
CABINET

Subject Heading:

**Budget Monitoring Report - Period 9
December 2023**

Cabinet Member:

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SLT Lead:

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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 2023-2024
(Quarter 3).

Financial summary:

This report includes:

- Impact of Spending Controls put in
place for 2023/24
- Projected Outturn at Period 9
- Projected Capital spend at Period 9
(**Appendix A**)
- 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 nine (31st December).
- 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	Period 6 Forecast £m
Resources - Strategic Directorate	7.720	9.340	9.970	9.340	0.000	0.100
People - Strategic Directorate	111.900	133.170	111.060	156.060	22.890	21.810
Place - Strategic Directorate	9.230	13.970	11.930	16.930	2.960	3.810
OneSource Shared	8.130	9.450	8.290	11.030	1.580	1.890
OneSource Non-Shared LBH	2.760	3.000	1.750	3.110	0.110	(0.040)
Total Service Budgets	139.740	168.930	143.000	196.470	27.540	27.570
Corporate budgets and provisions	16.130	7.760	4.850	7.760	0.000	0.000
Concessionary Fares	5.080	4.870	3.600	4.870	0.000	0.000
Treasury Mgt. & Capital Financing	9.450	9.150	(0.730)	6.150	(3.000)	(3.000)
Service Growth held corporately	18.480	0.000	0.000	0.000	0.000	0.000
Contributions to the Pension Fund	12.080	12.080	5.530	12.080	0.000	0.000
Corporate Mitigations	0.000	0.000	0.000	(5.450)	(5.450)	(3.450)
Corporate Finance Total	61.220	33.860	13.250	25.410	(8.450)	(6.450)
Contingency	1.000	1.000	0.000	1.000	0.000	0.000
Un-ringfenced Service Grants	(38.490)	(40.320)	(24.190)	(40.320)	0.000	0.000
Levies	18.530	18.530	14.180	18.530	0.000	0.000
Corporate Total	42.260	13.070	3.240	4.620	(8.450)	(6.450)
Total	182.000	182.000	146.240	201.090	19.090	21.120

- 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 9 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. Whilst this number has stabilised the overall number of Looked after children overall has continued to rise 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. Costs have continued to rise and despite this funding injection there is still a significant overspend. The Council is reliant on Health to support the Council in funding for care costs particularly relating to hospital discharges. At present there is an imbalance in health contributions compared to the assumed budgeted amounts. 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:

- 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

3.3.2 There are many examples of the actions departments have taken to control spend since October. These include:

3.3.2.1 Examples of Freezes on recruitment and holding vacancies:

Department	Initiative
Environment	Business support in Environment continuing to hold 8 FTE vacancies since March 23, saving £271k
Regeneration	Two posts held vacant to March 2024 (the Inward Investment Officer and Business Engagement Manager) – Saving £55k
Regeneration	End of fixed term contract for the Special Projects Officer (G8), a saving of £20k
Regeneration	Holding the social value post vacant for 2023/24
Adults	Occupational Therapist vacancy held for through October and November
Starting Well	Customer support officer held vacant for six weeks in autumn
Resources	Finance Director post to be held vacant from November for remainder of year saving £50k
Resources	1.5 Strategic business partner posts held vacant in accountancy through 23/24 saving approx. £150k
Resources	Head of procurement post held vacant

3.3.2.2 Other examples of mitigations and initiatives include:

Department	Initiative
Environment	Pause on some tree works in parks saving £15k
Environment and Regen	Reduction in spend on staff training. £10k saving
Corporate	Reviews of Council Subscriptions underway to determine whether any can be stopped or not renewed – Saving to be confirmed
Ageing Well	Successful Targeted reviews – recently reduced the number of night shifts from x3 to x2; saving has been identified of £2.8k per week. Total for saving for 2023/24 £50k
Starting Well	Review of Education Finance team delivering a GF Saving of £123k in 23/24
Starting Well	Review of Central commercial services delivering a saving in 23/24 of £32k
Starting Well	Restructure of services within Starting well to manage demand delivered in 2023 included the deletion of one Head of Service Post

3.3.2.3 Joint working with Health – Examples

Successfully transferring a £2,700 package per week at beginning of Nov over continuing healthcare, this work continues on other cases that may be eligible going forward for either a percentage or full CHC. This has generated a saving of £55k for the remainder of 23/24

Enablement continues on wards at Queens Hospital to prevent decommissioning of patients which should reduce the need for intensive packages of care and or placement on discharge. Community reablement in place to reduce dependency and therefore see a decrease in some packages of care.

Ensuring patients/residents are discharged from hospital with the appropriate funding, an example of this is where a patient has some identified nursing needs that health continue to fund.

Work also continues to ensure that where the Council spends funds to deliver Public Health aims this is reflected in the use of the public health grant. This exercise is undertaken every year to ensure appropriate charging and costs for 23/24 and the future plan for 24/25 are currently being reviewed

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

Corporate Adjustments	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 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
Business Rates revaluation technical adjustment	0.500	The Government have announced a technical adjustment to the formula to calculate business rates top-ups. This will generate an addition £500k in retained business rates for 2023/24 for Havering

Treasury adjustment to reflect HRA benefit of using internal borrowing to fund the capital programme	3.000	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 of £3m is needed to reflect this imbalance
TOTAL CORPORATE ADJUSTMENTS	5.450	

4. PERIOD 9 SERVICE PROJECTIONS

4.1. This section 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.

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	Period 6 Forecast £m
Public Health	(1.930)	(1.930)	(4.530)	(1.930)	0.000	0.000
Communication	1.300	1.390	1.110	1.370	(0.020)	0.000
Customer Services	2.650	3.690	3.850	3.490	(0.200)	(0.435)
Finance	1.530	2.050	1.360	1.920	(0.130)	0.000
Partnership Impact and Delivery	2.830	2.550	4.660	2.870	0.320	0.499
Public Health - Non Grant	0.940	1.170	0.890	1.080	(0.090)	0.036
HR & OD	0.400	0.420	2.630	0.540	0.120	0.000
Resources - Strategic Directorate	7.720	9.340	9.970	9.340	0.000	0.100

4.2.1. Resources overall are now reporting a balanced position for period 9. Within that position Communication Service are projecting a £0.020m underspend relating to staffing costs in the Media team as part of the spending controls mitigation to the budget position.

4.2.2. Customer Services are projecting a total underspend of £0.200m in period 9 including £0.064m within Bereavement Services. This underspend includes additional cremation fee income from a mid-year fee increase as well as holding vacant posts in line with the spend controls, it is pertinent to note that the service is subject to seasonal demands which can fluctuate.

4.2.2.1. The underspend in Customer Services is also as a result of holding vacancies across the service especially in Democratic Services, Customer Services and Communications. As it currently stands, the holding of vacancies in relation to the Contact Centre is in line

with current spending controls and does not appear to be adversely impacting on call wait times but this will continue to be monitored along with variations in demand.

4.2.2.2. There is a projected overspend of £0.130m in libraries is due primarily to shortfalls in income. In light of the spending controls, the service has reduced spend on book renewals for this financial year by £0.060m and not utilising all of the staff training budgets in order to partly mitigate the pressure relating to income shortfall.

4.2.3. There is a projected overspend on Partnership Impact and Delivery of £0.320m which is due to a £0.250m unachieved integrated commissioning savings target and agency staff covering vacant posts within commissioning. The savings are unachieved for 2023/24 but are expected to be delivered in 2024/25.

4.2.3.1. There is a pressure of £0.040m on staffing within Operational procurement due to the split from one-source. The funding for impact of split has been built into 24/25 budget as part of budget setting.

4.2.4. There is an underspend of £0.090m in the Insight Policy & Strategy (Non Grant) service due to holding a vacant post as part of the spend control. The post will be filled in 2024/25 as part of the service re-design.

4.2.5. Finance People & Place are forecasting an underspend of £0.130m, largely due to salary underspends across the service. Posts will need to be recruited to during 2024/25 as part of the restructure of the service

4.2.6. HR & OD are reporting an overspend of £0.120m which relates to a combination of items; unfunded wellbeing activity; increased Trade Union costs and unfunded transitional arrangements arising from the oneSource split.

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	Period 6 Forecast £m
People - Starting Well Total	45.110	55.950	47.090	65.090	9.140	9.410
People - Ageing Well Total	64.770	74.130	58.970	82.730	8.600	8.620
People - Living Well (Housing Demand)	2.020	3.090	5.000	8.240	5.150	3.780
People - Strategic Directorate	111.900	133.170	111.060	156.060	22.890	21.810

4.3.1. The People Directorate is forecasting to be £22.9m over budget in 2023/24. It should be noted that this position is also after £18.5m of growth has been applied to the original budget. The overspend is across the Directorate and whilst the largest overspends are in starting well and ageing well the emerging pressure relates to temporary accommodation which now stands at over £5m. The Council has fully recognised this position in setting the 2024/25 budget and growth has been built in not only to mitigate these ongoing pressures but also to recognise future demand.

4.3.2. 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	Period 6 Forecast £m
Education	4.310	8.370	7.180	9.400	1.030	0.000
Children's Social Care	39.330	45.740	38.900	53.490	7.750	9.410
Principal Social Worker	1.470	1.840	1.010	2.200	0.360	0.000
People - Starting Well Total	45.110	55.950	47.090	65.090	9.140	9.410

4.3.2.1. Starting Well are reporting an overspend of £9.140m at Period 9 which is a reduction of £0.26m from the figure reported at Period 6.

The increasing number and cost of Children in Care placements. (projected overspend £4.9m).

4.3.2.2. The number of Children in care placements has risen from 235 to 270 since April 2023. Whilst the increase in numbers has placed further pressure on the budget the Council has been successful in identifying an increased number of both internal mainstream foster and family and friends foster placements. These placements are supporting value for money, as well as enabling improved stability and good outcomes for this cohort of children. The Council continues to work hard to increase the number of foster carers in the borough and is now involved in an East London initiative with DfE support.

4.3.2.3. The Council however has experienced sharply rising unit costs of its residential placements. The average weekly cost of a residential placement has risen from £5,300pw in April 2023 to £6,500pw now. This is a significant increase caused partly by the complexity of new cases but also by the current market conditions which are allowing providers to increase costs sharply.

Demand for Home to School Transport (projected overspend £0.9m)

4.3.2.4. Demand for transport assistance is still increasing due to a continuing increase in EHCPs being issued, resulting in increased applications for transport support. New routes have been identified and continue to be closely monitored, and the Council's transport assessor 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 the overall increase in demand has meant there has not been a corresponding decrease in charges. A new transport strategy is out for consultation with parents for implementation by September 2024, although this will not affect new applications until September 2025.

4.3.2.5. 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.

Staffing costs and reliance on Agency workers (Projected overspend £1.5m)

- 4.3.2.6. The Council is working hard to increase permanency as this will provide a more stable environment for the children in care as well as reducing costs. Initiatives include the ASYE scheme for newly qualified Social Workers which is now up and running. The service has developed a workforce strategy which is focused on developing improved recruitment offers/promotional activity, strengthened on-boarding and projects to target potential recruits from particular sectors. The service is also reviewing a business case for recruitment from abroad and reorganising work flow mechanisms via service reshaping. There is a national shortage of skilled social workers and Havering is no different to many other authorities in having to rely on more expensive agency workers.

Leaving Care Costs (Projected overspend £1.8m)

- 4.3.2.7. The Leaving care budget is forecast to overspend by £1.8m due to rising numbers of care leavers and those in semi-independent accommodation. Whilst numbers have increased during the year the overspend is primarily an underlying budget shortfall which will be addressed as part of the 24/25 budget process.

4.3.2.8. Risks to the Starting Well budget position

- 4.3.2.9. There are a number of risks which may result in future pressures both in the remainder of 2023/24 and into future years

- 4.3.2.10. The Children with Disability service CWD service has successfully avoided making new placements over recent months but 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.

- 4.3.2.11. There is a growing number of UASC children nationally and whilst the numbers in Havering have not risen significantly in 2023/24 there is a significant risk moving forward of increased placements which will be a cost to the Council due to the imbalance between placement costs and the Governments grant support.

- 4.3.2.12. There has been a recent OFSTED inspection of the Council's service provision. The Council is awaiting the recommendations from that report but there is a potential cost implication to meet those requirements.

- 4.3.2.13. 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

4.3.2.14. Mitigations to the Starting Well Budget Position

4.3.2.15. The service is demand driven and so in most areas it cannot delay or cease services. The service has a staff shortage but is working hard to recruit permanent staff and ultimately reduce the number of agency workers. The service has and continues to review all packages to ensure they provide both the best outcome for the child and the most cost effective solution.

4.3.2.16. A review of Home to School transport is underway and proposals were presented to September cabinet. Further updates on this will be presented to future cabinets. The service continues to promote short breaks as a cost effective solution to allow more children to remain at home rather than be placed elsewhere

4.3.3. 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	Period 6 Forecast £m
Adult Social Care Total	63.640	72.950	58.150	81.570	8.620	8.620
Adult Safeguarding Total	1.130	1.170	0.820	1.150	(0.020)	0.000
People - Ageing Well Total	64.770	74.120	58.970	82.720	8.600	8.620

4.3.3.1. The Ageing Well Department is £8.6m over budget. The main driver of the overspend is Adult Social Care, which is 12% over budget due to increased unit costs and numbers of packages. To date it has spent 67% of its budget.

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	Period 6 Forecast £m
Transforming Health & Social Care	0.000	0.000	(7.250)	0.000	0.000	0.000
Strategy and Commissioning	2.690	2.660	2.810	3.080	0.420	0.330
Mental Health - Section 75	2.240	1.750	0.780	1.460	(0.290)	(0.190)
Mental Health - Non Section 75	1.180	2.350	2.400	3.040	0.690	0.570
ASC Covid Spend	0.000	0.000	0.020	0.000	0.000	0.000
Adult Community Team	33.130	36.410	32.070	40.010	3.600	3.560
Hospital Discharge	0.090	0.110	0.610	0.000	(0.110)	0.000
Learning Disabilities	24.320	28.940	26.030	33.140	4.200	4.260
Health & Social Care Other	(0.010)	0.730	0.640	0.840	0.110	0.090
Disabled Adult Services-Dummy	0.000	0.000	0.040	0.000	0.000	0.000
Adult Social Care Total	63.640	72.950	58.150	81.570	8.620	8.620

4.3.3.2. Within the Adult Community Activity placement costs are overspending mainly due to nursing placements and homecare provision. Nursing has a net increase of seven

provisions and the average cost of these provisions being approximately £300 per week more expensive than those service users whose care packages have ended in the period. There have also been several increases in packages in nursing due to an increase in complexity of the cases and an increase in one-to-one support.

- 4.3.3.3. Homecare is the other big variance and there appears to be a net reduction of approximately 30 clients in period 9, however the packages provided are more complex with the average hours of care being provided to each client being more than those clients who have ended this period. There has also been an increases to a significant number of existing client packages in period 9 which are a result of client needs changing and requiring more complex care.
- 4.3.3.4. There have also been other smaller movements in Supported Accommodation, Respite and Residential for period 9. Client contributions income increased which has offset some of the increases in costs.
- 4.3.3.5. A detailed review of the bad debt associated with client contributions has been undertaken at period 9 and an additional £0.300m has been added to the forecast to reflect the adjustment that will be required at year end for the bad debt provision.
- 4.3.3.6. £0.320m was allocated to Adult Community Team from the one off monies in period 9. The period 9 placement activity has increased with the main increases being within nursing and residential and due to increases in existing packages due to complexity. This has been netted off by client contributions and some changes to staffing forecasts which has kept the overall position relatively stable.
- 4.3.3.7. The Strategy and commissioning activity area has increased this is due to an increased demand in the provision of equipment for clients and also due to emergency reablement being required due to lack of capacity during December.

4.3.4. 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	Period 6 Forecast £m
Culture & Leisure	(1.920)	(1.570)	(1.060)	(1.570)	0.000	0.080
Housing Demand	3.940	4.660	6.060	9.810	5.150	3.700
People - Living Well	2.020	3.090	5.000	8.240	5.150	3.780

- 4.3.4.1. The Period 9 projected position is a £5.150m overspend, due to the additional hotel costs for families and singles as a result of increasing numbers. Although we have seen a reduction in the average spend per unit for the hotel or nightly charged accommodation, the need for hotel accommodation continues to increase, with the supply of alternatives not increasing at the same rate. There has been a further increase in repairs and maintenance costs for PSL and SSH properties. This however partly relates to hand back costs as there continues to be a reduction in the number of units available to rent.

4.3.4.2. The PSL property numbers available to rent, continues to reduce, with a further 57 taken back by Landlords so far this year.

Dates	Apr-20	Apr-21	Apr-22	Apr-23	Dec-23
PSL Properties Numbers	809	747	656	592	535

4.3.4.3. The table below demonstrates the increase in temporary accommodation costs and demand over the first eight months of the year. It should be noted that these costs have only stabilised in later months due to the mitigations described below becoming available. The underlying trend is still an increase in numbers for whom we have a statutory duty

		Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
FAMILIES	A	2640	2940	3350	3440	3880	4080	4220	4110	4110
	B	0.220	0.240	0.290	0.310	0.360	0.370	0.380	0.340	0.340
SINGLES	A	1400	1560	1650	1730	1580	1510	1860	2130	2360
	B	0.090	0.110	0.110	0.120	0.110	0.100	0.160	0.130	0.120

Note

A) Total days cost in month

B) Total cost in month (£m)

4.3.4.4. We have some mitigations being mobilised to reduce the impact of hotels, with Royal Jubilee court which will reduce the homeless pressure by £0.7m. Two of the schemes have slipped to 2024/25. However, the winter period could add additional pressures to the service.

Sites used to mitigate Hotel pressures	Number of units	Timeframe	In year budget impact £m
Royal Jubilee Court	71 units	Nov-23 to Feb 2024	(0.674)
National Housing Group	15 units	Mar-24	(0.029)
Total			(0.703)

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	Period 6 Forecast £m
Place - Environment	5.490	9.220	4.730	11.390	2.170	2.410
Place - Planning & Public Protection	2.850	3.310	3.570	3.660	0.350	0.800
Place - Housing & Property	0.890	1.440	3.620	1.880	0.440	0.600
Place - Strategic Directorate	9.230	13.970	11.920	16.930	2.960	3.810

4.4.1. Environment

- 4.4.1.1. Environment are projecting an overspend position of £2.170m at P9. The main reasons for the overspend are as follows:
- 4.4.1.2. Parking – an over spend of £1.8m which is mainly as a result of an underachievement in PCN / MTC income, reversal of the permit charges and reduced income from the new school streets offer. In addition, under achievement in off street parking and non-staff permits income which is partially offset by over achievement in on street parking income.
- 4.4.1.3. Public Realm – an over spend of £0.160m. 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, which is now in place. The extension agreement with SERCO, resulted in an increase in the Household waste and recycling collection cost, and overall contract price increase, based on indexation. The introduction of various spending controls continues to favourably impact on the forecast pressure across the Service.
- 4.4.1.4. Highways – an over spend of £0.600m. The over spend is mainly as a result of a historic unachievable income target within DSO and the under achievement of the Crossover income due to reduced volume. The scheme's budget is under pressure due to under recovery in staff capitalisation costs. There is a £0.160m pressure in network management (street works) is due to a reduced volume of licence applications and the subsequent reduction of licence and permit income. This overspend is offset by the one off credit of £0.390m, from a refund received this year from the energy supplier, relating to previous years over payment of the electricity bills. There is a reduction in the gully cleaning cost as part of the in year savings and Directorate under spends of £0.407m 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 £0.350m at P9. 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.
- 4.4.2.2. These over spends are slightly offset by salary underspends across the Service, and grant income received (TFL income from LIP travel awareness programme, Defra Funding for air quality projects, Local implementation funding). In addition to over achievement of Enforcement fines income.
- 4.4.2.3. There have been recent confirmation of Government / Non-Government income grants to be received; these were not previously included within the forecast projection. An increase in the projected HMO licence permit licence income and ongoing vacancies across the Services have added to the movement from the previous forecast projections.

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	Period 6 Forecast £m
Regeneration & Place Shaping	0.700	0.900	1.090	0.600	(0.300)	0.000
Housing Property and Assets	(3.670)	(3.740)	(2.690)	(3.510)	0.230	0.460
Asset Management	3.520	3.870	4.430	4.380	0.510	0.140
Inclusive Growth	0.340	0.410	0.790	0.410	0.000	0.000
Place - Housing & Property	0.890	1.440	3.620	1.880	0.440	0.600

- 4.4.3.1 Regeneration and Place Shaping - Transport are forecasting an underspend of £0.300m largely in relation to additional external income.
- 4.4.3.2 Housing Property and Assets are forecasting an overspend of £0.230m, largely in relation to lost commercial income re the Hilldene redevelopment. The service has reduced all non-essential spend where possible in order to mitigate the pressure. Vacant units are currently being let so the service are hopeful to see an increase in rental income in 24/25. There is also a small residual pressure of £0.030m re Romford Market due to reduced trader income which has been in decline for a number of years.
- 4.4.3.3 Asset Management are forecasting a pressure of £0.510m at period 9. 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.

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	Period 6 Forecast £m
Finance	0.670	0.600	0.280	0.580	(0.020)	(0.040)
Exchequer & Transactional Services	2.450	3.380	2.380	3.790	0.410	0.420
Legal & Governance	0.920	1.170	1.340	1.230	0.060	0.060
ICT Services	4.090	4.300	4.290	5.430	1.130	1.450
OneSource Shared Total	8.130	9.450	8.290	11.030	1.580	1.890

4.5.1 The Finance service are forecasting a small underspend of £0.020m within the Reconciliations team due to staff vacancies.

4.5.2 The Exchequer and Transactional Service is forecasting an overspend of £0.410m in period 9 which is the result of a shortfall of enforcement income against its budgetted target, offset against additional grant income within council tax and housing benefits.

4.5.3 The Legal Service is projecting an overspend of £0.060m due to additional staffing costs with use of locum and agency spend and unachieved prior year savings.

4.5.4 The large overspend of £1.130m within ICT Services 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. These costs however are partially mitigated by an underspend in salaries.

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	Period 6 Forecast £m
Exchequer Services	(1.610)	(1.610)	(2.000)	(1.820)	(0.210)	0.070
Business Services	0.080	0.040	(0.310)	0.150	0.110	0.170
Non Shared Finance	2.790	2.910	2.830	2.930	0.020	(0.200)
Legal & Democratic Services	0.670	0.710	0.640	0.890	0.180	0.130
ICT Services	0.830	0.950	0.590	0.960	0.010	(0.210)
OneSource Non-Shared LBH	2.760	3.000	1.750	3.110	0.110	(0.040)

4.6.1 Exchequer Services are forecasting a £0.210m underspend due expected additional subsidy income. It is still important to highlight, that whilst the service is forecasting an underspend, there is still a pressure, albeit offset, 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, and this pressure is likely to materialise again next year.

- 4.6.2 Legal and Democratic Services non-shared are forecasting an over spend of £0.180m which is a combination of slippage on the delivery of a £0.050m savings target relating to reducing the cost of external legal spend in wider council budgets coupled with income pressures of £0.100m resulting from a reduction in school appeal income and increased cost for canvassing and printing. There are salary underspends as a result of the spending controls to partially mitigate this pressure.
- 4.6.3 Business Services is forecasting £0.110m overspend relating to additional costs incurred following the split from one-source

5 HOUSING REVENUE ACCOUNT

Directorates at Activity level	Original Budget £m	Revised Budget £m	Actual To Date £m	Year End Forecast £m	Current Forecast Variance £m	Period 6 Forecast £m
Resources - Public Health - HRA	1.220	1.240	0.870	0.980	(0.260)	0.000
Place - Housing & Property HRA	(2.550)	(2.400)	(22.660)	(2.780)	(0.380)	(0.270)
People - Living Well - HRA	1.330	1.160	0.760	1.080	(0.080)	0.000
HRA Total	0.000	0.000	(21.030)	(0.720)	(0.720)	(0.270)

5.5 Resources - Public Health – HRA

5.5.1 The underspend is the result of the service having 5 ongoing vacancies.

5.6 Place - Housing & Property HRA

5.6.1 This underspend is the result of an AD post being deleted from the structure at the beginning of the year, as well as income received from recovered court costs and legal fees. There is also underspends forecast on the Gutters & Drains contract, due to the late issue of the S20 Leasehold notices, in addition to less compliance electrical work charged to revenue than originally forecast. Also, the IT Team re-design has been delayed due to the TOM.

5.6.2 The service has also experience some pressures, with the need to employ two additional agency caretakers, to cover long term sickness and additional surveyors to deal with disrepair cases. There has been an increase in void costs in sheltered complexes, with less income forecast as a result of not being able to let some of the Park Rise properties.

5.7 Living Well – HRA

5.7.1 The Period 9 position is an underspend of £80k. There has been a movement as a the result of a £300k adjustment made to the charges still being generated for Abercrombie House, which was closed in March 23 and the incorrect void charges being raised for Royal Jubilee Court. There are underspends in the Housing Choice and Applications Service which is carrying vacancies, and £90k as a result of the Capita Open Housing Online Application implementation being delayed until 2024/25.

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. 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 The table below shows progress of delivery by Directorate

23-24 Savings	MTFS Amount £m	MTFS Achieved £m	MTFS In Progress £m	MTFS Variance £m
TOTAL PEOPLE SAVINGS	(5.290)	(2.460)	1.830	1.000
TOTAL PLACE SAVINGS	(2.580)	(1.790)	0.000	0.790
TOTAL RESOURCES SAVINGS	(1.760)	(0.750)	1.010	0.000
TOTAL NEW SAVINGS 2023-24	(9.630)	(5.000)	2.840	1.790

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	Variance £m
Targeted Reviews (will be achieved in 2024/25)	0.500
Assistive Technology - review ASC subsidy (will be achieved in 2024/25)	0.250
Develop integrated commissioning function to support Havering Borough Partnership (saving under review)	0.250
Increase the charge on crossovers (lower than expected take up)	0.140
Remove School Crossing Patrols (delayed)	0.060
Public Realm restructure (delayed)	0.200
Review of toilets (not implemented)	0.020
Saving on Permits (not implemented)	0.220
Climate Change Posts (funding built in for 24/25)	0.150
TOTAL SAVINGS UNLIKELY TO BE ACHIEVED IN 2023-24	1.790

The Council is committed to delivering £7.2m of staffing savings which was originally included in the budget in 2022/23. £2.0m has been delivered through a voluntary redundancy scheme with the remaining £5.2m of savings to be recovered by utilising the £2m savings provision set aside and by allocation to Departments via a vacancy factor. The Council continues to review its staff base and structures to modernise services and improve efficiency.

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	0	(5.450)	(5.450)	(5.450)
	30.031	21.581	(8.450)	(8.450)

- 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 of around £3.0m to the Housing Revenue Account reflecting the benefit that fund has received from utilisation of cash balances rather than external borrowing.
- 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	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
Business Rates revaluation technical adjustment	0.500

Treasury adjustment to reflect HRA benefit of using internal borrowing to fund the capital programme	3.000
TOTAL CORPORATE ADJUSTMENTS	5.450

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:

RESERVE	23/24 Opening Balance £m	Draw down by year			26/27 Forecast Balance £m
		2023/24 £m	2024/25 £m	2025/26 £m	
Risk Mitigation Reserves	(13.398)	1.140	1.140	1.063	(10.055)
Contractual Reserves	(12.443)	5.162	2.837	0.000	(4.444)
Internally Earmarked Projects	(13.871)	5.584	3.258	0.793	(4.236)
TOTAL	(39.712)	11.886	7.235	1.856	(18.735)

The drawdown in this table excludes any repurposing of reserves that maybe necessary to mitigate the outturn position. The Council has applied for a Capitalisation directive to mitigate the overspend as the Councils reserves are already amongst the lowest in London. If reserves had to be used to mitigate the overspend the Council would have a level remaining which would not provide any insurance against future risk and so would leave the Council very vulnerable to any unexpected costs.

9 THE CAPITAL PROGRAMME PERIOD 9 UPDATE

- 9.1 The Period 9 Capital monitoring update is shown at Appendix A. The Council is forecasting to spend £179.9m on Capital in 2023/24 against a revised budget of £231.0m. The Appendix sets out the main in year achievements of the Capital programme and the reasoning for any variances

10 IMPLICATIONS AND RISKS

- 10.1 Financial Implications and Risks
The financial implications of the revenue position are the subject of this report and are therefore set out in the body of this report. The risks to the 2023/24 budget are set out

in the report. The report also sets out service by service budget variances and highlights the mitigating actions the Council has taken to reduce the pressure

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

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CAPITAL MONITORING UPDATE Quarter 3

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 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	3.902	3.875	0.000	13.031
Living Well	33.452	1.309	1.432	3.121	39.314
Starting Well	0.975	6.285	26.723	36.164	70.147
People	39.681	11.496	32.030	39.285	122.492
Environment	7.977	22.814	8.780	21.754	61.325
Housing & Property (GF)	72.781	35.231	182.641	237.956	528.609
Housing & Property (HRA)	300.426	143.512	140.679	463.105	1047.722
Planning & Public Protection	0.169	1.427	0.084	0.000	1.680
Place	381.353	202.984	332.184	722.815	1,639.336
Customer Services	6.759	0.636	0.030	0.000	7.425
Finance	0.000	0.240	0.048	0.000	0.288
Partnership Impact and Delivery	11.473	15.492	14.297	5.344	46.606
Resources - Public Health	0.000	0.200	0.101	0.000	0.301
Resources	18.232	16.568	14.476	5.344	54.620
Grand Total	439.266	231.048	378.690	767.444	1,816.448

GF / HRA Split	Previous Budget Amount £m	2023- 24 Budget £m	2024-25 Budget £m	2025-26+ Budget £m	Total Budget £m
General Fund	138.840	87.536	238.011	304.339	768.726
Housing Revenue Account	300.426	143.512	140.679	463.105	1,047.722
Grand Total	439.266	231.048	378.690	767.444	1,816.448

- 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.

1.3. Excluding previous years spend of £439.266 (shown for information in the table above), the total capital programme for 2023/24 and beyond is £1,377.182m split between the GF (£646.338m) and HRA (£730.843m). 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	25.794	98.724	109.976	234.494
Revenue & Reserves	3.342	1.260	0.000	4.602
Grants & Other Contributions	21.367	34.408	51.881	107.656
Borrowing	37.729	103.914	157.944	299.587
Total GF Financing	88.232	238.306	319.801	646.338

HRA Financing	2023/24 Financing Budget £m	2024/25 Financing Budget £m	2025/26+ Financing Budget £m	Total Financing Budget £m
Capital Receipts	26.933	30.483	123.725	181.141
Revenue & Reserves	7.847	25.036	35.555	68.438
Grants & Other Contributions	9.873	0.000	23.587	33.460
Borrowing	98.163	84.865	264.776	447.804
Total HRA Financing	142.816	140.384	447.643	730.843

2. Capital Achievements as at 31st December 2023

2.1. Capital expenditure as at the 31st December is £86.615m to date. Notable achievements so far for 2023/24 are as follows.

- £16.047m on the 12 Estates project to improve housing across borough.
- £38.003m spent on enhancing and increasing our existing housing stock.
- £6.672m on improving the quality of our roads and infrastructure.
- £7.867m on purchase of refuse vehicles.
- £3.348m on Central Depot Expansion.
- 10 schools have had capital works totalling £1.469m.
- £1.870m has been spent on enhancing ITC Infrastructure.

3. 2023/24 Capital Programme

3.1. The report below sets out the Period 9 position for the Council's capital programme for the 2023/24 financial year.

	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Variance
	£m	£m	£m
Starting Well	6.284	6.740	0.456
Living Well	1.309	1.468	0.159
Ageing Well	3.902	3.931	0.029
People	11.495	12.139	0.644
Housing & Property (GF)	35.231	39.944	4.713
Housing & Property (HRA)	143.512	98.263	(45.249)
Planning & Public Protection	1.427	0.037	(1.390)
Environment	22.814	21.370	(1.444)
Place	202.984	159.614	(43.370)
Partnership Impact and Delivery	15.492	7.590	(7.902)
Customer Services	0.636	0.566	(0.070)
Finance	0.240	0.000	(0.240)
Public Health	0.201	0.030	(0.171)
Resources	16.569	8.186	(8.383)
Total	231.048	179.939	(51.109)

General Fund/HRA Split	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Variance
General Fund	87.536	81.676	(5.860)
Housing Revenue Account	143.512	98.263	(45.249)
Total	231.048	179.939	(51.109)

3.2. The forecast expenditure for 2023/24 is £179.939m with actual expenditure at the end of Period 9 of £86.615m. 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. Starting Well

Programme Directorate	Area /Service/	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Variance
		£m	£m	£m
Children's Social Care Programme		1.435	1.368	(0.067)
Schools		4.850	5.371	0.523
Education		6.284	6.740	0.456
Starting Well		6.284	6.740	0.456

3.3.1.1. Schools – Acceleration of £0.523m

The acceleration relates to two SEND Units, which were implemented earlier than anticipated.

3.4. PLACE

3.4.1. Housing and Property – General Fund

Programme Directorate	Area /Service/	Budget 2023/24	2023/24 Forecast Period 9	2023/24 Variance
		£m	£m	£m
Mercury Land Holdings		3.494	13.086	9.592
Rainham & Beam Park		15.700	14.203	(1.497)
Regeneration - Other		1.083	0.600	(0.483)
Regeneration - TFL		0.209	0.070	(0.139)
Regeneration & Place Shaping		20.486	27.959	7.473
Asset Management - Other		0.000	0.000	0.000
Corporate Buildings		4.785	4.785	0.000
Health & Safety		0.159	0.209	0.050
Pre Sale Expenses		0.383	0.333	(0.050)
Schools Building Maintenance		4.389	3.927	(0.462)
Schools Expansions		3.052	2.411	(0.641)
Vehicle Replacement		1.977	0.321	(1.657)
Housing, Property and Assets		14.745	11.985	(2.760)
Housing & Property (GF)		35.231	39.944	4.713

3.4.1.1. MLH – Acceleration of £9.592m

The acceleration relates to the Reactive Acquisition Fund Budget. The forecast includes an additional £12.000m budget requirement for equity to advance funds for council disposal sites.

3.4.1.2. Rainham & Beam Park – Slippage of £1.497m

The slippage relates to the Rainham & Beam Park Commercial Acquisition project. The activity on this project focuses around some smaller potential property acquisitions, settlement of CPO claims from land owners and professional fees to develop the scheme options.

3.4.1.3. School Expansions – Slippage of £0.641m

The slippage relates to the Suttons Primary School SEND Unit. Contract works are now due to start in January/February 2024.

3.4.1.4. Vehicle Replacement – Slippage of £1.657m

The slippage relates to the procurement of 36 vehicles for Public Realm. The project has experienced delays.

3.4.2. Housing & Property (HRA)

Programme Directorate	Area /Service/	Budget 2023/24 £m	2023/24 Forecast Period 9 £m	2023/24 Variance £m
	Bridge Close Acquisitions	25.925	5.489	(20.436)
	Bridge Close Regeneration	0.644	0.616	(0.028)
	HRA Regeneration	40.936	28.170	(12.766)
	Regeneration & Place Shaping	67.505	34.275	(33.230)
	HRA	57.713	55.152	(2.561)
	HRA Stock Adjustments	18.294	8.836	(9.458)
	Housing, Property and Assets	76.007	63.988	(12.019)
	Housing & Property (HRA)	143.512	98.263	(45.249)

3.4.2.1. Bridge Close Acquisitions – Slippage of £20.436m

The 2023/24 forecast is based on completion of a number of acquisitions totalling £3.700m plus professional fees paid via the LLP for £0.900m. Acquisitions are of significant value, forecast prepared against current acquisition schedule, which may be subject to change. Any remaining 2023-24 budget will carry forward for future acquisitions. At Period 9 the forecast was reduced by £1.500m to reflect one property acquisition slipping into 2024/25.

3.4.2.2. HRA Regeneration – Slippage of £12.766m

The main elements of the slippage are discussed below –

- £3.831m of the slippage relates to 12 Sites affordable housing budget. 12 Sites affordable housing budget has been re-forecast at Period 9 to reflect requirements for concluding the Napier New Plymouth project final account, concluding Solar Serena

Sunrise in January 2024 and a £0.250m contingency amount in 2023/24. The main adjustment at Period 9 is the requirement for the £10.000m allocation for buying property from buyers at the Solar Serena Sunrise (Park Rise) project to reflect the current position and likely completions by the end of 2023/24.

- £6.938m of slippage relates to 12 Sites Phase 1 Forward Funding. The forward funding budget has been re-forecast at Period 9 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 January 2024 plus usual project management fees. This forecast includes a £0.250m contingency amount for 2023/24.
- £1.943m of slippage relates to Hostel reprovision - Building of a new hostel. The budget forecast is revised at Period 8 in line with updated information from cost consultant. Demolition has concluded and main contract has been approved, expected construction start in spring 2024. A £0.100m contingency has been allowed for in 2023/24.

3.4.2.3. HRA – Slippage of £2.561m

The main elements of the slippage are discussed below -

- £1.271m of the slippage relates to Decent Homes Works External. Forecast slippage on Hilldene and Farnham as budget higher than required. £0.500m of that will be needed in 2024/25 to supplement budget already in place for Highfield Towers cladding as project is still at feasibility stage.
- £0.598m of the slippage relates to Estate Improvement project. The project was paused due to leaseholder issues.
- £0.432m of the slippage relate Sheltered schemes lifts project. The slippage is due to a tender extension, which has delayed the programme.

3.4.2.4. HRA Stock Adjustments – Slippage/Underspend of £9.458m

A £9.000m relates to the Affordable Housing budget. The underspend offsets previous years overspend, to balance out the total scheme budget.

3.4.3. Planning & Public Protection

Programme Directorate	Area /Service/	Budget 2023/24 £m	2023/24 Forecast Period 9 £m	2023/24 Variance £m
Enforcement		1.401	0.011	(1.390)
Planning TFL		0.026	0.026	0.000
Planning & Public Protection		1.427	0.037	(1.390)
Planning & Public Protection		1.427	0.037	(1.390)

3.4.3.1. Enforcement – Slippage of £1.390m

The enforcement CCTV procurement contract award is now anticipated to be around February/March so invoices and spend will likely be in the next financial period. 2023/24 spend will consist of initial consultancy works along with some planning costs.

3.4.4. Environment

Programme Directorate	Area /Service/	Budget 2023/24 £m	2023/24 Forecast Period 9 £m	2023/24 Variance £m
	Environment - TFL	1.748	1.695	(0.053)
	Highways & Street Lighting	8.734	8.849	0.115
	Grounds Maintenance	0.150	0.001	(0.149)
	Public Realm - Parks	1.677	1.169	(0.508)
	Public Realm - Waste	10.190	9.341	(0.849)
	Environment - Parking	0.315	0.315	0.000
	Environment	22.814	21.370	(1.444)
	Environment	22.814	21.370	(1.444)

3.4.4.1. Public Realm - Parks – Slippage of £0.508m

£0.508m of the slippage relates to various Park Improvement projects. This project has experienced delays and will now complete in 2024/25.

3.4.4.2. Public Realm – Waste – Slippage of £0.849m

£0.849 relates to the Waste contract vehicle project. The project has completed, however actual costs came in lower than anticipated. The remaining budget may be needed for possible service change additional vehicles.

3.5. RESOURCES

3.5.1. Partnership Impact and Delivery

Programme Directorate	Area /Service/	Budget 2023/24 £m	2023/24 Forecast Period 9 £m	2023/24 Variance £m
	Transformation	5.944	5.791	(0.153)
	ICT Infrastructure	9.548	1.799	(7.749)
	IT, Digital & Transformation	15.492	7.590	(7.902)
	Resources - Partnership Impact and Delivery	15.492	7.590	(7.902)

3.5.1.1. **ICT Infrastructure – Slippage of £7.749m**

The main elements of the slippage are discussed below

- £3.240m 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. Ambiguity as to whether this project forms part of stabilisation or modernisation has resulted in forecast being revised downwards as modernisation introduces delays to the spend profile.
- £3.397m of the slippage relates to Evergreening Capital – IT. The spend was reduced due to instruction from IT client lead to halt the migration of workloads to cloud. This project has now been restarted at the request of the S151 officer.