

Cabinet



Wednesday, 27 March 2024 at 3.00 p.m.
Council Chamber - Town Hall, Whitechapel

Agenda

Mayor Lutfur Rahman

Cabinet Members

Councillor Maium Talukdar	(Deputy Mayor and Cabinet Member for Education, Youth and Lifelong Learning (Statutory Deputy Mayor))
Councillor Kabir Ahmed	(Cabinet Member for Regeneration, Inclusive Development and Housebuilding)
Councillor Saied Ahmed	(Cabinet Member for Resources and the Cost of Living)
Councillor Suluk Ahmed	(Cabinet Member for Equalities and Social Inclusion)
Councillor Gulam Kibria Choudhury	(Cabinet Member for Health, Wellbeing and Social Care)
Councillor Abu Chowdhury	(Cabinet Member for Safer Communities)
Councillor Iqbal Hossain	(Cabinet Member for Culture and Recreation)
Councillor Kabir Hussain	(Cabinet Member for Environment and the Climate Emergency)
Councillor Abdul Wahid	(Cabinet Member for Jobs, Skills and Growth)

[The quorum for Cabinet is 3 Members]

Further Information

Reports for consideration, meeting contact details, public participation and more information on Cabinet decision-making is available on the following pages.



Public Information

Viewing or Participating in Cabinet Meetings

The public are welcome to attend meetings of the Cabinet. Procedures relating to Public Engagement are set out in the 'Guide to Cabinet' attached to this agenda. Except where any exempt/restricted documents are being discussed, the public are welcome to view this meeting through the Council's webcast system.

Physical Attendance at the Town Hall is also welcome, however, seating is limited and offered on a first come, first served basis. Please note that you may be filmed in the background as part of the Council's filming of the meeting.

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Contact for further enquiries:

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A Guide to CABINET

Decision Making at Tower Hamlets

As Tower Hamlets operates the Directly Elected Mayor system, **Mayor Lutfur Rahman** holds Executive powers and takes decisions at Cabinet or through Individual Mayoral Decisions. The Mayor has appointed nine Councillors to advise and support him and they, with him, form the Cabinet. Their details are set out on the front of the agenda.

Which decisions are taken by Cabinet?

Executive decisions are all decisions that aren't specifically reserved for other bodies (such as Development or Licensing Committees). In particular, Executive Key Decisions are taken by the Mayor either at Cabinet or as Individual Mayoral Decisions.

The constitution describes Key Decisions as an executive decision which is likely

- a) to result in the local authority incurring expenditure which is, or the making of savings which are, above £1million; or
- b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the borough.

Upcoming Key Decisions are published on the website on the 'Forthcoming Decisions' page through www.towerhamlets.gov.uk/committee

Published Decisions and Call-Ins

Once the meeting decisions have been published, any 5 Councillors may submit a Call-In to the Service Head, Democratic Services requesting that a decision be reviewed. This halts the decision until it has been reconsidered.

- The decisions will be published on: **Thursday, 28 March 2024**
- The deadline for call-ins is: **Monday, 8 April 2024**

Any Call-Ins will be considered at the next meeting of the Overview and Scrutiny Committee. The Committee can reject the call-in or they can agree it and refer the decision back to the Mayor, with their recommendations, for his final consideration.

Public Engagement at Cabinet

The main focus of Cabinet is as a decision-making body. However there is an opportunity for the public to contribute through making submissions that specifically relate to the reports set out on the agenda.

Members of the public may make written submissions in any form (for example; Petitions, letters, written questions) to the Clerk to Cabinet (details on the previous page) by 5 pm the day before the meeting.

Cabinet

Wednesday, 27 March 2024

3.00 p.m.

Pages

PUBLIC QUESTION AND ANSWER SESSION

There will be an opportunity (up to 15 minutes) for members of the public to put questions to the Mayor and Cabinet Members before the Cabinet commences its consideration of the substantive business set out in the agenda.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS

7 - 8

Members are reminded to consider the categories of interest, identified in the Code of Conduct for Members to determine; whether they have an interest in any agenda item and any action they should take. For further details, see the attached note from the Monitoring Officer.

Members are also reminded to declare the nature of the interest at the earliest opportunity and the agenda item it relates to. Please note that ultimately it is the Members' responsibility to identify any interests and also update their register of interests form as required by the Code.

If in doubt as to the nature of an interest, you are advised to seek advice prior to the meeting by contacting the Monitoring Officer or Democratic Services.

3. UNRESTRICTED MINUTES

9 - 16

The unrestricted minutes of the Cabinet meeting held on 21 February 2024 are presented for approval.

4. ANNOUNCEMENTS (IF ANY) FROM THE MAYOR

5. OVERVIEW & SCRUTINY COMMITTEE

5.1 Chair's Advice of Key Issues or Questions

Chair of Overview and Scrutiny Committee (OSC) to report on any issues raised by the OSC in relation to unrestricted business to be considered.

5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee

(Under provisions of Section 30, Rule 59 of the Constitution).

6. UNRESTRICTED REPORTS FOR CONSIDERATION

6.1	Fixed Penalty Notice Increase for Environmental Crime	17 - 28
<p>Report Summary: To inform the Mayor and Cabinet Members of the revised fixed penalty notice (FPN) levels available for environmental crimes, namely fly-tipping, littering, household waste duty of care, graffiti, and fly-posting, which came into force under The Environmental Offences (Fixed Penalties) (England) Regulations 2023 ("the Regulations") on the 31st July 2023</p> <p>Wards: All Wards Lead Member: Cabinet Member for Environment and the Climate Emergency Corporate Priority: A clean and green future</p>		
6.2	Budget Monitoring 23/24 Quarter 3	29 - 98
<p>Report Summary: Budget Monitoring 23/24 Quarter 3</p> <p>Wards: All Wards Lead Member: Cabinet Member for Resources and the Cost of Living Corporate Priority: All Priorities</p>		
6.3	Strategic Delivery and Performance Report Year 2 Quarter 3	99 - 178
<p>Report Summary: This report will set out performance for Q3 showing progress on the Strategic Plan for all of the reportable strategic measures.</p> <p>Wards: All Wards Lead Member: Mayor Corporate Priority: All Priorities</p>		

7. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT



8. EXCLUSION OF THE PRESS AND PUBLIC

Should the Mayor in Cabinet consider it necessary, it is recommended that the following motion be adopted to allow consideration of any exempt/restricted documents.

“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the Press and Public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government, Act 1972”.

EXEMPT/CONFIDENTIAL SECTION (PINK)

The Exempt / Confidential (Pink) Committee papers in the Agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

9. EXEMPT / CONFIDENTIAL MINUTES

Nil items.

10. OVERVIEW & SCRUTINY COMMITTEE

10 .1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business

Chair of Overview and Scrutiny Committee (OSC) to report on any issues raised by the OSC in relation to exempt/confidential business to be considered.

10 .2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee

(Under provisions of Section 30, Rule 59 of the Constitution).

11. EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION

12. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT

Next Meeting of Cabinet:

Wednesday, 24 April 2024 at 5.30 p.m. in Council Chamber - Town Hall, Whitechapel



Agenda Item 2

DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

(i) Disclosable Pecuniary Interests (DPI)

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

DPI Dispensations and Sensitive Interests. In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

(iii) Declarations of Interests not included in the Register of Members' Interest.

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

Guidance on Predetermination and Bias

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting

In such circumstances the member may not vote on any reports and motions with respect to the matter.

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE CABINET

HELD AT 5.45 P.M. ON WEDNESDAY, 21 FEBRUARY 2024

COUNCIL CHAMBER - TOWN HALL, WHITECHAPEL

Members Present in Person:

Mayor Lutfur Rahman	
Councillor Maium Talukdar	(Deputy Mayor and Cabinet Member for Education, Youth and Lifelong Learning (Statutory Deputy Mayor))
Councillor Kabir Ahmed	(Cabinet Member for Regeneration, Inclusive Development and Housebuilding)
Councillor Saied Ahmed	(Cabinet Member for Resources and the Cost of Living)
Councillor Suluk Ahmed	(Cabinet Member for Equalities and Social Inclusion)
Councillor Gulam Kibria Choudhury	(Cabinet Member for Health, Wellbeing and Social Care)
Councillor Abu Chowdhury	(Cabinet Member for Safer Communities)
Councillor Iqbal Hossain	(Cabinet Member for Culture and Recreation)
Councillor Kabir Hussain	(Cabinet Member for Environment and the Climate Emergency)
Councillor Abdul Wahid	(Cabinet Member for Jobs, Skills and Growth)

Officers Present in Person:

Stephen Halsey	(Chief Executive)
Ashraf Ali	(Acting Director of Public Realm)
Yasmin Ali	(Development Project Manager, Place)
Simon Baxter	(Interim Director Public Realm)
Sam Harney	(Mayor's Political Advisor)
Fiona Heyland	(Head of Waste Strategy Policy and Procurement, Public Realm)
Louise Houston	(Environmental Services Improvement Team Leader)
Kamran Rashid	Interim Project Manager
Steve Reddy	(Interim Corporate Director, Children's Services)
Karen Swift	(Divisional Director, Housing and Regeneration)
Joel West	(Democratic Services Team Leader (Committee))
Richard Williams	Business Manager Operational PR

Officers In Attendance Virtually:

John Harrison	Interim Director of Finance, Procurement and Audit
Richard Ward	(Interim Head of Contracts and Procurement)

1. APOLOGIES FOR ABSENCE

There were none.

2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS

There were none.

3. UNRESTRICTED MINUTES**RESOLVED:**

1. That the unrestricted minutes of the Cabinet meeting held on Wednesday 31 January 2024 be approved and signed by the Mayor as a correct record of proceedings.

4. ANNOUNCEMENTS (IF ANY) FROM THE MAYOR

Stephen Halsey, Chief Executive, announced that:

- The Council's transformation joinery continued apace, and it continued to perform well. It had been shortlisted for 3 Local Government Chronicle (LGC) awards. Results and further details would be circulated.
- The Transformation Advisory Board (TAB) had met earlier this week. It had reviewed the proposed Action Plan following the recent LGA Peer Review report.

5. OVERVIEW & SCRUTINY COMMITTEE**5.1 Chair's Advice of Key Issues or Questions**

None.

5.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee

None.

6. UNRESTRICTED REPORTS FOR CONSIDERATION**6.1 Planning for School Places 2024/25 Review and Recommendations**

Councillor Maium Talukdar (Deputy Mayor and Cabinet Member for Education, Youth and Lifelong Learning) introduced the report that presented the annual review of the council's planning for school places. It informed Cabinet on the latest position and key factors influencing the borough's pupil population change and the impact on projected pupil numbers for Tower Hamlets schools. Councillor Talukdar explained the steps being taken to manage the sufficiency and sustainability of mainstream school places,

alongside the medium to longer term delivery of places for children and young people with SEND.

Steve Reddy, Interim Corporate Director - Children's Services provided further detail. Steve explained how the plans for the Institute of Academic Excellence aligned with ongoing work to plan for school places.

The Mayor and Cabinet members welcomed the report.

RESOLVED that the Mayor in Cabinet notes:

1. the factors influencing pupil population change in Tower Hamlets;
2. the current position on the provision of school places in the borough;
3. the projected demand for school places in future years;
4. the steps being taken to manage the sufficiency and sustainability of school places in accordance with the council's school organisation strategy.
5. latest position on SEND, current provision and sufficiency planning;
6. the specific equalities considerations as set out in Paragraph 5.

6.2 Determination of Admissions Arrangements for 2025/26

Councillor Maium Talukdar (Deputy Mayor and Cabinet Member for Education, Youth and Lifelong Learning) introduced the report that presented recommendations for the Mayor in Cabinet to agree the Local Authority's school admission arrangements for Tower Hamlets Community Schools and those schools for whom the Local Authority acts as the admission authority. He explained the proposed arrangements included a change to Year 7 admissions, with introduction of a new testing method for schools that use people ability banding. Councillor Talukdar also provided detail on the public consultation between October 2023 and January 2024. He stressed the need for a new approach to public engagement to secure more responses from parents and schools in future consultation exercises.

Steve Reddy, Interim Corporate Director Childrens Services provided further detail and explained that consultation responses were overwhelmingly positive to the proposed changes.

The Mayor and Cabinet welcomed the report and proposed new arrangements. They briefly discussed the appeal arrangements currently in place and expressed dissatisfaction with reported cases of parents not being offered one of their preferred schools. The Lead Member welcomed the comments and offered to provide a briefing to any Cabinet members who wished to know more about the application and appeal process for school admissions.

RESOLVED that the Mayor in Cabinet:

1. Agree the Local Authority Relevant Area (geographical area) for admissions purposes.
2. Agree the admission policy for admission to Community Nursery Schools/Classes in 2025/26, as set out in Appendix A to the report.
3. Agree the admission policy for admission to Community Primary Schools in 2025/26, as set out in Appendix B to the report.
4. Agree the admission policy for admission to Community Secondary Schools in 2025/26 as set out in Appendix C to the report.
5. Agree the schemes for co-ordinating admissions to the Reception Year and Year 7 for 2025/26, as set out in Appendix D to the report.
6. Agree the scheme for co-ordinating 'In-Year' Admissions for 2025/26, as set out in Appendix E to the report.
7. Agree the planned admission number (PAN) for each school in Tower Hamlets in 2026/26, as set out in Appendix F to the report.
8. Note the specific equalities considerations as set out in Paragraph 4.1 of the report.

6.3 Reduction and Recycling Plan Progress Report - Quarter 3, 2023

Councillor Kabir Hussain (Cabinet Member for Environment and the Climate Emergency) introduced the report that reported progress on the Reduction and Recycling Plan (RRP) 2023-2025 approved by Cabinet in September 2023. Councillor Hussain explained how the cross-cutting action plan drawn from the Council's Strategic Plan and Tower Hamlets Waste Management Strategy was helping to deliver changes. Finally, Councillor Hussain summarised some of the recent communication and engagement activity which it was hoped would help to reverse a slight decline in the recycling rate from the previous quarter.

Simon Baxter, Corporate Director Communities, provided further detail. Simon asked the Mayor to recognise that recycling is a challenging area, but an improvement plan was in place and he was confident it would secure improvements. Simon explained how the nature of the borough presented unique challenges to recycling performance. He stressed there was much the Council could do to target recycling infrastructure and behaviour among residents in its own properties, but that much of the influence for this rested with social landlords, so he was drafting a letter on behalf of the Mayor to the Secretary of State, inviting them into the borough to see the unique challenges and also requesting that the government consider introducing a statutory instrument to require all landlords (RSLs and private) and land owners to provide infrastructure for recycling and to include recycling provisions within their tenancy and lease agreements. He indicated should this be unsuccessful, the Council could consider introducing bylaws to achieve the same outcome.

Ashraf Ali (Head of Highways & Transportation), Richard Williams, (Head of Operations), Fiona Heyland, (Head of Waste Strategy Policy and Procurement, Public Realm) and Louise Houston, (Environmental Services Improvement Team Leader) provided further details on the work undertaken, planned and being considered to improve recycling performance in the borough.

Stephen Halsey, Chief Executive, welcomed the proposed action plan and drew the Mayor and Cabinet's attention to proposed action #5, which officers explained was a proposed options paper on policy changes and introduction of new powers to enforce against undesirable behaviour. Stephen asked that this work be expedited and its timescale reviewed.

Following a wide-ranging discussion on matters relating to recycling and waste, the following potential solutions were voiced by Cabinet members:

- A focus on quick wins to realise the additional investment to be agreed as part of the 24/25 budget, is preferred.
- Communications – continue work with partners including schools and faith groups to promote good behaviours. It was noted young people play a key role to influence recycling behaviour in households, but measuring the impact of communications work with schools was very challenging. A children-focussed online information resource could assist with this.
- More emphasis on BAME media outlets could provide additional value.
- Garden waste – many individual house residents had yet to opt-in to the collections. Options were being explored for ground floor flats collections.
- Improvements to the Council's online waste and recycling information, which Cabinet members noted was very good.
- Smarter joined-up working between the Council and front line roles on estates such as caretaking services in council-managed homes.
- Incentivisation or reward schemes.
- Greater use of recycling champions.
- Food redistribution schemes, perhaps including app-based technology.
- Working with housing partners and RSLs and leveraging influence from Tower Hamlets Housing Forum (THHF) to create synergies.

The Mayor welcomed the report and the innovative suggestions from officers and Cabinet members. He stressed that cleanliness of the borough was a major concern of residents and a key priority for his administration. He expressed hope that following the action plan and accompanying additional investment to be agreed at the Budget Council meeting, recycling rates would quickly improve.

RESOLVED that the Mayor in Cabinet:

1. Notes the Reduction and Recycling Plan 2023-2025, Quarter 3 2023 Progress Report.

6.4 Beatrice Tate School Expansion - 41 Southern Grove, London E3 4PX

Councillor Maium Talukdar (Deputy Mayor and Cabinet Member for Education, Youth and Lifelong Learning) introduced the report that requested approval for budgetary increase and award of contract to enable a permanent extension to the Beatrice Tate school to provide additional places for disabled pupils.

The Mayor and Cabinet welcomed the report and proposals, which they indicated would provide much-needed educational facilities as well as housing provision on the Southern Grove site.

RESOLVED that the Mayor in Cabinet:

1. Approves an increase in budget from £4,050,000 to £6,498,047 from the Higher Needs Capital Provision Allocations (HNCPA) grant and Education funding sources as set out in the details of the report.
2. Approves the contract award to Alexander James Limited for the construction of the extension for the tendered contract sum of £5,503,122 as recommended by the Employers Agent and set out in the Commercial Price Evaluation Report (Appendix 1 to the report).
3. Notes the Equalities Impact Assessment as set out in Paragraph 5 of the report.

7. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT

Nil items.

8. EXCLUSION OF THE PRESS AND PUBLIC

A motion to exclude the press and public was not required.

9. EXEMPT / CONFIDENTIAL MINUTES

Nil items.

10. OVERVIEW & SCRUTINY COMMITTEE

10.1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business

Nil items.

10.2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee

Nil items.

11. EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION

Nil items.


12. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT

Nil items.

The meeting ended at 6.45 p.m.

Mayor Lutfur Rahman

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Cabinet 27 March 2024	 TOWER HAMLETS
Report of: Simon Baxter Corporate Director, Communities	Classification: Open (Unrestricted)
Fixed Penalty Notice Increase for Environmental Crime	

Lead Member	Councillor Kabir Hussain, Cabinet Member for Environment and the Climate Emergency
Originating Officer(s)	Ashraf Ali, (Interim Director Public Realm)
Wards affected	(All Wards);
Key Decision?	Yes
Reason for Key Decision	Significant impact on wards
Forward Plan Notice Published	22/11/2023
Exempt information	N/A
Strategic Plan Priority / Outcome	All priorities

Executive Summary

To help reduce environmental crimes of fly-tipping, littering, graffiti, and flyposting local authorities have new powers from July 2023 to increase the maximum fixed penalty levels for these offences. This will act as a more effective deterrent to reduce this type of illegal and antisocial behaviour.

This report sets out options and recommendations for these penalties, including early payment discounts. In setting penalties, we are expected to consider the negative impact of offences, the need for tougher action to drive behavior change and an appropriate level that takes account of local circumstances, including ability to pay.

These changes support wider plans to improve waste, recycling and cleansing across the borough, with increased focus on education, advice and community engagement alongside enforcement action.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Adopt new levels for fixed penalty notices (FPNs) for offences related to littering, graffiti/fly-posting, fly-tipping, and breach of the household waste duty of care and to set discount levels and periods as detailed in the table below.

Description of offence	Proposed FPN level	Proposed discounted FPN level (payable within ten days of issue)
Depositing litter	£500	£250
Graffiti and fly-posting	£500	£250
Household waste duty of care offences	£600	£300
Fly-tipping	£1,000	£500

3 REASONS FOR THE DECISIONS

- 3.1 Environmental crimes of fly-tipping, littering, graffiti and flyposting continue to have a negative impact on the cleanliness, environmental quality and quality of life across the borough.
- 3.2 These crimes costs the council extra money on clean-up costs, reduce environmental quality and cause environmental damage.
- 3.3 Our 2023 resident survey highlights a decrease in satisfaction with street cleansing. From 58% to 54% of respondents reporting cleanliness in the borough as good. Given that nearly half of reported problems about cleansing relate to fly tipping this remains a high priority to improve.
- 3.4 We are committed to improve our waste and recycling services as well as to help people manage their waste. However, whilst we help people with improved education, advice and more effective community engagement, increased fixed penalties will support more effective and efficient enforcement to drive compliance.
- 3.5 The FPN provides an alternative to other enforcement options and prosecution. It allows an individual to discharge their liability for the relevant offence by payment of a financial penalty. There is no obligation for the Council to offer an offender the option to discharge liability through an FPN. However, for some cases and offences, it can be more proportionate than proceeding with a prosecution through the courts. An FPN is offered as an alternative to prosecution for a variety of offences and the proposed penalty levels can vary. The legislation itself provides the levels or ranges at which an FPN must be set.
- 3.6 The aim of increasing the FPN to the maximum amounts with a 50% discount acts as a deterrent to offending, encourages payment and reflects local

economic circumstances across the borough. It offers the following advantages/disadvantages

Advantages:

- The higher level of FPN may act as a deterrent to offending.
- The increase would demonstrate to the public and businesses that the Council is determined to reduce offending and improve the cleanliness.
- Offering the 50% discount is an incentive to pay and reflects local circumstances, including ability to pay.

Disadvantages:

- Offenders may not be able to afford the higher level of FPN or opt to risk a lower level of fine if prosecuted.
- Increase in offenders challenging the FPN through the representation process, resulting in additional work for officers.
- The resources required in waste enforcement and legal services to prepare and take prosecutions may increase, thus increasing the cost to the Council in bringing cases to court. It should be noted that the Council will often recover a reasonable proportion of its costs, in the event of a prosecution.

4 ALTERNATIVE OPTIONS

4.1 Amend the proposed levels of FPN and/or discount periods.

4.2 Retain the current levels of FPN.

5 DETAILS OF THE REPORT

Duties and responsibilities

5.1 Local authorities have a statutory duty to keep land they are responsible for clear of litter and refuse. We do this via our waste, recycling and cleansing services.

5.2 We are also responsible for taking enforcement action to tackle environmental crime, such as fly tipping, litter, graffiti and flyposting. In carrying out this work we are expected to comply with national guidelines. To combine enforcement with education in order to change behavior.

5.3 Our Environmental Services Officers and Tower Hamlets Enforcement Officers (THEO's) are responsible for this enforcement work. They operate on shift and rota's to ensure we provide adequate resources 7 days per week, inside and outside of normal working hours.

5.4 Our teams deal with reported problems as well as targeting hotspots via patrols and improved use of CCTV cameras to allow 24-hour monitoring of problem locations.

- 5.5 We respond to offences with a variety of education, advice and enforcement actions. Investigations lead to issuing of warning letters, follow up inspections, issuing of statutory notices, fixed penalty notices and prosecutions.
- 5.6 Fixed penalties provide enforcing authorities with an effective and visible way of responding to environmental crimes, and provide a lower-cost alternative to prosecution in the magistrates' courts.
- 5.7 Many local authorities have found taking cases to court has cost significant time and resources without adequate fines being issued by magistrates. National studies (by the LGA) highlight that a court fine for fly-tipping should amount to over £3,600 but the average fine for 2020/2021 was just £335.

Enforcement made easier

- 5.8 To help tackle antisocial behavior and waste crime, central government increased the upper limits for various FPNs from 31 July 2023.
- 5.9 This is aimed at helping improve enforcement carried out by local authorities. It supports improved education, awareness and enforcement penalties that are more likely to drive behavior change and compliance.
- 5.10 The upper limit on fines for fly-tipping can rise from £400 to £1000. The maximum fine for littering from £150 to £500. Fines handed out to those who breach their household waste duty, by allowing unregistered waste carriers to remove and potentially dump waste can also increase from £400 to £600.
- 5.11 The table below details the current LBTH levels, previous penalty levels and the level of penalty under the new regulations.

Offence Code	Description of offence	LBTH		Previous Government Penalty Levels				New Government limits for Penalty Levels			
		Current Full Penalty	Current Discounted Penalty	Minimum Penalty	Default Penalty	Maximum Penalty	Minimum Discounted Penalty	Minimum Penalty	Default Penalty	Maximum Penalty	Minimum Discounted Penalty
CN1	Depositing litter	£80	£50	£65	£100	£150	£50	£65	£100	£500	£50
CN4	Graffiti and fly-posting	£80	£50	£65	£100	£150	£50	£65	£100	£500	£50
EP1	Household waste duty of care offences	£200	n/a	£150	£200	£400	£120	£150	£200	£600	£120
F1	Fly-tipping	£400	n/a	£150	£200	£400	£120	£150	£200	£1,000	£120

Benchmarking

- 5.12 Officers have reviewed the proposed FPN amounts being considered by other local authorities, through discussions with the North London Enforcement Managers forum. In addition to reviewing levels set by other Council's within London and England.

5.13 Through the benchmarking exercise carried out, new FPN ranges being considered for littering are between £300-£500, Graffiti/Fly-posting are between £250-£500, Fly-tipping is between £600-£1,000, and Household duty of care is between £400-£600.

5.14 The table below show only two other neighbouring Council's who have set their new environmental FPN amounts and one other London Council who have set the FPN rates. Other councils are either going through the process or not currently changing their FPN levels.

Benchmarked new FPN amounts	Section 87/88 LITTERING		Section 43/44 ASB GRAFFITI/FLYPOSTING		Section 33za FLYTIPPING		Section 34 Domestic DUTY OF CARE	
	Full amount	Early payment discount	Full amount	Early payment discount	Full amount	Early payment discount	Full amount	Early payment discount
Tower Hamlets	£500	£250	£500	£250	£1,000	£500	£600	£300
Enfield	£500	£250	£500	£250	£1,000	£500	£600	£500
Waltham Forest	£300	£200	£300	£200	£750	£500	£600	£500
Wandsworth	£300	£150	n/a	n/a	£1,000	£500	n/a	n/a
Redbridge	£200	£150	£500	£300	£1,000	£500	n/a	n/a

Setting a new level of penalty

5.15 The council has the discretion to set the FPN level up to the maximum permitted, and whether or not to set a discounted rate and, if so, at what level and the period within which the discounted rate may be paid.

5.16 The discounting of fixed penalty notices encourages quick payment and is accepted practice for a range of offences.

5.17 A discounted rate set at an appropriate level reduces the amount of cases progressing to court which is resource intensive, whilst still encouraging behaviour change to prevent recurrence of the offence. It is recommended that a discounted rate is adopted for fly-tipping and household duty of care, and for littering, graffiti/fly-posting FPNs, new discounted rates are set as recommended. It should be noted that in respect of the fly-tipping and breach of the household waste duty of care FPNs, the minimum discount is set by statute at £120.00.

5.18 If it is accepted that a discounted rate remains, it is the level of discounted rate that is important as the maximum rate will only be paid if the FPN is not dealt with in a timely manner. Therefore the maximum rate can be set at the proposed higher level.

Important considerations

- 5.19 In the 2023 Anti-social Behaviour Action Plan, the government set out that it wanted councils to take a much tougher stance on these forms of environmental offences and therefore set out new upper limits for FPNs.
- 5.20 Fly tipping, breach of household waste duty of care, graffiti and fly-posting offences require clearing or cleaning at large expense to the council and other landowners. It is proposed that the FPN amount be set at the highest rate with a discount to make early payment attractive without diluting too much the financial penalty for such offences.
- 5.21 If the person issued with an FPN wishes to dispute the offence, they can choose not to pay it and the expectation is that a prosecution for the offence will follow. The risk of setting the FPN at the maximum amount is that the offender ends up in the court because they cannot afford to pay the FPN and not because they wish to object to the service of the fixed penalty notice. There is, therefore, a risk that people facing financial hardship could be disadvantaged by a high level of FPN. Heavily discounting the full amount of FPN for early payment would reduce the risk of this inequity, whilst still maintaining an effective financial penalty that encourages behavioural change.
- 5.22 The council does not accept payment by instalments or payment plans due to the associated costs with administering such a system. Payment for FPNs can only be accepted by the council for the relevant amount (either full or discounted rate depending on the time since it was issued). However, in cases of extreme financial difficulties, officers will continue to have discretion to be able to extend the lower threshold payment period (subject to legal restrictions) and will work together with those issued FPNs to avoid prosecution where possible. To ensure that there is suitable time for cases to go to court, officers will be allowed to extend payment periods for cases of littering, and fly-tipping and household waste duty of care in such cases.
- 5.23 Offenders do not have to pay an FPN given to them (which discharges their liability to conviction for the offence), and the council cannot make anyone pay an FPN. There is no right of appeal to any FPNs. However, where FPNs are not paid, the expectation is that a prosecution will follow.
- 5.24 Whilst there is no legal right of appeal to any FPNs, the council does have a representation process in place. This provides opportunity to recipients to highlight any material errors within the FPN documentation or why they should not have been issued with the FPN.

Definitions of offences and our approach to enforcement

- 5.25 We will deliver improved education and advice to clarify our approach to tackling environmental crime. To help people understand what constitutes an environmental crime covered by these powers and our enforcement approach. We will make it clear through improved education and advice, what to do and want not to do and the consequences for being caught committing an offence.

5.26 **Littering** - A person is guilty of an offence if he throws down, drops or otherwise deposits any litter in any place open to the air to which the public have access without authorisation and leaves it. The council operates a zero-tolerance approach to litter and has done so for many years.

5.27 As shown in the recent 2023 annual residents survey, litter/dirt in street is the third highest personal concern for 30% of residents, up by 2% from the previous 2019 survey.

5.28 The number of littering FPNs issued by the council is shown below:

Year	No. of Littering (CN1) FPNs issued:	No. of FPNs Paid:	% of FPNs paid	No of Representation received	Reps received %	Total FPNs cancelled / withdrawn	% of FPNs Cancelled / Withdrawn	no Un F pros
2020/21 total	250	188	75.20%	28	11.20%	4	1.60%	
2021/22 total	111	77	69.40%	6	5.41%	1	0.90%	
2022/23 total	47	14	29.79%	5	10.64%	7	14.89%	
2023/24 total	145	93	64.14%	0	0.00%	0	0.00%	

5.29 **Household waste duty of care:** Under the Environmental Protection Act 1990, all occupiers of domestic properties are required to take reasonable measures to ensure that waste produced on their property is only transferred to an authorised person. An authorised person is defined in law and includes the council waste collection service (i.e. bulky waste collection), a registered waste carrier (i.e., an authorised skip company) or an operator of a registered site. This reduces the risk of domestic waste ending up in the hands of those who would fly-tip it.

5.30 Nationally two thirds of fly-tipping incidents involve household waste, often as a result of an individual breaching their duty of care to ensure their waste is taken away by an authorised carrier. The household waste duty of care FPN is intended to reduce the flow of waste to those, who would go on to dispose of it illegally or fly-tip it. The FPN allows a more proportionate approach to enforcement, both for the council in costs of enforcement, and for householders in size of penalty and avoiding a criminal record.

5.31 Examples of where the household waste duty of care has been breached include (but is not limited to):

- a. Where fly-tipped waste can be traced back to an individual, who is found to have failed to take reasonable steps to ensure that they have transferred the waste to an authorised person.
- b. Where an unauthorised carrier is found to be carrying household waste that was directly transferred to them by the occupier of a domestic property; or

- c. Where an individual is found to have transferred their household waste to an unauthorised person, at a site that does not have a permit or exemption.
- 5.32 When household waste is fly-tipped (illegally dumped), individuals have a chance to show they made a good effort to find a licensed waste carrier. This means checking if the carrier has a valid license and ensuring they handle the waste properly. If the fly-tipped waste is linked back to someone and they can't identify the carrier, or the carrier they name isn't authorised, then it's likely they haven't fulfilled their duty of care responsibilities.
- 5.33 Examples of evidence which can be used to demonstrate an occupier of a domestic property met their duty of care can include, but is not limited to:
- a. Details of business and of any vehicle used which can be linked to an authorised operator.
 - b. A record of checks made, including operators' registration, permit or exemption number.
 - c. A receipt for the transaction which includes the businesses details of a registered operator; or
 - d. A copy of photograph of the carrier's waste license or site permit.
- 5.34 For the household waste duty of care FPNs there is no right of appeal (which is the case for the other environmental FPNs issued by the council). However, with the household waste duty of care FPN, there is the right to challenge the appropriateness of the enforcement; or to dispute the alleged offence. An alleged offender, issued an FPN, would be entitled to make representations, which the council will be required to consider, in conjunction with the evidence of the case. Any such representations would be considered in line with the council's existing FPN representation process. This process would remain in place with the changes made.
- 5.35 **Fly-tipping** is defined as the 'illegal deposit of any waste onto land or water that does not have a licence to accept it'. This includes household, industrial and commercial waste. The waste can be liquid or solid.
- 5.36 Whilst the impact and unacceptability of littering is more widely understood, research by Keep Britain Tidy highlights confusion over fly tipping. Nearly half of reported or observed incidents are from residential properties.
- 5.37 Anything illegally dumped from a single black sack, mattress or old fridge to any commercial waste is accepted to be a fly tip. This would exclude waste that has been put out for collection as part of the council's scheduled collection.
- 5.38 Apart from domestic waste which is collected by the council, residents have to ensure that they dispose of their other waste lawfully by either taking it themselves to a legal household recycling centre, or arranging for it to be collected by a waste carrier licensed by the Environment Agency. There are stricter controls in place with regard to waste produced by businesses. FPNs are only available for low level (small) fly tips. Larger fly tips should be dealt with via prosecution.

- 5.39 Fly-tipping in the borough remains a problem that our residents are concerned about. The table below shows crew reported fly tips and reports from the public. Whilst the crew reported fly tips doubled between 2021-22 and 2022-23, this was due because we reviewed data collection methods. However, the number of public reported fly-tips and crew reported incidents are on the decrease as a result of an increase in enforcement action by the Environmental Services Team.

Fly-tipping Incidents	Crew Reported	Public Reported	Enforcement Action
2021-22	8,199	8,937	9,277
2022-23	15,861	6,609	20,366
23-24 (Q1 - Q3)	5,111	4,508	18,876

- 5.40 According to the data collected over the last two years, more than half the waste investigated is domestic waste. This means that more than half the waste found out on the highway has been put out for collection. Often at the wrong time. This is often reported as fly-tipping by members of the public. The table below shows a breakdown of investigation data:

Waste Investigations	Trade	Domestic	Mix	Total
2022/2023	7,791	6,578	1,429	15,798
	49%	42%	9%	
2023/2024 Q1-3	6,955	7,663	2,371	16,989
	41%	45%	14%	

- 5.41 Most of the waste investigated does not result in further enforcement action because of a lack of evidence. To support enforcement further, a number of actions are being taken. The Council has acquired further deployable CCTV cameras for temporary deployment in fly tip hot spot locations around the borough, whilst also utilising static CCTV to aid in the detection of fly-tipping, and gathering evidence. The cameras will also allow the officers to gather evidence against residents and businesses presenting waste for collection outside of prescribed time. This is proving to be an effective deterrent, and aid to catching people in the act.
- 5.42 The deployable CCTV cameras will be erected for temporary periods and signs will be put up to warn people of their use. This will act as a deterrent but capture any fly-tipping offences and may also capture other anti-social behaviour in the area. The cameras will be operated by Environmental Services Team and the use of the cameras may also be shared with the Community Safety Team for the detection of ASB.
- 5.43 More communication advising residents of the correct time and place to present their waste for collection is planned for the New Year. This will be accompanied by an increase in duty of care visits to businesses to ensure they have the appropriate contract in place to dispose of their waste lawfully.

- 5.44 **Graffiti and fly-posting** are significant problems within the borough, which suffers from lots of tagging and street art. Vandals target street furniture and shop shutters, walls etc. Tower Hamlets for years have attracted professional and international graffiti artists. Graffiti is mainly concentrated on the West side of the borough, though the presence of graffiti and fly-posting can be seen throughout.
- 5.45 FPNs can be issued to individuals who are caught in the acts of committing graffiti or erecting flyposting. These activities have significant and detrimental impact on the local community within Tower Hamlets. The proposed level of FPN should act as a deterrent for taggers. The preferred course of action in more serious instances of graffiti and serial vandals would be to prosecute for the offences as this enables the recovery of removal costs.
- 5.46 The increase in FPN amounts will be communicated through the council's website, social media platforms, and other media. Officers will continue to educate and warn residents and businesses through door knocking, duty of care visits, issue leaflets and advice on how to present their waste lawfully.

Timetable for Implementation

- 5.47 The changes to the maximum available level of FPNs came in to force on 31 July 2023. The proposal is for Tower Hamlets to adopt its new level of FPNs and changes to payment schedule from 1st May 2024. This is to allow one month of intense communication campaign to publicise the increase in FPN amounts for environmental crime offences.

6 EQUALITIES IMPLICATIONS

- 6.1 Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:
- Race
 - Disability
 - Gender, including gender reassignment.
 - Age
 - Sexual Orientation
 - Pregnancy and maternity
 - Religion or belief
- 6.2 An equality impact analysis screening has been completed and has not identified any negative impacts on people within the protected characteristics. It only changes FPN levels, and does not introduce a new service or policy requiring an accompanying EQIA. However, if people feel they are negatively impacted by the issuing of an FPN these concerns can be considered as part of the representation process.

7 OTHER STATUTORY IMPLICATIONS

- 7.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are

required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

7.2 These recommendations support delivery of the council's statutory functions to improve environmental quality, value for money and crime reduction.

7.3 This decision should have a positive impact on crime and disorder as it will act as a deterrent to people to commit crimes and enables the Council to issue penalties to those who do commit environmental crimes.

8 COMMENTS OF THE CHIEF FINANCE OFFICER

8.1 The report is seeking approval of a new fee structure for fixed penalty notices for environmental crimes, namely fly-tipping, littering, household waste duty of care, graffiti, and flyposting, which came into force under The Environmental Offences (Fixed Penalties) (England) Regulations 2023 ("the Regulations") on the 31st July 2023. These revised charges outlined in para. 6.1 are proposed following the Government increasing the cap for such fines.

8.2 The proposed fines represent the maximum fine that could be imposed.

8.3 It is difficult to accurately calculate the impact on income from the fines, as it is dependent on levels of enforcement activity and collection rates. There is a potential that there could be a reduction in income, with the larger penalties being a deterrent to committing environmental crimes. The impact on budgets will be monitored throughout the year.

9 COMMENTS OF LEGAL SERVICES

9.1 Fixed Penalty Notices (FPNs) have long been used as a statutory alternative to prosecution for a number of offences although it is only relatively recently that the use of FPNs has been extended to offences such as fly-tipping or breach of the waste duty of care.

9.2 The use of FPNs for environmental offences allows for authorities to deal with less serious offences in a proportionate manner. Fly-tipping, for example, can cover a wide variety of scenarios, ranging from one black bag of waste improperly deposited on the highway to a large-scale dump of building waste on the highway. The use of FPNs means that only those cases that warrant a prosecution will be prosecuted and that the less serious offences can be dealt with in a more proportionate manner.

- 9.3 The Environmental Offences (Fixed Penalties) (Amendment) (England) Regulations 2023 (“the Regulations”) amend the FPN levels in relation to offences of fly-tipping, breach of the household waste duty of care, littering, and graffiti. In respect of fly-tipping and breach of the household waste duty of care, the lower limit of the FPN remains fixed at £150.00. The maximum amount has been increased to £1,000.00 for fly-tipping and to £600.00 for breach of the household waste duty of care. These are substantially lower than the potential fines that can be imposed by the courts.
- 9.4 For littering offences and graffiti offences, the range is £65.00 to £500.00.
- 9.5 It is common for an FPN provision to allow a discounted rate for early payment. This acts as an incentive to the recipient to pay at the earliest opportunity. The authority may also be permitted to specify the period within which payment of a discounted rate will be accepted. In some instances, the statute may also address the discounted amount. In the case of an FPN issued for fly-tipping or breach of the household waste duty of care, the statute provides that the discount cannot be less than £120.00.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices


- NONE.

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE.

Officer contact details for documents:

Simon Baxter, (Interim Director Public Realm)

<p>Cabinet</p> <p>27 March 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Julie Lorraine, Corporate Director of Resources</p>	<p>Classification: Unrestricted</p>
<p>Budget Monitoring 2023/24 Quarter 3</p>	

Lead Member	Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living
Originating Officer(s)	Abdulrazak Kassim – Director of Finance, Procurement and Audit John Harrison – Interim Director of Finance, Procurement and Audit Ahsan Khan – Strategic Head of Finance (Chief Accountant)
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	N/A
Reason for Key Decision	N/A
Strategic Plan Priority / Outcome	All Strategic Plan 2022-26 priorities

Executive Summary

The General Fund budget forecast at this stage in the financial year (Quarter 3), if accepted with no further action taken, indicates a forecast general fund under spend of £0.1m, a favourable movement of £4.3m compared to the Quarter 2 forecast reported position of £4.2m overspend. This forecast is after the Directorates requested use of earmarked reserves at quarter 3 totalling £19.4m (previously forecast and planned to be £14.5m as part of the 2023/24 budget setting process reported to full council in March 2023). This is a good forecast financial performance for the council given the nationally recognised pressures faced by the council including, but not limited to, major overspend variances due to demand service-based pressures totalling £10.3 million related to Homelessness (£3.9m), Adult Social Care (£3.2m) and Special Education Needs (SEN) (£3.2m).

Total savings target for 2023/24 is £15.5m which includes previous years' slipped savings. Of which, £12.3m is identified as being on track to deliver savings, a net position of £2.1m is forecast to slip into future years due to timing issues and £1.1m has been identified as unachievable.

The Quarter 3 forecast outturn General Fund capital expenditure for the year is £84.8m, which represents 95% of the revised 2023/24 capital budget of £88.9m (subject to full council approval in February 2024), resulting in a forecast variance of £4.1m. The Quarter 3 forecast outturn HRA capital expenditure for the year is £65.1m, which represents 90% of the revised 2023/24 capital budget of £72.2m (subject to full council approval in February 2024), resulting in a forecast variance of £7.1m.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the council's position and consequent forecast outturn as at 31st December 2023, against General Fund Budget (£0.1m underspend) Dedicated Schools Grant Budget (£0.3m overspend), Housing Revenue Account (£0.1m underspend).
2. Note the actions taken to date to address the demand pressures as set out in Appendix A, Section 3.2.
3. Note the progress made against the 2023-24 savings targets, based on forecasts as of 31st December 2023.
4. Note the council's forecast outturn position against General Fund and Housing Revenue Account capital programme approved budgets for 2023-24, based on forecasts as of 31st December 2023.
5. Approve the anticipated net slippages of £6.7m and net overspends of £2.6m across the General Fund capital programme and net slippages of £7.2m and net overspends of £0.1m across the Housing Revenue Account capital programme as detailed in section 3.13 and 3.14 below.
6. Note that there are no equalities implications directly resulting from this report, as set out in Section 4.

1 REASONS FOR THE DECISIONS

- 1.1 The regular, timely and accurate reporting of Revenue and Capital Budget Monitoring information through the year is a key financial control. It makes visible variations to budget to inform decision making and enable the council to take timely mitigating actions.
- 1.2 It is important that issues driving variations to budget are understood, challenged and addressed so that the council remains both within the approved budget envelope and on track to delivering the plans Members budgeted for.

2 ALTERNATIVE OPTIONS

- 2.1 The council could choose to monitor its budgetary performance against an alternative time frame, but it is considered that the reporting schedule provides the appropriate balance to allow strategic oversight of the budget by Members and to manage the council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service directors and the council's CMT including approval of management action.

3 DETAILS OF THE REPORT

- 3.1 On 1 March 2023, council agreed a general fund budget of 445.5 million, which required delivering savings of £15.5m. The overall savings requirement included elements of slippage from previous years where the Council had been unable to deliver its savings targets during the period. The current progress made against savings targets is detailed contained in Appendix B.
- 3.2 The budget forecast at this stage in the financial year (Quarter 3), if accepted with no further action taken, indicates a forecast general fund under spend of £0.1m. This forecast is after the Directorates requested use of earmarked reserves at quarter 3 totalling £19.4m (previously forecast and planned to be £14.5m as part of the 2023/24 budget setting process reported to full council in March 2023). This is a good forecast financial performance for the council given the nationally recognised pressures faced by the council including, but not limited to, major overspend variances due to demand service-based pressures totalling £10.3 million. The key drivers of this overspend are Homelessness, Adult Social Care and Special Education Needs (SEN).
- 3.3 **Homelessness (£3.9m) – (Q2 – £2.7m, an adverse position of £1.2m)**
As rents in Tower Hamlets are above LHA rates, the housing options service incurs a HB subsidy loss on each placement, incurring the council a significant deficit, which the council does not have control over. The budget is supported by annual government grant totalling £9.3m. It is assumed these grants will be applied in full during the year and it is proposed to drawdown £3m in-year from these reserves to partially mitigate the overspend position. After applying grants and reserves still leaving an overall adverse variance of £3.9m. This is a £1.2m increased forecast overspend from Quarter 2, due to continued forecast increased demand for Temporary Accommodation. The service is taking actions to mitigate these budget pressures including supporting improvements in the service through recruitment campaigns, taking part in London wide initiatives and identifying additional units and resources available to mitigate Temporary Accommodation pressures, taking intervention to increase the supply of the private rented sector and facilitating better strategic working.
- 3.4 **Adult Social Care (£3.2m) – (Q2 – £2.2m, an adverse position of £1.0m)**
Care and Support Plan Assurance Meetings (CSPAM) data clearly demonstrates the increasing needs and complexities of clients, with additional packages being required to meet growing demand. The total allocated

demographic growth (for new packages) for 2023-24 is £4.0m. For quarter 1-3 in 2023-24 a total of £3.4m demographic growth funding had been applied, with assumption, full funding allocation will be utilised. The majority of the demographic growth funding has been utilised on new clients in receipt of Homecare Services. A £4.4m inflation budget has been allocated on top of existing Market Sustainability, Improvement Grant funding of £2.2m which has been used to pay for the inflationary uplifts to care providers and a further £1.5m pressure still existing on top to be funded from reserve resulting in a £1.0m increased forecast overspend from Quarter 2. The Adult Social Care Transformation and Improvement Programme has been put in place to reduce costs in the medium to long-term and achieve a more sustainable financial position for the service. Business cases for technology enabled care and increasing housing with support options will come through in the new year.

3.5 Special Educational Need (SEND) pressures including transport (£3.2m) – (Q2 - £2.4m, an adverse position of £0.8m)

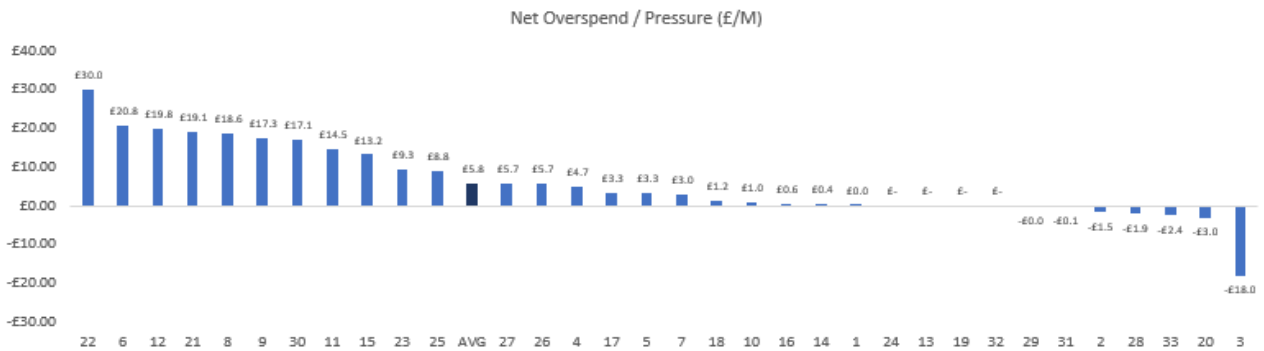
SEND pressures are the greatest concern and continue to increase with a clear link to the impact of the pandemic upon children's development, with unprecedented increases in the number of referrals for EHCP's. Whilst the costs associated with the delivery of EHCPs are met from within the DSG there are several services that relate to these increases that are met from within the General Fund including, our statutory responsibilities in relation to assessments and annual reviews. These costs have significantly increased with the need for additional staff in Education Psychology and SEN casework (including the use of locum and interim staff), to keep pace with the rising demand. There also continues to be significant increases in SEN transport costs, both with increased volumes of children accessing transport and the large increase in fuel costs and London ULEZ surcharges for private hire vehicles resulting in a £0.8m increased forecast overspend from Quarter 2. Whilst a few mitigations have been introduced to facilitate personnel budgets and accelerate the programme of travel training this is not keeping up with the volume growth.

3.6 As reported in Quarter 2, The Council is undergoing a transformation programme to make sure we are achieving the council's agreed priorities, Mayor's ambitions for the borough and the objectives set out in the Strategic Plan in a more efficient and financially sustainable manner. Boards have been set up to drive the transformation and achieve those efficiencies detailed in our Medium-Term Financial Plan (MTFP). These boards have been set up to bring much more rigour to the financial management process and to introduce additional controls in the way the council spends its money. Another aspect of transformation taken to meet the Mayor's ambitions for the borough, drive efficiencies and to aid in financial control has been to re-organise the council, with a new council structure going live in August 2023. There is evidence the transformation programme is beginning to embed within the organisation, notably through the improved overall forecast General Fund outturn position reported through the year, and from Quarter 2 to 3, an overall decrease in forecast overspend by £4.3m.

- 3.7 The council has experienced challenges in previous years relating to slippages and non-achievement of savings targets, leading to overspends for the council which have largely been mitigated through the use of savings/efficiencies generated elsewhere in the council or one-off reserves. This is not sustainable and savings targets will need to be closely monitored through the year to ensure urgent action is taken where savings are not being achieved through substitution of savings or reduced growth to maintain the robustness of the councils financial position moving forward. Total savings target for 2023/24 is £15.5m which includes previous years' slipped savings. Of which, £12.3m is identified as being on track to deliver savings, a net position of £2.1m is forecast to slip into future years due to timing issues and £1.1m has been identified as unachievable, summarised as follows;

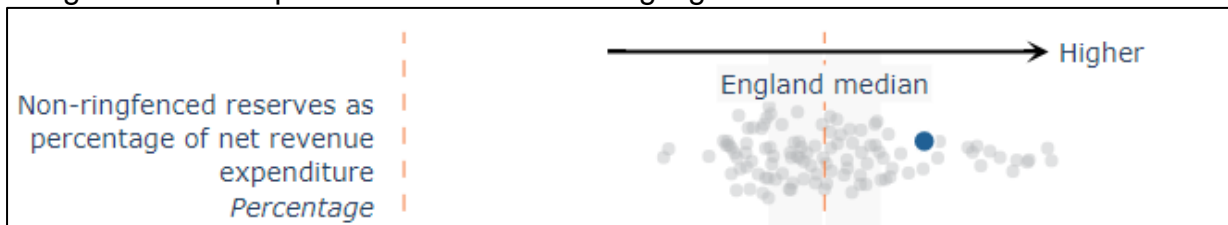
Services	2023/24 Target £m	Prior Year Slippage £m	Saving Target £m	Forecast Savings £m	Slippage £m	Under Recovery £m
	A	B	C = A + B			
Health and Adult Social Care	2.6	-	2.6	2.6	-	-
Children's Services	2.5	0.1	2.6	2.6	-	-
Housing and Regeneration	4.7	0.3	5.0	2.8	2.1	0.1
Chief Executive's Office	0.3	-	0.3	0.3	-	-
Resources	1.0	0.2	1.2	1.2	-	-
Communities	2.3	-	2.3	2.3	-	-
Cross-Directorate	1.0	0.5	1.5	0.5	-	1.0
Total	14.4	1.1	15.5	12.3	2.1	1.1

- 3.8 Based on the Quarter 3 forecast, total general fund balance and reserves without restrictions are projected to remain within tolerable limits in the short term at a total £85.4m by the end of the year as shown in Section 5 of Appendix A. Therefore, at this stage the council can demonstrate financial resilience which importantly provides time to progress corresponding recurring savings/underspends to replace shorter term sources of funding which has helped offset much of the demand pressures to date.
- 3.9 By way of comparison and illustrative context the Quarter 3 Budget Monitoring Survey produced by London Councils shows similar significant external pressures being faced by local government. Due to a combination of strong financial oversight and the actions taken by the Council as set out in section 3.2 of Appendix A, the Table below demonstrates Tower Hamlets remains in a comparatively strong position with a reported forecast net underspend of £0.1m for Quarter 3, projected well below the average of £5.8m net overspend reported across all 33 London Councils who participated in the survey in Quarter 3.



3.10 Government indicators from Oflog benchmark Councils' Non-ringfenced reserves. This data is for the 2021/22 financial year and shows Tower Hamlets in the top 25% of local authorities for the size of its reserves. This shows that the Council had a comparatively high level of non-ringfenced reserves in comparison to other authorities and as such was well placed to weather a storm with some short-term reliance on reserves to support revenue expenditure.

Oflog Indicator Graph with Tower Hamlets Highlighted:



3.11 Forecast outturn on the spend within the Dedicated Schools budget is an overspend of £0.3m. However, this budget is exceptionally volatile with the main variable related to spend on individual high needs arrangements for children with SEND. We have seen large increases in the number of referrals for assessment with the majority of those progressing to a full plan with additional cost. Current demand trends indicate that without larger than forecast growth in DSG allocations than we will not be a position to reduce the accrued DSG deficit that has been bought forward. This position is in common with the majority of Local Authorities, and we wait a direction on a longer-term solution from government.

3.12 The Housing Revenue Account is forecasting an underspend of £0.1m when compared with budget. It is assumed that this balance will be transferred to general HRA balances at year-end. Variances in the HRA relate to delegated budget, which is forecasting a year-end adverse variance of £3.2m, the non-delegated budget is forecasting a year-end adverse variance of £1.3m and technical adjustment budgets are forecasting a favourable variance of £3.6m. Further details are provided in Appendix A, section 4.

3.13 The Quarter 3 forecast outturn GF capital expenditure for the year is £84.8m, which represents 95% of the revised 2023/24 capital budget of £88.9m (subject to full council approval in February 2024). The forecast variance of £4.1m is due to forecast net slippages of £6.7m and net overspends of £2.6m across the

programme. The capital projects driving the forecast net overspend largely relate Public Health centres/facilities (£1.6m). Further details of the Quarter 3 GF forecast outturn capital monitoring position at programme level is provided in Appendix A, section 10 as well as Appendix C.

- 3.14 The Quarter 3 forecast outturn HRA capital expenditure for the year is £65.1m, which represents 90% of the revised 2023/24 capital budget of £72.2m (subject to full council approval in February 2024). The forecast variance of £7.1m is due to expected net slippages across the programme (£7.2m) and net overspends of (£0.1m). The capital projects driving the forecast net overspends largely relate to HRA new council homes schemes (£0.1m). Further details of the Quarter 3 HRA forecast outturn capital monitoring position at programme level is also provided in Appendix A, section 10.
- 3.15 Although the council is operating in a challenging financial environment, much of it driven by external factors, such as high inflation and interest rates, our financial strategy remains focussed on securing long-term sustainability and as such delivery of our identified savings in parallel with the accelerated identification of future savings requirements remains a key area of action across the organisation, in order to achieve a sustainable balanced position across the medium term.

4 EQUALITIES IMPLICATIONS

- 4.1 There are no equality implications directly resulting from this report.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

- 5.2 There are no other statutory implications contained in this report.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The attached report is primarily financial in nature and the financial implications of the issues raised have been included in the report and its associated appendices.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The council's chief finance officer has established financial procedures to ensure the council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report
- 7.2 The monitoring of financial information is also a significant contributor to meeting the council's Best Value legal duty and therefore this report complies with that legal duty.
-

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix A: Budget Monitoring Report 2023-24 as at 31st December 2023 (Period 9)
- Appendix B: Summary MTFS Savings Tracker 2023-26
- Appendix C: Detailed General Fund (GF) 2023-24 Q3 Capital Forecast by Programme

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

- None

Officer contact details for documents: N/A

Appendix A

Budget Monitoring Report 2023-24 as at 31st December (Period 9)

	Section	Page
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<i>Directorate positions</i>		
Children's Services	2.1	6
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Savings	9	47
Capital GF and HRA	10	48
Circulated to	Cabinet	
Date	27 March 2024	
Classification	Unrestricted	
Report of	Corporate Director of Resources	
Lead Member	Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living	
Originating Officer(s)	Abdulrazak Kassim, Director of Finance, Procurement and Audit John Harrison, Interim Director of Finance, Procurement and Audit Ahsan Khan, Head of Strategic Finance (Chief Accountant)	
Wards affected	All Wards	
Key Decision?	No	

General Fund (GF) forecast £0.1m underspend variance

Dedicated Schools Grant (DSG) forecast £0.3m overspend

Housing Revenue Account (HRA) forecast £0.1m underspend before transfer to reserve

Period 9 Forecast Outturn as Overspend/(Underspend) (£m)

	2023/24 Net expenditure budget	Actuals	Forecast outturn	Gross over / (under) spend	Transfer to / (from) reserves	Net variance over / (under) spend	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Children's Services Resources	90.8	34.5	93.3	2.5	(2.0)	0.5	(1.9)
Chief Executive's Health and Adult Social Care	48.4	168.1	48.6	0.2	(1.0)	(0.8)	(0.5)
Housing and Regeneration Communities	18.3	12.6	15.3	(3.0)	0.9	(2.1)	(0.6)
Sub-total GF services	170.5	120.0	181.3	10.8	(7.8)	3.0	0.9
Corporate and Financing costs	44.0	56.9	53.2	9.2	(6.8)	2.4	(1.4)
Total General Fund	52.6	37.5	52.7	0.1	0.0	0.1	(2.2)
	424.6	468.8	444.4	19.8	(16.7)	3.1	(5.7)
	20.9	13.4	20.4	(0.5)	(2.7)	(3.2)	1.4
Total General Fund	445.5	482.2	464.8	19.3	(19.4)	(0.1)	(4.3)
Ringfenced Items							
DSG Grant				0.3	0.0	0.3	
HRA				(0.1)	0.0	(0.1)	

General Fund

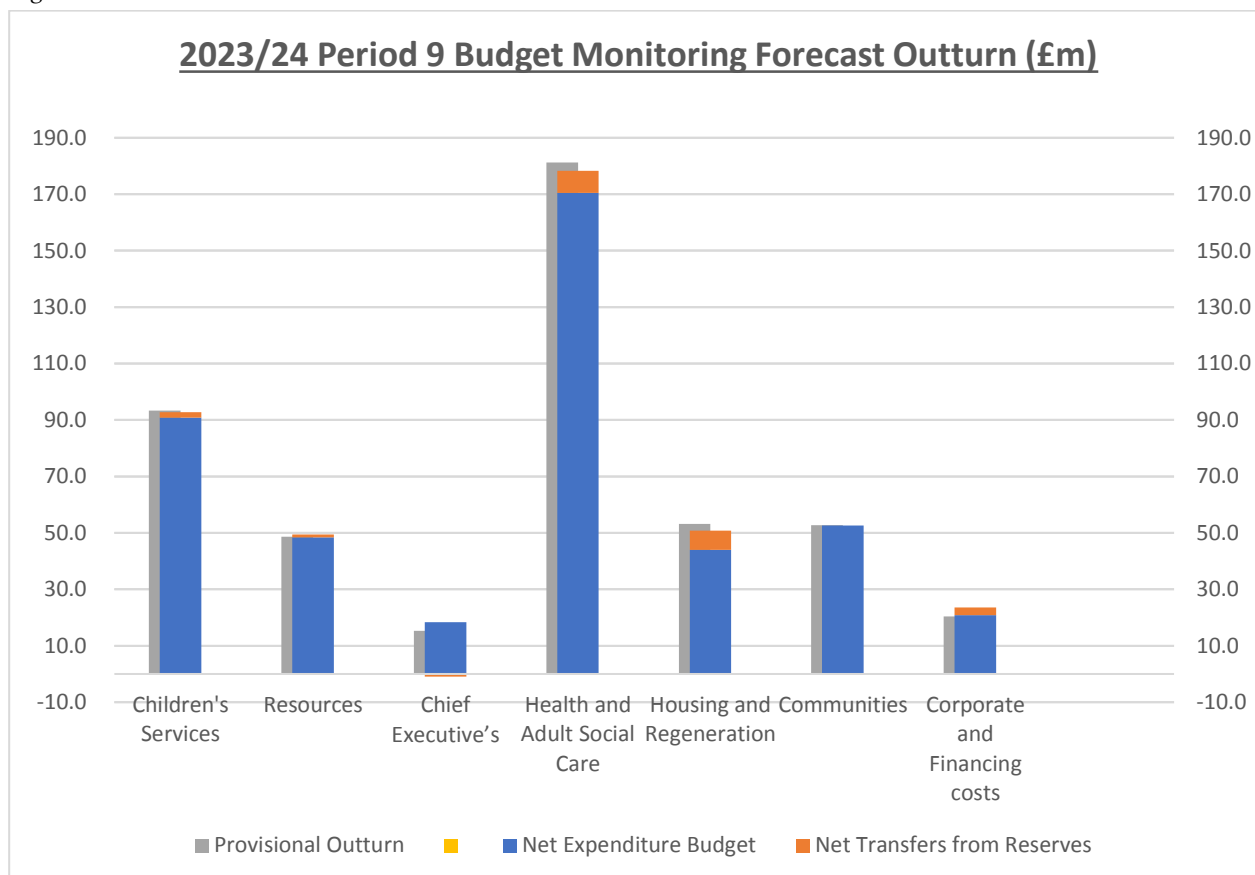
The total council approved revenue net expenditure budget for 2023/24 is £445.5m. The year-to-date actuals to period 9 (31st December) amount to £482.2m. The position after the proposed net drawdown of general and earmarked reserves is an overall forecast £0.1m underspend variance (*see figure 1.1 below*), a decrease in the net overspend variance from Quarter 2 by £4.3m. This movement is mainly driven by a £2.2m favourable variance resulting from a significantly lower than budgeted electricity charge for the New Town Hall and £2.7m of forecast in-year staffing underspends within the recently established Young Tower Hamlets service not being transferred to the Mayors Priority Investment reserve.

The council's overall general and earmarked reserves are detailed in section 5. General and earmarked reserve allocations brought forward from previous years have been done so for three main purposes; the council maintains general balances in order to provide a contingency against unplanned or unexpected events and earmarked reserves are maintained to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing as well as setting aside funds to meet known or predicted future liabilities.

The detailed directorate monitoring, setting out the period 9 forecast outturn against revised budgets and the reasons for the variances are detailed within the body of this Appendix. The monitoring report reflects the new departmental structures that took effect from August (Month 5) 2023.

Significant savings are still to be delivered in 2023/24 within a continuing challenging environment for the council. Any under/overspend at the year-end will be transferred to/funded from reserves.

Figure 1.1



General Fund and Earmarked Reserves

There is a forecast reduction in the year-end reserves position, this is summarised in the table below:

All in figures in £m	Draft accounts 31 March 2023*	Forecast in-year increase / (decrease)	Forecast 31 March 2024
General Fund balance	20.9	0.1	21.0
Reserves without restrictions	92.4	(28.0)	64.4
Sub-total	113.3	(27.9)	85.4
General Fund Restricted Reserves	108.0	(20.4)	87.6
Total	221.3	(48.3)	173.0

* latest Draft accounts 31 March 2023 position Some reserve movements do not show on the 'Period 9 Forecast

Outturn as Overspend/(Underspend)' table either due to the way they are accounted for or their balance movements do not directly impact service Directorates. A reconciliation between the above table and the 'Period 9 Forecast Outturn as Overspend/(Underspend)' table is detailed as follows:

	£m
Directorates movement in reserves	(19.4)
Contribution to fund MTFs (from the Mayor's Priority Investment Reserve) as approved by council 1st March 2023	(22.1)
Contribution to fund Collection Fund deficit costs (from Collection Fund Smoothing Reserve)	(5.4)
Contribution to fund ICT non capitalisable infrastructure	(1.5)
Contribution to general reserve of overall forecast underspend position	0.1
Total General Fund and Earmarked Reserves movement	(48.3)

General Fund balances and reserves without restrictions are forecast to decrease by £(27.9)m, from £113.3m to £85.4m in 2023/24. We are in a hugely unpredictable environment and we are facing significant challenges over the medium-term thus it is important to maintain reserves at an adequate level to help mitigate and manage these significant risks and ensure the council remains on a sustainable footing going forward.

General Fund Restricted reserves are forecast to decrease by £(20.4)m, from £108.0m to £87.6m in 2023/24, this includes funds that are to be utilised for specific purposes, including grants received in advance pertaining to the Collection Fund, the council's self-insurance reserve, Public Health and other various revenue grants the council has received, which include conditions on the spend.

Collection Fund

For Business Rates, to the end of Period 9, we have collected £347.7m of £431.7m billed (80.55% in-year collection rate) compared to 81.66% for 2022-23, the slight fall in rate is a result of the final award of CARF during November 2023 which inflated collection rates in the short term. This includes collection of the Business Rate Supplement (BRS) for the London Crossrail development.

For Council Tax, to the end of Period 9, we collected £125.2m of the £176.2m Council Tax bills raised (71.07% in-year collection rate) compared to 72.5% for the same period in 2022-23, this is lower than the previous year, in part due to the application of energy rebates to council tax accounts during the same period in 2022-23. It is also lower than pre-pandemic collection levels. Future years' collection rates could continue to be negatively affected by wider economic impacts being experienced by residents (including inflationary and market pressures on energy and food costs).

Dedicated Schools Grant (DSG) Budget

Forecast outturn on the spend within the Dedicated Schools Grant budget is an overspend of £0.3m. This budget is exceptionally volatile with the main variable related to spend on individual high needs arrangements for children with SEND. We have seen large increases in the number of referrals for assessment with the majority of those progressing to a full plan with additional cost. Current demand trends indicate that without larger than forecast growth in DSG allocations then we will not be a position to reduce the accrued DSG deficit that has been bought forward. This position is in common with the majority of Local Authorities, and we wait a direction on a longer-term solution from government. As part of the DFE's Delivering Better Value programme, colleagues from Children Services and Finance are collaborating with CIPFA on developing a HNB Deficit Recovery Plan. The final version will be submitted to the DFE on the 19th of February 2024, this will be reviewed and implemented by 1st April 2024.

HRA

The Housing Revenue Account is forecasting an underspend of £0.1m when compared with budget. It is assumed that this balance will be transferred to general HRA balances at year-end. Variances in the HRA relate to delegated budget, which is forecasting a year-end adverse variance of £3.2m, the non-delegated budget is forecasting a year-end adverse variance of £1.3m and technical adjustment budgets are forecasting a favourable variance of £3.6m. Further details are provided in section 4 of this appendix.

Forecast overspend of £0.5m

Dedicated Schools Grant (DSG) forecast £0.3m overspend

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Supporting Families	67.8	53.7	64.9	(2.9)	0.0	(2.9)	(2.8)
Youth and Commissioning	4.1	3.3	4.1	0.0	0.0	0.0	0.0
Education	14.4	10.6	17.6	3.2	0.0	3.2	0.8
Children's Resources	4.5	6.1	6.7	2.2	(2.0)	0.2	0.1
Total	90.8	73.7	93.3	2.5	(2.0)	0.5	(1.9)

The Children's Services Directorate is reporting a General Fund net overspend of £0.5m.

Supporting Families division is showing a net underspend of £2.9m, Youth and Commissioning a net underspend of £0.06m, Children's Resources a net £0.2m overspend and Education an overspend of £3.2m. Children's Services is delivering on budget across all service areas, other than SEND where there are exceptional demand pressures.

Children's Services is on track to deliver its savings targets for 23/24 of £2.59m in full.

Supporting Families - £2.9m underspend

The budget position reflects that Supporting Families is managing demand pressures which are forecast to be significantly mitigated through in-year staffing underspends (£2.7m) within the recently established Young Tower Hamlets service related to permanent recruitment of staff being put on hold. However, the area remains volatile with just small changes in placements liable to significantly change the position and the in-year position has been significantly . The division continues to deliver effective support through Early Help and Social Work teams that enables more children to remain within their family network than is the case in boroughs which are our statistical neighbours – and our children in care population remains stable and low despite recent pressures in relation to asylum seeking children. Certain services are becoming more reliant on specific grants with funding for family hubs and asylum and refugee funding as well as the social care grant although the full allocation of this was not received by services in 2023/24.

Significant variances:

- Children Looked after - £0.4m overspend:
Escalating rental costs have exerted a notable financial strain on supported accommodation expenses, prompting providers to receive an additional £58 per week per young person. With approximately 100

young people placed in supported accommodation this has resulted in a financial pressure of £0.3m. Additionally, there is an added pressure of £0.1m on agency staff.

- Children with Disabilities (CWD) /Family Support and Protection- £0.5m overspend:
The overspend is attributed to a growing demand for short breaks, driven by an increased number of children eligible for Educational Health Care Plans (EHCP) and diagnosed with ASD, resulting in a £0.2m pressure. Furthermore, there is a £0.1m pressure due to agency staff brought in to support caseloads, the service has a number of ASYE's (Assessed and Supported Year in Employment) who do not have the capacity to handle a high case loads. The remaining deficit is linked to associated costs for supporting families and young individuals without recourse to public fund (NRPF).
- Children's Residential Care- £0.3m underspend.
Reduced payments pertaining to the Edge of Care Positive Family Partnership scheme. The final projection is based on a remaining cohort of 5 young people.
- Early Help/ Exploitation & Youth Offending Team- £0.5m underspend.
Services are reporting a net underspend, primarily attributed to the utilisation of grants thereby alleviating the burden on the general fund budget.

Youth & Commissioning - £0.06m

The Commissioning segment of the division is approximately at breakeven. However, caution is warranted as specific contracts are due for renewal next year and potential growth bids hinge on the contract bidding process.

Budgets in Youth and Commissioning are nearly breakeven with a slight £0.06m underspend in employee costs as well as reduced supplies and services expenditure. Budgets continue to be established for this new division.

Education - £3.2m overspend:

SEND pressures are the greatest concern and continue to increase with a clear link to the impact of the pandemic upon children's development, with unprecedented increases in the number of referrals for EHCP's. Whilst the costs associated with the delivery of EHCPs are met from within the DSG there are several services that relate to these increases that are met from within the General Fund including, our statutory responsibilities in relation to assessments and annual reviews. These costs have significantly increased with the need for additional staff in Education Psychology and SEN casework, to keep pace with the rising demand. Whilst growth for staffing was included for 2023/24 the need to use locums and interim staff continues to cause a pressure where there these staff are in high demand and short supply.

There continues to be significant increases of SEN transport costs, both with increased volumes of children accessing transport and the large increase in fuel costs and London ULEZ surcharges for private hire vehicles. Whilst a few mitigations have been introduced to facilitate personnel budgets and accelerate the programme of travel training this is not keeping up with the volume growth.

Capitalisation of salary costs have been allocated to the Education revenue forecast.

Regarding the Community Languages components of the division additional spending has been temporarily halted. As a result, there is an anticipated underspend of £0.3m.

The use of £2m of reserves will be drawn down to support the costs of Primary Free School Meals in line with the agreed MTFS.

Significant variances:

- **SEN Transport - External - £1.39m overspend:**
There continue to be significant increases in the cost of SEN transport, driven by both the rising volumes of children accessing transport and the substantial increase in fuel costs, along with London ULEZ surcharges for private hire vehicles.
- **SEN Transport – In House - £1m overspend:**
The final projection of £6.2m has been provided by the Communities Directorate. This calculation is based on 645 children over 190 days equating to 122,550 journeys. The Education division will be recharged 75% of the overall cost amounting to £4.7m.
- **Special Education Needs - £0.8m overspend:**
The overspend is linked to the heightened utilisation of agency staff necessitated by unprecedented increases in referrals for EHCP's. Current projections indicates that the number of EHCP's managed by Tower Hamlets will increase from 4,400 to 6,750.
Recruitment for permanent staff is in underway, along with the implementation of various strategies aimed at providing mitigation.
- **Education Psychology - £0.2m overspend:**
The rise in EHCP requests has increased the demand on the psychology service. In past years, the service was supported by additional income generated from offering non statutory support to Schools. This has not been possible with the demand on the service which has also needed to cover some posts on a temporary basis. The cost of temporary staff in this area is high due to a strong market demand and a shortage in supply.

Childrens Resources - £0.2m overspend:

This overspend is related to increased pension strain costs.

Dedicated Schools Grant (DSG)

The projected overspend in the Dedicated Schools Grant amounts to a net deficit of £0.33m. This is broken down as follows:

- **High Needs Block (HNB) - £1.4m overspend.**
- **Early Years Block (EYB) – Breakeven.**
- **Central Schools Services Block (CSSB) -£0.03m overspend.**
- **Schools Block (SCHB) - £1.1m underspend.**

The HNB is exceptionally volatile, spend has grown by 20% in Tower Hamlets since the 2020/21 Financial Year: 37% of spend is on maintained special schools, 34% on maintained mainstream schools, and 9% on independent settings (schools, post-16, and post-19).

Spend on independent placements has grown disproportionately relative to the growth in placement numbers: 13.8% growth in placements, against a 37.5% growth in spend. This is due to a lack of available maintained specialist placements locally, as well as significant increases in the fees charged by providers in the last two financial years. This position is in line with the majority of Local Authorities, and various mitigating strategies are being put in place while awaiting direction on a longer-term solution from government.

As part of the DFE's Delivering Better Value programme, colleagues from Children Services and Finance are collaborating with CIPFA on developing a HNB Deficit Recovery Plan.

The Schools Block underspend is mainly contributed to unused growth funding which is set aside for growth needs for all mainstream schools and academies. The Council maximises allocations to schools using the National Funding Formula and maximum MFG (Minimum Funding Guarantee) allowable. Following this, any headroom ("surplus") will be treated as growth. Growth funding has been allocated in year for bulge classes which were agreed due to the delay in opening the new Mulberry London Dock Academy. Unspent growth funding is reported to the Schools Forum and will form part of the overall Dedicated Schools Grant (DSG) surplus or deficit balance (subject to agreement from Schools Forum).

Schools balances are held separately in an earmarked reserve in the Council's accounts and do not form part of the DSG outturn position. Schools are required to report their projected year-end balances quarterly to the Local Authority. Currently 9 maintained schools (12%) are forecasting to be in a deficit position at the end of the financial year, with the cumulative deficit expected to be in the region of £1.3m. Schools which are in financial difficulty are required to apply for a licenced deficit Agreement with plans to move back into a balanced position over the following 3 years.

Forecast underspend of £0.8m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Customer Services	8.9	7.8	8.0	(0.9)	0.0	(0.9)	(0.3)
Finance, Procurement & Audit	9.3	19.0	10.3	1.0	(0.7)	0.3	(0.2)
ICT	14.1	13.7	14.2	0.1	(0.1)	0.0	0.0
Revenue and Benefits Service	3.4	118.5	3.7	0.3	(0.2)	0.1	0.0
Workforce, OD and Business Support Service	12.7	9.1	12.4	(0.3)	0.0	(0.3)	0.0
Total	48.4	168.1*	48.6	0.2	(1.0)	(0.8)	(0.5)

* High actuals to date in Finance, Procurement and Audit due to Insurance Trading Account recharges to be processed, in Revenue and Benefits Service due to Housing Benefit income to come from government grant for the DWP subsidy and in ICT due to expenditure to be capitalised.

Summary

The Resources directorate forecast is an underspend of £0.8m after movements from reserves of £0.7m.

Customer Services – £0.9m underspend

An underspend of £0.9m is anticipated for the service area which represents an increase of £0.3 million since Quarter 2. This is one-off to this financial year and is primarily due to two factors - the late appointment against the newly created posts in both the Watney Market Idea Store and the Residents' Hub plus an underspend against this year's one-off allocation for the new telephony system.

The breakdown by each of the five services within Customer Services is:

Customer Services Management £0.5m underspend. This has increased since Q2 by £0.3 million. This is due to the appointments in the Residents' Hub and vacancies in the Customer Contact Centre being pushed back further adding £0.1 million and, new to Q3, an underspend against this year budget for a new telephone system and vacancy in the Head of Customer Services post, combining to £0.2 million.

Registrars – £0.1 million over. This is new to Q3 and is due to the lowering of the budget forecast for Ceremonies income because of the opening date of the new Garden Suite being pushed back and the final payments for the functions, previously assumed as falling into this financial year, are now forecasted to go into the next financial year.

Information Governance - £0.2m underspend primarily due to late appointment of new posts from the Growth Bid.

Idea Stores - £0.1m underspend. This is due to the late appointment of staff in the Watney Market Idea Store.

Idea Stores Learning – £0.2m underspend. This is £0.1 more than in Q2 is due to excess grant income from the Department for Education of £0.1 million and new to Q3 are savings from a vacant Programme Manager post and a reduction in Training spend.

Finance, Procurement and Audit – forecast £0.3m overspend.

There is a forecast overspend in staffing for the Procurement Team of £0.9m due to the current high number of procurements occurring, including social care homecare contracts and a high level of agency staff usage. The base budget has not proven sufficient in past years and a permanent recruitment and review of the structure and operating model is underway to fill posts covered by agency workers and address the budget shortfall.

Use of the £0.4m procurement reserve which was set aside in recognition of the pressures facing the service will be utilised to offset some of the overspend. Insurance outturn includes Reserve drawdown for team staffing of £0.3m.

Audit are currently forecasting a breakeven position. Some additional work has been outsourced although it is expected to be under £0.05m and therefore not a significant budget risk.

Finance is forecasting an underspend of £0.2m due to uncommitted Contingency budget.

Information Technology – breakeven forecast position

A forecast breakeven position, following the drawdown from the ICT Transformation reserve and the Cyber Security Grant reserve (0.1m).

Transfers from reserves are forecast at £1.5m for revenue costs related to capital expenditure are carried out.

The IT service is experiencing inflationary pressures which could impact this year's position as contracts are renewed during the year.

Revenues and Benefits Service – £0.1 million overspend

There is an underlying budget pressure of £0.8m in the service. This will be offset by underspends elsewhere in the service totalling £0.5m. This consists of part-year vacancies of £0.1m (same as Q2), an increased level of Dept of Work and Pensions Housing Benefits subsidy of £0.5m (£0.2 million higher than Q2), and an underspend of £0.1 million in the Financial Assessment team primarily due to the holding of a vacant post. These underspends are offset by overspends, both new to Q3, of £0.1 million in the HB Administration service due to pressures overseeing the School Clothing grant scheme and an overspend of £0.1 million in the Reprographics service caused by developmental costs one-off to this financial year. The Actuals spend is high since we hold the DWP's grant subsidy in the Balance Sheet.

The overspend is part-mitigated by a Reserve which was created from the New Burdens grant received in 2022-23 in relation to administration of government support schemes. The related work continues in 2023-24.

Workforce, OD and Business Support Service – £0.3 million underspend

This underspend is new to Q3 and is detailed below:

Learning and Development £0.2m underspend. This has increased from £0.1 million in Quarter 2 due to an underspend in the Training budget. The other £0.1 million underspend is due to part-year staffing vacancies in the L&D Management and National Graduate Development Programme.

HR £0.1m underspend. This has decreased due to an overspend on the Occupational Health contract of £0.1 million now offsetting the £0.2 million staffing savings caused by a combination of staffing vacancies and new appointments at the bottoms of the grades.

Business Support Service £0.1m underspend. This is an improvement of £0.2 million from Q2 and due to part-year savings resulting from new vacancies and funding received from other Directorates for two posts. Historical budget pressures within the service have been carefully managed to ensure that overspend has been eradicated. This is an area for focus that will be addressed in future years from the Resources restructure.

Since the service area is underspending it no longer requires any funding from the Transformation Reserve.

Forecast underspend of £2.1m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Communications and Marketing	2.1	1.6	2.1	0.0	0.0	0.0	0.0
Strategy, Improvement and Transformation	8.1	4.6	5.2	(2.9)	0.9	(2.0)	(0.5)
Legal, Monitoring Officer, Democratic and Electoral Services	5.5	4.4	5.4	(0.1)	0.0	(0.1)	0.0
Corporate Management	0.4	0.3	0.4	0.0	0.0	0.0	0.0
Mayor's Office	2.2	1.7	2.2	0.0	0.0	0.0	(0.1)
Total	18.3	12.6	15.3	(3.0)	0.9	(2.1)	(0.6)

The Chief Executive's Office outturn indicates an underspend of £2.1m following movements from reserves.

Communications and Marketing – Forecast Breakeven

Forecast breakeven with no need to drawdown the £0.1m Communications Reserve to support costs relating to the insourcing of Tower Hamlets Homes and leisure services.

Strategy, Improvement and Transformation – £2.0m underspend after transferring £0.9m to VCS grant reserve.

Forecast underspend of £1.5m to the general fund due to funding of the new Mayor's Community Grant Programme (MCGP), approved by cabinet in March 23. The new programme will be funded through the Neighbourhood Community Infrastructure Levy (NCIL). In year underspend against grants will be put into a reserve. An additional £0.5m underspend due to delays in recruitment to posts after restructure.

Legal, Monitoring Officer, Democratic and Electoral Services – £0.1m underspend.

Democratic Services projecting an underspend £0.2m in the main due to the current Members Allowance. Legal Services are projecting to overspend by £0.2m this is due to a number of higher cost agency staff and the lack of candidates willing to take up the fixed term contracts offer; as well as a downturn in external income. The Electoral Services are projecting an underspend of £0.1m.

Mayor's Office and Corporate Management are forecasting to break-even.

Forecast overspend of £3.0m

Public Health (GF) forecast £0.7m overspend before the transfer from reserve

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Adult Social Care	117.1	87.8	124.3	7.2	(4.0)	3.2	1.0
Integrated Commissioning	15.7	10.5	18.6	2.9	(3.1)	(0.2)	(0.1)
Public Health	37.7	21.7	38.4	0.7	(0.7)	0.0	0.0
Total	170.5	120.0	181.3	10.8	(7.8)	3.0	0.9

The Health and Adult Social Care Directorate's projected outturn at Period 9 is a £3.0m forecast overspend position against a budget of £170.5m, after planned transfers from reserves of £7.8m. This is an increase on the Period 6 outturn forecast position by £0.9m. The primary reason for the continued forecast overspend is the ongoing pressure in Adult Social Care, with increased costs of care packages for disabled and older people provided under the Council's Care Act 2014 statutory duties. The full pressure is partly offset by additional, but short-term, grant funding. Robust arrangements for scrutinising care and support plans with associated costs are in place within the Department including tiered sign off of packages and a Panel process.

Overall demographic trends impact on 'demand' for Adult Social Care Services – we have seen around 27% more enquiries come into the service over the last two years. Tower Hamlets has the 5th highest score for deprivation within London and the highest level of pensioner poverty in the country. In the 2021 Census, nearly half of females and two fifths of males aged over 65 reported they were disabled. The prevalence of mental health problems in Tower Hamlets is greater than is seen in London or England averages. Short-term government grant funding is an ongoing concern nationally as well as the impact of changes to the hospital discharge process and NHS pressures which have added to funding pressures for Adult Social Care.

The Adult Social Care Transformation and Improvement Programme has been put in place to reduce costs in the medium to long-term and achieve a more sustainable financial position for the service. Business cases for technology enabled care and increasing housing with support options will come through in the new year but will not impact significantly on this year's position.

The Directorate is on track to deliver its savings in full in 2023-24.

Transfers to and (from) Reserves (£7.8m)

Use of reserves relates largely to partnership funding held in pooled budgets and ringfenced reserves for use across health and social care.

- Costs of care provision for clients discharged from hospital for the first 4 weeks following discharge, and community equipment issued to clients on discharge, are included in the financial pressures outlined above for this financial year. Funding remaining in the agreed s75 pooled funding held in reserves amount to £1.28m. In addition to the use of the Local Authority allocation of the Adult Social Care Discharge Fund in 2023-24 in the amount of £2.4m and the Integrated Care Board (ICB) allocation of £927k (being fully utilised on meeting costs for the Royal London Hospital Integrated Discharge Hub), projected costs of discharges amount to £4.7m. Therefore, it is now projected that all the funding held in the reserve will be utilised in 2023-24.
- The ring-fenced Tower Hamlets Place Investment Fund has a joint pool of £6.0m funding and at period 9 it is anticipated that £2.0m will be drawn down for joint project funding during 2023-24.
- In agreement with the ICB, underspends against the Joint Funded Better Care Fund (BCF) for the Local Incentive Scheme Projects and Community Equipment Service that were transferred to Reserves are fully committed in 2023-24 in the amount of £1.17m.
- A £1.5m inflation pressure exists on top of inflation budgets already allocated on top of existing Market Sustainability and Improvement Grant funding and this is to be funded via the Social Care Risk Reserve.
- A further £1.2m is being transferred from the Covid grants reserve for current care package costs relating to historic D2A packages.
- At the end of 2022-23, the amount held in the Public Health Grant ring-fenced reserve was £7.16m. Committed expenditure during 2023-24 from the reserve stands at £0.72m, including expenditure on the Healthy Borough and Community First Programmes, funding on partnership posts and additional funding allocated to Children and Culture Directorate. Currently the reserve balance at the end of this financial year is projected at £6.4m.

Adult Social Care – Forecast £3.2m overspend at Period 9

At Period 9 Adult Social Care is forecasting an overspend position of £3.2m against a budget of £117.1m. Between Period 6 and Period 9, the Adult Social Care budget has increased by £1.2m and the projected outturn has increased by £2.2m, a net increase of £1.0m.

The outturn position for 2022-23 for Adult Social Care was an overspend position of £2.2m against a budget of £108.9m. This overspend was after £4.4m was transferred from the s75 reserves funding held for costs associated with discharged clients and £2.2m from the ASC Discharge Grant.

(i) Employee Costs – Forecast (£0.5m) underspend

The Period 9 forecast for employee costs is a £0.6m underspend position against a budget of £24.0m, primarily due to vacancies that exist while posts are being recruitment to on a permanent basis. There has been deliberate action to reduce agency costs, where possible, and there are some remaining hard to fill vacancies.

(ii) Care Package Costs and other Service Costs – Forecast £7.8m overspend

Direct costs associated with care packages are projected to overspend by £5.4m at Period 9 against a budget of £109.9m. Care and Support Plan Assurance Meetings (CSPAM) data clearly demonstrates the

increasing needs and complexities of clients, with additional packages being required to meet growing demand.

The total allocated demographic growth (for new packages) for 2023-24 is £4.0m. For quarter 1-3 in 2023-24 a total of £3.4m demographic growth funding had been applied, with assumption, full funding allocation will be utilised. The majority of the demographic growth funding has been utilised on new clients in receipt of Homecare Services.

A £4.4m inflation budget has been allocated on top of existing Market Sustainability and Improvement Grant funding of £2.2m which has been used to pay for the inflationary uplifts to care providers – these are a significant pressure facing all local authorities. A further £1.5m pressure still exists on top of this and is included in the outturn projection as this is to be funded via the Social Care Risk Reserve.

Other Service Costs are in relation to a provision for bad debts and other supplies and services costs relating to Adult Social Service clients, including client transport costs using taxi services. These are projected to overspend by £2.4m at period 9 against a budget of £0.94m. A pressure of £476k relates to increased costs of client taxi costs due to fuel and ULEZ price pressures increasing the cost of client travel costs (that are not provided via the internal Transport Services Unit). The provision for bad debts (i.e., irrecoverable income against historic invoices raised for residential and non-residential income, has been estimated as £1.4m and will be finalised as part of the closing of accounts processes. and may therefore be reduced.

(iii) Income – Forecast £4.0m over achievement of income over budget

Income budgets are projecting an additional £1.3m in income in Period 9. This is due to combination of additional BCF contribution for telecare staff, recharges for rational occupational therapist, grant income and the projected additional client contribution income that will be recovered in this financial year from the work being carried out by the ASC Debt Panel. This has assisted with the recovery of historic income from clients by approval of debt action and will aim to reduce the need for writing off debts. There are risks associated with S117 income which will need to be closely monitored through the remainder of the year.

Integrated Commissioning – Forecast (£0.2m) underspend at Period 9

Integrated Commissioning is forecast to underspend by £0.2m at Period 9, against a revised budget of £15.7m. Between Period 6 and Period 9, the Integrated Commissioning Budget has increased by £0.55m and the forecast position by £0.43m, resulting in a net increase of £0.12m.

The outturn position for 2022-23 was an underspend of £2.1m against a budget of £16.6m. primarily due to additional draw-down of TH Place Investment Funding from reserves.

The decommissioning of the Dellow Centre and renegotiation for the Riverside hostel will provide an underspend against the allocated budget. Additionally, the budget for the Day Centre Project will be slightly underspent due to a delay in the tendering process for one of the services.

An area of substantial risk in Integrated Commissioning is the Transport Services Unit (TSU) recharge, which has a budget of £2.4m for 2023-24. Currently estimates of the costs that will be recharged from the Communities directorate are projected as £2.9m due to current pressures for fuel and ULEZ charges and increased costs of college routes.

Public Health – Forecast Breakeven

The Public Health Grant continues to forecast on budget at month 9 after transfer of reserves.

At the end of 2022-23, the amount held in the Public Health Grant ring-fenced reserve was £7.16m. Committed expenditure during 2023-24 from the reserve stands at £0.72m, including expenditure on the Healthy Borough and Community First Programmes, funding on partnership posts and additional funding allocated to Children and Culture Directorate. Currently the reserve balance at the end of this financial year is projected at £6.4m, with planned utilisation of this reserve from 2024/25 as part of the MTFS savings process.

Sexual Health Services

As a demand-led service, sexual health remains the main risk to the Public Health budget. However, the risk is managed through contract and financial monitoring, and the maintaining of a reserve to address any pressure in this area. Expenditure in the amount of £1.0m has been retained within the Public Health Grant budget to meet demand increases.

Savings Delivery

The total agreed savings target for the Health and Adult Social Care Directorate has been delivered.

Delivery of savings are tracked and monitored by the Health and Adult Social Care Leadership Team.

Forecast overspend of £2.4m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Property & Major Programmes	18.7	7.4	17.7	(1.0)	(0.3)	(1.3)	(1.8)
Resources	4.2	2.3	4.7	0.5	(0.5)	0.0	0.0
Growth & Economic Development	2.8	10.4	5.0	2.2	(2.2)	0.0	(0.1)
Planning & Building Control	2.7	2.3	3.0	0.3	(0.8)	(0.5)	(0.6)
Housing	15.6	34.5	22.8	7.2	(3.0)	4.2	1.1
Total	44.0	56.9	53.2	9.2	(6.8)	2.4	(1.4)

Draft Outturn Position

The Housing & Regeneration Directorate is forecasting outturn position with an adverse variance of £2.4m after reserve adjustments. This compares with an adverse variance of £3.8m at period 6, an improved position of £1.4m. The improved position relates to the property & major programmes division where the electricity charges for the New Town Hall are considerably lower than budgeted. The volume of bills has only now made it possible to generate a forecast. Within Planning & Building Control, CIL admin income is exceeding budgeted levels and the additional amounts, which must be applied in the year of receipt are offsetting general fund budget provision.

The main adverse variance relates to the Housing Options service where demand for homelessness continues to be high and rising. This is resulting in the use of expensive nightly booked accommodation where the Council incurs significant housing benefit subsidy losses. This has resulted in an increased adverse variance of £1.5m from that previously reported.

The pressures on budgets being experienced within the Housing & Regeneration directorate primarily relate to external factors outside of the control of the Directorate, for example challenges resulting from the pandemic and cost of living crisis increasing demand for Homelessness, reduced developer income within Planning & Building Control and assets, primarily school buildings, deemed surplus to requirement transferring to the Directorate without budgetary provision. These unavoidable costs have placed pressure on service delivery or reduced the amount of income collected.

The Directorate is proposing a number of reserve drawdowns and top ups which are planned as part of its business-as-usual activities. These adjustments net to a £6.8m drawdown from specific earmarked reserves. This reserve figures include £0.7m from the Mayoral Tackling Poverty reserve to fund the team; £3m contribution from the Flexible Homelessness Support grant and Homelessness Prevention Grant

reserves to fund the homelessness transformation programme and to mitigate cost pressures within the Homelessness service; £2.5m for specific projects across Growth & Economic Development.

Savings Targets

The Directorate has a £4.8m savings targets in 2023/24, inclusive of slipped savings from the previous financial year. Of these savings it is projected that £2.6m will be delivered, £2.1m of these savings slipping into the next financial year but remain deliverable and the remaining £0.1m is undeliverable. The slippage is primarily within the Housing Options service where the demand for services has increased and the drop in those in Temporary Accommodation has not materialised, The service has had a base budget reduction of £2m in last MTFS but the resulting drop in accommodation requirements (which is where the savings were meant to come from) has not materialised due to market forces beyond the control of the council.

Property & Major Programmes – Forecast (£1.7m) Favourable Variance

The Property & Major Programmes division is forecasting to outturn with a £1.3m favourable variance after reserve adjustments. This represents a favourable movement of £1.8m from that reported in Q2 due to lower than budgeted utility costs at the New Town Hall.

Property & Major Programmes Management – Forecast £0.1m Adverse Variance

Insufficient budget for the DD post as the budget was deleted as part of a previous Chief Executive savings programme but the post remains filled on an interim basis.

Corporate Property – Forecast £0.4m Adverse Variance

Asset Management team are forecasting a £0.1m favourable variance due to vacant posts and a further £0.2m favourable variance resulting from increased asset management recharge to the HRA where higher than budgeted time is being spent on the HRA commercial stock.

Four schools (Cherry Trees, Guardian Angels, Shapla and Bromley Hall) and Mile End playgroup are empty and declared surplus to requirements. Vacant property costs including security, insurance, utilities, rates and general maintenance are being incurred, creating a budget pressure of £0.7m without any financial provision being made as part of the decision-making process when declaring the buildings as surplus.

Capital Delivery – Forecast (£0.1m) Favourable Variance

Favourable variance following a review of the recharge to the HRA and a rebasing of the split of time between the GF and HRA programmes.

Facilities Management – Forecast (£0.6m) Favourable Variance

A £0.6m favourable variance against employee related budgets resulting from vacancies that have not been filled.

Corporate Landlord Model (CLM) – Forecast (£2m) Favourable Variance

A £0.2m favourable variance in rent and service charges relating to a refund on the Mulberry Place service charge and the surrender of a lease on a leased-in building.

A £2.2m favourable variance resulting from a significantly lower than budgeted electricity charge for the New Town Hall. The budgeted charge was based on the usage and size of Mulberry Place.

The Council is due a refund of £0.4m relating to the service charges paid in respect of Mulberry Place. This is a one-off cost saving in year.

The business rates budget has a net adverse variance of £0.7m. The rates charge for the New Town Hall is higher than budgeted by £1.4m as a result of a higher than estimated rateable value. This is being partially mitigated by a £0.7m favourable variance relating to two properties, Albert Jacob House and John Onslow House where the liabilities sit within the HRA and a successful appeal on the rateable value at Southern Grove which has been back dated, giving a one-off saving in year.

An adverse variance of £0.1m relating to security costs at the New Town Hall. It was initially agreed that Customer Services and Facilities Management would jointly fund two security guards in the new Town Hall. As the IDEA store has not relocated to the Town Hall, the CLM Security budget is being used to pay for both guards.

Non-Operational Investment Estate – Forecast £0.5m Adverse Variance

Void units resulting from capital works at the Montefiore building is resulting in an adverse variance of £0.1m.

A £0.4m adverse variance resulting from shortfall in income received against budget. Future planned lettings of vacant space at Jack Dash House and other properties should reduce the variance in future years.

New Town Hall – Forecast Nil Variance

Projected transitional costs totalling £0.3m relating to the move to the New Town Hall will be met from the New Town Hall reserve.

Resources – Forecast Nil Variance

The revenue costs relating to the Regeneration team are projected at £0.9m for the year against an expenditure budget of £1.1m, a favourable variance of £0.2m. Included within this forecast position is £0.6m funded from LIF and £0.2m costs to be capitalised.

A £0.1m favourable variance within the Service Design, Improvement & PMO team resulting from vacant posts and part-year recruitment to fill vacancies.

Unbudgeted employee costs have resulted in a £0.3m adverse variance within the Place Director cost centre.

Growth & Economic Development – Forecast Nil Variance

Growth & Economic Development is forecasting in line with budget after reserve drawdowns, this represents a favourable movement of £0.1m from that reported at Q2. This projection assumes approved s106 drawdowns totalling £2.6m for core activities and approved projects across the division; A reserve drawdown from the Mayoral Priority reserve (Tackling Poverty) totalling £0.7m to fund the Tackling Poverty team; £0.6m for the Residents Support Scheme and a further £1.1m from earmarked reserves for specific activities and projects, for example the Kickstart programme, 50+ programme, ESF programme and BAME Action Fund.

The cost-of-living crisis is a mayoral priority, and the new administration has approved additional spending of £0.4m for food hubs in year. This additional expenditure will be met from the Mayoral Priority reserve.

The Growth & Economic Development division are forecasting to receive grant funding totalling £11.6m in year. This includes £6m Household Support grant, Holiday Activity Funding of £1.7m, Energy Bill Support scheme funding of £2m, £0.7m SIP funding (LIFT and Inclusive Growth money), £0.3m UKSPF funding and a number of smaller grants across GED totalling £0.9m.

Employment & Skills – Forecast Nil Variance

The ITRES service has moved to be managed through Matrix, this movement means there is an unachievable income target where previously the E&S team would recharge their costs to the service receiving the ITRES agency staff. This income target remains but there is no recharge, resulting in a £0.2m adverse variance. Work is ongoing to mitigate this pressure in the new year. This is being offset by vacant posts within the teams.

The E&S service operates a number of externally funded programmes that complement the mainstream service provision and provide additional services that support residents without adding additional pressure on the General Fund, some of these schemes include ESF funded employment support; GLA funded LIFT Digital (tech) Hub; DWP Kickstart programme; DWP Local Supported Employment programme.

Growth – Forecast (£0.2m) Favourable Variance

The Growth service has a favourable variance of £0.2m after reserve drawdowns. There are a number of projects being undertaken within the service, primarily around thriving high streets and creative enterprise zones and grant funding has been received to support this work.

The £0.2m favourable variance relates to vacancies within the Business Growth and High Streets teams.

Tackling Poverty – Forecast Nil Variance

There is no general fund budget for the Tackling Poverty team. As a result, it is budgeted that the team will be funded from a drawdown from the Mayoral Priority Tackling Poverty reserve. However, the Tackling Poverty team has received grant funding of £6m in Household Support grant and will be funding the team from the admin element of this grant, meaning a reserve drawdown is not required to fund the team.

The Tackling Poverty team funds the resident support scheme. Total costs are forecast at £0.8m, of which £0.6m will be funded from the Residents Support Scheme reserve and the remaining £0.2m from the Mayoral Priority Tackling Poverty reserve. A further £0.4m drawdown on the Mayoral Priority reserve is forecast to fund the food hub and £0.1m for a new food pantry and independent domestic violence advisor.

Tackling Poverty has been awarded £6m in household support grant in 2023/24 (there is a further £0.6m relating to the previous year's grant that remains committed but unclaimed through the post office). This grant will be spent on specific activities on top of the team's core work. The disbursement of the household support fund will be through food vouchers through local schools, payments through the post office and via other Council services such as adult social care and children's services.

The service has also received £1.7m for the Holiday Activity Fund. This funds two posts to run the HAF scheme as well as funding other running costs, food and activities for children throughout the year. This is forecast to be spent in full.

A total of £2.3m has been received for the Energy Bills Support scheme. Vulnerable residents could apply for £400 grants towards the cost of their energy bills. The scheme supported residents who were ineligible for the £66 per month energy payments awarded last Winter, targeting residents who do not have mains gas, live on boats or live in accommodation where energy bills are included in the rent payments. This scheme has now come to an end. There were a low number of residents in Borough eligible for the Energy Bill Support Scheme when compared with the size of grant awarded. In total 1,200 claims were made for

energy support, totalling £305k in grant support. As a result, £2m remained unspent. This amount has been repaid to the Department of Business Energy and Industrial Strategy.

Economic Development Management – Forecast £0.2m Adverse Variance

Unbudgeted recharge for works undertaken by the Strategy, Policy & Improvement team.

Planning & Building Control – Forecast (£0.5m) Favourable Variance

The Planning & Building Control service is forecasting a favourable variance of £0.1m from its general fund activities. This favourable position is largely the result of vacancies across the division which are mitigating an underachievement of statutory planning fees and local land charge income as a result of a downturn in both developments and the housing market.

This downturn in income was experienced in the previous financial year and is projected to continue through 2023/24. Development has slowed down for a number of reasons, including the state of the economy - the level of inflation and interest rates in particular impacting the housing market. This turbulence in the economy impacts all of Planning & Building Control income streams as the service covers the whole development pipeline. In addition, the proposed amendments to building regulations requiring two staircases for residential buildings above 30m (recently announced to be applied to buildings above 18m) has caused a number of schemes to stall and reassess proposals, again reducing the number of applications and start on sites, impacting both Development Management and CIL income.

This position includes the use of s106 funding totalling £0.5m to fund posts and activities within the Infrastructure Planning team and £0.3m to fund specific LIF projects again within Infrastructure Planning.

The Planning & Building Control service also utilises both Mayoral (MCIL) and Tower Hamlets (THCIL) CIL revenue funding. In 2023/24 projections for MCIL (£0.5m) and THCIL (£1.5m) funding total £2m. This represents an additional £0.4m against budgeted levels which it is assumed will be applied to revenue activities within the Development Management service, in line with legislation. The impact will result in a favourable variance of £0.5m.

This forecast represents a £0.6m favourable movement on the position reported in Q2, largely the result of additional vacant posts across the P&BC division and delays to recruitment of building control officers as part of the Council's response to the fire and building safety acts.

Building Control General Fund – Forecast £0.5m Favourable

A £0.1m favourable variance relating to vacant posts.

Permanent growth totalling £0.4m was approved to restructure the existing team and recruit to five additional registered building inspector posts as part of the Council's response to the Building Safety Act introduced following the Grenfell tragedy. This approved growth represents only a part of the cost of the growth required as for year one the restructure and recruitment would take time, so the budget was based on 6 months cost only. Current forecasts indicate spend will be £20k this year with the recruitment process taking longer than anticipated. Recruitment is ongoing and this growth will be spent in full in 2024/25.

Development Management – Forecast Nil Variance

There is no net General Fund budget within Development Management, with the service being entirely income funded. The service has vacant posts resulting in a favourable variance of £0.3m. This is being offset by a budget pressure of currently £0.4m for Consultant's and Counsel fees for the public enquiries that are taking place. A £0.4m shortfall against the planning income target for statutory fees where the volume of planning applications is projected to be less than budgeted levels. Additional CIL

administration income totalling £0.5m is forecast to be received in year and will be applied to the development management service in line with legislative requirements which will mitigate the budget pressure.

Digital & Commercial Innovation Team – Forecast (£0.2m) Favourable Variance

This favourable variance is the result of vacancies within the team.

Spatial Data Team – Forecast £0.3m Adverse Variance

A downturn in the property market due to the cost-of-living crisis and high interest rates has resulted in an adverse variance of £0.2m against the Local Land Charge income budget and a further £0.1m adverse variance in income for Street Naming & Numbering.

P&BC Support Team – Forecast (£0.1m) Favourable Variance

A £0.1m favourable variance relating to staff costs – vacant posts and officers being recruited to lower than budgeted spinal points.

Strategic Planning – Forecast Nil Variance

The Plan Making team received growth of £0.4m in 2022/23 towards the cost of producing the new local plan. Spend in year is projected to be in line with budget.

Infrastructure Planning – Forecast Nil Variance

There is budgeted use of CIL revenue funding of £0.8m; £0.3m from LIF and £0.5m s106 income to fund the running costs of the Infrastructure Planning team.

Building Control Trading Account – Forecast Nil Variance

The building control trading account is forecasting an adverse variance of £0.2m. This results from a lower than budgeted income forecast as a result of a downturn in full planning inspection fees and prescribed fees. These income shortfalls total £0.4m. There is a favourable variance of £0.2m with the service carrying a number of vacant posts that are being filled by agency staff whilst a recruitment campaign has been undertaken. This is partially mitigating the income shortfall. A £0.2m reserve drawdown will be made from the building control trading account reserve at year end to mitigate this variance in full. There are sufficient balances in this reserve to meet this drawdown (current balance £345k).

Housing – Forecast £4.2m Adverse Variance

The Housing division is forecasting an adverse variance of £4.2m after reserve movements. This represents an adverse movement of £1.1m when compared with previous forecasts, resulting from a worsening position within Housing Options due to increasing numbers in T.A. and higher use of expensive Bed & Breakfast accommodation.

Housing Options – Forecast £3.9m Adverse Variance

The Housing Options (Homelessness and Rough Sleeping) service is forecasting to outturn with a £3.9m adverse variance against budget after applying grant and reserve drawdowns.

The position below shows that the budget that the service has control over (its core activity), e.g. staffing and accommodation expenditure offset by rental and other income, has an adverse variance of £0.3m. Housing Options has a savings target of £2m relating to service transformation aimed at reducing numbers in T.A. At this time, this saving is slipping due to the cost of living crisis increasing numbers presenting as homeless, putting further pressure on the budget position.

As rents in Tower Hamlets are above LHA rates, the housing options service incurs a HB subsidy loss on each placement (difference between housing benefit paid out in rent and the subsidy claimed back from Central Government). This puts the budget position into a significant deficit. HB subsidy loss is not something the council has control over. It is a government formula for reimbursing the council for any HB spent on temporary accommodation.

The budget is supported by annual government grant totalling £9.3m. This is in the form of Homelessness Prevention Grant, Homelessness Prevention Top Up Grant and Rough Sleeping Initiative funding. It is assumed these grants will be applied in full during the year.

Housing Options has a number of reserves that total £6m. It is proposed to drawdown £3m in year from these reserves to partially mitigate the overspend position. After applying grants and reserves it leaves an overall adverse variance of £3.9m.

Subjective Analysis	Variance – Adverse / (Favourable) £m
Staffing Costs	-
Accommodation Costs	6.6
Bad Debt Provision	1.6
HB Income on Placements	(7.9)
Variance from Core Activity	0.3
Service Transformation Saving	2.0
Housing Benefit Subsidy Loss	5.7
Variance before Reserve Drawdowns & Unbudgeted Grant	8.0
Homeless Prevention Top Up Grant	(1.5)
Drawdown from Reserves	(2.6)
Variance after Reserve Drawdowns	3.9

Homelessness numbers remain high and have risen since the start of the year. Current numbers in Temporary Accommodation are 2,959, this compares with 2,826 households at the start of the year, an increase of 132. Of the 2,959 in T.A., 2,288 are families with children. Numbers are rising due to the lifting of the evictions ban that has been in place since the onset of the pandemic resulting in the service experiencing an increase in the numbers of private evictions. The three main reasons for people presenting homeless are family evictions, domestic abuse and private tenancies that have been terminated, with a 97% increase in the numbers presenting as homeless due to eviction from private sector rentals. The cost-of-living crisis has increased family exclusions and reduced accessibility of private tenancies.

These high numbers place pressure on the use of expensive nightly booked and bed & breakfast accommodation and the use of commercial hotels at additional cost. There are currently 631 households in B&B accommodation compared with 363 at the start of the year, an increase of 268. The number of room bookings and the cost of B&B accommodation are rising, putting further pressure on the budget. Rooms are now costing £70-£100 per night with current providers who were charging £35 per night during the pandemic and new providers are charging in excess of £120 per night. The cost of using commercial hotels is higher still, some charging over £200 per night and these rooms are often not fit for purpose with no kitchen facilities. Competition for accommodation with the asylum seeker market and other Local Authorities is further driving up costs. The Council lost 211 family sized properties in Tower Hamlets to other London Boroughs and Central Government from January to March last year.

A lack of move on options in affordable housing within London is increasing this pressure, particularly for larger properties, making it very difficult for the Council to discharge its duty. The lack of move on options is resulting in the service failing to meet its suitability obligations for the first time since 2016 and not moving claimants from B&B accommodation within the six-week statutory target. There are currently c200 households that have been in B&B accommodation for longer than the six week target time.

The overall numbers in TA and the cost of the TA has a knock on effect on Housing Benefit subsidy loss. The Council incurs a Housing Benefit Subsidy loss on every placement. Whilst Housing Options can claim the cost of the rent from Revenues and Benefits for placements in T.A., the Council can only claim back in subsidy from the DWP the Housing Benefit costs incurred up to 90% January 2011 LHA rates for those same placements. Rents within Tower Hamlets and neighbouring Boroughs are higher than this rate, resulting in the Housing Benefit payment made to Housing Options being higher than the amount that can be claimed back. £4m of growth was added to the Housing Benefit Subsidy Loss budget in 2021/22 and despite this, there remains an adverse variance of £5.7m against this budget.

The impact of the shortfall in temporary accommodation subsidy is a net charge to the Council’s Housing Benefit budget. This was previously accounted for in Housing Benefits (Resources Directorate) but has recently transferred to Housing Options to allow the full cost of the homelessness to the council to be identified. In previous years, the budget pressure was managed by one-off grant, for example Covid grant. This is now unavailable, resulting in a budget pressure against the General Fund.

The extent of the unadjusted increase in Subsidy loss since 2016/17 can be seen in the table below with increase of over 197% over the past 8 years.

2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
£3,903,546	£4,345,368	£5,131,048	£6,012,341	£7,431,645	£6,890,120	£7,206,159	£7,673,032

Housing Options currently holds £6m of ring fenced reserves, predominantly in the form of Flexible Homelessness Support Grant reserve and Homeless Prevention Grant reserve. It is proposed that £3m of this reserve total will be drawn down in year to fund transformation work to deliver the £2m saving target and to partially mitigate the cost pressures detailed above. There are future year commitments against the remaining reserve balance which prevent further drawdowns in year. After making these reserve drawdowns, the Housing Options service is projecting an adverse variance of £3.9m.

These budget pressures are not unique to Tower Hamlets and are being felt across London and the Country as a whole.

How are we mitigating against this?

The service is taking actions to mitigate these budget pressures:

Recruitment Campaign

- The Mayor approved 22 new posts in December 2022 in order to support improvements in the service with the aim of delivering a £2m budget saving.

Service Improvement

- Housing Options are working with several accommodation suppliers to reduce the current use of expensive and short-term commercial hotel placements so that when households are placed into B&B, they are placed into B&B where it is longer term, of better quality and with cooking provisions where possible.
- Reliance on commercial accommodation will reduce over the remainder of the year as the Housing Options service has procured 130 units, in Lewisham, at a cost of £50 per night. These rooms are available and families have moved in. The owner of this accommodation has similar provision in Limehouse which

is currently used by the Home Office but will soon decant. The Housing Options service are in discussions with the owner to secure this. The nightly rate may be slightly higher due to its location.

- London wide initiatives including the G15 summit identifying available properties/obsolete buildings that can be used for T.A.
- Utilising regeneration sites in the borough, for example HAP void units.
- Talking to Registered Providers to increase the supply of T.A.
- Utilising the resources available within the HRA for T.A. by bidding for funding from the GLA to support an acquisitions programme of up to 600 properties. Where existing tenants move into these newly acquired properties, 50% of the vacated properties will be used for T.A., housing families currently in unsuitable B&B accommodation.

Interventions to Increase the Supply of PRS

- The Mayor agreed a change in placement policy allowing Housing Options to discharge duty further than 90 minutes travel time from the Borough, extending as far as Southend.
- Housing Options are working with providers such as Bridge Housing, who buy properties on the open market and offer them to the council to let as an Assured Short-hold Tenancy (AST), in order to discharge the Council's homelessness duty.
- In August 2023, the service launched a landlord campaign (digital adverts, social media, bus stops, billboards, My East End, google).
- 11,000 THH leaseholders were written too, by including the landlord campaign in the service charge actuals statement.
- Housing Options held a landlord event in the Town Hall.
- A revised PRS package implemented from 1 August with rents being topped up above the LHA in the form of an incentive payment. Packages include landlord insurance, rent deposit and advances.
- The Housing Options service secured 35 one bed PRS units in Slough on a three-year lease. Rooms will be leased at £288 per week, which although above LHA rates in Slough is considerably lower than the cost of B&B accommodation. A barrier to procuring accommodation is the Home Office, who are able to offer extremely high rents to house asylum seekers.

ICT Intervention

- A Housing Options IT Transformation programme manager has been appointed who will be reviewing the approach and activities to prioritise maximum value and impact.

Strategic Working

- A Service Improvement Group has been set up and is meeting fortnightly. This is a 3-month task and finish group to address urgent customer service needs as well as improve communications with residents across all communication channels. Key objectives include improving workflows, lower phone and email response times, automated prompts, reviewing standard letters and web content.
- A project to improve the service's response to domestic abuse homelessness and increase prevention is in the delivery phase; Housing is working with partners across the council in order to achieve accredited status, with the aim of achieving this by March 2024.
- Job Centre Plus service is fully operational and working out of 3 job centres in the borough. It is receiving 5 new referrals a day.
- Housing Options Assistants are now pre-screening all housing advice appointments, consequently reducing waiting times to 1 week (previously at a peak of 6 weeks).
- A pre-screening process is to be adapted for homelessness assessments and mobilised with the aim of reducing appointment waiting time.
- At a service level, service redesign is underway to enable more work to be undertaken upstream to prevent homelessness occurring, bringing homeless people into employment. The speed of transformation is being hampered by the cost-of-living crisis which is increasing demand for the service and the lack of move on options available.
- A Housing Away Day with the Mayor conducted a deep dive into homelessness; to understand the budget drivers, future trends, opportunities. It was agreed to review the Placement Policy to procure in more affordable areas.

Ongoing Covid-19 Response

Homelessness and Rough Sleeping are continuing their ongoing Covid-19 response at Luke House. Luke House is B&B accommodation that is being used to house rough sleepers brought from the streets as part of the Government's 'Everyone In' campaign. DLUCH have provided funding for this scheme in 2023/24 with LBTH receiving a total of £890k towards its costs as part of the Rough Sleeping Initiative grant settlement. This grant funding is projected to be spent in full during the year providing accommodation and support services at Luke House.

Lettings – Forecast £0.5m Adverse Variance

Adverse variance of £0.5m resulting from a reduction of the choice-based letting service recharge to the HRA. The evidence based revised recharge is based on the number of lets to Council owned property, rather than a historic charge against which the budget was set. This has resulted in the general fund incurring more of this cost rather than the HRA. Now that THH has been insourced this recharge will be revisited to confirm it remains correct.

Energy & Sustainability – Forecast (£0.2m) Favourable Variance

The £0.2m favourable variance relates to additional commissioning income from the energy suppliers contracted to the Council. The commission is based on the unit price of energy and recent increases in the unit price of gas and electricity has increased the commissioning income received.

A £0.1m adverse variance relating to the Barkentine PFI scheme will be mitigated through a drawdown from the smoothing reserve, resulting in nil variance. There is currently a balance of £1m in this reserve and is therefore sufficient to cover this cost. A further £0.4m is projected to be spent in securing the future of the provision once it expires. It is assumed that this will also be met from this balance on the smoothing reserve and work is ongoing with DLUHC to ascertain if there will be additional future costs.

A total of £0.1m of additional works on net zero projects will be undertaken in year and funded from s106 contributions from the carbon offset fund.

Housing Supply – Forecast Nil Variance

The fire safety team received approved growth of £0.7m, delays to recruitment mean that projected spend will total £0.6m, with the balance transferring to reserve to fund the ongoing statutory work in the next financial year. The service has also received grant funding of £0.5m relating to cladding remediation. At present enforcement of building owners has not commenced and the grant is forecast to remain unspent in year and will be transferred to reserves.

Forecast overspend of £0.1m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Directorate Management	0.0	0.0	0.1	0.1	0.0	0.1	0.0
Public Realm	37.2	29.5	39.9	2.7	(1.3)	1.4	(1.8)
Community Safety	10.7	6.5	8.1	(2.6)	1.3	(1.3)	0.0
Culture	4.7	1.5	4.6	(0.1)	0.0	(0.1)	(0.4)
Total	52.6	37.5	52.7	0.1	0.0	0.1	(2.2)

The Communities directorate is forecasting an adverse variance of £0.1m against a budget of £52.6m. This represents a favourable movement of £2.2m when compared with the adverse variance of £2.3m previously reported. The favourable movement relates to Public Realm where the Council has benefitted from a profit share relating to electricity generated and sold by the Council's waste disposal contractor. Confirmation of the profit share was communicated to the Council in January 2024 and therefore not factored into previous forecasts. Vacant posts remain unfilled within Environmental & Regulatory services which, were assumed to be filled for part of the year in previous forecasts and an analysis of taxi card expenditure indicates that TfL's contribution to the service will meet its full cost also contribute to the improved forecast within Public Realm. Forecasts for Community Safety and Culture remain unchanged from those reported at period 6.

The main reason for the adverse variance in Public Realm is an inadequate baseline budget for waste and cleansing. The budget provision is currently being reviewed as part of a service improvement plan for the service. The SEN Transport service is also undergoing a review to address the increase in costs and change in demands. The Communities Directorate, which was formed in August 2023, and comprises of three main divisions, Public Realm, Community Safety and Culture which were previously reported in other directorates.

Communities Directorate Management - £0.1m Adverse Variance

A £0.1m adverse variance relating to the costs of the Corporate Director. There is no budgetary provision for this post as it relates to an in-year restructure undertaken by the Chief Executive.

Public Realm – £1.4m Adverse Variance

Public Realm is forecasting an adverse variance of £1.4m against budget. This figure is inclusive of a proposed reserve movements netting to a £1.3m drawdown.

Public Realm Management – Forecast (£0.1m) Favourable Variance

Favourable variance resulting from underspend on employee related expenditure.

Highways and Traffic Management – Forecast £0.1m Adverse Variance

A £0.1m favourable variance relating to insurance costs resulting from a reduction in numbers of claims and repudiation of existing claims.

Public lighting is forecasting a £0.1m favourable variance following capital investment and use of LED bulbs.

Capitalisation shortfall projected at £1.1m is being offset by a corresponding underspend of £0.8m on salaries resulting from posts being held vacant.

A budget shortfall of £0.6m relating to sunk costs that cannot be capitalised resulting from the TFL capital programme not progressing. TFL are withholding funding in the current year following uncertainty around the capital programme.

Balances relating to historic temporary structure income and s278 rechargeable works totalling £0.6m are forecast to be drawn down to revenue. This relates to unclaimed amounts of over six years old. This balance is planned to be used to mitigate the pressures detailed above in Highways & Traffic Management.

A £1.6m contribution towards the cost of Highways and Traffic Management from the Parking surplus (drawdown from the Parking Control reserve). This drawdown is budgeted, resulting in a nil variance.

Operational Services – Forecast (£1.2m) Favourable

Favourable variance of £0.2m from unbudgeted income relating to the sale of recyclable materials.

A £1.1m favourable variance relating to the Council's share of electricity generated and sold by the waste disposal contractor. The service has been requesting the Council's forecast profit share throughout the year, but the contractor has only shared the relevant information recently.

A £0.1m adverse variance relating to an increase in costs resulting from recent changes to the dangerous dog laws regarding XL Bully dogs.

Vacant posts within the Green Team and Arboriculture service resulting in a £0.1m favourable variance. This is being offset by A £0.1m adverse variance relating to increased costs of running plant and machinery, including fuel costs.

Environmental Services Improvement – Forecast (£0.1m) Favourable

A £0.1m favourable variance relating to employee related costs from officer secondments and part year vacancies.

Waste Operations (Environmental Services) – Forecast £3.2m Adverse Variance

A favourable variance of £0.1m relating to third party expenditure resulting from reduced cleaning of Blackwall tunnel. TFL has not instructed for this work to take place post pandemic.

Cleaning related to the late-night economy is forecast to generate additional income of £0.1m.

A favourable variance of £1.9m against salaries and overtime relating to vacant posts. This is being offset by additional costs of £3.8m. The main reason for this variance in agency expenditure is due to the oversight at the point of transferring staff from Veolia to Tower Hamlets in March 2020. The contract with Veolia had several variations, with Veolia increasing staff numbers by employing agency staff due to ease of terminating assignments. When the service was transferred to Tower Hamlets, only full-time

employees were considered as part of the TUPE transfer, but operationally all staff, including agency workers were being utilised for service delivery without any pause. This has put pressure on the budget to cover for additional services for example extra routes due to greater footfall in the parks post covid, to cover sickness and additional public holidays. This resulted in an adverse variance for employee related costs of £1.9m. There are currently 43 vacant posts within the service and in excess of 100 agency staff being employed. A recruitment campaign is planned to fill the vacancies and reduce the reliance on overtime and agency staff.

A £0.3m favourable variance relating to payroll deductions resulting from the waste operative strike.

Supplies and services budgets are forecasting a £0.1m adverse variance due to higher than budgeted uniform costs due to high staff turnover and use of agency staff.

Unachievable income target of £0.1m relating to charging for household bulky waste collections. This income target formed part of a historic greater commercialisation saving allocated to Place in 2021/22. The charge either needs to be introduced in the current year or the saving written off as bulky waste collections remain a non-chargeable service.

Additional vehicle repairs and increased costs for scheduled maintenance due to contract prices increases is resulting in a forecast adverse variance of £1.4m. A further £0.2m adverse variance relating to fuel costs.

There are a number of mitigating actions that are being undertaken to manage this ongoing cost pressure. These include targeting illegal waste through increased enforcement activity; improve the commercial waste offer and increasing market share (whilst also targeting over production of waste by existing commercial waste customers through targeted enforcement activity to drive compliance and increase sales); reducing contamination through identification of hotspots followed by targeted communication (education/advice/enforcement); targeting rogue landlords through policy change/interventions; workforce recruitment of permanent staff to replace temporary staff and reduce overtime; and route optimisation and increased staff training to reduce vehicle damage / insurance claims.

Commercial Waste – Forecast £0.4m Adverse Variance

There is an under recovery of income totalling £0.4m for commercial waste. The service has lost customers during the pandemic. The service is currently recruiting a commercial waste manager who will be tasked with increasing the customer base.

Fleet & Passenger Transport Service – Forecast Nil Variance

The majority of fleet costs are recharged to other services. There has been a significant increase in these costs, in particular fuel, repairs & maintenance which have been passed on to other Directorates where the pressure is being reported. For passenger transport this includes extra staff and vehicle costs. The impact of these increases are reported elsewhere by the relevant services.

Concessionary Fares – Forecast (£1.2m) Favourable Variance

Although the cost of journeys has increased, Concessionary Fares is projecting a favourable variance for Freedom Passes as a result of fewer TFL journeys being undertaken during the pandemic. The current years calculation is based on the previous two year's average journeys where travel was restricted due to lockdown. This is a one-off saving and although budget was taken, the final settlement was lower than estimated.

Although there is a favourable variance in year, projections for future years are forecasting significant adverse variances (£1.5m in 2024/25 and a further £2.2m in 2025/26).

A £0.2m favourable variance relating to taxi cards. It is forecast that the TfL contribution to the scheme will be sufficient to cover the cost of the taxi card scheme in 2023/24 in its entirety.

Parking services – Forecast Nil Variance

Parking services has a favourable variance of £1.2m against budget. This amount will be transferred to the Parking Control reserve and reallocated to fund other highways and transport related services and school crossing patrols.

The Enforcement service (PCN related income) has exceeded budgeted levels because of moving traffic cameras, which includes school street cameras. These cameras reduce the overall environmental impact along these roads and increase road user safety and wellbeing. This has resulted in an increase in tickets issued across the Borough, with forecasted additional income of £1.5m.

However, this is being offset by pressures on the Parking debt budget where there is an under recovery against the income target of £1.6m. This target relates to aged debt cases where the central debt collection team are falling short of the targeted debt recovery levels as some have been deemed irrecoverable.

Vacant posts across the Parking service is resulting in a favourable variance of £0.2m. Staff retention is challenging and when vacant these posts are difficult to fill.

Bay suspension income is over-recovering by £0.3m with demand for the service continuing to be high.

Casual parking income is projected to exceed budget by £0.6m with demand being higher than that budgeted.

A £0.1m favourable variance resulting from an increase in demand for visitor vouchers.

Additional income totalling £0.1m relating to changes to Traffic Management Orders.

School Crossing Patrol – Forecast Nil Variance

Employee related expenditure of £0.1m to be funded from the Parking reserve.

Environmental & Regulatory services – Forecast (£0.1m) Favourable Variance

Vacant posts across the Environment & Regulatory services totalling £0.4m. Staff recruitment and retention remains challenging in these service areas.

A favourable variance of £0.1m relating to mandatory HMO licensing income and private sector enforcement on THH estates.

Unbudgeted contract costs relating to the Coroner's, Undertaker and Pathology services are forecasting to result in a £0.2m adverse variance.

There is an ongoing court case with legal costs of £0.1m forecast in year. These costs will be met from the Proceeds of Crime reserve.

Selective Landlord licensing is forecasting an adverse variance of £0.2m where there is no reserve to offset the costs incurred providing the service. The license fees are paid in advance and cover a five-year period, the license fee covering the costs incurred administering the scheme over the life of the license period.

This represents an accounting error where the reserve was taken several years ago and not replaced rather than being the result of service provision.

Expenditure totalling £0.5m has been incurred to fund the additional HMO licensing scheme. These costs will be met from the Additional HMO licensing reserve, resulting in a nil variance.

Late night levy expenditure of £0.2m to be funded from the Late-Night Levy reserve resulting a nil variance.

Street Trading – Forecast £0.4m Adverse Variance

The Street Trading account is a ringfenced account and is forecasting a £0.4m adverse variance. This relates to cleansing and refuse collection recharges from waste services. The service requirement and the recharge will be reviewed.

Community Safety – Forecast (£1.3m) Underspend at Period 9

Community Safety is projected to underspend by £1.3m at Period 9 against a budget of £10.7m. This forecast is in line with that reported at period 6.

The outturn position for 2022-23 was an underspend of £0.29m against a budget of £6.5m.

The Division has significant growth investment in 2023-24 for recruitment of additional Tower Hamlets Enforcement Officers (THEOs), and for investment in additional Metropolitan Police Officers for the Borough.

A robust campaign and a dedicated recruitment and selection process has been undertaken to ensure the additional officers are recruited to the Tower Hamlets Enforcement Officer Service. Due to the number of THEOs required, and to ensure the best outcomes, the recruitment and selection process has been undertaken using a phased approach and a dedicated campaign. Tranche 1 of this recruitment process concluded in June. The tranche of new staff selected are being “on boarded” in line with the Council’s recruitment and selection policy. The recruitment and selection processes are still ongoing. The current projected underspend of £1.3m against this Mayoral Priority growth is currently shown in the outturn position and transferred to reserves (Mayors Priority Investment).

The Metropolitan Police have advised that they are unable to provide additional funded police officers this year due to London wide recruitment issues facing the Metropolitan Police Service and the need to prioritise the strongest ever neighbourhoods in line with their new vision for policing London and responding to findings of the Baroness Louise Casey review. Discussions are ongoing with the local Met Police Basic Command Unit to seek to mitigate this situation. Further proposals have been developed on the use of this growth funding by delivering a new Crime Reduction Target Operating Model and setting up a Mayors Anti-Crime Taskforce to deliver this. This is subject to Mayoral approval. If approved this has a critical interdependency with the use of the current £1.3m underspend against the growth that is being reflected in the period 9 position.

Culture – Forecast (£0.1m) Favourable Variance

Culture is currently projecting an favourable variance of £0.1m after reserve adjustments against a budget of £4.7m. This forecast is £0.4m favourable to that previously reported at period 6.

The main variances are detailed below:

- (E42) Sports & Physical Activities: Unachievable income on Leisure Contract totalling £0.1m; and sports projects additional to current budget envelope from the Mayor’s Office, forecast spend against these projects is a further £0.1m. These projects relate to school sports including London Youth Games etc.

- (E46) Arts Parks & Events: A forecast adverse variance of £0.1m resulting from the budgeted increased income target from filming not been achieved due to recent industry industrial action leading to a downturn in activity and therefore income generated.
- (E49) In-Sourcing of Leisure services: The project is forecasting a favourable variance of £0.4m relating to ICT contracted related works (£0.2m) and negotiated reductions in second hand gym equipment equating to a further £0.2m.

Forecast underspend of £3.2m

Service	2023/24 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over / (under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
	A		B	C = B - A	D	= C + D	
Corporate Costs	20.9	13.4	20.4	(0.5)	(2.7)	(3.2)	1.1
Total	20.9	13.4	20.4	(0.5)	(2.7)	(3.2)	1.1

A forecast underspend of £3.2m for Corporate Costs is reported for this period.

Pay inflation budget held centrally – £4.9m overspend

Past reports projected a £3.8m pressure as a result of the 23/24 pay award and a risk that this could be higher. The final agreement has now been announced with a pay increase of the higher of £2,352 or 3.88%. Distribution of the budget increase for the pay award has identified that the total allocation was £4.9m higher than originally budgeted. This will be built into the MTFs to a recurring prevent a recurring pressure.

Non-pay inflation budget held centrally – £1.2m underspend

A corporate provision of £16.6m for non-pay inflation was budgeted. We have now assessed the impact of contract inflation across the Council which has identified a saving of £1.2m. There remains a risk that the provision for energy price increases will not be sufficient, and this is being quantified.

Cross-Directorate Savings – £1.1m overspend

There are two savings that haven't been allocated to a service.

1. Council wide efficiencies £0.8m - This relates to staffing savings including the deletion of vacant posts and reducing agency. Although this saving has slipped work is being undertaken around the use of agency staff and structures that is anticipated to deliver this saving in future.
2. Hybrid mail £0.3m – The saving was based on reduced costs through the use of hybrid mail. However, actual expenditure hasn't reduced sufficiently to realise the saving.

Redundancy, Severance and Early Retirement – breakeven

An allowance of £2.5m is included in the budget for redundancy costs. This is to allow additional capacity for the Council to fund transformation. Due to the voluntary redundancies, it is anticipated it will be fully utilised this year. Any underspend will be transferred to reserves to provide funding for future years.

Pension Fund deficit repayment – £1.0m underspend

Forecast underspend against the budget allowed of £12.8m for the payment to the Pension Fund to meet the deficit estimated by the actuary.

Corporate contingency budget to cover unforeseen circumstances – £1.0m underspend

There is £3.1m included in the budget to cover unforeseen circumstances. Following allocations for VAT payments (£1.0m), refuse strike action (£0.4m), other smaller amounts (£0.1m), an amount of £1m is being released from contingency at this time to support the overall budget position.

Treasury Management – forecast £1.1m underspend

An underspend of £1.1m is forecast on borrowing costs and Minimum Revenue Provision due to slippage in the capital programme as well as higher investment returns.

Corporate income and expenditure – forecast £4.9m Underspend

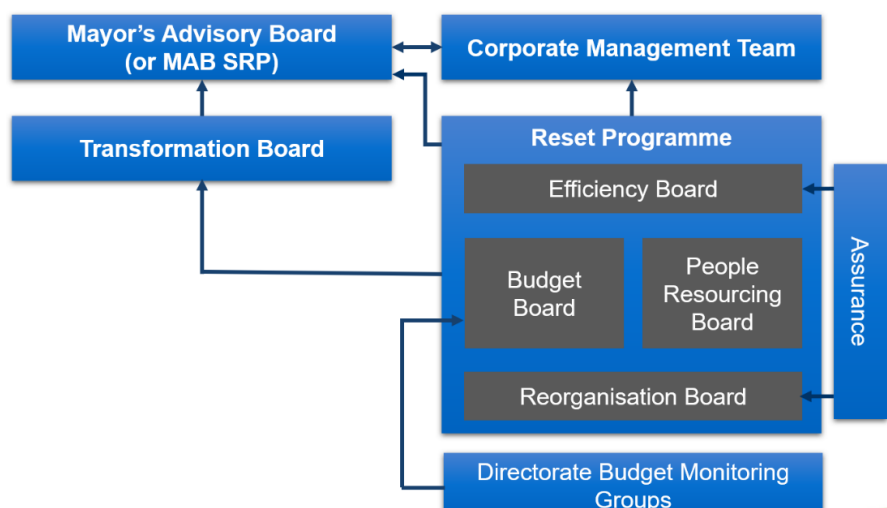
Forecast overachievement of income of £2.2m against corporate income target attributable to the receipt of £2.2m from the London mayor in respect of Free Healthy School Meals.

Following final confirmation of the 2021/22 business rates pooling position the £2.7m held in relation to this can now be released from reserves.

As reported in Quarter 2, the Council continues its transformation programme to make sure we are achieving the council's agreed priorities, Mayor's ambitions for the borough and the objectives set out in the Strategic Plan in a more efficient and financially sustainable manner with evidence the programme is embedding into the organisation through the improved overall forecast General Fund outturn position reported from quarter 2 to 3 (decrease in forecast overspend by £4.3m).

Boards have been set up to drive the transformation and achieve those efficiencies detailed in our Medium-Term Financial Plan (MTFP). These boards have been set up to bring much more rigour to the financial management process, in part based on the annual underachievement of savings targets over a number of years and will help to reorganise and restructure the council and are subject to on-going quarterly review to ensure they are working as effectively as possible.

The diagram below shows how these new governance arrangements for the transformation of the Council operate:



A key element of these arrangements is the Budget Board, which is chaired by the Section 151 Officer and leads on approving budget efficiencies, including saving targets, budget growth requests and in-year variances.

In addition, the Council is also reviewing its Target Operating Model to guide the organisations evolution towards one that places more emphasis upon the needs and aspirations of the people of our Borough and the users of our services.

Directorates have been issued with additional savings targets to achieve and proposals will progress through the new governance framework to ensure they are deliverable, and all potential savings are identified. Savings that can be taken in year will be identified as part of this process.

A corporate savings target has also been set for the Corporate Restructure Initiative. There are three drivers that necessitate a review of the departmental structures for the Council's services. These are: -

- To ensure staff resource is better aligned to the Council's priorities
- To ensure that the services we offer are as efficient and customer focused as they can be
- To provide an accelerated contribution to the delivery of £40m of realisable recurring savings required over the coming medium term to secure a financially sustainable position in line with our financial strategy

Forecast underspend of £0.1m before transfer to reserve

Service	Budget £m	Actual YTD £m	Year End Forecast £m	Forecast over/(under) spend £m	Increase / (decrease) net forecast spend from Quarter 2
Housing Revenue Accounts (HRA)	(1.1)	(43.3)	(1.2)	(0.1)	1.0
Total	(1.1)	(43.3)	(1.2)	(0.1)	1.0

The Housing Revenue Account is forecasting an outturn position with a favourable variance of £0.1m when compared with budget. This represents an adverse variance of £1m when compared with previous forecasts. The forecast underspend results from favourable variances within the technical adjustments with depreciation costs being lower than budgeted and the Item 8 credit forecasting significant additional income resulting from higher interest rates. This is being offset by pressures in insurance, building safety works and a shortfall in rental and service charge income resulting from a high number of void properties. THH transferred back in-house in November 2023. Work is ongoing to restructure the budget so that it closely reflects the service and priorities of the council. In the meantime the monitor reflects the 'old structure', adjusted to allocate the management fee on an appropriate basis.

Delegated Budgets – £3.2m Adverse Variance

The Delegated budgets cover income and expenditure where LBTH retain ownership of the budgets but delegated management responsibility to THH. The net Delegated budgets for 2023/24 is an income of £64.8m. There is an adverse variance of £3.2m against these budgets.

Income – (£0.3m) Favourable Variance

A £2.4m favourable variance relating to leaseholder service charges. Income is projected to exceed budgeted levels due to an increase in the cost of energy and building insurance, with this additional charge being passed on to Leaseholders. Although the budget was inflated, recent price increases have exceeded the level of inflation applied.

A £0.9m adverse variance in rental income due to properties being held void. A total of 229 properties are being held as void. Of these, 84 properties are held void for respite / decant purposes from Maltings & Brewster (structural works being undertaken) and Bentworth House (following an explosion). Rents are not charged to the decanted tenants on these properties. A further 21 properties are void on new build sites awaiting occupation, 51 properties are void awaiting disposal, and 1 property is void awaiting knock-through. These are in addition to the normal day to day voids occurring during the year, where there are 72 properties currently void.

A £0.9m adverse variance relating to tenant service charge income resulting from the high number of void properties where service charge income is not being collected.

Garage rents have an adverse variance of £0.2m. A total of 87 garages have been decommissioned with the sites being included in the Mayor's new build property programme.

A £0.1m adverse variance relating to the admin fee for major works. Lower than budgeted major works taking place due to leaseholder consultations not progressing and where they have leaseholders declining that major works are required.

Expenditure – £3.5m Adverse Variance

A favourable variance of £0.1m for NNDR costs associated with the non-dwelling properties. This is based on the previous year's outturn position as charges for the new year are yet to be posted.

Work relating to community investment projects was suspended during the pandemic and has been slow ever since resulting in a £0.2m favourable variance.

The repairs & maintenance budget is forecasting a favourable variance of £0.5m. This results from the neighbourhood plan programme of works which is budgeted but no programme of works is in place. New repairs contracts were let in the previous financial year and there have been delays with some works resulting from supply chain issues, with contractors unable to sublet works due to increases in labour and material costs. Delays are also being experienced for remedial works where contracts are proving expensive and difficult to let in the current market.

Building insurance is forecasting an adverse variance of £2.2m, bringing the full forecast for this year to £6m. The insurance market is experiencing contraction, as the number of insurers has declined, and premiums are increasing. During the tendering process, the Council received only one proposal, and it was accepted but resulted in a 58% increase in premiums.

A forecast adverse variance of £1.6m relating to building and fire safety works. Of this, £1.1m relates to the risk appraisal of external walls as part of the Council's response to the Fire and Building Safety Acts. Delays in procuring these works in the previous financial year has resulted in a larger programme in year to catch up. A further £0.3m relates to waking watch put in place to mitigate findings from these surveys. The remaining £0.2m budget pressure is for additional asbestos works where asbestos has been discovered as part of the surveying process.

Charges for Dame Collet and Poplar Baths are forecasting an adverse variance of £0.1m which is directly attributable to inflationary increases. Final charges were agreed post April after the budget had been set.

The Concierge service is forecasting an adverse variance of £0.2m with additional security costs (waking watch) at Odette Duval House, Maltings & Brewster and Latham House due to fire safety concerns.

A £0.1m adverse variance relating to service charge payments for leasehold enfranchisements. The HRA budgets for three additional enfranchisements but there has a total of five in year.

There are a number of historic leases relating to the Arches in Drewton Street and Stepney Causeway. The rent and insurance charges exceed budgets by £0.1m, resulting in an adverse variance.

Following an explosion at Bentworth Court, the Council has incurred costs totalling £1.1m in addition to those incurred previously of £4.4m. Discussions with the insurance loss adjuster have been positive and it is assumed that this additional cost will be met through insurance, resulting in nil variance.

Non delegated budgets – £1.3m Adverse Variance

A £0.2m favourable variance relating to non-dwelling rental income. This relates to shop income for Ben Johnson Road which has not been budgeted for in the HRA. These shops previously sat in the General Fund but are HRA dwellings.

The Leaseholder Enfranchisements income has exceeded budget by £0.2m. The number of applications to extend leases is projected to be higher than budgeted. To date 92 leases have been extended and it is forecast that a further 31 will be completed in year.

Salary costs relating to building safety leads is forecasting a favourable variance of £0.2m. This results from the posts being difficult to recruit too with all local authorities competing for a limited resource.

A £0.8m adverse variance on repairs and maintenance costs relating to non-dwelling properties. This includes additional security costs on void properties, business rate charges on empty properties and unbudgeted responsive and programmed repairs.

A £0.3m adverse variance for support service recharges relating to additional recharges from the asset management team as they are undertaking additional HRA related works. The team supporting the HRA include agency staff at higher cost.

Capitalisation shortfall of £0.3m due to slippage within the HRA cyclical capital programme.

An adverse variance of £0.5m against insurance premiums for dwellings with costs rising at a higher percentage than was budgeted. Premiums on dwellings insurance have increased by 58% due to reduced competition in the market driving up costs.

The Council are looking to enter into a development agreement to build out some sites which currently sit within the pipeline schemes but cannot be afforded within the HRA capital programme. There will be costs associated with this agreement but at present they are unknown as work to procure a partner developer is in its infancy. Any in-year revenue implications will be reviewed as this work progresses.

Technical Adjustments – (£3.6m) Favourable Variance

A favourable variance of £0.7m against the depreciation charge (this is made up of a £0.8m favourable for HRA dwellings and a £0.1m adverse variance against the HRA non-dwelling properties).

An adverse variance of £0.5m for the Item 8 debit and a favourable variance of £3.4m for the item credit resulting from increased interest rates. Item 8 charges are sensitive to changes in interest rates and will be monitored throughout the year.

General Fund (GF) Balances and Earmarked Reserves

5

The table shows forecast pressures on 2023/24 General Fund and Earmarked Reserves balances and how this might be managed by means of utilising earmarked reserves.

£m	Draft accounts as per	Forecast	Forecast
	31 March 2023*	contribution to / (from) Reserve	balance 31 March 2024
	£m	£m	£m
GF balances (general reserve)	20.9	0.1	21.0
	20.9	0.1	21.0
Earmarked reserves consist of:			
Earmarked reserves with restrictions			
BAME	0.8	(0.3)	0.5
CIL Reserve	3.7	(0.9)	2.8
Collection Fund Smoothing**	45.9	(8.0)	37.8
Covid Recovery Fund	1.8	0.0	1.8
Covid-19 Grant	4.1	(1.2)	2.9
Free School Meals Reserve	1.8	(1.8)	0.0
HA&C Joint Funding Agreements	7.3	(3.3)	4.0
Insurance	7.9	(0.3)	7.6
Local Elections earmarked reserve	0.6	0.0	0.6
Parking Control	8.8	(0.5)	8.3
Public Health Reserve	7.2	(0.7)	6.4
Revenue Grants Unused	12.2	(3.2)	9.0
Ringfenced Developers' Contributions	6.1	(0.2)	5.9
Earmarked reserves with restrictions – Subtotal	108.0	(20.4)	87.6
Earmarked reserves without restrictions			
ICT Reserve	9.3	(1.5)	7.8
Mayor Tackling Poverty Reserve	1.6	0.6	2.2
Mayors Priority Investment Reserve***	47.9	(26.7)	21.2
Risk Reserve	15.9	0.0	15.9
Services Reserve	14.6	(3.5)	11.1
Social Care Pressures Reserve***	0.0	3.1	3.1
Transformation Reserve	3.1	0.0	3.1
Earmarked reserves without restrictions - Subtotal	92.4	(28.0)	64.4
Total Earmarked Reserves	200.4	(48.4)	152.0
Total GF and Earmarked reserves	221.3	(48.3)	173.0

latest Draft account 31 March 2023 position

**The Collection Fund Smoothing Reserve is restricted in its use as it is solely intended to deal with surpluses and deficits that arise on an annual basis in the collection fund

***The Mayor's Priority Investment reserve is forecast to reduce by £26.7m largely due to budgeted contributions to fund MTFS (22.1m), budgeted creation of a Social Care Pressures Reserves (£4.6m) as approved by council on 1st March 2023 and remaining balance relating to forecast in-year movements to the reserve

The table shows the 2023/24 forecast outturn position for the Housing Revenue Account, Dedicated Schools Grants and Capital Usable Reserves.

HRA and DSG reserves	Draft balances as per 31 March 2023*	Forecast contribution to / (from) reserves	Forecast balance 31 March 2024
	£m	£m	£m
Housing Revenue Account (HRA)	38.5	(9.6)	28.9
Dedicated Schools Grant (DSG)	(13.1)	(0.3)	(13.4)
Capital Grants Unapplied	190.4	26.7	217.1
Capital Receipts Reserve	156.1	10.4	166.5
Major Repairs Reserve (MRR)	8.0	(2.0)	6.0
Total Other Reserves	379.9	25.3	405.2

* latest Draft accounts 31 March 2023 position

Outside of reserves, the Council holds significant Developer Contributions (£106) to fund Capital Expenditure. These are held as creditors/receipts in advance on the balance sheet as they have to potentially be repaid if not used for a specific purpose. The total latest draft accounts balance as at 31 March 2023 was £93.2m and the total is forecast to be £100.8m at 31 March 2024.

The **Housing Revenue Account (HRA)** is not a separate fund but a ring-fenced account of certain defined transactions, relating to local authority housing, within the General Fund.

The **Dedicated Schools Grant (DSG)** is a ring-fenced specific grant that supports local authorities' Schools budget. Funding is allocated through four funding blocks, the Schools Block, the High Needs Block, the Early Years Block and the Central Schools Services Block.

The **Capital Grants Unapplied** reserve includes grants, £106 monies and Community Infrastructure Levy (CIL) payments received by the council with varying degrees of conditions on spend, which are utilised to fund capital projects and where expenditure is capital by nature and these reserves have been allocated where possible as part of the current 2022-25 General Fund and HRA approved capital programmes.

The **Capital Receipts** reserve includes capital receipts generated by the council (including HRA Right-to-Buy receipts) which are also utilised to fund capital projects and where expenditure is capital by nature and these reserves have also been allocated as part of the current 2022-25 General Fund and HRA approved capital programmes.

This section shows the amount of money we have collected from tax payers of the borough, and the split between the amount that is retained and the amounts paid over to central government and the GLA.

NNDR Business Rates

We are expected to collect £404m in 2023-24 for total Business Rates income (30% retained by the Council and 37% passported to the GLA and 33% central government), excluding business rates supplement. Collection levels continue to be impacted by the economic impacts from the cost of living pressures, although collection rates are starting to return to pre-pandemic levels.

There is a provisional (subject to audit) accumulated Business Rates Collection Fund deficit to the end of 2022-23, of which the estimated Council share is £17.0m. The Council is utilising its Collection Fund Smoothing Reserve to align the government grant funding of business rates reliefs with the timing of deficit payments over the three-year period 2021-24.

The accumulated deficit to the end of 2022-23 continues to include a significant loss allowance (bad debt provision) for potential non-payment of debts, of which the Council share is £4.9m, to allow for the ongoing potential impacts of cost of living pressures.

To the end of Period 9, we have collected £347.7m of £431.7m billed (80.55% in-year collection rate) compared to 81.66% for 2022-23, the slight fall in rate is a result of the final award of CARF during November 2023 which inflated collection rates in the short term. This includes collection of the Business Rate Supplement (BRS) for the London Crossrail development.

Council Tax

We are expected to collect £175.7m in 2023-24 (both GLA 27.5% and Council 72.5% shares). Collection levels continue to be impacted by the economic impacts of the cost of living pressures.

There is a provisional (subject to audit) accumulated Council Tax Collection Fund deficit to the end of 2022-23, of which the estimated Council share is £1.1m. There is a loss allowance (bad debt provision) of £13.7m to allow for the potential impacts of cost of living pressures.

The Covid-19 pandemic reduced the collection rate and increased significantly those claiming benefits including through the Local Council Tax Reduction Scheme (LCTRS). The cost of the LCTRS scheme rose from £26.7m in 2019-20 to £31.6m in 2020-21 and has continued to rise to a forecast £32.3m for 2023/24 as at Period 9. The level of claimants has continued to reduce slightly from the increased pandemic level from 29,989 (end of 2021-22) to 27,884 (end of Period 9).

To the end of Period 9 we collected £125.2m of the £176.2m Council Tax bills raised (71.07% in-year collection rate) compared to 72.5% for the same period in 2022-23, this is lower than the previous year, in part due to the application of energy rebates to council tax accounts during the same period in 2022-23. It is also lower than pre-pandemic collection levels. Future years' collection rates could continue to be negatively affected by wider economic impacts being experienced by residents (including inflationary and market pressures on energy and food costs).

The Council actioned the government's Council Tax support Fund, administering the reductions in bills of £55 to eligible Council Tax payers in time for the annual demand notices. During the final quarter, the remaining balance of this grant will be allocated Council Tax payers.

Overall Position

The nominal value of Council's investment at the end of December 2023 was £249.983m (a decrease of £15.484m from September 2023) and a decrease of £44.267m from previous month). Capital growth from strategic and cash pooled funds was £1.277m making the market value of investments as £268.803m.

External borrowing was £68.709m and no new external borrowing took place during the quarter. Council's Q3 investment balance remains higher than the Arlingclose pool of 20 London and Metropolitan Boroughs average investment balance of £86.9m and pool of 127 local authority average of £74.8m.

The 2023-24 budget for investment income is £2m while income forecast is £9.3m. This significant increase in forecast was due to significant inflation pressure last year and the Bank of England's aggressive rate increases to control inflation.

Investment Category	Dec 2023 Nominal Value £m	Dec 2023 Fair Value £m
Internally Managed Investments		
Banks	1.000	0
DMADF	40.000	40.000
Money Market Funds	132.983	155.570
Externally Managed Pooled Funds		
Cash Plus & Short Bond Funds	20.000	19.946
Strategic Pooled Funds	56.000	53.287
Total	249.983	268.803

Income Position

The yield of the internal portfolio at the end of the quarter was 5.30%. This was helped by the 2 Base Rate increases during the quarter thereby reflected on new fixed deposits placed with banks and Debt Management Office during the quarter. The income returns of the entire portfolio, including the Council's external investments during the quarter was 5.07% while total return including impact of externally managed pooled fund losses was 5.71%. (Capital gain on cash plus pooled funds was 2.12% and strategic funds 2.45%).

Benchmarking

According to the December quarter benchmarking information received from Council's treasury advisor, Arlingclose Ltd, average income return of 5.07% slightly underperformed a group of 20 London and Metropolitan Boroughs (5.18% average income return) and outperformed against 127 national local authorities (5.04% average income return).

Liquidity

64% of Council's invested cash at the end of the quarter is available within 7 days ensuring adequate cash is available to meet daily expenditure payments. This compared to the average London and Metropolitan Boroughs of 65% and pool of Local Authorities in the Arlingclose pool of 52%.

80% of funds are available within 100 days of maturity compared with a London and Metropolitan Borough average of 83% and local authority average of 72%.

Overnight liquidity at the end of December was £155.571m which is 80% of the internal portfolio. The average days to maturity of the internal portfolio at the end of the quarter was 11 days (42 days September 2023) which continues to be influenced by the deposits with the DMADF, fixed bank deposits and the LA deposits.

Security

The investment average credit rating of AA- represents a secured portfolio compared to the average rating for Arlingclose pool of 20 London and Metropolitan Boroughs of A+ and A+ average for pool of 127 local authorities.

The maximum unsecured exposure to a single financial institution aside from the Debt Management Account Deposit Facility (DMADF) is £15m. Currently we have £25m invested with DMADF and £1m with Santander.

The lowest credit ratings for ANZ Banking Group is A+, while DBS is AA+.

The Council's investment portfolio's bail-in risk is 80%, although this is all available overnight through MMFs.

Inflation

CPI inflation dropped significantly from 6.7% in September to 4.6% in October, slightly below the forecast in the November Report. This decline was attributed to decreases in energy, food, and core goods price inflation, while services price inflation remained high. The reduction in the Ofgem energy price cap significantly lowered household energy bills. Core goods price inflation was projected to continue falling, reflecting easing global goods price inflation. However, services price inflation remained above overall CPI inflation at 6.6% in October, primarily influenced by components not typically indicative of long-term inflation trends.

Inflation continued to fall from its peak as annual headline CPI declined to 3.9% (down from 4.6%) in November 2023. The largest downward contribution came from energy and food prices. The core rate also surprised on the downside, falling to 5.1% from 5.7%.

Interest Rate Forecast December 2023

	Current	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Official Bank Rate Central Case	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00	3.00
3-month MMF rate Central Case	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05	3.05
5yr gilt yield Central Case	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35	3.35
10yr gilt yield Central Case	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70	3.70
20yr gilt yield Central Case	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25	4.25
50yr gilt yield Central Case	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95	3.95

Borrowing

The Council has Public Works Loan Board (PWLB) loans totalling £51.21m and fixed rate bank loans totalling £17.5m. No external borrowing took place during the quarter because the capital program is temporarily funded using cash reserves thereby saving on external borrowing costs in the short-term.

Target for year £15.5m

£12.3m savings to be delivered

Services	£m	£m	£m	£m	£m	£m
	2023/24 Target	Prior Year Slippage	Saving Target	Forecast Savings	Slippage	Under Recovery
	A	B	C = A + B			
Health and Adult Social Care	2.6	-	2.6	2.6	-	-
Children's Services	2.5	0.1	2.6	2.6	-	-
Housing and Regeneration	4.7	0.3	5.0	2.8	2.1	0.1
Chief Executive's Office	0.3	-	0.3	0.3	-	-
Resources	1.0	0.2	1.2	1.2	-	-
Communities	2.3	-	2.3	2.3		
Cross-Directorate	1.0	0.5	1.5	0.5	-	1.0
Total	14.4	1.1	15.5	12.3	2.1	1.1

Total savings target for 2023/24 is £15.5m which includes previous years' slipped savings. Of which,

- £12.3m is identified as being on track to deliver savings;
- A net position of £2.1m is forecast to slip into future years due to timing issues;
- £1.1m has been identified as unachievable

Please refer to 'Appendix B – Summary MTFs Savings Tracker 2023-26' for a detailed breakdown and latest updates on the savings programme.

General Fund (GF) forecast outturn £84.8m against a revised budget of £88.9m
 Forecast Variance £4.1m - net slippage £6.7m, net overspend £2.6m

General Fund (GF) Capital Forecast

Theme	Directorate	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Overspend £'m
Approved Programme	Children Services	44.8	30.6	42.4	(2.4)	95%	(1.4)	(2.2)	(0.2)
	Communities	13.0	5.2	10.2	(2.8)	78%	(2.7)	(3.9)	1.1
	Health & Adult Social Care	5.1	4.1	8.3	3.1	161%	3.1	1.5	1.6
	Housing & Regeneration	8.5	3.8	7.7	(0.7)	91%	(6.7)	(0.9)	0.1
	Resources	0.5	0.3	0.4	0.0	90%	(0.6)	(0.1)	0.0
Approved Programme Total		71.9	43.9	69.0	(2.9)	96%	(8.3)	(5.6)	2.7
	Children Services	3.0	1.7	2.9	(0.1)	98%	(0.6)	0.0	(0.1)
	Communities	6.3	2.4	5.6	(0.8)	88%	(0.7)	(0.8)	0.0
	Housing & Regeneration	3.2	1.4	3.2	0.0	100%	0.0	0.0	0.0
	Resources	1.5	0.6	0.8	(0.7)	53%	(1.4)	(0.7)	0.0
Approved Rolling Programme Total		14.0	6.2	12.5	(1.6)	89%	(2.7)	(1.5)	(0.1)
Invest to Save Programme	Communities	0.9	1.1	1.2	0.3	132%	0.3	0.3	0.0
	Housing & Regeneration	1.3	1.8	1.7	0.4	127%	0.4	0.4	0.0
Invest to Save Programme Total		2.2	2.8	2.9	0.7	129%	0.7	0.7	0.0
LIF Programme	Communities	0.7	0.0	0.5	(0.2)	71%	(6.0)	(0.2)	0.0
	Resources	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0
LIF Programme Total		0.8	0.0	0.5	(0.2)	71%	(6.0)	(0.2)	0.0
Grand Total		88.9	52.9	84.8	(4.1)	95%	(16.5)	(6.7)	2.6

Introduction

As part of the Budget Report 2024-25 and Medium-Term Financial Strategy 2024-27, presented to Council on 28th February 2024, a total General Fund (GF) capital programme totalling £291.1m from 2023/24 to 2026/27 was approved, of which, £88.9m related to the 2023/24 financial year which is what this monitoring report is set against.

The GF Capital forecast outturn by directorate, setting out the forecast outturn against revised 2023/24 capital budgets for directorates is presented in the above table.

The Period 9 forecast outturn GF capital expenditure for the year is £84.8m, resulting in a total forecast variance of £4.1m against the 2023/24 revised capital GF budget of £88.9m (95% of the revised budget).

This is due to forecast net slippage of £6.7m and net overspends of £2.6m across the programme. The total spend to date is £52.9m, which will need to be kept under close review to ensure forecasts are materialising as expected for the year. The details of the programmes are set out below;

Approved Programme

Theme	Directorate	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast to Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Overspend £'m
Approved Programme	Children Services	44.8	30.6	42.4	(2.4)	95%	(1.4)	(2.2)	(0.2)
	Communities	13.0	5.2	10.2	(2.8)	78%	(2.7)	(3.9)	1.1
	Health & Adult Social Care	5.1	4.1	8.3	3.1	161%	3.1	1.5	1.6
	Housing & Regeneration	8.5	3.8	7.7	(0.7)	91%	(6.7)	(0.9)	0.1
	Resources	0.5	0.3	0.4	(0.0)	90%	(0.6)	(0.1)	0.0
Approved Programme Total		71.9	43.9	69.0	(2.9)	96%	(8.3)	(5.6)	2.7

The 2023/24 revised budget for the Approved Programme is £71.9m. The forecast outturn for the Approved Programme is £69.0m resulting in total forecast variance of £2.9m due to expected net slippages of £5.6m and net overspends of £2.7m across the programme.

Children's Services

The 2023/24 revised budget for the Children Services Approved Programme is £44.8m. The forecast outturn for the programme is £42.4m (95% of the revised budget) resulting in total forecast variance of £2.4m due to forecast net slippages of £2.2m and net underspends of £0.2m across the directorates programmes.

The major programme under the Children Services Approved Programme is the Schools Basic Need and Expansion Programme. The total revised budget for this programme is £43.5m for the year, current forecast against revised budget is spend of £41.8m, due to expected net slippages of £2.0m within the year and net overspend of £0.3m. Within this programme there are several large schemes which are at differing stages of their project life cycles and further details of significant schemes are provided as follows;

The 2023/24 revised capital budget for the London Dock School Expansion programme is £37.5m. The forecast spend is £37.5m. Since the last report, the Works Funding Agreement (WFA) has been received from the Department for Education (DfE) to enable the porting of grant funding totalling (c£54m) – and has been signed off by the council and the DfE. The council has also received a sum of c£37m in November 2023 with the remaining grant being made available on monthly instalments in arrears on presentation of invoice evidence from November 2023 through to August 2024. The project is progressing as planned on site, with the setting due to open in September 2024. Cash flow and forecasts align, so the anticipated commitment for the current financial year is expected to be met.

Hermitage Temporary SEND unit has a revised budget of £0.5m, is forecasting to spend £0.2m and slip £0.3m of the budget into future years. The award is expected to be announced imminently; the forecast budget has therefore been adjusted to reflect expected spend in 2023/24, with the remaining budget to slip into 2024/25.

Beatrice Tate School Expansion has a revised budget of £1.3m, and is forecasting spend of £0.1m, this represents a slippage of £1.2m into future years. The forecasted spend for this project has been adjusted to reflect the current position. As a result, the budget will slip into the next financial year, when delivery

will commence. Following procurement due diligence, contract award is expected imminently, following approval of the main construction award at Cabinet on 31st January 2024.

Secondary Schools - Universal Free School Meals, has a revised budget of £0.7m, the forecast is £0.5m, this forecast is based on claims being made from the secondary schools in the borough, and as the project was implemented in stages, it is anticipated that the remaining expenditure of £0.2m will slip into 2024/25.

The Institute of Academic Excellence, a new budget of £0.5m was added to the programme during Budget Report 2024-25 and Medium-Term Financial Strategy 2024-27 setting (subject to full council approval in February 2024), however, at this time with feasibility options still being reviewed, spend is forecast to slip into 2024/25.

Communities

The 2023/24 revised budget for Communities Directorate is £13.0m. The forecast outturn is £10.2m (78% of the revised budget) resulting in a total forecast variance of £2.8m due to a net slippages of £3.9m and net overspends of £1.1m across the programme.

The Waste, Recycling and Fleet programme budget allocation for the year of £3.5m is forecasting a total variance of £0.2m due to forecast net slippages of £0.7m into future years and a net overspends of £0.6m across projects within the programme. The slippages are mainly due to the Electric Charging Points for Council Vehicles project within the programme. The project is experiencing delays with charging infrastructure and power supply and is forecasting slippage of £0.7m. Delays are due to changing priorities on various sites and surveys being finalised regarding power supply requirements. The Interim Depot Strategy project with a budget of £0.5m is forecasting an overspend of £0.5m, this overspend relates to essential health and safety works at the depot.

The New Infrastructure Programme with a revised budget of £2.2m is forecast to slip by £0.4m into future years. Lochnager Bridge, with a revised budget of £0.9m, is forecast to spend £0.5m, slipping £0.4m into future years due to delays in schedule as this is reliant on London Borough of Newham's (LBN) negotiations with third parties to secure eastern landing that will require at least six months. Without land secured, LBN is not able to enter the Bridge Development Agreement which regulates matters of sharing costs, bridge adoption, LBN taking over the maintenance costs, among other things.

The other significant programme within the Communities Directorate is the Parks Programme, with a total revised budget allocation of £3.6m for the year. The forecast outturn for the year is £3.9m, resulting in forecast variance of £0.3m due to net acceleration of £0.2m and net overspends of £0.1m at year-end. There are several smaller schemes forming this programme and further details of these schemes are provided as follows;

The 2023/24 revised budget for Quality Parks projects is £1.3m, with forecast spend of £1.1m anticipated at year-end and the project will slip £0.2m into future years. The budget for this programme has been reconfigured several times to ensure that it meets the council's priorities for the Parks Programme. In particular, there is £1.0m earmarked for Allen Gardens that has been held back subject to approval (which has now been received) of match funding from central government with plans being finalised before the project can formally commence. Other aspects of this programme were only approved in late 2023, and as the funding was intended to be spread out over several years, aspects of the programme will need to be profiled for future years. Victoria Park Mini Golf has a revised budget of £0.4m, with forecast spend of £nil as the project is currently under strategic review.

The St George Leisure Centre project is a significant capital project being delivered within the councils Communities Programme. The project has a revised budget allocation of £0.9m and forecast spend for the year is £0.5m. The initial delay experienced was due to the late start of the Design Team and Employers Agent Contracts. Employers' agent was appointed in September 2023, with the expectation that the main contractor for the demolition phase will be on board by April 2024, with demolition commencing in May 2024 following planning approval. A main contractor will be appointed through a

Pre-Construction Services Agreement (PCSA) expected in October 2024. Construction should start on the new-build elements in May 2025.

South Dock Bridge has a revised budget of £1.9m and is forecasting spend of £0.4m with £1.5m of spend forecast to slip into future years. This is due to delays in appointing land acquisition consultants and seeking approval to vary architects' contract to complete detailed design (Stage 4) as variation amount is above threshold. This has impacted on the programme and projected spending profile for 2023/24.

Markets - the EV Trader Power Bollards are showing slippage of £0.3m, from a revised budget of £0.3m. This is due to various tenders relating to EV's (electric vehicles) that was subject to the January cabinet report. Cabinet has now approved the recommendation to go out to tender via the procurement process.

Community Safety – the Transformation of CCTV has a revised budget of £0.4m, with a forecast outturn of £0.8m, this is a £0.4m overspend. Reasons for this overspend relate to the costs of the control room building works being higher than original estimates due to inflationary increases.

Health & Adults Social Care

The 2023/24 revised budget for Health & Adults Social Care Approved Programme is £5.1m. The forecast outturn for the programme is £8.3m (161% of the revised budget), resulting in total forecast variance of £3.1m across the programme, which is due to £1.5m of forecast accelerations and £1.6m forecast overspends. Projects in the approved programme are monitored via the Health and Adult Social Care Capital Oversight Group, which meets monthly.

Public Health projects have a combined capital budget of £3.3m with spend forecast of £6.0m. The variance of £2.8m, is made up of forecast net accelerations of £1.8m and net overspends of £1.0m. The largest overspends relate to health centres 'Maximising Health Infrastructure – various sites' project (£0.5m), Sutton Wharf project (£0.3m) and the Goodman Fields project (£0.2m). For all of these projects, final payment of outstanding Invoices have been provided by the NHS. Overspends are urgently being reviewed to reconcile accounts. Any overspends will be challenged to be paid by NHS, any additional resources will go through finance assessment to ensure funds are used appropriately.

The Sewardstone Road project within the Adult Social Care programme with a budget of £1.0m is forecasting an overspend of £0.5m and there is a risk this will increase with retention costs being finalised as the project is near completion. Norman Grove which has a revised budget of £0.7m for 2023/24 is forecasting spend of £0.6m, resulting in a slippage of £0.1m. However, spend to date is £nil hence the project forecast is currently under close review.

Housing & Regeneration

The 2023/24 revised budget for Housing and Regeneration Approved Programme is £8.5m. The forecast outturn for the programme is £7.7m (91% of the revised budget) resulting in total forecast variance of £0.8m due to expected net slippages of £0.9m and a net overspends of £0.1m across the programme.

There are various key projects that are driving the forecast variance of £0.9m, detailed as follows;

The Carbon Offsetting projects with a revised budget allocation of £1.7m for the year is forecasting spend of £0.4m in 2023/24, thereby slipping a budget of £1.3m into future years. Two solar PV projects, one community focussed and one for council buildings have been delayed and will slip £0.4m into future years. A contractor is on board and surveys are being undertaken with the delivery being scheduled for 2024/25. The Residential Energy Efficiency project was added to the programme during Budget Report 2024-25 and Medium-Term Financial Strategy 2024-27 setting, however, it is unlikely that this project will be delivered in 2023/24, and the budget of £0.4m is now forecast to slip into 2024/25. Further, current forecasts indicate that the Island Gardens Café project will overspend by £0.1m which is currently being reviewed as part of the council's internal governance process.

Resources

The 2023/24 revised budget for Resources Approved Programme is £0.5m. The forecast outturn for the programme is £0.4m (90% of the revised budget) resulting in total forecast variance of £0.1m across the programme, which will be slipped into future years.

Annual Rolling Programme

Theme	Directorate	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast to Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Overspend £'m
Approved Rolling Programme	Children Services	3.0	1.7	2.9	(0.1)	98%	(0.6)	0.0	(0.1)
	Communities	6.3	2.4	5.6	(0.8)	88%	(0.7)	(0.8)	0.0
	Health & Adult Social Care	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0
	Housing & Regeneration	3.2	1.4	3.2	0.0	100%	0.0	0.0	0.0
	Resources	1.5	0.6	0.8	(0.7)	53%	0.0	(0.7)	0.0
Approved Rolling Programme Total		14.0	6.2	12.5	(1.6)	89%	(1.4)	(1.5)	(0.1)

The 2023/24 revised budget for the Annual Rolling Programme is £14.0m. The forecast outturn for the Approved Rolling Programme is £12.5m (89% of the revised budget) resulting in total forecast variance of £1.6m due to expected net slippage of £1.5m and net underspend of £0.1m across the programme.

Children's Services

The 2023/24 revised budget for the Children Services Annual Rolling Programme is £3.0m. The forecast outturn for the programme is £2.9m (98% of the revised budget) resulting in total forecast variance of £0.1m, an underspend across the programme. The Conditions and Improvement for Schools' programme reacts across the maintained schools estate on a conditions need requirement and this is a ring-fenced externally funded budget.

Communities

The 2023/24 revised budget for the Communities Annual Rolling Programme is £6.3m – largely relating to capital footway and carriageways (£5.0m) and Leisure Centre Improvements (£1.0m). The forecast outturn for the programme is £5.6m, resulting in a forecast variance of 0.8m. Leisure Centre Improvements has a revised budget of £1.0m, with a forecast outturn of £0.2m, resulting in slippage of £0.8m into future years. All spend has been incurred for the year with no further spend is forecast for the remainder of the year as condition priorities are currently being worked through.

Housing & Regeneration

The 2023/24 revised budget for the Housing & Regeneration Annual Rolling Programme is £3.2m – relating to Dedicated Facilities Grant (DFG) works (£1.2m) and Investment Works on LBTH Assets (£2.0m). The forecast outturn for the programme is as per budget - £3.2m.

Resources

The 2023/24 revised budget for the Resources Annual Rolling Programme is £1.5m. The forecast outturn for the programme is £0.8m, relating to the IT rolling Programme, resulting in £0.7m variance due to forecast £0.7m net slippages and several projects have completed in year, resulting in a £0.04m underspend.

Slippage has occurred in the following IT projects: Planning & Building Control Data Management £0.2m slippage, Housing Options Transformation £0.1m slippage, and leisure service insourcing £0.2m slippage. Reasons for slippage include delays to the selection of supplier taking eight months due to preferred supplier not passing financial checks, this meant additional scrutiny on remaining bidders. The sponsor of the project also left the council. Internal teams being unable to complete the user acceptance testing (UAT) which is the testing that happens just before “go-live” due to this delay Civica was unable to sign off the testing and further fixing of bugs were required when the internal teams did do the UAT.

Invest to Save

Theme	Directorate	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast to Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Overspend £'m
Invest to Save Programme	Communities	0.9	1.1	1.2	0.3	132%	0.3	0.3	0.0
	Housing & Regeneration	1.3	1.8	1.7	0.4	127%	0.4	0.4	0.0
Invest to Save Programme Total		2.2	2.8	2.9	0.7	129%	0.7	0.7	0.0

The 2023/24 revised budget for the Invest to Save programme is £2.2m. The forecast outturn for the programme is £2.9m resulting in total forecast variance of £0.7m due to expected net accelerations of £0.7m across the programme.

Housing & Regeneration

The Purchase of Temporary Accommodation (TA) programme budget allocation for the for the year is £1.3m, which is forecast to spend £1.7m, resulting in accelerated spend of £0.4m which will be funded from future years budgets.

Communities

Remote street lighting project with a budget of £0.9m is forecast to spend in full, and the remote monitoring of street lighting is forecasting spend of £0.3m against a £nil budget, as they are able to accelerate the spend to deliver this project faster.

LIF Programme

Theme	Directorate	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast to Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Overspend £'m
LIF Programme	Communities	0.8	0.0	0.5	(0.2)	71%	(6.0)	(0.2)	0.0
LIF Programme Total		0.8	0.0	0.5	(0.2)	71%	(6.0)	(0.2)	0.0

The LIF programme has now been disbanded, and the budget moved to the NCIL (adopted by cabinet in July 2023). This new programme will develop projects based on community priorities which are identified from the annual resident survey. This will see major changes to the use of this funding source, splitting it between revenue grants and capital funding for infrastructure and affordable housing schemes. The 2023/24 revised budget for the legacy LIF programme is £0.8m. The forecast spend for the programme is £0.5m for the year, (71% of the revised budget). This budget represents the last few committed LIF projects, with two, Thames Path and Responsible Dog ownership slipping into 2024/25. However, spend to date is £nil hence the project forecast will be kept under close review.

Housing Revenue Account (HRA) forecast outturn £65.1m against a revised budget of £72.2m
 Variance £7.1m - net slippage £7.2m, net overspend of £0.1m

Housing Revenue Account (HRA) Capital Forecast

Theme	Programme	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast to Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Over spend £'m
Approved Programme	New Council Homes	47.0	30.1	45.4	(1.6)	97%	(2.5)	(1.7)	0.1
	HRA - Projects	0.2	0.1	0.1	(0.1)	55%	(1.0)	(0.1)	0.0
	HRA - Investment works LBTH Assets	1.1	0.1	1.1	0.0	100%	0.9	0.0	0.0
Approved Programme Total		48.3	30.3	46.6	(1.7)	97%	(2.6)	(1.8)	0.1
Approved Rolling Programme	HRA - Rolling Programme	23.9	9.4	18.5	(5.4)	77%	(5.0)	(5.4)	0.0
Approved Rolling Programme Total		23.9	9.4	18.5	(5.4)	77%	(5.0)	(5.4)	0.0
HRA Grand Total		72.2	39.6	65.1	(7.1)	90%	(7.6)	(7.2)	0.1

As part of the Budget Report 2024-25 and Medium-Term Financial Strategy 2024-27, presented to Council on 28th February 2024, a total Housing Revenue Account (HRA) capital programme totalling £457.075m from 2023/24 to 2026/27 was approved, of which, £72.2m related to the 2023/24 financial year which is what this monitoring report is set against.

The period 9 forecast outturn HRA capital expenditure for the year is £65.1m, which represents 90% of the revised 2023/24 capital budget of £72.2m. The forecast variance of £7.1m is due to expected net slippages across the programme (£7.2m) and overspends of (£0.1m). The total spend to date is £39.6m, which will need to be kept under close review to ensure forecasts are materialising as expected for the remainder of the year. The details of the programmes are set out below;

Approved Programme

Theme	Programme	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast to Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Over spend £'m
Approved Programme	New Council Homes	47.0	30.1	45.4	(1.6)	97%	(2.5)	(1.7)	0.1
	HRA - Projects	0.2	0.1	0.1	(0.1)	55%	(1.0)	(0.1)	0.0
	HRA - Investment works LBTH Assets	1.1	0.1	1.1	0.0	100%	0.9	0.0	0.0
Approved Programme Total		48.3	30.3	46.6	(1.7)	97%	(2.6)	(1.8)	0.1

The 2023/24 revised budget for the Approved Programme is £48.3m. The forecast outturn for the Approved Programme is £46.6 resulting in total forecast variance of £1.7m due to forecast net slippages of £1.8m and net overspends of £0.1m across the programme.

Approved Programme - New Council Homes

The Council's revised New Council Homes capital programme budget for 2023/24 amounted to £47.0m, with the latest HRA business plan and the capital New Build programme aligned to reflect the latest plans and time frames for the programme.

The revised 2023/24 programme budget amounted to £47.0m. As at Period 9 of 2023/24, the spend to date amounted to £30.1m, with the full year forecast spend for the year of £45.4m. If the forecast spend materialises as expected at year-end, this will lead to a variance of £1.6m at year-end. The majority of the variance on housing schemes is due to expected slippages in the programme for a range of reasons, including;

- on site difficulties with contractors e.g. experiencing labour and material supply issues, inflationary cost pressures, cash flow and actual contractual performance.
- difficulties in getting contracts out for tender returned meaning what had been hoped for as start on sites earlier have slipped.
- a number of schemes are going through re-design, some already with planning consent at the request of the administration to try get an increase in larger sized homes.

Approved Programme – Projects and Investment works LBTH Assets

HRA projects and Investment works LBTH Assets are forecast to spend £1.2m against a budget of £1.3m. This is due to a forecast slippage of £0.1m on Watney Market Carpark sprinklers and lighting project. Although the Introducing off-street parking arrangements project is forecast to spend the full budget of £1.0m this financial year, spend to date is £0.06m hence the project forecast is currently being challenged and subject to update.

Annual Rolling Programme

Theme	Programme	Revised Budget £'m	Actual Spent to Date £'m	Current Forecast £'m	Variance Forecast to Budget £'m	Forecast to Revised Budget %	Increase / (decrease) to forecast spend from Quarter 2	(Slippage) / Acceleration £'m	(Under) / Over spend £'m
Approved Rolling Programme	HRA - Rolling Programme	23.9	9.4	18.5	(5.4)	77%	5.0	(5.4)	0.0
Approved Rolling Programme Total		23.9	9.4	18.5	(5.4)	77%	(5.0)	(5.4)	0.0

HRA - Rolling Programme

The 2023/24 revised budget for the HRA Annual Rolling Programme is £23.9m. The forecast outturn for the programme is £18.5m (77% of the revised budget) resulting in total forecast variance of £5.4m due to expected net slippages of £5.4m within the programme.

There are a significant number of major works projects currently at (or about to be at) the S20 consultation stage with very significant leaseholder recharges.

The main overarching risk to the programme currently remains the high costs related to a number of projects and the subsequent high estimated leaseholder recharges. This includes the package of works awarded to Mulalley for six blocks at Old Market Square that was initially expected to start in July 2022 which is still at the S20 consultation stage with discussions are ongoing regarding the size of the leaseholder recharge for these works.

The above coupled with the previously reported delays that include cost increase in materials and labour, resulting in lack of interest from frame-work contractors has also had a delay to projects.

The costs are being forecast to come through towards the end of the financial year as has happened in previous years.

Summary MTFs Savings Tracker 2023-26

	2023-24						2024-25						2025-26					
	Savings target £000	Slippage from previous year £000	Revised Savings target £000	Forecast savings achievable £000	Savings slippage £000	Unachievable or (over delivery) £000	Savings target £000	Slippage from previous year £000	Revised Savings target £000	Forecast savings achievable £000	Savings slippage £000	Unachievable or (over delivery) £000	Savings target £000	Slippage from previous year £000	Revised Savings target £000	Forecast savings achievable £000	Savings slippage £000	Unachievable or (over delivery) £000
Directorate																		
Health and Adult Social Care	2,584	-	2,584	2,584	-	-	365	-	365	365	-	-	373	-	373	373	-	-
Children's Services	2,480	110	2,590	2,590	-	-	287	-	287	287	-	-	56	-	56	56	-	-
Housing and Regeneration	4,733	350	5,083	2,803	2,100	180	(430)	2,100	1,670	(400)	2,000	70	-	2,000	2,000	-	2,000	-
Chief Executive's Office	330	40	370	370	-	-	400	-	400	400	-	-	230	-	230	230	-	-
Resources	924	150	1,074	1,074	-	-	1,140	-	1,140	440	-	700	160	-	160	160	-	-
Communities	2,358	-	2,358	2,358	-	-	40	-	40	40	-	-	40	-	40	40	-	-
Cross-Directorate / Corporate	1,028	511	1,539	483	-	1,056	-	-	-	-	-	-	100	-	100	100	-	-
Total	14,437	1,161	15,598	12,262	2,100	1,236	1,802	2,100	3,902	1,132	2,000	770	959	2,000	2,959	959	2,000	-
Savings Achievement Status																		
Delivered / On Target	11,714	440	12,154	12,154	-	-	1,032	-	1,032	1,032	-	-	959	-	959	959	-	-
Slipping but Achievable	1,750	350	2,100	-	2,100	-	-	2,100	2,100	100	2,000	-	-	2,000	2,000	-	2,000	-
Undeliverable / Unachievable	973	371	1,344	108	-	1,236	770	-	770	-	-	770	-	-	-	-	-	-
Total	14,437	1,161	15,598	12,262	2,100	1,236	1,802	2,100	3,902	1,132	2,000	770	959	2,000	2,959	959	2,000	-

Reference	Year Approved	Title	Savings Type	Dir.	Directorate	Service Area	Savings Achievement Status	Status update	2023-24							2024-25						2025-26						
									Savings target	Slippage from previous year	Revised Savings target	Forecast savings achievable	Savings slippage	Unachievable or (over delivery)	Forecast Savings RAG	Project Status RAG	Savings target	Slippage from previous year	Revised Savings target	Forecast savings achievable	Savings slippage	Unachievable or (over delivery)	Savings target	Slippage from previous year	Revised Savings target	Forecast savings achievable	Savings slippage	Unachievable or (over delivery)
									£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SAV / PLA 009 / 23-24	2023-24	Transformational review of the Homelessness service	Service transformation	HAR	Housing and Regeneration	Housing Options	Slipping but Achievable	The transformation project to deliver £2m savings is ongoing. Despite this, homeless numbers continue to rise due to the lifting of the evictions ban and the impact of the cost of living crisis resulting in the service experiencing an increase in the numbers of family and friends evictions and a lack of move on options due to low numbers of private lets and low rents offered by the Council. Current numbers in T.A. continue to rise and the lack of move on options within the private sector is increasing the use of expensive B&B and nighty booked accommodation and hampering the delivery of this saving. B&B costs have significantly increased, rising from £10-£15 per night to £100 per night. Processes are being improved with the aim of more upstream intervention and increasing discharge into the PRS to prevent Homelessness. Significant work has been done to expedite decision making including clearing a significant backlog of decisions. Expansion of the use of PRS to prevent homelessness and to move on households will continue through the rest of the programme in an attempt to reduce numbers and suppress costs. A number of processes and improved ways of working have been introduced in the first year of the project and as these bed in over its duration savings and efficiencies are expected to result e.g. PRS Match List to allocate clients to suitable properties. The work completed to date has resulted in the service being able to absorb the additional cost of rising T.A. numbers within existing budget provision but is resulting in the saving slipping. Progress in terms of client numbers and savings progress will be monitored regularly through the Homelessness Prevention Transformation Board.	1,750	250	2,000	2,000	-	Amber	Amber	-	2,000	2,000	2,000	2,000	-	-	2,000	2,000	2,000	2,000	-	-
SAV / PLA 001 / 23-24	2023-24	Using Section 106 funding to fund Housing Supply Team	Income generation	HAR	Housing and Regeneration	Housing Regeneration	Undeliverable / Unachievable	Duplication with savings SAV / PLA 005 / 23-24 - Removal of Development Officer Vacant Post	50	-	50	-	-	Red	Red	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 002 / 23-24	2023-24	Pest Control Charges uplift for Tower Hamlets Homes	Income generation	COM	Communities	Environmental Health and Trading Standards	Delivered / On Target		65	-	65	65	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 003 / 23-24	2023-24	Planning and Building Control General Fund Income	Income generation	HAR	Housing and Regeneration	Planning and Building Control	Delivered / On Target		40	-	40	40	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 004 / 23-24	2023-24	Change of funding for School Crossing Patrol (SCP)	Income generation	HAR	Housing and Regeneration	Parking	Delivered / On Target		113	-	113	113	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 005 / 23-24	2023-24	Removal of Development Officer Vacant Post	Employees	HAR	Housing and Regeneration	Housing Regeneration	Delivered / On Target		58	-	58	58	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 006 / 23-24	2023-24	Changes to the Resident Support Scheme	Transformation	HAR	Housing and Regeneration	Growth and Economic Development	Delivered / On Target		700	-	700	700	-	Green	Green	(500)	(500)	(500)	-	-	-	-	-	-	-			
SAV / PLA 007 / 23-24	2023-24	Economic Benefits Officer funding transfer	Income generation	HAR	Housing and Regeneration	Growth and Economic Development	Delivered / On Target		61	-	61	61	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 008 / 23-24	2023-24	Consolidation of Management Positions	Employees	HAR	Housing and Regeneration	Place	Undeliverable / Unachievable	Undeliverable saving as superseded by the wider planned corporate restructuring	130	-	130	-	130	Red	Red	70	-	70	70	-	-	-	-	-	-			
SAV / PLA 009 / 23-24	2023-24	Highways Maintenance - change in funding	Income generation	COM	Communities	Public Realm	Delivered / On Target		783	-	783	783	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 010 / 23-24	2023-24	Income Generation - Bromley Public Hall	Income generation	HAR	Housing and Regeneration	Asset Management	Delivered / On Target		100	-	100	100	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / PLA 011 / 23-24	2023-24	Freedom Pass - budget reduction due to lower usage	Transformation	COM	Communities	Mobility	Delivered / On Target	Deliverable in 23/24 but not in full from 24/25 onwards due to increased TfL charges and additional Elizabeth line journeys	1,300	-	1,300	1,300	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / RES 001 / 17-18	2017-18	Human Resources - reprofiled to 2024-25	Service transformation	RES	Resources	Human Resources	Undeliverable / Unachievable	The saving was originally agreed in 2017/18 but was not delivered and reprofiled. The saving has been superseded by structure reviews and is proposed for removal as part of the 24-27 MTFS.	-	-	-	-	-	Red	Red	700	-	700	700	-	-	-	-	-	-			
SAV / RES 009 / 21-22	2021-22	Merging the Revenues & Benefits Services (Phase 2)	Service transformation	RES	Resources	Revenues and Benefits	Delivered / On Target		-	150	150	150	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / RES 001 / 23-24	2023-24	Recruitment and Resourcing Team staffing	Employees	RES	Resources	Workforce, OD and Business Support	Delivered / On Target		100	-	100	100	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / RES 002 / 23-24	2023-24	Corporate training budget	Running costs	RES	Resources	Learning, Organisational and Cultural Development (LOCD)	Delivered / On Target		77	-	77	77	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / RES 003 / 23-24	2023-24	Occupational Health	Running costs	RES	Resources	Workforce, OD and Business Support	Delivered / On Target		22	-	22	22	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / RES 004 / 23-24	2023-24	Finance, Procurement and Audit staffing	Employees	RES	Resources	Finance, Procurement and Audit	Delivered / On Target		160	-	160	160	-	Green	Green	240	-	240	240	-	90	-	90	90	-			
SAV / RES 005 / 23-24	2023-24	IT Robust Service Rationing and Reduction	Running costs	RES	Resources	Information Technology (IT)	Delivered / On Target		255	-	255	255	-	Green	Green	-	-	-	-	-	-	-	-	-	-			
SAV / RES 006 / 23-24	2023-24	Increase in Court Cost Income	Income generation	RES	Resources	Revenues and Benefits	Delivered / On Target		130	-	130	130	-	Green	Green	200	-	200	200	-	70	-	70	70	-			
SAV / RES 007 / 23-24	2023-24	Customer Services	Running costs	RES	Resources	Customer Services	Delivered / On Target		180	-	180	180	-	Green	Green	-	-	-	-	-	-	-	-	-	-			

Appendix C - Detailed General Fund (GF) 2023/24 Q3 capital forecast by programme

Theme	Directorate	Programme	Revised Budget £'m	Actual Spend to Date £'m	Current Forecast Budget £'m	Variance Forecast to Budget £'m	Variance Forecast to Revised Budget %	Increase / (Decrease) to Forecast spend from Q2 £'m	(Slippage) / Acceleration £'m	(Under) / Over spend £'m
Approved Programme	Children Services	Basic Needs/Expansions	43.5	30.3	41.8	(1.7)	96%	(1.2)	(1.6)	0.3
		Provision for 2 year olds	0.1	0.1	0.1	0.0	100%	0.0	0.0	0.0
		School Investment works	0.7	0.2	0.5	(0.2)	73%	(0.2)	(0.2)	0.0
		Conditions and Improvements	0.5	0.0	0.0	(0.5)	0%	0.0	0.0	(0.5)
		Children Services Total	44.8	30.6	42.4	(2.4)	95%	(1.4)	(2.2)	(0.2)
	Communities	Community Safety	0.4	0.5	0.8	0.4	188%	0.0	0.0	0.4
		Culture	0.9	0.3	0.5	(0.4)	53%	(0.5)	(0.4)	0.0
		Markets	0.3	0.0	0.0	(0.3)	9%	(0.3)	(0.3)	0.0
		New Infrastructure	2.2	1.2	1.8	(0.4)	84%	(0.4)	(0.4)	0.0
		Parks	3.7	1.4	3.2	(0.5)	87%	(1.1)	(0.6)	0.1
		Public Realm Improvements	0.0	0.0	0.1	0.1	0%	0.1	0.0	0.1
		THCIL Capital Projects	1.9	0.2	0.4	(1.5)	22%	0.4	(1.5)	0.0
		Transport S106 Funded Schemes	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0
		Waste, Recycling and Fleet	3.5	1.5	3.4	(0.2)	95%	(0.8)	(0.7)	0.6
		Communities Total	13.0	5.2	10.2	(2.8)	78%	(2.6)	(3.9)	1.1
	Health and Adults Social Care	Public Health	3.3	2.7	6.0	2.8	186%	2.7	1.8	1.0
		Adult Social Care	1.9	1.4	2.2	0.4	119%	0.3	(0.3)	0.6
	Health & Adults Social Care Total	5.1	4.1	8.3	3.1	161%	3.0	1.5	1.6	
	Housing and Regeneration	Asset Maximisation	0.8	0.2	0.9	0.1	111%	(0.6)	0.0	0.1
		Carbon Offsetting	1.7	0.2	0.3	(1.4)	20%	(1.6)	(1.4)	0.0
		High Street & TownCentre	1.0	0.4	1.6	0.6	163%	0.5	0.6	0.0
		London Square	0.9	0.9	0.9	0.0	100%	0.0	0.0	0.0
Tower Hamlets Town Hall		3.9	2.1	3.9	0.0	101%	0.0	0.0	0.0	
Business & Economic Growth		0.2	0.0	0.0	(0.2)	0%	0.0	(0.2)	0.0	
Housing and Regeneration Total	8.5	3.8	7.7	(0.8)	91%	(1.7)	(0.9)	0.1		
Resources	IT – Smarter Working	0.5	0.3	0.4	(0.1)	85%	(0.1)	(0.1)	0.0	
Resources Total	0.5	0.3	0.4	(0.1)	85%	(0.1)	(0.1)	0.0		
Approved Programme Total		71.8	43.9	69.0	(2.9)	96%	(2.8)	(5.6)	2.7	
Approved Rolling Programme	Children Services	Conditions and Improvements	3.0	1.7	2.9	(0.1)	98%	(0.6)	0.0	(0.1)
		Improvements to Youth Provision inc. Spotlight, St	0.0	0.0	0.0	0.0	0%	0.0	0.0	0.0
	Children Services Total	3.0	1.7	2.9	(0.1)	98%	(0.6)	0.0	(0.1)	
	Communities	Culture	1.0	0.2	0.2	(0.8)	22%	(0.8)	(0.8)	0.0
		Public Realm Improvements	5.3	2.2	5.3	0.0	100%	0.0	0.0	0.0
	Communities Total	6.3	2.4	5.6	(0.8)	100%	(0.8)	0.0	0.0	
	Housing and Regeneration	DFG (Post Jul 03)-Mandatory	1.2	1.2	1.2	(0.0)	100%	0.0	(0.0)	0.0
		Investment Works - LBTH assets	2.0	0.2	2.0	(0.0)	100%	0.0	(0.0)	0.0
	Housing and Regeneration Total	3.2	1.4	3.2	(0.0)	100%	0.0	(0.0)	0.0	
	Resources	IT - Rolling Programme	1.5	0.6	0.8	(0.7)	53%	(1.4)	(0.7)	(0.0)
Resources Total	1.5	0.6	0.8	(0.7)	53%	(1.4)	(0.7)	(0.0)		
Approved Rolling Programme Total		14.0	6.2	12.5	(1.6)	89%	(2.8)	(1.5)	(0.1)	
Invest to Save Programme	Communities	Public Realm Improvements	0.9	1.1	1.2	0.3	132%	0.3	0.3	0.0
	Communities Total	0.9	1.1	1.2	0.3	132%	0.3	0.3	0.0	
	Housing and Regeneration	Purchase of Accommodation for TA 1-4-1 receipts	1.3	1.7	1.7	0.4	127%	0.4	0.4	0.0
Housing and Regeneration Total	1.3	1.8	1.7	0.4	127%	0.4	0.4	0.0		
Invest to Save Programme Total		2.2	2.8	2.9	0.7	129%	0.7	0.7	0.0	
LIF Programme	Communities	New Infrastructure	0.3	0.0	0.1	(0.2)	32%	(0.2)	(0.2)	0.0
		Waste, Recycling and Fleet	0.4	0.0	0.4	0.0	100%	0.0	0.0	0.0
Communities Total	0.7	(0.0)	0.5	(0.2)	71%	(0.2)	(0.2)	0.0		
LIF Programme Total		0.8	0.0	0.5	(0.2)	71%	(0.2)	(0.2)	0.0	
Grand Total		88.9	53.0	84.8	(4.0)	95%	(5.1)	(6.6)	2.6	

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<p>Cabinet</p> <p>27 March 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Robin Beattie, Interim Director of Strategy. Improvement and Transformation</p>	<p>Classification: Unrestricted</p>
<p>Q3 Performance Report: Year 2 Annual Delivery Plan of the Strategic Plan 2023-2024</p>	

Lead Member	Lutfur Rahman – Mayor of Tower Hamlets
Originating Officer(s)	Doug Plumer, Data Analytics, Business Intelligence & Performance Lead
Wards affected	All
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	1 Feb 2024
Exempt information	N/A
Strategic Plan Priority / Outcome	All 8 Strategic Priorities

Executive Summary

This report provides the Mayor in Cabinet with a Quarter 3 monitoring update of Year 2 Annual Delivery Plan 2023-24 performance measures.

The delivery status of operations relevant to the council’s strategic objectives is reported with the intention to give a clear understanding of the council’s current performance.

This data is provided to inform any necessary decisions or actions arising from current operational delivery.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the strategic delivery and performance report for Q3 covering the period of 1st October 2023 to 30th December 2023.
2. Review the status of 51 performance measures in Q3 tracking the delivery of Year 2 of the Strategic Plan 2023-2024 (See Appendix A).

1 REASONS FOR THE DECISIONS

- 1.1 The council's reporting cycle – the Performance Management & Accountability Framework 2023-24 is set up to provide quarterly update reports for the delivery of the Strategic Plan 2022-2026 including operational performance measures.
- 1.2 Targeted performance measurement is relevant to strategic policy as it helps services to be designed so that they can deliver strategic objectives.
- 1.3 By examining performance measures of operational activity, the council can make informed decisions about how to effectively steer resources towards the goals of the organisation.

2 ALTERNATIVE OPTIONS

- 2.1 Cabinet may decide not to review the performance information. This is not recommended as Members have a key role to review and challenge under-performance and utilise performance information to inform resource allocation.

3 DETAILS OF THE REPORT

Background

- 3.1 In 2022 the administration began work following the council and mayoral election of May 2022. The council has created a new strategic plan for the 2022-2026 period and started investing in a range of services to delivering strategic improvement in the way the council serves its residents. We are now in the second year of the mayoral administration. A new annual delivery plan for Year 2 was agreed at July's Cabinet setting ambitious targets with the focus on improvement and delivery.
- 3.2 The Strategic Plan 2022-26 adopted eight new corporate priorities that provide a framework for action to improve services and bring about strategic change for Tower Hamlets on 1st August 2022. This plan translates mayoral priorities into operational deliverables and eight strategic priorities. Through monitoring key deliverables published in the Strategic Plan, the council can support and implement strategic improvements for the borough.

3.3 Summary Status

RAG Status	Y1Q1	Y1Q2	Y1Q3	Y1Q4	Y2Q1	Y2Q2	Y2Q3
Green	20	18	21	26	22	22	24
Amber	7	10	5	5	8	8	4
Red	7	7	9	10	7	6	7
No data currently	1	0	0	0	0	0	2
Data only	9	9	9	8	7	9	9
Reported annually	5	5	5	0	5	3	5
Reported termly	0	0	0	0	0	1	0
Service not operational	2	2	2	2	2	2	0
Total	51	51	51	51	51	51	51

Performance Summary

3.4 At the end of Quarter 3 (October to December 2023), 51 performance indicators are reported in 6 categories as follows:

- 24 have met or exceeded their target (Green)
- 4 are between target and minimum (Amber)
- 7 are below target (Red)
- 2 have no data currently
- 9 are data only (contextual information)
- 5 are reported annually.

Under 'No data currently', for 2 indicators data will be available at the end of March.

Correction to Strategic Delivery and Performance Report Year Two Q2

3.5 Following additional information becoming available, Q2 data for KPI 027 - Number of children subject to protection plans has been updated from 239 to 252. This measure doesn't have a target so there is no change of rag rating.

3.6 Following additional information becoming available, Q1 data for KPI 003 - Percentage of homelessness cases prevented or relieved has been updated from 29% to 32%. This measure has a minimum target of 36% and a stretch target of 40% and therefore is no change of rag rating.

4 EQUALITIES IMPLICATIONS

4.1 The council's Strategic Plan is focused on meeting the needs of the diverse communities living in Tower Hamlets and ensuring that everyone can play their part in a vibrant and cohesive community. Many of the strategic outcomes and supporting activities are designed to reduce inequalities and foster community cohesion.

5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,

- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 *Best Value (BV) Implication*

5.3 Section 3 of the Local Government Act 1999 requires the council as a best value authority 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”. Monitoring of performance information and acting on the findings is an important way in which that obligation is being fulfilled.

5.4 *Sustainable action for greener environment*

5.5 Priority 7: A clean and green future. It focuses on key areas of sustainability, including air quality, waste and carbon emission. Key activities include work to drive up the borough’s recycling rate, reducing CO2 emissions, and implementing a number of initiatives to improve air quality, including making Tower Hamlets one of the best boroughs for walking and cycling through our cycling training programmes.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no direct financial implications of this report, as it is reporting the status of performance measures. Where performance does impact on finances, these are addressed and reported through the Council’s existing financial framework.

7 COMMENTS OF LEGAL SERVICES

7.1 The Council is under a general Duty of Best Value 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.”

7.2 Under the Duty of Best Value, therefore, the Council should consider overall value, including economic, environmental and social value, when reviewing service provision.

7.3 The Monitoring of performance objectives therefore assists in meeting the Best Value Duty placed upon the Council.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- Strategic Delivery and Performance Report Year Two, Quarter 3 (See Appendix A).

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

Officer contact details for documents:

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