Report of: Executive Member for Finance, Planning and Performance
Meeting of: Executive
Date: 22 June 2023

Subject: Budget Monitoring 2022/23 Provisional Outturn

1. Synopsis

1.1. This report presents the provisional outturn position for the 2022/23 financial year. This estimated financial position for the financial year incorporates known and emerging budget variances and details any known residual risks. Overall, there is a balanced, net general fund (GF) position, (-£6.014m, change from the previous reported position). This is following the application of the following corporate resources:

- -£1.400m Corporate Energy Provision
- -£5.509m Energy and Inflation Smoothing Reserve drawdown
- -£3.221m Social Care Reserve drawdown
- -£1.314m Capital Financing Reserve drawdown
- -£6.511m Budget Risk and Insurance Reserve drawdown
- -£5.000m General Contingency

1.2. The provisional outturn for the HRA is an in-year deficit of +£12.987m, a +£16.366m increase from the previous reported position.

1.3. Capital expenditure of £152m has been delivered against a revised 2022/23 budget of £169m representing 90% spend against budget. The variance is predominantly due to non-COVID-19 related delays across the programme.

2. Recommendations

2.1. To note the breakdown of the forecast General Fund outturn by variance at **Appendix 1** and service area at **Appendix 2**. (**Section 3**, **Table 1**, and **Appendix 1** and **2**)

2.2. To note the overall 2022/23 GF net break-even position after application of reserves and contingencies. (**Section 3** and **Table 1**)

2.3. To approve the inter-departmental virements as at month 12. (**Appendix 2**).

2.4. To agree the creation of new reserves, the outturn transfers to/from reserves, the movements between reserves and the provisional GF and HRA reserves balances, and to delegate authority to the Section 151 Officer to agree any further movements to/from reserves related to finalising the 2022/23 Statement of Accounts.

2.5. To agree the drawdowns from the corporate transformation fund in 2022/23. (**Paragraph 4.70-4.72** and **Appendix 3**)

2.6. To note the Collection Fund monitoring position at month 12. (**Paragraphs 4.86** to **4.101**)

2.7. To note the Energy Price Analysis summary as at month 12. (**Paragraphs 4.102 to 4.111**)

2.8. To note progress on delivering the 2022/23 savings. (**Paragraph 3.7** and **Appendix 5)**

2.9. To note the HRA in-year deficit of (+£12.987), fully funded from a lower contribution to HRA reserves than planned in the original budget. (**Section 5** and **Appendix 1** and **2**)

2.10. To note the 2022/23 capital outturn and financing of the 2022/23 capital programme. (**Section 6,** and **Appendix 6**)

2.11. To approve the re-profiling of the 2022/23 capital outturn budget variances into the 2023/24 capital programme, with the exception of variances that are underspends rather than re-profiling in nature, and to delegate authority to the Section 151 Officer to agree any further capital financing adjustments related to finalising the 2022/23 Statement of Accounts. (**Section 6** and **Appendix 6**)

3. Revenue Summary

3.1. A summary position of the 2022/23 GF provisional outturn is shown in **Table 1**, with a breakdown by individual variance in **Appendix 1.**

Table 1 - 2022/23 GF Over/(Under)Spend

Directorate	Outturn Total £m	Month 10 Total £m	Change to Previous £m
Adults	7.893	3.338	4.555
Chief Executive's	0.165	0.133	0.032
Children's Services	2.606	5.708	-3.102
Community Engagement and Wellbeing	-	-	-
Community Wealth Building	1.448	2.888	-1.440
Environment	5.213	4.341	0.872
Homes and Neighbourhoods	-0.452	-0.719	0.267
Public Health	-	-	-
Resources	0.359	0.274	0.085
Total: Directorates	**17.232**	**15.963**	**1.269**
Corporate	5.723	5.298	0.425
Total: General Fund	**22.956**	**21.261**	**1.695**
Less: Energy Provision	-1.400	-1.400	-
Less: Energy and Inflation Reserve Drawdown	-5.509	-5.509	-
Less: Capital Financing Drawdown for Capital Impact on Revenue	-1.314	-	-1.314
Less: Social Care Reserve Drawdown	-3.221	-3.338	0.117
Less: General Contingency	-5.000	-5.000	-
Net: General Fund	**6.511**	**6.014**	**-0.497**
Less: Budget Risk and Insurance Drawdown	-6.511	-	-6.511
Revised Net: General Fund	**-**	**6.014**	**6.014**

3.2. The 2022/23 corporate energy provision of -£1.400m and the energy and inflation reserve of -£5.509m have been applied against the gross GF position to offset the significant increase in estimated energy-related costs in this financial year.

3.3. A drawdown against the Social Care Reserve of -£3.221m has been applied to smooth the increase in Adults Social Care pressures.

3.4. A drawdown against the Capital Financing reserve of -£1.314m has been applied for the capital impact on revenue.

3.5. A drawdown against the Budget Risk and Insurance Reserve of -£6.511m has been applied against the net General Fund pressure.

3.6. General Contingency of -£5.000m built into the budget has been applied. Further details can be found in the corporate monitoring section of this report.

3.7. A schedule of the 2022/23 budget agreed revenue savings is shown at **Appendix 5** together with comments against each agreed saving on delivery progress. Any ongoing savings delivery issue against an agreed saving requires directorates to compensate with management actions in-year to achieve cash limited financial targets and alternative savings, where appropriate, brought into the wider budget planning process for future years.

4. General Fund

Adult Social Services (+£7.893m, an increase of +£4.555m) since the previous reported position in Month 10.

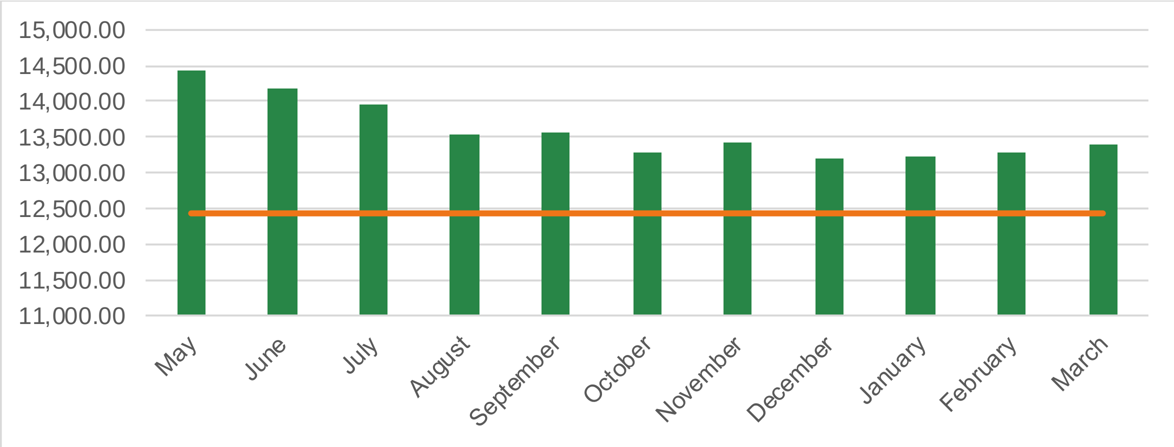
4.1. The provisional outturn for Adult Social Services is a net overspend of +£7.893m, which is detailed by key variances in **Appendix 1**.

4.2. The primary reason for the movement of +£4.672m is due to the unavailability of beds in care homes within Islington and the cost of providing bed spaces out of borough. The availability of beds within Islington is improving but there is a cost pressure for 2022/23.

Covid and Hospital Discharge Pressures (+£0.962m, an increase of +£0.106m since the previous reported position)

4.3. The pressure of +£0.962m relates to individuals who came through the Covid related NHS Hospital Discharge scheme from March 2020 to March 2022 and are now receiving social care packages. The original cost for this cohort of 660 individuals at the start of 2022/23 was £14.652m, causing a pressure of +£2.221m over budget. It was expected that this would decrease throughout the year as these individuals leave the system. As at year end, this pressure has reduced to +£0.962m as 229 individuals have left since April 2022 (see **Figure 1**). This pressure will continue into 2023/24 however will be fully funded. The orange trend line in **Figure 1** represents the estimated cost of new Memory & Cognition and Physical Support service users based on pre-covid years.

Figure 1 - Value of Historical Covid-19 Hospital Discharge Care Packages within Adult Social Services in 2022/23



Demand over Demographic Growth (+£3.075m, an increase of +£0.001m since the previous reported position)

4.4. Adult Social Services continues to be impacted by wider demographic pressures, including increased demand for services, the need for acute care and increases in acuity of need of existing service users. During budget setting, it was assumed that demographic growth would reduce back to pre-pandemic levels in 2022/23. However, we have seen a continuation of demand over demographic projections, but below the growth trends seen in 2021/22 during the pandemic, which is now an unbudgeted growth pressure of +£3.075m. This growth has primarily been in homecare throughout the pandemic; however, residential and nursing placements are also increasing to pre-pandemic levels after a dip in the past few years.

4.5. Management actions have reduced the forecasted risk; however, this has not been able to reduce demand down to budgeted growth levels.

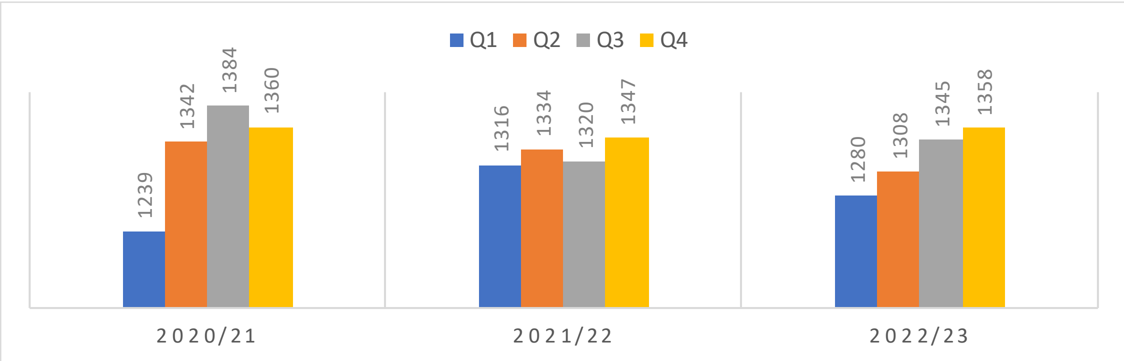
Management actions to mitigate the pressures from this increased demand include:

- Using the Integrated Quality Assurance Meeting (IQAM) Panel with an emphasis on maximising enablement and independence using strength-based practice.
- The restructure of the reablement service has been completed, which will support reducing longer term need. Outstanding issues are being addressed that will support the increased capacity required to take on additional cases.
- Operational Social Work Management are working with the Finance team and Data Intelligence to capture further information on emerging pressures to proactively focus targeted work.
- Further work is being undertaken to identify tangible saving opportunities in all areas of the service. These savings are primarily aimed at addressing pressures in future years but there is potential for work to be started sooner to offset any additional pressures.
- Operational Changes to the Hospital Discharge Process. This includes a move away from NHS Therapy led discharges with the Hospital Social Work team managing the

process from start to finish and all funding requests to come to a single IQAM Panel for agreement.

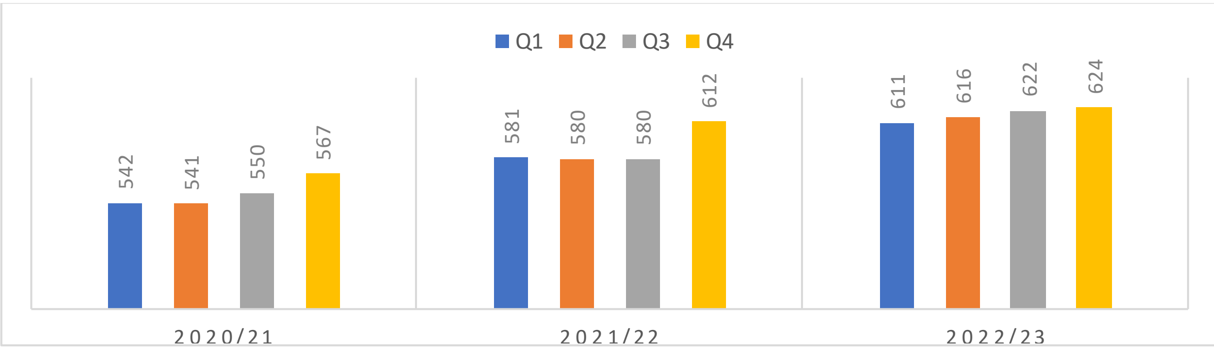
4.6. **Figure 2** shows that whilst demand for homecare is less than it was in 2021/22, demand is still above early pandemic levels.

Figure 2 - Quarterly Snapshot of people accessing Homecare over the past three financial years



4.7. **Figure 3** shows that since the pandemic, demand for residential and nursing beds has been steadily increasing.

Figure 3 - Quarterly Snapshot of people accessing Residential and Nursing beds over the past three financial years



Client Contributions and Direct Payments Drawdown (-£1.475m, an increase of -£0.075m since the previous reported position)

4.8. There are several factors to mitigate the above pressures. As the number of individuals accessing care increases, so does the level of client contributions (-£1.035m) and one-off direct payment surplus will be drawn down (-£0.440m) to offset the pressure.

Additional Staffing in the Adult Senior Leadership Team (+£0.373m, a decrease of +£0.033m since the previous reported position)

4.9. This is mainly due to several roles where the postholder is involved in a period of absence and it has been deemed necessary to have another individual covering their post, resulting in the double cost of these roles and redundancy associated costs.

In-House Pressures (+£0.784m, no change since previous reported position)

4.10. The In-House Transformation Programme has been delayed. This was due to requests for further information and clarification from interested parties. The consultation ended on the

30 November. The new structure went live on April 2023 and recruitment is progressing well. This will only cause a financial pressure in 2022/23 of (+£0.784m).

Delay to Beaumont Rise Opening (+£0.257m, no change since previous reported position)

4.11. The delay in the opening of a new residential Mental Health care home, Beaumont Rise, is because of construction work delays due to restrictions to activity on the building site and supply chain issues resulting from COVID-19. As a result of not having this accommodation available the NHS contribution to the service cannot be materialised as care is still required in NHS accommodation. Notification from the new build team is now predicting that this is delayed even further into late summer of 2023 which will create a further budget pressure next financial year. A plan has been developed to address this shortfall which is subject to sign off by the NCL Integrated Care Board.

Additional Social Work staff (+£0.162m, a decrease of -£0.009m since previous reported position).

4.12. Additional staff to support continuing the effective management of increased resident demand and complexity, and support delivery of MTFS assumptions for 2022/23 of +£0.247m, this has been offset by non-pay underspends in the service of -£0.085m.

Learning Disability and Mental Health (+£1.034m, an increase of +£0.249m since previous reported position).

4.13. This pressure has increased from the previous month due to the following change in the learning disabilities forecast:

4.14. An asylum seeker having their claim approved and becoming the responsibility of Adult Social Services - £0.129m.

4.15. Delays in savings delivery in Learning Disabilities and Mental Health:

- Mental Health Accommodation moves from out of borough back to Islington have been delayed resulting in an in-year pressure of +£0.170m, this is related to two individuals. Escalation meetings are being held with the Trust to determine if moves can take place more quickly.
- Learning Disability Reviews savings have slipped by +£0.735m. The reasons for this slippage are continuing health care agreements are taking longer than anticipated to finalise and staffing issues within the services which have delayed review savings being realised. These issues are being resolved and the aim is to deliver these savings in 2023/24.

Progression to Adulthood (+£0.541, an increase of +£0.136m since previously reported position)

4.16. The impact of service users who have been previously funded by Children's services and have reached 18 years old and are now funded by Adult Social Care. Due to following issues, there was a delay in forecasting this cost:

4.17. Clarity regarding funding arrangements for these service users– were independent futures/health contributing to the package of care, the size of the care package to be put in place, eligibility for Adult Social Care services.

4.18. A programme group has been set up across Adults and Children's Services to better understand and manage the progression to adulthood.

Various underspends across Adult Social Services (-£0.362m, an increase of +£0.362m since previously reported position)

4.19. The complex needs and transforming care placement budget has an underspend of -£0.200m plus there are various underspends across Adult Social Services totalling -£0.162m.

Additional Grant Income.

4.20. The government provided several grants to Adult Social Services in 2022/23; the Fair Cost of Care (FCOC), Charging Reform, ASC Discharge funding and the Streamlining of local authority Adult Social Care assessments grant. The amount received in 2022/23 was FCOC £0.868m, Charging Reform £0.117m, ASC Discharge funding £1.076m and Grant to streamline local authority Adult Social Care Assessments £0.130m.

4.21. The Fair Cost of Care grant will fund activities which will need to be implemented to prepare the Council for any future changes to funding. This will include additional support to providers for future impacts of reforms. The Charging Reform grant will fund expenditure related to strengthening capacity and supporting implementation of technology that will aid the "£86,000" cap charging reform. The ASC Discharge Funding grant will fund activities that will lead to increased patient discharges, including local initiatives that will have the greatest impact on reducing discharges. This will also be used to boost workforce capacity and retention to support the increase in discharges into residential and home care.

4.22. The service will use the Fair Cost of Care, Charging Reform, and the Adult Social Care Discharge fund to offset appropriate projected expenditure above budget and any additional spends to support the grant conditions.

Reserves

4.23. The position is net of the following transfers to/(from) reserves:

- Transformation funding for programmes including Assistive Technology and the Transformation team (-£0.710m) – Appendix 3.
- Drawdown for projects that will be funded through the Social Care Reserve/Grants (-£0.773m) – Appendix 4.
- Transfer to reserves (+£5.000m). A one-off arrangement has been agreed with North Central London ICB for them to fund pressures in Adult Social Care placements arising from the on-going impact of the COVID-19 pandemic (-£5.000m) – Appendix 4.

Unavailability of care home beds (+£4.672m, an increase of +£4.672m since previously reported position)

4.24. The primary reason for the movement of +£4.672m is due to the unavailability of beds in care homes within Islington and the cost of providing bed spaces out of borough. The availability of beds within Islington is improving but there is a cost pressure for 2022/23.

Chief Executive's Directorate +£0.165m, an increase of +£0.032m since the previously reported position

4.25. The Chief Executives Directorate's provisional outturn variances is a +£0.165m overspend position, which is an increase of +£0.032m since the previous reported position.

4.26. The main reasons for this movement are due to revisions in print costs and income.

4.27. The significant variances within the department are as follows:

- Unbudgeted activity within communications as part of the Accessible Documents project, +£0.161m.
- Net overspends on employee and supplies and services within the Communications service as a result of increased communications activity, +£0.043m.
- Net underspend on supplies / services within Print Services due to less reliance on external printing and Panacea software costs, (-£0.091m).
- All other key variances are detailed in **Appendix 1.**

Children's Services (+£2.606m), a decrease of (-£3.102m) since the previous reported position; Schools (+£0.135m), an increase of (+0.067m) since the previous reported position

4.28. The provisional outturn position for Children's Services is an overspend of (+£2.606m), a decrease of (-£3.102m) since the pervious reported position, which is detailed by key variances in **Appendix 1**. The movement from the last report position is driven by a reduction in placement pressures in Children's Social Care, additional income, and stronger than expected income recovery in Children's Centres during the spring term.

4.29. Variances to note include:

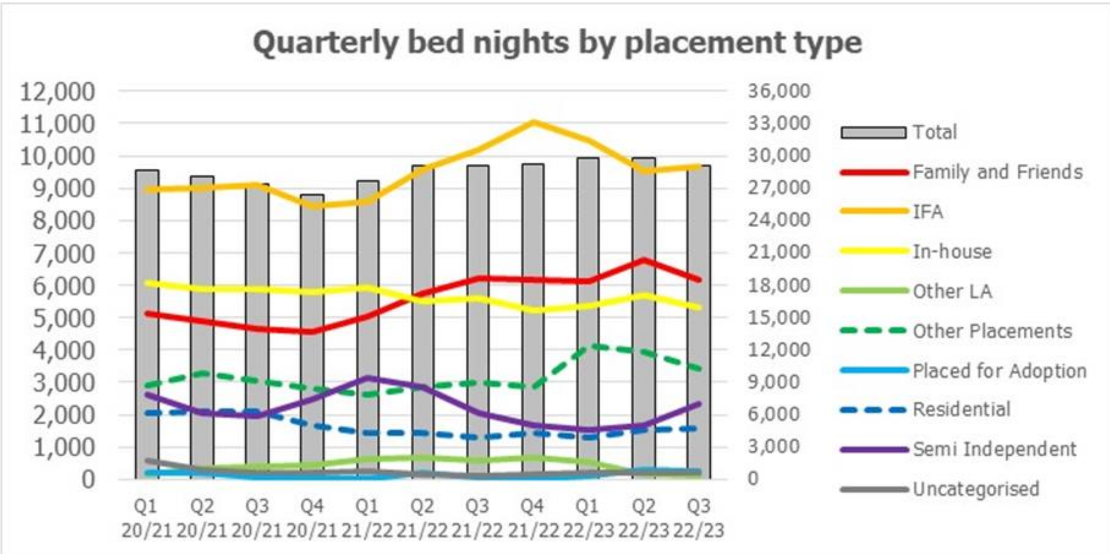
- (+£1.087m, a reduction of -£2.399m since the previous reported position) overspend against the Children's Social Care placements budget. Despite the improvement in the position at year end, underlying pressures remain, but in some cases are starting to reduce as demand management actions are implemented. The budget for fostering and supported accommodation (semi-independent provision) remains under significant pressure. These have been partly offset by underspends against the budgets for residential provision, adoption and residence orders, and provision for young people with joint special education, health, and social care needs. In addition, cost pressures have also been partially offset by income from Adults Social Care and the Home Office. Delays to court directed care proceedings have started to reduce but the shortage of housing (including secure tenancies) for care leavers remain. The main movements from the previous reported position are:

Table 2 – Movements from Previous Reported Position – Children's Services

	£m
Placement risks built into the forecast that did not materialise (placements activity decreased by 10.2% during February and March - this is mainly driven by a reduction in 16- and 17-year-olds in supported accommodation)	0.695
Additional placement cost transferred to adults	0.349
Additional placement costs met by UASC Home Office income	0.241
Impact of reduction in delays to care proceedings	0.199
Impact of movement of young people to permanent accommodation	0.050
Residential placements ending earlier than forecast	0.099
Removal of placements costs duplicated in the forecast at quarter 3	0.750
Other budget adjustments	0.050
Total movement	**2.433**

- Placement activity data at quarter 4 shows the following:
    - Bed night activity for all placement types (non-UASC) decreased by 10.2% during quarter 4 and was in line with the level of activity last seen 2 years previously. CLA numbers have reduced since August, and bed night activity has now started to follow suit. The numbers of children becoming looked after was 40% lower in 2022/23 than last year.

Figure 4: Quarterly bed night activity data (non-UASC)



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    - Residential bed night activity data is shown in the table below, which shows activity continued to increase in quarter 4.

Table 3 - Residential bed night data extract

	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23
Residential bed nights	1,448	1,315	1,545	1,582	1,646
Movement		-9%	+17%	+2%	+4%

- Independent Fostering Agency bed night activity data is shown in the table below, which shows activity reduced during quarter 4 following a small increase in quarter 3.

Table 4 - IFA bed night data extract

	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23
IFA bed nights	11,049	10,471	9,539	9,653	9,140
Movement		-5%	-9%	+1%	-5%

- Supported Accommodation bed night activity data for 16 and 7 year olds is shown in the table below, which showed activity decreasing in quarter 4 following a large increase in quarter 3.

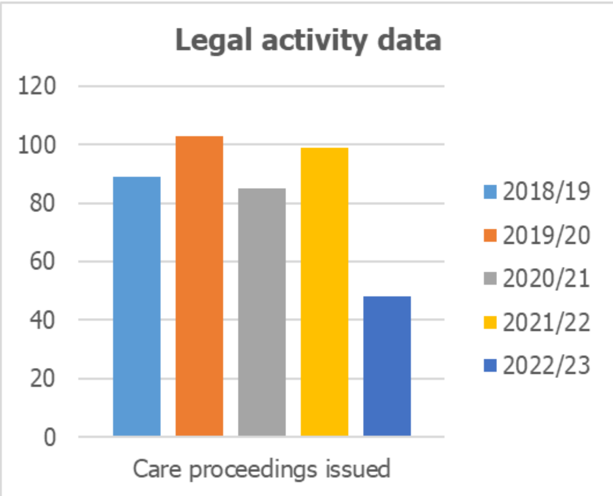
Table 5 - Supported Accommodation bed night data extract

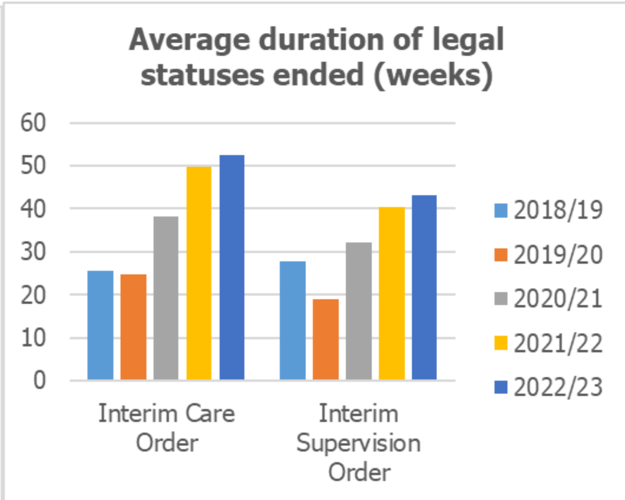
	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23
Semi-independent bed nights (16/17 year olds)	1,663	1,535	1,661	2,329	1,990
Movement		-8%	+8%	+40%	-15%

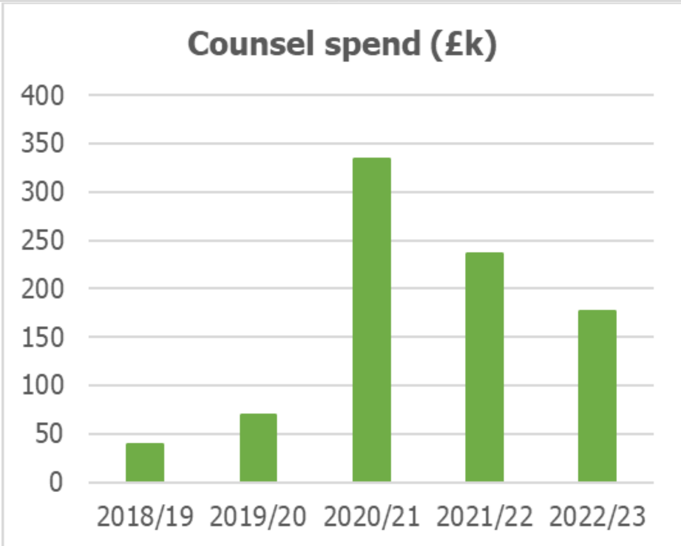
- Cost pressures in relation to Children's Social Care placements is an issue across London. There has been a 36% increase in the cost of the support for the children in care are across all London Boroughs since 2015, a 64% increase in the unit cost of residential settings and a 13% increase in the unit cost of fostering settings.

- (+£0.325m, a reduction of -£0.054m since the previous reported position) legal costs in relation to demand for care proceedings. The use of Counsel is subject to service director approval only to minimise the use. Care proceedings issued have reduced in 2022/23 due to focused activity within the Children in Need service. The decision to issue care proceedings can only be decided by the Director / Assistant Director of Safeguarding and this has been in place since April 2022. A cultural shift in practice which was implemented in 2021 has come to fruition. Activity in 2022/23 reduced by 52% compared to last year, however costs remain high as there are 29 cases still open from last year that are in excess of 26 weeks. The average duration of interim care orders ended stands at 52 weeks in 2022/23, compared to 50 weeks in 2021/22 and 38 weeks in 2020/21. However, it has fallen from 58 weeks since the first half of the year. The average duration above 26 weeks is costing more than an estimated £1m in additional placement costs per year. Activity continues to be affected by the pandemic and pressures on counsel spend is a national issue across local authorities.

Figure 5: Legal activity data and Counsel spend



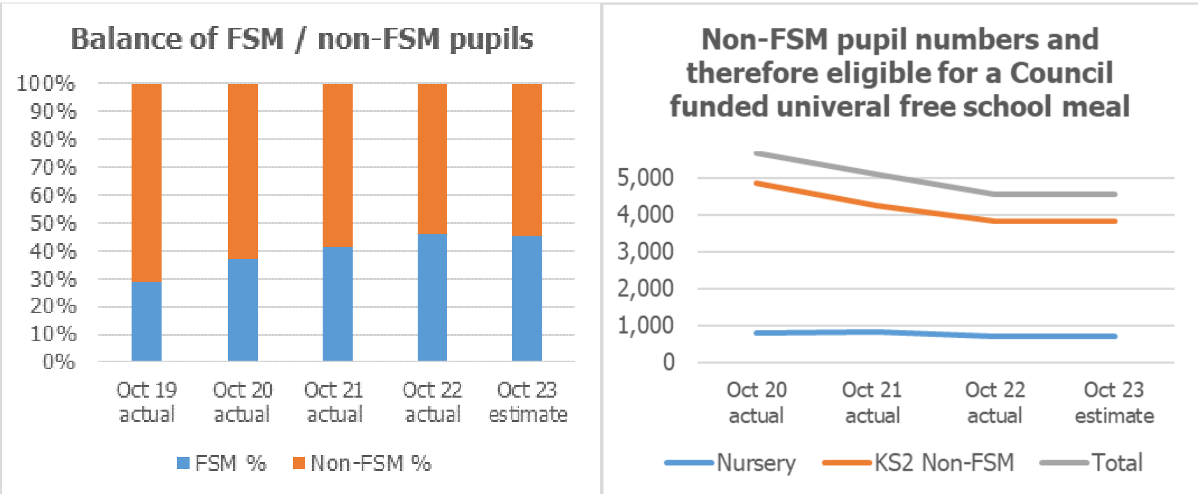




- (+£0.257m, a reduction of -£0.201m from the previous reported position) cost pressure from bringing the youth provision at platform back in-house. The reduced cost is due to abatement of pressures in relation to facilities management.
- (+£0.338m, an increase of +£0.007m from the previous reported position) structural shortfall in the budget for the Schools' human resources service and Cardfields and a shortfall in traded income.
- (+£0.380m, an increase of +£0.066m from the previous reported position) overspend against SEND transport. Activity on buses and taxis remains static, but there is a significant growth in the number of Personal Travel Budgets (PTBs). This costs less, but the overall growth in numbers is leading to a cost pressure. The cost of using PTBs is around a third of the cost of using taxis / busses, therefore the pressure would be significantly higher if the growth was on buses or taxis instead. Numbers of PTBs have grown by 173% over the last 5 years. The increase in the overspend is partly driven by a shortfall in curriculum income from schools.

- (-£0.304m, a reduction of +£0.261m since the previous reported position) surplus income form the Home Office in relation to Unaccompanied Asylum Seeking Children. The reduction in the surplus is due to a delay in claims being agreed by the Home Office.
- (+£0.587m, an increase of +£0.088m since the previous reported position) due to the cost of packages that support children at home to avoid them coming into care or whilst we wait for a placement to materialise. Approximately 70% of this pressure is driven by court ordered taxi transport to schools. All packages have been reviewed by the Director and Assistant Director of Safeguarding.
- (+£0.478m, an increase of +£0.216m since the previous reported position) demand cost pressure in relation to personal budgets.
- (-£0.357m, an increase of -£0.309m since the previous reported position) surplus income, staffing and other net underspends in Children's Centres. Childcare income recovered strongly in the spring term (following shortfalls in the summer and autumn terms), and Children's Centre finances were positively adjusted following changes to DSG funding rates for all providers in March, that were backdated to 1st April.
- (-£0.201m, an increase of -£0.048m since the previous reported position) underspend against the budget for Universal Free School Meals (UFSM) paid for by the Council. This is due to falling pupil numbers and increased eligibility for government funded free school meals. The number of pupils requiring a universal free school meal reduced by 8.6% in 2022/23.

<u>Figure 6: Free school meal eligibility and UFSM numbers</u>



- (-£0.445m, a new variance) additional unbudgeted income in Young Islington.
- The provisional overspend for Children's Services takes into account the delivery of savings. All savings are on track for delivery with the exception of - Targeted reduction in Children Looked After (£0.800m). This has not materialised due to increased demand, particularly during covid where: more children suffered serious harm; care proceedings were delayed, therefore more children stayed in care for longer; and a large increase in numbers of UASC presented. Savings against residential provision have been delivered but these have been offset by increased pressures on provision

in IFAs and independent living. During covid, the placement market was insufficient leading to ongoing unit cost increases – this is a national issue.

4.30. The provisional outturn position for the ring-fenced Dedicated Schools Grant (DSG) is an overspend of (+£0.135m), an increase of +£0.067m since the previous reported position.

4.31. DSG balances have provisionally decreased by (-£0.135m) to (+£5.083m) during 2022/23. This is shown in **Table 6** below. These balances are earmarked in future years to manage increasing pressures on the high needs block and early years block, and to meet cost pressures within schools.

Table 6 – Forecast DSG Balances

	Schools Block £m	De-delegated budgets £m	Central Schools Services £m	High Needs Block £m	Early Years Block £m	Total £m
Opening balance	**0.776**	**0.122**	**0.210**	**2.649**	**1.461**	**5.218**
In-year DSG variance	(0.264)	0.034	0.054	0.635	(0.594)	-0.135
Forecast closing balance	**0.512**	**0.156**	**0.264**	**3.284**	**0.867**	**5.083**

4.32. The reduction in the Early Years Block balance reflects the release of part the Early Years DSG contingency budget as part of planned action to partially protect settings from losses in funding due to falling participation by bringing forward inflation on funding rates for 2023/24 to 2022/23.

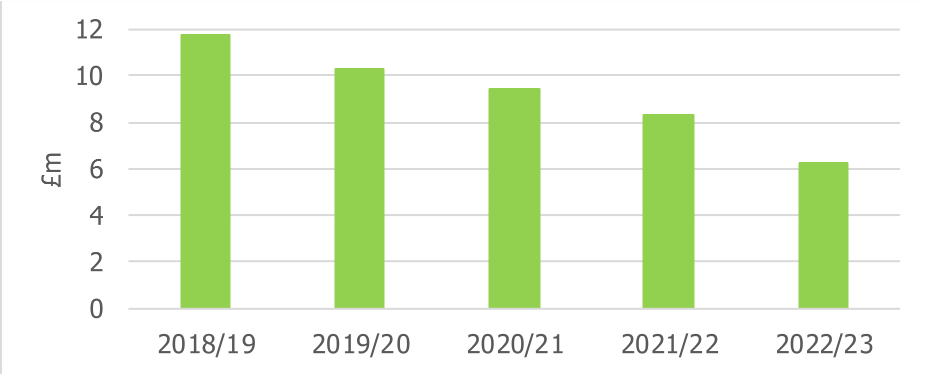
4.33. The increase in the High Needs Block balance represents the balance of funding being held to offset future demand risks (in excess of 8% per annum), as these are set to outstrip future growth in High Needs Block funding by the DfE (2% to 3% per annum)

4.34. The provisional outturn from schools is that balances have reduced to +£6.291m, an increase of +£2.547m from the quarter 3 forecast and £2.615m more than the budget position. The number of schools in deficit at the end of the year has increased to 15 (29% of maintained schools). A further analysis of balances, when compared to the Education and Skills Funding Agency (ESFA) suggested guidance of balances held by schools; 8% for nursery, primary and special schools and 5% for secondary schools, shows 17 schools are above the suggested limits at the end of 2022/23, a reduction from 21 at the start of the year.

4.35. Individual school balances stood at +£8.313m at the end of 2021/22. Schools budgeted to reduce their balances by £4.637m to +£3.676m over the course of the year. There were 10 schools in deficit as of 31 March 2022, based on the budget plans submitted by schools this was expected to increase to 11 by 31 March 2023, with two schools entering into deficit and one coming out of deficit.

4.36. Individual school balances in Islington have been in decline since 2018/19 when they stood at £11.732m. Balances reduced steadily to £8.313m at the end of 2021/22 but were budgeted by schools to sharply decline during 2022/23. The decline in school balances is a national issue as schools face increasing cost pressures.

Figure 7: School balances



4.37. The main causes of the decline in Islington are:

- Reducing pupil numbers. 90% of school funding is pupil led – each reduction in pupils equates to an average loss of funding per pupil of £5,430 in primary and £8,040 in secondary schools. Actual losses per pupil for individual schools will depend on the pupil characteristics at that school.
- Increased numbers of elective home educated pupils – there are currently 356 elective home educated pupils, at a cost of £1.9m in lost funding for our schools. This is an increase of 197 from before the pandemic, and 270 since 2016/17. If the 197 additional pupils returned to Islington schools, the additional funding would be equivalent to £1.1m.
- Increasing numbers of pupils with SEND. Education health and care plans increased at a rate of 10.4% per annum in Islington in 2021/22.
- Below inflation per-pupil increases in funding under the national funding formula. This is significantly less than the increases in energy costs and likely staff pay awards in schools, as well as other cost pressures.

Community Engagement and Wellbeing (£0.000m, unchanged since the previous reported position

4.38. The Community Engagement and Wellbeing Directorate produced a balanced position at outturn, which is detailed by key variances in **Appendix 1**. The position remains unchanged since the previous reported position.

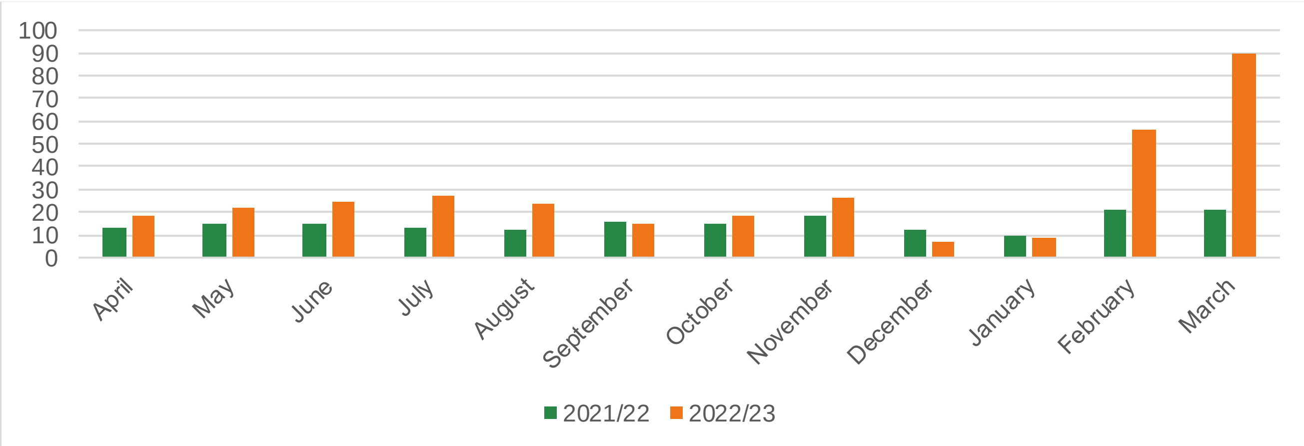
4.39. Significant variances within the directorate are as follows:

- -£0.129m, unchanged since the previous reported position underspend due to recruitment delays resulting in staffing efficiencies, and planned projects not mobilising across Community Engagement and Wellbeing 2022/23.
- +£0.055m, unchanged since the previous reported position cost pressure due to the cost of three temporary full time Customer Service agents to support the Council's Cost of Living campaign.
- (+£0.021m, unchanged since the previous reported position) cost pressure due to overtime to process the increase in stage 2 complaints effectively and efficiently. Stage 2 is the final stage of the councils' corporate complaints process and is an independent investigation which is carried out by Principal Complaints Officers on behalf of the Chief

Executive. Once this final stage is completed it enables the right of the complainant to proceed to the Ombudsman.

- As shown in **Figure 8** below, there have been a backlog of complaints which have been escalated during February and March due to increased work to clear outstanding cases.

Figure 8 – 2021/22 Call volumes for the Chief Executive Team (Stage 2)



- (+£0.040m, unchanged since previous reported position) COVID-19 related costs from We Are Islington, which was wound down by Month 5. These costs are for additional overtime and salary related expenditure, from providing extra support and assistance provided to the vulnerable, those isolating and communities in general.

- (+£0.013m, unchanged since the previous reported position) shortfall due to unmet income targets against courses supplied by Resident Experience.

Community Wealth Building +£1.448m, a decrease of -£1.440m to the previously reported position

4.40. The revenue outturn for Community Wealth Building Directorate is an overspend of ++£1.448m, which is detailed by key variances in **Appendix 1**.

4.41. The significant variances within the department are as follows:

- There is a shortfall in the Commercial property income in the Corporate Landlord division of +£0.649m due to additional undeliverable savings of £0.840m and £0.244m from previous years. This variance doesn't include 3 leases worth £0.194m transferred to the Corporate Landlord division. This income is currently claimed by Adult Social Care and Children Services.

- An overspend of +£1.298m in energy costs for council buildings.

- An overspend of +£1.001m relating to non-capitalisable costs.

- An underspend of -£0.444m due to reduced expenditure in building repairs. This is due to delays in the outcome of the stock conditions surveys and works will commence next year.

- An underspend in the Community Financial Resilience division of -£0.536m driven by additional un-ringfenced grant income and recharges. -£0.375m relates to Housing Benefit Admin support grant and -£0.161m relates to additional internal recharges.

- The Planning department is reporting an underspend of -£0.078m. The forecast has moved from breakeven in the previously reported period due to unexpected income in major planning applications and building control applications.
- Staffing overspends in Inclusive Economy of +£0.052m, primarily driven by a historic under-funding in the staffing budgets. There has been a movement of -£0.130m to the previously reported position due to timing differences in the receipt of grant income.

4.42. Key Movements from Previously reported position:

- Energy costs -£0.518m. The previously reported position was a forecast overspend of £1.816m – a reduction in expenditure of £0.518m. The forecast assumed that consumption would remain the same as 2021/22 which was mitigated by taking energy saving actions such as reviewing heating and cooling systems and operating reduced core working hours in the main office buildings.
- Non-Capitalisable Costs +£1.001m. A detailed review of expenditure was carried out in Month 12, and a total of £1.001m across all CWB schemes was transferred to revenue. These costs include staffing costs and non-staffing costs such as stock condition/disability surveys.
    - Staffing costs: £0.267m
    - Non-Staffing costs: £0.734m
- Commercial Property Income -£0.241m. Additional ad hoc income of £0.500m was received in March which offset the initial forecast overspend of £0.890m. The initial forecast also assumed repatriation of £0.194m of income claimed by other areas such Children and Adult Social care. It was decided that this income will not be claimed by CLS this year but will be going forward.
- Other Property related costs -£ 0.446m. Underspend is mainly due to delays in the outcome of Stock Condition surveys which inform any building works that need to be carried out. The surveys are progressing, and works will be carried out in the new year.
- Community Financial Resilience -£0.536m. The key movement mainly due to additional grant income and recharges received late in March. Additional un-ringfenced grant income and recharges of -£0.375m relates to Housing Benefit Admin support grant and -£0.161m relates to additional internal recharges.
- A total of £1.380m of savings we scheduled to be delivered in 2022-23:
    - Procurement Savings £0.250m – Community Wealth building Share was fully delivered.
    - Efficiencies in Corporate Landlord service - £0.190m – Fully delivered.
    - Planning and Development - £0.100m – Additional income was delivered to offset the agency costs.
    - Commercial Property income -£0.840m – not fully delivered given historic unachievable targets but the service has investment pipeline to partially deliver this in 2023-24 and actively working to fully deliver in future years.

4.43. FutureWork (Funded through the Transformation Fund) - Total revenue cost amounted to £1.847m, of which £0.581m was the remaining balance in the Transformation reserve that was approved in 2021/22. The additional drawdowns were requested by Corporate Director of Community Wealth Building during the year as a series of smaller key decisions and agreed to be funded from Transformation Fund.

Environment +£5.213m, an increase of +£0.872m since the previously reported position

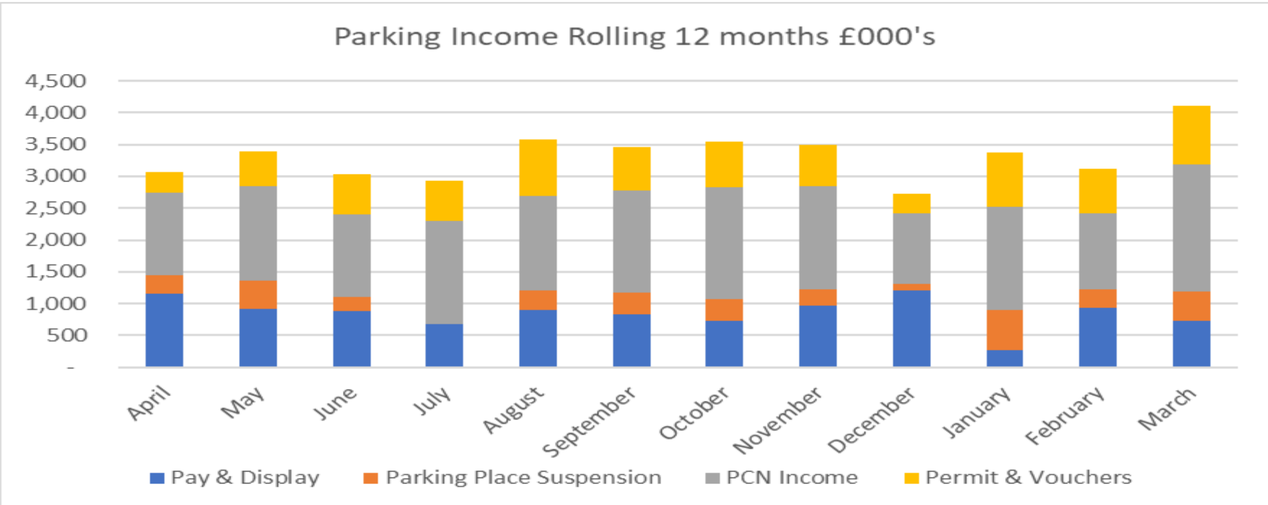
4.44. The Environment Directorate's provisional outturn variance is a +£5.213m overspend position, which is an increase of +£0.872m since the previous reported position.

4.45. The main reasons for this movement include a worsening position within Parking due to a number of service and external factors (+£0.667m), non-capitalisable costs within Greenspace and Street Trading (+£0.313m), offset by additional Streetworks income, (-£0.203m).

4.46. The significant variances within the department are as follows:

- The Parking account is short of budget estimated income by £3.007m. Whilst volumes of pay and display transactions are increasing the average income per transaction is falling indicating shorter lengths of stays. Suspension income was revised down with the delay in the programmed works of fibre network roll-out across the borough now expected to be within the 2023/24 financial year. This has now led to a pressure in the parking account as this gain was currently offsetting the shortfall on other income lines mainly within the pay and display budget of around £1.5m. There is also a pressure on parking permit income partially offset by the revised permit prices in effect from January 2023, and on Penalty Charge Notices due to increased compliance. There has been £0.7m reduction in the assumed levels of PCN income since the last report. This has been due to the inclement weather, vandalism of CCTV cameras, and system failures resulting in a delay in the issue of bailiff warrants and Notice to Owners.
- The figure below shows the monthly breakdown of the main parking income streams over the last 12 months.

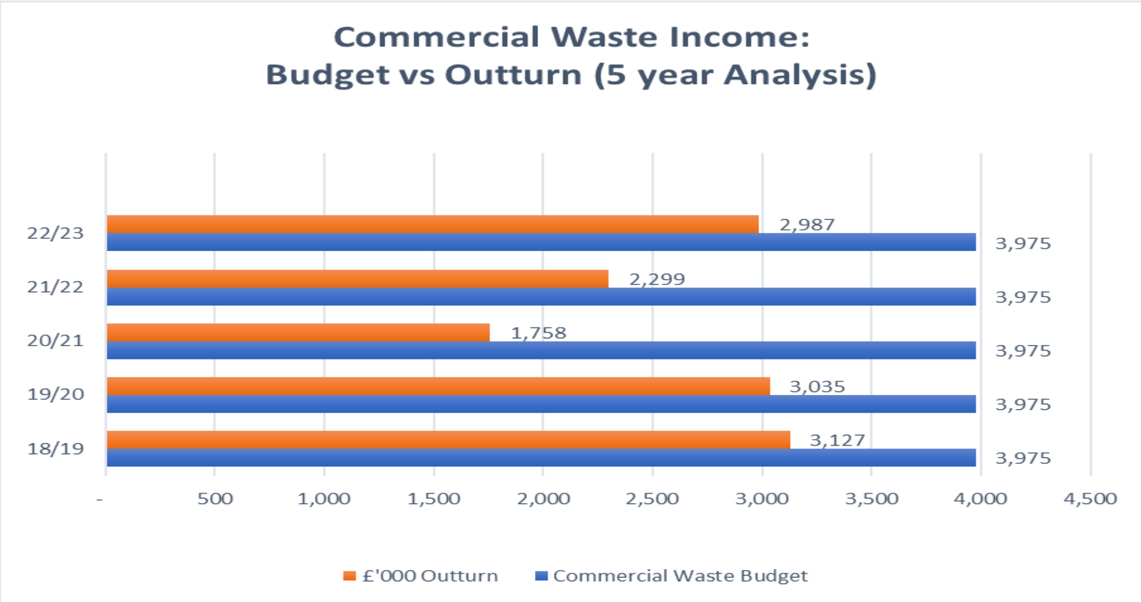
<u>Figure 9: Parking Income Streams April 2022- March 2023</u>



- In the leisure contract there is also a pressure around the energy price risk share where the council would bear 50% of the rise in the cost of energy. The pressure for this financial year is +£0.576m.

- The energy risk also impacts upon other service areas but particularly on the Street Lighting PFI contract. Some allowance has been made from the annual contract inflation provision, however at current prices it is +£0.639m underprovided.
- There continues to be a pressure within the commercial waste service as the customer base recovers. This is offset by reduced commercial waste disposal levy as a result of reduced tonnages +£0.500m

Figure 10: Outturn Compared to Budget: Current performance compared to last 4 years



- Pressure around tree maintenance on highways due to the programming of works and increased costs +£0.090m.
- The department has also seen an increase in income (-£0.349m), notably around HMO licensing and Streetworks; services where income is hard to forecast due to the unpredictable nature of them.
- All other key variances are detailed in Appendix 1.

Homes and Neighbourhood (-£0.452m underspend, a movement of £0.267m since the previous reported position)

4.47. The Homes and Neighbourhood directorate is reporting a -£0.452m underspend position, which is a decrease of £0.267m in underspend since the previous reported position. The primary reason for this is movement within temporary accommodation, with case numbers continuing to rise.

4.48. Within the underspend position there are a number of variances to note:

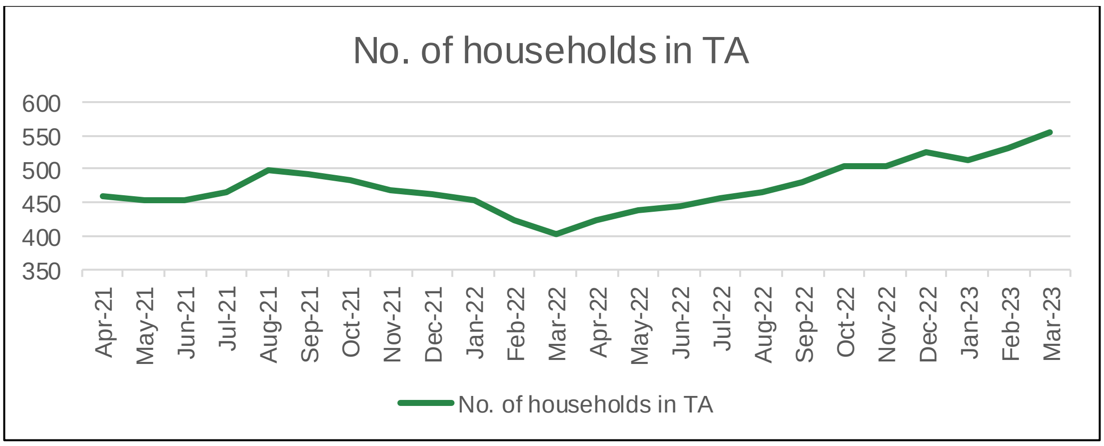
- Nightly Booked Temporary Accommodation (TA) is reporting an underspend of -£0.231m. Numbers in TA overall have continued to rise due to the large and increasing number of people presenting as homeless. The underspend is the result of the increased utilisation of grant money to meet TA costs.
- Community safety is reporting a +0.171m overspend. This is primarily the result of unfunded staffing costs. From 2023/24 these posts will be funded and the overspend should reduce accordingly.

- NRPF is currently reporting a £0.396m underspend. High needs cases and a modest reduction in more expensive cases has reduced the total cost of the service. The service has also received some funding support for its refugee programme, further increasing the underspend across the service.
- The department has become heavily dependent on grant funding to meet costs that it would otherwise likely need to absorb. In 2022/23 the department used £0.772m of grant funding for costs including prevention and assisting tenants with rent arrears. Bad debt/arrears and Islington Lettings were overspent before the Homelessness Prevention Grant by £0.331m and £0.145m respectively.
- This is offset by smaller variances detailed in **Appendix 1**.

4.49. There are a number of risks and opportunities to report for 2023/24. TA cases nationally are rising and expecting to rise to rise over the next 3 years by 20% per year by Heriot-Watt University. The local and national picture are increasingly difficult for the homeless:

- Nationally the cost-of-living crisis is beginning to impact on residents, private sector rents are rising in Inner London by 18.5pc (based on inner-London rental values March 2022 to March 2023).
- The number of private rented sector properties available in the market to rent has fallen in London by 38% (July 2021 to July 2022).
- The number of evictions in the borough are rising due to the evictions ban ending in mid-2021.
- The number of cases presenting themselves to the team has risen consistently since the beginning of 2022/23, a trend that looks likely to continue into 2023/24. The department is focusing on preventing case numbers rising insurmountably by increasing the number of clients being supported back into private sector options and through moving clients into cost neutral accommodation.

<u>Figure 11 – April 2021 to March 2023 Number of Households in Temporary Accommodation</u>



- Islington is participating in a number of refugee schemes, namely those for Syrian, Afghan and Ukrainian citizens. These projects, while coming with grant money, increase the responsibility on the service staff to manage additional clients particularly at the peak of humanitarian responses to people displaced by war. Potentially insufficient resources to meet new resettlement demands coupled with continuing pressures faced by residents without immigration status means that there is a risk that core No Recourse to Public Funds (NRPF) numbers may rise as the service struggles to absorb both sets of cases.

- A number of different capital grants are coming into the HRA/HGF that will lead to an increase in Islington's acquisitions programme and the new Stacey Street project releasing up to 150 new properties. These properties will be cost neutral to the Housing General Fund budget and will help lower TA costs in the long term.
- The Housing Needs Service is currently undertaking a restructure, the outcome has not been determined; however, any immediate financial impact will be met from the department's own resources. It is not clear at this point what the impact will be in future financial years.

4.50. Savings – For 2022/23 all savings were achieved par a £0.100m reduction in TA numbers. This has not been possible in the light of large increases in the number of homelessness cases presenting themselves. Homes and Neighbourhood have a significant amount of savings (£0.374m) to be delivered in 2023/24. Sustained rises in case numbers are increasing the risk that this saving will also not be delivered. Housing Needs and Finance will monitor this position closely.

4.51. It is difficult to draw long-term conclusions for 2023/24 for the department. TA case rises, service restructure costs, and the increasing cost of rent deposits will all add to the financial challenges in 2023/24.

Public Health (Break-even), unchanged since previous reported position

4.52. Public Health is funded by a ring-fenced grant of £28.135m in 2022/23. The directorate's current outturn position for this financial year is break-even.

4.53. There are number of variances that impacted on the department and have been included in the current outturn position for 2022/23:

- Since the previous reporting position, there has been an (+0.530m) increase in expenditure related to one-off investment towards sexual health projects delivered by CNWL. The provider has given clarity on projects that they have delivered in this financial year 2022/23 for LBI which has resulted in the decision to pay CNWL.
- The department is funding a number of one-off projects (+£0.388m) in the Other Public Health division. This has been met from the Public Health reserves. Excluding the one-off projects, the position is an underlying underspend position of (-£0.198m). The total drawdown from reserves is therefore (+£0.191m).

4.54. There are number of risks and opportunities in the area for 2023/24 and beyond:

- The PrEP budget has previously not been fully utilised, but this was more a consequence of the pandemic preventing full access to the service. Demand is continuing to increase and is likely to fully consume any additional funding in the year ahead.
- There is an increase in the use of online sexual health services that are not offset by a reduction in costs for in-clinic sexual health services. It is possible that in the longer term some efficiencies across the whole sexual health system can be realised, but at

the current time, the Mpox virus outbreak and the changes since the Covid pandemic means that this is a sector that is still in recovery.

- The demerger between Camden and Islington risks creating a number of financial pressures. Additional staff and resources may be required and there will be previously shared costs that may need to be absorbed solely going forward. Public Health's Directorate Management Team and the Finance team will be vigilant in monitoring financial impacts of the demerger in 2023/24 ensuring budgetary controls are in place to prevent overspends and manage any risks.
- There is an increase (+0.918m) in Public Health grant allocation in 2023/24. This grant has not been allocated; however, there are pressures it will need to cover such Local Authority pay increases as well as some potential for NHS staff pay awards.
- Inflation risks creating financial pressures for providers, resulting in requests for additional payments or risk of provider failure, forcing the service to find alternative provision at additional cost. Inflationary pressures risk includes increased pay awards.

4.55. Savings – All 2022/23 Public Health savings were achieved. The department has recurring savings of £0.500m to be delivered in 2023/24. At this stage it is assumed that all savings will be delivered.

Resources (+£0.359m overspend), an increase of +£0.084m since the previous reported position

4.56. The Resources Directorate is currently showing a provisional outturn overspend of (+£0.359m), an increase of +£0.084m since the last reported position. The main items making up this outturn variance are:

- -£0.205m (unchanged since the previous reported position) outturn underspend against the activity and training budgets within human resources due to slippage in the roll-out of training programmes.
- +£0.675m (an increase of +£0.330m since the previous reported position) net staffing cost pressure across the whole directorate. The Key contributing areas are listed below:
    - Maternity cover, agency and overtime costs in relation to clearing the disclosure and barring service backlog in HR
    - Agency costs in relation to the vacant Legal Director post
    - A staffing overspend (including agency and overtime) in Digital Services due to additional operational activity. This generally supports out of hours work such as server patching and software upgrades.
- +£0.228m (an increase of +£0.158m since the previous reported position) increase in audit fees due to enhanced external audit requirements across the whole the sector.
- -£0.421m (an increase of -£0.345m since the previous reported position) recovery of costs of collection of council tax where additional income is reported in the Collection Fund. Where payment plans/direct debit arrangements are agreed, these costs are waived by the Council.

Corporate Items +£5.723m, an increase of +£0.425m since the previous reported position

4.57. Corporate items are currently showing a provisional overspend of +£5.723m.

4.58. The largest corporate pressure is in relation to the 2022/23 local government pay award. The local government pay award for the period 1 April 2022 to 31 March 2023 was for a flat rate increase of £2,355 (for NJC pay points), equating to an increase of around 6% on the council's pay bill. Following detailed assessment, the final cost of the pay award gives a £6.486m budgetary pressure for the current financial year.

4.59. There are a number of other variances to note:

- +£0.324m overspend in the Pension and Support Services recharges.
- +£0.140m overspend for the Apprenticeship Levy and Corporate subscriptions.
- -£0.430m additional income from Business Rates Relief and Council Tax Rebates new burdens grants.
- -£0.087m additional income from the Redmond Review for Local audit costs.

General Fund Earmarked and General Reserves

4.60. A fundamental element of the robustness of the council's annual budget and MTFS is the level of contingency budget, earmarked reserves and General Fund balance, as determined by the Section 151 officer.

4.61. For a number of years, the budget report has noted the need for the council to strengthen its financial resilience for budget risks over the medium term. This is especially important following recovery from the COVID-19 Pandemic and due to the ongoing Cost of Living Crisis. External auditors have also noted the comparatively low levels of the councils non-schools reserves and emphasised the important of maintaining sufficient reserves.

4.62. The provisional outturn position is net of the transfers to/from earmarked reserves. This is summarised in **Table 7** and detailed at **Appendix 4** for agreement.

Table 7 – Summary of Movement in Reserves 2022/23

	£m
Drawdown of Agreed Service Allocations	-5.162
Agreed Service Specific Transfers to Reserves	7.652
Corporate Adjustments	-2.801
'Below the Line' Adjustment to Balance 2022/23 Overspend	-16.715
Budgeted Transfers to Reserves set out in 2022/23 Budget Report	6.848
Transformation Funding Drawdown	-3.187
Collection Fund Timing Difference	-23.800
Total Call Upon Reserves	**-37.164**

4.63. For approval in this report, the above table includes creation of a new earmarked reserve – Ringfenced Grants and Contributions. This reserve will hold income received that is earmarked for a specific purpose where other accounting treatment is not appropriate.

4.64. The 2022/23 budget included an addition to the council's balance sheet of £4m toward strengthening financial resilience. This has been used to fund the following movements in GF earmarked reserves:

- £2.9m related to the Sundry Bad Debt Provision top up. A mid-year estimate will be reviewed in 2023/24 and a strategy created for a more focussed approve to older debt.
- £0.511m transferred to the Insurance Fund following the external, actuarial review of the fund at year-end. This maintains the insurance fund at the same like-for-like basis as the previous financial year end, taking into account future, anticipated claims liabilities and known risks and 2022/23 calls on the Insurance Fund that have met settled claims and expenditure.

4.65. A summary of all planned transfers can be found at **Appendix 4**. The Executive is asked to delegate authority to the Section 151 Office to agree any further movements to/from reserves related to finalising the 2021/22 Statement of accounts.

Table 8 – GF Earmarked and General Reserves (£m)

Reserve Name	Opening Balance £m	Transfer To £m	Transfer From £m	Closing Balance £m
BSF PFI 1 reserve	**5.769**	-	- 1.021	**4.748**
Budget Risk and Insurance	**25.675**	15.448	- 23.001	**18.122**
Budget Strategy	**19.586**	4.548	- 5.530	**18.604**
Business Continuity	**10.000**	-	-	**10.000**
Capital Financing	**3.120**	-	- 1.314	**1.806**
Care Experience	**16.000**	4.000	- 1.473	**18.527**
CIL Admin	**0.196**	-	- 0.167	**0.029**
Core Funding	**33.580**	-	- 23.800	**9.780**
DSG	**5.218**	0.003	- 0.138	**5.083**
Energy and Inflation	**5.509**	-	- 5.509	**-**
IAH Restoration Levy	**0.018**	0.029	-	**0.047**
Joint Cemetery Trading A/c	**1.731**	-	- 0.017	**1.714**
Levies	**2.726**	0.824	- 0.234	**3.316**
Net Zero Carbon	**2.481**	-	- 2.481	**-**
Pooled Schools Budgets	**0.828**	0.422	- 0.083	**1.167**
Public Health	**1.712**	-	- 0.191	**1.521**
Social Care	**8.999**	-	- 8.999	**-**
Street Market Reserves	**0.138**	0.093	- 0.030	**0.201**
Restricted Grants and Contributions	**-**	11.458	-	**11.458**
TOTAL	**143.286**	**36.825**	**- 73.986**	**106.124**

Transformation Fund

4.66. Within the council's overall medium-term financial strategy, there is a corporate transformation fund for the one-off revenue costs of projects which aim to improve services and residents' experiences and/or support the delivery of budget savings.

4.67. The transformation fund is funded from the council's earmarked reserves. However, the expectation is that costs will be funded in the first instance from available in year budgets where possible.

4.68. The 2022/23 drawdowns from the transformation fund are summarised by directorate in **Table 9** and detailed by project in **Appendix 3**.

Table 9 – 2022/23 Transformation Fund Drawdowns

Directorate	M12 Outturn £m
Adult Social Care	0.710
Children's Services	0.399
Community Engagement and Wellbeing	0.243
CWB	1.882
Environment	0.150
Resources	1.303
TOTAL	**4.687**

Pension Fund

4.69. The pension fund is a defined benefit scheme, and its main objective is to pay benefits and keep contributions sustainable for employers. The fund administration and investment management expenses are charged to the pension fund. The provisional outturn position compared to budget is as per the table below.

Table 10 – Pension Fund Provisional Outturn Position

	Original budget £m	Actuals £m
Contributions employer and employee	52.700	69.085
Transfer in from other pensions	4.000	7.865
Other income/Recharges*	2.000	2.600
Total income	**58.700**	**79.550**
Benefits paid	(63.500)	(65.175)
Transfer out	(2.000)	(2.200)
Admin and investment expenses	(3.300)	(6.055)
Total expenditure	**(68.800)**	**(73.430)**
Net (Expenditure)/Income	**(10.100)**	**6.120**
Investment income	18.000	14.500
Net Income	**7.900**	**20.620**

4.70. The main variance on contributions was due to the Council making a lump sum payment of £20m to the fund to pay down HRA accrued deficit to the last valuation. Transfer values of employees into the fund was also much higher than expected. Other income is comprised of AVCs, LBI recharges and HMRC Vat, Miscellaneous. Pensions and more retirements benefits increased the expenditure comparatively. The net position compared to the budget meant the projected need to draw down investment income was reduced giving the fund opportunities to make longer term investments to reduce future liabilities.

4.71. Pension Fund costs have increased significantly due to increased transparency and openness around fees, with better financial information available on fees deducted at source in order to recognise the true investment costs.

4.72. The valuation of the fund assets as at 31st March 2023 is £1.73bn compared to £1.78 bn in March 2022.

Treasury Management

4.73. On 31 March 2023, the Council had net borrowing of £231.9m arising from its revenue and capital income and expenditure. The treasury management position as of 31 March 2023, the change over the financial year is shown in the table below:

Table 11 – Treasury Management Position 2022/23

	31.3.22 Balance £m	Movement £m	31.3.23 Balance £m	31.3.23 Rate %
Long-term borrowing Short-term borrowing	264.274 10.000	1.332 10.000	265.606 20.000	4.05 4.30
Total borrowing	**274.274**	**11.332**	**285.606**	**4.06**
Long-term investments Short-term investments	10.000 115.500	0.000 (71.800)	10.000 43.700	0.55 1.40
Total investments	**125.500**	**(71.800)**	**53.700**	**2.71**
Net Borrowing	**148.774**	**83.132**	**231.906**	**1.35**

Investments

4.74. The Council's Treasury Management Strategy Statement (TMSS) for 2022/23 was approved by full Council on 3 March 2023. The Council's policy objective is to be prudent and invest surplus cash balances arising from the day-to-day operations of the Council to obtain an optimal return while ensuring liquidity and security of capital.

4.75. Average investment balances have decreased from £125m on 1 April 2022 to £53.7m on 31 March 2023.

4.76. On 3 February 2022, the Bank of England increased the bank rate to 0.50% and subsequently there have been 9 additional bank rate increases, as at 31 March 2023 the rate was 4.25%.

4.77. Although surplus cash for investment has reduced, cash has been invested with higher interest rate due to the increase of the bank rate. In the TMSS it has been assumed that new treasury investments will be made at an average rate of 0.25%, and treasury investment balance has ranged between £100m and £200m, the average return on investment is 1.30% with Q4 averaging at 2.9% and the average level of funds available for investment in 2022/23 was £116.7m.

4.78. Over the reporting period, all treasury investments activities have been carried out in accordance with the approved limits and the prudential indicators (PI) set out in the Council's TMSS.

Borrowing

4.79. On 31st March 2023 the Council's holds £285.6 million of loans, which was within the Prudential Indicator for external borrowing, the authorised limit set in the TMSS is £463.5m, while the estimated CFR was £750m.

Table 12 – Council's Borrowing

	31/03/22 (£m)	31/03/23 (£m)
HRA	154.321	165.653
General Fund	119.953	119.953
Total Borrowing	**274.274**	**285.606**

4.80. During 2022/23 the Council repaid £18.668 of long-term loans and borrowed £20m from PWLB at a rate of 3.26% to support HRA capital spend.

4.81. Short term funding of £20m was also secured from a Local Authority for cashflow purposes.

Collection Fund Update

Background

4.82. Council tax and business rates income is a major source of the council's overall funding, together representing around 24% of the council's gross general fund income and is collected through a ring-fenced Collection Fund. In 2022/23, the council retained 77% of council tax income collected (the remaining 23% is the GLA share) and 30% of business rates income collected (of the remaining 70%, 37% is the GLA share and 33% is the central government share).

4.83. The overall Collection Fund surplus/deficit in a given year is affected by variables such as movements in the gross taxbase (e.g. number of properties in the borough and for business rates the impact of business rate appeals), offsetting deductions to bills (e.g. single person discount and council tax support for council tax and mandatory charitable relief for business rates) and the collection rate. Any forecast surplus or deficit on the Collection Fund will not impact the council's budget until the following financial year due to accounting regulations. The forecast surplus or deficit on the Collection Fund is made annually in January and factored into the budget setting estimates for the subsequent financial year.

Current Collection Rate

4.84. The council has set an in-year target of collection rate for council tax, 95.33%, against which 94.37% (£135.3m) has been collected at month 12. This is 0.96% (£1.4m) lower than the annual target.

4.85. For business rates the council has set an in-year target of 96.7%, against which 94.61% (£276.1m) has been collected at month 12. This is 2.09% (£6.1m) lower than the monthly in-year target rate.

4.86. The two graphs below illustrate the recovery trends of in-year council tax and business rates by month and year.

Figure 12 – Council Tax In-Year Collection Rate Trend

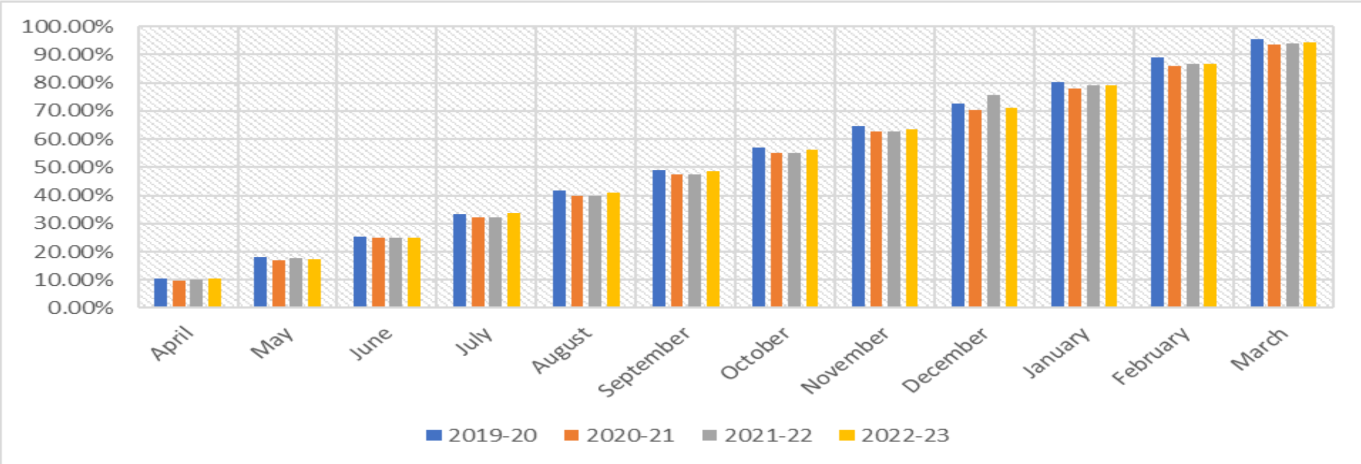
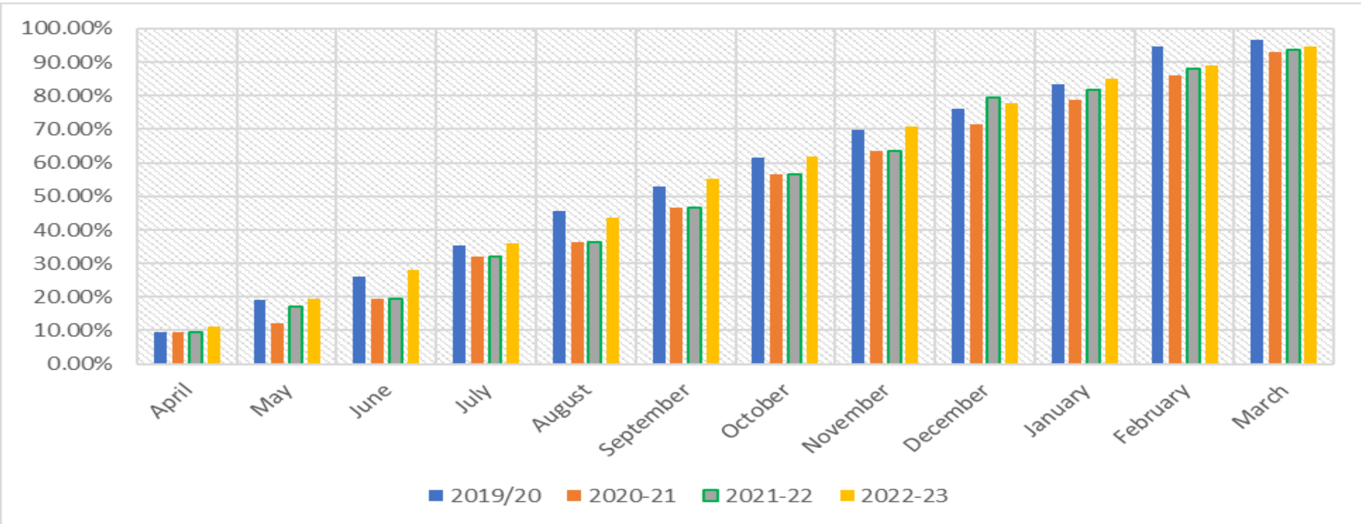


Figure 13 – Business Rates In-Year Collection Rate Trend



Arrears Analysis

4.87. The total NNDR arrears outstanding at month 12 is £26.9m, (£8.07m is Islington's share) of which £15.6m (£4.7m Islington's share) or 54.8% being current year arrears. The remaining £11.3m relates to prior year arrears.

4.88. The total council tax arrears outstanding at month 12 is £38.5m, (£29.3m is Islington's share), of which £8.0m (£6.1m Islington's share) or 20.8% being current year arrears. The remaining £30.5m relates to prior year years.

4.89. The business rates (NNDR) and council tax outstanding arrears between current and prior years and movements between months is summarised in **Table 13** below. The outstanding NNDR arrears continue to decrease gradually between current and last month (Jan 23); in-year arrears reduced by 63.6% and prior years by 28.9%, bringing the overall reduction to 54.6%, which equates to £31.8m deductions in financial terms.

4.90. The reduction between previously reported figure and current month in council tax for current year debts is 73.2% and for prior years it is 4.7%, making the overall reduction 37.8%, equating to £23.4m.

Table 13 – Collection Fund Arrears Movement

	Business Rates			Council Tax		
	Jan-23	**Mar-23**	**Change**	**Jan-23**	**Mar-23**	**Change**
	£m	£m	%	£m	£m	%
Current Year Arrears	42.8	15.6	**-63.6%**	29.9	8.0	**-73.2%**
Prior Years Arrears	15.9	11.3	**-28.9%**	32	30.5	**-4.7%**
Total Outstanding Arrears	**58.7**	**26.9**	**-54.2%**	**61.9**	**38.5**	**-37.8%**

4.91. Out of the overall £38.5m current outstanding council tax debts, it is estimated that £5.8m (15%), relate to 6,546 accounts of council tax payers who are in receipt of council tax support.

Additional Commentary

4.92. At month 12 the council has paid out £10.5m or 99.0% of the available grants (67,437 properties) for the government's £150 Energy Bill Rebates scheme to help households with rising costs of living. This is available to properties in council tax bands between bands A to D. This scheme is now closed.

4.93. The council has also paid out £2.4m or 98.9% of total available grants from the Discretionary Fund to 26,983 households. This scheme is also now closed, further changes to the data are not anticipated.

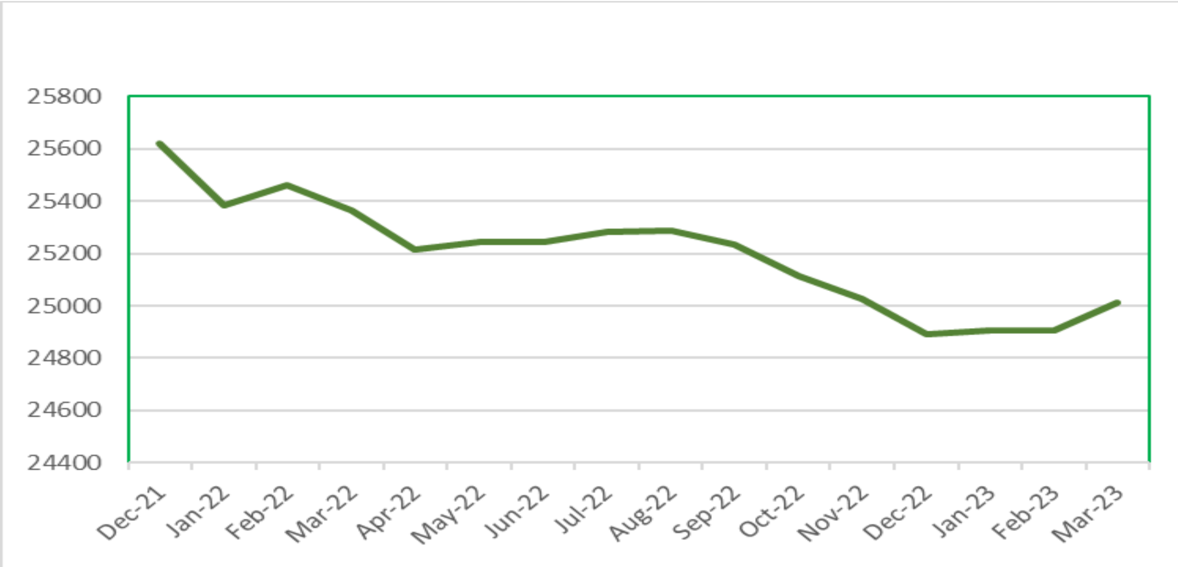
4.94. Of the total, £13.1m grants that was awarded to the council from two schemes, (Energy Rebates, £10.6m and Discretionary energy rebates, £2.5m), the council has spent £12.9m, equating to 98.9%, only £161k or 1% remained unspent at the end of financial year.

4.95. Of the £17.2m grant provided to the council under the Covid-19 Additional Relief Fund (CARF) scheme, the council has made payments of £16.2m or 94.4%. Take-up has increased due to automatic award of the grants to identifiable businesses by the council.

4.96. The virtual court hearings system for both council tax and business rates continue to operate efficiently. At month 12 the council has issued 26,272 summonses (21,824 council tax and 4,448 business rates). At year-end overall costs raised through summons, was higher than budget estimates.

4.97. At month 12 Council Tax Support (CTS) scheme caseloads stood at 25,013 representing £31.1m in financial terms), of which 18,017 (£21.6m) relates to working-age recipients and 6,996 (£9.5m) related to pension-age recipients.

Figure 14 – Total Council Tax Support Case Load Over 2022/23



Energy Price Analysis – Month 12

4.98. Rising energy prices, global supply chain issues and the economic consequences of the war in Ukraine have driven inflation levels to a 40-year high. The financial impact to the council of sharp increases has been very significant, with annual energy costs rising by nearly 200% (and could have been as high as 350% had the government not intervened with the Energy Bill Relief Scheme for the October 2022 to March 2023 period).

4.99. The impact of rising prices has been monitored within departmental monitoring submissions with a more wide-ranging analysis in this section. This assists in identifying trends and impacts over time. The graphs below reflect the movements in price since 1 March 2022.

Figure 15 - Weekly monitoring of electricity commodity price at Megawatt per hour

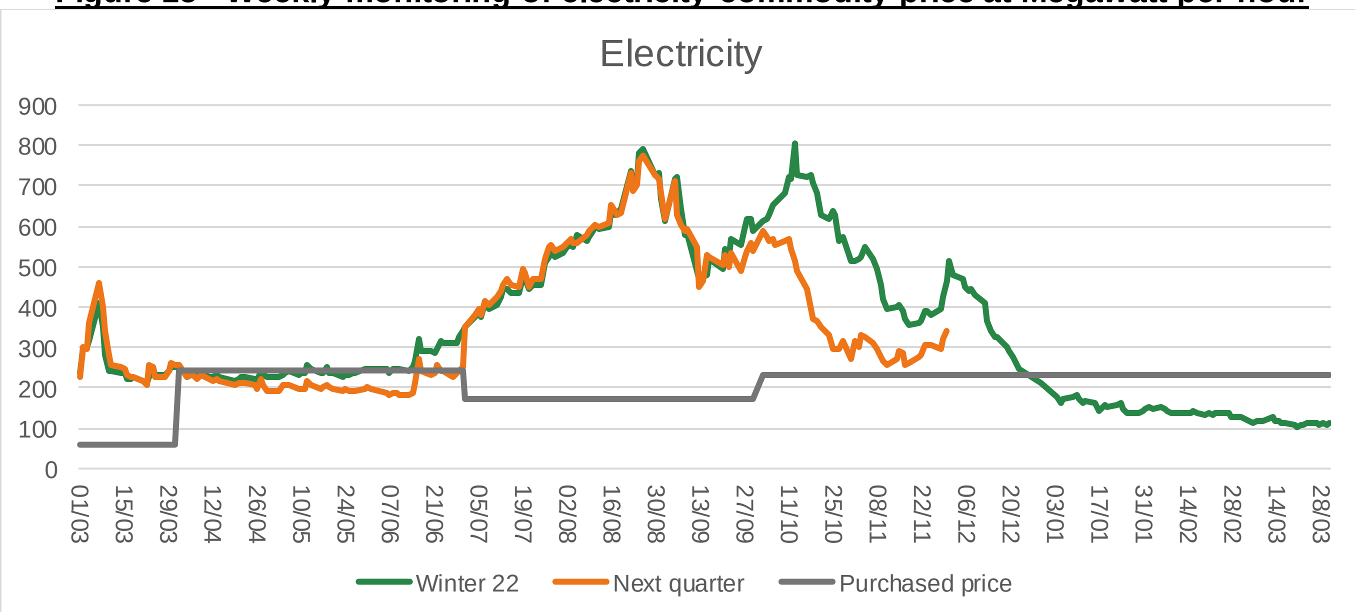
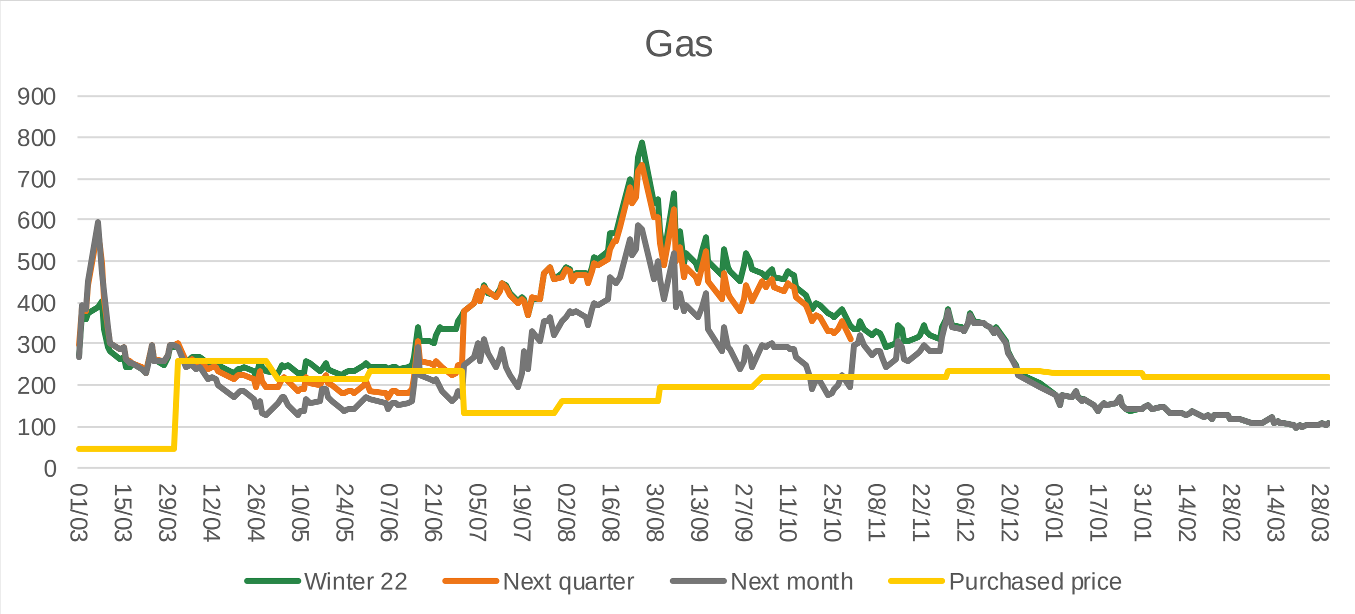


Figure 16 - Weekly monitoring of gas commodity price per therm



4.100. For quarter 1 of 2022/23 the council purchased electricity at £243/Megawatt (MW) and gas at an average price of 235p/therm. This equated to end user costs of around 37p/kWh for electricity and 9p/kWh for gas (a figure which includes an estimate of the standing charges). Volume was estimated at 2021/22 levels with an allowance of 20% in reduction or increase on usage. There was a drop in prices for quarter 2 and electricity was purchased at £173/MWh and gas at 163p/therm on average, resulting in end user prices of around 30p/kWh for electricity and 7p/kWh for gas.

4.101. There was a sharp increase in commodity prices for quarter 3 and quarter 4 since mid-June. This occurred while the council was waiting for the development and sign-off of a new energy purchasing strategy commissioned from an energy market consultancy firm.

4.102. Following the development and subsequent adoption of this strategy, the council purchased electricity at £575/megawatt (MW) and gas at an average price of 477p/therm. This equated to end user costs of around 70p/kWh for electricity and 17p/kWh for gas (a figure which includes an estimate of the standing charges).

4.103. In addition, a Corporate Energy Savings Programme was launched, which reduced expected costs by around 10% in the first three quarters of the year.

4.104. The government introduced an ‘Energy Bill Relief Scheme: help for businesses and other non-domestic customers’ which took effect from 1 October 2022. The government is providing a discount for all non-domestic energy users at £211 per megawatt hour (MWh) for electricity and £75 per MWh for gas. Suppliers will apply reductions to the bills of all eligible non-domestic customers.

4.105. **Table 14** shows the estimated quarterly costs of gas and electricity for the General Fund and Leisure Centres, HRA and Schools following the introduction of the price cap. These estimates are based on the prices purchased in 2022/23 and 2021/22 usage figures. The total pressure based on 2022/23 will be confirmed in May 2023.

Table 14 – Quarterly Electricity and Gas estimates for 2022/23

	General Fund		HRA		Schools (Incl. academies)	
Period	Elec. £m	Gas £m	Elec. £m	Gas £m	Elec. £m	Gas £m
Quarter 1 average	1.097	0.402	1.746	1.392	0.664	0.357
Quarter 2 average	0.891	0.182	1.411	0.615	0.539	0.160
Quarter 3 average	1.059	0.597	1.683	2.059	0.641	0.529
Quarter 4 average	1.059	0.713	1.683	2.459	0.641	0.632
Total	**4.106**	**1.894**	**6.523**	**6.525**	**2.485**	**1.678**
Total Gas and Electricity	**6.000**		**13.048**		**4.163**	

4.106. **Table 15** shows energy pressures of +£2.513m, reflected in the month 12 general fund and HRA financial positions.

Table 15 – Current Energy Pressures - 2022/23 Month 12

Directorate/Service	General Fund £m	HRA £m
CWB - Corporate Landlord Services	1.298	-
Environment - Pressure on Leisure Contract	0.576	-
Environment - Street Lighting Contract	0.639	-
Landlord supplies and community centres	-	4.758
	2.513	**4.758**

4.107. Further commentary is included in the directorate narratives within the main body of the report.

5. Housing Revenue Account (HRA)

5.1. The provisional outturn for the HRA is an in-year deficit of +£12.987m, a +£16.366m increase from the previous reported position. The primary reasons for this increase are +£14.082m temporary use of Revenue Contribution to Capital Outlay (RCCO) towards the financing of new build and property acquisitions programmes, aligning with the Council's Treasury management strategy to delay external borrowing and as such the associated interest charges by utilising HRA reserves to finance HRA capital expenditure. +£5.989m relating to abortive New build scheme costs, partly offset by underspend across other areas within the HRA -£3.705m. The position is summarised in Appendix 2.

5.2. The HRA is a ring-fenced account, as such the deficit as at the 31 March 2023 of £12.987m will be funded from HRA reserves.

5.3. It should be noted that the key driver making up the £12.987m in year deficit resulting in an increased call on HRA reserves is predominately due to the increase in RCCO - £14.082m. This is a technical overspend that will be reversed out in future years by increasing borrowing and reducing RCCO. As such this increased call on reserves has a neutral impact on the HRA's overall financial position and can be accommodated within the 30-year HRA business plan.

5.4. Variances within the department includes:

- Dwelling rents -£0.899m (an increase of £0.286m since the previous reported position) relates to income generated from social lettings. The increase represents greater than anticipated generation of income compared to the original budget.
- Tenant Service Charges -£1.152m (a reduction of £0.701m since the previous reported position) relates to increase charges in respect of communal electricity. In November of 2022, in response to the spiralling cost of energy, tenant service charges were revised increasing the weekly charge for communal electricity by £2.55 per week to meet the rising costs. This additional income represents an increase compared to the original budget.
- Heating Charges -£2.774m (an increase of £0.199m since the previous reported position) relates to gas costs levied to tenants and leaseholders who benefit from our communal heating systems. Gas charges were revised as part of the November 2022 mid-year review of service charges, resulting in weekly charges to increase on average by £6.80 per week to help meet the rising costs together with a tenant heating reserve account which is in place aimed to smooth out the year-on-year volatility of gas costs. The tenant heating reserve at the beginning of the year was a surplus of £1.874m and to meet increased gas costs in 2022-23, a contribution of £1.867m from tenant heating reserve was made, leaving a balance of £0.007m. The increased costs will be passed on to leaseholders as part of the service charge actual billing process.
- Leaseholder Charges Net -£2.126m (an increase of £1.511m since the previous reported position) this relates to a combination of:
  - an increase in annual service charges of -£2.419m made up of; increasing communal electricity costs £1.142m, and an increase in 22-23 charges across all heads of charge £1.277m as compared to the budget.
  - a reduction in major works charges of +£0.293m as compared to the budget.
- Interest receivable +£0.041m (a reduction of £1.159m since the previous reported position) relates to interest anticipated on HRA balances. The reduction when compared to the forecast position is a result of the actual annualised rate of return being lower than expected.
- Other Income -£1.166m (an increase of £0.566m since the previous reported position) relates to HRA receipts under £10k including lease extension payments. The increase represents greater than anticipated generation of income from such activities compared to the original budget.
- Repairs and Maintenance +£0.125m (an increase of £0.874m since the previous reported position) relates to the mobilisation of a damp and mould taskforce in response to the Regulator of Social Housing demand for social landlords to take proactive steps to tackle damp and mould issues in their housing stock, and higher than anticipated spend on repairs sub-contractor related costs.

- General Management +£25.737m (an increase of £5.601m since the previous reported position) this relates to a combination of:
    - (+£20.000m) relates to the early repayment of the HRA's pension deficit from a planned drawdown from HRA reserves relieving the HRA from future contributions generating savings of -£2.200m per annum.
    - Over the last 5 years 318 additional new council owned homes have been built, with a further 218 anticipated within the current new build programme. However, due to the current challenging economic climate, several new build schemes have become financially unviable. As a result, a decision was taken to cease work on schemes that were deemed as not offering value for money. As such, the capital costs incurred on these schemes will now need to be written off to revenue +£5.989m.
    - Costs arising from the Voluntary Business Efficiency and Redundancy Scheme +£1.121m.
    - A significant increase in housing disrepair claims received over the past year, 136% to 463 live cases as at the 31 March 2023 has resulted in the need to increase the Tenant disrepair provision to cover the potential liability of on-going cases by +£0.849m. Furthermore, cost incurred in-year on housing disrepair have increased by +£0.115m.
    - The unwinding of the 2016/17 provision set aside in respect of the Thames Water commission for the collection of water charges on behalf of Thames Water has released -£1.067m which has been used partly offset the above increase.
    - Adoption of a more robust method of allocating staff time between capital schemes and revenue activities has given rise to a reduction in capitalisable salary costs +£2.053m. This is a technical overspend which will be offset by future year's reductions in RCCO contributions to fund major works programme.
    - As part of the insourcing of PFI 2 street properties management to the council in July 2022, a provision had been set aside to accommodate an anticipated increase in support costs recharges to reflect the increase in directly managed staff. The 2022-23 support cost recharge outturn was lower than expected resulting in an underspend of -£0.818m.

- PFI Payments +£4.072m (a reduction of £0.810m since the previous reported position) relates to the final instalments of unitary payments +£4.331m in respect of the PFI 2 contract which came to an end from July 2022. The unitary payments are offset by additional PFI credits -£4.881m resulting in a surplus of -£0.550m. In addition, PFI 1 net underspend of £0.259m resulting from lower spend on call-off works (remedial works not within the scope of the contract where costs are paid by the Council) and greater collection of leaseholder charges from our PFI partner.

- Capital Financing Costs -£3.033m (a reduction of £0.047m since the previous reported position) relates to reductions in interest payments and Debt management expenditure as a direct result of the temporary use of HRA reserves to finance capital expenditure.

- Depreciation +£3.367m (a reduction of £0.119m since the previous reported position). Whilst this appears to represent a cost pressure to the HRA, this is a technical overspend. Depreciation costs are transferred to the Major Repairs Reserve (MRR) to fund HRA major works projects, as such, the increase in MRR balances will reduce the use of Revenue Contributions to Capital Outlay (RCCO) over the medium term thus no adverse medium-term impact on the HRA.

- Revenue Contributions to Capital Outlay (RCCO) +£14.082m (an increase of +£14.082m since the previous reported position) This primarily represents the temporary use of HRA reserves to finance the new build and acquisitions programmes, in place of borrowing, in order to delay the impact to the HRA of incurring interest charges. In future years RCCO contributions set aside to balance the financing of the HRA Capital programme will be swapped for borrowing. This is therefore a temporary increase in the call on HRA reserves.
- Bad Debt Provision -£0.963m (a reduction of £0.963m since the previous reported position). The tenants Bad Debt Provision (amount set aside for dwelling rental income owing that may become uncollectable in the future) as at 31st March 2023 stands at £7.726m, representing a cover rate of 48% against total tenant rent and service charge arrears. Lower rent arrear levels have meant that the requirement to increase the tenants Bad Debt Provision was less than anticipated as compared to the budget (-£0.723m). Similarly, the required increase to the Leaseholder Bad Debt Provision was also less than anticipated (-£0.240m).
- Contingency -£2.544m (a reduction of £2.544m since the previous reported position). This is budget set aside to cover unexpected and one-off costs that may arise over the course of the year. Money set aside for PFI 2 re-integration costs (£0.900m), Universal Credit migration (UC) costs (£0.800m) and one-off IT project costs were lower than anticipated in the budget. It should be noted that although UC costs did not arise this year, there remains approx. 6,000 working age tenants yet to move to UC so it is likely costs will arise in the future.

6. Capital Programme 2022/23

6.1. Capital expenditure of £152m has been delivered against a revised 2022/23 budget of £169m representing 90% spend against budget. The variance is predominantly due to non-COVID-19 related delays across the programme.

6.2. This is summarised between the non-housing and housing capital programme in the table below and detailed in **Appendix 6.**

Table 16 – 2022/23 Capital Programme

Directorate	Agreed Budget (£m)	21/22 Outturn Adj. (£m)	Budget Changes as at M10 (£m)	Revised Budget (£m)	2022/23 Outturn (£m)	Variance (£m)
Community Wealth Building	19.721	3.940	(8.034)	**15.627**	9.404	(6.223)
Environment	25.481	5.255	(11.817)	**18.919**	16.763	(2.156)
Total GF	**45.202**	**9.195**	**(19.851)**	**34.546**	**26.167**	**(8.379)**
Homes and Neighbourhoods	168.607	16.651	(49.947)	**135.311**	**126.738**	**(8.573)**
Total HRA	**168.607**	**16.651**	**(49.947)**	**135.311**	**126.738**	**(8.573)**
Total Programme	**213.809**	**25.846**	**(69.798)**	**169.857**	**152.905**	**(16.952)**

6.3. Key Terms:

- Capital Slippage – The reprofiling of capital budgets to future financial years to match forecast timing of expenditure, whilst staying within the approved project budget.
- Capital Acceleration - The reprofiling of capital budgets from future financial years to match forecast timing of expenditure, whilst staying within the approved project budget.
- Capital Additions - Capital budgets may be added in year where these are to be funded by resources available to the Council, including grant funding.
- Capital Reduction – A reduction in an agreed capital budget.
- Underspend - Where a capital scheme spend is less than the budget agreed.
- Overspend – Where a capital scheme spend is more than the budget agreed.

Community Wealth Building

6.4. Capital expenditure of £9.404m has been delivered in 2022/23. This represents a 60% spend against the revised budget of £15.627m, and a 71% spend against the M10 forecast outturn of £13.205m.

6.5. Underspends totalled -£2.548m, an increase of -£0.221m compared to month 10. The main underspends are detailed below:

- Enhanced Children's Residential Provision -£0.526m underspend due to being unable to secure match funding for the scheme.
- Schools Tufnell Park School Expansion -£0.579m underspend as the scheme was completed with only a retention payment outstanding. There is now additional outturn underspend of -(£0.047m) due to a lower retention figure than initially estimated.
- The scheme at Holly Hall has been discontinued -£0.550m reduction as the property was deemed not fit for purpose. A new scheme for 16-18 Hornsey Road is being taken forward.

6.6. The remaining variance of -(£3.674) is due to the following:

- Transfers to revenue – a detailed review of expenditure was carried out in Month 12, and a total of £1.001m across all CWB schemes was transferred to revenue. These costs include staffing costs and non-staffing costs such as stock condition/disability surveys.
  - Staffing costs: £0.267m
  - Non-Staffing costs: £0.734m
- The following two schemes had minor overspends which were partly offset by additional external funding:
  - Whittington Community Centre - £0.051m - Extensions of time and agreed, justifiable variations. 3rd party funding accrued was £0.006m less than originally expected. Additional funding was secured to offset the variance, including an additional £0.032m from S106/CIL and £0.025m from Compliance. The budget was amended to reflect this overspend.
  - West Library - £0.080m - Variations and unforeseen structural works. The shortfall is intended to be covered using S106/CIL (£0.069m) funding allocated to 'We are Cally' that was remaining on completion of the Jean Stokes Community Centre project, and a contribution from the 'Libraries Modernisation' budget of £0.011m. The budget was amended to reflect this overspend.
- The following key schemes require outturn re-profiling to 2023/24 due to various delays including:
  - New River College Elthorne -(£0.338m) – Delays in the programme delivery relating to the ground source heat pump, delays regarding approvals and a party wall dispute. Procurement process for consultants and design have also caused delays. Works are now progressing.
  - School Condition Projects -(£0.400m) - Window projects have been deferred until clarity is gained on the Net Carbon Zero programme.
  - High Needs Allocation -(£0.406m) - Circa £0.100m of expenditure has been transferred to revenue as the works were related to the school PFI contract.
  - Compliance and Modernisation -(£0.971m) - Early-stage disability audit surveys were transferred to revenue. Further clarity on the Net Carbon Zero strategy is required before carrying out the related works, which are anticipated to begin in 2023/24. The compliance budget is used to fund any buildings capital compliance issues as and when they arise considering any outcomes from stock condition surveys, therefore there is a chance of not fully utilising the total budget in a 12-month period

Environment

- Capital expenditure of £16.763m has been delivered in 2022/23. This represents a 98% spend against forecast at Month 10 (-£0.381m) and a 91% spend against revised budget £18.919m.
- The variance of -£2.517m between the revised budget and 2022/23 outturn (£16.763m) is mainly due to the following:

- Leisure Repairs and Modernisation: +£2.037m – overspend largely due to remedial works being undertaken for IRB Leisure Centre post-fire and Sobell Leisure Centre post-flood damage. These works are subject to insurance claims.
- People Friendly Streets and Schools Streets: +£0.732m – overspend driven by the acceleration of the school streets programme with delivery of 3 schools streets vs the 2 originally planned and a further 6 in design and consultation.
- Vehicle fleet electrification (infrastructure): +£0.93m – acceleration of the programme. The WRC electrical upgrade works were completed in year with final contract sum being paid in 22/23. This overspend will be offset from the 23/24 project budget.
- Vehicle Replacement: -£0.908m – underspend due to a number of RCV vehicles not being delivered by March 2023.
- Transfers to revenue – a detailed review of all capital expenditure was undertaken which meant several schemes were transferred to revenue equating to £2.366m; £2.150m were related to Greenspace Projects, £0.126m Chapel Market and the remainder relating to Highways and Traffic Schemes.

Housing Capital Programme

6.7. The Housing (HRA and GF) capital outturn totals £126.738m compared to the revised 2022/23 capital budget of £135.311m (which includes £16.651m of net slippage from 2021/22 primarily in respect of the new build prog. Less £49.947m slipped to future years agreed as at M6 2022/23).

6.8. The outturn is reported at £126.738m of which:

- £42.893m relates to the major works capital programme covering the cost of investment in existing HRA stock.
- £55.493m relates to the HRA's new build programme in year expenditure.
- (£4.902m) relates to the HRA's new build programme prior year expenditure aborted from capital to revenue, in 2022-23, in respect of schemes that will not be taken forward.
- The remainder £33.017m relates to the acquisition programme of properties for temporary accommodation which is on target to achieve the required number of acquisitions this year.

6.9. The overall outturn reflects a variance totalling £3.671m (excluding prior year new build expenditure aborted to revenue of 2022-23 of £4.902m) which is primarily made up of;

- slippage of £5.9m and an underspend of £1m in respect of the new build programme
- offset by £5.2m in respect of the cost of 33 nominations in respect of a scheme delivered by the City of London funded entirely from RTB 141 receipts, net accelerated spend of £1.5m in respect of the major works and improvements programme,
- an underspend against the property acquisitions allocation of £3.2m reflecting a saving in the borrowing requirement for the HRA. This has arisen primarily as a result of a change in the stamp duty regulations which has meant we have been able to reclaim stamp duty paid in respect of all purchases subsidised in part by GLA grant and an underspend of £0.500m in respect of the major works programme relating to retrofitting

pilots which can only proceed if carbon offset grant is available which remains unconfirmed.

S106/CIL

6.10. The Community Infrastructure Levy (the 'levy') is a charge which can be levied by local authorities on new development in their area based on an approved charging schedule which sets out its levy rates. Most new development which creates net additional floor space of 100 square metres or more, or creates a new dwelling, is potentially liable for the levy.

6.11. In Islington, 50% of the CIL (known as Strategic CIL) collected from a development is used to help fund the Council's annual Capital Programme. For the other 50% Ward Councillors (in consultation with officers, constituents, ward partnerships etc) are asked to make recommendations to the Borough Investment Panel on how this funding is allocated.

6.12. 15% of the 50% (known as Local CIL) can be allocated to the provision, replacement, operation or maintenance of infrastructure or anything else that is concerned with addressing the demands that development places on an area. The remaining 35% (known as Strategic-Local CIL) can be allocated for the provision, replacement, operation or maintenance of infrastructure.

6.13. Planning obligations, secured through Section 106 Agreements of the Town and Country Planning Act 1990, are used to make developments acceptable in planning terms that would not be acceptable otherwise. Obligations can include either direct provision of a service or facility, financial contributions towards a provision made by the Council or external service provider, or both. With the introduction of the CIL in 2014, the council mostly now secures financial S106 contribution for non-CIL eligible infrastructure or to meet specific planning policy requirements such as off-site affordable housing and affordable workplace payments, carbon offsetting and employment and training contributions.

6.14. The table below sets out current budget position for S106 and CIL including income and the amount transferred to services in 2022/23.

Table 17 – S106 and CIL

Fund	Brought Forward from Prior Years (£m)	Received in 2022/23 (£m)	Total Balance (£m)	2022/23 Transferred to services (£m)	Carry Forward to 2023/24 (£m)
S106	28.479	7.407	**35.886**	9.940	**25.946**
CIL	14.185	3.387	**17.572**	3.893	**13.679**
Total	**42.664**	**10.794**	**53.458**	**13.833**	**39.625**

6.15. The outturn combined S106 and CIL balance is £39.6m. This consists of £30.426m allocated to various projects and programmes and £9.2m that is unallocated. Of the £9.2m unallocated funding, £2.6m is from Carbon Offsetting S106 payments which is overseen by the Net Zero Carbon Executive Board.

6.16. Combined S106 and CIL transferred to capital codes in 22/23 was £13.8m in 2022/23.

6.17. Several S106/CIL funded capital projects are in the planning stage with the majority of spend expected in future years. The overall budget also includes £7.7m of funding allocated to revenue programmes and projects including staff costs.

6.18. Ward councillors are asked at the Borough Investment Panel (BIP) to recommend how a proportion of CIL and older S106 contributions (secured before introduction of CIL) are allocated. There is currently £4.5m unallocated CIL and S106 'ward' funding. Of this Clerkenwell (£0.9m) and St. Peter's and Canalside (£0.8m) have the largest amounts of unallocated funds.

7. Implications

Financial Implications

7.1. These are included in the main body of the report.

Legal Implications

7.2. The law requires that the council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance (Section 28 Local Government Act 2003: the council's Financial Regulations 3.7 to 3.10 Revenue Monitoring and Control).

Environmental Implications

7.3. This report does not have any direct environmental implications.

Equality Impact Assessment

7.4. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

7.5. An equality impact assessment (EQIA) was carried out for the 2022/23 Budget Report agreed by Full Council. This report notes the financial performance to date but does not have direct policy implications, therefore a separate EQIA is not required for this report.

Appendices:

- **Appendix 1** – General Fund and HRA Revenue Monitoring by Variance
- **Appendix 2** – 2022/23 Revenue by Service Area
- **Appendix 3** – Transformation Fund Allocations
- **Appendix 4** – Outturn Requested Transfers to Reserves
- **Appendix 5** – Savings Delivery Tracker
- **Appendix 6** – Capital Outturn 2022/23

Background papers: None

Signed by:		
	Executive Member for Finance, Planning and Performance	Date 13 June 2023

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