

Appendix A

Budget Monitoring Report 2022-23 as at 31st December (Period 9)

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Circulated to	Cabinet
Date	29 March 2023
Classification	Unrestricted
Report of	Interim Corporate Director of Resources
Lead Member	Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living
Originating Officer(s)	Nisar Visram, Director of Finance, Procurement and Audit Ahsan Khan, Head of Strategic Finance (Chief Accountant)
Wards affected	All Wards
Key Decision?	No

Forecast General Fund (GF) Nil variance

Forecast Dedicated Schools Grant (DSG) £0.4m underspend before transfer to reserve

Forecast Public Health (GF) Nil variance

Forecast Housing Revenue Account (HRA) £5.2m overspend before transfer from reserve

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

	2022/23 Net expenditure budget	Actuals	Forecast outturn	Gross over / (under) spend	Transfer to / (from) reserves	Net variance over / (under) spend (impact on GF / DSG / HRA)	Increase / (decrease) in overspend / (underspend) from Period 6
	A		B	C = B - A	D	= C + D	
Children & Culture Resources	77.3	76.2	83.4	6.1	(4.7)	1.4	0.2
Chief Executive's HA&C	41.9	155.1	43.4	1.5	(1.7)	(0.2)	0.0
Place	15.0	13.5	16.5	1.5	(1.5)	0.0	0.0
	163.8	103.6	180.7	16.9	(15.1)	1.8	(0.6)
	79.0	81.5	90.8	11.8	(9.3)	2.5	0.6
Sub-total GF services	377.1	429.9	414.8	37.8	(32.3)	5.5	0.2
Corporate and Financing costs	12.4	8.0	8.5	(3.9)	(4.0)	(7.9)	(3.3)
Unbudgeted Energy Cost Pressures	0.0	0.4	2.4	2.4	0.0	2.4	0.0
Total General Fund	389.5	438.3	425.8	36.3	(36.3)	0.0	(3.1)
<u>Ringfenced Items</u>							
DSG Grant				(0.4)	0.4	0.0	0.0
HRA				5.2	(5.2)	0.0	0.0

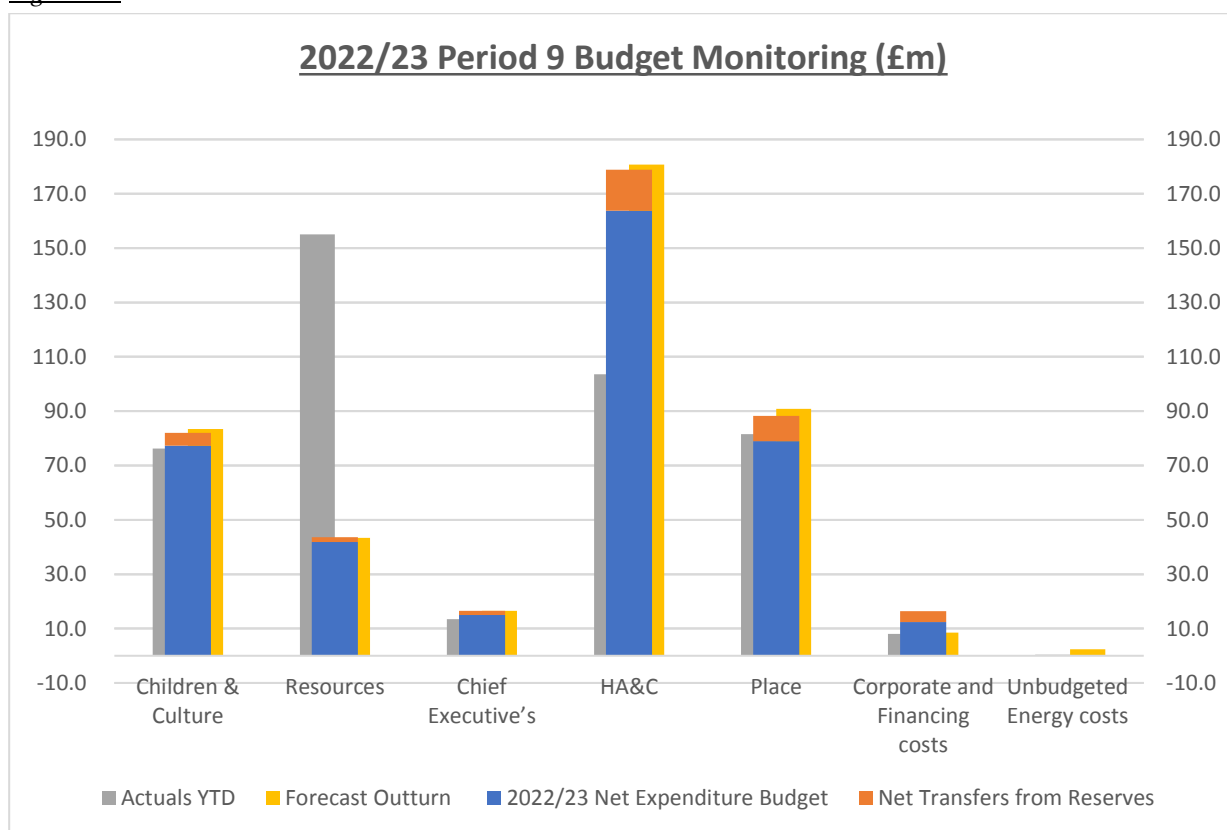
General Fund

The total council approved revenue net expenditure budget for 2022/23 is £389.5m. The year to date actuals to period 9 (31st December) amount to £438.3m. The period 9, 2022/23 financial forecast is an underlying gross overspend of £36.3m. The position after the proposed net drawdown of earmarked reserves (subject to the approval of the CFO at year-end), totalling £(36.3)m, is an overall forecast nil variance (see figure 1.1 below). 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.

There is an exceptional item of note where the General Fund is forecasting unbudgeted electricity cost pressures totalling £2.4m across all Directorates. This figure excludes street lighting, which has been forecast within Public Realm (Place), schools and HRA communal sites. Actuals to date for electricity total £1.6m against a full year budget of £1.5m. Expenditure to date on gas is £1m against a full year budget of £0.7m. Over the winter period usage and therefore cost will increase at a higher rate resulting in the forecasted pressure. Although currently reported as a separate item, for budget monitoring for the remainder of the year, unbudgeted energy costs will be allocated to appropriate directorates and reflected within directorate forecast outturn positions.

Significant savings are still to be delivered in 2022/23 within a continuing challenging environment for the council. Any under/over spend 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	Provisional outturn 31 March 2022	Forecast in-year increase / (decrease)	Forecast 31 March 2023
General Fund balance	23.8	(0.0)	23.8
Reserves without restrictions	86.0	(0.4)	85.6
Sub-total	109.8	(0.4)	109.4
General Fund Restricted Reserves	119.0	(47.9)	71.1
Total	228.8	(48.3)	180.5

Some reserve movements do not show on the Period 9 Forecast Outturn table due to the way they are accounted for – their balance movements do not directly impact service Directorates. A reconciliation between the above table and the services outturn table is below:

	£m
Directorates movement in reserves	(36.3)
ICT capital infrastructure improvements reserve transfer contribution	(2.0)
Smoothing reserve Collection Fund reserve transfer contribution	(10.0)
Total General Fund and Earmarked Reserves movement	(48.3)

General Fund balances and reserves without restrictions are forecast to decrease by £(0.4)m, from £109.8m to £109.4m in 2022/23. 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 £(47.9)m, from £119.0m to £71.1m in 2022/23, 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.

Covid-19

Directorate	Forecast Gross over / (under) spend <i>PRE Covid-19 funding application</i> (£m)	Specific ringfenced COVID-19 Grant Funding (£m)	Gross over / (under) spend (£m)	Non - ringfenced COVID-19 Funding (transfer from reserves) (£m)	Forecast Gross over / (under) spend <i>POST Covid-19 funding application</i> (£m)
	(A)	(B)	C = (A) – (B)	(D)	E = (C) – (D)
Children & Culture	6.1	0.0	6.1	2.3	3.8
Resources	1.9	0.4	1.5	0.6	0.9
Chief Executive's Office	1.5	0.0	1.5	0.0	1.5
HA&C	20.9	4.0	16.9	0.0	16.9
Place	12.6	0.8	11.8	0.7	11.1
Corporate	(3.9)	0.0	(3.9)	4.0	(7.9)
Unbudgeted Energy Cost Pressures	2.4	0.0	2.4	0.0	2.4
Total	41.5	5.2	36.3	7.6	28.7
	Total COVID-19 Funding Applied in 2022/23 = B + D				12.8

Over the last two financial years during the COVID-19 pandemic, the Government provided total non-ringfenced COVID-19 grant funding of £51.1m, of which £8.4m was carried forward into the current financial year. Latest forecasts indicate that the council will need to utilise £7.6m of this non-ringfenced COVID-19 funding to mitigate against in-year COVID-19 pressures which continue to persist, leaving £0.8m not yet allocated in forecasts for this year. The council will continue to monitor this position in light of any further potential pressures that may arise from now to year-end.

Also during the pandemic, the Government provided COVID-19 ringfenced grants to help mitigate against specific pressures faced by the council. The council carried forward £4.4m of this funding into the current financial year, of which £3.5m related to Contain Outbreak Management Fund (COMF), which is forecast to be fully utilised in-year to mitigate related pressures within Health Adults and Communities (HA&C). In 2022/23, the council is forecasting further COVID-19 pressures within HA&C relating to Vaccinations (£0.5m), Additional Burdens Funding (£0.4m) for administration of Covid-19 grants in

Resources and pressures within Place relating to rough sleeping (£0.8m), which are forecast to be funded from specific related COVID-19 ringfenced grants the council will receive in-year.

Please refer to 'Appendix C – Covid-19 Forecast Outturn Summary 2022-23' for an analysis of the non-ringfenced and specific ringfenced Covid-19 grants and estimated overall Covid related spend and reduced income.

Collection Fund

For Business Rates, to the end of Period 9, we have collected £359m of £439m billed (81.8% in-year collection rate) compared to 80.1% for 2021-22, which is an improvement on last year. 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 £122m of the £168m Council Tax bills raised (72.6% in-year collection rate) compared to 69.0% for the same period in 2021-22, which is an improvement on last year but lower than pre-pandemic collection levels. Future years' collection rates could be negatively affected by wider economic impacts being experienced by residents (including inflationary and market pressures on employment, energy and food costs).

Dedicated Schools Grant (DSG) Budget

Current Forecast on the spend within the Dedicated Schools budget is a small underspend of £0.4m in 2022/23. This budget is exceptionally volatile with the main variable related to spend on individual high needs arrangements. The prior years' deficit would be expected to be paid back over the longer term to ensure that provision for young people can be maintained.

HRA

The Housing Revenue Account is forecasting an adverse variance of £5.2m when compared with budget. It is assumed that this balance will be transferred from general HRA balances at year-end.

The HRA is forecasting an unbudgeted energy cost pressure totalling £2.6m for gas and electricity in 2022/23. These costs are partly recoverable from leaseholders where they relate to communal areas and this additional income has been reflected separately in this forecast. Other variances in the HRA relate to delegated budget, which is forecasting a year-end adverse variance of £2.1m, the THH management fee is forecasting a year-end adverse variance of £0.4m and the non-delegated budget is forecasting a year-end adverse variance of £3.2m. Further details are provided in section 4 of this appendix.

C&C forecast overspend of £1.4m

DSG forecast underspend of £0.4m before contribution to reserve

Service	2022/23 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Supporting Families	58.8	48.8	59.3	0.5	(0.4)	0.1
Commissioning and Culture	7.1	5.7	7.6	0.5	(0.3)	0.3
Education	9.5	8.2	12.6	3.1	(2.1)	1.0
Education Resources	1.9	13.5	3.9	2	(2.0)	0.0
Education Impact of School Closures and Amalgamations	0.0	0.0	0.0	0.0	0.0	0.0
Total	77.3	76.2	83.4	6.1	(4.7)	1.4

The Children and Culture Directorate is reporting a net overspend of **£1.4m**. The Supporting Families service is showing a net overspend of £0.15m, Commissioning and Culture a net overspend of £0.25m, Children’s Resources on target, and Education £1.0m overspend. The primary pressures are about demand and the increased levels of need for children and families as a consequence of both Covid and the cost of living crisis. The budget position reflects that Supporting Families is managing these pressures well to date and remaining broadly within budget, helped by the increased social care grant and the focus that there has been upon delivering a stronger Early Help offer together with strengthened partnership working. SEND pressures continue to increase with a clear link to the impact of the pandemic upon children’s development, with October 2022 seeing the largest ever number of referrals for Education Health and Care Plans in a single month. Whilst the costs associated with the EHCPs are met from within the Dedicated Schools grant there are a number of services that relate to these increases that are met from within the General Fund. These costs have significantly increased with the need for additional staff in Education Psychology and SEN casework. There have been large increases in the Costs of SEN transport costs, both with increased volumes of Children accessing transport and the large increase in fuel costs and London ULEZ surcharges. Plans have been taken forward to ensure that the increased level of staffing need in SEND is addressed through growth bids for 2023/24.

The General Fund provisional gross outturn is an overspend of **£6.1m**. This forecast is before taking account of the application of Covid reserve funding. This has supported both the non-achievable savings target of £250k (from a £500k saving split 50/50 between both the Place and Children and Culture directorates). This saving related to increased income from rental of Council assets. In the much-changed rental market these savings are no longer achievable. There has also been a significant contribution from Covid reserves towards the continuing pressure on SEN transport costs where we have seen a number of Children and young people not able to progress to independent travel as well as the need for more individualised transport arrangements then had been planned in the previous SEN travel review.

There is a Contribution from an earmarked reserve of £2m, being £1m from General fund reserve and £1m of Public Health reserve for the cost of providing universal free school meals for all Children in Tower Hamlets Primary Schools. This treatment was originally an allocation of funding to cover 3 years, this being the second year, to support the cost which is jointly funded with Public Health who would normally make an annual £1m contribution.

Current Forecast on the spend within the Dedicated Schools budget is a small underspend of £0.4m. This budget is exceptionally volatile with the main variable related to spend on individual high needs arrangements.

Supporting Families: - £0.1m overspend

The considerable work in realigning budgets plus the additional resource that has been made available through the higher social care grant has meant that the supporting Families directorate is forecasting only a small overspend, however this does include some volatility on some areas.

Children With Disabilities £0.6 overspend

The cost of Direct payments and the cost of short breaks has led to a significant overspend in this area, review suggests that there is further realignment needed of this budget as demand continues to be high.

Early Help (£0.3m) underspend

Underspend due to a number of vacant posts that have been recruited later in the financial year than originally expected.

Residential Places (£0.3m) underspend

Costs are lower than budgeted, with a reduction in the expected cost of an adoption partnership costs and the reduction in payments in relation to positive family partnership payments.

Commissioning and Culture £0.2m

With the lifting of Covid restrictions, areas within Culture and Leisure have started to show significant recovery with increased sport and leisure uptake and refreshed income generation.

Leisure services £0.25 overspend

The reorganisation of the Leisure service has meant that the St Georges site will be returned to the Council from GLL in the coming months pending future work on redevelopment. The protection of the site includes Security and Guarding and there is no existing budget to cover these costs.

PDC Gross £0.3m overspend net zero

One area that is still showing a shortfall is the Professional Development Centre (PDC) which has seen a significant reduction over the last two years in lettings as more meetings have taken place virtually rather than in person. Whilst restrictions have lifted this now appears to be a permanent change that has left much of the facility unlet. As this various can show a direct link with the effects of the pandemic the final outturn is shown after the application of Covid support funding to reflect a revised budget position. After Covid relief Commissioning and Culture are on target. There are only a small number of budget variations none of which at this stage are of significant note.

Education £1.0m

Education Psychology £0.4m

There has been a significant reduction in income from schools as the team become more stretched and are unable to deliver non-statutory services. The need to drive improvement in the timely completion of Education, Health and Care Plan (EHCP) assessments in line with our SEND Improvement Plan and following our inspection has led to increased locum costs to support the extended workload which is expected to be an ongoing pressure for the year as the we work to achieve target completion dates.

SEN Travel Costs £2.5m gross £0.5m net after Covid relief

Additional SEN transport costs continue to be a pressure on budgets. EHCP numbers are still rising and in cases where we are unable to meet local needs this has led to increased costs of transport. Assistance last year from Covid support funding allowed for additional routes and escorts and whilst Covid restrictions are no longer in place there is still a significant backlog in efficiencies that were not able to be delivered. We are seeing increasing behavioural issues among some children post Covid which has meant there is a need to continue use of separate vehicles and additional escorts to ensure safe travel to school for both the children and the drivers, meaning the planned route optimisations have not all been met. The pause in delivering independent travel training over the period of Covid restrictions also means we have a number of older Children who would normally have been supported in progressing to independent travel who are still accessing SEN transport. Exceptional increases in fuel costs and levies related to the ULEZ in London as well as staff shortages have also contributed to additional costs and the saving attributed to the budget of £500k is no longer achievable. Costs of inhouse transport to the Children's directorate has further increased with the change in the share of costs between Adults and Children as day centres have closed and there is a reduction in the need for Adult transport, the cost split has moved from a budgeted 70/30 split to a 80/20 split.

Safeguarding £0.1m

Additional Income targets were bult into the budget for this year which the services are currently forecasting as being unachievable, no charges have yet gone through so this will be subject to further review.

Forecast underspend of £0.2m

Service	2022/23 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Customer Services	6.5	7.0	6.8	0.3	(0.3)	0.0
Finance, Procurement & Audit	8.6	9.9*	9.2	0.6	(0.8)	(0.2)
ICT	12.7	11.6	13.0	0.3	(0.3)	0.0
Revenue and Benefits Service	2.0	117.8*	2.7	0.7	(0.3)	0.4
Workforce, OD and Business Support Service	12.1	8.8	11.7	(0.4)	0.0	(0.4)
Total	41.9	155.1	43.4	1.5	(1.7)	(0.2)

*High actuals to date in Finance, Procurement and Audit due to Insurance Trading Account recharges to be processed and in Revenue and Benefits Service due to Housing Benefit income to come from government for reimbursement of costs.

The Resources directorate forecast is an underspend of £0.2m, following requested drawdowns from reserves totalling £1.7m.

The reserve movements consist of requested drawdowns from the Insurance Reserve for insurance team staffing (£0.4m), Transformation Reserve for finance improvements (£0.4m), the Covid non-ringfenced grant reserve (£0.6m) and ICT Transformation Reserve for CRM development (£0.3m).

Please also note that there will be a drawdown of £2.0m from the ICT Transformation Reserve towards the funding of the ICT capital infrastructure improvements totalling £2.2m.

Customer Services – forecast breakeven after reserves movements

A forecast breakeven position for the Customer Services division, following a drawdown of £0.3m from the ICT transformation reserve for Customer Relationship Management (CRM) developments.

Finance, Procurement and Audit – forecast £0.2m underspend after reserves movements

A forecast £0.2m underspend, following the annual drawdown from the Insurance Reserve of £0.4m for Insurance Team staffing costs and a drawdown from the Transformation Reserve of £0.4m for the Finance Improvement Programme to continue with its improvement journey following issues highlighted in the audits of the council's accounts for 2018-19 and 2019-20.

There is an overspend in staffing for the Procurement Team due to the high number of procurements occurring at the moment including social care homecare contracts and a high level of agency staff usage. Permanent recruitment is underway to try to fill posts covered by agency workers however it has been proving difficult to recruit in the current market. The overspend in the Procurement Team is offset by an underspend in Finance Team staffing due to periods of vacancy while the new structure is being recruited into.

Information Technology – breakeven forecast position after reserves

A forecast breakeven position, following the requested drawdown of £0.3m from the Covid non-ringfenced grant reserve for IT equipment to support hybrid working.

The IT service is experiencing inflationary pressures which could impact the 2023-24 position as contracts are renewed during the year.

Please also note that there will be a drawdown of £2.0m from the ICT Transformation Reserve towards the funding of the ICT capital infrastructure improvements totalling £2.2m.

Revenues and Benefits Service – forecast overspend of £0.4m after reserves

Forecast overspend of £0.4m, following the requested drawdown of £0.3m from the Covid non-ringfenced grant reserve. The forecast overspend pressure before reserves of £0.7m is demonstrated through administration staffing £0.9m, underachievement in income £0.7m and an overspend in transaction fees £0.2m; partially offset through a forecast underspend in Housing Benefits due to high levels of collection of overpayment debts (£1.1m).

Covid-19 has had a significant impact on the staffing levels required in Revenues Services for administering Business Rates, Council Tax, Housing Benefits and Council Tax reduction claims. There is also extra staffing required to facilitate Covid-19 grant payments, rates reliefs for businesses, the Covid Additional Relief Fund for business rates and the Energy Rebate Scheme for council taxpayers.

In 2022-23 there is a forecast overspend of £1.3m on direct staffing costs, towards which the government is expected to provide Additional Burdens Funding of circa £0.4m for administration of Covid-19 business grants and the Council Tax Hardship Fund. It is requested to drawdown £0.3m from the Covid non-ringfenced grant reserve, which will leave a forecast staffing overspend pressure of £0.6m.

The long-term staffing requirement from the pandemic and increased properties for council tax will need to be considered in the future, to maximise income collection for both council tax and business rates.

Enforcement activity to recover debts through the courts was suspended during the pandemic and this created an under-achievement in court costs awarded income. Income from court costs is forecast to be £0.3m below budget in 2022-23, although this demonstrates an improvement from 2020-21 and 2021-22.

As well as the main Housing Benefits Administration Grant, the Benefits Service has also historically received ad hoc grants from government departments, such as from the DWP for participation in pilot schemes. Due to the Covid-19 pandemic, these other grants were not available in full and this pattern has continued in 2022-23 resulting in forecast income of £0.4m below budget for 2022-23.

Work levels remain high for Council Tax Support claims and the move to Universal Credit remains slow meaning Housing Benefit caseloads are not reducing quickly enough to consider reducing staffing levels at this time.

There is a forecast overspend pressure of £0.2m due to increased bank transaction fees for card payments online and by touchtone phone, as the Council has increased the use of self-service options for the payment of bills by residents. A growth bid is included in the MTFs to fund this pressure from 2023-24.

Workforce, OD and Business Support Service – £0.4m forecast underspend

Forecast underspend of £0.4m which consists of an underspend in Learning, Organisational and Cultural Development (£0.5m) partially offset by an overspend in Business Support of £0.1m (pending a review of the structure).

Forecast Nil variance

Service	2022/23 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Communications and Marketing	2.2	1.7	2.1	(0.1)	0.1	0.0
Strategy, Improvement and Transformation	6.5	4.9	6.5	0.0	(0.4)	(0.4)
Legal, Monitoring Officer, Democratic and Electoral Services	5.2	5.8	6.3	1.1	(0.7)	0.4
Corporate Management	0.4	0.3	0.4	0.0	0.0	0.0
Mayor's Office	0.7	0.8	1.2	0.5	(0.5)	0.0
Total	15.0	13.5	16.5	1.5	(1.5)	0.0

The Chief Executive's Office Period 9 forecast is a breakeven position, following drawdowns from reserves totalling £1.6m and the creation of a £0.1m Communications Reserve.

The reserve drawdowns consist of the Local Election Reserve (£700k), Mayor's Priority Investment reserve for Mayor's Office staffing (£500k), Covid Recovery Fund Reserve (£185k), ESOL for Integration Fund reserve (£149k) and the Local Community Fund reserve (£30k).

Communications and Marketing – Breakeven forecast after reserves creation

Forecast breakeven position following the creation of a £0.1m Communications Reserve to support costs in 2023-24 relating to the insourcing of leisure services.

Strategy, Improvement and Transformation – forecast £0.4m underspend after reserves

The Period 9 forecast is a £0.4m underspend due to periods of staffing vacancy while the new Enabled Functions structure has been recruited into. The voluntary and community sector budgets are forecasting to breakeven after the following reserve drawdowns:

- drawdown from the Covid Recovery Fund of £185k for community-led recovery, health and economic recovery, and supporting children and young people
- drawdown from the ESOL for Integration Fund reserve of £149k for expenditure incurred
- drawdown from the Local Community Fund (LCF) reserve of £30k for expenditure incurred

Legal, Monitoring Officer, Democratic and Electoral Services – forecast £0.4m overspend after reserves

The Period 9 forecast is a £0.4m overspend due to difficulties in permanent recruitment resulting in over-reliance on agency staff and a reduction in court costs awarded income. There will be a drawdown from the Local Elections Reserve of £0.7m for the costs of the local elections in May 2022.

Corporate Management – Breakeven forecast

Mayor's Office – Breakeven forecast after reserves

The Period 9 forecast is a breakeven position, following the drawdown from the Mayor's Priority Investment reserve of £0.5m for additional staffing in the Mayor's Office. The extra staff are to support additional casework (including supporting the work from twice weekly surgeries run by the Mayor), cabinet and executive support, and the engagement of Mayor's Advisors to contribute to the delivery of strategic priorities and the Mayor's manifesto commitments.

HA&C forecast overspend of £1.8m

Public Health forecast nil variance

Service	2022/23 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Adult Social Care	104.4	71.4	114.8	10.5	(8.0)	2.5
Community Safety	6.5	4.6	6.3	(0.2)	0.0	(0.2)
Integrated Commissioning	15.7	10.0	22.3	6.6	(7.1)	(0.5)
Public Health	37.2	17.6	37.2	0.0	0.0	0.0
Total	163.8	103.6	180.7	16.9	(15.1)	1.8

The Health, Adults and Community Directorate's projected outturn at Period 9 is a £1.8m overspend position against a budget of £163.8m, representing a £0.59m decrease on the Period 6 position. The pressure reflects a continuation of the pressures in Adult Social Care on care packages for disabled and older people provided under the Care Act. This is partly offset by a continued drive to reduce the costs of long-term care packages in Adult Social Care.

The Directorate is on track to deliver its savings in 2022/23, with the exception of a planned £0.1m saving in client transport which has been offset by increased fuel costs, which are being charged against the revenue budgets.

The Adult Social Care 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 on this year's position.

Public Health forecasts a breakeven position at Period 9 whilst Integrated Commissioning and Community Safety are both forecasting small underspends at this stage.

Transfers to and (from) Reserves (£15.1m)

Use of reserves relates largely to partnership funding held in pooled budgets 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 accounted for separately and not included in the financial pressures outlined above for this financial year. For the Period April to the end of December 2022, a total of £2.9m has been funded in total for 2,656 care packages. The total projected funding from the s75 funding for 2022/23 at Period 9, based on current client discharge data, which alleviates the financial pressure on the HA&C budget, is £3.9m.

- The allocated inflationary uplift budget transferred to reserves has been committed and is forecast to be spent in 2022/23.
- In agreement with the CCG, 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 2022/23.
- The Public Health Grant Reserve at the start of the financial year 2022/23 was £6.9m. Commitments against the reserve for 2022/23 stand at £6.0m. The final transfer to the Public Health Grant Reserve will be finalised at financial year-end based on final public health grant expenditure outturn and have been projected at £0 for the reporting period.

Adult Social Care – Forecast £2.5m overspend at Period 9

At Period 9 Adult Social Care is forecasting an overspend position of £2.5m against a budget of £104.4m. This represents a decrease in projected expenditure against budget from Period 6 by £0.58m.

(i) Employee Costs – Forecast (£1.2m) underspend

The Period 9 forecast for employee costs is a £1.2m underspend position against a budget of £22.5m, primarily due to vacancies during permanent recruitment to posts and a 2% vacancy factor being maintained. There has been deliberate action to reduce agency costs where possible and there are some remaining vacancies with difficulties recruiting.

(ii) Care Package Costs and other Service Costs – Forecast £4.2m overspend

Direct costs associated with care packages are projected to overspend by £2.7m at Period 9 against a budget of £99.3m.

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. Data from the 1st of April 2022 to the end of December 2022 shows that the Panel process has approved 772 packages of care with increasing needs, representing a further £5.39m full-year cost, and a further 120 new packages of care, adding a further £1.60m full-year cost. Against this, 284 cases assessed to date, resulted in a reduction or cessation in care package, amounting to a £2.66m reduction in full-year costs. 202 packages assessed resulted in no change in the level of care provided. The impact of these changes to date is a net increase of £4.32m (1,378 total packages reviewed).

Between Period 6 and Period 9, CSPAM has approved a further 445 net increased package care costs due to increase complexity of care (56% of packages required increased support and 7% were new packages), resulting in an additional £0.91m net costs within a 3-month Period.

The demographic growth budget is being held centrally and then allocated to the appropriate budgets on a quarterly basis, based on a calculation of the costs of new clients into a service area. Of the £3.6m demographic growth budget for 2022/23, £2.4m has already been allocated by the end of period 9, due to the increased demand being experienced, and it is expected that the demographic growth budget will be fully utilised by the end of the financial year and may even be exceeded.

Actual costs to date at period 9 reflect the delays in invoicing by care providers, which is subject to further work to ensure that year-end processes include continued review and chasing of outstanding invoices.

Other Service Costs are in relation to a provision for bad debts, and other supplies and services costs relating to Adult Social Service clients. These are projected to overspend by £1.58m at period 9 against a budget of £0.72m. 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.

(iii) Income – Forecast £0.5m over achievement of income over budget

Income budgets are projecting an additional £0.5m in income at Period 9. This reflects the work carried out by the Mental Health team on the Section 117 income from the NHS.

Integrated Commissioning – Forecast (£0.50m) underspend at Period 9

Integrated Commissioning is forecast to underspend by £0.50m at Period 9, against a revised budget of £15.67m. This represents a decrease in the underspend position by £0.11m on the Period 6 position.

The underspend for Integrated Commissioning is due to Community Equipment costs for discharged clients being funded via agreed s75 funding (partnership funding across the Council and NHS) for 2022/23, and therefore creating an underspend in costs for this area.

An area of substantial risk in Integrated Commissioning is the Transport Services Unit (TSU) recharge, which has a budget of £2.119m for 2022/23. Currently estimates of the costs that will be recharged from the Place directorate to Health, Adults & Community are £2.618m due to current pressures in the fuel market. Any costs over these projected costs will result in a pressure on this budget and a further pressure on the overall HA&C position.

Community Safety – Forecast (£0.24m) Underspend at Period 9

Community Safety is projected to underspend by £0.24m at Period 9 against a budget of £6.5m, with a movement of £0.13m from Period 6, due to vacancies and staff turnover.

The Division has been successful in attracting significant grant funding. This is either through the London Crime Prevention Fund (MOPAC), Addiction, Diversion, Disruption, Enforcement, Recovery (ADDER) or via the Home Office (Prevent). The grant funding is for specific projects, programmes, and funds posts. All the grant funding streams aim to deliver additionality and compliment partner resources, address gaps in service provision to tackle crime and anti-social behaviour and improve safety in the Borough. The short term and specific nature of the funding presents a strategic risk when funding ceases.

Public Health – Forecast Breakeven

Public Health is forecast to break-even at Period 9 against a Public Health Grant allocation of £37.21m for 2022/23.

The Public Health Grant allocations for 2023/24 will be announced in mid-February 2023.

Covid Grants 2022/23

The Contain Outbreak Management Fund (COMF) grant carry-forward from 2021/22 was a balance of £3.523m. The full allocation is committed in 2022/23 on the Community Vaccination programme, funding to support the Healthy Borough Programme, community engagement commissions, Covid hub staffing, vaccine hesitancy insight and Find and Treat (London wide service focussing on outbreak management and uptake of vaccination in high-risk groups e.g., homeless and hostels), Outbreak management software and communication campaigns.

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.

Forecast overspend of £2.5m

Service	2022/23 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Property & Major Programmes	19.1	11.5	21.6	2.5	(2.4)	0.1
Resources	2.0	3.3	2.5	0.5	(0.5)	0.0
Public Realm	34.6	26.3	37.1	2.5	0.2	2.7
Growth & Economic Development	4.4	9.4	9.5	5.1	(5.2)	(0.1)
Planning & Building Control	2.1	2.1	3.5	1.4	(1.5)	(0.1)
Housing & Regeneration	16.8	28.9	16.7	(0.2)	0.1	(0.1)
Total	79.0	81.5	90.8	11.8	(9.3)	2.5

Forecast Outturn Position

The Place Directorate is forecasting an adverse variance of £2.5m after reserve adjustments. The Directorate is proposing a number of drawdowns and top ups which were planned as part of its business-as-usual activities. These adjustments net to a £9.3m drawdown from reserves. The reserve figure includes £1.8m of additional reserve drawdowns from the Mayors Priority Investment reserve to fund new mayoral pledges in year (cost of living crisis), £0.8m from the Covid general reserve in support of the Directorate's ongoing response to the pandemic and a one-off reserve drawdown of a further £1.6m to meet the cost of the New Town Hall.

Adverse variances are being forecast within Property & Major Programmes and Public Realm where both are experiencing increased cost pressures. The majority of these variances relate to external factors outside of the control of the Place Directorate, for example challenges resulting from the pandemic and cost of living crisis, abortive costs relating to the capital programme, reduced capitalisation charges (including TFL programme) and assets being deemed surplus to requirement transferring to the Directorate without budget.

The £2.5m forecast adverse variance includes a proposed top up of the Parking Control reserve of £1.9m to meet approved future savings that utilise this reserve totalling £0.9m per annum. If a decision were taken not to top up this reserve, then the adverse variance would reduce to £0.6m, which would represent a favourable movement of £1.3m when compared with that reported at Q2.

Savings Targets

The Directorate has £1.6m of savings targets in 2022/23. Of these savings, £0.5m is forecast to be delivered, £0.4m of savings are slipping into the next financial year and the remaining £0.7m is undeliverable.

Savings relating to the transformation of homelessness and efficiencies from insourcing THH.

The £0.7m undeliverable savings relates to the better use of Council owned assets. Although a work plan has been developed to deliver the saving, the current Covid-19 environment is making it increasingly difficult to either let or dispose of property. These savings will be mitigated through a drawdown against the Covid general grant reserve in year to prevent a budget pressure and were taken to Cabinet on 25th January for approval to write off for future years.

Covid-19 and Cost of Living Response Grant Funding

The Place Directorate is continuing with its response to the Covid-19 pandemic and has received ring fenced grants for Household Support (£6m) and for continued support of the rough sleeping Everyone In campaign at Luke House (£0.8m). It is forecast that a further £0.5m will be charged against the Covid general reserve relating to an unachievable savings target relating to the better use of assets where the pandemic has adversely impacted on its delivery.

Property & Major Programmes – Forecast £0.1m Adverse

The Property & Major Programmes division is forecasting to outturn with a £0.1m adverse variance after reserve adjustments.

Corporate Property – Forecast £0.4m Adverse

An over-recovery of HRA recharge income totalling £0.2m as a result of an additional resource working on the HRA portfolio and additional time spent on HRA related work by the remainder of the team.

A £0.1m forecast adverse variance resulting from the use of agency staff, acting up honoraria and retention supplements.

Five schools have been declared surplus to requirements (Cherry Trees, Guardian Angels, St Matthias, Shapla and Bromley Hall School). These schools were previously funded from Basic Needs grant. Vacant property costs including security, insurance, utilities and general maintenance are being incurred, creating a budget pressure of £0.5m without any financial provision being made as part of the decision-making process when declaring the buildings surplus to requirements. There are delays in procuring guardians at these sites to replace security due to a lack of legal resource. Bromley Hall School was due to be sold in June, but this was put on hold whilst the new administration review potential sales, resulting in further revenue cost at this site.

Capital Delivery – Forecast Nil Variance

The Capital Delivery team are reliant on agency staff. The team works solely on the housing capital programme and based on current estimates 90% of staff time will be capitalised resulting in a breakeven position.

There is spend on feasibility works projected at £0.3m for the year. This will be funded from a drawdown from the CIL for feasibility costs reserve.

Facilities Management – Forecast (£0.6m) Favourable

A £0.7m favourable variance on salaries resulting from vacancies that have not been filled. These posts will be reviewed once the move to the new town hall is completed. This is being offset by an income shortfall of £0.1m against the events budget.

New Town Hall – Forecast Nil Variance

There is an estimated revenue running cost for the New Town Hall from January 2023 and one-off costs associated with the office move totalling £1.6m. There is no budget provision for this cost whilst the Council continues to lease its existing office at Mulberry Place. To mitigate this budget pressure a New Town Hall reserve was created in 2021/22 and £2m set aside to meet these costs. It is assumed that £1.6m will be drawn down in year from this reserve, mitigating the cost pressure.

Corporate Landlord Model (CLM) – Forecast £0.1m Adverse

A £0.1m favourable variance on service charges relating to buildings the Council leases. The number of leased buildings is lower than budgeted, resulting in reduced costs.

A favourable variance of £0.2m for business rates relating to John Onslow House and Rushmead, both of which are budgeted for in the general fund but are HRA assets.

Repairs & maintenance budgets have an adverse variance of £0.4m with the cost of materials and labour rising following Brexit and the Covid pandemic and new contracts in place at additional cost.

Non-Operational Investment Estate – Forecast £0.2m Adverse

Unachievable savings targets totalling £0.8m relating to the better use of assets. It is proposed that this income shortfall is charged against the Covid grant reserve, mitigating this pressure.

Void units resulting from capital works at the Montefiore building is resulting in an adverse variance of £0.2m.

Resources – Forecast Nil Variance – Forecast Nil Variance

The Resources Division is made up of a number of areas including the Strategy, Policy and Improvement team (part of the Enabling Function) budgets, Regeneration projects and the Director's budget.

The revenue costs relating to the Regeneration team are funded from LIF (£0.5m), CIL (£0.1m) and levelling up funding (£0.1m). The CIL and levelling up grant are funding specific pieces of work. The majority of the team costs are met from LIF funding and there is no general fund base budget for the regeneration team. An adverse variance of £0.1m is being forecast against the LIF funding, with the new administration pausing some of the project work. As a result the amount of LIF funding that can be drawn down is insufficient to meet the cost of the team.

The Strategy, Policy and Improvement team are forecasting an adverse variance of £0.2m with the recharge budgets being higher than the forecast level of work that can be charged to the other divisions within the Place Directorate and the HRA.

A £0.3m favourable variance within the Service Design & Improvement team as a result of vacant posts and part-year recruitment to fill vacancies.

Public Realm – Forecast £2.7m Adverse

Public Realm is forecasting an adverse variance of £2.7m against budget. This figure is inclusive of a proposed reserve movements netting to a £0.2m top up. Included within this is an assumption that the Parking surplus will be used to top up the Parking reserve and therefore not mitigate the adverse variance position.

Highways and Traffic Management – Forecast Nil Variance

Backdated unbudgeted Electric charging point income for fast chargers is forecast to be received in year, resulting in a favourable variance of £0.1m.

Capitalisation shortfall of £0.9m is being offset by a corresponding underspend of £0.9m on salaries resulting from posts being held vacant and difficulties in recruitment following a service restructure.

Unbudgeted costs of £0.1m for repairs to the Foot tunnel lifts at Greenwich. This represents LBTH's contribution to the cost of these works which will be completed in the current financial year.

A £0.1m under recovery of advertising income resulting from the renegotiation of the main contract for the large panels resulting in a reduction in income. In the future it is forecast that this will be mitigated by the digitisation of other sites.

A projected budget shortfall of £0.6m relating to sunk revenue costs that cannot be capitalised resulting from the TFL capital programme not progressing. The budget reflects funding assumptions at the pre-covid level from TFL of £2.2m. TFL are withholding funding in the current year following uncertainty around the liveable streets programme.

Additional spend totalling £0.1m on TFL funded revenue projects. This will be funded through a drawdown from reserve (TFL Revenue Funded Projects reserve).

Balances of £0.1m relating to historic temporary structures income that is over six years old that has past the statute limitations period and historic balances of £0.7m relating to s278 highways rechargeable works were moved to reserves at the end of the previous financial year. It is assumed these amounts will be drawn down in year.

Further amounts of £0.2m for temporary structures that were received in 2016/17 and have not been claimed back and £0.6m for s278 rechargeable works can also be spent on highways related activities in year and will again be drawn down into revenue.

Of this balance of s278 rechargeable works and temporary structures income totalling £1.6m, £0.9m has been committed to be spent on flood and gulley works, highways maintenance and street lighting. The remaining balance of £0.7m represents a favourable variance.

Operational Services - Forecast £0.1m Adverse

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

A £0.2m adverse variance relating to demographic growth and customer behaviour post pandemic which is generating more household waste.

Unachievable income target of £0.1m relating to charging for bulky waste collections. This income target formed part of a historic greater commercialisation saving allocated to Place in 2021/22. This saving requires write off as bulky waste collections remain a non-chargeable service.

A £0.1m adverse variance relating to surveying and maintaining the tree stock due to the increase in the number of trees. This is being mitigated through vacancies within the service.

The Green team are forecasting to spend an additional £0.1m on replacement trees. This will be funded from CAVAT developer income received in previous years and will have no impact on the outturn position.

Environmental Services Improvement – Forecast (£0.1m) Favourable

A favourable variance of £0.1m resulting from vacant posts and secondments away from the team.

Waste Operations (Environmental Services) – Forecast £2.4m Adverse

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 external events and the late-night economy is generating additional income of £0.1m.

A favourable variance of £1m against salaries relating to vacant posts. This is being offset by additional costs of £2.1m for agency and overtime covering these vacancies, long-term sickness, additional public holidays and catch up rounds following the snow, resulting in an adverse variance of £1.1m for staffing.

A £0.3m adverse variance relating to equipment such as residential refuse bins and recycling sacks. At present these costs are being charged to revenue.

A £0.7m adverse variance relating to unscheduled vehicle repairs, budget shortfall for scheduled maintenance and an increase in the cost of diesel.

There is an under recovery of income totalling £0.5m for commercial waste. The service has lost customers during the pandemic.

The service has received Mayoral Covid-19 recovery funding for use on enhanced street cleansing. It is forecast that £0.1m will be spent and drawn down from reserves in year to meet this additional cost.

Fleet Service – Forecast Nil Variance

A £0.1m adverse variance resulting from invoices raised in error and cancelled. This will be mitigated by drawing down from the Transport Services review reserve.

Concessionary Fares – Forecast (£0.4m) Favourable

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.

Parking services – Forecast Nil Variance

The Enforcement service (PCN related income) is expected to exceed budgeted levels as a result 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, generating additional income of £2.3m.

However, this is being offset by pressures on the Parking debt budget where an under recovery against the income target of £1.5m is forecast. This target relates to aged debt cases where the central debt collection team are falling short of the targeted debt recovery levels that they felt were recoverable and therefore budgeted.

Vacant posts within the Enforcement service resulting in an underspend of £0.3m. Staff retention is challenging and when vacant these posts are difficult to fill. A further favourable variance of £0.2m resulting from delays in the procurement of the Parking Enforcement Plan.

Bay suspension income is forecasting to over recover by £0.6m with demand for the service continuing to be high.

It is forecast that the favourable variance of £1.9m will be transferred to the Parking Control reserve to be used in future years to fund approved savings proposals.

Environmental & Regulatory services – Forecast Adverse £0.4m Variance

The Environmental & Regulatory services have four vacant posts across the Health and Safety, Pest Control, Mortuary Manager and Housing Enforcement services resulting in a £0.2m favourable variance.

There are increasing unbudgeted contract costs relating to the coroner's undertaker and pathology services resulting in a £0.2m adverse variance.

Landlord licensing is forecasting an adverse variance of £0.4m where there is no reserve to offset the costs. This represents an accounting error where the reserve was taken several years ago and not the result of service provision.

Street Trading – Forecast £0.3m adverse

The Street Trading account is a ringfenced account and is forecasting a £0.3m adverse variance against budget. This variance will need to be met from the General Fund as the street trading reserve has previously been drawn down in full to cover losses in previous years.

During the pandemic the Markets service lost a significant number of permanent and casual traders. Since full reopening, Markets have started to see a slight bounce back in trader numbers, but this has not made up for those lost during the pandemic with lower income levels as a result.

New fees and charges are not being implemented and passed on to the traders in 2022/23. Income budgets have been increased to reflect these new charges, resulting in a forecast £0.2m income shortfall. The remaining £0.1m adverse variance relates to lost pavement licensing income.

The Markets service successfully bid for £0.1m funding from the Mayor's Covid Recovery fund for use in developing and training market traders to use an online trading platform. Current forecasts project the spend and therefore drawdown to be split over the current and next financial years (£53k spend in 2022/23).

Growth & Economic Development – Forecast (£0.1m) Favourable

The Growth & Economic Development division is forecasting to outturn with a favourable variance of £0.1m against budget. This outturn position assumes approved s106 drawdowns from reserves totalling £2m for core activities and approved projects across the division. There is also a budgeted reserve drawdown totalling £0.8m to fund the Tackling Poverty team and £0.7m from a number of earmarked reserves for specific activities, for example Residents Support Scheme and ESF Connecting Communities programme.

The cost-of-living crisis is a mayoral priority, and the new administration has approved additional spending of £1.8m at Cabinet. This additional expenditure will also be met from reserves.

The Growth & Economic Development division has received £3.7m of grant funding for specific projects across the Growth and Tackling Poverty teams and a further £6m in Household Support grant for its ongoing Covid response programme.

Employment & Skills – Forecast £0.1 Adverse

Employment & Skills is forecasting to outturn with an adverse variance of £0.1m after s106 drawdowns totalling £1.2m.

A £0.1m favourable variance from vacant posts within the Employment & Skills team.

The ITRES service has moved to be managed through Matrix, this movement means there is an 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. This requires an accounting adjustment and finance staff are working to eliminate this as it is outside the budget manager's control.

A further pressure of £0.1m relating to post regrading following a restructure and formal regrading of posts within the Careers Young Work Path team is being mitigated through a recharge arising from the 20/21 Equalities Commission Action Plan to fund a BAME Specific Careers Advisor for a two-year period.

The E&S service operates a number of externally funded programmes that complement mainstream 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; and DWP Local Supported Employment Programme.

Growth – Forecast (£0.2m) Favourable

The Growth service is forecasting a favourable variance of £0.2m after s106 drawdowns totalling £0.8m. There are a number of projects being undertaken within the service, primarily around thriving highstreets and creative enterprise zones and grant funding will be received to support this work.

The £0.2m favourable variance within the Business Growth team relates to a number of vacancies (which it is envisaged will be filled during the final quarter of the year) and some posts being budgeted at top of scale but recruited at a lower grades.

Tackling Poverty – Forecast Nil Variance

Tackling Poverty will receive £6m in household support grant in 2022/23. It is forecast that this grant will be spent in full on specific activities on top of the team's core work. There is no general fund budget for the Tackling Poverty team and as a result it is forecast to draw down £0.8m from the Mayor's Tackling Poverty reserve to meet this cost.

The Tackling Poverty team received growth in year of £0.2m for the resident support scheme towards supporting vulnerable residents with energy bills. A further £0.4m is funding the food distribution hub. This growth is being forecast to be spent in full.

The supporting of residents through the cost-of-living crisis is a mayoral priority pledge and Cabinet has approved spend totalling £1.8m to support vulnerable residents by way of small direct grants. This will be funded from reserves and has been spent in full.

The service will also receive £1.7m for the Holiday Activity Fund. £1.3m has been received already and the balance of 0.4m is due later in the year. This funds two posts to run the HAF scheme as well funding other running costs, food and activities for children throughout the year.

Continuing Covid-19 and Cost of Living response

The Tackling Poverty & Crisis Support team continues to undertake significant work in helping residents to recover from the Covid-19 pandemic and help them through the cost of living crisis, with rules around the resident support scheme being relaxed and some payments increased, and through the ongoing management of a food hub. Food vouchers have also been distributed to residents. Eligible residents were also supported through the test and trace system. This scheme has now finished.

In 2022/23 the Tackling Poverty team will receive £6m in Household Support grant, (this funds individual grants to residents and organisations supporting vulnerable residents), Residents Support Scheme and administration costs. This grant is paid in 4 payments in arrears; the first two relate to funding allocated for spending between April- September with one claim paid and the second submission for payment made in November. A provisional claim will be made in January, covering expenditure from 1 October to 31 December and a final claim to be made in April 2023 for the remaining eligible spend. LBTH has allocated the first tranche of payments to vulnerable residents in line with the criteria outlined by the Government.

The second tranche of funding must be committed by the end of March 2023 and there is a definition as to the meaning of committed in the supporting guidance notes. The Government rules have been relaxed with a focus on food and fuel poverty and the ringfence around specific groups who can receive it has been removed and replaced with more generic guidelines that focus on families not being supported in other ways by the Government. As residents may receive other payments made by both LBTH and central government during the rest of 2022, it was decided to defer payment of the majority of this support to the first few months of the new calendar year. This effectively staggers the support they need across the rest of the financial year.

A Council wide meeting was held to identify vulnerable groups of residents who could be supported by the second tranche of household support grant, for example homeless people and Adult Social Care households with high energy usage medical equipment. The government will also supply LBTH with the list of residents who should be prioritised, as they should not have received prior support. A report to the lead member has been prepared and is awaiting the Mayor to approve how this money will be spent. If it is not agreed and the funding not committed by the end of the financial year, then the Council will be unable to claim it from the Government.

The directorate has been successful in securing funding from the Mayor's Outbreak Recovery fund for specific projects. In total Growth & Economic Development has received approval for £0.6m of spend across a number of activities including business adaptation grants, £0.4m for schemes to help small and micro businesses, of which the 50k remains unspent), other small grants (80k) to voluntary bodies and food pantries.

Planning & Building Control – Forecast £0.1m Favourable

The Planning & Building Control service is forecasting to outturn with a favourable variance of £0.1m from its general fund activities. This represents a favourable movement of £0.5m when compared with previous forecasts, largely the result of an improvement in planning income, although it still remains lower than budgeted. This favourable movement includes a worsening of the CIL position.

This projection includes a drawdown of s106 funding totalling £0.4m to fund posts and activities within the Infrastructure Planning, £0.6m to fund specific LIF projects again with Infrastructure Planning and £0.2m from the Local Land Charge reserve to mitigate an income shortfall.

The Planning & Building Control service also utilises both Mayoral (MCIL) and Tower Hamlets (THCIL) CIL revenue funding. In 2022/23 the Council is planning to use MCIL and THCIL funding of £0.5m which will fund specific activities within the Infrastructure Planning team. This represents a £0.4m shortfall against budgeted levels. Options for mitigating this pressure are being considered, including the use of the CIL feasibility reserve.

Building Control Revenue – Forecast (£0.1m) Favourable

The service has a number of vacant posts which are currently being advertised resulting in the forecast favourable variance.

Development Management – Forecast £0.1m Adverse

There is no net General Fund budget within Development Management, with the service being entirely income funded. The service has a number of vacant posts which will result in a favourable variance of £0.4m. Consultant's fees are forecasting a further favourable variance of £0.1m. However, this is being offset by cost pressures of £0.1m relating to legal fees for two public inquiries (for which there is no pre-identified budget) and £0.5m shortfall in its planning income target for statutory fees where the volume of planning applications is less than budgeted and experienced in previous years.

All P&BC income sources fluctuate throughout the year given they are impacted by the fluctuations in the development industry. Pre-application income remains buoyant and is expected to exceed target. Several large-scale planning applications are expected to be submitted during Q3 and Q4, which

may reduce the shortfall in statutory planning fees. Income from all sources will be monitored and the position updated in future reports.

Digital & Commercial Innovation - Forecast (£0.1m) Favourable

This favourable variance is the result of vacancies within the newly restructured Digital & Commercial Innovation team. It is anticipated that these posts will be filled in the new year, and this represents the part year saving. The service is forecasting to use £48k of s106 funding to meet its costs, this is in line with the budgets.

Planning & Building Control Divisional Support Team – Forecast (£0.1m) Favourable

This is a new team created following a service redesign in the previous financial year. These new posts were budgeted at top of scale as they were deemed hard to fill but following a successful recruitment campaign, most of the posts were filled at lower grades resulting in the favourable variance.

A downturn in the property market due to the impact of the cost of living crisis and high interest rates is resulting in an adverse variance of £0.2m against the Local Land Charge income budget. As Local Land Charges is a traded service, it is forecast to meet the income shortfall through a reserve drawdown from the Local Land Charge reserve. There are sufficient funds within this reserve to mitigate the pressure.

Spatial Data Team – Forecast £0.1m Adverse

Income from street naming and numbering is forecasting an adverse variance of £0.1m with the number of applications being lower than budgeted.

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. It is forecast that £0.3m of this growth will be spent in year due to delays in procuring some of the planned work. It is assumed that the remaining £0.1m will be transferred back to reserves and a bid will be made to access this funding next year.

Infrastructure Planning – Forecast Nil Variance

There is budgeted use of CIL revenue funding of £0.9m and s106 reserve drawdowns of £0.4m towards the running costs of the Infrastructure Planning team. Actual funding for CIL is projected to be significantly lower than budgeted levels, with several large schemes slipping into the next financial year. It is forecast that MCIL & THCIL of £0.5m will be received in year and applied, leaving a shortfall of £0.4m. Options for mitigating this funding shortfall are currently being considered, including the use of the CIL Feasibility reserve which currently has a balance of £5.8m. This is the first time the service has experienced a funding shortfall, with previous years seeing significant surpluses that have benefited other P&BC and Place services. Development forecasts show a likely return to surplus in future years. It is a regulatory requirement that CIL administration income is only be used in the year it is received. The service is also undertaking specific LIF funded project work, with the projected drawdown of £0.6m from the LIF reserve to meet these costs.

Building Control Trading Account – Forecast Nil Variance

This building control traded account is forecasting an adverse variance of £0.1m before reserve drawdowns. This results from a forecast shortfall in income when compared to budget. The service is carrying a number of vacant posts and there has been a recent recruitment campaign to fill them, but the

vacancies are proving difficult to fill. In the short term these vacancies are being filled by agency staff. As the Building Control Trading Account is ring fenced it is proposed that this adverse variance will be met from the trading account reserve, resulting in nil variance. There are sufficient funds within this reserve to meet this cost.

Housing & Regeneration – Forecast (£0.1m) Favourable

The Housing & Regeneration division is forecasting a favourable variance of £0.1m. This position includes a number of reserve drawdowns and top ups, resulting in an overall drawdown from reserves of £0.2m.

Housing Options – Forecast (£0.4m) Favourable

The Housing Options (Homelessness and Rough Sleeping) service is forecasting a favourable variance of £0.4m after reserve drawdowns. This compares with a breakeven position at Q2. This position includes the use of £8.6m of grants (homeless prevention grant £5.9m; homeless prevention grant top up £0.9m; rough sleeping initiative £1.7m; winter pressures £0.1m) and drawing down £0.2m from reserve balances to fund specific activities such as rent incentives and 2017/18 Private Licensed Accommodation rent increase that was not passed on to clients due to its impact on the Housing Benefit subsidy position. Without the use of grant and reserves the Housing Options service would be forecasting a significant overspend.

Homelessness numbers remain high and have risen since the start of the year. However, in recent months this increase has plateaued. Current numbers in Temporary Accommodation are 2,630, this compares with 2,568 households at the start of the year. 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 cost-of-living crisis resulting in more family exclusions, a loss of private tenancies and a greater number of individuals contacting the service since it has been digitalised.

These high numbers place pressure on the use of expensive nightly booked and bed & breakfast accommodation at additional cost. The number of room and cost of B&B accommodation is rising, rooms costing £70-£80 per night with current providers who were charging rooms at £35 per night during the pandemic and new providers charging in excess of £100 per night. 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. From April to October Capital Letters offered 46 private rented properties against an SLA target of 204 properties. Private License Accommodation costs and Non-Secure Tenancy costs remain high but are reducing with T.A. clients being moved on in shorter timescales.

The service is embarking on an ambitious transformation programme with the aim of reducing both numbers and costs in Temporary Accommodation. Service redesign is underway to enable more work to be undertaken upstream to prevent homelessness occurring, bringing homeless people into employment and moving them into cheaper accommodation to reduce the impact on the housing benefit subsidy loss.

Early indicators showed that this process was starting to have an effect, with numbers in T.A. reducing, increases in discharges of duty into Private Licensed Accommodation and a reduction in the business-as-usual use of bed & breakfast accommodation. However, the cost-of-living crisis is increasing demand for the service and the lack of move on options available are negating these benefits. The high demand for the service is resulting in the homelessness service failing to meet its suitability obligations for the first time since 2016, resulting in increasing number of households on the transfer list, increased number of

legal challenges, increased usage of commercial hotels and the need to make costly adaptations to self-contained accommodation.

Despite the increase in numbers the transformation work combined with the receipt of additional grant above that budgeted (homelessness prevention grant top up and winter pressures) is preventing significant overspend against budget.

Contained within this position is a favourable variance against the Housing Benefit Subsidy loss budget of £0.1m during the year. The Council can claim back Housing Benefit costs incurred up to 90% 2011 LHA rates. Rents within Tower Hamlets are normally higher than this rate, resulting in the Housing Benefit payment made being higher than the amount claimed back. The service is forecasting £33.1m of housing benefit will be paid out and £26.3m claimed back, resulting in a deficit of £6.7m against a £7m budget. However, 380 cases are currently suspended whilst the DWP are reviewing HB claims and once processed the HB subsidy loss will increase. Any deficit will be managed from grant income and further drawdown from reserves.

The transformation project detailed above is projected to deliver £2m savings. Key officers are in post and policies and initiatives are going live or being programmed. A cabinet report in September highlighted the key elements of the transformation project and main changes. Costs of this transformation work is forecast to be met from base budget and grant in year rather than reserves. This saving is spread over two years with £250k assigned to 2022/23. Although the transformation work is progressing the saving will slip as a result of additional pressures on the service from the cost-of-living crisis. This pressure will be mitigated in year through the use of grant income.

Lettings – Forecast £0.4m Adverse

Forecast adverse variance of £0.4m resulting from a reduction of the choice-based lettings service recharge to the HRA. The revised recharge is based on the number of lets to Council owned property, rather than a historic charge against which the budget was set. A growth bid to cover the income shortfall was rejected.

Energy & Sustainability – Forecast (£0.1m) Favourable

The £0.1m 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 price has given rise to additional commissioning income.

A £0.1m adverse variance relating to the Barkentine PFI scheme will be met from the smoothing reserve, resulting in a nil variance. There is currently a balance of £1.092m in this reserve and is therefore sufficient to cover this cost.

The Energy & Sustainability team will be recruiting an additional post in year to undertake work on new manifesto pledges around energy efficiency and sustainability. The part year cost of this post is estimated at £40k and will be met from reserves.

Housing Supply – Forecast Nil Variance

Housing Supply is forecasting a nil variance after proposed reserve drawdowns.

S&I Management

The S&I Management Team received growth of £0.7m in year to fund its fire safety team who are undertaking and documenting the results of fire risk surveys on the external walls of privately owned high-rise properties. Delays to recruitment mean that £0.4m of this additional funding is forecast not to be spent in year. It is assumed that this amount will be transferred to reserves at year end for use in 2023/24 and as a result the service is forecasting in line with budget.

There are a number of other small favourable and adverse variances being forecast across the services within Housing Supply which mitigate each other, resulting in a nil variance. For example, there are vacant posts within the affordable housing team and regeneration and new build teams which is being offset by a rent shortfall at Harford Street shops.

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 2022/23 with LBTH receiving a total of £839k towards its costs as part of the Rough Sleeping Initiative grant settlement. There will be no funding beyond 2022/23. Forecast spend against this grant totals £1.001m for the year, £0.624m on accommodation costs and £0.377m for support services and staffing. It is proposed that the remaining £0.162m will be met from housing benefits. Where there are void rooms and therefore no housing benefit to meet the cost, it is proposed to draw on the general covid grant reserve to meet the void costs. At present it is unknown how many rooms will be void but it is anticipated it will be a low number and the drawdown negligible. and general covid grant where rooms are void.

Protect & Vaccinate funding totalling £336k was received in 2021/22 of which £237k was carried forward to 2022/23 as it was unspent in the previous financial year. This amount has been paid back to DLUCH in line with the requirements of the grant.

Housing have been successful in securing £0.2m of Mayor's Covid recovery funding to fund Health and Wellbeing support workers and to provide services to maintain wellbeing and physical and mental health for households struggling financially with rent payments. There has been no spend against this fund to date.

Forecast £7.9m underspend

Service	2022/23 Net expenditure budget £m	Actuals £m	Forecast Outturn £m	Gross over / (under) spend £m	Transfer to / (from) reserves £m	Forecast over/(under) spend £m
	A		B	C = B - A	D	= C + D
Corporate Costs	12.4	8.0	8.5	(3.9)	(4.0)	(7.9)
Total	12.4	8.0	8.5	(3.9)	(4.0)	(7.9)

A forecast underspend of £7.9m for Corporate costs is reported for this period, following a requested drawdown from the Covid non-ringfenced grant reserve of £0.7m for cross-directorate savings achievement impacted by the pandemic and £3.3m for cross-directorate Covid-19 pressures.

Please note that the Collection Fund (Business Rates and Council Tax income) for 2021-22 is still to be finalised and audited. It is estimated that c£10m will be requested for drawdown from the Collection Fund Smoothing Reserve in 2022-23 to fund deficits including through the government's Tax Income Guarantee (TIG) compensation scheme and business rates relief grants. A reserves movement, approved by the CFO, will be processed in 2022-23 to transfer £13m from the Collection Fund Smoothing Reserve to the Risk Reserve, following changes in 2020-21 and 2021-22 including the removal of the Material Changes in Circumstances (MCC) appeals provision for business rates in 2020-21 (following the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill which prevents MCC appeals based on the impact of the Coronavirus pandemic).

Pay inflation budget held centrally – forecast £6.4m adverse

A pay inflation budget of £4m was held centrally for the 2022-23 pay award increase (originally based on a 2% increase). The 2022-23 pay award was subsequently agreed by the National Joint Council (NJC) as a fixed amount increase of £2,355 for each full-time post (gross salary before employer on-costs). This resulted in a cost of £10.4m across the Council's General Fund budgets (including employer on-costs), demonstrating an overspend pressure of £6.4m. The 2023-26 refresh of the MTFS will allow for the increased pay inflation budget requirement.

Cross-Directorate Savings – forecast £2.9m Adverse

Cross-directorate savings of £3.553m are held corporately.

Covid non-ringfenced grant reserve is requested to fund Covid related savings slippage and underachievement of £0.652m, being Greater Commercialisation (£0.281m) and Review of Printing/ Scanning/ Use of Multi-Functional Devices (£0.371m).

The third year of the previously re-profiled contract efficiency savings are considered to now be unachievable due to inflationary pressures on contract negotiations and procurements and therefore £1.950m will be written off in the 2023-26 MTFS.

There are “Change of working hours and use of Flexible Retirement schemes” savings of £0.490m in 2022-23 which will not be delivered following the achievement of only £0.110m savings through the application by staff to take up the offer of flexible partial retirement.

There are “Local Presence/Contact Centre Review” savings of £0.461m remaining from the work to shift customer access to ‘digital by default’ to reduce demand and consolidation of high volume telephone contact into the contact centre. Pest control services will achieve £0.007m savings through the Customer Relationship Management (CRM) system which will give customers the ability to book pest control appointments online and this will free up time for the officers to maximise income generation. Further savings were aimed to be achieved in Housing Options Service through a new homelessness self-referral form that went live in May, however the volume of applications and related eligibility checks has increased. The cost of living crisis has increased demand and therefore £0.454m of savings are not achievable and will be written off in the 2023-26 MTFS.

There are “Review of Printing/ Scanning/ Use of Multi-Functional Devices (MFD’s)” savings of £0.371m which are aimed to be achieved through a hybrid mail solution for outward mail. Work is underway to confirm the level of cashable savings that will be achieved from the Royal Mail contract, One Source, franking machines and some of the mail room staffing costs. Slippage in 2022-23 of the £0.371m saving while contract and staffing changes are effected, is requested to be offset through the Covid non-ringfenced grant reserve.

There are “Greater Commercialisation” savings of £0.281m to be achieved through increased venue hire, including in facilities management, Idea Stores, Community Hubs and at arts and parks centres and sports pitches. Improvements have been made to the venues and events website (Tower venues) and a new payment and booking system is being implemented to improve customer experience and increase bookings in future years. This saving has been impacted by the pandemic and therefore £0.141m of the remaining saving will not be delivered and will be written off in the 2023-26 MTFS (together with the £1m planned further saving in 2024-25). The 2022-23 savings slippage and unachievable savings of £0.281m are requested to be offset through the Covid non-ringfenced grant reserve.

Recharges to ringfenced funding areas review carried out in 2021-22 – forecast £1.7m Adverse

An overspend pressure of £1.7m for the General Fund has arisen from a review of recharges, from directorates and corporate support recharges, to ringfenced funding areas and trading accounts and to Community Infrastructure Levy (CIL) and Section 106 funding due to reduced income receipts for the Council. This pressure will be remedied through a budget correction as part of the MTFS refresh for 2023-26.

Redundancy, Severance and Early Retirement – forecast (£1.0m) Underspend

It is currently forecast that costs in 2022-23 will demonstrate a £1m underspend against the £2.45m budget for redundancy, severance and early retirement pension strain costs. The corporate budget only funds redundancy costs where these relate to achieving savings agreed in the medium term financial strategy (MTFS).

Pension Fund deficit repayment – forecast (£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 income – forecast (£2.5m) Underspend

Forecast overachievement of income of £2.5m against Corporate income budgets including allocated miscellaneous income from cash suspense.

Corporate contingency budget to cover unforeseen circumstances – forecast (£3.1m) Underspend

There are currently no commitments against the contingency budget of £3.1m.

Treasury Management – forecast (£8.0m) Underspend

A forecast underspend on the borrowing costs budget due to significant slippage in the capital programme and a short-term benefit in 2022-23 from the internal borrowing cost for the new Town Hall not taking effect in the accounts until 2023-24. The Minimum Revenue Provision (MRP) internal borrowing cost for 2022-23 is estimated at £7.4m (excluding PFI and finance lease adjustments) and circa £4.9m will be funded by the rental income earned through the property buyback programme in Place directorate.

The forecast interest and dividend income in 2022-23 is £2.5m, which is above the budget of £2.3m, mainly due to the continued rise in interest rates by the Bank of England, but continues to be lower than pre-pandemic levels.

Forecast overspend of £5.2m before contribution from reserve

Service	Budget £m	Actual YTD £m	Year End Forecast £m	Forecast over/(under) spend £m
Housing Revenue Accounts (HRA)	(3.5)	(56.4)	1.7	5.2
Total	(3.5)	(56.4)	1.7	5.2

The Housing Revenue Account is forecasting an adverse variance of £5.2m when compared with budget. It is assumed that a reserve drawdown will be made from HRA general reserve balances to mitigate this pressure, resulting in nil variance.

Delegated Budgets – Forecast £2.1m Adverse

The Delegated budgets cover income and expenditure where LBTH retain ownership of the budgets but delegate management responsibility to THH. The net Delegated budgets for 2022/23 is an income of £64.8m.

The delegated budget for period 9 is forecasting a year end adverse variance of £2.1m against this budget.

Income - £0.7m favourable

Leaseholder Service Charges are forecasting a £1.6m favourable variance. Currently income is projected to exceed the budget due to an increase in the cost of energy, with this additional charge being passed on to Leaseholders. Although the budget was inflated, recent price increases have exceeded the level of inflation applied. An assumption has been made that these costs will not be recovered from tenants. The forecast will be revised in future months if the decision is taken to pass on the costs.

A £0.4m adverse variance in rental income due to delays in handing over new build properties, with 50 properties only recently being handed over that were budgeted for earlier in the year and high numbers of void properties. A total of 102 properties are void, primarily for respite / decant purposes from Maltings & Brewster (structural works being undertaken) and Bentworth (following an explosion) and rents are not recharged on these properties, these are in addition to the normal day to day voids occurring during the year.

A £0.2m adverse variance relating to tenant service charge income resulting from the high number of void properties where service charge income is not being collected.

A forecast adverse variance of £0.1m relating to Leaseholder Admin charges. The HRA receives an admin fee for each Right to Buy sale completed. The number of Right to Buy sales is forecast to be lower than budgeted and therefore there is a shortfall in income.

Garage rents are forecasting an adverse variance of £0.2m adverse. Many of the garages are in a poor condition making them difficult to let

Expenditure – Forecast £2.3m Adverse

The NNDR budget is projecting a favourable variance of £0.1m against budget. This is based on the outturn position over the past three years and will be monitored in future months as actual costs become known. There have been no costs posted in the current year to date on which to base the forecast.

The repairs & maintenance budget is forecasting a favourable variance of £0.9m despite increases in the cost of labour and materials due to the slow delivery of the great places programme following the re-letting of a number of contracts and the contractors fulfilling legacy contract works that remain outstanding from the previous year. Favourable variances are forecast against lift adaptations, gas services, CCTV, aerial maintenance and fire prevention where works are lower than budgeted levels.

Delays in awarding contracts is resulting in a favourable variance of £0.1m against the building compliance surveys budget.

Work relating to community investment projects was suspended during the pandemic and has been slow ever since resulting in a £0.1m favourable variance.

The HRA is forecasting an unbudgeted communal energy cost pressure totalling £2.6m for gas and electricity in 2022/23. These costs are partly recoverable from leaseholders where they relate to communal areas and the additional income has been reflected separately in this forecast above.

A £0.5m adverse variance relating to insurance costs with an 8% index linked cost increase for 2022/23. This increase is higher than was built into the budget. Early indications are that the increase could be as high as 20% in 2023/24 and will need to be factored into the budget setting process.

The Concierge service is forecasting an adverse variance of £0.1m with additional security costs (waking watch) at Latham and Anglia Houses and Maltings & Brewster due to fire safety concerns.

A £0.1m favourable variance for Mayoral ASB work. This is partly driven by the police 'extraction days' where police working for LBTH are sent to work elsewhere to cover other duties. The budget also covers overtime for special ops days which is yet to be spent.

There has been a high number of leaseholder enfranchisements resulting in an adverse variance of £0.2m. Where a block is predominantly leaseholders, the tenants and leaseholders can choose to management the block. The Council pays for these services and the higher than budgeted number has resulted in a pressure against the leaseholder enfranchisement budget.

There are no other material variances on the other budget headings delegated to THH to manage.

Management Fee – Forecast £0.4m Adverse

This adverse variance relates to the pay award which is not built into the base budget for the management fee as it was approved after the budget was set.

Non delegated budgets – Forecast £3.2m Adverse

Non-Dwelling rental income (shops, community buildings and other operational buildings) is forecasting to exceed budgeted levels by £0.4m. A conservative budget was set to reflect the cost of living crisis with fewer void properties and higher income collection rates being forecast.

Three years of business rate charges for void commercial properties have been recharged to the HRA in year resulting in an adverse variance of £0.7m.

Unbudgeted security and repairs costs of £0.6m relating to community buildings.

A £1m adverse variance relating to below budget capitalisation of salary costs. This relates to slippage within the HRA capital programme and as a result less time spent on capital works.

Support service recharges are forecasting an adverse variance of £0.4m as a result of a revised calculation for the lettings recharge and an above budget forecast for the asset management recharge where the service employs significant numbers of agency staff at high cost that provide services to the HRA.

Insurance and business rates recharges have been forecast in line with budget. However, no costs have been posted to date and there is therefore a risk that costs will exceed budget once known.

A forecast adverse variance of £0.1m for uninsured costs following a major fire at Hadleigh House. Year to date costs of £1.7m have been incurred following the explosion at Bentworth and tenants are due to start moving back in February. Currently there is no indication as to the costs that the loss adjuster will agree to pay and therefore no forecast variance has been included at this stage. These costs will continue to be monitored and updated once the position is known.

A £0.3m forecast adverse variance relating to unbudgeted costs for the penalty payments for the early repayment of the LOBO loans.

A £0.5m adverse variance relating to the abortive costs incurred at Gill Street after a decision was taken not to progress this capital project.

The table shows forecast pressures on 2022/23 General Fund and Earmarked Reserves balances and how this might be managed by means of utilising earmarked reserves.

	Balances as per updated outturn 31 March 2022*	Forecast contribution to / (from) Reserve	Forecast balance 31 March 2023
£m	£m	£m	£m
GF balances (general reserve)	23.8	(0.0)	23.8
	23.8	(0.0)	23.8
Earmarked reserves consist of:			
Earmarked reserves with restrictions			
Insurance	10.2	(0.4)	9.8
Parking Control	6.1	1.9	8.0
Collection Fund Smoothing**	51.0	(23.0)	28.0
Free School Meals Reserve	4.0	(2.0)	2.0
Public Health Reserve	7.0	(1.0)	6.0
Revenue Grants Unused	10.1	(0.8)	9.3
COVID 19 grant	8.4	(7.6)	0.8
Local Elections	0.9	(0.7)	0.2
CIL***	5.8	(1.5)	4.3
BAME Inequalities Commission	1.0	0.0	1.0
Covid Recovery Fund	2.1	(0.4)	1.7
HA&C Joint Funding Agreements	12.4	(12.4)	0.0
Earmarked reserves with restrictions – Subtotal	119.0	(47.9)	71.1
Earmarked reserves without restrictions			
Risk Reserve	2.2	13.2	15.4
Transformation Reserve	3.6	(0.4)	3.2
ICT Reserve	9.1	(2.5)	6.6
Mayor's Tackling Poverty Reserve	3.4	(0.8)	2.6
Mayor's Priority Investment Reserve****	5.0	42.8	47.8
New Homes Bonus	44.2	(44.2)	0.0
Services Reserve	18.5	(8.5)	10.0
Earmarked reserves without restrictions - Subtotal	86.0	(0.4)	85.6
Total Earmarked Reserves	205.0	(48.3)	156.7
Total GF and Earmarked reserves	228.8	(48.3)	180.5

* updated 31 March 2022 position from provisional outturn 2021/22

**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 CIL (Community Infrastructure Levy) reserve balance only includes revenue related CIL monies held within earmarked reserve and not capital CIL monies

****The Mayor's Priority Investment reserve has been increased by £44.2m from the New Homes Bonus reserve and £0.8m from the Risk Reserve to fund manifesto pledges

HRA, DSG and Capital Usable Reserves

6

The table shows the 2022/23 forecast outturn position for the Housing Revenue Account, Dedicated Schools Grants and Capital Usable Reserves.

HRA and DSG reserves	Balances as per updated outturn 31 March 2022*	Forecast contribution to / (from) reserves	Forecast balance 31 March 2023
	£m	£m	£m
Housing Revenue Account (HRA)	52.5	(5.2)	47.3
Dedicated Schools Grant (DSG)	(14.7)	0.4	(14.3)
Capital Grants Unapplied	195.0	(16.2)	178.8
Capital Receipts Reserve	136.1	(18.2)	117.9
Major Repairs Reserve (MRR)	5.1	(5.1)	0.0
Total Other Reserves	374.0	(44.3)	329.7

* updated 31 March 2022 position from provisional outturn 2021/22

Outside of reserves, the Council holds significant Developer Contributions (S106) 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 balance as at 31 March 2022 was £109.3m and the total is forecast to be £102.6m at 31 March 2023.

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, S106 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.

NNDR (Business Rates) and Council Tax

7

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 £430m in 2022-23 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 Covid-19 pandemic and cost of living pressures, which are currently partially offset through business rates reliefs.

There is a provisional (subject to audit) accumulated Business Rates Collection Fund deficit to the end of 2021-22, of which the estimated Council share is £34.0m (partially funded through government grants for business rates reliefs). 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 2021-22 continues to include a significant loss allowance (bad debt provision) for potential non-payment of debts, of which the Council share is £4.6m, to allow for the potential impacts of cost of living pressures and the pandemic.

To the end of Period 9, we have collected £359m of £439m billed (81.8% in-year collection rate) compared to 80.1% for 2021-22, which is an improvement on last year. This includes collection of the Business Rate Supplement (BRS) for the London Crossrail development.

Council Tax

We are expected to collect £168m in 2022-23 (both GLA 26% and Council 74% shares). Collection levels continue to be impacted by the economic impacts from the Covid-19 pandemic and cost of living pressures.

There is a provisional (subject to audit) accumulated Council Tax Collection Fund deficit to the end of 2021-22, of which the estimated Council share is £4.3m. There is a loss allowance (bad debt provision) of £13.3m to allow for the potential impacts of cost of living pressures and the pandemic.

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. The level of claimants has reduced slightly from the increased pandemic level (£32.7m cost in 2021-22 which includes the effect of the annual Council Tax increases). The 2022-23 forecast at Period 9 is £31.5m. The level of claimants has reduced from 29,989 (end of 2021-22) to 28,431 (end of Period 9).

To the end of Period 9 we collected £122m of the £168m Council Tax bills raised (72.6% in-year collection rate) compared to 69.0% for the same period in 2021-22, which is an improvement on last year but lower

than pre-pandemic collection levels. Future years' collection rates could be negatively affected by wider economic impacts being experienced by residents (including inflationary and market pressures on employment, energy and food costs).

The Council actioned the government's energy rebate scheme, administering the payments of £150 to eligible Council Tax payers.

Overall Position

The Council's investment at the end of December 2022 was £220.7m (a decrease of £21.2m from September 2022) and an increase of £4.3m from previous month). Capital loss from strategic and cash pooled funds was £4.45m making the nominal value of investments as £225.15m. External borrowing was £68.709m and no new borrowing is forecast in 2022/23.

The 2022-23 budget for investment income is £2.27m and the forecast income of £2.5m is based on expected cash levels throughout the year and expected dividends from externally managed pooled funds. This income is higher than 2021-22, mainly due to the continued rise in interest rates by Bank of England. However, a further fall in capital value of strategic and cash pooled fund is still expected due to the impact of inflation, impact of continued Ukraine/Russia conflict impacting global markets and UK October mini budget which has since been overturned.

Investment Type	Nominal Value £m	December 2022 Value £m
Internally Managed Investments		
Banks	56.0m	56.0m
Local Authorities	10.0m	10.0m
DMO	45.0m	45.0m
Money Market Funds	38.15m	38.15
Externally Managed Pooled Funds		
Cash Plus & Short Bond Funds	20.0m	19.5m
Strategic Pooled Funds	56.0m	52.0m
Total	225.15m	220.70m

Income Position

The yield of the internal portfolio was 2.70%. This was helped by increased rates on new fixed deposits placed with banks and Debt Management Office. The income returns of the entire portfolio, including the Council's external investments, was 2.71% and the total return including impact of externally managed pooled fund losses was 0.29%. (capital loss total on cash plus pooled funds was -2.36% and strategic funds -9.39%).

Benchmarking

According to the 2022-23 Quarter 3 benchmarking information received from our advisors, Arlingclose Ltd, our average income returns of 2.71% underperformed a group of seventeen London councils (2.96% average income return) and outperformed against 128 national local authorities (2.93% average income return).

The Council's return on internally managed treasury investments of 2.70% performed below a group of seventeen London councils by 0.24% and also underperformed a group of 128 national by 0.10%. We are continuing to look at alternatives that retain and protect the capital value of our investments while maximising income return.

Liquidity

25% of funds are available within 7 days ensuring adequate cash is available to meet daily expenditure payments. 76% of funds are available within 100 days of maturity. Overnight liquidity at the end of December was £38.15m which is 25.5% of the internal portfolio. The average days to maturity of the

internal portfolio is at 23 days (24 less than last month) which continues to be influenced by the deposits with the DMADF, fixed bank deposits and the LA deposits.

Inflation

During the quarter, inflation pressures eased slightly, but too soon to sound all clear. The Consumer Price Index (CPI), on a monthly basis, rose by 0.40% in December 2022, compared with a rise of 0.5% in December 2021. The largest downward contribution to the change in both the CPIH and CPI annual inflation rates between November and December 2022 came from transport (particularly motor fuels), clothing and footwear, and recreation and culture, with rising prices in restaurants and hotels.

CPI rose by 10.5% in the 12 months to December 2022, down from 10.7% in November and 11.1% in October. Indicative modelled consumer price inflation estimates suggest that the CPI rate would have last been higher than the October 2022 figure in 1981. The slowing in the CPI rate between November and December came as a result of CPI prices rising by 0.4% in the month to December 2022, compared with a larger rise of 0.5% a year earlier.

Domestic inflationary pressures are proving persistent as the labour market remains tight and wage growth remains strong. Bank rate is expected to raise by 0.50% from 3.50% to 4.00% at the next MPC meeting on 2nd February, and to a peak of 4.50% in coming months.

Following the sharper than expected decline in the CPI rate in November, the December inflation data indicated that the road back to target inflation rate is likely to be bumpy. The concern for the MPC will be the strong monthly growth in services inflation, which is seen as a barometer of domestically-generated inflation. Core CPI also remained steady at 6.3%, allowing the more hawkish members of the MPC to agree for more significant monetary policy action at the meeting in early February.

During the quarter, year-on-year CPI rate decreased from 10.7% in November to 10.5% in December. The largest downward contribution to the change in both the CPIH and CPI annual inflation rates between November and December 2022 came from transport (particularly motor fuels), clothing and footwear.

Security

Both the time-weighted and value-weighted credit ratings remain unchanged at AA. The Council's largest unsecured exposure to a single financial institution is with ANZ Banking Group and Toronto -Dominion Bank (£15m each), the lowest credit ratings for Toronto-Dominion is AA-. The portfolio's bail-in risk has risen by 2% to 26% i.e. the portion that remains susceptible to bank bail-in risk.

Borrowing

The Council has Public Works Loan Board (PWLB) loans totalling £51.2m and fixed rate bank loans totalling £17.5m.

There is a forecast underspend on the borrowing costs budget due to funding of capital program with existing cash resources in the short term.

Target for year £11.8m

£5.8m savings to be delivered

Services	£m					
	2022/23 Target	Prior Year Slippage	Saving Target	Forecast Savings	Slippage	Under Recovery
	A	B	C = A + B			
HA&C	1.3	0.2	1.5	1.5	0.0	0.0
Children and Culture	1.6	0.4	2.0	1.4	0.1	0.5
Place	1.0	0.6	1.6	0.4	0.5	0.7
Resources	0.2	0.4	0.6	0.5	0.1	0.0
Chief Executive's Office	0.0	0.1	0.1	0.0	0.1	0.0
Cross-Directorate	2.9	3.1	6.0	2.0	0.5	3.5
Total	7.0	4.8	11.8	5.8	1.3	4.7

Total savings target for 2022/23 is £11.8m (£7.0m relates to approved savings as part of the 2022/23 budget setting process, and £4.8m as a result of previous years' savings not delivered, which have been re-evaluated since the last report).

- £5.8m is identified as being on track to deliver savings;
- A net position of £1.3m is forecast to slip into future years due to timing issues;
- £4.7m has been identified as unachievable

Please refer to 'Appendix B – Summary MTFs Savings Tracker 2022-25' for a detailed breakdown and latest updates on the savings programme.

General Fund (GF) Forecast spend £92.6m, resulting in forecast net slippage of £19.3m

General Fund (GF) Capital Forecast Report

General Fund Programme	Directorate	Revised Budget £'m	Actual Amount spent to date £m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
Approved Programme	Children & Culture	33.0	14.2	23.1	(9.9)
	Health, Adults & Community	9.4	2.9	10.3	0.9
	Place	43.8	25.7	37.8	(5.9)
	Resources	1.7	0.2	0.7	(1.0)
Approved Programme Total		87.9	43.0	72.0	(15.9)
Approved Rolling Programme	Children & Culture	3.4	1.3	3.4	-
	Place	8.6	4.6	8.5	(0.1)
	Resources	2.2	0.1	2.2	0.1
Approved Rolling Programme Total		14.1	6.0	14.1	-
Completed and Retentions Projects	Health, Adults & Community	0.1	-	0.1	-
	Resources	-	-	0.6	0.6
Completed and Retentions Projects Total		0.1	-	0.6	0.6
Invest to Save Programme	Place	9.1	4.4	5.2	(4.0)
Invest to Save Programme Total		9.1	4.4	5.2	(4.0)
LIF Programme	Place	0.6	-	0.7	0.1
LIF Programme Total		0.6	-	0.7	0.1
Grand Total		111.8	53.4	92.6	(19.3)

Introduction

Following the election of a new administration in May 2022, a comprehensive refresh of the existing Capital Programme was undertaken, with the key purpose to ensure the programme aligned with London Borough Tower Hamlet (LBTH) strategic priorities translated from the Mayor's vision and the new administration's manifesto. The review evaluated the existing priorities across the various directorates to ensure clear integration with the current needs of the Borough and its residents. Whilst the review was ongoing, the timeframes for delivery of for projects were extended, having an impact on delivery and spend forecasts across all directorates.

In light of the review, on 25th January 2023, Cabinet proposed the revised General Fund capital budget for 2022/23 be set at £111.8m, this will be due for formal approval at Full Council on 1st March 2023. The current forecast year-end General Fund capital expenditure for the year is £92.6m, which represents 83% of the proposed revised 2022/23 capital budget, resulting in a forecast net slippage of £19.3m capital expenditure into future years. The spend to date is £53.4m, representing 58% of the forecast spend for the year.

Approved Programme

General Fund Programme	Directorate	Revised Budget £'m	Actual Amount spent to date '£m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
Approved Programme	Children & Culture	33.0	14.2	23.1	(9.9)
	Health, Adults & Community	9.4	2.9	10.3	0.9
	Place	43.8	25.7	37.8	(5.9)
	Resources	1.7	0.2	0.7	(1.0)
Approved Programme Total		87.9	43.0	72.0	(15.9)

The 2022/23 revised budget for the approved programme is £87.9m. The forecast expenditure for the approved programme is £72.0m, (70% of the revised budget) resulting in a net slippage of £15.9m. The actual spent to date is £43.0m, representing 62% of the forecast spend for the year.

Children's and Culture

The 2022/23 revised budget for the Children's and Culture approved programme is £33.0m. The programme is forecast to spend £23.1m, (70% of the revised budget) resulting in a net slippage of £9.9m. The actual spent to date is £14.2m, representing 65% of the forecast spend for the year.

The major programme under Children's Directorate is the Schools Basic Need and Expansion programme with a total revised budget of £27.5m for the year, current year-end forecast is spend of £19.1m as a consequence of £8.4m of net slippage. Within this programme there are several large schemes currently under way and in the early stages.

Since quarter two reporting, the forecast for Mulberry London Dock Expansion has fallen to £10.5m, from the revised budget of £17.0m, resulting in a forecast slippage of £6.5m. Spend to the end of period 9 is £7.0m. As reported in the previous monitoring, achieving the spend of £17.0m was reliant on the energy supply and main contract agreement being signed between the Council and the developer with the agreement from Department for Education (DfE), which has now been delayed. The plan is still to procure materials (fabric, mechanical and electrical) to mitigate against price increases after signing these agreements. Due to a number of issues including, inflationary costs pressures, a delayed project start, issues around the lease and source of funding; material, energy, and supply chain price increases coupled with labour shortages, the cost to deliver this project has increased by £2.1m, which is expected to be an overspend in 2023/24, in alignment with the anticipated completion date of February '24.

Wood Wharf school project has an approved budget allocation of £5.5m for 2022/23, the project is forecasting spend of £3.5m at year end (spend to date is £2.0m). The project is in delivery phase (construction) and nearing completion. The completion date originally scheduled for the end of March 2023 is now 11th July 2023 due to delays caused by (i) a sub-contractor going insolvent and (ii) issues around the electrical load capacity for the school.

The other significant programme under Children's Directorate is the Parks programme with a total revised budget of £5.1m for the year, current forecast against revised budget is spend of £3.6m, this would result in a £1.5m slippage at year-end. Within this programme there are several smaller schemes.

One of these schemes being the Quality Parks projects, with a budget allocation of £1.6m. The project is forecasting a spend of £0.8m this year and forecast to slip by £0.8m into future years, with spend to date totalling £0.6m. Quality Parks projects which were initially planned to end in 2023 have now been extended to 2025, which is now reflected in the forecast spend being reported for the projects. During the

capital programme review, the projects' were put on hold, meaning that no works were undertaken, as a consequence, there has been slippage into future years.

Health, Adults and Communities (HA&C)

The 2022/23 revised budget for the Health, Adults and Communities Approved programme is £9.4m. The projected spend for the programme is £10.3m, (110% of the revised budget). The actual spent to date is £2.9m representing 28% of the forecast spend for the year.

The majority capital projects in the HA&C Directorate, which had earlier paused due to the pandemic, have been largely reinstated. Projects in the approved programme are monitored via the HA&C Capital Oversight Group, which meets monthly.

Public Health projects with a revised budget allocation of £6.9m (including the Aberfeldy Practice - Improvements to Health Infrastructure budget of (£2.8m) and the New Health Centre on Wood Wharf development site budget of (£2.7m)), with a year to date spend of £0.2m, are forecast to fully spend the £6.9m in-year budget. Most of the projects within Public Health were executed by NHS and completed. The low year to date spends is because the NHS are yet invoice for works completed to date.

Protective security project is forecasting to slip the budget allocation of £0.29m by £0.27m into future years. The nature of work is highly complex and technical in nature involving system wide negotiations with partners e.g., TFL, police and external specialist consultants which has caused slippages. We also await the outcome of public consultation on the Columbia Road scheme. Both protective security projects are focussed on enhancing public security in public ally accessible locations (PALS). The Government has recently announced the new Protect duty following learning from the Manchester Arena terror attack and is due to publish legislation in the spring that will have implications for local government in relation to improving protective security.

Transformation of the Public Space CCTV system project with a budget of £3.4m is on-going and on budget. This includes the relocation of the CCTV control room which is scheduled to complete by March 2023.

Funding has been approved for Changing Places Projects. Round 1 funding consists of two projects, one at Bow Street Idea Store, due to complete winter 2022/23 (£65k), and a second location yet to be determined. The total funding was £104k from Levelling Up and £20k s106. A further bid submission has been made for £125k to provide a further two changing places toilets, with confirmation expected on success on the bid process.

Place

The 2022/23 revised budget for the Place approved programme is £43.8m. The forecast spend for the year is £37.8m, (86% of the revised budget) resulting in a net slippage of £5.9m. The actual spent to date is £25.7m representing 68% of the forecast spend for the year.

There are various key projects that are driving the forecast net slippage of £5.9m within the Place, these are as follows:

The New Town Hall project budget has been revised to £25.9m for 2022/23, the forecast spend against this is £24.9m, with the £1.0m slippage expected to be spent in 2023/24. The forecast is reduced due to valuations being lower than expected for this year. There will a retention payment, internal salaries and some ongoing consultancy fees for the duration of the 12 month defects period.

High Street and Town Centre programmes which include Middlesex Street, Brick Lane and Roman Road West regeneration projects and Middlesex Street Art Trail are forecast to spend £1.7m (spend to date £0.9m) against a revised budget of £2.5m in 2022/23, resulting in a forecast slippage of £0.8m for the year.

Projects were paused due the review of the capital programme and as a consequence spend forecasts have reduced for the year and been re-profiled.

South Dock Bridge project is forecasting a spend of £1.0m against a revised budget of £4.3m in 2022/23, spend to date is £0.5m, resulting in a forecast slippage of £3.3m for the year. The original forecast of £4.3m was largely related to the land acquisition work programmed to take place during quarter 4 of this financial year, including acquiring land, air and water rights from landowners to build the bridge and providing compensation to landowners where needed. However, this has been delayed and the remaining outlay is predominantly on further RIBA Stage 4 technical design and work to enable compliance with planning conditions.

New Infrastructure programme is projecting a spend of £2.1m against a budget allocation of £3.0m (Spend to date £0.9m). The slippage is mostly due Whitechapel Road Improvements with a revised budget of £2.5m and a forecast spend of £1.8m. A significant portion of the spend is largely linked to the delivery of public realm works on the southern footway of Whitechapel Road which has been on site since October and is due to continue until April '23.

London square programme is forecast to spend to £0.3m (spend to date is £60k), against a revised budget of £1.3m, resulting in forecast slippage of £1.0m. Works were expected to commence at the end of November 2022, taking three months to complete. However, the programme is delayed due to site cabin removal. Materials have been purchased and the project is now on site.

Resources

The 2022/23 revised budget for the Resources approved programme is £1.7m. The forecast spend for the programme is £0.7m (42% of the revised budget), resulting in a net slippage of £1.0m.

Within the programme, The Idea Store Whitechapel/Cultural Campus project is forecast to spend £15k, against a revised budget of £1.0m for 2022/23, covering works that can be carried out without closing the building and independently from the refurbishment major project that is currently under review which is predominantly leading to the forecast slippage within the directorate.

Annual Rolling Programme

General Fund Programme	Directorate	Revised Budget £'m	Actual Amount spent to date '£m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
Approved Rolling Programme	Children & Culture	3.4	1.3	3.4	-
	Place	8.6	4.6	8.5	(0.1)
	Resources	2.2	0.1	2.2	0.1
Approved Rolling Programme Total		14.1	6.0	14.1	-

The 2022/23 revised budget for Annual Rolling programme is £14.1m. The forest spend for the Approved Rolling programme is £14.1m (100% of the revised budget). The actual spent to date is £6.0m representing 43% of the forecast spend for the year.

Children's and Culture

The 2022/23 revised budget for the Children’s and Culture Annual Rolling Programme is £3.4m and the forecast spend for the year is £3.4m (100% of the revised budget). The actual spent to date is £1.3m representing 38% of the forecast spend for the year.

The Conditions and Improvement programme is the largest area of the Rolling programme for Children’s and Culture and is an annual allocation of £3m funding for schools, to date spend is £1.3m which is 43% of the allocated budget. To an extent, this budget is reactionary, and access is required up until the end of financial year. The majority of identified projects were delivered over the summer break, with accounts following thereafter. There are several high value projects that are expected to conclude by the end of the financial year, which will result in a greater level of actual spend. Due to the nature of the rolling programme, it is necessary that the unallocated budget be available to respond to any number of emergencies that may arise. Emergencies often occur over the winter, such as heating, and so the revised budget forecast should be expected in February ‘23.

Place

The 2022/23 revised budget for the Place Annual Rolling Programme is £8.6m and the forecast spend for the year is £8.5m (99% of the revised budget), resulting in a net slippage of £0.1m. The actual spent to date is £4.6m representing 54% of the forecast spend for the year.

Public Realm Improvement works are forecast spend to the revised budget of £5.4m, spend to date being £3.4m. The increased spend anticipated in the second half of the year is related to the Capital Footway and Carriage Programme. Historically, most spend for this project takes place in in the last two quarters of the financial year. The first two quarters are taken up with seeking permission for works. There is currently over £5m in commitments related to this project for the year.

Investment works in LBTH assets is projecting a spend of £2.0m, (current spend to date is £0.3m) against a revised budget allocation of £2.1m. The procurement process is underway, and some works have now been ordered. The Corporate Landlord Model (CLM) works would be the focus in the last two quarters of the year, and this is the predominant expenditure relating to the full year forecast yet to be incurred.

Resources

The 2022/23 revised budget for the Resources Annual Rolling Programme is £2.2m and relates to the councils IT programme. The forecast spend for the programme is £2.2m (100% of the revised budget). The IT spend will be finalised against capital projects once a review of the nature of costs is completed.

Invest to Save

General Fund Programme	Directorate	Revised Budget £'m	Actual Amount spent to date '£m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
Invest to Save Programme Total	Place	9.1	4.4	5.2	(4.0)
Invest to Save Programme Total		9.1	4.4	5.2	(4.0)

The Council’s Place Directorate has the only invest to save programmes/projects. The 2022/23 revised budget for the Invest to Save programme is £9.1m. The forecast spend for the programme is £5.2m, (57% of the revised budget) resulting in a forecast year-end slippage of £4.0m. The actual spent to date is £4.4m, representing 86% of the forecast spend for the year.

The Purchase of Temporary Accommodation programme is forecast to spend £2.8m (spend to date £1.5m) against a revised budget allocation of £5.5m, resulting in forecast slippage of £2.7m. The forecast assumes three further purchases being made in 2022/23, with the slippage expected to be spent in future years.

LIF Programme

General Fund Programme	Directorate	Revised Budget £'m	Actual Amount spent to date '£m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
LIF Programme	Place	0.6	-	0.7	0.1
LIF Programme Total		0.6	-	0.7	0.1

The LIF programme is resident in the Place Directorate. The 2022/23 revised budget for LIF programme is £0.6m with forecast spend for the programme totalling £0.7m for the year. The forecast is based on schemes that have already been agreed to proceed. There are various projects in the pipeline where funding may be allocated subject to review by both officers and the administration and forecast position on LIF funded projects will continue to be assessed and monitored throughout the year in light of on-going review.

Housing Revenue Account (HRA) Forecast spend £52.7m, resulting in net slippage of £21.7m

Latest HRA Capital Provisional Outturn Position

HRA Programme	Directorate	Revised Budget £'m	Actual Amount spent to date '£m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
Approved Programme New Council Homes	Place	53.7	22.4	36.9	(16.8)
Approved Programme HRA THH Projects	Place	0.3	0.1	0.1	(0.2)
HRA Approved Programme Total		54.0	22.5	37.0	(17.0)
Housing Revenue Account (THH Rolling)	THH	20.4	3.4	15.7	(4.7)
Housing Revenue Account (THH Rolling) Total		20.4	3.4	15.7	(4.7)
Grand Total		74.4	25.9	52.7	(21.7)

On 25th January 2023, Cabinet proposed the revised Housing Revenue Account (HRA) capital budget for 2022/23 be set at £74.4m, this is due for formal approval at Full Council on 1st March 2023. This programme is in line with the latest update to the HRA business plan, which took account the 7% rent increase for 2023/24 onwards, which set the affordability envelope for the HRA capital programme as a whole. The forecast HRA capital expenditure for the year is £52.7m, which represents 71% of the revised 2022/23 capital budget. The HRA programme is forecast to slip by £21.7m into future years. The actual spent to date is £25.9m representing 49% of the forecast spend for the year.

Approved Programme

HRA Programme	Directorate	Revised Budget £'m	Actual Amount spent to date '£m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
Approved Programme New Council Homes	Place	53.7	22.4	36.9	(16.8)
Approved Programme HRA THH Projects	Place	0.3	0.1	0.1	(0.2)
HRA Approved Programme Total		54.0	22.5	37.0	(17.0)

The total HRA Approved capital budget for the current year is £54.0m. The forecast spend is £37.0m (representing 69% of the revised budget), resulting in a forecast slippage of £17.0 into future years. The actual spent to date is £22.5m representing 61% of the forecast spend for the year.

Approved Programme - New Council Homes

The 2022/23 revised budget for the New Council Homes Approved Programme is £53.7m. The forecast spend for the programme is £36.9m (69% of the revised budget), resulting in a net slippage of £16.8m. The actual spent to date is £22.4m representing 61% of the forecast spend for the year.

The delivery timetables for a number of schemes in the new homes programme have been extended as a result of supply chain issues, shortages in materials and cost increases due to inflation. As a result, spend

to date has been lower than expected, but this is programmed to increase in the coming months. A report to Cabinet in November 2022 proposed substitute schemes which are ready to proceed.

Approved Programme - HRA THH Projects

Approved Programme HRA THH project is a HRA project which is being delivered by councils Place directorate. The 2022/23 revised budget for this programme is £0.3m. The forecast spend for the programme is £0.1m (33% of the revised budget), resulting in a net slippage of £0.2m. The actual spent to date is £0.1m.

The delivery of the scheme (introducing new off-street parking arrangements in housing estates due to changes in national legislation) is reliant on the completion of a Statutory Consultation process with residents and is being delivered on a ward-by-ward basis from the west of the borough to the east. Substantial delays in progress occurred during the pandemic when it was not possible to carry out estate-based consultations. In addition, in some areas there was a necessity to invest more time in consulting some residents who had initial reservations about the scheme. With the scheme now running successfully in Wapping, parts of Shadwell, Whitechapel, Spitalfield and Banglatown, it is planned to escalate the rollout in order to ensure completion in future years.

Annual Rolling Programme

HRA Programme	Directorate	Revised Budget £'m	Actual Amount spent to date £'m	Current Forecast £'m	Forecast vs Revised Budget Variance £'m
Housing Revenue Account (THH Rolling)	THH	20.4	3.4	15.7	(4.7)
Housing Revenue Account (THH Rolling) Total		20.4	3.4	15.7	(4.7)

Tower Hamlets Homes (THH)

The 2022/23 revised budget for the Annual Rolling Programme - Tower Hamlets Homes (THH) is £20.4m. The forecast spend for the programme is £15.7m (77% of the revised budget), resulting in a forecast net slippage of £4.7m. The spend to date is £3.4m, which is skewed by the retention accruals which will not be cleared until the final accounts are cleared. Included in this accrual are historical accruals in the accounts which were due to disputes with Keepmoat and NG contractors, there are ongoing discussions to resolve the disputes. The nature of THH rolling programme indicates that the bulk of the works occur in the last quarter of the year and therefore spend will rise accordingly and this year will not be an exception.