


LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	Cabinet 11th January 2024	
Report Title	FINANCIAL MONITORING: MONTH 8 (November)	
Cabinet Portfolio	Councillor Paul Douglas, Portfolio Lead Member for Finance and Resources	
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Wards affected	None specifically	
Public Access	OPEN	
Appendices	Appendix 1 – Write off Policy	

1. SUMMARY

- 1.1 This report presents the forecast year-end position in respect of the Council's revenue expenditure. The month 8 monitor currently identifies net pressures of £15.879m which are due to a combination of pressures within across the directorates. This is a small change from month 7.
- 1.2 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.
- 1.3 The write off policy was amended in October 2023 in order to reflect the updated scheme of delegation. The changes included the updated management structure included in the scheme of delegation as well as changes to the value of write off that officers could approve, with a distinction drawn between sundry debts and council tax and business rates debts. The Policy went to Audit and Governance committee on 12th October and the updated policy is shown in Appendix 1.

2. RECOMMENDATIONS

2.1 Cabinet is recommended to:

2.1.1 Approve the transfer of £0.075 million from the contingency fund to the conduct of elections budgets to ensure the cost of local elections is fully funded as per paragraph 3.48.

2.1.2 Approve the updated Write off Policy which is shown in Appendix 1 as per paragraph 1.3.

3. PROPOSALS

3.1 As at month 7, the projected General Fund outturn is an overspend of £15.879 million, this is a small decrease from month 7. Further details of the overall variance and changes since month 7 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	11,127	1,227	1,268	(41)
People	143,662	157,318	13,656	13,736	(80)
Place	24,222	25,046	824	769	55
Neighbourhood and Environment	31,567	31,967	400	400	0
Resources	8,525	8,497	(28)	(91)	63
Corporate Expenditure	(217,888)	(218,088)	(200)	(200)	0
Total	0	15,879	15,879	15,882	(3)

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 7. 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 7. 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
Totals	6,746	525	7,271	6,473	540	259
				88%	7%	4%

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

DEPUTY CHIEF EXECUTIVE DIRECTORATE - Shazia Hussain

The position for Deputy Chief Executive at month 8 (excluding bad debt) is an overspend of £1.227 million, a reduction of £0.068 million compared to month 7. The table below shows forecast spend against the budget.

Deputy Chief Executive	Latest Budget £'000	Projected Outturn £'000	Variance Total £'000	Variance Previous Month £'000	Move-ment £'000
Deputy Chief Executive	(82)	(82)	0	0	0
Communications and Strategy	580	532	(48)	(48)	0
Technology Services	1,914	1,879	(35)	(35)	0
People Organisation Development and Business Support	19	697	678	678	0
Customer Strategy and Digital Channels	5,001	5,661	660	592	68
Change, Strategy Insight and Communities	1,599	1,571	(28)	(28)	0
Climate and Behaviour Change	869	869	0	0	0
Total	9,900	11,127	1,227	1,159	68
Bad Debt Provision	0	0	0	109	(109)
Total	9,900	11,127	1,227	1,268	(41)

Customer Strategy & Digital Change

- 3.7 This service is forecasted to overspend by £0.660 million, an increase of £0.068 month from month 7. This is due to revised income

projections for chargeable projects and a credit note issued for a duplicated prior year invoice. The overspend within the service is mostly in the Libraries, Registrars and Ceremonies service (£0.651 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.

Bad Debt

- 3.8 The process to collect Council debt has been revamped and as a result, the provision for Bad Debt has been removed. However, this will be reviewed against the corporate provision at year end to ensure it is sufficient to meet any debt that will not be recovered.

PEOPLE – Christopher Spencer

- 3.9 The month 7 position for People is a projected overspend of £13.656 million, a decrease of £0.080 million from month 7. 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 £3.068 million. These overspends are offset by an underspend of £0.230 million in Traded Services and £0.080 million in Education. Further detail is provided in the paragraphs below, with a summary shown in the table.

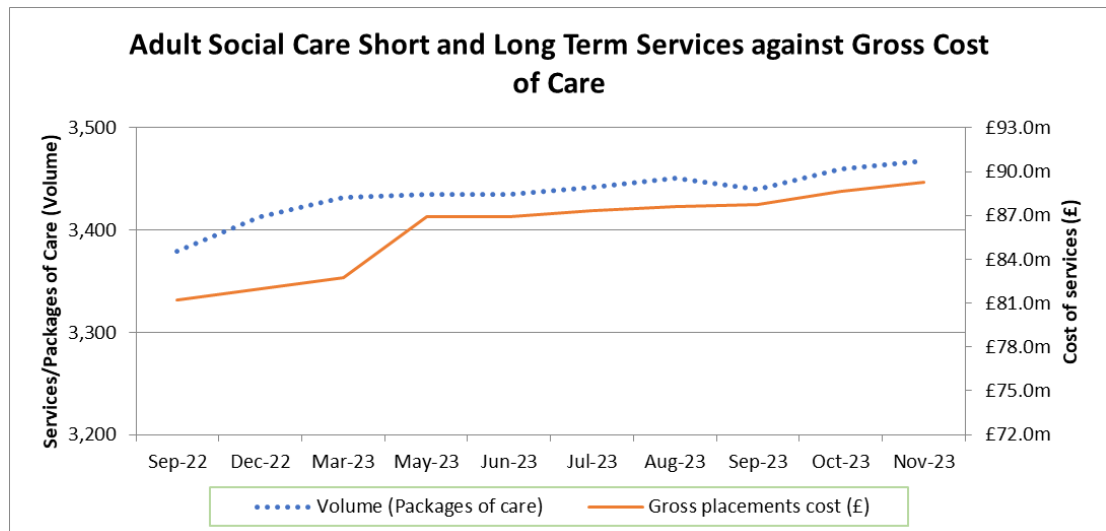
People	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£'000	£'000	£'000	£'000	£'000
Strategic Director of People Division	(1,059)	(1,059)	0	0	0
Children's Social Care	41,730	45,777	4,047	4,047	0
Education	1,696	1,616	(80)	0	(80)
School Support	17,369	17,369	0	0	0
Early 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)	(230)	0
SEND Services Division	7,738	10,806	3,068	3,068	0
Total	143,662	157,318	13,656	13,736	(80)

Adults Social Care

- 3.10 The service is projected to overspend by £6.851 million as at month 8, no change from Month 7.

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
Total	71,555	78,406	6,851	6,851	0

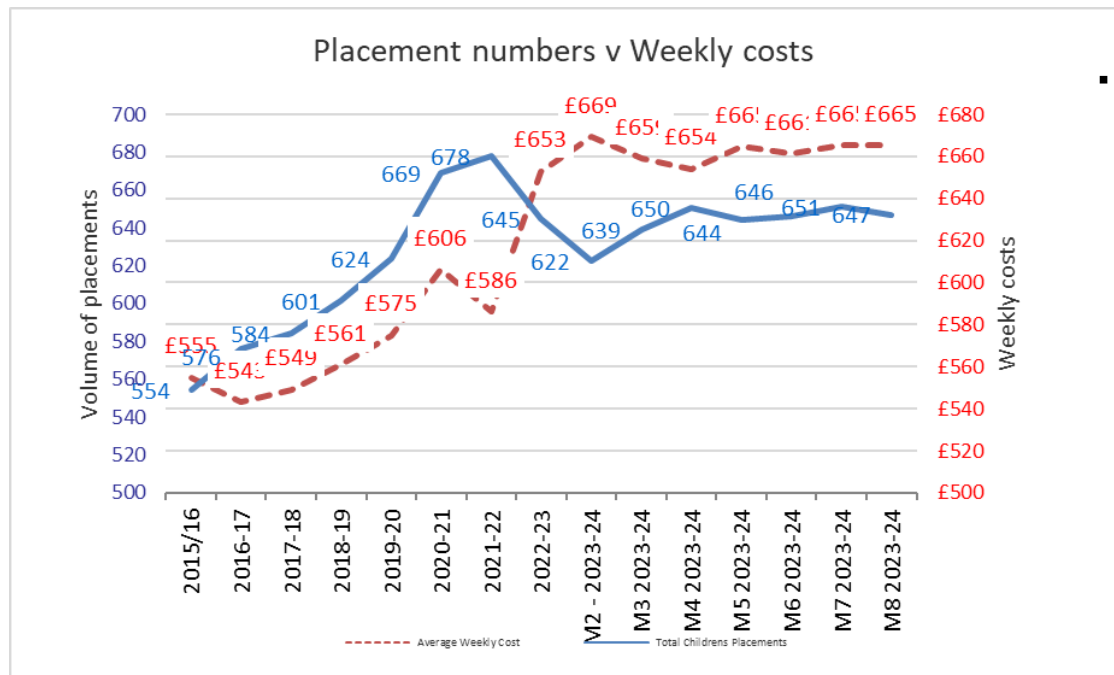
- 3.11 The forecast overspend in this area is predominantly related to Care placements and packages across all Adults cohorts, both 18 to 64 and 65 plus, around £6.3 million. The remaining pressure in the forecast includes Community Equipment and Telecare, both currently being reviewed.
- 3.12 There 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 each month is carried out to refresh the forecast. In addition to last year's pressure the forecast also 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 around £1.7 million.
 - (b) Assumptions of increased future demand and inflationary uplifts for the rest of 2023/24 of around £1.2 million have been built into the Month 8 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) 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.
 - (e) The Graph shows overall External Placements care packages and spend in Adults Social Care.



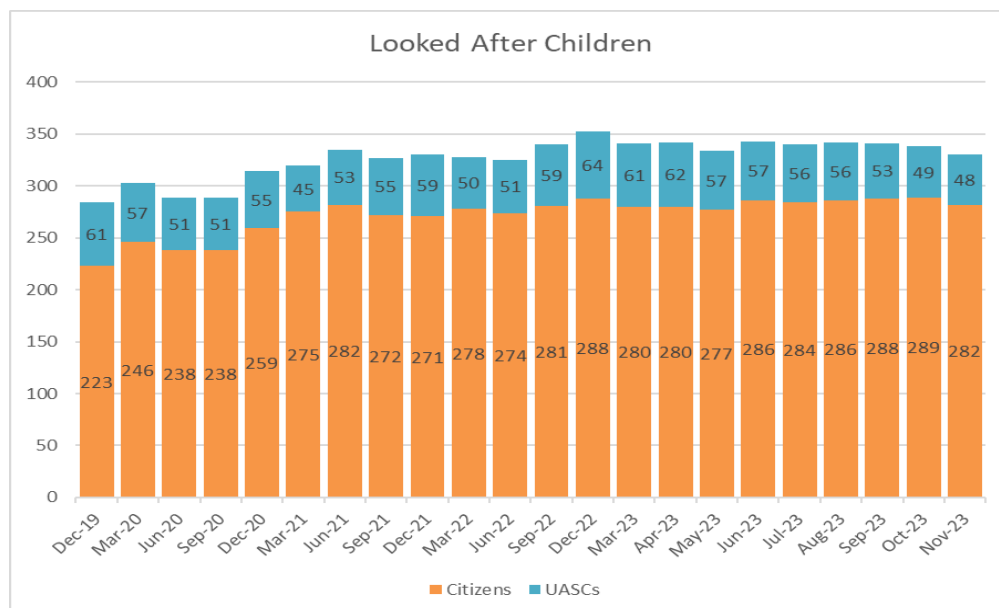
Children's Social Care

(Inclusive of the Youth and Family Resilience Service)

- 3.13 Children's Social Care is forecasting an overspend of £4.047 million against budget, no change from the month 7 position.
- 3.14 The month 8 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.
- 3.15 Staff costs are currently expected to overspend by £1.1 million. This is predominately due to agency costs.
- 3.16 Alternative home costs are forecast to overspend by £2.338 million, £0.141 million more than in Month 7.
- 3.17 As reflected in the graph and tables below, average weekly costs remain at £665 per week and the number of young people being accommodated reduced by four from 651 to 647. (The graph relates to both Citizens and UASCs but excludes remands).



3.18 The number of Looked after Children at the end of November 2023 decreased by 8 to 330 compared to 338 at the end of October 2023. The graph relates to both Citizens and UASCs but excludes remands.



3.19 Net of the grant, Remand costs are forecast to overspend by £0.242 million, no change to Month 7.

3.20 Similarly, there is no change from the previous forecast for both Section 17 and Unmet Housing needs costs which are still forecast to overspend by £0.580 million, and £0.266 million respectively. Leyton Green Road's forecast also remained steady, with a £0.069 million overspend.

Special Educational Needs and Disability Service

- 3.21 The SEND service is forecasting an overspend of £3.068 million, no change from the position reported at month 7.
- 3.22 Travel assistance is forecast to overspend by £1.885 million, no change from month 7.
- 3.23 Care and Support (Domiciliary Care, Short Breaks & Direct Payments) is forecast to overspend by £0.119 million, no change from month 7. This relates to the anticipated recouplement of unused allocated Short break provision.
- 3.24 Preparing for Adulthood services forecast net overspend has remained at £0.816 million for month 7.

Education

- 3.25 The Education Division is projecting to underspend by £0.080 million at Month 8 from the final position of the Summer holiday programme.

Traded Services

- 3.26 Traded Services are projected to underspend by £0.230 million, no change from month 7.

Public Health

- 3.27 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 – Joe Garrod

- 3.28 As at month 8 Place directorate is forecasting an overspend of £0.824 million, an increase of £0.055 million increase compared to month 7. A £0.431 million overspend for Housing Revenue Account, no change from month 7 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	829	0
Regeneration Planning & Delivery	5,399	5,399	0	0	0
Culture & Destinations	3,494	3,549	55	0	55
Housing General Fund	9,472	9,412	(60)	(60)	0
Total	24,222	25,046	824	769	55
Housing Revenue Account	0	431	431	431	0

Property and delivery

- 3.29 The Property Service is reporting an overspend of £0.829 million, unchanged from month 7.
- 3.30 There is a key financial risk relating 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.
- 3.31 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.

Regeneration Planning & Delivery

- 3.32 There are budget and income risks within Regeneration Planning and Delivery which are being monitored closely.

Culture and Destinations

- 3.33 At Month 8, Culture and Destinations is forecasting an overspend of £0.055 million relating to internal recharges. The Destinations Business Plan is reliant on income generation which will be monitored throughout the year.

Housing General Fund

- 3.34 The latest Housing General Fund (HGF) position is shown in the table below and includes a pressure of £0.378 million however, £0.438 million relates to TA/Homelessness and will be funded from the current Homelessness reserves balance, leaving an underspend of £0.060 million. 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, we have started to see an increase during this financial year and is widely expected to continue to increase throughout 2024/25.

Housing General Fund	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£000's	£000's	£000's	£000's	£000's
Housing Advice, Prevention & Supply	3,261	3,354	93	93	0
Nightly, B&B & PSL / Property Mngt	2,670	3,404	734	734	0
Private Lettings WF	1,390	563	(827)	(827)	0
Rough Sleepers	0	0	0	0	0
Other	1,259	1,215	(44)	(44)	0
Overheads & ICT	892	876	(16)	(16)	0
Total	9,472	9,412	(60)	(60)	0

Housing Revenue Account (HRA)

- 3.35 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.

Service	Budget £'000	Forecast £'000	Variance £'000
Dwelling Rents	(61,338)	(61,331)	7
Non-Dwelling Rents	(473)	(502)	(29)
Tenant Service Charges	(4,446)	(4,510)	(64)
Leaseholder Service Charges	(1,776)	(2,365)	(588)
Other Charges for Services and Facilities	(1,741)	(2,229)	(489)
Total Income	(69,774)	(70,937)	(1,163)
Housing Strategy & Systems	3,586	3,893	307
Housing Management & Assets	35,050	36,663	778
Housing Options & Support	1,313	2,457	0
Housing Delivery	897	751	(146)
Corporate Items	28,928	27,604	656
Total Expenditure	69,774	71,368	1,595
HRA Total	0	431	431

- 3.36 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.
- 3.37 The 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.
- 3.38 The projected overspend within Housing Strategy & Systems largely relates to an increase in legal costs and recharges.
- 3.39 Within Housing Management & Assets, the projected overspend relates to the Waking Watch service overspending by £0.324 million, due to delays in works being carried out and revised completion dates, a projected increase in legal disrepair costs of £0.272 million, the Grounds Maintenance and Caretaking services overspending by £0.230 million and £0.278 million respectively relating to agreed

additional staff costs and unpaid service store invoices from previous years and the Assets Team overspending on staffing costs (including agency staff) although off-set by the capitalisation of salary costs.

- 3.40 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 however, there has also been an increase in costs relating to the refurbishment of external walls at Wigg & Walsh and additional costs of sheltered/hostel works and estate capacity.
- 3.41 The agreed pay award has now been included within the relevant service budgets and removed from Corporate Items. This was higher than originally assumed in the MTFs.

NEIGHBOURHOODS AND ENVIRONMENT DIRECTORATE

(Debbie Porter)

- 3.42 The Neighbourhoods and Environment Directorate is forecasting a £0.400 million overspend as at month 8 unchanged from month 7.

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	28,066	0	100	(100)
Regulatory Services & Contingency Planning	2,234	2,634	400	400	0
Community Safety and Resilience	1,089	1,089	0	(100)	100
Total	31,567	31,967	400	400	0

- 3.43 Community Safety and Resilience is forecasting a breakeven position as at month 8. Community Safety relies on external funding and recharges to Housing which is currently subject to a review.
- 3.44 Regulatory Services & Contingency Planning are forecasting a £0.400 million overspend as at month 8 due to income risks for Selective Licensing which will continue to be monitored during the year.
- 3.45 Neighbourhood Services are forecasting a breakeven at month 8. The change from month 7 is largely due to a (£0.764 million) underspend within Sports and Leisure from the profit share of the GLL contract, offset by overspends within Highways, Traffic Management and Parking from a reduction in forecasted income from PCNs. 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

- 3.46 As at month 8, the projected outturn position is a £0.028 million underspend, a movement of £0.063 million from month 7.

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	53	45	0	45
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	1,525	1,590	65	33	32
Governance & Law	650	512	(138)	(124)	(14)
Commissioning	1,470	1470	0	0	0
Total	8,525	6,497	(28)	(91)	63

- 3.47 The outturn position is due to recruitment costs for the Director of Resources and vacancies being held within Return on Investment and the Governance & Law Service, partly offset by projected overspends within the Coroners and Mortuary Services.

- 3.48 A reserve has been set aside to cover the cost of local elections with an amount of £0.050 million set aside each year, this budget was agreed several years ago and since then the cost of the elections has increased significantly. In order to ensure there are sufficient funds to cover the cost of the next local elections in 2026, an additional £0.075m per annum will be required bringing the overall amount set added each year to £0.125m. It is proposed that this is taken from the contingency budget.

Council Tax and Business Rates

- 3.49 The tables below summarise the collection rate trends for both Council Tax and Business Rates income.

Council Tax

- 3.50 The table below summarises the council tax collection rates. The current collection rate of 62.4%, so far this year is approximately 0.5% lower than this time last year and the target for this year but is an improvement on the collection rates experienced during the Pandemic. Work is ongoing to increase rates of collection and tackle outstanding council tax income.

	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	97.2	96.7	96.2	62.4

- 3.51 The table below summarises the collection rate trend for Business Rates. The current collection rate is 63.6% which is approximately 2.5% lower than this time last year and the current target for this year. This is a recent dip, as the collection rates were higher than target over the first five months of the year. This recent reduction will be closely monitored to better understand the situation and take action as appropriate.

	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	98.0	95.6	96.5	95.6	63.6

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 The report is for information and takes no decisions on service provision, and so has no direct implications in this area.

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