


## LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	<b>Cabinet</b> <b>7<sup>th</sup> December 2023</b>	
Report Title	<b>FINANCIAL MONITORING: MONTH 7 (October)</b>	
Cabinet Portfolio	Councillor Paul Douglas, Portfolio Lead Member for Finance and Resources	
Report Author/ Contact details	Ursula Gamble, Corporate Director of Financial Services Resources Directorate 020 8496 4636 <a href="mailto:ursula.gamble@walthamforest.gov.uk">ursula.gamble@walthamforest.gov.uk</a>	
Wards affected	None specifically	
Public Access	OPEN	
Appendices	Appendix 1 – Capital Programme Appendix 2 – Capital Narrative	

### 1. SUMMARY

- 1.1 This report presents the forecast year-end position in respect of the Council's revenue expenditure. The month 7 monitor currently identifies net pressures of £15.882m which are due to a combination of pressures within across the directorates. This is a reduction of £0.287m since month 6.
- 1.2 The Local Government pay award for 2023-24 has recently been agreed, it is anticipated that the cost of the award over and above the 4% inflationary increase agreed as part of the budget process is £3.065m.
- 1.3 Capital Projects are currently forecasting an underspend due to slippage across the programme of £22.6 million in 2023/24.
- 1.4 There are currently a number of unknowns around the impacts of inflation, the cost-of-living crisis for residents and the increasing demand for temporary accommodation that could lead to additional pressures for the Council. These could all have an impact on the demand for services, as well as potential impact on the Council's ability to collect income from council tax, business rates, rents and other fees and charges.

## 2. RECOMMENDATIONS

2.1 Cabinet is recommended to:

- 2.1.1 Approve the additional funding required for the Local Government Pay award (£3.065 million) to be funded from the Contingency budget.
- 2.1.2 Note The transfer of £0.053 million from the Contingency budget to Member Allowances budget for the additional costs associated with the increase to member allowances agreed by Council in April.

## 3. PROPOSALS

- 3.1 As at month 7, the projected General Fund outturn is an overspend of £15.882 million, this is a decrease of £0.287 million from month 6, with the biggest change in relation to Children's Social Care and Property Services. Further details of the overall variance and changes since month 6 are outlined below.
- 3.2 The Council is monitoring and reviewing how the pressure can be managed to achieve a balanced position by the year end. Services are working to identify management actions that will mitigate these pressures, in line with the financial ground rules. The table below shows a summary of the position by Service Directorate.

Service Directorate	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£'000	£'000	£'000	£'000	£'000
Chief Executive	12	12	0	0	0
Deputy Chief Executive	9,900	11,167	1,267	1,296	(29)
People	143,662	157,398	13,736	14,233	(497)
Place	24,222	24,992	770	541	229
Neighbourhood and Environment	31,567	31,967	400	400	0
Resources	8,525	8,434	(91)	(101)	10
Corporate Expenditure	(217,888)	(218,088)	(200)	(200)	0
<b>Total</b>	<b>0</b>	<b>15,882</b>	<b>15,882</b>	<b>16,169</b>	<b>(287)</b>

- 3.3 In addition to the above service pressures, there are additional risks that have not yet been reflected in the monitor. These risks include income pressures and potential increases to those presenting as homeless.
- 3.4 At the start of 2022/23, the Council embarked on an exercise to identify £10 million of savings to help mitigate rising budget pressure and contribute towards the budget gap in future years. As part of the exercise £6.746 million was identified for the financial years 2022/23

and 2023/24 and these savings were removed from the base budget during the 2023/24 budget process. A further £0.525 million was identified for 2024/25.

- 3.5 As at month 7, £0.259 million of savings were RAG rated red, or in other words undeliverable, no change from month 6. Services have been asked to find alternative savings to mitigate the in-year pressure. Savings rated amber are at risk of non-delivery or delayed, no change from month 6. Green savings are on track or already delivered. The table below provides a summary of the savings by directorate.

Summary of current MTFS savings 2023/24 to 2024/25						
Directorate	2023/24 £'000	2024/25 £'000	Total £'000	Green £'000	Amber £'000	Red £'000
Deputy Chief Executive	1,045	75	1,120	862	0	259
Neighbourhood and Environment	1,355	195	1,550	1,550	0	0
Place	877	255	1,132	1,092	40	0
People	2,599	0	2,599	2,099	500	0
Resources	870		870	870	0	0
<b>Totals</b>	<b>6,746</b>	<b>525</b>	<b>7,271</b>	<b>6,473</b>	<b>540</b>	<b>259</b>
				88%	7%	4%

- 3.6 These savings will be reviewed monthly, and any new savings approved will also be incorporated.

## LOCAL GOVERNMENT PAY AWARD

- 3.7 As part of the 2023-24 budget process, pay inflation of 4% was allowed for in the budget. The Local Government pay award for 2023-24 has recently been agreed and it is based on a mixture of a flat rate payment of £2,226 for lower grades and an uplift of £3.88% for all spinal points above spine point 48. On average, the cost of this is approximately a 6.5% uplift to pay costs and therefore higher than budgeted. Initial calculations suggest the additional cost is in the region of £3.065 million.
- 3.8 More detailed calculations are still to be completed in order to calculate the pressure in individual services areas. The budget will then be vired from the contingency budget into service budgets. This additional amount has also been reflected in the MTFS refresh.

## DEPUTY CHIEF EXECUTIVE DIRECTORATE - Shazia Hussain

- 3.9 The position for Deputy Chief Executive at month 7 is an overspend of £1.267 million, a reduction of £0.029 million compared to month 6. The table below shows forecast spend against the budget.

Deputy Chief Executive	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Move-ment
	£'000	£'000	£'000	£'000	£'000
Deputy Chief Executive	(82)	(82)	0	0	0
Communications and Strategy	580	532	(48)	(36)	(12)
Technology Services	1,914	1,879	(35)	(35)	0
People Organisation Development and Business Support	19	697	678	803	(125)
Customer Strategy and Digital Channels	5,001	5,593	592	596	(4)
Change, Strategy Insight and Communities	1,599	1,570	(29)	(74)	45
Climate and Behaviour Change	869	869	0	0	0
Bad Debt	0	109	109	42	67
<b>Total</b>	<b>9,900</b>	<b>11,167</b>	<b>1,267</b>	<b>1,296</b>	<b>(29)</b>

### **People, Organisation Development & Business Support**

- 3.10 The service is forecasting an overspend of £0.678m a reduction of £0.124m from month 6, the majority of which relates to Business Support. The reduction since month 6 is attributable to a reduction in agency spending, and the decision not to fill vacant positions for the remainder of the year.

### **Customer Strategy & Digital Change**

- 3.11 This service is forecasted to overspend by £0.592 million, a small change from month 6. This is mostly in the Libraries, Registrars and Ceremonies service (£0.573 million) due to a shortfall in income against budget and salary overspends in the Library Service, these have been offset by underspends within Quality Assurance (£0.059 million) due to part year vacancies.

### **PEOPLE – Heather Flinders**

- 3.12 The month 7 position for People is a projected overspend of £13.736 million, a decrease of £0.497 million since month 6. Adult Social Care is forecasting an overspend of £6.851 million and a further £4.047 million relates to Children's Social Care. In addition, SEND Services is forecasting an overspend of £3.068m. These overspends are offset by an underspend of £0.230m in Traded Services. Further detail is provided in the paragraphs below, with a summary shown in the table.

People	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£'000	£'000	£'000	£'000	£'000
Strategic Director of People Division	(1,059)	(1,059)	0	0	0
Children's Social Care	41,730	45,777	4,047	4,387	(340)
Education	1,696	1,696	0	0	0
School Support	17,369	17,369	0	0	0
Early Help	1,687	1,687	0	0	0
Adult Social Care	71,555	78,406	6,851	6,851	0
Public Health Ring Fenced	(6)	(6)	0	0	0
Public Health Other	157	157	0	0	0
Waltham Forest Traded Services	2,795	2,565	(230)	(268)	38
SEND Services Division	7,738	10,806	3,068	3,263	(195)
<b>Total</b>	<b>143,662</b>	<b>157,398</b>	<b>13,736</b>	<b>14,233</b>	<b>(497)</b>

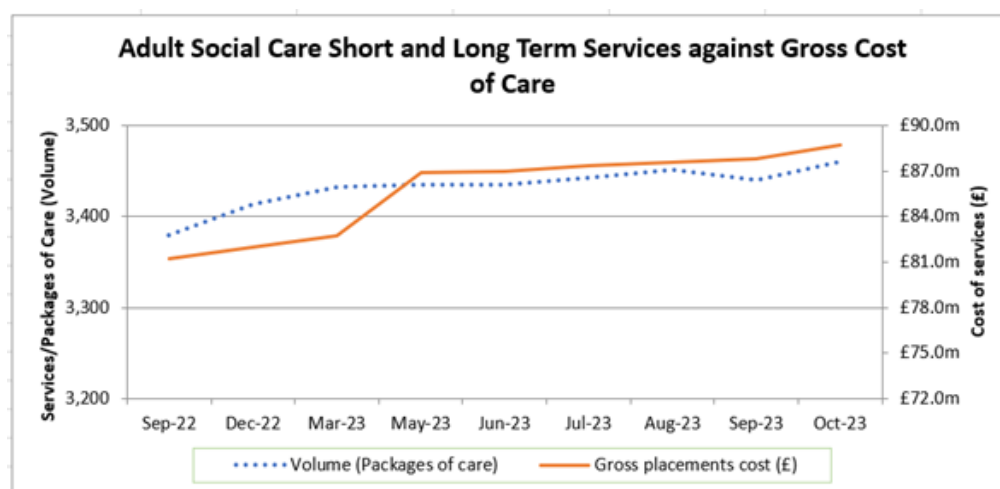
### Adults Social Care

- 3.13 The service is projected to overspend by £6.851 million as at month 7, no change from Month 6.

Adults Social Care	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£'000	£'000	£'000	£'000	£'000
Home First	9,663	10,861	1,198	1,210	(12)
Care & Quality Standards	61,892	67,545	5,653	5,641	12
<b>Total</b>	<b>71,555</b>	<b>78,406</b>	<b>6,851</b>	<b>6,851</b>	<b>0</b>

- 3.14 The forecast overspend is predominantly due to Care placements and packages across all Adults cohorts, both 18 to 64 and 65 plus, approximately £6.2 million. The remaining pressure in the forecast includes Community Equipment and Telecare, both currently being reviewed.
- 3.15 There continues to be significant and increased pressure on Adult's placement's needs, volume, and costs. There is evidence of inflationary pressures on unit prices and increasing pressure from both 18-64 and 65 plus cohorts. This area is very volatile, so a detailed review is carried out each month to refresh the forecast. The forecast includes:
- (a) The full year impact of the net increase in client numbers during 2022/23 of 209. The estimated impact of this, on the forecasts for 2023/24 is approximately £1.7m.

- (b) Assumptions of increased demand and inflationary uplifts for the full year 2023/24 is approximately £1.7m and have been built into the month 7 forecast. This will be reviewed each month, checked against actual movement, and adjusted where relevant to do so.
- (c) The continuation of the discharge to assess protocol and the review of the use of reablement which should reduce ongoing costs.
- (d) The loss of one-off funding (e.g., Hospital Discharge Funding) in 2023/24 compared to last year are contributing to the pressure.
- (e) Increased complexity of packages and pressures in the provider market, especially the impact of the cost-of-living crisis is seen in increasing rates in newer care packages.
- (f) Some of these additional costs are mitigated in part by the ASC Precept, the increase in the Market Sustainability Grant and increase in the Social Care Grant allocation for 2023/24. This additional funding broadly covers the increased in year demand and costs for 2023-24.
- (g) The Graph shows overall External Placements care packages and spend in Adults Social Care.



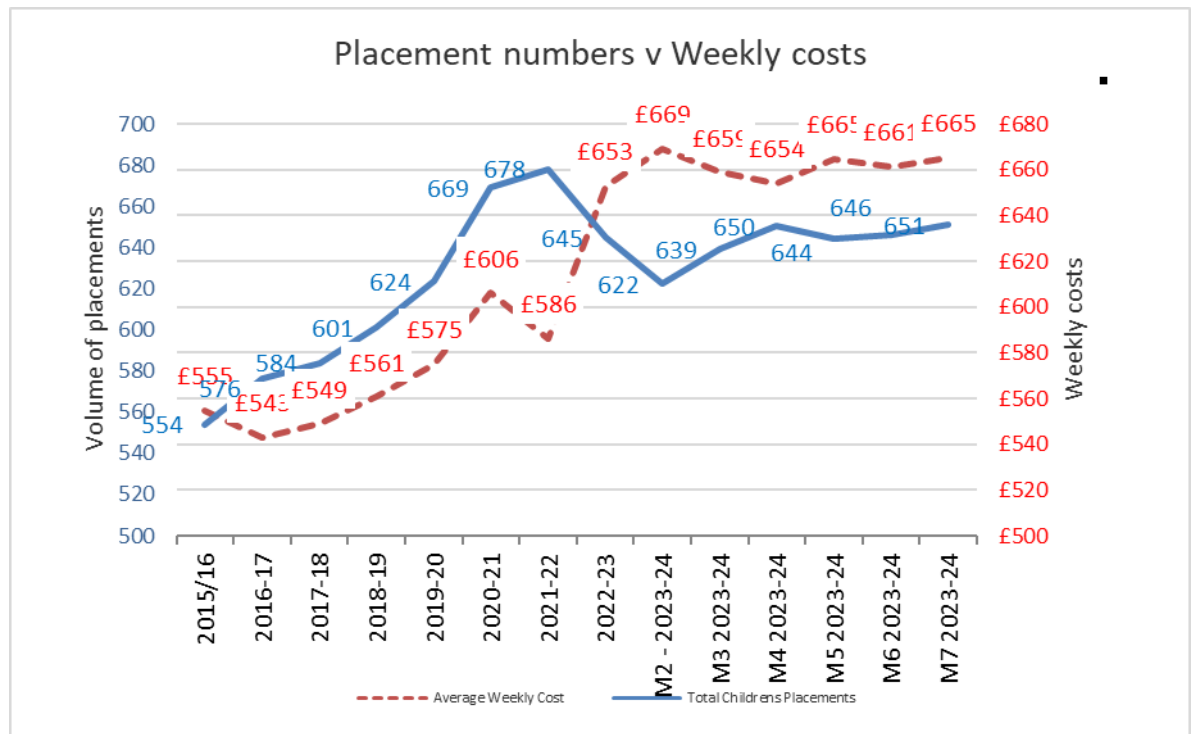
## Children's Social Care

(Inclusive of the Youth and Family Resilience Service)

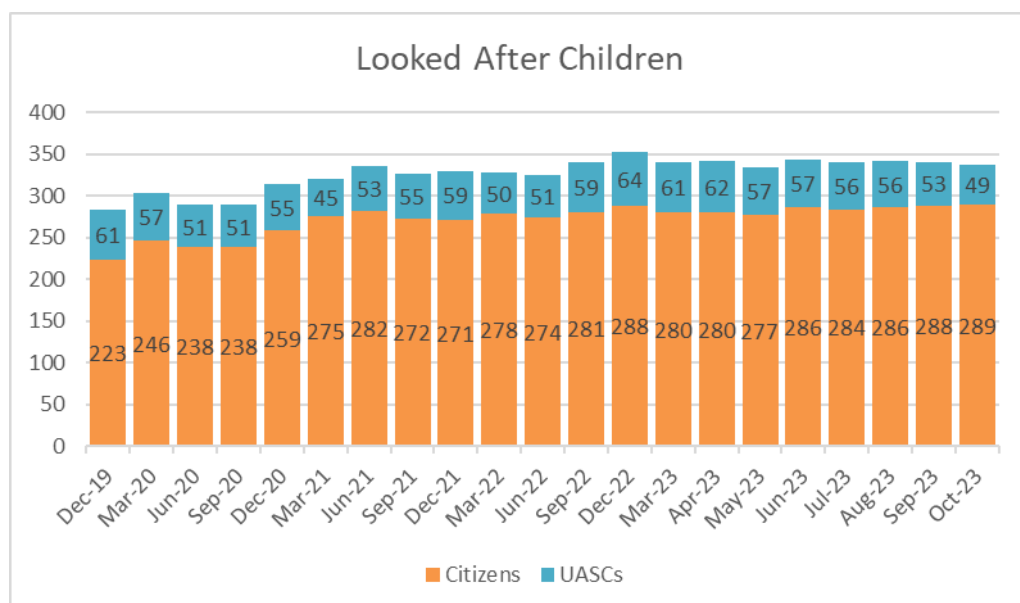
- 3.16 Children's Social Care is forecasting an overspend of £4.047 million against budget. This is a reduction of £0.340 million compared to month 6.
- 3.17 The month 7 forecast includes £0.178 million one off use of reserves from the Controlling Migration Fund and £0.160 million funding from the Supported Accommodation grant.
- 3.18 Staff costs are currently expected to overspend by £1.1 million. This is predominately due to agency costs.

3.19 Alternative home costs are forecast to overspend by £2.197 million, £0.032 million less than in month 6.

3.20 As reflected in the graph below, average weekly costs increased slightly from £661 per week to £665 per week and the number of young people being accommodated increased by five from 646 to 651. (The graph relates to both Citizens and UASCs but excludes remands).



3.21 The number of Looked after Children at the end of October 2023 decreased by 3 to 338 compared to 341 at the end of September. The graph relates to both Citizens and UASCs but excludes remands.



- 3.22 Net of the grant, Remand costs are forecast to overspend by £0.242 million, no change to Month 6.
- 3.23 Section 17 costs are currently forecast to overspend by £0.580 million, which is a decrease of £0.037 million on month 6. This is partly offset by a reduction of £0.005 million relating to Unmet Housing needs for citizens which is now forecast at £0.266m. A review of Section 17 expenditure has been launched. (Section 17 of Children Act 1989 includes family assessments, temporary accommodation, and subsistence allowances, all of which should be short-term as well as funding family support workers.)

### **Special Educational Needs and Disability Service**

- 3.24 The SEND service is forecasting an overspend of £3.068 million, a decrease of £0.195 million compared to month 6.
- 3.25 Travel assistance is forecast to overspend by £1.885 million, an increase of £0.013 million from month 6.
- 3.26 Care and Support (Domiciliary Care, Short Breaks & Direct Payments) is forecast to overspend by £0.119 million, a decrease of £0.136 million from month 6. This relates to the anticipated recoupment of unused allocated Short break provision.
- 3.27 Preparing for Adulthood services is forecasting a net overspend of £0.816 million, an increase of £0.14 million compared to month 6.

### **Traded Services**

- 3.28 Traded Services are projected to underspend by £0.230 million, a reduction of £0.038 million from month 6 due to a review of catering staffing costs.

### **Public Health**

- 3.29 Public Health (both ring-fenced and non-ring-fenced) is forecasting to budget. The Public Health grant for 2023/24 is £17.6 million and the reserve currently is £4 million.

### **PLACE - Stewart Murray**

- 3.30 As at month 7 Place directorate is forecasting an overspend of £0.770 million, an increase of £0.229 million increase compared to month 6. A £0.431m overspend for Housing Revenue Account, a reduction of £0.165 million compared to month 6 which will be funded from HRA reserves. The table below shows the outturn position for the services:



Place	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£000's	£000's	£000's	£000's	£000's
Strategic Director of Place	173	173	0	0	0
Property & Delivery	5,684	6,513	829	600	229
Regeneration Planning & Delivery	5,405	5,405	0	0	0
Culture & Destinations	3,494	3,494	0	0	0
Housing General Fund	9,466	9,407	(59)	(59)	0
<b>Total</b>	<b>24,222</b>	<b>24,992</b>	<b>770</b>	<b>541</b>	<b>229</b>
<b>Housing Revenue Account</b>	<b>0</b>	<b>431</b>	<b>431</b>	<b>596</b>	<b>(165)</b>

### Property and delivery

- 3.31 The Property Service is reporting an overspend of £0.829m, an increase of £0.229 million compared to month 6.
- 3.32 The variance within Commercial Director of Property and Delivery relates to Norse Evolve not achieving a profit in 2022/23 and therefore no profit share received.
- 3.33 Commercial Property Investment - The key financial risk relates to income from commercial property, which is impacted by the current market conditions and more specifically the collapse of Empire Cinema, which the Council is the landlord. The service will work to identify an alternative tenant to minimise void losses. Also, there are other properties in the portfolio which rent review are due, which is anticipated to mitigate any variance.
- 3.34 Due to the number of new properties added to the commercial portfolio there has been additional staff required for new lease negotiations. Whilst this has resulted in an in year overspend, there is a significant increase in rental income that will now be achieved in future years.
- 3.35 There are also budget and income risks within Regeneration Planning and Delivery which is being monitored closely.

### Housing General Fund

- 3.36 The latest Housing General Fund (HGF) position as at month 7 is shown in the table below and is currently forecasting an underspend of £0.059 million, no change from month 6. The financial challenges within the HGF budget arise mainly from homelessness demand, although the number of households in temporary accommodation (TA) was on a downward trajectory throughout 2022/23, it is widely expected to increase during 2023/24.

<b>Housing General Fund</b>	<b>Latest Budget</b>	<b>Projected Outturn</b>	<b>Variance Total</b>	<b>Variance Previous Month</b>	<b>Movement</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Housing Advice, Prevention & Supply	3,261	3,401	140	0	140
Nightly, B&B & PSL / Property Mngt	2,670	3,390	720	860	(140)
Private Lettings WF	1,390	530	(859)	(859)	0
Rough Sleepers	(5)	(5)	0	0	0
Other	1,258	1,198	(60)	(60)	0
Overheads & ICT	892	892	0	0	0
<b>Total</b>	<b>9,466</b>	<b>9,407</b>	<b>(59)</b>	<b>(59)</b>	<b>0</b>

3.37 Data from 28 London Boroughs shows a worsening homelessness situation across a range of key performance measures. Homelessness presentations in January 2023 saw an 8.3% increase in service demand on the previous year and in Waltham Forest presentations increased by over 50% between May 2023 and August 2023. Data also shows a worsening situation for councils in procuring & retaining suitable accommodation, driving an increase in B&B usage which increased by 167% in February 2023 when compared with the previous year. Local Housing Allowance (LHA) rates are a significant driver of pressures and have remained frozen since April 2020 despite rising rents and living costs. In 2022/23 less than 7% of available private rented sector properties in Waltham Forest were available at LHA rates. As a result of these factors, there are projected increases in expenditure of approx. 40% (£3.7m to £4.2m) from the previous financial year. However additional Homelessness Prevention Grant of £1.5m has been received relating to Homes for Ukraine.

### **Housing Revenue Account (HRA)**

3.38 The Housing Revenue Account (HRA) position is detailed in the table below and is currently projecting an overspend of £0.431 million for 2023/24, which will be funded from the HRA general reserve.

<b>Service</b>	<b>Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>
Dwelling Rents	(61,338)	(61,331)	7
Non-Dwelling Rents	(473)	(502)	(29)
Tenant Service Charges	(4,446)	(4,500)	(54)
Leaseholder Service Charges	(1,776)	(2,265)	(488)
Other Charges for Services and Facilities	(1,741)	(2,218)	(478)
<b>Total Income</b>	<b>(69,774)</b>	<b>(70,816)</b>	<b>(1,042)</b>
Housing Strategy & Systems	3,586	3,805	219
Housing Management & Assets	35,050	36,710	825
Housing Options & Support	1,313	2,430	(27)
Housing Delivery	897	500	(397)
Corporate Items	28,928	27,802	853
<b>Total Expenditure</b>	<b>69,774</b>	<b>71,247</b>	<b>1,473</b>
<b>HRA Total</b>	<b>0</b>	<b>431</b>	<b>431</b>

- 3.39 The overspend of £0.431 million predominantly relates to increased costs within Housing Management & Assets due to the Waking Watch service overspending by £0.324 million. This is because of delays in works being carried out, revised completion dates, a projected increase in legal despair costs of £0.164 million and the Grounds Maintenance service overspending by £0.190 million relating to agreed additional staff costs and the proposed salaries pay award for 2023/24 being higher than originally assumed in the MTFS of £0.220 million.
- 3.40 The rent increase for the year equated to an average of 7%, which represents the fourth year of rent increases under the current rent regime. Collection figures on rental income will be closely monitored throughout 2023/24 to assess the impact on the need to make greater provision for bad debt on both HRA income and rent collection for TA and at this stage an increase in rental income is projected.
- 3.41 Leaseholders Service Charges budget line reflects increased income from final account calculations on leaseholder service charges relating to previous years and within Other Charges for Services & Facilities the underspend relates to additional income being received on heating charges.
- 3.42 The Housing Delivery Team are projecting an underspend largely relating to salaries due to the restructure of the service and the large number of vacancies that have been carried during this financial year.

## NEIGHBOURHOODS AND ENVIRONMENT DIRECTORATE (Debbie Porter)

- 3.43 The Neighbourhoods and Environment Directorate is forecasting a £0.400 million overspend as at month 7 unchanged from month 6.

Neighbourhood and Environment Directorate	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£000's	£000's	£000's	£000's	£000's
Strategic Director	178	178	0	0	0
Neighbourhood Services	28,066	28,166	100	0	100
Regulatory Services & Contingency Planning	2,234	2,634	400	400	0
Community Safety and Resilience	1,089	989	(100)	0	(100)
<b>Total</b>	<b>31,567</b>	<b>31,967</b>	<b>400</b>	<b>400</b>	<b>0</b>

- 3.44 Community Safety and Resilience is forecasting an underspend of £0.100 million. ASB Team were awarded additional budget which is not all required for the current year. Community Safety relies on external funding and recharges to Housing which is currently subject to a review.
- 3.45 Regulatory Services & Contingency Planning are forecasting a £0.400 million overspend as at month 7 due to income risks for Selective Licensing which will continue to be monitored during the year.
- 3.46 Neighbourhood Services are forecasting an overspend of £0.100 million at Month 7. Any further risks identified that may lead to budget pressures are being monitored in anticipation of mitigating as much as possible within the directorate.

## RESOURCES - Rob Manning

- 3.47 As at month 7, the projected outturn position is a £0.091m underspend.

Resources	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£000's	£000's	£000's	£000's	£000's
Director of Finance & Governance	8	8	0	0	0
Financial Services	25	25	0	0	0
Audit & Anti-Fraud	8	8	0	0	0
Revenues & Benefits	4,696	4,696	0	0	0
Treasury & Pensions	143	143	0	0	0
Return on Investment	650	526	(124)	(93)	(31)
Governance & Law	1,525	1,558	33	(8)	41
Commissioning	1,470	1470	0	0	0
<b>Total</b>	<b>8,525</b>	<b>6,434</b>	<b>(91)</b>	<b>(101)</b>	<b>10</b>

- 3.48 The outturn position is due to vacancies being held within Return on Investment and the Governance & Law Service, partly offset by projected overspends within the Coroners and Mortuary Services.

### Council Tax

- 3.49 The table below summarises the collection rate trend for Council Tax.

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
In year	%	%	%	%	%	%	%	%	%
15/16	96.0								
16/17	97.4	96.1							
17/18	98.0	97.4	96.1						
18/19	98.3	97.9	97.3	96.0					
19/20	98.5	98.2	97.8	97.1	95.8				
20/21	98.7	98.0	98.0	97.5	96.5	93.8			
21/22	98.7	98.6	98.2	97.8	97.2	96.2	94.9		
22/23	98.9	98.7	98.4	98.0	97.5	96.7	96.3	95.3	
23/24	99.0	98.8	98.5	98.1	97.7	97.1	96.7	96.1	53.7

### Business Rates

- 3.50 The table below summarises the collection rate trend for Business Rates.

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
In year	%	%	%	%	%	%	%	%	%
15/16	97.2								
16/17	98.6	97.2							
17/18	99.0	98.4	97.5						
18/19	99.1	98.7	97.7	97.0					
19/20	99.3	98.8	98.4	97.6	96.0				
20/21	99.2	98.8	98.0	97.2	95.3	78.7			
21/22	99.3	99.1	98.5	98.0	96.8	91.0	91.5		
22/23	99.4	99.2	98.8	98.6	97.7	94.9	95.7	95.1	
23/24	99.5	99.3	99.0	98.7	97.9	95.4	96.1	95.8	56.2

### CAPITAL PROGRAMME

- 3.51 In June 2023, Cabinet approved a re-baseline of the capital programme for 2023/24 – 2027/28. This update confirmed the capital portfolio budget of £485 million to support the delivery of corporate priorities established in its 15-minute Neighbourhood Corporate Framework. The re-baseline also resulted in the application of a 23.5% optimism bias adjustment being applied to all of the budgets within the housing programme. This decision was informed by the past performance and trends within this area and is the midpoint HMT Green Book recommended adjustment range for Non-Standard Buildings.

- 3.52 Investment plans set out are transformational for the Borough supporting the delivery of new and affordable homes, infrastructure and place-making, schools, improving Council owned homes, and more. This report sets out the progress of delivering capital programme for 2023/24.
- 3.53 Since this approval, several high-profile schemes have been integrated into the capital programme, increasing the 2023/24 capital budget to £153.1 million and the overall capital programme to £543 million. The increase of £58 million is due to the following schemes being introduced:
- LUF programme - £23.9 million
  - Various grant funded schemes - £3.5 million
- 3.54 As well as increases in the budget of existing schemes:
- Soho Theatre - £8.4 million
  - Families Homes & Hub - £3.4 million
  - Low Hall Depot - £10.3 million
  - Chingford Mount Crematorium – £8.4m
- 3.55 Expenditure incurred in the first 7 months of the financial year currently stands at £55.7 million, representing 36% of the current year budget. At this point in 2022/23, expenditure incurred represented 29% of last year's budget.

Across the Capital Programme for 2023/24, there is a forecast underspend of £22.6 million against the budget, with a total forecast underspend across the Capital Programme of £27 million. Further details are provided in the Appendices.

#### **4. OPTIONS & ALTERNATIVES CONSIDERED**

- 4.1 Much of this report is concerned with provision of information, for which alternative options is not a relevant consideration.

#### **5. COUNCIL STRATEGIC PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)**

- 5.1. The entire content of this report contributes to the corporate priority to Achieve Excellence and Ensure Value for Money.

#### **6. CONSULTATION**

- 6.1 Executive Directors and Portfolio Holders have been consulted.

## **7. IMPLICATIONS**

### **7.1 Finance, Value for Money and Risk**

- 7.1.1 The whole report is of a financial nature. The key purpose of the report is to monitor the Council's overall financial performance against assumptions contained in the MTFS. To maintain the robustness of the Council's finances and budget plans, effective budgetary control by services will continue to be essential and will help the Council to maximise the resources available to meet its priorities.
- 7.1.2 Given the nature of the Cost-of-Living emergency and the estimated financial exposure, the Council must have due regard to Section 114 of the Local Government Act 1988. The Section 114 powers of the chief finance officer (CFO) under the Local Government Finance Act 1988 require the CFO, in consultation with the Council's monitoring officer, to report to all the authority's members if there is, or is likely to be, an unbalanced budget. It remains a priority that the Council achieves a balanced budget that is sustainable for each financial year over the medium-term financial strategy period. Where there are significant pressures, it is expected to be mitigated by directorates in line with the ground rules for financial control. The current MTFS including reserves – means that Section 114 is unlikely to be needed in the current year. If the pressures are established to be on-going, they will need to be picked up in the MTFS refresh and potentially could result in a budget gap that would need to be resolved through the use of reserves or savings. Therefore, it is important that all services tightly control their budgets and bring forward surpluses or efficiencies if possible.
- 7.1.3 Many of these pressures relate to demand led services. There is a risk for years that these costs become on-going and put pressure on the MTFS. Therefore, it is essential that Strategic Director manage this risk by exploring changes to service delivery that will reduce demand pressures in future and efficiently manage the pressures that we are experiencing (both cost and volume) to protect the provision of services generally.
- 7.1.4 In relation to sanctions against Russian companies and individuals, the council have taken a high-level approach but have identified no direct link between Russia and the supply chain. The council have also looked at the pension fund and have not identified direct investments in Russia other than a small amount invested through the London Collective Investment Vehicle which is being managed.

### **7.2 Legal**

- 7.2.1 There are no direct legal implications.

### **7.3 Equalities and Diversity**

- 7.3.1 An initial equality analysis was undertaken, and if determined there was no negative impact arising from the information or changes proposed in this report on the advancement of equality. The support of No Recourse to Public Funds clients are areas that continue to

contribute to the Council's commitment to protecting the most vulnerable and help meet the equality duty.

**7.4 Sustainability (including climate change, health, crime and disorder)**

7.4.1 A stable financial position means that the Council is more able to fund urgent health priorities as they arise. Services to older people experienced pressures and needed careful management.

**7.5 Council Infrastructure**

7.5.1 There are no direct council infrastructure implications.

**BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)**

None