

London Borough of Waltham Forest

Report Title	Financial Monitoring: Month 10 (January)
Meeting / Date	Cabinet, 14th March 2024
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, ursula.gamble@walthamforest.gov.uk
Wards affected	None specifically
Public access	Open
Appendices	Appendix 1 – Capital Programme Appendix 2 – Capital Narrative



Summary

- 1.1 This report presents the forecast year-end position in respect of the Council's revenue expenditure. The month 10 monitor currently identifies net pressures of £16.043 million which are due to a combination of pressures across several directorates. This is a decrease of £0.240 million from month 9.
- 1.2 Capital Projects are currently forecasting an underspend due to slippage across the programme of £22.8 million in 2023/24.
2. Recommendations
 - 2.1 Cabinet is recommended to:
 - 2.1.1 Approve funding of £0.170 million from the budget strategy reserve to provide a one-off resource for the SEND team to support the data migration to the new case management system.
 - 2.1.2 Approve capital funding of £1.364 million to fund the implementation cost for the replacement of the existing Community Protection and Regulatory Service IT case management system (Civica APP). This will be funded from capital contingency.
3. Proposals
 - 3.1 As at month 10, the projected General Fund outturn is an overspend of £16.043 million, this is a decrease of £0.240 million from month 9.

Further details of the overall variance and changes since month 9 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 have identified management actions totalling £12 million, some of these are already incorporated within the forecast and the balance will have an impact in 2024/25. 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	12,081	12,925	844	1,188	(344)
People	147,005	161,280	14,275	13,499	776
Place	25,369	26,218	849	824	25
Neighbourhood and Environment	33,384	34,134	750	1,000	(250)
Resources	9,635	9,160	(475)	(28)	(447)
Corporate Expenditure	(227,486)	(227,686)	(200)	(200)	0
Total	0	16,043	16,043	16,283	(240)

- 3.3 It is anticipated that the service pressure will be funded predominantly from one-off corporate balances, additional business rates income from the eight-borough pool and a drawdown from reserves. However, it is dependent upon the final outturn position.
- 3.4 In addition to the above service pressures, there are potential additional risks that have not been reflected in the monitor. These risks include income pressures, in particular Planning and potential increases to those presenting as homeless.
- 3.5 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.
- 3.6 As at month 10, £0.259 million of savings were RAG rated red, or in other words undeliverable, no change from month 9. 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 9. 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%

Deputy Chief Executive Directorate - Shazia Hussain

The position for Deputy Chief Executive at month 10 is an overspend of £0.844 million, a reduction of £0.344 million compared to month 9. The change is across multiple services and is explained in more detail below. 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	(70)	(70)	0	0	0
Communications and Strategy	1,322	1,267	(55)	(69)	14
Technology Services	2,010	1,819	(191)	(35)	(156)
People Organisation Development and Business Support	646	1,191	545	676	(131)
Customer Strategy and Digital Channels	5,468	6,059	591	646	(55)
Change, Strategy Insight and Communities	1,815	1,769	(46)	(30)	(16)
Climate and Behaviour Change	890	890	0	0	0
Total	12,081	12,925	844	1,188	(344)

Customer Strategy & Digital Change

- 3.7 The overspend within the service is mostly in the Libraries, Registrars and Ceremonies service (£0.586 million) due to a shortfall in income against budget and salary overspends in the Library Service.
- 3.8 The favourable movement of £0.055 million from month 9 is against Libraries salaries as a result of a reduction in staff hours and a freeze on recruitment against recently vacant posts to ease the in-year-pressure.

Technology

- 3.9 The service is forecasting an underspend of £0.191 million as at month 10, a favourable movement of £0.156 million. This is due to part year

staff vacancies, in year savings from ERP migration to Oracle and various other underspends across the service.

People, Organisation Development & Business Support

- 3.10 The service is forecasting an overspend of £0.545 million, an improvement of £0.131 million from month 9. the majority of which relates to Business support.
- 3.10.1 Recognising these financial challenges, proactive management measures, including a recruitment freeze, are being implemented, alongside a Business Support Review to identify, and implement strategies for addressing these financial pressures.
- 3.10.2 The favourable movement is due to temporary pause in refilling recently vacant post to allow the service time to create and establish a more stable and sustainable operating framework.

People

- 3.11 The month 10 position for People is a projected overspend of £14.275 million, an increase of £0.776 million since month 9. The following services are forecasting an overspend; £7.467 million in Adult Social Care, £3.739 million in Children's Social Care and £3.569 million in SEND Services. These overspends are offset by an underspend of £0.420 million in Traded Services. Further detail is provided in the paragraphs below, with a summary shown in the table.

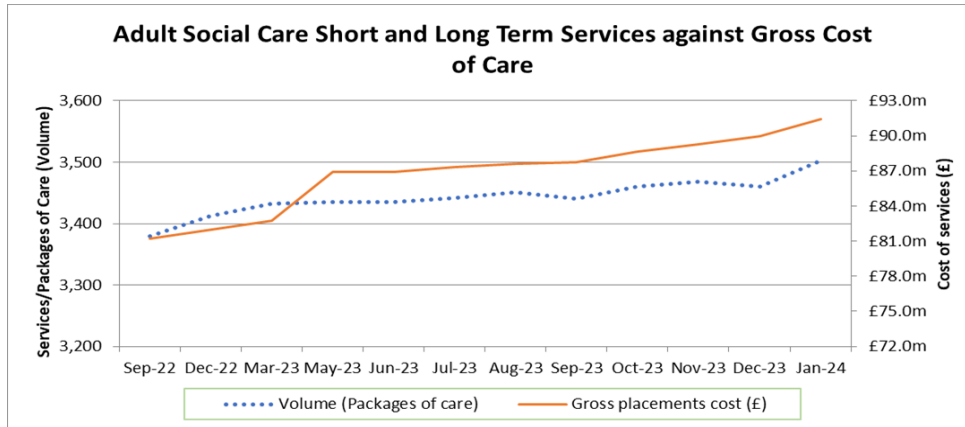
People	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£'000	£'000	£'000	£'000	£'000
Strategic Director of People Division	(876)	(876)	0	0	0
Children's Social Care	42,454	46,193	3,739	3,641	98
Education	1,896	1,816	(80)	(80)	0
School Support	17,578	17,578	0	0	0
Early Help	1,989	1,989	0	0	0
Adult Social Care	72,623	80,090	7,467	6,797	670
Public Health Ring Fenced	48	48	0	0	0
Public Health Other	334	334	0	0	0
Waltham Forest Traded Services	3,492	3,072	(420)	(420)	0
SEND Services Division	7,467	11,036	3,569	3,561	8
Total	147,005	161,301	14,275	13,499	776

Adults Social Care – Lisa Redfern

- 3.12 The service is projected to overspend by £7.467 million as at month 10, an increase of £0.670 million from month 9.

Adults Social Care	Latest Budget	Projected Outturn	Variance Total	Variance Previous Month	Movement
	£'000	£'000	£'000	£'000	£'000
Home First	9,864	10,848	984	1,050	(66)
Care & Quality Standards	62,759	69,242	6,483	5,747	736
Total	72,623	80,090	7,467	6,797	670

- 3.13 The increase is predominantly related to placements, specifically an increase in costs and backdated payments in the Supported Living framework of £0.670 million. It should be noted that approximately £0.500 million relates to one off payment of prior year liabilities and will not be an on-going pressure.
- 3.14 The overspend is predominantly related to Care placements and packages across all Adult cohorts, both 18 to 64 and 65 plus, totalling £7.3 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 each month is carried out to refresh the forecast. The forecast also includes:
- (a) Assumptions of inflationary uplifts have been built into the Month 10 forecast. This will be reviewed each month, checked against actual movement, and adjusted where relevant.
 - (b) The continuation of the discharge to assess protocol with hospitals and the review of the use of reablement which should reduce ongoing costs.
 - (c) 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.
 - (d) The Graph shows overall External Placements care packages and spend in Adults Social Care.

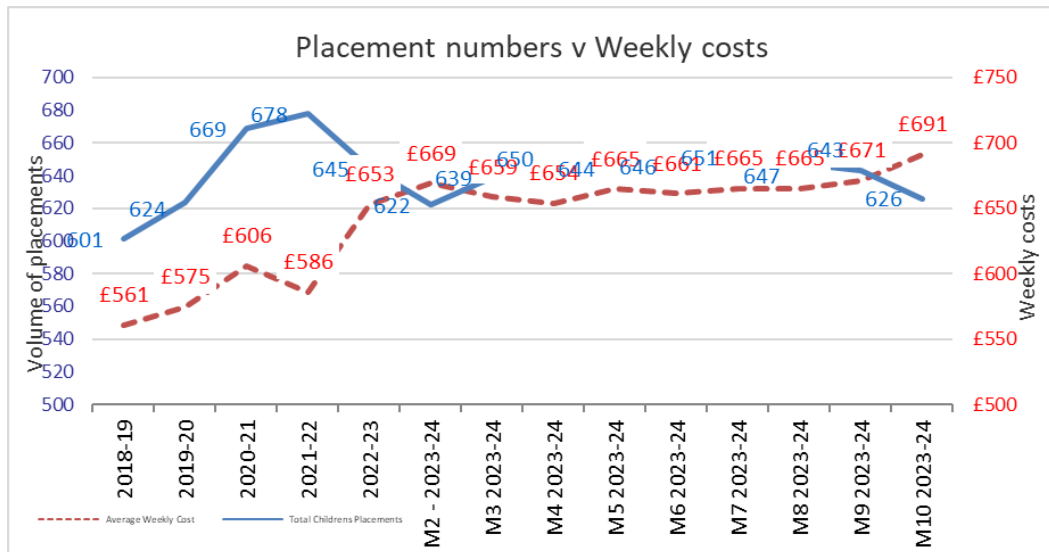


Children’s Services – Christopher Spencer

Children’s Social Care

(Inclusive of the Youth and Family Resilience Service)

- 3.16 Children’s Social Care is forecasting an overspend of £3.739 million against budget, an adverse movement of £0.098 million from month 9.
- 3.17 Staff costs are expected to overspend by £1.014 million, a £20,000 increase from month 9.
- 3.18 Alternative home costs are forecast to overspend by £2.157 million, £0.069 million more than in month 9 due to changes in client mix and needs, plus additional recharge to health and SEN for their share of client costs.
- 3.19 As reflected in the graph and tables below, average weekly costs have increased to £691 from £671 per week however, the number of young people being accommodated reduced by 17 from 643 to 626. (The graph relates to both Citizens and UASCs but excludes remands).



- 3.20 The number of the Looked after Children is 314 at the end of January reduced from 339 for month 8.

- 3.21 Net of the grant, Remand costs are forecast to overspend by £0.296 million, a small decrease of £0.018 million due to one discharge anticipated by year end however, this client will be discharged into a residential placement due to their ongoing needs.
- 3.22 As at month 10 there is a small increase in projections for both Section 17 and Unmet Housing needs costs which are still forecast to overspend by £0.583 million, and £0.260 million respectively.

Special Educational Needs and Disability Service

- 3.23 The SEND service is forecasting an overspend of £3.569 million, a movement of £8,000 from the month 9 forecast.
- 3.24 Travel assistance is forecast to overspend by £1.838 million, no change from month 9. The overspend comprises the full year effect of the new bus transport contract £0.909 million and taxis £0.936 million.
- 3.25 Care and Support (Domiciliary Care, Short Breaks & Direct Payments) has reduced by £0.013 million to £0.132 million.
- 3.26 Preparing for Adulthood services forecast net overspend of £1.435 million, no change from month 9.

Traded Services

- 3.27 Traded Services are projected to underspend by £0.420 million, no change from month 9.

Public Health – Joe McDonnell

- 3.28 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

- 3.29 As at month 10, Place directorate is forecasting an overspend of £0.849 million, an increase of £25,000 from month 9. A £1.002 million overspend for Housing Revenue Account, an increase of £0.593 million from month 9 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	5,865	6,748	883	829	54
Regeneration Planning & Delivery	5,907	5,907	0	0	0
Culture & Destinations	3,649	3,704	55	55	0

Housing General Fund	9,775	9,686	(89)	(60)	(29)
Total	25,369	26,218	849	824	25
Housing Revenue Account	0	1,002	1,002	409	593

Property and delivery

- 3.30 The Property Service is reporting an overspend of £0.883 million, an increase of £54,000 from month 9.
- 3.31 Commercial Director of Property & Delivery – The variance of £43,000 relates to Norse Evolve not achieving a profit in 2022/23 and therefore no profit share received. This income is not controllable by the service.
- 3.32 Commercial Property Investment – The main variance of £0.84 million relates to income from commercial property, which is impacted by the current market conditions and more specifically the collapse of Empire Cinema. The service will work to recover the rent that is due and identify an alternative tenant to minimise void losses.
- 3.33 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

- 3.34 There are budget and income risks within Regeneration Planning and Delivery which are being monitored closely. The position at month 10 is reported as breakeven but there is a risk of approximately £0.5 million. The service is planning to use CIL admin allowance to fund any residual staff cost pressure, if required, to ensure the outturn is in line with the current forecast.

Housing General Fund

- 3.35 The latest Housing General Fund (HGF) position is shown in the table below and is currently forecasting an overspend of £0.575 million however, £0.665 million relates to TA/Homelessness and will be funded from the current Homelessness reserves balance, leaving an underspend of £0.090 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 2023/24.

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	2,670	3,582	912	656	256
Nightly, B&B & PSL / Property Mngt	3,467	3,389	(78)	78	(156)
Private Lettings WF	1,390	556	(834)	(827)	(7)
Rough Sleepers	0	0	0	0	0
Other	1,267	1,200	(67)	49	(116)
Overheads & ICT	982	959	(23)	(16)	(7)
Total	9,776	9,686	(90)	(60)	(30)

Housing Revenue Account (HRA)

- 3.36 The Housing Revenue Account (HRA) position is detailed in the table below and is currently projecting an overspend of £1 million for 2023/24, which will be funded from the HRA general reserve. This is an increase of £0.593 million compared to month 9. The change is mostly due to catching up with a backlog in repairs and maintenance and additional expenditure due to new properties coming into the stock.

Service	Budget £'000	Forecast £'000	Variance £'000
Dwelling Rents	(61,338)	(61,496)	(158)
Non-Dwelling Rents	(473)	(576)	(103)
Tenant Service Charges	(4,498)	(4,661)	(163)
Leaseholder Service Charges	(2,445)	(3,577)	(1,132)
Other Charges for Services and Facilities	(1,641)	(2,197)	(556)
Total Income	(70,395)	(72,507)	(2,112)
Housing Strategy & Systems	3,390	3,987	597
Housing Management & Assets	36,506	38,420	1,914
Housing Options & Support	2,653	2,664	11
Housing Delivery	897	849	(48)
Corporate Items	26,949	27,589	640
Total Expenditure	70,395	73,509	3,114
HRA Total	0	1,002	1,002

- 3.37 The projected overspend within Housing Strategy & Systems largely relates to an increase in recharges including Transformation costs.

- 3.38 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.
 - Backlog of works for repairs and maintenance, £0.350m for Astons and £0.550m for Morgan Sindall.
 - A projected increase in legal disrepair costs of £0.555 million.
 - The Grounds Maintenance and Caretaking services overspending by £0.288 million.
 - £0.276 million 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.
- 3.39 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.

Neighbourhoods and Environment Directorate - Debbie Porter

- 3.40 The Neighbourhoods and Environment Directorate is forecasting a £0.750 million overspend as at Month 10, a decrease of £0.250 million from Month 9, mostly due to a surplus on the leisure management Contract.

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	28,515	28,515	0	200	(200)
Regulatory Services & Contingency Planning	2,507	3,307	800	800	0
Community Safety and Resilience	2,184	2,134	(50)	0	(50)
Total	33,384	34,134	750	1,000	(250)

- 3.41 Regulatory Services & Contingency Planning are forecasting a £0.800 million overspend as at month 10, no change from month 9. This is due to income risks for Selective Licensing which will continue to be monitored.
- 3.42 Neighbourhood Services are forecasting a breakeven as at month 10. The change from month 9 is largely due to a £0.200 million surplus on the Leisure Management contracts. Any further risks identified that

may lead to budget pressures are being monitored in anticipation of mitigating as much as possible within the directorate.

- 3.43 Recommendation 2.1.2 is to agree implementation costs of £1.363 million to fund the implementation costs for the Civica APP replacement. It is anticipated that this will deliver annual savings of £0.150 million from year 1 and a one-off saving of £0.75 million from year 2 and therefore should repay its investment in 4 years.

Resources - Rob Manning

- 3.44 As at month 10, the projected outturn position is a £0.475 million underspend, this is a £0.447 million reduction on the reported position as at month 9. The change has been driven by a reduction in Return on investment mostly due to staffing costs, which is offset by overspends in the Mortuary and Coroner's Service. The table below provides a summary at Director level.

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	45	0
Financial Services	171	171	0	0	0
Audit & Anti-Fraud	58	58	0	0	0
Revenues & Benefits	5,038	5,038	0	0	0
Treasury & Pensions	168	168	0	0	0
Return on Investment	1,870	1,966	96	65	31
Governance & Law	730	64	(666)	(138)	(528)
Commissioning	1,592	1,642	50	0	50
Total	9,635	9,160	(475)	(28)	(447)

Governance and Law

- 3.45 The forecast for Governance and Law has increased by £0.235 million due to increased costs in the Mortuary and Coroner's services. The Coroner's service has increased expenditure due to a significant overspend on pathologists/toxicology for post mortems. The cost is shared amongst five Borough's, so the overspend reported relates solely to Waltham Forest.
- 3.46 There are still uncertainties around possible increased income streams for the Mortuary Service this financial year and if they materialize, these could result in a breakeven or surplus position at year end.

Return on Investment

- 3.47 The underspend is due to vacancies in the Director of Return on Investment, the Social Value team Procurement, who also have increased rebate income of £0.196 million. In addition, the Commercial unit is reporting an underspend of £0.090 million as 100% of costs will now be recharged to Waltham Forest Services Ltd.

Council Tax and Business Rates

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

Council Tax

- 3.49 The table below summarises the council tax collection rates. The current collection rate of 79.2%, is approximately 0.2% 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	98.2	97.7	97.2	96.8	96.3	79.2

Business Rates

- 3.50 The table below summarises the collection rate trend for Business Rates. The current collection rate is 78.7% which is approximately 1.8% 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 act 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	98.1	95.7	96.6	96.4	78.7

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 it 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