Hackney

2021/22 Overall Financial Position that takes account of the estimated financial impact of Covid-19 and the on-going emergency Key Decision No. FCR R96	
CABINET MEETING DATE (2021/22) 25 April 2022	**CLASSIFICATION:** Open
WARD(S) AFFECTED All wards	
CABINET MEMBER Councillor Robert Chapman, Cabinet Member for Finance	
KEY DECISION Yes **REASON** Spending or Savings	
GROUP DIRECTOR Ian Williams, Group Director, Finance and Corporate Resources	

1. CABINET MEMBER'S INTRODUCTION

1.1 This is the ninth Overall Financial Position (OFP) report for 2021-22. It shows that as at February 2022, the Council is forecast to have an overspend of £4.603m on the general fund - a decrease of £351k from the previous month.

1.2 As stated previously, and summarised in Table 1 of paragraph 2.4 below, much of this overspend relates to the Covid-19 expenditure and the cyberattack, but there are significant areas of non-Covid-19 and cyberattack pressures in respect of looked-after-children placements, staffing in Children's Services, and care packages in Adults Services.

1.3 The forecast overspend this month of £4.6m compares to the forecast overspend of £7.3m reported for August, so substantial progress has been made following the action reported in September, set out in para 2.6 below. As part of the budget monitoring cycle the implementation of the vacancy factor has been reviewed and at this stage in the year it is forecast that 98% of the total saving of £6m will be achieved.

1.4 The Council will continue to face significant financial pressures at the end of 2021/22, and through into future years. Demand for services, notably children's and adult's social care, are on an upward trend and are likely to remain high.

1.5 The report also contains a proposal relating to a discretionary support payment towards energy bills. Full details are given in the Group Director's introduction (2.9 onwards).

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

2.1 The OFP shows that the Council is forecast to have an overspend of £4.603m after the application of the Covid-19, Children's and cyberattack set asides as provided for in the budget. The impact of the cyberattack is estimated to be c. £5.8m in the current year. The vast majority of this falls in F&CR (ICT and Revenue and Benefits).

2.2 There has been a decrease in the overspend this month of £0.351m. The non-essential spend controls, set out in the July OFP, and the review of capital financing reported in the September OFP have had a positive impact on the forecast, noting we were forecasting an overspend of £7.3m in August 2021 which is £2.7m higher than the current overspend. However, we are still well short of a balanced position and we must continue to drive down non-essential expenditure across all services both this and in the new financial year. We also need to be mindful that further pressures following Covid-19 may still come to the fore so we will need to maintain our tight grip on the finances.

2.3 The estimated impact of Covid-19 and the cyberattack included in the report are estimates and we expect some revisions as we get to a final year-end position.

2.4 The financial position for services in February is shown in the first table below. The second table shows how this will be funded - by applying the Covid-19 and cyberattack set asides and the savings from the review of the funding of the capital programme noted in previous OFPs.

Table 1: Overall Financial Position (General Fund) February 2022

Revised Budget	Service Area	Forecast Variance After reserves	Change in Variance from last month	Covid19 Impact	Cyber-attack Impact
£k		£k	£k	£k	£k
84,902	**Children and Education**	2,448	95	1,685	64
97,540	**Adults, Health and Integration**	3,988	(73)	1,214	1,281
25,415	**Neighbourhood & Housing**	2,749	(134)	1,869	260
21,264	**Finance & Corporate Resources**	5,990	(238)	1,178	4,199
17,396	**Chief Executive**	(72)	(1)	1,359	0
44,075	**General Finance Account**	0	0	0	0
290,592	**GENERAL FUND TOTAL**	**15,103**	**(351)**	**7,305**	**5,804**

	Forecast Variance Before Reserves
	£000
GENERAL FUND TOTAL	15,103
LESS COVID SET ASIDE	-4,000
LESS CHILDREN'S SET ASIDE	-2,000
LESS CYBER SET ASIDE	-2,000
LESS CYBER ADDITIONAL RESERVE CREATED IN 2021-22	-1,000
LESS RESOURCES FREED UP BY REVIEW OF FUNDING OF CAPITAL PROGRAMME AND SLIPPAGE IN RCCO	-1,500
NET OVERSPEND	**4,603**

2.5 Work continues in relation to non-essential spend, particularly around the impetus to reduce agency spend where it is appropriate to do so. The impact of this will not be shown in the forecast until agency staff have left the Council. However, given where we are in the financial year we do not expect much change at this point. Furthermore at this stage the corporate contingency of £2m has not been applied to the forecast. The pay award for 2021/22 was paid in March 2022, backdated to the beginning of the year, and this has been factored into our forecast. This exceeded the sum we had set-aside, but the additional cost was met by the reduction in spend on other corporate items.

2.6 Cabinet may recall the measures that are being taken to reduce spend include:

- Increased controls on non-essential spend (non-essential spend to be determined by Group Directors of their respective directorates)
- Increased controls on filling vacancies.
- Reduction in agency staff, for example, 20 per cent reduction on current levels.
- Additional controls over remaining agency spend (i.e. ensuring long-term agency staff are required to take equivalent leave of permanent roles and work a maximum of 36 hours a week).

2.7 In addition, it should be noted that we are forecasting full achievement of the 2021-22 budget savings and 98% of the vacancy savings.

2.8 On 23rd March, the Chancellor presented the Spring Statement. The key points are as follows: -

Economic Aggregates

(a) The economy is forecast to grow by 3.8% this year, according to the Office for Budget Responsibility (OBR), a sharp cut from its previous prediction of 6.0%
(b) It is then forecast to grow by 1.8% in 2023, 2.1% in 2024, 1.8% in 2025 and 1.7% in 2026
(c) The unemployment rate is now predicted to be lower over the next few years than in the OBR's previous forecast in October
(d) Debt as a percentage of GDP is expected to fall from 83.5% of GDP in 2022/23 to 79.8% in 2026/27
(e) The government is forecast to spend £83bn on debt interest in the next financial year, the highest on record

Cost of Living and Support

(a) The annual inflation rate was 6.2% in February, and is forecast to average 7.4% for the rest of this year, but with peak of 8.7% in the final quarter of 2022
(b) It should be noted though that the OBR forecast that energy bills will rise by 40% again in October, if wholesale gas prices remain at the same level they are now.
(c) The overall rise in the National Insurance Contributions to fund the Health & Social Care Levy previously announced, will continue as planned in April.
(d) According to the OBR, living standards (as measured by disposable household incomes adjusted for inflation) are expected to drop by 2.2% this year, which would be their largest fall since records began in 1956
(e) The OBR also stated that rising prices and tax increases mean living standards will not recover to their pre-pandemic level until 2024-25.
(f) **Councils** will get another £500m for the Household Support Fund from April, creating a £1bn fund to help vulnerable households with rising living costs.
(g) The National Insurance Primary Threshold and Lower Profits Limit will be increased by £3k to align with the income tax personal allowance threshold from July. According to the Chancellor, this will be worth £330 to the average worker.
(h) A cut in fuel duty of 5p per litre was announced, which remains in force until March 2023
(i) A basic rate of income tax cut from 20p to 19p in the pound was pledged before the end of this Parliament in 2024
(j) An increase in the Employment Allowance, which gives relief to small businesses' National Insurance payments, from £4,000 to £5,000 from April, was also announced

A related point is that Universal Credit will continue to be uprated using September 2021 CPI inflation.

Council Tax

(a) It looks like the Government will continue to use council tax increases as a primary source of funding for local government. The OBR's economic and Fiscal Outlook includes updated forecasts for council tax show overall rate increases of 2.9% assumed in 2023-24 and 2024-25, reducing to 1.9% for 2025-26 and 2026-27

2.9 In February, the Chancellor announced that Council Tax payers in Band A to D properties as of 1st April 2022 (approximately 4 out of 5 households) will receive a payment of £150 to support them with rising energy costs. Councils can operate an additional discretionary scheme for those in hardship, and Hackney has received £1,931,400 in funding. This can be used to support households who fall outside the mandatory scheme, as well as for 'top-up' payments to vulnerable households in bands A - D. The fund must be spent by the end of Nov 2022

2.10 Given that most awards will be small and the scheme will involve a large number of claims - it is proposed that the scheme is as simple as possible, avoiding complex means tests which deter applicants from applying and would be complicated to administer. The entry barrier has therefore been linked to the household being in receipt of Council Tax Reduction, or if they are not liable for Council Tax, in receipt of Housing Benefit / Universal Credit Housing Costs. This will pick up the borough's lowest income households in greatest need.

2.11 All households who qualify will receive a fixed sum award, not tailored amounts based on their individual circumstances. Any attempt to provide tailored awards would require a complex application process with evidence of a household's income, expenditure and personal situation. This has been discounted as it would be too expensive and resource intensive to administer given the thousands of applications anticipated, leading to long delays in making payments .

2.12 Hackney has identified three groups of residents that would fall outside the mandatory scheme who potentially are in hardship. These are:

- Households in band E-H properties on a low income;
- Residents who move into the property after the 1st April 2022;
- Residents who are not liable to pay Ctax, but are liable to pay energy bills.

<u>Households in Band E- H properties</u>
Hackney has 3195 households in Bands E-H properties that are receiving Council Tax Reduction. Due to the impact of welfare reform these households are among the most deprived in the borough. It is proposed that these households would be eligible for a £150.00 award from the discretionary scheme. This is estimated to cost £500,000.

<u>Residents who move into the property after the 1st April 2022</u>
Residents who move in on or after the 2nd of April 2022 will not get the mandatory payment. While most households who move mid year will have received a payment at their previous property, some would not have received any help but still face high utility bills. Therefore it is proposed that households on CTR who moved in after 1st of April, will be eligible as follows: -

- Became liable for Ctax during April, May June 2022/23: £150.00
- Became liable for Ctax during July, August, Sept 2022/23: £112.50
- Became liable for Ctax during October, November 2022/23: £75.00

Awards are proportional to reflect that the later in the year residents move into a property, the lower the remaining utility costs will be. As the budget has to be spent by the 30th of November, no claims can be accepted after this date. Numbers will be small as most households will have received help from the mandatory scheme at their previous address. A sum of £225,000 has been allocated to cover this group of residents.

Residents not liable for Council Tax, but still liable for Utility costs**.**
Hackney recognises that some tenants are not liable for Council Tax - as it is paid by their landlord, but will still have to pay utility costs directly to the utility company, and may require financial help. It is proposed that households in receipt of HB or UC Housing costs - who are liable to pay utility costs should be eligible for a single payment of £150.00. It has been estimated that we are likely to receive 2,000 applications equivalent to a spend of £300,000.

2.13 Councils can provide payments to households who have already qualified for the £150 rebates but need further help. Hackney considered targeting specific groups of vulnerable residents, but in reality all low income residents are now struggling to cover their living costs. It is therefore deemed fairest to divide the remaining budget equally across all households on a low income. The Council therefore proposes giving all households in receipt of CTR an additional one off payment of £30.00, at an estimated cost of £906,400. Households on CTRS on 1st April 22 will therefore receive a total of £180.00 in help across both the mandatory and discretionary schemes.

2.14 Where households are in receipt of Council Tax Reduction and the Council have their bank details either via a live Council Tax direct debit mandate or because they are in receipt of Housing Benefit, payments will be made automatically into their bank account. Where the Council does not hold bank account details, to fulfil government guidelines, individuals will be required to apply via an online portal. Support will be available for those individuals who need additional help to apply via a dedicated phone line, and face to face appointments with the Council's customer services team, as well as through the local advice sector.

2.15 There is no financial risk to the Council as the scheme will be cash limited. It is recommended that the scheme is reviewed on a quarterly basis, with the option to review and make changes to the Discretionary scheme throughout the scheme (April 2022 - November 2022) under the delegated authority of the Director of Finance in consultation with the Lead Cabinet Member.

2.16 It is recognised that there may be some residents who do not qualify for CTRS or Housing Benefit who, due to high outgoings or exceptional circumstances, are still in financial hardship. However these cases can not be easily identified without introducing a complex means test which would be impractical to administer. Where the service identifies households who do not qualify for the above scheme but need additional help they will be automatically signposted to alternative provision either within the Council or Voluntary and Third Sector as appropriate, such as via the HDCSS or Household Support Fund.

3. RECOMMENDATIONS

Cabinet is recommended to

3.1 Agree to introduce a "Support for Energy Bills Discretionary Scheme" as described above to support residents in financial hardship that fall outside the mandatory scheme or need additional financial help.

3.2 Agree that the scheme should cover the period from 1 April 2022 to 30 November 2022

3.3 Agree that the scheme will be cash limited.

3.4 Agree that the option to review and make changes to the Discretionary scheme during the period of April 2022 to November 2022 as necessary is delegated to the Group Director of Finance and Corporate Resources in consultation with the Lead Cabinet Member for Finance.

3.5 Members are asked to note the update on the overall financial position for February covering the General Fund, Capital and HRA

4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances and to approve the discretionary support for energy bills scheme..

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This budget monitoring report is primarily an update on the Council's financial position. With regards to the discretionary support for energy bills proposal, there various ways that the scheme could operate but our preferred option is one which is as simple as possible, avoiding complex means tests which deter applicants from applying and would be complicated to administer. In addition, the proposed scheme will pick up the boroughs lowest income households in greatest need.

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of February 2022. Full Council agreed the 2021/22 budget on 24th February 2021.

6.2 Equality Impact Assessment

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 **Consultations**

Relevant consultations have been carried out in respect of the forecasts contained within this report involving the Mayor, the Cabinet Member for Finance, Heads and Directors of Finance and Service Directors through liaison with Finance Heads, Directors and Teams.

6.5 **Risk Assessment**

The risks associated with the Council's financial position are detailed in this report.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The Group Director, Finance and Corporate Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

8.1 The Group Director, Finance and Corporate Resources is the officer designated by the Council as having the statutory responsibility set out in section 151 of the Local Government Act 1972. The section 151 officer is responsible for the proper administration of the Council's financial affairs.

8.2 In order to fulfil these statutory duties and legislative requirements the Section 151 Officer will:

(i) Set appropriate financial management standards for the Council which comply with the Council's policies and proper accounting practices and monitor compliance with them.

(ii) Determine the accounting records to be kept by the Council.

(iii) Ensure there is an appropriate framework of budgetary management and control.

(iv) Monitor performance against the Council's budget and advise upon the corporate financial position.

8.3 Under the Council's Constitution, although full Council sets the overall budget, it is the Cabinet that is responsible for putting the Council's policies into effect and responsible for most of the Council's decisions. The Cabinet must take decisions in line with the Council's overall policies and budget.

8.4 Paragraph 2.6.3 of FPR2 Financial Planning and Annual Estimates states that each Group Director in charge of a revenue budget shall monitor and control Directorate expenditure within their approved budget and report progress against their budget through the Overall Financial Position (OFP) Report to Cabinet. This Report is submitted to Cabinet under such provision.

8.5 Article 13.6 of the Constitution states that Key decisions can be taken by the Elected Mayor alone, the Executive collectively, individual Cabinet Members and officers. Therefore, this Report is being submitted to Cabinet for approval.

8.6 With regards to the Discretionary Support Scheme for Energy Bills, Article 13.5 of the Constitution which authorises Cabinet to determine key decisions, such as the present matter, that are significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the Council.

8..7 The “general power of competence” under Section 1 of the Localism Act 2011, which gives the local authority the power “…to do anything that individuals generally may do”. The power is not limited either by the need to evidence a benefit accruing to the local authority’s area, or in geographical scope. However, existing and future restrictions contained in the legislation continue to apply.

8.8 There are no additional legal implications arising from the recommendations within the Report, as any change to the Support for Energy Bills Discretionary Scheme will need to be presented to the Group Director of Finance under delegated authority for further consideration and approval in consultation with the Lead Cabinet member for Finance.

8.9 All other legal implications have been incorporated within the body of this report.

9. CHILDREN AND EDUCATION

9.1 Summary Position

9.1.1 The Children’s & Education directorate is forecasting an overspend of £2.4m after the application of reserves.

9.2 The Cyberattack

9.2.1 The cyberattack continues to have a significant impact on a number of key systems across the local authority. For Children's Services the service has worked with ICT to reinstate Mosaic from 4 April 2022. The estimated cost impact of the cyberattack to date for Children & Families is £64k, and this is to fund additional staffing resources in the Business Support Team to provide additional capacity in the service to respond to issues arising from the cyberattack.

9.2.2 There are no significant financial risks within Education as a result of the cyberattack.

9.3 Covid-19

The financial impact of Covid-19 across the Children and Education directorate continues to have an impact on the overall forecast. The main impact in the forecast this year is in relation to childcare fee income losses in Hackney’s children's centres (£0.2m), income from traded services (£0.3m), resulting in a total pressure of £0.5m. In previous months the spread of the Omicron Covid-19 strain had some impact on the normal opening of children's centres. In Children and Families, we are forecasting that the impact will be in the region of £1.2m, largely due to delays in placement step downs and staffing to provide additional capacity to respond to the pandemic. The costs associated with responding to the Covid-19 pandemic will continue to be discussed with budget holders and reported through this report on a monthly basis.

9.4 Children's Services

9.4.1 Children and Families Services (CFS) is forecasting a £2.4m overspend at the end of February 2022 after the application of reserves. Covid-19 related expenditure accounts for £1.2m of the reported budget overspend. The draw down from reserves includes:

- £4.2m from the CFS Commissioning and CACH Transformation reserves (£3.7m and £0.5m respectively) to meet the cost of placements where these exceed the current budget.
- £1.2m from the Disabled Children's Reserve, to offset homecare and direct payments care package pressures in Disabled Children Services.

9.4.2 In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This has increased incrementally year on year and in this financial year, the grant increased further to £1.71bn nationally and this has meant the Council has received a total of £12.6m this year. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast. Further Social Care Grant funding has been announced for 2022/23, however It is clear that this is not a sustainable way to fund demand pressures in social care services, and we continue to lobby Central Government for a long term funding solution.

9.4.3 Set against this, there is a significant increase in spend driven by looked-after children (LAC) and leaving care (LC) placements costs within Corporate Parenting where the net overall spend is forecast to increase by £1.2m compared to last year (this excludes use of reserves and the additional social care grant). The service view is that the increasing numbers are partly due to an increase in adolescents coming into care with more complex needs, and the impact of austerity measures and overcrowded housing leading to increased family pressures.

9.4.4 There is a gross budget pressure in staffing across Children and Families Services of £1.6m, and this is on top of the £1.3m that was added into the budget last year to create permanent posts linked to the Social Care Grant. Following the Ofsted inspection in 2019, £1.6m of non-recurrent funding was agreed for 2020/21 to increase staffing levels to manage demand alongside additional posts to respond to specific recommendations from the inspection. The intention was that after 2020/21, the funding would cease pending a wider strategic staffing review of the service, however this has been delayed. For this financial year, £1.1m of additional resources has been funded from the increase in the Social Care Grant (bringing the net staffing budget pressure to £0.5m). However, this is not sustainable and a review has commenced by the Group Director and Director and will form part of the wider review of the service.

9.5 Corporate Parenting

9.5.1 The service is forecast to overspend by £2.5m after the use of £4.2m of commissioning reserves. This overspend includes £0.97m of Covid-19 related expenditure. This position also includes the use of £4.5m of Social Care Grant funding - £0.6m is in relation to staffing costs and the remaining £3.9m is for placements. The overall position for Corporate Parenting has increased by £1.6m since March 2021 and is largely due to corporate parenting placements.

9.5.2 Gross expenditure on Looked-After Children and Leaving Care placements (as illustrated in the table below) is forecasted at £26.8m compared to last year's outturn of £25.3m – an increase of £1.5m.

Placements Summary for LAC and Leaving Care

Service Type	Budget	Forecast	Forecast Variance	Funded Placements*	Current Placements
Residential	4,981	9,853	4,872	23	35
Secure Accommodation (Welfare)	-	210	210	-	-
Independent Foster Agency	7,688	7,159	(529)	154	125
In-House Fostering	2,400	2,066	(334)	102	94
Semi-Independent (Under 18)	1,570	2,594	1,024	20	35
Semi-independent (18+)	1,370	2,399	1,029	48	92
Family & Friends	869	985	117	53	62
Residential Family Centre (P & Child)	300	482	182	2	4
Other Local Authorities	-	152	152	-	6
Overstayers (18+)	290	16	(274)	7	-
Staying Put (18+)	500	481	(19)	40	36
Supported Lodging	-	63	63	-	5
Extended Fostering (18+)	-	48	48	-	1
UASC (Under 18)	(390)	(492)	(102)	27	17
Former UASC (18+)	390	762	372	65	96
Expenditure	19,967	26,777	6,810	540	608

**based on the average cost of placements.*

9.5.3 The table above illustrates funded placements - these are what the budget can fund based on the average cost of placements for each of the service types. The gross overspend position on Corporate Parenting placements is £6.5m including UASC income. The UASC income is in excess of the placement costs incurred in the service, hence the extra income is funding the additional staffing unit within the Looked-After Children service. There is a shortfall in funding for those UASCs who are 18+ (Former UASC), which highlights the financial pressure caused by a lower funding rate from the Home Office when UASCs turn 18.

LAC/ Leaving Care Placement Analysis

Placement Type	Forecast £ 000	Weekly Cost £ 000	Weekly Unit Cost (Avg)	Current YP No	Last month YP No
Residential Care	9,853	152	4,331	35	37
Secure Accommodation (Welfare)	210	-	0	0	1
Independent Foster Agency	7,159	119	955	125	127
In-House Fostering	2,066	46	490	94	93
Semi-Independent (Under 18)	2,594	53	1,516	35	31
Semi-independent (18+)	2,399	51	551	92	87
Family & Friends	985	20	316	62	53
Residential Family Centre (P&Child)	482	15	3,785	4	4
Other Local Authorities	152	2	363	6	7
Overstayers (18+)	16	-	761	0	0
Staying Put (18+)	481	13	365	36	36
Supported Lodging	63	1	174	5	4
Extended Fostering (18+)	48	0	399	1	1
UASC (Under 18)	(492)	12	709	17	18
Former UASC (18+)	762	35	369	96	100
Total	26,777	519	15,082	608	599

9.5.4 The pattern in the last few years has been a consistent increase in numbers of young people in residential placements and in high-cost semi-independent placements. Where children in their late teens are deemed to be vulnerable, and in many cases are transitioning from residential to semi-independent placements, they may still require a high-level of support and in extreme circumstances bespoke crisis packages. Covid-19 has also been a factor, and has resulted in delays in young people being able to transition from these placements. The annual cost of an IFA placement (£50k) is twice as much as an In-house fostering placements (£25k) so it is increasingly important that we maximise our in-house placements. It is essential that the service delivers the cost reduction plans outlined below. These plans are not factored into the forecast for the Children and Families Service until they have been achieved.

9.6 Disabled Children's Service

9.6.1 Disabled Children's Service is forecast to overspend by £378k after the use of £1.2m of reserves. Staffing is projecting an overspend due to additional staff brought in to address increased demand in the service. Demand in the service continues to rise year-on-year in care packages including homecare, direct payments and short breaks.

9.7 Directorate Management Team

9.7.1 The service is forecast to overspend by £113k primarily due to interpreters fee payments for the previous financial year which were unaccounted for at year end.

9.8 Domestic Abuse Intervention Service

9.8.1 The service is forecasted to overspend by £105k primarily due to Domestic Homicide Case Review costs (£66k) which is a statutory service and an additional staff resource due to Covid-19 where we have seen an increase in referrals during the pandemic (£23k).

9.9 Clinical Services

9.9.1 The service is forecast to underspend by £227k due to vacant / late recruitment to the Specialist Clinical Practitioner posts.

9.10.1 Access & Assessment and Multi Agency Safeguarding Hub (MASH)

9.10.2 The service is showing a full year forecast underspend of £235k. The underspend relates to late recruitment of posts for both Access and Assessment and the Multi Agency Safeguarding Hub (MASH) units (£104k) and lower than anticipated staffing costs from the Emergency Duty Team (£92k).

9.11 No Recourse to Public Fund

9.11.1 The team is forecasted to underspend by £67k on Section 17 as the number of clients is lower than the previous year.

9.12 The Family Learning Intervention Programme

9.12.1 The programme is forecast to underspend by £158k due to staff vacancies.

9.13 Hackney Education

9.13.1 Hackney Education has a budget of £23.8m net of budgeted income of circa £220m. This income is primarily Dedicated Schools Grant of which the majority is passported to schools and early years settings or spent on high needs placements.

9.13.2 Hackney Education is forecast to overspend by around £4.786m. Approximately £0.5m of this is the forecast financial impact of the pandemic in relation to childcare fee income losses in Hackney's children centres and income from traded services. The balance of the overspend is mainly as a result of a £6.5m forecast over-spend in SEND, offset by forecast £1.3m of savings in other areas of Hackney Education. The £6.5m over-spend in SEND is a result of a significant increase in recent years of children and young people with Education Health and Care Plans (EHCP's). The EHCP forecast outturn has increased during the year, this is due to a backlog of EHCP plans being assessed. An assessment is expected to be completed within a 20 week cycle.

9.13.3 The Government formally confirmed its intention to ensure that local authorities are not left with the burden of SEND cost pressures and have issued new funding

regulations which state that deficits arising from DSG shortfalls will not be met from local authorities' general funds unless Secretary of State approval is gained.

9.13.4 Government expectation is that the DSG overspend will remain in the Council's accounts as a deficit balance which will then reduce in future years as additional funding is received. However, the Government's commitment to this additional funding and the level this will be at remains unclear. The current regulations around the treatment of any DSG overspends will cease at the end of 2022/23. There is therefore a financial risk to the Council of carrying this deficit forward beyond this period.

9.13.5 The table below provides a breakdown of the forecast against service areas in HE and an explanation for significant variances.

Original Budget	Virement	Revised Budget	Service Unit	Forecast Variance Before Reserves	Reserves Usage	Forecast Variance After reserves	Narrative
53,192	192	53,384	High Needs and School Places	7,600	(1,100)	6,500	The forecast is subject to volatility due to the number of SEND plans and increased demand for services.A review of the current number of EHCP's has led to a £500k reduction in the forecast in Period 11.
3,578	64	3,642	Education Operations	395	-	395	The Education Operations division is forecasting a £395k overspend. Main risk areas of overspend for this division are: (1) over establishment costs for Schools payroll and loss of net income for Tomlinson centre due to Covid-19. (2) staffing budget pressures in the Strategy, Policy & Governance (SPAG) and School Improvement and Projects team due to maternity cover costs (3) additional software costs from the Synergy SEND project and CPD booking system plus staffing budget pressures in MISA due to additional staff relating to the Synergy project. Loss of net income for the Tomlinson centre due to COVID is £245k.
42,547	277	42,824	Early Years, Early Help and Wellbeing	647	(500)	147	Budget pressures from previous years expected childcare fees income increases not achieved and Covid-19 additional costs from the continuing loss of childcare fees income. Also, anticipated lower demand in 3 & 4-year-olds and 2-year-olds funding at early years establishments. This is based on the forecast of the spring term following a pattern of expenditure based on the summer term of 88%. This decrease in expenditure of

Original Budget	Virement	Revised Budget	Service Unit	Forecast Variance Before Reserves	Reserves Usage	Forecast Variance After reserves	Narrative
							circa £2.1m is offset by a corresponding reduction in DSG income funding. In addition there has been a reduction in the forecast of £78K mainly related to Children's Centres.
1,705	62	1,767	School Standards and Performance	(45)	-	(45)	Forecast underspend primarily relates to the expected in-year release of Monitoring and Brokering Grant.
8,854	-555	8,299	Contingencies and recharges	(1,360)	-	(1,360)	The year-end forecast underspend relates to the education contingency budget which is utilised to offset the overall overspend.
134,360	-	134,360	Delegated school funding to maintained mainstream schools	(851)	-	(851)	Forecast variance reflects Schools' Forum agreement to vire from Schools Block of the DSG to the High Needs block to contribute to the SEND pressure.
(220,433)		(220,433)	DSG income	-	-	-	
23,803	**40**	**23,843**	**Totals**	**6,386**	**(1,600)**	**4,786**	

9.14 Vacancy Rate and 2021/22 Savings

9.14.1 A vacancy rate savings target of £1,754k has been set for the directorate in 2021-22 (£900k for Children and Families and £854k for Education). This saving is a challenging target for services with a significant number of front-line staff. At this point in the financial year, it is forecast that it will be achieved. For Education, there was a risk of £250k due to turnover being lower than anticipated, however the service has identified non-recurrent staffing budgets to mitigate the shortfall this financial year. Progress against the target is carefully monitored and tracked by the C&E Senior Management Team and this will continue to be monitored closely and reported with each OFP report.

9.14.2 The directorate has outlined a series of actions that will aim to achieve the vacancy rate savings in 2021-22. Actions include identifying specific vacant posts and holding them vacant, identifying all staff who are below the top of their salary grade or part-time in full-time posts, waiting to recruit to any vacant posts, except where there are multiple vacancies within teams (i.e. due to long term sickness) or particular Covid-19 or cyber related pressures, continuing to seek external funding sources - e.g. through partnership working, monitoring agency spend closely and ensuring those staff take the annual leave they have accrued, as well as identifying any non-essential budgets that can be held for the year. However, there are long term risks to the sustainability of this approach, and the directorate approach will need to be reviewed to take into account where the vacancy factor is being met by non-recurrent savings.

9.14.3 This shows progress to date against the annual target. At this stage, the directorate is on track to deliver the vacancy factor, and this will continue to be monitored closely through Children and Education SMT on a monthly basis.

9.15 Cost reduction proposals

9.15.1 The table below outlines the key proposals for cost reductions which have been endorsed across the Children & Education directorate in 2021-22. These cost reduction proposals are being monitored on a monthly basis through this report highlighting delivery against these indicative targets. It is important to emphasise that further cost reduction proposals will need to be identified as the current proposals will not bring the forecast back in line with the budget. Detailed plans continue to be developed for these proposals, and these will be part of monthly discussions at C&E SMT.

	Serv	Initiative	Description	Target
1	CFS	Reduction of residential placements	As part of the forensic analysis of residential placements, the service is targeting a reduction of five residential placements (costing on average £200k per annum, per placement). This is being monitored through the Corporate Parenting budget review meetings. This target is on track to be delivered. As at February 2022, we have achieved £927k of this target.	£1m
2	CFS	Operations:	Bringing together multiple panel processes into one	

		Implementation of an overall panel process and forensic review of the Top 20 high cost placements.	process, enabling closer financial oversight and strategic oversight across all operational services. The £250k cost reduction will be achieved by reviewing the top 20 high cost placements and seeking a 5% reduction in costs through analysis of care package support (through the CFC tool) and through targeted negotiations with care providers. As at February 2022, we have achieved £170k of this target but we anticipate we will meet the full target.	£250K
3	CFS	Review Agency Spend & implement a new process for sign off for new agency staff	Reviewing spending on agency staff will enable us to make savings/reduce overspend. Regular reporting and scrutiny through the Workforce Development Board for sign-off for new agency staff will enable the directorate to closely monitor the use of agency staff and related expenditure. This will also prevent new staff being employed without agreement over the staffing establishment, preventing overspending. The target cost reduction is on track to be delivered.	£100K
4	CFS	Placement Management Business Support Improvement	The cost reductions realised from the Leaving Care Welfare/ Benefits Officer post will achieve in the region of £130k-£230k, by increasing the number of young people claiming housing benefit post 18 from 50% to between 60%-70%. As at February 2022, we have over-achieved this target, and delivered £204k.	£150K
5	Ed	Developing in-borough SEND provision	The Council currently spends a significant amount on independent special schools. There is an ongoing plan to develop further in-borough provision. The plans are still being developed and likely savings/ cost avoidance are being worked up; the timescales for the delivery of these savings is unlikely to be achieved in 2021-22 and is more achievable over the medium term.	-
6	Ed	Reviewing SEND Transport eligibility	Reviewing the way transport agreements are made for children and young people with special educational needs against our legal duties. This will include benchmarking against local authorities to understand how our offer compares to others. Again the timescales for the delivery of these savings are unlikely to be achieved in 2021-22 and identified as the SEND service is reviewed.	-

9.16 Measures to control spend

9.16.1 The Directorate has forecast a £100k reduction in spend thus far as a result of the implementation of non-essential spend control measures. The directorate is also looking to achieve reductions in agency spend by converting agency staff into permanent staff in budgeted posts. In Children and Families, the service has recruited five agency staff in December onto permanent contracts, and has an ongoing rolling advert as one of the strategies to reduce the level of agency assignments. All appointments (permanent or agency) and agency extensions require justification from the relevant Director and Group Director.

10.0 Adults, Health & Integration (AH&I)

10.1 Summary Position

10.1.1 The AH&I directorate is forecasting an overspend of £4.0m after the application of reserves. This compares to a 2020/21 outturn position of £8.6m overspend (this included £6.5m which was attributed to Covid-19 expenditure).

10.2 The Cyberattack

10.2.1 The cyberattack continues to have a significant impact on a number of key systems across the local authority. There is a clear project plan to restore the social care system as well as an interim system that has been developed by ICT. The service is working with ICT, finance and performance to ensure that we restore the system and take opportunities to build back better.

10.2.2 For Adult Social Care the significant area of financial risk is in relation to monitoring and capturing the cost of any additional demand for care, as the social care system (Mosaic) which holds and records this information remains inaccessible. Mitigation plans continue to be developed in collaboration with ICT colleagues which includes the development of an interim finance solution to capture additional demand and changes to existing care provision, until we have fully restored and recovered the social care system. A key issue to highlight is that these mitigating actions will require extensive reconciliations once the data is restored.

10.2.3 In addition, the service is currently unable to complete financial assessments for new service users, resulting in a significant loss of care-charging income. We have worked in collaboration with ICT to develop a tool so we can re-commence care charging assessments from April 2022. The impact from the cyberattack for this financial year relates to additional staffing deployed within the service (£243k estimated for the full year) and loss of care charges income as a result of not being able to undertake financial assessments (£1,037k estimated to the end of Feb-22).

10.2.4 There are no significant financial management risks within Public Health as a result of the cyberattack.

10.3 Covid-19

10.3.1 Covid-19 presents a significant financial risk to the Adults, Health & Integration forecast for 2021-22 with the costs resulting from actions undertaken to limit the spread of infection. In recognition of this risk, the local authority has provided corporate growth of £3m to offset increased costs attributed to Covid-19 within Adult Social Care. However, the reduction of NHS funding to 6 weeks in 2021/22 for hospital discharge care packages has led to a £3.2m reduction in Covid-19 funding this year. The estimated net cost of the pandemic for the directorate above the level of corporate and grant funding received is a net cost of £1.2m this financial year.

10.4 Adults

10.4.1 The February 2022 revenue forecast for Adult Social Care is a £3.7m overspend. Covid-19 related expenditure accounts for £1.15m of the reported budget overspend.

10.4.2 The overall position for Adult Social Care last year was an overspend of £6.9m (this included £5.1m attributed to the Covid-19 pandemic). The revenue forecast includes significant levels of non-recurrent funding including iBCF (£2m), Social Care Support Grant (£6.3m), and Independent Living Fund (£0.7m).

10.4.3 In 2019/20, a Social Care Grant was announced for both children's and adult social care, and at that time, the funding split between the services was to be agreed locally, and so we opted to split the funding equally between both services. This has increased incrementally year on year and in this financial year, the grant increased further to £1.71bn and this has meant the local authority has received a total of £12.6m this year. Children's Services and Adult Social Care have each been allocated £6.3m, and this has been fully factored into the forecast. It is clear that this is not a sustainable way to fund demand pressures in social care services, and we have continued to lobby Central Government for a long term funding solution.

10.4.4 The Government recently presented its long overdue white paper (*People at the Heart of Care: Adult Social Care reform*). The paper describes the key investment priorities for social care. The investment is being funded from the new Health and Social Care Levy. It details the priorities following the settlement announcements of £5.4 billion over three years solely for adult social care reform:

- £3.6 billion to pay for the cap on care costs and the extension to means testing (£2.2bn),
- Supporting progress towards local authorities paying a fair cost of care (£1.4bn), which together aim to remove unpredictable care costs;
- and £1.7 billion to improve social care in England, including at least £500 million investment in the social care workforce.

10.4.5 The government's vision for 10 year reform of adult social care focuses on 3 key objectives:

(1) how to support people to have choice, control and independence;
(2) how to provide an outstanding quality of care; and
(3) how to ensure that care is provided in a way that is fair and accessible to everyone who needs it.

10.4.6 We will continue to work through the announcements to establish the impact of this additional funding for Hackney and its residents.

10.4.7 This financial year, Adult Social Care received £1.947m of Infection Control and Rapid Testing Funding for care homes to fight Covid-19. The Council has received a further £351k funding from the Omicron Support Fund. Our role in this is primarily one of passporting the funding and so the allocation we received cannot be viewed as further assistance to mitigate the financial pressures we are under. The Council has also been allocated £2.707m from round 1 and 2 of the Workforce Recruitment and Retention Fund for adult social care to support providers to maintain the provision of safe care and bolstering capacity within providers to deliver more hours of care, support timely and safe discharge from hospital to where ongoing care and support is needed, support providers to prevent admission to hospital, enable timely new care provision in the community and support and boost retention of staff within social care.

10.5 Care Support Commissioning (external commissioned packages of care)

10.5.1 Care Support Commissioning is the main element of the overspend in Adult Social Care, with a £4.9m pressure. The cyberattack continues to impact on the ability to forecast the expenditure accurately in this area since a number of manual processes require additional reconciliation. Again, this poses a risk to the forecast that new service users are not included in these manual processes, and understates the budget pressures in the service area. Finance is working closely with the service to ensure that manual processes seek to capture all new clients, and any changes to care package provision.

10.5.2 The current forecast includes only existing service users and does not include any potential costs arising from additional demand above estimated initial demographic growth assumptions. Year-on-year, the forecast increases by approximately 10% which represents an additional cost in the region of £5m and this is factored into the forecast as it materialises. The service will need to have a really robust panel process to enable closer financial scrutiny and oversight to reduce costs of care packages.

Service type	2021/22 Budget	Feb 2022 Forecast	Full Year Variance to budget	Variance from previous period
Learning Disabilities	18,002	20,034	2,032	(121)
Physical and Sensory	16,712	18,259	1,547	160
Memory, Cognition and Mental Health ASC (OP)	8,592	9,622	1,029	(25)
Occupational Therapy Equipment	740	751	11	(1)
Asylum Seekers Support	170	430	261	93
Total	44,216	49,096	4,880	106

10.6 Physical & Sensory Support

10.6.1 The service is forecasting an overspend of £1.55m (£1.39m Jan-22). The gross forecast spend on care packages in Physical Support for 2021/22 is £26.0m (£25.7m in Jan-22) and in Sensory Support is £0.88m (£0.90m in Jan-22). Forecasts continue to be updated based on continuous reviews of care package costs, particularly in nursing homes and the cost of home care. The forecast includes £350k of iBCF funding, £1.0m of social care grant and £1.27m of reserve funding towards the increased level of care packages in 21/22.

10.7 Memory, Cognition and Mental Health ASC (OP)

10.7.1 The service is forecasting an overspend of £1.03m (£1.05m in Jan-22). The gross forecast spend on care packages for 2021/22 is £12.2m (£12.2m in Jan-22). The forecast includes £350k of iBCF funding, £650k of social care grant and £100k of reserve funding towards care package costs in 21/22.

10.8 The Learning Disabilities (LD) service

10.8.1 The service is forecasting an overspend of £2.03m (£2.15m in Jan-22). There continues to be pressures driven by the increasing complexity of care needs for new

and existing clients coupled with inflationary pressures requested by care providers. The gross forecast spend on care packages in Learning Disabilities for 2021/22 is £34.7m (£34.8m in Jan-22).

10.8.2 The LD forecast also includes significant non-recurrent funding from the iBCF (£1.0m) and Social Care Grant (£4.29m). In addition, a contribution from the CCG of £3.1m (£3.0m in Jan-22) for jointly funded care packages for service users has been factored into the forecast. This is building on the work completed across previous years to agree joint funding for complex health and social care packages within the service.

10.9 The Mental Health service

10.9.1 The service is provided in partnership with the East London Foundation Trust (ELFT), and is forecasting an overspend of £1.15m (£1.32m in Jan-22). The overall position is largely attributed to an overspend on externally commissioned care services, and as part of the cost reduction plans, Adult Services and the ELFT will continue to work closely to forensically review care packages within the service to seek a reduction of at least £350k this financial year.

10.10 Provided Services

10.10.1 The service is forecasting a broadly balanced position of £0.01m (£0.14m in Jan-22). Within this position are two contrasting positions:

- Housing with Care (HwC) has an overspend of £0.88m (£0.91m in Jan-22), of which the majority is in relation to the significant cost of additional agency staff employed to cover for staff who are absent or unable to carry out full duties due to Covid-19. As a result of the occupational health risk assessment outcome (high or critical risk) completed as part of the council's vulnerability assessment procedure, some HwC staff who have underlying health conditions can only perform limited tasks hence the reliance on agency staff needed to complete the required duties. These staff have been referred to occupational health as temporary cover arrangements are unsustainable from an operational and financial perspective. A number of these staff have now been assessed as able to return to work on full duties. The forecast includes funding made available from the Infection Control Fund and the Workforce Recruitment and Retention Fund.

  The savings target of £500k for efficiencies across the Housing with Care schemes is not forecast to be achieved within this financial year and will be delivered through contract efficiencies within commissioned services. There are a number of void properties within Housing with Care schemes where property rental continues to be paid whilst the flats remain vacant. This cost pressure is reflected within care support commissioning budgets and will form part of the short term review of the service to deliver efficiencies.

- Day Care Services are projected to underspend by £0.86m (£0.77m in Jan-22). The Oswald Street day centre re-opened in October 2020 but is still currently supporting a reduced number of service users due to Covid-19 restrictions. Consequently, staff vacancies are forecast to remain vacant across the remainder of the financial year.

10.11 ASC Commissioning

10.11.1 The service is forecasting a £1.05m underspend (£1.05m in Jan-22) and this includes significant levels of one-off funding of £1.5m in 2021/22 supporting activity within commissioning. This includes increased capacity in the Project Management Office (PMO), ASC Commissioning, and the Direct Payments Teams. Disabled Facilities Grant funding has been applied to the Telecare contract. The service has renegotiated some Housing Related Support contracts which has resulted in efficiency savings of approximately £0.5m in 21/22, and this has largely offset the underachievement of Housing with Care savings on a non-recurrent basis this financial year.

10.12 Preventative Services

10.12.1 Preventative services is forecasting an underspend of £1.31m and is primarily attributable to the interim bed facility at Leander Court (£0.7m) and Substance Misuse (£0.3m) linked to lower than expected demand for rehab placements. In addition the Carers services reflect an underspend of £0.22m due to a significant reduction in carers assessment activity linked to the Covid-19 pandemic.

10.13 Care Management and Adult Divisional Support

10.13.1 The service is forecasting an overspend of £0.05m (£0.08m in Jan-22) and this is driven primarily by increased staffing costs within the Integrated Learning Disabilities team (£0.17m) and staffing pressure within the Case Management Team (£0.13m) which is partly offset by underspends in other areas of the service.

10.14 Public Health

10.14.1 Public Health is forecasting a breakeven position, this includes the delivery of planned savings of £217k.

10.14.2 The Public Health (PH) grant increased by approximately £1m in 2021/22, although £775k of the total increase relates to the funding allocated for PrEP related activity, as this was previously funded via a separate grant in 2020/21 (£344k). The 2021/22 grant will continue to be subject to conditions, including a ring-fence requiring local authorities to use the grant exclusively for public health activity which may include public health challenges arising directly or indirectly from Covid-19.

10.14.3 The Covid-19 pandemic has seen a significant increase in Public Health activity, specifically around helping to contain the C19 outbreak in the local area. This has been done alongside continuing to ensure demand-led services such as sexual health are maintained.

10.14.4 As previously advised Hackney was allocated £3.1m of the total £300m announced by the Government to support Local Authorities in 2020/21 to develop and action their plans to reduce the spread of the virus in their local area as part of the launch of the wider NHS Test and Trace Service. Last financial year, £1.5m was spent, with a further planned commitment this year of £1.6m. This funding continues to support the development and implementation of tailored local Covid-19 outbreak plans, with all decisions on how the funding is allocated being approved by the Health Protection Board chaired by the Director of Public Health. The £1.6m for this financial year is reflected as a net nil position in the forecast as it is offset by the income we received the previous year. In addition to the Test and Trace funding, the Local authority has

also been allocated £2.8m in 2021/22 from the Contain Outbreak Management fund (COMF) to help support public health activities to tackle Covid-19. Plans have been developed with the service to ensure that these funds are committed in line with the grant criteria.

10.14.5 The Hackney Mortuary service is forecast to overspend by £248k, of which £67k relates to the balance remaining from Hackney's Wave 2 mortality management contribution. As highlighted previously Mortuary costs increased significantly last year during Covid-19 with the response to the pandemic plan requiring the Mortality Management Group to activate the Dedicated Disaster Mortuary (DDM) plans for London. Additional capacity was required rapidly to ensure that there was enough capacity to meet demand from the initial wave, and subsequently to meet increased demand for the second wave. We have received a reimbursement of £343k as a result of the pan-London provision being lower than the anticipated, with the remaining balance of £67k now being the cost for this financial year.

10.15 Vacancy Rate and 2021/22 Savings

10.15.1 A vacancy rate savings target of £864k has been set for Adult Social Care in 2021-22. This saving is a challenging target for a service with a significant number of front-line staff. At this stage in the financial year, it is forecast that it will be achieved. Progress against the target will be carefully monitored and tracked by the AH&I Senior Management Team and this will continue to be monitored closely and reported with each OFP report.

10.15.2 The directorate has outlined a series of actions that will aim to achieve the vacancy rate savings in 2021-22. Actions include identifying specific vacant posts and holding them vacant, identifying all staff who are below the top of their salary grade or part-time in full-time posts, waiting to recruit to any vacant posts, except where there are multiple vacancies within teams (i.e. due to long term sickness) or particular Covid-19 or cyber related pressures, continuing to seek external funding sources - e.g. through partnership working, monitoring agency spend closely and ensuring those staff take the annual leave they have accrued, as well as identifying any non-essential budgets that can be held for the year. However, there are long term risks to the sustainability of this approach, and the directorate approach will need to be reviewed to take into account where the vacancy factor is being met by non-recurrent savings.

10.15.3 A review of actual spend on salaries reflects that £830k has been achieved against this target to date. This shows progress against the annual target of £864k so far - consequently the full year forecast is shown as on track at this stage in the year and will continue to be monitored closely by the AH&I Senior Management Team.

10.16 Cost Reduction Proposals

10.16.1 The service has also developed various proposals for cost reductions. The table below outlines the key proposals for cost reductions which have been endorsed

across Adult Services in 2021-22. The cost reduction proposals are monitored on a monthly basis highlighting delivery against these indicative targets. Detailed plans continue to be developed for these proposals, and these will be part of monthly discussions at AH&I SMT. It is essential that the service delivers against these plans, and these are then factored into the overall forecast when they are achieved. In addition to the initiatives listed in the table below, the department has reduced costs in other areas:

(a) From April 2021, the Direct Payments team has implemented more robust monitoring of accounts, which has led to recovery of £257k to date from unused balances on service user accounts. It is expected that recovery of funds will continue at a similar rate throughout the financial year, resulting in further cost reductions.

(b) The Occupational Therapy team is delivering a Better Care project between April 2021 - Oct 2021, aiming to reduce the number of residents receiving double-handed care, through implementing new and innovative moving and handling equipment and techniques. To date, this has resulted in cost reductions of £300k.

	Initiative / Area	**Description**	**Initial Indicative Target**
1	Operations: Implementation of an overall panel process	Bringing together multiple panel processes into one process, enabling closer financial oversight and strategic oversight across all operational services. The £250K indicative target is based on the avoidance of approximately 3-4 placements, through the introduction of the new panel process to reduce the number of longer term placements. Alternatives to residential care placements are being explored thoroughly along with the use of assistive technology to reduce care package costs. The process also means that the importance of 6 week reviews to step down packages is being highlighted. At the end of February-22, more than £232k of costs had been avoided by the use of robust challenge.	£250K
2	Provided Services: Review of operational staffing issues	Reviewing operational staffing issues across Housing with Care will enable us to ensure that we are getting the most from our workforce. 14 staff who were originally assessed as being unable to carry out face to face work due to Covid-19 vulnerability have been referred to occupational health as temporary cover arrangements are unsustainable from an operational and financial perspective. As of Feb-22, of these 14 staff, 3 are currently on sick leave and 3 on limited duties. 5 have now been assessed as able to return to work on full duties. In addition there were 5 Covid-19 absences across Housing with Care. If 50% of the staff on limited duties were to return to full duties from February, it is estimated that this would reduce the staffing forecast by £59k to the end of the financial year.	TBC
3	Adult Services: Review Agency Spend & implement a new process for sign off for new agency staff	Reviewing spend on agency staff will enable us to make savings/reduce overspend.This includes a review of every agency member of staff with managers and checking that no agency staff are working more than 36 hours per week and that they are all regularly taking annual leave. A new process for sign-off for new agency staff will enable the directorate to closely monitor the use of agency staff and related expenditure. This will also prevent new staff being employed without agreement over the budgeted staffing establishment. Detailed analysis of all agency workers against establishment reports from ITrent and finance have been carried out and a	£100K

		number of queries being resolved.All over establishment posts are being scrutinised along with any posts that have been covered with agency staff for more than 12 months.	
4	Mental Health Budget - reduce overspend	Working with ELFT to bring expenditure back in line with the budget. This will be delivered through the joint working group meetings with ELFT. Measures include: ● A more robust panel process in line with the ASC panel process has been implemented and reductions to a number of packages have already been made, amounting to £191k costs avoided to Feb-22. This figure will increase over the coming weeks. A further £52k of costs have been reallocated to the correct primary support reasons. ● The use of the Care Cubed tool to assess the cost of care has begun, targeting the highest cost care packages as well as being used to review all existing care packages. All packages will have been reviewed in the next 12 months using Care Cubed. Packages that can be stepped down are being transferred to a new, more cost effective provision in the Borough. ● A review of the use of blitz cleaning,storage facilities and kennelling is also being undertaken and some savings will be achieved. Commissioners are now working on re-introducing a framework to reduce the reliance on spot purchase and are also reviewing the HRS block contract to ensure efficiency.	£350K

10.17 Measures to control spend

10.17.1 The Directorate has forecast a £80k reduction in spend thus far as a result of the implementation of non-essential spend control measures..

10.17.2 Directors are reviewing all agency assignments - including how long in post, hours worked and if they have taken leave etc along with cross referencing of vacancies showing on ITrent and the finance report. This will highlight any over-established posts to allow tracking and evidence funding sources for these posts such as those agreed as additional capacity in hospital teams/brokerage. The reduction of 1 in 5 may not be possible for all services, however the directorate is pulling together an approach which demonstrates its commitment to reducing agency spend. This includes a systematic review and challenge process for all agency staff. All agency staff in post for more than 12 months are being tracked and reviewed. For example, a number of these posts are additional staff brought in to support the hospital discharge service and brokerage to increase capacity during Covid-19 and to facilitate 7 day working in the hospital. In addition, Directors will consider not appointing to vacant posts (permanent or agency) and not extending existing agency staff.

10.17.3 Business cases are being produced for recruitment to permanent vacancies, and these are shared with the Director and Group Director for sign-off. There are difficulties recruiting agency social work staff which means there are vacant posts being carried for longer periods of time.

10.17.4 All appointments (permanent or agency) and agency extensions to require justification from the relevant Director and Group Director.

11.0 NEIGHBOURHOODS & HOUSING DIRECTORATE

11.1 Summary Position

11.1.1 The directorate is forecasting an overspend of £2.7m of which £1.8m is due to the impact of Covid. This is an improvement of £134K on the January position.

11.2 Cyberattack Narrative

11.2.1 Planning Services are forecasting an estimated £280K loss of land charges income due to the continuing impact of the cyberattack on the land charges service.

11.3 Covid Narrative

11.3.1 Parks and Green Spaces have a projected Covid-19 impact of £62k, £32k of this is due to the loss of income. This primarily relates to the Events Team as there are very few bookings, as activity is not expected to return to pre 2020/21 levels for some time yet. There is also a £30k Covid-19 forecast relating to legal fees and other expenses, but underspends on other budgets across the service area are being held to mitigate these costs.

11.3.2 Community Safety, Enforcement & Business Regulation are forecasting a spend relating to Covid-19 of £667K in the Civil Protection team and Enforcement overtime. The areas of Covid-19 expenditure are Staff costs including training, uniforms, overtime and four additional staff covering Covid-19 tasks; security for infrastructure and testing sites; PPE expenditure; temporary mortuary expenses; premises costs arising from setting up, folding down, repairs and cleaning of testing sites and the hire of vehicles.

11.3.4 Environmental Operations has a projected overspend of £803k relating to the impact of Covid-19. There is an estimated loss of £492k on Commercial Waste income, and £281k for use of agency staff to cover sickness/self-isolation absence now being forecast up to the end of March 2022 due to Covid's multiple variants. Whilst staff absences relating to Covid-19 are still low, there was a spike over the Christmas period into January, similar to 2021, however, this has not really been as severe as first thought so the forecast has been reduced. Additional vehicle cleansing still remains an essential protocol for a Covid-19 safe working environment and we are forecasting this additional spend up to the end of the financial year due to the additional measures announced by the Government to respond to the Omicron variant. There is also a forecast spend of £30k on additional PPE and other materials. The service has adopted a prudent approach to potential spend arising from the pandemic and for the forecast loss of income and will maintain close monitoring on costs and income as the year progresses.

11.3.5 Markets and Shop Front Trading is showing an estimated Covid-19 impact of £102k made up of £61k income shortfall and £169k additional expenditure on security measures and staffing to ensure Covid-19 safe trading. This is based on the assumption that there will be no further lockdowns.

11.3.6 Streetscene is forecasting a shortfall of £235K in Highways licence income which is a result of slower than expected recovery of development activity due to the impact of Covid-19. The service is containing this shortfall as far as possible within its overall cash limit by holding underspends against other budgets.

11.4 Directorate Management

11.4.1 Directorate Management is forecasting a £42k underspend; the reduction in the forecast from January is due to delays in recruitment for a specific piece of work that needs to be carried out across the directorate in response to the results of the staff survey. Recruitment has been completed and the work will be carried out during 2022/23.

11.5 Planning Services

11.5.1 Planning Services is forecasting an overspend of £1,109K, after the use of £500K reserves to part-fund the underlying overspend in the service. This is a reduction of £12K on the overspend position reported in January. There is a £280k variance in Land Charges income as a direct result of the cyberattack where only a partial service will be provided until the summer of 2022. The underlying overspend in Planning Services is primarily related to Planning Application fees and Building Control fees income, which has seen a steady decline over the past year. The service has achieved the vacancy factor savings of £150K, but this reduction in resources will impact on the resource to process planning applications and is leading to pressures on existing staff.

11.5.2 The shortfall in planning application fee income, within the underlying overspend, is linked to a decline in the number of very large major applications being received rather than a significant fall in overall planning application numbers for the past 2 - 3 years. This has further resulted in a reduction in the CIL and s106 income due to delays of schemes starting construction. There has been an increase in Planning Performance Agreement income which is now meeting its budgeted income levels, and additional charges have been introduced for commercial planning enquiries. In addition, there has been a recent promotion of the building control services.

11.5.3 Despite a 20% uplift in planning fees 3 years ago, the income has consistently fluctuated between £1.5-1.7m over the past 3 years and a further decline to £1.3m has been seen during this year. With a budget of £2.2m and a plateau in the housing market, this level of income is unachievable. The income target for minor applications of £1.2m is now forecast not to be achieved, and the cost of determination of minor applications is more than the fee received as Local Authorities have not yet been afforded the option by the Government of setting their own fees. In practice, major applications help subsidise minor applications therefore the shortfall in new major applications will also detrimentally affect this cross-subsidy.

11.5.4 The Head of Planning has worked with finance to undertake a review of the service to address the cost pressures in the service. The review is now complete and the report recommendations bringing the Planning budget into balance over the medium term are being implemented. This includes an allocation from reserves to mitigate part of the overspend as agreed with the Section 151 Officer.

11.6 Environmental Operations

11.6.1 Environmental Operations is showing a forecast overspend of £963K which is primarily due to the impact of the Pandemic. Due to an increase in the fuel prediction based on current trends, there is a £18k negative swing from January's position. In Environmental Operation, there is a £160k underlying variance, which is primarily related to vehicle repairs and maintenance and rising fuel costs. The Covid-19 impact on the service is currently forecast at £802k, an increase of £10k from the January 22 position as set out above. This increase is mainly due to forecasting the

use of additional staff up to the year-end to cover covid related absences that had started to rise in December and January due to Covid's multiple variants but has tailed off significantly in part to a change in government rules on isolation as well.

11.7 Waste Strategy

11.7.1 Waste Strategy is expected to break even as any underspend within the service will be applied to any ongoing or new recycling initiatives and to support the fortnightly refuse and recycling collection service change which will reduce the call on reserves to deliver the project.

11.8 Markets and Shop Front Trading

11.8.1 Markets and Shop Front Trading is showing an overspend of £194k, which is a positive improvement of £88k from January's position. This is due to better than expected income levels and application of grant income. Additional staffing costs and a shortfall in income collection account for £102k due to the Covid-19 impact on income and expenditure. The service has been managing this overspend, in particular staffing levels, another area of overspend is the non-delivery of the £30k vacancy factor saving which the Director Sustainability and Public Realm has decided will be delivered by Parking Services.

11.9 Leisure, Parks & Green Spaces

11.9.1 Other than the impact of Covid-19 relating to the loss of income and legal costs (£62k) which are detailed above, Leisure, Parks & Green Spaces continue to forecast a £9k overspend, showing no change in month.

11.10 Streetscene

11.10.1 Streetscene is forecasting an underspend of £74k, this mainly due to underspend in staffing, there is no material movement from the previous month's forecast. The Service will continue to hold underspends across other budgets to mitigate the impact of Covid-19 on income levels.

11.11 Housing GF

11.1.1 Within Housing GF there is a minimal underspend currently forecast relating to staff savings within the Travellers cost centre.

11.12 Community Safety, Enforcement and Business Regulation

11.12.1 Community Safety, Enforcement and Business Regulation are forecasting an overspend of £616K, a reduction of £43K from the January position. The main overspend is within Civil Protection for Covid-19 related costs, an overspend of £627K, and Enforcement overtime of £40K. The final outturn for the cost of Covid-19 to the service may reduce if specific grant funding is applied directly to the service. The other cost pressures within the service as reported in previous OFP reports continue namely, the non-achievement of Proceeds of Crime (POCA) income, £90K and the cost of software licences, £36K. The Head of Service has worked with finance and we expect these pressures to be contained with the 2022/23 approved

budget. The service continues to hold underspending budgets to mitigate the impact of Covid expenditure.

11.13 2021-22 Vacancy Rates and Savings

11.13.1 The Directorate is forecasting a full achievement of the directorate savings plan of £1.4m and full achievement of the vacancy factor saving, though there remains a risk relating to this saving, especially with the impact of the Omicron variant on sickness and self-isolation absences. In respect of the vacancy factor, saving in Environmental Operations, £119K of the savings target has been delivered through staffing savings, however, it has not been possible to deliver the remaining £435K from staffing budgets. The delivery of the remainder of the savings will be made through underspends against other budget lines.

11.14 Cost reduction Proposals

11.14.1 The table below outlines the key proposals for cost reductions of £185k from the non essential spend review which have been forecast across Neighbourhoods and Housing Directorate in 2021-22.

Service Area	Team	Description	2021/22 Target
			£
Directorate Management	Directors Team	Forecasting a net reduction across all controllable budgets.	42
Leisure & Green Spaces	Various	Forecasting a net reduction in supplies & services (including transport costs).	66
Community Safety, Enforcement & Business Regulation	Various	Forecasting a net reduction in supplies and services	13
Streetscene	Various	Forecasting a net reduction is staffing due to leavers. This is one off for this financial year and going forward staff will need to be recruited.	64
			185

11.14.2 The reporting against these cost reduction proposals have and continue to be monitored against these targets. It is essential that the service delivers against these plans as this has been factored into the overall forecast for the directorate. It is important to emphasise that managers will continue to identify opportunities for cost reductions to mitigate the directorate overspend.

12.0 FINANCE & CORPORATE RESOURCES

12.1 Summary

12.1.1 F&R is forecasting an overspend of £5.990m. Of this, £4.2m is due to the impact of the cyberattack and £1.178m is due to Covid. There has been a favourable movement of £203k on the overspend from the previous month.

12.2 Cyberattack

12.2.1 The total net cost of Cyber is currently estimated at £4.2m. The system problems are causing significant overspends across Revenues and Benefits (£600k) and Housing Needs (£175k). This is the estimated cost of resources required to restore lost data and clear the backlog incurred whilst the systems were out of action. ICT are currently reporting £3.32m of costs relating to restoring or rebuilding systems and an additional resource in finance has also been allocated to cyber costing £100k.

12.3 Covid Narrative

12.3.1 The total net cost of Covid is estimated at £1.28m in additional costs and lost income after taking into account what can be covered with existing budgets, government grants and earmarked reserves. The main service area affected is Commercial Property (rental income) and £243k covid expenditure in ICT which relates to agency/transport costs for the working from home project and sickness cover.

12.4 Financial Management & Control

12.4.1 Financial management is currently forecast to budget with the exception of Cyber related costs of £100k. This is for a Project Accountant to assist with tracking and monitoring the Cyber spend as well as reviewing all business cases for additional spend on the recovery. The 3.5% vacancy savings has been agreed and will be closely monitored.

12.5 Education Partnerships

12.5.1 The current budget for Education Partnerships is £308k which we anticipate will be fully utilised by the end of the financial year. There is a current forecast overspend of £35k revenue expenses at Britannia. The variance is as a result of covid related costs from Morgan Sindall that were paid this month. The variance will be resourced from reserves. In addition, the vacancy saving of £6k is being closely monitored and expected to be achieved.

12.6 Property Services

12.6.1 Overall, Property Services is forecasting an overspend of £1.1m after reserves, of which £900k relates to Covid income losses on Commercial Property. There is no movement compared to last month's forecast.

12.6.2 Commercial Property is forecasting an overspend of £1.5m which includes Covid related costs for lost rental income (£900k). The service is working to ensure long-term income is maximised where possible by supporting local businesses through the use of payment plans and rent free periods.

12.6.3 Education Property is overspending by £46k but the same amount from the empty property reserve will ensure a balanced budget. There is a decrease of approximately £74k due to a reduction of consultancy forecasts.

12.6.4 Corporate Property and Asset Management are forecasting an overspend of £3.1m. It has also been agreed that they can use the surplus Annex budget to cover some of their costs. This overspend includes £500k of reserve usage for empty properties and two surveyors.

12.7 Revenues and Benefits

12.7.1 Revenue and Benefits are forecasting an overspend of £600k after reserves usage of £1,070k. This is a favourable movement of £50k on January's forecast.

12.7.2 Revenues is currently reporting an overspend of £300k, which is a reduction of £50k on January's forecast. The overspend relates to:

- £300k staffing costs in Customer Services Contact Centre who are working on the increase in the level of customer calls relating to council tax as a result of Cyber.
- £50k forecast relating to Cyber recovery has been removed from the 2021/22 forecast as recovery moves into 22/23 financial year. The Business Case is for a 6 month period, with costs approved up to £1m. All costs are expected to be incurred in 2022/23.

12.7.3 The service is currently forecasting £1m lost income in court costs as a result of Covid and Cyber, which has significantly reduced legal action across the service. The expectation remains that legal action will not re-commence until into the new financial year. The cost can be partially absorbed within the cash limit and any additional loss will be offset by revenue grants unapplied from previous years.

12.7.4 Benefits is currently reporting an overspend of £300k which is no change on the previous month. The overspend relates to:

- £300k forecast relating to Cyber recovery..
- Due to a number of issues it is too early to try to estimate any variance on the budget for the net cost of benefits.

12.7.5 Revenues and Benefits Customer Services have recently undergone a restructure to consolidate the Corporate and Housing Contact Centres, in order to increase frontline staff and reduce the need for agency staff. The restructure remains in the transition period, and as a result there is an ongoing requirement for agency staff. The forecast overspend is £275k which is an increase of £25k on the January forecast.

12.8 Housing Needs General Fund

12.8.1 Housing Needs is currently forecasting an overspend of £175k for 21/22, after the allocation of grant income and reserves. There has been no movement from the previous month's forecast. The 3.5% vacancy factor savings represents £244k for this function and is being achieved.

12.8.2 Covid related costs for housing needs are currently estimated at £2m for 21/22. This cost and its mitigations within the forecast are as follows:

- £2m relates to the ongoing support provided for rough sleepers, following the 'everyone in' programme which commenced as a result of the pandemic. Specific funding has now been identified for £0.8m. Homelessness grants held in reserves from previous years will be used to cover the remaining costs if no further government funding is forthcoming. The programme will finish at the end of the financial year, as residents are currently transitioning into more suitable, permanent accommodation.

12.8.3 The £175k forecast overspend relates to additional agency staff required to work on the housing register as part of the cyber recovery; associated costs are also expected to be incurred in 22/23.

12.8.4 Progress on the recovery of the systems that Housing Needs use continues. The interim financial system (IFS) has been implemented to replace Universal Housing. This has begun to improve visibility of rental income profiles. Further work is being undertaken over the coming weeks to refine this information within the finance forecasts.

12.9 Registration Services

12.9.1 Registration Services is currently forecast to budget.

12.10 Facilities Management

12.10.1 Facilities Management are currently forecasting an overspend of £75k, which is predominantly due to increased security costs as a result of the LLW. Generally it is difficult to absorb these costs within the existing cash limits, as the security budget makes up a significant proportion of this. This issue has been addressed as part of budget setting for 2022/23.

12.11 Audit & Anti-Fraud

12.11.1 Audit & Anti-Fraud are forecasting an underspend of £379k due to staff vacancies. There is going to be a restructure in the next financial year. The favourable movement of £55k from January is mainly due torevising down of an IT audit forecast

12.12 ICT

Forecast after reserves	Feb Variance	Jan Variance	Change
Hackney Education ICT	526	553	(27)
ICT Corporate	3,446	3,503	(57)
Financial systems	(35)	(23)	(13)
Total	**3,936**	**4,033**	**(97)**

12.12.1 Overall, the ICT Division is forecasting to overspend by £3,936k after a £183k reserve drawdown. This is a £97k favourable movement on January's forecast.

12.12.2 ICT Corporate is currently forecasting an overspend of £3,446k after a drawdown from reserves and recharges identified for project work across the council. Following on from meetings with the Cyber Lead and Service Heads, the net favourable change of £12k is mainly due to a combination of Cyber projects no longer happening and additional spend on existing projects. The remaining £45k decrease represents a combination of changes across the functions within ICT and various staff leavers. The revenue forecast cost for cyber recovery in 2021/22 is currently £3,324k and is a decrease of £12k on last month's forecast.

12.12.3 Financial Management Systems are forecasting to underspend by £35k

12.12.4 Hackney Education ICT is predicted to overspend by £526k which is a decrease of £27k month on month and this is mainly attributable to staff leaving. The Strategic Director, Customer & Workspace to meet with the Director of Education to discuss a way forward with regard to the Traded Services element.

12.13 Procurement

12.13.1 The Central Procurement Service and the Energy Team are forecasting to budget. This is a £100k favourable movement on January's forecast as no additional PPE stock has been purchased and as a result of guidance there is no intention for this to be the case in 21/22.

12.14 Directorate Finance Team

12.14.1 The Directorate Finance Team is currently reporting a balanced budget.

12.15 Human Resources

12.15.1 HR is currently forecast to budget. Savings have been identified for the 3.5% vacancy factor.

12.16 Non Essential Spend

12.16.1 The non-essential spend controls implemented in September continue to be monitored and it is expected at this stage that the reduction in forecast will be achieved.

12.17 Vacancy Rate and 2021/22 Savings

12.17.1 The vacancy target is £1.622m and it is forecast that £1.521m will be achieved. The underachievement of £0.101m is in Property and this will be offset by underspends in other areas. All of the budgeted 2021-22 savings are forecast to be achieved.

13.0 CHIEF EXECUTIVE

13.1 Summary

13.1.1 The Chief Executive Directorate services are forecast to underspend by £72k after the use of reserves. This is a marginal improvement from the January position.

13.2 Covid-19 Narrative

13.2.1 Engagement, Culture and Organisational Development are still being impacted by the effects of Covid-19 relating to income generation activity from running events. Hackney Council has taken a local decision to maintain restrictions such as social distancing at venues resulting in an increased number of cancellations and refunds.The service is currently estimating a loss of income in the region of £338k. The income levels are being closely monitored.

13.2.2 Libraries & Heritage have little prospect of meeting their income targets where fines are currently suspended and there are no room bookings and minimal sales etc. It is hoped that income collection will gradually pick up in the coming months but this will

be a slow process and is being reviewed on a monthly basis, currently, this is giving a £72k pressure/overspend within the service. The Library service continues to provide security staff on an ongoing basis, which was reviewed and increased due to the spread of the omicron variant and the need to reinforce correct social distancing procedures within buildings, particularly if they are shared occupancy, which is resulting in an estimated £130k overspend across the service.

13.2.3 Inclusive Economy and Corporate Policy Covid-19 related expenditure of £819k is due to the self-isolation support framework forecast to cost £608k and support for clinically extremely vulnerable residents £97k, which are fully funded from a combination of government grants and health funding. There is a £114k Covid-19 cost relating to running of the elections which will be met from GLA and reserves.

13.3 Chief Executive Directorate Services

13.3.1 The Chief Executive Directorate services are forecast to underspend by £72k after the use of reserves. This is a marginal improvement from the January position.

13.4 Engagement, Culture and Organisational Development

13.4.1 Engagement, Culture and Organisational Development are forecasting an overspend of £175k after the use of reserves of £375k. This is an improvement of £20K from the January position. The improvement is from an increase in income. The ongoing impact of Covid-19 accounts for £338k loss of income mentioned above, which is partially offset by a combination of additional income from internal bookings and holding vacancies across the service (£150k). The other significant overspend area is Hackney Today, where there is a £194k loss of income generated from advertising and publishing statutory notices due to the court ruling to limit the publications of Hackney Today/Hackney Life being partially offset by reduction in agency and distribution costs. The remaining overspends are partially offset from the income generated by the design and film income teams.

13.5 Libraries & Heritage

13.5.1 Libraries & Heritage are forecasting a £89k overspend, all of which can be attributed to the lasting effects of Covid-19 as detailed above. There continues to be a prudent approach in the service area; controllable budget forecasts are scrutinised and challenged on a monthly basis to help mitigate the overspend.

13.6 Legal & Governance

13.6.1 Legal & Governance services are forecasting an underspend of £160k after usage of reserves. The service is forecasting a significant shortfall in external income from; property, S106 income and capital recharges with activity reducing. This shortfall in income is being effectively managed through a combination of holding vacancies to reflect the reduction in activity and reducing external commissioned legal service. An increase in caseload has led to a reduction of £20K in the forecast underspend since January. The approach to cost control adopted by the service has enabled it to mitigate the directorate overspend.

13.7 Inclusive Economy and Corporate Policy

13.7.1 Inclusive Economy and Corporate Policy are currently forecasting an underspend of £80k, a marginal change from the January position. The forecast underspend is due to a combination of vacant posts, employees not on top of spinal points, and employees opting out of the pension scheme

13.8 Regeneration

13.8.1 Within Regeneration, there is a £96k underspend currently forecast after reserves usage. The majority of this underspend relates to savings within Private Sector Housing, which are offset somewhat by cost pressures within the Housing Strategy and Policy Team.

13.9 Vacancy Rate Savings and 2021/22 Savings

13.9.1 The vacancy target is £0.677m and it is forecast that this will be achieved. All of the budgeted savings are forecast to be achieved.

13.10 Cost Reduction Proposals

13.10.1 The table below outlines the key proposals for cost reductions which have been endorsed across the Chief Executives Directorate in 2021-22.

	Service	Team	Description	Indicative target
1	ECOD	Venues	Forecasting additional income from internal recharges for bookings combined with holding vacancies.	£118k
2	ECOD	Design Team	Forecasting above budgeted income. However, this mainly from internal recharge from across the council	£39k
3	ECOD	Film Location Management	Forecasting additional income from more filming in the borough. However, there is risk regarding sustainability as income levels fluctuates	£35k
4	ECOD	Hackney Today	Forecasting a reduction in agency and distribution cost as result of the court ruling	£28k
5	ECOD	Various	Forecasting a combination of holding vacancies and a net reduction in supplies and services (including transport cost).	£21k
6	Legal	Legal	Forecasting a combination of holding vacancies and reducing external commissioned legal service. However, an increase in case load would have an adverse impact on the current financial forecast.	£100k
7	Libraries and Heritage	Various	Forecasting a net reduction in supplies and services (including transport cost), but this is only sustainable as a short term one off commitment.	£65K

13.10.2 The reporting against these cost reduction proposals is being monitored through the monthly finance report highlighting delivery against these indicative targets. These cost reduction measures are on track to deliver to target.

14.0 HOUSING REVENUE ACCOUNT (HRA)

14.1 The current HRA forecast, which is at budget, reflects the continuing impact of Covid, when the repairs that could be carried out were limited and there was a moratorium on eviction during the first quarter. As restrictions have gradually been lifted, the demand for repairs has increased and the volume of work may exceed the capacity of the DLO, therefore additional work will be allocated to contractors. During the pandemic there has been a significant increase in rent arrears, procedures have been introduced to escalate those cases which has started to slow the rate of increase and it is expected that the arrears will begin to reduce in the new financial year.

14.2 Any resultant overspend in the HRA from Covid and the cyber attack will be funded from a reduction in RCCO. The current capital contracts have ended and are being re-procured, and so there is limited value of works remaining on the expired contracts, therefore less capital funding is required during the year. However, the works and the funding will be required in future years and factored into a revision of the HRA business plan.

14.3 More specifically, Dwelling Rent and Tenant Charges is forecast at £1.138m over budget due to a continued increase in voids due to the demolition of properties on regeneration estates and the delays in the re-letting of properties. The performance of voids and relets is being monitored; however, the lack of an IT system makes the process manual and takes longer.

14.4 The reduction in Non-dwelling Rent income is due to restricted and limited bookings in Community Halls. Bookings and usage will be monitored during the year but it is unlikely to achieve the budget level of income.

14.5 The pressure on the leaseholder income for administration of major works (section 20) has been identified as a consequence of the reduction in capital works taking place. There are some capital works taking place which will result in leaseholder Major Works recharges; however this is estimated to be minimal in 2021/22.

14.6 The reduction in the Other Charges for Services and Facilities income is due to the Thames Water contract having ended early this year.

14.7 On the Expenditure side, The Housing Repairs Account is forecast to overspend due to restrictions during the first quarter and the increased demand as restrictions are lifted. In addition, there is an increasing number of legal disrepair cases that will require work. The Special Services variance of £659k is due to an increase in lift servicing and repairs, estate cleaning and an increase in utility costs. The increase in Bad and Doubtful debt is as a result of the increase in arrears potentially being written off during the year.

14.8 To off-set the variances, the RCCO has been reduced to forecast a balanced budget. This capital resource is not required in the year due to a reduced capital programme.

15.0 CAPITAL

15.1 This is the fourth OFP Capital Programme monitoring report for the financial year 2021/22. The actual year to date capital expenditure for the eleven months April 2021 to February 2022 is £100.2m and the forecast is currently **£156.8m, £9.6m** below the revised budget of **£166.4m.** This represents a forecast of 94% of the current revised budget position at February 2022. It also represents 66% of the

budget of £236.4m, approved by Cabinet in February 2021 (Council's Budget Report). Covid-19 and the additional financial pressures continue to have a major impact on the Capital Programme and have impacted the start times and the delivery of projects and programmes. A summary of the forecast by the directorate is shown in the table below along with brief details of the reasons for the major variances.

Table 1 Summary of the Capital

Capital Programme Q3 2021-22	Budget Set at Feb Cab 2021	Revised Budget Position at Feb 2022	Spend	Forecast	Variance (Under/Over)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Chief Executive's (Non-Housing)	3,047	2,279	1,282	1,944	(335)
Adults, Health & Integration	39	0	0	0	0
Children & Education	15,858	11,422	6,268	10,365	(1,056)
Finance & Corporate Resources	15,292	8,597	5,755	10,204	1,607
Mixed Use Development	34,315	13,332	6,902	10,386	(2,946)
Neighbourhood & Housing (Non)	26,974	24,278	9,936	20,805	(3,473)
Total Non-Housing	**95,525**	**59,908**	**30,143**	**53,704**	**(6,204)**
AMP Housing Schemes HRA	64,175	43,281	24,209	43,142	(138)
Council Schemes GF	11,273	22,183	24,511	25,008	2,825
Private Sector Housing	2,122	1,580	652	800	(780)
Estate Regeneration	38,394	20,736	12,355	18,970	(1,766)
Housing Supply Programme	18,638	11,909	5,546	10,879	(1,030)
Woodberry Down Regeneration	6,263	6,782	2,806	4,255	(2,528)
Total Housing	**140,864**	**106,471**	**70,079**	**103,054**	**(3,417)**
Total Capital Budget	**236,389**	**166,380**	**100,222**	**156,758**	**(9,621)**

15.2 CHIEF EXECUTIVE'S (NON-HOUSING)

15.2.1 The current forecast is £1.94m, £0.34m below the revised budget of £2.28m. More detailed commentary is outlined below.

CX Directorate Capital Forecast	**Budget Set at Feb Cab 2021**	Revised Budget Position at Feb 2022	Spend	Forecast	Variance

	£000	£000	£000	£000	£000
Employment, Skills & Adult Learning	0	13	1	13	(0)
Libraries and Archives	1,753	269	49	126	(143)
Area Regeneration	1,294	1,997	1,232	1,805	(192)
Total Non-Housing	**3,047**	**2,279**	**1,282**	**1,944**	**(335)**

15.2.2 Libraries and Archives

The overall scheme is forecasting £0.14m underspend against the respective in-year budget of £0.27m. As reported at quarter 3, the majority of the Libraries capital programme has been pushed back to 2022/23 to reflect the phasing of the works for the Stoke Newington library project and the slippage in the general planned maintenance and improvement budgets due to the desire to link the investment in our facilities to the developing Library Strategy. The team has retained a small contingency budget this year to cover any emergency work that may arise during the year.

15.2.3 Area Regeneration

The overall scheme is forecast £0.19m underspend against the respective in-year budget of £2m. Below is a brief update on a few of the schemes:

Dalston & Hackney Town Centre - This scheme is forecast to spend £6k, £17k below the in-year budget of £23k. The procurement for an Architect is in process with a contract award likely in spring 2022.

Ridley Road Improvements - This scheme is forecast to spend £0.85m, £0.05m below the in-year budget of £0.90m. Works are progressing at Ridley Road and Ashwin Street and due to complete early 2022/23.

Plough Yard Fit Out - This scheme is forecast to spend £0.03m, £0.14m below the in-year budget of £0.17m. The variance is due to a delay in signing the lease agreement with Plexal meaning the fit out and ventilation works have been delayed until 2022/23. Plexal is the affordable workspace provider for the Council. The space will see a range of services delivered in Shoreditch and Hoxton including discounted affordable workspace and free business support services for local entrepreneurs, freelancers, and small and medium-sized enterprises (SMEs).

15.3 CHILDREN AND EDUCATION

The current forecast is £10.4m, £1.1m below the revised budget of £11.4m. More detailed commentary is outlined below.

C&E Directorate Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at Feb 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Children & Family Services	0	572	54	409	(163)
Education Asset Management Plan	3,484	2,233	1,734	2,200	(33)
Building Schools for the Future	0	302	220	302	0
Other Education & Children's Services	1,937	2,460	1,553	2,353	(107)

Primary School Programmes	6,548	2,406	1,676	2,442	36
Secondary School Programmes	3,889	3,449	1,031	2,660	(788)
TOTAL	**15,858**	**11,422**	**6,268**	**10,365**	**(1,056)**

15.3.1 Children & Family Services

Carer Loft Conversion - As a result of the ongoing Covid-19 pandemic, these projects have not progressed as expected causing the variance. The original project was for three loft conversions to our in-house foster carer homes with the aim to enable foster carers to offer increased capacity for ongoing placements to young people. One of the three projects is now unlikely to go ahead. However, costs for the other two renovations have increased and the intention is for some of the overall budget to be used to meet these additional costs. Finance is working closely with the service to monitor costs for the renovations and to ensure that evidence is provided to support all expenditure.

Education Asset Management Plan The overall scheme is forecast to spend the in-year respective budget of £2.2m with a minor underspend. This is the Borough's cyclical and periodic yearly maintenance programme to the education asset which includes works such as upgrades to lighting, heating, boiler, fire safety and refurbishments to toilets and playgrounds. Below is a brief update on a few of the schemes:

Shoreditch Park Primary School (Revised budget £458k; forecast spend £473k)- The variance is due to additional works completed to support the boundary walls and main school.

Jubilee Primary School (Revised budget £447k; forecast spend £411k) - The final account and completion of snagging will now be in April 2022. The works included boiler replacements including radiators and pipework, ceilings and lighting.

Colvestone Primary School (Revised budget £309k; forecast spend £309k) - The ground floor corridor works is progressing and on target to spend the full in-year budget.

Sir Thomas Abney Primary School (Revised budget £26k; forecast spend £30k)- There is a small overspend due to the emergency water pump replacement.

Randal Cremer Primary School (Revised budget £40k; forecast spend £35k)- The spend this quarter will be for the emergency lift replacement.

Berger Primary School (Revised budget £300k; forecast spend £304k)- The comfort cooling upgrade is on track to complete this financial year.

15.3.2 Other Education & Children's Services

The overall scheme is forecast to spend the in-year respective budget of £2.4m with a minor underspend. The schemes relate to the expansion of Hackney's specialist resource provision (SRP) for pupils with Social, Emotional and Mental Health (SEMH) and Autistic Spectrum Disorder (ASD) needs funded by the SEN Special Provision capital grant fund. Below is a brief update on the schemes:

The Garden School (Revised budget £2m; forecast spend £1.92m) - Delays were due to unidentified asbestos at the school site which has now been removed. The construction work is now progressing and due to complete this financial year. Further works will be undertaken in 2022/23 such as landscaping, some furniture and equipment. This work is for the expansion of the school and development of post-16 provision which is a single storey conservatory-style building in the school garden to provide an outdoor learning space.

Gainsborough School (Revised budget £37k; forecast spend £9k) - This scheme is at the defect period stage relating to fencing in the reception play area with retention due next year.

15.3.3 Primary School Programmes

The overall scheme is forecast to spend the full in-year respective budget of £2.4m with a minor overspend. Below is a brief update on a few of the schemes:

Woodberry Down Children Centre (Revised budget £101k; forecast spend £101k)- The tender documents are with procurement. The project is on target to spend the projected costs for 2021/22 which will be on site setup and mobilisation costs.

Millfields School (Facades Work - Revised budget £231k; forecast spend £391k) - The work is ahead of schedule and the variations have been approved for the works causing the increase in forecast.

Rushmore School (Facades Work - Revised budget £160k; forecast spend £168k) - The forecast is higher due to a minor variation caused by the boundary wall works affecting the final completion.

Gayhurst and Grasmere School (Facades Work - Revised budget £235k; forecast spend £75k) - Delays in the procurement process means the remedial works to the facades of these schools will start next financial year. The underspend will support any overspends across the overall scheme.

15.3.4 Secondary School Programmes

The overall scheme is forecast to spend £2.6m with an underspend of £0.8m against the in-year budget of £3.5m. This is the upgrade and improvement to the lifecycle of the Education Estate based on statutory surveys which includes works such as upgrades to roofing, emergency lighting, heating, boiler, fire safety and CCTV upgrades. Below is a brief update on a few of the schemes:

Stoke Newington School Lifecycle (Revised budget £1.4m; forecast spend £1.4) - The contractor for the roof works is on site now and the works are progressing. The scheme is on target to spend the full in year budget.

The Urswick School (Expansion Work - (Revised budget £304k; forecast spend £183k) - The cost of hiring a modular building for 5 years was below that estimated causing the underspend.

Haggerston School Lifecycle Roofing and CCTV Upgrade (Revised budget £659k; forecast spend £59k) - The most significant variance relates to this scheme which is

forecasting a £0.6m underspend. The tenders for the roofing works have been returned and the team are working on the detailed budget forecast. But unfortunately, there has been a delay with procurement due to shortage of staffing resources, therefore, it is highly unlikely that any expenditure would be incurred this financial year for Haggerston.

15.4 FINANCE AND CORPORATE RESOURCES

The overall forecast in Finance and Corporate Resources is £20.6m, £1.3m over the revised budget of £21.9m. More detailed commentary is outlined below.

F&CR Directorate Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at Feb 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Property Services	11,022	3,979	2,026	3,861	(118)
ICT	3,518	3,861	3,602	6,046	2,185
Other Schemes	752	757	127	298	(460)
Total	**15,292**	**8,597**	**5,755**	**10,204**	**1,607**
Mixed Use Development	34,315	13,332	6,902	10,386	(2,946)
TOTAL	**49,607**	**21,930**	**12,657**	**20,590**	**(1,340)**

15.4.1 Strategic Properties Services - Strategy & Projects

The overall scheme is forecast to come in on target of the in-year respective budget of £4m with a minor underspend of £0.1m. Below is a brief update on the schemes:

The City & Hackney Clinical Commissioning Group (CCG) Primary Care Project - This scheme is forecast to spend £0.67m, £0.01m above the in-year budget of £0.66m. All the spend to date is on the feasibility and project management costs. The tenders for the construction works have been returned and are higher than expected. As it stands the programme is currently behind by 6-9 months, driven by delays in securing planning and procurement.

Remedial Fabric Works at Millfields Disinfecting Station - This scheme is forecast to spend £0.09m, £0.06m above the in-year budget of £0.03m. Work has started on site for the general conditioning work. This overspend will be covered by next year's budget. Millfields Disinfecting Station is a grade II Listed Building which has fallen into disrepair following years of water ingress and is currently on The Heritage 'At-risk Register' since it was listed in the 1990s. The station dates back to the formation of Hackney Council in 1900, when it was built to deal with infectious disease, its buildings have fallen into disrepair since it was last used in the 1980s.

Landlord Works to 80-80a East Way (The Old Baths) - This scheme's budget is fully spent but £20k is forecast to be spent in 2021/22. The overspend relates to the ground contamination work (related to old oil tanks). A review of the budget is being prepared to capture the additional funds needed to complete the project. A CPRP bid will be submitted once this is complete.

Landlord Works at 61 Leswin Road (The Old Fire Station) - This scheme is forecast to overspend by £10k which will be covered by next year's budget. The remaining spend for 2021/22 will mainly relate to internal and professional fees and scaffolding.

Tender papers have gone out. The essential works to the building include renewal of the flat roof and retiling of the pitched roof, repairs to high level brickwork including parapet walls and chimneys.

15.4.2 ICT Capital

The overall ICT scheme is forecasting an overspend of £2.2m against the in-year respective budget of £3.9m.

Cyber Recovery - The most significant variance in ICT relates to cyber recovery and the acceleration of upgrades due to the loss of data. The full extent of Cyber capital costs are not known at this stage, however any overspend will be funded from future years budgets.

15.4.3 Mixed Use Developments

Tiger Way - The school (Nightingale Primary School) and residential building are now occupied with all residential units sold. Subject to final resolution of the roof remedial works and agreement of the final account will be payable and the release of retention when due.

Nile Street - The school (New Regents College) is completed and occupied. As at February 2022, 97 of the 175 residential units have been sold with 1 unit expected to be sold by the end of this financial year.

Britannia Site - The overall scheme is forecasting an underspend of £3.4m against the in-year respective budget of £13.2m. This underspend is from various areas:

- Some of the provisional sums which formed part of the phase 1 contractors contracts were not realised.

- Contingency spend for phase 1 has also come in under budget.

- Due to the refusal of the Section 77 application for phase 2a site the programme for phase 2b has been delayed slightly which in turn delayed the phase 2b spend.

The refusal by the Secretary of State of the Section 77 application for part of the Shoreditch Park Primary School Playground on which Phase 2a of the scheme (81 affordable and 12 private units) was to be delivered prompted a feasibility exercise to consider how the affordable housing could be delivered on the phase 2b site. Following this, a revised tenure and unit mix for Phase 2b to include the 81 affordable units along with 314 private residential units was presented to March Cabinet. In order to recover all or some of the lost income from the Phase 2a site, the Council is reserving the right to submit a new S77 application to deliver private housing on the Phase 2a site in the future.

All of the delays set out above have contributed to the overall variance. A Cabinet Report went to the March Cabinet to update Members on delivery and to approve the next stages of the Britannia masterplan. Any underspend at year end will go towards the next phase of the programme in 2022/23.

15.5 NEIGHBOURHOODS AND HOUSING (NON-HOUSING)

The overall forecast in Neighbourhoods and Housing (Non) is £20.8m, £3.5m under the revised budget of £24.3m. More detailed commentary is outlined below.

N&H – Non Housing Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at Feb 2022	Spend	Forecast	Variance
	£000	£000	£000	£000	£000
Leisure, Parks & Green Spaces	13,566	5,446	1,796	3,961	(1,485)
Streetscene	11,856	13,298	4,966	11,721	(1,577)
Environmental Operations & Other	626	601	317	317	(284)
Public Realms TfL Funded Schemes	0	3,880	2,200	3,702	(178)
Parking & Market Schemes	358	50	0	110	60
Community Safety, Enforcement & Business Regulations	567	1,003	656	994	(9)
Total	**26,974**	**24,278**	**9,936**	**20,805**	**(3,473)**

15.5.1 Leisure, Parks and Green Spaces

The overall scheme is forecasting an underspend of £1.5m against the in-year respective budget of £5.5m. Below is a brief update on the schemes:

Clissold Park Paddling Pool (Budget £678K - Forecast £100k) The main underspend relates to the installation of the new Clissold Park Paddling Pool. The old paddling pool in Clissold Park had reached the end of its life and had been closed on health and safety grounds. The project team worked with the Park User Group to develop plans for a replacement facility, which involves relocating water play to the site of the old bowling green and installing a splash pad, which can cater for a wider group of users at one time. This site is further away from the road, it has a water supply and a pavilion that can be repurposed to create a cafe and make better use of the existing toilets. The contractors have been appointed and the works start March 2022 with completion due in June 2022.

Shoreditch Park (Budget £600k - Forecast £130K) The other significant underspend relates to the Shoreditch Park improvements which was due to delays with contractors. Planning approval was granted in July 2021 and, whilst work to improve the Park has been delayed by the coronavirus pandemic, the contractors started on site in February 2022 with completion due in September 2022. This is a community-led improvement project to the park and will include sports pitch improvement works, implementation of a new outdoor gym, multi-use games area (MUGA), beach volleyball court, new planting, pathways, entrances and children's playground area.

Parks Equipment and Machinery (Budget £106k - Forecast £84k) The team are progressing with the upgrade of parks equipment and machinery but there are currently supplier issues resulting in underspends this quarter as the team are dependent on current availability.

Parks Public Conveniences & Cafes (Budget £427k - Forecast £307k) This scheme is to provide enhancements of two public conveniences per year over a 4 year period, starting with Hackney Downs and Millfields in 2019. London Fields and Haggerston toilets are now complete and open to the public.

Parks play areas improvements (Budget £300k - Forecast £165k) The contractors have been appointed to refurbish five play areas. Phase 1 play refurbishment sites works to Clapton Pond are complete and Haggerston Park, Clapton Square, Stoke Newington Common and Butterfield Green will start by May 2022. Phase 2 consultation is live until the end of March 2022 for Hackney Downs, Well Street Common, Stonebridge Gardens and Clapton Common.

15.5.2 Streetscene

The main underspend relates to S106-funded programmes for Highway works which is forecasting an underspend of £1.5m against the in-year respective budget of £13.3m. With these schemes, the service does not have control over when work may begin because they must wait for the developers to finish their work.

15.5.3 Public Realms TfL Funded Schemes

The service area is concentrating its efforts this financial year on completing the public realm Transport for London (TfL) projects since grant-related work and expenditures are time-sensitive. Some of the projects that come under the Local Implementation Plans (LIP) include the roll out programme of cycle parking, parklets and pocket parks, school streets, cycle permeability, low traffic neighbourhoods, air quality monitoring in the borough as well as the quietways cycle route, Central London bus grid and the streetspace programme. Funding is provided for these schemes to improve the transport network in a way that is consistent with and supports the Mayor's Transport Strategy.Despite the effects of the pandemic the schemes are on-target to spend the full in-year budget of £3.9m with a minor underspend.

15.6 HOUSING

The overall forecast in Housing is £103.0m, £3.4m below the revised budget of £106.5m. More detailed commentary is outlined below.

Housing Capital Forecast	Budget Set at Feb Cab 2021	Revised Budget Position at Feb 2022	Spend	Forecast	Variance

		£000	£000	£000	£000
AMP Housing Schemes HRA	64,175	43,281	24,209	43,142	(138)
Council Schemes GF	11,273	22,183	24,511	25,008	2,825
Private Sector Housing	2,122	1,580	652	800	(780)
Estate Regeneration	38,394	20,736	12,355	18,970	(1,766)
Housing Supply Programme	18,638	11,909	5,546	10,879	(1,030)
Woodberry Down Regeneration	6,263	6,782	2,806	4,255	(2,528)
Total Housing	**140,864**	**106,471**	**70,079**	**103,054**	**(3,417)**

15.6.1 AMP Housing Schemes HRA

The overall scheme is forecasting a spend of £43.2m in line with the budget.

The delivery programme for Bridport has been revised with works being pushed back into next year following protracted negotiations with the contractor Wilmot Dixon.

Bannister House is expected to be completed by the end of the year subject to snaggings and final accounts; certifications have quickened at Regent Estates and works are well under way at Fermain Court having previously been deferred to next year.

The rapid rise in expenditure on the Integrated Housing Management System has been a response to the Cyber attack.

15.6.2 Council Schemes GF

The overall scheme is forecasting an overspend of £2.8m against the in-year budget of £22.2m. The majority of the expenditure (£23.1m) relates to Leaseholder Buybacks, including bulk purchases from Local Space (24 units) and L&Q (15 units), alongside 17 individual buybacks. These purchases will be funded in part from RTB receipts.

There continues to also be significant spend on Regeneration voids which are to be used as Temporary Accommodation properties, including 5 units to be allocated to Afghanistan refugee families.

15.6.3 Private Sector Housing Schemes

There is a £0.8m underspend forecast against the budget. This is based on the activity levels to date and an estimate of new grants to be awarded within the final quarter. Any unspent Disabled Facilities Grants will be utilised by Adult Services.

16.6.4 Estate Regeneration Programme (ERP)

The Estate Regeneration scheme (ERP) is forecasting an underspend of £1.8m against the in-year respective budget of £20.7m. Below is a brief update on the projects:

Marian Court - This scheme is forecasting £1.97m spend this year, £0.28m above the in-year budget of £1.69m with the majority relating to demolition and security. The

construction contract is due to be signed shortly, with an estimated start on site date of spring 2022.

Colville 2A & B - This scheme is forecasting £0.20m spend this year, £0.02m above the in-year budget of £0.18m. The project was handed over and final accounts agreed and paid. No further spend expected on this project after this year.

Bridge House, St Leonard's Court - This scheme is forecasting £0.13m spend this year, £0.09m above the in-year budget of £0.04m. Projects handed over. Final accounts to be settled shortly where retention amounts will be released. Minimal future spend is expected on both of these projects.

Colville Phase 4 and 5 - This scheme is forecasting £1.44m spend this year, £0.91m below the in-year budget of £2.35m. The forecast relates to the estimated buyback of 3 units this financial year, 1 less than the quarter 3 forecast which will now be completed during 2022/23.

Kings Crescent Phase 3 & 4 - This scheme is forecasting £0.33m spend this year, £0.68m below the in-year budget of £1.01m. It is due to start on site in May 2022 with an award of contract expected early in the new financial year. The reduction in forecast compared to quarter 3 is due to a CIL payment which now will not be incurred until quarter 1 2022/23.

Colville Phase 2C, Nightingale Block E - Colville is forecasting £0.05m above the in-year budget of £0.51m and Nightingale is forecasting £0.07m above the in-year budget of £0.24m. Both schemes are at the procurement stage with current estimated start on site dates of September 2022.

Tower Court - This scheme is forecast to spend £6.7m of the in-year budget. Construction is still progressing well. Some early units have already been handed over and project completion is due for June 2022.

Sheep Lane - This scheme is forecasting £6k spend, £9k below the in-year budget of £15k. This forecast relates to Sales & Marketing and Legal costs. 6 out of the 7 units have now been sold, with the final one likely to complete in quarter 4 of 2021/22.

Garage Conversion Affordable Workspace - This scheme is forecasting £0.10m spend, £0.13m below the in-year budget of £0.23m. Various scenarios are currently being worked through and the forecast relates to design and consultancy fees. No actual work to take place this financial year.

Mayor of Hackney's Housing Challenge - Only £3.2m is expected to be paid out to Housing Associations rather than £6m that was forecasted earlier in the year to help increase the supply of Affordable Housing in the borough. This will all be funded from surplus Right to Buy receipts.

Frampton Park Community Hall and Lyttelton House - This scheme is forecasting £1.05m spend, £1.04m above the in-year budget of £0.01m. Projects complete and final accounts to be settled and paid during 2022/23. The increase in spend in the quarter on Frampton Park relates to a GLA grant which was paid in error and is being returned.

15.6.5 Housing Supply Programme

The Housing Supply Programme (HSP) is forecasting a spend of £10.9m, against a budget of £11.9m. Below is a brief update on the projects:

Gooch House - This scheme is forecasting £0.37m spend, £0.43m below the in-year budget of £0.80m. Contract awarded and works have started on site. Works are due to complete in June 2022, which is a slight delay since last quarter and explains the reduction in forecast.

Whiston Road - This scheme is forecasting £0.03m underspend. Final account now settled. No further spend expected.

Wimbourne Street and Buckland Street - Wimbourne is forecasting £0.20m spend, £0.68m below the in-year budget of £0.88m. Buckland Street is forecast to spend £0.15m, £0.88m below the in-year budget of £1.03m, The contract is due to be signed imminently. A cost optimisation period will then take place in the first quarter of 2022 to identify savings before the build contract becomes unconditional.

Murray Grove - This scheme is forecasting £0.04m spend, £0.07m below the in-year budget of £0.11m. Bids received for the build contractor were significantly higher than expected. Options currently being investigated but start on site will be delayed.

Tradescant House and Woolridge Way - Tradescant House is forecasting £0.03m spend, £0.01m below the in-year budget of £0.04m. Woolridge Way is forecast to spend the full in-year budget of £0.15m with a minor underspend. The Invitation to Tender (ITT) is due to be issued in April 2022 with a start on site date currently forecast in May 2023.

De Beauvoir Phase 1 (Downham Road East, Downham Road West, Balmes Road, 81 Downham Road and Hereford Road) - These schemes are forecasting £0.60m spend, £0.03m above the in-year budget of £0.57m. Planning is expected to be approved this financial year. Procurement of a main contractor to follow with an ITT issue date of August 2022. Start on site currently estimated for January 2024.

Pedro Street - This scheme is forecasting £1.03m spend, £0.17m above the in-year budget of £0.86m. Rectification works relating to ground contamination are currently being undertaken. Various options for how the site progresses are being considered but all will have an adverse impact on cost and delivery timescales.

Mandeville Street - This scheme is forecast to spend £1.03m of the in-year budget with a minor underspend. Handover expected in March this year. There is a slight delay to previous expectations, owi

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