing and Property

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Regeneration & Place Shaping	0.207	0.170	0.719	0.170	0.000
Housing Property and Assets	(3.674)	(3.752)	(1.620)	(3.292)	0.460
Inclusive Growth	0.340	0.377	0.813	0.377	0.000
Place - Housing & Property	(3.127)	(3.205)	(0.088)	(2.745)	0.460

4.4.3.1. Romford Market has experienced a decline in income over a number of years due to reduced traders and reduced footfall within the area. There is a pressure estimated in this financial year of £0.160m which mainly relates to Sunday trading.

4.4.3.2. The Mercury House decant is unlikely to be concluded until 2024/25, therefore the associated savings target will not be fully achieved this financial year whilst business rates and small running costs are still being incurred. The residual net pressure being forecast is £0.300m.

4.5. ONESOURCE SHARED

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Finance	0.622	0.663	1.198	0.622	(0.041)
Procurement	0.307	0.307	0.235	0.305	(0.002)
Business Services	0.075	0.039	(0.593)	0.208	0.169
Exchequer & Transactional Services	2.450	3.212	1.396	3.634	0.422
Legal & Governance	0.919	1.085	1.614	1.147	0.062
ICT Services	4.092	4.134	2.552	5.580	1.446
Asset Management Services	0.631	0.673	0.490	0.495	(0.178)
OneSource Shared Total	9.096	10.113	6.892	11.991	1.878

4.5.1. The Finance service underspend of £0.041m in period 6 due to vacancies.

4.5.2. Prior years undelivered savings targets are causing an overspend on business services of £0.169m; these will have resolved by 24/25 as a result of the split of this service from the oneSource cost sharing arrangement with Newham.

4.5.3. The Exchequer and Transactional Service is forecasting overspend of £0.422m in period 6 which is the result of a shortfall of enforcement income against its overly-ambitious target offset against an underspend within council tax and housing benefits due to grant income.

- 4.5.4. An overspend of £0.062m is projected within Legal Services due to locum and agency spend.
- 4.5.5. ICT Services are reporting an overspend of £1.4m in period 6, due to increased connectivity and storage costs and agency costs within the systems team. The overspend largely comprises of a combination of undelivered savings of £0.6m and increases in costs including Microsoft Enterprise Licences, data and connectivity costs, security costs and Dynamics.
- 4.5.6. The underspend forecast of £0.178m within Asset Management relates to staffing vacancies.

4.6. **ONESOURCE NON SHARED**

Directorates at Activity level (Controllable Budgets Only)	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m
Exchequer Services	(1.612)	(1.612)	(3.974)	(1.539)	0.073
Business Services	0.002	0.002	0.000	0.000	(0.002)
Non Shared Finance	2.839	2.719	1.300	2.518	(0.201)
Asset Management	3.386	3.524	4.148	3.845	0.321
Legal & Democratic Services	0.677	0.677	0.427	0.809	0.132
ICT Services	0.828	0.891	0.485	0.685	(0.206)
OneSource Non-Shared LBH	6.120	6.201	2.387	6.318	0.117

- 4.6.1. Exchequer Services is forecasting a £0.073 overspend which relates to a reduction in the amount of allowable contribution from the collection fund to the general fund in recognition of the cost of collection. The allowable contribution is determined by central government and is based on a formula including the number of hereditaments, aggregate rateable value and the 'area cost factor' for the authority. The current budget assumes a contribution of £0.368m against an actual contribution of £0.272m.
- 4.6.2. Finance is forecasting an underspend of £0.201m in relation to staffing vacancies.
- 4.6.3. Asset Management (excluding property) have reduced all non-essential spend in order to mitigate the income pressures they are experiencing and are now forecasting an overall net pressure of £0.042m.
- 4.6.4. Legal and Democratic Services non-shared are forecasting an over spend of £0.132m which is 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 of £0.091m resulting from a reduction in school appeal income which is partly offset by salary underspends.
- 4.6.5. ICT are forecasting an under spend of £0.211 in period 6 relating to £0.200m of growth budget added to the ICT NS budget towards funding of the ICT restructure.

5. HOUSING REVENUE ACCOUNT

Directorates at Activity level	Original Budget	Revised Budget	Actual To Date	Year End Forecast £m	Current Forecast Variance £m
Resources - Public Health - HRA	1.217	1.242	0.634	1.242	0.000
Place - Housing & Property HRA	(2.548)	(2.406)	(16.044)	(2.673)	(0.267)
People - Living Well - HRA	1.331	1.164	0.525	1.164	0.000
HRA Total	0.000	0.000	(14.885)	(0.267)	(0.267)

5.1. Living Well – HRA

5.1.1. Whilst there are additional costs being incurred to convert Royal Jubilee Court into temporary accommodation, this will be recovered from the additional rental stream once the units are occupied.

5.2. Place - Housing & Property HRA

5.2.1. Housing Operations – HRA - £176k underspend. This underspend is the result of an AD post being deleted from the structure at the beginning of the year, as well as there being some vacant posts in the service. There has also been income received from recovered court costs and legal fees.

5.2.2. Housing, Property & Assets – HRA - £92k underspend. There is a forecast underspend of £180k on Gutters & Drains contract due to late issue of S20 Leasehold notices. This has been partially offset due to the need to employ additional surveyors to deal with disrepair cases

6. SAVINGS DELIVERY

6.1. In setting the 2023/24 budget the Council identified £9.626m 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 some proposals might not be fully realised. Departments worked collectively to achieve savings wherever possible. The tables below show progress towards delivery of those savings split into the new Departments and also rag-rated.

6.2. Table showing achievement of savings to date rag-rated:

23-24 Savings	Savings Amount £m	Savings Achieved £m	Savings Amber rated £m	Savings Red rated £m
TOTAL PEOPLE SAVINGS	(5.289)	(2.455)	(1.834)	(1.000)
TOTAL PLACE SAVINGS	(2.581)	(1.777)	(0.000)	(0.804)
TOTAL RESOURCES SAVINGS	(1.756)	(0.746)	(1.010)	(0.000)
TOTAL NEW SAVINGS 2023-24	(9.626)	(4.978)	(2.844)	(1.804)

- 6.3. The Council will continue with the aim of delivering all savings set out in the budget. The majority are on track but there are a number which are classified as red (not on track). These savings are listed below and either relate to difficulties associated with the demand pressures set out in this report or through decisions not to proceed with certain items. The current savings classified as red are shown in the table below:

23-24 Savings	MTFS Variance £m
Targeted Reviews	0.500
Assistive Technology - review ASC subsidy (funded by BCF) - Option 2	0.250
Develop integrated commissioning function to support Havering Borough Partnership	0.250
Increase the charge on crossovers	0.135
Remove School Crossing Patrols	0.063
Planning Fees	0.012
Public Realm restructure	0.200
Review of toilets	0.024
Saving on Permits	0.220
Climate Change Posts	0.150
TOTAL RED SAVINGS 2023-24	1.804

The Council is committed to delivering £7.2m of staffing savings which was originally included in the budget in 2022/23. £2m has been delivered through a voluntary redundancy scheme with a further £5.2m of savings to be found. The Council is fundamentally reviewing its staff base and structures to modernise services and improve efficiency. The Council is reviewing vacancy factors as part of the staffing review and will make decisions on the appropriation of the staffing efficiency target as part of that review.

7. CORPORATE BUDGETS AND CONTINGENCY

- 7.1. 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.
- 7.2. The Council also holds a number of budgets centrally mostly pending allocation to departments. These budgets have been reviewed, on a monthly basis, by the Section 151 Officer, as part of the monitoring cycle.

Corporate Items	Budget £m	Forecast £m	Outturn (Under)spend £m	Period 6 (Under)spend £m
Corporate Contingency	1.000	1.000	0.000	0.000
Treasury Management	9.452	6.452	(3.000)	(3.000)
Other Corporate Budgets	19.579	19.579	0.000	0.000
Corporate Mitigations and in year savings	0	(3.450)	(3.450)	(3.450)
	30.031	23.581	(6.450)	(6.450)

- 7.3. Treasury Management - 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. The first quarter Capital monitoring position below shows significant slippage from the anticipated programme at the start of the financial year. This slippage has resulted in the Council not needed to externally borrow in the first half of the year. This generates a short term underspend although it should be noted that costs in future years will go up when schemes do progress.
- 7.4. The Council has also benefitted from increased interest receivable from its deposits. Interest rates have continued to rise and the Council is lending at an overnight rate of over 5%. This has generated additional income on the Councils short term investments. These factors have resulted in an underspend on the treasury budget of £3.0m. There will also be a year end charge to the Housing Revenue Account reflecting the benefit that fund has received from utilisation of cash balances rather than external borrowing. This will be included in the in future monitors forecast and is currently being estimated.
- 7.5. The Corporate position has also improved by mitigations identified as part of the recent budget review exercise. The table below sets out the mitigations and their financial impact.

Corporate Adjustments and in year savings	Value
Redirect agency levy in 23/24 to assist the General Fund Budget	1.500
Temporarily stop payments to the Zurich Insurance imprest account	0.450
Treasury adjustment to reflect HRA benefit of using internal borrowing to fund the capital programme. It should be noted that this is a prudent estimate based on the first 6 months of the year and may increase by year end depending on both capital spend within the HRA and whether borrowing is used to fund that spend	1.500
TOTAL CORPORATE ADJUSTMENTS	3.450

8. EARMARKED AND GENERAL RESERVES

- 8.1. The Council holds general balances to mitigate against unforeseen risks. At the end of 2022/23 The Council held £8.2m in General Balances. This is significantly lower than the Council's self set target of £20m of unallocated balances. The Council does budget each year for a £2m contribution to general balances but the financial position set out in this report will make increasing general balances very difficult in the short term.
- 8.2. The Council also holds Earmarked reserves which are set aside for specific time limited projects in the future. These reserves are reviewed regularly and if the reserves are no longer required they are either transferred to revenue or added to general balances.

The table below shows the 2023/24 forecasted use of Earmarked Reserves:

Reserves	Balance 1st April £m	Use £m	Closing Balance £m
Corporate Reserves	18.713	-0.840	17.873
Capital Reserves	4.444	-0.400	4.044
Service Reserves	13.716	-3.567	10.149
Public Health Reserve	2.839	-0.500	2.339
TOTAL	39.712	-5.307	34.405

- 8.3 The current overspend position may dictate that there will be further reviews of these reserves in order to release funds to general balances to absorb the overspend.

9. CAPITAL PROGRAMME QUARTER 2 MONITORING

- 9.1 The table below sets out the Period 6 position for the Council's capital programme for the 2023/24 financial year.

	Budget 2023/24 £m	2023/24 Forecast Period 6 £m	2023/24 Variance £m
Starting Well	22.816	6.729	(16.087)
Living Well	1.300	1.300	0.000
Ageing Well	7.596	3.921	(3.675)
People	31.712	11.950	(19.762)
Housing & Property (GF)	218.688	31.439	(187.249)
Housing & Property (HRA)	215.041	124.627	(90.414)
Planning & Public Protection	1.511	1.427	(0.084)
Environment	24.358	22.637	(1.721)
Place	459.598	180.130	(279.468)
Partnership Impact and Delivery	22.610	9.487	(13.123)
Customer Services	0.666	0.636	(0.030)

	Budget 2023/24 £m	2023/24 Forecast Period 6 £m	2023/24 Variance £m
Finance	2.691	0.000	(2.691)
Resources	25.967	10.123	(15.844)
Total	517.277	202.203	(315.074)

9.2 The forecast expenditure for 2023/24 is £202.203m with actual expenditure at the end of Period 6 of £54.147m.

9.3 Capital expenditure as at the 30th September is £54.147m to date. Notable achievements so far for 2023/24 are as follows.

- £12.333m on the 12 estates project to improve housing across the borough
- £9.711m spent on enhancing and increasing our existing housing stock
- £3.573m on improving the quality of our roads and infrastructure
- £5.774m on purchase of refuse vehicles
- £2.686m on Central Depot Expansion
- 10 schools have had capital works totalling £1.217m.
- £1.665m has been spent on enhancing ITC Infrastructure.

9.4 Further details on the Capital Programme can be found at **Appendix 1** to this report

10. IMPLICATIONS AND RISKS

10.1. Financial Implications and Risks

The period 6 budget monitoring position are the subject of this report and are therefore set out in the body of this report. The current pressures to the 2023/24 budget are set out in the report. The report also sets out the 2nd Quarter capital monitoring position and capital achievements to date

10.2. *Legal Implications and Risks*

10.2.1. Under S151 of the Local Government Act 1972 a local authority has to make proper arrangements for the administration of its financial affairs.

10.2.2. Under S 28 of the Local Government Act 2003 a local authority has to review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget.

10.2.3. The Council is under 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.” s 3 Local Government Act 1999. As part of that process it must consult tax payers, those who use or are likely to use services and others who may have an interest in an area where the Council carries out its functions.

10.3. *Human Resource Implications and Risks*

- 10.3.1. There are no immediate Human Resource implications or risks arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any current or future savings proposals or changes to the funding regime that impact on staff numbers or job roles, will be managed in accordance with both statutory requirements and the Council's Organisational Change policy and associated procedures.
- 10.4. *Equalities and Social Inclusion Implications and Risks* - There are no immediate Equalities and Social Inclusion implications arising from the report

APPENDIX 1 – CAPITAL MONITORING UPDATE Quarter 2

1. CAPITAL MONITORING

- 1.1. The Capital programme for 2023/24 through to 2026/27 was agreed at Council in February 2023. Since then slippage from 2022/23 has been added as per the capital outturn report and there have been some additions to the programme resulting in a summary programme as set out in the table below.

Summary of Existing Approved Capital Programme	Previous Years Budget £m	2023- 24 Budget £m	2024-25 Budget £m	2025-26 + Budget £m	Total Budget £m
Ageing Well	5.254	7.596	0.000	0.000	12.850
Living Well	33.452	1.300	4.552	0.000	39.304
Starting Well	0.983	22.816	6.150	36.011	65.959
People	39.689	31.712	10.702	36.011	118.113
Environment	7.977	24.358	7.872	21.182	61.389
Housing & Property (GF)	65.671	218.688	135.391	101.986	521.737
Housing & Property (HRA)	325.844	215.041	95.335	430.229	1,066.449
Planning & Public Protection	0.169	1.511	0.000	0.000	1.680
Place	399.662	459.598	238.599	553.397	1,651.256
Customer Services	6.759	0.666	0.000	0.000	7.425
Finance	0.000	2.691	0.000	0.000	2.691
Partnership Impact and Delivery	11.494	22.611	11.814	5.402	51.321
Resources	18.254	25.967	11.814	5.402	61.436
Grand Total	457.604	517.277	261.114	594.810	1,830.805

- 1.2. 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, the planned disposals and borrowing costs are kept under regular review to ensure timing maximises any potential receipts or reduces borrowing costs.

GF / HRA Split	Previous Budget Amount £m	2023- 24 Budget £m	2024-25 Budget £m	2025- 26+ Budget £m	Total Budget £m
General Fund	131.760	302.236	165.779	164.581	764.356
Housing Revenue Account	325.844	215.041	95.335	430.229	1,066.449
Grand Total	457.604	517.277	261.114	594.810	1,830.805

- 1.3. Excluding previous years spend of £457.604 (shown for information in the table above), the total capital programme for 2023/24 and beyond is £1,373.201m split between the GF (£632.596m) and HRA (£740.605m). Funding for the planned capital expenditure for both the GF and HRA is set out in the 2 tables below.

General Fund Financing	2023/24 Financing Budget £m	2024/25 Financing Budget £m	2025/26+ Financing Budget £m	Total Financing Budget £m
Capital Receipts	95.174	39.563	84.000	218.736
Revenue & Reserves	0.162	2.300	0.011	2.473
Grants & Other Contributions	44.919	7.682	36.255	88.857
Borrowing	161.981	116.234	44.315	322.530
Total GF Financing	302.236	165.779	164.581	632.596

HRA Financing	2023/24 Financing Budget £m	2024/25 Financing Budget £m	2025/26+ Financing Budget £m	Total Financing Budget £m
Capital Receipts	45.549	24.673	117.671	187.894
Revenue & Reserves	11.827	21.676	3.486	36.990
Grants & Other Contributions	2.694	0.000	52.754	55.448
Borrowing	154.970	48.986	256.318	460.274
Total HRA Financing	215.041	95.335	430.229	740.605

2. Capital Achievements as at 30th September 2023

2.1. Capital expenditure as at the 30th September is £54.147m to date. Notable achievements so far for 2023/24 are as follows.

£12.333m on the 12 estates project to improve housing across the borough

- £9.711m spent on enhancing and increasing our existing housing stock
- £3.573m on improving the quality of our roads and infrastructure
- £5.774m on purchase of refuse vehicles
- £2.686m on Central Depot Expansion
- 10 schools have had capital works totalling £1.217m.
- £1.665m has been spent on enhancing ITC Infrastructure.

3. 2023/24 Capital Programme

3.1. The report below sets out the Period 6 position for the Council's capital programme for the 2023/24 financial year.

	Budget 2023/24 £m	2023/24 Forecast Period 6 £m	2023/24 Variance £m
Starting Well	22.816	6.729	(16.087)
Living Well	1.300	1.300	0.000
Ageing Well	7.596	3.921	(3.675)
People	31.712	11.950	(19.762)
Housing & Property (GF)	218.688	31.439	(187.249)
Housing & Property (HRA)	215.041	124.627	(90.413)
Planning & Public Protection	1.511	1.427	(0.084)

Environment	24.358	22.637	(1.721)
Place	459.598	180.131	(279.467)
Partnership Impact and Delivery	22.611	9.486	(13.125)
Customer Services	0.666	0.636	(0.030)
Finance	2.691	0.000	(2.691)
Resources	25.967	10.122	(15.845)
Total	517.277	202.203	(315.074)

General Fund/HRA Split	Budget 2023/24	2023/24 Forecast Period 6	2023/24 Variance
General Fund	302.236	77.576	(224.660)
Housing Revenue Account	215.041	124.627	(90.413)
Total	517.277	202.203	(315.074)

- 3.2. The forecast expenditure for 2023/24 is £202.203m with actual expenditure at the end of Period 6 of £54.147m. 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:

3.3. PEOPLE

3.3.1. Children's Social Care Programme – Slippage of £1.813m

£1.073m of the slippage relates to the Children with SEND Residential Provision & Respite at Aldwych. This will be a Residential Care Home and Short Breaks Facility for Children with Special Educational Needs and Disability (SEND). The proposed building is a residential care unit for 6 children comprising of 4 long stay residential beds and a further 2 respite/short breaks beds. As at period 6 this scheme is currently at the design/pre planning stage. The forecast assumes that all consultancy fees will be fully paid by 31st March 2023.

£0.715m of the slippage relates to the Semi Independent Provision for Young People leaving Care at Mawneys. This will be a Semi-Independent Scheme for Young People Leaving Care. The proposed scheme consists of a total of 12 self-contained flats with additional communal spaces. Awaiting confirmation of GLA funding for Mawneys of £1.120m. The build phase is due to commence in November 2023.

3.3.2. Schools – Slippage of £14.274m

The slippage is due in part to the disruptions from the pandemic and planning permission delays affecting some of the projects (including Suttons SEN Unit, Harris Academy). The rise in demand in Primary and SEND places had meant the Authority has had to find ways of absorbing these extra demand for places, while protecting the Borough's excellent reputation for good schools. In addition the Authority is also planning for a longer term growth in pupil numbers to meet demand from new housing and a growing population. A cabinet report setting out the proposed schemes for phase 5 taking into account the recommendations from the consultation from the Children's & Young people education place planning plan 2023-2027 is going through the governance process and the programme forecast for period has been updated accordingly, leading to slippage while the remaining unallocated funding is allocated.

3.3.3. Living Well

There were no slippage variances from programmes within Living Well.

3.3.4. Adults – DFG – Slippage of £2.375m

The slippage of £2.375 is based on current activity levels.

3.3.5. Adults – Other – Slippage of £1.299m

£1.189m of the slippage relates to Adults Learning Disabilities Provision Build scheme at Mowbrays. This scheme will be Supported Living Service for Adults with Disabilities. The proposed scheme is one building comprising of 6 self-contained flats with additional communal space. Awaiting confirmation of GLA funding for Mowbrays of £0.840m. The build is due to commence in late November 2023.

3.4. PLACE

3.4.1. Housing and Property – General Fund

Programme Directorate	Area /Service/	Budget 2023/24 £m	2023/24 Forecast Period 6 £m	2023/24 Variance £m
	Mercury Land Holdings	103.393	2.497	(100.896)
	Rainham & Beam Park	54.245	15.700	(38.545)
	Regeneration - Other	34.469	1.284	(33.185)
	Regeneration - TFL	4.341	0.070	(4.272)
	Regeneration & Place Shaping	196.447	19.551	(176.897)
	Asset Management - Other	2.934	0.000	(2.934)
	Corporate Buildings	8.230	4.942	(3.288)
	Health & Safety	0.214	0.159	(0.056)
	Pre Sale Expenses	0.356	0.000	(0.356)
	Schools Building Maintenance	4.789	4.389	(0.400)
	Schools Expansions	3.719	2.399	(1.320)
	Vehicle Replacement	1.999	0.000	(1.999)
	Housing, Property and Assets	22.241	11.889	(10.352)
	Housing & Property (GF)	218.688	31.439	(187.249)

3.4.1.1. MLH – Slippage of £100.896m

The main elements of the slippage are discussed below -

- £58.465m of the slippage relates to the Reactive Acquisition Fund. Allowances have been made in 2023/24 for the drawdown of equity at around £0.500m for the purchase of land for a development site, this is currently going through the executive decision process. The acquisition fund loans budget has been re-profiled at Period 2 to reflect expenditure in later years. The overall budget will offset the additional requirement at the Quarles scheme, changes will be regularised as part of the current Business Plan refresh exercise, expected to the approved in the 2nd quarter of 2023.

- £37.017m of the slippage relates to the Waterloo scheme. The budget has been re-profiled at Period 2 due to a recent decision to pause the Waterloo Estate development due to emerging regulation changes that will affect design. Forecast have been moved back to reflect possible spend in later phases of work.
- £3.688m of the slippage relates to The MLH Quarles PRS budget. The budget has been re-profiled at Period 2 to reflect the Bellway JV's latest cashflow forecasts.

3.4.1.2. Rainham & Beam Park – Slippage of £38.545m

The slippage relates to the Rainham & Beam Park Housing Zone – CPO's and Grant. The budget forecast has been re-profiled to reflect a pause on CPO activity due to uncertainty around delivery of Beam Park station, there is no expenditure anticipated in 2023/24.

3.4.1.3. Regeneration - Other – Slippage of £33.185m

£28.000m of the slippage relates to the Provision for Future Regen Opportunities budget. This budget acts as a contingency for regeneration opportunities; no expenditure is currently expected in 2023/24 as at Period 3, budget has been re-profiled for later years.

£4.180m of the slippage relates to Farnham & Hilldene - Medical Centre. The medical facility is attached to the Family Welcome Centre hostel project, which is currently in the demolition phase. The main contract is expected to start at the end of 2023, with preparatory works taking place between December 2023 to March 2024.

£1.000m of the slippage relates to the Liveable Neighbourhood Romford Ring Road. The project team have estimated a current year requirement of £0.200m in order to progress the project through the design stage. Further requirement for works falls into later financial years.

3.4.1.4. Regeneration – TfL – Slippage of £4.272m

The slippage of £4.272m relates to the Beam Parkway Major Scheme, which is part funded by TfL. The majority of major works on the Beam Parkway project are delayed due to the uncertainty around TfL funding and delivery of Beam Park Station, which impacts the scheme's design. Forecast has been revised at Period 2 to reflect no expenditure in 2023/24.

3.4.1.5. Asset Management - Other – Slippage of £2.934m

£2.934m of the slippage relates to the planned acquisition of Hornchurch Police Station. This project is currently on hold, while the acquisition is reviewed.

3.4.1.6. Corporate Buildings – Slippage of £3.288m

A majority of the slippage £2.800m relates to Corporate Buildings & Other Initiatives project. The project is subject to listed building consent and the works will need to be tendered. Also as the works relate to window and roofing replacements is advisable to commence the works in the spring. We are currently awaiting a decision from SLT on the way forward.

3.4.1.7. School Expansions – Slippage of £1.320m

The slippage relates to the Suttons Primary School SEND Unit. Seeking to award contract before December 2023 and expecting to start on site in January 2024, with an expected cost of £0.250m before the end of the financial year.

3.4.1.8. Vehicle Replacement – Slippage of £1.999m

There is no expenditure anticipated in 2023/24. The eight vehicles that were ordered earlier in the year, with an estimated capital expenditure of £0.800m, will now be delivered in April/May 2024.

3.4.2. Housing & Property (HRA)

Programme Area /Service/ Directorate	Budget 2023/24 £m	2023/24 Forecast Period 6 £m	2023/24 Variance £m
Bridge Close Acquisitions	41.774	25.925	(15.848)
Bridge Close Regeneration	0.464	0.644	0.180
HRA Regeneration	89.823	41.159	(48.664)
Regeneration & Place Shaping	132.060	67.728	(64.332)
HRA	49.659	35.586	(14.073)
HRA Stock Adjustments	33.322	21.313	(12.008)
Housing, Property and Assets	82.980	56.899	(26.081)
Housing & Property (HRA)	215.041	124.627	(90.413)

3.4.2.1. Bridge Close Acquisitions – Slippage of £15.848m

The 2023/24 forecast is based on completion of a number of acquisitions totalling £22.012m plus professional fees paid via the LLP for £0.900m. Acquisitions are of significant value, the largest being estimated around £9.000m, forecast prepared against current acquisition schedule, which could be subject to change, and this is updated monthly.

3.4.2.2. HRA Regeneration – Slippage of £48.664m

The main elements of the slippage are discussed below –

- £15.369m of the slippage relates to Estates Affordable Housing. The 12 Sites affordable housing budget has been re-forecast at Period 3 to reflect requirements for concluding the Napier New Plymouth project final account, concluding Solar Serena Sunrise in Quarter 4 2023/24 and a £0.500m contingency amount in 2023/24.
- £6.325m of the slippage relates to 12 Estates. The budget forecast reflects a later start on site for the Waterloo Estate project, which is currently paused pending an options review. The cash drawdown forecast reflects estimated requirements for Solar Serena construction drawdowns, plus regular payments for the Waterloo JV options work and general JV requirements.
- £9.007m of slippage relates to 12 Estates Phase 1 Forward Funding. The forward funding budget has been re-forecast at Period 3 to account for the professional fees agreed for the Farnham/Hilldene and Chippenham schemes, as well as remaining funds for Solar Serena

Sunrise, which concludes in quarter 4 plus usual project management fees, this forecast includes a £0.500m contingency amount for 2023/24.

- £10.805m of slippage relates to Hostel reprovision - Building of a new hostel. The budget forecast is revised at Period 5 in line with updated information from cost consultant; the project is in the demolition phase with the expectation to move into the main contract at the end of 2023, with preparatory works taking place between December 2023 and March 2024. A £0.500m contingency has been allowed for in 2023/24.

3.4.2.3. HRA – Slippage of £14.073m

The main elements of the slippage are discussed below -

- £1.943m of the slippage relates to HRA Stock Upkeep - Careline Equipment. The project for digital transformation is at the procurement stage and expected to start in January 2024 so majority of spend will carry forward.
- £2.160m of the slippage relates to Decent Homes Works Internals. Cash flow forecasts indicate slippage of £0.100m in electrics due to access issues, £0.600m on communal boilers until new schemes are identified and £2.000m on lifts. Forecast is based upon previously assumed procurement and contract dates.
- £2.934m of the slippage relates to Decent Homes Works External. Forecast £2.000m slippage on Highfield Towers cladding as project is still in feasibility, budget to be carried forward. Underspend of £0.933m on Hilldene and Farnham as budget was over-estimated, not to be carried forward. Windows & Doors and Roofing underway.
- £3.896m of the slippage relates to Energy Saving works. £2.000m on Highfield Towers heating systems as project is still in feasibility and £1.900m on retrofit due to planning issues.
- £0.960m of the slippage relates to Sheltered schemes lifts project. The slippage of £0.960m is due to late revisions to plans at Beehive Court, but more detailed planning is required.

3.4.2.4. HRA Stock Adjustments – Slippage of £12.008m

£10.000m of the slippage relates to the Affordable Housing budget. The slippage is due to delays with negotiations, however projects are now moving forward.

3.4.2.5. Planning & Public Protection

There were no significant slippage variances from programmes within Planning & Public Protection.

3.4.2.6. Environment – Highways & Street Lighting - Slippage of £1.139m

£0.772m of the slippage relates to the Traffic CCTV Cameras. 10 cameras were purchased last year, which will be installed this year, and a further 20 cameras will be purchased in the current financial year. A further £0.274m of the slippage relates to the Infrastructure verges for parking, currently two sites are being implemented.

3.5. RESOURCES

3.5.1. Transformation – Slippage of £5.111m (of which £3.535 is an underspend)

- Digital capital programme budgets are being re-profiled to align with the new Digital Strategy and the activity to bring the IT function into Havering from OneSource. Current project activity relates to Assistive technology.
- The following schemes have underspends Cyber Security (£1.035m) and Hardware Device Refresh (£2.500m). These budgets can be returned to LB Havering for redeployment. Capital funding allocation has typically been unsuitable for Cyber related activities due to their revenue nature (services, subscriptions etc).

3.5.2. ICT Infrastructure – Slippage of £8.014m (of which £1.180m is an underspend)

- £0.895m of the slippage relates to IT Device Refresh and Windows OS rollout budget. On deployment of Intune and autopilot, we have a procurement route to deploy £1.000m of laptops. Intune and autopilot are technical dependencies to enable the roll out for a fraction of the cost when compared to previous. Residual funds moved back to enable fix on fail replacements in 2024/25 & 2025/26.
- £3.040m of the slippage relates to Data Centre & Core Network budget. End User Network project is currently in discovery/options appraisal and will be reviewed by IT Client Leads. Given the timescales for procurement processes, the forecasts have been adjusted. User Network current thinking Wi-fi as a service and potentially therefore revenue.
- £2.897m of the slippage relates to Evergreening Capital – IT. The projected in year spend is £0.700m of which, £0.500m retained in year to fund any workload migrations to Havering Azure Landing Zone, if commissioned.
- £1.180m of the underspend relates to the Networking budget. This budget can be returned to LBH Havering for redeployment. The end user network project is to be funded from the Data Centre & Core Network budget.

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